8th ANNUAL REPORT 2018-2019

KERALA STATE ELECTRICITY BOARD LIMITED

THIRUVANANTHAPURAM

KERALA STATE ELECTRICITY BOARD LIMITED

THIRUVANANTHAPURAM

കേരളത്തിന്റെ ഊർജ്ജം

EIGHTH ANNUAL REPORT
2018-2019

KERALA STATE ELECTRICITY BOARD LIMITED

Regd Office: Vydyuthi Bhavanam, Pattom, Thiruvananthapuram - 695004

CIN: U40100KL2011SGC027424

KERALA STATE ELECTRICITY BOARD LIMITED

THIRUVANANTHAPURAM

Sl.No.	Contents	Page No.

KERALA STATE ELECTRICITY BOARD LIMITED
(Incorporated under the Indian Companies Act, 1956)
Reg. Office: Vydyuthi Bhavanam, Pattom,
Thiruvananthapuram – 695 004, Kerala
CIN: U40100KL2011SGC027424
Office of the Chairman & Managing Director
Phone: +91 471 2514500, 2514680, Fax: 0471 2441328
mail: cmdkseb@kseb.in website: www.kseb.in.

MESSAGE FROM CHAIRMAN

I am happy to present the 8th Annual Report of the Board of Directors of Kerala State Electricity Board Ltd for the financial year ended on 31st March, 2019.

Kerala State Electricity Board Limited has made several significant strides during the year towards achieving our avowed objective of providing quality and reliable power at reasonable price. The year saw our company overcoming the stiffest of challenges, going past major milestones and seizing new opportunities. All the three Strategic Business Units have turned in stellar performances during the year.

Transmission sector saw remarkable achievements by way of commissioning of new substations and transmission lines. Nine new substations were commissioned during the year and 716.70 MVA of transformer capacity added to the system. TransGrid project gained traction and several transmission lines got upgraded.

In the Generation side, a total of nearly 8000MU was generated. Though the major share comes from hydel stations, the renewable energy sector has also started chipping in. The share of the latter is expected to go up significantly in the coming years thanks to the green energy initiatives of the Government.

The Distribution arm of KSEBL caters to 126 lakh consumers as on March 2019. The total fresh Service connections effected during the year stood at 368673. More than 800000 meters were replaced on mission mode and 3401 km of LT line constructed.

Oorja Kerala Mission launched by the Government of Kerala during the year envisages integrated development of the Power sector to lift our company to international standards through five innovative projects titled Transgrid, Soura, Filament free Kerala, Dyuthi and Esafe.

The year is unforgettable as we saw the State getting besieged by natural calamity on a scale not witnessed in recent history. The torrential rains caused by cloud bursts culminated in what is now described as the “flood of the century”. Nearly one million people were rendered homeless and had to be evacuated.

KSEBL also had to bear the brunt of the fury thus unleashed by nature. T&D infrastructure of the company was left in a shambles post the deluge. It took concerted and commendable efforts on the part of officers and staff of KSEBL to restore normalcy within a short span of time amidst the peak of challenges and against the heaviest of odds. The feat, christened as “Mission Reconnect” captured wide national/international media attention for the sheer scale, speed and precision with which it was achieved.

Our values of social obligations were manifest when a team from KSEBL comprising officers and staff rushed to the aid of TNEB with men and material when Gaja cyclone struck Tamil Nadu. Our employees and pensioners have contributed generously for the flood relief exhibiting their social commitment.

A modern company aspiring for global standards in service will not stop at consumer satisfaction per se but would aim for consumer delight and beyond. KSEBL is continuously setting new benchmarks of customer service which is borne out by the feedback from various quarters.

With great pride, I would like to thank all my fellow Directors, Regulatory authorities, management & employees for their wholehearted commitment and hard work at this crucial period of the Company’s journey. I would like to specially thank the stakeholder fraternity of the company for their co-operation, understanding and patience at the time in need.

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

KERALA STATE ELECTRICITY BOARD LIMITED

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

No.CS/Adj.AGM-8/2018-19
All members, Auditors and Directors

Notice of Adjourned Annual General Meeting
Ref: AGM dated 28.09.2019

Notice is hereby given that the Adjourned 8th Annual General Meeting of Kerala State Electricity Board Ltd, relating to the Financial Year 2018-19 will be held on 27.01.2021 at 10:30 AM at the Registered Office of the Company at Vydyuthi Bhavanam, Pattom, Thiruvananthapuram-695004 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements (standalone and consolidated) of the Company for the Financial Year ended 31st March 2019 along with Director's Report and the Auditors' Report thereon, and the Comments of the Comptroller & Auditor General of India.

