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10th ANNUAL REPORT 2020-2021

KERALA STATE ELECTRICITY BOARD LIMITED

THIRUVANANTHAPURAM

KERALA STATE ELECTRICITY BOARD LIMITED

THIRUVANANTHAPURAM

TENTH ANNUAL REPORT
2020-2021

KERALA STATE ELECTRICITY BOARD LIMITED
Regd Office: Vydyuthi Bhavanam, Pattom, Thiruvananthapuram - 695004
CIN: U40100KL2011SGC027424

KERALA STATE ELECTRICITY BOARD LIMITED

THIRUVANANTHAPURAM

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KERALA STATE ELECTRICITY BOARD LIMITED
Incorporated under the Companies Act, 1956
CIN : U40100KL2011SGC027424
Office of the Chairman & Managing Director
Reg. Office : Vydyuthi Bhavanam, Pattom, Thiruvananthapuram – 695004, Kerala.
Phone No: +91 471 2442125, Mobile No:9446008002
Fax: 0471 2441328 E-Mail: cmdkseb@kseb.in Website : www.kseb.in

MESSAGE FROM CHAIRMAN

I am happy to present the 10th Annual Report of Kerala State Electricity Board Ltd for the Financial Year ended on 31st March, 2021. Financial Year 2020-21 has been a unique and unexpectedly challenging year in all respects. The year posed a never-witnessed-before challenge in the form of Covid-19 pandemic. It was a difficult situation to cope up not only for our company but for the country as well. But it was a period of learning and transforming. The pandemic reinforced the importance of 24x7 quality power supply, not only for emergency and essential services sectors such as healthcare, but also for the everyday functioning of businesses with increase in adoption of the work-from-home model.

Workforce mobility and employee well being was a critical issue in the year. With effective operational preparedness and proactive measures to ensure the safety, our employees worked hard to keep the power on in each and every home. Even during these unprecedented times, our employees remained steadfast in our vision to ensure sustainable and affordable energy solutions for all our stakeholders. Their support enabled us to accelerate our own transformation to a new energy world. The employees were given an unprecedented industry-best wage revision during the year.

The flagship programme of the Government, "Oorja Kerala Mission" has achieved an accelerated momentum during the year and successfully progressing. With specific focus on green energy, the utility has been encouraging solar generation with an ambitious target of 1000 MW by 2022. An addition of 3650 km of LT lines and 2372 Distribution Transformers was also made and 3,72,116 new consumers were connected to the grid during this year. During the year 17 Transmission substations and 696.1 CKm of Transmission Lines were commissioned and a capacity addition / enhancement of 15681 MVA was made. Consumer friendly IT initiatives are also a notable achievement during the year.

On behalf of our Company's Board of Directors I wish to convey my deep gratitude to the State Government in Power Department for the unstinted support and valuable guidance received therefrom.

I would like to take this opportunity to express my sincere gratitude to various other departments in State government, valued consumers & stakeholders, bankers, Board of Directors and our committed employee unions for their unrelenting dedication, support and commitment. As we power ahead through our phase of growth, I look forward to your continued cooperation.

KSEBL is entering a new year of service and is ready to take on the competition around the curve. I find this a challenging and conducive atmosphere to take the company to new heights in service quality and customer satisfaction along with commercial success.

With warm regards to all,

JAI HIND !!!!

Dr. B. ASHOK, IAS
CHAIRMAN & MANAGING DIRECTOR

KERALA STATE ELECTRICITY BOARD LIMITED

Registered office: VydyuthiBhavanam
Pattom, Thiruvananthapuram-695004
CIN U40100KL2011SGC027424

CS/Adj.AGM-10/2020-21
All members, Auditors and Directors

Notice of Adjourned Annual General Meeting
Ref: AGM dated 28.09.2021

Notice is hereby given that the Adjourned 10th Annual General Meetingof Kerala State Electricity BoardLtd, relating to the Financial Year 2020-21 will be held on 30.10.2021 at 4.30 PM at the Registered Office of the Company at Vydyuthi Bhavanam, Pattom, Thiruvananthapuram-695004. The link of the V.C for the meeting would be shared subsequently to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements (standalone and consolidated) of the Company for the Financial Year ended 31st March 2021 along with Director's Report and the Auditors' Report thereon, and the Comments of the Comptroller & Auditor General of India.

Further to consider and, if thought fit, to pass with or without modification (s), the followingresolution as an Ordinary Resolution:

"RESOLVED that the Financial Statements (standalone and consolidated) of the Company for the year ended 31st March 2021, the Auditors' Report, the Comments of the Comptroller & Auditors General of Indiathereon, and the replies of the Company to the report of the Statutory Auditors and the comments of the Comptroller & Auditor General of India, the Directors' Report and annexure there to and forming part thereof be and are hereby approved and adopted."

By order of the Board
For Kerala State Electricity Board Ltd

Sd/-
Chairman & Managing Director

Thiruvananthapuram
25.10.2021 DIN:05230812

NOTE:

1) A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on behalf of himself and proxy need not be a member of the company.

2) The proxy should be lodged with the Company at its Registered Office not lessthan 48 hours before the commencement of the meeting.

3) The 10th Annual General meeting which was held on 28.09.2021 for consideration and adoption of audited financial statements for 2020-21 was adjourned sine die pending receipt of the comments of the Comptroller and Auditor General of India.

Ph: 0471-2442125: Fax: 0471-2441328 Email id: cmkseb@ksebnet.com website www.kseb.in

KERALA STATE ELECTRICITY BOARD LIMITED

Incorporated under the Companies Act, 1956

CIN : U40100KL2011SGC027424

Office of the Chairman & Managing Director

Reg. Office : VydyuthiBhavanam, Pattom,
Thiruvananthapuram – 695004, Kerala.
Phone No: +91 471 2442125, Mobile No: 9446008002
Fax: 0471 2441328 E-Mail: cmdkseb@kseb.in Website : www.kseb.in

REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your Directors have great pleasure in presenting the 10th Annual Report on the performance of the Company for the year ended 31st March, 2021 together with the Audited Financial Statements and the Auditors Report for the year ended 31st March, 2021.

The Kerala State Electricity Board Limited is a Public Limited Company fully owned by the Government of Kerala, engaged in Generation, Transmission and Distribution functions. The power sector in Kerala attained the status of forerunner by achieving 100% village electrification during 1987 and 100% household electrification in May 2017. One of the largest power utilities in terms of consumer strength, the Company's emphasis had been on quality, reliability and uninterrupted supply to consumers.The primary goal is to improve efficiency and to provide quality power to consumers at affordable cost. KSEBL had taken several initiatives to improve the physical and financial performance during the past several years.

The bouquet of five projects 'Oorjja Kerala Mission' launched during 2018 aimed at integrated development of the utility and upliftment to world standards is successively progressing. With specific focus on green energy, the utility has been encouraging solar generation with an ambitious target of 1000 MW by 2022.

The COVID pandemic affecting the economic conditions all over the world has badly impactedpower sector, resulting in sharp fall in energy demand and slowdown in execution of various projects in the power sector and implications thereof. All capital, and renovation modernization works were suspended due to the pandemic. Urgent works for restoring supply were only undertaken.

The company has been taking earnest effort to reduce both Technical and commercial losses in the system and was able to achieve substantial loss reduction in the past several years. The reduction in losses was achieved by improving the network, strengthening of network, coordinated theft control activities, energy audit, replacing of faulty and electromechanical meters etc. The T & D loss in the financial year 2013-14 was 14.96% which has been reduced to 10.32% by the end of FY 2020-21. The Losses are the lowest among the utilities in the country.

A. FINANCIAL REVIEW

A comparative statement showing revenue from operations, Net Profit/Loss of the company for the year 2020-21 and 2019-20 is furnished below.

Sl. No	Particulars	2020-21 (in ₹ Crore)	2019-20 (in ₹Crore)
1	Revenue from operations	14,420.63	14,559.03
2	Other Income	748.76	295.57
3	Total Income	15169.39	14,854.60
	Purchase of Power	8057.93	8,680.00
	Generation of Power	4.80	5.71
	Repairs & Maintenance	260.58	281.80
	Employee benefits expense	5153.17	3,047.48
	Finance costs	1726.36	1,589.70
	Depreciation and amortization expense	1011.98	901.92
	Administrative Expenses	593.86	564.64
	Others	164.45	24.30
4	Total expenses	16973.13	15,095.55
5	Profit/(loss) before exceptional items and tax	(1803.74)	(240.95)
6	Exceptional Items	(18.61)	(28.60)
7	Profit/(loss)	(1822.35)	(269.55)

Assets and Liabilities

Particulars	On 31.03.2021 (₹ in crore)	On 31.03.2020 (₹ in crore)
ASSETS		
Non current assets		
Property, Plant and Equipment	24,090.83	22,491.82
Capital work-in-progress	4,131.67	3,735.06
Intangible asset	32.37	25.72
Financial Assets		
Investments	20.49	20.49
Trade receivables	407.77	739.44
Loans	26.76	21.78
Others	2,139.11	2,951.27
Non-Current Tax Assets (Net)	24.25	22.17
Other non-current assets	330.88	290.08
Total Non Current Assets	**31,235.19**	**30,312.80**

Current assets		
Inventories	684.96	808.86
Trade receivables	2,118.93	1,822.04
Cash and cash equivalents	250.39	149.37
Bank balances Other than Cash Equivalents	180.98	143.67
Other Financial assets	3.82	113.72
Other current assets	1,203.62	1,004.65
Total current assets	**4,442.70**	**4,042.31**
Total Assets	**35,677.89**	**34,355.11**
Equities and Liabilities		
Equity		
Equity Share capital	3,499.05	3,499.05
Other Equity	-14,588.58	-12,104.43
Total Equity	**-11,089.53**	**-8,605.38**
Liabilities		
Non-current liabilities		
Borrowings	15,716.79	15,836.58
Other Financial Liabilities	4,433.19	3,937.54
Provisions	12,294.98	10,285.92
Other non-current liabilities	3,577.13	3,048.23
Total non-current liabilities	**36,022.09**	**33,108.27**
Current liabilities		
Financial Liabilities		
Borrowings	2,385.95	2,912.44
Trade payables	2,102.08	1,991.68
Other financial liabilities	3,432.75	3,071.29
Provisions	2,824.55	1,876.81
Total Current liabilities	**10,745.33**	**9,852.22**
Total Liabilities	**46,767.42**	**42,980.49**
Total Equity and Liabilities	**35,677.89**	**34,355.11**

The company has been adopting prudent financial management practices to improve its financial position. These include availing loans at the barest minimum interest rate after fully utilizing internal accruals and obtaining funds from least cost sources. The impact of COVID 19 in the power sector and increase in employee cost consequent to the pay revision effected with retrospective effect from 2018, contributed a steep increase in loss during the year 2020-21.

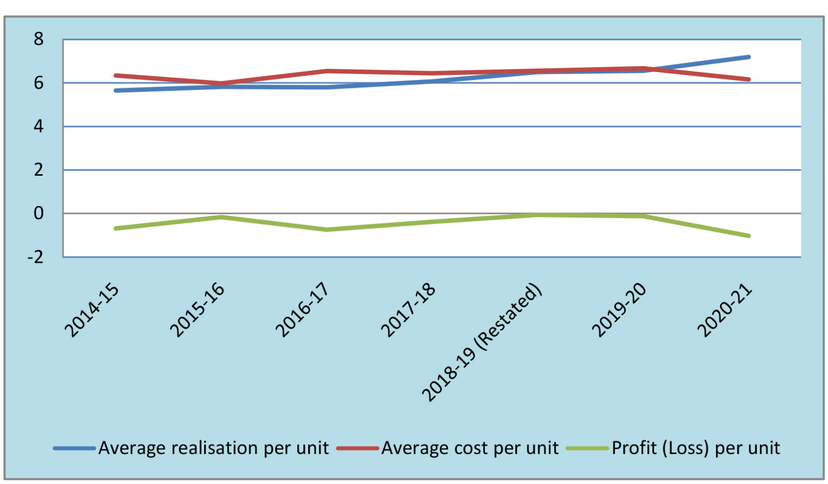
Revenue Gap : KSERC had trued up the audited accounts of the company till 2016-17 (except for FY 2014-15 for which orders are reserved) allowing 14% rate of return on equity. The approved Revenue Gap till FY 2016-17 amounted to₹6778.74 Cr as given below:

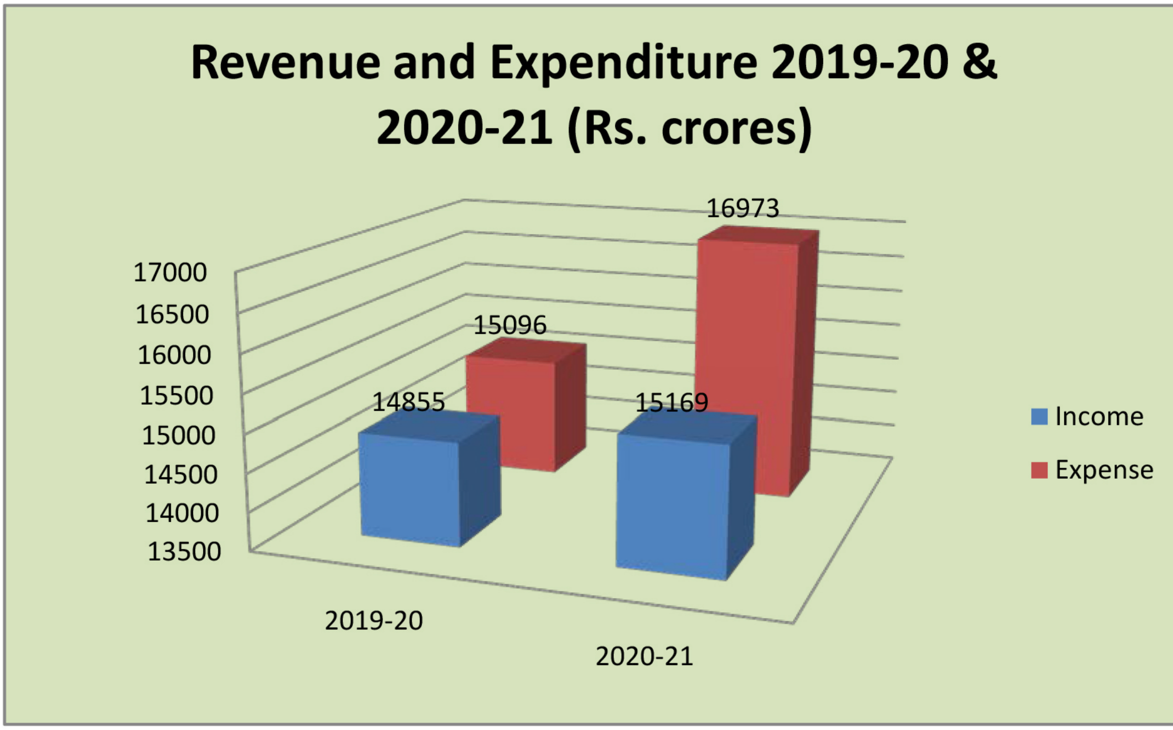
No	Year	Revenue Gap₹ in crores
1	Till 31-3-2011	424.11
2	FY 2011-12 (and Review petition)	1391.93
3	FY 2012-13	3132.97
4	FY 2009-10 and 2010-11 (Remand Order)	312.60
5	FY 2013-14	195.50
6	FY 2014-15	NA
7	FY 2015-16	202.97
8	FY 2016-17(and Review petition)	1118.66
	Total	6778.74

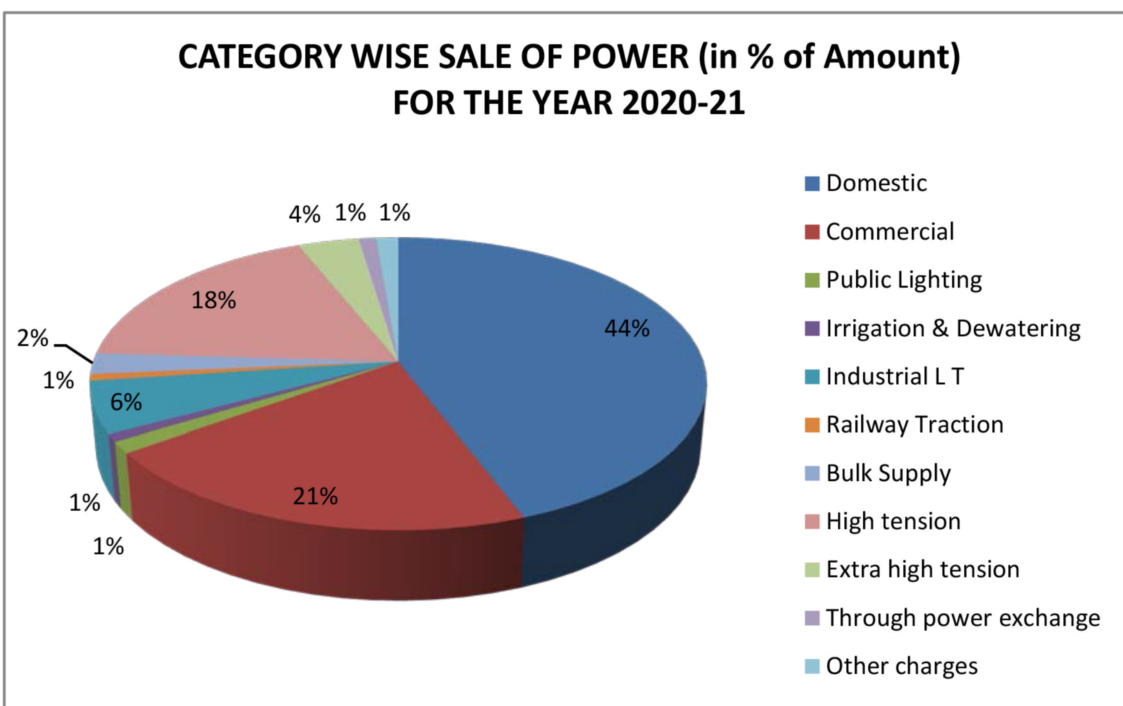
Approved Rs.84.13 for the year 2017-18 in 2021-22.
Additional revenue gap of₹.1.26 Cr approved for 2016-17 in 2021-22.
*True up sought for Fy 2018-19 (₹759.88). Orders yet to be issued by KSERC.

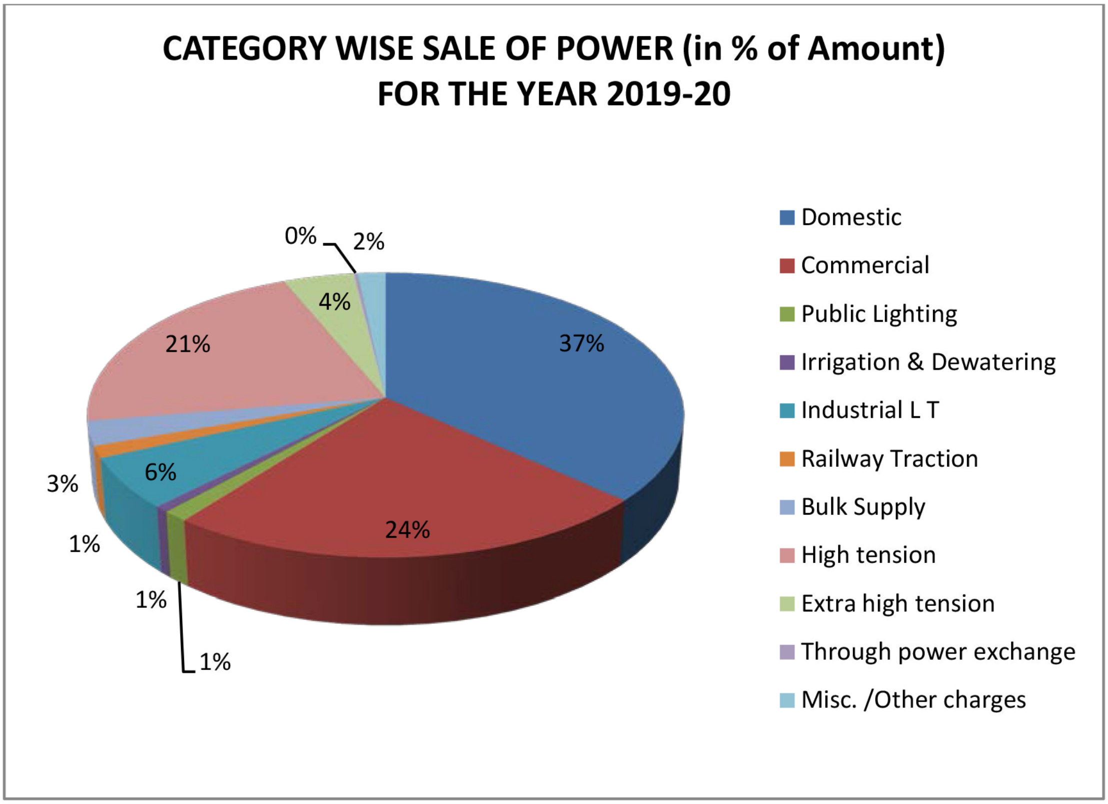
The average cost of supply (including Return on Equity (RoE)per unit for the year was ₹7.19. The gap per unit in the year similar to the previous year is given in Table below.

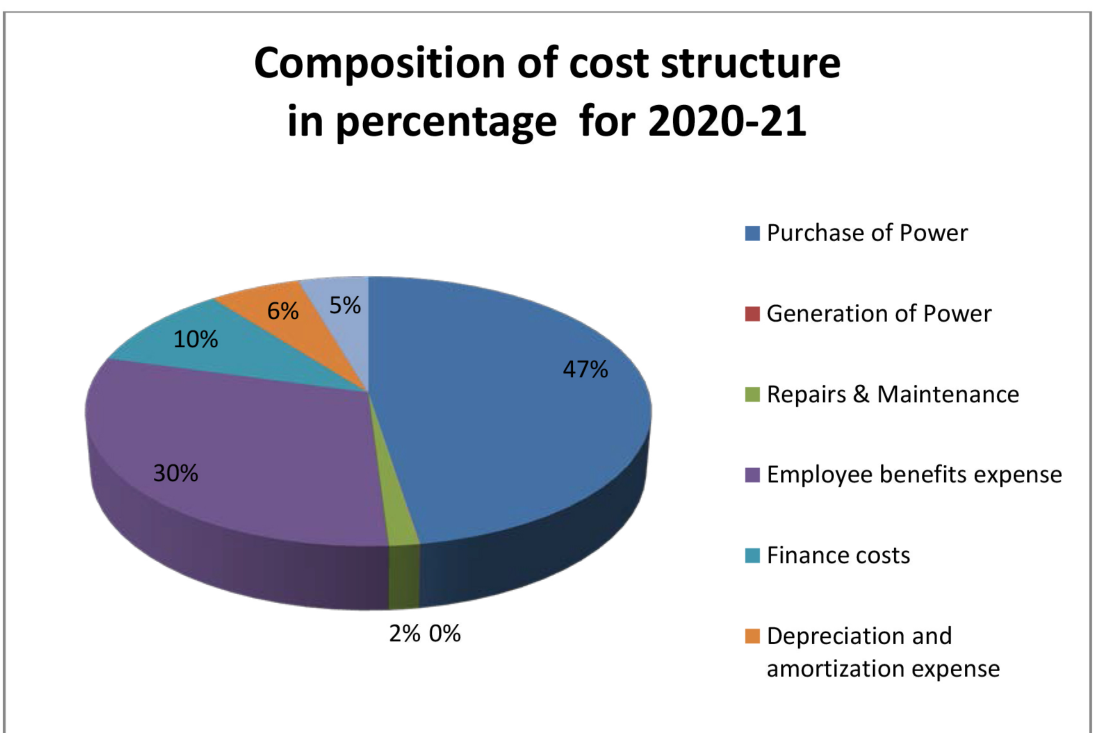
No	Particulars	FY15	FY16	FY17	FY18	FY19	FY20	FY21
1	Average cost of supply	6.22	5.86	6.48	6.35	6.19	6.52	7.19
2	Average revenue realized	5.26	5.41	5.49	5.74	5.84	6.19	6.16
3	Gap (=1-2)	0.97	0.45	0.99	0.61	0.35	0.33	1.03

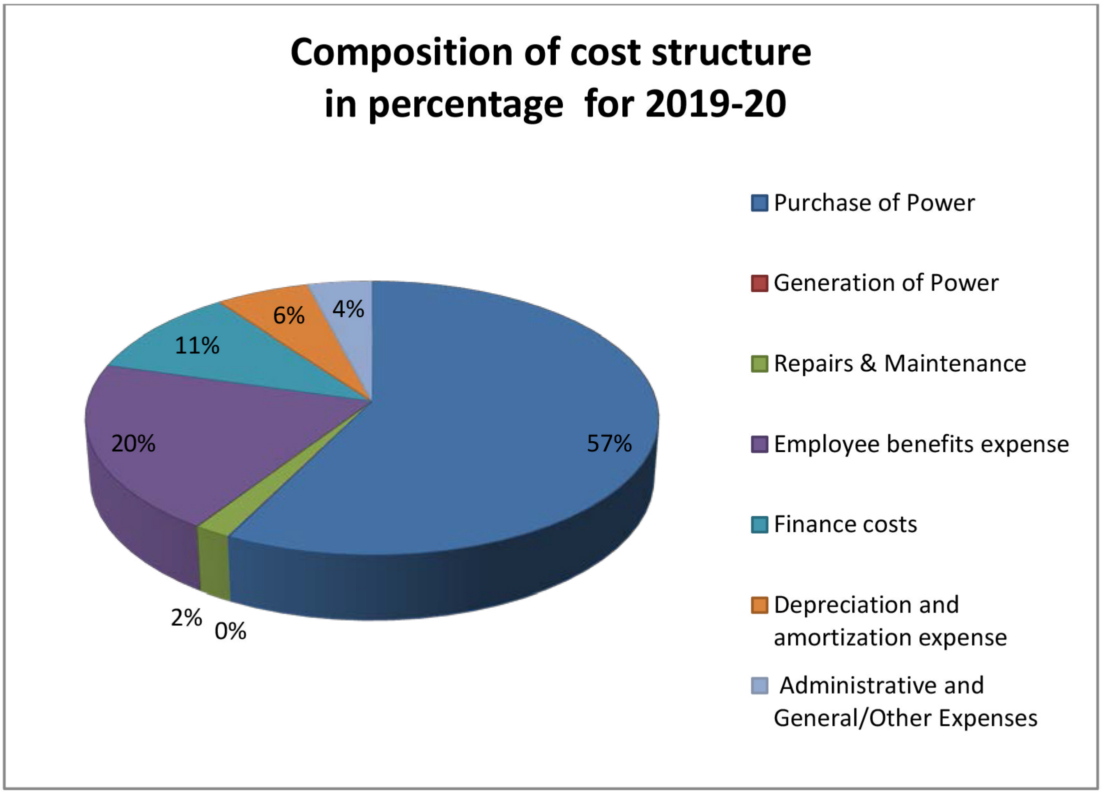



Revenue and Expenditure 2019-20 & 2020-21 (Rs. crores)
17000
16500
16000
15500
15000
14500
14000
13500
14855
15096
15169
16973
2019-20
2020-21
Income
Expense


CATEGORY WISE SALE OF POWER (in % of Amount) FOR THE YEAR 2020-21
44%
21%
18%
6%
4%
2%
1%
1%
1%
1%
1%
Domestic
Commercial
Public Lighting
Irrigation & Dewatering
Industrial L T
Railway Traction
Bulk Supply
High tension
Extra high tension
Through power exchange
Other charges


CATEGORY WISE SALE OF POWER (in % of Amount)
FOR THE YEAR 2019-20
37%
24%
21%
6%
4%
3%
2%
1%
1%
1%
0%
Domestic
Commercial
Public Lighting
Irrigation & Dewatering
Industrial L T
Railway Traction
Bulk Supply
High tension
Extra high tension
Through power exchange
Misc. /Other charges


Composition of cost structure
in percentage for 2020-21
47%
30%
10%
6%
5%
2% 0%
Purchase of Power
Generation of Power
Repairs & Maintenance
Employee benefits expense
Finance costs
Depreciation and amortization expense



B. SHARE CAPITAL

The Authorized Share Capital of the Company is Five Hundred Crore shares of face value ₹10/- each, amounting to ₹5,000.00 Crore. The paid up share capital as on 31st March, 2020 is ₹3,499.05 Crore, which are subscribed by the Hon'ble Governor of Kerala and his nominees.

C. MANAGEMENT

1. Details of Change in Directors and Key Managerial Personnel

In exercise of powers conferred on Government under the Articles of Association of the Company, the Government at various times has ordered for reconstitution/Change in the Directorship of the Company. The details of changes in Chairman & Managing Director and other Directors till date of Report are given as under:

Sl. No.	Chairman & Managing Director	DIN	TENURE
1	N. SIVASANKARA PILLAI, IA&AS	07282785	29.01.2018TO 31.07.2021
2	Dr. B. ASHOK, IAS	05230812	01.08.2021 TO TILL DATE

Sl. No.	DIRECTORS	DIN	TENURE
1	N. VENUGOPAL	07558958	21.06.2016 TO 31.05.2020
2	RAJAN P	08765903	04.06.2020 TO 31.05.2021
3	SIJI JOSE	09204346	10.06.2021 TO TILL DATE
4	RAJAN JOSEPH	09330520	02.09.2021 TO TILL DATE
5	P. KUMARAN	03134779	20.06.2017 TO 31.08.2021
6	RAJKUMAR S.	09329895	02.09.2021 TO TILL DATE
7	BIBIN JOSEPH	08574295	31.08.2019 TO 31.01.2021
8	RADHA KRISHNAN G.	09204457	10.06.2021 TO TILL DATE
9	BRIJLAL	08574247	31.08.2019 TO 31.05.2020
10	R.SUKU	00927769	04.06.2020 TO TILL DATE
11	MINI GEORGE	08766354	04.06.2020 TO TILL DATE
12	Dr. B. ASHOK, IAS	05230812	21.03.2019 TO 16.07.2020 , 04.06.2021 TO 06.09.2021
13	DINESH ARORA, IAS	01888906	16.07.2020 TO 05.02.2021
14	SAURABH JAIN, IAS	02486586	05.02.2021TO 04.06.2021
15	RAJESH KUMAR SINHA, IAS	05351383	06.09.2021 TO TILL DATE
16	RAJESH KUMAR SINGH, IAS	05193269	18.02.2020 TO TILL DATE
17	V. SIVADASAN	07572823	02.07.2016 TO 17.04.2021
18	V. MURUGADAS	09210544	15.06.2021 TO TILL DATE

Sri. BIJU R, Financial Adviser has been appointed as Chief Financial Officer. The Chairman and Managing Director, Chief Financial Officer and Company Secretary have been designated as Key Managerial Personnel of the Company.

2. Number Of Board Meetings

The Board of Directors meets at regular intervals to discuss and decide on business strategies/ policies and review the operational and financial performance of the Company. The notice of each Board Meeting along with the agenda has been given in writing to each Director separately and in exceptional cases tabled at the meeting. This ensures timely and informed decision by the Board. The interval between two consecutive meetings of the Board was not more than 120 days as specified under Section 173 of the Companies Act, 2013. In the Financial Year 2020-21, the Board of Directors met six times. IXth Annual General Meeting for the financial year 2019-20 and Adjourned VIIIthAnnual General Meeting for financial year 2018-19 were also conducted during the year. The details are given as under:

Sl No	Type of Meeting	Date of Meeting	Total numbers of Members entitled to attend the meeting	Number of Members attended	Percentage of total shareholdings
1	9thAnnual General Meeting (2019-20)	25.09.2020	7	7	
2	Adjourned 8thAnnual General Meeting(2018-19)	27.01.2021	7	7	
1	Board Meeting	25.05.2020	8	8	
2		17.07.2020	9	9	
3		14.10.2020	9	9	
4		01.01.2021	9	8	
5		15.02.2021	8	7	
6		17.03.2021	8	8	

D. STRATEGIC BUSINESS UNITS(SBU)

The company while continuing to function as integrated electricity utility in consistence with the State Government policy is carrying out the business through three separate Strategic Business Units (SBU) for each of the functions of Generation, Transmission and Distribution, headed by Full Time Directors.

i. Generation SBU

The Generation SBU operates through two different wings for electrical and civil. Electrical wing operates and maintains 38 hydroelectric generating stations, 2 thermal power plants, and the wind farm at Kanjikode. Renovation, Modernization and Up-rating of the old hydroelectric projects which have surpassed their useful life are also being carried out by this Department. The electrical design function of projects undertaken by the company is also managed by this wing.

Civil wing of Generation SBU carries out Investigation, Planning and Design of all hydroelectric projects, land acquisition matters connected with various hydel projects, works connected with the environmental and forest clearance aspects of generation schemes, safety and maintenance of dams and connected structures, construction works of all hydroelectric projects. The related activities such as construction and maintenance of various office buildings, fabrication of line materials for distribution, yard structures for substations and accessories for hydraulic structures etc. are also carried out by the Civil Department.

Generation-Electrical wing

The Generation Electrical wing operates and maintains 15 major HEPs, 23 Small HEPs,

2 Thermal Power Plants, a Wind farm at Kanjikode and some of the solar plants.

a) Generation of electricity

The total installed capacity of hydel stations owned by KSEBL is 2058.761MW and the designed annual generation capacity is 7217.692MU for hydro stations. The total installed capacity of solar stations owned by KSEBL is 16.419 MW. The list of generating stations within State and its capacity is given below:

Installed capacity of Kerala as on 31.3.2021

No	Name of Station	Installed Capacity (MW)	Annual Generation capacity (MU)
	KSEBL Hydel Stations		
1	Idukki	780.0000	2398.0000
2	Sabarigiri	340.0000	1338.0000
3	Idamalayar	75.0000	380.0000
4	Sholayar	54.0000	233.0000
5	Pallivasal	37.5000	284.0000
6	Kuttiyadi	75.0000	268.0000
7	Kuttiyadi Extension	50.0000	75.0000
8	Kuttiyadi Additional Extension Scheme	100.0000	223.0000
9	Neriamangalam	52.6500	237.0000
10	Lower Periyar	180.0000	493.0000
11	Poringalkuthu	36.0000	191.0000
12	Sengulam	51.2000	182.0000
13	Kakkad	50.0000	262.0000
14	Panniar	32.4000	158.0000
15	Neriamangalam Extension Scheme	25.0000	58.2700
	Sub total (Large Hydel Stations)	**1938.7500**	**6780.2700**
1	Chembukadavu stage I	2.7000	6.5900
2	Chembukadavu stage II	3.7500	9.0300
3	Kallada	15.0000	65.0000
4	Kuttiadi tailrace	3.7500	15.0000
5	Lower meenmutty	3.5000	7.6300
6	Malampuzha	2.5000	5.6000
7	Malankara	10.5000	65.0000
8	Madupetty	2.0000	6.4000
9	P.L.B.E	16.0000	74.0000
10	Peppara	3.0000	11.5000

11	Urumi stage I	3.7500	9.7200
12	Urumi stage II	2.4000	6.2800
13	Poozhithode SHP	4.8000	10.9700
14	RanniPerinad SHP	4.0000	16.7300
15	Peechi SHP	1.2500	3.2100
16	Vilangad SHP	7.5000	22.6300
17	Chimmony SHP	2.5000	6.7000
18	Adyanpara SHP	3.5000	9.0100
19	Barapole SHP	15.0000	36.0000
20	Poringalkuthu Micro (Screw type Turbine)	0.0110	0.0820
21	Vellathooval SHP	3.6000	12.1700
22	Perunthenaruvi	6.0000	25.7700
23	Kakkayam SHEP	3.0000	10.3900
	Sub Total (Small Hydro Stations)	120.0110	437.422
	Sub Total Hydro Stations	2058.7610	7217.692
	KSEBL Thermal Stations		
1	Brahmapuram Diesel Power Plant (KSEB)	63.9600	0.00
2	Kozhikode Diesel Power Plant (KSEB)	96.0000	672.0000
	Sub total (Thermal Stations)	**159.9600**	**672.0000**
	KSEBL Wind Stations		
1	Kanjikode (9x0.225 MW) (KSEB)	2.0250	4.0000
	KSEBL Solar Plants		
1	Kanjikode Solar Project(Ground mount)	1.0000	1.5800
2	Banasurasagar reservoir (floating Solar)	0.0100	0.0200
3	Solar- Chaliyoor colony	0.0960	0.1500
4	Solar-Poringalkuthu	0.0500	0.0800
5	Buildings under Generation Department (Roof Top)	0.7000	1.1000
6	Palakkad Tribal Colonies (DDG)	0.0650	0.1000
7	Barapole canal Grid connected	4.0000	6.3100
8	Banasurasagar Solar flower, fountain, canopy	0.0034	0.0100
9	Kollangode S/s	1.0000	1.5800
10	Padinjarethara Dam top	0.4000	0.6300

11	Idayar S/s	1.2500	1.9700
12	Thalakulathoor, Kozhikode	0.6500	1.0200
13	VydyuthiBhavanam, Pattom (roof top)	0.0650	0.0500
14	Manjeswaram, ground mounted	0.5000	0.7900
15	Buildings under Transmission Department (Roof top)	0.9100	1.4300
16	Buildings under Distribution Department (Roof top)	0.4600	0.7300
17	Banasurasagar reservoir (floating Solar)	0.5100	0.7900
18	Kuttippuram	0.5000	0.7900
19	Pezhakkappalli	1.2500	1.9700
20	Pothencode	2.0000	3.1500
21	Ponnani Malappuram	0.5000	0.7900
22	Peerumedu	0.5000	0.7900
	Sub total (KSEBL Solar Stations)	16.4190	25.8300
	Total KSEBLstations	**2235.1400**	**7919.5220**
	CPPs/IPP hydro Stations		
1	Kuthungal (CPP)	21.0000	79.0000
2	Maniyar (CPP)	12.0000	36.0000
3	Ullunkal (IPP)	7.0000	32.2200
4	Iruttukkanam (IPP)	4.5000	13.0000
5	Pambumkayam (Mankulam) Mini HEP (IPP)	0.1100	0.2900
6	Karikkayam SHP (IPP)	15.0000	46.5200
7	Meenvallom SHP (IPP)	3.0000	8.3700
8	Kallar micro HEP(IPP)	0.0500	0.1300
9	Pathamkayam	8.0000	25.5400
	Sub- Total (IPP/CPP Hydro Stations)	70.6600	241.0700
	CPP / IPP Thermal Stations		
1	BSES Kerala Power Ltd (BKPL) (IPP)	157.0000	1099.0000
2	MP Steel Co-Gen(MP Steel Castings Pvt Ltd)	10	70.08
3	Kayamkulam (N.T.P.C) (Central sector)	359.5800	2158.0000
4	Co-Generation Plant PCBL (CPP)	10	70.0800
	Sub-total (CPP / IPP Thermal Stations)	536.5800	3397.1600

	CPP/ IPP Wind Stations		
1	Wind-Agali	18.6000	37.4700
2	Wind-Ramakkalmedu	14.2500	32.4600
3	Wind- Ahalya, Kanjikode	8.4000	16.1900
4	Wind-INOX, Kanjikode	16.0000	30.8400
5	Wind Kosamattom	1.0000	1.9300
6	Wind –Malayala Manorama	10	10
	Sub-total (CPP / IPP Wind Stations)	68.2500	128.8900
	CPP / IPP / Prosumer Solar Stations		
1	Hindalco Industries Ltd.(Solar)	1.0000	1.5800
2	CIAL(Solar)	29.0270	45.7700
3	ANERT	2.0000	3.1500
4	SOLAR ENERGY CORPORATION	50.0000	78.8400
5	Grid connected consumers	35.2400	55.5700
	SubTotal (Private Solar Stations)	**117.2670**	**184.9100**
	Total Private Stations	**792.7570**	**3871.9500**
	Total Installed capacity	**2967.9220**	**11630.4800**

Major activities carried out & achievements during 2020-21

SlNo	Name of Project	Achievements during 2020-21
1	Poringalkuthu(1x24MW) 24MW/45.02 MU	Physical progress of the E & M works achieved is 93.3%
2	Sholayar HEP (3 x18 MW)	The last unit(unit#1) taken over by KSEBL on 05-10-2020. Overall progress of project is 100% and certain punch points are to be attended by contractor during defects liability period
3	Sholayar Penstock works	Completion of Unit#1 penstock work on 26.08.2020.
4	R & M work of Butterfly Valves of Sengulam HEP (4 x 12.8 MW)	R & M works was re-tendered along with penstock renovation on 25.03.2020 and work awarded to M/s KSK-TVPPL-REHPL-YIL Consortium on 20.01.2021.
5	Renovation Of Sengulam Pump House:	Trial run of Pump No.II and III were conducted on 27.03.2021
6	RMU Works of Kuttiyadi HEP	Reverse engineering as well as model test was carried out. Drawing approval is in progress.

7	SHEP Poovaramthodu.	Combined Civil & E&M tendered vide e tender No.CECCN/01/2020-21 Dtd 15.7.2020. Technical bids opened on 3.11.2020.
8	Idukki first stage machines(3x-130MW): R&M work	3rd machine commissioned on 16.03.2019.2nd machine commissioned on 20.01.2020 and 1st machine commissioned on 14.07.2020.
9	E&M works of Thottiyar HEP (1x30+1x10 MW)	The balance E&M works of Thottiyar HEP are decided to be carried out departmentally in a piece meal manner and the following actions were taken: • Work order for the work of Erection of supplied Electro Hydro Mechanical Equipment in power house of Thottiyar issued on 03.07.2020. • Purchase Order issued on 05.03.2020 for the refurbishment of partially erected 100/25 T EOT crane. Supply of spares and refurbishment completed. • Purchase order for the purchase of 1 No. 36.67 MVA and 1 No.12.5MVA 11KV/220 kV 3 Phase Generator Transformers issued on 16.07.2020. Drawings, painting scheme and QAP approved • Work order for the erection of Equipment in switch yard issued on 28.09.2020. • Work order for the erection of Equipment in switch yard issued on 28.09.2020. • Work order for the erection of Equipment in switch yard issued on 28.09.2020. • Purchase order for the Procurement of Hardware FittingsIssued on13.10.2020. • Purchase order for supply of 1 No.IPBDS and I No SPBDS is given on 01.1.21 • Work Order issued to M/s ABB on 25.01.21 for Governor, SCADA, Excitation and Protection. • Purchase Order for LTAC Panel on 17.02.21
10	Pallivasal Extension Scheme HEP (2x30 MW)	Tendered the work, issued LoA and Work Order
11	Chinnar SHEP 2x12MW	Submission of E&M tender documents and thereby floating of tender.
12	Anakkayam SHEP 3x2.5 MW	Submission of E&M tender documents and thereby floating of tender.

13	Bhoothathankettu (3 x 8) MW	Erection of Stay Ring of all 3 units completed. Erection of 11 kV switchgear panels completed. Erection of Hatch Frame of Unit1, Unit 2, Unit 3 completed. Erection of Distributor of 3 units is completed. Online Testing was completed successfully on 7th, 9th, 10th Dec 2020 andConditional MDCC for import of 3rd consignment from China was issued on 08.01.2021.
14	Upper Kallar (2x1MW)	Physical progress of E & M works-92.33%. Financial Progress of E &M works-85.85%.
15	Chathankottunada Stage II(3x2 MW)	Project dedicated to nation on 20.02.21.
16	Chathankottunada Stage I(2x2.5) MW	E&M estimate prepared
17	Upper Sengulam I(1X24MW)	Revised estimate sanction of Rs.276.2 crore (Civil-209.88 crore and E&M 66.32 Crore)
18	Olikkal SHEP (2X2.5MW)	Combined Civil & E&M tendered from office of the CE (CC-North) vide E-Tender No.CECCN/01/2020-21 Dtd 15.7.2020. Technical bids opened on 3.11.2020.
19	Moorikadavu SHEP (2x0.75MW)	E&M estimate prepared
20	Peruvannamuzhy (2x3MW)	Tender finalized and Work Order issued to M/s. KBL on 25.01.2021.Agreement executed on 08.02.2021.
21	Pazhassi Sagar (3x2.5MW)	Tender finalized and Work Awarded to M/s KBL on 25.01.2021 and Agreement executed on 08/02/2021 with M/s KBL
22	Pambla SHEP (2x5MW)	E&M DPR prepared
23	Neyyar SHEP (2x1100kW)	E&M DPR prepared
24	Passukadavu SHEP (2x2Mw)	E&M DPR prepared.

Civil wing of Generation SBU

a. Dam Safety Works

The website of Dam Safety Organization (**www.dams.kseb.in**) has been made functional from June 2020 and daily water levels, notifications etc. are uploaded. Other major works completed under Dam Safety include Bathymetric survey of Poringalkuthu reservoir by KERI and Construction of Control room at Kallar dam.

b. Dam Rehabilitation & Improvement Project (DRIP)

DRIP is a project assisted by the World Bank/IDA, Co-ordinated by CWC, MOWR and Government of Kerala with a funding pattern of 80% percent from World Bank and 20% from Central/State budgetary support. An amount of ₹ 134 Cr. was allocated for KSEBL under DRIP for rehabilitation of 37 dams/diversion structures under DRIP. The total expenditure incurred is ₹125 Cr and the expenditure during 2020-21 is ₹20.48 crores. Phase I of DRIP has completed on 31st March 2021. The Government of India has launched and accorded Administrative Sanction for Phase II and

Phase III of DRIP in 2020. An amount of ₹ 150 Cr. is allocated in Phase II & III. NoL for PST of 5 dams amounting to ₹ 33 Cr. received from WB/CWC.

c. Development of new hydro power projects

The investigation works related to development of new hydro power projects to the tune of about 850 MW was undertaken during the FY2020-21 and works are progressing.The construction of Pallivasal Extension Scheme (60 MW), Chathankottunada SHEP Stage II (6MW, 14.76Mu), Peruvannamuzhi SHEP (6MW, 24.70Mu), Pazhassi Sagar SHEP (7.5MW, 25.16Mu), Upper Kallar SHEP(2 MW, 5.14 Mu), Bhoothathankettu SHEP(24 MW, 83.5 Mu), Thottiyar HEP(40 MW, 99 Mu), Sengulam Augmentation Scheme (85 Mu), Poringalkuthu SHEP (24 MW) & Phase I of Chinnar SHEP (24 MW) are progressing .

Tender for execution of Maripuzha SHEP (6MW, 14.84Mu) ,Olikkal SHEP (5MW, 10.26Mu), Poovaramthodu SHEP (3MW, 5.88Mu), Renovation, Modernization & Up rating of Kuttiyadi Hydro Electric Project (3x25 MW), Laying additional penstock to KES (1x50 MW) power house floated during 2020-2021.

The work for Rectification and replacement of penstock, butterfly valve and gate valve of Sengulam HEP awarded on January 2021.

Stage 2 clearance obtained for Upper Sengulam Small Hydro Electric Project (24MW/ 53.22 Mu) and land acquisition of private land nearing completion.

Detailed Project Reports related to Chathankodunada SHEP, Pasukkadavu SHEP &Keerithodu SHEP were approved leading towards implementation.

d. Consultancy wing

The Government of Kerala declared KSEBL as SPV for implementing infrastructure Projects of Health & Family Welfare Department with KIIFB funding. The wing of KSEBL is mainly engaged with ten hospital projects and KSEBL received ₹5.75 crore as Centage from KIIFB as on 31.03.2021. The Consultancy Wing is also executing various works under other departments and obtained ₹1.38 crores received as centage.

e. Land Management Unit (LMU)

The Land Management Unit (LMU) was constituted on 03-03-2014 for effective inventorisation of vast areas of land in possession of the company spread over the state and to provide guidance for the effective management of land under its control.

The Land Management Unit prepared a detailed format to capture about 25 parameters pertaining to the land parcels and the feedback was captured in special software prepared by the IT department. 2008 land parcels (non forest land) were entered in the above database and are made available online to officers of KSEBL so designated.

The major achievements during the year 2020-2021 are listed below.

1. Document executed for an extent of 5.77 acres of land at kazhakuttam 110 KV Substation in favour of KSEBL.
2. An extent of 0.0830 hectares of land at Kottarakkara section office got mutated in favour of KSEBL
3. An extent of 9.4616 Hectares of land were got mutated in favour of KSEBL

ii. Transmission SBU

Transmission Strategic Business Unit of KSEBL carries out the construction, maintenance and operation of the intra-state transmission system in Kerala. The administrative control of the State Load Dispatch Centre (SLDC) is under Transmission SBU. The activities related to grid protection and related communication facilities, testing of meters and power equipments are also carried out under this SBU. Transmission SBU is also responsible for the implementation of transmission loss reduction programs and coordinating the activities for system development. The Voltage wise capacity of the Transmission Network within the State as on 31.3.2021 is given below.

Transmission System as on 31.03.2021

No	Item	Unit	Quantity / Capacity
1	400KV Transmission Lines	Ckt-km	177.03+1152.56*
2	220KV Transmission Lines	Ckt-km	3141.40
3	110KV Transmission Lines	Ckt-km	5030.86
4	66KV Transmission Lines	Ckt-km	2004.79
5	33KV Transmission Lines	Ckt-km	2108.00
	Total		13614.64
7	400KV Substations	Nos	5*+1
8	220KV Substations	Nos	27
9	110KV Substations	Nos	173
10	66KV Substations	Nos	60
11	33KV Substations	Nos	160
	Total		426
12	Total Transformation Capacity	MVA	20614.6

* PGCIL Owned

A number of major transmission network expansion works were also completed. A summary of new substations and Transmission lines completed during 2020-21 is shown in the Table below.

No	Particulars	400 KV	220 kV	110 kV	66 kV	33 kV	Total
1	Substations commissioned (No)	-	4	10	1	2	17
	Transmission North	-	-	4	1	1	6
	Transmission South	-	-	6	-	1	7
	Transgrid		4	-	-	-	4
2	Lines commissioned (Ckt. Km)	86	238	324.50	8.4	39.2	696.10
	Transmission North	-	-	123.18	8.4	33.7	165.28

	Transmission South	-	-	73.28	-	5.5	78.78
	Transgrid	86	238	128	-	-	452
3	Capacity addition/enhancement (MVA)	-	1220	286	18	57	1581
	Transmission North	-	100	186	10	41	337
	Transmission South	-	-	100	8	16	124
	Transgrid	-	1120	-	-	-	1120

KSEBL had taken up the ambitious TransGrid 2.0 project for enhancing the transmission capacity for meeting future demand, improving reliability and quality of power transmitted and to reduce losses.

As part of Trans Grid 2.0, the following projects were completed during 2020-21.

- Construction of 400kV MC MV line from Malaparamba to Areakode (86 ckm), 220kV MCMV Line from Malaparamba to Kizhissery (59.82ckm), 220/110kV MCMV line from Kizhissery to Chelari (20.2ckm) and from Chelari to Nallalam (24.74 ckm) and 110kV line from Areakode to Kizhissery (14.87ckm)
- Construction of 220 KV Substation Chalakkudy and Kothamangalam
- Construction of 220kV GIS at Aluva&Kaloor.
- Construction/upgradation of 220/110kV, Brahmapuram-Thuthiyoor (7.87 km) and Kothamangalam –Aluva (68 km) lines.
- 220 kV cable laying work from Thuthiyoor to Kaloor 14 km
- 220kV Line construction Chalakkudy - Konnakuzhy portion (LILO) of North South interlinking package completed (22.3km)

Expenditure of Transgrid 2.0 works as on 31.03.2021

Sl No.	Project Execution by	Cumulative expenditure till 31.03.2021 in Rs. Lakhs
1	Own fund	19420.62
2	PSDF	54290.27
3	KIIFB	80257.18
	TOTAL	153968.07

The commissioning of HVDC Pugalur-Madakkathara Pole I&II and 400kV Kozhikkode-Madakkathara double circiuts was a major milestone achieved during the year. During the year 220kV sub station Chalakkudy was commissioned on 20.10.2020, the GIS at Kaloor and Chalakkudy on 05.12.2020 and Aluva GIS on 16.02.2021.

System Statistics

A. The year began under strict country wide lockdown imposed in the wake of Covid-19 pandemic. The impact of the lockdown on monthly reduction in electricity consumption was in the range of 12-16% during the first quarter of the year. With most of the restrictions withdrawn, the consumption increased during the 3rd quarter. However, the unusual rains during the winter months again led to negative growth in the months of January and February whereas March recorded the highest growth rate of around 8% during the year. The month also recorded the highest single day consumption and day demand. This is attributable partly to the assembly election activities also.

The reduction in consumption in the initial months of the year due to the extension of lockdown has resulted in reduced hydro utilisation and consequent build-up of storage in all major hydel reservoirs, especially at Idukki in the beginning of water year on 1st June.The water year began with a carryover storage of 1092MU (26.4%) against a planned level of 750MU. The monsoon was weak in the months of June and July resulting in reduced inflow of up to 1200MU from the anticipated quantum. However, the monsoon revived strongly during August and compensated the deficit in inflow in the subsequent months.

B. The energy consumption during the year registered a negative growth of (-) 4.3% due to the impact of covid restrictions and unusually high winter and summer rains.

