KERALA STATE ELECTRICITY BOARD LIMITED

THIRUVANANTHAPURAM

SIXTH ANNUAL REPORT
2016-2017

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

KERALA STATE ELECTRICITY BOARD LIMITED

THIRUVANANTHAPRUAM

KERALA STATE ELECTRICITY BOARD LIMITED
(Incorporated under the Indian Companies Act, 1956)
Reg. Office: Vydyuthi Bhavanam, Pattom, Thiruvananthapuram – 695 004, Kerala
CIN: U40100KL2011SGC02742
Office of the Chairman & Managing Director
Phone: +91 471 2514500, 2514680, Fax: 0471 2441328
E-mail: cmdkseb@kseb.in website: www.kseb.in.

CHAIRMAN'S MESSAGE

I am happy to present the 6th Annual Report of Board of Directors of Kerala State Electricity Board Limited for the Financial Year 2016-17.

During the period from 1.04.2016 to 31.03.2017, the company has been able to improve its performance substantially from that of the previous years through the whole hearted support and the dedicated work of the officers and employees of the company. The Company has adopted a comprehensive approach for reducing power consumption through energy efficiency methods. As part of these measures, one crore LED bulbs has been distributed to the consumers under Domestic Efficiency Lighting Programme(DELP). These efforts has helped the company to reduce its Transmission and Distribution losses from the previous year figure of 14.37% to 13.93% during current year.

Transmission sector has become promising with the Government agreeing to fund the "Transgrid 2.0" project which has a long term objective of revamping the Transmission Infrastructure of the Company. The commissioning of three 110kV substations, seven 33 kV Substations, addition of 143.43 ckt.km of lines of and above 33 kV, addition of 280.5 MVA transformation capacity and the resumption of the work at Edamon – Kochi 400 kV Line being executed by PGCIL after a gap of 19 months are the major achievements in the Transmission sector of the company.

In the Generation sector, the emphasis of the Company to generate electricity through renewable sources has given great results. During the current year, 63 MW was added to the grid which included 6.19MW of electricity generated through Consumer – Owned - Solar power plants connected to grid at HT and LT levels and 36 MW from Solar Park connected to the grid.

The decreasing trend in the consumer grievances during the period in comparison to the earlier periods shows that the consumer satisfaction and the safety aspects have been fully taken care of and it is heartening to understand that the company has taken the consumer satisfaction as the first priority in all its endeavours.

I once again place on record my wholehearted appreciation for the invaluable contribution made by the officers and employees at every level and thank them for their good work for the wellbeing of the Company and the Society at large.

Sd/-
N.S.Pillai.IA&AS
Chairman and Managing Director

KERALA STATE ELECTRICITY BOARD LIMITED

Registered Office: Vydyuthi Bhavanam
Pattom, Thiruvananthapuram - 695 004
CIN U40100KL2011SGC027424

CS/Adj.General Meeting/6

All members, Auditors and Directors

Notice of Adjourned Annual General Meeting

Ref: AGM dt 27.09.2017

Notice is hereby given that the Adjourned 6th Annual General Meeting of Kerala State Electricity Board Ltd, relating to the Financial Year 2016-17 will be held on Thursday, 8th November, 2018 at 11.00 am at the Registered Office of the Company at Vydyuthi Bhavanam, Pattom, Thiruvananthapuram 695004 to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Balance Sheet, the Profit & Loss Account, Cash Flow Statement of the Company and the Annexures and Schedules thereto for the year ended 31st March, 2017 together with the report of the Statutory Auditors, the Comments of the Comptroller & Auditor General of India and Additional Chief Secretary(Finance) thereon, and the replies of the Company to the report of the statutory auditors, comments of the Comptroller & Auditors General of India and Additional Chief Secretary(Finance) and the Report of the Directors and annexures thereto and forming part thereof.

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

   "RESOLVED that the Financial statement of the Company (Standalone & Consolidated) and the Schedules and Annexure thereto for the year ended 31st, March 2017, the Auditors' Report, the Comments of the Comptroller & Auditors General of India and Principal Secretary (Finance) thereon, replies of the Company to the report of the Statutory Auditors, the comments of the Comptroller & Auditor General of India and Principal Secretary (Finance) , the Directors' Report and annexure thereto and forming part thereof be and are hereby approved and adopted."

By order of the Board
For Kerala State Electricity Board Ltd

N.S.PILLAI IA&AS
CHAIRMAN & MANAGING DIRECTOR
DIN:07282785

Thiruvananthapuram
15 .10.2018

Ph: 0471 - 2442125 Fax: 0471 - 2441328 e-mail: cmkseb@ksebnet.com, website: www.kseb.in

NOTES :

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 less than 48 hours before the commencement of the meeting.
3) The 6th Annual General meeting which was held on 27.09.2017 for consideration and adoption of audited financial statements for 2016-17 was adjourned sine die pending receipt of the comments of the Comptroller and Auditor General of India.
4) Route map enclosed.

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REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your Directors have great pleasure in presenting the 6th Annual Report on the performance of the Company for the year ended 31st March, 2017 together with the Audited Financial Statements and the Auditors Report for the year ended 31st March,2017.

The Kerala State Electricity Board Limited is a Public Limited Company fully owned by the Government of Kerala, engaged in Generation, Transmission and Distribution of power, committed in providing reliable supply of power delivering better services at reasonable tariff in line with the Government objectives. As part of the commitment of the Government of India to provide access of power for all citizens of India for improvement of the standard of living and social welfare, Government of Kerala, through its "Total Electrification Programme," brought the unique distinction of being the first state in the country to have electrified all its households.

Signing of MOU for UDAY (Ujwal Discom Assurance Yojana) scheme, with Ministry of Power, has motivated the company to take a comprehensive approach on the distribution business especially in reducing the system losses and improving efficiency in every operational area. These efforts has helped the company to reduce its Transmission and Distribution losses from the previous year figure of 14.37% to 13.93% during current year. In the energy efficiency front, distribution of LED bulbs to domestic consumers under Domestic Efficiency Lighting programme (DELP) reached one crore mark.

Transmission sector has become promising with the Government agreeing to fund the "Transgrid 2.0" project which has a long term objective of revamping the Transmission infrastructure of the company. The commissioning of three 110kV substations, seven 33 kV substations, addition of 143.43 ckt.km of lines of and above 33 kV, addition of 280.5 MVA transformation capacity and the resumption of the work at Edamon – Kochi 400 kV Line being executed by PGCIL after a gap of 19 months are the major achievements in the Transmission sector of the company.

In the Generation sector, the emphasis of the Company to generate electricity through renewable sources has given good results. During the current year,36 MW was added to the grid which included 6.19MW of electricity generated through Consumer – Owned - Solar power plants connected to grid at HT and LT levels and 36 MW from Solar Park connected to the grid.

A. HIGHLIGHTS OF KERALA POWER SYSTEM

Particulars	**2016-17**	**2015-16**
Installed Generating capacity (MW)	*2,915.80	2,880.18
Length of EHT lines(km)	9,417.38	9,367.97
Length of HT lines (11/12/33 KV)(km)	61,398.43	59,476.66
Length of LT lines(km)	2,91,328	2,85,970
No. of EHT substations (Nos)	258	250
No. of Distribution Transformers (Nos)	75,580	73,460
Total consumers at the end of the year(Nos)	1,19,94,816	1,16,68,031
Per Capita Consumption (kWh)	592	569
Connected load at the end of the year (MW)	22040.62	20,980.82
Employee Strength at the end of the year(Nos)	33030	36742

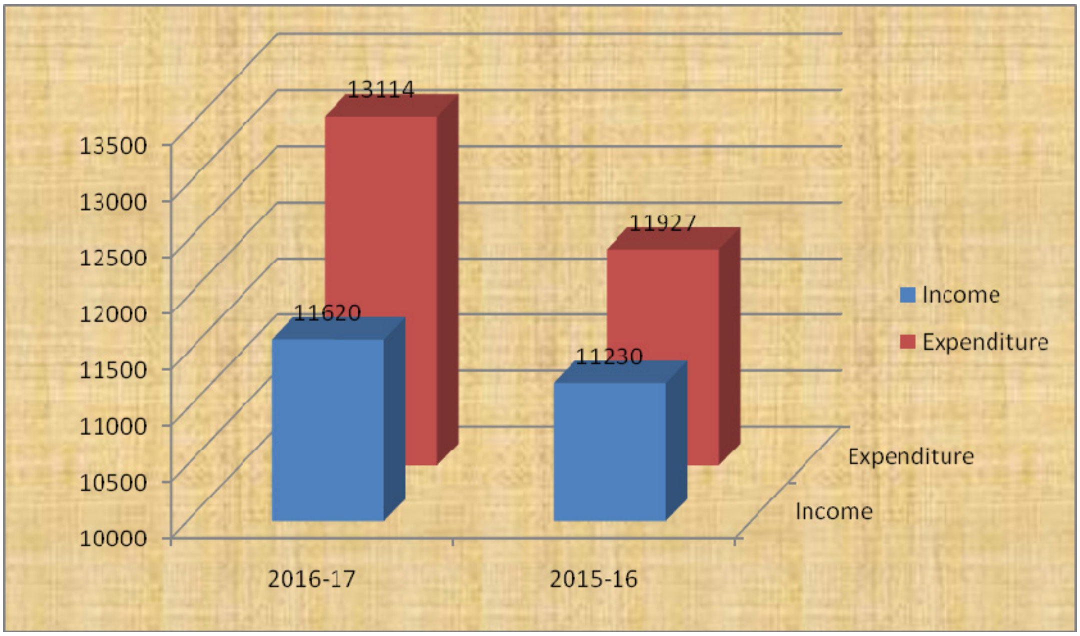
*Inclusive of Power Purchase Agreement (PPA) with BSES that expired on 31.10.2015

B. FINANCIAL REVIEW

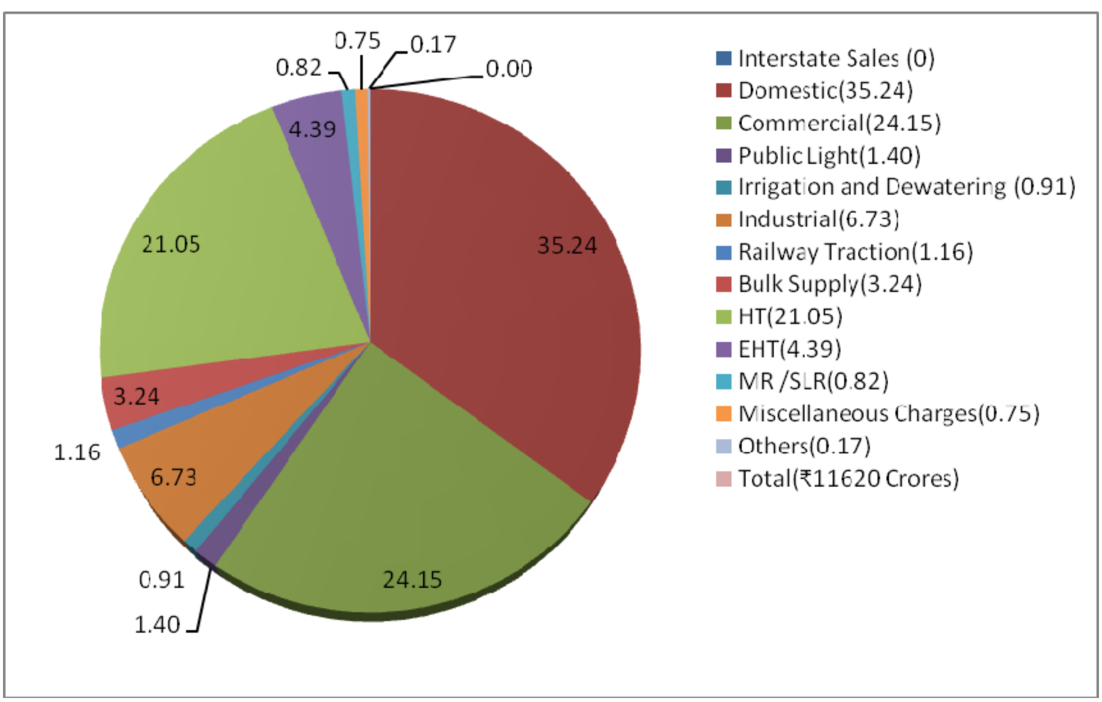
This is the Company's first IndAS complied Financial statements, in accordance with the notifications issued by the Ministry of Corporate affairs and prepared under the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standard) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 w.e.f 1st April,2016. Also the Financial Statement for the year ended, 31st March, 2016 has accordingly been restated. A comparative statement showing revenue from operations, Net Profit / Loss of the company for the year 2016-17 and 2015-16 is furnished below.

Sl. No	Particulars	2016-17 (in Rs Crores)	2015-16 (in Rs Crores)
1	Revenue from operations	11218.83	10,914.44
2	Other Income	400.78	316.03
3	Total Income	11619.60	11,230.47
4	Profit(Loss)before Depreciation Interest & Tax	184.17	(854.06)
5	Depreciation & Amortization Expenses	718.88	699.62
6	Finance Cost	959.92	851.41
7	Profit (Loss) before Tax	(1494.63)	(696.97)
8	Income Tax	-	-
9	Profit/(Loss)	(1494.63)	(696.97)

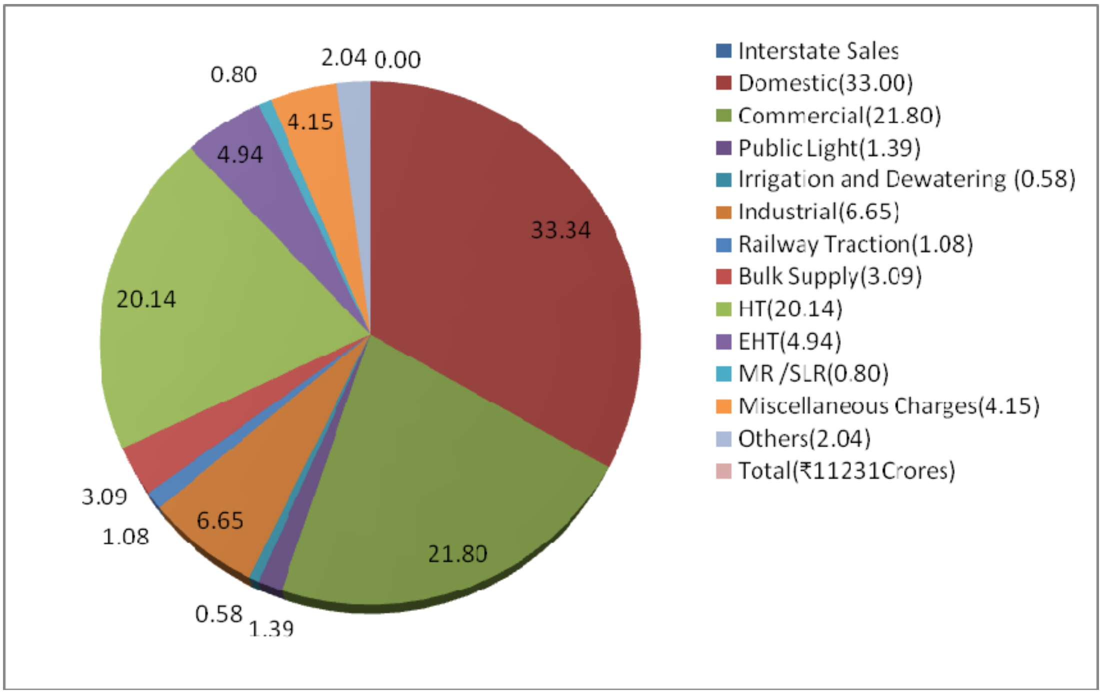
Revenue and Expenditure 2016-17 (In ₹ Crores)



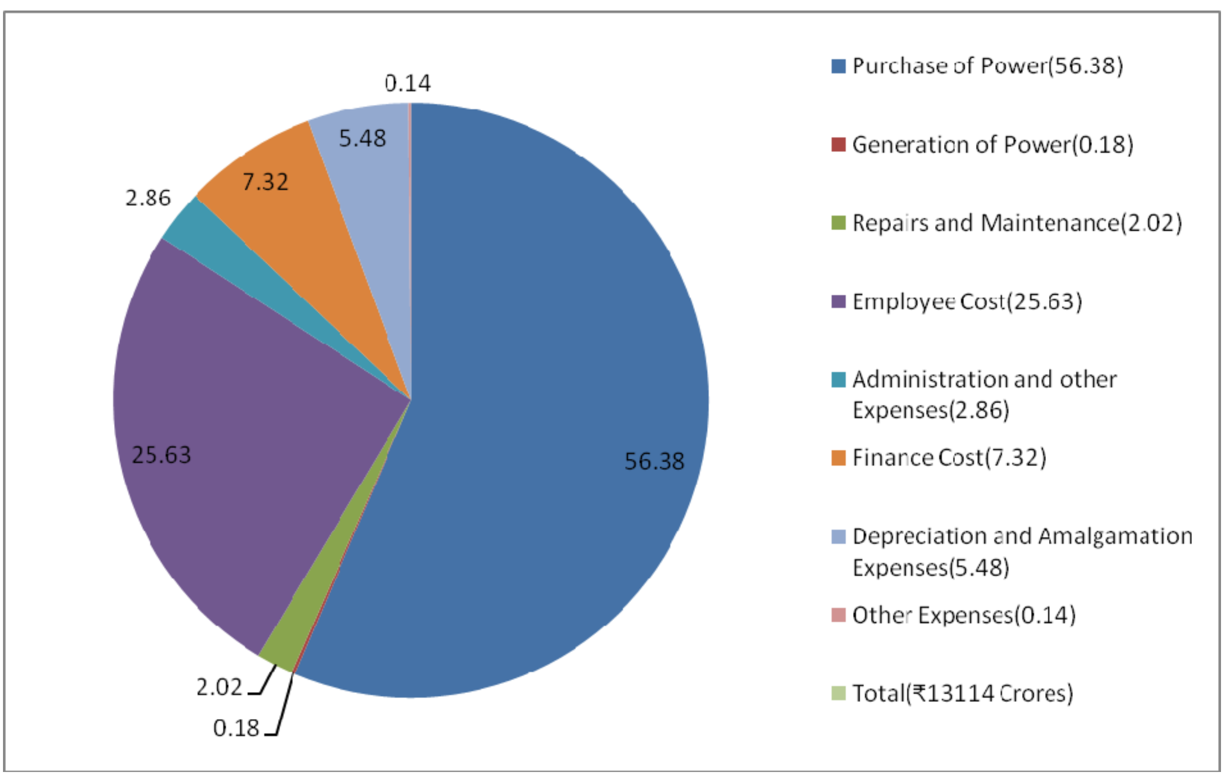
Consumer Category wise Source of income 2016-17 (in percentage)



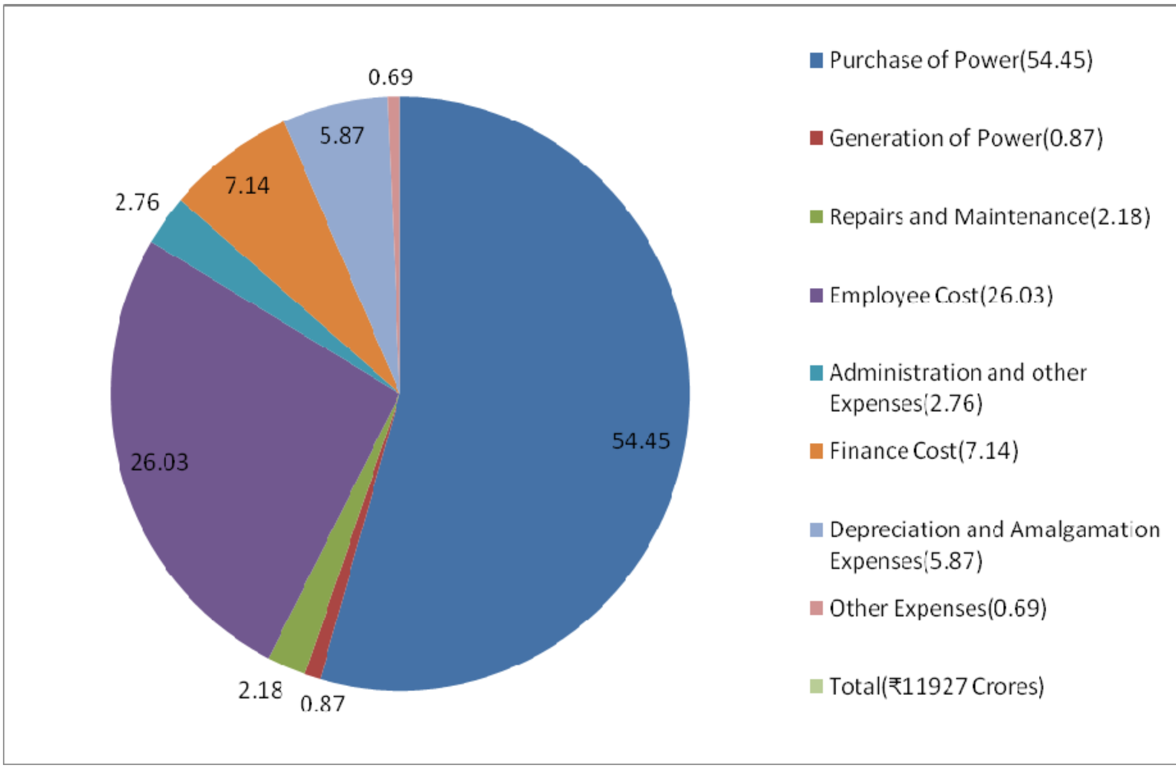
Revenue and Expenditure 2016-17 (In ₹ Crores)
Consumer Category wise source of income 2015-16 (in percentage)



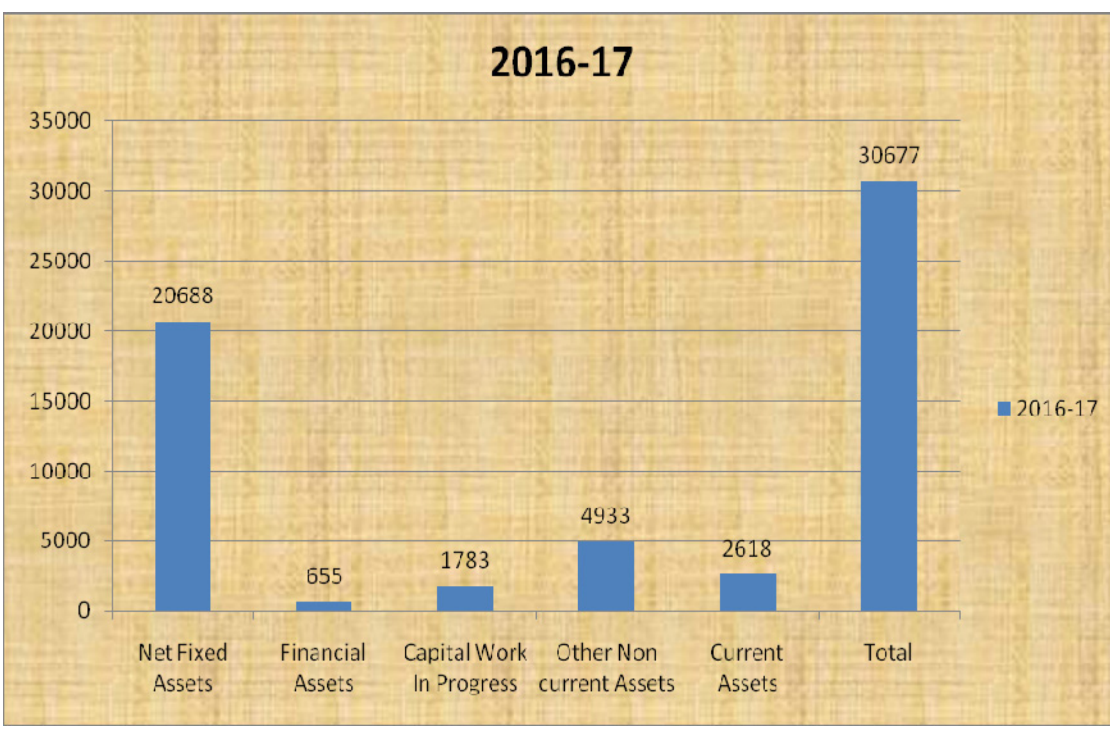
Composition of Cost Structure in Percentage (2016-17)



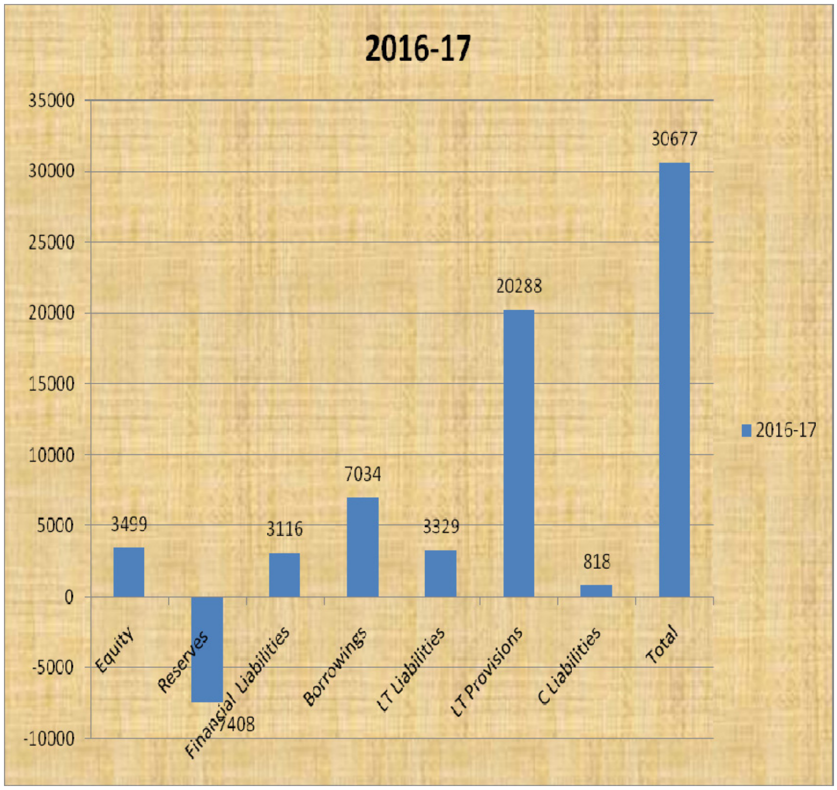
Composition of Cost Structure in Percentage (2015-16)



Value of Assets at the end of the year 2016-17 (in ₹ Crores)



Liabilities at the close of the year 2016-17 (in ₹ Crores)



C. OPERATIONAL REVIEW

During the year under review, revenue from the sale of power including other income amounted to Rs.11619.60 Crores (PY Rs 11230.47Cores). The Company generated 4369.54 MUs (PY 6791.85 MUs) of energy (gross) from own sources and purchased 19050.16 (PY 15897.76 MUs) of energy from Central Generating stations/Independent Power Producers(IPP)/Traders / Power Exchange. The energy sold within the state was 20038.25 MUs(PY 19325.07MUs). The Company's overall transmission and distribution losses are reported to the extent of 3310.67 MUs at 13.93% (PY-14.37%). The reduction in T&D losses by 0.44% has been achieved through various measures like system strengthening, replacement of conductors, capacity augmentation, better metering and good O&M activities. The operational review shows that there is an increase in income to the tune of ₹ 389.13 crores registering an increase of 3.46% on revenue during 2016-17 compared to the previous year in financial terms.The increase in income reflecting the overall improvement in performance of the company especially due to the decrease in T&D losses and increase in the volume of sales. In energy terms there is an increase in sale of power by 713.18MU, registering a growth of 3.69% compared to last years figures.

D.ACHIEVEMENT

- Thermal Power Station, KDPP was awarded certificate for outstanding performance in Industrial safety by National Safety Council, Kerala Chapter for Medium Size Engineering Industry

- Sabarigiri HEP was given the Safety Award 2016 under Small Factory-Category 2, Department of Factories and Boilers by Government of Kerala.
- KSEB won e-Governance Award of Government of Kerala for its 'Customer Friendly IT Initiatives' in the category of 'e-Citizen Service Delivery' based on the many e-Citizen services delivered by KSEB Ltd. Hon'ble Chief Minister of Kerala presented the award on 13.02.2017.

E.SHARE CAPITAL

The Authorized Share Capital of the Company is Five Hundred Crore shares of face value ₹10/- each, amounting to ₹5,000.00 Crores. The paid up share capital as on 31st March,2017 is ₹3,499.05 Crore, which are subscribed by the Hon'ble Governor of Kerala and his nominees.

F.MANAGEMENT

F.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.	DIN	Chairman & Managing Director	Tenure
1	1987180	Sri.M. Sivasankar IAS	21.12.2012 to 02.06.2016
2	2239492	Sri.Paul Antony IAS	02.06.2016 to 23.10.2016
3	5272476	Dr. K. Ellangovan IAS	24.10.2016 to 29.01.2018
4	7282785	Sri.N.S. Pillai IA & AS	29.01.2018 to till date

Sl. No.	DIN	DIRECTORS	TENURE
1	02239492	Sri.Paul Antony IAS	02.06.2016 to 28.12.2017
2	02103601	Sri.Manoj Joshi IAS	28.09.2017 to till date
3	5178826	Dr. K.M. Abraham IAS	27.09.2014 to 28.09.2017
4	7282785	Sri.N.S. Pillai IA & AS	24.07.2015 to 29.01.2018
5	3604278	Advocate B. Babu Prasad	14.06.2011 to 02.07.2016
6	7572823	Dr. V. Sivadasan	02.07.2016 to till date
7	7247504	Smt.P. Vijayakumari	30.05.2015 to till date
8	7239762	Smt.B. Nina	30.05.2015 to 31.05.2016
9	7558958	Sri.N. Venugopal	21.06.2016 to till date
10	7242641	Sri.C.V. Nandan	30.05.2015 to 21.06.2016
11	7559017	Sri.S. Rajeev	21.06.2016 to 31.07.2018
12	7239765	Sri.O. Asokan	30.05.2015 to 31.05.2017

13	03134779	Sri.Kumaran. P	20.06.2017 to till date
14	1027983	Sri.Bishwanath Sinha IAS	27.02.2018 to 20.08.2018
15	1260911	Sri.Sanjay.M.Kaul IAS	20.08.2018 to till date

Pursuant to the provisions of Section 203 of the Companies Act, 2013 Sri.Biju.R, Financial Adviser has been designated 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.

F.2 NUMBER OF BOARD MEETINGS

The Board of Directors meet 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 2016-17, the Board of Directors met six times with an Annual General Meeting for the financial year 2015-16 and adjourned AGM for financial year 2013-14

14. The details are given as under

Sl. No.	Type of Meeting	Date of Meeting	Total Number of Members entitled to attend the Meeting	Number of Members attended	Percentage of Total share holding
1	Annual General Meeting(2015-16)	29.09.2016	8	8	100.00
2	Adjourned Annual General Meeting (2013-14)	04.01.2017	9	9	100.00
1	Board Meeting	03.05.2016	8	7	87.50
2		17.05.2016	8	7	87.50
3		29.07.2016	8	8	100.00
4		29.09.2016	8	8	100.00
5		08.11.2016	8	8	100.00
6		04.01.2017	9	9	100.00

G. STRATEGIC BUSINESS UNITS

The Kerala State Electricity Board Limited performs the functions of Generation, Transmission and Distribution through separate Strategic Business Units (SBU) headed by the respective Directors.

G.1 GENERATION SBU

The Generation SBU operates and maintains 35 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 wing. 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 and thermal projects come under the Generation SBU. Other activities include construction and maintenance of various office buildings, fabrication of line materials for distribution, yard structures for substations and accessories for hydraulic structures. Total generation under the Generation Strategic Business Units for the financial year 2016-17 is 4369.35MU. This includes 4324.076MU generated by Hydel Power Stations, 43.545MU by Thermal Power stations and 1.714MU by the Wind generating Stations.

G 1.1 OTHER ACHIEVEMENTS IN GENERATION SECTOR

- Following power houses were awarded ISO Certification.
  - (a) Peringalkuthu Left Bank Extension(PLBE) was certified ISO- 9001- 2008 in October 2016
  - (b) Neriamangalam Power house was certified ISO 9001-2008 in August 2016.
  - (c) Idukki Power House was certified ISO 9001-2016 in January 2017.
- Commissioned a new project, Vellathooval SHEP, Idukki, with an installed capacity of 2X1.8MW in September, 2016.

G.1.2 Details of Station wise Annual Generation Capability / Generation, in Keral Power System, for the year 2016-17

Sl. No	Name of Station	Unit Capacity (MW)	Date of Commissioning		Station Capacity (MW)	Annual Generation Capability (MU)	Generation For the year (MU)	Design PLF (%)
			Original date	After renovation				
	PART A - HYDEL							
1	Pallivasal	Unit #1 - 5 Unit #2 - 5 Unit #3 - 5 Unit #4 - 7.5 Unit #5 - 7.5 Unit #6 - 7.5	19.03.1940 02.02.1941 10.02.1942 01.05.1948 01.10.1949 07.03.1951	19.11.2001 17.11.2001 20.11.2001 26.08.2002 21.08.2002 19.08.2002	37.50	284	166.01	86.67
2	Sengulam	Unit #1 - 12.8 Unit #2 - 12.8 Unit #3 - 12.8 Unit #4 - 12.8	01.05.1954 25.07.1954 11.11.1954 05.01.1955	30.11.2002 04.10.2002 05.12.2001 01.12.2001	51.20	182	115.58	43.33
3	Neriamangalam	Unit #1 - 17.55 Unit #2 - 17.55 Unit #3 - 17.55	27.01.1961 09.04.1961 11.05.1963	20.10.2004 31.11.2005 29.09.2006	52.65	237	196.25	60
4	Panniar	Unit #1 - 16.2 Unit #2 - 16.2	29.12.1963 26.01.1964	01.02.2003 23.11.2001	32.40	158	62.17	60
5	Poringalkuthu	Unit #1 - 9 Unit #2 - 9 Unit #3 - 9 Unit #4 - 9	06.03.1957 13.01.1958 24.04.1959 06.02.1960	23.04.2014 15.08.2014 08.02.2015 29.05.2015	36.00	170	100.52	61.25
6	Sholayar	Unit #1 - 18 Unit #2 - 18 Unit #3 - 18	09.05.1966 26.01.1968 14.05.1968		54.00	233	167.11	38.15
7	Sabarigiri	Unit #1 - 55 Unit #2 - 55 Unit #3 - 55 Unit #4 - 60 Unit #5 - 55 Unit #6 - 60	18.04.1966 14.06.1966 29.12.1966 22.06.1967 09.09.1967 26.11.1967	08.11.2009 07.02.2009 17.03.2008 06.05.2014 05.05.2006 01.07.2005	340.00	1338	797.83	51
8	Kuttiyadi	Unit #1 - 25 Unit #2 - 25	11.09.1972 01.11.1972	NA	75.00	268	465.44	40.80

Sl. No	Name of Station	Unit Capacity (MW)	Date of Commissioning		Station Capacity (MW)	Annual Generation Capability (MU)	Generation For the year (MU)	Design PLF (%)
			Original date	After renovation				
		Unit #3 - 25	28.11.1972					
9	Idukki	Unit #1 - 130 Unit #2 - 130 Unit #3 - 130 Unit #4 - 130 Unit #5 - 130 Unit #6 - 130	12.02.1976 07.06.1976 24.12.1976 04.11.1985 22.03.1986 09.09.1986	NA	780.00	2398	1379.05	35.92
10	Idamalayar	Unit #1 - 37.5 Unit #2 - 37.5	03.02.1987 28.02.1987	NA	75.00	380	171.96	57.73
11	Kallada	Unit #1 - 7.5 Unit #2 - 7.5	05.09.1994 05.01.1994	NA	15.00	65	44.36	40.33
12	Peppara	3	15.06.1996	NA	3.00	11.50	11.50	43.33
13	Lower Periyar	Unit #1 - 60 Unit #2 - 60 Unit #3 - 60	27.09.1997 22.10.1997 28.11.1997	NA	180.00	493	308.22	31.28
14	Mattupetty	2	14.01.1998	NA	2.00	6.40	2.30	35
15	Poringalkuthu Left Bank Extension	16	20.03.1999	NA	16.00	74	94.37	61.25
16	Kakkad	Unit #1 - 25 Unit #2 - 25	13.10.1999	NA	50.00	262	130.63	60
17	Kuttiyadi Extension	50	27.01.2001	NA	50.00	75		17.12
18	Malampuzha	2.5	26.11.2001	NA	2.50	5.60	0.63	25.60
19	Chembukadavu Stage I	Unit #1 - 0.9 Unit #2 - 0.9 Unit #3 - 0.9	19.08.2003 19.08.2003 19.08.2003	NA	2.70	6.59	8.64	28
20	Chembukadavu Stage II	Unit #1 - 1.25 Unit #2 - 1.25 Unit #3 - 1.25	04.09.2003 04.09.2003 04.09.2003	NA	3.75	9.03		28

Sl. No	Name of Station	Unit Capacity (MW)	Date of Commissioning		Station Capacity (MW)	Annual Generation Capability (MU)	Generation For the year (MU)	Design PLF (%)
			Original date	After renovation				
21	Urumi Stage I	Unit #1 - 1.25 Unit #2 - 1.25 Unit #3 - 1.25	25.01.2004 25.01.2004 25.01.2004	NA	3.75	9.72	9.03	30
22	Urumi StageII	Unit #1 - 0.8 Unit #2 - 0.8 Unit #3 - 0.8	25.01.2004 25.01.2004 25.01.2004	NA	2.40	6.28		30
23	Malankara	Unit #1 - 3.5 Unit #2 - 3.5 Unit #3 - 3.5	23.10.2005 23.10.2005 23.10.2005	NA	10.50	65	24.74	70
24	Lower Meenmutty	Unit #1 - 1.5 Unit #2 - 1.5 Unit #3 - 0.5	25.03.2006 25.03.2006 25.03.2006	NA	3.50	7.63	2.48	30
25	Neriamangalam Extension	25	27.05.2008	NA	25.00	58.27	102.08	30
26	Kuttiadi Tailrace	Unit #1 - 1.25 Unit #2 - 1.25 Unit #3 - 1.25	19.06.2008 22.06.2008 23.10.2009	NA	3.75	17.01	6.35	50
27	Kuttiadi Additional Extension	Unit #1 - 50 Unit #2 - 50	11.10.2010 30.10.2010	NA	100.00	223	465.44	30
28	Poozhithode	Unit #1 - 1.6 Unit #2 - 1.6 Unit #3 - 1.6	25.06.2011 25.06.2011 25.06.2011	NA	4.80	10.97	10.45	26
29	Ranni perinad	Unit #1 - 2 Unit #2 - 2	16.02.2012 16.02.2012	NA	4.00	16.73	5.85	48
30	Peechi	1.25	07.01.2013	NA	1.25	3.21	0.40	30
31	Vilangad	Unit #1 - 2.5 Unit #2 - 2.5 Unit #3 - 2.5	26.07.2014	NA	7.50	22.63	15.78	34

Sl. No	Name of Station	Unit Capacity (MW)	Date of Commissioning		Station Capacity (MW)	Annual Generation Capability (MU)	Generation For the year (MU)	Design PLF (%)
			Original date	After renovation				
32	Chimony	2.5	25.05.2015	NA	2.50	6.7	1.56	30
33	Adyanpara	Unit #1 - 1.5 Unit #2 - 1.5 Unit #3 - 0.5	03.09.2015 03.09.2015 03.09.2015	NA	3.50	9.01	5.01	30
34	Barapole	Unit #1 - 5 Unit #2 - 5 Unit #3 - 5	29.02.2016 29.02.2016 29.02.2016	NA	15.00	36	19.32	27
35	Vellathooval	Unit #1 - 1.8 Unit #2 - 1.8	26.5.2016	NA	3.60	12.7	3.05	40
	Total				**2049.75**	**7160.98**		
				PART B - WIND				
1	Kanjikode	9 x 0.225 MW	18.05.1995	NA	2.03	4	1.71	
	Total				**2.03**	**4**		
				PART C – THERMAL				
1	Brahmapuram Diesel Power Plant (BDPP)	Unit #1 - 21.32 Unit #4 - 21.32 Unit #5 - 21.32	06.05.1997 17.12.1997 24.11.1998	NA	63.96	606	5.54	68.50
2	Kozhikode Diesel Power Plant (KDPP)	Unit #2 - 16 Unit #3 - 16 Unit #5 - 16 Unit #6 - 16 Unit #7 - 16 Unit #8 - 16	11.09.1999 18.09.1999 30.09.1999 11.09.1999 25.10.1999 06.11.1999	NA	96.00	896	38.01	80
	Total				159.96	1502.00		
3	Kayamkulam (NTPC)	Unit #1 - 116.6 Unit #2 - 116.6 Unit #3 - 126.6	02.11.1999 28.02.1999 11.12.1999	NA	359.58	2158		68.50
				PART D - SOLAR				
1	Kanjikode Ss	1.00	10.08.2015	NA	1.00	1.63	1.03	18
2	Chaliyoor Colony, Agali	0.096	31.08.2015	NA	0.096	0.15	0.16	18

Sl. No	Name of Station	Unit Capacity (MW)	Date of Commissioning		Station Capacity (MW)	Annual Generation Capability (MU)	Generation For the year (MU)	Design PLF (%)
			Original date	After renovation				
3	Poringalkuthu Powerhouse	0.05	10.09.2015	NA	0.05	0.06	0.06	14
4	Banasurasagar, Wayanad	0.01	21.01.2016	NA	0.01	0.01	0.03	17
5	Kollengode Substation	1.00	08.08.2016	NA	1.00	1.66	0.80	19
6	Padinjarethara Dam Top	0.44	29.08.2016	NA	0.44	0.73	0.37	19
7	Edayar Substation premises	1.25	05.09.2016	NA	1.25	2.08	1.03	19
8	Barapole Canal bank	1.00	7.11.2016	NA	1.00	1.66	0.50	19
9	Barapole Canal top	3.00	17.11.2016	NA	3.00	4.99	0.49	19
10	Roof top of Generation buildings (18 nos)	0.70	3.1.2017	NA	0.70	3.00	8.19	14
	Total				**8.55**	**15.97**		

PART D PRIVATE HYDRO

Sl. No	Name of Station	Unit Capacity (MW)	Date of Commissioning		Station Capacity (MW) (MU)	Annual Generation Capability	Generation For the year (MU)	Design PLF (%)
			Original date	After renovation				
1	Maniyar	Unit #1 - 4 Unit #2 - 4 Unit #3 - 4 Unit #1 - 7	31.03.1994 30.12.1994 29.12.1994 01.06.2001	NA	12.00	36	1.66	30.83
2	Kuthungal	Unit #2 - 7 Unit #3 - 7	01.06.2001 01.06.2001	NA	21.00	79	14.03	42.94
3	Ullunkal	Unit #1 - 3.5 Unit #2 - 3.5	13.11.2008 13.11.2008	NA	7.00	32.22	13.10	53
4	Iruttukkanam	Unit #1 - 1.5 Unit #2 - 1.5 Unit #3 - 1.5	18.09.2010 19.09.2010 4.04.2012	NA	4.50	15.86	20.08	50
5	Pampumkayam (Mankulam)	Unit #1 - 0.055 Unit #2 - 0.055 Unit #1 - 3.5	3.8.2012 29.08.2013	NA	0.11	0.29	0.69	-
6	Karikkayam	Unit #2 - 3.5 Unit #3 - 3.5	2.09.2013 28.09.2013	NA	10.50	43.69	21.93	-
7	Meenvallom	Unit #1 - 1.5 Unit #2 - 1.5	17.6.2014	NA 3.00	8.37	5.99	-	
8	Kallar	0.05	31.3.2015	NA	0.05	0.13	0.03	-
	Total				58.16	215.56		
PART E - PRIVATE THERMAL								
1	BSES**	Unit #1 - 40.5 Unit #2 - 40.5 Unit #3 - 40.5 Unit #4 - 35.5	15.06.2001 15.06.2001 15.06.2001 01.03.2002	NA	157.00	1099	NA	80

Sl. No	Name of Station	Unit Capacity (MW)	Date of Commissioning		Station Capacity (MW) (MU)	Annual Generation Capability	Generation For the year (MU)	Design PLF (%)
			Original date	After renovation				
2	Kasargode Power Corporation*	Unit #1 - 7.3 Unit #2 - 7.3 Unit #3 - 7.3	01.01.2001	NA			NA	
3	MPS Steel Castings Ltd (Co-generat-ion plant)	10	19.02.2009	NA	10.00	67.63	NA	77.20
4	Phillips Carbon Black Ltd (Co-generation plant)	10	31.03.2011	NA	10.00	70.08	NA	-
	Total				**177.00**	**1236.71**		
PART F - PRIVATE WIND								
1	Ramakkalmedu	6 x 0.75 MW 2 x 0.75 MW 1 x 0.75 MW	31.03.2008 31.03.2009 31.03.2010	NA	14.25	32.46	28.75	26
2	Agali	7 x 0.6 MW 16 x 0.6 MW 2 x 0.6 MW 6 x 0.6 MW	31.03.2008 31.03.2010 29.09.2010 31.10.2010	NA	18.60	37.47	46.47	23
3	Ahalia Alternate Energy Pvt Ltd, Kanjikode	1 x 2.1 MW 3 x 2.1 MW	22.02.2016 23.03.2016	NA	8.40	16.19	17.39	22
	Total				**41.33**	**86.12**		
PART G - PRIVATE SOLAR								
1	Cochin Intern_ational Airport Ltd	1MW 12MW 2.4 MW 5.1273	30.11.13 18.08.15 26.5.16 9.3.17	NA	20.53	32.37	10.99	18

Sl. No	Name of Station	Unit Capacity (MW)	Date of Commissioning		Station Capacity (MW) (MU)	Annual Generation Capability	Generation For the year (MU)	Design PLF (%)
			Original date	After renovation				
2	Solar park, Ambalathara	4 MW 16 MW 8 MW 8 MW	14.12.2016 04.01.2017 07.02.2017 30.03.2017		36.00	56.76	7.55	
3	Anert, Kuzhalmandam	2MW	9.12.2016		2.00	3.15	0.93	
4	Hindalco	1MW	31.03.2016		1.00	1.58	1.61	
	Total				59.53	93.86		
	GRAND TOTAL				**2915.89**	**12473.20**		

**PPA ended on 31-10-2015

*PPA ended on 13-05-2016

G.1.3 RENEWABLE ENERGY & ENERGY SAVINGS (REES)

A. SOLAR PROJECTS COMMISSIONED / ADDED DURING 2016 -17

Sl. No	Name of Project	Installed capacity (MW)	Date of Commissioning
1	Solar power plant at Kollengode Sub Station premises	1	08.08.2016
2	Solar power plant at Padinjarethara Dam Top	0.44	29.08.2016
3	Solar power plant at Edayar Sub station premises	1.25	05.09.2016
4	Generation Roof Top 18 Nos	0.7	2016-17
5	Palakkad Tribal Colonies 7 nos (off grid) DDG	0.065	2016-17
6	Barapole Canal Bank	1	07.11.2016
7	Barapole Canal Top	3	17.11.2016
8	Roof top Transmission Buildings (27 Nos) of KSEBL	0.075	Work completed energisation awaiting.
9	Roof top Distribution Buildings (12 Nos) of KSEBL	0.05	Work completed energisation awaiting.
10	Total Electrification (off grid)	0.0042	Completed
11	Solar Garden at Padinjarethara and solar flower in front of Vydyuthi Bhavanam , Pattom	Decorative solar installation	Completed
12	Grid connected Solar power plants 417 Nos through consumers	6.19	2016-17

B. ON- GOING SOLAR PROJECTS

	Location of solar Project	Installed capacity (KW)	Status
1	Ettumannoor Substation premises	1000	Work in progress
2	Thalakulathur Substation premises	650	Inspectorate approval pending
3	Muvattupuzha Substation premises	1250	Work in progress
4	Pothencode Substation premises	2000	Work in progress
5	Peerumed Substation premises	500	Work in progress
6	Kuttipuram, Substation premises	500	Work in progress
7	Ponnani Substation premises	500	Work in progress
8	Nenmara Substation premises	1500	Work in progress
9	Vydyuthi Bhavanam Thiruvananthapuram (rooftop)	30	Inspectorate approval pending
10	Kottiyam Substation premises	500	Tendered
11	Mylatty Substation premises	1000	Tendered
12	Peruthenaruvi Generating station premises	450	Tendered

13	As part of IPDS scheme	1120	Tendered
14	Distribution office buildings (Roof Top)	460	Work in progress and nearing to completion
15	Transmission office buildings (rooftop)	910	Work in progress and nearing to completion
16	5kw rooftop project in 8 schools	40	Tendered
17	Implementation of Grid Tied Roof Top Solar Projects for Government buildings under District Panchayat	1285.5	Tendered
18	Madakkathara Substation premises & Pole Casting yard at Choolissery	1500	Re-Tendered

C. IMPLEMENTATION OF SOLAR PARKS

(1) 200MW Kasargode Solar Parks

M/s Renewable Power Corporation of Kerala Ltd., the Joint Venture Company of Solar Energy Corporation of India and Kerala State Electricity Board Limited designated as the 200MW Kasargode Solar Power Park Developer (SPPD) has commenced its functioning. KSEBL has completed the taking over of entire land identified by the Revenue Department, for the Park and is in advance possession of 1086.66 acres of land. The formal assignment process is under process with State Government. The implementation of 50 MW on behalf of Indian Renewable Energy Development Agency (IREDA) has been commenced during April 2016 and has commissioned 36MW by the end of the financial year KSEBL has signed the draft Power Sale Agreement with IREDA on 31st March, 2017.