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

"RESOLVED that the Financial Statements (standalone and consolidated) of the Company for the year ended 31st March 2019, the Auditors' Report, the Comments of the Comptroller & Auditors General of India there on, and the replies of the Company to the report of the Statutory Auditors and the comments of the Comptroller & Auditor General of India, the Directors' Report and annexure there to and forming part thereof be and are hereby approved and adopted."

By order of the Board
For Kerala State Electricity Board Ltd

Sd/-
Chairman & Managing Director
DIN:07282785

Thiruvananthapuram
04.01.2021

NOTE:

1) A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on behalf of himself and proxy need not be a member of the company.
2) The proxy should be lodged with the Company at its Registered Office not less than 48 hours before the commencement of the meeting.
3) The 8th Annual General meeting which was held on 28.09.2019 for consideration and adoption of audited financial statements for 2018-19 was adjourned sine die pending receipt of the comments of the Comptroller and Auditor General of India.

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

KERALA STATE ELECTRICITY BOARD LIMITED

Incorporated under the Companies Act, 1956

CIN : U40100KL2011SGC027424

Office of the Chairman & Managing Director

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

REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your Directors have great pleasure in presenting the 8th Annual Report on the performance of the Company for the year ended 31st March, 2019 together with the Audited Financial Statements and the Auditors Report for the year ended 31st March, 2019.

The Kerala State Electricity Board Limited is a Public Limited Company fully owned by the Government of Kerala, engaged in Generation, Transmission and Distribution functions committed to providing quality and reliable power at affordable price.

The year saw the State getting besieged by natural calamity on a scale not witnessed in recent history. The torrential rains caused by cloud bursts culminated in what is now described as the "flood of the century". Nearly one million people were rendered homeless and had to be evacuated. Landslides in Idukki and Wayanad caused severe losses and damage. The situation was unprecedented in the history of the State, testing the collective resolve and resilience of the people and the leadership alike.

KSEBL had to bear the brunt of the fury thus unleashed by nature. T&D infrastructure was left in a shambles post the deluge. It took concerted and commendable efforts on the part of officers and staff of KSEBL to restore normalcy within a short span of time amidst the stiffest of challenges and against the heaviest of odds. The feat, christened as "**Mission Reconnect**" captured wide national/ international media attention for the sheer scale, speed and precision with which it was achieved.

The Directors take this opportunity to place on record its appreciation and gratitude to all stakeholders, various agencies and sister power utilities for coming to the aid of KSEBL at these trying times.

In its hour of need, KSEB Ltd received helping hand offered by many. Apart from the serving employees of the affected area, the work force included staff & petty contractors from the sections not affected by the flood, licensed wiremen, retired KSEB personnel, volunteers from the institutes such as ITIs, Polytechnics, Engineering Colleges etc. and skilled manpower of 120 personnel provided by Andhra Pradesh Southern Power Distribution Company Limited (APSPDCL).

KSEB had received vital support from the neighbouring licensees in the form of supply of materials and skilled manpower. In this regard, M/s. TSSPDCL (Telangana State Southern Power Distribution Company Ltd.) donated 100Nos of 100kVA transformers & 20,000 single phase energy meters, M/s HESCOM (Hubli Electricity Supply Company) donated 50 Nos. of 100kVA transformers, M/s GESCOM(Gulbarga Electricity Supply Company) donated 48 Nos. of 100kVA transformers, M/s TATA POWER donated 14 Nos. of RMUs (Ring Main Units) & 473 km of WP(weather Proof) wire, M/s. APSPDCL

(Andhra Pradesh Southern Power Distribution Company Limited) provided skilled manpower of 120 Nos., M/s. TANGEDCO (Tamilnadu Generation and Distribution Company Limited) transferred 250 Nos. of 100kVA transformers & 40,000 single phase energy meters and M/s. PGCIL (Power Grid Corporation Of India Limited) rendered assistance in Distribution Transformer restoration works and supplied 30 kilo litres of transformer oil.