System Statistics 2020-21	
Demand	
Evening Peak	4284MW
Morning Peak	3394MW
Day Peak	3967MW
Consumption	
Internal generation	7637.2654MU
Total import	17507.7343MU

The year recorded following all time records in the power consumption and demand scenario of the State

Daily Consumption	88.417MU	19.03.2021	Previous Record	88.3386MU	23.05.2019
Day Peak	3967MW	25.03.2021	Previous Record	3933MW	23.05.2019

PSDF Projects: Six projects were undertaken during the period under the Power System Development Fund Scheme (PSDF). The status of the projects is given in the table below:

Status of PSDF Schemes as on 31.03.2021						
No	Scheme	Estimate (Rs Cr)	Estimate Accepted (Rs Cr)	Grant Approved	Grant Released (Rs Cr)	Progress
1	Renovation of Protection system of 220 kV substations	97.90	91.46 (31.12.2014)	82.31 (90%)	82.13 (100%)	Project closed. Last installment received on 17-1-2020.
2	Implementation of Automatic Demand Management Scheme	6.03	5.30 (02.01.2017)	4.77 (90%)	4.293 (90%)	Project completed and final 10% claim submitted on 24-3-2021.
3	400/220 KV Multicircuit/ Multivoltage Transmission line from Madakkathara to Areekode. (Transgrid North-I)	371.03	371.03 (16.05.2017)	333.93 (90%)	300.53 (90%)	Line works completed & Commissioned; Project closed.
4	Up-rating Kakkayam-Nallalam 110 KV line (45 km) & Upgrading Nallalam- Koyilandy 110 KV Single Circuit to Double Circuit (32Km) (Transgrid North-II)	89.13	89.13 (16.05.2017)	66.85 (75%)	47.521 (71%)	Line works completed & charged; Project closure in progress.
5	Renovation of Switchyard Equipments, AGC in Gen stations, AMR and associated works	33.68	22.42 (15.11.2017)	20.18 (90%)	4.636 (23%)	Procurement completed Progress: Physical= 75%; Financial= 68 %.
6	Reliable Communication and data acquisition system up to 110 KV Sub stations in Kerala (OPGW)	185.34	147.52 (15.11.2017)	73.76 (50%)	7.376 (10%)	First Tranche of 20% claim received. Sanction for technology change (from SDH to MPLS) awaited
	Total	783.11	726.86	581.80	446.486 (76.74%)	

Achievement

	Voltage level	Substations commissioned	Lines Commissioned
Transmission South	110 kV	Muttathara	Veli - Muttathara UG Cable 630 Sq mm
		BalaramapuramUpgn	Neyyattinkara - Balaramapuram DC line
		ThiruvallaUpgn	Tapline to Thiruvalla-UG Cable 630sqmm
		MaradyUpgn	LILO from Kothamangalam - Koothattukulam
		Koothattukulam	Koothattukulam - Kothamangalam DC line
		EdathalaUpgn	LILO form Kothamangalam – Aluva
			Kattakkada - Balaramapuram DC
	33 kV	Vilakkulam	Varkala - Vilakulam SC line (UG / OH)
Transmission North	110 kV	ThambalamannaUpgn	Agasthiamoozhy - Thambalamanna UG 630 Sq mm
		KuttikkattorUpgn	Kunnamangalam – Kuttikkattoor
		NenmaraUpgn	Kollengode - Nenmara - Vadakkenchery DC
		MankadaUpgn	LILO line to Mankada (Malapramba - Mankada)
			110 kV MCMV line from Ambalathara to Kanhangad - Cheruvathoor line
			Pinarayi - Thalassery II
	66 kV	Ambalavayal	LILO line to Ambalavayal from SulthanBathery tap
	33 kV	Pothukallu	Adyanpara-Pothukallu SC line
			Parappur-Mullassery
			LILO to 33 kV SS Mundur from Viyyur - Parappur
			Solar park, Paivalike - Kubanoor 33 kV DC UG

Transgrid	400 kV		Malapramba - Areacode 400/220 kV MCMV
	220 kV	Aluva GIS	Pallikkara- Aluva DC line
		Kaloor GIS	Brahmapuram - Kaloor (UG+OH)
		Chalakkudy	Konnakkuzhy - Chalakkudy LILO line from Lower Periyar- Madakkathara
		Kothamangalam	Kothamangalam-Aluva MCMV
			Nallalam-Kizhissery 220/110 kV MCMV

During FY 2020-21, PSE wing had conducted 29 Load flow studies, 32 earth mat design works for Substations/generating stations, System Fault study in addition to the reactive power study and Loss studies at various voltage levels.

iii. Distribution SBU

iii. 1. Distribution wing

Distribution SBU manages distribution of electricity business in the State other than in other Licensees' areas. The activities of the SBU include construction, operation and maintenance of distribution network up to a voltage level of 11 kV (22 kV Distribution also is in existence in some parts of Palakkad District). It is directly supplying electricity to 99% of the consumers in the State (132.03 lakh consumers as on March 2021).

1. Dyuthi 2021

With a grand vision to uplift the distribution system of the State to the best in the nation and also to achieve international standards in the distribution services by the year 2022, the Company had decided to implement a comprehensive network-based distribution plan 'Dyuthi 2021', as part of the Urja Kerala Mission. The focus of this project is to provide uninterrupted, quality power to all, with lowest technical and commercial losses, maintaining best safety standards and to develop a system capable of integrating renewable energy sources. The Board had issued approval for the following 4-year plan from 2018-19 to 2021-22 as shown below.

Financial Year	Capital Investment (Rs in Crore)			
	Normal Development	Replacement of faulty meters	Continued Electrification	Special Projects like SCADA
2018-19	723.64	60.00	50	50
2019-20	1221.06	54.49		
2020-21	1066.65	47.61		
2021-22	720.68	42.18		
Sub Total	**3732.03**	**204.27**	**50.00**	**50.00**
Total (2018-22)	**Rs. 4036.30 Crore.**			

As part of this, Project Management Teams (PMUs) were constituted, one in each Electrical Circle under the direct control of respective Deputy Chief Engineers, as an exclusive team to formulate the Distribution Plan and also for the effective implementation of the plan.

Despite the paradigm shift in approaches and results, there has been a slippage in the set schedule owing to several factors such as the obligation of completing centrally aided projects like IPDS, RAPDRP and DDUGJY, the devastating floods in 2018 and 2019 and the lockdown and restrictions imposed by the Government to curb the spread of COVID-19 pandemic. However KSEBL has been completed works amounting to Rs. 1457.06 crore up to 31.03.2021. The year wise financial achievement is detailed below.

Plan Year	**DPR Amount in crores** (except SCADA)	**Achievement in crores upto 31.03.2021**	**Percentage Achievement upto 31.03.2021**
2018-19	734.04	456.53	62
2019-20 (Revised)	1454	869.65	60
2020-21 (Revised)	1197	131.14	11
2021-22 (Revised)	838	Not started	-
Total	**3962**	**1457.06**	

2. Service at doorsteps

Due to wide spread of the pandemic COVID – 19 during the first wave, the entry of public to KSEBL field offices were restricted. A procedure for giving different types of services to the public, at their doorsteps; named as "**Services at door steps**" to offer the requested services, in a most effective and cordial manner, with minimum visit of the applicants to the office and was implemented under Electrical Circle, Palakkad, as a pilot project from 01.10.2020 onwards.

The services like a new electricity connection, change of ownership, change of connected load / contract load, replacement of power line / meter etc. are now available through this procedure and the person requesting the service can register through the concerned Section office or 1912 customer care number. After receiving the request, the staff entrusted visits the person's house and collect the documents.

The project received great response from the public due to COVID restrictions and State wide implementation of this project was decided on 29.01.2021. State Level inauguration with selected Electrical Section offices was conducted on 06.02.2021 by Hon'ble Chief Minister of Kerala. "Service at Doorsteps" was implemented in 368 out of 776 Electrical Sections at the time of the State level inauguration, as part of the first phase of implementation of the same. It was decided to implement the "Service at Doorsteps" Project at all Section Offices, after rectification of initial hassles and development of the mobile application.

In the backdrop of lockdown restrictions due to the COVID-19 pandemic in the State, the above scheme has gained wide popularity amongst the public.

Simplification of Service Connection Procedures

The Kerala State Electricity Board Limited, in line with 'Ease of Doing Business' consideration, simplified the service connection procedures on production of two documents, i.e. proof of identity and proof of ownership/legal occupancy in normal cases. This facility was also extended for connections under LT V-B category also.

As part of 'Ease of Doing Business'KSEBL has decided to dispense with the practice of affixing Special Adhesive Stamp in Application for new LT Service Connections.

Other Major achievements in distribution during 2020-21

Particulars	Achievement during 2020-21				
	South	**Central**	**North**	**North Malabar**	**Total**
No of Service connections effected (Nos)	83988	99887	127070	62161	372116
HT line constructed (km)	742	683	400	370	2195
LT line constructed (km)	798	709	1507	636	3650
No. of distribution transformers installed(Nos.)	404	783	775	410	2372
Meter replacement (Nos)	128439	125971	124075	62202	440687
HT re-conductoring (Conductor km)	204	366	393	176	1138
LT re-conductoring (Conductor km)	9952	12789	5479	3626	31845
1 Phase to 3Phase Conversion (km)	623	471	646	390	2130

System as on March 2021

Total Consumers at the end of the year (Nos)	1,32,03,499
Length of 11kV line (km)	66054
Length of LT line (km)	295921
Number of Distribution Transformers (Nos)	83465

i.5. Central Government Aided Projects (CAPs)

The Integrated Power Development Scheme (IPDS) – System Strengthening

An amount of Rs. 595.03 Cr (includes PMA charge of 2.96 Cr) has been sanctioned for System Strengthening works by the MoP for IPDS in Kerala on 15.6.2016, for 63 towns under 25 Electrical Circles. The works under the scheme was completed in all the Circles by the end of December 2019 and the Closure reports submitted. The Grant amount received from MoP as on 31.03.2021 is Rs. 334.36 Cr. The completed cost of the project is Rs. 579.51 Crore excluding PMA charges. The details of progress as on 31.03.2021 are as given below:

No	Major item of work	Unit	Sanction	Achievement
1	New Substation	Nos	3	3
2	33/11KV Additional transformer	Nos.	1	1
3	Capacity enhancement	Nos.	11	11
4	R&M of 33/11KV S/S	Nos.	170	168

5	33KV New feeders	Km	46	52
6	33KV feeder re conductoring	Km	28	28
7	33 KV line Bay Extn	No	6	6
8	11KV New feeders	Km	339	392
9	11 KV line re-conductoring	Km	153	166
10	HT/LT ABC	Km	1165	1188
11	Distribution Transformer	Nos.	829	882
12	Capacity enhancement of LT S/s	Nos	375	412
13	LT line (New)	Km	170	199
14	LT line augmentation	Km	2344	2724
15	UG Cable	Km	200	206
16	HVDS	Nos	107	107
18	Metering	Nos.	611815	650865
19	Solar Panel	KWp	4810	4810
20	RMU	Nos.	58	71

Deen Dayal Upadhyaya Gram Jyothi Yojana (DDUGJY)

The Monitoring Committee, MoP, Govt. of India sanctioned a total amount of Rs.485.37 Cr (includes PMA charge of 2.41 Cr)for implementing DDUGJY scheme works in 14 districts of Kerala on 05.01.2016. The scope of work includes construction of 33kV Substations, 33kV line, 11kV line, Distribution Transformers, HT & LT lines, replacement of energy meters, BPL service connections etc. Total grant of Rs. **238.64 Cr** was received from MoP as on 31.03.2021.

The works under DDUGJY are being executed departmentally as per the guidelines issued by REC/ MoP. All the works under the scheme was completed and the Closure reports submitted. The completed cost of the project is Rs. 504.84 Crore excluding PMA charges.

The status of the project as on 31.03.2021 is given below:

Sl. No	Milestone Name	Unit	Sanction	Achieve-ment
1	33/11 KV New Substations	Nos.	2	2
2	Augmentation of 33/11 KV Substations	Nos.	6	6
3	Distribution Transformers (DTRs)	Nos.	581	598
4	LT Line	Ckm	3368.11	2696.7
5	11 KV Line	Ckm	1281.94	1235.12
6	33 &66 KV Line	Ckm	17	31.64
7	Energy Meter -Consumer	Nos.	1778092	2063687

8	Energy Meter - DTR	Nos.	23655	23436
9	Energy Meter - 11 KV Feeder	Nos.	103	97
10	Intensive Electrification of Villages	Nos.	1315	1315
11	SAGY Villages	Nos.	27	27
12	Connection to BPL	Nos.	98527	127196

Saubhagya

SaubhagyaScheme or Pradhan Mantri Sahaj Bijli Har Ghar Yojana is a Government of India project launched in October 2017 to provide free electricity connections to all un-electrified households in rural areas and poor un-electrified households in urban area. As Kerala State achieved the Total Electrification of all households in May 2017, Kerala was not considered for the SaubhagyaScheme at the time of launching the scheme. The funding pattern for this project is, Sixty Percent (60%) of the project cost as Grant from Govt. of India, ten percent (10%) of the project cost as utility contribution, balance thirty percent (30%) as loan. M/s.REC is the Nodal Agency for this scheme.

As instructed by the Central team, which visited the flood affected areas in Kerala in August 2018 for assessing the damages caused to KSEBL installations as well as the damages occurred to consumer premises, KSEBL requested for financial assistance to reconnect 3 lakh rural households de-electrified in 12 districts of Kerala (12 out of 14 districts badly affected by flood) under" Mission Reconnect" to the Ministry of Power through Govt. of Kerala. Accordingly, an amount of Rs.90 Cr. was sanctioned to KSEBL in February 2019 for booking the expenditure incurred for re-effecting service connections to 3 lakh rural households in Kerala state affected in flood under Saubhagya Scheme as a special case without insisting DPR. The closure reports for effecting re-connection to 3,19,171 numbers of de-electrified rural households for an amount of Rs 95.75 Cr was submitted to M/s.REC through Govt. of Kerala in February 2020. The grant amount received from MoP as on 31.3.2021 is Rs.54.59 Cr.

iii. 3. IT WING

The IT wing is mainly engaged in the automation of the core functional areas of KSEBL, viz. Billing of LT and HT Consumers, HR Management System, Accounting, Supply Chain Management etc. Main functions are development, testing and rollout of Application software, maintenance and update of Application Software, providing IT support services for KSEBL offices etc. Customer Care Center is also managed by this wing.

IT initiatives during the year

Centralised LT Billing Application Software –OrumaNet - The major software modifications work done in Orumanet Application are introduction of Covid subsidy, Covid rebateon fixed charges for industrial and commercial consumers, cyber security compliance for mobile application for LT consumers, integration of E-kiran portal for solar projects, GST invoices generationfor KSEBL automatically with NIC server etc.

HT/EHT Billing System – Energise - Major modifications are incorporation of Door-lock billing logic during Covid-19, modifications in Monthly invoice, Covid related applicable rebates, Average Billing for On-Grid net metered consumers, Automated MF calculation, Calculation of Duty for the solar generation, Banking Refund (APPC), TCS facility for Income Tax, Amendments in e-Invoice generation for GST invoices with IRN to consumers, Demand, Collection and Accounting procedure for Soura model 3.

Online Electricity bill Payment Facilities - Various online facilitates provided to consumers are Direct integration (with 5 banks namely SBI, South Indian Bank, ICICI Bank, Federal Bank and CSB), BBPS, NACH, Payment Gateways (Tech-process&Federal Bank), CSC, SSDG etc. “KSEB” mobile application enables customers to make electricity bill payment through mobile devices.

Cyber Security Implementation in KSEBL - The IT infrastructure of KSEBL is maintained with an objective to defend various Cyber Security threats based on the guidelines provided by MoP, National Critical Information Infrastructure Protection Council (NCIIPC), CERT-IN and other Government agencies. Information Security Officers for the generation, distribution and transmission wings of KSEBL and Chief Information Security Officer have been nominated.Initial works for Implementation & certification of ISO27001:2013 standard in KSEBL has commenced.

Research and Development Projects - Implementation of Smartgrid technologies in electric distribution network of KSEBL by CDAC. ‘Smart Power Quality Centre (SPQC) in Distribution Grid’ is conceived under National Mission on Power Electronics Technology (NaMPET). CDAC Trivandrum is the nodal agency of NaMPET project. The scheme includes projects such asImplementation of digital substation architecture, Advanced Metering Infrastructure Solutions, Battery Energy Storage System, Solid State Transformer, Power Quality Devices & Intelligent Sensor network for Distribution systems etc.

<u>Other ongoing Projects</u>

1. Smart City, Kochi - Cochin Smart Mission Limited (CSML) is proposed to install 26000 smart meters under four Electrical Sections viz. Fort, Mattanchery, Central & College which are coming under Smart city, Kochi. The integration works are under progress.
2. KFON (Kerala Fibre Optic Network) - aims to build a high speed, reliable and scalable fibre network across the state to provide connectivity to all Government and Educational institutions leveraging the Transmission and Distribution infrastructure of KSEBL. The project is under progress and First Phase was launchedon 15.02.2021.
3. SCADA / DMS- being implemented in Thiruvananthapuram, Ernakulam and Kozhikode towns as part of RAPDRP, for the real time monitoring and control of 11kV distribution network with Remote terminal units&Local Data Monitoring system at substations, Feeder Remote Terminal Units on 11kV feeders etc. and Advanced distribution management system. Three control centres has been made operational in the respective SCADA Towns with 50 RTU stations and 2994 FRTUs.
4. Phase II IT under IPDS -being implemented for continued IT enablement of distribution sector(implemented in 43 towns under RAPDRP) in additional 21 towns.
5. ERP under IPDS - Customization / development and implementation of Enterprise Resource Planning for distribution sector is progressing as per requirement of KSEBL.
6. RT-DAS under IPDS- Real Time Data Acquisition System for Non-SCADA Towns is being implemented to measure the reliability of power in terms of SAIFI and SAIDI covering 125 substations within 63 IPDS towns using Feeder Remote Terminal Unitat substations.

Maintenance and Support Activities

- **<u>Online Portal For LT Consumers</u>** - 'ORUMA Web' - facilitates payment of Electricity bills of LT consumers through centralised collection of payments from Friends and Akshaya Centres.

- **Human Resource Management System** - 'HRIS' - includes Payroll, PF, Pension and Employee / Office Information System. Additions/Modifications for Biometric Tracking system are being done along with Training Management System for RPTIs and PETARC.
- **Green Channel** - to digitize the procedure for new service connection and for prompt activation of Electricity connection to HT/EHT consumers. The concerned Deputy Chief Engineer shall give necessary guidance to the applicant, so as to ensure that the applicant is receiving the connection as early as possible.
- **ARU Accounting System** - 'SARAS' - all ARUs are connected to the centralized corporate accounting software. Integration of SARAS with OrumaNet, SCM, RARDRP applications etc. are progressing. The task of preparing final accounts for KSEBL, module for budget preparation & budgetary control, modifications for GST implementation are also progressing.
- **Supply Chain Management System(SCM)** – automates store inventory management, procurement process and annual planning.Integration with SCM-SARAS, OrumaNet&RAPDRP applications are progressing.Steps are being taken to implement the software in the Transmission and Generation Wing.
- **E-Office** - Pilot Implementation of e-Office was done in about 25 KSEBL offices including corporate offices.
- **Students internship online application portal** - was developed to facilitate the process of industrial training/ project work/organizational study / research work/ industrial visit etc. for the students.
- **Centralized Customer Care Services (CCC)** – was set up in VydyuthiBhavanam, Trivandrum and started functioning since 2014 to attend complaints/queries from the consumers under various Electrical Sections all over Kerala. During 2020-21, 3,165,381 calls were attended at the Call Center via Extended Terminal, IVRS and Web Self Service.
- **Social Media Help Desk** - functioning under Centralized Call Centre of KSEBL and currently uses WhatsApp (9496001912), Facebook account (fb.com/ksebl), Instagram account (@ksebltd), Twitter account (@KSEBLtd) as its social media platform for interaction with the customers for addressing their grievances and issues.
- **Corporate Service Centre** - A single window payment provision for corporate consumers. Monthly about 4900 corporate consumers remit current charges using this facility.
- **Helpdesk** - to provide support and maintenance for the existing Systems, viz. LT Billing, HT/ EHT Billing, HRIS, SARAS, KSEB's official website, e-tendering, Attendance Management System etc. Provides procurement assistance for IT equipment required for all KSEBL offices. Also coordinates System Administrators and System Supervisors across the State for providing necessary hardware and software support for field offices.

Other IT Initiatives

I. **Urja Sowhrida:** to disseminates electricity bill information like bill amount, due date, disconnection date etc to the customers via SMS and e-mail.

II. **Urja Doothu:** to send power outage information up to distribution transformer level to all the consumers through automated SMS.

III. **OMS- dash board:-** provides real-time view of number of feeders, transformers, transformers under outage, feeders under outage, SAIFI, SAIDI and power availability of deferent level of offices.

IV. **SMART:** Safety Monitoring and Reporting Software (SMART) for Accident Reporting, generation of statutory reports for Electrical Inspectorate, provision for reporting identified defective areas and initiating workflow for rectification work etc.,

V. **Assessment of Distribution** Offices based on Key Performance Indices (KPIs): The distribution offices are assessed and ranked by automated KPI generation process namely Customer Complaint Redressal, Release of New Service Connection, e-payments, Safety-Zero Fatality and Quality of Power-SAIFI & SAIDI.

VI. **ProMoS:** for monitoring the progress of centrally funded projects such as DDUGJY, IPDS and Dyuthi works etc.

VII. **LD Permit work Management System :** for managing the permit to work processes at EHT levels, which are permitted from System Operations.

VIII. **E-Tendering-** developed and maintained by IT mission of Kerala and all KSEBL offices can upload tender in this online facility.

IX. **Video Conferencing System-** Video Conferencing System set up are functioning successfully in the following 10 locations, viz. VB, Trivandrum, Transgrid KLMY VB, Kozhikode 110 kV S/S, Kundara, 220 kV S/S, Edappon, 220kV S/S , Pallom, LD, Kalamassery, 400 kV S/S,Madakkathara, 220kV S/S Areekkode, 220kV S/S, Kanjhilode.

X. **Asset Data Updation Software:** Development of software application to collect Asset Data from all wings of KSEBL and integration of Asset Management application with Land Management, Transmission Asset Management and Distribution Asset Management Software is in progress.

iii.4. Safety Department

Safety awareness programs were conducted to observe National Electrical Safety day on 26th June 2020 and National Electrical Safety Week for one week starting from June 26th 2020. Displaying of safety banner regarding safety week in all offices and safety slogans near cash counters and enquiry counters of all Electrical Sections to increase the awareness among the Staff and public were arranged. Safety Pledge was taken in all offices of KSEBL on 26th June 2020 at 11.00 am in order to spread the importance of safety in day to day activities. To reduce electrical accidents to public from Board's Installation while handling iron rods as well as getting shock from electric fencing, safety awareness messages were scrolled in local TV channels during peak time.

- 17382 safety inspections were conducted by Safety Officers in order to ensure that safe work practices are followed by employees at work site. Steps were initiated for conducting safety inspections regularly observing COVID protocols.
- State Level Safety Committee meetings were conducted and discussed various issues related to safety.
- Based on review of the accidents occurred, safety messages were given to all section offices to display in the Notice Board (CSC Desk) and to discuss the same during sun rise meeting.

- The prototype of proximity testing probe mounted on Earth rod, to avoid electrical accidents while carrying out works was developed.
- A special drive "Operation Shudhi" was launched during October 15th to reduce accidents by clearing creepers & nearby vegetation from all electric lines and installations. Under this programme, such abnormalities noticed by staff of KSEBL were to be intimated either through WhatsApp with photos or phone messages to the concerned section office or O/o the Chief Safety Commissioner or State Level Safety Groups, which were then rectified on priority basis.

E. COMMERCIAL & TARIFF

Purchase of Power

a. Long Term Power Procurement

i. KSEBL has entered into new Power Purchase Agreements/Power Sale agreements during this period for the purchase of renewable power as detailed in the table below:

Sl. No	Name of Station	Date of PPA/ Initialed PPA	Capacity MW	Tariff, Rs./kWh	Remarks
1.	M/s Kosamattom Financiers Ltd	30.12.2020	1	3.93	PPA executed
2.	M/s Inox Renewables Ltd	21.12.2020	16	4.09	Initialed Tripartite PPA under the consideration of KSERC
3.	Pathankayam SHEP	12.01.2021	8	3.94	PPA initialed. Approval of KSERC to be obtained.

ii. Bid for procuring 200MW Solar power from Ground Mounted Solar PV projects within India.

iii. PPA initialed on 05.02.2021 with NTPC and The TATA Power Company Ltd for 90 MW and 110 MW respectively at Rs. 2.97 per unit after getting approval of KSERC.

b. Medium Term Power Procurement – NIL

c. Short Term Power Procurement

i Purchase through DEEP: To meet the Summer 2021, demand KSEB Ltd had purchased RTC and peak power through DEEP portal from 01.04.2021 to 31.05.2021 as follows:

KSEB Ltd had purchased power through DEEP portal from 01-04-2021 to 31.05.2021.

Period		Bid Qtm MW	Duration hrs	Offered Qtm MW	Price discovered Rs/kwh	Trader
From	To					
01-04-2021	15-04-2021	100	RTC	50	3.04	GMRETL
				50	3.04	AEL

01-04-2021	15-04-2021	100	14-24	50	3.40	GMRETL
				50	3.41	PTC
16-04-2021	30-04-2021	100	RTC	50	3.04	GMRETL
				50	3.04	AEL
16-04-2021	30-04-2021	100	14-24	50	3.42	GMRETL
				50	3.43	PTC
01-05-2021	15-05-2021	100	RTC	50	3.04	GMRETL
				50	3.04	AEL
01-05-2021	15-05-2021	100	14-24	50	3.47	GMRETL
				50	3.48	PTC
16-05-2021	31-05-2021	100	RTC	50	3.04	GMRETL
				50	3.04	AEL
16-05-2021	31-05-2021	100	14-24	50	3.47	GMRETL
				50	3.48	PTC

Banking of power during Summer 2021

Name of the Bidder	Supply Period	Quantum MW	Duration (Hrs)	Return %	Return period	Return duration	Trading margin (ps/kwh)
PTC- TPD-DL	Mar-21	50	RTC	102%	16.06.2021 to 30.09.2021	0-5	2.48
		100	14-24				
	Apr-21	50	RTC			22-24	

Tariff and Regulatory Affairs

KSEBL has been filing petition for approving fuel price adjustment charges quarterly. KSERC vide order dated 14.02.2020 approved additional fuel surcharge amounting to ₹ 62.26 Crores for the first quarter of financial year 2019-20 and allowed to recover the same @ 10 paise per unit for the consumption from 15.02.2020 to 31.05.2020.

KSERC vide order dated 27.04.2020 approved additional thermal surcharge amounting to ₹ 62.68 crore for the second quarter of financial year 2019-20 (July to September 2019) but deferred the recovery considering the financial difficulties faced by general public owing to the Covid Pandemic situation.

KSEBL achieved Grade B+ for the performance in financial year 2019-20 as part of ninth integrated ranking exercise of Distribution utilities performed by Ministry of Power.

Negotiation with NTPC to reduce the annual fixed charges of RGCCPP was carried out and KSEBL was successful in bringing NTPC to a negotiated annual fixed cost of ₹ 100 Crore for RGCCPP from ₹240 crore for the period from 2019-20 till the useful until 2025. The resultant annual savings will be of ₹140 Crore for a period of 6 years (₹140*6).

F. RENEWABLE ENERGY AND ENERGY SAVINGS WING

The major achievements during the year are listed below:

i. Filament Free Kerala

A sub project under "Oorja Kerala Mission" announced by the Government of Kerala, for replacing the entire filament lamps in the State by energy efficient LED lamps and safe disposal of ICL/CFL collected. For the implementation of the Filament Free Kerala Programme, one crore numbers of 9W LED bulbs had been procured. Out of these 84.18 Lakh bulbs has been distributed to 10.5 Lakh registered consumers as on 31.3.2021

ii. The steps taken by KSEBL for utilising alternate sources of energy (Solar projects in KSEBL land) are detailed below:

(a) Ground mounted 8MW(Agali-1MW,Brahmapuram 4MW,Kanjikode 3MW).Agreement executed on 20.1.2020 with M/s INKEL.Expectedto be commissioned in 2021-22.

(b) West Kallada floating solar(50MW) by NHPC.Land acquisition going on.

(c) Ettumanoor(1 MW) solar plant in KSEBL land.

(d) Nenmara(1.5MW) solar plant in Palakkad district in the land owned byKSEBL.Work order given on 4.5.2021.Expected to be completed wihin 6 months.

The total capacity of solar projects commissioned as on 31.3.2021 is 290.813MW. This includes grid connected consumers (123.5MW), CIAL(39.44MW), ANERT,Kuzhalmannam (2MW), KMRL(5.395MW), HINDALCO(1MW), Ambalathara solar park (50MW), Paivelika (50MW).

The Government of Kerala has launched the project "Soura" to add 1000MWp Solar Power Plants to the network of KSEB Ltd, under Urja Kerala Mission, a vision to develop the energy sector in the state to global standards and in line with the true spirit of National goal of achieving 100 GW of solar capacity by the year 2022. As part of the Soura project, 500 MWp of Solar Power Plants are to be established by utilizing the Roof Top of domestic, public and private buildings including educational institutions, hospitals and commercial establishments.

G. SOURA

SouraPhase I - 200 MW

Based on tender for the project, 46.5 MWp EPC contract was awarded with EPC contractors M/s Tata power solar system limited, M/s Waaree Energies Limited and M/s INKEL Limited. Total contract value- Rs. 210,91,76,235/-.The premises of the consumers registered in the scheme were graded based on the suitability and agreement was executed with consumers whose roofs were identified suitable for the project (Graded A)/ amount remitted by consumers (Model III). Such roofs were assigned to the developers for project installation. Total 3.15 MW(535 sites) projects have been completed as on 31.3.2021. On completion of the project the number of beneficiaries expected is approximately 3000 Nos. Due to the Force Majeure event on account of COVID, the project execution is delayed and it is expected to complete the project by March 2022.

Soura Phase II Subsidy Scheme

The Ministry of New and Renewable Energy, had announced the subsidy programme of setting up of 4000 MW of Grid connected Solar Roof Top Plants in **residential sector** with central financial support as per Letter No.318/63/2019-GCRT Division dated 20.8.2019.As per the scheme the residential consumers can avail upto 40 % of the plant cost as subsidy.

MNRE has allocated 50 MW project capacity for the year 2019-20 and 200 MW for the year 2020-21 to KSEBL.

The empanelment list of contractors for 2019-20 is published as on 4.12.2020. The empaneled contractors are M/s Refex Energy Limited, M/s Hive Solar and M/s Kondass Automation Pvt Limited. The Roof Top Solar plant installation works for the registered consumers have commenced with the empaneled developers.

E-KIRAN Portal

As per MNRE guidelines the process of application, sanction and grid connectivity of all solar on grid installations shall be through online portal. The E - Kiran portal has been developed by KSEBL through MNRE technical assistance provider M/s Asian Development Bank.

H. INDUSTRIAL RELATIONS

A cordial and harmonious relationship exists between the company and its workmen, officers and the pensioners.

I. CONSERVATION OF ENERGY,TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information pertaining to Conservation of Energy, Technology Absorption and Foreign Earnings & Outgo as required under Section 134(3)(m) of the Companies Act 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure 1** attached to and forming part of this Report.

J. EXTRACTS OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act 2013 and Rule 12(1) of the Companies (Management and Administration) Rules 2014, the extract of Annual Return (MGT-9) is enclosed as **Annexure 2.**

K. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has a very effective internal control system commensurate with its size and nature of business and complexity of its operation. The internal control system is designed through providing adequate hierarchy of functional levels and Central information with greater stress on the high value items. The internal audit wing is headed by the Chief Internal Auditor. There are Regional Audit Officers to conduct audit at regional level. In addition, the Resident Concurrent Audit section attached to the office of Chief Internal Auditor with three pre-check units across the state is entrusted to carry out pre-check of major bills related to IT, System Operation, Civil, Transmission and Generation Wings. This ensures that the internal audit is conducted in proper manner and is also reviewed periodically. The Operational, compliance related financial and economic matters are properly identified and managed overtime.

L. RISK MANAGEMENT POLICY

The Company, which is the Distribution Licensee & State Transmission Utility under Section 14 of the Electricity Act 2003 also owning power generating assets in the State of Kerala, is wholly owned by Government of Kerala. The Company functions in accordance with the policies of the State as well as Central Government in discharging its duties and responsibilities. Company has adequate mechanism compatible with its industry specific regulations for managing business risk.

M. POLICY OF APPOINTMENT OF DIRECTORS, etc.

The Company being a Government Company, the provisions of Section 134(3)(e) of the Companies Act 2013 are not applicable in view of the Notification No.GSR -463(E) dated 5.06.2015 issued by the Ministry of Corporate Affairs, Government of India.

N. DETAILS OF JOINT VENTURE / ASSOCIATES / SUBSIDIARY COMPANY

a) Baitarni West Coal Company Limited (BWCCL)

BWCCL (U401020R2008SGC009955) has its corporate office at Setu Bhawan,Plot No3(d),Nayapally Bhubaneswar, Orissa. BWCCL is a Joint Venture Company between KSEBL,OHPCL and GEL with contribution of 33.33 % Equity Share, holding 100000 number of equity shares of Rs.1000 each amounting to Rs.10 crore.

b) Kerala State Power and Infrastructure Finance Corporation limited (KSPIFCL)

KSPIFCL (U65910KL1998SGC012160) has its corporate Office at KPFC Bhavanam, Vellayambalam, Trivandrum. KSEBL is an associate company with KSPIFCL having 40.6% Equity Shares, holding 10819470 equity shares of ₹10/- each amounting to ₹10,81,94,700.00

c) Renewable Power Corporation of Kerala Limited(RPCKL)

RPCKL (U40106KL2016PLC039891), a Joint Venture Company has its head quarters at VydyuthiBhavanam, Pattom, Thiruvananthapuram and has an authorized and paid up capital of ₹1 crore of which KSEBL holds 50 % shares (5,000 Equity shares of ₹ 1000/- each).

d) K-FON

K-FON (U64200KL2018SGC05454), a Joint Venture Company has its head quarters at 7th Floor, Felicity Square M.G. Road, Statue, Thiruvananthapuram-695001 and has an authorized and paid up capital of ₹ 1 crore of which KSEBL holds 49% shares (4,90,000 Equity shares of ₹ 10/- each) amounting to ₹49,00,000.

O. DECLARATION BY INDEPENDENT DIRECTORS

As per the provisions of Section 149 of the Companies Act 2013 read with notification dated 5.06.2015 issued by the Ministry of Corporate Affairs, Independent Director of the Government Company shall be a person who is in the opinion of the Ministry or Department of the Central Government which is administratively in charge of the Company or as the case may be the State Government is a person of integrity and possess relevant expertise and experience. Accordingly, Independent Director is appointed by the Government of Kerala. Hence the Declaration by Independent Directors has been furnished from the year 2016-17 onwards.

P. CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted on 17.05.2016, a “Corporate Social Responsibility Committee” (CSR Committee) in accordance with Section 135 read with the Companies (CSR Policy) Rules 2014. The Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The policy adopted by the company is posted on the Company’s website at www.kseb.in.

Q. AUDIT COMMITTEE

The Audit Committee has been reconstituted on 3.5.2016 with the terms of reference as prescribed in Section 177 of the Companies Act 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules 2014. The Chairman of the Audit Committee is an Independent Director.

R. ESTABLISHMENT OF VIGIL MECHANISM

As per requirement of Section 177 of the Companies Act 2013 and rules made there under the Vigil mechanism for Directors and Employees has been established in KSEBL and the policy documents have been published in the official Website of the Company. No complaints have been received under vigil mechanism during the year.

S. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Ministry of Corporate Affairs vide notification dated 05.06.2015, has exempted the applicability of Section 188(1) (related party transaction) of the Companies Act, 2013 for a transaction entered into between two Government Companies. The particulars of every contract or arrangements entered into by the Company with related parties referred to Section 188(1) of the Companies Act,2013, is disclosed in **Form No.AOC 2 (Annexure 3).**

T. RIGHT TO INFORMATION ACT, 2005 (RTI)

KSEBL has put in place an effective mechanism for implementation of Right to Information Act, 2005. Public Information Officers and Appellate Authority have been designated at all levels from Section Office to the Head office for giving information to the public as per the requirements of the RTI Act 2005.

U. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

Summary of Sexual harassment issues raised, attended and dispensed during the year 2020-21.

No: of complaints pending disposal at the beginning of the year	**8**
No: of complaints received in 2019-20	**5**
No: of complaints disposed off during the year 2019-20	**10**
No: of complaints pending disposal at the end of the year	**3**

V. AUDITORS

1. STATUTORY AUDITORS

The three Chartered Accountant Firms in M/s Mohan & Mohan (Thiruvananthapuram), M/s JRS &Co(Cochin) and M/s Krishnamoorthy & Krishnamoorthy (Cochin) were appointed as Statutory Auditors by the Comptroller and Auditor General of India during the financial year under report. They have audited the financial statements for the year ended 31st March 2021 and submitted their report. No instance of fraud by the Company has been reported by the Auditors under Section 143(12) of the Companies Act, 2013.The explanations/comments by the Board on every qualification, reservation or adverse remarks or Disclaimer made by them is provided in **Annexure-A** attached.

2. C&AG COMMENTS

The Comptroller and Auditor General of India (C&AG) have conducted supplementary Audit under Section 143 of the Companies Act of the financial statements for the financial year ended 31st March 2021. The comments vide report dated 26.10.2021 is enclosed.

3. SECRETARIAL AUDITORS

In terms of the provisions of Section 204 of the Companies Act 2013, the Board has appointed the firm of Practicing Company Secretaries, **M/s PI & Associates**, D-38, South Extension Part-1, New Delhi-110049 for conducting Secretarial Audit for the financial year 2020-21. Secretarial Audit Report (Form MR-3) for the Financial Year 2019-20 issued by the Secretarial Auditor is attached as **Annexure-B**. The replies to the adverse comments, qualifications or reservation in the Secretarial Audit Report are furnished as **Annexure-C**.

W. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to clause (c) of subsection (3) read with sub section (5) of section 134 of the Companies Act 2013, the Directors to the best of their knowledge and belief confirm that,

a. In preparation of the Annual Accounts for the year ended 31st March 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b. The Directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the company as at March 31, 2021 and the profit or loss of the company for that period.

c. 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 to the extent applicable for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

d. The Directors had prepared the financial statements as a going concern basis.

e. The Directors had devised proper system to ensure compliance with the provision of all the applicable laws and that such a system are adequate and operating effectively.

X. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Deposits covered/as defined under Chapter–V of the Companies Act 2013 read with the Companies (Acceptance of Deposits) Rules 2014.
- Issue of Equity shares with differential rights as to dividend, voting or otherwise.
- Issue of Shares (including sweat equity shares) to employees of the Company under any scheme.
- Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

- Material Changes and Commitments affecting the financial position of the company occurred subsequent to the date of Balance Sheet.
- The Company is engaged in the infrastructure sector which is covered under the exemption provided under Section 186(11) of the Companies Act 2013.Accordingly the details of loan given or guarantee or security provided by the Company are not required to be reported.
- The Company being a Government Company is exempted vide Notification No.GSR-463(E) dated 05-Jun-2015 issued by the Ministry of Corporate Affairs, Govt. of India, to furnish information as required under section 197 of the Companies Act, 2013 relating to particulars of employees.

ACKNOWLEDGEMENT

The Board wishes to place on record gratitude to the Central and State Government Department/ Agencies, Central and State Electricity Regulatory Commissions, Appellate Tribunal, Financial Institutions and Banks, Consumers and various other stakeholders for their continued assistance, cooperation and patronage. The Board is thankful to Comptroller & Auditor General of India, Statutory Auditors, Cost Auditor and Secretarial Auditors and Consultants/Advisors for their suggestions and cooperation. Last but not least, the Board would also like to place on record its deep sense of appreciation for the dedicated and committed services rendered by the employees at all levels.

(For and on behalf of the Board of Directors)

Sd/-

Place: Thiruvananthapuram
Date: 30.10.2021

DR. B. ASHOK, IAS
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE-1
2020 – 21

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as stipulated under Section 134 (3)(m) of the Companies Act, 2013 read with Rule-8(3) of the Companies (Accounts) Rules, 2014.

(A) Conservation of energy –
i) The steps taken or impact on conservation of energy.

Energy conservation initiatives are being carried out through Renewable energy & Energy Savings wing headed by Chief Engineer reports to Director (Planning & Safety& REES). The activities of the department are managed through Projects wing, ESCOT (Energy Service Co-ordination Team), Innovation wing and include

- Installation of Roof top and ground mounted solar PV projects in KSEBL, Government Land and buildings, Local Self Government Departments and Collectorates right from surveying to the execution.
- Project Management Consultancy (PMC) and Engineering Procurement and Construction (EPC) contracts for execution of Energy Saving Projects for clients.
- Energy Auditing Service and Advice on Energy Savings
- Implementation of Energy efficient pumps for agricultural irrigation and dewatering.
- Funding and implementation of innovative power projects devised by young innovators.
- Processing of connectivity and purchase agreement request from private wind and small hydro developers.

Filament free Kerala

A sub project under "Oorja Kerala Mission" announced by the Government of Kerala, for replacing the entire filament lamps in the State by energy efficient LED lamps and safe disposal of ICL/CFL collected. For the implementation of the Filament Free Kerala Programme, one crore numbers of 9W LED bulbs had been procured. Out of these 84.18 Lakh bulbs has been distributed to 10.5 Lakh registered consumers as on 31.3.2021

Achievements during 2020-21

The total capacity of solar projects commissioned as on 31.3.2021 is 290.813MW. This includes grid connected consumers (123.5MW), CIAL(39.44MW), ANERT,Kuzhalmannam (2MW), KMRL(5.395MW), HINDALCO(1MW) , Ambalathara solar park (50MW), Paivelika(50MW).

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

The following major projects were undertaken during the year:

The steps taken by KSEBL for utilising alternate sources of energy (Solar projects in KSEBL land) are detailed below:

(a) Ground mounted 8MW(Agali-1MW,Brahmapuram 4MW, Kanjikode 3MW).Agreement executed on 20.1.2020 with M/s INKEL. Expected to be commissioned in 2021-22.
(b) West Kallada floating solar(50MW) by NHPC. Land acquisition going on.
(c) Ettumanoor(1 MW) solar plant in KSEBL land.
(d) Nenmara(1.5MW) solar plant in Palakkad district in the land owned by KSEBL. Work order given on 4.5.2021.Expected to be completed within 6 months.

iii) The capital investment on conservation equipments.

(B) Technology absorption –

i) The efforts made towards technology absorption;	• Development of IT infrastructure updation. • Implementation of SCADA and DMS
ii) The benefits derived like product improvement cost reduction, product development or import substitution.	• Safety of Working Staff. • Reduction in Power Interruptions. • Consumer satisfaction on correct billing.
iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financing year). (a) The details of technology imported. (b) The year of import; (c) Whether the technology been fully absorbed; (d) If not fully absorbed, areas where absorption has not taken places, and the reasons thereof, and	- NIL -
iv) The expenditure incurred on Research and Development.	
(C) Foreign exchange earnings and outgo	
The Foreign Exchange earned in terms of actual inflows during the years and the Foreign Exchange outgo during the year in terms of actual outflows.	- NIL -

(For and on behalf of the Board of Directors)

(Sd/-)
DR. B ASHOK, IAS
CHAIRMAN & MANAGING DIRECTOR

Place: Thiruvananthapuram
Date: 30.10.2021

ANNEXURE - 2

FORM NO. MGT.9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2021
[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 : **U40100KL2011SGC027424**

ii) Registration Date : **14.01.2011**

iii) Name of the Company : **Kerala State Electricity Board Limited**

iv) Category / Sub-Category of the Company : **Company limited by shares/State Government Company**

v) Address of the Registered office and contact details : **Vydyuthi Bhavanam, Pattom, Thiruvananthapuram – 695 004, Kerala.**

e-mail Id : cmdkseb@kseb.in ; Telephone Number : 04712514680;

web site : **www.kseb.in**

vi) Whether listed company (Yes / No) : **No**

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Electricity	D	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Baitharani West Coal Company Limited	U40102OR2008SGC009955	Joint Venture	33.33	Sec. 2(6)
2	Kerala State Power & Infrastructure Finance Corporation Ltd.	U65910KL1998SGC012160	Associate	40.6	Sec. 2(6)
3	Renewable Power Corporation of Kerala Ltd.	U40106KL2016PLC039891	Joint Venture	50	Sec. 2(6)
4	Kerala Fiber Optic Network Ltd.	U64200KL2018SGC054541	Joint Venture	49	Sec. 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. Promoters		6	6			6	6		
(1) Indian									
g) Individual/ HUF									
h) Central Govt		3499049994	3499049994			3499049994	3499049994		
i) State Govt (s)									
j) Bodies Corp.									
k) Banks/FI									
l) Any Other..		3499050000	3499050000			3499050000	3499050000		
Sub-total (A) (1):-									
(2) Foreign									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies									
e) Any Other....									
Sub-total **(A) (2):-**									
Total shareholding of Promoter (A) = (A) (1)+(A)(2)		3499050000	3499050000	100		3499050000	3499050000		

B. Public Shareholding 1. Institutions a) Mutual Funds c) Central Govt d) State Govt(s) e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds									
i) Others (specify) Sub-total (B)(1):- 2. Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto Rs. 1 lakh ii) Individual shareholders holding									

nominal share capital in excess of Rs 1 lakh c) Others (specify) Sub-total (B)(2):- Total Public Shareholding (B) = (B)(1) + (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		3499050000	3499050000	100		3499050000	3499050000		

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding 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	N. Sivasankara Pillai, IA&AS	2			2			
2	Dr. B. Ashok, IAS	49994						
3	Saurabh Jain,IAS				49994			
4	Manoj Joshi, IAS	1						
5	Rajesh Kumar Singh, IAS				1			
6	Kumaran P.	1			1			
7	N. Venugopal	1						

8	Rajan .P				1			
7	Bibin Joseph	1						
8	Mini George				1			
	Total	50000			50000			

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	50000		50000	
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):				
	At the End of the year	50000		50000	

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	Nil		Nil	
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)	Nil		Nil	

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	50000		50000	
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil			
	At the End of the year	50000		50000	

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	66089319595 5973123122 240999045	17065000000		
Total (i+ii+iii)	72303441762	17065000000		89368441762
Change in Indebtedness during the financial year • Addition • Reduction				
Net Change				
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	73844762058 171666550 7306942657	11405600000		
Total (i+ii+iii)	81323571265	11405600000		92729171265

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager						Total Amount
		N.Sivasankara Pillai	P.Kumaran	N.Venugopal	Bibin Joseph	Brijlal.V	Rajan.P	
1.	Gross salary (a) Salary as per provisions contained in section 17(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	3044042.00	1139310.00	520325.00	1938047.00	520325.00	1639604.00	6641724.00
2.	Stock Option							
3.	Sweat Equity							
4.	Commission							
	-as % of profit							
	-others, specify...							
5.	Others, please specify	153036.00					190666.00	243702.00
	Total (A)	3197078.00	1139310.00	520325.00	1938047.00	520325.00	1830270.00	6885426.00
	Ceiling as per the Act	60,00,000.00	60,00,000.00	60,00,000.00	60,00,000.00	60,00,000.00	60,00,000.00	

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager						Total Amount
		Mini George	R.Suku					
1.	Gross salary (a) Salary as per provisions contained in section 17(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	1659408.00	1667020.00					3326428.00
2.	Stock Option							
3.	Sweat Equity							
4.	Commission - as % of profit - others, specify...							
5.	Others, please specify	186956.00	186956.00					373912.00
	Total (A)	1846364.00	1853976.00					3700340.00
	Ceiling as per the Act	60,00,000.00	60,00,000.00					

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
	3. Independent Directors	Dr. V. SIVADASAN				
	• Fee for attending board committee meetings • Commission • Others, please specify	60000.00				60000.00
	Total (1)	60000.00				60000.00

	4. Other Non-Executive Directors					
	• Fee for attending board committee meetings • Commission • Others, please specify					
	Total (2)					
	Total (B) = (1 + 2)	60000.00				60000.00
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	**Particulars of Remuneration**	**Key Managerial Personnel**			
		CEO	**Company Secretary**	**CFO**	**Total**
1.	Gross salary (a) Salary as per provisions contained in section 17(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		1495820.00	1551903.00	3047723.00
2.	Stock Option				
3.	Sweat Equity				

4.	Commission - as % of profit - others, specify...				
5.	Others, please specify		136009.00	139674.00	275683.00
	Total		1631829.00	1691577.00	3323406.00

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

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					
Punishment					
Compounding					
B.DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty Punishment Compounding					

For and on behalf of the Board of Directors

(Sd/-)

Dr. B. ASHOK, IAS

CHAIRMAN & MANAGING DIRECTOR

Place: Thiruvananthapuram

Date: 30.10.2021

ANNEXURE –3

FORM NO. AOC-2 (2020-21)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto **(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at arm's length basis

Sl. No.	Particulars	Details
A	Name(s) of the related party and nature of relationship	Kerala Hydel Tourism Centre
B	Nature of contracts / arrangements / transactions	Loan
C	Duration of the contracts / arrangements / transactions	
D	Salient terms of the contracts or arrangements or transactions including the value, if any	
E	Justification for entering into such contracts or arrangements or transactions	
F	Date of approval by the Board	Government of Kerala has granted permission vide GO(Rt.) No. 41/2021/POWER dated 9.3.2021
G	Amount paid as advances, if any	Rs. 7.00 crores
H	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.

2. Details of material contracts or arrangement or transactions at arm's length basis

Sl. No.	Particulars	Details
A	Name(s) of the related party and nature of relationship	
B	Nature of contracts/arrangements/transactions	
C	Duration of the contracts /arrangements /transactions	
D	Salient terms of the contracts or arrangements or transactions including the value, if any:	
E	Date(s) of approval by the Board, if any	
F	Amount paid as advances, if any:	NO

Note: Form shall be signed by the persons who have signed the Board's report.

By the order of Board,
For and on behalf of the Board of Directors
(Sd/-)
Dr. B. ASHOK, IAS
CHAIRMAN & MANAGING DIRECTOR

Place: Thiruvananthapuram
Date: 30.10.2021

KRISHNAMOORTHY & KRISHNAMOORTHY CHARTERED ACCOUNTANTS

MOHAN & MOHAN ASSOCIATES CHARTERED ACCOUNTANTS

JRS & Co. Chartered Accountants

Independent Auditors' Report

To the Members of Kerala State Electricity Board Limited
Report on the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of M/s. Kerala State Electricity Board Limited (the 'company'), which comprise the balance sheet as at 31 March 2021, the statement of profit and loss, including other comprehensive income, the cash flow statement and the statement of changes in equity for the year then ended, and notes to the standalone financial statements, including a summary of 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, except for the possible effects of the matters described in the basis for qualified opinion paragraph below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("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 March 31, 2021, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

1)Regarding property plant and equipment –

a) The company is not providing depreciation on property, plant, and equipment of value ₹10,712 crores since 2013-14 resulting in understatement of depreciation of ₹ 565.59 crores for the year and overstatement of carrying value of property, plant, and equipmentby ₹4,193.13 crores.

b) The company has not made available, the records relating to the landed properties held by it including the title deeds, present ownership details etc. for audit. Therefore, we are unable to comment on the existence, ownership and possession of such landed properties held by it.

c) In the absence of the details of immovable properties held by the company, we are unable to comment on the compliance of Ind AS 40 "Investment Property".

d) The company is not following the 'componentisation approach' for accounting as mentioned in Ind AS 16 Property, Plant and Equipment. The consequent impact, on such non-compliance on carrying amount of individual assets and the corresponding depreciation / amortisation could not be ascertained.

e) In many cases, the assets of the company are capitalised on approval of corresponding work bills for payment/ financial closure which is after the date on which the assets are ready for use as against guidelines for capitalisation of assets in Ind AS 16 Property, Plant and Equipment, leading to delay in the recognition of assets and liabilities. The consequent understatement on the carrying amount of property, plant and equipment and depreciation expenses could not be ascertained.

f) The company is not following the practice of derecognizing the property, plant and equipment sold, exchanged, damaged, discarded or abandoned. The realised value on sale of such assets are credited to the statement of profit and loss as other income and in the case of replacement of assets the cost incurred is charged to the statement of profit and loss as repairs and maintenance. The impact due to non-derecognition of the property, plant and equipment on the depreciation expenses, repairs and maintenance, other operating income and carrying value of property, plant and equipment could not be ascertained which is not in accordance of the requirements of Ind AS 16 "Property, Plant & Equipment".

g) The company has capitalised the borrowing cost on non-qualifying assets in violation of Ind AS 23 "Borrowing Costs" resulting in over-statement/under-statement of the carrying value of the Property, plant and equipmentand the consequential effect on depreciation expenses and finance costs which could not be ascertained.

h) As per the accounting policy adopted by the company, decommissioning liability is recognized at the rate of 0.1% on the cost of additions of specified assets without considering present value of the future liability for decommissioning resulting in overstatement/ understatement of decommissioning liability and the carrying amounts of property, plant & equipment which is not in accordance of the requirements of Ind AS 16 "Property, Plant & Equipment".

i) The company has not recognised any provision for impairment of assets. As the basis for such conclusionhas not been made available to us,we are unable to comment on the compliance with Ind AS 36 "Impairment of Assets" and its possible effect on the assets / liabilities, if any.

j) The accounting principles and policies formulated by the company for classifying the costs incurred for various works into capital and revenue expenditures were not applied consistently resulting in under / over statement of assets and expenditure of the company.

k) We refer to note no. 2.3 to the standalone financial statement regarding severe damages caused to the assets of the company in the flood affected areas, resulting in total or partial loss to property plant and equipment. The company has not assessed and provided for the actual loss on account of the above.

l) We refer to note no. 2.5 to the standalone financial statement regarding capitalisation of land with restrictive covenants, received in settlement of receivables on sale of power of Rs. 174.61 crores and capitalised, which is in deviation with Ind AS 116 Property Plant & Equipment and Ind AS 113 Fair value measurement and the resulting impact if any on the value of land and income/ expenditure could not be ascertained.