(2) 200MW Cheemeni Solar park

The Ministry of New and Renewable Energy vide its order no.30/26/2014-15/ NSM dtd 21.3.2017 has notified the scheme for enhancement of capacity from 20,000MW to 40,000MW for Development of Solar Parks and Ultra Mega Solar Power projects. Government of Kerala has intimated the requirement for the additional Solar Park of 200MW capacity in Kasargode District at Cheemeni. The process for transfering of the identified 1000 acres of Government land at Cheemeni to State Utility is in progress.

D. ESCOT activities 2016 -17

- Investment grade Energy Audit of Govt. Medical College, Thiruvananthapuram conducted.
- Conducted Energy Audit of Kerala State Science and Technology Museum and Planetarium and audit of Sastra Bhavan, Thiruvananthapuram, Kariavattom University, NORKA building, Thiruvananthapuram, Guatham Hospital, Ernakulam has been started .
- As part of Agricultural DSM activity, replaced agriculture pump set with energy efficient agriculture pump set at Kerala Agricultural University at Vellayani, Thiruvananthapuram.

- Approximately one crore LED bulbs were distributed through Electrical Sections as part of DELP programme.
- Programme on installation of LED streetlight at Alappuzha Municipality has been completed.
- Project for installation of 407 numbers of 18 watts LED street light at Vellachira at Thrissur District has been completed .
- As part of Energy Efficient Fans and Tubes (EEFT) Project, purchase order has been issued for 1000 fans to retrofit fans in KSEB buildings with energy efficient fans the first phase.
- As part of Empowering consumers for Energy Efficiency (ECEE), pilot survey has completed in Malappuram District in co - ordination with NSS Technical Cell.
- Preliminary works for installation of solar panels on schools has commenced inconnection with the Labha Prabha Season – 3 programme.

G.2 TRANSMISSION SBU

Transmission SBU manages the construction, operation and maintenance of EHT substations and transmission lines and the supply of power to EHT consumers. Transmission SBU is responsible for the implementation of transmission loss reduction programs and co ordinating the activities for system development. Transmission SBU has absolute control over all load dispatch activities, with full responsibility for real time management and matters pertaining to protection system and the communication system. Scheduling of generation, annual maintenance, import of power from independent power producers and central generating stations and export of power are managed by this SBU. Other important activities include monitoring of daily system statistics, implementing policy matters related to merit-order dispatching, communication planning, networking of computers and co-ordination of activities under the system operation circles.

An abstract of the list of Substations and Transmission lines under the SBU as on 31.03.2017 is given below.

Sl. No	Voltage level (kV)	No of Substations	Line length (in circuit kms)
1	400	*5(1No: KSEB)	**571.96
2	220	20	2801.89
3	110	148	4434.00
4	66	73	2208.75
5	33	143	1904.13

* The 400 kV Substations at Pallippuram (Thiruvananthapuram), Pallikkara (Ernakulam), Areakode and Mannukkadu(Palakkadu) are owned by PGCIL.

** Lines within Kerala periphery (owned by PGCIL)

G. 2. a TRANSGRID

The TransGrid project is the largest ever transmission project in the history of the Company which envisages to fulfill the load requirement of the State and ensure reliable and stable supply of power across the state. The project is planned for execution in two phases and is targeted for completion by 2022. Sanction was accorded for the - TRANSGRID 2.0 plan for an amount of Rs.10000 crores vide B.O (DB)No.868 D(T&SO)/PSE/LTTP/2015-16 dated 16.03.2016. Out of the above estimated amount, Rs.8447 Crore is proposed to be funded from different agencies like PSDF, KIIFB, MNRE etc. Two projects costing Rs. 466 Crore are proposed to be funded through PSDF scheme. Projects worth Rs.1788 Crore are targeted for funding from MNRE through the Green corridor Fund and Projects totaling to Rs. 6193 crore were submitted to M/s KIIFB for financial assistance out of which KIIFB has conditionally approved Rs. 5200 Crore.

Salient features of the project are:

- Overcoming RoW constraints in Kerala through use of narrow based towers, state of the art technologies like tubular towers, insulated cross arms etc.
- Land constraints in urban areas overcome by use of GIS technology.
- Adopting use of HTLS conductors and technologies like OPGW, modern protection and control systems
- Turn-key project execution method with empanelment of contractors with proven technical and commercial strength in executing projects of similar nature
- Sizing the individual contracts manageably high to attract top players in the field
- Offering payment terms of 75% within one month of bill submission, 15% within two months and 10% on commissioning
- Strong quality management with seven-year post-commissioning warranty.

The first phase works are under various stages of execution and progressing at good pace. Action plans are in place to scheduling shutdown/alternatives for the uninterrupted power during the execution of the project.

Transmission SBU is utilising modern technology options to overcome the inherent challenges of the state. Technological solutions using drones and hot line maintenance have also been adopted for better performance of the lines.

G.3 DISTRIBUTION SBU

Distribution SBU manages distribution of electricity in the State other than in other Licensee's areas. The activities of the SBU include construction, operation and maintenance of distribution network upto a voltage level of 11 kV. Implementation of Central Sector Schemes like RAPDRP Part B, RGGVY, DDUGJY, IPDS etc. Distribution Sector Projects funded like MP LAD/MLA LAD Kerala Development Schemes are also undertaken by this SBU.

G.3 a Total Electrification

The Distribution SBU went all out to realise the Government of Kerala mission to electrify all households in the state by March 2017.Since accurate data pertaining to unelectrified households was not available, initially, beneficiaries had to be identified through registration channels such as Section offices and people's representatives. More than 1.52 lakh applicants registered in the project, out of which around 1.24 lakh households belonged to BPL category. The number of households coming under SC and ST categories was 32,000 and 17,500 respectively.

Major hurdles faced in the project execution included obtaining forest clearance for construction of electric lines through forest to provide electricity to inhabitants residing inside forests and clearing objections from property owners in case of stringing lines through their properties. Requisite orders/clearances were obtained by co ordination with Revenue and Forest Departments with the help of the State Government. Another major impediment, a large number of unwired households, was overcome when KSEBL decided to carry out the wiring in households coming under BPL or ST category, in anticipation of CSR funds from central and state PSUs; various associations of officers and trade unions in KSEBL as well as employees of various offices also put in their efforts to carry out the internal wiring for a considerable number of houses.

Administrative Sanction was accorded to the project for an estimate amount of ₹174 Crore, of which KSEB Ltd had to bear ₹63.82 Crore (50% of the estimated cost in each LA constituency, subject to a maximum of Rs One Crore per Constituency) under Annual Plan / Normal Development of KSEB Ltd; balance amount of ₹110 Crore was to be shared by GoK using funds allotted to various Departments.

Distribution network was extended wherever possible and where extension of distribution network was not feasible as in the case of remote colonies / habitats, supply was effected through Decentralised & Distributed Generation (DDG) and Micro-Grids.

Majority of the works related to the total electrification mission were completed by March 2017 and electricity connections were provided to all the households and Anganwadis which were occupied or ready for occupation, but for the few cases where statutory approvals were pending from other departments.

G.3. b Simplification of procedures

As it was inferred that requirement of various documents for obtaining electricity connection was causing delay in releasing connections and hardship to the beneficiaries, and as part of the Business Reform Action Plan 2016 proposed by the MoP, GoI, KSERC approved the simplified application procedures and forms suggested by KSEB Ltd as per GoK directive and this ensured that electricity connections could be released based on maximum 2 documents – proof of identity and proof of ownership. The rules were further liberalized when KSEB Ltd as per GoK directive issued BO to release electricity connections to residential structures of plinth area not more than 100m2 without insisting proof of ownership. Also, Local self government helped the cause by modifying rules to release electricity connections to households of plinth area not more than 1500 sq. ft on the basis of temporary residential certificate. Further, online facility for filing LT service connection applications has also been introduced which enables applicants to fulfill their need without visiting section offices.

G.3.b.SCHEMES FUNDED BY CENTRAL / STATE / OTHER AGENCIES

(1) DEEN DAYAL UPADHYA GRAM JYOYHI YOJANA (DDUGJY)

Government of India sanctioned a total amount of Rs.485.37 Cr. for implementing DDUGJY in Kerala on 5.1.2016 as detailed below.Work include 33KV substations,33KV lines,11KV lines,distribution transformers, HT and LT lines, replacement of energy meters, BPL service connections etc.

Sl. No	Name of District	* Sansad Adarsh Gram Yojna (Cr)	** Metering (Cr)	Connecting Unconnected Hhs(Cr)	System Strength ening (Cr)	Total sanctioned Cost (In Cr.)
1	Alappuzha	5.33	13.85	9.26	5.13	33.57
2	Ernakulam	3.23	11.66	8.37	10.5	33.76
3	Idukki	0.14	7.62	19.19	12.36	39.31
4	Kannur	2.67	14.06	16.21	3.46	36.40
5	Kasaragod	1.79	3.58	8.3	1.06	14.73
6	Kollam	3.64	15.80	9.58	8.58	37.60
7	Kottayam	4.03	11.43	11.54	11.64	38.64
8	Kozhikode	10.40	13.94	17.43	1.89	43.66
9	Malappuram	2.71	7.55	20.54	5.55	36.35
10	Palakkad	2.76	12.99	13.03	3.49	32.27
11	Pathanamthitta	5.03	3.61	11.10	6.02	25.76
12	Thiruvananthapuram	15.75	15.10	16.53	6.15	53.53
13	Thrissur	0.41	20.96	6.55	4.84	32.76
14	Wayanad	1.25	7.01	13.96	2.40	24.62
	Total	59.14	159.16	181.59	83.07	482.96

* Works exclusively for the Panchayats selected by the representative member of Parliament under Saansad Adarsh Gram Yojana (SAGY).

** Replacement of faulty and electro-mechanical meters with static meters to reduce AT & C loss.

2) R- APDRP(Part B)

The following works have been completed under R-APDRP Part-B amounting to ₹ 456 Cr against target amount of ₹1078.3Cr.

Description	Quantity
33KV substations	5 nos
33KV OH line	19Km
33KV UG cable	9Km
Construction of HT OH line	1629 km
Laying of HT UG Cable	1141km
Reconductoring of HT OH line	629 km

HT ABC	89Km
Installation of distribution transformers	2846Nos.
Construction of LT line	270 km
Reconductoring/conversion of LT line	8312 km
LT ABC	411Km
Replacing faulty/mechanical meters with	
electrostatic meters.	1333788 Nos.
Street lights meters installed	38811 Nos

3) INTEGRATED POWER DEVOLOPMENT SCHEME (IPDS) (for Urban & semi urban Areas)

An amount of ₹ 592.07 Crore have been sanctioned by the MoP for IPDS Kerala on 15.6.2016, for 63 towns under 25 Circles. DPR for the works have been sanctioned and Solar turnkey projects already started. Material procurement for the works is in progress.

4)LOCAL AREA DEVELOPMENT (LAD) WORKS

(a) The physical and financial status of work carried out through MLA LAD fund is given below

Region	Total no. of work	Completed work	Balance work	Amount remitted (Rs. lakh)	Amount for which work was completed (Rs. lakh)	Balance Amount (Rs. lakh)
South	46	45	1	73.306	72.84	0.4665
Central	27	21	6	352.19	349.07	3.11
North	31	30	1	46.79	44.79	2
North Malabar	3	3	0	29.25	29.25	0
Total	107	99	8	501.53	495.95	5.58

(b) The physical and financial Progress of works carried out u sing MP LAD fund is given below

Region	Total no. of work	Completed work	Balance work	Amount remitted (Rs. lakh)	Amount for which work was completed (Rs. lakh)	Balance Amount (Rs. lakh)
South	3	3	0	16.30	16.30	0
Central	9	4	5	25.04	2.20	22.83951
North	1	1	0	1.28	1.28	0
North Malabar	Nil	Nil	Nil	Nil	Nil	Nil
Total	13	8	5	42.62	19.77	22.839

5) KERALA DEVELOPMENT SCHEME

Kerala Development Scheme works are distribution activities taken up by local bodies with their funds through KSEBL. The progress of work is given below.

Region	Total no. of work	Completed work	Balance work	Amount remitted (Rs. lakh)	Amount for which work was completed (Rs. lakh)	Balance Amount (Rs. lakh)
South	663	359	304	1615.57	616.47	999.10
Central	658	484	174	1483.01	768.15	714.86
North	162	76	86	342.90	29.66	313.23
North Malabar	146	68	78	590.96	268.52	322.44
Total	1629	987	642	4032.44	1682.80	2349.63

G.3.d SAFETY

a) The Safety Week 2016 has been observed from 1st to 7th May,,2016 in order to "Strengthen Safety Movement to Achieve Zero Harm" with the co-operation of Department of Electrical Inspectorate, Bureau of Indian Standards, Institution of Engineers (India), Energy Management Centre, ANERT and Department of Factories and Boilers. In connection with Safety Week 2016, following activities were observed during 2016-17

- Conducted first aid training to KSEBL Staff.
- Conducted safety awareness class for contract workers.
- Conveyed safety messages through FM Radio.
- Conducted Road Show to convey Electrical safety messages.
- Distributed Safety slips, brochures etc. among public.
- Displayed Safety Cartoons in front of Cash Counters of all Electrical Sections.
- Awareness programme on usage of Earth-leakage circuit breaker (ELCB) to public and fabrication/ welding/ truss work contractors conducted.

b) As per BO (DB) No. 3549/2016, [CE (CAPS& Safety)/S/Electrical Accidents/ FB/2016 / Tvm dated 20.12.2016, it was decided to take measures to curb lapses in the compliance of safety measures and to issue appropriate directions in this regard and to audit all accidental death henceforth to understand the cause and to strengthen the institutional mechanism to prevent such occurences.

c) A new safety application (SMART – Safety Monitoring And Reporting Tool) has been developed by IT wing of KSEB Ltd. and inaugurated by the Hon`ble Minister for Electricity on 15.02.2017. This software module is implemented to create authentic base line data for intensifying the safety related activities. The key functionalities of this application are creating safety awareness, accident reporting, monitoring the availability of safety tools, materials and equipments etc.

G.3.e. IT INITIATIVES

- All Electrical Sections have been migrated to OrumaNET, the centralised LT Billing software by October 2016.
- New module 'Online New Connection Service' has been integrated to receive and process online applications for new connection'.
- Another module 'Grid Connected Solar Billing Management ' has been integrated for ongrid solar consumers.
- Mobile App based on OrumaNET and HRIS was developed and released for employees in order to enable them to use OrumaNET during field work, travel, conferences etc.
- Mobile wallets like Paytm and Vodafone M-Paisa are also integrated with KSEB billing system.
- Payment integration with Apna CSC (the Central Common Service Center) was also done enabling consumers to remit KSEB bill from any Apna CSC center in India.
- A complete module of Online Transfer including GIS location mapping is ready.
- Integration of Attendance Management System and Biometric Tracking system has been successfully implemented in Vydyuthi Bhavanam, Thiruvananthapuram.
- The centralized corporate accounting software, SARAS,is migrated to a Central Server and all ARUs are connected to the above Server.
- Pilot Implementation of e-Office (Paperless office) package has been done in about 25 KSEBL offices including corporate offices.
- The 24x7 customer care number, 1912 is made toll free since November, 2016. A Whats App no 9496001912 has been released for customers to register their complaints. Complaints received from Face book, e-mail etc are also registered and followed-up in customer care centre(CCC).
- A Disaster Recovery Center is functional at InfoPark, Cherthala in order to provide redundancy for the Data Center.
- As part of the project, PDA (spot billing machines) have been deployed in all RAPDRP towns. As per Board's decision, PDAs are implemented in Non-RAPDRP area also covering all Electrical Sections across the state.
- Third Party Independent Evaluation Agency (TPIEA) verification by M/s PGCIL for RAPDRP Part-A IT implementation was initiated in February'17.
- Urja Sowhrida, the Bill Information System has been implemented which disseminates electricity bill information like bill amount, due date, disconnection date etc to the customers via SMS and e-mail as soon the bill has been prepared in the Centralised Billing System. Reminder SMS are also sent in case of non-payment before due date and disconnection date.
- An Outage Management System (OMS), Urja Doothu has been implemented to send power outage information up to distribution transformer level to all the consumers through

automated SMS. It is also integrated with Urja Mitra, the OMS of MoP is being undertaken so that power outage information up to feeder level will be sent as SMS/call/web portal/mobile-app to consumers by Urja Mitra Application. About 76 lakhs consumers have registered to avail free bill alerts and outage information through Urja Sowhrida and Urja Doothu.

- 11 kV Rural Feeder Monitoring scheme implemented by REC to install communicating modems in rural/mixed feeders of KSEBL is also progressing.
- The Detailed Project Report (DPR) for 22 Crores for implementing Phase-II Incremental IT in 21 towns as a continuation of implementation of RAPDRP IT projects has been approved by PFC under IPDS on 20.2.2017. Tendering process for appointing Project Management Agency has been initiated.
- A project to implement Enterprise Resource Planning (ERP) in KSEB Ltd has been envisaged and a Project Management Agency (PMA) has been appointed to conduct gap analysis and DPR preparation.
- For performance assessment of distribution offices based on Key Performance Indices (KPIs), e integration of applications to capture KPIs namely Customer Complaint Redressal, Release of New Service Connection, e-payments, Safety-Zero Fatality and Quality of Power-SAIFI &SAIDI to assess and rank distribution offices by automated method is being done.
- An application, 'Power for All' to monitor the progress of Total Electrifications was developed and used in field offices and Corporate offices.
- An application, ProMoS is being developed for monitoring the progress of centrally funded projects, DDUGJY and IPDS.
- Video Conferencing System has been set up in 10 locations, viz. Vydyuthi Bhavanam, Trivandrum, 220kV S/S, Brahmapuram, 220kV S/S, Vadakara, 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.
- A Security Audit has been conducted by M/s STQC at the Data Center and Certificate was issued in proof of compliance.

H. COMMERCIAL & TARIFF

H. (1)REGULATORY ISSUES

a. ARR & True-up petitions:

In FY 2016-17, the Company was able to file petition before KSERC, seeking consequential orders on the true-up of accounts for the year 2009-10 as per APTEL judgment dated 10-11-2014 in Appeal No 1 and 19 of 2013, which has a significant impact on the employee cost of KSEBL. The Company also filed petition before KSERC for truing up of accounts for the year 2013-14.

The Company could not file ARR&ERC petition for the year 2016-17 as the Company had challenged the validity of the Tariff Regulations, 2014, by filing Writ Petition No.465/2015(G) before the Hon'ble High Court of Kerala, since the norms for expenditure specified in the Tariff Regulations, 2014 are inadequate resulting in under recovery of the expenses. In the absence of ARR petition, for the first time in the history of Regulatory framework in the State, KSERC initiated suo-motu tariff determination procedure. The Company filed all the details sought for by KSERC for suo-motu tariff determination including the capital expenditure plan for 2016-17. Suo-motu order approving the ARR of the Company for the year 2016-17 was issued on 17-4-2017.

b. Appeal Petitions before the Honourable Supreme Court of India:

In FY 2016-17, KSEBL filed second appeal petition before Hon'ble Supreme Court of India against APTEL judgment dated 18-11-2015 & 5-2-2016 in Appeal No.247 of 2014 filed by HT & EHT Association challenging the equity amount approved for KSEBL. The outcome of the appeal has significant financial impact on KSEBL.

c. Other Major Matters/Orders

- As part of 'Ease of doing Business', a proposal for simplification of procedures for availing service connection, was submitted before KSERC.
- The Company had been taking earnest efforts to meet the Renewable Purchase Obligation. To meet the RPO shortfall, the Company as per the direction of KSERC purchased REC for Rs.15Cr in FY 2016-17.
- KSEBL was also successful in obtaining orders in favour of KSEBL in the petition filed by Cochin Special Economic Zone in the matter of availing open access by other distribution licensees in the State who purchase bulk power from KSEBL, thereby avoiding huge financial loss to KSEBL.
- The tariff order of CERC for RGCCPP, Kayamkulam for the tariff period 2014-19 was issued in October 2016. Since there was considerable increase in Annual Fixed Cost(AFC) as per the new tariff order, KSERC had disallowed the same in the ARR approved for the FY 2016-17 and directed KSEBL to approach CERC for lowering the AFC. KSEBL subsequently filed petition before CERC and as per the direction of CERC, negotiations for reducing the AFC, were held between NTPC and KSEBL.
- KSEBL had submitted its counter affidavit on the tariff petitions filed by Central Generating Stations, IPPs and PGCIL before CERC submitting KSEBL's objections on the various tariff parameters adopted, so that the power purchase cost from these Stations are prudent.During the year KSEBL was also successful in getting disposed off the petition filed by NLC claiming interest on arrears of wage revision expenses incurred by them. KSEBL has also filed an appeal petition on before APTEL challenging the order of CERC on IT reimbursement of mines of NLC power station.

H.2 Power Procurement during 2016-17

a) Long Term Power Procurement

i. Supply of 200 MW RTC power commenced on 10-01-2017 (@ Rs3.60/kwh as on bid date) from Jindal Power Ltd based on the LTA granted by PGCIL to the Power Supply Agreement executed on 29-12-2014 through bidding route.

ii. Supply of 115 MW RTC power commenced on 22-12-2016 (@ Rs 4.15/kwh as on bid date) from Jhabua Power Ltd based on the LTA granted by PGCIL to the Power Supply Agreement executed on 31-12-2014 through bidding route.

iii. Supply of 156.5 MW RTC power (infirm power at CERC tariff) commenced on 29-08-2016 from Kudamkulam Unit 2 based on the CGS allocation of MoP.

iv. Supply of 100 MW RTC Power commenced on 01-04-2016 at CERC tariff from DVC – Meija Power station based on the LTA granted by PGCIL to the Power Supply Agreement executed on 24-04-2014 through MoU route.

v. Supply of 50 MW RTC Power commenced on 02-05-2016 at CERC tariff from DVC – Reghunathpur Power station based on the LTA granted by PGCIL to the Power Supply Agreement executed on 24-04-2014.

vi. Supply of 8.4 MW wind power commenced on 22-02-2016 (@ Rs3.95/kwh) from Ahalia Alternate Energy Pvt Ltd and payment started as per B.O. dated 04-10-2016.

b) Medium Term Power Procurement

1. Supply of 165 MW RTC power commenced on 01.06.2016 (@ Rs3.60/kwh as on bid date)from Jindal Power Ltd based on the MTOA granted by PGCIL to the Supplementary Power Supply Agreement executed on 27.06.2015 for advancing date of commencement of supply to 01-06-2016 from the initial start date i.e.01.12.2016. This MTOA was relinquished subsequent to the grant of LTA for 200 MW.

2. Supply of 122MW RTC power commenced on 01-06-2016 at CERC tariff from Maithon Power Ltd started based on the MTOA granted by PGCIL to the PPA executed on 29.06.2015 for purchase of 150 MW RTC power on long term basis for a period of 30 years from the date of CoD of the Station.

c) Short Term Power Procurement

- By participating in the e-tender through DEEP Portal, KSEBL purchased 100MW power during peak hours and 50MW power during off peak hours from 05.05.2016 to 31.05.2016 through PTC India Ltd from DVC in eastern region.

Period	Duration	Quantum (MW) on Firm basis	Rate at Kerala Periphery per kWh	Source of Power
05.05.2016 to 01.06.2016	22:30 hrs to 00:00 hrs	50 MW	Rs. 3.21/-	DVC in Eastern Region
05.05.2016 to 31.05.2016	05:00 hrs to 18:30 hrs	50 MW	Rs. 3.14/-	DVC in Eastern Region
05.05.2016 to 31.05.2016	18:30 hrs to 22:30 hrs	100 MW	Rs. 3.40/-	DVC in Eastern Region

- Purchase of 200 MW RTC power arranged from 01.03.2017 to 30.06.2017 through M/s PTC India Ltd as per the Power Purchase Agreement(PPA) executed on 31.03.2016 as shown below:

Period	Duration hrs	Quantum (MW) on Firm basis	Rate at Delivery Point (Rs/kWh)	Source of Power
01.03.2017 to 30.06.2017	00:00 to 24:00 (RTC)	200 MW	Rs 3.08/-	Jindal Power Limited(JPL)/ Jindal Steel Power Limited(JSPL)
MTOA was granted to the supply of above 200MW by PGCIL and supply commenced from 01-03-2017 and continuing.				

- Purchase of 100 MW RTC power and 100 MW Peak Power arranged from 01.03.2017 to 31-05-2017 through M/sTPTCL as per the Power Purchase Agreement(PPA) executed on 22.12.2016 as shown below:

Period	Duration hrs	Quantum (MW) on Firm basis	Rate at Kerala Periphery (Rs/kWh)	Source of Power
01-03-2017 to 31-05-2017	00:00 to 24:00	100 MW	Rs. 3.25/-	Jindal India Thermal Power Ltd in Eastern Region
01-03-2017 to 31-05-2017	18:00 to 24:00	100 MW	Rs. 3.65/-	Jindal India Thermal Power Ltd in Eastern Region

Short term open access not obtained for this PPA. However the contracted quantum is supplied by TPTCL on day-ahead basis except during transmission corridor constraints.

50MW power from 00:00-05.00 hrs arranged through banking mechanism from March 6th to March 31st 2017 by participating in the bid through M/s. GMR Energy Trading Ltd (GMRETL) floated by BRPL (BSES Rajdhani Power Ltd.) in the Northern region. This power has to be returned to BRPL between July 2017 and September 2017.

Other Matters

i. MTOA of 100 MW RTC power and 297 MW RTC Power from PTC_ BALCO and NVVN_ CSPDCL respectively on medium term basis expired on 28-02-2017.

ii. Commercial Operation of Kudamkulam Unit 2 (1000MW) declared on 31-03-2017. Allocation to KSEB Ltd is 13.33%

iii. SRPC vide letter dated 23-03-2017, communicated allocation of 5.15% (41.18MW) from Kudgi stage 1- 800MW (NTPC Station) from the date of CoD. (CoD declared in 2017-18))

I. HRD Initiatives

a) Man Power

The Company takes pride in its well trained, efficient, experienced and committed manpower.

b) Training & Development

Human Resource Development (HRD) Cell coordinates the training activities conducted at Power Engineers Training and Research Centre (PETARC) at Moolamattom, Regional Power Training Institutes at Thiruvananthapuram, Kottayam, Thrissur and Kozhikode, and Southern Region Computer Training Center at Vydyuthi Bhavanam, Thiruvananthapuram. PETARC is a full- fledged training center of KSEBL, imparting technical as well as management training to the officers of KSEBL and has been recognized as a Category 1 training centre by Central Electricity Authority. Human Resource Development wing deputes officers for attending training programmes outside state to institutions such as ESCI Hyderabad, CIRE Hyderabad, CPRI Bangalore, PMI Noida, TNEB Madurai, NPTI Neyveli, PSTI Bangalore, etc.

The Company had constituted a committee for formulating a training policy as per the National Training Policy 2012 issued by, Ministry of Personnel, GoI. KSEBL adopted this policy w.e.f April 2017.National Training programme to the C&D employees (Sub Engineer, Senior Assistant, Cashier, Overseer, Lineman, Meter Reader, Electricity Worker etc.) with the financial assistance of Ministry of Power, Government of India aims to improve the overall performance of the employees who have more interfaces with the customers. KSEBL has executed MoU with REC-CIRE, the nodal agency for implementing the programme.

During 2016-17, PETARC had conducted 83 programmes and trained 2,133 persons. It has been decided to introduce the integrated Induction cum Statutory Training Programme for the newly recruited Assistant Engineers of KSEBL at PETARC w.e.f 2017-18 as per the Central Electricity Authority Guidelines. PETARC conducted need based trainings for the Electricity Department Staff of Lakshadweep Electricity Department during 2016-2017.Regional Power Training Institutes have conducted 658 programmes on various subjects and trained 19,920 employees. A total of 22,447 employees were trained during the financial year 2016-2017.

Outside training was imparted to 346 employees by deputing 99 of them for attending various training programmes outside the state and 247 persons for training programmes within the state. Many organizations and professional students have identified KSEBL for doing their project work at graduate and postgraduate level. Accordingly 106 students from professional colleges have done their project works, 3 students have done their research works and 4,886 students have done their industrial training in various powerhouses, substations and field offices of KSEBL during the year 2016-17. In addition to the above, students from ITI, Malampuzha and ITI, Aryanadu were permitted to undergo industrial training at free of cost.

c) Industrial Relations

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

J.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.

K. 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 is enclosed as Annexure 2.

L. 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 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.

M. 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.

N. Policy of Director's Appointment, 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.

O. Details of joint venture / associates / subsidiary company

a) Baitarni West Coal Company Limited(BWCCL)

BWCCL 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 Shares , 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 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 Rs.10/- each amounting to Rs.10,81,94,700.00

c) Renewable Power Corporation of Kerala Limited(RPCKL)

RPCKL has its head quarters at Vydyuthi Bhavanam,Thiruvananthapuram and has an authorized and paid up capital of Rs.1 crore of which KSEBL holds 50 % Shares(5,000 Equity shareas of₹ 1000/- each).

P. 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, the Government of Kerala had appointed Dr.V.Sivadasan as independent Director of the Company on 2.07.2016. Hence the Declaration by Independent Directors has been furnished from the year 2016-17 onwards.

Q. 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.

R. 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.

S. 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.

T. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

MCA 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, disclosed in

Form No.AOC 2 is enclosed.

U. RIGHT TO INFORMATION ACT 2005 (RTI)

KSEBL has put in place an effective mechanism for implementation of RTI 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.

V. CONSUMER GRIEVANCES REDRESSAL FORUM:

The Company has set up the Consumer Grievance Redressal Forums as mandated by the Electricity Act 2003 and the Regulations notified there under, within its jurisdiction for quick disposal of consumer's grievances.

Details of the number of consumer complaints received, settled and pending for disposal

Region	South	Central	North	Total
Complaints received	329	197	257	783
Complaints settled	257	173	212	642
Complaints to be settled	72	24	45	141

W. 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 2016-17.

No: of complaints received in 2016-17 – 5
No: of complaints disposed off during the year 2016-17 –1

X. AUDITORS

I. STATUTORY AUDITORS

The three Chartered Accountant Firms in Thiuvananthapuram-M/s G.Venugopal Kamath & Co, M/s Issac & Suresh and M/s Ananthan & Sundaram 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 2017 and submitted their report. No instances of fraud 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.

II. 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 2017.The comments vide report No dated 13/06/2018 is enclosed herewith. The explanations/ comments by the Board on every qualification, reservation or adverse remarks made by them is provided in Annexure-B attached.

III. SECRETARIAL AUDITORS

In terms of the provisions of Section 204 of the Companies Act 2013, the Board has appointed practicing Company Secretary Shri N.C Nair, Thiruvananthapuram for conducting Secretarial Audit for the financial year 2016-17.Secretarial Audit Report (Form MR-3) for the Financial Year 2016-17 issued by the Secretarial Auditor is attached as Annexure-C .The replies to the adverse comments, qualifications or reservation is furnished as Annexure-D.

IV. COST AUDITORS

In terms of the provisions of the Companies Act, 2013, the Board has to maintain cost records and conduct cost audit. In accordance with the applicability of Rule 14 of Companies (Audit and Auditors) Rules 2014, M/s Murthy & Co ,LLP Cost Accountants, Bangalore has been appointed as the Cost Auditors of KSEBL for the Financial Year 2016-17.The Cost Auditor has submitted the unqualified Cost Audit Report in form CRA -3 (Annexure E).

Y. 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 2017, 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 judgement 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 ,2017 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.

Z. 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.
- There were no instance of frauds identified or reported by the Statutory Auditors during the course of their audit pursuant to section 143(12) of the Companies Act, 2013.

ACKNOWLEDGEMENT

The Board wishes to place on record their 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

Place:Thiruvananthapuram
Date: 26.09.2018

sd/-
N.S.PILLAI
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE-1
2016 - 17

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 savings co-ordination team (ESCOT) has been constituted for effective implementation of energy conservation activities.
- The "Innovation Group" has been set up, in coordination with Power

  Department, Government of Kerala and the "Start up Village" in Kochi, for implementation of project concepts with innovative ideas.
- DELP project has been implemented. Under this programme, 85 lakh LED bulbs have been sold at a very low and affordable price of ₹ 65.00 per bulb with the objective of conserving energy.
- Programme of LED street lighting in Aalappuzha Municipality has been completed.
- Project for installation of 407 numbers of 18 watts LED street light at Vellachira at Thrissur district has been completed.
- As part of the Energy Efficient Fans and Tubes (EEFT) project, steps have been taken to retrofit fans in KSEBL buildings with energy efficient fans and as a first phase, orders have been given for 1000 energy efficient fans.
- For empowering consumers for Energy Efficiency, pilot survey has been conducted in Malappuram District ,in Co- ordination with NSS technical team.
- In connection with the Labha Prabha Season-3 Programme, preliminary work for installation of solar panels in schools has been started.
- Investment grade Energy Audit of Government Medical College, Thiruvananthapuram conducted.
- Conducted Energy Audit of Kerala State Science and Technology and plannetorium and Sastra Bhavan, Thiruvananthapuram, Kariavattom University, NORKA building,Thiruvananthapuram and Guatham Hospital, Ernakulam.
- As part of the Agricultural DSM activity, replaced agricultural pump set with energy efficient agriculture pump set at Kerala Agricultural University, Vellayani, Thiruvananthapuram.

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

a) Twelve new Solar projects, having a total installed capacity of 13.77 MW has been commissioned / added during the year 2016-17

b) Commissioning of eighteen Solar projects, with a total installed capacity of 15195.5 KW is under process.

iii) The capital investment on conservation equipments.

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(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).	- NIL -
(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	
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

Date: 26.09.2018

Place : Thiruvananthapuram.

Sd/-

CHAIRMAN AND MANAGING DIRECTOR

FORM NO. AOC-2 2016-17

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	-
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	Justification for entering into such contracts or arrangements or transactions	-
F	Date of approval by the Board	-
G	Amount paid as advances, if any	-
H	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	-

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:	-

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

By the order of Board,
For Kerala State Electricity Board Limited

Sd/-

Chairman & Managing Director

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2017
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & 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	PUBLIC LIMITED BY SHARES / KERALA STATE GOVERNMENT COMPANY
v	“Address of the Registered office & contact details”	VYDYUTHI BHAVANAM, PATTOM, THIRUVANANTHAPURAM KERALA -695004, INDIA
vi	Whether listed company	NO
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

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 & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Electricity,gas,steam and air condition supply / Electric power generation,transmission and distribution	D-35-351	100%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	BAITARNI WEST COAL COMPANY LIMITED	U40102OR2008SGC009955	Joint Venture	33.33	Sec.2(6)
2	KERALA STATE POWER AND INFRASTRUCTU-RAL FINANCE CORPORATION LIMITED	U65910KL1998SGC012160	Associate	40.6	Sec.2(6)
3	RENEWABLE POWER CORPORATION OF KERALA	U40106KL2016PLC039891	Joint Venture	50	Sec.2(6)

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i)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									
(1) Indian									
a) Individual/HUF		66	0.00000017		6	6	0.00000017		
b) Central Govt.or State Govt."		3499049994	3499049994	99.99999983		3499049994	3499049994	99.99999983	
c) Bodies Corporates									
d) Bank/FI									
e) Any other									
SUB TOTAL:(A) (1)		**3499050000**	**3499050000**	**100.0000**	**0**	**3499050000**	**3499050000**	**100.0000**	
(2) Foreign									
a) NRI- Individuals									
b) Other Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other...									
SUB TOTAL (A) (2)									
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)									
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds									
b) Banks/FI									
C) Cenntral govt									
d) State Govt.									

e) Venture Capital Fund									
f) Insurance Companies									
g) FIIS									
"h) Foreign Venture Capital Funds"									
i) Others (specify)									
SUB TOTAL (B)(1):									
(2) Non Institutions									
a) Bodies corporates									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs									
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs									
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**	**100.0000**	**0**	**3499050000**	**3499050000**	**100**	

Sl No.	Shareholders Name	Shareholding at the beginning of the year NO of shares	% of total shares of the company	% of shares pledged encumb-ered to total shares	Share holding at the end of the year NO of shares	% of total shares of the company	% of shares pledged pledged to total shares	% change in share holding during the year
1	Governor of Kerala represented by Sri Paul Antony. IAS	3499049994	99.9999		3499049994	99.9999		
2	N.S.Pillai	1	0.00000003		1	0.00000003		
3	P.Vijayakumari	1	0.00000003		1	0.00000003		
4	Dr.K.M.Abraham IAS	1	0.00000003		1	0.00000003		
5	Dr.K.Ellangovan	1	0.00000003		1	0.00000003		
6	N.Venugopal	1	0.00000003		1	0.00000003		
7	S.Rajeev	1	0.00000003		1	0.00000003		
	Total	**3499050000**	**99.99990017**		**3499050000**	**100.000**		

(iii) CHANGE IN PROMOTERS' SHARE HOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding 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	3499050000	100.00000000	3499050000	100.00000000
	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	3499050000	100.00000000	3499050000	100.00000000

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No		Shareholding at the end of the year		Cumulative during Shareholding the year	
	For Each of the Top 10 Share holders	No.of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
	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 (or on the date of separation, if separated during the year)				

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No		Shareholding at the end of the year	Cumulative during Shareholding the year		
	For Each of the Directors & 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				
1	SIVASANKARA MADHAVAN	1	0.00000003		
2	Dr.K.M.ABRAHAM	1	0.00000003		
3	C.V.NANDAN	1	0.00000003		
4	NINA BALAGURU SOMAN	1	0.00000003		
5	PAROL VIJAYAKUMARI	1	0.00000003		
6	ADV B.BABUPRASAD	1	0.00000003		
	At the end of the year				
1	DR.K.ELLANGOVAN	1	0.00000003		
2	K.M.ABRAHAM	1	0.00000003		
3	SIVASANKARA PILLAI NARAYANA PILLAI	1	0.00000003		
4	PAROL VIJAYAKUMARI	1	0.00000003		
5	SIVARAMAN RAJEEV	1	0.00000003		
6	N.VENUGOPAL	1	0.00000003		

V INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtness at the beginning of the financial year			
i) Principal Amount	20,52,07,72,480.00	19,00,00,00,000.00	39,52,07,72,480.00
ii) Interest due but not paid			-
iii) Interest accrued but not due	1,31,03,76,148.00	19,73,37,13,574.00	21,04,40,89,722.00
Total (i+ii+iii)	21,83,11,48,628.00	38,73,37,13,574.00	60,56,48,62,202.00
Change in Indebtedness during the financial year			-
Additions	20,42,42,44,979.00		20,42,42,44,979.00
Reduction		28,73,37,13,574.00	28,73,37,13,574.00
Net Change			-
Indebtedness at the end of the financial year			-
i) Principal Amount	42,25,53,93,607.00	10,00,00,00,000.00	52,25,53,93,607.00
ii) Interest due but not paid	99,56,81,217.00		99,56,81,217.00
iii) Interest accrued but not due	1,55,26,20,019.00	8,87,50,00,000.00	10,42,76,20,019.00
Total (i+ii+iii)	44,80,36,94,843.00	18,87,50,00,000.00	63,67,86,94,843.00

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager				Name of the MD/WTD/ Manager
		Managing Director			Whole Time Director	
1	Gross salary	M.SIVASANKAR MADHAVAN IAS	PAUL ANTONY IAS	DR. K. ELLANGOVAN IAS	N.SIVASANKARAN PILLAI IA& AS	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	6,25,748.00	11,81,439.00	9,02,079.00	23,81,866.00	
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961					
2	Stock option					
3	Sweat Equity					
4	Commission as % of profit others (specify)					
5	Others, please specify					
	Total (A)	6,25,748.00	11,81,439.00	9,02,079.00	23,81,866.00	
	Ceiling as per the Act	60,00,000.00	60,00,000.00	60,00,000.00	60,00,000.00	

Sl. No	REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL	Whole Time Director					
1	Gross salary	B.NINA	P.VIJAYAKUMARI	C.V.NANDAN	O.ASOKAN	S.RAJEEV	N.VENEUGOPAL
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	10,06,710.00	24,32,638.00	12,70,940.00	24,29,720.00	14,87,882.00	24,56,412.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961						
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961						
2	Stock option						
3	Sweat Equity						
4	Commission as % of profit others (specify)						
5	Others, please specify						
	Total (A)	10,06,710.00	24,32,638.00	12,70,940.00	24,29,720.00	14,87,882.00	24,56,412.00
	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

PENALTIES/PUNISHMENT/COMPPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeall made if any (give details)
A. COMPANY					
Penalty					NIL
Punishment					
Compounding					
B. DIRECTORS					
Penalty					NIL
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					NIL
Punishment					
Compounding					

sd/-
CHAIRMAN AND MANAGING DIRECTOR

Independent Auditors' Report

G. Venugopal Kamath & Co.
Chartered Accountants
273, 3rd Floor, DD Vastra Mahal
Market Road, Ernakulam

Isaac & Suresh
Chartered Accountants
Thennala Towers
Thiruvananthapuram

Aananthan & Sundaram
Chartered Accountants
123, Siva Karthi, Sankar Nagar
Neeramankara, Kaimanam
Thiruvananthapuram

To the Members of KERALA STATE ELECTRICITY BOARD LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of KERALA STATE ELECTRICITY BOARD LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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 a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (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 Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Basis for Qualified Opinion

1. In respect of Note 2 to accounts: "Property, Plant and Equipment"

a) The Company is following a policy, wherein wrong grouping of assets are reversed in the year in which it is detected and negative depreciation is provided on the assets from thereon on SLM basis. The net value of the assets amounting to ₹ 1,14,41.08 Lakhs is negative as a result of wrong grouping, its subsequent reversal and negative depreciation. The impact in depreciation cannot be quantified as per the new accounting policy adopted by the Company.

b) As per Appendix-III of CERC Notification No L-1/153/2014/CERC, 'Softwares' are subject to a depreciation of 30%. Instead the Company follows the practice of pooling Software along with item 'IT Equipment' which has a depreciation rate of 15% resulting in overvaluation of Property, Plant and Equipment which cannot be quantified due to lack of necessary information. Also the Company has not disclosed any accounting policy for intangible assets as prescribed in Ind AS 38.

c) Depreciation on additions to fixed assets, except for capital works in progress capitalized, is charged in the year in which it was purchased/ commissioned without considering date on which the asset is ready for use. This is not in conformity with Indian Accounting Standard (Ind AS) -16 on "Property, Plant and Equipment", leading to understatement of Property, Plant and Equipment and overstatement of depreciation and loss for the year; However due to lack of necessary information, the impact of the same cannot be quantified.

As per the information provided by the Company, the Company has provided depreciation on Capital work in progress capitalized during the year on the date on which the asset is ready for use, based on the data collected from the ARUs. We are not in a position to verify the authenticity of data provided by the Management.

d) As per the Note 2 to accounts: "Property, Plant and Equipment", the total Carrying value of the Property, Plant and Equipment amounts to ₹20,68,736 Lakhs. We observed a difference of ₹ 47,584 Lakhs to the Net Block of assets as per the working submitted for verification. Similarly, a difference of ₹46,964 Lakhs is observed for the year 2015-16. No explanation is received from the Management in respect of the above differences observed.

e) Title deeds of immovable properties were not produced for our verification.

f) The Company has a system of accounting sale of Property, Plant and Equipment either in miscellaneous receipts or in sale of scrap without giving effect to the fixed assets ledger. The Company has also not disclosed the details of deletions and decommissioning during the year. In the absence of required information we are unable to quantify the impact on Property, Plant and Equipment, Depreciation for the year and Other Income.

g) During the year, the Company has written back ₹1,596.21 Lakhs being "fixed asset value realized pending adjustment account" under the head 'other liabilities and provisions' as Miscellaneous income instead of adjusting the same against Property, Plant and Equipment. The wrong accounting of same has resulted in overstatement of miscellaneous income and Property, Plant and Equipment amounting to ₹1,596.21 Lakhs. The amount of depreciation to be reversed, if any, on such Property, Plant and Equipment could not be ascertained due to lack of information.

h) As per paragraph-8 of Ind AS 16, Property, Plant and Equipment, items such as spare parts are to be recognized in accordance with recognition criteria as per paragraph 7 of Ind AS 16, when they meet the definition of 'property, plant and equipment'. The depreciation on such an item of spare part will begin when the asset is available for use i.e, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. In case of spare parts, as readily available for use, it may be depreciated from the date of purchase of the spare part. The Company has not followed the above recognition criteria. Since the details are not available, we are not able to quantify the impact of the same in the Financial Statements.

i) In ARU 301, the total CRCS of APDRP Thiruvananthapuram City Scheme has 76 rings amounts to ₹12,663.56Lakhs. However the Electrical Circle capitalized only an amount of ₹12,620.76 Lakhs towards the same. This has resulted in under-capitalization of Property, Plant and Equipment by ₹42.80 Lakhs.

2. The Company has not complied with Ind AS 36- Impairment of Assets.

3. (a) In Note No.5 Non Current Assets - Financial Assets - Loans-includes an amount of ₹5,250/- Lakhs being Interest bearing loan to Energy Management Centre. The Company has provided interest for the period 2010-11 and 2011-12 amounting to ₹476.90 Lakhs and ₹697.16 Lakhs respectively. The Company has not provided interest on this loan henceforth, as there is an uncertainty in the realization of interest. As per the terms and conditions, the loan is repayable by Energy Management Centre only if the Certified Emission Reduction is available from UNFCC to obtain Carbon credit. As per the information available from the management, Energy Management Centre has not obtained carbon credit as on date. Hence there is uncertainty in the realization of this advance. However, no provision has been created for this balance, including the interest, which is doubtful of realization. As a result, non-current assets is overstated and loss for the year is understated by ₹6424.06 Lakhs.

(b) Note No.7includes Deferred Cost on Account of Feasibility/Survey amounting to ₹10,238.65 Lakhs being cost of projects not yet sanctioned and accumulated over the years. As the statuses of these projects are yet to be ascertained, we are unable to comment the impact thereof on the financial statements.

(c) Note No:7 Other Non Current Assets includes 'Capital Advances Others' amounting to ₹13,660.90 Lakhs for which sub-schedule of various works, Stage of completion of works etc. were not furnished for our verification. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements.

4. The amounts and balances lying under Non Current borrowings (Note No 15), Other Non Current liabilities (Note No 18), Trade payables (Note No 20), Other Financial liabilities- Non Current (Note No 16) and Current (Note No 21), Trade receivables (Note No 9), Non Current Loans (Note No 5), Financial Assets- Others (Note no-6), Other non-current assets (Note No 7), Other current assets (Note No 12) are subject to confirmation and reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible losses which may arise on account of non-recovery or partial recovery of such dues could not be ascertained. Hence we are unable to comment the impact thereof on the financial statements.

5. a) Attention is invited to Note 12 Other Current Assets read with note 35.16 (d) regarding Inter Unit Balance amounting to ₹1536.57 Lakhs. The said balance is subject to reconciliation

and further adjustments, the effect of which on the financial results of the Company is not ascertainable.

b) Bank balances include bank accounts maintained at Head Office, ARU's and other offices and certain bank accounts maintained are subject to confirmation and reconciliation.

c) In the case of ARU 954-"Special Officer Revenue", The Debt Collection Balancing (DCB) report generated by the ARU and the Debtors net balance as per accounts, under account code 23 shows a huge difference amounting to ₹19,271.23/- Lakhs.

d) Cash balances in respect of Expenditure Division under ARUs- 437 and 414 and Revenue Division under ARUs -322 and 404 shows negative balance for which management has not given any explanation.

e) The Company has not disclosed the ageing schedule of Trade Receivables as per Schedule III of the Companies Act 2013. As the age wise breakup of the receivables is not available for verification, we are unable to comment on the recoverability of receivables.

f) The Company is undertaking work for specified large projects under 'work deposit' basis. No information with respect to deposit received, work completed, date of completion, balance payable / receivable etc on deposits is maintained. Hence correctness of the deposit held by the Company on 'work deposits' could not be verified. In the absence of required information we are unable to quantify the impact of the same on financials of the Company.