KSEBL also had the opportunity to reciprocate and reaffirm its values of social commitment when the Principal Secretary, Chairman & Managing Director, TANGEDCO, appealed for help in restoration of supply when the 'Gaja cyclone' hit Tamil Nadu, during November 2018. TANGEDCO being one of the first discoms to come to the aid of KSEBL in coping with the devastation caused by the floods in Kerala in Aug 2018, KSEBL quickly responded to the request. Several teams from KSEBL set forth to assist in the restoration mission. A total of 412 staff from Electrical circles of Kattakkada, Kollam, Kottarakkara, Thrissur, Irinjalakkuda, Haripad, Manjeri, Shornur, Palakkad, Tirur, Nilambur, Kalpetta and Kannur, comprising officers and staff both permanent and contract, participated in the mission of supply restoration works at Pudukottai and Nagapattanam Districts of Tamil Nadu, which was another milestone to KSEBL during 2018-19.

A. HIGHTLIGHTS OF KERALA POWER SYSTEM

Particulars							
Year	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**System as on 31.3.19**
Generation							
Hydro Capacity (MW)	0	15.50	22.0	3.6	6	3	2058.76
Solar Capacity (MW)			1.156	6.71	7.5	1.053	16.419
Transmission							
Substation 220KV (Nos)	0	1	0	0	2	0	22
Substation 110KV (Nos)	5	1	8	3	6	3	157
Substation 66KV (Nos)	1	0	3	0	3	1	72
Substation 33KV (Nos)	4	1	3	7	5	5	154
Lines (circuit km)	184.03	117.60	140.14	147.43	175.38	224.6	11800.18
220KV (circuit km)	0	36.2	0.68	0	54.1	0	2952.34
110KV (circuit km)	112.59	38.4	66.67	67.66	79.76	134.2	4745.08
66KV (circuit km)	0	0	6	0	0.44	29.5	2145.33
33KV(circuit km)	71.44	43	66.79	75.77	41.08	60.9	1957.43
Distribution							
LT lines (circuit km)	3735	4636	4826	5357	3130	3401	289804
HT lines circuit km	1884	1807	2022	1844	1744	1773	62450
Distr Transformers	3200	3554	2389	2270	2353	2410	79876
No. of consumers	415216	422238	381247	462137	353642	368673	12552206

B. FINANCIAL REVIEW

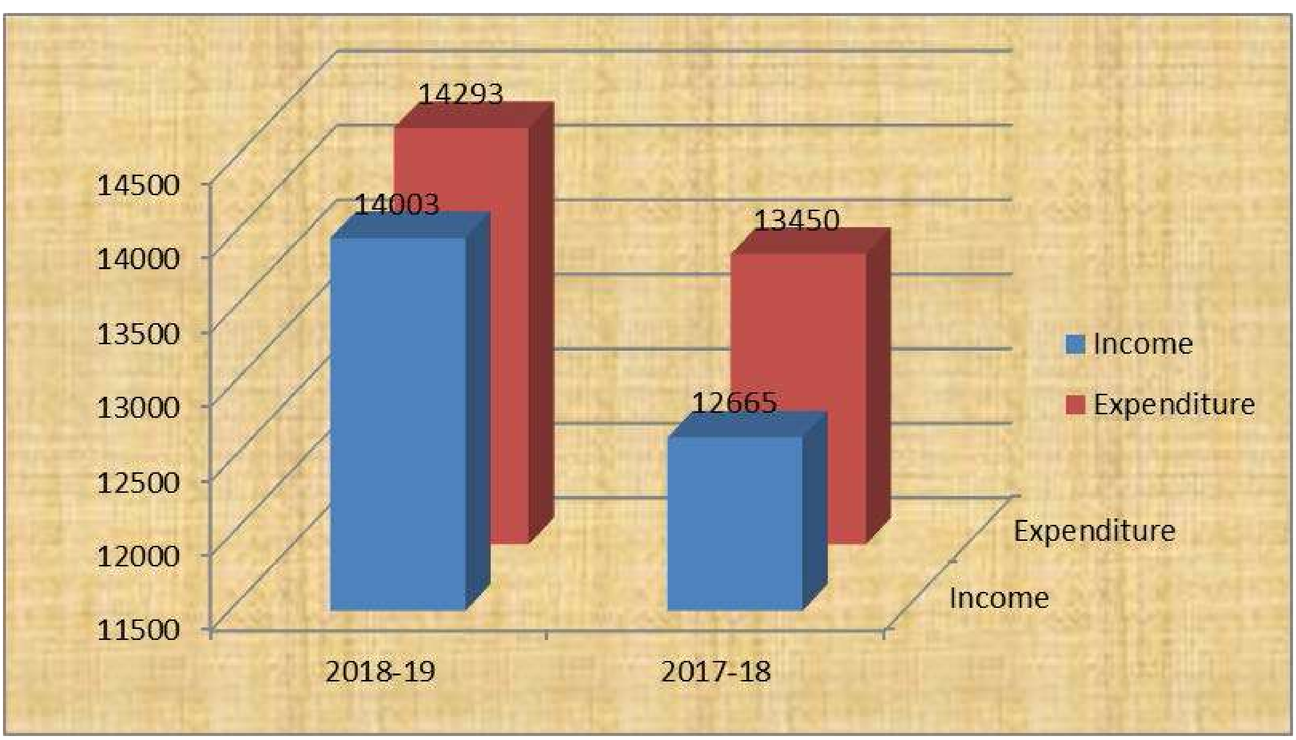
A comparative statement showing revenue from operations, Net Profit/Loss of the company for the year 2018-19 and 2017-18 is furnished below.