2) Regarding Capital work in Progress –

a) Delay in accounting of labour bills and / or material costs relating to various works were observed resulting in non-recording of capital work in progress at the close of the year,as a result of which there is understatementof capital work in progress and corresponding liability.

b) The company is in the practice of capitalising the borrowing costs and employee costs directly attributable to the assets booked under capital work in progress without considering the date of completion/ readiness for use of the asset resulting in understatement / overstatement of the carrying value of the Capital work in progress due to which the consequential effect on finance cost could not be ascertained. Further the methodology adopted by the company in computation of the borrowing cost on general borrowings on a year-to-year basis is only on the additions made to the capital work in progress in the year without considering the opening value of capital work in progress and capitalisation of asset made during the year. The impact of this irregularity on the cost of assets and finance cost could not be ascertained.

c) We refer to note no. 4.1 to the standalone financial statement regarding abandoned projects included in the Capital Work in Progress. This has resulted in overstatement of CWIP and understatement of loss by ₹ 25.6 Crores.

3) The company is an implementing agency for the Trans Grid 2.0 Project floated by the Government of Kerala and financed by Kerala Infrastructural Investment Fund Board (KIIFB). The tripartite agreement between company, power department and KIIFB is silent regarding the rights/liabilities with respect to the assets constructed under the project. The company has shown the asset acquired or constructed under the project as part of its Capital Work in Progress, amount funded by KIIFB as its liability and advance paid to contractors as its assets. In the absence of clarity as to the ownership of assets constructed or acquired for the project out of funds provided by KIIFB and the nature of amount received from KIIFB, we are not in a position to comment on the disclosure of assets and liabilities relating to TransGrid 2.0 Project in the balance sheet of the Company as on 31 March, 2021.

4) As per Section 71(4) of the Companies Act 2013 read with rule 18(7) of the Companies (Share Capital and Debentures) Rules 2014, the company is required to create a debenture redemption reserve (DRR) and a debenture redemption fund (DRF) with respect to bonds issued to the Kerala State Electricity Board Limited Employees' Pension and Gratuity Fund Trust on April 1, 2017 for meeting the terminal liabilities of employees.In the absence of profits, DRR has not been created. With respect to DRF, a sum not less than fifteen percent of the amount of its bonds maturing during the year ending on the 31st day of March of the next year has to be deposited/invested in a separate bank account or as prescribed in the said rules. However, company has not deposited/invested any amount towards DRF thereby resulting in non-compliance of Companies Act, 2013.

5) The company is developing ERP software for integrating all the operations and has incurred an amount of ₹ 8.16 crores and ₹ 13.44 crores during the year 2018-19 and 2019-20 respectively. The system development is still in process and is not ready for use at the close of the year. However, the company has capitalised this under intangible assets and charged amortisation on the cost from Financial Year 2019-20 which is in violation to the provisions of Ind AS 38 Intangible Assets. This has resulted in overstatement of amortisation expense by ₹ 3.24 Crores for the year and overstatement of carrying value of Intangible Assets by ₹ 13.89 crores.

6) The company has neither framed any policy nor estimated any impairment loss due to Expected Credit Loss in accordance with the provisions of Ind AS 109 "Financial Instruments" in respect of the-

(i) long outstanding security deposits ₹26.76 Crores classified under loans (Non-current)

(ii) long outstanding advances given by the company amounting to ₹26.21 crores classified under Other financial assets - Non current

In the absence of policy for determination of 'expected credit loss' on the financial assets, the impact on the value of aforementioned assets and its corresponding impairment loss could not be quantified.

7) The classification of trade receivables as unsecured, without considering the security deposit collected is not in accordance with the requirement of schedule III and in the absence of relevant information, the secured portion of trade receivables are unascertainable. Further, due to lack of detailed assessment of expected credit loss (ECL) of trade receivables we are unable to ascertain whether the allowance for bad and doubtful debts of ₹439.19 crores provided in the accounts is adequate or excess. Consequently, we are unable to comment on its impact on the value of trade receivables disclosed in the financial statements and its consequential impact in statement of Profit and Loss.

8) The company has recognised and disclosed the amount paid to the Forest Department towards the seigneorage value of trees amounting to ₹ 9.58crores as "Security Deposits", which in our opinion, ought to have been expensed out or capitalised based on the nature of the projects / works for which such expenditure was incurred. This has resulted in overstatement of Loans and the understatement of carrying amount of assets under "Property, Plant & Equipment", "Depreciation / amortisation expenses", or the related expenses.

9) The company is not disclosing the amount receivable from Kerala Water Authority in annual instalments from 2021-22 and 2022-23 amounting to ₹ 639.44 crores on account of sale of power at fair value in accordance with Ind AS 109 "Financial Instruments".

10) The company is classifying all materials in stores as inventory without bifurcating the materials / stores meant for capital / revenue purposes. As per Ind AS 2 Inventories are either held for sale in the course of business or in the form of materials consumed in the process of rendering of service while all other materials meant for construction of fixed assets are to be grouped under capital work in progress / spares under Ind AS 116 Property Plant and Equipment. In the absence of details on the value of materials meant for capital purposes the understatement / overstatement of capital work in progress / spares and inventories could not be ascertained.

11) In respect of cash &cash equivalents, the company has not provided proper reconciliations of various bank account balances reported in the accounts. Such un-reconciled balances and long outstanding differences could result in overstatement or understatement of balances under "Cash and Cash Equivalents" and the balances under respective corresponding accounts.

12) The unreconciled balances in the transactions between the ARUs amounting to ₹78.05 crores (Previous year ₹ 50.98 crores) have been reported and recognised as "Inter Unit Balance" under "Other Current Assets", the details of which have not been provided to us. In the absence of adequate information, the impact of the above irregularity could not be quantified.

13) The company has not provided a reconciliation of the amount classified under "Deposits for Electrification, Service Connection etc" amounting to ₹ 649.68 crores with the corresponding works pending for completion, for which such deposits have been collected from the

consumers. Inthe absence of adequate information, its impact could not be quantified. Also, the company has classified the same under Other financial liabilities - Current instead of Other current liability.

14) Pursuant to provisions of the Kerala Electricity Second Transfer Scheme (Re-Vesting) 2013, the company issued bonds to Kerala State Electricity Board Limited Employees' Pension and Gratuity Fund Trust on April 1, 2017 for meeting the terminal liabilities. As per the terms and conditions of the bond issue, the company has to repay the interest and principal value of bonds on 1st April of every year, failing which an additional interest @ 24% p.a. will be payable by the company. Though the payment made to the trust are not as per the repayment schedule and the amount paid is lesser than the actual liability payable, no provision had been made for the additional interest payable of ₹147.05 crores for the period1 April 2018 to 31 March 2021. Consequent to this, the loss for the year is understated to the extent of ₹74.62 crores and the consequent understatement of liability.

15) The company has neither determined nor recognised the deferred tax liabilities or deferred tax assets, if any, as required by the Ind AS 12 "Income Taxes", thereby understating the Deferred Tax Liability/Assets as may be applicable, and the corresponding impact on tax expenses.

16) The Company has not provided the reconciliation in respect of Goods and Services Tax (GST) as per the books of accounts and the periodical returns filed. Hence the effect of such non-reconciliation, if any, on the liabilities and expenses could not be quantified.

17) The company has not complied with the disclosure requirements as required by the Ind AS 107 "Financial Instruments: Disclosures", thereby resulting in non-compliance of the disclosure requirements of the said accounting standard.

18) We refer to note no 41 on financial impact of the contingent liabilities, on account of various claims / cases pending against the company before various courts / legal forums, the financial impact of the liabilities on account of various claims against the company before various legal forums, which are made available to us, estimated value of resultant liability could not be ascertained.

19) Capital commitments on contracts remaining to be executed provided for our verification is incomplete due to the non-availability of information from various account rendering units and the resultant financial impact if any,on the future cash flow of the company could not be ascertained.

20) As per accounting policy adopted by the company, in case of government grant/contribution received from consumers related to an asset, grant/contribution is initially recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset. However, the company is recognising the income without considering the actual date of capitalisation of the related asset. This has resulted in overstatement of grant income and understatement of deferred income. Due to the non-availability of information, the impact could not be ascertained.

21) The company carries out power banking by procuring power from prospective traders and generators outside the state during summer months and returning the power procured in the monsoon season through a tendering process. The swapping of the power is carried out at a premium and with a pre-condition to reimburse in cash if the commitment is not met. The company is neither adjusting the cost of power in the books of accounts nor recognising its

commitments at the close of the year. At the beginning of the financial year, the company had a commitment of 278.43 million units of power, entered into power banking arrangements for 125.95 million units and returned 334.82 million units during the year. At the end of the year the company has a closing commitment of 69.56 million units (including premium) with a pre-condition to compensate the trader at a rate of ₹ 4 per unit if the commitment is not met as per the terms. As per the power banking arrangements during the year the cost of power overstated could not be ascertained and liability for purchase of power is understated by ` 27.82 Crores.

22) The company has not complied with the provisions of Ind AS 116 with respect to accounting and disclosure of Leases.Due to the non-availability of information the impact could not be ascertained.

23) The impact of the matters listed in Paras 1(a), 2(d), 5, 14 and 21 above has resulted in the understatement of the Loss for the year of the company and overstatement of the "Retained Earnings" of the company by ` 690.39 crores. Accordingly, in the Statement of Profit and Loss, the Loss before tax", Loss for the period from continuing operations, Loss for the year ought to have been ₹ 2,512.74 crores as against the currently reported loss of ₹ 1,822.35 crores, and the "Total Comprehensive expense for the period" ought to have been ₹ 3,174.54 crores as against the currently reported expense of ₹2,484.15 crores. The basic and diluted EPS for the year ought to have been ₹(7.18). In the absence of adequate information, the impact of the matters listed in other Paras under Basis of qualified opinion on the Loss for the year of the company and on the items disclosed in the Balance Sheet of the Company could not be ascertained and hence not disclosed.

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

Emphasis of matter

1) Attention is invited to note no.51.3 regarding adjustment of the amount payable to Government of Kerala towards electricity duty and guarantee commission etc. as on 31.03.2021 against the amount receivable from the Government in the books of accounts.

2) Attention is drawn to note no 2.1 and 2.2 regarding pending transfer of land by the company to the Govt of Kerala for which no compensation has been received.

3) Attention is drawn to note no 25.1 regarding the variance in the balances of power supply vendors with the books of accounts of the company.

Our opinion is not modified in respect of the above matters.

Material Uncertainty relating to Going Concern

We draw attention to Note 50 in the financial statements, which indicates that the Company incurred a net loss of ₹1,822.35 Crores and accumulated loss ₹14,588.58 Crores during the year ended March 31, 2021 and, as of that date, the Company's current liabilities exceeded its current assets by ₹6,302.63. As stated in Note 20.4, these conditions, along with other matters as set forth in Note 50, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The management is of the view that there is no material uncertainty affecting the "Going Concern" assumption mainly on account of factors and reasons referred to in Note 50.

Our opinion in not modified in respect of the above matter.

Other information

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's 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 other comprehensive income, cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Ind AS.

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

In preparing the standalone financial statements, 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.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matters

1. The disclosures in note no 44, 45, 46, 47, 48 and 51.1 relating to quantitative details of generation, purchase and sale of power and generating stations are as disclosed by management and we do not express an audit opinion on these matters.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.;
2. As required by section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit except for matters described in Basis for Qualified Opinion above;
   b) Except for the matter described in the basis for Qualified Opinion paragraph, 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;
   c) The balance sheet, statement of profit and loss, including other comprehensive income, statement of changes in equity, and cash flow statement dealt with by this report are in agreement with the books of account;
   d) Except for the effects of the matter described in the basis for qualified opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   e) The matters described in the basis for qualified opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the company.
   f) Being a Government Company and pursuant to Notification No. GSR 463 (E) dtd. 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, the provisions of sub-section (2) of Section 164 of the Act, are not applicable to the company;
   g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report;
   h) Being a government company the provisions of section 197 of the Act, with respect to the matters to be included in the auditors report is not applicable.
      i) With respect to other matters to be included in the Auditors Report in accordance with Rule 11 of 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 details of pending litigations are disclosed in note no 41 of the financial statements.
      (ii) Since the company has not furnished the details of long-term contracts, we are not in a position to confirm whether it has any long-term contracts including derivative contracts for which there are any material foreseeable losses;

(iii) The company has not transferred debentures and interest on debentures amounting to ₹ 7.43 crores remained unclaimed for a period of more than seven years from the date it became due for payment to the Investor Education and Protection Fund.

j) As required by section 143(5) of the Act, our comments in regard to the directions and sub-directions issued by the Comptroller and Auditor General of India are given in Annexure 3.

For Krishnamoorthy & Krishnamoorthy Chartered Accountants FRN:001488S	For Mohan & Mohan Associates Chartered Accountants FRN:002092S	For JRS & Co. Chartered Accountants FRN:008085S
Sd/- R Venugopal Partner M.No.202632 UDIN: 21202632AAAAFR6702	Sd/- R Suresh Mohan Partner M.No.013398 UDIN:21013398AAAABJ1860	Sd/- Rajesh Ramachandran Partner M.No.206211 UDIN:21206211AAAAFW2683

Thiruvananthapuram
29/09/2021

KRISHNAMOORTHY & KRISHNAMOORTHY
CHARTERED ACCOUNTANTS

MOHAN & MOHAN ASSOCIATES
CHARTERED ACCOUNTANTS

JRS & Co.
Chartered Accountants

Annexure1: Referred to in paragraph (1) of "Report on other legal and regulatory requirements" of our report of even date of the Company on the Standalone Ind AS Financial Statements for the year ended 31 March2021.

(i) (a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The company is not following the practice of physical verification of fixed assets on a regular basis and hence identification of discrepancies is not possible.

(c) The company has not produced the title deeds of the immovable properties for our verification, and thus we are unable to comment on whether the same is held in the name of the company.

(ii) The company does not have a proper system for periodical verification of the inventory and thus, the adjustment of discrepancies has not been carried out.

(iii) As per the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The loans, investments, guarantees and security provided by the company are in compliance with the provisions of the sections 185 and 186 of the Companies Act, 2013, read with Notification issued vide G.S.R 463(E) dtd. 05-06-2015.

(v) According to information and explanation given to us, during the year, the company has not accepted any deposit from the public. Therefore, the provisions of clause (v) of the Companies (Auditor's Report) Order, 2016 ("the order") is not applicable.

(vi) The company is required to maintain the cost records as specified by the Central Government under the sub-section (1) of section 148 of the Companies Act, 2013, and based on a preliminary review of the same, the company has made and maintained such prescribed accounts and records. We have not, however, made a detailed examination of the same.

(vii) a) As the company does not have a centralised system of keeping records relating to the statutory dues, we are unable to comment on the extent of undisputed statutory dues outstanding for paymentas on the last day of the financial year for a period of more than six months from the date they became payable.

b) As the company does not have a centralised system of keeping records relating to the statutory dues which are not deposited on account of any dispute, we are unable to comment on the amounts involved in respect of such disputes and the forum where such disputes are pending. However, based on information and explanations provided to us, the following statutory dues of the company have not been deposited on account of disputes:

Nature of dispute	Forum where the dispute is pending	Year to which the amount relates	Amount disputed (₹ in crores)
The Income Tax Act, 1961	The Supreme Court of India	2001-02 to 2004-05	84.47
	Commissioner of Income Tax (Appeals)	2007-08	88.64
	The Income Tax Appellate Tribunal	2008-09	68,04

(viii) Based on the information and explanation given to us, the company has not defaulted in the repayment of loans or borrowing to a financial institution, bank, Government. However,the company has defaulted in the repayment of dues to bond holders amounting to Rs. 713.72 Crores.

(ix) Based on the information and explanation given to us, the company has not raised any money by way of initial public offer or further public offer. Also, the company has informed us that it has utilised the proceeds of term loans raised during the year for the purposes for which those were raised.

(x) As informed by the company, no cases of fraud by the company are reported. With respect to fraud on the company by its officers or employees the nature and amount involved are listed below:

Sl. No.	Description of cases	Amount in ₹	Status
1	Allegation against Sri.Valsakumar.K.K,A.E(Rtd), Electrical Section, Njarackkal-mismatch between physical stock and SCM	Yet to be ascertained	The Disciplinary Authority Waiting for clarification from the Director (D,IT&HRM) to finalize the case.
2	Allegation against officials of Electrical section,Pothencode- application of wrong multiplication factor to Con.No:20861	18,86,791	Departmental enquiry in progress
3	Allegation against Sri.Sreejith chandran, SubEngineer,KottarakkaraEast- collected money from consumers using forged receipts.	9,01,644	Disciplinary action in progress
4	Allegation against Sri.Selvaraj.P.K. Sub Engineer, Electrical Section, Pothukkal-Material shortage	3,38,472	Disciplinary action in progress
5	Allegation against officials of Electrical Section, Poochakkal- application of wrong multiplication to Con.No:10882	4,48,317	Rs.3,78,000/-already recouped. For balance amount WP(C) No:6307/2021 & 26709/2020 pending
6	Allegation against Sri. Binoy.K.V, A.E, SHEP, Peechi- Irregularities in Diesel Purchase.	19,629	Disciplinary action in progress

7	Allegation against Kerala Hydel Tourism Centre	Yet to be ascertained	Enquiry by Vigilance & Anti Corruption Bureau is in progress
8	Allegation against Sri.Balachandran.V, Overseer, Electrical Section, Kalpetta - Anomalies detected in effecting BPL OH Service Connections under Electrical Section, Kalpetta	52,690	Departmental enquiry in progress
9	Allegation against Sri.Venunathan.M, SeniorAssistant, Electrical Section,Edavanna	1,15,190	Disciplinary action in progress
10	Shortage of materials in physical stock at Electrical Section, Vaikkom	Yet to be ascertained	Departmental enquiry in progress
11	Disbursement of pension without obtaining life certificate for 10 years (from 2010 onwards) under Electrical Division, Neyyattinkara.	10,24,381	Departmental enquiry in progress

(xi) The company, being a Government Company, is exempted from the provisions of section 197 read with Schedule V to the Act. Therefore, clause (xi) of the Companies (Auditor's Report) Order, 2016, is not applicable to the company.

(xii) As the company is not a Nidhi Company, the clause (xii) of the Companies (Auditor's Report) Order, 2016, is not applicable to the company.

(xiii) Based on the information and explanation given to us, all the transactions with the related parties are in compliance with sections 177 and 188 of the companies act, 2013, to the extent applicable to the Government company, and the details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

(xiv) Based on the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) Based on the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him during the year.

(xvi) Based on the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
FRN:001488S

Sd/-
R Venugopal
Partner
M.No.202632
UDIN: 21202632AAAAFR6702
Thiruvananthapuram
29/09/2021

For Mohan & Mohan Associates
Chartered Accountants
FRN:002092S

Sd/-
R Suresh Mohan
Partner
M.No.013398
UDIN: 21013398AAAABJ1860

For JRS & Co.
Chartered Accountants
FRN:008085S

Sd/-
Rajesh Ramachandran
Partner
M.No.206211
UDIN:21206211AAAAFW2683

ANNEXURE 2

Report on the Internal Financial Controls 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 Electricity Board Limited (the company) as of 31 March2021 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's responsibility for Internal Financial Controls

The company's management is responsible for establishing and maintaining internal financial controls based on the internal 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. 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 accounting records and the timely preparation of reliable financial information as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on audit of internal financial controls over financial reporting (the Guidance Note) and the standards on auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the 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 with reference to these standalone financial statements 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 controls based on the assessed risk. The procedures selected depend on the auditor's judgment including the assessment of 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 control systems over financial reporting with reference to these standalone financial statements.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of the records that, in reasonable detail, accurately and fairy reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding the prevention or timely deduction 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 reportingwith reference to these standalone financial statements, including the possibility of collusion of 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 the 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 of Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March, 2021.

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

a) ensuring compliance with the applicable accounting standards, with regard to validating the completeness and accuracy of cost (including the direct costs eligible for capitalisation) for recording Property, Plant and Equipment; establishing a process of periodic verification of property, plant and equipment and reconciling the same with the fixed asset register and books of account; validating the correctness of classification of the Property, Plant and Equipment

b) 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.

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) ensuring compliance with the applicable accounting standards, with regard to validating the completeness and accuracy of cost (including the direct costs eligible for capitalisation) for recording intangible assets;

e) identifying and correlating capital and revenue expenditures incurred by it with the grants or contributions received for meeting such expenditures which could potentially result in incorrect recognition of plant, property and equipment, expenditure, income and deferred income for the year.

f) ensuring compliance with the applicable accounting standards, with regard to classification of property plant and equipment, investment property and loans and advances.

g) in respect of certain units of the company designated as Account Rendering Units (ARUs), the internal financial controls prescribed over the accounting and reconciling bank transactions are not operating effectively, which could potentially result in incorrect accounting and reporting of bank transactions and balances;

h) The company's'system for identifying, recognizing, accounting, physical verification and determining the obsolescence / impairment of inventory and related expenses for the year;

i) The company's system for accounting of inter-unit transactions and reconciliation of inter-unit balances are not operating effectively resulting in huge unreconciled balances in inter-unit accounts and resultant misstatement of account balances;

j) The company's system for reconciliation of transactions/balances between SARAS and other application systems such as Supply Chain Management (SCM), Open Resource Utility Management Application (ORUMA NET) and Energize (HT/EHT Billing software)are not operating effectively which could potentially impact the accuracy of the financial data reflected in the financial statements.

k) The company's information system's inadequacy to ensure transaction-level and account balance level assertions of accuracy, classification, cut-off, completeness, existence, and valuation of the financial transactions recorded in revenue, employee cost, inventory management and financial accounting system.

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, to the best of our information and according to the explanations given to us, because of the effect of the material weaknesses described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of 31 March, 2021, 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 weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended 31 March, 2021, and these material weakness has affected our opinion on the said standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements of the Company.

For Krishnamoorthy & Krishnamoorthy	For Mohan & Mohan Associates	For JRS & Co.
Chartered Accountants	Chartered Accountants	Chartered Accountants
FRN:001488S	FRN:002092S	FRN:008085S
Sd/-	Sd/-	Sd/-
R Venugopal	R Suresh Mohan	Rajesh Ramachandran
Partner	Partner	Partner
M.No.202632	M.No.013398	M.No.206211
UDIN: 21202632AAAAFR6702	UDIN: 21013398AAAABJ1860	UDIN:21206211AAAAFW2683

Thiruvananthapuram
29/09/2021

Annexure-3

Replies to Directions from Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013

Directions under section143(5) of the Companies Act, 2013	Report
Whether the company has a system in place to process all the accounting transactions through IT system? If yes, the implication of processing of accounting transactions outside IT system on the integrity of the accounts along with financial implications, if any may be stated.	Yes. The company is working in Computerised Environment. The company is using five programs viz 1. ORUMA- Billing Software 2. SARAS- Accounting Software 3. SCM-Inventory Software 4. HRIS - Payroll software 5. Energize- HT/EHT Billing Software which are working in the independent platform and not integrated. Consolidation, Post consolidation, entries and final financial statements are maintained in excel spreadsheets which are not integrated with the accounting software.
Whether there is any restructuring of an existing loan or cases of waivers/ write off of debts/loans/interest etc. may be a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a government company, then this direction is also applicable for the statutory auditor of lender company)	As per the information and explanation provided to us, no such cases were observed.
Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from Central/state agencies were properly accounted for/utilised as per its term and conditions? List the case of deviation.	In the absence of fund based utilisation details, we are not in a position to comment on the deviations, if any.

Sector Specific Sub-direction under Section 143(5) of the Companies Act 2013 Power Sector	
1. Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the Company is encroached upon, under litigation, not put to use or declared surplus, details may be provided	As per the explanation provided by the management, the company does not have consolidated details of entire land possessed by it. However, the company is exercising adequate steps to prevent encroachment of land under its possession. Since the consolidated details with respect to the litigation pending before the various courts regarding encroachments are not available at head office level, we are not in a position to assess its impact on the financial statements.
2. Where land acquisition is involved in setting up new projects, report whether settlement of dues were done expeditiously and in a transparent manner in all cases. the cases of deviation may please be detailed	Land acquisition is involved in setting up of new hydroelectric projects. The private land required for the project is purchased through negotiation/ Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013(LARR) Act. For this, Government had constituted District Level Negotiated Purchase Committee (DLPC) with District Collector as the Chairman of the committee. The committee will recommend reasonable land value duly considering the land value of the area after negotiation with land holders/owners of land. If the landowners are not willing to transfer their land, provisions as per the LAAR Act is put into operation. The claims are settled expeditiously by the company and in a transparent manner as per the decision taken in DLPC meetings and no deviation in procedure reported during the F.Y.2020-21.
3.Whether the Company has any effective system for recovery of revenue as per contractual terms and the revenue is properly accounted for in the books of accounts in compliance with the applicable Accounting Standards	The company has an effective system for recovery of revenue as per contractual agreements except Government departments. Delayed collection of receivables from Government departments results in additional interest costs.
4. How much cost has been incurred on abandoned projects and out of this how much has been written off?	The company is in the process of decommissioning its Diesel Power Plant at Brahmapuram. Due to lack of available information regarding the cost relating to this project, we are not in a position to comment on the same. The company has incurred ₹123.66 crores towards feasibility study and surveys of projects. Due to the non-availability of a detailed project wise breakup of the amount, cost of study on futile projects could not be ascertained.

Generation	
1. In the cases of Thermal Power Projects, compliance with the various Pollution Control Acts and the impact thereof including utilization and disposal of ash and the policy of Company in this regard, may be checked and commented upon	KSEBL owns two thermal stations based on Low Sulphur Heavy Stock (LSHS) at Brahmapuram and Kozhikode. As per the direction of the state and central pollution control boards, online pollution monitoring system has been installed at both the stations and the system was commissioned at Kozhikode Diesel Power Plant (KDPP) on 26.12.2017 and Brahmapuram Diesel Power Plant (BDPP) on 22.08.2017. The company is in the process of decommissioning its Diesel Power Plant at Brahmapuram.. Hence the pollution monitoring system is not functioning at BDPP. KSEBL has no coal fired thermal power plants.
2. Has the Company entered into revenue sharing agreements with private parties for extraction of coal at pitheads and if so, whether they adequately protect the financial interests of the Company?	As per the explanation provided to us, the company has not entered into any revenue sharing agreements with private parties for extraction of coal at pitheads.
3. Does the Company have a proper system for reconciliation of quantity/ quality of coal ordered and received and whether grade of coal/moisture and demurrage etc., are properly recorded in the books of accounts?	This clause is not applicable since the company does not have a coal fired thermal power plants.
4. How much share of free power was due to the State Government and whether the same was calculated as per the agreed terms and depicted in the accounts as per accepted accounting norms?	No. There are no such agreements
5. In the case of Hydroelectric Projects whether the water discharges is as per policy/guidelines issued by the State Government to maintain biodiversity. Cases of deviation and penalty paid/ payable may be reported.	As informed by the management, in the case of Hydro Electric Projects water discharge is as per policy/ guidelines issued by the State Government from time to time. No penalty has been imposed by the Government so far for deviating from the Government policies and guidelines.
Transmission	
1. Is the system of power commensurate with power available for transmission with the generating Company? If not, loss if any, claimed by the generating Company may be commented.	KSEBL is handling both generation and transmission. Company has not provided the details regarding transmission loss. Hence we are not in a position to comment on the same.

2. How much transmission loss in excess of prescribed norms has been incurred during the year and whether the same has been properly accounted for in the books of accounts?	As per the explanation provided by the management, the value of the percentage of energy loss for transmission for the year 2020-21 is less than the value fixed by the KSERC. The Company has not provided the details regarding transmission loss. Hence, we are unable to comment on the same.
3. Whether the assets constructed and completed on behalf of other agencies and handed over to them has been properly accounted for in the financial statements.	As per the explanation provided to us, the assets constructed and completed on behalf of other agencies have been properly accounted as per the accounting manuals in KSEBL. Since the necessary documents relating to the same were not provided to us, we are unable to comment on the same.
Distribution	
1. Has the Company entered into agreements with franchise for distribution of electricity in selected areas and whether the revenue sharing agreements adequately protect the financial interests of the Company?	As per the explanation provided to us from the management, distribution of electricity under franchisee system is not in vogue in Kerala and hence the query is not applicable to KSEBL.
2. Report on the efficacy of the system of billing and collection of revenue in the Company.	As per the explanation given by the company, KSEB Ltd has attained 100% Consumer billing. In general, if the dues are not paid within the due dates, all services are disconnected. However, considering the social obligation it is always not possible to disconnect the services like Drinking water Supply Schemes, Government Hospitals, High security area, Police station etc.
3. Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing is ensured.	KSEB has been procuring energy meters as per the prevailing BEE/IS standards. The amendments in metering standards and regulations are being incorporated in the subsequent purchase orders. Presently company is procuring energy meters having tampering indicators. As informed by the management, In order to ensure that the consumers are not resorting to unfair means, the field officers are regularly inspecting the consumer premises during the site inspections and corrective actions are taken then and there. The company has been organising special drives for faulty meter replacement at multiple instances during the year which has been slowed down by COVID 19 pandemic and subsequent lockdown.

4. Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	KSEBL recovers and accounts the fuel surcharge ordered to be recovered from consumers by the KSERC. Approval of Fuel surcharge is granted in line with the MYT Tariff Regulations notified by Kerala State Electricity Regulatory Commission for the 4 year control period from 2018-19 to 2021-22. KSEBL has filed fuel surcharge petition for all 4 quarters of the financial year 2020-21. Public hearing on the petition for the first 2 quarters has been completed but orders are awaited. Proceedings on the petition seeking fuel surcharge approval for the last 2 quarters of the financial year are yet to be initiated by the KSERC. During the year an amount of Rs.74.26 crore was sought as fuel surcharge.
5. Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference, if any, may be examined.	KSEB Ltd is functioning as a single utility in the state of Kerala. Generation, transmission and distribution of electricity is being done by the KSEB Ltd hence the reconciliation between the companies is not relevant. However, the company has inter-unit transactions between Generation, Transmission and Distributions units which remains unreconciled as on 31st March 2021 amounting to `78.05 Crores.
6. Whether the Company is supplying power to franchisees? If so, whether the Company is supplying power to franchisees at below its average cost of purchase?	Since distribution of power through franchisees is not in vogue in Kerala, the query is not applicable.
7.How much tariff roll back subsidies have been allowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Government? Shortfall, if any, may be commented.	Subsidy is being extended by the Government of Kerala by virtue of provisions contained in section 65 of the Electricity Act 2003. The subsidies extended to the consumers is netted off against the amount payable to Government of Kerala by the company. During the Financial Year 2020-21, an amount of `530.33 Crores is booked as subsidy.

For Krishnamoorthy & Krishnamoorthy	For Mohan & Mohan Associates	For JRS & Co.
Chartered Accountants	Chartered Accountants	Chartered Accountants
FRN:001488S	FRN:002092S	FRN:008085S
Sd/-	Sd/-	Sd/-
R Venugopal	R Suresh Mohan	Rajesh Ramachandran
Partner	Partner	Partner
M.No.202632	M.No.013398	M.No.206211
UDIN:21202632AAAAFR6702	UDIN: 21013398AAAABJ1860	UDIN:21206211AAAAFW2683

Thiruvananthapuram
29/09/2021

KRISHNAMOORTHY & KRISHNAMOORTHY CHARTERED ACCOUNTANTS

MOHAN & MOHAN ASSOCIATES CHARTERED ACCOUNTANTS

JRS & Co. Chartered Accountants

Independent Auditors' Report

To the Members of Kerala State Electricity Board Limited

Report on the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of M/s. Kerala State Electricity Board Limited (the parent company), its associates and jointly controlled entities (the parent and its associates and its jointly controlled entities (together referred to as "the Group") which comprise the consolidated balance sheet as at 31 March 2021, the consolidated statement of profit and loss, including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of 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, except for the possible effects of the matters described in the basis for qualified opinion paragraph below, and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the associates and jointly controlled entities, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended (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 Group as at March 31, 2021, its consolidated loss including other comprehensive income, its consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Qualified Opinion

1) Regarding property plant and equipment –

   a) The parent company is not providing depreciation on property, plant, and equipment of value ₹10,712 crores since 2013-14 resulting in understatement of depreciation of ₹565.59 crores for the year and overstatement of carrying value of property, plant, and equipment by ₹4,193.13 crores.

   b) The parent company has not made available, the records relating to the landed properties held by it including the title deeds, present ownership details etc. for audit. Therefore, we are unable to comment on the existence, ownership and possession of such landed properties held by it.

   c) In the absence of the details of immovable properties held by the parent company, we are unable to comment on the compliance of Ind AS 40 "Investment Property".

   d) The parent company is not following the 'componentisation approach' for accounting as mentioned in Ind AS 16 Property, Plant and Equipment. The consequent impact, on such non-compliance on carrying amount of individual assets and the corresponding depreciation / amortisation could not be ascertained.

e) In many cases, the assets of the parent company are capitalised on approval of corresponding work bills for payment / financial closure which is after the date on which the assets are ready for use as against guidelines for capitalisation of assets in Ind AS 16 Property, Plant and Equipment, leading to delay in the recognition of assets and liabilities. The consequent understatement on the carrying amount of property, plant and equipment and depreciation expenses could not be ascertained.

f) The parent company is not following the practice of derecognizing the property, plant and equipment sold, exchanged, damaged, discarded or abandoned. The realised value on sale of such assets are credited to the statement of profit and loss as other income and in the case of replacement of assets the cost incurred is charged to the statement of profit and loss as repairs and maintenance. The impact due to non-derecognition of the property, plant and equipment on the depreciation expenses, repairs and maintenance, other operating income and carrying value of property, plant and equipment could not be ascertained which is not in accordance of the requirements of Ind AS 16 "Property, Plant & Equipment".

g) The parent company has capitalised the borrowing cost on non-qualifying assets in violation of Ind AS 23 "Borrowing Costs" resulting in over-statement/under-statement of the carrying value of the Property, plant and equipment and the consequential effect on depreciation expenses and finance costs which could not be ascertained.

h) As per the accounting policy adopted by the parent company, decommissioning liability is recognized at the rate of 0.1% on the cost of additions of specified assets without considering present value of the future liability for decommissioning resulting in overstatement/understatement of decommissioning liability and the carrying amounts of property, plant & equipment which is not in accordance of the requirements of Ind AS 16 "Property, Plant & Equipment".

i) The parent company has not recognised any provision for impairment of assets. As the basis for such conclusion has not been made available to us, we are unable to comment on the compliance with Ind AS 36 "Impairment of Assets" and its possible effect on the assets / liabilities, if any.

j) The accounting principles and policies formulated by the parent company for classifying the costs incurred for various works into capital and revenue expenditures were not applied consistently resulting in under / over statement of assets and expenditure of the parent company.

k) We refer to note no. 2.3 to the consolidated financial statement regarding severe damages caused to the assets of the parent company in the flood affected areas, resulting in total or partial loss to property plant and equipment. The parent company has not assessed and provided for the actual loss on account of the above.

l) We refer to note no. 2.5 to the consolidated financial statement regarding capitalisation of land with restrictive covenants, received in settlement of receivables on sale of power of Rs. 174.61 crores and capitalised, which is in deviation with Ind AS 116 Property Plant & Equipment and Ind AS 113 Fair value measurement and the resulting impact if any on the value of land and income/ expenditure could not be ascertained .

2) Regarding Capital work in Progress –

a) Delay in accounting of labour bills and / or material costs relating to various works were observed resulting in non-recording of capital work in progress at the close of the year,as a result of which there is understatement of capital work in progress and corresponding liability.

b) The parent company is in the practice of capitalising the borrowing costs and employee costs directly attributable to the assets booked under capital work in progress without considering the date of completion / readiness for use of the asset resulting in understatement / overstatement of the carrying value of the Capital work in progress due to which the consequential effect on finance cost could not be ascertained. Further the methodology adopted by the parent company in computation of the borrowing cost on general borrowings on a year-to-year basis is only on the additions made to the capital work in progress in the year without considering the opening value of capital work in progress and capitalisation of asset made during the year. The impact of this irregularity on the cost of assets and finance cost could not be ascertained.

c) We refer to note no. 4.1 to the consolidated financial statement regarding abandoned projects included in the Capital Work in Progress. This has resulted in overstatement of CWIP and understatement of loss by ₹ 25.6 Crores.

3) The parent company is an implementing agency for the TransGrid 2.0 Project floated by the Government of Kerala and financed by Kerala Infrastructural Investment Fund Board (KIIFB). The tripartite agreement between parent company, power department and KIIFB is silent regarding the rights/liabilities with respect to the assets constructed under the project. The parent company has shown the asset acquired or constructed under the project as part of its Capital Work in Progress, amount funded by KIIFB as its liability and advance paid to contractors as its assets. In the absence of clarity as to the ownership of assets constructed or acquired for the project out of funds provided by KIIFB and the nature of amount received from KIIFB, we are not in a position to comment on the disclosure of assets and liabilities relating to TransGrid 2.0 Project in the balance sheet of the Parent company as on 31 March, 2021.

4) As per Section 71(4) of the Companies Act 2013 read with rule 18(7) of the Companies (Share Capital and Debentures) Rules 2014, the parent company is required to create a debenture redemption reserve (DRR) and a debenture redemption fund (DRF) with respect to bonds issued to the Kerala State Electricity Board Limited Employees' Pension and Gratuity Fund Trust on April 1, 2017 for meeting the terminal liabilities of employees. In the absence of profits, DRR has not been created. With respect to DRF, a sum not less than fifteen percent of the amount of its bonds maturing during the year ending on the 31st day of March of the next year has to be deposited/invested in a separate bank account or as prescribed in the said rules. However, parent company has not deposited/invested any amount towards DRF thereby resulting in non-compliance of Companies Act, 2013.

5) The parent company is developing ERP software for integrating all the operations and has incurred an amount of ₹ 8.16crores and ₹ 13.44 crores during the year 2018-19 and 2019-20 respectively. The system development is still in process and is not ready for use at the close

of the year. However, the parent company has capitalised this under intangible assets and charged amortisation on the cost from Financial Year 2019-20 which is in violation to the provisions of Ind AS 38 Intangible Assets. This has resulted in overstatement of amortisation expense by ₹3.24 Crores for the year and overstatement of carrying value of Intangible Assets by ₹13.89 crores.

6) The parent company has neither framed any policy nor estimated any impairment loss due to Expected Credit Loss in accordance with the provisions of Ind AS 109 “Financial Instruments” in respect of the-

   (i) long outstanding security deposits ₹26.76 Crores classified under loans (Non-current)

   (ii) long outstanding advances given by the parent company amounting to ₹26.21 crores classified under Other financial assets - Non current

   In the absence of policy for determination of ‘expected credit loss’ on the financial assets, the impact on the value of aforementioned assets and its corresponding impairment loss could not be quantified.

7) The classification of trade receivables as unsecured, without considering the security deposit collected is not in accordance with the requirement of schedule III and in the absence of relevant information, the secured portion of trade receivables are unascertainable. Further, due to lack of detailed assessment of expected credit loss (ECL) of trade receivables we are unable to ascertain whether the allowance for bad and doubtful debts of ₹439.19 crores provided in the accounts is adequate or excess. Consequently, we are unable to comment on its impact on the value of trade receivables disclosed in the financial statements and its consequential impact in statement of Profit and Loss.

8) The parent company has recognised and disclosed the amount paid to the Forest Department towards the seigneorage value of trees amounting to ₹9.58 crores as “Security Deposits”, which in our opinion, ought to have been expensed out or capitalised based on the nature of the projects / works for which such expenditure was incurred. This has resulted in overstatement of Loans and the understatement of carrying amount of assets under “Property, Plant & Equipment”, “Depreciation / amortisation expenses”, or the related expenses.

9) The parent company is not disclosing the amount receivable from Kerala Water Authority in annual instalments from 2021-22 and 2022-23 amounting to ₹639.44 crores on account of sale of power at fair value in accordance with Ind AS 109 “Financial Instruments”.

10) The parent company is classifying all materials in stores as inventory without bifurcating the materials / stores meant for capital / revenue purposes. As per Ind AS 2 Inventories are either held for sale in the course of business or in the form of materials consumed in the process of rendering of service while all other materials meant for construction of fixed assets are to be grouped under capital work in progress / spares under Ind AS 116 Property Plant and Equipment. In the absence of details on the value of materials meant for capital purposes the understatement / overstatement of capital work in progress / spares and inventories could not be ascertained.

11) In respect of cash & cash equivalents, the parent company has not provided proper reconciliations of various bank account balances reported in the accounts. Such un-reconciled balances and long outstanding differences could result in overstatement or

understatement of balances under "Cash and Cash Equivalents" and the balances under respective corresponding accounts.

12) The unreconciled balances in the transactions between the ARUs amounting to ₹ 78.05 crores (Previous year ₹ 50.98 crores) have been reported and recognised as "Inter Unit Balance" under "Other Current Assets", the details of which have not been provided to us. In the absence of adequate information, the impact of the above irregularity could not be quantified.

13) The parent company has not provided a reconciliation of the amount classified under "Deposits for Electrification, Service Connection etc" amounting to ₹ 649.68 crores with the corresponding works pending for completion, for which such deposits have been collected from the consumers. In the absence of adequate information, its impact could not be quantified. Also, the parent company has classified the same under Other financial liabilities - Current instead of Other current liability.

14) Pursuant to provisions of the Kerala Electricity Second Transfer Scheme (Re-Vesting) 2013, the parent company issued bonds to Kerala State Electricity Board Limited Employees' Pension and Gratuity Fund Trust on April 1, 2017 for meeting the terminal liabilities. As per the terms and conditions of the bond issue, the parent company has to repay the interest and principal value of bonds on 1st April of every year, failing which an additional interest @ 24% p.a. will be payable by the parent company. Though the payment made to the trust are not as per the repayment schedule and the amount paid is lesser than the actual liability payable, no provision had been made for the additional interest payable of ₹ 147.05 crores for the period 1 April 2018 to 31 March 2021. Consequent to this, the loss for the year is understated to the extent of ₹74.62 crores and the consequent understatement of liability.

15) The parent company has neither determined nor recognised the deferred tax liabilities or deferred tax assets, if any, as required by the Ind AS 12 "Income Taxes", thereby understating the Deferred Tax Liability/Assets as may be applicable, and the corresponding impact on tax expenses.

16) The Parent company has not provided the reconciliation in respect of Goods and Services Tax (GST) as per the books of accounts and the periodical returns filed. Hence the effect of such non-reconciliation, if any, on the liabilities and expenses could not be quantified.

17) The parent company has not complied with the disclosure requirements as required by the Ind AS 107 "Financial Instruments: Disclosures", thereby resulting in non-compliance of the disclosure requirements of the said accounting standard.

18) We refer to note no 41 on financial impact of the contingent liabilities, on account of various claims / cases pending against the parent company before various courts / legal forums, the financial impact of the liabilities on account of various claims against the parent company before various legal forums, which are made available to us, estimated value of resultant liability could not be ascertained.

19) Capital commitments on contracts remaining to be executed provided for our verification is incomplete due to the non-availability of information from various account rendering units and the resultant financial impact if any, on the future cash flow of the parent company could not be ascertained.

20) As per accounting policy adopted by the parent company, in case of government grant/

contribution received from consumers related to an asset, grant/contribution is initially recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset. However, the parent company is recognising the income without considering the actual date of capitalisation of the related asset. This has resulted in overstatement of grant income and understatement of deferred income. Due to the non-availability of information, the impact could not be ascertained.

21) The parent company carries out power banking by procuring power from prospective traders and generators outside the state during summer months and returning the power procured in the monsoon season through a tendering process. The swapping of the power is carried out at a premium and with a pre-condition to reimburse in cash if the commitment is not met. The parent company is neither adjusting the cost of power in the books of accounts nor recognising its commitments at the close of the year. At the beginning of the financial year, the parent company had a commitment of 278.43 million units of power, entered into power banking arrangements for 125.95 million units and returned 334.82 million units during the year. At the end of the year the parent company has a closing commitment of 69.56 million units (including premium) with a pre-condition to compensate the trader at a rate of ₹4 per unit if the commitment is not met as per the terms. As per the power banking arrangements during the year the cost of power overstated could not be ascertained and liability for purchase of power is understated by ₹ 27.82 Crores.

22) The parent company has not complied with the provisions of Ind AS 116 with respect to accounting and disclosure of Leases. Due to the non-availability of information the impact could not be ascertained.

23) The impact of the matters listed in Paras 1(a), 2(d), 5, 14 and 21 above has resulted in the understatement of the Loss for the year of the Group and overstatement of the "Retained Earnings" of the Group by ₹690.39 crores. Accordingly, in the Consolidated Statement of Profit and Loss, the Loss before tax", Loss for the period from continuing operations, Loss for the year ought to have been ₹2507.23 crores as against the currently reported loss of ₹1816.84 crores, and the "Total Comprehensive expense for the period" ought to have been ₹3169.03 crores as against the currently reported expense of ₹2478.64 crores. The basic and diluted EPS for the year ought to have been ₹(7.17). In the absence of adequate information, the impact of the matters listed in other Paras under Basis of qualified opinion on the Loss for the year of the parent company and on the items disclosed in the Balance Sheet of the parent company could not be ascertained and hence not disclosed.

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

Emphasis of matter

1) Attention is invited to note no.51.3 regarding adjustment of the amount payable to Government of Kerala towards electricity duty and guarantee commission etc. as on 31.03.2021 against the amount receivable from the Government in the books of accounts.
2) Attention is drawn to note no 2.1 and 2.2 regarding pending transfer of land by the parent company to the Govt of Kerala for which no compensation has been received.
3) Attention is drawn to note no 25.1 regarding the variance in the balances of power supply vendors with the books of accounts of the parent company.

Our opinion is not modified in respect of the above matters.

Material Uncertainty relating to Going Concern

We draw attention to Note 50 in the consolidated financial statements, which indicates that the Parent Company incurred a net loss of ₹1,822.35 Crores and accumulated loss ₹14,588.58 Crores during the year ended March 31, 2021 and, as of that date, the Parent Company's current liabilities exceeded its current assets by ₹6,302.63. As stated in Note 20.4, these conditions, along with other matters as set forth in Note 50, indicate that a material uncertainty exists that may cast significant doubt on the Parent Company's ability to continue as a going concern.

The management is of the view that there is no material uncertainty affecting the "Going Concern" assumption mainly on account of factors and reasons referred to in Note 50.

Our opinion is not modified in respect of the above matter.

Other information

- The Parent Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The respective board of directors of the parent company, its associates and jointly controlled entities are 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 other comprehensive income, consolidated cash flows and consolidated changes in equity of the parent company in accordance with the accounting principles generally accepted in India, including the Ind AS.

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 statement 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, the respective board of directors are 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.

The respective board of directors of the companies included in the group are responsible for overseeing the company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether theconsolidated 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:

(1) Identify and assess the risks of material misstatement of the consolidated 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.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

(4) 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 group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

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

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

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

Other matters

(a) We did not audit the financial statements of onejointly controlled entity and one associate, whose financial statements reflect total assets of Rs. 99.53 crores as at 31st March, 2021, total revenues of Rs. 16.99 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 3.88 Crores for the year ended 31st March, 2021, as considered in the consolidated financial statements, in respect of 1 associate and 1 joint venture company, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this jointly controlled entity and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entity and associate, is based solely on the reports of the other auditors.

(b) We did not audit the financial statements one jointly controlled entity and one associate, whose financial statements reflect total assets of Rs. 34.01 Crores as at 31st March, 2021, total revenues of Rs. 1.93 Crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 0.31 Crores for the year ended 31st March, 2021, as considered in the consolidated financial statements, in respect of one associate and one jointly controlled entity, whose financial statements have notbeen audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entity and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entity and associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

The disclosures in note no 44, 45, 46, 47, 48 and 51.1 relating to quantitative details of generation, purchase and sale of power and generating stations are as disclosed by management and we do not express an audit opinion on these matters.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on other legal and regulatory requirements

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit except for matters described in Basis for Qualified Opinion above;

(b) Except for the matter described in the basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law relating to preparation of the consolidated financial statements have been kept so far as it appears from our examination of those books;

(c) The consolidated balance sheet, consolidated statement of profit and loss, including other comprehensive income, consolidated statement of changes in equity, and consolidated cash flow statement dealt with by this report are in agreement with the books of account.

(d) Except for the effects of the matter described in the basis for qualified opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

(e) The matters described in the basis for qualified opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the group.

(f) Being a Government Company and pursuant to Notification No. GSR 463 (E) dtd. 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, the provisions of sub-section (2) of Section 164 of the Act, are not applicable to the parent company;

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Group with reference to these Consolidated Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;

(h) Being a government company the provisions of section 197 of the Act, with respect to the matters to be included in the auditors report is not applicable.

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

(1) The details of pending litigations are disclosed in note no 41 of the financial statements.

(2) Since the parent company has not furnished the details of longterm contracts, we are not in a position to confirm whether it has any long term contracts including derivative contracts for which there were any material foreseeable losses;

(3) The parent company has not transferred debentures and interest on debentures amounting to ₹7.43 crores remained unclaimed for a period of more than seven years from the date it became due for payment to the Investor Education and Protection Fund.

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
FRN:001488S

Sd/-
R Venugopal
Partner
M.No.202632
UDIN: 21202632AAAAFS9418

For Mohan & Mohan Associates
Chartered Accountants
FRN:002092S

Sd/-
R Suresh Mohan
Partner
M.No.013398
UDIN:21013398AAAABK3437

For JRS & Co.
Chartered Accountants
FRN:008085S

Sd/-
Rajesh Ramachandran
Partner
M.No.206211
UDIN:21206211AAAAFX5692

Thiruvananthapuram
29/09/2021

ANNEXURE 1

Report on the Internal Financial Controls 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 Electricity Board Limited (the parent company), its associates and jointly controlled entities (together referred to as "theGroup")as of 31 March 2021 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 parent company, its associates and jointly controlled entities are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective company's 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. 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 accounting records and the timely preparation of reliable financial information as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Internal Financial Controls over financial reporting of the parent, its associates and jointly controlled entities 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 Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the 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 with reference to these consolidated financial statements 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 controls based on the assessed risk. The procedures selected depend on the auditor's judgment including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error,

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of its associates and jointly controlled entities, which are companies incorporated in India in terms of their reports referred to in other matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control system over financial reporting with reference to these consolidated financial statements of the parent company's, its associates and jointly controlled entities.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of the records that, in reasonable detail, accurately and fairy reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding the prevention or timely deduction 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 of 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 the financial reporting to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis of Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March, 2021.

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

a. ensuring compliance with the applicable accounting standards, with regard to validating the completeness and accuracy of cost (including the direct costs eligible for capitalisation) for recording Property, Plant and Equipment; establishing a process of periodic verification of property plant and equipment and reconciling the same with the fixed asset register and books of account; validating the correctness of classification of the Property, Plant and Equipment

b) The parent 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.

c) The parent 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) ensuring compliance with the applicable accounting standards, with regard to validating the completeness and accuracy of cost (including the direct costs eligible for capitalisation) for recording intangible assets;

e) identifying and correlating capital and revenue expenditures incurred by it with the grants, work deposits or contributions received for meeting such expenditures which could potentially result in incorrect recognition of plant, property and equipment, expenditure, income and deferred income for the year.

f) ensuring compliance with the applicable accounting standards, with regard to classification of property plant and equipment, investment property and loans and advances.

g) in respect of certain units of the parent company designated as Account Rendering Units (ARUs), the internal financial controls prescribed over the accounting and reconciling bank transactions are not operating effectively, which could potentially result in incorrect accounting and reporting of bank transactions and balances;

h) The parent company's' system for identifying, recognizing, accounting, physical verification and determining the obsolescence / impairment of inventory and related expenses for the year;

i) The parent company's system for accounting of inter-unit transactions and reconciliation of inter-unit balances are not operating effectively resulting in huge unreconciled balances in inter-unit accounts and resultant misstatement of account balances;

j) The parent company's system for reconciliation of transactions/balances between SARAS and other application systems such as Supply Chain Management (SCM), Open Resource Utility Management Application (ORUMA NET) and Energize (HT/EHT Billing software) are not operating effectively which could potentially impact the accuracy of the financial data reflected in the financial statements.

k) The parent company's information system's inadequacy to ensure transaction-level and account balance level assertions of accuracy, classification, cut-off, completeness, existence, and valuation of the financial transactions recorded in revenue, employee cost, inventory management and financial accounting system.