6. Attention is invited to Note No 33 Changes in Fair Valuation and Other Adjustments. The Company has recognised ₹3,177 Lakhs as Claw back of Grant. Since the Company has not submitted the reconciliation of Grant and Consumer contribution and amortisation thereof, we are unable to comment on the Claw back of Grant shown under Note No 33 Changes in Fair Valuation and Other Adjustments for the year.

7. a) Attention is invited to Note No. 3 Capital Work in Progress, which includes revenue expenses pending allocation amounting to ₹ 23,496.41 Lakhs.

   The Company has capitalized borrowing cost on weighted average basis without considering the daily balances of the loans and borrowings held by the Company. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements.

   An amount of ₹ 36,897.21 Lakhs has been capitalized out of revenue expenses pending allocation during the year without considering the extent the work already completed or ready to use. The details such as the basis of capitalization,the block under which the same has been capitalized, depreciation provided on the same etc. were not made available for our verification.

Hence we are not in a position to comment on the capitalization of the amount and the balance amount of revenue expenses pending allocation over capital works amounting to ₹ 23,496.41 Lakhs.

b) In ARU 301, An amount of ₹99.51 Lakhs has been charged to P&L as prior period expenditure being payment of retention amount recovered from APDRP Bills of IRCON during 4-2011 to 6-2011. Supporting documents for the same were not provided for audit verification.

8. The Company has provided outstanding expenses, amounting to ₹2,699.47 Lakhs. The said amount is compiled based on the statements submitted by 51 ARUs. However due to lack of necessary information from other ARUs we are not in a position to comment whether there is any omission in accounting of outstanding expenses of these units. However, out of the ARUs visited by us, the Company has not provided outstanding expenses amounting to ₹5.72 Lakhs and ₹4.03 Lakhs in ARU 304 and ARU 385 respectively.

9. Company has not provided supporting documents for the data disclosed under Contingent liabilities and commitments in the Note forming part of accounts No 35.2.

10. As per Company Information and Significant Accounting Policies No. 1.5 (g) Company disclosed that," Investment has been carried at cost and as per the assessment by the company and there is no indication of impairment of such investments". On verification of Financial Statements of Associates, it was found that, there was loss for three consecutive years including current year in Baitarni West Coal Company Ltd. However the Company has not provided and disclosed provision for impairment, if any, as per Ind AS 28.

11. a) Attention is invited to Note 8 Inventories, The Company has not provided for damaged/ obsolete and slow moving items and goods as per Ind AS 2 on 'Inventories'. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements.

b) As per the information and explanation available, Material consumption statement (MCS) should be valued and adjusted on the basis of standard rates as prescribed by the Board instead of the rates generated from the Supply Chain Management (SCM). Based on audit procedures carried out in the ARUs visited by us, it is seen that the Material consumption statements (MCS) have not been valued as per the directions as stated above and instead they have valued the MCS as per the rates generated from the SCM. Due to huge volume of transactions and non availability of data we are unable to quantify the same.

12. Previous year's (2015-16) accounts have not been adopted in the Annual General Meeting. The Adjourned 4th Annual General Meeting held on 18.07.2017, adopted the financial Statements for the year 2014-15, without cash flow statement, which is not in compliance with Section 2(40) of the Companies Act, 2013.

13. a) Other income of the Company includes income from sale of LED Bulbs. Supporting documents such as authorized copy of the stores ledger for the period 2016-17, Duly authorized supporting for issue of LED Bulbs to units, Confirmation of receipt of LED Bulbs by the recipient, Certificate of closing stock etc were not available for our verification at all the ARUs visited by us . Hence we are not in a position to confirm the value of sale of LED bulbs.

    Further adequate supporting documents were not made available for verifying the Material Purchase, Material Issue and Expenditure in connection with purchase of LED Bulbs.

b) No records such as sale order, tender documents etc were available for verification, relating to the Sale of Scrap during the year, in most of the ARUs.

c) The Company has not accounted income receivable from maintenance of poles on accrual basis. In the absence of necessary information we are unable to quantify the impact of the same on the accounts of the Company for the year.

d) In some of the ARUs visited by us it was found that the tax collected such as sales tax , Service tax , Tax Collected at source etc were accounted along with the income which has resulted in understatement of liabilities and over statement of income.

e) In ARU 414, Sale value of Scrap ₹2.20 Lakhs has been accounted under Sales tax collections (₹0.61 Lakhs), EMD (₹0.65 Lakhs) and TDS on payment to contractors (₹0.94 Lakhs) which has resulted in understatement of income and overstatement of current liabilities.

14. On verification of Provisions-For Pension ledger 44120, there is Credit balance amounting to ₹305.14 Lakhs which pertains to previous years. No adjustments have been made for the balance.

15. The impact for comments made by the C&AG on the financial statements of 2014-15 amounting to ₹2,379.32 lakhs, ₹55,789.28 Lakhs and ₹ 58,168.6 lakhs being understatement of expenses and loss, overstatement of liability and overstatement of assets respectively has not brought in to

accounts by the Company while preparing its opening Ind AS balance sheet as at 1st April 2015.

Further, impact for comments made by the C&AG on the financial statements of2015-16,amounting to ₹8036.07 lakhs, ₹9014.14 lakhs and ₹978.07 lakhs being understatement of expenses and loss, understatement of liability and understatement of asset has not adjusted by the Company while preparing its comparative amounts for the year ended 31 March 2016.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these Standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us/ the predecessor auditors, whose audit report for the year ended 31 March 2016 and 31 March 2015 dated 30 January 2017 and 03 October 2016 respectively expressed a qualified opinion on those Standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of above matter.

Qualified Opinion

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 above, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the standalone Ind AS financial statements:

1. As per the accounting policy No 1.6 of KSEBL, Assets are depreciated on straight line basis to the extent of 90% of the cost and 10% is retained as residual value. The Company has changed the accounting policy, in compliance to the Indian Accounting Standards (Ind AS) Prior to the current year remaining depreciable value of the assets as on 31st March of the year after a period of 12 years from the date of commercial operation was spread over the balance useful life of the asset.

2. As per Note Forming Part of Accounts No. 35.16(n), in the 32nd Meeting of Board of Directors held on 30.05.2017 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 guarantee commission etc. as on 31.03.2017 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 ₹ 2,67,821 Lakhs is netted off with the amount receivable from the Government. In line with the decision of the Board this has been reported to Government for concurrence..

3. As per Note Forming Part of Accounts No. 35.16(m), stating non adjustment of value of 45.715 cents of Land belonging to the company in Trivandrum was transferred to Trivandrum Development Authority in the accounts of the Company.

4. As per Note Forming Part of Accounts No. 35.3, the company has accounted the fair value for the long term loans and Borrowings except loan amounting to ₹30,014 Lakhs for which repayment schedule is not available.

5. Attention is invited to Note forming part of account 35.16 (e), GPF balances as per financial statements are ₹2029.93 crores. A difference of ₹42.98 lacs with the party wise registers maintained at GPF section are reported.

6. As per item (a) and (b) under the heading 'Land Under Lease' of Appendix-III of CERC Notification No L-1/153/2014/CERC; land held under lease and the cost incurred on land development on leasehold land are subject to depreciation at the rate of 3.34%. As per the Accounting PolicyNo.1.6 on, Property, Plant and Equipment (PPE), the company follows rates notified by the CERC Tariff Regulations. However, the company has not depreciated the land under lease

Our Opinion is not modified in respect of the above 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 in terms of Section 143(11) of the Act, we give in "**Annexure I**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit and referred to in the Other Matters paragraphs above we report, to the extent applicable that:

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

b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company.

c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

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 pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by Ministry of Corporate affairs, Government of India, 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, refer to our separate Report in **"Annexure II"**. Our report expresses a qualified opinion on the operating effectiveness of the Company's internal financial controls over financial reporting.

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

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

   i. Since the Company has not furnished the details of pending litigations, we are not in a position to confirm whether there are any litigations pending which would impact its financial position.

   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 were any material foreseeable losses.

iii. The company has not transferred debentures and interest on debentures amounting to ₹ 708.51 Lakhs remained unclaimed and unpaid for a period of more than seven years from the date it become due for payment to the Investor Education and Protection Fund.

iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company.

3. As required by section 143(5) of the Companies Act, 2013, our comments in regard to the directions and sub-directions issued by the Comptroller and Auditor General of India are given in "**Annexure-III**"

For G Venugopal Kamath & Co	**For ISAAC & SURESH**	**For ANANTHAN & SUNDARAM**
Chartered Accountants	Chartered Accountants	Chartered Accountants
REGN. No.004674S	FRN-001150 S	FRNo.000148 S
sd/-	sd/-	sd/-
RAVINATH R PAI, FCA	**SOBHA SETHUMADHAVAN, FCA**	**CA.HARIKRISHNAN.R.S,M.com,DISA, FCA**
PARTNER	PARTNER	PARTNER
M. No. 226547	M. No.225166	M.No.230338

Place: Thiruvananthapuram
Date: 01-03-2018

Annexure –1 to Independent Auditors' Report

Referred to in Para 1 under the heading "Report on other Legal and Regulatory Requirements" of Independent Auditors' report of even date of the Company on the standalone Ind AS Financial Statements for the year ended March 31, 2017:

1. **a) As per the information and explanation given to us, the Company is not maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.**

b) As informed to us, fixed assets have not been physically verified by the management at regular intervals. However Company informed us that major assets comprising of line cable networks, Generating stations etc are periodically verified. Since inspection reports are not available, discrepancies, if any, could not be ascertained and reported.

c) Title deeds of immovable properties were not produced for our verification.

2. **a) As per the information and explanation given to us, the Company has a system of periodical physical verification of inventory. However physical verification reports were not furnished for our verification. Hence we are not in a position to comment on whether the physical verification of inventory has been conducted at reasonable intervals by the management.**

b) Due to non availability of physical verification reports we are not in a position to comment whether any material discrepancies were noticed on physical verification of inventory and if so, whether the same have been properly dealt with in the books of account.

3. As per the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.

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

5. According to information and explanation given to us, during the year, the Company has not accepted any deposit from the public within the provisions of Sections 73 to 76 of the Companies Act, 2013 and the directives issued by the Reserve Bank of India or any other relevant provisions of the Companies Act, 2013 and rules framed there under.

6. We have broadly reviewed the accounts and records maintained by the Company pursuant

to the Rules made by the Central Government for the maintenance of cost records under subsection (1) of Section 148 of the Act and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the records with a view to determine whether they are accurate and complete.

7. a) **As per the information and explanation provided by the Company, the primary books of accounts are maintained at ARU level. Information regarding depositing of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities were not available at the Head Office level. Since the Company does not have a centralized system / records for the same, we are not in a position to comment whether the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. Accordingly, the arrears if any of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable could not be ascertained and reported.**

b) As per the information and explanation provided by the Company, the primary books of accounts are maintained at ARU level. Information regarding the dues of income tax, sales tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute were not available at the Head Office level. Since the Company does not have a centralized system / records, we are not in a position to comment on the dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute. Accordingly, the amounts involved and the forum where dispute is pending could not be ascertained and reported.

8. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or government. **Debentures and interest on debentures amounting to `708.51 lakhs has remained unclaimed and unpaid for a period of more than seven years from the date it became due for payment.**

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanations given to us, term loans were applied for the purposes for which those were raised.

10. We have been informed that a separate department under the Chief Vigilance Officer is regularly investigating frauds and other irregularities involved in the Company's transactions.

To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. In view of exemption given vide Notification G.S.R.463(E) dated 5th June 2015 issued by Ministry of Corporate affairs provisions of Section 197 read with Schedule V of the Act regarding managerial remuneration are not applicable to the company.
12. The provisions of clause 3(xii) of the Order, for Nidhi Company, are not applicable to the Company.
13. As per the information and explanation given to us, in our opinion all transactions with the related parties are in compliance with the provision of section 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
14. According to the information and explanations provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. In our opinion and according to the information and explanation given to us the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.
16. In our opinion and according to the information and explanation given to us the Company is not carrying any activities which require registration under section 45-IA of the Reserve Bank of India Act, 1934.

For G Venugopal Kamath & Co	**For ISAAC & SURESH**	**For ANANTHAN & SUNDARAM**
Chartered Accountants	Chartered Accountants	Chartered Accountants
REGN. No.004674S	FRN-001150 S	FRNo.000148 S
sd/-	sd/-	sd/-
RAVINATH R PAI, FCA	**SOBHA SETHUMADHAVAN, FCA**	**CA.HARIKRISHNAN.R.S,M.com,DISA, FCA**
PARTNER	PARTNER	PARTNER
M. No. 226547	M. No.225166	M.No.230338

Place: Thiruvananthapuram
Date: 01-03-2018

Annexure-II to Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of **KERALA STATE ELECTRICITY BOARD LIMITED** as of 31st March 2017 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 the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis for qualified opinion

The Company has not conducted physical verification of its fixed assets. The scrap / sale of fixed assets are not shown as deletion of assets in the books of account. There is no process for evaluation of impairment of assets

Qualified Opinion

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

In our opinion, the Company has, in all material respects, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 Ind AS financial statements of the Company for the year ended 31st March, 2017 and the material weakness has affected our opinion on the said standalone Ind AS financial statements of the Company and we have issued a qualified opinion on the standalone Ind AS financial statements of the Company.

For G Venugopal Kamath & Co	**For ISAAC & SURESH**	**For ANANTHAN & SUNDARAM**
Chartered Accountants	Chartered Accountants	Chartered Accountants
REGN. No.004674S	FRN-001150 S	FRNo.000148 S
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PARTNER	PARTNER	PARTNER
M. No. 226547	M. No.225166	M.No.230338

Place: Thiruvananthapuram
Date: 01-03-2018

Annexure III

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

As required by Section 143(5) of the Act, we give a statement on the compliance to the Directions issued by the Comptroller and Auditor General of India for the year 2016-17, wereport that:-

Directions under section143(5) of the Companies Act, 2013,	Report	Impact in accounts and Financial Statements
If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) to be submitted , including the mode and present stage of disinvestment process	No disinvestment made by the Company during the year.	NIL
Details regarding any cases of waiver/ write off of debts/loans/interest etc; if yes, reasons thereof and amount involved.	During the financial year the company written off ₹745.91 lakhs and ₹5.07 lakhs being receivables from HT/EHT consumers. In addition to that an old balance carried over from previous years amounting to ₹103.20 lakhs written off during the year.	Due to lack of proper reconciliation with the ARU for the amount written off, we are unable comment on the impact
Whether proper record are maintained for inventories lying with third parties & assets received as Gift from Government or other authorities.	Though the Company have Supply Chain Management (SCM) software is used for the inventory management, the discrepancies observed by us have been reported under our Independent Auditors Report. With regard to the assets received as Gift from Government or other authorities, as we reported in our audit report, the title deeds of immovable properties were not produced for our verification and no proper fixed asset registers are maintained.	The impact in accounts could not be obtained due to lack of proper documents or explanation

<table>
<tr>
<td>Age wise analysis of pending legal/ arbitration cases, including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.</td>
<td>As per information submitted by the Company, age wise analysis of cases pending before various Courts, Forum and Tribunal is shown below:
<table>
<tr><th>Period</th><th>No. of cases/ arbitration</th></tr>
<tr><td>Up to 2010</td><td>8578</td></tr>
<tr><td>2011</td><td>1352</td></tr>
<tr><td>2012</td><td>1459</td></tr>
<tr><td>2013</td><td>1548</td></tr>
<tr><td>2014</td><td>1447</td></tr>
<tr><td>2015</td><td>860</td></tr>
<tr><td>TOTAL</td><td>15244</td></tr>
</table>
These cases are pending for hearing /disposal at the respective court, forum, and tribunal. The Company has a system for monitoring expenditure on legal cases.</td>
<td>The Company has not furnished supporting documents for the cases. Thus the reliably estimated amount involved cannot be obtained. The Company has not provided for the same in the financial statements, required if any.</td>
</tr>
<tr>
<td colspan="3"><u>Power Sector</u></td>
</tr>
<tr>
<td>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</td>
<td>As per the explanation given by the Company, the custodians of the land are exercising adequate steps to prevent the encroachment of the land owned by KSEB Ltd. According to section 3 of the Kerala Land Conservancy Act 1957 & the Kerala Land Conservative Rules 1958, land belonging to KSEB shall be deemed to be the property of Government. But at the same time, officers of KSEB are still not empowered under the provisions of Rule 3(b) of the Kerala Land Conservancy</td>
<td>Since the consolidated details with respect to the litigation pending before various courts regarding encroachments are not available at Head office level , the impact of the same could not be detailed.</td>
</tr>
</table>

	Rules 1958 which empowers an officer who is authorised under section 15 of the Act with all or any of the powers conferred on Collector under the Act. Considering the essential need to empower the officers of KSEB and bring under the ambit of the provisions of Rule 3(b) of the Kerala Land Conservancy Rules 1958, KSEB had approached the Government for issue of a notification in this regard which is yet to be issued. Steps have been initiated for issue of the said notification through follow up action by KSEB. The matter has been brought to the attention of the Honourable Electricity Regulatory Commission vide letter dated 26.09.2017 & before the Principal AG of Kerala in its meeting held on 27th June 2017. The consolidated details with respect to the litigation pending before various courts regarding encroachments are not available at Head office level. However, no land owned by KSEBL has been declared as "Surplus".	
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	As explained by the Company, being fully owned by Government of Kerala, there is an effective mechanism for land acquisition process. Land acquisition is involved in setting up of new hydro electric projects and for transmission	NIL

	substation project. The private land required for the project is purchased through negotiation. For this, the Government had constituted District Level 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. The claims are settled expeditiously by the company and in a transparent manner as per the decision taken in DLPC meetings.	
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 terms except government departments, medical colleges, High security area, Police station etc Though company properly accounts the same in the books of accounts in compliance with the applicable accounting standards, the discrepancies observed by us have been reported in our Independent auditors report.	NIL
How much cost has been incurred on abandoned projects and out of this how much has been written off?	As per the explanation given by the Company, Rs.475.01 Lakhs has been incurred for the abandoned projects and an amount of Rs.3.30 Cr was written off from the books of accounts against the expenses incurred for Silent Valley Project.	Profit and Loss account debited to the extent of amounts written off.

GENERATION

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.	As explained by the Company, KSEBL owns two thermal stations based on LSHS at Brahmapuram and Kozhikode. As per the direction of the state and Central pollution control Boards, online pollution Monitoring system should be installed at these stations. The installation of online monitoring system is complete at BDPP and is in progress at KDPP. KSEBL has no coal fired thermal power plants.	NIL
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?	No, the Company has not entered into revenue sharing agreements with private parties for extraction of coal at pitheads	NIL
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?	The company has no coal fired thermal power plants.	NIL
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?	These norms are not applicable to the Company.	NIL
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 per the explanation from the Company, in the case of Hydro Electric Power Projects,The Kerala State has formulated the "Kerala Irrigation and Water	NIL

	Conservation Act,2003" which imposes restrictions on regulating the flow of water downstream by the construction of structures. Prior clearance from state Government is obtained for implementing the scheme. MoEF&CC while according environmental clearance is also stipulating the average minimum flow to be maintained in the river during the lean months. These policies and guidelines to maintain the biodiversity is informed to be strictly followed and no deviations or penalty paid in this regard.	NIL
TRANSMISSION		
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.	As explained by the Company, the transmission network of KSEBL is capable of transmitting the power generated within the State.	NIL
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 far as the transmission loss is considered, norms are not in place for benchmarking the same. As informed by the Company, the loss figures are considered while filing the ARR for any particular year.	NIL
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 observations during our course of audit and explanation from the Company, the asset created on behalf of other agencies and handed over to them on completion of works does not form part of the assets of KSEBL. Hence Company	The impact in accounts could not be obtained due to lack of proper documents or explanation

	has not capitalized and accounted the same in the financial statements. However the asset created out of contribution and work deposit are capitalized and properly accounted in the financial statements of the KSEBL except for the qualifications made in our audit report.	
DISTRIBUTION		
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 informed by the Company, Distribution of electricity under franchisee system is not in vogue in Kerala and hence the query is not applicable to KSEBL.	NIL
Report on the efficacy of the system of billing and collection of revenue in the Company.	As informed to us the Company has attained 100% Consumer billing. In general, services are disconnected soon after the disconnection date, if the dues are not paid within that time. 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.	NIL
Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing is ensured.	As informed to us, the Company is directly supplying electricity to 99% of the consumers in the state (122 lakh consumers) as on date. All electricity consumers in the state are provided supply through energy meters.	NIL

These consumers are spread over every nook and corner of the state under 770 electrical sections.

The Company 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. In case of newly purchased meters, company has also taken measures to prevent tampering, by adding anti tampering features in the specifications of meters in the purchase orders. The meters purchased recently are having tampering indicators. These meters are capable of displaying the parameters viz. present status of abnormality, number of tamper events, latest tamper details(with date time and duration) related to phase sequence reversal, by passing of current coil, missing potential, current reversal in current coil, magnetic tamper and cover open etc.

We are informed that the Company has taken necessary steps to replace all faulty meters and also old and sluggish mechanical meters with electronic meters. For this the Company has purchased 15.06 lakh single phase meters and 70000 three phase meters. The same have been allocated to

	field offices for replacement of faulty meters on a war footing. The old meters in the system are being replaced in a phased manner. However in order to ensure that 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 expeditiously.	
Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	As informed to us the Company, 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 in 2014.	NIL
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 functioning as a single utility in the state of Kerala. Generation, transmission and distribution of electricity done by the KSEB Ltd hence the reconciliation between these segments is irrelevant. However, the Company has inter unit transactions between the Generation, transmission and distribution units, which remains unreconciled as on 31st March 2017.	The Company has not reconciled the Inter unit transactions amounting to ` 1536.57 lakhs (debit) as on 31st March 2017.

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?	As informed to us the Company, does not have a system of distribution of power through franchisees. The query is not applicable.	NIL
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.	Section 65 of the Electricity Act 2003 deals with tariff subsidy. As informed by the Company, the subsidy extended to the consumers is being netted off periodically against the sums payable to the Government by KSEBL. During the financial year 2016-17 an amount of ₹396.83 crores is booked as subsidy in this account.	NIL
Service Sector		
Whether the Company's pricing policy absorbs all fixed and variable cost of production and the overheads allocated at the time of fixation of price?	As explained by the Company, even though KSEBL is a company registered under the Companies Act, 1956, being a regulated entity as per statute, recovery of cost by way of tariff is decided by the State Electricity Regulatory Commission. The present two part tariff structure comprises of load based fixed charges and consumption based energy charges. Fixed charges like interest, depreciation, Return on equity etc generally constitute approximately 30% of the expenses. This is recovered as Capacity charges/fixed charges and accounts for almost 20% of the revenue from sale of power. Power purchase cost is recovered as energy charges.	NIL

	Thus overall recovery of cost is ensured in a composite manner comprising of CC & EC. Historically, fixed charges were not recovered from Domestic consumers, consuming more than 50% of the energy supplied. The situation has since been changed as the matter had been properly appraised before the Hon'ble KSERC and recovery of fixed charges from domestic consumers was started wef 01.07.2012. In short, electricity business being a regulated activity, the utilities do not have power to fix a pricing policy for the supply of electricity. Section 43, 45, 61 and 62 of the Electricity Act, 2003 deals with the subject matter.	
Whether the Company recovers Commission for work executed on behalf of Government/other organizations that is properly recorded in the books of accounts? Whether the Company has an efficient system for billing and collection of revenue?	The company is collecting supervision charges for the work executed on behalf of Government/other organization and a proper mechanism for recording in the books of accounts. The company has an efficient system for billing and collection of revenue.	NIL
Whether the Company regularly monitors timely receipt of subsidy from government and is properly recording them in its books?	As per the explanation by the Company, the receipt of subsidy has been properly monitored. No records/ registers were available for us to verify the capital and revenue subsidies received by the Company during the	The impact could not be obtained, as the subsidy received have financial impact over many previous years

	year under audit. Hence we are not in a position to report whether the recording of the same by the Company is correct or not.	
Whether interest earned on parking of funds received for specific projects from government was properly accounted for?	Yes, interest earned on parking of funds received for specific projects from government was properly accounted.	NIL
Whether the Company has entered into Memorandum of Understanding with its Administrative Ministry, if so, whether the impact thereof has been properly dealt with in the financial statements.	As explained by the Company, the Company has executed tripartite agreement amongst Nodal Agency, State Government & Government of India for undertaking and agreeing the stipulated roles / responsibilities as per provisions of the scheme guidelines.	NIL
	OTHER	
Examine the system of effective utilization of Loans/Grant-in-Aid/ Subsidy. List the cases of diversion of funds.	Details of Grants /subsidies/ contributions received and utilized during the year were not furnished for our verification. Hence we are not in a position to examine and report whether there exists an effective system for the utilization of Loans/Grant-in-Aid/Subsidy.	The impact could not be ascertained as the relevant information is not available
Examine the cost benefit analysis of major capital expenditure/expansion including IRR and payback period.	As explained by the Company, the Cost benefit analysis of major capital expenditure/ expansion including the IRR and payback period of projects are carried before the implementation of such projects.	NIL

If the audited entity has computerized its operations or part of its, assess and report, how much of the data in the Company is in electronic format, which of the areas such as accounting, sales personnel information, pay roll, inventory etc. have been computerized and whether the company has evolved proper security policy for data/software/ hardware? –	The Company is working in the computerized environment. There is a separate department headed by a Chief Engineer to supervise the computerization. ORUMA software is used for revenue billing and its collection. SARAS software is used for the accounting all income and expenditure of the company through the real time accounting. Supply chain Management (SCM) software is used for the inventory management and HRIS software for the all employee related matters such as payroll, incumbency etc. Now all these software are working in the independent platform. We are informed that action is being taken to integrate all these software in a single platform.	NIL

For G Venugopal Kamath & Co	For ISAAC & SURESH	For ANANTHAN & SUNDARAM
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PARTNER	PARTNER	PARTNER
M. No. 226547	M. No.225166	M.No.230338

Place: Thiruvananthapuram
Date: 01-03-2018

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Chartered Accountants
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Isaac & Suresh.
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Neeramankara, Kaimanam
Thiruvananthapuram

Independent Auditors' Report

To the Members of KERALA STATE ELECTRICITY BOARD LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of KERALA STATE ELECTRICITY BOARD LIMITED ("hereinafter referred to as "the Holding Company") and its associates and its joint ventures (together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") 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 Group including its associates and its joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

The respective Board of Directors of the companies included in the Group and of its associates and its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified Opinion

1. In respect of Note 2 to accounts: “Property, Plant and Equipment”

a) KSEB Limited is following a policy, wherein wrong grouping of assets are reversed in the year in which it is detected and negative depreciation is provided on the assets from thereon on SLM basis. The net value of the assets amounting to ₹ 1,14,41.08 Lakhs is negative as a result of wrong grouping, its subsequent reversal and negative depreciation. The impact in depreciation cannot be quantified as per the new accounting policy adopted by KSEB Limited.

b) As per Appendix-III of CERC Notification No L-1/153/2014/CERC, ‘Softwares’ are subject to a depreciation of 30%. Instead KSEB Limited follows the practice of pooling Software along with item ‘IT Equipment’ which has a depreciation rate of 15% resulting in overvaluation of Property, Plant and Equipment which cannot be quantified due to lack of necessary information. Also KSEB Limited has not disclosed any accounting policy for intangible assets as prescribed in Ind AS 38.

c) In KSEB Limited, Depreciation on additions to fixed assets, except for capital works in progress capitalized, is charged in the year in which it was purchased/ commissioned without considering date on which the asset is ready for use. This is not in conformity with Indian Accounting Standard (Ind AS) -16 on “Property, Plant and Equipment”, leading to understatement of Property, Plant and Equipment and overstatement of depreciation and loss for the year; However due to lack of necessary information, the impact of the same cannot be quantified.

As per the information provided by KSEB Limited, the Company has provided depreciation on Capital work in progress capitalized during the year on the date on which the asset is ready for use, based on the data collected from the ARUs. We are not in a position to verify the authenticity of data provided by the Management.

d) As per the Note 2 to accounts of Holding Company: “Property, Plant and Equipment”, the total Carrying value of the Property, Plant and Equipment amounts to ₹20,68,736 Lakhs. We observed a difference of ₹ 47,584 Lakhs to the Net Block of assets as per the working submitted for verification. Similarly, a difference of ₹46,964 Lakhs is observed for the year 2015-16. No explanation is received from the Management in respect of the above differences observed.

e) Title deeds of immovable properties were not produced for our verification.

f) KSEB Limited has a system of accounting sale of Property, Plant and Equipment either in miscellaneous receipts or in sale of scrap without giving effect to the fixed assets ledger. KSEB Limited has also not disclosed the details of deletions and decommissioning during the year. In the absence of required information we are unable to quantify the impact on Property, Plant and Equipment, Depreciation for the year and Other Income.

g) During the year, KSEB Limited has written back ₹1,596.21 Lakhs being “fixed asset value realized pending adjustment account” under the head ‘other liabilities and provisions’ as Miscellaneous income instead of adjusting the same against Property, Plant and Equipment. The wrong accounting of same has resulted in overstatement of miscellaneous income and

Property, Plant and Equipment amounting to ₹1,596.21 Lakhs. The amount of depreciation to be reversed, if any, on such Property, Plant and Equipment could not be ascertained due to lack of information.

h) As per paragraph-8 of Ind AS 16, Property, Plant and Equipment, items such as spare parts are to be recognized in accordance with recognition criteria as per paragraph 7 of Ind AS 16, when they meet the definition of 'property, plant and equipment'. The depreciation on such an item of spare part will begin when the asset is available for use i.e, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. In case of spare parts, as readily available for use, it may be depreciated from the date of purchase of the spare part. KSEB Limited has not followed the above recognition criteria. Since the details are not available, we are not able to quantify the impact of the same in the Financial Statements.

i) In ARU 301 of KSEB Limited, the total CRCS of APDRP Thiruvananthapuram City Scheme has 76 rings amounts to ₹12,663.56Lakhs.Howeverthe Electrical Circle capitalized only an amount of ₹12,620.76Lakhs towards the same. This has resulted in under-capitalization of Property, Plant and Equipment by₹42.80Lakhs.

2. KSEB Limited has not complied with Ind AS 36- Impairment of Assets.

3. (a) In Note No.5 Non Current Assets - Financial Assets - Loans- of KSEB Limited includes an amount of ₹5,250/- Lakhs being Interest bearing loan to Energy Management Centre. KSEB Limited has provided interest for the period 2010-11 and 2011-12 amounting to ₹476.90 Lakhs and ₹697.16 Lakhs respectively. KSEB Limited has not provided interest on this loan henceforth, as there is an uncertainty in the realization of interest. As per the terms and conditions, the loan is repayable by Energy Management Centre only if the Certified Emission Reduction is available from UNFCC to obtain Carbon credit. As per the information available from the management, Energy Management Centre has not obtained carbon credit as on date. Hence there is uncertainty in the realization of this advance. However, no provision has been created for this balance, including the interest, which is doubtful of realization. As a result, non-current assets is overstated and loss for the year is understated by ₹6424.06 Lakhs.

(b) Note No.7 of KSEB Limited, includes Deferred Cost on Account of Feasibility/Survey amounting to ₹10,238.65Lakhs being cost of projects not yet sanctioned and accumulated over the years. As the statuses of these projects are yet to be ascertained, we are unable to comment the impact thereof on the financial statements.

(c) Note No:7 Other Non Current Assets includes ‘Capital Advances Others’ of KSEB Limited amounting to ₹13,660.90 Lakhs for which sub-schedule of various works, Stage of completion of works etc. were not furnished for our verification. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements.

4. The amounts and balances in Holding Company lying under Non Current borrowings (Note No 15), Other Non Current liabilities (Note No 18), Trade payables (Note No 20), Other Financial liabilities- Non Current (Note No 16) and Current (Note No 21), Trade receivables (Note No 9), Non Current Loans (Note No 5), Financial Assets- Others (Note no-6), Other non-current assets (Note No 7), Other current assets (Note No 12) are subject to confirmation and reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible losses which may arise on account of non-recovery or partial recovery of such dues could not be ascertained. Hence we are unable to comment the impact thereof on the financial statements.

5. a) Attention is invited to Note 12 Other Current Assets read with note 34.12 (d) of Holding Company regarding Inter Unit Balance amounting to ₹1536.57 Lakhs. The said balance is subject to reconciliation and further adjustments, the effect of which on the financial results of KSEB Limited is not ascertainable.

b) Bank balances in KSEB Limited, include bank accounts maintained at Head Office, ARU’s and other offices and certain bank accounts maintained are subject to confirmation and reconciliation.

c) In the case of ARU 954-“Special Officer Revenue” of KSEB Limited, The Debt Collection Balancing (DCB) report generated by the ARU and the Debtors net balance as per accounts, under account code 23 shows a huge difference amounting to ₹19,271.23/- Lakhs.

d) Cash balances, in KSEB Limited, in respect of Expenditure Division under ARUs- 437 and 414 and Revenue Division under ARUs -322 and 404 shows negative balance for which management has not given any explanation.

e) KSEB Limited has not disclosed the ageing schedule of Trade Receivables as per Schedule III of the Companies Act 2013. As the age wise breakup of the receivables is not available for verification, we are unable to comment on the recoverability of receivables.

f) KSEB Limited is undertaking work for specified large projects under ‘work deposit’ basis. No information with respect to deposit received, work completed, date of completion, balance payable / receivable etc on deposits is maintained. Hence correctness of the deposit held by

KSEB Limited on ‘work deposits’ could not be verified. In the absence of required information we are unable to quantify the impact of the same on financials of KSEB Limited.

6. Attention is invited to Note No 33 Changes in Fair Valuation and Other Adjustments. KSEB Limited has recognised ₹3,177 Lakhs as Claw back of Grant. Since KSEB Limited has not submitted the reconciliation of Grant and Consumer contribution and amortisation thereof, we are unable to comment on the Claw back of Grant shown under Note No 33 Changes in Fair Valuation and Other Adjustments for the year.

7. a) Attention is invited to Note No. 3 Capital Work in Progress of KSEB Limited, which includes revenue expenses pending allocation amounting to ₹ 23,496.41 Lakhs.

KSEB Limited has capitalized borrowing cost on weighted average basis without considering the daily balances of the loans and borrowings held by KSEB Limited. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements.

An amount of ₹ 36,897.21 Lakhs has been capitalized out of revenue expenses pending allocation during the year without considering the extent the work already completed or ready to use. The details such as the basis of capitalization,the block under which the same has been capitalized, depreciation provided on the same etc. were not made available for our verification.

Hence we are not in a position to comment on the capitalization of the amount and the balance amount of revenue expenses pending allocation over capital works amounting to₹ 23,496.41 Lakhs.

b) In ARU 301 of KSEB Limited, An amount of ₹99.51 Lakhs has been charged to P&L as prior period expenditure being payment of retention amount recovered from APDRP Bills of IRCON during 4-2011 to 6-2011. Supporting documents for the same were not provided for audit verification.

8. KSEB Limited has provided outstanding expenses, amounting to ₹2,699.47 Lakhs. The said amount is compiled based on the statements submitted by 51 ARUs. However due to lack of necessary information from other ARUs we are not in a position to comment whether there is any omission in accounting of outstanding expenses of these units. However, out of the ARUs visited by us, KSEB Limited has not provided outstanding expenses amounting to ₹5.72 Lakhs and ₹4.03 Lakhs in ARU 304 and ARU 385 respectively.

9. KSEB Limited has not provided supporting documents for the data disclosed under Contingent liabilities and commitments in the Note forming part of accounts No 34.2.

10. a) Attention is invited to Note 8 Inventories, KSEB Limited has not provided for damaged/ obsolete and slow moving items and goods as per Ind AS 2 on 'Inventories'. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements.

b) As per the information and explanation available from KSEB Limited, Material consumption statement (MCS) should be valued and adjusted on the basis of standard rates as prescribed by the Board instead of the rates generated from the Supply Chain Management (SCM). Based on audit procedures carried out in the ARUs visited by us, it is seen that the Material consumption statements (MCS) have not been valued as per the directions as stated above and instead they have valued the MCS as per the rates generated from the SCM. Due to huge volume of transactions and non availability of data we are unable to quantify the same.

11. Previous year's (2015-16) accounts, of KSEB Limited, have not been adopted in the Annual General Meeting. The Adjourned 4thAnnual General Meeting held on 18.07.2017, adopted the financial Statements of KSEB Limited for the year 2014-15, without cash flow statement, which is not in compliance with Section 2(40) of the Companies Act, 2013.

12. a) Other income of KSEB Limited includes income from sale of LED Bulbs. Supporting documents such as authorized copy of the stores ledger for the period 2016-17, Duly authorized supporting for issue of LED Bulbs to units, Confirmation of receipt of LED Bulbs by the recipient, Certificate of closing stock etc were not available for our verification at all the ARUs visited by us . Hence we are not in a position to confirm the value of sale of LED bulbs.

Further adequate supporting documents were not made available for verifying the Material Purchase, Material Issue and Expenditure in connection with purchase of LED Bulbs.

b No records such as sale order, tender documents etc were available for verification, relating to the Sale of Scrap during the year, in most of the ARUs of KSEB Limited.

c) KSEB Limited has not accounted income receivable from maintenance of poles on accrual basis. In the absence of necessary information we are unable to quantify the impact of the same on the accounts of KSEB Limited for the year.

d) In some of the ARUs, of KSEB Limited, visited by us it was found that the tax collected such as sales tax , Service tax , Tax Collected at source etc were accounted along with the income which has resulted in understatement of liabilities and over statement of income.

e) In ARU 414 of KSEB Limited, Sale value of Scrap ₹2.20 Lakhs has been accounted under Sales tax collections (₹0.61 Lakhs), EMD (₹0.65 Lakhs) and TDS on payment to contractors (₹0.94 Lakhs) which has resulted in understatement of income and overstatement of current liabilities.

13. In KSEB Limited, on verification of Provisions-For Pension ledger 44120, there is Credit balance amounting to ₹305.14 Lakhs which pertains to previous years. No adjustments have been made for the balance.

14. The impact for comments made by the C&AG on the financial statements of KSEB Limited, for 2014-15 amounting to ₹2,379.32 lakhs, ₹55,789.28 Lakhs and ₹ 58,168.6 lakhs being understatement of expenses and loss, overstatement of liability and overstatement of assets respectively has not brought in to accounts by KSEB Limited while preparing its opening Ind AS balance sheet as at 1st April 2015 .

Further, impact for comments made by the C&AG on the financial statements of KSEB Limited for the year 2015-16,amounting to ₹8036.07 lakhs, ₹9014.14 lakhs and ₹978.07 lakhs being understatement of expenses and loss, understatement of liability and understatement of asset has not adjusted by KSEB Limited while preparing its comparative amounts for the year ended 31 March 2016.

15. As per the Independent Auditors Report for the Associate- Renewable Power Corporation of Kerala Limited, the financial statements has been restated based on the C& AG audit and revised Audit Report has been issued.

16. The Holding Company has prepared the consolidated financial statements for the first time. The previous year's figures in the consolidated financial statements are not subject to audit. Since the Holding Company has not prepared and presented the Consolidated Financial Statements for the previous years, we are unable to comment on whether the share of profit or loss is recognised properly and distributions received from associates and Joint venture has considered for reducing the carrying amount of the investment in the previous year figures.

Qualified Opinion

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 above, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2017, and its loss total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the standalone Ind AS financial statements:

1. As per the accounting policy No 1.6 of KSEB Limited, Assets are depreciated on straight line basis to the extent of 90% of the cost and 10% is retained as residual value. KSEB Limited has changed the accounting policy, in compliance to the Indian Accounting Standards (Ind AS) Prior to the current year remaining depreciable value of the assets as on 31st March of the year after a period of 12 years from the date of commercial operation was spread over the balance useful life of the asset.

2. As per Note Forming Part of Accounts No. 34.12(o), in the 32nd Meeting of Board of Directors held on 30.05.2017 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 guarantee commission etc. as on 31.03.2017 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 ₹ 2,67,821 lakh is netted off with the amount receivable from the Government. In line with the decision of the Board this has been reported to Government for concurrence..

3. As per Note Forming Part of Accounts No. 34.12(m), stating non adjustment of value of 45.715 cents of Land belonging to KSEB Limited in Trivandrum was transferred to Trivandrum Development Authority in the accounts of KSEB Limited.

4. As per Note Forming Part of Accounts No. 34.3, KSEB Limited has accounted the fair value for the long term loans and Borrowings except loan amounting to ₹ 30,014 Lakhs for which repayment schedule is not available

5. Attention is invited to Note forming part of account 34.12 (e) , GPF balances as per financial statements are ₹2029.93 crores. A difference of ₹42.98 lacs with the party wise registers maintained at GPF section are reported.

6. As per item (a) and (b) under the heading ‘Land Under Lease’ of Appendix-III of CERC Notification No L-1/153/2014/CERC; land held under lease and the cost incurred on land development on leasehold land are subject to depreciation at the rate of 3.34%. As per the Accounting PolicyNo.1.6 on, Property, Plant and Equipment (PPE), KSEB Limited follows rates notified by the CERC Tariff Regulations. However, KSEB Limited has not depreciated the land under lease

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

Other Matters

The consolidated financial statements also include the Group's share of net profit/loss of ₹ 93.76 Lakhs for the year ended 31st March, 2017, as considered in the consolidated financial statements, in respect of 3 associates / joint ventures whose financial statements / financial information have not been audited by us. These financial statements / financial information 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 these associates / joint ventures and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid associates / joint ventures, is based solely on the reports of the other auditors.

Subsequent to the completion of audit of associate Renewable Power Corporation of Kerala Ltd, the Comptroller & Audit General pointed out certain discrepancies in the Indian Accounting Standards compliance non accounting of certain Capital Work in Progress and discrepancy in disclosure of cash flow statement. This has necessitated a restatement of accounts and revision of original audit report dated 20th July 2017 by the concerned auditor.

The consolidated financial statements include financial statements of Renewable Power Corporation of Kerala Ltd which cover the period 15-1-2017 to 31-3-2017.

The audited financial statements of the associate Kerala State Power & Infrastructure Finance Corporation have been restated in accordance with Ind AS for the limited purpose of preparation of these consolidated financial statements. Such restated financial statements which have been consolidated have not been subject to audit.

Our opinion above 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/ financial information certified by the Management

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of associates / joint ventures referred to in the Other Matters paragraphs above we report, to the extent applicable that:

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

b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

d) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) The matters described in the Basis for Qualified Opinion paragraph and Emphasis of Matters paragraphs above, in our opinion, may have an adverse effect on the functioning of the Group.

f) Pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by Ministry of Corporate affairs, Government of India, provisions of sub-section (2) of Section 164 of the Act, are not applicable to the Group Companies.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its associate companies / joint ventures, refer to our separate Report in “Annexure I”. Our report expresses a qualified opinion on the operating effectiveness of Group’s internal financial controls over financial reporting.

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

i) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information associates and joint ventures as noted in the ”Other matters” paragraph:

i. Since the details of pending litigations on consolidated financial position of the Group and its associates are not furnished, we are not in a position to confirm whether there are any litigations pending which would impact its financial position.

ii. Since the details of long term contracts are not furnished, we are not in a position to confirm whether any long-term contracts including derivative contracts for which there were any material foreseeable losses

iii. The Holding Company has not transferred debentures and interest on debentures amounting to ₹708.51 Lakhs remained unclaimed and unpaid for a period more than seven years from the date it become due for payment to the Investor Education and Protection Fund

iv. The Group and its associates / joint ventures have provided requisite disclosures in the consolidated Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management and based on consideration of the report of the other auditors on separate financial statements as also the other financial information of associates and joint ventures as noted in the "Other matters" paragraph we report that the disclosures are in accordance with the books of account maintained by the Group and its associates and joint ventures.

For G Venugopal Kamath & Co	**For ISAAC & SURESH**	**For ANANTHAN & SUNDARAM**
Chartered Accountants	Chartered Accountants	Chartered Accountants
REGN. No.004674S	FRN-001150 S	FRNo.000148 S
sd/-	sd/-	sd/-
RAVINATH R PAI, FCA	**SOBHA SETHUMADHAVAN, FCA**	**CA.HARIKRISHNAN.R.S,M.com,DISA, FCA**
PARTNER	PARTNER	PARTNER
M. No. 226547	M. No.225166	M.No.230338

Place: Thiruvananthapuram
Date: 01-03-2018

Annexure-I to Independent Auditors' Report

[Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date on the consolidated Ind AS Financial Statements of KERALA STATE ELECTRICITY BOARD LIMITED, its Associates and joint venture]

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Group as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of KERALA STATE ELECTRICITY BOARD LIMITED, its associates and joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its associate companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act..

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiaries and joint ventures, incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis for qualified opinion

The KERALA STATE ELECTRICITY BOARD LIMITED has not conducted physical verification of its fixed assets. The scrap / sale of fixed assets are not shown as deletion of assets in the books of account. There is no process for evaluation impairment of assets

Qualified Opinion

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

In our opinion, to the best of our information and according to the explanation given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the Holding Company, associates and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 consolidated Ind AS financial statements of the Group for the year ended 31st March, 2017 and the material weakness has affected our opinion on the said consolidated Ind AS financial statements of the Group and we have issued a qualified opinion on the consolidated Ind AS financial statements of the Group.

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 insofar as it relates to two associates and one joint venture incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For G Venugopal Kamath & Co	**For ISAAC & SURESH**	**For ANANTHAN & SUNDARAM**
Chartered Accountants	Chartered Accountants	Chartered Accountants
REGN. No.004674S	FRN-001150 S	FRNo.000148 S
sd/-	sd/-	sd/-
RAVINATH R PAI, FCA	**SOBHA SETHUMADHAVAN, FCA**	**CA.HARIKRISHNAN.R.S,M.com,DISA, FCA**
PARTNER	PARTNER	PARTNER
M. No. 226547	M. No.225166	M.No.230338

Place: Thiruvananthapuram

Date: 01-03-2018

सत्यमेव जयते

प्रधान महालेखाकार (आर्थिक एवं राजस्व क्षेत्र लेखापरीक्षा) का कार्यालय केरल, तिरुवनंतपुरम

ECONOMIC AND REVENUE SECTOR AUDIT)

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (E&RSA) KERALA, THIRUVANANTHAPURAM

31 मार्च 2017 को समाप्त वर्ष के लिए केरल राज्य बिजली बोर्ड लिमिटेड, तिरुवनंतपुरम के **Stand alone Ind As** वित्तीय विवरणों पर कंपनीअधिनियम 2013 की धारा 143(6)(6) के अधीन भारत के नियंत्रक महालेखापरीक्षक की टिप्पणियाँ।

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 2017

The preparation of Standalone Ind AS financial statements of Kerala State Electricity Board Limited, Thiruvananthapuram for the year ended 31 March 2017 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 01 March 2018.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 143(6)(a) of the Act of the Standalone Ind AS financial statements of Kerala State Electricity Board Limited, Thiruvananthapuram for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

A COMMENTS ON PROFITABILITY

Statement of Profit and Loss for 2016-17

IV Expenses

Purchase of Power- ₹7393.32 crore (Note no.25)

The above does not include:

1. ₹11.41crore being tariff arrears in respect to NLC TPS II based on Central Electricity Regulatory Commission's final tariff order dated 24 July 2017 for the period upto March 2017.
2. ₹5.49 crore being deviation charges payable to Power Grid Corporation of India Limited by the Company from July 2016 to March 2017.
3. ₹2.26 crore payable to Ahalia Alternate Energy Private Limited based on the revision (16 February 2018) of cost of power purchased for the period up to March 2017.

These resulted in understatement of both the expense on purchase of power and the loss for the year by ₹19.16 crore.

Employee benefits Expenses - ₹ 3360.77 crore (Note no. 28)

4. The above does not include ₹25.86 crore being salary arrears payable for the period up to 31 March 2017, which was accounted only in the period April 2017 to February 2018.
5. The above does not include ₹0.22 crore being salary arrears payable to members of Board of Directors for the period up to 2016-17 which was paid in July 2017.

These resulted in understatement of both employee benefit expenses and the loss for the year by ₹26.08 crore.

Other Expenses- Others- ₹83.64 crore (Note no. 32)

6. The above does not include ₹1.04 crore refunded by the Company as per KSERC interim order dated 27 April 2017 to Cochin International Airport Limited being 80 per cent of registration fee collected in 2015-16 for solar plants installed by them.

This resulted in understatement of other expenses and the loss for the year by ₹1.04 crore.