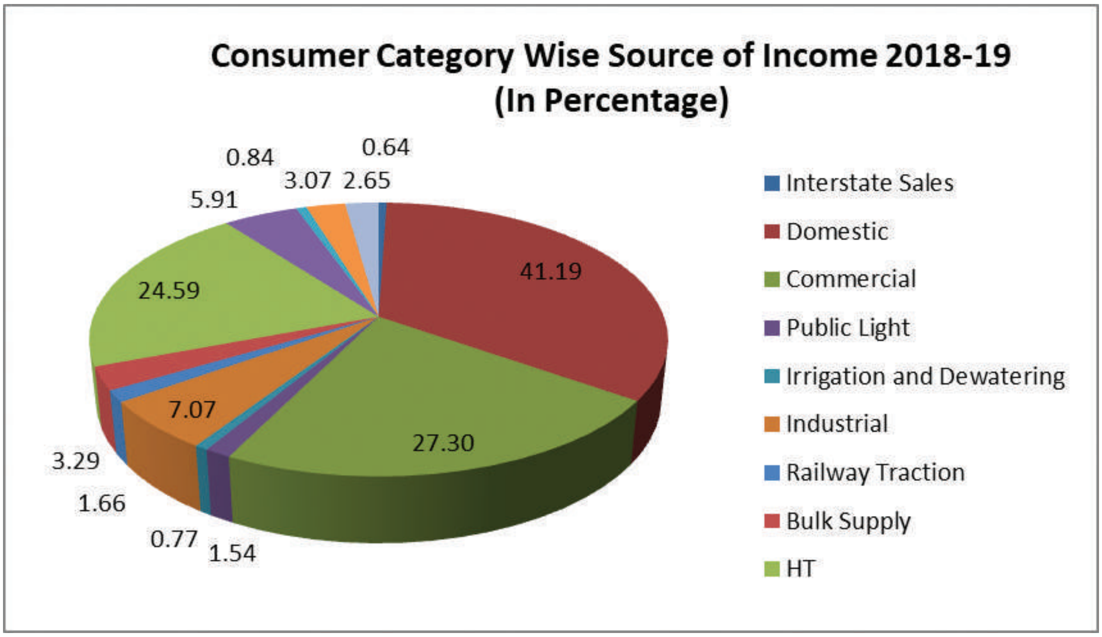
Sl. No	Particulars	2018-19 (in ₹Crore)	2017-18 (in ₹Crore)
1	Revenue from operations	13521.2	12318.17
2	Other Income	481.74	466.78
3	Total Income	14002.94	12784.95
4	Profit(Loss)before Depreciation Interest & Tax	2113.93	1834.30
5	Depreciation & Amortization Expenses	805.03	803.70
6	Finance Cost	1598.9	1814.69
7	Income Tax	-	
8	Profit/(Loss)	(-290)	(784.09)

The company has been adopting prudent financial management practices to improve its financial position. These include availing loans at the barest minimum interest rate after fully utilizing internal accruals and obtaining funds from least cost sources.