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

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, because of the effect of the material weakness described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the parent company has not maintained adequate and effective internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of 31 March, 2021, based on the internal control over financial reporting criteria established by the parent 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 weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the company for the year ended 31 March, 2021, and the material weakness has affected our opinion on the said consolidated financial statements of the company and we have issued a qualified opinion on the consolidated financial statements of the company.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one jointly controlled company and one associate, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of suchcompanies incorporated in India.

Our opinion is not modified in respect of the above matters.

For Krishnamoorthy & Krishnamoorthy Chartered Accountants FRN:001488S	For Mohan & Mohan Associates Chartered Accountants FRN:002092S	For JRS & Co. Chartered Accountants FRN:008085S
Sd/- R Venugopal Partner M.No.202632 UDIN:21202632AAAAFS9418	Sd/- R Suresh Mohan Partner M.No.013398 UDIN: 21013398AAAABK3437	Sd/- Rajesh Ramachandran Partner M.No.206211 UDIN:21206211AAAAFX5692

Thiruvananthapuram
29/09/2021

सत्यमेव जयते

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

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT,2013 ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF KERALA STATE ELECTRICITY BOARD LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31 MARCH 2021

The preparation of Standalone Ind AS financial statements of **Kerala State Electricity Board Limited, Thiruvananthapuram** for the year ended **31 March 2021** 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 29 **September 2021.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the standalone financial statements of **Kerala State Electricity Board Limited, Thiruvananthapuram** for the year ended **31 March 2021** under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

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

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

Sd/-

Thiruvananthapuram **K.P ANAND**
Dated: 26.10.2021 **PRINCIPAL ACCOUNTANT GENERAL (AUDIT-II), KERALA**

सत्यमेव जयते

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

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT,2013 ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF KERALA STATE ELECTRICITY BOARD LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31 MARCH 2021

The preparation of Consolidated Ind AS financial statements of **Kerala State Electricity Board Limited, Thiruvananthapuram** for the year ended **31 March 2021** 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 **29 September 2021**.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit of the consolidated financial statements of **Kerala State Electricity Board Limited, Thiruvananthapuram** for the year ended **31 March 2021** under Section 143(6)(a) of the Act. We conducted a supplementary audit of the financial statements of **Renewable Power Corporation of Kerala Limited** and **Kerala State Power and Infrastructure Finance Corporation Limited** but did not conduct supplementary audit of the financial statements of **Baitarni West Coal Company Limited and Kerala Fibre Optic Network Limited** for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

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

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

Sd/-
K. P. ANAND
PRINCIPAL ACCOUNTANT GENERAL (AUDIT-II), KERALA

Thiruvananthapuram
Dated: 26.10.2021

PI & Associates

Form No MR-3

SECRETARIAL AUDIT REPORT

for the financial year ended on 31st March, 2021

[Pursuant to Section 204 (1) of the Companies Act 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members
Kerala State Electricity Board Limited
Vydyuthi Bhavanam,
Pattom. Thiruvananthapuram.
Kerala-695 004

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kerala State Electricity Board Limited (herein after called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

A) We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

(1) The Companies Act 2013 (the Act) and the rules made there under;

(2) The Securities Contracts (Regulation) Act 1956 ('SCRA') and the rules made there under; . (Not applicable to the Company during the audit period.)

(3) The Depositories Act, 1996 and the Regulations and Bye - laws framed there under; ....(Not applicable to the Company during the audit period.)

(4) Foreign Exchange Management Act, 1999 and the rules and regulations made to here under .. to the extent of Foreign Direct Overseas Direct Investment Commercial Borrowings. (Not applicable to the Company during the audit period.)

(5) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India . Act, 1992 ('SEBI Act') viz :-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the audit period.)

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992; (Not applicable to the Company during the audit period)

c. The Securities and Exchange Board of India (issue of Capital and Disclosure Requirements) Regulations 2009; (Not applicable to the Company during the audit period).

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999; (Not applicable to the Company during the audit period.

e. The Securities and Exchange Board of India (issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period.)

f. The Securities and Exchange Board of india (Registrars to an issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act and dealing with client (Not applicable for the Company during the audit period.)

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009; (Not applicable to the company during the audit period).

h. The Securities and Exchange Board of India (Buyback of Securites) Regulations. 1998; (Not applicable to the Company during the audit period.) and.

(6) Any law applicable to electricity companies during the period of audit.

B) We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued and notified by the Institute of Company Secretaries of India

ii. The listing Agreements entered into by the company with stock exchange(s) [Not applicable to the Company]

The Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above except the following.

i. The Company has appointed only one Independent Director.

ii. The composition of Audit Committee is not in conformity with Section 177(2) of the Companies Act.

iii. The Company has not constituted Nomination and Remuneration Committee as per Section 178 (1) of the Companies Act 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014.

We further report that, the Board of Directors of the Company was duly constituted along with Audit Committee in compliance to the provisions of Section 177(1) read along with the Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes were sent at least 7 days in advance and a proper system is in existence for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Trivandrum
27.10.2021

For PI & Associates
Sd/-
CS Dr. Baiju Ramachandran
Partner
FRN: P2014UP035400
UDIN: F007571C001294802

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Annexure A

To

Kerala State Electricity Board Limited
Vydyuthi Bhavanam.
Pattom,Thiruvananthapuram,
Kerala 695004

Our report of even date is to be read along with this letter

1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4) Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5) The compliance of the provisions of corporate and other applicable laws. rules regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6) The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Trivandrum
27.10.2021

For PI & Associates
Sd/-
CS Dr. Baiju Ramachandran
Partner
FRN: P2014UP035400

REPLIES TO THE INDEPENDENT AUDIT REPORT OF THE STATUTORY AUDITORS ON THE STANDALONE FINANCIAL STATEMENT OF THE KERALA STATE ELECTRICITY BOARD LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31ST MARCH 2021

AUDIT COMMENTS	REPLIES OF THE COMPANY
1. Regarding property plant and equipment – a. The company is not providing depreciation on property, plant, and equipment of value ₹ 10,712 crores since 2013-14 resulting in understatement of depreciation of ₹ 565.59 crores for the year and overstatement of carrying value of property, plant, and equipment by ₹ 4,193.13 crores.	Vide G.O(P) No.46/2013/PD dated 31 October 2013 published in Kerala Gazette dated 31st October 2013, the Government of Kerala revested all the Assets and liabilities of the erstwhile KSE Board in the new company Kerala State Electricity Board limited. The Government of Kerala notified the final transfer scheme vide G.O.(P) No.3/2015/PD dated 28.01.2015 by issuing the opening Balance Sheet for the company as on 01.11.2013. In the Balance sheet, the value of Plant and Machinery was notified as ₹15264 Cr against the closing balance as on 31.10.2013 amounting to ₹4552 Cr. Hence the value of Plant and Machinery was increased by ₹10712 Cr as part of the creation of pension fund. KSEB Ltd. is working under Electricity Act 2003, which is having overriding effect over most of the Acts. As per the Electricity Act, tariff of the electricity is determined by the respective state Electricity Regulatory Commission. As per the regulation of KSERC (Terms and Determination of Tariff) regulation 2018 para 27, no depreciation shall be allowed on increase in the value of assets on account of revaluation of assets. Hence the depreciation on the enhanced value of fixed assets notified by the Government in connection with the re-vesting of KSEB Ltd is not being provided by KSEB Ltd. It is properly disclosed in the notes to accounts as such and the above policy is being followed consistently by KSEB Ltd
b. The company has not made available, the records relating to the landed properties held by it including the title deeds, present ownership details etc. for audit. Therefore, we are unable to comment on the existence, ownership and possession of such landed properties held by it.	KSEB Ltd. is having land and land rights with book value of `2033.79 crores as on 31.03.2021 which is spread across Kerala. The land is accounted in various ARUs and is under the control of various ARU Officers. As KSEB Ltd possess various types of lands such as patta land, non patta land, forest land etc. it may not be possible to have full title deeds of such lands in full shape at head office of the company. However the company is in the process of

	updating the records centrally by constituting a dedicated Land Management Unit under a retired Officer from Revenue Department. Reasonable internal control is being exercised over the landed property held by the company.
c. In the absence of the details of immovable properties held by the company, we are unable to comment on the compliance of Ind AS 40 "Investment Property".	Though the immovable properties are accounted at cost at the ARUs across Kerala where it is constructed, it is true that the centralised item wise details are not available in the Head Office due to lack of Centralised Fixed Asset register. The company is in the stage of roll out of the centralised software to capture details and update the Fixed Asset register.
d. The company is not following the 'componentisation approach' for accounting as mentioned in Ind AS 16 Property, Plant and Equipment. The consequent impact, on such non-compliance on carrying amount of individual assets and the corresponding depreciation / amortisation could not be ascertained.	The company is in the final stage of roll out of the centralised software to capture details and update the Fixed Asset register. It is being verified whether "Componentisation approach" can be followed for accounting of depreciation / amortisation under Property, Plant and Equipment due to the complex nature of assets in the power generation, transmission and distribution industry.
e. In many cases, the assets of the company are capitalised on approval of corresponding work bills for payment / financial closure which is after the date on which the assets are ready for use as against guidelines for capitalisation of assets in Ind AS 16 Property, Plant and Equipment, leading to delay in the recognition of assets and liabilities. The consequent understatement on the carrying amount of property, plant and equipment and depreciation expenses could not be ascertained.	The company is having a detailed manual on Commercial Accounting System VOLUME III – 'Capital Expenditure and Fixed Asset' to establish consistent and effective policies and procedures in the area of capital expenditure and fixed assets accounting at all levels in the Company. In addition, the company vide Letter No.609/Annual Accounts/2017-18 had directed all Account Rendering Units to follow the ready to use concept in line with the Ind AS -16 without considering the commissioning of the project. It may be noted that generally the commissioning date and ready to use date will be one and the same.
f. The company is not following the practice of derecognizing the property, plant and equipment sold, exchanged, damaged, discarded or abandoned. The realised value on sale of such assets are credited to the statement of profit and loss as other income and in the case of replacement of assets the cost incurred	As per the accounting procedure followed by the company, whenever the assets are decommissioned, the fixed assets are to be withdrawn. The issue will be addressed once the digitalisation of Fixed Assets Register will be completed.

is charged to the statement of profit and loss as repairs and maintenance. The impact due to non-derecognition of the property, plant and equipment on the depreciation expenses, repairs and maintenance, other operating income and carrying value of property, plant and equipment could not be ascertained which is not in accordance of the requirements of Ind AS 16 “Property, Plant & Equipment”.	
g. The company has capitalised the borrowing cost on non-qualifying assets in violation of Ind AS 23 “Borrowing Costs” resulting in over-statement/under-statement of the carrying value of the Property, plant and equipment and the consequential effect on depreciation expenses and finance costs which could not be ascertained.	As per the accounting procedure regularly followed by the company, the borrowing cost is being booked in the capital work in progress on the basis of expenditure incurred during the year. The interest and borrowing cost booked in the Capital work in progress is being capitalised on the basis of completion of the work or shall be capitalised in the year in which the project is completed and capitalised. However, this will be verified in detail for corrective action in future.
h. As per the accounting policy adopted by the company, decommissioning liability is recognized at the rate of 0.1% on the cost of additions of specified assets without considering present value of the future liability for decommissioning resulting in overstatement/ understatement of decommissioning liability and the carrying amounts of property, plant & equipment which is not in accordance of the requirements of Ind AS 16 “Property, Plant & Equipment”.	The decommissioning liability is recognised by the company @ 0.1% as per the B.O. D (F) No.34/2018 (Annual Accounts/Ind As 2016-17/2017-18) dated 04.01.2018. The rate was fixed after a detailed internal discussion with the technical experts and considering the complexities in the nature as well as life of assets and the complexities in the electricity sector. An estimated decommissioning liability was fixed and the same has been provided as decommissioning liability on adoption of Ind AS in the company and to comply with the Ind AS 16.
i. The company has not recognised any provision for impairment of assets. As the basis for such conclusion has not been made available to us, we are unable to comment on the compliance with Ind AS 36 “Impairment of Assets” and its possible effect on the assets / liabilities, if any.	The impairment of assets has not been done and hence no provision was made.
j. The accounting principles and policies formulated by the company for classifying the costs incurred for various works into capital and revenue expenditures were not applied consistently resulting in under / over statement of assets and expenditure of the company.	The company is having detailed manuals on Commercial Accounting Systems where the accounting policies and procedure to be followed are detailed. In the Manuals the criteria followed for the classification of the capital and revenue expenditure has been detailed. More

	over, direction has been given to the field units in various regional meetings and training programmes for proper classification of capital and revenue expenditure. However, this will be verified.
k. We refer to note no. 2.3 to the standalone financial statement regarding severe damages caused to the assets of the company in the flood affected areas, resulting in total or partial loss to property plant and equipment. The company has not assessed and provided for the actual loss on account of the above.	This has been suitably disclosed in the notes 2.3
l. We refer to note no. 2.5 to the standalone financial statement regarding capitalisation of land with restrictive covenants, received in settlement of receivables on sale of power of ₹174.61 crores and capitalised, which is in deviation with Ind AS 116 Property Plant & Equipment and Ind AS 113. Fair value measurement and the resulting impact if any on the value of land and income/ expenditure could not be ascertained.	As per the B.O(DB)No. 658/2020 (SOR/AMU-4/HTB1/102/ARREAR SETTLEMENT/2021) dated 03.11.2020, the Board of Directors in the meeting held on 14.10.2020 resolved to adjust the current charge arrears of Travancore Cochin Chemicals Ltd. amounting to ₹174.61 crores against the value of 8.0937 hectors of land transferred by TCCL to KSEBL. It was also decided that the arrear of current charge shall be the land value of the above land. Accordingly, the land value is taken in the books of accounts as ₹174.61 crores.
2.Regarding Capital work in Progress – a. Delay in accounting of labour bills and / or material costs relating to various works were observed resulting in non-recording of capital work in progress at the close of the year, as a result of which there is understatement of capital work in progress and corresponding liability.	The audit observation is noted. However, KSEB Ltd. is one of the best prompt payers in the Power sector, where the bills are being settled in time. No major cases of delay in payments is reported, which itself shows that the bill passing and accounting is being made in time. Stray cases if any cannot be generalised. However,instructions are being issued to the field units to avoid any delay in accounting pointed out by the audit.
b. The company is in the practice of capitalising the borrowing costs and employee costs directly attributable to the assets booked under capital work in progress without considering the date of completion / readiness for use of the asset resulting in understatement / overstatement of the carrying value of the Capital work in progress due to which the consequential effect on finance cost could not be ascertained. Further the methodology adopted by the	KSEB Ltd is following the rules, policies and standards prescribed in Electricity Supply Annual Accounts rules [ESAAR] 1985, saved as per Section 185(2) (d) of Electricity Act 2003 for capitalisation of expenditure. The capitalisation of expenditure is specified in following paras of Annexure III- Basic Accounting Policies and Principles in the ESAAR 1985, the relevant part are reproduced for easy reference.

company in computation of the borrowing cost on general borrowings on a year-to-year basis is only on the additions made to the capital work in progress in the year without considering the opening value of capital work in progress and capitalisation of asset made during the year. The impact of this irregularity on the cost of assets and finance cost could not be ascertained.	*"2.9 All employee costs in respect of the construction units shall be fully charged as cost of capital assets.* *2.11 All expenses in respect of construction units shall be fully charged as cost of Capital assets.* *2.94 Every year, a portion of the interest payable on the interest bearing borrowings which relate to financing of capital assets at construction stage i.e. till the point of commissioning of assets shall be computed in the manner prescribed in paragraph 1.42 Annexure V, if so directed by Central Government, be capitalized.* *2.95 The amount of interest so computed and capitalized shall be reduced from the amount of interest for the year and only the balance amount shall be chargeable to the Revenue Account for the year.* *Para 1.42 of Annexure V is as follows* *"1.42 In computing the interest on funds utilised during construction stage of capital assets, the following factors shall be taken into consideration:* *(1)The full amount of interest payable for the year would be considered for the purpose.* *(2) Arrears of interest shall not distort the computation of interest on funds utilized in construction as these arrears are required to be debited to a Restructuring Account and then adjusted to surplus/ losses.* *(3) In view of the difficulties in identifying a source to its use, no attempt shall be made for source-use identification.* *(4). The exercise of computation of capitalisable interest shall be carried out at the head office of the Board.* *(5)This exercise shall be carried out considering rupees in thousands only".* *Similarly, Para 1.4 & 1.5 of annexure V is as follows.* *1.4 Staff costs, material related expenses and other expenses which are chargeable to capital works shall be:* *(1)Identified to specific capital job wherever possible.*

	(2) Failing which, identified to a specific group of capital jobs wherever possible (and within the group allocated on an ad-valorem basis). (3)Failing which, identified to a project wherever possible (and allocated on an ad-valorem basis over various jobs within the project). (4)Failing which, allocated on an ad-valorem basis over various projects and various jobs within each project. Identification to one or more jobs should be done only if possible to identify without any allocation. In all other cases, ad-valorem allocation shall be adopted. 1.5 By ad- valorem basis is meant allocation of capitalisable expenses as a per cent of the capital expenditure incurred during the period on that job/ project (and not as a per cent of total capital expenditure on that job/ project including the expenditure incurred in the previous periods of allocation. KSEB Ltd is consistently following the above accounting policies prescribed. Accordingly, the expenditure incurred in construction ARUs are being fully capitalised by the ARU itself. In the case of other ARUs, where both capital and O&M works are being undertaken, the employee cost & expenditure is being capitalised at a pre-set percentage as below. Transmission 25% Distribution 14% Head Office Units 5% Similarly interest and finance charges is being capitalised at the head office as prescribed in the above accounting policies. These amounts are later allocated to the ARUs on the basis of actual capital expenditure incurred during the period for capitalisation in the concerned project/ assets.
c. We refer to note no. 4.1 to the standalone financial statement regarding abandoned projects included in the Capital Work in Progress. This has resulted in overstatement of CWIP and understatement of loss by ₹25.6 Crores.	As per note 4.1, the status of Achencovil SHEP, Athirapally HEP, Mananthavady Multi-Purpose project and LNG based Thermal Power Plant at Brahmapuram were detailed. As seen from the detailed status, some projects as suspended on account of various reasons. However, a detailed

	evaluation will be made in the next financial year and appropriate adjustments/ disclosures will be made.
3. The company is an implementing agency for the TransGrid 2.0 Project floated by the Government of Kerala and financed by Kerala Infrastructural Investment Fund Board (KIIFB). The tripartite agreement between company, power department and KIIFB is silent regarding the rights/liabilities with respect to the assets constructed under the project. The company has shown the asset acquired or constructed under the project as part of its Capital Work in Progress, amount funded by KIIFB as its liability and advance paid to contractors as its assets. In the absence of clarity as to the ownership of assets constructed or acquired for the project out of funds provided by KIIFB and the nature of amount received from KIIFB, we are not in a position to comment on the disclosure of assets and liabilities relating to TransGrid 2.0 Project in the balance sheet of the Company as on 31 March, 2021.	Steps have already been taken by Director (Transmission and System Operation) to get the Tripartite Agreement amended for proper accounting of assets created under Transgrid 2.0 project. In the meeting held on 17.11.2020 between Chairman & Managing Director, KSEB Ltd. and the Chief Executive Officer, KIIFB, it was agreed to make necessary amendments in the TPA to bring clarity on the ownership of the asset.
4. As per Section 71(4) of the Companies Act 2013 read with rule 18(7) of the Companies (Share Capital and Debentures) Rules 2014, the company is required to create a debenture redemption reserve (DRR) and a debenture redemption fund (DRF) with respect to bonds issued to the Kerala State Electricity Board Limited Employees' Pension and Gratuity Fund Trust on April 1, 2017 for meeting the terminal liabilities of employees. In the absence of profits, DRR has not been created. With respect to DRF, a sum not less than fifteen percent of the amount of its bonds maturing during the year ending on the 31st day of March of the next year has to be deposited/invested in a separate bank account or as prescribed in the said rules. However, company has not deposited/invested any amount towards DRF thereby resulting in non-compliance of Companies Act, 2013.	The bonds are issued to the Pension Master Trust as per the Government orders dated 31.10.2013 and 28.01.2015 in connection with the revesting of erstwhile KSE Board in to KSEB Ltd. Hence the issue of Bonds is similar to that of a private placement. The purpose of creating Master Trust and the issue of Bonds is to ensure the pension payments. The company is regularly providing funds to meet the pensionary claims of Master Trust and in effect is effectively meeting the purpose of the Bond issue. The company is in the process of making arrangements for the shortage of funds and the matter is under the consideration of Government of Kerala.

5. The company is developing ERP software for integrating all the operations and has incurred an amount of ₹ 8.16 crores and ₹13.44 crores during the year 2018-19 and 2019-20 respectively. The system development is still in process and is not ready for use at the close of the year. However, the company has capitalised this under intangible assets and charged amortisation on the cost from Financial Year 2019-20 which is in violation to the provisions of Ind AS 38 Intangible Assets. This has resulted in overstatement of amortisation expense by ₹3.24 Crores for the year and overstatement of carrying value of Intangible Assets by ₹13.89 crores.	The practice being followed in the case of capitalisation of Salary of employees deployed for the software development (ERP) was that the expenses incurred in this regard is treated as Intangible Asset. However, the above practice is dispensed from the year 2020-21 and the salary of employees engaged for the development of ERP is booked in the Capital Work in Progress till the roll out of ERP. The accounting treatment of the expenditure incurred in earlier years will be verified and accounting adjustments if any/ reclassification will be incorporated in the next financial year.
6. The company has neither framed any policy nor estimated any impairment loss due to Expected Credit Loss in accordance with the provisions of Ind AS 109 "Financial Instruments" in respect of the - i. long outstanding security deposits ₹26.76 Crores classified under loans (Non-current) ii. long outstanding advances given by the company amounting to ₹26.21 crores classified under Other financial assets - Non current In the absence of policy for determination of 'expected credit loss' on the financial assets, the impact on the value of aforementioned assets and its corresponding impairment loss could not be quantified.	It is true that the company has not formulated any policy for the impairment loss and hence Expected Credit Loss not done for any outstanding advances. i). The amount reported under the security deposits with authorities such as excise, telephone department, forest department, customs authorities, deposits with IEX and PXI etc. for projects, purchase of power etc. This will be verified in detail by the ARUs concerned and necessary adjustment entries if any required will be provided. ii), The major amount reported under the outstanding loan include the commitment advance given to the Ultra Mega Power Projects and Innovations. This has been disclosed in the Note no.9
7. The classification of trade receivables as unsecured, without considering the security deposit collected is not in accordance with the requirement of schedule III and in the absence of relevant information, the secured portion of trade receivables are unascertainable. Further, due to lack of detailed assessment of expected credit loss (ECL) of trade receivables we are unable to ascertain whether the allowance for bad and doubtful debts of `439.19 crores provided in the accounts is adequate or excess. Consequently, we are unable to comment on	The company is collecting the security deposits from the consumers as prescribed in the Electricity Supply Code. Hence the trade receivables are secured. The company has not created any additional provision for bad and doubtful debts during the year. The excess provisions made during 2008-09 is adjusted in the books of accounts and the provision is being made as per the policy adopted by the company disclosed in 1.9.2.1(f). However, the matter is being verified in detail.

its impact on the value of trade receivables disclosed in the financial statements and its consequential impact in statement of Profit and Loss.	
8. The company has recognised and disclosed the amount paid to the Forest Department towards the seigneorage value of trees amounting to ₹9.58 crores as "Security Deposits", which in our opinion, ought to have been expensed out or capitalised based on the nature of the projects / works for which such expenditure was incurred. This has resulted in overstatement of Loans and the understatement of carrying amount of assets under "Property, Plant & Equipment", "Depreciation / amortisation expenses", or the related expenses.	The seigneorage value is the compensation value given to the forest department for deforestation on account of the Hydro Electric Projects. At the time of payment to the forest department this amount has been booked by the ARU in the Deposit head under 28.9 and later transferred to the Capital Work in progress of the projects concerned. The non-transfer will be verified and direction will be issued to the field units to transfer the amount to the projects concerned in which the deposit has been made.
9. The company is not disclosing the amount receivable from Kerala Water Authority in annual instalments from 2021- 22 and 2022-23 amounting to ₹639.44 crores on account of sale of power at fair value in accordance with Ind AS 109 "Financial Instruments".	Government has agreed to take over the liability of Kerala Water Authority towards current charges up to the financial year 2018 and to release the same in four equal yearly instalments. The first two instalments due is already released in the financial year 2020-21. Government orders in this regard is already issued. The unpaid amount is shown as receivable in the books of KSEB Ltd.
10. The company is classifying all materials in stores as inventory without bifurcating the materials / stores meant for capital / revenue purposes. As per Ind AS 2 Inventories are either held for sale in the course of business or in the form of materials consumed in the process of rendering of service while all other materials meant for construction of fixed assets are to be grouped under capital work in progress / spares under Ind AS 116 Property Plant and Equipment. In the absence of details on the value of materials meant for capital purposes the understatement / overstatement of capital work in progress / spares and inventories could not be ascertained.	Noted. However due to the complex nature of materials and same item of materials are required for capital as well as repairs and maintenance, such segregation is possible only at the stage of usage of materials. Steps to sort out such inherent limitation in the power sector will be analysed.

11. In respect of cash & cash equivalents, the company has not provided proper reconciliations of various bank account balances reported in the accounts. Such unreconciled balances and long outstanding differences could result in overstatement or understatement of balances under "Cash and Cash Equivalents" and the balances under respective corresponding accounts.	In ARUs, two types of bank accounts are being maintained viz Collection accounts and disbursement accounts. The disbursements of the funds are being made through the operative accounts maintained at the head office as well as ARUs. All the disbursement accounts are properly reconciled. The collection accounts are in the nature of non-operative collection accounts, where only remittances are permitted. As per the agreement executed with banks, the entire amounts remitted into the collection accounts on a particular day have to be sweep transferred to the central collection account and then to the operative account maintained at head office on the same day itself. As per the agreement condition, the balance in collection account at the end of a particular day should be zero. All the central collection accounts are properly reconciled. As per the procedure in vogue, the reconciliation of collection accounts maintained at the ARUs are being made at the ARUs itself. Detailed circulars and directions has been given to the field units to prepare the proper reconciliation of bank balances. However it was noticed that a few Account Rendering Units were not submitted the bank reconciliation properly. This will be verified in detail by the internal audit wing.
12.The unreconciled balances in the transactions between the ARUs amounting to ₹78.05 crores (Previous year ₹50.98 crores) have been reported and recognised as "Inter Unit Balance" under "Other Current Assets", the details of which have not been provided to us. In the absence of adequate information, the impact of the above irregularity could not be quantified.	Inter Unit balance in the accounts consists of balance in the Account group 31 to 39 in the 139 ARUs of KSE Board. These Account group are being used for booking transaction between different Account Rendering Units (ARUs) as well as between ARUs and Head office. The balance of Inter unit transaction is amount booked in the 139 ARUs and it is available in the Trial balance of ARUs. The reconciliation of inter unit balance is a continuous process and the company is in the process of identifying and clearing the inter unit balances. It is true that there is lot of items to be identified and cleared in the inter unit balances. However due to the large number of transactions between the ARUs, the company was not able to clear the

	balances in full. The company is in the process of identifying and clearing inter unit balances by introducing online accounting system for the inter unit transactions and once the same in fully functional automatic inter unit reconciliation will occur.
13.The company has not provided a reconciliation of the amount classified under "Deposits for Electrification, Service Connection etc" amounting to 649.68 crores with the corresponding works pending for completion, for which such deposits have been collected from the consumers. In the absence of adequate information, its impact could not be quantified. Also, the company has classified the same under Other financial liabilities - Current instead of Other current liability.	The amount of work deposit under various schemes are being collected and accounted in the field units. Though centralised details of each transaction is not being maintained, the details of each transaction is available at the ARU in which the deposit is received and accounted. As per the procedure in vogue, the deposit amount collected and accounted under account group 47 is to be transferred to account group 55 on completion of the work and its capitalisation.
14.Pursuant to provisions of the Kerala Electricity Second Transfer Scheme (Re-Vesting) 2013, the company issued bonds to Kerala State Electricity Board Limited Employees' Pension and Gratuity Fund Trust on April 1, 2017 for meeting the terminal liabilities. As per the terms and conditions of the bond issue, the company has to repay the interest and principal value of bonds on 1st April of every year, failing which an additional interest @ 24% p.a. will be payable by the company. Though the payment made to the trust are not as per the repayment schedule and the amount paid is lesser than the actual liability payable, no provision had been made for the additional interest payable of `147.05 crores for the period 1 April 2018 to 31 March 2021. Consequent to this, the loss for the year is understated to the extent of `74.62 crores and the consequent understatement of liability.	The bonds to the Master Trust was issued on 01.04.2017. Even though the Pension Master Trust was formed during 2015-16, KSEB Ltd has been paying the pension payment amount to the Trust as per the requirement since 2015-16. As the approved revenue gaps is not yet allowed to be passed on to the consumers, KSEB Ltd. is meeting its cash requirements by availing loans in the form of short term/ overdrafts. However, KSEB Ltd. is ensuring to transfer enough funds to the Master Trust to make Pension payments promptly. Once the approved revenue gaps are realised, KSEB will be making the required contributions to the Master Trust. KSEB Ltd. is in the process of issuing further Bonds to the Master Trust for the additional liabilities and the matter is under consideration of Government of Kerala.
15.The company has neither determined nor recognised the deferred tax liabilities or deferred tax assets, if any, as required by the Ind AS 12 "Income Taxes", thereby understating the Deferred Tax Liability/Assets as may be applicable, and the corresponding impact on tax expenses.	Noted.

16.The Company has not provided the reconciliation in respect of Goods and Services Tax (GST) as per the books of accounts and the periodical returns filed. Hence the effect of such non-reconciliation, if any, on the liabilities and expenses could not be quantified.	GST being the newly introduced tax and only one centralised registration is there for the company. The GST collection is being made at respective ARUs and consolidated remittance is made from the head office on the basis of details reported by the ARUs. Separate account heads are issued to account the collection and remittances. Periodic reconciliation of the collected amount and remitted amounts are being carried out and GST audit for the financial year 2019-20 is already completed.
17.The company has not complied with the disclosure requirements as required by the Ind AS 107 “Financial Instruments: Disclosures”, thereby resulting in non-compliance of the disclosure requirements of the said accounting standard.	Noted.
18.We refer to note no 41 on financial impact of the contingent liabilities, on account of various claims / cases pending against the company before various courts / legal forums, the financial impact of the liabilities on account of various claims against the company before various legal forums, which are made available to us, estimated value of resultant liability could not be ascertained.	The company is having a dedicated legal department headed by a District Judge to look after the legal matters. The details of cases pending before various courts/ legal forums, including the quantum of dispute raised is made available to audit by the company.
19. Capital commitments on contracts remaining to be executed/ provided for our verification is incomplete due to the non-availability of information from various account rendering units and the resultant financial impact if any, on the future cash flow of the company could not be ascertained.	The commitments on contracts remaining to be executed is available with the respective agreement authorities/Account Rendering Units. The company is not having the practice of maintaining consolidated details of the above at head office.
20. As per accounting policy adopted by the company, in case of government grant/ contribution received from consumers related to an asset, grant/contribution is initially recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset. However, the company is recognising the income without considering the actual date of capitalisation of the related asset. This has resulted in overstatement of grant income and	With respect to the Grant received from Government, the company received grants for the Centrally Aided projects. the final grant release is normally based on the submission of completion certificate i.e after completion of the work. Hence the recognition of income is made after actual date of capitalisation. Regarding the contribution received from the consumers, the observation is noted for future guidance.

understatement of deferred income. Due to the non-availability of information, the impact could not be ascertained	
21. The company carries out power banking by procuring power from prospective traders and generators outside the state during summer months and returning the power procured in the monsoon season through a tendering process. The swapping of the power is carried out at a premium and with a pre-condition to reimburse in cash if the commitment is not met. The company is neither adjusting the cost of power in the books of accounts nor recognising its commitments at the close of the year. At the beginning of the financial year, the company had a commitment of 278.43 million units of power, entered into power banking arrangements for 125.95 million units and returned 334.82 million units during the year. At the end of the year the company has a closing commitment of 69.56 million units (including premium) with a pre-condition to compensate the trader at a rate of ₹4 per unit if the commitment is not met as per the terms. As per the power banking arrangements during the year the cost of power overstated could not be ascertained and liability for purchase of power is understated by ₹27.82 Crores.	Banking of Power/Swap occurs when utilities having excess generation capacity during a particular period export surplus power to utilities having power shortage for the same period on the understanding that the exported energy will be returned when the situation reverses (i.e. second utility having excess power and first utility require power). The power banking made during the year is properly disclosed in the notes to the accounts. Under Swap arrangements neither the exporting utility gets any amount for the export nor it pays any amount for the returned energy. In other words, as far as energy charges are concerned, no financial transaction is anticipated in swapping (banking) of power since neither sale nor purchase is involved. KSEBL has not defaulted any swapping agreements during the year.
22.The company has not complied with the provisions of Ind AS 116 with respect to accounting and disclosure of Leases. Due to the non-availability of information the impact could not be ascertained.	Noted.
23. The impact of the matters listed in Paras 1(a), 2(d), 5, 14 and 21 above has resulted in the understatement of the Loss for the year of the company and overstatement of the "Retained Earnings" of the company by ₹690.39 crores. Accordingly, in the Statement of Profit and Loss, the Loss before tax", Loss for the period from continuing operations, Loss for the year ought to have been ₹2,512.74 crores as against the currently reported loss of ₹1,822.35 crores, and the "Total Comprehensive expense for the period" ought to have been ₹3,174.54 crores	Please see the reply to audit para 1 a. The company has not provided the depreciation on the increased value of assets from the date of revesting (31.10.2013). Moreover electricity companies are working under Electricity Act 2003, which is having overriding effect over most of the Acts. As per the Electricity Act, tariff of the electricity determined by the respective state Electricity Regulatory Commission. As per the regulation of KSERC (Terms and Determination of Tariff) regulation 2018 para 27 no depreciation shall be allowed on increase in the value

as against the currently reported expense of ₹2,484.15 crores. The basic and diluted EPS for the year ought to have been ₹(7.18). In the absence of adequate information, the impact of the matters listed in other Paras under Basis of qualified opinion on the Loss for the year of the company and on the items disclosed in the Balance Sheet of the Company could not be ascertained and hence not disclosed.	of assets on account of revaluation of assets. Hence the depreciation on the enhanced value of fixed assets notified by the Government in connection with the re-vesting of KSEB Ltd is not being provided by KSEB Ltd. It is properly disclosed in the notes to accounts as such and the above policy is being followed consistently by KSEB Ltd. The reply of the company is provided against the audit para.

Sd/-
DIRECTOR(FINANCE)

REPLIES TO THE INDEPENDENT AUDIT REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENT OF THE KERALA STATE ELECTRICITY BOARD LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31ST MARCH 2021

AUDIT COMMENTS	REPLIES OF THE COMPANY
1.Regarding property plant and equipment – a. The parent company is not providing depreciation on property, plant, and equipment of value ₹10,712 crores since 2013-14 resulting in understatement of depreciation of ₹565.59 crores for the year and overstatement of carrying value of property, plant, and equipment by ₹4,193.13 crores.	Vide G.O(P) No.46/2013/PD dated 31 October 2013 published in Kerala Gazette dated 31st October 2013, the Government of Kerala revested all the Assets and liabilities of the erstwhile KSE Board in the new company Kerala State Electricity Board limited. The Government of Kerala notified the final transfer scheme vide G.O.(P) No.3/2015/PD dated 28.01.2015 by issuing the opening Balance Sheet for the company as on 01.11.2013. In the Balance sheet, the value of Plant and Machinery was notified as ₹15264 Cr against the closing balance as on 31.10.2013 amounting to ₹4552 Cr. Hence the value of Plant and Machinery was increased by ₹10712 Cr as part of the creation of pension fund. KSEB Ltd. is working under Electricity Act 2003, which is having overriding effect over most of the Acts. As per the Electricity Act, tariff of the electricity is determined by the respective state Electricity Regulatory Commission. As per the regulation of KSERC (Terms and Determination of Tariff) regulation 2018 para 27, no depreciation shall be allowed on increase in the value of assets on account of revaluation of assets. Hence the depreciation on the enhanced value of fixed assets notified by the Government in connection with the re-vesting of KSEB Ltd is not being provided by KSEB Ltd. It is properly disclosed in the notes to accounts as such and the above policy is being followed consistently by KSEB Ltd
b. The parent company has not made available, the records relating to the landed properties held by it including the title deeds, present ownership details etc. for audit. Therefore, we are unable to comment on the existence, ownership and possession of such landed properties held by it.	KSEB Ltd. is having land and land rights with book value of ₹2033.79 crores as on 31.03.2021 which is spread across Kerala. The land is accounted in various ARUs and is under the control of various ARU Officers. As KSEB Ltd possess various types of lands such as patta land, non patta land, forest land etc. it may not be possible to have full title deeds of such lands in full shape at head office of the company. However, the company is in the process of

	updating the records centrally by constituting a dedicated Land Management Unit under a retired Officer from Revenue Department. Reasonable internal control is being exercised over the landed property held by the company.
c. In the absence of the details of immovable properties held by the parent company, we are unable to comment on the compliance of Ind AS 40 “Investment Property”.	Though the immovable properties are accounted at cost at the ARUs across Kerala where it is constructed, it is true that the centralised item wise details are not available in the Head Office due to lack of Centralised Fixed Asset register. The company is in the stage of roll out of the centralised software to capture details and update the Fixed Asset register.
d. The parent company is not following the ‘componentisation approach’ for accounting as mentioned in Ind AS 16 Property, Plant and Equipment. The consequent impact, on such non-compliance on carrying amount of individual assets and the corresponding depreciation / amortisation could not be ascertained.	The company is in the final stage of roll out of the centralised software to capture details and update the Fixed Asset register. It is being verified whether “Componentisation approach” can be followed for accounting of depreciation / amortisation under Property, Plant and Equipment due to the complex nature of assets in the power generation, transmission and distribution industry.
e. In many cases, the assets of the parent company are capitalised on approval of corresponding work bills for payment / financial closure which is after the date on which the assets are ready for use as against guidelines for capitalisation of assets in Ind AS 16 Property, Plant and Equipment, leading to delay in the recognition of assets and liabilities. The consequent understatement on the carrying amount of property, plant and equipment and depreciation expenses could not be ascertained.	The company is having a detailed manual on Commercial Accounting System VOLUME III – 'Capital Expenditure and Fixed Asset’ to establish consistent and effective policies and procedures in the area of capital expenditure and fixed assets accounting at all levels in the Company. In addition, the company vide Letter No.609/Annual Accounts/2017-18 had directed all Account Rendering Units to follow the ready to use concept in line with the Ind AS -16 without considering the commissioning of the project. It may be noted that generally the commissioning date and ready to use date will be one and the same.
f. The parent company is not following the practice of derecognizing the property, plant and equipment sold, exchanged, damaged, discarded or abandoned. The realised value on sale of such assets are credited to the statement of profit and loss as other income and in the case of replacement of assets the cost incurred is charged to the statement of profit and loss as repairs and maintenance. The impact due	

to non-derecognition of the property, plant and equipment on the depreciation expenses, repairs and maintenance, other operating income and carrying value of property, plant and equipment could not be ascertained which is not in accordance of the requirements of Ind AS 16 "Property, Plant & Equipment".	As per the accounting procedure followed by the company, whenever the assets are decommissioned, the fixed assets are to be withdrawn. The issue will be addressed once the digitalisation of Fixed Assets Register will be completed.
g. The parent company has capitalised the borrowing cost on non-qualifying assets in violation of Ind AS 23 "Borrowing Costs" resulting in over-statement/under-statement of the carrying value of the Property, plant and equipment and the consequential effect on depreciation expenses and finance costs which could not be ascertained.	As per the accounting procedure regularly followed by the company, the borrowing cost is being booked in the capital work in progress on the basis of expenditure incurred during the year. The interest and borrowing cost booked in the Capital work in progress is being capitalised on the basis of completion of the work or shall be capitalised in the year in which the project is completed and capitalised. However, this will be verified in detail for corrective action in future.
h. As per the accounting policy adopted by the parent company, decommissioning liability is recognized at the rate of 0.1% on the cost of additions of specified assets without considering present value of the future liability for decommissioning resulting in overstatement/ understatement of decommissioning liability and the carrying amounts of property, plant & equipment which is not in accordance of the requirements of Ind AS 16 "Property, Plant & Equipment".	The decommissioning liability is recognised by the company @ 0.1% as per the B.O. D (F) No.34/2018(Annual Accounts/Ind As 2016-17/2017-18) dated 04.01.2018. The rate was fixed after a detailed internal discussion with the technical experts and considering the complexities in the nature as well as life of assets and the complexities in the electricity sector. An estimated decommissioning liability was fixed and the same has been provided as decommissioning liability on adoption of Ind AS in the company and to comply with the Ind AS 16.
i. The parent company has not recognised any provision for impairment of assets. As the basis for such conclusion has not been made available to us, we are unable to comment on the compliance with Ind AS 36 "Impairment of Assets" and its possible effect on the assets / liabilities, if any.	The impairment of assets has not been done and hence no provision was made.
j. The accounting principles and policies formulated by the parent company for classifying the costs incurred for various works into capital and revenue expenditures were not applied consistently resulting in under / over statement of assets and expenditure of the parent company.	The company is having detailed manuals on Commercial Accounting Systems where the accounting policies and procedure to be followed are detailed. In the Manuals the criteria followed for the classification of the capital and revenue expenditure has been detailed.

	Moreover, direction has been given to the field units in various regional meetings and training programmes for proper classification of capital and revenue expenditure. However, this will be verified.
K. We refer to note no. 2.3 to the consolidated financial statement regarding severe damages caused to the assets of the parent company in the flood affected areas, resulting in total or partial loss to property plant and equipment. The parent company has not assessed and provided for the actual loss on account of the above.	This has been suitably disclosed in the notes 2.3
l. We refer to note no. 2.5 to the consolidated financial statement regarding capitalisation of land with restrictive covenants, received in settlement of receivables on sale of power of ₹174.61 crores and capitalised, which is in deviation with Ind AS 116 Property Plant & Equipment and Ind AS 113. Fair value measurement and the resulting impact if any on the value of land and income/ expenditure could not be ascertained.	As per the B.O(DB)No. 658/2020 (SOR/AMU-4/ HTB1/102/ARREAR SETTLEMENT/2021) dated 03.11.2020, the Board of Directors in the meeting held on 14.10.2020 resolved to adjust the current charge arrears of Travancore Cochin Chemicals Ltd. amounting to ₹174.61 crores against the value of 8.0937 hectors of land transferred by TCCL to KSEBL. It was also decided that the arrear of current charge shall be the land value of the above land. Accordingly, the land value is taken in the books of accounts as ₹174.61 crores.
2.Regarding Capital work in Progress – a. Delay in accounting of labour bills and / or material costs relating to various works were observed resulting in non-recording of capital work in progress at the close of the year, as a result of which there is understatement of capital work in progress and corresponding liability.	The audit observation is noted. However, KSEB Ltd. is one of the best prompt payers in the Power sector, where the bills are being settled in time. No major cases of delay in payments is reported, which itself shows that the bill passing and accounting is being made in time. Stray cases if any cannot be generalised. However, instructions are being issued to the field units to avoid any delay in accounting pointed out by the audit.
b. The parent company is in the practice of capitalising the borrowing costs and employee costs directly attributable to the assets booked under capital work in progress without considering the date of completion / readiness for use of the asset resulting in understatement / overstatement of the carrying value of the Capital work in progress due to which the consequential effect on finance cost could not be ascertained. Further the methodology adopted by the parent company in computation	

of the borrowing cost on general borrowings on a year-to-year basis is only on the additions made to the capital work in progress in the year without considering the opening value of capital work in progress and capitalisation of asset made during the year. The impact of this irregularity on the cost of assets and finance cost could not be ascertained.	KSEB Ltd is following the rules, policies and standards prescribed in Electricity Supply Annual Accounts rules [ESAAR] 1985, saved as per Section 185(2) (d) of Electricity Act 2003 for capitalisation of expenditure. The capitalisation of expenditure is specified in following paras of Annexure III- Basic Accounting Policies and Principles in the ESAAR 1985, the relevant part are reproduced for easy reference. “2.9 All employee costs in respect of the construction units shall be fully charged as cost of capital assets. 2.11 All expenses in respect of construction units shall be fully charged as cost of Capital assets. 2.94 Every year, a portion of the interest payable on the interest bearing borrowings which relate to financing of capital assets at construction stage i.e. till the point of commissioning of assets shall be computed in the manner prescribed in paragraph 1.42 Annexure V, if so directed by Central Government, be capitalized. 2.95 The amount of interest so computed and capitalized shall be reduced from the amount of interest for the year and only the balance amount shall be chargeable to the Revenue Account for the year. Para 1.42 of Annexure V is as follows “1.42 In computing the interest on funds utilised during construction stage of capital assets, the following factors shall be taken into consideration: (1)The full amount of interest payable for the year would be considered for the purpose. (2) Arrears of interest shall not distort the computation of interest on funds utilized in construction as these arrears are required to be debited to a Restructuring Account and then adjusted to surplus/ losses. (3) In view of the difficulties in identifying a source to its use, no attempt shall be made for source-use identification.

	(4). The exercise of computation of capitalisable interest shall be carried out at the head office of the Board. (5)This exercise shall be carried out considering rupees in thousands only". Similarly, Para 1.4 & 1.5 of annexure V is as follows. 1.4 Staff costs, material related expenses and other expenses which are chargeable to capital works shall be: (1)Identified to specific capital job wherever possible. (2) Failing which, identified to a specific group of capital jobs wherever possible (and within the group allocated on an ad-valorem basis). (3)Failing which, identified to a project wherever possible (and allocated on an ad-valorem basis over various jobs within the project). (4)Failing which, allocated on an ad-valorem basis over various projects and various jobs within each project. Identification to one or more jobs should be done only if possible to identify without any allocation. In all other cases, ad-valorem allocation shall be adopted. 1.5 By ad- valorem basis is meant allocation of capitalisable expenses as a per cent of the capital expenditure incurred during the period on that job/ project (and not as a per cent of total capital expenditure on that job/ project including the expenditure including the expenditure incurred in the previous periods of allocation. KSEB Ltd is consistently following the above accounting policies prescribed. Accordingly, the expenditure incurred in construction ARUs are being fully capitalised by the ARU itself. In the case of other ARUs, where both capital and O&M works are being undertaken, the employee cost & expenditure is being capitalised at a pre-set percentage as below. Transmission 25% Distribution 14% Head Office Units 5%

	Similarly interest and finance charges is being capitalised at the head office as prescribed in the above accounting policies. These amounts are later allocated to the ARUs on the basis of actual capital expenditure incurred during the period for capitalisation in the concerned project/ assets.
c. We refer to note no. 4.1 to the consolidated financial statement regarding abandoned projects included in the Capital Work in Progress. This has resulted in overstatement of CWIP and understatement of loss by ₹25.6 Crores.	As per note 4.1, the status of Achencovil SHEP, Athirapally HEP, Mananthavady Multi-Purpose project and LNG based Thermal Power Plant at Brahmapuram were detailed. As seen from the detailed status, some projects as suspended on account of various reasons. However, a detailed evaluation will be made in the next financial year and appropriate adjustments/ disclosures will be made.
3. The parent company is an implementing agency for the TransGrid 2.0 Project floated by the Government of Kerala and financed by Kerala Infrastructural Investment Fund Board (KIIFB). The tripartite agreement between parent company, power department and KIIFB is silent regarding the rights/liabilities with respect to the assets constructed under the project. The parent company has shown the asset acquired or constructed under the project as part of its Capital Work in Progress, amount funded by KIIFB as its liability and advance paid to contractors as its assets. In the absence of clarity as to the ownership of assets constructed or acquired for the project out of funds provided by KIIFB and the nature of amount received from KIIFB, we are not in a position to comment on the disclosure of assets and liabilities relating to TransGrid 2.0 Project in the balance sheet of the Parent company as on 31 March, 2021.	Steps have already been taken by Director (Transmission and System Operation) to get the Tripartite Agreement amended for proper accounting of assets created under Transgrid 2.0 project. In the meeting held on 17.11.2020 between Chairman & Managing Director, KSEB Ltd. and the Chief Executive Officer, KIIFB, it was agreed to make necessary amendments in the TPA to bring clarity on the ownership of the asset.
4. As per Section 71(4) of the Companies Act 2013 read with rule 18(7) of the Companies (Share Capital and Debentures) Rules 2014, the parent company is required to create a debenture redemption reserve (DRR) and a debenture redemption fund (DRF) with respect to bonds issued to the Kerala State Electricity Board Limited Employees' Pension and Gratuity Fund Trust on April 1,	The bonds are issued to the Pension Master Trust as per the Government orders dated 31.10.2013 and 28.01.2015 in connection with the revesting of erstwhile KSE Board in to KSEB Ltd. Hence the issue of Bonds is similar to that of a private placement. The purpose of creating Master Trust and the issue of Bonds is to ensure the pension payments. The company is

2017 for meeting the terminal liabilities of employees. In the absence of profits, DRR has not been created. With respect to DRF, a sum not less than fifteen percent of the amount of its bonds maturing during the year ending on the 31st day of March of the next year has to be deposited/invested in a separate bank account or as prescribed in the said rules. However, company has not deposited/invested any amount towards DRF thereby resulting in non-compliance of Companies Act, 2013.	regularly providing funds to meet the pensionary claims of Master Trust and in effect is effectively meeting the purpose of the Bond issue. The company is in the process of making arrangements for the shortage of funds and the matter is under the consideration of Government of Kerala.
5. The parent company is developing ERP software for integrating all the operations and has incurred an amount of ₹ 8.16 crores and ₹13.44 crores during the year 2018-19 and 2019-20 respectively. The system development is still in process and is not ready for use at the close of the year. However, the parent company has capitalised this under intangible assets and charged amortisation on the cost from Financial Year 2019-20 which is in violation to the provisions of Ind AS 38 Intangible Assets. This has resulted in overstatement of amortisation expense by ₹3.24 Crores for the year and overstatement of carrying value of Intangible Assets by ₹13.89 crores.	The practice being followed in the case of capitalisation of Salary of employees deployed for the software development (ERP) was that the expenses incurred in this regard is treated as Intangible Asset. However, the above practice is dispensed from the year 2020-21 and the salary of employees engaged for the development of ERP is booked in the Capital Work in Progress till the roll out of ERP. The accounting treatment of the expenditure incurred in earlier years will be verified and accounting adjustments if any/ reclassification will be incorporated in the next financial year.
6. The parent company has neither framed any policy nor estimated any impairment loss due to Expected Credit Loss in accordance with the provisions of Ind AS 109 "Financial Instruments" in respect of the - i. long outstanding security deposits ₹26.76 Crores classified under loans (Non-current) ii. long outstanding advances given by the company amounting to ₹26.21 crores classified under Other financial assets - Non current In the absence of policy for determination of 'expected credit loss' on the financial assets, the impact on the value of aforementioned assets and its corresponding impairment loss could not be quantified.	It is true that the company has not formulated any policy for the impairment loss and hence Expected Credit Loss not done for any outstanding advances. i). The amount reported under the security deposits with authorities such as excise, telephone department, forest department, customs authorities, deposits with IEX and PXI etc. for projects, purchase of power etc. This will be verified in detail by the ARUs concerned and necessary adjustment entries if any required will be provided. ii), The major amount reported under the outstanding loan include the commitment advance given to the Ultra Mega Power Projects and Innovations. This has been disclosed in the Note no.9

7. The classification of trade receivables as unsecured, without considering the security deposit collected is not in accordance with the requirement of schedule III and in the absence of relevant information, the secured portion of trade receivables are unascertainable. Further, due to lack of detailed assessment of expected credit loss (ECL) of trade receivables we are unable to ascertain whether the allowance for bad and doubtful debts of `439.19 crores provided in the accounts is adequate or excess. Consequently, we are unable to comment on its impact on the value of trade receivables disclosed in the financial statements and its consequential impact in statement of Profit and Loss.	The company is collecting the security deposits from the consumers as prescribed in the Electricity Supply Code. Hence the trade receivables are secured. The company has not created any additional provision for bad and doubtful debts during the year. The excess provisions made during 2008-09 is adjusted in the books of accounts and the provision is being made as per the policy adopted by the company disclosed in 1.9.2.1(f). However, the matter is being verified in detail.
8. The parent company has recognised and disclosed the amount paid to the Forest Department towards the seigneorage value of trees amounting to ₹9.58 crores as "Security Deposits", which in our opinion, ought to have been expensed out or capitalised based on the nature of the projects / works for which such expenditure was incurred. This has resulted in overstatement of Loans and the understatement of carrying amount of assets under "Property, Plant & Equipment", "Depreciation / amortisation expenses", or the related expenses.	The seigneorage value is the compensation value given to the forest department for deforestation on account of the Hydro Electric Projects. At the time of payment to the forest department this amount has been booked by the ARU in the Deposit head under 28.9 and later transferred to the Capital Work in progress of the projects concerned. The non-transfer will be verified and direction will be issued to the field units to transfer the amount to the projects concerned in which the deposit has been made.
9. The parent company is not disclosing the amount receivable from Kerala Water Authority in annual instalments from 2021- 22 and 2022-23 amounting to ₹639.44 crores on account of sale of power at fair value in accordance with Ind AS 109 "Financial Instruments".	Government has agreed to take over the liability of Kerala Water Authority towards current charges up to the financial year 2018 and to release the same in four equal yearly instalments. The first two instalments due is already released in the financial year 2020-21. Government orders in this regard is already issued. The unpaid amount is shown as receivable in the books of KSEB Ltd.
10. The parent company is classifying all materials in stores as inventory without bifurcating the materials / stores meant for capital / revenue purposes. As per Ind AS 2 Inventories are either held for sale in the course of business or in the form of materials consumed in the process of rendering of service while all other materials	Noted. However due to the complex nature of materials and same item of materials are required for capital as well as repairs and maintenance, such segregation is possible only at the stage of usage of materials. Steps to sort out such inherent limitation in the power sector will be analysed.

meant for construction of fixed assets are to be grouped under capital work in progress / spares under Ind AS 116 Property Plant and Equipment. In the absence of details on the value of materials meant for capital purposes the understatement / overstatement of capital work in progress / spares and inventories could not be ascertained.	
11. In respect of cash & cash equivalents, the parent company has not provided proper reconciliations of various bank account balances reported in the accounts. Such un-reconciled balances and long outstanding differences could result in overstatement or understatement of balances under “Cash and Cash Equivalents” and the balances under respective corresponding accounts.	In ARUs, two types of bank accounts are being maintained viz Collection accounts and disbursement accounts. The disbursements of the funds are being made through the operative accounts maintained at the head office as well as ARUs. All the disbursement accounts are properly reconciled. The collection accounts are in the nature of non-operative collection accounts, where only remittances are permitted. As per the agreement executed with banks, the entire amounts remitted into the collection accounts on a particular day have to be sweep transferred to the central collection account and then to the operative account maintained at head office on the same day itself. As per the agreement condition, the balance in collection account at the end of a particular day should be zero. All the central collection accounts are properly reconciled. As per the procedure in vogue, the reconciliation of collection accounts maintained at the ARUs are being made at the ARUs itself. Detailed circulars and directions has been given to the field units to prepare the proper reconciliation of bank balances. However it was noticed that a few Account Rendering Units were not submitted the bank reconciliation properly. This will be verified in detail by the internal audit wing.
12.The unreconciled balances in the transactions between the ARUs amounting to ₹78.05 crores (Previous year ₹50.98 crores) have been reported and recognised as “Inter Unit Balance” under “Other Current Assets”, the details of which have not been provided to us. In the absence of adequate information, the impact of the above irregularity could not be quantified.	Inter Unit balance in the accounts consists of balance in the Account group 31 to 39 in the 139 ARUs of KSE Board. These Account group are being used for booking transaction between different Account Rendering Units (ARUs) as well as between ARUs and Head office. The balance of Inter unit transaction is amount booked in the 139 ARUs and it is available in

	the Trial balance of ARUs. The reconciliation of inter unit balance is a continuous process and the company is in the process of identifying and clearing the inter unit balances. It is true that there is lot of items to be identified and cleared in the inter unit balances. However due to the large number of transactions between the ARUs, the company was not able to clear the balances in full. The company is in the process of identifying and clearing inter unit balances by introducing online accounting system for the inter unit transactions and once the same in fully functional automatic inter unit reconciliation will occur.
13.The parent company has not provided a reconciliation of the amount classified under "Deposits for Electrification, Service Connection etc" amounting to 649.68 crores with the corresponding works pending for completion, for which such deposits have been collected from the consumers. In the absence of adequate information, its impact could not be quantified. Also, the parent company has classified the same under Other financial liabilities - Current instead of Other current liability.	The amount of work deposit under various schemes are being collected and accounted in the field units. Though centralised details of each transaction is not being maintained, the details of each transaction is available at the ARU in which the deposit is received and accounted. As per the procedure in vogue, the deposit amount collected and accounted under account group 47 is to be transferred to account group 55 on completion of the work and its capitalisation.
14.Pursuant to provisions of the Kerala Electricity Second Transfer Scheme (Re-Vesting) 2013, the parent company issued bonds to Kerala State Electricity Board Limited Employees' Pension and Gratuity Fund Trust on April 1, 2017 for meeting the terminal liabilities. As per the terms and conditions of the bond issue, the parent company has to repay the interest and principal value of bonds on 1st April of every year, failing which an additional interest @ 24% p.a. will be payable by the parent company. Though the payment made to the trust are not as per the repayment schedule and the amount paid is lesser than the actual liability payable, no provision had been made for the additional interest payable of ₹147.05 crores for the period 1 April 2018 to 31 March 2021. Consequent to this, the loss for the year is understated to the extent of ₹74.62 crores and the consequent understatement of liability.	The bonds to the Master Trust was issued on 01.04.2017. Even though the Pension Master Trust was formed during 2015-16, KSEB Ltd has been paying the pension payment amount to the Trust as per the requirement since 2015-16. As the approved revenue gaps is not yet allowed to be passed on to the consumers, KSEB Ltd. is meeting its cash requirements by availing loans in the form of short term/ overdrafts. However, KSEB Ltd. is ensuring to transfer enough funds to the Master Trust to make Pension payments promptly. Once the approved revenue gaps are realised, KSEB will be making the required contributions to the Master Trust. KSEB Ltd. is in the process of issuing further Bonds to the Master Trust for the additional liabilities and the matter is under consideration of Government of Kerala.