B. COMMENTS ON FINANACIAL POSITION

Balance sheet as at 31 March 2017

Equities and Liabilities

Equity

Other Equity (Note no.14)

Retained Earnings – (₹7,407.88 crore)

7. The Company did not rectify wrong accounting of ₹3.90 crore received from Government of

Kerala for installation of six digital Seismic stations which was accounted as other receipts (Account Head 62999) during 2015-16 instead of Grant in aid from Government - Deferred Income. This resulted in understatement of Grant in aid from Government- Deferred Income and with equal understatement of the negative balance in retained earnings for the year by ₹3.90 crore.

C COMMENTS ON INDEPENDENT AUDITORS' REPORT
Report on the Standalone Ind AS Financial Statements
Basis of Qualified Opinion

8. statement (Para no.12 of basis of qualified opinion) that previous year's (2015-16) accounts had not been adopted in the Annual GeneTheral Meeting (AGM) was factually incorrect as it was adopted in the adjourned fifth AGM held on 15 November 2017.

9. The Company did not account income receivable from maintenance of poles on accrual basis, which resulted in noncompliance of Ind AS 18- Revenue and also was in violation of the Company's Accounting Policy on revenue recognition. The Independent Auditors did not mention about these while providing opinion on revenue from poles in Para no.13 (c) of basis of qualified opinion, making the opinion incomplete to that extent.

10. Independent Auditors vide Para no.13 (d) of basis of qualified opinion reported that in few of the ARUs visited by them, it was found that tax collected such as sales tax, service tax, tax collected at source were accounted along with the income which resulted in understatement of liabilities and overstatement of income.

    The opinion was incomplete as the Independent Auditor neither quantified the effect of misstatement nor stated impracticability in quantifying its financial effects, as required in Para 21 of SA 705.

11. Independent Auditors did not amend the opinion paragraph heading to "basis for qualified opinion" as required in Para 20 (a) of SA 705.

12. Independent Auditors did not quantify the aggregate possible effect(s) of the 15 individual qualifications made on financial statements, though so required by SA 705.

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

Sd/-

के.पी. आनंद

K.P ANAND

महालेखाकार(आ.एवं.र.क्षे.ले.प)

ACCOUNTANT GENERAL (E&RSA),
KERALA

Thiruvananthapuram

Dated: .06.2018

सत्यमेव जयते

महालेखाकार (आर्थिक एवं राजस्व क्षेत्र लेखापरीक्षा) का कार्यालय, केरल, तिरुवनन्तपुरम

OFFICE OF THE ACCOUNTANT GENERAL (ECONOMIC AND REVENUE SECTOR AUDIT) KERALA, THIRUVANANTHAPURAM

31 मार्च 2017 को समाप्त वर्ष के लिए केरल राज्य बिजली बोर्ड लिमिटेड, तिरुवनन्तपुरम, के Consolidated Ind AS वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143(6)(b) के अधीन भारत के नियंत्रक -महालेखापरीक्षक की टिप्पणियॉ

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 2017

The preparation of Consolidated Ind AS financial statements of **Kerala State Electricity Board Limited, Thiruvananthapuram** for the year ended **31 March 2017** 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 **01 March 2018**.

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A. COMMENTS ON PROFITABILITY

Consolidated Statement of Profit and Loss for 2016-17

IV Expenses

Purchase of Power- ₹7393.32 crore (Note no.25)

The above does not include:

1. ₹11.41 crore being tariff arrears in respect to NLC TPS II based on Central Electricity Regulatory Commission's final tariff order dated 24 July 2017 for the period up to March 2017.

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   Other Expenses- Others- ₹83.64 crore (Note no. 32)

6. The above does not include ₹1.04 crore refunded by the Company as per KSERC interim order dated 27 April 2017 to Cochin International Airport Limited being *80 per cent* of registration fee collected in 2015-16 for solar plants installed by them.

This resulted in understatement of other expenses and the loss for the year by ₹1.04 crore.

B. COMMENTS ON FINANACIAL POSITION

Consolidated Balance sheet as at 31 March 2017
Equities and Liabilities
Equity
Other Equity (Note no.14)

Retained Earnings – (₹7392.56 crore)

7. The Company did not rectify wrong accounting of ₹3.90 crore received from Government of Kerala for installation of six digital Seismic stations which was accounted as other receipts (Account Head 62999) during 2015-16 instead of Grant in aid from Government - Deferred Income. This resulted in understatement of Grant in aid from Government- Deferred Income and with equal understatement of the negative balance in retained earnings for the year by ₹3.90 crore.

C. COMMENTS ON INDEPENDENT AUDITORS' REPORT

Report on the Consolidated Ind AS Financial Statements

Basis of Qualified Opinion

8. The statement (Para no.11 of basis of qualified opinion) that previous year's (2015-16) accounts had not been adopted in the Annual General Meeting (AGM) was factually incorrect as it was adopted in the adjourned fifth AGM held on 15 November 2017.

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10. Independent Auditors vide Para no.12 (d) of basis of qualified opinion reported that in few of the ARUs visited by them, it was found that tax collected such as sales tax, service tax, tax collected at source were accounted along with the income which resulted in understatement of liabilities and overstatement of income.

    The opinion was incomplete as the Independent Auditor neither quantified the effect of misstatement nor stated impracticability in quantifying its financial effects, as required in Para 21 of SA 705.

11. Independent Auditors did not amend the opinion paragraph heading to "basis for qualified

opinion" as required in Para 20 (a) of SA 705.

12. Independent Auditors did not quantify the aggregate possible effect(s) of the 16 individual qualifications made on financial statements, though so required by SA 705.

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

के. पी. आनंद
K.P ANAND
महालेखाकार (आ. एवं रा. क्षे. ले.प) केरल
ACCOUNTANT GENERAL (E&RSA), KERALA

तरिुवनंतपुरम /Thiruvananthapuram
Dated: 13 .06.2018

सत्यमेव जयते

GOVERNMENT OF KERALA

No.PU-A2/141/2018-Fin **Finance (PU-A) Department**

COMMENTS OF PRINCIPAL SECRETARY (FINANCE) ON THE AUDITED ANNUAL ACCOUNTS OF KERALA STATE ELECTRICITY BOARD LIMITED FOR THE YEAR ENDED 31.03.2017.

1. The Current Ratio is 0.48:1 as against the standard ratio of 2:1, the Quick Ratio is 0.41:1 while standard ratio is 1:1 and the Net Working Capital is a negative figure. It means that the liquidity position of the organisation is very unsound. The firm is seen to be not in a position to meet its current obligations which will affect the credit worthiness of the entity and this cannot be recovered in an overnight. Hence, the management shall take all earnest efforts to improve its liquidity position.
2. Delayed payment without affecting the relationship with suppliers is a good indicator of working capital management. This has been materialised in the case of management of Trade Payables. Easy recovery of cash from the customers is also a measure of effective working capital management. But the Trade Receivables showed an increasing trend over the last two years which is not desirable in the interest of the organization. Hence, the management shall look into this matter.
3. The deposit under Disbursement Bank Accounts has been increased manifolds. If this is in the form of current/savings bank account, increase in such deposits are not desirable. In such a situation, the management shall think of investing amount in more economic way like term deposits, investment in short -term marketable securities etc.
4. The firm has incurred a net loss of Rs.1494.63 crore during the year under review. The loss is more than double of the previous year. The loss is mainly due to increase in employee benefit expenses, especially salary cost. The Company shall take all possible steps to improve the operating efficiency of the organisation especially in the distribution wing so as to reduce unit cost of the electricity generated and distributed with an ultimate aim of making profit.
5. The management shall also look into disproportionate change in 'Rent' and 'Other Expenses' under the head 'Administrative Expenses'.
6. The EPS is also further worsened to Rs.(-4.27)from (-1.99) in 2015-16. This will also adversely affect the credit worthiness of the organisation.

Sd/-

MANOJ JOSHI
PRINCIPAL SECRETARY (FINANCE)

Thiruvananthapuram
Date : 08.10.2018

CS

N.C. Nair, FCS., LLB., CAIIB
Practising Company Secretary

Form No.MR-3

SECRETARIAL AUDIT REPORT
For the Financial Year ended 31st March 2017

[Issued in pursuance of Section 204(I) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with modifications as deemed necessary, without changing the substance of format given in MR-3]

To

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

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by the KERALA STATE ELECTRICITY BOARD LIMITED (CIN 40100KL2011SGC027424), (hereinafter called "the Company"), for the financial year ended on 31st March 2017. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing an opinion thereon.

A. In expressing my opinion it must be noted that:

(i) Maintenance of Secretarial Record is the responsibility of the Management of the Company. My responsibility is to express an opinion based on Audit.

(ii) I have followed the Audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the Secretarial Records. I believe that the processes and practices I followed, provide a reasonable basis for my opinion.

(iii) I have not verified the correctness and appropriateness of the financial statements of the Company.

(iv) The Company being a wholly owned Government Company under the Ministry of Power, Government of Kerala, the power to appoint Directors (including Independent Directors) and the terms and conditions of such appointment including remuneration and evaluation vests with the Government of Kerala and the personal confidential records maintained by the Company.

(v) Wherever required I have obtained management representation pertaining to compliance of laws, rules, regulations, happening of events etc.,

(vi) The compliance with the provisions of corporate and other laws rules, regulations, standards is the responsibility of the Management. My examination was limited to the verification of procedures, happening of events etc.

(vii) The Secretariat 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.

B. Based on my verification of the Company's Books, Papers, Minutes Book, Forms and Returns filed and other records maintained by the Company, its officers and agents,

I hereby report that in my opinion the Company has during the audit period covering the Financial Year ended on 31st March 2017, complied with the statutory provisions relating to the Companies Act, 2013 and also the Company has proper Board processes duly evolved and a compliance mechanism in place to the extent, in the manner and subject to reporting made hereunder.

C. Being a fully owned unlisted Government Company, the under mentioned Acts, Rules, Regulations are not applicable to the Company.

(i) The Securities Contracts (Regulations) Act, 1996 and the Rules framed thereunder.

(ii) The Depositories Act, 1996 and the Regulations, Bye-laws framed thereunder.

(iii) Foreign Exchange Management Act 1999 and the Rules and Regulations made thereunder.

(iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India (SEBI) Act, 1992.

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Take over) Regulations, 2011 as amended from time to time.

(b) The Securities and Exchange Board of India (Prohibition of Insider Training) Regulations, 2015.

(c) The Securities and Exchange Board of India (Issue and Listing of Securities) Regulations, 2008.

(d) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993.

(e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2004.

(f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

(h) The Securities and Exchange Board of India (Buy back of Securities) Regulations 1998 and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (LODR), 2015.

The Company has generally complied with the provisions of the Electricity Act, 2003 and the regulatory provisions thereunder except that a single entity is engaged in generation, distribution and transmission as per policy decisions of the Government of Kerala.

I have also examined the Compliance with the provisions of Secretarial Standards in respect of meetings of the Board of Directors.

During the period under review the Company has complied with the provisions of the Act except to the extent noted below:

1. There is only one Independent Director.
2. The Audit Committee constituted is consequently not in conformity with Section 177(2) of the Companies Act, 2013.
3. The Company has not constituted a Nomination and Remuneration Committee as envisaged in Section 178(1) of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014.
4. As per Section 203(1) of the Act, the Company shall have a Company Secretary who shall be a Key Managerial Person. The Chief Internal Audit Officer who is holding a higher post is having additional charge of Company Secretary. This is not in conformity with the spirit of relative provisions of Companies Act, 2013.

D. I further report that the Board of Directors of the Company is duly constituted with Six Full Times Directors, Two Senior IAS Officers and One Independent Director. The changes in the composition of the Board that took place during the period under review were carried out in compliance with the provisions of the Act and the Articles of Association of the Company.

2. Generally a week's notice is given to all Directors to schedule Board Meetings Agenda and detailed notes are sent and a system for recording views, observations and dissent exists where necessary, though decisions are generally taken by consensus.
3. There is a Committee of Full Time Directors to carry on the day to day functioning/oversee working of the routine functions. As required in Section 118(1) of the Companies Act, 2013 read with Rule 3(12) (c) of the Companies (Meetings of the Board and its Powers) Rules 2014, the Company is not keeping a record of the meetings of this Committee and its decisions are not placed before the Board of Directors except in circumstances where it is necessary to get Board approval to implement the decision of the Committee.
4. I further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with all applicable laws, rules and guidelines.

Trivandrum,
02.04.2018.

Sd/-
N.C. NAIR
Company Secretary,
FCS 750, CP No.312,
Unique ID 11981.KE006000

Note:- This report shall be read with my letter of even date annexed as Appendix A which forms an integral part of this report.

CS

N.C. Nair, FCS., LLB., CAIIB
Practising Company Secretary

Appendix – A
02/04/2018

To

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

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

Management's responsibility

1. It is the responsibility of the Management of the Company to maintain Secretarial Records, devise proper systems to ensure compliance with the provisions of all applicable Laws and Regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. My responsibility is to express an opinion on these Secretarial Records, Standards and procedures followed by the Company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's Management is adequate and appropriate for me to provide a basis for my opinion.
4. Whenever required I have obtained Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
6. The compliance of the provisions of corporate other laws, rules, regulations and standards is the responsibility of the management. My responsibility was limited to the verification of procedures on test basis.

Disclaimer

7. The Secretarial Audit Report is neither an assurance as to the future viability of Company nor the efficacy with which the Management has conducted the affairs of the Company.

Trivandrum,
02.04.2018.

Sd/-
N.C. NAIR,
Company Secretary,
FCS 750, CP No.312,
Unique ID 11981.KE006000

FORM CRA 3
COST AUDIT REPORT

We, MURTHY & CO. LLP, Cost Accountants, having been appointed as Cost Auditors under Section 148(3) of the Companies Act, 2013 (18 of 2013) of M/s. KERALA STATE ELECTRICITY BOARD LIMITED having its registered office at VYDYUTHI BHAVANAM, PATTOM, THIRUVANANTHAPURAM-695004 (hereinafter referred to as the company), have audited the Cost Records maintained under section 148 of the said Act, in compliance with the Cost AuditingStandards, in respect of Products-Generation, Transmission and Distribution of Power for the year 2016-17, maintained by the company and report that,

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of this audit.

(ii) In our opinion, proper cost records, as per rule 5 of the Companies (Cost Records and Audit) Rules, 2014, have been maintained by the company in respect of products/services under reference.

(iii) In our opinion, proper returns adequate for the purpose of the Cost Audit have been received from the branches not visited by us.

(iv) In our opinion and to the best of my information, the said books and records give the information required by the Companies Act, 2013, in the manner so required.

(v) In our opinion, the company has adequate system of internal audit of cost records which to our opinion is commensurate to its nature and size of its business.

(vi) In our opinion, information, statements in the annexure to this cost audit report gives a true and fair view of the cost of production of products/ services, cost of sales, margin and other information relating to products/ services under reference.

(vii) Detailed unit-wise and product/service wise cost statements and schedules thereto in respect of the products under reference of the company duly audited and certified by us are kept in the company.

2. Observations and suggestions, if any, of the Cost Auditor, relevant to the cost audit.

Budgetary Control System

The company is preparing both Capital Budgets and Revenue Budgets to monitor and control both capital and revenue expenditure. The capital budget is prepared based on approved plan outlay of the company and the revenue budget is prepared based on past figures and trends. The budget estimates are finalized based on aggregate revenue requirement furnished to Kerala State Electricity Regulatory Commission.

Internal Financial Controls over Financial Reporting

The company has an adequate internal financial control system over financial reporting and such internal financial controls were operating effectively as at 31st March 2017.

Other observations

Cost accounting records maintained by the company are in accordance with the Generally

Accepted Cost Accounting Principles and applicable Cost Accounting Standards issued by the Institute of Cost Accountants of India.

Annexure A4, D3 and D4 of the Cost Audit Report, which are required to be reported “Company as a whole” are based on the Audited Financial Statements.

Figures for reconciliation of indirect taxes (Annexure D6) are based on the monthly/quarterly/ half-yearly returns submitted by the company to various authorities. However, we have not carried out the detailed audit of the same.

Sd/-
FOR MURTHY & CO. LLP
Cost Accountants
FRN 000648

M.R. KRISHNA MURTHYDesignated Partner
FCMA 7568

Performance Appraisal Report to the Management

A. Key Contribution Analysis – Company as a Whole as per Cost Records for 2016-17 as compared with 2015-16(For Generation, Transmission and Distribution Activity)

Particulars	2016-17		2015-16	
	Rs. In Lakhs	%	Rs. In Lakhs	%
Revenue				
Revenue from Sale of Power	1121883	100.00	1091444	100.00
Total	**1121883**	**100.00**	**1091444**	**100.00**
Variable Costs				
Material Cost	2345	0.21	10426	0.96
Power Purchase Cost	739332	65.90	649491	59.51
Direct Employee Costs	100823	8.99	93137	8.53
Repairs & Maintenance	26513	2.36	26050	2.39
Total Variable Costs	**869013**	**77.46**	**779103**	**71.38**
Contribution	**252870**	**22.54**	**312341**	**28.62**
Fixed Costs				
Employee Costs	235254	20.97	217318	19.91
Depreciation	71888	6.41	69962	6.41
Administrative Overheads	37479	3.34	32958	3.02
Interest	95992	8.56	85139	7.80
Total Fixed Costs	**440614**	**39.27**	**405377**	**37.14**
Margin as per Cost Records	**-187743**	**-16.73**	**-93036**	**-8.52**
Add: Income not considered in				
Cost Records	49259		33463	
Less: Expenses not considered in				
Cost Records	10979		10124	
Profit/ (Loss) as per Financial Accounts	**-149463**		**-69697**	

It can be seen from the above analysis that the net revenue from sale of power has increased by 2.79% over previous year. Variable costs as a percentage to net revenue has substantially increased from 71.38% to 77.46%% in the current year. The main reason for the same is due to increase in power purchase cost which as a percentage to net revenue has increased by 6.39%.The average power purchase cost per unit has marginally reduced from Rs. 3.95 per MU to Rs. 3.75 per MU in the current year.

Fixed costs during the current year has increased by 8.69%. Fixed costs as a percentage to net revenue has increased from 37.14% to 39.27%. With the present costs and selling prices, the breakeven revenue required to be achieved has to increase by 1.74 times over present revenue of Rs. 1121883 lakhs.

B. Segment wise analysis as per Cost Records

Distribution Activity

Particulars	2016-17		2015-16	
	Rs. In Lakhs	%	Rs. In Lakhs	%
Revenue				
Revenue	1121883	100.00%	1091444	100.00%
Less: Variable Costs	878796	78.33%	782036	71.65%
Contribution	243087	21.67%	309408	28.35%
Less: Fixed Costs	430830	38.40%	402444	36.87%
Margin as per Cost Records	-187743	-16.73%	-93036	-8.52%

Generation Activity

Particulars	2016-17		2015-16	
	Rs. In Lakhs	%	Rs. In Lakhs	%
Variable Costs	11089	25.34%	19292	37.91%
Fixed Costs 32673	74.66%	31600	62.09%	
Total Cost transferred to Distribution	43762	100.00%	50891	100.00%

Transmission Activity

Particulars	2016-17		2015-16	
	Rs. In Lakhs	%	Rs. In Lakhs	%
Variable Costs	16848	21.97%	14796	23.49%
Fixed Costs 59833	78.03%	48201	76.51%	
Total Cost transferred to Distribution	76681	100.00%	62997	100.00%

C. Ratio Analysis

Particulars	2016-17		2015-16	
	Rs. In Lakhs	%	Rs. In Lakhs	%
Current Ratio	0.48:1	0.26:1		
Value Added to Net Revenue	28.03 %	33.37 %		

Current Ratio position has improved from 0.26 to 0.48. Value Added to Net Revenue has reduced from 33.37% to 28.03% in the current year.

D. Quantity Analysis

In Million units

Particulars	**2016-17**	**2015-16**
Power Generated		
Hydel Energy	4319.08	6639.02
Thermal Energy	43.55	150.63
Wind Energy	1.71	1.38
Solar Energy	5.20	0.81
Total Power Generated	**4369.54**	**6791.84**
Power Purchased from other sources	**19734.92**	**16448.36**
Power Sold		
Domestic	10386.46	9943.48
Commercial	2856.78	2735.36
Industrial	915.83	1103.23
Agriculture	527.81	279.48
Streetlights	381.44	366.62
Others- HT	4969.93	4896.90
Total Power Sold	**20038.25**	**19325.07**

It can be seen from the analysis that there is a reduction in the quantity of power generated from 6791.84 MU to 4369.54 MU in the current year. Power purchased from outside source has increased by 19.98% over previous year and the total power sold has increased by 3.69% over previous year.

FOR MURTHY & CO. LLP
Cost Accountants
FRN 000648

Sd/-
M.R. Krishna Murthy
Designated Partner
FCMA 7568

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 2017

COMMENTS ON ACCOUNTS	REPLIES OF THE COMPANY
In respect of Note 2 to accounts:Property,Plant and Equipment a)The Company is following a policy, wherein wrong grouping of assets are reversed in the year in which it is detected and negative depreciation is provided on the assets from thereon on SLM basis. The net value of the assets amounting to ₹1,14,41.08 Lakhs is negative as a result of wrong grouping, its subsequent reversal and negative depreciation. The impact in depreciation cannot be quantified as per the new accounting policy adopted by the Company.	The addition of fixed assets is being carried out at 140 ARUs spread all over Kerala. The wrong grouping in fixed assets account groups if any in any of the ARUs will be corrected on detection of the errors. Such corrections may result in additional depreciation in one asset group as well as deduction of depreciation in another group. However it may be noted that the reported corrections is only 0.022% of the total depreciation for the year 2016-17 and will not affect the true and fair view of the statement of accounts. Wherever errors are occurred in booking, which are subsequently detected, the same is corrected in the subsequent accounts to present realistic picture.
b. As per Appendix-III of CERC Notification No L-1/153/2014/CERC, 'Softwares' are subject to a depreciation of 30%. Instead the Company follows the practice of pooling Software along with item 'IT Equipment' which has a depreciation rate of 15% resulting in overvaluation of Property, Plant and Equipment which cannot be quantified due to lack of necessary information. Also the Company has not disclosed any accounting policy for intangible assets as prescribed in Ind AS 38.	The company has not capitalised the expenses incurred on the development of software and related expenses. The Board vide order B.O.D(F) No.3177(Annual Accounts/Ind As-2016-17/2017-18 dated18.12.2017 had entrusted Chief Engineer (IT) to segregate and capitalise the expenditure incurred on IT related activities based on the number of employees engaged for software development.
c)Depreciation on additions to fixed assets, except for capital works in progress capitalized, is charged in the year in which it was purchased/ commissioned without considering date on which the asset is ready for use. This is not in conformity with Indian Accounting Standard (Ind AS) -16 on "Property, Plant and Equipment", leading to understatement of Property, Plant and Equipment and overstatement of depreciation and loss for the year; However	The depreciation is being calculated at the head office on the basis of yearly addition of fixed assets made at the ARUs. In this connection it may also be noted that depreciation calculation as mentioned in the accounting policy is on the asset addition as a whole during the year. Pro-rata depreciation is not being calculated due to the complex number of assets. The same methodology is being regularly followed by KSEB during past two decades and approved by statutory and C&AG audit during these years.

	due to lack of necessary information, the impact of the same cannot be quantified. As per the information provided by the Company, the Company has provided depreciation on Capital work in progress capitalized during the year on the date on which the asset is ready for use, based on the data collected from the ARUs. We are not in a position to verify the authenticity of data provided by the Management.	
d)	As per the Note 2 to accounts: "Property, Plant and Equipment", the total Carrying value of the Property, Plant and Equipment amounts to ₹20,68,736Lakhs. We observed a difference of ₹ 47,584 Lakhsto the Net Block of assets as per the working submitted for verification. Similarly, a difference of ₹46,964 Lakhsis observed for the year 2015-16.No explanation is received from the Management in respect of the above differences observed.	Difference is occurred in the working of net block of asset as per the workings of depreciation and net asset in the books of accounts.This difference is identified and will be rectified in the year 2017-18.
e)	Title deeds of immovable properties were not produced for our verification	KSEB Ltd. is having land and land rights with book value of ₹1773.32 crore as on 31.03.2017 spread across Kerala. The land is accounted in various ARUs and is under the control of various ARU Officers. Separate Land Management Unit is functioning at the head office were the details of land are being maintained and monitored. Reasonable internal control is being exercised on the maintenance of title deeds of immovable properties.
f)	The Company has a system of accounting sale of Property, Plant and Equipment either in miscellaneous receipts or in sale of scrap without giving effect to the fixed assets ledger. The Company has also not disclosed the details of deletions and decommissioning during the year. In the absence of required information we are unable to quantify the impact on Property, Plant and Equipment, Depreciation for the year and Other Income.	Detailed instructions has been issued to all ARUs on the procedure to be followed when an asset is decommissioned. As per the procedure the fixed assets value has to be withdrawn from accounts in the event of decommission of assets. The non compliance in the ARU is being looked into

g) During the year, the Company has written back ₹1,596.21 Lakhs being "fixed asset value realized pending adjustment account" under the head 'other liabilities and provisions' as Miscellaneous income instead of adjusting the same against Property, Plant and Equipment. The wrong accounting of same has resulted in overstatement of miscellaneous income and Property, Plant and Equipment amounting to ₹1,596.21 Lakhs. The amount of depreciation to be reversed, if any, on such Property, Plant and Equipment could not be ascertained due to lack of information.	This is very old balance carried over from previous years consists of non adjustments of fixed asset value pending for realization. This has been adjusted in the financial statements vide B.O.D(F) No.3177/Annual Accounts/Ind As -2016-17/2017-18 dated 18.12.2017.
h) As per paragraph-8 of Ind AS 16, Property, Plant and Equipment, items such as spare parts are to be recognized in accordance with recognition criteria as per paragraph 7 of Ind AS 16, when they meet the definition of 'property, plant and equipment'. The depreciation on such an item of spare part will begin when the asset is available for use i.e, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. In case of spare parts, as readily available for use, it may be depreciated from the date of purchase of the spare part. The Company has not followed the above recognition criteria. Since the details are not available, we are not able to quantify the impact of the same in the Financial Statements.	This will be verified and corrective actions will be taken after analysing the complexity and materiality.
i) In ARU 301, the total CRCS of APDRP Thiruvananthapuram City Scheme has 76 rings amounts to ₹12,663.56Lakhs. Howeverthe Electrical Circle capitalized only an amount of ₹12,620.76Lakhs towards the same. This has resulted in under-capitalization of Property, Plant and Equipment by₹42.80Lakhs.	It is reported by the ARU that the under capitalisation as reported by the audit during the previous year was happened due to duplication and incorrect CRCS. The above duplication and mistakes were identified and rectified by the ARU in the monthly accounts of 04/16 itself.

2. The Company has not complied with Ind AS 36- Impairment of Assets.	Noted
3. (a) In Note No.5 Non Current Assets - Financial Assets - Loans-includes an amount of `5,250/- Lakhs being Interest bearing loan to Energy Management Centre. The Company has provided interest for the period 2010-11 and 2011-12 amounting to ₹476.90 Lakhs and ₹697.16 Lakhs respectively. The Company has not provided interest on this loan henceforth, as there is an uncertainty in the realization of interest. As per the terms and conditions, the loan is repayable by Energy Management Centre only if the Certified Emission Reduction is available from UNFCC to obtain Carbon credit. As per the information available from the management, Energy Management Centre has not obtained carbon credit as on date. Hence there is uncertainty in the realization of this advance. However, no provision has been created for this balance, including the interest, which is doubtful of realization. As a result, non-current assets is overstated and loss for the year is understated by ₹6424.06 Lakhs.	As per the Accounting standard if there is any uncertainty in the realization of revenue that amount need not be accounted as revenue. Hence provision for interest is not credited in the accounts. As per the terms and condition, the loan is repayable only if the Certified Emission Reduction (CER) is available from UNFCC (to obtain Carbon Credit). If the CER is not being allotted to EMC, EMC cannot be requested to repay the advanced by KSEB and the entire cost will be borne by KSEB from its budgetary resources. Action is being taken to ascertain the possibility of obtain Carbon Credit with the EMC. EMC being a fully owned Government of Kerala undertaking and the company has no doubt about its realization, provision has not been made. The matter had been taken up with the Government of Kerala vide letter dated 05.03.2018.
b. Note No.7includes Deferred Cost on Account of Feasibility/Survey amounting to ₹10,238.65Lakhs being cost of projects not yet sanctioned and accumulated over the years. As the statuses of these projects are yet to be ascertained, we are unable to comment the impact thereof on the financial statements.	The deferred cost is the expenditure related to the feasibility study of the projects and the expenditure incurred before the commencement of a project. The amounts were verified and the expenditure incurred for the projects to which the investigation/ survey is being carried out as reported by the ARUs only is retained in this account and the balance amounts were already written off in the accounts. The balance in the books of accounts will be transferred to the CWIP on sanctioning the project.

c). Note No:7 Other Non Current Assets includes 'Capital Advances Others' amounting to ₹13,660.90 Lakhs for which sub-schedule of various works, Stage of completion of works etc. were not furnished for our verification. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements.	The payment of capital advances and its recovery are being done at the field units and all details of capital advances are available in the respective field ARUs. The audit observation is made without verifying the details available at the Accounting Rendering Units of the company.
4. The amounts and balances lying under Non Current borrowings (Note No 15), Other Non Current liabilities (Note No 18), Trade payables (Note No 20), Other Financial liabilities- Non Current (Note No 16) and Current (Note No 21), Trade receivables (Note No 9), Non Current Loans (Note No 5), Financial Assets- Others (Note no-6), Other non-current assets (Note No 7), Other current assets (Note No 12) are subject to confirmation and reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible losses which may arise on account of non-recovery or partial recovery of such dues could not be ascertained. Hence we are unable to comment the impact thereof on the financial statements.	The long term borrowings are taken from nationalised/ scheduled banks, Power Finance Corporation, Rural Electrification Corporation and Life Insurance Corporation of India. These balances are fully reconciled and the balance confirmation is available with KSEB Ltd. There is a system of periodical reconciliation of trade payables in respect of power purchase liabilities and the duly signed reconciliation statement is available with KSEB Ltd. In KSEBL, the procedures of balance confirmation from the debtors are not in vogue. Being fully owned government entity, working under regulatory environment and the consumers are being billed at the rate specified by the Regulatory Commission, the supply invoices are being issued under statutory forms in which the consumer dues are clearly mentioned, the demand cum disconnection notice issued to the consumers itself can be considered as the balance conformation certificate. It may also be noted that the consumer strength of KSEBL is more than 1.10 crore. Hence obtaining all balance confirmation is not practically possible. In the case of advance to suppliers/ contractors, normally no advance is being given to the contractors. Even if the advance is given in certain cases, the advance is against Bank Guarantee/ other corporate guarantees. Strict internal control procedures are there in KSEBL for advance payments as well as its recovery. However KSEBL was ready to collect the balance confirmation certificate from randomly selected parties by the audit.

5.a) Attention is invited to Note 12 Other Current Assets read with note 35.16 (d) regarding Inter Unit Balance amounting to ₹1536.57 Lakhs. The said balance is subject to reconciliation and further adjustments, the effect of which on the financial results of the Company is not ascertainable.	Inter Unit balance in the accounts consists of balance in the Account group 31 to 39 in the 140 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 140 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 and once the same in fully functional automatic,inter unit reconciliation will occur.
b). Bank balances include bank accounts maintained at Head Office, ARU's and other offices and certain bank accounts maintained are subject to confirmation and reconciliation.	In ARUs, two types of bank accounts are being maintained viz Collection accounts and disbursement accounts. 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 per 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. As per the procedure in vogue, the reconciliation of collection accounts are being made at the ARUs. 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 audit is requested to furnish the details of Bank accounts which are not reconciled and

the differences in the bank balances with that of the ledger balance in respect of those bank accounts to initiate further action.

c). In the case of ARU 954-“Special Officer Revenue”, The Debt Collection Balancing (DCB) report generated by the ARU and the Debtorsnet balance as per accounts,under account code 23 shows a huge difference amounting to ₹19,271.23/- Lakhs

Regarding the audit observation, Special Officer (Revenue) has reported that a functional committee is being entrusted to verify and reconcile the difference in DCB and accounts. It will be rectified based on report by the committee.

d).Cash balances in respect of Expenditure Division under ARUs- 437 and 414 and Revenue Division under ARUs -322 and 404 shows negative balance for which management has not given any explanation.

The credit balance in the ARUs as on 31.03.2017 is as under

ARU	Credit balance
322	61310
404	6299
414	685566
437	438180.52

The credit balance may be due to the bifurcation of ARUs and the non receipt of opening IUTN from the parent ARU. Similarly the wrong journal entries in transferring the amount to bank accounts may also be the reason. Reports have been called for from the ARUs and the internal audit wing is being intimated to verify the items in detail.

e).The Company has not disclosed the ageing schedule of Trade Receivables as per Schedule III of the Companies Act 2013. As the age wise breakup of the receivables is not available for verification, we are unable to comment on the recoverability of receivables.

The lion share of sundry debtors constitutes sundry debtors for sale of power. In respect of customers, adequate security deposit is there with KSEBL for adjusting any dues if any and as per procedure disconnection is to be effected if dues are not paid in time. Hence majority of the sundry debtors are secured and good. However in respect of Kerala Water Authority and certain other government departments, the disconnection procedure is not being effected due to the reasons beyond the control of the Company. Similarly in some cases, the

	disconnection and recovery of arrears is pending due to court cases. Except these three items, the other debtors are secured and good. It may be noted that out of the total receivables of ₹2712.70 crores as on 31.03.2017, a provision to the tune of ₹789.31 crore is already created in the previous years (i.e. a total provision of 29.10% of the gross receivable is already created).
f). The Company is undertaking work for specified large projects under 'work deposit' basis. No information with respect to deposit received, work completed, date of completion, balance payable / receivable etc on deposits is maintained. Hence correctness of the deposit held by the Company on 'work deposits' could not be verified. In the absence of required information we are unable to quantify the impact of the same on financials of the Company.	The amount of work deposit under various schemes are collected and accounted in the field units. All details are available in the field units. The audit is requested to furnish details of specific cases instead of general comments. Since all details of work deposit is available at ARUs, company is ready to furnish the details requested by audit.
6. Attention is invited to Note No 33 Changes in Fair Valuation and Other Adjustments. The Company has recognised ₹3,177 Lakhs as Claw back of Grant. Since the Company has not submitted the reconciliation of Grant and Consumer contribution and amortisation thereof, we are unable to comment on the Claw back of Grant shown under Note No 33 Changes in Fair Valuation and Other Adjustments for the year.	The details of amount booked under grant and workings of claw back of grant and amortisation were furnished to the statutory auditors for verification
7. a) Attention is invited to Note No. 3 Capital Work in Progress, which includes revenue expenses pending allocation amounting to ₹23,496.41 Lakhs. The Company has capitalized borrowing cost on weighted average basis without considering the daily balances of the loans and borrowings held by the Company. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements.	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

An amount of ₹36,897.21 Lakhs has been capitalized out of revenue expenses pending allocation during the year without considering the extent the work already completed or ready to use. The details such as the basis of capitalization,the block under which the same has been capitalized, depreciation provided on the same etc. were not made available for our verification.

Hence we are not in a position to comment on the capitalization of the amount and the balance amount of revenue expenses pending allocation over capital works amounting to₹23,496.41 Lakhs.

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 capitailsed 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-5%

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. All the workings and details are available with the Company.

b) In ARU 301, An amount of `99.51 Lakhs has been charged to P&L as prior period expenditure being payment of retention amount recovered from APDRP Bills of IRCON during 4-2011 to 6-2011. Supporting documents for the same were not provided for audit verification	The ARU has reported that the supporting documents and details are made available to the Audit team.
8. The Company has provided outstanding expenses, amounting to ₹2,699.47 Lakhs. The said amount is compiled based on the statements submitted by 51 ARUs.However due to lack of necessary information from other ARUs we are not in a position to comment whether there is any omission in accounting of outstanding expenses of these units. However, out of the ARUs visited by us, the Company has not provided outstanding expenses amounting to ₹5.72 Lakhs and ₹4.03 Lakhs in ARU 304 and ARU 385 respectively.	All ARUs has been directed to furnish the details of expenditure which are accrued but not accounted during the year for inclusion in the accounts at the time of compilation of accounts. The expenditure reported by the ARUs upto the consolidation of accounts has been provided at the head office. As the audit team had made very detailed audit of ARUs, audit was requested to quantify the omission if any in accounting the expenditure.
9. Company has not provided supporting documents for the data disclosed under Contingent liabilities and commitments in the Note forming part of accounts No 35.2.	The contingent liability in the notes forming part of accounts are disclosed in the financial statement on the basis of details collected from the field units and the collected details has been given to the auditors at the time of audit.
10. As per Company Information and Significant Accounting Policies No. 1.5 (g) Company disclosed that,"Investment has been carried at cost and as per the assessment by the company and there is no indication of impairment of such investments". On verification of Financial Statements of Associates, it was found that, there was loss for three consecutive years including current year in Baitarni West Coal Company Ltd. However the Company has not provided and disclosed provision for impairment, if any, as per Ind AS 28.	This will be verified. It may also be noted that the investment in Baitarani West Coal Compnay Ltd as on 31.03.2017 in the books of accounts is `10 crore only.
11.a) Attention is invited to Note 8 Inventories, The Company has not provided for damaged/obsolete and slow moving items	The company is having a detailed manual on Commercial Accounting System VOLUME II – MATERIAL ACCOUNTING to establish consistent

and goods as per Ind AS 2 on 'Inventories'. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements. b) As per the information and explanation available, Material consumption statement (MCS) should be valued and adjusted on the basis of standard rates as prescribed by the Board instead of the rates generated from the Supply Chain Management (SCM). Based on audit procedures carried out in the ARUs visited by us, it is seen that the Material consumption statements (MCS) have not been valued as per the directions as stated above and instead they have valued the MCS as per the rates generated from the SCM. Due to huge volume of transactions and non availability of data we are unable to quantify the same.	and effective policies and procedure to ensure proper financial management – especially in the area of Material Accounting at all levels in the Company. The policies and procedures contained in the manual is followed in the Board unless specific exception is given under certain peculiar circumstances .The treatment of obsolete stock is detailed in Section 14 of Chapter 1 Part II of the said manual. b. The auditors has been generalising the comments without specifying the details of ARU in which anomaly found and without even quantifying the impact in the financial statements.
12. Previous year's (2015-16) accounts have not been adopted in the Annual General Meeting. The Adjourned 4thAnnual General Meeting held on 18.07.2017, adopted the financial Statements for the year 2014-15, without cash flow statement, which is not in compliance with Section 2(40) of the Companies Act, 2013.	The Annual Financial statement of the company for the financial year 2015-16 has been adopted in the Annual General Meeting held on 15.11.2017. The cash flow statement is the part of the financial statements adopted by the Board. Mentioning 'approval of cash flow statement' specifically in the minutes of the meeting will be considered in future.
13. a) Other income of the Company includes income from sale of LED Bulbs. Supporting documents such as authorized copy of the stores ledger for the period 2016-17, Duly authorized supporting for issue of LED Bulbs to units, Confirmation of receipt of LED Bulbs by the recipient, Certificate of closing stock etc were not available for our verification at all the ARUs visited by us . Hence we are not in a position to confirm the value of sale of LED bulbs. Further adequate supporting documents were not made available for verifying the Material Purchase, Material Issue and	13.a.All accounting in connection with the sale of LED bulbs and expenditure in connection with LED bulbs are being done at the Electrical Circles based on the Register of material cum liability statement received from the Electrical sections. The sale proceeds received are accounted with the IUTN received from the concerned Electrical Divisions. Accounting of LED bulb purchase and issue are also being accounted at Electrical Circles only. Detailed accounting procedure in this regard has issued vide circular No. AA-IV/AC-II/29/2015-16 dated 25/02/2016. All documents in connections with the above transactions are available at Electrical

Expenditure in connection with purchase of LED Bulbs. b). No records such as sale order, tender documents etc were available for verification, relating to the Sale of Scrap during the year, in most of the ARUs. c) The Company has not accounted income receivable from maintenance of poles on accrual basis. In the absence of necessary information we are unable to quantify the impact of the same on the accounts of the Company for the year. d) In some of the ARUs visited by us it was found that the tax collected such as sales tax , Service tax , Tax Collected at source etc were accounted along with the income which has resulted in understatement of liabilities and over statement of income. e) In ARU 414, Sale value of Scrap ₹2.20 Lakhs has been accounted under Sales tax collections (₹0.61 Lakhs), EMD (₹0.65 Lakhs) and TDS on payment to contractors (₹0.94 Lakhs) which has resulted in understatement of income and overstatement of current liabilities.	Circleoffices. The audit observation seems made without considering the above and is not correct. The details of audit requisition and the concerned officer to whom it was served were requested from the auditors for further departmental action for not furnishing the required documents to auditHowever the same was not made available. b. All documents relating to the sales order,tender documents are kept in the field units. c. The matter is being verified. d. The auditors were requested to furnish the details of such cases and so as to get the same corrected by the ARUs. The company is having tax audit system and these details are being verified by the tax auditors in detail.
14. On verification of provisions for Pension ledger 44120, there is credit balance amounting to ₹305.14 lakhs which pertains to previous years. No adjustments have been made for made for the balance.	The credit balance under the account head 44.120 is an old balance carrying over from previous years. Prior to the disbursement of pension from the Pension Master Trust, the terminal liability has been accounted and paid from the company's own books of accounts. Now the terminal liability is being paid from the pension master trust. The details are being verified and rectification if any needed will be provided in the accounts
15.The impact for comments made by the C&AG on the financial statements of 2014-15 amounting to ₹2,379.32 lakhs, ₹55,789.28 Lakhs and ₹58,168.6 lakhs being understatement of expenses and loss, overstatement of liability and overstatement of assets respectively has	Noted

not brought in to accounts by the Company while preparing its opening Ind AS balance sheet as at 1stApril 2015 . Further, impact for comments made by the C&AG on the financial statements of2015-16,amounting to ₹8036.07 lakhs, ₹9014.14 lakhs and ₹978.07 lakhs being understatement of expenses and loss, understatement of liability and understatement of asset has not adjusted by the Company while preparing its comparative amounts for the year ended 31 March 2016.	These observations are addressed in the reconciliation of Ind AS financial statements

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 2017

COMMENTS ON ACCOUNTS	REPLIES OF THE COMPANY
In respect of Note 2 to accounts: Property, Plant and Equipment a) The KSEB Limited is following a policy, wherein wrong grouping of assets are reversed in the year in which it is detected and negative depreciation is provided on the assets from thereon on SLM basis. The net value of the assets amounting to ₹1,14,41.08 Lakhs is negative as a result of wrong grouping, its subsequent reversal and negative depreciation. The impact in depreciation cannot be quantified as per the new accounting policy adopted by the KSEB Limited .	The addition of fixed assets is being carried out at 140 ARUs spread all over Kerala. The wrong grouping in fixed assets account groups if any in any of the ARUs will be corrected on detection of the errors. Such corrections may result in additional depreciation in one asset group as well as deduction of depreciation in another group. However it may be noted that the reported corrections is only 0.022% of the total depreciation for the year 2016-17 and will not affect the true and fair view of the statement of accounts. Wherever errors are occurred in booking, which are subsequently detected, the same is corrected in the subsequent accounts to present realistic picture.
b) As per Appendix-III of CERC Notification No L-1/153/2014/CERC, 'Softwares' are subject to a depreciation of 30%. Instead the Company follows the practice of pooling Software along with item 'IT Equipment' which has a depreciation rate of 15% resulting in overvaluation of Property, Plant and Equipment which cannot be quantified due to lack of necessary information. Also the Company has not disclosed any accounting policy for intangible assets as prescribed in Ind AS 38.	The company has not capitalised the expenses incurred on the development of software and related expenses. The Board vide order B.O.D(F) No.3177(Annual Accounts/Ind As-2016-17/2017-18 dated18.12.2017) had entrusted Chief Engineer (IT) to segregate and capitalise the expenditure incurred on IT related activities based on the number of employees engaged for software development.
c) In KSEB Limited, Depreciation on additions to fixed assets, except for capital works in progress capitalized, is charged in the year in which it was purchased/ commissioned without considering date on which the asset is ready for use. This is not in conformity with Indian Accounting Standard (Ind AS) -16 on "Property, Plant and Equipment", leading to understatement of Property, Plant and Equipment and overstatement of	The depreciation is being calculated at the head office on the basis of yearly addition of fixed assets made at the ARUs. In this connection it may also be noted that depreciation calculation as mentioned in the accounting policy is on the asset addition as a whole during the year. Pro-rata depreciation is not being calculated due to the complex number of assets. The same methodology is being regularly followed by KSEB during past two decades and approved by statutory and C&AG audit during these years.

depreciation and loss for the year; However due to lack of necessary information, the impact of the same cannot be quantified. As per the information provided by KSEB Limited, the Company has provided depreciation on Capital work in progress capitalized during the year on the date on which the asset is ready for use, based on the data collected from the ARUs. We are not in a position to verify the authenticity of data provided by the Management.	
d) As per the Note 2 to accounts: "Property, Plant and Equipment", the total Carrying value of the Property, Plant and Equipment amounts to ₹20,68,736Lakhs. We observed a difference of ₹ 47,584 Lakhs to the Net Block of assets as per the working submitted for verification. Similarly, a difference of ₹46,964 Lakhs is observed for the year 2015-16. No explanation is received from the Management in respect of the above differences observed.	Difference is occurred in the working of net block of asset as per the workings of depreciation and net asset in the books of accounts.This difference is identified and will be rectified in the year 2017-18.
e) Title deeds of immovable properties were not produced for our verification	KSEB Ltd. is having land and land rights with book value of ₹1773.32 crore as on 31.03.2017 spread across Kerala. The land is accounted in various ARUs and is under the control of various ARU Officers. Separate Land Management Unit is functioning at the head office were the details of land are being maintained and monitored. Reasonable internal control is being exercised on the maintenance of title deeds of immovable properties.
f). KSEB Limited has a system of accounting sale of Property, Plant and Equipment either in miscellaneous receipts or in sale of scrap without giving effect to the fixed assets ledger. KSEB Limited has also not disclosed the details of deletions and decommissioning during the year. In the absence of required information we are unable to quantify the impact on Property, Plant and Equipment, Depreciation for the year and Other Income.	Detailed instructions has been issued to all ARUs on the procedure to be followed when an asset is decommissioned. As per the procedure the fixed assets value has to be withdrawn from accounts in the event of decommission of assets. The non compliance in the ARU is being looked into.

g) During the year, KSEB Limited has written back ₹1,596.21 Lakhs being "fixed asset value realized pending adjustment account" under the head 'other liabilities and provisions' as Miscellaneous income instead of adjusting the same against Property, Plant and Equipment. The wrong accounting of same has resulted in overstatement of miscellaneous income and Property, Plant and Equipment amounting to ₹1,596.21 Lakhs. The amount of depreciation to be reversed, if any, on such Property, Plant and Equipment could not be ascertained due to lack of information.	This is very old balance carried over from previous years consists of non adjustments of fixed asset value pending for realization. This has been adjusted in the financial statements vide B.O.D(F) No.3177/Annual Accounts/Ind As -2016-17/2017-18 dated 18.12.2017.
h) As per paragraph-8 of Ind AS 16, Property, Plant and Equipment, items such as spare parts are to be recognized in accordance with recognition criteria as per paragraph 7 of Ind AS 16, when they meet the definition of 'Property, Plant and Equipment'. The depreciation on such an item of spare part will begin when the asset is available for use i.e, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. In case of spare parts, as readily available for use, it may be depreciated from the date of purchase of the spare part. KSEB Limited has not followed the above recognition criteria. Since the details are not available, we are not able to quantify the impact of the same in the Financial Statements.	This will be verified and corrective actions will be taken after analysing the complexity and materiality.
i) In ARU 301 of KSEB Limited, the total CRCS of APDRP Thiruvananthapuram City Scheme has 76 rings amounts to ₹12,663.56Lakhs. However the Electrical Circle capitalized only an amount of ₹12,620.76Lakhs towards the same. This has resulted in under-capitalization of Property, Plant and Equipment by ₹42.80Lakhs.	It is reported by the ARU that the under capitalisation as reported by the audit during the previous year was happened due to duplication and incorrect CRCS. The above duplication and mistakes were identified and rectified by the ARU in the monthly accounts of 04/16 itself.
2. The KSEB Limited has not complied with Ind AS 36- Impairment of Assets.	Noted

3. (a) In Note No.5 Non Current Assets - Financial Assets - Loans- of KSEB Limited includes an amount of ₹5,250/- Lakhs being Interest bearing loan to Energy Management Centre. KSEB Limited has provided interest for the period 2010-11 and 2011-12 amounting to ₹476.90 Lakhs and ₹697.16 Lakhs respectively. KSEB Limited has not provided interest on this loan henceforth, as there is an uncertainty in the realization of interest. As per the terms and conditions, the loan is repayable by Energy Management Centre only if the Certified Emission Reduction is available from UNFCC to obtain Carbon credit. As per the information available from the management, Energy Management Centre has not obtained carbon credit as on date. Hence there is uncertainty in the realization of this advance. However, no provision has been created for this balance, including the interest, which is doubtful of realization. As a result, non-current assets is overstated and loss for the year is understated by ₹6424.06 Lakhs.	As per the Accounting standard if there is any uncertainty in the realization of revenue that amount need not be accounted as revenue. Hence provision for interest is not credited in the accounts. As per the terms and condition, the loan is repayable only if the Certified Emission Reduction (CER) is available from UNFCC (to obtain Carbon Credit). If the CER is not being allotted to EMC, EMC cannot be requested to repay the advance by KSEB and the entire cost will be borne by KSEB from its budgetary resources. Action is being taken to ascertain the possibility of obtain Carbon Credit with the EMC. EMC being a fully owned Government of Kerala undertaking and the company has no doubt about its realization, provision has not been made. The matter had been taken up with the Government of Kerala vide letter dated 05.03.2018.
(b) Note No.7 of KSEB Limited, includes Deferred Cost on Account of Feasibility/ Survey amounting to ₹10,238.65Lakhs being cost of projects not yet sanctioned and accumulated over the years. As the statuses of these projects are yet to be ascertained, we are unable to comment the impact thereof on the financial statements	The deferred cost is the expenditure related to the feasibility study of the projects and the expenditure incurred before the commencement of a project. The amounts were verified and the expenditure incurred for the projects to which the investigation/ survey is being carried out as reported by the ARUs only is retained in this account and the balance amounts were already written off in the accounts. The balance in the books of accounts will be transferred to the CWIP on sanctioning the project.
(c) Note No:7 Other Non Current Assets includes 'Capital Advances Others' of KSEB Limited amounting to ₹13,660.90 Lakhs for which sub-schedule of various works, Stage of completion of works etc. were not furnished for our verification. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements	The payment of capital advances and its recovery are being done at the field units and all details of capital advances are available in the respective field ARUs. The audit observation is made without verifying the details available at the Accounting Rendering Units of the company.