15. The parent company has neither determined nor recognised the deferred tax liabilities or deferred tax assets, if any, as required by the Ind AS 12 “Income Taxes”, thereby understating the Deferred Tax Liability/Assets as may be applicable, and the corresponding impact on tax expenses.	Noted.
16. The parent company has not provided the reconciliation in respect of Goods and Services Tax (GST) as per the books of accounts and the periodical returns filed. Hence the effect of such non-reconciliation, if any, on the liabilities and expenses could not be quantified.	GST being the newly introduced tax and only one centralised registration is there for the company. The GST collection is being made at respective ARUs and consolidated remittance is made from the head office on the basis of details reported by the ARUs. Separate account heads are issued to account the collection and remittances. Periodic reconciliation of the collected amount and remitted amounts are being carried out and GST audit for the financial year 2019-20 is already completed.
17. The parent company has not complied with the disclosure requirements as required by the Ind AS 107 “Financial Instruments: Disclosures”, thereby resulting in non-compliance of the disclosure requirements of the said accounting standard.	Noted.
18.We refer to note no 41 on financial impact of the contingent liabilities, on account of various claims / cases pending against the parent company before various courts / legal forums, the financial impact of the liabilities on account of various claims against the company before various legal forums, which are made available to us, estimated value of resultant liability could not be ascertained.	The company is having a dedicated legal department headed by a District Judge to look after the legal matters. The details of cases pending before various courts/ legal forums, including the quantum of dispute raised is made available to audit by the company.
19. Capital commitments on contracts remaining to be executed/ provided for our verification is incomplete due to the non-availability of information from various account rendering units and the resultant financial impact if any, on the future cash flow of the parent company could not be ascertained.	The commitments on contracts remaining to be executed is available with the respective agreement authorities/Account Rendering Units. The company is not having the practice of maintaining consolidated details of the above at head office.

20. As per accounting policy adopted by the parent company, in case of government grant/ contribution received from consumers related to an asset, grant/contribution is initially recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset. However, the parent company is recognising the income without considering the actual date of capitalisation of the related asset. This has resulted in overstatement of grant income and understatement of deferred income. Due to the non-availability of information, the impact could not be ascertained.	With respect to the Grant received from Government, the company has received grants for the Centrally Aided projects. the final grant release is normally based on the submission of completion certificate i.e after completion of the work. Hence the recognition of income is made after actual date of capitalisation. Regarding the contribution received from the consumers, the observation is noted for future guidance.
21. The parent company carries out power banking by procuring power from prospective traders and generators outside the state during summer months and returning the power procured in the monsoon season through a tendering process. The swapping of the power is carried out at a premium and with a pre-condition to reimburse in cash if the commitment is not met. The parent company is neither adjusting the cost of power in the books of accounts nor recognising its commitments at the close of the year. At the beginning of the financial year, the parent company had a commitment of 278.43 million units of power, entered into power banking arrangements for 125.95 million units and returned 334.82 million units during the year. At the end of the year the parent company has a closing commitment of 69.56 million units (including premium) with a pre-condition to compensate the trader at a rate of ₹4 per unit if the commitment is not met as per the terms. As per the power banking arrangements during the year the cost of power overstated could not be ascertained and liability for purchase of power is understated by ₹27.82 Crores.	Banking of Power/Swap occurs when utilities having excess generation capacity during a particular period export surplus power to utilities having power shortage for the same period on the understanding that the exported energy will be returned when the situation reverses (i.e. second utility having excess power and first utility require power). The power banking made during the year is properly disclosed in the notes to the accounts. Under Swap arrangements neither the exporting utility gets any amount for the export nor it pays any amount for the returned energy. In other words, as far as energy charges are concerned, no financial transaction is anticipated in swapping (banking) of power since neither sale nor purchase is involved. KSEBL has not defaulted any swapping agreements during the year.
22. The parent company has not complied with the provisions of Ind AS 116 with respect to accounting and disclosure of Leases. Due to the non-availability of information the impact could not be ascertained.	Noted.

23. The impact of the matters listed in Paras 1(a), 2(d), 5, 14 and 21 above has resulted in the understatement of the Loss for the year of the company and overstatement of the "Retained Earnings" of the company by ₹690.39 crores. Accordingly, in the Statement of Profit and Loss, the Loss before tax", Loss for the period from continuing operations, Loss for the year ought to have been ₹2,507.23 crores as against the currently reported loss of ₹1,816.84 crores, and the "Total Comprehensive expense for the period" ought to have been ₹3,169.03 crores as against the currently reported expense of ₹2,478.64 crores. The basic and diluted EPS for the year ought to have been ₹(7.17). In the absence of adequate information, the impact of the matters listed in other Paras under Basis of qualified opinion on the Loss for the year of the company and on the items disclosed in the Balance Sheet of the Company could not be ascertained and hence not disclosed.	Please see the reply to audit para 1 a. The company has not provided the depreciation on the increased value of assets from the date of revesting (31.10.2013). Moreover, electricity companies are working under Electricity Act 2003, which is having overriding effect over most of the Acts. As per the Electricity Act, tariff of the electricity determined by the respective state Electricity Regulatory Commission. As per the regulation of KSERC (Terms and Determination of Tariff) regulation 2018 para 27, no depreciation shall be allowed on increase in the value of assets on account of revaluation of assets. Hence the depreciation on the enhanced value of fixed assets notified by the Government in connection with the re-vesting of KSEB Ltd is not being provided by KSEB Ltd. It is properly disclosed in the notes to accounts as such and the above policy is being followed consistently by KSEB Ltd. The reply of the company is provided against the audit para.

Sd/-
DIRECTOR (FINANCE)

KSEB

KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

CIN : U40100KL2011SGC027424

Reg. Office : Vydyuthi Bhavanam, Pattom,Thiruvananthapuram – 695004, Kerala.

No: CS.24 / KSEBL-Secretarial Auditor/2020-21 Date : 27.10.2021

REPLIES OF THE MANANGEMENT
TO THE OBSERVATIONS IN THE AUDIT REPORT DATED 27.10.2021
OF M/s PI & ASSOCIATES, SECRETARIAL AUDITOR FOR THE YEAR – 2020-21.

Sl. No.	Query	Response
1	The Company has appointed only one Independent Director.	During 2020-21, only one Independent Director was appointed by the Government of Kerala, the appointing authority. The Government in Power Department has already been requested for appointment of required number of Independent Directors videKSEBL letters from the Chairman & Managing Director to Power Department dated 03/05/2016 and continuation letters thereafter dated, 07/02/2017, 22/03/2018, 08/06/2020, 23.01.2021, 28.04.2021 and 1.6.2021. The Chief Secretary, Government of Kerala has also given instructions in the meeting convened by him on 30.03.2021, to initiate necessary steps for appointment of required number of Independent Directors as per the Companies Act, 2013 to the Board of KSEBL to comply with the Corporate Governance Guidelines.
2	The composition of Audit Committee is not in conformity with Section 177(2) of the Companies Act.	Once the appointment of required number of Independent Directors is made by the Government, the Audit Committee could be reconstituted with majority of Independent Directors.
3	The Company has not constituted Nomination and Remuneration Committee as per Section 178(1) of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014.	For permanent employees at the entry level other than compassionate and sports quota recruitment are done through Kerala Public Service Commission (KPSC) as per the KPSC(Additional Functions) Act and Rules. Service Rules applicable to the

		Government Employees viz., KSR, KS&SSR etc. are made applicable to the employees of the company. Promotion to Officer cadre is done on the basis of recommendations of the Departmental Promotion Committee (DPC) in line with KS&SSR and all other promotions are based on seniority. For workmen category, wages and other conditions of services are decided through wage negotiation process between recognized trade unions and the management as per the Industrial Disputes Act, 1947. KSEBL has availed the service of an external expert Committee headed by Sri. James K. Joseph (Rtd. Accountant General) on 30.01.2021 to arrive at optimal package of salary and allowances and related service conditions in respect of employees of the company. In view of the above, a separate Nomination and Remuneration Committee has not been constituted in the company. Moreover, during 2020-21, only one Independent Director was appointed by the Government of Kerala. Once the appointment of required number of Independent Directors is made by the Government, action would be taken in due course to constitute Nomination and Remuneration Committee as per the requirement under the Companies Act, 2013.

Sd/-
DIRECTOR (FINANCE)

Kerala State Electricity Board Limited

Standalone Balance Sheet as at 31 March 2021

₹ in Crores

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Assets			
Non current assets			
Property, Plant and Equipment	2	24,090.83	22,491.82
Capital work-in-progress	4	4,131.67	3,735.06
Other Intangible Assets	3	32.37	25.72
Intangible assets under development	5	31.06	14.97
Financial Assets			
Investments	6	20.49	20.49
Trade receivables	7	407.77	739.44
Loans	8	26.76	21.78
Others	9	2,139.11	2951.27
Non current tax assets (net)	10	24.25	22.17
Other non-current assets	11	330.88	290.08
Total non current assets		**31,235.19**	**30,312.80**
Current assets			
Inventories	12	684.96	808.86
Financial Assets			
Trade receivables	13	2,118.93	1,822.04
Cash and cash equivalents	14	250.39	149.37
Bank balances Other than Cash Equivalents	15	180.98	143.67
Other financial assets	16	3.82	113.72
Other current assets	17	1,203.62	1,004.65
Total current assets		**4,442.70**	**4,042.31**
Total Assets		**35,677.89**	**34,355.11**
Equities and Liabilities			
Equity			
Equity Share capital	18	3,499.05	3,499.05
Other Equity	19	(14,588.58)	(12,104.43)
Total Equity		**(11,089.53)**	**(8,605.38)**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	20	15,716.79	15,836.58
Other Financial Liabilities	21	4,433.19	3,937.54
Provisions	22	12,294.98	10,285.92

Other non-current liabilities	23	3,577.13	3,048.23
Total Non-Current Liabilities		**36,022.09**	**33,108.27**
Current liabilities			
Financial Liabilities			
Borrowings	24	2,385.95	2,912.44
Trade payables	25		
Total outstanding dues of micro enterprises and small enterprises		1.76	6.43
Total outstanding dues of trade payables other than micro enterprises and small enterprises		2,100.32	1,985.25
Other financial liabilities	26	3,432.75	3,071.29
Provisions	27	2,824.55	1,876.81
Total current liabilities		**10,745.33**	**9,852.22**
Total liabilities		**46,767.42**	**42,960.49**
Total equity and liabilities		**35,677.89**	**34,355.11**

The accompanying notes are an integral part of the Standalone Financial Statements.
For and on behalf of the Board

Sd/-
Dr.B.Ashok IAS
Chairman & Managing Director
DIN:05230812

Sd/-
Siji Jose
Director(Finance)
DIN: 09204346

Sd/-
Biju R FCA
Chief Financial officer

Sd/-
Lekha G
Company Secretary

As per our report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
FRN:001488S

Sd/-
R Venugopal
Partner
M.No.202632

For Mohan & Mohan Associates
Chartered Accountants
FRN:002092S

Sd/-
R Suresh Mohan
Partner
M.No.013398

For JRS & Co.
Chartered Accountants
FRN:008085S

Sd/-
Rajesh Ramachandran
Partner
M.No.206211

Thiruvananthapuram
29/09/2021

Kerala State Electricity Board Limited
Standalone Statement of Profit and Loss for the year ended 31st March 2021

₹ in Crores

	Particulars	Note	Year ended 31 March 2021	Year ended 31 March 2020
	Income			
I	Revenue From Operations	28	14,420.63	14,559.03
II	Other Income	29	748.76	295.57
III	**Total Income**		**15,169.39**	**14,854.60**
IV	**Expenses**			
	Purchase of Power	30	8,057.93	8,680.00
	Generation of Power	31	4.80	5.71
	Repairs & Maintenance	32	260.58	281.80
	Employee benefits expense	33	5,153.17	3,047.48
	Finance costs	34	1,726.36	1,589.70
	Depreciation and amortization expense	35	1,011.98	901.92
	Other Expenses			
	a) Administrative and General Expenses	36	593.86	564.64
	b) Others	37	164.45	24.30
	Total Expenses		**16,973.13**	**15,095.55**
V	**Loss before share of net profits of investments accounted for using equity method and tax**			
	Share of net profit of associates accounted for using the equity method			
VI	**Loss before exceptional items and tax (III- V)**		**(1,803.74)**	**(240.95)**
VII	Exceptional Items	38	18.61	28.60
VIII	**Loss before tax (VI-VII)**		**(1,822.35)**	**(269.55)**
IX	Tax expense:			-
	(1) Current tax		-	-
	(2) Deferred tax		-	-
X	**Loss for the period from continuing operations (VIII-IX)**		**(1,822.35)**	**(269.55)**
XI	Profit/(loss) from discontinued operations		-	-

XII	**Loss from Discontinued operations**		-	-
XIII	**Loss for the period (X+XII)**		**(1,822.35)**	**(269.55)**
	Other Comprehensive Expense			-
	A (i) Items that will not be reclassified to profit or loss			
	Remeasurement of the Defined Benefit Plans	39	(661.80)	(596.35)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XIV	**Total Other Comprehensive Expense for the year**		**(661.80)**	**(596.35)**
XV	**Total Comprehensive Expense for the year (XIII+XIV)**		**(2,484.15)**	**(865.90)**
XVI	**Earnings per equity share (for continuing operation):**			
	Basic & Diluted ₹	40	(5.21)	(0.77)

The accompanying notes are an integral part of the Standalone Financial Statements.

For and on behalf of the Board

Sd/-
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DIN:05230812

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For JRS & Co.
Chartered Accountants
FRN:008085S

Sd/-
Rajesh Ramachandran
Partner
M.No.206211

Thiruvananthapuram
29/09/2021

Kerala State Electricity Board Limited
Standalone Statement of Cash Flows for the year ended 31st March 2021

₹ in Crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Operating Activities		
Loss for the year	(1,822.35)	(269.55)
Adjustments for:		
Interest income	(156.09)	(75.58)
Finance cost	1,416.60	1,222.15
Depreciation of property, plant and equipment	761.93	697.66
Amortisation of intangible assets	4.36	4.05
Operating profit before working capital changes	**204.45**	**1,578.73**
Working capital adjustments:		
(Increase) / Decrease in Inventories	123.90	(110.83)
(Increase) / Decrease in trade receivables and other receivables	700.43	(213.78)
Increase / (Decrease) in trade and other payables	3,886.95	1,932.88
Cash generated by Operations	**4,915.73**	**3,187.00**
Income Taxes paid	-	-
Net cash flows from operating activities (A)	**4,915.73**	**3,187.00**
Investing activities		
Interest received (finance income)	169.16	75.11
Purchases of property, plant and equipment	(3,096.71)	(2,956.92)
(Acquisition) / disposal of investments	-	-
Net cash flows used in investing activities (B)	**(2,927.55)**	**(2,881.81)**
Financing activities		
Net proceeds from borrowings and repayments	**298.93**	**1,260.86**
Interest paid	(1,698.03)	(1,537.11)
Net cash flow from financing activities (C)	**(1,399.10)**	**(276.24)**
Net change in cash & cash equivalents (A+B+C)	**589.08**	**28.95**

Cash & cash equivalents at the beginning of the year	(474.36)	(503.31)
Cash & cash equivalents at year end	114.72	(474.36)

The accompanying notes are an integral part of the Standalone Financial Statements.

For and on behalf of the Board

Sd/-
Dr.B.Ashok IAS
Chairman & Managing Director
DIN:05230812

Sd/-
Siji Jose
Director(Finance)
DIN: 09204346

Sd/-
Biju R FCA
Chief Financial officer

Sd/-
Lekha G
Company Secretary

As per our report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
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For JRS & Co.
Chartered Accountants
FRN:008085S

Sd/-
Rajesh Ramachandran
Partner
M.No.206211

Thiruvananthapuram
29/09/2021

Kerala State Electricity Board Limited
Standalone Statement of Changes in Equity for the year ended 31st March 2021

A Equity Share Capital **₹ in Crores**

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Authorised Share Capital				
At the beginning of the year	5000000000	5,000.00	5000000000	5,000.00
Changes in Authorised Equity Share capital during the year	-	-	-	-
At the end of the year	5000000000	5,000.00	5000000000	5,000.00
Issued Share Capital				
At the beginning of the year	3499050000	3,499.05	3499050000	3,499.05
Changes in Equity Share capital during the year	-	-	-	-
At the end of the year	3499050000	3,499.05	3499050000	3,499.05

B Other Equity

Attributable to owners of Kerala State Electricity Board Limited

Particulars	Retained Earnings	Other Comprehensive income	Other Reserves	Total Other Equity
Balance at 1 April 2019	**(5,336.26)**	**(5,902.27)**		**(11,238.53)**
Loss for the year ended 31 March 2020	(269.55)	-	-	(269.55)
Other Comprehensive Income	-	(596.35)	-	(596.35)
Balance at 31 March 2020	**(5,605.81)**	**(6,498.62)**	**-**	**(12,104.43)**
Loss for the year ended 31 March 2021	(1,822.35)	-	-	(1,822.35)
Other Comprehensive Income	-	(661.80)	-	(661.80)
Balance at 31 March 2021	**(7,428.16)**	**(7,160.42)**	**-**	**(14,588.58)**

The accompanying notes are an integral part of the Standalone Financial Statements.

For and on behalf of the Board

Sd/-	**Sd/-**
Dr.B.Ashok IAS	**Siji Jose**
Chairman & Managing Director	**Director(Finance)**
DIN:05230812	**DIN: 09204346**
Sd/-	**Sd/-**
Biju R FCA	**Lekha G**
Chief Financial officer	**Company Secretary**

As per our report of even date

For Krishnamoorthy & Krishnamoorthy	**For Mohan & Mohan Associates**	**For JRS & Co.**
Chartered Accountants	**Chartered Accountants**	**Chartered Accountants**
FRN:001488S	**FRN:002092S**	**FRN:008085S**
Sd/-	**Sd/-**	**Sd/-**
R Venugopal	**R Suresh Mohan**	**Rajesh Ramachandran**
Partner	**Partner**	**Partner**
M.No.202632	**M.No.013398**	**M.No.206211**

Thiruvananthapuram
29/09/2021

Corporate information and Significant Accounting Policies

1.1 Corporate information

Kerala State Electricity Board Limited (KSEBL) "the company" is incorporated under the Companies Act, 2013 and is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013 domiciled in India. It is the successor entity of Kerala State Electricity Board which was constituted by the Government of Kerala, as per order no. EL1-6475/56/PW dated 7-3-1957 of the Kerala State Government, under the Electricity (Supply) Act, 1948 for carrying out the business of Generation, Transmission and Distribution of electricity in the State of Kerala. The Registered Office of the Company is Vydyuthi Bhavanam, Pattom, Thiruvananthapuram, Kerala-695004

The financial statements were approved for issue in accordance with a resolution of the directors on September 28th, 2021"

Significant Accounting Policies followed by the Company

1.2 Basis of Preparation of financial statements

1.2.1 Compliance with Ind AS

"These financial statements are the standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (Act) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act. The accounting policies are applied consistently to all the periods presented in the financial statements. "

1.2.2 Application of New Accounting Pronouncements

New Accounting standards, amendments and interpretations adopted by the Company effective from April 1, 2020:

a. Amendment to Ind AS 1 and Ind AS 8 – Definition of Material

The Ministry of Corporate Affairs ("MCA") issued Amendment to Ind AS 1 "Presentation of Financial Statements" and Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to update a new definition of material in Ind AS 1. The amendments clarify the definition of "material" and how it should be applied by including in the definition guidance that until now has featured elsewhere in Ind AS Standards. The new definition clarifies that, information is considered material if omitting, misstating, or obscuring such information, could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make based on those financial statements. The definition of material in Ind AS 8 has been replaced by a reference to the definition of material in Ind AS 1. In addition, the MCA amended other Standards that contain a definition of material or refer to the term 'material' to ensure consistency. The adoption of the amendment to Ind AS 1 and Ind AS 8 did not have any material impact on its evaluation of materiality in relation to the standalone financial statements."

"b. Amendment to Ind AS 116 – Leases

The MCA issued amendments to Ind AS 116, "Leases", provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendments allowed the expedient to be applied to COVID-19-related rent concessions to payments originally due on or before June 30, 2021 and also require disclosure of the amount recognised in profit or loss to reflect changes in lease payments that arise from COVID-19-related rent concessions. The reporting period in which a lessee first applies the amendment, it is not required to disclose certain quantitative information required under Ind AS 8. The company has not adopted Ind AS 116 - Leases pursuant to issuance of the Companies (Indian Accounting Standards) Amendment Rules, 2019, with effect from 1st April, 2019 as the same do not have any material impact on the Financial Statements of the Company.

c. Amendment to Ind AS 109 and Ind AS 107 – Interest Rate Benchmark Reform

The MCA amended some of its requirements for hedge accounting. The amendments provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships that are directly affected by these uncertainties. The adoption of amendment to Ind AS 109 and Ind AS 107 did not have any material impact on the standalone financial statements of the Company.

d. Amendment to Ind AS 103- Business combinations

MCA has issued amendments to Ind AS 103, "Business Combinations", in connection with clarification of business definition, which help in determining whether an acquisition made is of a business or a group of assets. The amendment added a test that makes it easier to conclude that a Company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The adoption of amendment to Ind AS 103 is applicable to new acquisition on a prospective basis and did not have any impact on the standalone financial statements of the Company."

1.2.3 Historical cost convention

The standalone financial statements have been prepared on a historical cost basis, except for the following:

1) certain financial assets and liabilities that are measured at fair value at the end of each reporting period;

2) defined benefit plans - plan assets measured at fair value;

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into

Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.2.4 Functional and presentation currency

These financial statements are presented in Indian Rupees (₹) which is the Company's functional currency. All financial information presented in (₹) has been rounded to the nearest crore (up to two decimals), except when indicated otherwise.

1.2.5 Current and non-current classification

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

An asset is classified as current when it is:

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

All other assets are classified as non-current."

A liability is classified as current when:

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

All other liabilities are classified as non-current. Assets and liabilities are classified between current and non-current considering 12 months period as normal operating cycle.

1.3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Key sources of estimation uncertainty :

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i Useful Life of Property, Plant and Equipment

"The useful life of property, plant and equipment are generally based on factors including obsolescence, demand and such other economic factors including the required maintenance expenditure to ensure the future cash flow from the asset. Useful life of the asset, used for the generation, transmission and distribution of electricity is determined by the Central Electricity Regulatory Commission, as mentioned in part in part B of Schedule II of the Companies, 2013.

Machinery spares acquired with the equipment are depreciated using the same rates and method applicable for the original machinery. In the case of Machinery spares procured separately for future use, rate equivalent to accumulated depreciation for the expired life of the relative machinery are charged in the year of acquisition along with depreciation for the year.

ii Impairment of Property, Plant and Equipment

"The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. "

iii Capital Work-in-progress

The amount of capital work in progress is estimated based on the bills that are accounted towards capital expenditure but to be capitalized. Such capital expenditure shall remain till the asset is ready to use and capitalized.

iv Decommissioning Liabilities

The liability for decommissioning costs are recognised when the Company has an obligation to perform site restoration activity. The recognition and measurement of decommissioning provisions involves the use of estimates and assumptions.

v Recoverability of Trade Receivables

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment

vi Provisions and Contingencies

The timing of recognition and quantification of the liability (including litigations) requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

vii Impairment of Financial And Non-Financial Assets

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

In case of non-financial assets company estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used."

viii Post-retirement benefit plans

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed or included in the carrying amount of an asset if another standard permits such inclusion as the related service is provided. A liability is recognised for the amount expected to be paid under short-term performance related cash bonus if the Company has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Retirement benefits in the form of gratuity is defined benefit obligations and is provided for based on an actuarial valuation, using projected unit credit method as at each balance sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss or included in the carrying amount of an asset if another standard permits such inclusion. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

"Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. National Pension Scheme (NPS) was implemented in KSEB Limited vide B.O (FB) No.843/2013 (PRC/335/2013) dated 09.04.2013. All employees appointed on or after 01.04.2013 come under the coverage of NPS. The NPS will work on defined contribution basis and will have two tiers Viz., Tier I and Tier II. Contribution to Tier I will be mandatory for all employees appointed on or after 01.04.2013 whereas the Tier II will be optional and at the discretion of employees. In Tier I, the Employees shall make a contribution of 10% of (Basic pay + DA) from the salary every month. The company is also making equal matching contribution. The company is not making any contribution towards Tier II. "

The employees who are recruited on or after 1st April 2013 are included in the new national pension scheme and do not come under the regular pension scheme. The company has no further obligation beyond the monthly contributions.

Vide G.O (P) No.14/2015/PD dated 27.04.2015 Government of Kerala notified that General provident fund scheme existed in the KSE Board is applicable to the KSEB Ltd also. This scheme is applicable for all employee of KSEB Ltd. Minimum employee contribution to the scheme is fixed as 6% of the basic salary. The contribution made by the employees for general Provident Fund is credited to General Provident Fund Account There is no contribution by the company to this scheme. Company is providing interest to the deposit in this scheme at the rate applicable to the provident fund scheme of the Kerala Government Employees.

As per section 6(8) & 6(9) of the Kerala State Electricity Second Transfer Scheme a Master Trust was registered on 12/02/2015. This Trust was formed to disburse the pension of pensioners of erstwhile KSE Board. As per the transfer scheme the Trust was operationalized and the pension has been disbursed to the pensioners from the Master Trust. The Master Trust made operational with effect from 01.04.2017 and the bonds were issued on that date.

ix Revenue

Revenue from sale of power within the State is recognized on accrual basis at the tariff as notified by the Kerala State Regulatory Commission from time to time. Company estimates unbilled power consumed based on the average consumption of the year.

x Investment in Subsidiaries, Associates and Joint Ventures

Investment in jointly controlled entities and associates are measured at cost less impairment as per Ind AS 27 - 'Separate Financial Statements'.

xi Tax expenses and tax balances

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

1.4 Property, Plant and Equipment (PPE)

"On adoption of Ind AS, the Company retained the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and used that as its deemed cost as permitted by Ind AS 101 'First-time Adoption of Indian Accounting Standards'.

PPE are initially recognised at cost. The initial cost of property, plant and equipment comprises its purchase price, including non-refundable duties and taxes net of any trade discounts and rebates. The cost of PPE includes interest on borrowings (borrowing cost) directly attributable to acquisition, construction or production of qualifying assets. PPE are stated at cost less accumulated depreciation (other than freehold land, which are stated at cost) and impairment losses, if any."

In cases where final settlement of bills with contractors is pending, but the asset is complete and available for use, capitalisation is done on estimated basis subject to necessary adjustments. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term projects if the recognition criteria are met in accordance with Ind AS 23 Borrowing Cost. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on the assets which belongs to generation of electricity business and on the assets of Corporate & other offices is charged on straight line method following the rates notified by the CERC Tariff Regulations and in accordance with Schedule II of the Companies Act, 2013. Depreciation is calculated on straight-line method up to 90% of the original cost of assets at the rates notified by the Central Electricity Regulatory Commission. Claw back of depreciation has been provided in the accounts on the assets created out of the contribution received from consumers and government grants and subsidies.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

"The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss. Fully depreciated assets still in use are retained in financial statements."

1.5 Capital Work-in-progress

Capital work-in-progress comprises of the cost of PPE that are not yet ready for their intended use as at the balance sheet date. Expenditure incurred on assets under construction (including a project) is carried at cost under Capital Work in Progress (CWIP). Such costs comprise purchase price of assets including import duties and non-refundable taxes (after deducting trade discounts and rebates), expenditure in relation to survey and investigation activities of projects, cost of site preparation, initial delivery and handling charges, installation and assembly costs, etc.

Employee cost of various units are allocated to capital work in progress on the basis of following ratio;

Units	Employee cost
Generation	100% for offices exclusive for Civil works.
Transmission	25%
Distribution	14%
HO	5%

1.6 Intangible assets and Intangible asset under development

The company accounts the intangible assets as under -

Type of Asset	Amortisation rate
Software	15.00%

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line over their estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as “Intangible Assets under Development” till such assets are ready for their intended use.

1.7 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction / development or erection of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period to get ready for their intended use or sale.

When the Company borrows funds specifically for obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition, construction/exploration or erection of the qualifying asset."

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs about the borrowing of funds. Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization. The quantum of borrowing cost is measured based on the weighted average cost of capital. Other borrowing costs are recognized as an expense in the year in which they are incurred."

1.8 Regulatory Deferral Accounts

The tariff charged by the Company for electricity sold to its customers is determined by the KSERC which provides extensive guidance on the principles and methodologies for determination of the tariff for sale of electricity. The tariff is based on allowable costs like interest, depreciation, operation & maintenance expenses, etc. with a stipulated return. This form of rate regulation is known as cost-of-service regulations which provide the Company to recover its costs of providing the goods or services plus a fair return. Since the company has not recognised any amounts that qualify as regulatory deferral account balances in its financial statements in accordance with its previous GAAP, the Company is not eligible to apply Ind AS 114, Regulatory Deferral Accounts. Hence Company has not recognised any regulatory deferral account balances.

1.9 Financial instruments

1.9.1 Initial recognition

Financial instruments are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

1.9.2 Subsequent measurement

1 Financial assets

a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

c. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

d. Investment in Associates and joint ventures

The investment in associates and joint ventures is carried at cost in the financial statements in accordance with Ind AS 27. The Company reviews its carrying value of investments annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the statement of profit and loss.

e. Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset. Expected credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

f. Impairment of trade receivables

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity. In some cases, this may not be probable until the consideration is received or until an uncertainty is removed. When an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount or the amount in respect of which recovery has ceased to be probable is recognised as an expense in profit and loss account. Such amount shall be reduced from the gross arraying amount of a financial asset when no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Age of debtors	Provisioning rate (%)
More than 5 years	75%
Between 3 to 5 years	40%
Between 1 to 3 years	15%
Between 6 months to 1 year	5%
Less than 6 months	0%

g. Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires."

h. Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

The Company derecognizes Financial liabilities only when Company’s obligations are discharged, cancelled or have expired. A substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

1.10 Non-current assets held for sale

Non-current assets if any, are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale and an active programme to locate a buyer and complete the plan must have been initiated, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations, if any, will be presented separately in the Statement of Profit and Loss.

1.11 Inventory

Inventories are stated at the lower of cost or net realisable value. Cost of inventory includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. From 01.07.2017 onwards, the company dispensed the policy of standard rate method and adopted the policy of FIFO (First in First Out) method on implementation of material management software in the company. Inventories procured up to 30.06.2017 are still valued at standard rates, determined by the company. The difference between actual cost and standard rate for these items is debited or credited to Material cost variance as the case may be and debit balance, if any in the Material cost variance account is charged to Statement of Profit and Loss.

1.12 Government Grant

The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

1.13 Retirement and Other Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed or included in the carrying amount of an asset if another standard permits such inclusion as the related service is provided. A liability is recognised for the amount expected to be paid under short-term performance related cash bonus if the Company has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Retirement benefits in the form of gratuity is defined benefit obligations and is provided for based on an actuarial valuation, using projected unit credit method as at each balance sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss or included in the carrying amount of an asset if another standard permits such inclusion. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

1.14 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes or other amounts collected from customers.

The specific recognition criteria described below must also be met before revenue is recognised.

i. The Company's contracts with customers for the sale of electricity generally include one performance obligation. The Company has concluded that revenue from sale of electricity should be recognised at the point in time when electricity is transferred to the customer.

ii. Interest income is recognised on time proportion basis at the effective interest rate ("EIR") applicable.

iii. Dividend income from investments, if any, recognised when the company's right to receive payment is established which is generally when shareholders approve the dividend.

iv. Late payment charges and interest on delayed payment for power supply are recognized based on receipt basis due to the uncertainty of collection of demand from defaulted consumers.

1.15 Income Tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and laws) enacted or substantively enacted by the reporting date.

Current Income tax assets and Liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively, at the reporting date.

Deferred tax

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are excepted to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognized or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period."

1.16 Segment Reporting

In accordance with Ind AS 108, the operating segments used to present segment information are identified based on policy formulated from internal reports used by the Company's Management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. The indicators used for internal reporting purposes may evolve performance assessment measures put in place.

Electricity generation, transmission and distribution is the principal business activity of the Company. Other operations do not form a reportable segment as per the Ind AS -108 - 'Operating Segments'. Segment revenue, segment result, segment assets and segment liabilities include the respective amount identified to each of the segments on reasonable basis from the internal reporting system. The Company is having a single geographical segment as all its Power Stations and Transmission/Distribution channels are located within the state.

1.17 Transactions Foreign currency

Transactions in foreign currency are initially recorded at the functional currency the date the transaction first qualifies for recognition. At each Balance Sheet date, monetary items denominated in foreign currency are translated at the functional currency exchange rates prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1.18 Contract Balances

1.18.1 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

1.18.2 Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due and the amount is billable.

1.18.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. Contract liabilities are recognised as revenue when the Company performs obligations under the contract.

1.19 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1.19.1 The Company as lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.19.2 The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the period in which they are incurred.

Rental expense from operating lease is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

1.20 Provisions and Contingent Liabilities

In accordance with Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets, a provision is required to be recognised to settle a future obligation, both legal and constructive, by way of an economic outflow, resulting out of a past event and which can be reliably estimated. The amount of provision is recognised as the best estimate of present value of any obligation that need to be settled taking into account the risks and uncertainties surrounding the obligation. The provision is discounted if the effect of time value of money for the provision is material and shall be recognised as a finance cost in profit and loss account.

Contingent liabilities, on the other hand is not recognised, but disclosed adequately as parts of the financial statement. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are disclosed based on judgment of the management/independent experts with careful understanding of the circumstance of each case. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate."

1.21 Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (net off distribution on Perpetual Securities whether declared or not) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for the effects of dividend, interest and other charges relating to the dilutive potential equity shares by weighted average number of shares plus dilutive potential equity shares

1.22 Micro, Small and Medium Enterprises

Disclosure, if any, relating to amounts unpaid as on date of balance sheet together with interest paid/ payable as required under the Micro, Small and Medium Enterprises Development Act 2006 which came into effect from 2nd October 2006 is being provided only on receipt of information from its suppliers regarding their status under the Act.

1.23 Statement of Cash Flows

Cash flow statement is prepared in accordance with the indirect method prescribed in Indian Accounting Standard (IND AS) 7 “Statement of Cash Flows”.

1.24 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31st March 2020, except for (a) the adoption of new standard effective as of 1st April, 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. None of interpretation or amendment have any material impact on the Financial Statements of the Company.

1.26 Cash and Cash Equivalents

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

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash at banks and short-term deposits, as defined above, net of outstanding bank overdraft as they are considered an integral part of the Company’s cash management.

1.25 Opening Balance on revesting

Vide G.O(P) No.46/2013/PD dated 31 October 2013 published in Kerala Gazette dated 31st October 2013, the Government of Kerala revested all the Assets and liabilities of the erstwhile KSE Board in the new company Kerala State Electricity Board limited. Then the Government of Kerala issued the final transfer scheme vide G.O.(P) No.3/2015/PD dated 28.01.2015 by issuing a new opening Balance Sheet for the company as on 01.11.2013. The statement of accounts for 2013-14 of the company has been prepared based on the value of Assets & Liabilities notified by the Government of Kerala vide notification dated 28.01.2015.

1.26 Recent accounting pronouncements - Standards issued but not yet effective

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

On 24 March 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Company is evaluating the effect of the amendments on its standalone financial statements.

2. Property, Plant and Equipment

₹ in Crores

Particulars	Land & Land Rights	Buildings	Hydraulic Works	Other Civil Works	Plant & Machinery	Lines, Cable & Network	Vehicles	Furniture & Fixtures	Office Equipments	Total
Cost/Deemed Cost										
As at 1 April 2019	**1,791.26**	**784.42**	**1,409.25**	**661.34**	**16,768.65**	**10,140.26**	**25.95**	**46.10**	**153.11**	**31,780.34**
Additions	13.89	62.83	3.08	41.52	297.40	1,680.15	0.38	4.09	40.30	2,143.64
Disposals	-	-	-	-	-	-	-	-	-	-
As at 31 March 2020	**1,805.15**	**847.25**	**1,412.33**	**702.86**	**17,066.05**	**11,820.41**	**26.33**	**50.19**	**193.41**	**33,923.98**
Additions	228.64	26.09	3.13	28.77	344.65	1,748.31	0.47	10.95	215.65	2,606.66
Deletions	-	-	-	-	-	-	-	-	-	-
As at 31 March 2021	**2,033.79**	**873.34**	**1,415.46**	**731.63**	**17,410.70**	**13,568.72**	**26.80**	**61.14**	**409.06**	**36,530.64**
Accumulated Depreciation										
As at 1 April 2019	**-**	**368.93**	**735.71**	**220.16**	**3,815.95**	**5,249.60**	**19.73**	**23.98**	**100.21**	**10,534.27**
Charge for the year	-	25.19	70.04	22.95	248.08	514.94	1.52	2.61	12.56	897.89
Disposal / Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2020	**-**	**394.12**	**805.75**	**243.11**	**4,064.03**	**5,764.54**	**21.25**	**26.59**	**112.77**	**11,432.16**
Charge for the year	-	26.57	67.14	24.33	257.43	606.58	1.27	2.93	21.40	1,007.65
Disposal / Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2021	**-**	**420.69**	**872.89**	**267.44**	**4,321.46**	**6,371.12**	**22.52**	**29.52**	**134.17**	**12,439.81**
Carrying amount										
As at 31 March 2021	**2,033.79**	**452.65**	**542.57**	**464.19**	**13,089.24**	**7,197.60**	**4.28**	**31.62**	**274.89**	**24,090.83**
As at 31 March 2020	**1,805.15**	**453.13**	**606.58**	**459.75**	**13,002.02**	**6,055.87**	**5.08**	**23.60**	**80.64**	**22,491.82**

2.1 Government of Kerala vide order G.O (M.S) No.13/07/PD dated 05.07.2007 has ordered to transfer 100 acres of land originally acquired by KSEB for the Brahmapuram Diesel Power Plant at Brahmapuram to the Revenue Department in Government subject to the conditions that

(i) The value of Land will be determined and paid by Government to KSEB later.

(ii) Additional compensation ordered to be paid by Government in Revenue Department.

The Government had fixed the compensation for acquisition at ₹7.57 crores and the Board had requested the Government to enhance the compensation and for giving value of land at current market rate. No amount has been received till date and physical transfer of land has not taken place. Hence Accounting adjustments were also not made.

2.2 45.715 cents of Land belonging to the company in Thiruvananthapuram was transferred to Thiruvananthapuram Development Authority for widening the road as per the decision of the Government of Kerala. Since the value of the land is not yet received from the Government, necessary adjustments are yet to be made in the Books of Accounts.

2.3 The company suffered a heavy damage due to natural calamities and floods in the state. Power restoration works had been carried out on war foot basis and electricity connections were restored in time. The assets of KSEB Ltd in the flood affected areas were severely damaged. Some assets were fully lost and assets which are partly damaged and reusable were repaired and restored and the cost incurred for this is stated as exceptional items of the respective periods. The company had taken sincere effort to identify the asset fully lost in the flood, but the details had not been received from the Accounting Rendering units since the Fixed Assets register has not been properly maintained in the field offices. The value of such assets are not removed from the books of accounts and the note on Property Plant and Equipment comprise the value of the asset lost in the flood also.

2.4 For preparation of the Financial statements, the value of asset and liabilities notified under the re-vesting second Transfer (Amendment) Scheme (Re-vesting) 2015, have been duly adopted. The fixed asset of erstwhile KSE Board revested to KSEB Ltd. is taken at the value notified vide Government notification G.O.(P).No.3/2015/PD dated 28.01.2015. Depreciation is charged on the book value of asset except the revalued asset. As per para 27 of the KSERC (Terms and conditions for determination of Tariff), Regulations,2018 provided that no depreciation shall be allowed on account of revaluation of assets.

2.5 Vide G.O.(M.S) No.34/2017/PD dated 04/04/2017 Government of Kerala ordered that 20 acres of land owned by Travancore Cochin Chemicals Ltd (TCCL), which is currently under the lease to BSES Kerala Power Ltd to be transferred to KSEBL against outstanding dues from TCCL amounting to Rs. 174.61 Crores plus interest subject to the condition that KSEBL shall not alienate the land under any circumstances. The property of 20 Acres of land owned by TCCL is transferred in the year 2019-2020 in settlement of the dues and is capitalised as land with a value at the exchange value of 174.61 crores.

3 Other Intangible Assets ₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Cost		
Balance as at beginning of the year	31.00	8.19
Additions during the year	11.01	22.81
Deletions / Adjustments during the year	-	-
Balance as at end of the year	42.01	31.00
Accumulated Amortization		
Balance as at beginning of the year	5.28	1.23
Amortisation expense for the year	4.36	4.05
Deletions / Adjustments during the year	-	-
Balance as at end of the year	**9.64**	**5.28**
Carrying amount of Intangible Assets		
As at beginning of the year	25.72	6.96
As at end of the year	32.37	25.72

3.1 The additions to intangible assets comprise of employee cost for inhouse development of software amounting to Nil (previous year Rs. 13.44 crores) and Rs. 11.00 Cr (previous year 9.00 Cr) towards rights secured for laying transmission cables for Edamon Kochi project.

4 Capital Work In Progress ₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
As at 1 April 2020	**3,735.06**	**3,066.95**
Additions	3,003.27	2,811.72
Less : Capitalised / adjusted	2,606.66	2,143.64
As at 31 March, 2021	**4,131.67**	**3,735.06**

4.1 The expenditure incurred for the following abandoned projects are included in the Capital Work in Progress. The status of the project are detailed below.

a. Achankovil Small Hydro Electric Project: Rs.4.57 crore incurred for the project. Environmental clearance was accorded by MOEF&CC subsequently Forest clearance was denied by the State Forest Department due to adverse impacts on flora and fauna.

b. Athirapilly Hydro Electric Project: Rs.15.57 crore incurred for the project. The project was accorded Environment & Forest clearance by MoEF&CC. Government was in the process of obtaining a political consensus with respect to the implementation of the project in consultation with various stake holders.

c. Manthavady Multipurpose Project: Rs.2.68 crore incurred for the project. The project is entangled in Inter State Water Dispute. Cauvery Tribunal Award prohibits trans basin diversion of water.

d. LNG Base Thermal Power Plant, Brahmapuram:Rs.2.78 crore incurred for the project.

4.2 During the financial year an amount of ₹ 535.58 crores (Previous Year ₹ 630.55 crores) has been charged to the capital work in progress over capital works for the capitalisation of employee cost and interest and finance charges as detailed below. The same shall be capitalised in the financial year 2021-22.

Particulars	As at 31 March 2021	As at 31 March 2020
Employee Cost	372.72	323.55
Interest and Finance charges	162.86	307.00
Total	**535.58**	**630.55**

Interest and finance charges (borrowing cost) of Project Specific Loans are added to the value of asset and the interest and finance charges of general borrowings are added to the value of the assets at a capitalisation rate of 7.90% on the cost of assets.

5. **Intangible Assets under development**

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Balance as at beginning of the year	**14.97**	**-**
Additions during the year	16.09	14.97
Deletions / Adjustments during the year	-	-
Balance as at end of the year	**31.06**	**14.97**

6. Investments - Non Current

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
(Investment in unquoted investments fully paid up and valued at cost)		
"Kerala Power and Infrastructure Finance Corporation Ltd Associate company 10819440 Shares of Rs 10 each (Previous year 10819440 shares)"	9.50	9.50

Baitarani West Coal Company Ltd. Joint venture company 100000 shares of Rs 1000 each (Previous year 100000 shares)	10.00	10.00
Renewable Power Corporation of Kerala Joint venture company 5000 shares of Rs 1000 each (Previous year 5000 shares)	0.50	0.50
Kerala Fibreoptic Network Limited Associate company (490000 shares of Rs 10 each) (Previous year 490000 shares)	0.49	0.49
Total	**20.49**	**20.49**

6.1	**Aggregate amount of unquoted investments**	**20.49**	**20.49**
	Aggregate amount of impairment in value of investments	-	-

6.2 The Board of Directors of the company in the 39th meeting held on 24.04.2018 resolved that KSEB Ltd, opt out of the joint venture company namely Baitarani West Coal Company Ltd after complying the required formalities and obtaining the concurrence of the Government of Kerala. Government of Kerala vide G.O.(Ms)No.5/2015/PD dated 06.04.2019 approved the resolution of the Board of Directors of KSEB Ltd in the 39th meeting held on 24.04.2018 subject to the condition that interest of KSEBL/Government shall not be endangered under any circumstances while withdrawing from Baitarani West Coal Company Ltd.

7 Trade receivables - Non current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Secured considered good	-	-
Unsecured considered good	407.77	739.44
Less: Allowance for bad and doubtful debts	-	-
Total	**407.77**	**739.44**

8 Loans - Non current at amortised cost **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Security Deposit		
Unsecured and considered good	26.76	21.78
Less: Allowance for Doubtful Deposits	-	-
Total	**26.76**	**21.78**

9 Other financial assets - Non current

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Receivable from Government of Kerala	2,110.61	2,860.44
Advance - others	26.21	83.54
Balances with Banks:		
In deposit accounts with remaining maturity more than 12 months	2.29	7.29
Total	**2,139.11**	**2,951.27**

Advance others includes the commitment advance given to the Cheyyur,Ghogarpalli and Tatiya Ultra Mega Power Projects amounting Rs. 16.78 crores. Subsequent to the direction by Ministry of Power for the closure of various UMPPs, KSEBL has requested M/s. PFC Ltd to close the SPVs formed for the UMPPs. The company had requested Government to take up the early closure of the projects and refund of commitment advance along with the accumulated interest. The company has decided to opt out from the UMPPs at Cheyyur, Tatiya and Ghogarpalli as the projects were held up due to various reasons beyond our control and considering the risk involved.

10 Non Current Tax assets (Net)

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Non Current tax assets (net)	24.25	22.17
Less Provision for tax	-	-
Total	**24.25**	**22.17**

11 Other Non Current Assets

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Capital Advances		
Unsecured considered good	330.66	289.86
Doubtful	-	-
Others		
Advance Agricultural Income Tax	0.22	0.22
Total	**330.88**	**290.08**

12 Inventories

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Oils & Lubricants	1.38	5.05
Stores & spares	683.81	785.51
Others	0.24	18.77
(Less) Provision for Shortages and Obsolescence	(0.47)	(0.47)
Total	**684.96**	**808.86**

13 Trade receivables - Current

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Trade Receivables		
Secured, considered good	-	-
Unsecured considered good		
Sundry Debtors for Sale of Power	1,783.43	1,506.86
Sundry Debtors for Inter State Sale of Power	3.47	3.47
Sundry Debtors for Electricity Duty	132.10	125.95
Sundry Debtors (Miscellaneous)	199.93	185.76
Considered Doubtful		
Sundry Debtors for Sale of Power	439.19	789.31
Less: Allowance for Bad and Doubtful Debts	(439.19)	(789.31)
Total	**2,118.93**	**1,822.04**

13.1 Movement in the expected credit loss allowance

₹ in Crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Balance at the beginning of the year	789.31	789.31
Less: balance written off recovered during the year		-
Less:provision written off during the year	(350.12)	-
Balance at the end of the year	439.19	789.31

14 Cash & Cash Equivalents

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with bank		
in current accounts	55.10	145.07
in treasury accounts	189.02	0.10
Deposits with original maturity less than 3 months	0.33	0.10
Cash on hand	5.94	4.10
Total	**250.39**	**149.37**

14.1 Cash & Cash Equivalents considered for Cash Flow Statement

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with bank as above	244.45	145.27
Cash on hand as above	5.94	4.10
Bank over draft	(135.67)	(623.73)
Total	**114.72**	**(474.36)**

15 Bank balances other than cash and cash equivalents

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with Banks includes		
Term deposits with banks (due to mature with in 12 months of the reporting date	180.98	143.67
Total	**180.98**	**143.67**

16 Other financial assets - Current

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Rent Receivable	0.08	0.08
Receivable from Power suppliers	-	96.83
Interest Accrued But Not Due	3.74	16.81
Total	**3.82**	**113.72**

17 Other Current Assets

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Recoverables from Employees	6.40	8.52
Advance to Contractors & Suppliers	7.98	4.29
Unbilled revenue receivable	1,111.19	940.86
Others		
Inter Unit Balances	78.05	50.98
Total	**1,203.62**	**1,004.65**

18 Equity Share capital

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised		
Equity Shares of Rs 10/- each Nos		
Nos	5000000000	5000000000
₹ Crores	5,000.00	5,000.00

18 Equity Share capital

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised		
Equity Shares of Rs 10/- each Nos		
Nos	5000000000	5000000000
₹ Crores	5,000.00	5,000.00

18 Equity Share capital

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Issued		
Nos	3499050000	3499050000
₹ Crores	3,499.05	3,499.05
Subscribed and Paid-up		
Nos	3499050000	3499050000
₹ Crores	3,499.05	3,499.05
Equity Shares		

At the beginning of the year		
Nos	3499050000	3499050000
₹ Crores	3,499.05	3,499.05
Issued during the year		
Nos	-	-
₹ Crores	-	-
Outstanding at the end of the year		
Nos	3499050000	3499050000
₹ Crores	3,499.05	3,499.05

18.1 Vide G.O.(MS) No.17/2015/PD dated 13.05.2015 the equity capital of Government in Kerala State Electricity Board Ltd is Rs.3499.05 Cr (fully paid up) and there has been no movement in the share capital since then.

18.2 Terms and rights attached to equity shares

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding."

18.3 The company has only one share holder since inception being the **Honourable Governor of Kerala**

19 Other equity **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Retained Earnings	(7,428.16)	(5,605.81)
Other Comprehensive income	-	-
Remeasurements of Defined Benefit Plans Gains	(7,160.42)	(6,498.62)
Total Other Equity	**(14,588.58)**	**(12,104.43)**
Retained Earnings		
Opening Balance	(5,605.81)	(5,336.26)
Less: Loss for the year	(1,822.35)	(269.55)
Add/(Less) Adjustments due to restatement	-	-
Closing Balance	**(7,428.16)**	**(5,605.81)**
Other Comprehensive income		
Opening Balance	(6,498.62)	(5,902.27)
Less: Loss for the year	(661.80)	(596.35)

Add/(Less) Adjustments due to restatement		
Closing Balance	**(7,160.42)**	**(6,498.62)**

Remeasurements of Defined Benefit Plans Gains / Losses arising on Remeasurements of Defined Benefit Plans are recognised in the Other Comprehensive Income as per IND AS 19 and shall not be reclassified to the Statement of Profit or Loss in the subsequent years.

20 Borrowings - Non current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Bonds		
Unsecured Bonds	9,129.73	9,858.76
Term Loans		
From Banks		
Secured Loans	1,227.37	892.27
From Others		
Secured Loans	5,359.69	5,085.55
Total	**15,716.79**	**15,836.58**

20.1 Details of Terms of Repayment, Rate of Interest and Security of Bonds

"Unsecured Bonds consist of two series of bonds issued to The Kerala State Electricity Board Limited Employees Pension and Gratuity Trust as per G.O.(P).No.3/2015/PD dated 28.01.2015 as on 01.04.2017.

i) 20 years bond with a coupon of rate 10% p.a. For ₹ 8144 crores.
ii) 10-year bond with a coupon of rate 9% p.a. For ₹3751 crores.

These bonds have been redeemed every year as per the Government Order referred above. The Government of Kerala provides for the redemption of 9% Bond (including interest thereon) every year by way of adjustment against electricity duty payable to Government. During the current year, ₹407.20 crores in respect of 10% bond and ₹295.25 crores in respect of 9% bond has been redeemed. The amount of ₹559.52 required for the redemption of 9% bond (including interest of ₹264.27 crore thereon) for the year was provided by the Government of Kerala by adjustment against the Electricity Duty payable to Government. The provision for interest on bonds adjustable against the Electricity Duty and the amount receivable from Government provided in the opening balance sheet of the company as on 01.11.2013."

Bonds are unsecured but are guaranteed under the scheme by the company and Government of Kerala

20.2 Details of Terms of Repayment, Rate of Interest and Security of Term Loans

The secured Loan from Bank consist of:

(i) Term loan from State Bank of India for shoring up of Net Working Capital of the Company which is to be paid in monthly instalments up to 31 October 2029. The applicable interest rate presently is 8.62%.

(ii) Term loan from South Indian Bank for commissioning of Barapole Small Hydro Electric Power Project (SHEP) which is to be paid in monthly instalments up to 29 February 2028. The applicable interest rate presently is 10%.

20.3 The secured Loan from other Financial Institutions consist of:

(i) Term loan from Power Finance Corporation Limited (PFC) :

(a) As part of R-APDRP Part- A (Distribution scheme) for which the repayment is not finalised. The applicable interest rate presently is 9%.

(b) As part of R-APDRP Part- B (Distribution scheme) for which the repayment is not finalised. The applicable interest rate presently is 9%.

(c) As a special assistance to be paid in monthly instalments up to 14 September 2033. The applicable interest rate presently is 9.08%.

(ii) Term loan from PFC Green Energy Limited :

(a) For commissioning Perunthenaruvi SHEP which is to be paid in monthly instalments up to 15 July.2033. The applicable interest rate presently is 10.125%.

(b) For commissioning Kakkayam SHEP which is to be paid in monthly instalments up to 15 January.2034. The applicable interest rate presently is 9.875%.

(iii) Term loan from REC Limited :

(a) For commissioning Poringalkuthu SHEP for which the repayment is not finalised. The applicable interest rate presently is 10.25%.

(b) For commissioning Bhoothankettu SHEP for which the repayment is not finalised. The applicable interest rate presently is 10.25%.

(c) For laying Kattakada-PothencodeTransmission Line which is to be paid in monthly instalments up to 31 March 2026. The applicable interest rate presently is 11.5%.

(d) As laying Transmission lines across Kerala which is to be paid in monthly instalments up to 01 January 2032. The applicable interest rate presently is 10.25%.

(e) As part of various schemes across 23 Distribution Circles which is to be paid in monthly instalments up to 01 January 2032. The applicable interest rate presently is 10.125%.

(f) As part of Distribution Meter Scheme which is to be paid in monthly instalments up to 01 January 2022. The applicable interest rate presently is 9.75%.

(g) As part of RAPDRP Part B Scheme which is to be paid in monthly instalments up to 30 December 2027. The applicable interest rate presently is 10.125%.

(h) As part of RGGVY Scheme which is to be paid in monthly instalments up to 28 February 2028. The applicable interest rate presently is 10.5%.

(i) As part of DDG Scheme for which the repayment is not finalised. The applicable interest rate presently is 10.5%.

(j) As part of Special Assistance which is to be paid in monthly instalments up to 31 March 2032. The applicable interest rate presently is 9.08%.

(iv) Term loan from NABARD for commissioning Banasura Sagar SHEP and Upper Kallar SHEP which is to be paid in monthly instalments up to 01 January 2023. The applicable interest rate presently is 6.25%.

(v) Term loan from Kerala Financial Corporation

a. Long term loan has been availed for various purpose which is to be paid in monthly instalments upto31st March 2032. The applicable interest rate presently is 9%

b. Medium loan has been availed from various purpose which is to be paid in monthly instalments Upto 31st March 2026. The applicable interest rate presently is 8%

20.4 Default in repayment of borrowings **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Bonds		
Principal & interest	713.72	582.21
Term Loans		
Principal & interest	-	-

21 Other financial liabilities - Non current at amortised cost **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposit from consumers	3,207.24	3,205.21
Interest payable on consumers deposit	322.27	364.72
Amount received from KIIFB & DRIP*	903.68	367.61
Total	**4,433.19**	**3,937.54**

* As the terms and conditions of the amount received from Kerala Infrastructure Investment Fund Board (KIIFB) and Dam Rehabilitation and Improvement Project (DRIP) is not finalised, the same is classified as an other financial liability and neither finance cost nor maturities of dues are considered in the financial statements.

22 Provisions - Non current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for Employee Benefits		
Contributory Provident Fund	0.04	0.04
General provident Fund	2,430.72	2,342.96
Terminal benefits as per actuarial valuation	7,951.14	6,350.58
Others		
Provision for Interest on bonds adjustable against Electricity duty	902.08	1,166.34

Provision for Pay revision	1,011.00	426.00
Total	**12,294.98**	**10,285.92**

23 Other liabilities - Non Current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Decommissioning Liability	26.26	24.19
Deferred revenue on government grants	1,683.77	1,417.74
Deferred revenue on deposit works	1,867.10	1,606.30
Total	**3,577.13**	**3,048.23**

24 Borrowings - Current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured borrowings at amortised cost		
From banks		
Bank Overdraft	135.67	623.73
Demand Loan	1,136.56	1,306.50

24 Borrowings - Current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Short term Loan	400.00	400.00
From others		
Bond principal and interest due	713.72	582.21
Total	**2,385.95**	**2,912.44**

Refer note no. 20.1 for details on terms and conditions of borrowings.

25 Trade payables - Current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Payables for supply of power	1,695.51	1,642.26
Payables for supply of materials and services	169.26	182.01
Payables for Expenses	237.31	167.41
Total	**2,102.08**	**1,991.68**

25.1 The vendor balances on purchase of power are unreconciled to the extent of Rs.64.15 crores(Previous Year 48.74 crores) (Dr), from suppliers of power due to disagreement in the claim ability of costs. Further, an amount of Rs.57.20 crores is booked in excess of the confirmations received from vendors. The management is of the opinion that no further provisions are required to effected in the books of accounts of the company.

25.2 Information in respect of micro and small enterprises as at 31 March 2021 as required by Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management during 2020-21 is as follows:

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
a) Amount remaining unpaid to any supplier:		
Principal amount	1.76	6.43
Interest due thereon	-	-
b) Amount of interest paid in terms of Section 16 of the MSMED Act along-with the amount paid to the suppliers beyond the appointed day	-	-
c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
d) Amount of interest accrued and remaining unpaid	-	-
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under Section 23 of MSMED Act	-	-

There are no material dues owed by the Company to Micro and Small Enterprises which are outstanding for more than 45 days during the year and as at March 31, 2021. This information as required under Micro and Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the Auditors.

26 **Other financial liabilities - Current** **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Liability for capital supply/works	94.72	120.29
Staff related liabilities and provisions	402.69	163.41

Deposit and Retentions from Suppliers/Contractors	514.43	467.63
Accrued/Unclaimed amount relating to borrowings	244.78	227.61
Deposit for Electrification, Service connection etc	649.68	758.79
Current maturities of long term borrowings from others	645.14	530.07
Current maturities of long term borrowings from bank	152.28	101.04
Current maturities of bonds	729.03	702.45
Total	**3,432.75**	**3,071.29**

26.1 Staff related liabilities and provision includes Rs. 20 crore, the advance contribution to the Chief Ministers Distress Relief fund(CMDRF). Vide B.O.(DB)No.522/2021/FA/Deferred salary/2020-21 dated 06.07.2021 resolved to adjust the further contribution from the employees of KSEB Ltd. to CMDRF against the advance contribution of Rs.20 crore already remitted by the company to the CMDRF and further resolved to treat the remaining balance after the above adjustments as KSEB Ltd.'s contribution to the CMDRF.

27 Provisions - Current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Dearness Allowance arrears	19.10	22.89
Terminal benefits	2,805.45	1,853.92
Total	**2,824.55**	**1,876.81**

28 Revenue from operations **₹ in Crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Sale of Power		
Interstate	2.13	1.25
Domestic	6,206.67	5,262.80
Commercial	2,929.97	3,394.22
Public Lighting	179.53	175.59
Irrigation & Dewatering	114.54	97.60
Industrial L T	801.40	837.70
Railway Traction	101.70	194.20
Bulk Supply	322.68	396.74
High tension	2,527.31	3,057.71
Extra high tension	517.76	621.08

Trading	102.50	17.86
Misc. Receipts/Charges from Inter State Trading of Energy	45.98	16.02
Electricity Duty	944.97	969.12
Other State Levies	16.68	17.04
Meter Rent/Service Line Rental	99.47	96.95
Recovery of theft/Mal practices	10.12	7.67
Wheeling Charge recoveries	2.89	3.65
Misc. Charges from Consumers	88.88	137.78
Total revenue from sale of power	15,015.18	15,304.98
Less: Electricity Duty Payable	944.97	969.12
Less: Other State Levies Payable	16.68	17.04
Total (A)	**14,053.53**	**14,318.82**
Other Operating Income		
Particulars	**Year ended 31 March 2021**	**Year ended 31 March 2020**
Rebate Received	150.52	109.14
Interest Advances to Suppliers/Contractors	0.04	6.80
Income from sale of bulbs, Scrap, Tender form etc	119.45	41.51
Miscellaneous Receipts	97.09	82.76
Total (B)	**367.10**	**240.21**
Total (A+B)	**14,420.63**	**14,559.03**

Unbilled revenue is estimated on monthly and bi-monthly billed consumers belonging to various tariff categories, an amount of ₹ 1,111.19 crores is recognized as unbilled revenue as at 31.03.2021(Previous year ₹ 940.86 crores) and classified as other current assets. The unbilled revenue is estimated based on the billing pattern of customers vis-a-vis one month billing of month subsequent to the close of the year for domestic customers, bill raised in the subsequent month for HT&EHT consumers and for all other consumers 15 days billing of month subsequent to the close of the year.

29 Other Income

₹ in Crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest Income		
Interest on belated payment of charges	147.51	65.63
Staff Loans and Advances	0.06	0.05
Income From Loans &others	0.01	0.09
Banks	8.51	9.81
Clawback of Grant	245.69	200.21
Reversal of provision on doubtful debts	328.88	-
Other receipts	18.10	19.78
Total	**748.76**	**295.57**

30 Purchase of Power

₹ in Crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Power purchased from Central Generating Stations	2,582.99	2,862.51
Power purchased from Others	4,806.82	5,204.45
Power purchase from Solar plants	3.11	
Power purchased from Wind Generating Stations	43.84	44.77
Wheeling Charges	618.78	567.34
Other charges on sale through power exchange	2.39	0.74
Purchase others	-	0.19
Total	**8,057.93**	**8,680.00**

31 Generation of Power

₹ in Crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Oil	4.06	4.65
High Speed Diesel Oil	0.12	0.21
Lubrication Oil	0.11	0.15
Consumable stores	0.51	0.70
Total	**4.80**	**5.71**

32 Repairs & Maintenance **₹ in Crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Plant and Machinery	34.11	41.39
Buildings	6.90	8.43
Civil Works	9.67	9.72
Hydraulic Works	2.69	3.52
Lines, Cable Network etc.	201.96	214.17
Vehicles	2.05	2.21
Furniture and Fixtures	0.30	0.39
Office Equipments	2.91	1.97
Total	**260.58**	**281.80**

33 Employee Benefits **₹ in Crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salaries & allowances	4,629.74	2,513.10
Over Time/Holiday Wages	0.37	0.37
Dearness Allowance	711.29	707.88
Other Allowances	77.17	76.70
Bonus	9.75	9.74
Leave Travel Assistance	0.02	0.26
Earned Leave Encashment	169.64	160.45
Payment under Workmen's Compensation Act	0.31	0.22
Leave Salary & Pension Contribution	25.02	22.20
Funeral Allowance	0.07	0.06
Medical Expenses Reimbursement	11.72	12.85
Staff Welfare Expenses	4.48	4.52
Terminal Benefits	0.28	0.07
(Less) employee cost capitalised	(486.69)	(460.94)
Total	**5,153.17**	**3,047.48**

Salaries & allowances includes provision for gratuity compensated absences and pension to the extent of ₹63.11 crores , ₹64.21 crores and ₹1,972.58 crores respectively. (Previous year ₹140.12 crores, ₹58.76 and ₹236.77 crores respectively). Provision for pay revision arrears charged in the year is ₹585.00 crores (previous year ₹250 crores).

34 Finance Cost ₹ in Crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Finance Charges on Financial Liabilities Measured at Amortised Cost		
Interest expense		
Interest on other loans/deferred credits	730.69	597.31
Interest to Consumers	149.07	196.29
Interest on bond issued to master Trust	692.24	732.96
Interest on Borrowings for Working Capital	154.36	189.25
Other interest and finance charges		-
Interest on General Provident Fund	160.69	171.26
Other Charges	2.17	9.63
Less: Interest and Finance Charges Capitalised	(162.86)	(307.00)
Total	**1,726.36**	**1,589.70**

35 Depreciation, Amortisation and Impairment Expenses ₹ in Crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation		
Depreciation - Buildings	26.56	25.19
Depreciation - Hydraulic Works	67.13	70.04
Depreciation - Other Civil Works	24.32	22.95
Depreciation - Plant & Machinery	257.43	248.08
Depreciation - Line Cable & Network	606.58	514.94
Depreciation - Vehicles	1.28	1.51
Depreciation - Furniture & Fixtures	2.93	2.60
Depreciation - Office Equipments	21.39	12.56
Total	**1,007.62**	**897.87**
Amortisation		
Amortisation of intangible assets	4.36	4.05
Total	**1,011.98**	**901.92**

36 Administrative and General Expenses **₹ in Crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Rent	11.10	9.51
Rates and Taxes	2.61	2.14
Insurance	3.77	
Telephone Charges, Postage, Telegram & Telex charges	12.04	9.93
Internet charges	12.09	0.51
Legal Charges	2.29	1.79
Audit Fees	0.79	0.49
Consultancy & Technical Fees	0.94	0.73
Other Professional Charges	1.89	1.40
Notary fee and other expenses relating to CGRF and ERC	2.46	4.42
Conveyance and Travel	66.58	65.44
Fees and Subscriptions	0.67	0.81
Books and Periodicals	0.08	0.07
Printing and Stationary	6.31	7.26
Data Processing Charges	0.12	0.13
Advertisements, Exhibition and Publicity	0.40	0.49
Contribution to EWF	2.36	2.39
Contribution to CMDRF	-	0.69
Water Charges	0.82	1.00
Sports, Entertainment	0.80	1.56
Study Tour & Training	0.92	2.92
Electricity Duty 3(1)	129.08	130.43
Other Operative Expenses	224.94	199.39
Power factor incentive to consumers	32.29	102.65
Expenditure on Filament free Kerala Project	33.19	-
Expenditure in Connection with COVID19	16.19	-
Expenditure in Connection with defend COVID19	3.66	-
Freight	13.44	12.61
Other Expenses	13.52	7.54
Less: administrative and general expenses capitalised	(1.49)	(1.66)
Total	**593.86**	**564.64**

36.1 Payment to Auditors ₹ in Crores

Particulars	For the year ended March 31, 2021"	For the year ended March 31, 2020"
For Statutory Audit	0.45	0.37
For Taxation Matters	0.04	-
For Other Services	0.07	0.04
For Reimbursement of Expenses	0.04	-
Towards short provision of previous year	0.08	-
Goods and Service Tax on above	0.11	0.08
Total	**0.79**	**0.49**

37 Others ₹ in Crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Rebate allowed for online payment consumers	8.69	-
Rebate on fixed charges	72.00	-
Discount to Consumers for timely payment of bills	3.69	2.33
Material Cost Variance	(1.96)	(4.68)
Research and Development Expenses	0.06	0.10
Miscellaneous	(0.07)	(0.20)
Miscellaneous Losses and Write Offs	76.99	21.81
Loss/(compensation) on account of flood cyclone etc	5.05	4.94
Total	**164.45**	**24.30**

38 Exceptional Items ₹ in Crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Plant and Machinery	0.66	1.99
Buildings	0.00	0.02
Civil Works	0.57	1.08
Hydraulic Works	0.20	0.44
Lines, Cable Network etc.	17.17	25.07
Total	**18.61**	**28.60**

39 Other comprehensive income

₹ in Crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Portion of actuarial valuation not pertains to Current year	661.80	596.35
Total	**661.80**	**596.35**

40 Earnings per Share

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Earnings Available to Equity Share Holders (₹ in crores)	(1,822.35)	(269.55)
weighted average no of equity shares	3,499,050,000	3,499,050,000
Face value per share (₹)	10	10
Earnings per Share (Basic & Diluted)	(5.21)	(0.77)

41 Contingent liabilities, Capital liabilities and Capital commitments

₹ in Crores

	Particulars	2020-21	2019-20
A. Contingent Liabilities			
1	Disputed Income-tax Matters	241.15	241.15
2	Claims against Company pending Court Orders/Government orders (Refer Note 41.2)	104.01	104.01
3	Claim by NLC India Limited (Refer Note 41.3)	26.52	26.52
4	Claim by M/s PTCIL-Balco (Refer Note No 41.4)	71.23	93.84
6	Jhabua Power Ltd (Refer Note.No.41.6)	91.95	-
7	Bank Guarantees invoked by Ministry of Coal against on behalf of Baitrani West Coal Company Limited	12.50	12.50
8	Pending Litigation of value more than ₹ 1 crores (Refer Note 41.1)	743.33	
9	Difference in Vendor balance confirmations of purchase of power (Refer Note 25.1)	64.15	48.74

B. Capital Liabilities and Capital Commitments			
1	Capital liabilities becoming due for re-payment/redemption	7,384.48	6,608.93
2	Estimated value of contracts remaining to be executed	334.15	532.52

41.1 The Contingent liability disclosed under litigation is dispute of above Rs.1 crore. The company is confident that verdict of the litigation in various courts will be favourable. The comparative information is not provided due to the lack of information.

41.2 "The Commercial Tax Department has disallowed the concessional rate of tax given to M/s Karnataka Power Corporation Limited (KPCL) for purchase of LSHS Oil and directed BPCL being the supplier of LSHS Oil to collect differential amount with retrospective effect from 2001-02. M/s KPCL in turn had claimed an amount of ₹40.31 crores and interest on the increased tax rate vide invoice dated 20-3-2016. KSEBL has referred the matter to the Government of Kerala and a high-power committee was constituted for a closure on the allowability of concessional rate of tax to KPCL as the entire power is being supplied to KSEBL. The high-power committee had concluded that KSEBL should reimburse the differential tax amount of ₹38.70 crores after waiver of interest and penal interest with the approval of the council of Ministers. Subsequently it was noticed that as per section 26 of the KVAT Act, the department can claim only the differential tax for five years from 2006-07 to 2010-11 amounting only and the tax due was recalculated to ₹13.34 crores. Accordingly, KSEBL made a provision in the accounts for ₹13.34 crores though the claim is not fully admitted by the Company. Based on the decision of the high-power committee and the provisions of the KVAT the company approached the Government of Kerala for approval of the recalculated liability and waive off the interest claim by the commercial taxes department being raised by KPCL. As the approval of the Government is still pending an amount of ₹104.01 crores is being shown as under contingent liabilities.

The High Power Committee in the meeting held on 17-10-2017 pointed out that the Commercial Taxes Department had agreed to the grant of concessional rate of Tax on the sale of Naphtha by M/s IOC to M/s BSES Kerala Power Ltd and asserted that the similar stand to be taken in in this case as well, consequently no differential tax shall be payable by BPCL, KPCL or by KSEBL. Power Dept. vide Govt Letter No.26/B1/18/PD dated 17-06-2019 had recommended early action in this regard to the Principal Secretary (Taxes Department) and Commissioner (GST) to revise the erroneous assessment. order which is yet to be received. The company has decided to maintain status quo for provisioning for liability until the receipt of the revised order.

41.3 KSEBL has disputed the Guidelines issued by NLC for Fixation of Lignite Transfer Price during the regulation period 2019-24 in violation of Regulation 36(3) of the 2019 Tariff Regulation and has filed a Misc. Petition No.532/MP/2020 with Central Electricity Regulatory Commission. Hence the payment against Energy Bills of Generating Stations of NLC India Limited from the month of December 2019 has been disputed and released only 95% of the bill amount. Moreover, M/s NLCIL has claimed on January 2020 Rs 26.52Cr vide Debit note towards the arrear claims as per Lignite Transfer Price guidelines which was also disputed. CERC in its Record of Proceedings dated 27-08-2020 has directed NLCIL to keep the said

Guidelines in abeyance. In the interim period, till the Regulations for computation of input price of lignite is notified by the Commission, NLCIL is directed to continue with the lignite transfer price based on the MoC Guidelines issued vide order No. 28012/1/2014-CA-II dated 02.01.2015. NLCIL has submitted detailed reply to CERC on the Record of proceedings dated 27-08-2020 vide letter No: NLC/Comml/KSEB Petition/LTP guidelines/532/2020 dated 20-02-2021. Hence, the KSEBL's petition No.532/2020 seeking intervention of CERC on NLCIL's Lignite Transfer Price Guidelines of 2019-24 is not finalised.

41.4 i). KSEB had executed PPA with M/s PTC India Ltd on 13.06.2013 for the supply of 100MW RTC power from M/s BALCO, Chhattisgarh through Case 1 Bidding for the period from 01.03.2014 to 28.02.2017. M/s PTC has claimed vide invoices dated 20-12-2017 RS.57.49Crore towards ECR revision with retrospective effect based on CERC amendment order dated 08-12-2017. The claim was not admitted by KSEBL as it is not in accordance with the existing provisions of the expired PPA. M/s Adani Power Ltd has filed a Writ Petition No.887 of 2018 in the Hon'ble High Court of Delhi impugning the said notifications issued by CERC on 08/12/2017. Hon'ble High Court of Delhi had stayed the impugned notification vide interim order dated 07-02-2018. Since the matter involved in the Writ Petition is for the same cause, KSEBL filed an Application for Impleadment vide W.P(C). No.887 of 2018 in the Hon'ble High Court of Delhi on 04-07-2018. The petition was allowed and KSEBL was admitted as respondent No.7 vide order dated 11.08. 2018.The W.P(C). No.887 of 2018 is still pending before the Court.

ii) Balco has filed a petition No.317/MP/2019 dated 19 August 2019 with CERC for non-payment of Fixed charges of ₹ 13.27 crore up to 2018-19 and attributable transmission losses of ₹0.47 crores up to 2018-19. KSEBL has filed counter petition before CERC on 29th July 2020 as the claim is not in accordance with the provisions of the DBFOO PSA.

41.5 "KSERC in its order dated 14.02.2020 in fuel surcharge petition No. OA 29/2019, filed by KSEBL for the period from 01.04.2019 to 30.06.2019 had disallowed excess variable charges incurred on procurement of 350 MW power based on PSAs executed with M/s Jindal India Thermal Power Ltd, M/s Jhabua Power Ltd (100MW PSA-2) and M/s Jindal Power Ltd (150 MW PSA-2) as the tariff paid for procuring power are higher than the L1 rate of Rs 4.15 per unit paid to BALCO during the respective quarter. A review petition was filed by the company before KSERC to allow additional fuel cost incurred and was rejected by the regulatory body on 14-08-2020 upholding the earlier decisions. Based on this the company has withheld the additional fuel surcharge of ₹18.78Cr from JITPL, ₹14.53Cr from Jindal PSA-II and ₹15.97Cr from Jhabua -PSA -II already provided in the books.

JITPL appealed before the tribunal against the orders passed by KSERC along with KSEBL as Respondent No.2 and obtained a stay on the order of the KSERC vide order dated 21-11-2020. Challenging this, KSERC has appealed before the Supreme Court by C.A No.41 of 2021 which is pending. Further to this KSEBL has filed a Fresh Petition no.1983/2020 dated 12-11-2020 before Hon'ble KSERC seeking Orders with respect to drawal of the 350MW of contracted power under DBFOO-Bid-2.

41.6 "Jhabua Power Limited filed petition no.169/MP/2019 before the Central Electricity Regulatory Commission (CERC), inter-alia, seeking declaration on net Station Heat Rate (SHR) of 2347.9 kCal/kWh for calculation of fixed charge for supply of power under PSA-I and a net SHR of 2465.2 kCal/kWh for supply of power under both the PSA I & II and obtained a favourable order on 25.05.2020 thereby resulting in an additional liability of ₹91.95 Crores on

KSEBL. KSEB challenged the decision of the Central Commission the Tribunal vide appeal No.230 of 2020 and obtained an order setting aside the order of the central commission on 13-05-2021 and the issue was remitted back to the Central Commission with the direction to consider the matter afresh keeping in view that since there is only one generating unit of 600 MW capacity in the power station, and there cannot be 2 SHR for PSA 1 and PSA 2 instead adopt the highest SHR of 2465.2 kCal/kWh for both PSA's. Based on the order of the Appellate Tribunal, Jhabua Power Limited has to pay KSEBL an amount of ₹32 Crores. Challenging the judgment of Appellate Tribunal, Jhabua Power Ltd has filed Appeal before the Hon'ble Supreme Court (C.A.No 1815/2021) and is pending for disposal. As the matter is pending disposal before the Apex Court liability not acknowledged as debt for an amount of ₹91.95 crores.

41.7 Letter of credit facility is offered to the suppliers of power as per the agreement conditions. The LC charges in this regard, being directly attributable to purchase of power, is being accounted as power purchase costs.

42 Related Party Disclosures

42.1 List of related parties and nature of relationships where control exists.

Sl. No	Name of the Related Party	Nature of Relationship
1	Renewable Power Corporation of Kerala Ltd.	Joint Venture
2	Kerala State Power and Infrastructure Finance Corporation	Associate
3	Baitarani West Coal Company Ltd.	Joint Venture
4	Kerala- Fibre Optic Network Limited	Associate
5	Kerala State Electricity Board Employees Master pension and Gratuity Trust	Post employment benefit fund
6	Kerala Hydel Tourism Centre	Society promoted by the company

Transactions between company and related entities through co-holder of third-party entity during the year and the status of outstanding balances as on the given dates. The period of restriction for disposal of investment has also been given.

Particulars	Year	Period of Restriction for disposal of investment as per related agreements	Subsidiaries	JCE	Associate
Investment in equity shares and preference shares	31.03.2021	-	-	-	-
	31.03.2020	-	-	-	-
Impairment allowance on Investments	31.03.2021	-	-	-	-
	31.03.2020	-	-	-	-

42.2 List of Key Managerial Personnel as defined in 2(51) of Companies Act, 2013 and disclosure of transaction entered with key managerial personnel.

₹ in Crores

No.	Name	Designation	Year ended 31st March 2021	Year ended 31st March 2020
1	N.S.Pillai IA&AS	CMD	0.33	0.31
2	Vijaya Kumari. P(Rt on 30.06.2019)	Director	-	0.05
3	Venugopalan.N	Director	0.04	0.22
4	Kumaran.P	Director	0.12	0.16
5	Bipin Joseph(Rtd on 31.01.2021)	Director	0.20	0.13
6	Brijlal.V(Rtd.on 31.05.2020)	Director	0.04	0.13
7	Mini George(w.e.f.05.06.2020)	Director	0.20	-
8	Rajan.P(w.e.f.05.06.2020)	Director	0.20	-
9	Suku.R(w.e.f.05.06.2020)	Director	0.21	-
10	Dr. V. Sivadasan	Independent Director	0.01	0.01
11	Biju.R	CFO	0.18	0.16
12	Lekha.G	Company Secretary	0.17	0.15

42.3 Kerala State Electricity Board Employees Master pension and Gratuity Trust Details of Amount payable to Master Trust as on 31.03.2021

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Opening Balance	582.21	229.60
Payable during the period		
Principal repayment of 20 year bond with a coupon rate of 10% p.a.	407.20	407.20
Interest payable by the Company on 20 year bond with a coupon rate of 10% p.a	692.24	732.96
Principal repayment of of10 year bond with a coupon rate of 9% p.a.	295.25	270.88
Interest payable on 10 year bond with a coupon rate of 9% p.a	264.27	290.85
Other receipt	209.60	209.60
Total Payable	2,450.77	2,141.09
Less: Paid during the year	1,737.05	1,558.88
Balance payable	713.72	582.21

42.4 Enterprises promoted by the company

Kerala Hydel Tourism Centre

During the year an amount ₹7 Cr paid as loan (previous year Nil)

43 Segment Reporting

Disclosure as per Ind AS 108 is given below. The Company has three reportable segments, i.e Generation, Transmission and Distribution.

₹ in Crores

Particulars	Year ended 31 March, 2021				
	Business segments			Inter Segment	Total
	Generation	Transmission	Distribution		
Segment Revenue	766.15	1,289.28	-	2,055.43	-
Sale of energy & Meter rent			14,053.54	-	14,053.54
Total	766.15	1,289.28	14,053.54	2,055.43	14,053.54
Segment result	408.95	694.19	11,509.17		12,612.31

Allocable expenses	292.58	574.20	14,683.73		15,550.51
Operating income	-	-	-		-

₹ in Crores

Particulars	Year ended 31 March, 2020				
	Business segments			Inter Segment	Total
	Genera-tion	Transmis-sion	Distribu-tion		
Segment Revenue	613.28	1,037.63	-	1,650.91	-
Sale of energy & Meter rent	-	-	14,384.45	-	14,384.45
Total	**613.28**	**1,037.63**	**14,384.45**	**1,650.91**	**14,384.45**
Segment result	305.74	511.82	12,137.25	-	12,954.81
Allocable expenses	189.35	391.83	13,113.33	-	13,694.51
Operating income	-	-	-	-	-
Other income(net)	16.30	70.87	382.98	-	470.15
Profit before taxes	132.69	190.86	(593.10)	-	(269.55)
Tax expenses	-	-	-	-	-
Net profit / (loss) for the year	**132.69**	**190.86**	**(593.10)**	**-**	**(269.55)**
Other comprehensive income	(26.90)	(58.86)	(510.59)	-	(596.35)
Total comprehensive income	**105.79**	**132.00**	**(1,103.69)**	**-**	**(865.90)**

₹ in Crores

Particulars	Year ended 31 March, 2021			
	Business segments			Total
	Genera-tion	Transmis-sion	Distribu-tion	
Segment assets				
Allocable assets	11,584.65	1,950.01	18,011.56	31,546.22
Total assets	**11,584.65**	**1,950.01**	**18,011.56**	**31,546.22**
Segment liabilities				
Allocable liabilities	13,292.96	3,657.04	18,727.88	35,677.88
Total liabilities	13,292.96	3,657.04	18,727.88	35,677.88
Other information				
Capital expenditure				

Capital expenditure (Allocable)	**1,719.20**	**1,693.32**	**719.15**	**4,131.67**
Depreciation and amortisation (allocable)	**179.25**	**251.34**	**581.39**	**1,011.98**
Depreciation and amortisation (unallocable)	-	-	-	-
Other significant non-cash expenses	-	-	-	-

₹ in Crores

Particulars	**Year ended 31 March, 2020**			
	Business segments			**Total**
	Generation	**Transmission**	**Distribution**	
Segment assets				
Allocable assets	**11,274.44**	**891.01**	**18,439.63**	**30,605.08**
Total assets	**11,274.44**	**891.01**	**18,439.63**	**30,605.08**
Segment liabilities				
Allocable liabilities	12,858.94	2,047.44	19,448.73	34,355.11
Total liabilities	**12,858.94**	**2,047.44**	**19,448.73**	**34,355.11**
Other information				
Capital expenditure				
Capital expenditure (Allocable)	1,584.50	1,156.43	1,009.10	3,750.03
Depreciation and amortisation (allocable)	186.04	235.46	480.42	901.92
Depreciation and amortisation (unallocable)	-	-	-	-
Other significant non-cash expenses	-	-	-	-

44 Taxation

The company has reported loss during the period and hence provision for current tax or deferred tax not provided in the accounts.

45 Generation, Purchase and Sale of Power **in Million Units**

Particulars	**Year ended 31 March 2021**			**Year ended 31 March 2020**		
	Unit Generated (A)	Auxiliary consumption (B)	Net(A-B)	Unit Generated (A)	Auxiliary consumption (B)	Net(A-B)
Hydel	7,071.37	31.08	7,040.29	5,741.83	37.16	5,704.67

Thermal	7.85	1.08	6.77	12.03	1.65	10.38
Wind	1.14		1.14	1.42		1.42
Solar	28.73		28.73	25.95		25.95
Sub Total(A)	7,109.09	32.16	7,076.93	5,781.23	38.81	5,742.42
Auxiliary consumption (Substations)(B)		19.03	19.03		19.60	19.60
Total Power Purchased at delivery point (` C)	18,912.23		18,912.23	21,128.51		21,128.51
Total Power Purchased at Kerala Periphery(D)	18,262.34		18,262.34	20,383.76		20,383.76
External loss E(C-D)	649.89		649.89	744.75		744.75
Total Generation and power purchased by KSEB alone (F) (A+C-E)	25,371.43	51.19	25,320.24	26,164.99	58.41	26,106.58
Energy injected by Private IPPs at generator end for sale outside state through open access (G)			38.66			37.50
Energy purchased by consumers through open access at Kerala periphery (H)			407.41			405.86
Total Generation and power purchased including the impact of sale/purchase of energy through open access at Kerala periphery (I) (F+G+H)			25,766.32			26,549.92
Energy sale outside the state by KSEBL at Kerala periphery (J)			261.43			55.95
Swap return (K)			334.82			231.93

Energy purchased by consumers through open access at consumer end (L)			388.72			386.52
Energy injected by Private IPPs at KSEB periphery end for sale outside state through open access(M)			37.14			35.96
Net energy available in Kerala Grid for consumption with in the state(N)(I-J-K-M)			25,132.93			26,226.08
Net Energy available in Kerala Grid for energy sale inside the State by KSEBL(O)			24,723.99			25,818.70
Energy sale by KSEBL (P)			22,151.60			22,672.40
Energy consumption within the state including open access consumers (Q)(P+L)			22,540.32			23,058.91
Loss in KSEBL system R (N-Q)			2,592.61			3,167.17
Loss % in KSEBL system			10.32%			12.08%
Transmission Loss with in Kerala (S)			707.93			971.24
% transmission loss			2.82%			3.70%
Distribution loss (R-S)			1,884.68			2,195.93
% Distribution loss			7.72%			8.70%

46 Disclosure as per Central Electricity Authority Guidelines

46.1 AT&C Losses

Particulars	2020-21	2019-20
A. Input Energy(MU)	24,723.99	25,818.69
B. Transmission Losses(MU)	707.93	971.24
C. Net Input Energy(MU)(A-B)	24,016.06	24,847.45
D. Energy Sold(MU)	22,151.60	22,672.39
E. Revenue from Sale of Energy (₹ Cr.)	13,755.69	14,273.49
F. Adjusted Revenue from Sale of Energy on Subsidy Received basis (₹ Cr)	13,755.69	14,273.49
G. Opening debtors for Sale of Energy (₹ Cr.)	3,041.61	2,353.41
H. Closing Debtors for Sale of Energy (₹ Cr.)	2,630.39	3,041.61
I. Adjusted Closing Debtors for sale of Energy (₹ Cr.)	2,630.39	3,041.61
J. Collection Efficiency(%)(F+G-I)/E*100	100%	95.18%
K. Units Realized(MU)=Energy Sold*Collection efficiency(D*J/100)	22,151.60	21,579.24
L. Units Unrealised (MU)=(Net Input Energy-Units Realized)(C-K)	1,864.46	3,268.21
M. AT&C Losses(%)=Units Unrealised/Net Input Energy)*100(L/C*100)	7.76%	13.15%

46.2 Details of Subsidy Booked and received

	2020-21	2019-20
1.Subsidy Booked	530.33	394.02
2.Subsidy received	530.33	394.02
i.Subsidy received against subsidy booked for current year	530.33	394.02
ii.Subsidy received against subsidy booked for previous year	Nil	Nil

47 Generating Stations

a) Plants in operation since the beginning of the year

Sl. No.	LOCATION	Unit Capacity (in MW)	Installed Capacity (MW)
Hydel			
1	Pallivasal	3X5+3X7.5	37.50
2	Poringalkuthu	4X9	36.00
3	Sengulam	4X12.8	51.20
4	Neriamangalam	3x17.5+25	77.65

5	Panniyar	2X16.2	32.40
6	Sholayar	3X18	54.00
7	Sabarigiri	4X55+2X60	340.00
8	Kuttiyadi+KES+KAES	3X25+1x50+2x50	225.00
9	Idukki	6X130	780.00
10	Idamalayar	2X37.5	75.00
11	Kallada	2X7.5	15.00
13	Peppara	1X3	3.00
14	Lower Periyar	3X60	180.00
15	Madupetty	1X2	2.00
17	Poringalkuthu Left Bank	1X16	16.00
19	Kakkad	2X25	50.00
20	Malampuzha	1X2.5	2.50
22	Chembukadavu I	3X0.90	2.70
23	Chembukadavu II	3X1.25	3.75
24	Urumi I&II	3X1.25+3X0.8	6.15
25	MSHEP Malankara	3X3.5	10.50
26	Lower Meenmutty	2X1.5+1X0.5	3.50
28	Kuttiadi Tail Race	3X1.25	3.75
30	Poohithodu	3X1.6	4.80
31	Ranni- Perunadu	2X2	4.00
32	Peechi- HEP	1X1.25	1.25
33	Vilangad HEP	3X2.5	7.50
35	Chimmony SHEP	1X2.5	2.50
36	Adyanpara SHEP	2X1.5+.5	3.50
37	Barapole	3X5	15.00
38	PoringalKuthu Micro SHEP	0.011X1	0.01
39	Vellathooval	1.8x2	3.60
40	Perumthenaruvi	3X2	6.00
41	Kakkayam SHEP	2X1.5	3.00
			2,058.76

Thermal			
1	KDPP	6x16	96.00
2	BDPP	3x21.32	63.96
			159.96

Wind Farm			
1	Kanjikode	9x0.225	2.03
Solar			24.74
	Total		2,245.49

b) Projects commissioned during the Year

Sl. No.	LOCATION	Unit Capacity (in MW)	Installed Capacity (MW)
		Nil	Nil
	Total		

c) Captive Power Plants & IPPs (in MW)

Hydro			
1	Maniyar	3X4	12
2	Kuthungal	3X7	21
Private Solar			
1	CIAL		38.44
2	HINDALCO		3
3	Solar Procumers		134.01
4	KMRL		5.4
Wind Farm			
	Malayala Manorama		10
Thermal			
	PCBL		10
IPP			
1	Hydro		37.71
2	Thermal (NTPC Kayamkulam)		359.58
3	Wind		58.25
4	Solar		102
	Total		791.39

48 Purchase of Power

In the case of power purchase related expenditure from Central Utilities, the utilities are raising invoices based on provisional tariff order/relevant notification of the concerned authorities, which are subject to final orders for the relevant tariff period. Out of the total power purchase related expenditure, the following claims has been provided in the accounts though the claims are not fully admitted by the Company.

Sl No.	Supplier	"Year ended 31 March 2021"	"Year ended 31 March 2020"
1	MAITHON	14.75	1.20
2	Jindal Power Limited	-	2.66
3	Jindal Thermal Power Limited	0.79	0.11
5	JHABUA POWER	51.58	77.33
8	NLC	-	41.35
9	PGCIL-POC	-	0.94
10	DVC	0.82	-
11	NTPC	-	10.61
12	KPTCL (RE charges)	-	0.01
13	NTPC Tamil Nadu Energy Co.Ltd	-	0.90
14	NPCIL- Kudankulam	-	0.20
	Total	**67.94**	**135.31**

49 Actuarial Valuation

Actuarial valuation of retirement benefits was carried out as on 31.03.2021 by an independent actuary and provided in the accounts as detailed below.

49.1 Actuarial valuation of the earned leave liability for the period from 01/04/2020 to 31/03/2021 as per IND AS-19

Change in benefit Obligations **₹ in crores**

Particulars	"Year ended 31 March 2021"	"Year ended 31 March 2020"
Present Value of obligation at the beginning of the period	871.00	806.07
Acquisition Adjustment		
Interest Cost	56.05	59.89
Service Cost	89.32	58.36
Past Service Cost including curtailing gains/losses		
Benefits paid	(81.17)	(59.49)

Total Actuarial(Gain)/Loss on obligation	99.32	6.17
Present Value of obligation as at the end of the period	1,034.52	871.00

Actuarial Assumptions

i) Financial Assumptions

The Financial and demographic assumptions on annual basis used for valuation as at the valuation date are shown below . The assumptions as at the valuation date are used to determine the present value of Demand Obligation at that date.

Summary of Financial Assumptions

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Discounting Rate	6.50%	6.75%
Future salary Increase	9.00%	9.00%

ii) Summary of Demographic Assumption

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
ii) Mortality rate(as a % of IALM(2012-14) Ult. Mortality table)	100%	100%
Disability rate(as % of above mortality rate)	0%	0%
Attrition rate	1.0% to 6.0%	1.0% to 6.0%
Normal retirement age	56&60 years	56&60 years
Leave encashment rate during employment	10%	10%
Leave Availment Rate	2.00%	2.50%

49.2 Actuarial valuation of the gratuity liability for the period from 01/04/2020 to 31/03/2021, as per IND AS-19

Change in benefit Obligations **₹ in crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Present Value of obligation at the beginning of the period	2,094.49	1,947.08
Acquisition Adjustment		
Interest Cost	135.55	123.56
Service Cost	100.14	144.67
Past Service Cost including curtailing gains/losses		
Benefits paid	(172.58)	(128.11)
Total Actuarial(Gain)/Loss on obligation	288.79	7.29

Present Value of obligation as at the end of the period	2,446.39	2,094.49

Actuarial Assumptions

i) Summary of Financial Assumptions

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Discounting Rate	6.50%	6.75%
Future salary Increase	9.00%	9.00%

ii) Summary of Demographic Assumption

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
ii) Mortality rate(as a % of IALM(2012-14) Ult. Mortality table)	100%	100%
Disability rate(as % of above mortality rate)	0%	0%
Withdrawal rate	1.0% to 6.0%	1.0% to 6.0%
Normal retirement age	56&60 years	56&60 years
Average future service	10.61	10.06

49.3 Actuarial valuation of the Pension liability for the period from 01/04/2020 to 31/03/2021, as per IND AS-19.

Change in benefit Obligations **₹ in crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Present Value of obligation at the beginning of the period	17,394.24	16,574.58
Acquisition Adjustment		-
Interest Cost	1,130.65	1,231.49
Service Cost	2,129.57	361.85
Past Service Cost including curtailing gains/losses		-
Benefits paid	(1,287.64)	(1,356.57)
Total Actuarial(Gain)/Loss on obligation	273.69	582.89
Present Value of obligation as at the end of the period	19,640.51	17,394.24

Actuarial Assumptions

i) Financial Assumptions

The principal financial assumption used in the valuation are shown in the table below:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Discounting Rate	6.90%	6.75%
Salary Growth rate	3.00%	9.00%
DA on Basic salary/Pension	14.00%	N.A
DA growth rate	5.00%	N.A
Expected Rate of Return on Plan Assets	N.A	N.A

ii) Demographic Assumption

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
i) Retirement Age (Years)	56	56
ii) Mortality rates for employees	100% of IALM (2012-14)	100% of IALM (2012-14)
ii) Mortality rates for pensioners	75% of LIC(1996-98) Mortality table	75% of LIC(1996-98) Mortality table
Withdrawal rate		
Up to 30 Years	9.00%	6.00%
From 31 to 44 years	3.00%	3.00%
Above 44 years	1.00%	1.00%

Summary of Actuarial Valuation as on 31.03.2021 **₹ in crores**

Particulars	Pension	Earned Leave	Gratuity	Total
Opening balance(A)	17,394.23	871.00	2,094.48	20,359.71
Current year				
1. Service Cost	2,129.57	89.32	100.14	2,319.03
2. Interest Cost	1,130.65	56.05	135.55	1,322.25
3. Remeasurement	273.70	99.32	288.79	661.81
Total B(1+2+3)	3,533.92	244.69	524.48	4,303.09
Benefit paid(C)	1,287.64	81.17	172.57	1,541.38
Balance to be provided D(B-C)	2,246.28	163.52	351.91	2,761.71
Closing balance(A+D)	19,640.51	1,034.52	2,446.39	23,121.42

50 Going Concern

KSEB Ltd. is the only integrated Electricity Company in the State of Kerala providing electricity to around 1.31 Crore customers in the state. The company is fully owned by the Government of Kerala. The Company has not defaulted in honouring liabilities. Electricity business being regulated by Electricity Act, 2003, the state regulator has so far approved Rs. 6,864.13 crore. Till 31.03.2018 out of the accumulated loss of Rs. 14,588.58 Crore and the company is eligible to recover the same through Tariff Revision which will be reflected in the accounts on passing the same to the consumers. Accordingly, the financial statement has been prepared on the basis of the Going Concern assumption.

51 Other Matters

51.1 The company has procured 125.95(Previous Year: 365.45) Million Units at traders delivery point through swap arrangement during 2020-21 and 334.82(Previous Year: 231.93) Million Units returned as swap arrangement at Kerala Periphery.

51.2 The company has taken insurance on asset financed by long term loans as per terms and condition of loan agreement. Apart from above insurance on assets is taken for thermal projects

51.3 In the 60th board meeting held on 28.09.2021 it was resolved to give in principle approval to incorporate the adjustment entries regarding the amount payable to Government of Kerala towards electricity duty and other payable as on 31.03.2021 against the amount receivable from the Government in the books of accounts and to report the matter to the Government for concurrence. Accordingly, an amount of ₹ 1081.97 crores (previous year ₹1107.45 crores) is netted off with the amount receivable from the Government.

51.4 A separate wing named SPIN has been formulated previously by the company to cater to the in house needs/works of the company, by applying latest technologies like the Pre-Fab technology. Since these works have been predominantly done for company itself, no separate accounts have been maintained. Now the spin has been reformulated as Consultancy Wing, steps have been taken to switch over to a separate Account.

51.5 The company has permitted Kerala Hydel Tourism Center (KHTC), a society registered under the Travancore Cochin Charitable Societies Act to use the dam sites of the company at various locations for tourism promotion activities. The details of asset used and agreement are appended herewith.

i KSEB Ltd vide B.O.(CMD) No.686/2015(KHTC/HQ-GEN/2015) dated 18.03.2015 has accorded sanction for conducting Boating and other tourism related activities in various location of Hydroelectric projects.

ii KSEB Ltd vide B.O.(CMD) No.898/2015(KHTC/HQ-GEN/2015) dated 10.04.2015 has accorded sanction for operating petrol pumps in Banasura Sagar,Munnar,Madupetty in connections with the hydel tourism. Further proceedings were stalled due to non receipt of explosive license from concerned authorities.

iii KSEB Ltd vide B.O.(CMD) No.1615/KHTC/HQ-GEN/2015) dated 02.07.2015 has accorded sanction for utilisation of unused quarters/buildings of KSEB Limited in connection with the tourism activities. Accordingly, renovation works of building located at Mattupetty, Kundala, Kulamavu and Wayanad were started. All the works completed and handed over for tourism activities except buildings at kulamavu.

iv Kerala Hydel Tourism Director has agreed to remit the share of 15% revenue entitled to KSEB Limited.

v The relationship between KSEB Ltd and Hydel Tourism Corporation is only in the nature of mutual agreement to form a society to promote hydel tourism activities in the state. Permission to use the property of KSEB Ltd is only given to Hydel Tourism Corporation and no assets of KSEB Ltd is transferred to Hydel Tourism corporation.

51.6 Figures for the previous year have been re arranged and regrouped wherever necessary.

52 a) Expenditure in foreign currency (on accrual basis)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Travelling	-	-
Professional & Consultation fee	-	-
Interest	-	-
Others	-	-
Total	-	-

b) CIF Value of Imports

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Raw materials	-	-
Capital goods	-	-
Components & Spares	-	-
Total	-	-

53 Due to ongoing impact of COVID-19 globally and in India, the Company has assessed likely adverse impact on economic environment in general and financial risks on account of COVID-19. The Company is in the business of generation, transmission and distribution of electricity which is an essential service as emphasised by the Ministry of Power, Government of India. The demand for power is continuously increasing with increase in economic activities in the Country, although demand may get impacted in short term due to lock downs in various parts of the country. On long term basis, the company does not anticipate any major challenge in the operations of the company and meeting its financial obligations. Basis above, the management has estimated its future cash flows for the company which indicates no major impact in the operational and financial performance of the company. The management will continuously monitor the performance of the company and take appropriate remedial measures as needed to respond to the Covid related risks, if any.

54 The Code on Social Security, 2020 and Code on Wages, 2019 relating to employee benefits during employment and post-employment benefits has received Presidential assent in September 2020. The Code have been published in the Gazette of India. However, the date from which the Code will come into effect has not been notified. The Ministry of Labour and Employment (Ministry) has released draft rules for the Code on November 13, 2020 and has invited suggestions from stake holders which are under active consideration by the Ministry. The Company will need to assess the impact of the above. The impact will be recorded in the first period after the Codes become effective.