4. The amounts and balances in Holding Company lying under Non Current borrowings (Note No 15), Other Non Current liabilities (Note No 18), Trade payables (Note No 20), Other Financial liabilities- Non Current (Note No 16) and Current (Note No 21), Trade receivables (Note No 9), Non Current Loans (Note No 5), Financial Assets- Others (Note no-6), Other non-current assets (Note No 7), Other current assets (Note No 12) are subject to confirmation and reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible losses which may arise on account of non-recovery or partial recovery of such dues could not be ascertained. Hence we are unable to comment the impact thereof on the financial statements.	The long term borrowings are taken from nationalised/ scheduled banks, Power Finance Corporation, Rural Electrification Corporation and Life Insurance Corporation of India. These balances are fully reconciled and the balance confirmation is available with KSEB Ltd. There is a system of periodical reconciliation of trade payables in respect of power purchase liabilities and the duly signed reconciliation statement is available with KSEB Ltd. In KSEBL, the procedures of balance confirmation from the debtors are not in vogue. Being fully owned government entity, working under regulatory environment and the consumers are being billed at the rate specified by the Regulatory Commission, the supply invoices are being issued under statutory forms in which the consumer dues are clearly mentioned, the demand cum disconnection notice issued to the consumers itself can be considered as the balance conformation certificate. It may also be noted that the consumer strength of KSEBL is more than 1.10 crore. Hence obtaining all balance confirmation is not practically possible. In the case of advance to suppliers/ contractors, normally no advance is being given to the contractors. Even if the advance is given in certain cases, the advance is against Bank Guarantee/ other corporate guarantees. Strict internal control procedures are there in KSEBL for advance payments as well as its recovery. However KSEBL was ready to collect the balance confirmation certificate from randomly selected parties by the audit

5.a) Attention is invited to Note 12 Other Current Assets read with note 34.12 (d) of Holding Company regarding Inter Unit Balance amounting to ₹1536.57 Lakhs. The said balance is subject to reconciliation and further adjustments, the effect of which on the financial results of KSEB Limited is not ascertainable.	Inter Unit balance in the accounts consists of balance in the Account group 31 to 39 in the 140 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 140 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 and once the same in fully functional automatic,inter unit reconciliation will occur.
b) Bank balances in KSEB Limited, include bank accounts maintained at Head Office, ARU's and other offices and certain bank accounts maintained are subject to confirmation and reconciliation.	In ARUs, two types of bank accounts are being maintained viz Collection accounts and disbursement accounts. 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 per 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. As per the procedure in vogue, the reconciliation of collection accounts are being made at the ARUs. 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 audit is requested to furnish the details of Bank accounts which are not reconciled and the differences in the bank balances with that

<table>
<tr><td></td><td>of the ledger balance in respect of those bank accounts to initiate further action.</td></tr>
<tr><td>c) In the case of ARU 954-“Special Officer Revenue” of KSEB Limited, The Debt Collection Balancing (DCB) report generated by the ARU and the Debtors net balance as per accounts, under account code 23 shows a huge difference amounting to `19,271.23/- Lakhs.</td><td>Regarding the audit observation, Special Officer (Revenue) has reported that a functional committee is being entrusted to verify and reconcile the difference in DCB and accounts. It will be rectified based on report by the committee.</td></tr>
<tr><td>d) Cash balances, in KSEB Limited, in respect of Expenditure Division under ARUs- 437 and 414 and Revenue Division under ARUs -322 and 404 shows negative balance for which management has not given any explanation.</td><td>The credit balance in the ARUs as on 31.03.2017 is as under
<table><tr><th>ARU</th><th>Credit balance</th></tr><tr><td>322</td><td>61310</td></tr><tr><td>404</td><td>6299</td></tr><tr><td>414</td><td>685566</td></tr><tr><td>437</td><td>438180.52</td></tr></table>
The credit balance may be due to the bifurcation of ARUs and the non receipt of opening IUTN from the parent ARU. Similarly the wrong journal entries in transferring the amount to bank accounts may also be the reason. Reports have been called for from the ARUs and the internal audit wing is being intimated to verify the items in detail.</td></tr>
<tr><td>e) KSEB Limited has not disclosed the ageing schedule of Trade Receivables as per Schedule III of the Companies Act 2013. As the age wise breakup of the receivables is not available for verification, we are unable to comment on the recoverability of receivables.</td><td>The lion share of sundry debtors constitutes sundry debtors for sale of power. In respect of customers, adequate security deposit is there with KSEBL for adjusting any dues if any and as per procedure disconnection is to be effected if dues are not paid in time. Hence majority of the sundry debtors are secured and good. However in respect of Kerala Water Authority and certain other government departments, the disconnection procedure is not being effected due to the reasons beyond the control of the Company. Similarly in some cases, the disconnection and recovery of arrears is pending</td></tr>
</table>

	due to court cases. Except these three items, the other debtors are secured and good. It may be noted that out of the total receivables of ₹2712.70 crores as on 31.03.2017, a provision to the tune of ₹789.31 crore is already created in the previous years (i.e. a total provision of 29.10% of the gross receivable is already created).
f) KSEB Limited is undertaking work for specified large projects under 'work deposit' basis. No information with respect to deposit received, work completed, date of completion, balance payable / receivable etc on deposits is maintained. Hence correctness of the deposit held by KSEB Limited on 'work deposits' could not be verified. In the absence of required information we are unable to quantify the impact of the same on financials of KSEB Limited.	The amount of work deposit under various schemes are collected and accounted in the field units. All details are available in the field units. The audit is requested to furnish details of specific cases instead of general comments. Since all details of work deposit is available at ARUs, company is ready to furnish the details requested by audit
6. Attention is invited to Note No 33 Changes in Fair Valuation and Other Adjustments. KSEB Limited has recognised ₹3,177 Lakhs as Claw back of Grant. Since KSEB Limited has not submitted the reconciliation of Grant and Consumer contribution and amortisation thereof, we are unable to comment on the Claw back of Grant shown under Note No 33 Changes in Fair Valuation and Other Adjustments for the year.	The details of amount booked under grant and workings of claw back of grant and amortisation were furnished to the statutory auditors for verification
7. a) Attention is invited to Note No. 3 Capital Work in Progress of KSEB Limited, which includes revenue expenses pending allocation amounting to ₹23,496.41 Lakhs. KSEB Limited has capitalized borrowing cost on weighted average basis without considering the daily balances of the loans and borrowings held by KSEB Limited. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements.	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

An amount of ₹36,897.21 Lakhs has been capitalized out of revenue expenses pending allocation during the year without considering the extent the work already completed or ready to use. The details such as the basis of capitalization,the block under which the same has been capitalized, depreciation provided on the same etc. were not made available for our verification.

Hence we are not in a position to comment on the capitalization of the amount and the balance amount of revenue expenses pending allocation over capital works amounting to₹23,496.41 Lakhs.

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 capitailsed 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-5%
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. All the workings and details are available with the Company.

b) In ARU 301 of KSEB Limited, An amount of ₹99.51 Lakhs has been charged to P&L as prior period expenditure being payment of retention amount recovered from APDRP Bills of IRCON during 4-2011 to 6-2011. Supporting documents for the same were not provided for audit verification.	The ARU has reported that the supporting documents and details are made available to the Audit team.
8 KSEB Limited has provided outstanding expenses, amounting to ₹2,699.47 Lakhs. The said amount is compiled based on the statements submitted by 51 ARUs.However due to lack of necessary information from other ARUs we are not in a position to comment whether there is any omission in accounting of outstanding expenses of these units. However, out of the ARUs visited by us, KSEB Limited has not provided outstanding expenses amounting to ₹5.72 Lakhs and ₹4.03 Lakhs in ARU 304 and ARU 385 respectively	All ARUs has been directed to furnish the details of expenditure which are accrued but not accounted during the year for inclusion in the accounts at the time of compilation of accounts. The expenditure reported by the ARUs upto the consolidation of accounts has been provided at the head office. As the audit team had made very detailed audit of ARUs, audit was requested to quantify the omission if any in accounting the expenditure.
9. KSEB Limited has not provided supporting documents for the data disclosed under Contingent liabilities and commitments in the Note forming part of accounts No 34.2.	The contingent liability in the notes forming part of accounts are disclosed in the financial statement on the basis of details collected from the field units and the collected details has been given to the auditors at the time of audit.
10. a) Attention is invited to Note 8 Inventories, KSEB Limited has not provided for damaged/ obsolete and slow moving items and goods as per Ind AS 2 on 'Inventories'. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements. b) As per the information and explanation available from KSEB Limited, Material consumption statement (MCS) should be valued and adjusted on the basis of standard rates as prescribed by the Board instead of the rates generated from the Supply Chain Management (SCM). Based on audit procedures carried out in the ARUs visited by us, it is seen that the Material consumption statements (MCS) have not been valued as per the directions as stated above and instead they have valued the MCS as per	a. The company is having a detailed manual on Commercial Accounting System VOLUME II – MATERIAL ACCOUNTING to establish consistent and effective policies and procedure to ensure proper financial management – especially in the area of Material Accounting at all levels in the Company. The policies and procedures contained in the manual is followed in the Board unless specific exception is given under certain peculiar circumstances .The treatment of obsolete stock is detailed in Section 14 of Chapter 1 Part II of the said manual. b. The auditors has been generalising the comments without specifying the details of ARU in which anomaly found and without even quantifying the impact in the financial statements.

the rates generated from the SCM. Due to huge volume of transactions and non availability of data we are unable to quantify the same.	
11. Previous year's (2015-16) accounts, of KSEB Limited, have not been adopted in the Annual General Meeting. The Adjourned 4thAnnual General Meeting held on 18.07.2017, adopted the financial Statements of KSEB Limited for the year 2014-15, without cash flow statement, which is not in compliance with Section 2(40) of the Companies Act, 2013.	The Annual Financial statement of the company for the financial year 2015-16 has been adopted in the Annual General Meeting held on 15.11.2017. The cash flow statement is the part of the financial statements adopted by the Board. Mentioning 'approval of cash flow statement' specifically in the minutes of the meeting will be considered in future.
12. a) Other income of KSEB Limited includes income from sale of LED Bulbs. Supporting documents such as authorized copy of the stores ledger for the period 2016-17, Duly authorized supporting for issue of LED Bulbs to units, Confirmation of receipt of LED Bulbs by the recipient, Certificate of closing stock etc were not available for our verification at all the ARUs visited by us . Hence we are not in a position to confirm the value of sale of LED bulbs. Further adequate supporting documents were not made available for verifying the Material Purchase, Material Issue and Expenditure in connection with purchase of LED Bulbs. b) No records such as sale order, tender documents etc were available for verification, relating to the Sale of Scrap during the year, in most of the ARUs of KSEB Limited. c) KSEB Limited has not accounted income receivable from maintenance of poles on accrual basis. In the absence of necessary information we are unable to quantify the impact of the same on the accounts of KSEB Limited for the year. d) In some of the ARUs, of KSEB Limited, visited by us it was found that the tax collected such as sales tax , Service tax , Tax Collected at source etc were accounted	a.All accounting in connection with the sale of LED bulbs and expenditure in connection with LED bulbs are being done at the Electrical Circles based on the Register of material cum liability statement received from the Electrical sections. The sale proceeds received are accounted with the IUTN received from the concerned Electrical Divisions. Accounting of LED bulb purchase and issue are also being accounted at Electrical Circles only. Detailed accounting procedure in this regard has issued vide circular No. AA-IV/AC-II/29/2015-16 dated 25/02/2016. All documents in connections with the above transactions are available at Electrical Circleoffices. The audit observation seems made without considering the above and is not correct. The details of audit requisition and the concerned officer to whom it was served were requested from the auditors for further departmental action for not furnishing the required documents to auditHowever the same was not made available. b. All documents relating to the sales order,tender documents are kept in the field units. c. The matter is being verified. d. The auditors were requested to furnish the details of such cases and so as to get the same corrected by the ARUs. The company is having tax audit system and these details are being verified by the tax auditors in detail.

along with the income which has resulted in understatement of liabilities and over statement of income. e) In ARU 414 of KSEB Limited, Sale value of Scrap `2.20 Lakhs has been accounted under Sales tax collections (`0.61 Lakhs), EMD (`0.65 Lakhs) and TDS on payment to contractors (`0.94 Lakhs) which has resulted in understatement of income and overstatement of current liabilities.	e. ARU 414 has rectified the same vide JL 32 of 04/17
13. In KSEB Limited, on verification of Provisions- For Pension ledger 44120, there is Credit balance amounting to ₹305.14 Lakhs which pertains to previous years. No adjustments have been made for the balance.	The credit balance under the account head 44.120 is an old balance carrying over from previous years. Prior to the disbursement of pension from the Pension Master Trust, the terminal liability has been accounted and paid from the company's own books of accounts. Now the terminal liability is being paid from the pension master trust. The details are being verified and rectification if any needed will be provided in the accounts
14. The impact for comments made by the C&AG on the financial statements of KSEB Limited, for 2014-15 amounting to ₹2,379.32 lakhs, ₹55,789.28 Lakhs and ₹58,168.6 lakhs being understatement of expenses and loss, overstatement of liability and overstatement of assets respectively has not brought in to accounts by KSEB Limited while preparing its opening Ind AS balance sheet as at 1stApril 2015 . Further, impact for comments made by the C&AG on the financial statements of KSEB Limited for the year 2015-16,amounting to ₹8036.07 lakhs, ₹9014.14 lakhs and ₹978.07 lakhs being understatement of expenses and loss, understatement of liability and understatement of asset has not adjusted by KSEB Limited while preparing its comparative amounts for the year ended 31 March 2016.	These observations are addressed in the reconciliation of Ind AS financial statements.

15. As per the Independent Auditors Report for the Associate- Renewable Power Corporation of Kerala Limited, the financial statements has been restated based on the C&AG audit and revised Audit Report has been issued.	Noted
1. The Holding Company has prepared the consolidated financial statements, in terms of the requirements of the Companies Act, 2013for the first time. The previous year's figures in the consolidated financial statements are not subject to audit. Since the Holding Companyhas not prepared and presented the Consolidated Financial Statements for the previous years, we are unable to comment on whetherthe share of profit or loss is recognised properly and distributions received from associates and Joint venture has considered for reducing the carrying amount of the investment in the previous year figures.	KSEB Limited has been prepared the consolidated financial statement for the first time and hence the share of profit or loss of the associate/Joint venture for the previous years is not being worked.

Sd/-

DIRECTOR (FINANCE)

REPLIES TO THE 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 31ST MARCH 2017

COMMENTS ON FINANCIAL STATEMENTS	REPLIES OF THE COMPANY
A. COMMENT ON PROFITABILITY	
Statement of Profit and Loss 2016-17	
IV Expenses	
Purchase of Power-₹7393.32 crore (Note no.25)	
The above does not include 1. ₹11.41crore being tariff arrears in respect to NLC TPS II based on Central Electricity Regulatory Commission's final tariff order dated 24 July 2017 for the period upto March 2017.	The arrear on account of final Tariff order dated 24.07.2017 was claimed by M/s NLC vide invoice dated 04.08.2017 and admitted by the company on 25.08.2017 and paid in three instalments on 31.08.2017, 03.10.2017 and 03.11.2017. It may be noted that the claim was accrued based on the final tariff order pronounced in the financial year 2017-18 and ascertained only on the basis on the invoice raised in the financial year 2017-18 and hence accounted by the company in the financial year 2017-18. The above accounting policy is being regularly followed by the company in accounting the power purchase claims due to the tariff revision orders of CERC.
2. ₹5.49 crore being deviation charges payable to Power Grid Corporation of India Limited by the Company from July 2016 to March 2017.	The accounting policy followed by the company as detailed above may please be noted. In this case, M/s PGCIL has raised the invoice as per the Revised Regional Transmission Charges only on 10.01.2018 for the period from July 16 to November 2017 based on the CERC tariff revision orders issued in the financial year 2017-18. The liability was ascertained only on the basis of claim raised vide invoice dated 10.01.2018 and accounted in the financial year 2017-18 as per the policy is being regularly followed by the company.
3. ₹2.26 crore payable to Ahalia Alternate Energy Private Limited based on the revision (16 February 2018) of cost of power purchased for the period up to March 2017.	M/s Ahalya was being paid an interim payment and accounted regularly at ₹3.95 per unit from 22.02.2016 to 31.01.2018 as per B.O. (FTD)

These resulted in understatement of both the expense on purchase of power and the loss for the year by ₹19.16 crore.	No.2821/2016 dated 04.10.2016 till KSERC approved the Power Purchase Agreement with them. It may please be noted that the final tariff of ₹5.23 per unit was agreed and Power Purchase Agreement was executed between M/s AAEPL and KSEBL only on 16.02.2018 and hence the additional liability is accrued and ascertained only in the financial year 2017-18 and hence accounted in the financial year 2017-18.

Employee benefits Expenses - ₹3360.77 crore (Note no. 28)

4 The above does not include ₹25.86 crore being salary arrears payable for the period up to 31 March 2017, which was accounted only in the period April 2017 to February 2018.	An amount of ₹567 Crore on estimate basis has been provided as provision for the pay revision due from July 2013 in the books of accounts from 2013-14 to 2015-16. The entire provision was adjusted during the financial year 2016-17 on implementation of the pay revision as the pay revision effected in the month of May 2016. It may be noted that the actual expenditure on account of pay revision ascertained in 2016-17 was ₹568.03 Crore only and the said amount was adjusted against the provision made for the pay revision and the balance amount of ₹1.03 core was charged as the current year expenses. Even though the pay revision was effected from the month of May 2016, the pay revision of some employees may not be completed due to various reasons such as disciplinary action, LWA and other employee related matters. Pay revision of such employees can be effected only in subsequent period. The expenses incurred on account of the pay revision of such employees can be ascertained only on implementation of pay revision to their credit and can be accounted accordingly. If there is no sufficient provisions available to meet the pay revision arrears of such employees the expenditure will be charged to the current year expenses. It may please be noted that the total employee strength of KSEB Ltd. is more than 33,000 and the provision required was already provided in the previous years on estimate basis and accurately projected by the company. In

	the reported cases, as there is no provision left to meet the amount booked in the employee cost of past years the amount was charged as current year expenses. It may be noted that the total employee benefit expenditure charged in the profit and loss account of the company is ₹3360.77 crore and compared to the volume of business of the company, the reported understatement, if any, is only 0.77% and hence not material. The amount is correctly accounted on ascertaining the liability.
5 The above does not include ₹0.22 crore being salary arrears payable to members of Board of Directors for the period up to 2016-17 which was paid in July 2017. These resulted in understatement of both employee benefit expenses and the loss for the year by ₹ 26.08 crore.	Two pay revision arrear and salary arrear of one of the Board members was due since there was an objection of C&AG. This objection was cleared and disbursement of arrear salary sanctioned and payment was effected in the month of July 2017.
Other Expenses- Others- ₹ 83.64 crore (Note no. 32)	
6. The above does not include ₹1.04 crore refunded by the Company as per KSERC interim order dated 27 April 2017 to Cochin International Airport Limited being 80 per cent of registration fee collected in 2015-16 for solar plants installed by them. This resulted in understatement of other expenses and the loss for the year by ₹1.04 crore.	The amount became refundable on the basis of the interim order of KSERC issued in the financial year 2017-18 and the payment was effected on 29.05.2017 i.e in the financial year 2017-18 and accounted accordingly. It may be noted that the liability was accrued in the financial year 2017-18 only.

B. COMMENTS ON FINANCIAL POSITION

Balance Sheet as 31st March 2017

Equities and Liabilities

Equity

Other Equity(Note No.14)

Retained Earnings(₹7,407.88 crore)

7.The Company did not rectify wrong accounting of ₹3.90 crore received from Government of Kerala for installation of six digital Seismic stations which was accounted as other receipts (Account Head 62999) during 2015-16 instead of Grant in aid from Government - Deferred Income. This resulted in understatement of Grant in aid from Government- Deferred Income and with equal understatement of the negative balance in retained earnings for the year by ₹3.90 crore.	The rectification entry to this effect is already provided in the Office of the CE (HRM) vide journal No.18 of 12/2017.
C. COMMENTS ON INDEPANDENT AUDITORS REPORT	**REPLIES OF THE STATUTORY AUDITORS**
Report on the Standalone Ind AS Financial Statements	
Basis of Qualified Opinion	
8. statement (Para no.12 of basis of qualified opinion) that previous year's (2015-16) accounts had not been adopted in the Annual General Meeting (AGM) was factually incorrect as it was adopted in the adjourned fifth AGM held on 15 November 2017.	The factually incorrect statement is noted.
9. The Company did not account income receivable from maintenance of poles on accrual basis, which resulted in non compliance of Ind AS 18- Revenue and also was in violation of the Company's Accounting Policy on revenue recognition. The Independent Auditors did not mention about these while providing opinion on revenue from poles in Para no.13 (c) of basis of qualified opinion, making the opinion incomplete to that extent.	
10. Independent Auditors vide Para no.13 (d) of basis of qualified opinion reported that in few of the ARUs visited by them, it was found that tax collected such as sales tax, service tax, tax collected at source were accounted along with the income which resulted in understatement of liabilities and overstatement of income.	We have reported the above case based on the ARU visited by us. Since we could not get similar information from those units visited by us, we could not quantify the effect. Since we have furnished clear description of the deviations and could not quantify the effect due to reason stated above. We note this for our future compliance.

	The opinion was incomplete as the Independent Auditor neither quantified the effect of misstatement nor stated impracticability in quantifying its financial effects, as required in Para 21 of SA 705.	Noted for future guidance.
11	Independent Auditors did not amend the opinion paragraph heading to "basis for qualified opinion" as required in Para 20 (a) of SA 705.	Noted for future guidance.
12.	Independent Auditors did not quantify the aggregate possible effect(s) of the 15 individual qualifications made on financial statements, though so required by SA 705.	The impact of the qualifications,wherever possible has been done and its effect on the reported net loss could be inferred. Based on the ARU audited by us effect on account of non availability of information on similar items may not be very significant compared to the volume of business of the company. Noted the same for future compliance.

Sd/-

DIRECTOR (FINANCE)

REPLIES TO THE 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 31ST MARCH 2017

COMMENTS ON FINANCIAL STATEMENTS	REPLIES OF THE COMPANY
A. COMMENT ON PROFITABILITY	
Consolidated Statement of Profit and Loss 2016-17	
IV Expenses	
Purchase of Power- ₹7393.32 crore (Note no.25)	
The above does not include 1. ₹11.41crore being tariff arrears in respect to NLC TPS II based on Central Electricity Regulatory Commission's final tariff order dated 24 July 2017 for the period upto March 2017.	The arrear on account of final Tariff order dated 24.07.2017 was claimed by M/s NLC vide invoice dated 04.08.2017 and admitted by the company on 25.08.2017 and paid in three instalments on 31.08.2017, 03.10.2017 and 03.11.2017. It may be noted that the claim was accrued based on the final tariff order pronounced in the financial year 2017-18 and ascertained only on the basis on the invoice raised in the financial year 2017-18 and hence accounted by the company in the financial year 2017-18. The above accounting policy is being regularly followed by the company in accounting the power purchase claims due to the tariff revision orders of CERC.
2.₹5.49 crore being deviation charges payable to Power Grid Corporation of India Limited by the Company from July 2016 to March 2017.	The accounting policy followed by the company as detailed above may please be noted. In this case, M/s PGCIL has raised the invoice as per the Revised Regional Transmission Charges only on 10.01.2018 for the period from July 16 to November 2017 based on the CERC tariff revision orders issued in the financial year 2017-18. The liability was ascertained only on the basis of claim raised vide invoice dated 10.01.2018 and accounted in the financial year 2017-18 as per the policy is being regularly followed by the company

3.₹2.26 crore payable to Ahalia Alternate Energy Private Limited based on the revision (16 February 2018) of cost of power purchased for the period up to March 2017. These resulted in understatement of both the expense on purchase of power and the loss for the year by ₹19.16 crore.	M/s Ahalya was being paid an interim payment and accounted regularly at `3.95 per unit from 22.02.2016 to 31.01.2018 as per B.O. (FTD) No.2821/2016 dated 04.10.2016 till KSERC approved the Power Purchase Agreement with them. It may please be noted that the final tariff of `5.23 per unit was agreed and Power Purchase Agreement was executed between M/s AAEPL and KSEBL only on 16.02.2018 and hence the additional liability is accrued and ascertained only in the financial year 2017-18 and hence accounted in the financial year 2017-18.
Employee benefits Expenses - ₹3360.77 crore (Note no. 28)	
4. The above does not include ₹25.86crore being salary arrears payable for the period up to 31 March 2017, which was accounted only i the period April 2017 to February 2018.	An amount of ₹567 Crore on estimage basis has been provided as provision for the pay revision due from July 2013 in the books of accounts from 2013-14 to 2015-16. The entire provision was adjusted during the finanacial year 2016-17 on implementation of the pay revision as the pay revision effected in the month of May 2016. It may be noted that the actual expenditure on account of pay revision ascertained in 2016-17 was ₹568.03 Crore only and the said amount was adjusted against the provision made for the pay revision and the balance amount of ₹ 1.03 core was charged as the current year expenses. Even though thepay revision was effected from the month of May 2016, the pay revision of some employees may not be completed due to various reasons such as disciplinary action, LWA and other employee related matters. Pay revision of such employees can be effected only in subsequent period. The expenses incurred on account of the pay revison of such employees can be ascertained only on implementation of pay revision to their credit and be accounted accordingly. If there is no sufficient provision available to meet the pay revision arrears of such employees the expenditure will be charged to the current year expenses. It may please be noted that to total employee strength of KSEB Ltd. is more than

	33,000 and the provision required was already provided in the previous years on estimate basis and accurately projected by the company. In the reported cases, as there is no provision left to meet the amount booked in the employee cost of past ears the amount was charged as current year expenses. It may be noted that the total employee benefit expenditure charged in the profit and loss account of the company is ₹3360.77 crore and compared to the volume of business of the company, the reported understatement, if any, is only 0.77% and hence not material. The amount is correctly accounted on ascertaining the liability.
5. The above does not include ₹ 0.22 crore being salary arrears payable to members of Board of Directors for the period up to 2016-17 which was paid in July 2017. These resulted in understatement of both employee benefit expenses and the loss for the year by ₹26.08 crore.	Two pay revision arrear and salary arrear of one of the Board members was due since there was an objection of C&AG. This objection was cleared and disbursement of arrear salary sanctioned and payment was effected in the month of July 2017.
Other Expenses- Others- ₹83.64 crore (Note no. 32)	
6.The above does not include ₹1.04 crore refunded by the Company as per KSERC interim order dated 27 April 2017 to Cochin International Airport Limited being 80 percent of registration fee collected in 2015-16 for solar plants installed by them. This resulted in understatement of other expenses and the loss for the year by ₹1.04 crore.	The amount became refundable on the basis of the interim order of KSERC issued in the financial year 2017-18 and the payment was effected on 29.05.2017 i.e in the financial year 2017-18 and accounted accordingly. It may be noted that the liability was accrued in the financial year 2017-18 only

B. COMMENTS ON FINANCIAL POSITION

Consolidated Balance Sheet as 31st March 2017

Equities and Liabilities

Equity

Other Equity(Note No.14)

Retained Earnings(₹7,392.56 crore)

7. The Company did not rectify wrong accounting of ₹3.90 crore received from Government of Kerala for installation of six digital Seismic stations which was accounted as other receipts (Account Head 62999) during 2015-16 instead of Grant in aid from Government - Deferred Income. This resulted in understatement of Grant in aid from Government- Deferred Income and with equal understatement of the negative balance in retained earnings for the year by ₹3.90 crore.	The rectification entry to this effect is already provided in the Office of the CE (HRM) vide journal No.18 of 12/2017.
C.COMMENTS ON INDEPANDENT AUDITORS REPORT	**REPLIES OF THE STATUTORY AUDITORS**
Report on the Consolidated Ind AS Financial Statements	
Basis of Qualified Opinion	
8. statement (Para no.12 of basis of qualified opinion) that previous year's (2015-16) accounts had not been adopted in the Annual General Meeting (AGM) was factually incorrect as it was adopted in the adjourned fifth AGM held on 15 November 2017.	The factually incorrect statement is noted.
9. The Company did not account income receivable from maintenance of poles on accrual basis, which resulted in non compliance of Ind AS 18- Revenue and also was in violation of the Company's Accounting Policy on revenue recognition. The Independent Auditors did not mention about these while providing opinion on revenue from poles in Para no.13 (c) of basis of qualified opinion, making the opinion incomplete to that extent.	Noted for future guidance.
10. Independent Auditors vide Para no.13 (d) of basis of qualified opinion reported that in few of the ARUs visited by them, it was found that tax collected such as sales tax, service tax, tax collected at source were accounted along with the income which resulted in understatement of liabilities and overstatement of income. The opinion was incomplete as the Independent Auditor neither quantified the effect of	We have reported the above case based on the ARU visited by us. Since we could not get similar information from those units visited by us, we could not quantify the effect. Since we have furnished clear description of the deviations and could not quantify the effect due to reason stated above. We note this for our future compliance.

misstatement nor stated impracticability in quantifying its financial effects, as required in Para 21 of SA 705.	
11. Independent Auditors did not amend the opinion paragraph heading to "basis for qualified opinion" as required in Para 20 (a) of SA 705.	Noted for future guidance.
12. Independent Auditors did not quantify the aggregate possible effect(s) of the 16 individual qualifications made on financial statements, though so required by SA 705.	The impact of the qualifications, wherever possible has been done and its effect on the reported net loss could be inferred. Based on the ARU audited by us effect on account of non availability of information on similar items may not be very significant compared to the volume of business of the company. Noted the same for future compliance.

Sd/-

DIRECTOR (FINANCE)

REPLIES TO THE COMMENTS OF PRINCIPAL SECRETARY (FINANCE) ON THE AUDITED ACCOUNTS OF KERALA STATE ELECTRICITY BOARD LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31ST MARCH 2017

COMMENTS ON ACCOUNTS	REPLIES OF THE COMPANY
. The Current Ratio is 0.48:1 as against the standard ratio of 2:1, the Quick Ratio is 0.41:1 while standard ratio is 1:1 and the Net Working Capital is a negative figure. It means that the liquidity position of the organisation is very unsound. The firm is seen to be not in a position to meet its current obligations which will affect the credit worthiness of the entity and this cannot be recovered in an overnight. Hence, the management shall take all earnest efforts to improve its liquidity position.	Even though the Current Ratio and Quick ratio is less than the bench mark standard ratio, the company has been successful in meeting its current obligations without any default. The ratio will be improved on realising the revenue gaps approved by the Hon'ble KSERC. The company is following prudent norms for meeting its current obligations and utilising its internal resources for meeting financial obligations. However every earnest effort will be taken to improve credit worthiness of the company.
2. Delayed payment without affecting the relationship with suppliers is a good indicator of working capital management. This has been materialised in the case of management of Trade Payables. Easy recovery of cash from the customers is also a measure of effective working capital management. But the Trade Receivables showed an increasing trend over the last two years which is not desirable in the interest of the organization. Hence, the management shall look into this matter.	The company has been taking all efforts to meet the financial obligation like trade payable, interest expenses, payment to employees etc. in a time bound manner. Regarding Trade Receivables i.e, sundry debtors for sale of power, adequate security deposit is there with KSEBL for adjusting any dues of the consumers. Similarly, as per the procedure in vogue, disconnection is to be effected if dues are not paid in time. Hence majority of the sundry debtors are secured and good. However in respect of Kerala Water Authority and certain other government departments, the disconnection procedure is not being effected due to the reasons beyond the control of the Company. Similarly in some cases, the disconnection and recovery of arrears is pending due to court cases. Except these three items, the other debtors are secured and good. The company is taking all effort to reduce the trade receivables by forming the arrear clearance cell, dedicated revenue wing at section level etc

3. The deposit under Disbursement Bank Accounts has been increased manifolds. If this is in the form of current/savings bank account, increase in such deposits are not desirable. In such a situation, the management shall think of investing amount in more economic way like term deposits, investment in short -term marketable securities etc.	The balance lying in the Disbursement Bank Accounts pertains to the amount disbursed to the field units for payment to the passed bills. As per the procedure in vogue, the fund disbursement to the disbursement bank accounts of the field ARUs are being made only for the bills passed by the ARUs and kept ready for disbursement to the suppliers/ contractors. On assigning the funds, normally the ARUs are releasing the payments to the suppliers/ contractors on the same day itself or by the next day. The increased balance in the disbursement bank account is analyzed and the major amounts pertains to the DDUGJY/ IPDS grant received from Government of India, which is to be kept under the interest bearing accounts as per the guidelines. This fund is exclusively for meeting the expenditure under the DDUGJY / IPDS projects. The interest earned on these funds are to be remitted back to the Government of India.
4. The firm has incurred a net loss of Rs.1494.63 crore during the year under review. The loss is more than double of the previous year. The loss is mainly due to increase in employee benefit expenses, especially salary cost. The Company shall take all possible steps to improve the operating efficiency of the organisation especially in the distribution wing so as to reduce unit cost of the electricity generated and distributed with an ultimate aim of making profit.	The increase in loss to the tune of `1494.63 crore has occurred mainly due to the increase in power purchase cost and employee cost. The power purchase cost increased to the tune of `899crore compared to the previous year. The power purchase cost increased mainly due to the increase in consumption and decrease in hydel generation due to shortfall in monsoon. During the period, energy consumption increased by around 992 MU, at the same time the unit generated from our generating stations decreased by 2422 Mu. Hence to meet the shortage, the power was purchased at higher cost resulted in huge increase of power purchase cost. Increase in employee cost is mainly due to the implementation of pay/pension revision due from 07/2013. The employee benefits were disbursed from 04/2016 and this has reflected in the employee cost during the period.

5. The management shall also look into disproportionate change in 'Rent' and 'Other Expenses' under the head 'Administrative Expenses'.	The increase in Rent during the period compared to the previous year is due to the payment of arrear lease rent to the forest department. The increase in Other expenses is being verified.
6. The EPS is also further worsened to Rs.(-4.27)from (-1.99) in 2015-16. This will also adversely affect the credit worthiness of the organisation.	The EPS of the company worsened due to the heavy loss during the period. As pointed out above, the increase in loss was occurred mainly due to increase in power purchase cost which is dependent to the consumption and own generation of power. However all efforts are being taken by the company to reduce the operating expenses in future.

Sd/-

DIRECTOR (FINANCE)

REPLIES OF THE MANANGEMENT TO THE OBSERVATIONS OF SECRETARIAL AUDITOR FOR THE YEAR – 2016-17.

Sl. No	Observations in the Secretarial Audit Report	Replies/Comments of the Management
1	There is only one independent Director.	Kerala State Electricity Board Limited being a company fully owned by Government of Kerala the appointment of Independent Directors are made by Government of Kerala . Hence, the company as per letter No. CS/independence Director/2015-16 dated 03.05.2016 had requested the Government of Kerala to appoint two Independent Directors so as to comply with the provisions of the Companies Act, 2013 and the Government as per G.O. (MS) No.13/2016/Power dated 02.07.2016 appointed Dr. V Sivadasan as Independent Director. The appointment of the other Independent Director is pending with the Government of Kerala. The reminder vide letter No. CS/Independent Director/2015-16 dated 07.02.2017&22.03.2018 has also been sent to the Government for the appointment of one more Independent Director.
2	The Audit Committee constituted is consequently not in conformity with Sec.177 (2) of the Companies Act, 2013.	On the appointment of Dr. Sivadasan as Independent Director of Kerala State Electricity Board Limited, the already constituted Audit Committee without having Independent Director as member, had been reconstituted in the 27th meeting of the Board of Directors held on 29.07.2016, vide proceedings on Agenda No.34-07/2016 with Dr. V. Sivadasan, Independent Director as Chairman and Sri. N.S. Pillai IA&AS, Director (Finance) & Sri. O. Asokan Director (CP&SCM) as members. Consequent to the retirement of Sri. O. Asokan Director (CP&SCM) on Superannuation as on 31.05.2017, this Audit Committee is again reconstituted in the 33rd meeting of the Board of Directors held on 18.07.2017, vide proceedings on Agenda No. 04-07/2017 with Dr. V. Sivadasan, Independent Director as Chairman and Sri. N. S. Pillai, Director (Finance) & Sri. N. Venugopal, Director (CP, G-E, SCM & Safety) as members. Presently the Audit Committee

		conducts meetings regularly in compliance with the provisions of Companies Act, 2013.
3	The Company has not constituted a Nomination and Remuneration Committee as envisaged in Sec 178 (1) of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014.	Kerala State Electricity Board Limited being a Company fully owned by Government of Kerala, the power of appointment of the Directors is vested on the Government of Kerala and for permanent employees at the entry level other than compassionate and sports recruitment are done through Kerala Public Service Commission (KPSC). All rules applicable for State Government employee viz., KSR and KS & SSR etc are made applicable to employees of Kerala State Electricity Board Limited. Promotion to officer cadre are done through Departmental Promotion Committee in line with in KS & SSR and for all other promotions are based on seniority. For Workmen category, wages and other conditions of services are decided through wage negotiation between recognized Trade Union & Management as per Industrial Dispute Act, 1947. In case of officers their salary & Allowances are decided as per the recommendation of management committee after approval from Government. In view of the above, a separate Nomination and Remuneration Committee has not been constituted in the company.
4	As per Sec. 203(1) of the Act, the Company shall have a company Secretary who shall be a Key Managerial Person. The Chief Internal Audit Officer who is holding a higher post is having additional charge of Company Secretary. This is not in conformity with the spirit of relative provisions of Companies Act, 2013.	The Government of Kerala vide G.O.(MS) No.25/2015/PD dated 08.06.2015 had accorded sanction to create one post each of Company Secretary and Assistant Company Secretary with Pay scale of Deputy Chief Engineer and Assistant Executive Engineer respectively. Further the Government vide G.O.(MS) No.32/2015 ordered to fill up the post of Assistant Company Secretary from qualified hands within Kerala State Electricity Board Limited. Accordingly Smt. Lekha. G, Finance Officer was appointed as the Assistant Company Secretary since she was the lone qualified candidates among servicing employees and she has also been entrusted the with full additional charge of Company Secretary until further orders.

	Meanwhile Smt. Lekha. G., was appointed as the Chief Internal Auditor with Pay scale above that of Company Secretary through Kerala Public Service Commission. Since the post of Company Secretary could not be left vacant due to statutory obligations the Board vide B.O. (FTD) No. 2613/2017 (Estt.III/9395/2008) dated 23.10.2017 ordered to give full additional charge of the Company Secretary to Smt. Lekha. G, Chief Internal Auditor till a new Company Secretary is appointed. Necessary steps has already been taken up with the Kerala Public Service Commission for the appointment of Company Secretary.
D(3) There is a Committee of Full Time Directors to carry on the day to day functioning/ oversee working of the routine functions. As required in Sec 118(1) of the Companies Act, 2013 read with Rule 3(12) (c) of the Companies (Meetings of the Board and its Powers) Rules 2014, the Company is not keeping a record of the meetings of this Committee and its decisions are not placed before the Board of Directors except in circumstances where it is necessary to get Board approval to implement the decision of the Committee.	In erstwhile Kerala State Electricity Board, Full Time Member (FTM) Meetings were held from time to time to manage the day to day and operational matter of the Board. After coporatization of Kerala State Electricity Board, the Board of Directors in its 12th meeting held on 12.12.2013 decided to constitute a committee of Full Time Directors (Similar to the (FTM) of erstwhile KSEB) to ensure the smooth functioning of the day to day and operational maters of the company. The Government as per G.O (Rt.) No.71/2014/PD Thiruvananathapuram dated 26.02.2014 have ratified the formation of the committee of Full Time Directors in accordance with Clause 37 of Articles of Association of Kerala State Electricity Board Limited. The Full Time Directors, being a Committee of Directors, though are required to comply with the provisions of Companies Act, procedure of maintaining minutes was not followed due to the administrative inconvenience as most of the decisions are to be taken urgently. The practice being followed is that Full Time Directors Meetings are convened by the Committee to discuss day to day matters of the Company without sticking on to any fixed date and time. The decisions of Full Time Directors are communicated in the form of Board Order and hence transparency is ensured.

Sd/-

CHAIRMAN & MANAGING DIRECTOR

KERALA STATE ELECTRICITY BOARD LIMITED

Balance Sheet for 2016-17

Particulars	Note No	As at 31.03.2017 (₹.in Lakhs)	As at 31.03.2016 (₹.in Lakhs)	As at 31.03.2015 (₹.in Lakhs)
ASSETS				
Non current assets				
Property, Plant and Equipment	2	2,068,736	1,992,032	1,980,016
Capital work-in-progress	3	178,329	173,493	127,805
Financial Assets				
Investments	4	2,000	2,000	1,950
Loans	5	8,390	8,725	8,486
Others	6	55,070	53,081	51,215
Deferred Tax Assets (Net)		-	-	-
Other non-current assets	7	493,289	717,785	683,857
Current assets				
Inventories	8	31,019	29,204	24,183
Trade receivables	9	192,340	159,280	138,867
Cash and cash equivalents	10	23,603	16,643	15,936
Bank balances Other than Cash Equivalents	11	6,828	7,520	5,525
Other current assets	12	8,047	7,747	10,629
Total Assets		**3,067,651**	**3,167,509**	**3,048,470**
Equities and Liabilities				
Equity				
Equity Share capital	13	349,905	349,905	349,905
Other Equity	14	-740,788	-218,491	-148,729
Liabilities				
Non-current liabilities				
Borrowings	15	426,657	152,515	120,996
Other Financial Liabilities	16	311,597	279,628	247,907
Provisions	17	2,028,767	1,658,842	1,608,779
Deferred tax liabilities (Net)		-	-	-
Other non-current liabilities	18	142,922	85,110	46,636
Current liabilities				

Particulars	Note No	As at 31.03.2017 (₹.in Lakhs)	As at 31.03.2016 (₹.in Lakhs)	As at 31.03.2015 (₹.in Lakhs)
Financial Liabilities				
Borrowings	19	276,746	435,468	459,988
Trade payables	20	81,847	69,404	60,948
Other financial liabilities	21	189,998	353,043	299,957
Provisions	22	-	2,085	
Total Equity and Liabilities		**3,067,651**	**3,167,509**	**3,048,470**

For and on behalf of the Board of Directors

Sd/-
N.S.PILLAI IA & AS
CHAIRMAN AND MANAGING DIRECTOR
DIN:07282785

Sd/-
N. VENUGOPAL
DIRECTOR
(Corp. Planning, SCM, Safety &GE)
DIN:07558958

Sd/-
BIJU.R FCA
FINANCIAL ADVISER & CHIEF FINANCIAL OFFICER

Sd/-
LEKHA.G FCA, ACS
COMPANY SECRETARY I/c

Subject to our report of even date

FOR ISSAC&SURESH
Chartered Accountants
FRN:001150S

FOR ANANTHAN&SUNDARAM
Chartered Accountants
FRN:000148S

For G.VENUGOPAL KAMATH &Co.
Chartered Accountants
FRN:004674S

Sd/-
SOBHA SETHUMADHAVAN FCA
PARTNER
M. No.225166

Sd/-
C.A.HARIKRISHNAN.R.S.M.Com,DISA, FCA
PARTNER
M.No.230338

Sd/-
RAVINATH.R.PAI FCA
PARTNER
M.No.226547

Place:Thiruvananthapuram
Date:01.03.2018

KERALA STATE ELECTRICITY BOARD LIMITED
Statement of Profit and Loss for 2016-17

	Particulars	Note No.	(Rs. in lakhs)	
			For the year ended 31st March 2017	For the year ended 31st March 2016
	REVENUE			
I	Revenue From Operations	23	1,121,883	1,091,444
II	Other Income	24	40,078	31,603
III	Total Income (I+II)		1,161,960	1,123,047
IV	EXPENSES			
	Purchase of Power	25	739,332	649,491
	Generation of Power	26	2,345	10,426
	Repairs & Maintenance	27	26,513	26,050
	Employee benefits expense	28	336,077	310,455
	Finance costs	29	95,992	85,139
	Depreciation and amortization expense	30	71,888	69,962
	Other Expenses		-	-
	Administrative Expenses	31	37,479	32,958
	Others	32	8,364	9,560
	ADD CHANGES IN FAIR			
	VALUATION AND OTHER ADJ	33	-6,566	-1,296
	Total expenses (IV)		1,311,423	1,192,743
V	Profit/(loss) before exceptional items			
	and tax (III- IV)		-149,463	-69,697
VI	Exceptional Items		-	-
VII	Profit/(loss) before tax (V-VI)		-149,463	-69,697
VIII	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
IX	Profit (Loss) for the period from			
	continuing operations (VII-VIII)		-149,463	-69,697
X	Profit/(loss) from discontinued			
	operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit/(loss) from Discontinued			
	operations (after tax) (X-XI)		-	-
XIII	Profit/(loss) for the period (IX+XII)		-149,463	-69,697
XIV	Other Comprehensive Income		-	-

	Particulars	Note No.	(Rs. in lakhs) For the year ended 31st March 2017	For the year ended 31st March 2016
	A (i) Items that will not be reclassified			
	to profit or loss		-	-
	(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		-	-
XV	Total Comprehensive Income			
	for the period (XIII+XIV)			
	(Comprising Profit (Loss) and Other			
	Comprehensive Income for the period)		-149,463	-69,697
XVI	Earnings per equity share			
	(for continuing operation):			
	(1) Basic (₹)		-4.27	-1.99
	(2) Diluted (₹)		-4.27	-1.99
XVII	Earnings per equity share			
	(for discontinued operation):			
	(1) Basic		-	-
	(2) Diluted		-	-

For and on behalf of the Board of Directors

Sd/-
N.S.PILLAI IA & AS
CHAIRMAN AND MANAGING DIRECTOR
DIN:07282785

Sd/-
N. VENUGOPAL
DIRECTOR
(Corp. Planning, SCM, Safety &GE)
DIN:07558958

Sd/-
BIJU.R FCA
FINANCIAL ADVISER & CHIEF FINANCIAL OFFICER

Sd/-
LEKHA.G FCA, ACS
COMPANY SECRETARY I/c

Subject to our report of even date

FOR ISSAC&SURESH
Chartered Accountants
FRN:001150S
Sd/-
SOBHA SETHUMADHAVAN FCA
PARTNER
M. No.225166

FOR ANANTHAN&SUNDARAM
Chartered Accountants
FRN:000148S
Sd/-
C.A.HARIKRISHNAN.R.S.M.Com,DISA, FCA
PARTNER
M.No.230338

For G.VENUGOPAL KAMATH &Co.
Chartered Accountants
FRN:004674S
Sd/-
RAVINATH.R.PAI FCA
PARTNER
M.No.226547

Place: Thiruvananthapuram
Date: 01.03.2018

Cash Flow Statement for the period ended 31st March 2017

Particulars	Amount (₹ In lakhs)	
	2016-17	2015-16
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX (As per Ind AS)	**-149,463**	**-69,697**
CAPITAL CHANGES	**-149,463**	**-69,697**
Depreciation	71,888	69,962
Finance cost	95,992	85,139
Investment income	-24	-22
Interest Income	-719	-965
Prior period interest and finance charges	18	1,427
Operating profit before working capital changes	**17,692**	**85,845**
Adjustments for:		
Changes in Inventories	-1,815	-5,021
Changes in Sundry Debtors	-33,060	-20,413
Changes in Other Current Asset	-300	2,884
Changes in Current Liabilities and Provisions	-323,851	28,567
Changes in Trade Payable	12,443	8,456
Cash generated from Operations	**-328,892**	**100,319**
Income Tax	0	0
Net cash flow from /(used in) Operating Activities(A)	**-328,892**	**100,319**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Change in Fixed Asset	-148,592	-83,015
Other Adjustments in fixed assets	-	1,038
Changes in Capital Work-in Progress	-4,836	-45,688
Income from Investment	24	22
Change in Investments	-	-50.00
Interest from Banks	719	965
Change in Capital Advance	-1,989	-1,865
Long Term Loans & Advances	224,831	-34,153
Net cash flow from / (used in) Investment Activities(B)	**70,157**	**-162,747**
CASH FLOW FROM FINANCING ACTIVITIES		
Changes in Equity Capital	-372,834	-81
Changes in Provisions	369,925	50,063
Changes in Financial Liabilties	31,969	31,721
Changes in Long Term Borrowings	274,141	31,519

Particulars	Amount (₹ In lakhs)	
	2016-17	2015-16
Interest and Other cost of raising Finance	-95,992	-85,139
Changes in Other Non Current Liabalities	57,812.56	38,474.24
Prior Period Interest and Finance charges	-18	-1,427
Net cash flow from / (used in) Financing Activities(C)	**265,004**	**65,131**
	6,268	**2,703**
NET CHANGE IN CASH & CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AT THE BEGINNING	24,163	21,460
CASH AND CASH EQUIVALENTS AT THE END	30,431	24,163

For and on behalf of the Board of Directors

Sd/-
N.S.PILLAI IA & AS
CHAIRMAN AND MANAGING DIRECTOR
DIN:07282785

Sd/-
N. VENUGOPAL
DIRECTOR
(Corp. Planning, SCM, Safety &GE)
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Subject to our report of even date

FOR ISSAC&SURESH
Chartered Accountants
FRN:001150S

FOR ANANTHAN&SUNDARAM
Chartered Accountants
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For G.VENUGOPAL KAMATH &Co.
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FRN:004674S

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SOBHA SETHUMADHAVAN FCA
PARTNER
M. No.225166

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C.A.HARIKRISHNAN.R.S.M.Com,DISA, FCA
PARTNER
M.No.230338

Sd/-
RAVINATH.R.PAI FCA
PARTNER
M.No.226547

Place:Thiruvananthapuram
Date:01.03.2018

KERALA STATE ELECTRICITY BOARD LIMITED

Statement of Changes in Equity for the year ended on 31st March 2017

A: EQUITY SHARE CAPITAL Amount Rs.in lakhs

Balance as at 1st April 2015	Changes in equity share capital during the year	Balance as at 31st March 2016	Changes in Equity share capital during the year	Balance as at 31st March 2017
349,905.00	-	349,905.00	-	349,905.00

B. OTHER EQUITY

Statement of Changes in Equity Amount (Rs. In lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Capital Reserve	-	-	-
Security Premium Account	-	-	-
Bonds/Debenture Redemption Reserve	-	-	-
General Reserve	-	-	-
Retained Earnings	-740,788.01	-218,490.79	-148,729.00
Other Reserves	-	-	-
Particulars	**As at 31.03.2017**	**As at 31.03.2016**	**As at 01.04.2015**
General reserve			
As per Last Balance Sheet	-	-	-
Add: Additions and Transfers	-	-	-
(Less) : Utilisation	-	-	-
As at Balance Sheet Date	-	-	-
Retained Earning Surplus			
As per Last Balance Sheet	-218,410.04	-148,729.00	-
Add: Profit During the Year	-149,462.85	-69,681.04	-
Add: Additions and Transfers	-	-	-
(Less) : Transfer to Reserves	-	-	-
(Less) : Dividend and Corporate Dividend Tax	-	-	-
As at Balance Sheet Date	-367,872.89	-218,410.04	-148,729.00

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Other Reserves - Fair Value through			
Other Comprehensive Income			
As per Last Balance Sheet	-80.75	-	-
Add: Fair value gain/(loss) During the Year	-372,834.37	-80.75	-
As at Balance Sheet Date	-372,915.13	-80.75	-
Total	-740,788.01	-218,490.79	-148,729.00

For and on behalf of the Board of Directors

Sd/-
N.S.PILLAI IA & AS
CHAIRMAN AND MANAGING DIRECTOR
DIN:07282785

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N. VENUGOPAL
DIRECTOR
(Corp. Planning, SCM, Safety &GE)
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PARTNER
M.No.230338

Sd/-
RAVINATH.R.PAI FCA
PARTNER
M.No.226547

Place:Thiruvananthapuram
Date:01.03.2018

KERALA STATE ELECTRICITY BOARD LIMITED

Reconciliation as on Transition Date - 01.04.2015

Sl. No	Particulars	Amount (Rs. In lakhs)
A	**Total equity(shareholders's funds) as per previous GAAP on 01.04.2015**	**219,862**
	Add/(Less): Adjustments under Ind AS	
1	Audit Qualification Adjustments	-21,151
2	Policy Changes on Amortisation of Grant	-
	Consumer Contribution	2,100
	Regular Grant	365
B	Total Adjustments	-18,686
C	Total equity(shareholders's funds) as per Ind AS on 01.04.2015 (A+B)	201,176

Reconciliation as on Comparable Date - 31.03.2016 (2015-16)

Sl. No	Particulars	Amount (Rs. In lakhs)
A	**Total equity(shareholders's funds) as per previous GAAP on 31.03.2016**	**188,533**
	Add/(Less): Adjustments under Ind AS	-
1	Previous year adjustments	-18,686
	Current year adjustments	-
2	Adjustments on Qualifications	-39,729
3	Policy Changes on Amortisation of Grant	1,299
4	Changes in the Fairvalue of interest	-2
B	**Total Adjustments**	**-57,119**
C	**Total equity (shareholders's funds) as per Ind AS on 31.03.2016 (A+B)**	**131,414**

Reconciliation as on Balance Sheet Date - 31.03.2017

Sl. No	Particulars	Amount (Rs. In lakhs)
A	**Total equity(shareholders's funds) as per previous GAAP on 31.03.2017**	23,288
	Add/(Less): Adjustments under Ind AS	-
1	Previous year adjustments	-57,119
	Current year adjustments	-
2	Adjustments on Qualifications	9,128
3	Adjustment on Fair value changes of interest	3,372
4	Adjustment on Fair value changes of loan	1,025
5	Adjustment on Fair value changes of grant	-1,008
6	Policy Changes on Amortisation of Grant	3,177
7	Adjustment on account of OCI	-372,747
B	**Total Adjustments**	**-414,171**
C	**Total equity(shareholders's funds) as per Ind AS on 31.03.2017 (A+B)**	**-390,883**

RECONCILIATION OF BALANCE SHEET ITEM AS REPORTED UNDER IGAAP AND IND AS

Particulars	2016-17 Amount (Rs. in Lakhs)			2015-16 Amount (Rs. in Lakhs)			2014-15 Amount (Rs. in Lakhs)		
	IGAAP 16-17	Adjust-ments	IND AS 16-17	I GAAP 15-16	Adjust-ments	IND AS 15-16	IGAAP 14-15	Adjust-ments	IND AS 14-15
ASSETS									
Non current assets									
Property, Plant and Equipment	2,088,841	20,104	2,068,736	2,005,523	-13,491	1,992,032	1,980,801	-786	1,980,01
Capital work-in-progress	218,921	40,592	178,329	200,380	-26,887	173,493	148,137	-20,332	127,805
Financial Assets	-	-	-	-	-	-			
Investments	2,000	-	2,000	2,000	-	2,000	1,950	-	1,950
Loans	8,585	196	8,390	8,672	54	8,725	8,450	37	8,486
Others (to be specified)	55,139	69	55,070	53,081	-	53,081	51,215	-	51,215
Deferred Tax Assets (Net)	-	-	-	-	-	-	-	-	-
Other non-current assets	493,595	306	493,289	717,828	-43	717,785	683,857	-	683,857
Current assets	-	-	-	-	-	-			
Inventories	30,999	-20	31,019	29,011	193	29,204	23,990	193	24,183
Trade receivables	192,340	-	192,340	159,280	-	159,280	138,867	-	138,867
Cash and cash equivalents	23,603	-	23,603	16,643	-	16,643	15,936	-	15,936
Bank balances Other than Cash Equivalents	**6,828**	**-**	**6,828**	**7,520**	**-**	**7,520**	**5,525**	**-**	**5,525**
Other current assets	8,075	28	8,047	9,076	-1,330	7,747	10,586	43	10,629
Total Assets	**3,128,925**		**3,067,651**	**3,209,013**		**3,167,509**	**3,069,314**		**3,048,470**
Equities and Liabilities									
Equity		-			-			-	
Equity Share capital	349,905	-	349,905	349,905	-	349,905	349,905	-	349,905

Other Equity	-326,617	414,171	-740,788	-161,372	-57,119	-218,491	-130,043	-18,686	-148,729
Liabilities	-	-		-			-	-	
Non-current liabilities	-	-		-			-	-	
Financial Liabilities	-	-		-			-	-	
Borrowings	453,692	27,035	426,657	172,018	-19,502	152,515	169,935	-48,939	120,996
Other Financial Liabilities	311,597	-	311,597	279,628	-	279,628	247,907	-	247,907
Provisions	1,656,020	-372,747	2,028,767	1,657,416	1,426	1,658,842	1,608,779	-	1,608,779
Other non-current liabilities	143,298	376	142,922	83,206	1,904	85,110	50,012	-3,376	46,636
Current liabilities	-	-		-			-	-	
Financial Liabilities	-	-		-			-	-	
Borrowings	255,366	-21,380	276,746	420,527	14,941	435,468	411,048	48,939	459,988
Trade payables	91,964	10,117	81,847	52,614	16,790	69,404	60,948	-	60,948
Other financial liabilities	193,700	3,702	189,998	352,986	57	353,043	298,738	1,219	299,957
Provisions	-	-	-	2,085	-	2,085	2,085	-	2,085
Total Equity and Liabilities	**31,28,925**		**30,67,651.15**	**32,09,012.96**		**31,67,508.97**	**30,69,314**		**30,48,470**

RECONCILIATION OF STAEMENT OF PROFIT OR LOSS AS REPORTED UNDER IGAAP AND IND AS

S. No	Particulars	I GAAP 16-17	Adjustments	IND AS 16-17	I GAAP 15-16	Adjustments	IND AS 15-16
	REVENUE						
I	Revenue From Operations	11,21,912	-29	11,21,883	10,91,444	-	10,91,444
II	Other Income	36,775	3,302	40,078	33,271	-1,668	31,603
III	Total Income (I+II)	11,58,687	3,273	11,61,960	11,24,715	-1,668	11,23,047
IV	EXPENSES						
	Purchase of Power	7,66,440	-27,108	7,39,332	6,33,682	15,809	6,49,491
	Generation of Power	2,345	-	2,345	10,426	-	10,426
	Repairs & Maintenance	26,690	-177	26,513	25,976	75	26,050
	Employee benefits expense	3,37,376	-1,298	3,36,077	3,10,453	1	3,10,455
	Finance costs	92,293	3,699	95,992	85,141	-2	85,139
	Depreciation and amortization expense	52,066	19,822	71,888	49,122	20,840	69,962
	Other Expenses	-	-	-	-	-	-
	Administrative Expenses	37,872	-393	37,479	32,788	170	32,958
	Others	8,851	-487	8,364	8,458	1,102	9,560
	ADD CHANGES IN FAIR VALUATION AND OTHER ADJ	-	-6,566	-6,566	-	-1,296	-1,296
	Total expenses (IV)	13,23,933	-12,509	13,11,423	11,56,044	36,699	11,92,743
V	Profit/(loss) before exceptional items and tax (III- IV)	-1,65,245	15,782	-1,49,463	-31,329	-38,367	-69,697
VI	Exceptional Items	-		-			-
VII	Profit/(loss) before tax (V-VI)	-1,65,245	15,782	-1,49,463	-31,329	-38,367	-69,697
VIII	Tax expense:						
	(1) Current tax			-			-
	(2) Deferred tax			-			-
IX	Profit (Loss) for the period from continuing operations (VII-VIII)	-1,65,245	15,782	-1,49,463	-31,329	-38,367	-69,697

X	Profit/(loss) from discontinued operations			-			
XI	Tax expense of discontinued operations			-			
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)			-			
XIII	Profit/(loss) for the period (IX+XII)	-1,65,245	15,782	-1,49,463	-31,329	-38,367	-69,697
XIV	Other Comprehensive Income			-			
	A (i) Items that will not be reclassified to profit or loss			-			
	(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			-			
XV	Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income for the period)	**-1,65,245**	**15,782**	**-1,49,463**	**-31,329**	**-38,367**	**-69,697**

KERALA STATE ELECTRICITY BOARD LIMITED

Note 1: COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

1.1. Corporate information

Kerala State Electricity Board Limited is incorporated under the Companies Act, 2013 and is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013. 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.

1.2. Statement of Compliance

These standalone financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable.

These are the Kerala State Electricity Board Limited's first Ind AS compliant financial statements and Ind AS 101 'First Time Adoption of Indian Accounting Standards' has been applied. For all the periods upto and including 31 March 2016, the Company had prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India, accounting standards specified under Section 133 of the Companies Act, 2013, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable. The Company followed the provisions of Ind AS 101 in reinstating its opening Balance Sheet in Ind AS Framework as of the date of transition, viz. 1 April 2015. Some of the Company's Ind AS accounting policies used in the opening Balance Sheet are different from its previous GAAP policies applied as at 31 March 2015, and accordingly the adjustments were made to restate the opening balances as per Ind AS. The resulting adjustments arose from events and transactions before the date of transition to Ind AS. Therefore, as required by Ind AS 101, those adjustments were recognized directly through retained earnings as at 1 April 2015. This is the effect of the general rule of Ind AS 101 which is to apply Ind AS retrospectively.

The Company has elected to avail the exemption granted by IND AS 101, "First time adoption of IND AS" to regard those heads at the date of the transition to IND AS (i.e. as on April 1, 2015) wherever applicable.

An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company is provided as a reconciliation statement annexed.

1.3. Basis of Measurement & Use of Management Estimates

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value as laid out by Ind AS 109 Financial Instruments (refer accounting policy regarding financial instruments) and certain fixed assets which were capitalised in-order to reflect the actual position in the balance sheet at written down value. The methods used to measure fair values and written down value are discussed further in notes to financial statements.

The preparation of these financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported value of assets, liabilities, income and expenses and related disclosures, including contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factors are considered reasonable and prudent in the circumstances and such assumptions are reviewed on an ongoing basis

1.4. Current & Non-current Classification

The company presents assets and liabilities in the balance sheet based on the current and non-current classification. An asset is current when it is expected to be realized or intended to be sold or consumed in normal operating cycle; held primarily for 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 liability for at least 12 months after the reporting period and any other asset that do not belong to the former categories are classified as non-current.

A liability is current when, it is expected to be settled in normal operating cycle; it is held primarily for trading, it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period and any liability other than what has been mentioned above shall be non-current liability.

1.5. Critical Judgments and Assumptions

a) 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.

b) 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.

c) Post-retirement benefit plans

Employee benefit obligations are measured based on actuarial assumptions which include morality and withdrawal rates as well as assumptions concerning future development in discount rates, the rate of salary increase, inflation rate and expected rate of return of planned asset. The company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have an impact on the resulting calculations.

d) 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. Revenue from Interstate sale of power is recognized on accrual basis.

e) Provisions and Contingencies

The assessment undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. The evaluation of the likelihood of the contingent events has been made best judgment by management regarding probable outflow of economic resources. Such estimation can change after unforeseeable development.

f) Impairment of Trade Receivables

Considering the historical credit loss experience for trade receivables, the Company does not envisage any either impairment in the value of receivables from beneficiaries or loss due to time value of money owing to delay in realization of trade receivables. However, the company, in respect of the concept of prudence, provides for the debts that are doubtful, based on a policy.

g) Investment in Subsidiaries, Associates and Joint Ventures

Investment has been carried at cost and as per the assessment by the company and there is no indication of impairment of such investments. Only a change in the assumptions will have a material impact in the recoverability of the amount.

1.6. Property, Plant and Equipment (PPE)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all its property, plant and equipment as recognised in its IGAAP financial statements as deemed cost at the transition date, viz., April 1, 2015.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any. Such cost includes expenditure that is directly attributable to the acquisition/construction of the asset. 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

1.7. 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. Capital work in Progress up to March 31, 2015 were carried in the Balance Sheet in accordance with Indian GAAP.

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 and General Administration expenses of various units are allocated to "Revenue expenses pending allocation over capital works" on the basis of following ratio

Units Generation	Employee cost 100% for offices exclusive for Civil works.	Admn. & General Exps. 100% for offices exclusive for Civil works.
Transmission	25%	25%
Distribution	5%	NIL
HO	5%	5%

Advertisement charges relating to capital equipment and Interest and finance cost related to capital expenditure are also allocated to Revenue expenses pending allocation over capital works.

1.8. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction/exploration/ 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.

1.9. Regulatory Deferral Accounts

The Company is mainly engaged in generation and sale of electricity. The price to be 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. The Company is eligible to apply Ind AS 114, Regulatory Deferral Accounts. The standard permits an eligible entity to continue previous GAAP (Guidance Note on accounting for Rate Regulated Activities) accounting policy for its policy for such balances. Hence Company has opted to continue with its previous GAAP accounting policy for such balances.

1.10. Inventory

Fast moving stores and spares are valued at standard rates, determined by the company, in respect of items for which standard rates are fixed. Other items are valued at actual price. The difference between actual cost and standard rate is debited or credited to Material cost variance as the case may be. The difference between actual cost and standard rate is debited or credited to Material cost variance debit balance if any in the account is charged to profit and loss account.

1.11. Fair Valuation

The Company measures financial instruments, such as, long term loans at fair value at each balance sheet date. Fair value is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability, or
2. In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

1. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
2. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
3. Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The company management determines the policies and procedures for recurring and non-recurring fair value measurement. Involvement of external valuers is decided upon annually by company management. The management decodes after discussion with external valuers, about valuation technique and inputs to use for each case. At each reporting date, the Company's management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Company, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy
- Investment properties
- Financial instruments

1.12. Government Grant

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant / subsidy 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. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

1.13. Provisioning of Debtors

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.

Total provision for bad and doubtful debts amounting to Rs.789.31 crores were made up to 2008-09 based on the age wise analysis of debtors at the rates mentioned below. As adequate provision is already there, no further provision for bad and doubtful debts is made during the period. The age wise analysis and corresponding provisions for the period is not incorporated in the accounts.

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

1.14. 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. The KSEB Limited Employees Welfare Fund maintains the short-term welfare fund and is an autonomous institution registered under Travancore Cochin Literary Scientific and Charitable Societies Registration Act 1955 under Registration No. T 925 dated 16.10.1996. KSEB Limited is contributing Rs.30 /- per employee per month to the KSEB Limited employee welfare fund.

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 Board employees. In Tier I, the Board 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 should be operationalisedoperationalized during the financial year 2014-15 and the pension to be disbursed through this Trust. Though the Master Trust was registered the procedural formalities for full operationalization of trust is not yet completed and hence trust could not be functioned as per the scheme notified in the Second Transfer Scheme. Hence the pension was disbursed to the pensioners from the cash flow of the company. However, the company started distributing pension through the Master Trust with effect from 01.01.2016. The Master Trust made operational with effect from 01.04.2017 and the bonds were issued on that date.

1.15. Revenue Recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuous management involvement and the amount of revenue can be measured reliably. Revenue from the sale of power is measured at the fair value of the consideration received or receivable.

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. Revenue from Interstate sale of power is recognized on accrual basis. Customers are billed on a periodic and regular basis. As at each reporting date, revenue from sale of power includes an accrual for sales delivered to customers but not yet billed (unbilled revenue). Recovery/ refund towards foreign currency variation in respect of foreign currency loans and recovery towards Income Tax are accounted for on year to year basis.

Interest/Surcharge recoverable from customers, liquidated damages /interest on advances to contractors and Income from Investment in other Companies is recognised on receipt basis since management expects that measurability and collectability of such items are uncertain and cannot be estimated.

1.16. Taxes on income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax Laws used to compute the amounts are those that are enacted, at the reporting date. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amount that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognized and carried forward only to the extent, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.17. Impairment of asset

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss.

1.18. 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.

1.19. Secured and Unsecured Loans

All non-current secured loans are subject to fair valuation under Ind AS 109: Financial InstrumentsSecurities details of secured loans:. For fair valuation, market rate is taken from the rate notified for the appropriate class of the company based on the purpose of the loan and subject to the credit rating given to Kerala State Electricity Board Limited by the external credit rating agency (CRISIL). Such notified interest rate is taken and discounted to arrive at the present value of future obligations and compared with the carrying value of the loan to identify the effect of time value of money and has been appropriately dealt through Fair Value Through Profit and Loss Account.

However, if the actual rate of interest charged by the lending institutions is less than the notified market rate, such benefit of concessional rate of interest is computed and recognized as a grant as defined under Ind AS 20 Government Grants and amortized in proportion to the expense incurred towards the loan by way of giving effect through Fair Value Through Profit and Loss Account.

1.20. 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. Company has not entered into transactions in foreign currency during the financial year 2016-

17 or in the reported comparative periods.

1.21. .CProvisions 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. 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 benefit is remote. 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.

1.22.Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year. Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Basic and diluted earnings per equity share are also computed using the earnings amounts excluding the movements in regulatory deferral account balances.

1.23.Reinstatement of figures of comparative years

Account balances of the previous year has been reinstated on account of compliance with Ind AS requirements. The reconciliation has been given in the respective note.

1.24. 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.

1.25.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”.

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Note 2 Property Plant and Equipment

Particulars	Ind AS (Rs. In Lakhs)										
				Plant & Machinery						Others	
	Land & Land Rights	Buildings	Other Civil Works	Plant & Machinery	Hydraulic Works	Lines, Cable & Network	Furniture & Fixtures	Vehicles	Office Equipments	Seignorage Value	Total
Cost/Deemed Cost											
At 1 - April - 2015	1,67,379	66,747	48,329	15,81,080	1,16,402	6,87,005	2,981	1,897	9,123	1	26,80,944
Additions	3,945	1,044	2,905	15,616	638	48,570	214	140	771	0	73,844
Deductions	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-1,038	47	3	4	-60	6	-	-	-	-	-1,038
At 31 - March - 2016	1,71,218	67,991	51,475	15,99,101	1,17,103	7,40,844	3,200	2,080	9,909	1	27,62,922
Additions	6,127	10,747	7,767	35,007	15,973	68,902	830	143	3,096	0	1,48,592
Deductions	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	1,038	(47)	(3)	23	60	160	-	-	-	-	1,231
At 31 - March - 2017	1,77,345	78,738	59,241	16,34,108	1,33,076	8,09,746	4,031	2,223	13,006	2	29,11,515
Accumulated Depreciation & Impairment of Asset											
At 1 - April - 2015	-	26,376	12,297	2,75,960	42,047	3,36,464	1,513	1,549	4,722	-	7,00,929
Depreciations Expenses	-	2,018	1,604	25,107	5,563	34,309	178	89	1,093	-	69,962
Deductions	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
At 31 - March - 2016	-	28,394	13,902	3,01,067	47,609	3,70,773	1,691	1,638	5,816	-	7,70,891
Depreciations Expenses	-	2,212	1,838	23,607	6,343	36,367	204	98	1,220	-	71,888
Deductions	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
At 31 - March - 2017	-	30,605	15,740	3,24,674	53,952	4,07,140	1,895	1,736	7,035	-	8,42,778
Carrying Value	-	-	-	-	-	-	-	-	-	-	-
At 31 - March - 2017	**1,77,345**	**48,133**	**43,502**	**13,09,434**	**79,124**	**4,02,605**	**2,136**	**487**	**5,970**	**2**	**20,68,736**
At 31 - March - 2016	**1,71,218**	**39,597**	**37,573**	**12,98,034**	**69,493**	**3,70,071**	**1,509**	**441**	**4,094**	**1**	**19,92,032**
At 01 - April - 2015	**1,67,379**	**40,371**	**36,032**	**13,05,120**	**74,356**	**3,50,541**	**1,468**	**348**	**4,401**	**1**	**19,80,016**

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Note 3 : Capital Work in Progress

Particulars	(Rs. In Lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Capital Work in Progress	1,54,833	1,36,596	1,03,485
Revenue Expenses Pending Allocation over capital works	23,496	36,897	24,321
Total	1,78,329	1,73,493	1,27,805

Note 4 : Investment (Non Current)

Particulars	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
	Face Value	No. of Shares (in lakhs)	Amount Rs. (in lakhs)	Face Value	No. of Shares (in lakhs)	Amount Rs. (in lakhs)	Face Value	No. of Shares (in lakhs)	Amount Rs. (in lakhs)
INVESTMENT IN EQUITY INSTRUMENTS Unquoted Investments Fully Paid Up - Kerala Power Finance Corporation Ltd.	10	95	950	10	95.001	950	10.00	95.001	950
Baitarani West Coal Company Ltd.	1,000	1	1,000	1,000	1	1,000	1,000.00	1	1,000
Investment in									
Renewable Power Corporation of Kerala	1,000	0.05	50	1,000.00	0.05	50	-	-	-
Other Investments			0.01	-	-	-	-	-	-
Total			**2,000.01**			**2,000.01**			**1,950.01**

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Note 5 : Non Current Assets - Financial Assets - Loans

Particulars	(Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Loans Including Interest Accrued **Loans to related parties**			
Secured Loans	0	0	0
Unsecured Loans Considered Good	0	0	0
Doubtful Loans	0	0	0
Loans to Employees			
Secured Loans	0	0	0
Unsecured Loans Considered Good	0	0	0
Doubtful Loans	0	0	0
Other Loans			
Secured Loans	0	0	0
Unsecured Loans Considered Good	0	0	0
Advance given to licensee	-	103	103
Advance given to others	8,390	8,622	8,383
Doubtful Loans	-	-	-
Total	8,390	8,725	8,486
Loans Due from Directors and Officers of the Company			
Loans to Directors	-	-	-
Loans to Officers	-	-	-
Total	-	-	-
Loans to Related Parties Include			
Subsidiaries	-	-	-
Associates	-	-	-
Joint Ventures	-	-	-
Structured Entities	-	-	-
Total	**-**	**-**	**-**

Note 6 : Non Current Assets - Other Financial Assets

Particulars	(Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
BANK DEPOSITS WITH MORE THAN 12 MONTHS MATURITY			
Interest Accrued			
On Loan to Government & Others	0	0	0
On Bank Deposits with more than 12 months	0	0	0
Security Deposits	55,070	53,081	51,215
Total	**55,070**	**53,081**	**51,215**

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Note 7 : Other Non Current Assets

Particulars	(Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
OTHER NON CURRENT ASSETS			
Capital Advances			
Secured Advances			
Unsecured Advances Considered Good			
Covered by Bank Guarantee			
Others	13,661	10,493	12,678
Advances Considered Doubtful			
ADVANCES OTHER THAN CAPITAL ADVANCES			
Advances to Related Parties			
Advances to Employees			
Advance to Contractors & Suppliers			
Other Advances			
Others			
Deferred Cost on Employee Loans			
Secured considered good			
Unsecured considered good			
Deferred Cost Account of Feasibility/Survey	10,239	9,368	8,361
Receivable from Government	4,69,390	6,97,924	6,62,818
Total	**4,93,289**	**7,17,785**	**6,83,857**

CAPITAL ADVANCE INCLUDES ADVANCE GIVEN TO COMPANIES IN WHICH ONE OR MORE OF THE DIRECTORS ARE INTERESTED

Note 8 : Inventories

Particulars	Ind As (Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Fuel Stocks	0	584	1116
Heavy Duty Oil	750	0	0
Stock of Materials at Construction Stores	5610	7967	6150
Stock of Materials at other stores	5025	4922	2169
Material at Site (Cap)	0	0	0
Material at Site (O & M)	18365	13490	12541
Other Materials Account	1295	2259	2225
(Less) Provision for Shortages and Obsolescence	27	18	17
Total	**31019**	**29204**	**24183**

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Note 9 Current Financial Assets : Trade Receivables

Particulars	(Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Trade Receivables			
Secured, considered good			
Unsecured considered good			
Sundry Debtors for Sale of Power	2,42,240	2,11,853	1,95,600
Sundry Debtors for Inter State Sale of Power	293	293	307
Sundry Debtors for Electricity Duty	14,991	13,611	11,917
Sundry Debtors (Miscellaneous)	13,745	12,453	9,974
Doubtful.	-	-	-
(Less) Allowance for Bad and Doubtful Debts	78,931	78,931	78,931
Total	**1,92,340**	**1,59,280**	**1,38,867**

Note 10 : Current Financial Assets - Cash & Cash Equivalents

Particulars	(Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Balances with Banks (of the nature of cash and cash equivalents)			
Balance with Bank/Treasury	2,210	1,937	1,082
Disbursement Bank Accounts	17,878	2,542	1,411
Drawing Account with Treasury	238	8,314	8,507
Current Accounts			
Deposits with original maturity upto three months	2,820	2,743	3,720
Cheques, drafts on hand			
Cash on hand			
Cash In Hand	434	1,049	1,163
Cash Imprest with Staff	24	59	54
Others			
Total	**23,603**	**16,643**	**15,936**

Kerala State Electricity Board Limited

Note 11: Financial Assets - Current - Bank Balances Other Than Cash and Cash Equivalents

Financial Assets - Current - Bank Balances Other Than Cash and Cash Equivalents

Particulars	(Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Balances with Banks includes			
Deposits with original maturity more than 3 months but within 1 year	0	0	0
Earmarked Balance with Banks - Unpaid Dividend	0	0	0
Margin Money or Security Against the Borrowings, Guarantees & Other commitments	6,828	7,520	5,525
Total	**6,828**	**7,520**	**5,525**

Bank Balances year wise

Year	**14-15**	
Name of the bank	**Amount (Rs. In lakhs)**	**Date of Maturity**
State bank of Travancore	1,421	20.05.2015
Canara Bank	242	01.11.2015
Punjab & Sind Bank	2,500	01.09.2015
South Malabar Gramin Bank	76	16.03.2016
North Malabar Gramin bank	162	25.03.2016

Year	**15-16**	
Name of the bank	**Amount (Rs. In lakhs)**	**Date of Maturity**
State bank of Travancore	1,555	20-May-16
Canara Bank	263	11-Jan-17
Vijaya Bank	332	16-Dec-16
State Bank Of India	58	29-Mar-17
Punjab & Sind Bank	2,500	09-Jan-17
South Malabar Gramin Bank	254	28-Mar-17

Year	**16-17**	
Name of the bank	**Amount (Rs. In lakhs)**	**Date of Maturity**
State bank of Travancore	1,676.6	20-May-17
Canara Bank	172.8	31-May-17
State Bank Of India	89.3	30-Mar-18
Vijaya Bank	940.1	17-Dec-17
Punjab & Sind Bank	2,500.0	09-Jan-17
Kerala Gramin Bank Peroorkada	76.2	25-May-20
Kerala Gramin Bank Kollam Branch	192.1	29-Mar-18

Kerala State Electricity Board Limited

Note 12 : Other Current Assets

Particulars	(Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
ADVANCES OTHER THAN CAPITAL ADVANCES			
Security Deposits	0	0	0
Advances to Related Parties	0	0	0
Advances to Employees	814	677	593
Advance to Contractors & Suppliers	751	1,030	1,078
Other Advances	1,738	1,689	3,295
Advance Income Tax/Deductions at source			
Others			
Deferred Cost on Employee Loans			
Secured considered good	0	0	0
Unsecured considered good	0	0	0
Rent Receivable	8	8	8
Income Accrued But Not Due	2,167	2,281	2,455
Other Recoverable	1,034	750	812
Inter Unit Balance	1,537	1,312	2,390
Total	**8,047**	**7,747**	**10,629**

Kerala State Electricity Board Limited

Note 13 : Equity Share Capital

Particulars	As at 31 - March - 2017		As at 31 - March 2016		As at 01 - April - 2015	
	No. of Shares (In Lakhs)	Amount (Rs. In Lakhs)	No. of Shares (In Lakhs)	Amount (Rs. In Lakhs)	No.of Shares (In Lakhs)	Amount (Rs. In Lakhs)
Equity Share Capital						
Authorised (face value ₹10/-)	50,000.00	5,00,000.00	50,000.00	5,00,000.00	50,000.00	5,00,000.00
Issued Subscribed and Paid Up (face value ₹10/-)	34,990.50	3,49,905.00	34,990.50	3,49,905.00	34,990.50	3,49,905.00
Reconciliation of No. Shares and Share capital outstanding						
Opening number of shares outstanding	34,990.50	3,49,905.00	34,990.50	3,49,905.00	34,990.50	3,49,905.00
Add: Number of shares issued or subscribed during the year	-	-	-	-	-	-
(Less) Reduction in number of shares on buyback of shares	-	-	-	-	-	-
Closing Number of shares outstanding	34,990.50	3,49,905.00	34,990.50	3,49,905.00	34,990.50	3,49,905.00
Total	**34,990.50**	**3,49,905.00**	**34,990.50**	**3,49,905.00**	**34,990.50**	**3,49,905.00**

The Company has issued only one kind of equity shares with voting rights proportionate to the share holding of the shareholders. These voting rights are exercisable at meeting of shareholders. The holders of the equity shares are also entitled to receive dividend as declared from time to time for them.

Shares in the company held by each shareholder holding more than 5 percent specifying the number of shares held

Particulars	As at 31 - March - 2017		As at 31.03.2016		As at 01 - April - 2015	
	%	Amount (Rs. In Lakhs)	%	Amount (Rs. In Lakhs)	%	Amount (Rs. In Lakhs)
His Excellency the Honourable Governor of Kerala	100	349905	100	349905	100	349905

Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts : NIL

In preceding five financial years immediately preceding 31.03.2017, Company has not allotted any equity share as fully paid up pursuant to contract(s) without payment being received in cash/ not allotted any equity share as fully paid up by way of bonus share(s).

Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date:- NIL

Calls unpaid (showing aggregate value of calls unpaid by directors and officers) : NIL
Forfeited shares (amount originally paid up) :NIL

Kerala State Electricity Board Limited

Note 14 : Other Equity

OTHER EQUITY

Statement of Changes in Equity	**Amount (Rs. In lakhs)**		
Particulars	**As at 31.03.2017**	**As at 31.03.2016**	**As at 01.04.2015**
Capital Reserve	0	0	0
Security Premium Account	0	0	0
Bonds/Debenture Redemption Reserve	0	0	0
General Reserve	0	0	0
Retained Earnings	-7,40,788	-2,18,491	-1,48,729
Other Reserves	0	0	0

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
General reserve			
As per Last Balance Sheet	0	0	0
Add: Additions and Transfers	0	0	0
(Less) : Utilisation	0	0	0
As at Balance Sheet Date	0	0	0
	0	0	0
Retained Earning Surplus			
As per Last Balance Sheet	-2,18,410	-1,48,729	0
Add: Profit During the Year	-1,49,463	-69,681	0
Add: Additions and Transfers	0	0	0
(Less) : Transfer to Reserves	0	0	0
(Less) : Dividend and Corporate Dividend Tax	0	0	0
As at Balance Sheet Date	**-3,67,873**	**-2,18,410**	**-1,48,729**
Other Reserves - Fair Value through Other Comprehensive Income			
As per Last Balance Sheet	-81	-	0
Add: Fair value gain/(loss) During the Year	-3,72,834	-81	0
As at Balance Sheet Date	-3,72,915	-81	0
Total	**-7,40,788**	**-2,18,491**	**-1,48,729**

Kerala State Electricity Board Limited

Note 15 : Non Current Financial Liabilities - Borrowings

Statement of Changes in Equity	Amount (Rs. In lakhs)		
Particulars	**As at 31.03.2017**	**As at 31.03.2016**	**As at 01.04.2015**
Bonds or Debentures			
Secured Bonds or Debentures	-	-	-
Unsecured Bonds or Debentures	-	-	-
Term Loans*			
From Banks			
Secured Loans	-	-	-
Unsecured Loans	-	-	-
From Others			
Secured Loans	4,26,657	1,52,515	1,20,996
Unsecured Loans	-	-	-
Loans from related parties			
Secured Loans	-	-	-
Unsecured Loans Considered Good	-	-	-
Total	**4,26,657**	**1,52,515**	**1,20,996**

***Details of terms of repayment and rate of interest**

Loan Name	(Rs. In lakhs)		
	2016-17	**2015-16**	**2014-15**
Loan from L I C	200	400	800
Loan from REC on Various Schemes	1,611	4,304	7,341
Loan from REC R-APDRP PART-B	38,626	27,571	20,581
Loan from R E C - RGGVY	1,427	1,090	1,412
Loan from REC - Medium Term Loan	-	-	13,333
Loan from PFC-Pallivasal Generation Project	18,553	18,290	18,851
Loan from PFC R-APDRP	29,086	25,100	25,100
Loan from SOUTH INDIAN BANK	8,513	9,000	-
Loan from PFC GEL Kakkayam	1,225	880	-
Loan from REC-TRAN.Kattakkada - Pothencode Scheme	9,529	10,740	13,659
Loan from REC-TRAN-Group I	5,531	4,137	2,214
Loan from REC-Distribution - 23 Circle Scheme	49,408	39,405	10,238

Loan from REC- Distribution - Meter Scheme	4,998	6,224	7,468
Loan from REC-Thottiyar Gene. Scheme	5,373	5,373	-
Special Loan Assistance from REC	1,25,000	-	-
Loan from REC for the DDG Scheme	13	-	-
Special Loan Assistance from PFC	1,25,000	-	-
Loan from PFC GEL Perumthenaruvi	1,660	-	-
Dam Rehabilitation and Improvement Project (DRIP)	860	-	-
Loan from RIDF of NABARD	45	-	-
Total	**4,26,657**	**1,52,515**	**1,20,996**

Kerala State Electricity Board Limited

Note 16 : Non Current-Other Financial liabilities

Particulars	Amount (Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Security deposit from consumers	2,59,751	2,28,732	1,97,531
Security deposit from consumers other than cash	18,749	19,171	20,075
Interest payable on consumers deposit	33,097	31,725	30,301
Total	**3,11,597**	**2,79,628**	**2,47,907**

Note 17 : Non Current Provisions

Particulars	Amount (Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for Employee Benefits	-	-	-
Contributory Provident Fund	-	-	-
As per Last Balance Sheet	-	-	-
Add: Additions and Transfers	-	-	-
(Less) : Utilisation	-	-	-
As at Balance Sheet Date	4	4	4
General provident Fund	-	-	-
As per Last Balance Sheet	-	-	-
Add: Additions and Transfers	-	-	-
(Less) : Utilisation	-	-	-
As at Balance Sheet Date	2,02,993	1,48,152	1,32,025
Staff Pension Fund	-	-	-
As per Last Balance Sheet	-	-	-
Add: Additions and Transfers	-	-	-
(Less) : Utilisation	-	-	-
As at Balance Sheet Date	16,14,771	12,41,986	12,41,950
Others	-	-	-
Provision for Interest on bonds adjustable against Electricity duty	-	-	-
As per Last Balance Sheet	-	-	-
Add: Additions and Transfers	-	-	-
(Less) : Utilisation	-	-	-
As at Balance Sheet Date	2,11,000	2,11,000	2,11,000
Provision for Pay revision	-	-	-
As per Last Balance Sheet	-	-	-
Add: Additions and Transfers	-	-	-
(Less) : Utilisation	-	-	-
As at Balance Sheet Date	-	49,500	15,600
Provision for pension revision	-	-	-
As per Last Balance Sheet	-	-	-
Add: Additions and Transfers	-	-	-
(Less) : Utilisation	-	-	-
As at Balance Sheet Date	-	8,200	8,200
Total	**20,28,767**	**16,58,842**	**16,08,779**

Kerala State Electricity Board Limited

Note 18 : Other Non Current Liabilities

Particulars	As per Ind AS (Rs. In lakhs)		
	As at 31.03.2017	**As at 31.03.2016**	**As at 01.04.2015**
Decommissioning Liability	1,838	1,617	-
Interest payable on consumers deposit	-	-	-
Grants in Aid from Government - Deferred Income			
As per Last Balance Sheet	-	-	-
Add: Grants Received during the year	-	-	-
(Less) : Amortisation/Grants Paid Back	-	-	-
As at Balance Sheet Date	51,809	18,236	9,744
Grants to be Amortised - Concessional Loan from Government			
As per Last Balance Sheet	-	-	-
Add: Grants recognised during the year	-	-	-
(Less) : Amortisation/Grants Paid Back	-	-	-
Add/Less : Fair Value Changes	-	-	-
As at Balance Sheet Date	4,988	4,561	-
Consumer Contribution			
As per Last Balance Sheet	-	-	-
Add: Received during the year	-	-	-
(Less) : Amortisation	-	-	-
As at Balance Sheet Date	84,288	60,695	36,892
	-	-	-
Total	**1,42,922**	**85,110**	**46,636**

Kerala State Electricity Board Limited

Note 19 : Current Financial Liabilities - Borrowings

Particulars	(Rs. In lakhs)		
	As at 31.03.2017	**As at 31.03.2016**	**As at 01.04.2015**
Loans repayable on demand			
From Banks			
Secured Loans	-	33,190	19,407
Current maturities of long term debt	21,380	14,941	48,939
Unsecured Loans	2,55,366	3,87,337	3,91,641
From Others			
Secured Loans			
Unsecured Loans			
Loans from related parties			
Secured Loans			
Unsecured Loans			
Total	**2,76,746**	**4,35,468**	**4,59,988**

Note 20 : Current Financial Liabilities - Trade Payables

Particulars	As per Ind AS (Rs. In lakhs)		
	As at 01-04-2015	**As at 01-04-2016**	**As at 01-04-2017**
Trade Payable	60,947.55	69,403.87	81,846.53

Kerala State Electricity Board Limited

Note 21 : Current - Other Financial Liabilities

Particulars	(Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Current Maturities of Long-Term Debt			
Current Maturities of Finance Lease Obligations			
Interest Accrued			
Unpaid Dividends			
Others			
Fuel related liabilities	0	618	530
Liability for capital supply/works	4,505	3,502	3,435
Liability for O&M supply/works	8,149	8,991	3,772
Staff related liabilities and provisions	14,674	20,116	27,419
Deposit and Retentions from Suppliers/Contractors	71,670	60,387	49,491
Electricity Duties and Other levies payable to Government	0	1,79,434	1,46,781
Liability for Expenses	2,466	2,105	1,561
Amount owing to Licensees	16	16	16
Accrued/Unclaimed amount relating to borrowings	15,557	13,104	9,736
Other Liabilities & Provisions	10,341	11,419	11,520
Deposit for Electrification, Service connection etc	62,620	53,350	45,694
Total	**1,89,998**	**3,53,043**	**2,99,957**

Note 22 : Current Provisions

Particulars	As per Ind As(Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for Employee Benefits			
Dearness Allowance			
As per Last Balance Sheet			
Add: Additions and Transfers			
(Less) : Utilisation			
As at Balance Sheet Date	-	1,365.00	1,365.00
Dearness Relief to Pensioners			
As per Last Balance Sheet			
Add: Additions and Transfers			
(Less) : Utilisation			
As at Balance Sheet Date	-	720.00	720.00
Income Tax			
As per Last Balance Sheet			
Add: Additions and Transfers			
(Less) : Utilisation			
As at Balance Sheet Date			-
Total	**-**	**2,085.00**	**2,085.00**

Kerala State Electricity Board Limited

Note 23 : Revenue from operations

Particulars	(Rs. In lakhs)	
	2016-17	**2015-16**
Interstate	-	3
Domestic	3,95,334	3,74,410
Commercial	2,70,904	2,44,850
Public Lighting	15,664	15,636
Irrigation & Dewatering	10,201	6,562
Industrial L T	75,472	74,663
Railway Traction	13,052	12,086
Bulk Supply	36,325	34,704
Miscellaneous	91	24
H. T.	2,36,138	2,26,147
E. H. T.	49,270	55,518
NVVN/ Others	1,227	4,167
Reactive Energy Charges	544	180
Electricity Duty Recovery	76,223	70,926
Other State Levies Recovery	1,398	1,330
Meter Rent/Service Line Rental	9,204	9,013
Wheeling Charges Recoveries	40	19
Misce. Charges from Consumers	8,418	33,461
GROSS SALE OF POWER	**11,99,504**	**11,63,700**
Less: Electricity Duty Payable (Contra)	76,223	70,926
Less: Other State Levies Payable (Contra)	1,398	1,330
Total	**11,21,883**	**10,91,444**

Note 24. a) Other Operating Income

Particulars	(Rs. In lakhs)	
	2016-17	**2015-16**
Rebate Received	14,246	12,355
Interest Advances to Suppliers/Contractors	85	176
Income from sale of Scrap/Tender form etc	7,885	4,986
Miscellaneous Receipts	17,096	13,073
Dividend Income	-	22
Total	**39,312**	**30,612**

Note 24. b) Other Income

Particulars	(Rs. In lakhs)	
	2016-17	**2015-16**
Interest Income		
Staff Loans and Advances	22	27
Income From Loans &others	24	-
Banks	719	965
Total	**766**	**991**
Total (a+b)	**40,078**	**31,603**

Note 25 : Purchase of Power

Particulars	(Rs. In lakhs)	
	2016-17	**2015-16**
Power purchased from Central Generating Stations	2,57,310	2,69,823
Power purchased from Others	4,28,979	3,33,492
Power purchased from Wind Generating Stations	2,966	1,833
Wheeling Charges (Less - UI Charges Received)	48,536	44,285
Other charges on Sale through Power Exchange	1,542	57
Total	**7,39,332**	**6,49,491**

Note 26: Generation of Power

Particulars	(Rs. In lakhs)	
	2016-17	2015-16
FUEL CONSUMPTION		
Oil	2,067	9,653
HSD Oil	133	423
Lub Oil	57	225
LUBRICANTS & CONSUMABLE STORES	87	125
STATION SUPPLIES	1	1
Total	**2,345**	**10,426**

Note 27: Repairs & Maintenance

Particulars	(Rs. In lakhs)	
	2016-17	**2015-16**
Plant and Machinery	5,112	5,439
Buildings	971	818
Civil Works	1,142	849
Hydraulic Works	320	434
Lines, Cable Network etc.	18,434	17,908
Vehicles	233	331
Furniture and Fixtures	56	41
Office Equipments	244	231
Total	**26,513**	**26,050**

Kerala State Electricity Board Limited

Note 28 : Employee Benefits

Particulars	(Rs. In lakhs)	
	2016-17	2015-16
Salaries	1,75,552	1,15,044
Over Time/Holiday Wages	42	23
Dearness Allowance	37,810	93,042
Other Allowances	7,852	4,159
Bonus	910	826
Medical Expenses Reimbursement	1,035	853
Leave Travel Assistance	13	-
Earned Leave Encashment	14,567	14,669
Payment under Workmen's Compensation Act	50	8
Leave Salary & Pension Contribution Paid by the Company to the Employees and Other Departments	1,378	18
Funeral Allowance	5	4
Staff Welfare Expenses	433	189
Terminal Benefits	1,20,722	1,00,450
(Less) Expenses Capitalised	24,292	18,829
Total	**3,36,077**	**3,10,455**

Note 29 : Finance Cost

Particulars	(Rs. In lakhs)	
	2016-17	2015-16
Finance Charges on Financial Liabilities Measured at Amortised Cost		
INTEREST		
Interest on State Govt. Loans		
Interest on Bonds		
Interest on other loans/deferred credits	43,579	40,331
Interest to Consumers	17,727	16,790
Interest on Borrowings for Working Capital	24,894	22,943
OTHER INTEREST AND FINANCE CHARGES		
Rebate allowed for prompt payment to NVVN		
Discount to Consumers for timely payment of bills	148	162
Interest To Suppliers/Contractors-O&M		
Interest on Contributory Provident Fund		
Interest on General Provident Fund	14,345	10,625
Other Interest	-	16
Cost of Raising Finance	0	4
Other Charges	1,762	42
Less: Other Borrowing Costs	6,463	5,773
Total	**95,992**	**85,139**