For and on behalf of the Board

Sd/-	**Sd/-**
Dr. B.Ashok IAS	**Siji Jose**
Chairman & Managing Director	**Director(Finance)**
DIN:05230812	**DIN: 09204346**
Sd/-	**Sd/-**
Biju R FCA	**Lekha G**
Chief Financial officer	**Company Secretary**

As per our report of even date

For Krishnamoorthy & Krishnamoorthy	**For Mohan & Mohan Associates**	**For JRS & Co.**
Chartered Accountants	**Chartered Accountants**	**Chartered Accountants**
FRN:001488S	**FRN:002092S**	**FRN:008085S**
Sd/-	**Sd/-**	**Sd/-**
R Venugopal	**R Suresh Mohan**	**Rajesh Ramachandran**
Partner	**Partner**	**Partner**
M.No.202632	**M.No.013398**	**M.No.206211**

Thiruvananthapuram
29/9/2021

Trifurcated Standalone Balance sheet and Profit and Loss Account
Balance Sheet as at 31 March 2021

	Particulars	Company as a whole	Generation	Transmission	Distribution
A	**Assets**				
	Non Current Assets				
	Property Plant and Equipment	24,090.83	13,954.18	3,156.09	6,980.56
	Capital Work in Progress	4,131.67	1,719.20	1,693.32	719.15
	Other Intangible Asset	32.37	1.42	19.61	11.34
	Intangible assets under development	31.06	3.10	3.10	24.86
	Financial Assets				
	Investments	20.49	8.85	9.41	2.23
	Trade receivables	407.77			407.77
	Loans	26.76	63.98	111.93	(149.15)
	Others	2,139.11	125.08	220.73	1,793.30
	Non current Tax Assets(Net)	24.25	8.21	11.15	4.89
	Other Non Current Assets	330.88	46.70	270.28	13.90
	Total Non Current Asset	31,235.19	15,930.71	5,495.62	9,808.86
	Current Assets				
	Inventories	684.96	(14.44)	122.03	577.37
	Financial Asset				
	Trade receivables	2,118.93			2,118.93
	Cash and cash equivalnts	250.39	18.39	4.67	227.33
	Bank balances other than Cash Equivalents	180.98			180.98
	Other financial assets	3.82	2.15	1.85	(0.18)
	Other Current Assets	1,203.62	(2,632.97)	(1,980.83)	5,817.42
	Total Current Assets	4,442.70	(2,626.86)	(1,852.29)	8,921.86
Total Assets		**35,677.89**	**13,303.85**	**3,643.33**	**18,730.71**
B	**Equity and liabilities**				
	Equity				
	Equity Share Capital	3,499.05	831.27	857.05	1,810.73
	Other Equity	(14,588.58)	839.03	459.97	(15,887.58)

	Total Equity	**(11,089.53)**	**1,670.30**	**1,317.02**	**(14,076.85)**
	Liabilities				
	Non Current liabilities				
	Financial Liabilities				
	Borrowings	15,716.79	10,290.82	1,536.85	3,889.12
	Other financial libailities	4,433.19	89.65	814.03	3,529.51
	Provisions	12,294.98	(457.14)	(2324.69)	15076.80
	Other non current liabilities	3,577.13	67.42	611.09	2,898.62
	Total Non Current Liabilities	**36,022.09**	**9990.75**	**637.28**	**25394.05**
	Current Liabilities				
	Financial Liabilities				
	Borrowings	2,385.95	348.65	591.59	1,445.70
	Trade payables				
	Total outstanding dues of micro enterprises and small enterprises	1.76	0.18	0.35	1.23
	Total outstanding dues of trade payables other than micro enterprises and small enterprises	2,100.32	5.34	9.18	2,085.80
	Other financial libailities	3,432.75	1,155.23	813.04	1,464.48
	Provisions	2,824.55	133.39	274.86	2,416.30
Total Current Liabilities		**10,745.33**	**1,642.80**	**1,689.02**	**7,413.51**
Total Equity and Liabilities		**35,677.89**	**13303.85**	**3643.33**	**18,730.71**

Trifurcated statement of profit and loss for the year ended 31 March 2021

Particulars		Company as a whole	Generation	Transmission	Distribution
	Income				
I	Revenue from operations	14,420.64	772.31	1,329.45	14,374.31
II	Other Income	748.76	8.63	41.64	698.49
III	Total Income(I+II)	15,169.40	780.94	1,371.09	15,072.80
IV	Expenses				
	Purchase of power	8,057.93			10,113.35
	Generation of power	4.80	4.80	-	
	Repairs and Maintenance	260.58	22.45	31.62	206.51

	Employee benefit expenses	5,153.17	264.33	542.51	4,346.33
	Finance Cost	1,726.36	133.95	226.44	1,365.97
	Depreciation and Amortisation	1,011.98	179.25	251.34	581.39
	Other expenses				
	Administrative Expnses	593.86	43.92	116.14	433.80
	Others	164.45	0.07	1.17	163.21
	Total Expenses(IV)	16,973.13	648.76	1,169.22	17,210.56
V	**Loss before exceptional items and tax (III- IV-V)**	(1,803.73)	132.17	201.87	(2,137.77)
VII	Exceptional Items	18.61	1.01	0.07	17.53
VIII	**Loss before tax (VI-VII)**	**(1,822.34)**	**131.16**	**201.80**	**(2,155.30)**
IX	Tax Expenses				
	(i) Current Tax				
	(ii) Deferred Tax				
X	**Loss for the period from continuing operations (VIII-IX)**	(1,822.34)	131.16	201.80	(2,155.30)
XI	Profit/(loss) from discontinued operations				
XII	Loss from Discontinued operations (X-XI)				
XIII	**Loss for the period (X+XII)**				
	Other Comprehensive Expense				
	Other Comprehensive Income				
	A (i) Items that will not be reclassified to profit or loss				
	Remeasurement of the Defined Benefit Plans	**(661.80)**	**(31.25)**	**(64.40)**	**(566.15)**
	(ii) Income tax relating to items that will not be reclassified to profit or loss				
	B (i) Items that will be reclassified to profit or loss				
	(ii) Income tax relating to items that will be reclassified to profit or loss				
XIV	**Total Other Comprehensive Expense for the year**	**(661.80)**	**(31.25)**	**(64.40)**	**(566.15)**
XV	**Total Comprehensive Expense for the year (XIII+XIV)**	**(2,484.14)**	**99.91**	**137.40**	**(2,721.45)**

Kerala State Electricity Board Limited
Consolidated Balance Sheet as at 31 March 2021

₹ in crores

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Assets			
Non current assets			
Property, Plant and Equipment	2	24,090.83	22,491.82
Capital work-in-progress	4	4,131.67	3,735.06
Other Intangible Assets	3	32.37	25.72
Intangible assets under development	5	31.06	14.97
Financial Assets			
Investments	6	52.40	46.89
Trade receivables	7	407.77	739.44
Loans	8	26.76	21.78
Others	9	2,139.11	2,951.27
Non current tax assets (net)	10	24.25	22.17
Other non-current assets	11	330.88	290.08
Total non current assets		**31,267.10**	**30,339.20**
Current assets			
Inventories	12	684.96	808.86
Financial Assets			
Trade receivables	13	2,118.93	1,822.04
Cash and cash equivalents	14	250.39	149.37
Bank balances Other than Cash Equivalents	15	180.98	143.67
Other financial assets	16	3.82	113.72
Other current assets	17	1,203.62	1,004.65
Total current assets		**4,442.70**	**4,042.31**
Total Assets		**35,709.80**	**34,381.51**
Equities and Liabilities			
Equity			
Equity Share capital	18	3,499.05	3,499.05
Other Equity	19	(14,556.67)	(12,078.03)
Total Equity		**(11,057.62)**	**(8,578.98)**

Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	20	15,716.79	15,836.58
Other Financial Liabilities	21	4,433.19	3,937.54
Provisions	22	12,294.98	10,285.92
Other non-current liabilities	23	3,577.13	3,048.23
Total Non-Current Liabilities		**36,022.09**	**33,108.27**
Current liabilities			
Financial Liabilities			
Borrowings	24	2,385.95	2,912.44
Trade payables	25		
Total outstanding dues of micro enterprises and small enterprises		1.76	6.43
Total outstanding dues of trade payables other than micro enterprises and small enterprises		2,100.32	1,985.25
Other financial liabilities	26	3,432.75	3,071.29
Provisions	27	2,824.55	1,876.81
Total current liabilities		**10,745.33**	**9,852.22**
Total liabilities		**46,767.42**	**42,960.49**
Total equity and liabilities		**35,709.81**	**34,381.51**

The accompanying notes are an integral part of the Standalone Financial Statements.

For and on behalf of the Board

Sd/-
Dr.B.Ashok IAS
Chairman & Managing Director
DIN:05230812

Sd/-
Siji Jose
Director(Finance)
DIN: 09204346

Sd/-
Biju R FCA
Chief Financial officer

Sd/-
Lekha G
Company Secretary

As per our report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
FRN:001488S
Sd/-
R Venugopal
Partner
M.No.202632

For Mohan & Mohan Associates
Chartered Accountants
FRN:002092S
Sd/-
R Suresh Mohan
Partner
M.No.013398

For JRS & Co.
Chartered Accountants
FRN:008085S
Sd/-
Rajesh Ramachandran
Partner
M.No.206211

Thiruvananthapuram
29/9/2021

Kerala State Electricity Board Limited
Consolidated Statement of Profit and Loss for the year ended 31st March 2021

₹ in crores

	Particulars	Note	Year ended 31 March 2021	Year ended 31 March 2020
	Income			
I	Revenue From Operations	28	14,420.63	14,559.03
II	Other Income	29	748.76	295.57
III	**Total Income**		**15,169.39**	**14,854.60**
IV	**Expenses**			
	Purchase of Power	30	8,057.93	8,680.00
	Generation of Power	31	4.80	5.71
	Repairs & Maintenance	32	260.58	281.80
	Employee benefits expense	33	5,153.17	3,047.48
	Finance costs	34	1,726.36	1,589.70
	Depreciation and amortization expenses	35	1,011.98	901.92
	Other Expenses			
	a) Administrative and General Expenses	36	593.86	564.64
	b) Others	37	**164.45**	**24.30**
	Total Expenses		16,973.13	15,095.55
V	**Loss before share of net profits of investments accounted for using equity method and tax**			
	Share of net profit of associates accounted for using the equity method		**5.51**	**3.28**
VI	**Loss before exceptional items and tax (III- V)**		**(1,798.23)**	**(237.67)**
VII	Exceptional Items	38	18.61	28.60
VIII	**Loss before tax (VI-VII)**		**(1,816.84)**	**(266.27)**
IX	Tax expense:			-
	(1) Current tax		-	-
	(2) Deferred tax		**-**	**-**
X	**Loss for the period from continuing operations (VIII-IX)**		**(1,816.84)**	**(266.27)**
XI	Profit/(loss) from discontinued operations		-	-
XII	**Loss from Discontinued operations**		**-**	**-**
XIII	**Loss for the period (X+XII)**		**(1,816.84)**	**(266.27)**

	Other Comprehensive Expense			**-**
	A (i) Items that will not be reclassified to profit or loss			
	Remeasurement of the Defined Benefit Plans	39	**(661.80)**	**(596.35)**
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**-**	**-**
	B (i) Items that will be reclassified to profit or loss		**-**	**-**
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XIV	**Total Other Comprehensive Expense for the year**		**(661.80)**	**(596.35)**

Standalone Statement of Profit and Loss for the year ended 31st March 2021

₹ in Crores

	Particulars	**Note**	**Year ended 31 March 2021**	**Year ended 31 March 2020**
XV	**Total Comprehensive Expense for the year (XIII+XIV)**		**(2,478.64)**	**(862.62)**
XVI	**Earnings per equity share (for continuing operation):**			
	Basic & Diluted ₹	40	**(5.19)**	**(0.76)**

The accompanying notes are an integral part of the Standalone Financial Statements.
For and on behalf of the Board

Sd/-
Dr.B.Ashok IAS
Chairman & Managing Director
DIN:05230812

Sd/-
Siji Jose
Director(Finance)
DIN: 09204346

Sd/-
Biju R FCA
Chief Financial officer

Sd/-
Lekha G
Company Secretary

As per our report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
FRN:001488S

Sd/-
R Venugopal
Partner
M.No.202632

For Mohan & Mohan Associates
Chartered Accountants
FRN:002092S

Sd/-
R Suresh Mohan
Partner
M.No.013398

For JRS & Co.
Chartered Accountants
FRN:008085S

Sd/-
Rajesh Ramachandran
Partner
M.No.206211

Thiruvananthapuram
29/9/2021

Kerala State Electricity Board Limited
Consolidated Statement of Cash Flows for the year ended 31st March 2021

₹ in Crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Operating Activities		
Loss for the year	(1,816.84)	(266.27)
Adjustments for:		
Share of profit of associates & joint ventures	5.51	3.28
Interest income	(156.09)	(75.58)
Finance cost	1,416.60	1,222.15
Depreciation of property, plant and equipment	761.93	697.66
Amortisation of intangible assets	4.36	4.05
Operating profit before working capital changes	**204.45**	**1,578.73**
Working capital adjustments:		
(Increase) / Decrease in Inventories	123.90	(110.83)
(Increase) / Decrease in trade receivables and other receivables	700.43	(213.78)
Increase / (Decrease) in trade and other payables	3,886.95	1,932.88
Cash generated by Operations	**4,915.73**	**3,187.00**
Cash generated from Operations	**4,915.73**	**3,187.00**
Income Taxes paid	-	-
Net cash flows from operating activities (A)	**4,915.73**	**3,187.00**
Investing activities		
Interest received (finance income)	169.16	75.11
Purchases of property, plant and equipment	(3,096.71)	(2,956.92)
(Acquisition) / disposal of investments	-	-
Net cash flows used in investing activities (B)	**(2,927.55)**	**(2,881.81)**
Financing activities		
Net proceeds from borrowings and repayments	298.93	1,260.86
Interest paid	(1,698.03)	(1,537.11)
Net cash flow from financing activities (C)	**(1,399.10)**	**(276.24)**

Net change in cash & cash equivalents (A+B+C)	589.08	28.95
Cash & cash equivalents at the beginning of the year	(474.36)	(503.31)
Cash & cash equivalents at year end	114.72	(474.36)

The accompanying notes are an integral part of the Standalone Financial Statements.
For and on behalf of the Board

Sd/-
Dr.B.Ashok IAS
Chairman & Managing Director
DIN:05230812

Sd/-
Siji Jose
Director(Finance)
DIN: 09204346

Sd/-
Biju R FCA
Chief Financial officer

Sd/-
Lekha G
Company Secretary

As per our report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
FRN:001488S

Sd/-
R Venugopal
Partner
M.No.202632

For Mohan & Mohan Associates
Chartered Accountants
FRN:002092S

Sd/-
R Suresh Mohan
Partner
M.No.013398

For JRS & Co.
Chartered Accountants
FRN:008085S

Sd/-
Rajesh Ramachandran
Partner
M.No.206211

Thiruvananthapuram
29/9/2021

Kerala State Electricity Board Limited
Consolidated Statement of Changes in Equity for the year ended 31st March 2021

A Equity Share Capital **₹ in Crores**

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Authorised Share Capital				
At the beginning of the year	5000000000	5,000.00	5000000000	5,000.00
Changes in Authorised Equity Share capital during the year	-	-	-	-
At the end of the year	5000000000	5,000.00	5000000000	5,000.00
Issued Share Capital				
At the beginning of the year	3499050000	3,499.05	3499050000	3,499.05
Changes in Equity Share capital during the year	-	-	-	-
At the end of the year	3499050000	3,499.05	3499050000	3,499.05

B Other Equity Attributable to owners of Kerala State Electricity Board Limited

Particulars	Retained Earnings	Other Compre-hensive income	Other Reserves	Total Oth-er Equity
At 1 April 2019	**(5,313.14)**	**(5,902.27)**	**-**	**(11,215.41)**
Loss for the year ended 31 March 2020	(266.27)	-	-	(266.27)
Other Comprehensive Income	-	(596.35)	-	(596.35)
At 31 March 2020	**(5,579.41)**	**(6,498.62)**	**-**	**(12,078.03)**
Loss for the year ended 31 March 2021	(1,816.84)	-	-	(1,816.84)
Other Comprehensive Income	-	(661.80)	-	(661.80)
At 31 March 2021	**(7,396.25)**	**(7,160.42)**	**-**	**(14,556.67)**

The accompanying notes are an integral part of the Standalone Financial Statements.

For and on behalf of the Board

Sd/-
Dr.B.Ashok IAS
Chairman & Managing Director
DIN:05230812

Sd/-
Siji Jose
Director(Finance)
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FRN:008085S

Sd/-
Rajesh Ramachandran
Partner
M.No.206211

Thiruvananthapuram
29/9/2021

Corporate information and Significant Accounting Policies

1.1 Corporate information

Kerala State Electricity Board Limited (KSEBL) ""the company"" is incorporated under the Companies Act, 2013 and is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013 domiciled in India. It is the successor entity of Kerala State Electricity Board which was constituted by the Government of Kerala, as per order no. EL1-6475/56/PW dated 7-3-1957 of the Kerala State Government, under the Electricity (Supply) Act, 1948 for carrying out the business of Generation, Transmission and Distribution of electricity in the State of Kerala. The Registered Office of the Company is Vydyuthi Bhavanam, Pattom, Thiruvananthapuram, Kerala-695004 The financial statements were approved for issue in accordance with a resolution of the directors on September 28th, 2021"

Significant Accounting Policies followed by the Company

1.2 Basis of Preparation of financial statements

1.2.1 Compliance with Ind AS

These financial statements are the standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (Act) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act. The accounting policies are applied consistently to all the periods presented in the financial statements.

1.2.2 Application of New Accounting Pronouncements

New Accounting standards, amendments and interpretations adopted by the Company effective from April 1, 2020:

a. Amendment to Ind AS 1 and Ind AS 8 – Definition of Material

The Ministry of Corporate Affairs ("MCA") issued Amendment to Ind AS 1 "Presentation of Financial Statements" and Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to update a new definition of material in Ind AS 1. The amendments clarify the definition of "material" and how it should be applied by including in the definition guidance that until now has featured elsewhere in Ind AS Standards. The new definition clarifies that, information is considered material if omitting, misstating, or obscuring such information, could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make based on those financial statements. The definition of material in Ind AS 8 has been replaced by a reference to the definition of material in Ind AS 1. In addition, the MCA amended other Standards that contain a definition of material or refer to the term 'material' to ensure consistency. The adoption of the amendment to Ind AS 1 and Ind AS 8 did not have any material impact on its evaluation of materiality in relation to the standalone financial statements."

b. Amendment to Ind AS 116 – Leases

The MCA issued amendments to Ind AS 116, "Leases", provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendments allowed the expedient to be applied to COVID-19-related rent concessions to payments originally due on or before June 30, 2021 and also require disclosure of the amount recognised in profit or loss to reflect changes in lease payments that arise from COVID-19-related rent concessions. The reporting period in which a lessee first applies the amendment, it is not required to disclose certain quantitative information required under Ind AS 8. The company has not adopted Ind AS 116 - Leases pursuant to issuance of the Companies (Indian Accounting Standards) Amendment Rules, 2019, with effect from 1st April, 2019 as the same do not have any material impact on the Financial Statements of the Company.

c. Amendment to Ind AS 109 and Ind AS 107 – Interest Rate Benchmark Reform

The MCA amended some of its requirements for hedge accounting. The amendments provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships that are directly affected by these uncertainties. The adoption of amendment to Ind AS 109 and Ind AS 107 did not have any material impact on the standalone financial statements of the Company."

d. Amendment to Ind AS 103- Business combinations

MCA has issued amendments to Ind AS 103, “Business Combinations”, in connection with clarification of business definition, which help in determining whether an acquisition made is of a business or a group of assets. The amendment added a test that makes it easier to conclude that a Company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The adoption of amendment to Ind AS 103 is applicable to new acquisition on a prospective basis and did not have any impact on the standalone financial statements of the Company."

1.2.3 Historical cost convention

The standalone financial statements have been prepared on a historical cost basis, except for the following:

1) certain financial assets and liabilities that are measured at fair value at the end of each reporting period;

2) defined benefit plans - plan assets measured at fair value;

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.2.4 Functional and presentation currency

These financial statements are presented in Indian Rupees (₹) which is the Company's functional currency. All financial information presented in (₹) has been rounded to the nearest crore (up to two decimals), except when indicated otherwise.

1.2.5 Current and non-current classification

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

An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current. Assets and liabilities are classified between current and non-current considering 12 months period as normal operating cycle."

1.3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Key sources of estimation uncertainty :

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i Useful Life of Property, Plant and Equipment

"The useful life of property, plant and equipment are generally based on factors including obsolescence, demand and such other economic factors including the required maintenance expenditure to ensure the future cash flow from the asset. Useful life of the asset, used for the generation, transmission and distribution of electricity is determined by the Central Electricity Regulatory Commission, as mentioned in part in part B of Schedule II of the Companies, 2013.

Machinery spares acquired with the equipment are depreciated using the same rates and method applicable for the original machinery. In the case of Machinery spares procured separately for future use, rate equivalent to accumulated depreciation for the expired life of the relative machinery are charged in the year of acquisition along with depreciation for the year.

ii Impairment of Property, Plant and Equipment

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. "

iii Capital Work-in-progress

The amount of capital work in progress is estimated based on the bills that are accounted towards capital expenditure but to be capitalized. Such capital expenditure shall remain till the asset is ready to use and capitalized.

iv Decommissioning Liabilities

The liability for decommissioning costs are recognised when the Company has an obligation to perform site restoration activity. The recognition and measurement of decommissioning provisions involves the use of estimates and assumptions.

v Recoverability of Trade Receivables

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment

vi Provisions and Contingencies

The timing of recognition and quantification of the liability (including litigations) requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

vii Impairment of Financial And Non-Financial Assets

"The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

In case of non-financial assets company estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

viii Post-retirement benefit plans

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed or included in the carrying amount of an asset if another standard permits such inclusion as the related service is provided. A liability is recognised for the amount expected to be paid under short-term performance related cash bonus if the Company has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Retirement benefits in the form of gratuity is defined benefit obligations and is provided for based on an actuarial valuation, using projected unit credit method as at each balance sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss or included in the carrying amount of an asset if another standard permits such inclusion. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

"Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. National Pension Scheme (NPS) was implemented in KSEB Limited vide B.O (FB) No.843/2013 (PRC/335/2013) dated 09.04.2013. All employees appointed on or after 01.04.2013 come under the coverage of NPS. The NPS will work on defined contribution basis and will have two tiers Viz., Tier I and Tier II. Contribution to Tier I will be mandatory for all employees appointed on or after 01.04.2013 whereas the Tier II will be optional and at the discretion of employees. In Tier I, the Employees shall make a contribution of 10% of (Basic pay + DA) from the salary every month. The company is also making equal matching contribution. The company is not making any contribution towards Tier II.

The employees who are recruited on or after 1st April 2013 are included in the new national pension scheme and do not come under the regular pension scheme. The company has no further obligation beyond the monthly contributions.

Vide G.O (P) No.14/2015/PD dated 27.04.2015 Government of Kerala notified that General provident fund scheme existed in the KSE Board is applicable to the KSEB Ltd also. This scheme is applicable for all employee of KSEB Ltd. Minimum employee contribution to the scheme is fixed as 6% of the basic salary. The contribution made by the employees for general Provident Fund is credited to General Provident Fund Account There is no contribution by the company to this scheme. Company is providing interest to the deposit in this scheme at the rate applicable to the provident fund scheme of the Kerala Government Employees.

As per section 6(8) & 6(9) of the Kerala State Electricity Second Transfer Scheme a Master Trust was registered on 12/02/2015. This Trust was formed to disburse the pension of pensioners of erstwhile KSE Board. As per the transfer scheme the Trust was operationalized and the pension has been disbursed to the pensioners from the Master Trust. The Master Trust made operational with effect from 01.04.2017 and the bonds were issued on that date.

ix Revenue

Revenue from sale of power within the State is recognized on accrual basis at the tariff as notified by the Kerala State Regulatory Commission from time to time. Company estimates unbilled power consumed based on the average consumption of the year.

x Investment in Subsidiaries, Associates and Joint Ventures

Investment in jointly controlled entities and associates are measured at cost less impairment as per Ind AS 27 - ‘Separate Financial Statements’.

xi Tax expenses and tax balances

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

1.4 Property, Plant and Equipment (PPE)

On adoption of Ind AS, the Company retained the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and used that as its deemed cost as permitted by Ind AS 101 ‘First-time Adoption of Indian Accounting Standards.

PPE are initially recognised at cost. The initial cost of property, plant and equipment comprises its purchase price, including non-refundable duties and taxes net of any trade discounts and rebates. The cost of PPE includes interest on borrowings (borrowing cost) directly attributable to acquisition, construction or production of qualifying assets. PPE are stated at cost less accumulated depreciation (other than freehold land, which are stated at cost) and impairment losses, if any.

In cases where final settlement of bills with contractors is pending, but the asset is complete and available for use, capitalisation is done on estimated basis subject to necessary adjustments. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term projects if the recognition criteria are met in accordance with Ind AS 23 Borrowing Cost. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on the assets which belongs to generation of electricity business and on the assets of Corporate & other offices is charged on straight line method following the rates notified by the CERC Tariff Regulations and in accordance with Schedule II of the Companies Act, 2013. Depreciation is calculated on straight-line method up to 90% of the original cost of assets at the rates notified by the Central Electricity Regulatory Commission. Claw back of depreciation has been provided in the accounts on the assets created out of the contribution received from consumers and government grants and subsidies.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss. Fully depreciated assets still in use are retained in financial statements."

1.5 Capital Work-in-progress

Capital work-in-progress comprises of the cost of PPE that are not yet ready for their intended use as at the balance sheet date. Expenditure incurred on assets under construction (including a project) is carried at cost under Capital Work in Progress (CWIP). Such costs comprise purchase price of assets including import duties and non-refundable taxes (after deducting trade discounts and rebates), expenditure in relation to survey and investigation activities of projects, cost of site preparation, initial delivery and handling charges, installation and assembly costs, etc.

Employee cost of various units are allocated to capital work in progress on the basis of following ratio;

Units	Employee cost
Generation	100% for offices exclusive for Civil works.
Transmission	25%
Distribution	14%
HO	5%

1.6 Intangible assets and Intangible asset under development

The company accounts the intangible assets as under

Type of Asset	Amortisation rate
Software	15.00%

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line over their estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as “Intangible Assets under Development” till such assets are ready for their intended use.

1.7 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction / development or erection of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period to get ready for their intended use or sale.

When the Company borrows funds specifically for obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition, construction/exploration or erection of the qualifying asset.

"Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs about the borrowing of funds. Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization. The quantum of borrowing cost is measured based on the weighted average cost of capital. Other borrowing costs are recognized as an expense in the year in which they are incurred."

1.8 Regulatory Deferral Accounts

The tariff charged by the Company for electricity sold to its customers is determined by the KSERC which provides extensive guidance on the principles and methodologies for determination of the tariff for sale of electricity. The tariff is based on allowable costs like interest, depreciation, operation & maintenance expenses, etc. with a stipulated return. This form of rate regulation is known as cost-of-service regulations which provide the Company to recover its costs of providing the goods or services plus a fair return. Since the company has not recognised any amounts that qualify as regulatory deferral account balances in its financial statements in accordance with its previous GAAP, the Company is not eligible to apply Ind AS 114, Regulatory Deferral Accounts. Hence Company has not recognised any regulatory deferral account balances.

1.9 Financial instruments

1.9.1 Initial recognition

Financial instruments are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

1.9.2 Subsequent measurement

1 Financial assets

a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

c. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

d. Investment in Associates and joint ventures

The investment in associates and joint ventures is carried at cost in the financial statements in accordance with Ind AS 27. The Company reviews its carrying value of investments annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the statement of profit and loss.

e. Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset. Expected credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

f. Impairment of trade receivables

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity. In some cases, this may not be probable until the consideration is received or until an uncertainty is removed. When an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount or the amount in respect of which recovery has ceased to be probable is recognised as an expense in profit and loss account. Such amount shall be reduced from the gross arraying amount of a financial asset when no reasonable expectations of recovering a financial asset in its entirety or a portion there of.

Age of debtors	Provisioning rate (%)
More than 5 years	75%
Between 3 to 5 years	40%
Between 1 to 3 years	15%
Between 6 months to 1 year	5%
Less than 6 months	0%

g. Derecognition of financial instruments

"The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires."

h. Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

The Company derecognizes Financial liabilities only when Company's obligations are discharged, cancelled or have expired. A substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

1.10 Non-current assets held for sale

Non-current assets if any, are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale and an active programme to locate a buyer and complete the plan must have been initiated, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations, if any, will be presented separately in the Statement of Profit and Loss.

1.11 Inventory

Inventories are stated at the lower of cost or net realisable value. Cost of inventory includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. From 01.07.2017 onwards, the company dispensed the policy of standard rate method and adopted the policy of FIFO (First in First Out) method on implementation of material management software in the company. Inventories procured up to 30.06.2017 are still valued at standard rates, determined by the company. The difference between actual cost and standard rate for these items is debited or credited to Material cost variance as the case may be and debit balance, if any in the Material cost variance account is charged to Statement of Profit and Loss.

1.12 Government Grant

The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

1.13 Retirement and Other Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed or included in the carrying amount of an asset if another standard permits such inclusion as the related service is provided. A liability is recognised for the amount expected to be paid under short-term performance related cash bonus if the Company has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Retirement benefits in the form of gratuity is defined benefit obligations and is provided for based on an actuarial valuation, using projected unit credit method as at each balance sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss or included in the carrying amount of an asset if another standard permits such inclusion. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

1.14 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes or other amounts collected from customers.

The specific recognition criteria described below must also be met before revenue is recognised.

i. The Company's contracts with customers for the sale of electricity generally include one performance obligation. The Company has concluded that revenue from sale of electricity should be recognised at the point in time when electricity is transferred to the customer.

ii. Interest income is recognised on time proportion basis at the effective interest rate ("EIR") applicable.

iii. Dividend income from investments, if any, recognised when the company's right to receive payment is established which is generally when shareholders approve the dividend.

iv. Late payment charges and interest on delayed payment for power supply are recognized based on receipt basis due to the uncertainty of collection of demand from defaulted consumers.

1.15 Income Tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and laws) enacted or substantively enacted by the reporting date.

Current Income tax assets and Liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively, at the reporting date.

Deferred tax

"Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are excepted to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognized or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

"Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period."

1.16 Segment Reporting

In accordance with Ind AS 108, the operating segments used to present segment information are identified based on policy formulated from internal reports used by the Company's Management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. The indicators used for internal reporting purposes may evolve performance assessment measures put in place.

Electricity generation, transmission and distribution is the principal business activity of the Company. Other operations do not form a reportable segment as per the Ind AS -108

- 'Operating Segments'. Segment revenue, segment result, segment assets and segment liabilities include the respective amount identified to each of the segments on reasonable basis from the internal reporting system. The Company is having a single geographical segment as all its Power Stations and Transmission/Distribution channels are located within the state.

1.17 Transactions Foreign currency

Transactions in foreign currency are initially recorded at the functional currency the date the transaction first qualifies for recognition. At each Balance Sheet date, monetary items denominated in foreign currency are translated at the functional currency exchange rates prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1.18 Contract Balances

1.18.1 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

1.18.2 Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due and the amount is billable.

1.18.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. Contract liabilities are recognised as revenue when the Company performs obligations under the contract.

1.19 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1.19.1 The Company as lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.19.2 The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the period in which they are incurred.

Rental expense from operating lease is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

1.20 Provisions and Contingent Liabilities

"In accordance with Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets, a provision is required to be recognised to settle a future obligation, both legal and constructive, by way of an economic outflow, resulting out of a past event and which can be reliably estimated. The amount of provision is recognised as the best estimate of present value of any obligation that need to be settled taking into account the risks and uncertainties surrounding the obligation. The provision is discounted if the effect of time value of money for the provision is material and shall be recognised as a finance cost in profit and loss account.

Contingent liabilities, on the other hand is not recognised, but disclosed adequately as parts of the financial statement. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are disclosed based on judgment of the management independent experts with careful understanding of the circumstance of each case. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate."

1.21 Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (net off distribution on Perpetual Securities whether declared or not) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for the effects of dividend, interest and other charges relating to the dilutive potential equity shares by weighted average number of shares plus dilutive potential equity shares

1.22 Micro, Small and Medium Enterprises

Disclosure, if any, relating to amounts unpaid as on date of balance sheet together with interest paid/ payable as required under the Micro, Small and Medium Enterprises Development Act 2006 which came into effect from 2nd October 2006 is being provided only on receipt of information from its suppliers regarding their status under the Act.

1.23 Statement of Cash Flows

Cash flow statement is prepared in accordance with the indirect method prescribed in Indian Accounting Standard (IND AS) 7 "Statement of Cash Flows.

1.24 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31st March 2020, except for (a) the adoption of new standard effective as of 1st April, 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. None of interpretation or amendment have any material impact on the Financial Statements of the Company.

1.25 Cash and Cash Equivalents

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

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash at banks and short-term deposits, as defined above, net of outstanding bank overdraft as they are considered an integral part of the Company's cash management.

1.26 Opening Balance on revesting

Vide G.O(P) No.46/2013/PD dated 31 October 2013 published in Kerala Gazette dated 31st October 2013, the Government of Kerala revested all the Assets and liabilities of the erstwhile KSE Board in the new company Kerala State Electricity Board limited. Then the Government of Kerala issued the final transfer scheme vide G.O.(P) No.3/2015/PD dated 28.01.2015 by issuing a new opening Balance Sheet for the company as on 01.11.2013. The statement of accounts for 2013-14 of the company has been prepared based on the value of Assets & Liabilities notified by the Government of Kerala vide notification dated 28.01.2015.

1.27 Recent accounting pronouncements - Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

On 24 March 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Company is evaluating the effect of the amendments on its standalone financial statements.

2 Property, Plant and Equipment

₹ in Crores

Particulars	Land & Land Rights	Buildings	Hydraulic Works	Other Civil Works	Plant & Machinery	Lines, Cable & Network	Vehicles	Furniture & Fixtures	Office Equipments	Total
Cost/Deemed Cost										
As at 1 April 2019	**1,791.26**	**784.42**	**1,409.25**	**661.34**	**16,768.65**	**10,140.26**	**25.95**	**46.10**	**153.11**	**31,780.34**
Additions	13.89	62.83	3.08	41.52	297.40	1,680.15	0.38	4.09	40.30	2,143.64
Disposals	-	-	-	-	-	-	-	-	-	-
As at 31 March 2020	**1,805.15**	**847.25**	**1,412.33**	**702.86**	**17,066.05**	**11,820.41**	**26.33**	**50.19**	**193.41**	**33,923.98**
Additions	228.64	26.09	3.13	28.77	344.65	1,748.31	0.47	10.95	215.65	2,606.66
Deletions	-	-	-	-	-	-	-	-	-	-
As at 31 March 2021	**2,033.79**	**873.34**	**1,415.46**	**731.63**	**17,410.70**	**13,568.72**	**26.80**	**61.14**	**409.06**	**36,530.64**
Accumulated Depreciation										
As at 1 April 2019	**-**	**368.93**	**735.71**	**220.16**	**3,815.95**	**5,249.60**	**19.73**	**23.98**	**100.21**	**10,534.27**
Charge for the year	-	25.19	70.04	22.95	248.08	514.94	1.52	2.61	12.56	897.89
Disposal / Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2020	**-**	**394.12**	**805.75**	**243.11**	**4,064.03**	**5,764.54**	**21.25**	**26.59**	**112.77**	**11,432.16**
Charge for the year	-	26.57	67.14	24.33	257.43	606.58	1.27	2.93	21.40	1,007.65
Disposal / Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2021	**-**	**420.69**	**872.89**	**267.44**	**4,321.46**	**6,371.12**	**22.52**	**29.52**	**134.17**	**12,439.81**
Carrying amount										
As at 31 March 2021	**2,033.79**	**452.65**	**542.57**	**464.19**	**13,089.24**	**7,197.60**	**4.28**	**31.62**	**274.89**	**24,090.83**
As at 31 March 2020	**1,805.15**	**453.13**	**606.58**	**459.75**	**13,002.02**	**6,055.87**	**5.08**	**23.60**	**80.64**	**22,491.82**

2.1 Government of Kerala vide order G.O (M.S) No.13/07/PD dated 05.07.2007 has ordered to transfer 100 acres of land originally acquired by KSEB for the Brahmapuram Diesel Power Plant at Brahmapuram to the Revenue Department in Government subject to the conditions that

(i) The value of Land will be determined and paid by Government to KSEB later.

(ii) Additional compensation ordered to be paid by Government in Revenue Department.

The Government had fixed the compensation for acquisition at ₹7.57 crores and the Board had requested the Government to enhance the compensation and for giving value of land at current market rate. No amount has been received till date and physical transfer of land has not taken place. Hence Accounting adjustments were also not made.

2.2 45.715 cents of Land belonging to the company in Thiruvananthapuram was transferred to Thiruvananthapuram Development Authority for widening the road as per the decision of the Government of Kerala. Since the value of the land is not yet received from the Government, necessary adjustments are yet to be made in the Books of Accounts.

2.3 The company suffered a heavy damage due to natural calamities and floods in the state. Power restoration works had been carried out on war foot basis and electricity connections were restored in time. The assets of KSEB Ltd in the flood affected areas were severely damaged. Some assets were fully lost and assets which are partly damaged and reusable were repaired and restored and the cost incurred for this is stated as exceptional items of the respective periods. The company had taken sincere effort to identify the asset fully lost in the flood, but the details had not been received from the Accounting Rendering units since the Fixed Assets register has not been properly maintained in the field offices. The value of such assets are not removed from the books of accounts and the note on Property Plant and Equipment comprise the value of the asset lost in the flood also.

2.4 For preparation of the Financial statements, the value of asset and liabilities notified under the re-vesting second Transfer (Amendment) Scheme (Re-vesting) 2015, have been duly adopted. The fixed asset of erstwhile KSE Board revested to KSEB Ltd. is taken at the value notified vide Government notification G.O.(P).No.3/2015/PD dated 28.01.2015. Depreciation is charged on the book value of asset except the revalued asset. As per para 27 of the KSERC (Terms and conditions for determination of Tariff), Regulations,2018 provided that no depreciation shall be allowed on account of revaluation of assets.

2.5 Vide G.O.(M.S) No.34/2017/PD dated 04/04/2017 Government of Kerala ordered that 20 acres of land owned by Travancore Cochin Chemicals Ltd (TCCL), which is currently under the lease to BSES Kerala Power Ltd to be transferred to KSEBL against outstanding dues from TCCL amounting to Rs. 174.61 Crores plus interest subject to the condition that KSEBL shall not alienate the land under any circumstances. The property of 20 Acres of land owned by TCCL is transferred in the year 2019-2020 in settlement of the dues and is capitalised as land with a value at the exchange value of 174.61 crores.

3 Other Intangible Assets **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Cost		
Balance as at beginning of the year	31.00	8.19
Additions during the year	11.01	22.81
Deletions / Adjustments during the year	-	-
Balance as at end of the year	42.01	31.00
Accumulated Amortization		
Balance as at beginning of the year	5.28	1.23
Amortisation expense for the year	4.36	4.05
Deletions / Adjustments during the year	-	-
Balance as at end of the year	9.64	5.28
Carrying amount of Intangible Assets		
As at beginning of the year	25.72	6.96
As at end of the year	32.37	25.72

3.1 The additions to intangible assets comprise of employee cost for inhouse development of software amounting to Nil (previous year Rs. 13.44 crores) and Rs. 11.00 Cr (previous year 9.00 Cr) towards rights secured for laying transmission cables for Edamon Kochi project.

4 Capital Work In Progress **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
As at 1 April 2020	**3,735.06**	**3,066.95**
Additions	3,003.27	2,811.72
Less : Capitalised / adjusted	2,606.66	2,143.64
As at 31 March, 2021	**4,131.67**	**3,735.06**

4.1 The expenditure incurred for the following abandoned projects are included in the Capital Work in Progress. The status of the project are detailed below.

a. Achankovil Small Hydro Electric Project: Rs.4.57 crore incurred for the project. Environmental clearance was accorded by MOEF&CC subsequently Forest clearance was denied by the State Forest Department due to adverse impacts on flora and fauna.

b. Athirapilly Hydro Electric Project: Rs.15.57 crore incurred for the project. The project was accorded Environment & Forest clearance by MOEF&CC. Government was in the process of obtaining a political consensus with respect to the implementation of the project in consultation with various stake holders.

c. Manthavady Multipurpose Project: Rs.2.68 crore incurred for the project. The project is entangled in Inter State Water Dispute. Cauvery Tribunal Award prohibits trans basin diversion of water.

d. LNG Base Thermal Power Plant, Brahmapuram:Rs.2.78 crore incurred for the project.

4.2 During the financial year an amount of ₹ 535.58 crores (Previous Year ₹ 630.55 crores) has been charged to the capital work in progress over capital works for the capitalisation of employee cost and interest and finance charges as detailed below. The same shall be capitalised in the financial year 2021-22.

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Employee Cost	372.72	323.55
Interest and Finance charges	162.86	307.00
Total	**535.58**	**630.55**

Interest and finance charges (borrowing cost) of Project Specific Loans are added to the value of asset and the interest and finance charges of general borrowings are added to the value of the assets at a capitalisation rate of 7.90% on the cost of assets.

5 Intangible assets under development **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Balance as at beginning of the year	**14.97**	**-**
Additions during the year	16.09	14.97
Deletions / Adjustments during the year	-	-
Balance as at end of the year	**31.06**	**14.97**

6 Investments - Non current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Kerala State Power and Infrastructure Finance Corporation Limited		
Investment in Equity of associate company	9.50	9.50
10819440 equity shares of face value Rs 10 each (Previous year - 10819440 equity shares of face value Rs 10 each)		
Percentage of interest	40.60%	40.60%
Reconciliation to carrying amounts		
Investment in associate during the year	-	-
Add: Financial Reporting of Interests in associate		

Profit / (Loss) for the period	2.92	2.24
Other comprehensive income	-	-
Dividend received	-	-
Other restatements of prior years	1.32	
Closing net assets (i)	**38.25**	**34.01**
Baitarni West Coal Company Ltd		
Investment in Equity of joint venture company	10.00	10.00
100000 equity shares of face value Rs 1000 each (Previous year - 100000 equity shares of face value Rs 1000 each)		
Percentage of interest	33.33%	33.33%
Reconciliation to carrying amounts		
Opening carrying amount	10.70	10.26
Investment in Joint venture during the year	-	-
Add:Financial Reporting of Interests in Joint Ventures		
Profit / (Loss) for the period	0.29	0.44
Other comprehensive income	-	-
Dividend received	-	-
Closing net assets (ii)	**10.99**	**10.70**
Kerala Fibre Optic Network Ltd		
Investment in Equity of associate company	0.49	0.49
490000 equity shares of face value Rs 10 each (Previous year - 490000 equity shares of face value Rs 10 each)		
Percentage of interest	49%	49%
Reconciliation to carrying amounts		
Opening carrying amount	0.49	0.49
Investment in associate during the year	-	-
Add:Financial Reporting of Interests in associate		
Profit / (Loss) for the period	0.02	
Other comprehensive income	-	-
Dividend received	-	-

Closing net assets (iii)	**0.51**	**0.49**
Renewable Power Corporation of Kerala Ltd		
Investment in Equity of joint venture company	0.50	0.50
5000 equity shares of face value Rs 1000 each (Previous year - 5000 equity shares of face value Rs 1000 each)		
Percentage of interest	50%	50%
Reconciliation to carrying amounts		
Opening carrying amount	1.70	1.10
Investment in Joint venture during the year		
Add:Financial Reporting of Interests in Joint Ventures	-	-
Profit / (Loss) for the period	0.96	0.60
Other comprehensive income	-	-
Dividend received	-	-
Closing net assets (iv)	**2.66**	**1.70**
Share of net profit of associates accounted for using the equity method	5.51	3.28
Total Closing net assets (i+ii+iii+iv)	**52.40**	**46.89**

6.1 The Board of Directors of the company in the 39th meeting held on 24.04.2018 resolved that KSEB Ltd, opt out of the joint venture company namely Baitarani West Coal Company Ltd after complying the required formalities and obtaining the concurrence of the Government of Kerala. Government of Kerala vide G.O.(Ms)No.5/2015/PD dated 06.04.20219 approved the resolution of the Board of Directors of KSEB Ltd in the 39th meeting held on 24.04.2018 subject to the condition that interest/s of KSEBL/Government shall not be endangered under any circumstances while withdrawing from Baitarani West Coal Company Ltd.

7 Trade receivables - Non current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Secured considered good	-	-
Unsecured considered good	407.77	739.44
Less: Allowance for bad and doubtful debts	-	-
Total	**407.77**	**739.44**

8 Loans - Non current at amortised cost ₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Security Deposit		
Unsecured and considered good	26.76	21.78
Less: Allowance for Doubtful Deposits	-	-
Total	**26.76**	**21.78**

9 Other financial assets - Non current ₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Receivable from Government of Kerala	2,110.61	2,860.44
Advance - others	26.21	83.54
Balances with Banks:		
In deposit accounts with remaining maturity more than 12 months	2.29	7.29
Total	**2,139.11**	**2,951.27**

Advance others includes the commitment advance given to the Cheyyur,Ghogarpalli and Tatiya Ultra Mega Power Projects amounting Rs. 16.78 crores. Subsequent to the direction by Ministry of Power for the closure of various UMPPs, KSEBL has requested M/s. PFC Ltd to close the SPVs formed for the UMPPs. The company had requested Government to take up the early closure of the projects and refund of commitment advance along with the accumulated interest. The company has decided to opt out from the UMPPs at Cheyyur, Tatiya and Ghogarpalli as the projects were held up due to various reasons beyond our control and considering the risk involved.

10 Non Current Tax assets (Net) ₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Non Current tax assets (net)	24.25	22.17
Less Provision for tax	-	-
Total	**24.25**	**22.17**

11 Other Non Current Assets ₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Capital Advances		
Unsecured considered good	330.66	289.86
Doubtful	-	-
Others		
Advance Agricultural Income Tax	0.22	0.22
Total	**330.88**	**290.08**

12 Inventories

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Oils & Lubricants	1.38	5.05
Stores & spares	683.81	785.51
Others	0.24	18.77
(Less) Provision for Shortages and Obsolescence	(0.47)	(0.47)
Total	**684.96**	**808.86**

13 Trade receivables - Current

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Trade Receivables		
Secured, considered good	-	-
Unsecured considered good		
Sundry Debtors for Sale of Power	1,783.43	1,506.86
Sundry Debtors for Inter State Sale of Power	3.47	3.47
Sundry Debtors for Electricity Duty	132.10	125.95
Sundry Debtors (Miscellaneous)	199.93	185.76
Considered Doubtful		
Sundry Debtors for Sale of Power	439.19	789.31
Less: Allowance for Bad and Doubtful Debts	(439.19)	(789.31)
Total	**2,118.93**	**1,822.04**

13.1 Movement in the expected credit loss allowance

₹ in Crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Balance at the beginning of the year	789.31	789.31
Less: balance written off recovered during the year		-
Less:provision written off during the year	(350.12)	-
Balance at the end of the year	439.19	789.31

14 Cash & Cash Equivalents **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with bank		
in current accounts	55.10	145.07
in treasury accounts	189.02	0.10
Deposits with original maturity less than 3 months	0.33	0.10
Cash on hand	5.94	4.10
Total	**250.39**	**149.37**

14.1 Cash & Cash Equivalents considered for Cash Flow Statement **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with bank as above	244.45	145.27
Cash on hand as above	5.94	4.10
Bank over draft	(135.67)	(623.73)
Total	**114.72**	**-474.36**

15 Bank balances other than cash and cash equivalents **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with Banks includes		
Term deposits with banks (due to mature with in 12 months of the reporting date	180.98	143.67
Total	**180.98**	**143.67**

16 Other financial assets - Current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Rent Receivable	0.08	0.08
Receivable from Power suppliers	-	96.83
Interest Accrued But Not Due	3.74	16.81
Total	**3.82**	**113.72**

17 Other Current Assets **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Recoverables from Employees	6.40	8.52
Advance to Contractors & Suppliers	7.98	4.29
Unbilled revenue receivable	1,111.19	940.86
Others		
Inter Unit Balances	78.05	50.98
Total	**1,203.62**	**1,004.65**

18 Equity Share capital **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised		
Equity Shares of Rs 10/- each Nos		
Nos	5000000000	5000000000
₹ Crores	**5,000.00**	**5,000.00**

18 Equity Share capital **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Issued		
Nos	3499050000	3499050000
₹ Crores	3,499.05	3,499.05
Subscribed and Paid-up		
Nos	3499050000	3499050000
₹ Crores	3,499.05	3,499.05
Equity Shares		
At the beginning of the year		
Nos	3499050000	3499050000
₹ Crores	3,499.05	3,499.05
Issued during the year		
Nos	-	-
₹ Crores	-	-
Outstanding at the end of the year		
Nos	3499050000	3499050000
₹ Crores	3,499.05	3,499.05

18.1 Vide G.O.(MS) No.17/2015/PD dated 13.05.2015 the equity capital of Government in Kerala State Electricity Board Ltd is Rs.3499.05 Cr (fully paid up) and there has been no movement in the share capital since then.

18.2 Terms and rights attached to equity shares
The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding."

18.3 The company has only one share holder since inception being the **Honourable Governor of Kerala**

19 Other equity **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Retained Earnings	(7,396.25)	(5,579.41)
Other Comprehensive income		
Remeasurements of Defined Benefit Plans Gains	(7,160.42)	(6,498.62)
Total Other Equity	**(14,556.67)**	**(12,078.03)**
Retained Earnings		
Opening Balance	(5,579.41)	(5,313.14)
Less: Loss for the year	(1,816.84)	(266.27)
Add/(Less) Adjustments due to restatement	-	-
Closing Balance	**(7,396.25)**	**(5,579.41)**
Other Comprehensive income		
Opening Balance	(6,498.62)	(5,902.27)
Less: Loss for the year	(661.80)	(596.35)
Add/(Less) Adjustments due to restatement		
Closing Balance	**(7,160.42)**	**(6,498.62)**

Remeasurements of Defined Benefit Plans Gains / Losses arising on Remeasurements of Defined Benefit Plans are recognised in the Other Comprehensive Income as per IND AS 19 and shall not be reclassified to the Statement of Profit or Loss in the subsequent years.

20 Borrowings - Non current

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
Bonds		
Unsecured Bonds	9,129.73	9,858.76
Term Loans		
From Banks		
Secured Loans	1,227.37	892.27
From Others		
Secured Loans	5,359.69	5,085.55
Total	**15,716.79**	**15,836.58**

20.1 Details of Terms of Repayment, Rate of Interest and Security of Bonds

"Unsecured Bonds consist of two series of bonds issued to The Kerala State Electricity Board Limited Employees Pension and Gratuity Trust as per G.O.(P).No.3/2015/PD dated 28.01.2015 as on 01.04.2017.

i) 20 years bond with a coupon of rate 10% p.a. For ₹ 8144 crores.

ii) 10-year bond with a coupon of rate 9% p.a. For ₹3751 crores.

These bonds have been redeemed every year as per the Government Order referred above. The Government of Kerala provides for the redemption of 9% Bond (including interest thereon) every year by way of adjustment against electricity duty payable to Government. During the current year, ₹407.20 crores in respect of 10% bond and ₹295.25 crores in respect of 9% bond has been redeemed. The amount of ₹559.52 required for the redemption of 9% bond (including interest of ₹264.27 crore thereon) for the year was provided by the Government of Kerala by adjustment against the Electricity Duty payable to Government. The provision for interest on bonds adjustable against the Electricity Duty and the amount receivable from Government provided in the opening balance sheet of the company as on 01.11.2013.

Bonds are unsecured but are guaranteed under the scheme by the company and Government of Kerala

20.2 Details of Terms of Repayment, Rate of Interest and Security of Term Loans

The secured Loan from Bank consist of:

(i) Term loan from State Bank of India for shoring up of Net Working Capital of the Company which is to be paid in monthly instalments up to 31 October 2029. The applicable interest rate presently is 8.62%.

(ii) Term loan from South Indian Bank for commissioning of Barapole Small Hydro Electric Power Project (SHEP) which is to be paid in monthly instalments up to 29 February 2028. The applicable interest rate presently is 10%.

20.3 The secured Loan from other Financial Institutions consist of:

(i) Term loan from Power Finance Corporation Limited (PFC) :

(a) As part of R-APDRP Part- A (Distribution scheme) for which the repayment is not finalised. The applicable interest rate presently is 9%.

(b) As part of R-APDRP Part- B (Distribution scheme) for which the repayment is not finalised. The applicable interest rate presently is 9%.

(c) As a special assistance to be paid in monthly instalments up to 14 September 2033. The applicable interest rate presently is 9.08%.

(ii) Term loan from PFC Green Energy Limited :

(a) For commissioning Perunthenaruvi SHEP which is to be paid in monthly instalments up to 15 July.2033. The applicable interest rate presently is 10.125%.

(b) For commissioning Kakkayam SHEP which is to be paid in monthly instalments up to 15 January.2034. The applicable interest rate presently is 9.875%.

(iii) Term loan from REC Limited :

(a) For commissioning Poringalkuthu SHEP for which the repayment is not finalised. The applicable interest rate presently is 10.25%.

(b) For commissioning Bhoothankettu SHEP for which the repayment is not finalised. The applicable interest rate presently is 10.25%.

(c) For laying Kattakada-PothencodeTransmission Line which is to be paid in monthly instalments up to 31 March 2026. The applicable interest rate presently is 11.5%.

(d) As laying Transmission lines across Kerala which is to be paid in monthly instalments up to 01 January 2032. The applicable interest rate presently is 10.25%.

(e) As part of various schemes across 23 Distribution Circles which is to be paid in monthly instalments up to 01 January 2032. The applicable interest rate presently is 10.125%.

(f) As part of Distribution Meter Scheme which is to be paid in monthly instalments up to 01 January 2022. The applicable interest rate presently is 9.75%.