Kerala State Electricity Board Limited

Note 30 : Depreciation, Amortisation and Impairment Expenses

Particulars	(Rs. In lakhs)	
	2016-17	2015-16
Depreciation - Buildings	2,212	2,018
Depreciation - Hydraulic Works	6,343	5,563
Depreciation - Other Civil Works	1,838	1,604
Depreciation - Plant & Machinery	23,607	25,107
Depreciation - Line Cable & Network	36,367	34,309
Depreciation - Vehicles	98	89
Depreciation - Furniture & Fixtures	204	178
Depreciation - Office Equipments	1,220	1,093
Total	**71,888**	**69,962**

Note 31 : Administrative Expenses

Particulars	(Rs. In lakhs)	
	2016-17	2015-16
Rent	1,219	684
Rates and Taxes	181	119
Insurance	25	117
Telephone Charges, Postage, Telegram & Telex charges	406	401
Internet charges	13	14
Legal Charges	895	594
Audit Fees - Statutory audit	38	37
Audit Fees - others	111	1
Consultancy Charges	38	9
Technical Fees	66	49
Other Professional Charges	90	60
Conveyance and Travel	6,015	5,713
Expenses in respect of ESCOT	1	91
Salary and other allowance of Appellet Authority	4	4
Bank Charges	107	6
Fees and Subscriptions	62	55
Freight	921	970
Books and Periodicals	6	5
Printing and Stationary	963	1,080
Data Processing Charges	10	10
Advertisements	131	66
Electricity Charges	730	657
Water Charges	49	34
Entertainment	73	55
Ele. Duty u/s 3(i) of KED Act	11,527	11,137
Miscellaneous Expenses	301	507
Other Expenses	16,029	12,103
Less: Expenses capitalised	2,534	1,621
TOTAL	**37,479**	**32,958**

Kerala State Electricity Board Limited

Note 32 : Others

Sl. No.	Particulars	(Rs. In lakhs)	
		2016-17	2015-16
1	Material Cost Variance	6,432	6,861
2	Research and Development Expenses	20	9
3	Bad and Doubtful Debts Written off / Provided for	854	1,306
4	Miscellaneous Losses and Write Offs	1,555	396
5	Sundry Expenses	-	2
6	Loss on account of flood cyclone etc	2	-
	TOTAL(A)	**8,863**	**8,575**

Prior Period Expenses or Losses

Sl. No.	Particulars	(Rs. In lakhs)	
		2016-17	2015-16
1	Other Excess Provision in Prior Periods	15	2
2	Other Income relating to Prior Periods	2,600	561
	INCOME RELATING TO PREVIOUS YEARS	2,615	564
3	Fuel Related Losses and Expenses Relating to Prior Period	-	2
4	Operating Expenses of Previous Years	12	3
5	Interest on Other Financial Charges in Previous Years	18	1,427
6	Other Charges	2,086	117
	EXPENSE RELATING TO PREVIOUS YEARS	2,116	1,549
	NET PRIOR PERIOD CREDITS/(CHARGES) (1-2)(B)	499	-985.69
	TOTAL(A+B)	**8,364**	**9,560**

Note 33 : Changes in fair valuation and Other Adjustments

Sl. No.	Particulars	(Rs. In lakhs)	
		2016-17	2015-16
1	Income on account of Fair Valuation Changes	3,390	-2
2	Clawback of Grant	3,177	1,299
	Total	**6,566**	**1,296**

Note 34- Trifurcated Balance Sheet And Profit And Loss Account

KERALA STATE ELECTRICITY BOARD LIMITED BALANCE SHEET AS AT 31 ST MARCH 2017				Trifurcated Balance sheet (₹in Lakhs)			
Sl. No	Particulars	Note No	As at 31.03.2017	Generation	Transmission	Distribution	TOTAL
A	ASSETS						
	Non Current Assets						
	Property Plant and Equipment		20,68,736	14,52,517	2,38,266	3,77,954	20,68,736
	Capital Work in Progress		1,78,329	75,392	35,234	67,703	1,78,329
	Financial Assets						
	Investments		2,000	815	485	700	2,000
	Loans		8,390	575	962	6,853	8,390
	Others		55,070	9,687	1,723	43,660	55,070
	Deferred Tax Assets(Net)		-				-
	Other Non current assets		4,93,289	58,782	60,544	3,73,964	4,93,289
	Current Assets		-				-
	Inventories		31,019	2,305	5,682	23,031	31,019
	Trade receivables		1,92,340	-	-	1,92,340	1,92,340
	Cash and cash equivalents		23,603	490	695	22,418	23,603
	Bank balances other than Cash Equivalents		6,828	142	201	6,485	6,828
	Other current assets		8,047	1,850	2,109	4,088	8,047
	TOTAL ASSETS		30,67,651	16,02,555	3,45,900	11,19,197	30,67,651
	EQUITY&LIABILITIES						
B	Equity						
	Equity Share Capital		3,49,905	1,71,945	75,072	1,02,888	3,49,905
	Other Equity		(7,40,788)	-	-	(7,40,788)	(7,40,788)
	Liabilities		-				-
	Non Current liabilities		-				-
	Borrowings		4,26,657	1,04,056	1,18,386	2,04,215	4,26,657
	Other financial liabilities		3,11,597	-	-	3,11,597	3,11,597
	Provisions		20,28,767	11,84,856	7,980	8,35,931	20,28,767

Sl. No	Particulars	Note No	As at 31.03.2017	Generation	Transmission	Distribution	TOTAL
	Deferred Tax liabilities(Net)		-				-
	Other non current liabilities		1,42,922	-	9,494	1,33,428	1,42,922
	Current Liabilities		-				-
	Financial Liabilities		-				-
	Borrowings		2,76,746	1,10,699	83,024	83,024	2,76,746
	Trade payables		81,847	-	-	81,847	81,847
	Other financial liabilities		1,89,998	30,999	51,944	1,07,055	1,89,998
	Provisions						
	Total Liabilities		30,67,651	16,02,555	3,45,900	11,19,197	30,67,651

KERALA STATE ELECTRICITY BOARD LIMITED			Trifurcated Balance sheet				
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017							(₹in Lakhs)
				Generation	Transmission	Distribution	TOTAL
Sl. No	Particulars	Note No	As at 31.03.2017				
	REVENUE						
I	Revenue from operations		11,21,883	74,440	95,127	11,21,883	12,91,449
II	Other Income		40,078	2,223	3,546	34,309	40,078
III	Total Income(I+II)		11,61,961	76,662	98,673	11,56,191	13,31,527
IV	Expenses			-	-	-	
	Purchase of power		7,39,332	-	-	9,08,899	9,08,899
	Generation of power		2,345	2,345	-		2,345
	Repairs and Maintenance		26,513	2,770	4,721	19,021	26,513
	Employee benefit expenses		3,36,077	17,299	38,736	2,80,043	3,36,077
	Finance Cost		95,992	5,005	5,628	85,359	95,992
	Depreciation and Amortisation		71,888	15,374	21,097	35,417	71,888
	Other expenses						
	Administrative Expenses		37,479	969	6,499	30,011	37,479
	Others		8,364	4,211	7,190	(3,037)	8,364

Change in fair valuation and other adjustments		(6,566)	(185)	(379)	(6,002)	(6,566)
Total Expenses		13,11,423	47,788	83,491	13,49,711	14,80,990
V Profit/(Loss) before exceptional and extra ordinary items and tax(III-IV+V)		(1,49,463)	28,874	15,183	(1,93,520)	(1,49,463)
VI Exceptional items						
VII Profit/(Loss) before tax(V-VI)		(1,49,463)	28,874	15,183	(1,93,520)	(1,49,463)
VIII Tax Expenses						
(i)Current Tax						
(ii) Deferred Tax						
IX Profit/(Loss) for the period from continuing operations(VII-VIII)		(1,49,463)	28,874	15,183	(1,93,520)	(1,49,463)
X Profit/(Loss) from discontinuing operations						
XI Tax Expenses of discontinuing operations						
XII Profit/(loss) from Discontinuing operations after tax(X-XI)						
XIII Profit/(Loss) for the period(IX-XII)						
XIV Other Comprehensive Income		-				

Note 35: NOTES TO ACCOUNTS

35.1.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.

35.2. Contingent liabilities and capital commitments

[₹ in Lakhs]

Particulars	2016-17	2015-16
A. Contingent Liabilities not provided for in respect of:		
1. Capital liabilities becoming due for re-payment/redemption	3,92,411.97	3,75,350.89
2. Disputed Income-tax Matters	35,832.26	35,832.26
3. Claims against Company pending Court Orders/ Government orders	10,401.00	-
4. NTPC	1,979.74	-
5. KPTCL	3.98	-
B. Capital Commitments		
1. Contracts placed but not executed	28,567.53	20,986.89

35.3. Secured and unsecured loans

The following table summarizes future cash flows.

Particulars	Upto 1 Year	2-5 years	Above 5 years	Total
Secured Loan				
March 31, 2017	20650.74		424209.38	444860.12
March 31, 2016	48130.88		152515.45	200646.33
April 01, 2015	68346.34		120996.02	189342.36
Unsecured Loan				
March 31, 2017	188750.00			188750.00
March 31, 2016	190000.00			190000.00
April 01, 2015	199999.90			199999.90
Total				
March 31, 2017	209400.74		424209.38	633610.12
March 31, 2016	238130.88		152515.45	390646.33
April 01, 2015	268346.24		120996.02	389342.26

The list of loans taken and the purpose of loan is given as follows.

Sl. No	Name of the lender	Purpose of loan	Nature of security
1	PFC	RAPDRP Part- A (Distribution scheme)	Existing and future assets created from the loans
2	PFC	RAPDRP Part- B (Distribution scheme) created from the loans	Existing and future assets
3	REC	Transmission scheme (Kattakada, Pothencode)	Future assets created from the loans
4	PFC	Pallivasal Extension Scheme (Generation Scheme) and future assets created	Immovable and movable properties presentpresent, from the loans
5	REC	Meter Scheme (Distribution) the loans	Future assets created from
6	REC	R-APDRP Part-B Counterpart Funding (Distribution scheme)	Future assets created from the loans
7	REC	8 Nos. Transmission schemes created from the loans	Future moveable assets
8	REC	Distribution Schemes	Future assets created
			from the loans
9	REC	Thottiyar HEP(Generation scheme) the loans	Future assets created from
10	PFC GEL	Kakkayam SHEP (Generation Scheme)	Immovable and movable properties present and future created from the loans
11	South Indian Bank	BARAPOLE SHEP(Generation)	Hypothecation of movable assets & lodgment of title deed of landed properties
12	LIC	Renovation of Sabarigiri Hydro Electric Project	Government Guarantee
13	REC-RGGVY	Development of rural household	Future assets created from the loans
14	REC-Medium Term loan	Purchase of power	Hypothecation of assets of Transmission circle
15	REC-Various Schemes	System improvement schemes	Future assets created from the loans and Govt. Guarantee.

Loans of ₹30014 lakh is not considered for revaluation as repayment liability is not confirmed.

35.4. Related Party Disclosures

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.	Associate
2	Kerala State Power and Infrastructure Finance Corporation	Associate
3	Baitarani West Coal Company Ltd.	Joint Venture

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	31.03.2017 31.03.2016 01.04.2015	Nil	Nil	Nil	Nil
Impairment allowance on Investments	31.03.2017 31.03.2016 01.04.2015	Nil	Nil	Nil	Nil

List of Key Managerial Personnel as defined in 2(51) of Companies Act, 2013 and disclosure of transaction entered with key managerial personnel.

[₹ in Lakhs]

No.	Name	Designation	Gross Salary	Others	Total
1	M. Sivasankar IAS	CMD	4.86	1.34	6.20
2	Paul Antony IAS	CMD	9.98	1.99	11.97
3	Dr. K. Ellangovan IAS	CMD	9.02		9.02
4	N.S. Pillai IA & AS	Director	22.13	1.88	24.01
5	Vijaya Kumari. P	Director	19.25	5.07	24.32
6	Asokan. O	Director	18.93	5.36	24.29
7	Venugopalan. N	Director	17.57	6.99	24.56
8	Rajeev. S	Director	13.70	1.18	14.88

35.5. Interest and finance charges capitalized

Interest and finance charges capitalized @ 9.60%.

35.6. Transactions in Foreign currency

a) Expenditure in foreign currency (on accrual basis)

Particular	March 31, 2017	March 31, 2016
Travelling	NIL	NIL
Professional & Consultation fee	NIL	NIL
Interest	NIL	NIL
Others	NIL	NIL
Total	NIL	NIL
b) CIF Value of Imports		
Particular	March 31, 2017	March 31, 2016
Raw materials	NIL	NIL
Capital goods	NIL	NIL
Components & Spares	NIL	NIL
Total	NIL	NIL

35.7. Segment Reporting

Disclosure as per Ind AS 108 is given below.

Particulars	For the year ended 31 March, 2017				
	Business segments			Inter Segment Eliminations	Total
	Generation Rs. in lakhs	Transmission Rs. in lakhs	Distribution Rs. in lakhs		Rs. in lakhs
Segment Revenue					
Sale of energy & Meter rent	74439.51	95127.00	1121882.81		1291449.31
Inter-segment revenue					
Total	74439.51	95127.00	1121882.81		1291449.31
Segment result					
allocable expenses (net)	26651.53	11636.13	-227828.21		-189540.55
Operating income					
Other income (net)	2222.71	3546.37	34308.62		40077.69
Profit before taxes					-149462.85
Tax expense					
Net profit for the year					

Particulars	For the year ended 31 March, 2016				
	Business segments			Inter Segment Eliminations	Total
	Generation Rs. in lakhs	Transmission Rs. in lakhs	Distribution Rs. in lakhs		Rs. in lakhs
Segment Revenue					
Sale of energy & Meter rent	65618.07	78994.22	1091443.60		1236055.90
Inter-segment revenue					
Total	65618.07	78994.22	1091443.60		1236055.90
Segment result					
Allocable expenses (net)	14379.16	15747.33	-131426.38		-101299.89
Operating income					
Other income (net)	1860.08	3204.48	26538.73		31603.29
Profit before taxes					-69696.59
Tax expense					
Net profit for the year					

Particulars	For the year ended 31 March, 2017			Total
	Business segments			
	Generation Rs. in lakhs	Transmission Rs. in lakhs	Distribution Rs. in lakhs	Rs. in lakhs
Segment assets				
Allocable assets	1527162.84	310665.84	1051493.28	2889321.96
Total assets	1527162.84	310665.84	1051493.28	2889321.96
Segment liabilities				
Allocable liabilities	1602554.65	345899.91	1119196.59	3067651.15
Total liabilities	1602554.65	345899.91	1119196.59	3067651.15
Other information				
Capital expenditure				
Capital expenditure (Allocable)	75391.81	35234.07	67703.31	178329.19
Depreciation and amortisation (allocable)	15374.36	21097.02	35416.54	71887.92
Depreciation and amortisation (unallocable)				
Other significant non-cash expenses				

Particulars	For the year ended 31 March, 2016			Total
	Business segments			
	Generation Rs. in lakhs	Transmission Rs. in lakhs	Distribution Rs. in lakhs	Rs. in lakhs
Segment assets				
Allocable assets	1511481.59	302310.23	1180224.17	2994015.99
Total assets	1511481.59	302310.23	1180224.17	2994015.99
Segment liabilities				
Allocable liabilities	1598881.16	338267.78	1230360.03	3167508.97
Total liabilities	1598881.16	338267.78	1230360.03	3167508.97
Other information				
Capital expenditure				
Capital expenditure (Allocable)	87399.57	35957.55	50135.86	173492.98
Depreciation and amortisation (allocable)	17638.46	19359.99	32963.23	69961.68
Depreciation and amortisation (unallocable)				
Other significant non-cash expenses				

35.8. Earnings per Share

Earnings per share are calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Numbers used for calculating diluted earnings per equity share includes the amount of Equity Share Application Money. The details as follows:

Sl. No.	**Particulars**	**2016-17**	**2015-16**
1	Earnings Available to Equity Share Holders (₹ in lakhs)	(149462.85)	(69696.60)
2	Number of weighted equity shares	3499050000	3499050000
3	Face value per share (Rs.)	10	10
4	Earnings per Share (Basic)	(4.27)	(1.99)
5	Earnings per Share (Diluted)	(4.27)	(1.99)

35.9. Taxation

The company reported loss during the period and provision for current tax or deferred tax not provided in the accounts.

35.10. Details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 Pursuant to MCA Notification No. GSR 308(E) dated 30 March 2017.

₹.in lakhs

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	87983500	7929397	95912897
Add: Permitted Receipts	2402236050	5248520020	7650756070
: Non-permitted Receipts			
Less: Permitted Payments			
Less: Amount Deposited in Banks	2490219550	5155968821	7646188371
Closing Cash in Hand as on 30.12.2016	0	100480596	100480596

Balance available and receipts at various offices of the Company, as per separate records.

35.11. Micro, Small and Medium Enterprises

The company has not received any information from its supplier regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 which came into effect from 2nd October 2006 and hence disclosure, if any, relating to amounts unpaid as on 31st March 2017 together with interest paid/ payable as required under the Act, have not been given.

35.12. Statutory Auditors' Remuneration

[₹ in Lakhs]

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Remuneration of statutory auditors	37.77	36.65
Total	37.77	36.65

35.13. Generation, Purchase and Sale of Power (in Million Units) :

	Current Year (2016-17)			Previous Year (2015-16)		
	Unit Generated	Auxiliary consumption	Net	Unit Generated	Auxiliary consumption	Net
Hydel	4319.08	26.97	4292.11	6639.02	33.35	6605.67
Thermal	43.55	2.61	40.94	150.63	5.11	145.52
Wind	1.71	0.00	1.71	1.38	0.00	1.38
Solar	5.20	0.03	5.17	0.81	0.00	0.81
Sub Total	4369.54	29.61	4339.93	6791.84	38.46	6753.38
Purchase	19734.92	0	19734.92	16448.36	0	16448.36
Total	24104.46	29.61	4339.93	23240.2	38.46	23201.74
Less: Auxiliary consumption	14.84	14.84	0	14.14	14.14	14.84
Total	24104.46	44.45	24060.01	23240.20	52.60	23187.6
Energy injected by Private IPPs sale outside s tate through open access			45.08			40.44
Energy purchased by consumers through open access at Kerala periphery			435.60			142.00
Total Generation and power purchased			24540.69			23370.04
Energy sale outside the state by KSEBL at Kerala periphery			49.30			53.48
Sale outside the state by Private IPPs through open access			43.06			38.63
External PGCIL loss			684.76			550.60
Net energy available in Kerala Grid for						

consumption with in state			23763.57			22727.33
Energy sale within the state by KSEBL alone			20038.25			19325.07
Energy consumed by open access consumers			414.66			135.25
Energy consumption within the state			20452.91			19460.32
Loss in KSEBL system			3310.66			3267.01
Loss % in KSEBL system			13.93%			14.37%

35.14. Generating Stations:

a) Plants in operation since the beginning of the year.

Sl. No.	LOCATION	Unit Capacity (in MW)	Installed Capacity (MW)
1	Pallivasal	3X5+3X7.5	37.50
2	Poringalkuthu	4X8	32.00
3	Sengulam	4X12	48.00
4	Neriamangalam	3X17.5	52.50
5	Panniyar	2X16	32.00
6	Sholayar	3X18	54.00
7	Sabarigiri	4X55+2X60	340.00
8	Kuttiyadi	3X25	75.00
9	Idukki	6X130	780.00
10	Idamalayar	2X37.5	75.00
11	Kallada	2X7.5	15.00
12	Kanjikode (Wind Farm)	9X0.225	2.03
13	Peppara	1X3	3.00
14	Lower Periyar	3X60	180.00
15	Madupetty	1X2	2.00
16	Brahmanapuram (Diesel)	5X21.32	106.60
17	Poringalkuthu Left Bank	1X16	16.00

18	Kozhikode (Diesel)	8X16	128.00
19	Kakkad	2X25	50.00
20	Malampuzha	1X2.5	2.5
21	Kuttiadi Extension	1X50	50.00
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
27	NeriamangalamExtn Scheme	1X25	25.00
28	Kuttiadi Tail Race	3X1.25	3.75
29	Kuttiadi Addl. Extn. Scheme	2X50	100
30	Poohithodu	3X1.6	4.80
31	Ranni- Perunadu	2X2	4.00
32	Peechi- HEP	1X1.25	1.25
33	Vilangad HEP	3X2.5	7.5
35	Chimmony SHEP	1X2.5	2.5
36	Adyanpara SHEP	2X1.5+.5	3.5
37	Barapole	3X5	15.00
38	PoringalKuthu Micro SHEP	0.011X1	0.011
	Total		**2275.041**

b) Projects commissioned during the Year :

Sl. No.	LOCATION	Unit Capacity (in MW)	Installed Capacity (MW)
1	Vellathooval	1.8X2	3.6
	Total		3.6

c) Other Private Captive & IPPs (in MW)

Hydro			
1	Maniyar	3X4	12.00
2	Kuthungal	3X7	21.00
IPP			
1	NTPC Kayamkulam	2X116.6+1X126.38	359.58
2	KPCL Kasargode	3X7.31	21.93
3	BSES Kochi	3X40.5+1X35.5	157.00
4	Ramakkalmedu (Wind IPP)	19 X 0.750	14.25
5	Agali (Wind IPP)	31X0.60	18.60

6	Ullumkal (IPP Hydro)	2X3.50	7.00
7	MPS Steel (IPP-Co-Gen)	1X10	10.00
8	PCBL	1X10	10.00
9	Iruttukanam	3X1.50	4.50
	Total		635.86

35.15. 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 for the financial year 2016-17 though the claims are not fully admitted by the Company.

(₹. in lakhs)

Sl No.	Supplier	Amount
1	MAITHON	427
2	NPCIL-MAPs	285
3	KAIGA	2
4	JHABUA POWER	553
5	DVC	2293
6	KPCL	3720
7	APCPL	419
8	KPTCL (Wheeling)	1786
9	KPTCL (RE charges)	14
10	NLC	15830

35.16. Other Matters

a. Commercial Tax Department had disallowed the concessional tax of 4% given to M/s KPCL and directed BPCL to collect differential amount with retrospective effect from 2001-02. M/s KPCL in turn had claimed an amount of ` 40.31 crores vide invoice dated 20-3-2016. The matter was referred to the high-power committee constituted by Government of Kerala for granting concessional rate to KPCL as the entire power is being drawn by KSEBL. The high-power committee had decided that KSEBL shall reimburse the differential tariff and to waive the interest and penal interest elements after taking approval of the council of Ministers. The differential tax was estimated as ` 30.70 crores. However 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 to ₹13.34 crores. Accordingly, an amount of ₹13.84 crore is provided in the accounts though the claim is not admitted by the Company. KSEBL had approached the Government to waive the interest claim in this regard amounting to ₹78.65 crores and to withdraw the claim of balance differential tax amounting to ₹25.36 Crores. The Company is expecting favourable orders from the Government of Kerala. Accordingly, an amount of `104.01 crore is shown under contingent liabilities.

b. NTPC has claimed revision of fixed charges of RGCCPP, Kayamkulam from the month of 10/16 onwards. As the company has not accepted the revision claims and KSERC has adversely commented on the additional claim of fixed charges, the company is paying the fixed charges at the old rates. A total claim of ₹265.57 crores in this regard is not admitted and accounted by the company.

c. 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.

d. Inter Unit balances amount to Rs.1536.57 Lakhs (Previous year Rs.1311.85Lakhs) has been considered as Sundry Receivables pending complete reconciliation of such balances.

e. The GPF balances as per financial statements is `2029.93 crores. A difference of `42.98 lacs with the party wise registers maintained at GPF section are reported and the same is being verified.

f. The Kerala Power Finance Corporation has issued 1319440 Nos. of Equity Shares of Rs.10/- each as Bonus Share to the erstwhile KSE Board during the Year 2004-05.

g. Old outstanding balances lying in the books of accounts without proper adjustments were written off/ written back based on the audit observations and net amount of `8.12 crore is written back as income during the current financial year.

h. 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

i. For monthly as well as bi-monthly billed consumers under various tariff categories, an estimated amount of Rs.622.98 crores is recognized as unbilled revenue as on 31.03.2017(Previous year Rs.589.62crores) and the amount is debited to sundry debtors for sale of power.

j. The Board along with Orissa and Gujarat has taken steps to sets up a 1000 MW Power Plant at Orissa. In this connection a company has been formed under the name Baitarani West Coal Company Limited. The Board has made share contribution of Rs. 10 Crores. The following share certificates have been issued by the company.

Folio No.	Share Certificate No.	Face Value	Amount [₹In Lakhs]
00	004	Rs.1000 /-	29
00	005	Rs.1000/-	1
00	009	Rs.1000/-	970

Further the Board has deposited Rs. 25 Crores on 01.09.2012 with Punjab & Sind Bank, Thiruvananthapuram for enabling Punjab & Sind Bank, Bhubaneswar to issue Bank Guarantee to Government of India Favoring the company. On 10.12.2012 Ministry of Coal, Government of India de-allocated the Baitarani West Coal Block citing delay in developing the coal block. KSEB has filed appeal to the Ministry of Coal to revoke the decision of de- allocation. The matter has also been taken up with the Union Government through letters written by the Chief Minister to the Prime Minister and the Union Coal Minister. A petition has also been filed by the allocates before the High Court of Odisha challenging the decision of Union Government on de-allocating the Baitarani coal block. The case is yet to be finally heard by the Court.

k. 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 Kochi 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 Rs.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

l. 45.715 cents of Land belonging to the company in Trivandrum was transferred to Trivandrum 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.

m. Vide G.O.(M.S) No.34/2017/PD dated 04/04/2017 Government of Kerala ordered that 20 acres of land owned by TCCL, which is currently under the lease to BSES Kerala Power Ltd shall be transferred to KSEBL with full ownership in lieu of the outstanding dues as on date to KSEBL subject to the condition that KSEBL shall not alienate the land under any circumstances. Since the Government order pertains to the financial year 2017-18 this has not been adjusted during the year.

n. In the 32nd Meeting of Board of Directors held on 30.05.2017 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 guarantee commission etc. as on 31.03.2017 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 267821lakh is netted off with the amount receivable from the Government. In line with the decision of the Board this has been reported to Government for concurrence.

o. Figures for the previous year have been re arranged and regrouped wherever necessary.

For and on behalf of the Board of Directors

Sd/-	Sd/-
N.S.PILLAI IA&AS	N. VENUGOPAL
CHAIRMAN&MANAGING DIRECTOR	DIRECTOR (Corp. Planning, SCM, Safety &GE)
DIN:07282785	DIN: 07558958

Sd/-	Sd/-
BIJU.R FCA	LEKHA.G FCA ACS
FIANCIAL ADVISER&CHIEF FINANCIAL OFFICER	COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For ISAAC&SURESH	For ANANTHAN &SUNDARAM
Chartered Accountants FRN:001150S	Chartered Accountants FRN:000148S
Sd/-	Sd/-
SOBHA SETHUMADHAVAN FCA	C.A.HARIKRISHNAN.R.S.M.Com, DISA, FCA
Partner M.No.225166	Partner M.No.230338

For G.VENUGOPAL KAMATH &Co.
Chartered Accountants
FRN:004674S

Sd/-
RAVINATH.R.PAI FCA
Partner M.No. 226547

Place : Thiruvananthapuram
Date : 01.03.2018

Kerala State Electricity Board Limited

Consolidated Balance Sheet as on 31st March 2017

Particulars	Note No.	2016-17 Amount (Rs. In Lakhs)		2015-16 Amount (Rs. In Lakhs)		2014-15 Amount (Rs. In Lakhs)	
		Standalone 16-17	Consolidated BS 16-17	Standalone 15-16	Consolidated BS 15-16	Standalone 14-15	Consolidated BS 14-15
ASSETS							
Non current assets							
Property, Plant and Equipment	2	20,68,736	20,68,736	1992032	1992032	1980016	1980016
Capital work-in-progress	3	1,78,329	1,78,329	173493	173493	127805	127805
Financial Assets							
Investments	4	2,000	3,532	2000	3,628	1950	3714
Loans	5	8,390	8,390	8725	8725	8486	8486
Others	6	55,070	55,070	53081	53081	51215	51215
Deffered Tax Assets (Net)		**-**	**-**	**0**	**0**	**0**	**0**
Other non-current assets	**7**	**4,93,289**	**4,93,289**	**717785**	**717785**	**683857**	**683857**
Current assets							
Inventories	8	31,019	31,019	29204	29204	24183	24183
Trade receivables	9	1,92,340	1,92,340	159280	159280	138867	138867
Cash and cash equivalents	10	23,603	23,603	16643	16643	15936	15936
Bank balances Other than Cash Equivalents	11	6,828	6,828	7520	7520	5525	5525
Other current assets	12	8,047	8,047	7747	7747	10629	10629
Total Assets		**30,67,651**	**3069183**	**3167509**	**3169137**	**3048470**	**3050234**
Equities and Liabilities							
Equity							
Equity Share capital	13	3,49,905	3,49,905	349905	349905	349905	349905
Other Equity	14	-7,40,788	-7,39,256	-218491	-216864	-148729	-146965

Liabilities							
Non-current liabilities							
Financial Liabilities							
Borrowings	15	4,26,657	4,26,657	152515	152515	120996	120996
Other Financial Liabilities	16	3,11,597	3,11,597	279628	279628	247907	247907
Provisions	17	20,28,767	20,28,767	1658842	1658842	1608779	1608779
Other non-current liabilities	18	1,42,922	1,42,922	85110	85110	46636	46636
Current liabilities							
Financial Liabilities							
Borrowings	19	2,76,746	2,76,746	435468	435468	459988	459988
Trade payables	20	81,847	81,847	69404	69404	60948	60948
Other financial liabilities	21	1,89,998	1,89,998	353043	353043	299957	299957
Provisions	22	-	0	2085	2085	2085	2085
Total Equity and Liabilities		**30,67,651**	**3069183**	**3167509**	**3169137**	**3048470**	**3050234**

For and on behalf of the Board of Directors

Sd/-
N.S.PILLAI IA&AS
CHAIRMAN&MANAGING DIRECTOR
DIN:07282785

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DIRECTOR (Corp. Planning, SCM, Safety &GE)
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Chartered Accountants FRN:001150S
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SOBHA SETHUMADHAVAN FCA
Partner M.No.225166

For ANANTHAN & SUNDARAM
Chartered Accountants FRN:000148S
Sd/-
C.A.HARIKRISHNAN.R.S.M.Com,DISA, FCA
Partner M.No.230338

For G.VENUGOPAL KAMATH &Co.
Chartered Accountants FRN:004674S

Sd/-
RAVINATH.R.PAI FCA
Partner M.No.226547

Place:Thiruvananthapuram
Date:01.03.2018

Kerala State Electricity Board Limited

Consolidated Statement of Profit and Loss for the year ended 31st March 2017

S.No	Particulars	Note No.	2016-17 Standalone P&L Amount (Rs. In Lakhs)	2016-17 Consolidated P&L Amount (Rs. In Lakhs)	2015-16 Standalone P&L Amount (Rs. In Lakhs)	2015-16 Consolidated P&L Amount (Rs. In Lakhs)
	REVENUE					
I	Revenue From Operations	23	11,21,883	11,21,883	10,91,444	10,91,444
II	Other Income	24	40,078	40,078	31,603	31,581
III	Total Income (I+II)		11,61,960	11,61,960	11,23,047	11,23,025
IV	**EXPENSES**					
	Purchase of Power	25	7,39,332	7,39,332	6,49,491	6,49,491
	Generation of Power	26	2,345	2,345	10,426	10,426
	Repairs & Maintenance	27	26,513	26,513	26,050	26,050
	Employee benefits expense	28	3,36,077	3,36,077	3,10,455	3,10,455
	Finance costs	29	95,992	95,992	85,139	85,139
	Depreciation and amortization expense	30	71,888	71,888	69,962	69,962
	Other Expenses		-	-	-	-
	Administrative Expenses	31	37,479	37,479	32,958	32,958
	Others	32	8,364	8,364	9,560	9,560
	ADD CHANGES IN FAIR VALUATION AND OTHER ADJ	33	-6,566	-6,566	-1,296	-1,296
	Total expenses (IV)		13,11,423	13,11,423	11,92,743	11,92,743
V	Profit/(loss) before exceptional items and tax (III- IV)		-1,49,463	-1,49,463	-69,697	-69,719
VI	Exceptional Items		-	-	-	
VII	Profit/(loss) before tax (V-VI)		-1,49,463	-1,49,463	-69,697	-69,719
VIII	Tax expense:					
	(1) Current tax		-	-	-	
	(2) Deferred tax		-	-	-	
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		-1,49,463	-1,49,463	-69,697	-69,719
X	Profit/(loss) from discontinued operations		-			
XI	Tax expense of discontinued operations		-			
XII	Profit/(loss) from Discontinued operations					

	(after tax) (X-XI)		-			
XIII	Profit/(loss) for the period (IX+XII)		-1,49,463	-1,49,463	-69,697	-69,719
	Share of net profit/Loss of associates accounted for using equity method			1,532	-	1,649
XIV	Other Comprehensive Income		-	-		
	A (i) Items that will not be reclassified to profit or loss		-	-		
	(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		-	-		
XV	Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income for the period)		-1,49,463	-1,47,931	-69,697	-68,069
XVI	Earnings per equity share (for continuing operation):					
	(1) Basic		-4.27	-4.23	-1.99	-1.95
	(2) Diluted		-4.27	-4.23	-1.99	-1.95
XVII	Earnings per equity share (for discontinued operation):					
	(1) Basic		-	-		
	(2) Diluted		-	-		
XVIII	Earnings per equity share(for discontinued & continuing operations)					
	(1) Basic		-	-		
	(2) Diluted		-	-		

For and on behalf of the Board of Directors

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DIN:07282785

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DIRECTOR (Corp. Planning, SCM, Safety &GE)
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For G.VENUGOPAL KAMATH &Co.
Chartered Accountants FRN:004674S
Sd/-

RAVINATH.R.PAI FCA
Partner M.No.226547

Place:Thiruvananthapuram
Date:01.03.2018

Kerala State Electricity Board Limited

Consolidated Statement of Cash flow statement for the year ended 31st March 2017

Particulars	Amount (Rs. In lakhs)		Amount (Rs. In lakhs)	
	Stand Alone 2016-17	Consolidated 2016-17	Stand Alone 2015-16	Consolidated 2015-16
CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT BEFORE TAX (As per Ind AS)	-1,49,463	-1,47,931	-69697	-68069
PROFIT BEFORE TAX BEFORE NON CASH ITEM AND WORKING CAPITAL CHANGES	-1,49,463	-1,47,931	-69697	-68,069
Depreciation	71,888	71,888	69962	69962
Finance cost	95,992	95,992	85139	85139
Investment income	-24	-24	-22	-22
Interest Income	-719	-719	-965	-965
Prior period interest and finance charges 18	18	1427	1427	
Operating profit before working capital changes	17,692	19,223	85845	87472
Adjustments for:				
Changes in Inventories	-1,815	-1,815	-5021	-5021
Changes in Sundry Debtors	-33,060	-33,060	-20413	-20413
Changes in Other Current Asset	-300	-300.14	2884	2884
Changes in Current Liabilities and Provisions	-3,23,851	-3,23,851	28567	28567
Changes in Trade Payable	12,443	12,443	8456	8456
Cash generated from Operations	**-3,28,892**	**-3,27,361**	**100319**	**101946**
Income Tax	-	0	0	0
Net cash flow from /(used in) Operating Activities(A)	-3,28,892	-3,27,361	100319	101946
CASH FLOW FROM INVESTMENT ACTIVITIES				
Change in Fixed Asset	-1,48,592	-1,48,592	-83015	-83015
Other Change in Fixed Asset	-	-	1038	1038
Changes in Capital Work-in Progress	-4,836	-4,836	-45688	-45688
Income from Investment	24	24	22	22
Change in Investments	-		-50	-50

Interest from Banks	719	719	965	965
Change in Capital Advance	-1,989	-1,989	-1865	-1865
Long Term Loans & Advances	2,24,831	2,24,831	-34153	-34153
Net cash flow from / (used in) Investment Activities(B)	70,157	70,157	-162747	-162747
CASH FLOW FROM FINANCING ACTIVITIES				
Changes in Equity Capital	**-3,72,834**	**-3,72,834**	**-81**	**-81**
Contribution & Grants towards cost of capital assets	3,69,925	3,69,925	50063	50063
Changes in Long Term Borrowings	31,969	31,969	31721	31721
Changes in Other Long Term Liabilities & Provisions	2,74,141	2,74,141	31519	31519
Interest and Other cost of raising Finance	-95,992	-95,992	-85139	-85139
Changes in Other Liabalities	57813	56281	38474	36847
Prior Period Interest and Finance charges	-18	-18	-1427	-1427
Net cash flow from / (used in) Financing Activities(C)	2,65,004	2,63,472	65131	63504
NET CHANGE IN CASH & CASH EQUIVALENTS	6,268	6,268	2703	2,703
CASH AND CASH EQUIVALENTS AT THE BEGINNING	24,163	24,163	21460	21460
CASH AND CASH EQUIVALENTS AT THE END	30,431	30,431	24163	24,163

For and on behalf of the Board of Directors

Sd/-
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CHAIRMAN&MANAGING DIRECTOR
DIN:07282785

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RAVINATH.R.PAI FCA
Partner M.No.226547

Place:Thiruvananthapuram
Date:01.03.2018

Kerala State Electricity Board Limited

Statement of Changes in Equity for the year ended on 31st March 2017

A: Equity Share Capital **Amount Rs.in lakhs**

Balance as at 1st April 2015	Changes in equity share capital during the year	Balance as at 31st March 2016	Changes in equity share capital during the year	Balance as at 31st March 2017
3,49,905.00	-	3,49,905.00	-	3,49,905.00

B. OTHER EQUITY

Statement of Changes in Equity **Amount (Rs. In lakhs)**

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Capital Reserve	0	0	0
Security Premium Account	0	0	0
Bonds/Debenture Redumption Reserve	0	0	0
General Reserve	0	0	0
Retained Earnings	-7,39,256	-2,16,864	-1,46,965
Other Reserves	0	0	0
Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
General reserve			
As per Last Balance Sheet	0	0	0
Add: Additions and Transfers	0	0	0
(Less) : Utilisation	0	0	0
As at Balance Sheet Date	0	0	0
Retained Earning Surplus			
As per Last Balance Sheet	-2,16,783	-1,46,965	0
Add: Profit During the Year	-1,47,931	-68,069	0
Add: Adjustments attributable in StandAlone Financials	-	16	
Less: Profit Included in the previous year	-1,627	-1,764	
Add: Additions and Transfers		0	0 0
(Less) : Transfer to Reserves	0	0	0
(Less) : Dividend and Corporate Dividend Tax	0	0	0
As at Balance Sheet Date	**-3,66,341**	**-2,16,783**	**-1,46,965**
Other Reserves - Fair Value through Other Comprehensive Income: Opening Balance			
Add: Fair value gain/(loss) During the Year	-3,72,834	-81	0
As at Balance Sheet Date	-3,72,915	-81	0
Total	**-7,39,256**	**-2,16,864**	**-1,46,965**

KERALA STATE ELECTRICITY BOARD LIMITED

Note 1: ACCOUNTING POLICIES ON CONSOLIDATED FINANCIAL STATEMENTS

1.1. Corporate information of Reporting Company

Kerala State Electricity Board Limited is incorporated under the Companies Act, 2013 and is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013. 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.

1.2. Statement of Compliance

These Consolidated financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable.

These are the Kerala State Electricity Board Limited's first Ind AS compliant consolidated financial statements and Ind AS 101 'First Time Adoption of Indian Accounting Standards' has been applied. For all the periods upto and including 31 March 2016, the Group had prepared its consolidated financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India, accounting standards specified under Section 133 of the Companies Act, 2013, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable. The Group followed the provisions of Ind AS 101 in reinstating its opening Balance Sheet in Ind AS Framework as of the date of transition, viz. 1 April 2015. Some of the Group's Ind AS accounting policies used in the opening Balance Sheet are different from its previous GAAP policies applied as at 31 March 2015, and accordingly the adjustments were made to restate the opening balances as per Ind AS. The resulting adjustments arose from events and transactions before the date of transition to Ind AS. Therefore, as required by Ind AS 101, those adjustments were recognized directly through retained earnings as at 1 April 2015. This is the effect of the general rule of Ind AS 101 which is to apply Ind AS retrospectively.

1.3. Basis of Measurement & Use of Management Estimates

The Consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value as laid out by Ind AS 109 Financial Instruments (refer accounting policy regarding financial instruments) and certain fixed assets which were capitalised in-order to reflect the actual position in the Consolidated Balance Sheet at written down value. The methods used to measure fair values and written down value are discussed further in notes to consolidated financial statements.

The preparation of these consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported value of assets, liabilities, income and expenses and related disclosures, including contingent assets and liabilities at the Consolidated Balance Sheet date. The estimates and management's judgments are based on previous experience and other factors are considered reasonable and prudent in the circumstances and such assumptions are reviewed on an ongoing basis

1.4. Current & Non-current Classification

The Group presents assets and liabilities in the Consolidated Balance Sheet based on the current and non-current classification. An asset is current when it is expected to be realized or intended to be sold or consumed in normal operating cycle; held primarily for 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 liability for at least 12 months after the reporting period and any other asset that do not belong to the former categories are classified as non-current.

A liability is current when, it is expected to be settled in normal operating cycle; it is held primarily for trading, it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period and any liability other than what has been mentioned above shall be non-current liability.

1.5. Basis of Consolidation:

The financial statements of Associates/ Joint Ventures are drawn up to the same reporting date as of the KSEB Ltd. for the purpose of consolidation.

1.5.1 Associates/Joint Venture :

An associate is an enterprise in which the investor has significant influence and which is neither subsidiary nor joint venture of the investor. Investments in associates/ Joint Venture are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize investor's share of profit and loss of the investee after the acquisition date. The group's investment in associates/ Joint venture includes goodwill identified on acquisition.

Name of the entity	Last Audited BS date	No. of shares held by KSEB	Amount of investment (%)
Renewable Power Corporation of Kerala Ltd *	2016-17	5,000 shares of Rs. 1000 each	Rs. 50,00,000 (50%)
Kerala State Power and Infrastructure Finance Corporation Ltd.	2016-17	1,08,19,440 Shares of Rs. 10 each	Rs.10,81,94,400 (40.60%)
Baitarani West Coal Company Ltd.	2016-17	1,00,000 shares of Rs. 1000 each	Rs.10,00,00,000 (33.33%)

*The FS of the company is for the period of 15 months (ie., 15th Jan 2016 to 31st March 2017).

1.6. Critical Judgments and Assumptions

a) 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.

b) 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.

c) Post-retirement benefit plans

Employee benefit obligations are measured based on actuarial assumptions which include morality and withdrawal rates as well as assumptions concerning future development in discount rates, the rate of salary increase, inflation rate and expected rate of return of planned asset. The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have an impact on the resulting calculations.

d) 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. Revenue from Interstate sale of power is recognized on accrual basis.

e) Provisions and Contingencies

The assessment undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. The evaluation of the likelihood of the contingent events has been made best judgment by management regarding probable outflow of economic resources. Such estimation can change after unforeseeable development.

f) Impairment of Trade Receivables

Considering the historical credit loss experience for trade receivables, the Group does not envisage any either impairment in the value of receivables from beneficiaries or loss due to time value of money owing to delay in realization of trade receivables. However, the Group, in respect of the concept of prudence, provides for the debts that are doubtful, based on a policy.

g) Investment in Subsidiaries, Associates and Joint Ventures

Investment has been carried at cost and as per the assessment by the Group and there is no indication of impairment of such investments. Only a change in the assumptions will have a material impact in the recoverability of the amount.

1.7. Property, Plant and Equipment (PPE)

Since there is no change in the functional currency, the Group has elected to continue with the carrying value for all its property, plant and equipment as recognised in its IGAAP financial statements as deemed cost at the transition date, viz., April 1, 2015.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any. Such cost includes expenditure that is directly attributable to the acquisition/construction of the asset. 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 Group 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

1.8. 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 Consolidated Balance Sheet date. Capital work in Progress up to March 31, 2015 were carried in the Consolidated Balance Sheet in accordance with Indian GAAP. The Group has elected to avail the exemption granted by IND AS 101, “First time adoption of IND AS” to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April 1, 2015).

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 and General Administration expenses of various units are allocated to "Revenue expenses pending allocation over capital works" on the basis of following ratio.

Units Generation	Employee cost 100% for offices exclusive for Civil works.	Admn. & General Exps. 100% for offices exclusive for Civil works.
Transmission	25%	25%
Distribution	5%	NIL
HO 5%	5%	

Advertisement charges relating to capital equipment and Interest and finance cost related to capital expenditure are also allocated to Revenue expenses pending allocation over capital works.

1.9. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction/exploration/ 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 Group borrows funds specifically for obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Group 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.

1.10. Regulatory Deferral Accounts

The Group is mainly engaged in generation and sale of electricity. The price to be charged 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 to recover its costs of providing the goods or services plus a fair return. The Group is eligible to apply Ind AS 114, Regulatory Deferral Accounts. The standard permits an eligible entity to continue previous GAAP (Guidance Note on accounting for Rate Regulated Activities) accounting policy for its policy for such balances. Hence Group has opted to continue with its previous GAAP accounting policy for such balances.

1.11. Inventory

Fast moving stores and spares are valued at standard rates, determined by the Group, in respect of items for which standard rates are fixed. Other items are valued at actual price. The difference between actual cost and standard rate is debited or credited to Material cost variance, as the case may be. The difference between actual cost and standard rate is debited or credited to Material cost variance debit balance if any in the account is charged to Consolidated profit and loss account.

1.12. Fair Valuation

The Group measures financial instruments, such as, long term loans at fair value at each balance sheet date. Fair value is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability, or
2. In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

1. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
2. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
3. Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group management determines the policies and procedures for recurring and non-recurring fair value measurement. Involvement of external valuers is decided upon annually by respective companies' management. The management decodes after discussion with external valuers, about valuation technique and inputs to use for each case. At each reporting date, the Company's management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy.
- Investment properties
- Financial instruments

1.13. Government Grant

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant / subsidy will be received. When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of consolidated 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 Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to consolidated 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. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

1.14. Provisioning of Debtors

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

Consolidated profit and loss account. Such amount shall be reduced from the gross carrying amount of a financial asset when no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Total provision for bad and doubtful debts amounting to Rs.789.31 crores were made up to 2008-09 based on the age wise analysis of debtors at the rates mentioned below. As adequate provision is already there, no further provision for bad and doubtful debts is made during the period. The age wise analysis and corresponding provisions for the period is not incorporated in the consolidated accounts.

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

1.15. 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. The KSEB Limited Employees Welfare Fund maintains the short-term welfare fund and is an autonomous institution registered under Travancore Cochin Literary Scientific and Charitable Societies Registration Act 1955 under Registration No. T 925 dated 16.10.1996. KSEB Limited is contributing Rs.30 /- per employee per month to the KSEB Limited employee welfare fund.

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 Consolidated 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 Consolidated 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 consolidated 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.

a. 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 Board employees. In Tier I, the Board Employees shall make a contribution of 10% of (Basic pay + DA) from the salary every month. The Group is also making equal matching contribution. The Group 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 Group 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 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 KSEB Ltd. to this scheme. KSEB Ltd. 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 should be operationalisedoperationalized during the financial year 2014-15 and the pension to be disbursed through this Trust. Though the Master Trust was registered the procedural formalities for full operationalization of trust is not yet completed and hence trust could not be functioned as per the scheme notified in the Second Transfer Scheme. Hence the pension was disbursed to the pensioners from the cash flow of KSEB Ltd. However, KSEB Ltd. started distributing pension through the Master Trust with effect from 01.01.2016. The Master Trust made operational with effect from 01.04.2017 and the bonds were issued on that date.

1.16. Revenue Recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuous management involvement and the amount of revenue can be measured reliably. Revenue from the sale of power is measured at the fair value of the consideration received or receivable.

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. Revenue from Interstate sale of power is recognized on accrual basis. Customers are billed on a periodic and regular basis. As at each reporting date, revenue from sale of power includes an accrual for sales delivered to customers but not yet billed (unbilled revenue). Recovery/ refund towards foreign currency variation in respect of foreign currency loans and recovery towards Income Tax are accounted for on year to year basis.

Interest/Surcharge recoverable from customers, liquidated damages /interest on advances to contractors and Income from Investment in other Companies is recognised on receipt basis since management expects that measurability and collectability of such items are uncertain and cannot be estimated.

Kerala State Power and Infrastructure Finance Corporation Ltd. is a Non Banking Finance Company and it recognises interest income from loans based on RBI Guidelines.

1.17. Taxes on income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax Laws used to compute the amounts are those that are enacted, at the reporting date. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amount that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognized and carried forward only to the extent, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.18. Impairment of asset

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss.

1.19. Secured and Unsecured Loans

All non-current secured loans are subject to fair valuation under Ind AS 109: Financial InstrumentsSecurities details of secured loans:. For fair valuation, market rate is taken from the rate notified for the appropriate class of the Group based on the purpose of the loan and subject to the credit rating given to Kerala State Electricity Board Limited by the external credit rating agency (CRISIL). Such notified interest rate is taken and discounted to arrive at the present value of future obligations and compared with the carrying value of the loan to identify the effect of time value of money and has been appropriately dealt through Fair Value Through Profit and Loss Account.

However, if the actual rate of interest charged by the lending institutions is less than the notified market rate, such benefit of concessional rate of interest is computed and recognized as a grant as defined under Ind AS 20 Government Grants and amortized in proportion to the expense incurred towards the loan by way of giving effect through Fair Value Through Profit and Loss Account.

1.20. 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. Group has not entered into transactions in foreign currency during the financial year 2016-17 or in the reported comparative periods.

1.21. .CProvisions 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. 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 consolidated profit and loss account.

Contingent liabilities, on the other hand is not recognised, but disclosed adequately as parts of the consolidated financial statements. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. 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.

Kerala State Power and Infrastructure Finance Corporation Ltd. is a Non Banking Finance Company and it follows on RBI norms.

1.22. Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the financial year. Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares considered for deriving basic earnings per equity share and the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Basic and diluted earnings per equity share are also computed using the earnings amounts excluding the movements in regulatory deferral account balances.

1.23. Reinstatement of figures of comparative years

Account balances of the previous year has been reinstated on account of compliance with Ind

AS requirements. The reconciliation has been given in the respective note.

1.24. 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.

1.25. Statement of Cash Flows

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

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Note 2 : Property, Plant and Equipment

Particulars	Ind AS (Rs. In Lakhs)										
				Plant & Machinery						Others	
	Land & Land Rights	Buildings	Other Civil Works	Plant & Machinery	Hydraulic Works	Lines, Cable & Network	Furniture & Fixtures	Vehicles	Office Equipments	Seignorage Value	Total
Cost/Deemed Cost											
At 1 - April - 2015	1,67,379	66,747	48,329	15,81,080	1,16,402	6,87,005	2,981	1,897	9,123	1	26,80,944
Additions	3,945	1,044	2,905	15,616	638	48,570	214	140	771	0	73,844
Deductions	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-1,038	47	3	4	-60	6	-	-	-	-	-1,038
At 31 - March - 2016	1,71,218	67,991	51,475	15,99,101	1,17,103	7,40,844	3,200	2,080	9,909	1	27,62,922
Additions	6,127	10,747	7,767	35,007	15,973	68,902	830	143	3,096	0	1,48,592
Deductions	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	1,038	(47)	(3)	23	60	160	-	-	-	-	1,231
At 31 - March - 2017	1,77,345	78,738	59,241	16,34,108	1,33,076	8,09,746	4,031	2,223	13,006	2	29,11,515
Accumulated Depreciation & Impairment of Asset											
At 1 - April - 2015	-	26,376	12,297	2,75,960	42,047	3,36,464	1,513	1,549	4,722	-	7,00,929
Depreciations Expenses	-	2,018	1,604	25,107	5,563	34,309	178	89	1,093	-	69,962
Deductions	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
At 31 - March - 2016	-	28,394	13,902	3,01,067	47,609	3,70,773	1,691	1,638	5,816	-	7,70,891
Depreciations Expenses	-	2,212	1,838	23,607	6,343	36,367	204	98	1,220	-	71,888
Deductions	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
At 31 - March - 2017	-	30,605	15,740	3,24,674	53,952	4,07,140	1,895	1,736	7,035	-	8,42,778
Carrying Value	-	-	-	-	-	-	-	-	-	-	-
At 31 - March - 2017	**1,77,345**	**48,133**	**43,502**	**13,09,434**	**79,124**	**4,02,605**	**2,136**	**487**	**5,970**	**2**	**20,68,736**
At 31 - March - 2016	**1,71,218**	**39,597**	**37,573**	**12,98,034**	**69,493**	**3,70,071**	**1,509**	**441**	**4,094**	**1**	**19,92,032**
At 01 - April - 2015	**1,67,379**	**40,371**	**36,032**	**13,05,120**	**74,356**	**3,50,541**	**1,468**	**348**	**4,401**	**1**	**19,80,016**

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Note 3 : Capital Work in Progress

Particulars	(Rs. In Lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Capital Work in Progress	1,54,833	1,36,596	1,03,485
Revenue Expenses Pending Allocation over capital works	23,496	36,897	24,321
Total	**1,78,329**	**1,73,493**	**1,27,805**

Note 4 : Investment (Non Current)

Particulars	(Rs. In Lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
INVESTMENT IN EQUITY INSTRUMENTS			
Unquoted Investments			
Fully Paid Up - Kerala Power Finance Corporation Ltd.	2,488	2,582	2,718
Baitarani West Coal Company Ltd.	994	996	996
Investment in Renewable Power Corporation of Kerala	50	50	-
Other Investments		-	-
Total	**3,532**	**3,628**	**3,714**

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Note 5 : Non Current Assets - Financial Assets - Loans

Particulars	(Rs. In Lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Loans Including Interest Accrued			
Loans to related parties			
Secured Loans	0	0	0
Unsecured Loans Considered Good	0	0	0
Doubtful Loans	0	0	0
Loans to Employees			
Secured Loans	0	0	0
Unsecured Loans Considered Good	0	0	0
Doubtful Loans	0	0	0
Other Loans			
Secured Loans	0	0	0
Unsecured Loans Considered Good	0	0	0
Advance given to licensee	-	103	103
Advance given to others	8,390	8,622	8,383
Doubtful Loans	-	-	-
Total	8,390	8,725	8,486
Loans Due from Directors and Officers of the Company			
Loans to Directors	-	-	-
Loans to Officers	-	-	-
Total	**-**	**-**	**-**
Loans to Related Parties Include			
Subsidiaries	-	-	-
Associates	-	-	-
Joint Ventures	-	-	-
Structured Entities	-	-	-
Total	**-**	**-**	**-**

Note 6 : Non Current Assets - Other Financial Assets

Particulars	(Rs. In Lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
BANK DEPOSITS WITH MORE THAN 12 MONTHS MATURITY			
Interest Accrued			
On Loan to Government & Others	0	0	0
On Bank Deposits with more than 12 months	0	0	0
Security Deposits	55,070	53,081	51,215
Total	**55,070**	**53,081**	**51,215**

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Note 7 : Other Non Current Assets

Particulars	(Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
OTHER NON CURRENT ASSETS			
Capital Advances			
Secured Advances			
Unsecured Advances Considered Good			
Covered by Bank Guarantee			
Others	13,661	10,493	12,678
Advances Considered Doubtful			
ADVANCES OTHER THAN CAPITAL ADVANCES			
Advances to Related Parties			
Advances to Employees			
Advance to Contractors & Suppliers			
Other Advances			
Others			
Deferred Cost on Employee Loans			
Secured considered good			
Unsecured considered good			
Deferred Cost Account of Feasibility/Survey	10,239	9,368	8,361
Receivable from Government	4,69,390	6,97,924	6,62,818
Total	**4,93,289**	**7,17,785**	**6,83,857**

CAPITAL ADVANCE INCLUDES ADVANCE GIVEN TO COMPANIES IN WHICH ONE OR MORE OF THE DIRECTORS ARE INTERESTED

Note 8 : Inventories

Particulars	Ind AS (Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Fuel Stocks	0	584	1116
Heavy Duty Oil	750	0	0
Stock of Materials at Construction Stores	5610	7967	6150
Stock of Materials at other stores	5025	4922	2169
Material at Site (Cap)	0	0	0
Material at Site (O & M)	18365	13490	12541
Other Materials Account	1295	2259	2225
(Less) Provision for Shortages and Obsolescense	27	18	17
Total	**31019**	**29204**	**24183**

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Note 9 Current Financial Assets : Trade Receivables

Particulars	(Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Trade Receivables			
Secured, considered good			
Unsecured considered good			
Sundry Debtors for Sale of Power	2,42,240	2,11,853	1,95,600
Sundry Debtors for Inter State Sale of Power	293	293	307
Sundry Debtors for Electricity Duty	14,991	13,611	11,917
Sundry Debtors (Miscellaneous)	13,745	12,453	9,974
Doubtful.	-	-	-
(Less) Allowance for Bad and Doubtful Debts	78,931	78,931	78,931
Total	**1,92,340**	**1,59,280**	**1,38,867**

Note 10 : Current Financial Assets - Cash & Cash Equivalents

Particulars	(Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Balances with Banks (of the nature of cash and cash equivalents)			
Balance with Bank/Treasury	2,210	1,937	1,082
Disbursement Bank Accounts	17,878	2,542	1,411
Drawing Account with Treasury	238	8,314	8,507
Current Accounts			
Deposits with original maturity upto three months	2,820	2,743	3,720
Cheques, drafts on hand			
Cash on hand			
Cash In Hand	434	1,049	1,163
Cash Imprest with Staff	24	59	54
Others			
Total	**23,603**	**16,643**	**15,936**

Kerala State Electricity Board Limited

Note 11: Financial Assets - Current - Bank Balances Other Than Cash and Cash Equivalents

Financial Assets - Current - Bank Balances Other Than Cash and Cash Equivalents

Particulars	(Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Balances with Banks includes			
Deposits with original maturity more than 3 months but within 1 year	0	0	0
Earmarked Balance with Banks - Unpaid Dividend	0	0	0
Guarantees & Other commitments	6,828	7,520	5,525
Total	**6,828**	**7,520**	**5,525**

Bank Balances year wise

Year	**14-15**	
Name of the bank	**Amount (Rs. In lakhs)**	**Date of Maturity**
State bank of Travancore	1,421	20.05.2015
Canara Bank	242	01.11.2015
Punjab & Sind Bank	2,500	01.09.2015
South Malabar Gramin Bank	76	16.03.2016
North Malabar Gramin bank	162	25.03.2016

Year	**15-16**	
Name of the bank	**Amount (Rs. In lakhs)**	**Date of Maturity**
State bank of Travancore	1,555	20-May-16
Canara Bank	263	11-Jan-17
Vijaya Bank	332	16-Dec-16
State Bank Of India	58	29-Mar-17
Punjab & Sind Bank	2,500	09-Jan-17
South Malabar Gramin Bank	254	28-Mar-17

Year	**16-17**	
Name of the bank	**Amount (Rs. In lakhs)**	**Date of Maturity**
State bank of Travancore	1,676.6	20-May-17
Canara Bank	172.8	31-May-17
State Bank Of India	89.3	30-Mar-18
Vijaya Bank	940.1	17-Dec-17
Punjab & Sind Bank	2,500.0	09-Jan-17
Kerala Gramin Bank Peroorkada	76.2	25-May-20
Kerala Gramin Bank Kollam Branch	192.1	29-Mar-18

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Note 12 : Other Current Assets

Particulars	(Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
ADVANCES OTHER THAN CAPITAL ADVANCES			
Security Deposits	0	0	0
Advances to Related Parties	0	0	0
Advances to Employees	814	677	593
Advance to Contractors & Suppliers	751	1,030	1,078
Other Advances	1,738	1,689	3,295
Advance Income Tax/Deductions at source			
Others			
Deferred Cost on Employee Loans			
Secured considered good	0	0	0
Unsecured considered good	0	0	0
Rent Receivable	8	8	8
Income Accrued But Not Due	2,167	2,281	2,455
Other Recoverable	1,034	750	812
Inter Unit Balance	1,537	1,312	2,390
Total	**8,047**	**7,747**	**10,629**

Kerala State Electricity Board Limited

Note 13 : Equity Share Capital

Particulars	As at 31 - March - 2017		As at 31.03.2016		As at 01 - April - 2015	
	No. of Shares (In Lakhs)	Amount (Rs. In Lakhs)	No. of Shares (In Lakhs)	Amount (Rs. In Lakhs)	of Shares (In Lakhs)	Amount (Rs. In Lakhs)
Equity Share Capital						
Authorised (face value ₹10/-)	50,000.00	5,00,000.00	50,000.00	5,00,000.00	50,000.00	5,00,000.00
Issued Subscribed and Paid Up (face value ₹10/-)	34,990.50	3,49,905.00	34,990.50	3,49,905.00	34,990.50	3,49,905.00
Reconciliation of No. Shares and Share capital outstanding						
Opening number of shares outstanding	34,990.50	3,49,905.00	34,990.50	3,49,905.00	34,990.50	3,49,905.00
Add: Number of shares issued or subscribed during the year	-	-	-	-	-	-
(Less) Reduction in number of shares on buyback of shares	-	-	-	-	-	-
Closing Number of shares outstanding	34,990.50	3,49,905.00	34,990.50	3,49,905.00	34,990.50	3,49,905.00
Total	**34,990.50**	**3,49,905.00**	**34,990.50**	**3,49,905.00**	**34,990.50**	**3,49,905.00**

The Company has issued only one kind of equity shares with voting rights proportionate to the share holding of the shareholders. These voting rights are exercisable at meeting of shareholders. The holders of the equity shares are also entitled to receive dividend as declared from time to time for them.

Shares in the company held by each shareholder holding more than 5 percent specifying the number of shares held

Particulars	As at 31 - March - 2017		As at 31.03.2016		As at 01 - April - 2015	
	%	Amount (Rs. In Lakhs)	%	Amount (Rs. In Lakhs)	%	Amount (Rs. In Lakhs)
His Excellency the Honourable Governor of Kerala	100	349905	100	349905	100	349905

Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts : NIL

In preceding five financial years immediately preceding 31.03.2017, Company has not allotted any equity share as fully paid up pursuant to contract(s) without payment being received in cash/ not allotted any equity share as fully paid up by way of bonus share(s).

Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date:- NIL

Calls unpaid (showing aggregate value of calls unpaid by directors and officers) : NIL

Forfeited shares (amount originally paid up) :NIL

Kerala State Electricity Board Limited

Note 14 : Other Equity

OTHER EQUITY

Statement of Changes in Equity	**Amount (Rs. In lakhs)**		
Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Capital Reserve	0	0	0
Security Premium Account	0	0	0
Bonds/Debenture Redemption Reserve	0	0	0
General Reserve	0	0	0
Retained Earnings	-7,39,256	-2,16,864	-1,46,965
Other Reserves	0	0	0

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
General reserve			
As per Last Balance Sheet	0	0	0
Add: Additions and Transfers	0	0	0
(Less) : Utilisation	0	0	0
As at Balance Sheet Date	0	0	0
Retained Earning Surplus			
As per Last Balance Sheet	-2,16,783	-1,46,965	0
Add: Profit During the Year	-1,47,931	-68,069	0
Add: Adjustments attributable in StandAlone Financials	-	16	
Less: Profit Included in the previous year	-1,627	-1,764	
Add: Additions and Transfers	0	0	0
(Less) : Transfer to Reserves	0	0	0
(Less) : Dividend and Corporate Dividend Tax	0	0	0
As at Balance Sheet Date	**-3,66,341**	**-2,16,783**	**-1,46,965**
Other Reserves - Fair Value through Other Comprehensive Income			
As per Last Balance Sheet	-81	-	0
Add: Fair value gain/(loss) During the Year	-3,72,834	-81	0
As at Balance Sheet Date	-3,72,915	-81	0
Total	**-7,39,256**	**-2,16,864**	**-1,46,965**

Kerala State Electricity Board Limited

Note 15 : Non Current Financial Liabilities - Borrowings

Particulars	(Rs. In Lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Bonds or Debentures			
Secured Bonds or Debentures	-	-	-
Unsecured Bonds or Debentures	-	-	-
Term Loans*			
From Banks			
Secured Loans	-	-	-
Unsecured Loans	-	-	-
From Others			
Secured Loans	4,26,657	1,52,515	1,20,996
Unsecured Loans	-	-	-
Loans from related parties			
Secured Loans	-	-	-
Unsecured Loans Considered Good	-	-	-
Total	**4,26,657**	**1,52,515**	**1,20,996**

***Details of terms of repayment and rate of interest**

Loan Name	(Rs. In lakhs)		
	2016-17	2015-16	2014-15
Loan from L I C	200	400	800
Loan from REC on Various Schemes	1,611	4,304	7,341
Loan from REC R-APDRP PART-B	38,626	27,571	20,581
Loan from R E C - RGGVY	1,427	1,090	1,412
Loan from REC - Medium Term Loan	-	-	13,333
Loan from PFC-Pallivasal Generation Project	18,553	18,290	18,851
Loan from PFC R-APDRP	29,086	25,100	25,100
Loan from SOUTH INDIAN BANK	8,513	9,000	-
Loan from PFC GEL Kakkayam	1,225	880	-
Loan from REC-TRAN.Kattakkada - Pothencode Scheme	9,529	10,740	13,659
Loan from REC-TRAN-Group I	5,531	4,137	2,214
Loan from REC-Distribution - 23 Circle Scheme	49,408	39,405	10,238
Loan from REC- Distribution - Meter Scheme	4,998	6,224	7,468
Loan from REC-Thottiyar Gene. Scheme	5,373	5,373	-
Special Loan Assistance from REC	1,25,000	-	-
Loan from REC for the DDG Scheme	13	-	-
Special Loan Assistance from PFC	1,25,000	-	-
Loan from PFC GEL Perumthenaruvi	1,660	-	-
Dam Rehabilitation and Improvement Project (DRIP)	860	-	-
Loan from RIDF of NABARD	45	-	-
Total	**4,26,657**	**1,52,515**	**1,20,996**

Kerala State Electricity Board Limited

Note 16 : Non Current-Other Financial liabilities

Particulars	Amount (Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Security deposit from consumers	2,59,751	2,28,732	1,97,531
Security deposit from consumers other than cash	18,749	19,171	20,075
Interest payable on consumers deposit	33,097	31,725	30,301
Total	**3,11,597**	**2,79,628**	**2,47,907**

Note 17 : Non Current Provisions

Particulars	Amount (Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for Employee Benefits	-	-	-
Contributory Provident Fund	-	-	-
As per Last Balance Sheet	-	-	-
Add: Additions and Transfers	-	-	-
(Less) : Utilisation	-	-	-
As at Balance Sheet Date	4	4	4
General provident Fund	-	-	-
As per Last Balance Sheet	-	-	-
Add: Additions and Transfers	-	-	-
(Less) : Utilisation	-	-	-
As at Balance Sheet Date	2,02,993	1,48,152	1,32,025
Staff Pension Fund	-	-	-
As per Last Balance Sheet	-	-	-
Add: Additions and Transfers	-	-	-
(Less) : Utilisation	-	-	-
As at Balance Sheet Date	16,14,771	12,41,986	12,41,950
Others	-	-	-
Provision for Interest on bonds adjustable against Electricity duty	-	-	-
As per Last Balance Sheet	-	-	-
Add: Additions and Transfers	-	-	-
(Less) : Utilisation	-	-	-
As at Balance Sheet Date	2,11,000	2,11,000	2,11,000
Provision for Pay revision	-	-	-
As per Last Balance Sheet	-	-	-

Particulars	Amount (Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Add: Additions and Transfers	-	-	-
(Less) : Utilisation	-	-	-
As at Balance Sheet Date	-	49,500	15,600
Provision for pension revision	-	-	-
As per Last Balance Sheet	-	-	-
Add: Additions and Transfers	-	-	-
(Less) : Utilisation	-	-	-
As at Balance Sheet Date	-	8,200	8,200
Total	**20,28,767**	**16,58,842**	**16,08,779**

Note 18 : Other Non Current Liabilities

Particulars	As per Ind AS (Rs. In lakhs)		
	As at 31.03.2017	**As at 31.03.2016**	**As at 01.04.2015**
Decommissioning Liability	1,838	1,617	-
Interest payable on consumers deposit	-	-	-
Grants in Aid from Government - Deferred Income			
As per Last Balance Sheet	-	-	-
Add: Grants Received during the year	-	-	-
(Less) : Amortisation/Grants Paid Back	-	-	-
As at Balance Sheet Date	51,809	18,236	9,744
Grants to be Amortised - Concessional Loan from Government			
As per Last Balance Sheet	-	-	-
Add: Grants recognised during the year	-	-	-
(Less) : Amortisation/Grants Paid Back	-	-	-
Add/Less : Fair Value Changes	-	-	-
As at Balance Sheet Date	4,988	4,561	-
Consumer Contribution			
As per Last Balance Sheet	-	-	-
Add: Received during the year	-	-	-
(Less) : Amortisation	-	-	-
As at Balance Sheet Date	84,288	60,695	36,892
Total	**1,42,922**	**85,110**	**46,636**

Kerala State Electricity Board Limited

Note 19 : Current Financial Liabilities - Borrowings

Particulars	As per Ind AS (Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Loans repayable on demand			
From Banks			
Secured Loans	-	33,190	19,407
Current maturities of long term debt	21,380	14,941	48,939
Unsecured Loans	2,55,366	3,87,337	3,91,641
From Others			
Secured Loans			
Unsecured Loans			
Loans from related parties			
Secured Loans			
Unsecured Loans			
Total	**2,76,746**	**4,35,468**	**4,59,988**

Note 20 : Current Financial Liabilities - Trade Payables

Particulars	As per Ind AS (Rs. In lakhs)		
	As at 01.04.2015	As at 01.04.2016	As at 01.04.2017
Trade Payable	60,947.55	69,403.87	81,846.53

Kerala State Electricity Board Limited

Note 21 : Current - Other Financial Liabilities

Particulars	(Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Current Maturities of Long-Term Debt			
Current Maturities of Finance Lease Obligations			
Interest Accrued			
Unpaid Dividends			
Others			
Fuel related liabilities	0	618	530
Liability for capital supply/works	4,505	3,502	3,435
Liability for O&M supply/works	8,149	8,991	3,772
Staff related liabilities and provisions	14,674	20,116	27,419
Deposit and Retentions from Suppliers/Contractors	71,670	60,387	49,491
Electricity Duties and Other levies payable to Government	0	1,79,434	1,46,781
Liability for Expenses	2,466	2,105	1,561
Amount owing to Licensees	16	16	16
Accrued/Unclaimed amount relating to borrowings	15,557	13,104	9,736
Other Liabilities & Provisions	10,341	11,419	11,520
Deposit for Electrification, Service connection etc	62,620	53,350	45,694
Total	**1,89,998**	**3,53,043**	**2,99,957**

Note 22 : Current Provisions

Particulars	As per Ind As (Rs. In lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for Employee Benefits			
Dearness Allowance			
As per Last Balance Sheet			
Add: Additions and Transfers			
(Less) : Utilisation			
As at Balance Sheet Date	-	1,365.00	1,365.00
Dearness Relief to Pensioners			
As per Last Balance Sheet			
Add: Additions and Transfers			
(Less) : Utilisation			
As at Balance Sheet Date	-	720.00	720.00
Income Tax			
As per Last Balance Sheet			
Add: Additions and Transfers			
(Less) : Utilisation			
As at Balance Sheet Date			-
Total	**-**	**2,085.00**	**2,085.00**

Kerala State Electricity Board Limited

Note 23 : Revenue from operations

Particulars	(Rs. In lakhs)	
	2016-17	2015-16
Interstate	-	3
Domestic	3,95,334	3,74,410
Commercial	2,70,904	2,44,850
Public Lighting	15,664	15,636
Irrigation & Dewatering	10,201	6,562
Industrial L T	75,472	74,663
Railway Traction	13,052	12,086
Bulk Supply	36,325	34,704
Miscellaneous	91	24
H. T.	2,36,138	2,26,147
E. H. T.	49,270	55,518
NVVN/ Others	1,227	4,167
Reactive Energy Charges	544	180
Electricity Duty Recovery	76,223	70,926
Other State Levies Recovery	1,398	1,330
Meter Rent/Service Line Rental	9,204	9,013
Wheeling Charges Recoveries	40	19
Misce. Charges from Consumers	8,418	33,461
GROSS SALE OF POWER	11,99,504	11,63,700
Less: Electricity Duty Payable (Contra)	76,223	70,926
Less: Other State Levies Payable (Contra)	1,398	1,330
Total	**11,21,883**	**10,91,444**

Note 24. a) Other Operating Income

Particulars	(Rs. In lakhs)	
	2016-17	2015-16
Rebate Received	14,246	12,355
Interest Advances to Suppliers/Contractors	85	176
Income from sale of Scrap/Tender form etc	7,885	4,986
Miscellaneous Receipts	17,096	13,073
Dividend Income	-	22
Total	**39,312**	**30,612**

Note 24. b) Other Income

Particulars	(Rs. In lakhs)	
	2016-17	**2015-16**
Interest Income		
Staff Loans and Advances	22	27
Income From Investments	24	-
Banks	719	965
Total	**766**	**991**
Total (a+b)	**40,078**	**31,603**

Note 25 : Purchase of Power

Particulars	(Rs. In lakhs)	
	2016-17	**2015-16**
Power purchased from Central Generating Stations	2,57,310	2,69,823
Power purchased from Others	4,28,979	3,33,492
Power purchased from Wind Generating Stations	2,966	1,833
Wheeling Charges (Less - UI Charges Received)	48,536	44,285
Other charges on Sale through Power Exchange	1,542	57
Total	**7,39,332**	**6,49,491**

Note 26: Generation of Power

Particulars	(Rs. In lakhs)	
	2016-17	**2015-16**
FUEL CONSUMPTION		
Oil	2,067	9,653
HSD Oil	133	423
Lub Oil	57	225
LUBRICANTS & CONSUMABLE STORES	87	125
STATION SUPPLIES	1	1
Total	**2,345**	**10,426**

Note 27: Repairs & Maintenance

Particulars	(Rs. In lakhs)	
	2016-17	**2015-16**
Plant and Machinery	5,112	5,439
Buildings	971	818
Civil Works	1,142	849
Hydraulic Works	320	434
Lines, Cable Network etc.	18,434	17,908
Vehicles	233	331
Furniture and Fixtures	56	41
Office Equipments	244	231
Total	**26,513**	**26,050**

Kerala State Electricity Board Limited

Note 28 : Employee Benefits

Particulars	(Rs. In lakhs)	
	2016-17	**2015-16**
Salaries	1,75,552	1,15,044
Over Time/Holiday Wages	42	23
Dearness Allowance	37,810	93,042
Other Allowances	7,852	4,159
Bonus	910	826
Medical Expenses Reimbursement	1,035	853
Leave Travel Assistance	13	-
Earned Leave Encashment	14,567	14,669
Payment under Workmen's Compensation Act	50	8
Leave Salary & Pension Contribution Paid by the Company to the Employees and Other Departments	1,378	18
Funeral Allowance	5	4
Staff Welfare Expenses	433	189
Terminal Benefits	1,20,722	1,00,450
(Less) Expenses Capitalised	24,292	18,829
Total	**3,36,077**	**3,10,455**

Note 29 : Finance Cost

Particulars	(Rs. In lakhs)	
	2016-17	**2015-16**
Finance Charges on Financial Liabilities Measured at Amortised Cost		
INTEREST		
Interest on State Govt. Loans		
Interest on Bonds		
Interest on other loans/deferred credits	43,579	40,331
Interest to Consumers	17,727	16,790
Interest on Borrowings for Working Capital	24,894	22,943
OTHER INTEREST AND FINANCE CHARGES		
Rebate allowed for prompt payment to NVVN		
Discount to Consumers for timely payment of bills	148	162
Interest To Suppliers/Contractors-O&M		
Interest on Contributory Provident Fund		
Interest on General Provident Fund	14,345	10,625
Other Interest	-	16
Cost of Raising Finance	0	4
Other Charges	1,762	42
Less: Other Borrowing Costs	6,463	5,773
Total	**95,992**	**85,139**

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Note 30 : Depreciation, Amortisation and Impairment Expenses

Particulars	(Rs. In lakhs)	
	2016-17	2015-16
Depreciation - Buildings	2,212	2,018
Depreciation - Hydraulic Works	6,343	5,563
Depreciation - Other Civil Works	1,838	1,604
Depreciation - Plant & Machinery	23,607	25,107
Depreciation - Line Cable & Network	36,367	34,309
Depreciation - Vehicles	98	89
Depreciation - Furniture & Fixtures	204	178
Depreciation - Office Equipments	1,220	1,093
Total	**71,888**	**69,962**

Note 31 : Administrative Expenses

Particulars	(Rs. In lakhs)	
	2016-17	2015-16
Rent	1,219	684
Rates and Taxes	181	119
Insurance	25	117
Telephone Charges, Postage, Telegram & Telex charges	406	401
Internet charges	13	14
Legal Charges	895	594
Audit Fees - Statutory audt	38	37
Audit Fees - others	111	1
Consultancy Charges	38	9
Technical Fees	66	49
Other Professional Charges	90	60
Conveyance and Travel	6,015	5,713
Expenses in respect of ESCOT	1	91
Salary and other allowance of Appellet Authority	4	4
Bank Charges	107	6
Fees and Subscriptions	62	55
Freight	921	970
Books and Periodicals	6	5
Printing and Stationary	963	1,080
Data Processing Charges	10	10
Advertisements	131	66
Electricity Charges	730	657
Water Charges	49	34
Entertainment	73	55
Ele. Duty u/s 3(i) of KED Act	11,527	11,137
Miscellaneous Expenses	301	507
Other Expenses	16,029	12,103
Less: Expenses capitalised	2,534	1,621
TOTAL	**37,479**	**32,958**

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Note 32 : Others

Sl. No.	Particulars	(Rs. In lakhs)	
		2016-17	2015-16
1	Material Cost Variance	6,432	6,861
2	Research and Development Expenses	20	9
3	Bad and Doubtful Debts Written off / Provided for	854	1,306
4	Miscellaneous Losses and Write Offs	1,555	396
5	Sundry Expenses	-	2
6	Loss on account of flood cyclone etc	2	-
	TOTAL(A)	**8,863**	**8,575**

Prior Period Expenses or Losses

Sl. No.	Particulars	(Rs. In lakhs)	
		2016-17	2015-16
1	Other Excess Provision in Prior Periods	15	2
2	Other Income relating to Prior Periods	2,600	561
	INCOME RELATING TO PREVIOUS YEARS	2,615	564
3	Fuel Related Losses and Expenses Relating to Prior Period	-	2
4	Operating Expenses of Previous Years	12	3
5	Interest on Other Financial Charges in Previous Years	18	1,427
6	Other Charges	2,086	117
	EXPENSE RELATING TO PREVIOUS YEARS	2,116	1,549
	NET PRIOR PERIOD CREDITS/(CHARGES) (1-2)(B)	499	-985.69
	TOTAL(A+B)	**8,364**	**9,560**

Note 33 : Changes in fair valuation and Other Adjustments

Sl. No.	Particulars	(Rs. In lakhs)	
		2016-17	2015-16
1	Income on account of Fair Valuation Changes	3,390	-2
2	Clawback of Grant	3,177	1,299
	Total	**6,566**	**1,296**

KERALA STATE ELECTRICITY BOARD LIMITED

Note 34: NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

34.1. 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.

34.2. Contingent liabilities and capital commitments

[₹ in Lakhs]

Particulars	**2016-17**	**2015-16**
A. Contingent Liabilities not provided for in respect of:		
1. Capital liabilities becoming due for re-payment/redemption	3,92,411.97	3,75,350.89
2. Disputed Income-tax Matters	35,832.26	35,832.26
3. Claims against Group pending Court Orders/ Government orders	10,401.00	-
4. NTPC	1,979.74	-
5. KPTCL	3.98	-
6. Bank Guarantee of BWCCL	3750.00	3750.00
B. Capital Commitments		
1. Contracts placed but not executed	28,567.53	20,986.89

34.3. Secured and unsecured loans

The following table summarizes future cash flows.

Particulars	Upto 1 Year	2-5 years	Above 5 years	Total
Secured Loan				
March 31, 2017	20650.74		424209.38	444860.12
March 31, 2016	48130.88		152515.45	200646.33
April 01, 2015	68346.34		120996.02	189342.36
Unsecured Loan				
March 31, 2017	188750.00			188750.00
March 31, 2016	190000.00			190000.00

April 01, 2015	199999.90		199999.90
Total			
March 31, 2017	209400.74	424209.38	633610.12
March 31, 2016	238130.88	152515.45	390646.33
April 01, 2015	268346.24	120996.02	389342.26

The list of loans taken and the purpose of loan is given as follows.

Sl. No	Name of the lender	Purpose of loan	Nature of security
1	PFC	RAPDRP Part- A	Existing and future assets
		(Distribution scheme)	created from the loans
2	PFC	RAPDRP Part- B (Distribution scheme)	Existing and future assets created from the loans
3	REC	Transmission scheme (Kattakada, Pothencode)	Future assets created from the loans
4	PFC	Pallivasal Extension Scheme (Generation Scheme)	Immovable and movable properties presentpresent, and future assets created from the loans
5	REC	Meter Scheme (Distribution)	Future assets created
			from the loans
6	REC	R-APDRP Part-B Counterpart	Future assets created
		Funding (Distribution scheme)	from the loans
7	REC	8 Nos. Transmission schemes	Future moveable assets created from the loans
8	REC	Distribution Schemes	Future assets created
			from the loans
9	REC	Thottiyar HEP(Generation scheme)	Future assets created
			from the loans
10	PFC GEL	Kakkayam SHEP (Generation Scheme)	Immovable and movable properties present and
			future created from the loans
11	South Indian Bank	BARAPOLE SHEP(Generation)	Hypothecation of movable assets & lodgment of
			title deed of landed properties
12	LIC	Renovation of Sabarigiri Hydro Electric Project	Government Guarantee
13	REC-RGGVY	Development of rural household	Future assets created from the loans
14	REC-Medium Term loan	Purchase of power	Hypothecation of assets of

			Transmission circle
15	REC-Various Schemes	System improvement schemes	Future assets created from
			the loans and Govt. Guarantee.

Loans of ₹30014 lakh is not considered for revaluation as repayment liability is not confirmed.

34.4. Related Party Disclosures

List of Key Managerial Personnel as defined in 2(51) of Companies Act, 2013 and disclosure of transaction entered with key managerial personnel.

[₹ in Lakhs]

No.	Name	Designation	Gross Salary	Others	Total
1	M. Sivasankar IAS	CMD	4.86	1.34	6.20
2	Paul Antony IAS	CMD	9.98	1.99	11.97
3	Dr. K. Ellangovan IAS	CMD	9.02		9.02
4	N.S. Pillai IA & AS	Director	22.13	1.88	24.01
5	Vijaya Kumari. P	Director	19.25	5.07	24.32
6	Asokan. O	Director	18.93	5.36	24.29
7	Venugopalan. N	Director	17.57	6.99	24.56
8	Rajeev. S	Director	13.70	1.18	14.88

34.5. Interest and finance charges capitalized

Interest and finance charges capitalized @ 9.60%.

34.6. Transactions in Foreign currency

a) Expenditure in foreign currency (on accrual basis)

Particular	March 31, 2017	March 31, 2016
Travelling	NIL	NIL
Professional & Consultation fee	NIL	NIL
Interest	NIL	NIL
Others	NIL	NIL
Total	NIL	NIL

b) CIF Value of Imports

Particular	March 31, 2017	March 31, 2016
Raw materials	NIL	NIL
Capital goods	NIL	NIL
Components & Spares	NIL	NIL
Total	NIL	NIL

34.7. Segment Reporting

Disclosure as per Ind AS 108 is given below.

Particulars	For the year ended 31 March, 2017				
	Business segments			Inter	Total
	Generation Rs. in lakhs	Transmission Rs. in lakhs	Distribution Rs. in lakhs	Segment Elimina-tions	Rs. in lakhs
Segment Revenue					
Sale of energy & Meter rent	74439.51	95127.00	1121882.81		1291449.31
Inter-segment revenue					
Total	74439.51	95127.00	1121882.81		1291449.31
Segment result					
allocable expenses (net)	26651.53	11636.13	-227828.21		-189540.55
Operating income					
Other income (net)	2222.71	3546.37	34308.62		40077.69
Profit before taxes					-149462.85
Tax expense					
Net profit for the year					

Particulars	For the year ended 31 March, 2016				
	Business segments			Inter	Total
	Generation Rs. in lakhs	Transmission Rs. in lakhs	Distribution Rs. in lakhs	Segment Elimina-tions	Rs. in lakhs
Segment Revenue					
Sale of energy & Meter rent	65618.07	78994.22	1091443.60		1236055.90
Inter-segment revenue					
Total	65618.07	78994.22	1091443.60		1236055.90
Segment result					
Allocable expenses (net)	14379.16	15747.33	-131426.38		-101299.89
Operating income					
Other income (net)	1860.08	3204.48	26538.73		31603.29
Profit before taxes					-69696.59

Tax expense	
Net profit for the year	

Particulars	For the year ended 31 March, 2017			Total
	Business segments			
	Generation Rs. in lakhs	Transmission Rs. in lakhs	Distribution Rs. in lakhs	Rs. in lakhs
Segment assets				
Allocable assets	1527162.84	310665.84	1051493.28	2889321.96
Total assets	1527162.84	310665.84	1051493.28	2889321.96
Segment liabilities				
Allocable liabilities	1602554.65	345899.91	1119196.59	3067651.15
Total liabilities	1602554.65	345899.91	1119196.59	3067651.15
Other information				
Capital expenditure				
Capital expenditure (Allocable)	75391.81	35234.07	67703.31	178329.19
Depreciation and amortisation (allocable)	15374.36	21097.02	35416.54	71887.92
Depreciation and amortisation (unallocable)				
Other significant non-cash expenses				

Particulars	For the year ended 31 March, 2016			Total
	Business segments			
	Generation Rs. in lakhs	Transmission Rs. in lakhs	Distribution Rs. in lakhs	Rs. in lakhs
Segment assets				
Allocable assets	1511481.59	302310.23	1180224.17	2994015.99
Total assets	1511481.59	302310.23	1180224.17	2994015.99
Segment liabilities				
Allocable liabilities	1598881.16	338267.78	1230360.03	3167508.97
Total liabilities	1598881.16	338267.78	1230360.03	3167508.97
Other information				
Capital expenditure				
Capital expenditure (Allocable)	87399.57	35957.55	50135.86	173492.98
Depreciation and amortisation (allocable)	17638.46	19359.99	32963.23	69961.68

Depreciation and amortisation (unallocable)				
Other significant non-cash expenses				

34.8 Earnings per Share

Earnings per share are calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Numbers used for calculating diluted earnings per equity share includes the amount of Equity Share Application Money. The details as follows:

Sl. No.	Particulars	2016-17	2015-16
1	Earnings Available to Equity Share Holders (₹ in lakhs)	(147931)	(68069)
2	Number of weighted equity shares	3499050000	3499050000
3	Face value per share (Rs.)	10	10
4	Earnings per Share (Basic) (Rs.)	(4.23)	(1.95)
5	Earnings per Share (Diluted) (Rs.)	(4.23)	(1.95)

34.9 Details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 Pursuant to MCA Notification No. GSR 308(E) dated 30 March 2017.

₹.in lakhs

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	87988000	7944665	95932665
Add: Permitted Receipts	2402236050	5248614113	7650850163
: Non-permitted Receipts			
Less: Permitted Payments		79218	79218
Less: Amount Deposited in Banks	2490224050	5155968821	7646192871
Closing Cash in Hand as on 30.12.2016	0	100510739	100510739

Balance available and receipts at various offices of the Company, as per separate records.

34.10 Statutory Auditors' Remuneration

[₹ in Lakhs]

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Remuneration of statutory auditors	37.77	36.65
Total	37.77	36.65

34.11. 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 for the financial year 2016-17 though the claims are not fully admitted by the Company.

(₹. in lakhs)

Sl No.	Supplier	Amount
1	MAITHON	427
2	NPCIL-MAPs	285
3	KAIGA	2
4	JHABUA POWER	553
5	DVC	2293
6	KPCL	3720
7	APCPL	419
8	KPTCL (Wheeling)	1786
9	KPTCL (RE charges)	14
10	NLC	15830

34.12. Other Matters

a. Commercial Tax Department had disallowed the concessional tax of 4% given to M/s KPCL and directed BPCL to collect differential amount with retrospective effect from 2001-02. M/s KPCL in turn had claimed an amount of `40.31 crores vide invoice dated 20-3-2016. The matter was referred to the high-power committee constituted by Government of Kerala for granting concessional rate to KPCL as the entire power is being drawn by KSEBL. The high-power committee had decided that KSEBL shall reimburse the differential tariff and to waive the interest and penal interest elements after taking approval of the council of Ministers. The differential tax was estimated as `30.70 crores. However 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 to `13.34 crores. Accordingly, an amount of `13.84 crore is provided in the accounts though the claim is not admitted by KSEB Ltd. KSEBL had approached the Government to waive the interest claim in this regard amounting to `78.65 crores and to withdraw the claim of balance differential tax amounting to `25.36 Crores. KSEB Ltd. is expecting favorable orders from the Government of Kerala. Accordingly, an amount of `104.01 crore is shown under contingent liabilities.

b. NTPC has claimed revision of fixed charges of RGCCPP, Kayamkulam from the month of 10/16 onwards. As the company has not accepted the revision claims and KSERC has adversely commented on the additional claim of fixed charges, the KSEB Ltd. is paying the fixed charges at the old rates. A total claim of `265.57 crores in this regard is not admitted and accounted by the KSEB Ltd..

c. 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.

d. Inter Unit balances amount to Rs.1536.57 Lakhs (Previous year Rs.1311.85Lakhs) has been considered as Sundry Receivables pending complete reconciliation of such balances.

e. The GPF balances of KSEB Ltd. as per financial statements is `2029.93 crores. A difference of ₹ 42.98 lacs with the party wise registers maintained at GPF section are reported and the same is being verified.

f. The Kerala Power Finance Corporation has issued 1319440 Nos. of Equity Shares of Rs.10/- each as Bonus Share to the erstwhile KSE Board during the Year 2004-05.

g. Renewable Power Corporation of Kerala has not started commercial operation during the year and therefore has not recognized any revenue for the year ended 31 March 2017.

h. Old outstanding balances lying in the books of accounts without proper adjustments were written off/ written back based on the audit observations and net amount of `8.12 crore is written back as income during the current financial year.

i. 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

j. For monthly as well as bi-monthly billed consumers under various tariff categories, an estimated amount of Rs.622.98 crores is recognized as unbilled revenue as on 31.03.2017(Previous year Rs.589.62crores) and the amount is debited to sundry debtors for sale of power.

k. KSEB Ltd. along with Orissa and Gujarat has taken steps to sets up a 1000 MW Power Plant at Orissa. In this connection a company has been formed under the name Baitarani West Coal Company Limited. The Board has made share contribution of Rs. 10 Crores. The following share certificates have been issued by the company.

Folio No.	Share Certificate No.	Face Value	Amount [₹In Lakhs]
00	004	Rs.1000 /-	29
00	005	Rs.1000/-	1
00	009	Rs.1000/-	970

Further KSEB Ltd. has deposited Rs. 25 Crores on 01.09.2012 with Punjab & Sind Bank, Thiruvananthapuram for enabling Punjab & Sind Bank, Bhubaneswar to issue Bank Guarantee to Government of India Favoring the company. On 10.12.2012 Ministry of Coal, Government of India de- allocated the Baitarani West Coal Block citing delay in developing the coal block. KSEB Ltd. has filed appeal to the Ministry of Coal to revoke the decision of de- allocation. The matter has also been taken up with the Union Government through letters written by the Chief Minister to the Prime Minister and the Union Coal Minister. A petition has also been filed by the allocates before the High Court of Odisha challenging the decision of Union Government on de-allocating the Baitarani coal block. The case is yet to be finally heard by the Court.

l. 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 Kochi 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 Rs.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

m. 45.715 cents of Land belonging to the KSEB Ltd. in Trivandrum was transferred to Trivandrum 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.

n. Vide G.O.(M.S) No.34/2017/PD dated 04/04/2017 Government of Kerala ordered that 20 acres of land owned by TCCL, which is currently under the lease to BSES Kerala Power Ltd shall be transferred to KSEBL with full ownership in lieu of the outstanding dues as on date to KSEBL subject to the condition that KSEBL shall not alienate the land under any circumstances. Since the Government order pertains to the financial year 2017-18 this has not been adjusted during the year.

o. In the 32nd Meeting of Board of Directors of KSEB Ltd. held on 30.05.2017 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 guarantee commission etc. as on 31.03.2017 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 267821lakh is netted off with the amount receivable from the Government. In line with the decision of the Board this has been reported to Government for concurrence.

p. Figures for the previous year have been re arranged and regrouped wherever necessary.

For and on behalf of the Board of Directors

Sd/-
N.S.PILLAI IA&AS
CHAIRMAN&MANAGING DIRECTOR
DIN:07282785

Sd/-
N. VENUGOPAL
DIRECTOR (Corp. Planning, SCM, Safety &GE)
DIN: 07558958

Sd/-
BIJU.R FCA
FIANCIAL ADVISER&CHIEF FINANCIAL OFFICER

Sd/-
LEKHA.G FCA ACS
COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For ISAAC&SURESH
Chartered Accountants FRN:001150S

For ANANTHAN &SUNDARAM
Chartered Accountants FRN:000148S

Sd/-
SOBHA SETHUMADHAVAN FCA
Partner M.No.225166

Sd/-
C.A.HARIKRISHNAN.R.S.M.Com, DISA, FCA
Partner M.No.230338

For G.VENUGOPAL KAMATH &Co.
Chartered Accountants
FRN:004674S

Sd/-
RAVINATH.R.PAI FCA
Partner M.No. 226547

Place : Thiruvananthapuram
Date : 01.03.2018

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013

Sl. No.	Name of Associates/ Joint Ventre	Renewable Power Corporation of Kerala Ltd.	Kerala State Power Infrastructure Finance Corporation Ltd.	Baitarani West Coal Company Ltd.
1.	Latest Audited balance Sheet Date	31 st March 2017	31 st March 2017	31 st March 2017
2.	Date on which the Associate or Joint venture was associated or acquired	31st March 2016	20th March 1998	14th August 2008
3	Shares of Associates/Joint Venture held by the Company on the year end as at 31.03.2017			
	Number	5,000	10,819,440	100,000
	Amoun of Investment in Associates/Joint Venture	5,000,000	Rs, 10,81,94,400	Rs, 10,00,00,000
	Extent of Holding (%)	50%	40.60%	33.33%
4.	Description of how there is Significant influence	NA	NA	NA
5.	Reason why the Joint Venture is not consolidated	NA	NA	NA
6	Networth atributable to Shareholding as per latest audited Balance Sheet	Rs, 5,000,000	Rs, 285,015,638	Rs, 99,402,571
7.	Profit/Loss for the year (Total Comprehensive Income)			
i.	Shates of Associates / Joint Venture held by the Company on the year end as at 31.03.2017	0	28,285,963	-531,482
i	Not Consisdered in Consolidation	NA	NA	NA

Summarised financial information of the associate/Joint Venture	50%	40.60%	33.33%
	RPCL	KSPIFC	BWCL
Current assests	18,773,325	400,168,098	92,625,225
Non-current assets	387118866	386,994,723	207,877,048
Total assets (A)	405,892,191	787,162,821	300,502,273
Current liabilities	375,892,191	75,449,529	934,338
Non-current liabilities	20,000,000	9,704,332	1,330,399
Total liabilities (B)	395,892,191	85,153,861	2,264,737
Equity (A-B)	10,000,000	702,008,960	298,237,536
Summarised statement of Profit and loss			
Revenue from operations	0	92,649,180	0
Other income	0	5,449,621	6,482,558
Other expenses	0	13,725,851	5870432
Fianance costs	0	12,538,728	4333
Depreciation	0	966,707	139221
Tax expenses	0	42795925	
Defered Tax Income		-214373	0
	0		
Profit for the year	0	28,285,963	-531,428
Group's share of profit/(Loss) for the year	0	11,484,101	-177,125

For and on behalf of the Board of Directors

Sd/-
N.S.PILLAI IA&AS
CHAIRMAN&MANAGING DIRECTOR
DIN:07282785

Sd/-
N. VENUGOPAL
DIRECTOR (Corp. Planning, SCM, Safety &GE)
DIN: 07558958

Sd/-
BIJU.R FCA
FIANCIAL ADVISER&CHIEF FINANCIAL OFFICER

Sd/-
LEKHA.G FCA ACS
COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For ISAAC&SURESH
Chartered Accountants FRN:001150S
Sd/-
SOBHA SETHUMADHAVAN FCA
Partner M.No.225166

For ANANTHAN & SUNDARAM
Chartered Accountants FRN:000148S
Sd/-
C.A.HARIKRISHNAN.R.S.M.Com,DISA, FCA
Partner M.No.230338

For G.VENUGOPAL KAMATH &Co.
Chartered Accountants FRN:004674S
Sd/-
RAVINATH.R.PAI FCA
Partner M.No.226547

Place:Thiruvananthapuram
Date:01.03.2018