(g) As part of RAPDRP Part B Scheme which is to be paid in monthly instalments up to 30 December 2027. The applicable interest rate presently is 10.125%.

(h) As part of RGGVY Scheme which is to be paid in monthly instalments up to 28 February 2028. The applicable interest rate presently is 10.5%.

(i) As part of DDG Scheme for which the repayment is not finalised. The applicable interest rate presently is 10.5%.

(j) As part of Special Assistance which is to be paid in monthly instalments up to 31 March 2032. The applicable interest rate presently is 9.08%.

(iv) Term loan from NABARD for commissioning Banasura Sagar SHEP and Upper Kallar SHEP which is to be paid in monthly instalments up to 01 January 2023. The applicable interest rate presently is 6.25%.

(v). Term loan from Kerala Financial Corporation

a. Long term loan has been availed for various purpose which is to be paid in monthly instalments upto31st March 2032. The applicable interest rate presently is 9%

b. Medium loan has been availed from various purpose which is to be paid in monthly instalments Upto 31st March 2026. The applicable interest rate presently is 8%

20.4 Default in repayment of borrowings **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Bonds		
Principal & interest	713.72	582.21
Term Loans		
Principal & interest	-	-

21 Other financial liabilities - Non current at amortised cost **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposit from consumers	3,207.24	3,205.21
Interest payable on consumers deposit	322.27	364.72
Amount received from KIIFB & DRIP	903.68	367.61
Total	**4,433.19**	**3,937.54**

* As the terms and conditions of the amount received from Kerala Infrastructure Investment Fund Board (KIIFB) and Dam Rehabilitation and Improvement Project (DRIP) is not finalised, the same is classified as an other financial liability and neither finance cost nor maturities of dues are considered in the financial statements.

22 Provisions - Non current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for Employee Benefits		
Contributory Provident Fund	0.04	0.04
General provident Fund	2,430.72	2,342.96
Terminal benefits as per actuarial valuation	7,951.14	6,350.58
Others		
Provision for Interest on bonds adjustable against Electricity duty	902.08	1,166.34
Provision for Pay revision	1,011.00	426.00
Total	**12,294.98**	**10,285.92**

23 Other liabilities - Non Current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Decommissioning Liability	26.26	24.19
Deferred revenue on government grants	1,683.77	1,417.74
Deferred revenue on deposit works	1,867.10	1,606.30
Total	**3,577.13**	**3,048.23**

24 Borrowings - Current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured borrowings at amortised cost		
From banks		
Bank Overdraft	135.67	623.73
Demand Loan	1,136.56	1,306.50
Short term Loan	400.00	400.00
From others		
Bond principal and interest due	713.72	582.21
Total	**2,385.95**	**2,912.44**

Refer note no. 20.1 for details on terms and conditions of borrowings.

25 Borrowings - Current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Payables for supply of power	1,695.51	1,642.26
Payables for supply of materials and services	169.26	182.01
Payables for Expenses	237.31	167.41
Total	**2,102.08**	**1,991.68**

25.1 The vendor balances on purchase of power are unreconciled to the extent of Rs.64.15 crores(Previous Year 48.74 crores) (Dr), from suppliers of power due to disagreement in the claim ability of costs. Further, an amount of Rs.57.20 crores is booked in excess of the confirmations received from vendors. The management is of the opinion that no further provisions are required to effected in the books of accounts of the company.

25.2 Information in respect of micro and small enterprises as at 31 March 2021 as required by Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management during 2020-21 is as follows:

₹ in Crores

Particulars	As at 31 March 2021	As at 31 March 2020
a) Amount remaining unpaid to any supplier:		
Principal amount	1.76	6.43
Interest due thereon	-	-
b) Amount of interest paid in terms of Section 16 of the MSMED Act along-with the amount paid to the suppliers beyond the appointed day	-	-
c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
d) Amount of interest accrued and remaining unpaid	-	-
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under Section 23 of MSMED Act	-	-

There are no material dues owed by the Company to Micro and Small Enterprises which are outstanding for more than 45 days during the year and as at March 31, 2021. This information as required under Micro and Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the Auditors.

26 Other financial liabilities - Current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Liability for capital supply/works	94.72	120.29
Staff related liabilities and provisions	402.69	163.41
Deposit and Retentions from Suppliers/ Contractors	514.43	467.63
Accrued/Unclaimed amount relating to borrowings	244.78	227.61
Deposit for Electrification, Service connection etc	649.68	758.79

Current maturities of long term borrowings from others	645.14	530.07
Current maturities of long term borrowings from bank	152.28	101.04
Current maturities of bonds	729.03	702.45
Total	**3,432.75**	**3,071.29**

26.1 Staff related liabilities and provision includes Rs. 20 crore, the advance contribution to the Chief Ministers Distress Relief fund(CMDRF). Vide B.O.(DB)No.522/2021/FA/Deferred salary/2020-21 dated 06.07.2021 resolved to adjust the further contribution from the employees of KSEB Ltd. to CMDRF against the advance contribution of Rs.20 crore already remitted by the company to the CMDRF and further resolved to treat the remaining balance after the above adjustments as KSEB Ltd.'s contribution to the CMDRF.

27 Provisions - Current **₹ in Crores**

Particulars	As at 31 March 2021	As at 31 March 2020
Dearness Allowance arrears	19.10	22.89
Terminal benefits	2,805.45	1,853.92
Total	**2,824.55**	**1,876.81**

28 Revenue from operations **₹ in Crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Sale of Power		
Interstate	2.13	1.25
Domestic	6,206.67	5,262.80
Commercial	2,929.97	3,394.22
Public Lighting	179.53	175.59
Irrigation & Dewatering	114.54	97.60
Industrial L T	801.40	837.70
Railway Traction	101.70	194.20
Bulk Supply	322.68	396.74
High tension	2,527.31	3,057.71
Extra high tension	517.76	621.08
Trading	102.50	17.86
Misc. Receipts/Charges from Inter State Trading of Energy	45.98	16.02
Electricity Duty	944.97	969.12

Other State Levies	16.68	17.04
Meter Rent/Service Line Rental	99.47	96.95
Recovery of theft/Mal practices	10.12	7.67
Wheeling Charge recoveries	2.89	3.65
Misc. Charges from Consumers	88.88	137.78
Total revenue from sale of power	15,015.18	15,304.98
Less: Electricity Duty Payable	944.97	969.12
Less: Other State Levies Payable	16.68	17.04
Total (A)	**14,053.53**	**14,318.82**
Other Operating Income		
Particulars	**Year ended 31 March 2021**	**Year ended 31 March 2020**
Rebate Received	150.52	109.14
Interest Advances to Suppliers/Contractors	0.04	6.80
Income from sale of bulbs, Scrap, Tender form etc	119.45	41.51
Miscellaneous Receipts	97.09	82.76
Total (B)	**367.10**	**240.21**
Total (A+B)	**14,420.63**	**14,559.03**

Unbilled revenue is estimated on monthly and bi-monthly billed consumers belonging to various tariff categories, an amount of ₹ 1,111.19 crores is recognized as unbilled revenue as at 31.03.2021(Previous year ₹ 940.86 crores) and classified as other current assets. The unbilled revenue is estimated based on the billing pattern of customers vis-a-vis one month billing of month subsequent to the close of the year for domestic customers, bill raised in the subsequent month for HT&EHT consumers and for all other consumers 15 days billing of month subsequent to the close of the year.

29 Other Income **₹ in Crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest Income		
Interest on belated payment of charges	147.51	65.63
Staff Loans and Advances	0.06	0.05
Income From Loans &others	0.01	0.09
Banks	8.51	9.81
Clawback of Grant	245.69	200.21

Reversal of provision on doubtful debts	328.88	-
Other receipts	18.10	19.78
Total	**748.76**	**295.57**

30 Purchase of Power **₹ in Crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Power purchased from Central Generating Stations	2,582.99	2,862.51
Power purchased from Others	4,806.82	5,204.45
Power purchase from Solar plants	3.11	-
Power purchased from Wind Generating Stations	43.84	44.77
Wheeling Charges	618.78	567.34
Other charges on sale through power exchange	2.39	0.74
Purchase others	-	0.19
Total	**8,057.93**	**8,680.00**

31 Generation of Power **₹ in Crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Oil	4.06	4.65
High Speed Diesel Oil	0.12	0.21
Lubrication Oil	0.11	0.15
Consumable stores	0.51	0.70
Total	**4.80**	**5.71**

32 Repairs & Maintenance **₹ in Crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Plant and Machinery	34.11	41.39
Buildings	6.90	8.43
Civil Works	9.67	9.72
Hydraulic Works	2.69	3.52
Lines, Cable Network etc.	201.96	214.17
Vehicles	2.05	2.21

Furniture and Fixtures	0.30	0.39
Office Equipments	2.91	1.97
Total	**260.58**	**281.80**

33 Employee Benefits **₹ in Crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salaries & allowances	4,629.74	2,513.10
Over Time/Holiday Wages	0.37	0.37
Dearness Allowance	711.29	707.88
Other Allowances	77.17	76.70
Bonus	9.75	9.74
Leave Travel Assistance	0.02	0.26
Earned Leave Encashment	169.64	160.45
Payment under Workmen's Compensation Act	0.31	0.22
Leave Salary & Pension Contribution	25.02	22.20
Funeral Allowance	0.07	0.06
Medical Expenses Reimbursement	11.72	12.85
Staff Welfare Expenses	4.48	4.52
Terminal Benefits	0.28	0.07
(Less) employee cost capitalised	(486.69)	(460.94)
Total	**5,153.17**	**3,047.48**

Salaries & allowances includes provision for gratuity compensated absences and pension to the extent of ₹ 63.11 crores , ₹ 64.21 crores and ₹ 1,972.58 crores respectively. (Previous year ₹140.12 crores, ₹ 58.76 and ₹ 236.77 crores respectively). Provision for pay revision arrears charged in the year is ₹ 585.00 crores (previous year ₹ 250 crores).

34 Finance Cost **₹ in Crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Finance Charges on Financial Liabilities Measured at Amortised Cost		
Interest expense		
Interest on other loans/deferred credits	730.69	597.31
Interest to Consumers	149.07	196.29
Interest on bond issued to master Trust	692.24	732.96

Interest on Borrowings for Working Capital	154.36	189.25
Other interest and finance charges		-
Interest on General Provident Fund	160.69	171.26
Other Charges	2.17	9.63
Less: Interest and Finance Charges Capitalised	(162.86)	(307.00)
Total	**1,726.36**	**1,589.70**

35 Depreciation, Amortisation and Impairment Expenses **₹ in Crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation		
Depreciation - Buildings	26.56	25.19
Depreciation - Hydraulic Works	67.13	70.04
Depreciation - Other Civil Works	24.32	22.95
Depreciation - Plant & Machinery	257.43	248.08
Depreciation - Line Cable & Network	606.58	514.94
Depreciation - Vehicles	1.28	1.51
Depreciation - Furniture & Fixtures	2.93	2.60
Depreciation - Office Equipments	21.39	12.56
Total	1,007.62	897.87
Amortisation		
Amortisation of intangible assets	4.36	4.05
Total	**1,011.98**	**901.92**

36 Administrative and General Expenses **₹ in Crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Rent	11.10	9.51
Rates and Taxes	2.61	2.14
Insurance	3.77	-
Telephone Charges, Postage, Telegram & Telex charges	12.04	9.93
Internet charges	12.09	0.51

Legal Charges	2.29	1.79
Audit Fees - Statutory audit	0.62	0.44
Audit Fees - others	0.17	0.05
Consultancy Charges	0.27	0.06
Technical Fees	0.67	0.67
Other Professional Charges	1.89	1.40
Notary fee and other expenses relating to CGRF and ERC	2.46	4.42
Conveyance and Travel	66.58	65.44
Fees and Subscriptions	0.67	0.81
Books and Periodicals	0.08	0.07
Printing and Stationary	6.31	7.26
Data Processing Charges	0.12	0.13
Advertisements, Exhibition and Publicity	0.40	0.49
Contribution to EWF	2.36	2.39
Contribution to CMDRF	-	0.69
Water Charges	0.82	1.00
Sports, Entertainment	0.80	1.56
Study Tour & Training	0.92	2.92
Electricity Duty 3(1)	129.08	130.43
Other Operative Expenses	224.94	199.39
Power factor incentive to consumers	32.29	102.65
Expenditure on Filament free Kerala Project	33.19	-
Expenditure in Connection with COVID19	16.19	-
Expenditure in Connection with defend COVID19	3.66	-
Freight	13.44	12.61
Other Expenses	13.52	7.54
Less: administrative and general expenses capitalised	(1.49)	(1.66)
Total	**593.86**	**564.64**

36.1 Payment to Auditors ₹ in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
For Statutory Audit	0.45	0.37
For Taxation Matters	0.04	-
For Other Services	0.07	0.04
For Reimbursement of Expenses	0.04	-
Towards short provision of previous year	0.08	-
Goods and Service Tax on above	0.11	0.08
Total	**0.79**	**0.49**

37 Others ₹ in Crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Rebate allowed for online payment consumers	8.69	-
Rebate on fixed charges	72.00	-
Discount to Consumers for timely payment of bills	3.69	2.33
Material Cost Variance	(1.96)	(4.68)
Research and Development Expenses	0.06	0.10
Miscellaneous	(0.07)	(0.20)
Miscellaneous Losses and Write Offs	76.99	21.81
Loss/(compensation) on account of flood cyclone etc	5.05	4.94
Total	**164.45**	**24.30**

38 Exceptional Items ₹ in Crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Plant and Machinery	0.66	1.99
Buildings	0.00	0.02
Civil Works	0.57	1.08
Hydraulic Works	0.20	0.44
Lines, Cable Network etc.	17.17	25.07
Total	**18.61**	**28.60**

39 Other comprehensive income **₹ in Crores**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Portion of actuarial valuation not pertains to Current year	661.80	596.35
Total	**661.80**	**596.35**

40 Earnings per Share **₹ in Crores**

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
weighted average no of equity shares	3,499,050,000	3,499,050,000
Face value per share (₹)	10	10
Earnings per Share (Basic)	(5.19)	(0.76)
Earnings per Share (Diluted)	(5.19)	(0.76)

41 Contingent liabilities, Capital liabilities and Capital commitments **₹ in Crores**

	Particulars	2020-21	2019-20
A. Contingent Liabilities			
1	Disputed Income-tax Matters	241.15	241.15
2	Claims against Company pending Court Orders/Government orders (Refer Note 41.2)	104.01	104.01
3	Claim by NLC India Limited (Refer Note 41.3)	26.52	26.52
4	Claim by M/s PTCIL-Balco (Refer Note No 41.4)	71.23	93.84
6	Jhabua Power Ltd (Refer Note.No.41.6)	91.95	-
7	Bank Guarantees invoked by Ministry of Coal against on behalf of Baitrani West Coal Company Limited	12.50	12.50
8	Pending Litigation of value more than ₹ 1 crores (Refer Note 41.1)	743.33	
9	Difference in Vendor balance confirmations of purchase of power (Refer Note 25.1)	64.15	48.74
B. Capital Liabilities and Capital Commitments			
1	Capital liabilities becoming due for re-payment/redemption	7,384.48	6,608.93
2	Estimated value of contracts remaining to be executed	334.15	532.52

41.1 The Contingent liability disclosed under litigation is dispute of above Rs.1 crore. The company is confident that verdict of the litigation in various courts will be favourable. The comparative information is not provided due to the lack of information.

41.2 The Commercial Tax Department has disallowed the concessional rate of tax given to M/s Karnataka Power Corporation Limited (KPCL) for purchase of LSHS Oil and directed BPCL being the supplier of LSHS Oil to collect differential amount with retrospective effect from 2001-02. M/s KPCL in turn had claimed an amount of ₹40.31 crores and interest on the increased tax rate vide invoice dated 20-3-2016. KSEBL has referred the matter to the Government of Kerala and a high-power committee was constituted for a closure on the allowability of concessional rate of tax to KPCL as the entire power is being supplied to KSEBL. The high-power committee had concluded that KSEBL should reimburse the differential tax amount of ₹38.70 crores after waiver of interest and penal interest with the approval of the council of Ministers.

Subsequently it was noticed that as per section 26 of the KVAT Act, the department can claim only the differential tax for five years from 2006-07 to 2010-11 amounting only and the tax due was recalculated to ₹13.34 crores. Accordingly, KSEBL made a provision in the accounts for ₹13.34 crores though the claim is not fully admitted by the Company. Based on the decision of the high-power committee and the provisions of the KVAT the company approached the Government of Kerala for approval of the recalculated liability and waive off the interest claim by the commercial taxes department being raised by KPCL. As the approval of the Government is still pending an amount of ₹104.01 crores is being shown as under contingent liabilities.

The High Power Committee in the meeting held on 17-10-2017 pointed out that the Commercial Taxes Department had agreed to the grant of concessional rate of Tax on the sale of Naphtha by M/s IOC to M/s BSES Kerala Power Ltd and asserted that the similar stand to be taken in in this case as well, consequently no differential tax shall be payable by BPCL, KPCL or by KSEBL. Power Dept. vide Govt Letter No.26/B1/18/PD dated 17-06-2019 had recommended early action in this regard to the Principal Secretary (Taxes Department) and Commissioner (GST) to revise the erroneous assessment. order which is yet to be received. The company has decided to maintain status quo for provisioning for liability until the receipt of the revised order.

41.3 KSEBL has disputed the Guidelines issued by NLC for Fixation of Lignite Transfer Price during the regulation period 2019-24 in violation of Regulation 36(3) of the 2019 Tariff Regulation and has filed a Misc. Petition No.532/MP/2020 with Central Electricity Regulatory Commission. Hence the payment against Energy Bills of Generating Stations of NLC India Limited from the month of December 2019 has been disputed and released only 95% of the bill amount. Moreover, M/s NLCIL has claimed on January 2020 Rs 26.52Cr vide Debit note towards the arrear claims as per Lignite Transfer Price guidelines which was also disputed. CERC in its Record of Proceedings dated 27-08-2020 has directed NLCIL to keep the said Guidelines in abeyance. In the interim period, till the Regulations for computation of input price of lignite is notified by the Commission, NLCIL is directed to continue with the lignite transfer price based on the MoC Guidelines issued vide order No. 28012/1/2014-CA-II dated 02.01.2015. NLCIL has submitted detailed reply to CERC on the Record of proceedings dated 27-08-2020 vide letter No: NLC/Comml/KSEB Petition/LTP guidelines/532/2020 dated 20-02-2021. Hence, the KSEBL's petition No.532/2020 seeking intervention of CERC on NLCIL's Lignite Transfer Price Guidelines of 2019-24 is not finalised..

41.4 i). KSEB had executed PPA with M/s PTC India Ltd on 13.06.2013 for the supply of 100MW RTC power from M/s BALCO, Chhattisgarh through Case 1 Bidding for the period from 01.03.2014 to 28.02.2017. M/s PTC has claimed vide invoices dated 20-12-2017 RS.57.49Crore towards ECR revision with retrospective effect based on CERC amendment order dated 08-12-2017. The claim was not admitted by KSEBL as it is not in accordance with the existing provisions of the expired PPA. M/s Adani Power Ltd has filed a Writ Petition No.887 of 2018 in the Hon'ble High Court of Delhi impugning the said notifications issued by CERC on 08/12/2017. Hon'ble High Court of Delhi had stayed the impugned notification vide interim order dated 07-02-2018. Since the matter involved in the Writ Petition is for the same cause, KSEBL filed an Application for Impleadment vide W.P(C). No.887 of 2018 in the Hon'ble High Court of Delhi on 04-07-2018. The petition was allowed and KSEBL was admitted as respondent No.7 vide order dated 11.08. 2018.The W.P(C). No.887 of 2018 is still pending before the Court.

ii) Balco has filed a petition No.317/MP/2019 dated 19 August 2019 with CERC for non-payment of Fixed charges of ₹ 13.27 crore up to 2018-19 and attributable transmission losses of ₹0.47 crores up to 2018-19. KSEBL has filed counter petition before CERC on 29th July 2020 as the claim is not in accordance with the provisions of the DBFOO PSA.

41.5 KSERC in its order dated 14.02.2020 in fuel surcharge petition No. OA 29/2019, filed by KSEBL for the period from 01.04.2019 to 30.06.2019 had disallowed excess variable charges incurred on procurement of 350 MW power based on PSAs executed with M/s Jindal India Thermal Power Ltd, M/s Jhabua Power Ltd (100MW PSA-2) and M/s Jindal Power Ltd (150 MW PSA-2) as the tariff paid for procuring power are higher than the L1 rate of Rs 4.15 per unit paid to BALCO during the respective quarter. A review petition was filed by the company before KSERC to allow additional fuel cost incurred and was rejected by the regulatory body on 14-08-2020 upholding the earlier decisions. Based on this the company has withheld the additional fuel surcharge of ₹18.78Cr from JITPL, ₹14.53Cr from Jindal PSA-II and ₹15.97Cr from Jhabua -PSA -II already provided in the books.

JITPL appealed before the tribunal against the orders passed by KSERC along with KSEBL as Respondent No.2 and obtained a stay on the order of the KSERC vide order dated 21-11-2020. Challenging this, KSERC has appealed before the Supreme Court by C.A No.41 of 2021 which is pending. Further to this KSEBL has filed a Fresh Petition no.1983/2020 dated 12-11-2020 before Hon'ble KSERC seeking Orders with respect to drawal of the 350MW of contracted power under DBFOO-Bid-2.

41.6 Jhabua Power Limited filed petition no.169/MP/2019 before the Central Electricity Regulatory Commission (CERC), inter-alia, seeking declaration on net Station Heat Rate (SHR) of 2347.9 kCal/kWh for calculation of fixed charge for supply of power under PSA-I and a net SHR of 2465.2 kCal/kWh for supply of power under both the PSA I & II and obtained a favourable order on 25.05.2020 thereby resulting in an additional liability of ₹91.95 Crores on KSEBL.

KSEB challenged the decision of the Central Commission the Tribunal vide appeal No.230 of 2020 and obtained an order setting aside the order of the central commission on 13-05-2021 and the issue was remitted back to the Central Commission with the direction to consider the matter afresh keeping in view that since there is only one generating unit of 600 MW capacity in the power station, and there cannot be 2 SHR for PSA 1 and PSA 2 instead adopt the highest SHR of 2465.2 kCal/kWh for both PSA's. Based on the order of the Appellate Tribunal, Jhabua Power Limited has to pay KSEBL an amount of ₹32 Crores. Challenging the judgment of Appellate Tribunal, Jhabua Power Ltd has filed Appeal before the Hon'ble Supreme Court (C.A.No 1815/2021) and is pending for disposal. As the matter is pending disposal before the Apex Court liability not acknowledged as debt for an amount of ₹91.95 crores.

41.7 Letter of credit facility is offered to the suppliers of power as per the agreement conditions. The LC charges in this regard, being directly attributable to purchase of power, is being accounted as power purchase costs.

42 Related Party Disclosures

42.1 List of related parties and nature of relationships where control exists.

Sl. No	Name of the Related Party	Nature of Relationship
1	Renewable Power Corporation of Kerala Ltd.	Joint Venture
2	Kerala State Power and Infrastructure Finance Corporation	Associate
3	Baitarani West Coal Company Ltd.	Joint Venture
4	Kerala- Fibre Optic Network Limited	Associate
5	Kerala State Electricity Board Employees Master pension and Gratuity Trust	Post employment benefit fund
6	Kerala Hydel Tourism Centre	Society promoted by the company

Transactions between company and related entities through co-holder of third-party entity during the year and the status of outstanding balances as on the given dates. The period of restriction for disposal of investment has also been given.

Particulars	Year	Period of Restriction for disposal of investment as per related agreements	Subsidiaries	JCE	Associate
Investment in equity shares and preference shares	31.03.2021	-	-	-	-
	31.03.2020	-	-	-	-
Impairment allowance on Investments	31.03.2021	-	-	-	-
	31.03.2020	-	-	-	-

42.2 List of Key Managerial Personnel as defined in 2(51) of Companies Act, 2013 and disclosure of transaction entered with key managerial personnel.

No.	Name	Designation	Year ended 31st March 2021	Year ended 31st March 2020
1	N.S.Pillai IA&AS	CMD	0.33	0.31
2	Vijaya Kumari. P(Rt on 30.06.2019)	Director	-	0.05
3	Venugopalan.N	Director	0.04	0.22

4	Kumaran.P	Director	0.12	0.16
5	Bipin Joseph(Rtd on 31.01.2021)	Director	0.20	0.13
6	Brijlal.V(Rtd.on 31.05.2020)	Director	0.04	0.13
7	Mini George(w.e.f.05.06.2020)	Director	0.20	-
8	Rajan.P(w.e.f.05.06.2020)	Director	0.20	-
9	Suku.R(w.e.f.05.06.2020)	Director	0.21	-
10	Dr. V. Sivadasan	Independent Director	0.01	0.01
11	Biju.R	CFO	0.18	0.16
12	Lekha.G	Company Sec-retary	0.17	0.15

42.3 Kerala State Electricity Board Employees Master pension and Gratuity Trust

Details of Amount payable to Master Trust as on 31.03.2021

Particulars	**Year ended 31st March 2021**	**Year ended 31st March 2020**
Opening Balance	**582.21**	**229.60**
Payable during the period		
Principal repayment of 20 year bond with a coupon rate of 10% p.a.	407.20	407.20
Interest payable by the Company on 20 year bond with a coupon rate of 10% p.a	692.24	732.96
Principal repayment of of10 year bond with a coupon rate of 9% p.a.	295.25	270.88
Interest payable on 10 year bond with a coupon rate of 9% p.a	264.27	290.85
Other receipt	209.60	209.60
Total Payable	**2,450.77**	**2,141.09**
Less: Paid during the year	1,737.05	1,558.88
Balance payable	**713.72**	**582.21**

42.4 Enterprises promoted by the company
Kerala Hydel Tourism Centre
During the year an amount ₹7 Cr paid as loan (previous year Nil)"

43 Segment Reporting
Disclosure as per Ind AS 108 is given below.
The Company has three reportable segments, i.e Generation, Transmission and Distribution.

₹ in Crores

Particulars	Year ended 31 March, 2021				
	Business segments			Inter Segment	Total
	Generation	Transmission	Distribution		
Segment Revenue	766.15	1,289.28	-	2,055.43	-
Sale of energy & Meter rent			14,053.54	-	14,053.54
Total	766.15	1,289.28	14,053.54	2,055.43	14,053.54
Segment result	408.95	694.19	11,509.17		12,612.31
Allocable expenses	292.58	574.20	14,683.73		15,550.51
Operating income	-	-	-		-
Other income (net)	14.79	81.81	1,019.25		1,115.85
Profit before taxes	131.16	201.80	(2,155.31)		(1,822.35)
Tax expenses					-
Net profit / (loss) for the year	**131.16**	**201.80**	**(2,155.31)**		**(1,822.35)**
Other comprehensive income	(31.25)	(64.40)	(566.15)		(661.80)
Total comprehensive income	**99.91**	**137.40**	**(2,721.46)**	**-**	**(2,484.15)**

₹ in Crores

Particulars	Year ended 31 March, 2020				
	Business segments			Inter Segment	Total
	Generation	Transmission	Distribution		
Segment Revenue	613.28	1,037.63	-	1,650.91	-
Sale of energy & Meter rent	-	-	14,384.45	-	14,384.45
Total	**613.28**	**1,037.63**	**14,384.45**	**1,650.91**	**14,384.45**
Segment result	305.74	511.82	12,137.25	-	12,954.81
Allocable expenses	189.35	391.83	13,113.33	-	13,694.51
Operating income	-	-	-	-	-
Other income(net)	16.30	70.87	382.98	-	470.15
Profit before taxes	132.69	190.86	(593.10)	-	(269.55)
Tax expenses	-	-	-	-	-
Net profit / (loss) for the year	**132.69**	**190.86**	**(593.10)**	**-**	**(269.55)**
Other comprehensive income	(26.90)	(58.86)	(510.59)	-	(596.35)
Total comprehensive income	**105.79**	**132.00**	**(1,103.69)**	**-**	**(865.90)**

₹ in Crores

Particulars	Year ended 31 March, 2021			
	Business segments			Total
	Generation	Transmission	Distribution	
Segment assets				
Allocable assets	11,584.65	1,950.01	18,011.56	31,546.22
Total assets	11,584.65	1,950.01	18,011.56	31,546.22
Segment liabilities				
Allocable liabilities	13,292.96	3,657.04	18,727.88	35,677.88
Total liabilities	**13,292.96**	**3,657.04**	**18,727.88**	**35,677.88**
Other information				
Capital expenditure				
Capital expenditure (Allocable)	**1,719.20**	**1,693.32**	**719.15**	**4,131.67**
Depreciation and amortisation (allocable)	**179.25**	**251.34**	**581.39**	**1,011.98**
Depreciation and amortisation (unallocable)	-	-	-	-
Other significant non-cash expenses	-	-	-	-

₹ in Crores

Particulars	Year ended 31 March, 2020			
	Business segments			Total
	Generation	Transmission	Distribution	
Segment assets				
Allocable assets	11,274.44	891.01	18,439.63	30,605.08
Total assets	**11,274.44**	**891.01**	**18,439.63**	**30,605.08**
Segment liabilities				
Allocable liabilities	12,858.94	2,047.44	19,448.73	34,355.11
Total liabilities	**12,858.94**	**2,047.44**	**19,448.73**	**34,355.11**
Other information				
Capital expenditure				
Capital expenditure (Allocable)	1,584.50	1,156.43	1,009.10	3,750.03

Depreciation and amortisation (allocable)	186.04	235.46	480.42	901.92
Depreciation and amortisation (un-allocable)	-	-	-	-
Other significant non-cash expenses	-	-	-	-

44 Taxation

The company has reported loss during the period and hence provision for current tax or deferred tax not provided in the accounts.

45 Generation, Purchase and Sale of Power in Million Units

Particulars	Year ended 31 March 2021			Year ended 31 March 2020		
	Unit Generated (A)	Auxiliary consumption (B)	Net(A-B)	Unit Generated (A)	Auxiliary consumption (B)	Net(A-B)
Hydel	7,071.37	31.08	7,040.29	5,741.83	37.16	5,704.67
Thermal	7.85	1.08	6.77	12.03	1.65	10.38
Wind	1.14		1.14	1.42		1.42
Solar	28.73		28.73	25.95		25.95
Sub Total(A)	7,109.09	32.16	7,076.93	5,781.23	38.81	5,742.42
Auxiliary consumption (Substations)(B)		19.03	19.03		19.60	19.60
Total Power Purchased at delivery point (`C)	18,912.23		18,912.23	21,128.51		21,128.51
Total Power Purchased at Kerala Periphery(D)	18,262.34		18,262.34	20,383.76		20,383.76
External loss E(C-D)	649.89		649.89	744.75		744.75
Total Generation and power purchased by KSEB alone (F) (A+C-E)	25,371.43	51.19	25,320.24	26,164.99	58.41	26,106.58
Energy injected by Private IPPs at generator end for sale outside state through open access (G)			38.66			37.50

Energy purchased by consumers through open access at Kerala periphery (H)			407.41			405.86
Total Generation and power purchased including the impact of sale/ purchase of energy through open access at Kerala periphery (I)(F+G+H)			25,766.32			26,549.92
Energy sale outside the state by KSEBL at Kerala periphery (J)			261.43			55.95
Swap return (K)			334.82			231.93
Energy purchased by consumers through open access at consumer end (L)			388.72			386.52
Energy injected by Private IPPs at KSEB periphery end for sale outside state through open access(M)			37.14			35.96
Net energy available in Kerala Grid for consumption with in the state(N)(I-J-K-M)			25,132.93			26,226.08
Net Energy available in Kerala Grid for energy sale inside the State by KSEBL(O)			24,723.99			25,818.70
Energy sale by KSEBL (P)			22,151.60			22,672.40

Energy consumption within the state including open access consumers (Q) (P+L)			22,540.32			23,058.91
Loss in KSEBL system R (N-Q)			2,592.61			3,167.17
Loss % in KSEBL system			10.32%			12.08%
Transmission Loss with in Kerala (S)			707.93			971.24
% transmission loss			2.82%			3.70%
Distribution loss (R-S)			1,884.68			2,195.93
% Distribution loss			7.72%			8.70%

46 Disclosure as per Central Electricity Authority Guidelines

46.1 AT&C Losses

Particulars	2020-21	2019-20
A. Input Energy(MU)	24,723.99	25,818.69
B. Transmission Losses(MU)	707.93	971.24
C. Net Input Energy(MU)(A-B)	24,016.06	24,847.45
D. Energy Sold(MU)	22,151.60	22,672.39
E. Revenue from Sale of Energy (₹ Cr.)	13,755.69	14,273.49
F. Adjusted Revenue from Sale of Energy on Subsidy Received basis (₹ Cr)	13,755.69	14,273.49
G. Opening debtors for Sale of Energy (₹ Cr.)	3,041.61	2,353.41
H. Closing Debtors for Sale of Energy (₹ Cr.)	2,630.39	3,041.61
I. Adjusted Closing Debtors for sale of Energy (₹ Cr.)	2,630.39	3,041.61
J. Collection Efficiency(%)(F+G-I)/E*100	100%	95.18%
K. Units Realized(MU)=Energy Sold*Collection efficiency(D*J/100)	22,151.60	21,579.24
L. Units Unrealised (MU)=(Net Input Energy-Units Realized)(C-K)	1,864.46	3,268.21
M. AT&C Losses(%)=Units Unrealised/Net Input Energy)*100(L/C*100)	7.76%	13.15%

46.2 Details of Subsidy Booked and received

Particulars	2020-21	2019-20
1.Subsidy Booked	530.33	394.02
2.Subsidy received	530.33	394.02
i.Subsidy received against subsidy booked for current year	530.33	394.02
ii.Subsidy received against subsidy booked for previous year	Nil	Nil

47 Generating Stations

a) Plants in operation since the beginning of the year

Sl. No.	LOCATION	Unit Capacity (in MW)	Installed Capacity (MW)
Hydel			
1	Pallivasal	3X5+3X7.5	37.50
2	Poringalkuthu	4X9	36.00
3	Sengulam	4X12.8	51.20
4	Neriamangalam	3x17.5+25	77.65
5	Panniyar	2X16.2	32.40
6	Sholayar	3X18	54.00
7	Sabarigiri	4X55+2X60	340.00
8	Kuttiyadi+KES+KAES	3X25+1x-50+2x50	225.00
9	Idukki	6X130	780.00
10	Idamalayar	2X37.5	75.00
11	Kallada	2X7.5	15.00
13	Peppara	1X3	3.00
14	Lower Periyar	3X60	180.00
15	Madupetty	1X2	2.00
17	Poringalkuthu Left Bank	1X16	16.00
19	Kakkad	2X25	50.00
20	Malampuzha	1X2.5	2.50
22	Chembukadavu I	3X0.90	2.70
23	Chembukadavu II	3X1.25	3.75
24	Urumi I&II	3X1.25+3X0.8	6.15

25	MSHEP Malankara	3X3.5	10.50
26	Lower Meenmutty	2X1.5+1X0.5	3.50
28	Kuttiadi Tail Race	3X1.25	3.75
30	Poohithodu	3X1.6	4.80
31	Ranni- Perunadu	2X2	4.00
32	Peechi- HEP	1X1.25	1.25
33	Vilangad HEP	3X2.5	7.50
35	Chimmony SHEP	1X2.5	2.50
36	Adyanpara SHEP	2X1.5+.5	3.50
37	Barapole	3X5	15.00
38	PoringalKuthu Micro SHEP	0.011X1	0.01
39	Vellathooval	1.8x2	3.60
40	Perumthenaruvi	3X2	6.00
41	Kakkayam SHEP	2X1.5	3.00
			2,058.76
Thermal			
1	KDPP	6x16	96.00
2	BDPP	3x21.32	63.96
Hydel			
			159.96
Wind Farm			
1	Kanjikode	9x0.225	2.03
Solar			24.74
			2,245.49

b) Projects commissioned during the Year			
Sl. No.	**LOCATION**	Unit Capacity (in MW)	Installed Capacity (MW)
Solar		Nil	Nil
	Total		

Hydro			
1	Maniyar	3X4	12
2	Kuthungal	3X7	21
Private Solar			
1	CIAL		38.44
2	HINDALCO		3
3	Solar Procumers		134.01
4	KMRL		5.4
Wind Farm			
	Malayala Manorama		10
Thermal			
	PCBL		10
IPP			
1	Hydro		37.71
2	Thermal(NTPC Kayamkulam)		359.58
3	Wind		58.25
4	Solar		102
	Total		791.39

48 Purchase of Power

In the case of power purchase related expenditure from Central Utilities, the utilities are raising invoices based on provisional tariff order/relevant notification of the concerned authorities, which are subject to final orders for the relevant tariff period. Out of the total power purchase related expenditure, the following claims has been provided in the accounts though the claims are not fully admitted by the Company.

₹ in crores

Sl No.	Supplier	Year ended 31 March 2021	Year ended 31 March 2020
1	MAITHON	14.75	1.20
2	Jindal Power Limited	-	2.66
3	Jindal Thermal Power Limited	0.79	0.11
5	JHABUA POWER	51.58	77.33
8	NLC	-	41.35
9	PGCIL-POC	-	0.94
10	DVC	0.82	-
11	NTPC	-	10.61

12	KPTCL (RE charges)	-	0.01
13	NTPC Tamil Nadu Energy Co.Ltd	-	0.90
14	NPCIL- Kudankulam	-	0.20
	Total	**67.94**	**135.31**

49 Actuarial Valuation

Actuarial valuation of retirement benefits was carried out as on 31.03.2021 by an independent actuary and provided in the accounts as detailed below.

49.1 Actuarial valuation of the earned leave liability for the period from 01/04/2020 to 31/03/2021 as per IND AS-19

Change in benefit Obligations ₹ in crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Present Value of obligation at the beginning of the period	871.00	806.07
Acquisition Adjustment		
Interest Cost	56.05	59.89
Service Cost	89.32	58.36
Past Service Cost including curtailing gains/losses		
Benefits paid	(81.17)	(59.49)
Total Actuarial(Gain)/Loss on obligation	99.32	6.17
Present Value of obligation as at the end of the period	1,034.52	871.00

Actuarial Assumptions

i) Financial Assumptions

The Financial and demographic assumptions on annual basis used for valuation as at the valuation date are shown below . The assumptions as at the valuation date are used to determine the present value of Demand Obligation at that date.

Summary of Financial Assumptions

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Discounting Rate	6.50%	6.75%
Future salary Increase	9.00%	9.00%

ii) Summary of Demographic Assumption

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
ii) Mortality rate(as a % of IALM(2012-14) Ult. Mortality table)	100%	100%
Disability rate(as % of above mortality rate)	0%	0%
Attrition rate	1.0% to 6.0%	1.0% to 6.0%
Normal retirement age	56&60 years	56&60 years
Leave encashment rate during employment	10%	10%
Leave Availment Rate	2.00%	2.50%

49.2 Actuarial valuation of the gratuity liability for the period from 01/04/2020 to 31/03/2021, as per IND AS-19 Change in benefit Obligations

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Present Value of obligation at the beginning of the period	2,094.49	1,947.08
Acquisition Adjustment		
Interest Cost	135.55	123.56
Service Cost	100.14	144.67
Past Service Cost including curtailing gains/losses		
Benefits paid	(172.58)	(128.11)
Total Actuarial(Gain)/Loss on obligation	288.79	7.29
Present Value of obligation as at the end of the period	2,446.39	2,094.49

Actuarial Assumptions

i) Summary of Financial Assumptions

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Discounting Rate	6.50%	6.75%
Future salary Increase	9.00%	9.00%

ii) Summary of Demographic Assumption

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
ii) Mortality rate(as a % of IALM(2012-14) Ult. Mortality table)	100%	100%
Disability rate(as % of above mortality rate)	0%	0%

Withdrawal rate	1.0% to 6.0%	1.0% to 6.0%
Normal retirement age	56&60 years	56&60 years
Average future service	10.61	10.06

49.3 Actuarial valuation of the gratuity liability for the period from 01/04/2020 to 31/03/2021, as per IND AS-19 Change in benefit Obligations

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Present Value of obligation at the beginning of the period	17,394.24	16,574.58
Acquisition Adjustment		-
Interest Cost	1,130.65	1,231.49
Service Cost	2,129.57	361.85
Past Service Cost including curtailing gains/losses		-
Benefits paid	(1,287.64)	(1,356.57)
Total Actuarial(Gain)/Loss on obligation	273.69	582.89
Present Value of obligation as at the end of the period	19,640.51	17,394.24

Actuarial Assumptions

i) Financial Assumptions

The principal financial assumption used in the valuation are shown in the table below:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Discounting Rate	6.90%	6.75%
Salary Growth rate	3.00%	9.00%
DA on Basic salary/Pension	14.00%	N.A
DA growth rate	5.00%	N.A
Expected Rate of Return on Plan Assets	N.A	N.A

ii) Demographic Assumption

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
i) Retirement Age (Years)	56	56
ii) Mortality rates for employees	100% of IALM (2012-14)	100% of IALM (2012-14)

ii) Mortality rates for pensioners	75% of LIC(1996-98) Mortality table	75% of LIC(1996-98) Mortality table
Withdrawal rate		
Up to 30 Years	9.00%	6.00%
From 31 to 44 years	3.00%	3.00%
Above 44 years	1.00%	1.00%

Summary of Actuarial Valuation as on 31.03.2021

Particulars	Pension	Earned Leave	Gratuity	Total
Opening balance(A)	17,394.23	871.00	2,094.48	20,359.71
Current year				
1.Service Cost	2,129.57	89.32	100.14	2,319.03
2.Interest Cost	1,130.65	56.05	135.55	1,322.25
3.Remeasurement	273.70	99.32	288.79	661.81
Total B(1+2+3)	3,533.92	244.69	524.48	4,303.09
Benefit paid(C)	1,287.64	81.17	172.57	1,541.38
Balance to be provided D(B-C)	2,246.28	163.52	351.91	2,761.71
Closing balance(A+D)	19,640.51	1,034.52	2,446.39	23,121.42

50 Going Concern

KSEB Ltd. is the only integrated Electricity Company in the State of Kerala providing electricity to around 1.31 Crore customers in the state. The company is fully owned by the Government of Kerala. The Company has not defaulted in honouring liabilities. Electricity business being regulated by Electricity Act, 2003, the state regulator has so far approved Rs. 6,864.13 crore. Till 31.03.2018 out of the accumulated loss of Rs. 14,588.58 Crore and the company is eligible to recover the same through Tariff Revision which will be reflected in the accounts on passing the same to the consumers. Accordingly, the financial statement has been prepared on the basis of the Going Concern assumption.

51 Other Matters

51.1 The company has procured 125.95(Previous Year: 365.45) Million Units at traders delivery point through swap arrangement during 2020-21 and 334.82(Previous Year: 231.93) Million Units returned as swap arrangement at Kerala Periphery.

51.2 The company has taken insurance on asset financed by long term loans as per terms and condition of loan agreement. Apart from above insurance on assets is taken for thermal projects

51.3 In the 60th board meeting held on 28.09.2021 it was resolved to give in principle approval to incorporate the adjustment entries regarding the amount payable to Government of Kerala towards electricity duty and other payable as on 31.03.2021 against the amount receivable from the Government in the books of accounts and to report the matter to the Government for concurrence. Accordingly, an amount of ₹ 1081.97 crores (previous year ₹1107.45 crores) is netted off with the amount receivable from the Government.

51.4 A separate wing named SPIN has been formulated previously by the company to cater to the in house needs/works of the company, by applying latest technologies like the Pre-Fab technology. Since these works have been predominantly done for company itself, no separate accounts have been maintained. Now the spin has been reformulated as Consultancy Wing, steps have been taken to switch over to a separate Account.

51.5 "The company has permitted Kerala Hydel Tourism Center (KHTC), a society registered under the Travancore Cochin Charitable Societies Act to use the dam sites of the company at various locations for tourism promotion activities. The details of asset used and agreement are appended herewith."

i KSEB Ltd vide B.O.(CMD) No.686/2015(KHTC/HQ-GEN/2015) dated 18.03.2015 has accorded sanction for conducting Boating and other tourism related activities in various location of Hydroelectric projects.

ii KSEB Ltd vide B.O.(CMD) No.898/2015(KHTC/HQ-GEN/2015) dated 10.04.2015 has accorded sanction for operating petrol pumps in Banasura Sagar,Munnar,Madupetty in connections with the hydel tourism. Further proceedings were stalled due to non receipt of explosive license from concerned authorities.

iii KSEB Ltd vide B.O.(CMD) No.1615/KHTC/HQ-GEN/2015) dated 02.07.2015 has accorded sanction for utilisation of unused quarters/buildings of KSEB Limited in connection with the tourism activities. Accordingly, renovation works of building located at Mattupetty, Kundala, Kulamavu and Wayanad were started. All the works completed and handed over for tourism activities except buildings at kulamavu.

iv Kerala Hydel Tourism Director has agreed to remit the share of 15% revenue entitled to KSEB Limited.

v The relationship between KSEB Ltd and Hydel Tourism Corporation is only in the nature of mutual agreement to form a society to promote hydel tourism activities in the state. Permission to use the property of KSEB Ltd is only given to Hydel Tourism Corporation and no assets of KSEB Ltd is transferred to Hydel Tourism corporation.

51.6 Figures for the previous year have been re arranged and regrouped wherever necessary.

52 **a) Expenditure in foreign currency (on accrual basis)**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Travelling	-	-
Professional & Consultation fee	-	-
Interest	-	-
Others	-	-
Total	-	-

b) CIF Value of Imports

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Raw materials	-	-
Capital goods	-	-
Components & Spares	-	-
Total	-	-

53 Due to ongoing impact of COVID-19 globally and in India, the Company has assessed likely adverse impact on economic environment in general and financial risks on account of COVID-19. The Company is in the business of generation, transmission and distribution of electricity which is an essential service as emphasised by the Ministry of Power, Government of India. The demand for power is continuously increasing with increase in economic activities in the Country, although demand may get impacted in short term due to lock downs in various parts of the country. On long term basis, the company does not anticipate any major challenge in the operations of the company and meeting its financial obligations. Basis above, the management has estimated its future cash flows for the company which indicates no major impact in the operational and financial performance of the company. The management will continuously monitor the performance of the company and take appropriate remedial measures as needed to respond to the Covid related risks, if any.

54 The Code on Social Security, 2020 and Code on Wages, 2019 relating to employee benefits during employment and post-employment benefits has received Presidential assent in September 2020. The Code have been published in the Gazette of India. However, the date from which the Code will come into effect has not been notified. The Ministry of Labour and Employment (Ministry) has released draft rules for the Code on November 13, 2020 and has invited suggestions from stake holders which are under active consideration by the Ministry. The Company will need to assess the impact of the above. The impact will be recorded in the first period after the Codes become effective.

For and on behalf of the Board

Sd/-
Dr. B.Ashok IAS
Chairman & Managing Director
DIN:05230812

Sd/-
Siji Jose
Director(Finance)
DIN: 09204346

Sd/-
Biju R FCA
Chief Financial officer

Sd/-
Lekha G
Company Secretary

As per our report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
FRN:001488S
Sd/-
R Venugopal
Partner
M.No.202632

For Mohan & Mohan Associates
Chartered Accountants
FRN:002092S
Sd/-
R Suresh Mohan
Partner
M.No.013398

For JRS & Co.
Chartered Accountants
FRN:008085S
Sd/-
Rajesh Ramachandran
Partner
M.No.206211

Thiruvananthapuram
29/9/2021

Statement containing salient features of the financial statements of Associate Companies/ Joint Ventures of KSEB Ltd

PART "B" : Associate and Joint Ventures

Statement pursuant to section 129 (3) of the Companies Act, 2013

No	Name of Associate/ Joint Venture	Kerala State Power and Infrastructure Finance Corporation Limited	Baitarni West Coal Company Ltd	Kerala Fibre Optic Network Ltd	Renewable Power Corporation of Kerala Ltd
1	Latest Audited Balance Sheet	31-Mar-21	31-Mar-20	31-Mar-20	31-Mar-21
2	Date on which the Associate or Joint Venture was associated or acquired	20-Mar-98	14-Aug-08	14-Sep-18	31-Mar-16
3	Shares of Associates/ Joint Venture held by the Company as at 31.03.2021				
	Number of shares	10819440	100000	490000	5000
	Amount of Invesment in Associates/ Joint Venture	₹ 9.50 crores	₹ 10 crores	₹ 0.49 crores	₹ 0.50 crores
	Extent of Holding (%)	40.60%	33.33%	49.00%	50.00%
4	Description of how there is significant influence	Associate company	Joint venture company	Associate company	Joint venture company
5	Reason why the Joint Venture is not consolidated	Not Applicable	Not Applicable	Not Applicable	Not Applicable
6	Networth attributable to shareholding as per latest audited Balance Sheet	38.25	10.98	0.51	2.66
7	Profit/ Loss for the year (Total Comprehensive Income)	7.20	0.86	0.05	1.92
i	Considered for consolidation	2.92	0.29	0.02	0.96
ii	Not considered in consolidation	NA	NA	NA	NA

Summarised financial information of the associate/ joint venture

1	**Summarised statement of balance sheet**				
	Non current assets	1.62	0.03	-	39.63
	Current assets	107.77	33.35	1.05	30.87
	Total assets [A]	109.39	33.38	1.05	70.50
	Non current liabilities	3.11	-	-	56.54
	Current liabilities	12.06	0.42	-	8.64
	Total liabilities [B]	15.17	0.42	-	65.18
	Equity [A-B]	94.22	32.96	1.05	5.31
2	**Summarised statement of profit and loss**				
	Revenue from operations	11.91	-	-	3.19
	Other income	0.09	1.87	0.06	1.80
	Total income	12.00	1.87	0.06	4.99
	Employee benefit expenses	0.40	0.40	-	0.12
	Other expenses	1.27	0.27	0.01	0.76
	Finance costs	1.04	-	-	0.69
	Depreciation	0.07	0.01	-	1.01
	Exceptional item	-	-	-	-
	Tax expense	2.02	0.33	-	0.49
	Deferred tax expenses	-	-	-	-
	Provision for standard and non performing assets	-	-	-	-
	CSR expenses	-	-	-	-
	Total expenses	4.80	1.01	0.01	3.07
	Profit for the year	7.20	0.86	0.05	1.92
2	Add/(Less) impact of restatement in prior years adjusted	-			-
	Adjusted profit for the year for consolidation	7.20	0.86	0.05	1.92
	Group's share of profit/ (loss) for the year for consolidation	2.92	0.29	0.02	0.96

Additional information as required by para 2 of the General Instructions for preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

Name of the Entity		Net assets		Share in profit or loss	
		As % of consoli-dated	Amount	As % of consolidat-ed	Amount
Parent Company					
	KSEB Limited				
	31-Mar-21	100.29%	(11,089.53)	100.30%	(1,822.35)
	31-Mar-20	100.31%	(8,605.38)	101.23%	(269.55)
Associate company					
	Kerala State Power and Infrastructure Finance Corporation Limited				
	31-Mar-21	-0.35%	38.25	-0.16%	2.92
	31-Mar-20	-0.41%	35.33	-0.84%	2.24
Kerala Fibre Optic Network Ltd					
	31-Mar-21		0.51	0.00%	0.02
	31-Mar-20	-0.01%	0.49	0.00%	-
Joint venture company					
	Baitarni West Coal Company Ltd				
	31-Mar-21	-0.10%	10.98	-0.02%	0.29
	31-Mar-20	-0.12%	10.70	-0.17%	0.44
	Renewable Power Corporation of Kerala Ltd				
	31-Mar-21	-0.02%	2.66	-0.05%	0.96
	31-Mar-20	-0.02%	1.70	-0.23%	0.60

Name of the Entity		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated	**Amount**	**As % of consolidated**	**Amount**
Parent Company					
	KSEB Limited				
	31-Mar-21	100.00%	(661.80)	100.22%	(2,484.15)
	31-Mar-20	100.00%	(596.35)	100.38%	(865.90)
	31-Mar-19	100.00%	(1,096.79)	100.23%	(1,231.47)
Associate company					
	Kerala State Power and Infrastructure Finance Corporation Limited				
	31-Mar-21	0.00%	-	-0.12%	2.92
	31-Mar-20	0.00%	-	-0.26%	2.24
	31-Mar-19	0.00%	-	-0.16%	1.91
Kerala Fibre Optic Network Ltd					
	31-Mar-21	0.00%	-	0.00%	0.02
	31-Mar-20	0.00%	-	0.00%	-
	31-Mar-19	0.00%	-	0.00%	0.00
Joint venture company					
	Baitarni West Coal Company Ltd				
	31-Mar-21	0.00%	-	-0.01%	0.29
	31-Mar-20	0.00%	-	-0.05%	0.44
	31-Mar-19	0.00%	-	-0.04%	0.54
	Renewable Power Corporation of Kerala Ltd				
	31-Mar-21	0.00%	-	-0.04%	0.96
	31-Mar-20	0.00%	-	-0.07%	0.60

കേരളത്തിന്റെ ഊർജ്ജം

KERALA STATE ELECTRICITY BOARD LIMITED

Regd. Office: Vydyuthi Bhavanam, Pattom, Thiruvananthapuram - 695 004

CIN: U40100KL2011SGC027424