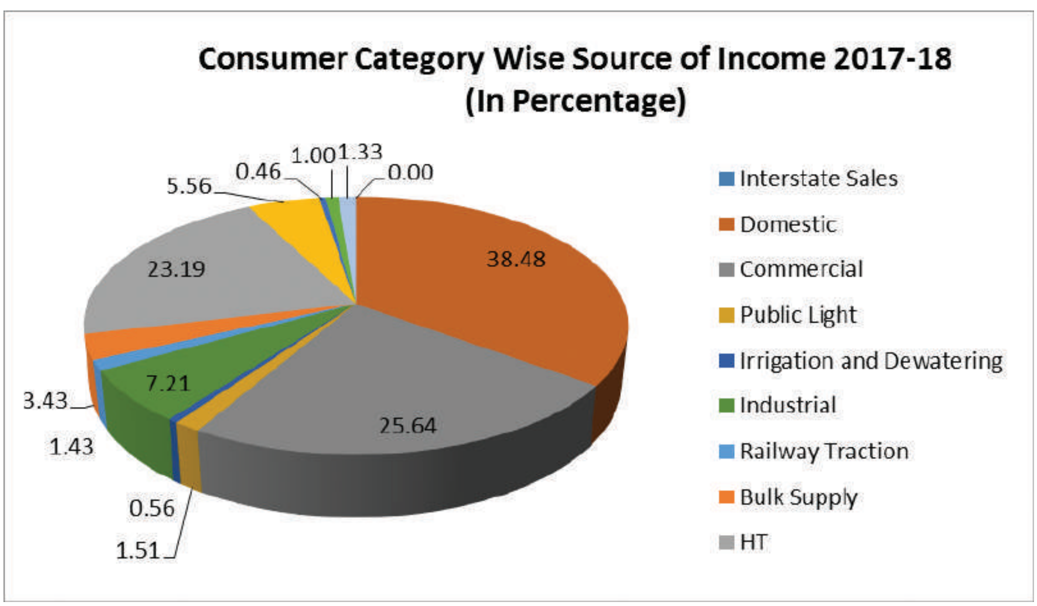
Revenue and Expenditure 2018-19 (In ₹ Crores)

Value of Assets at the end of the years 2018-19

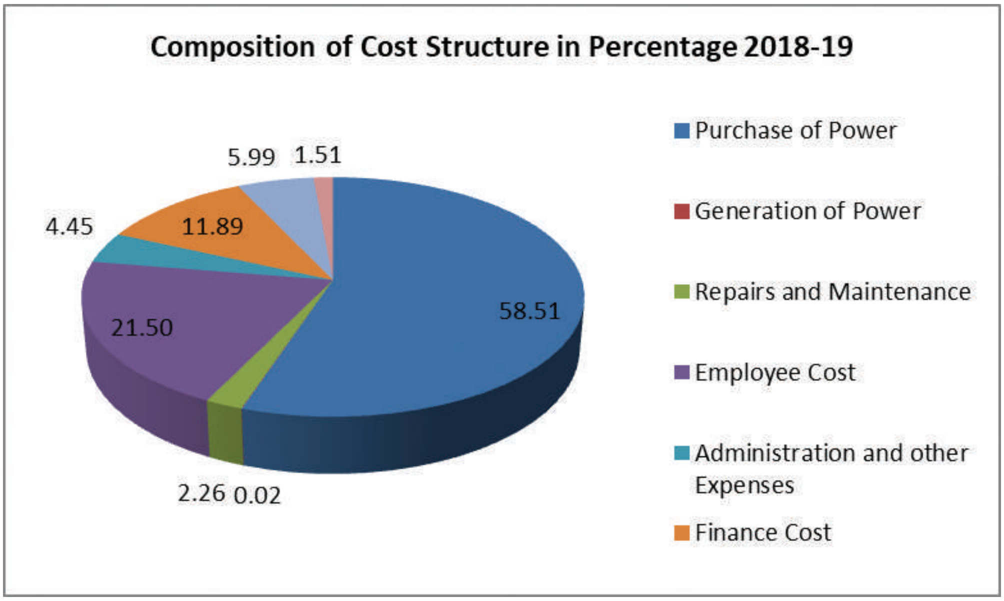


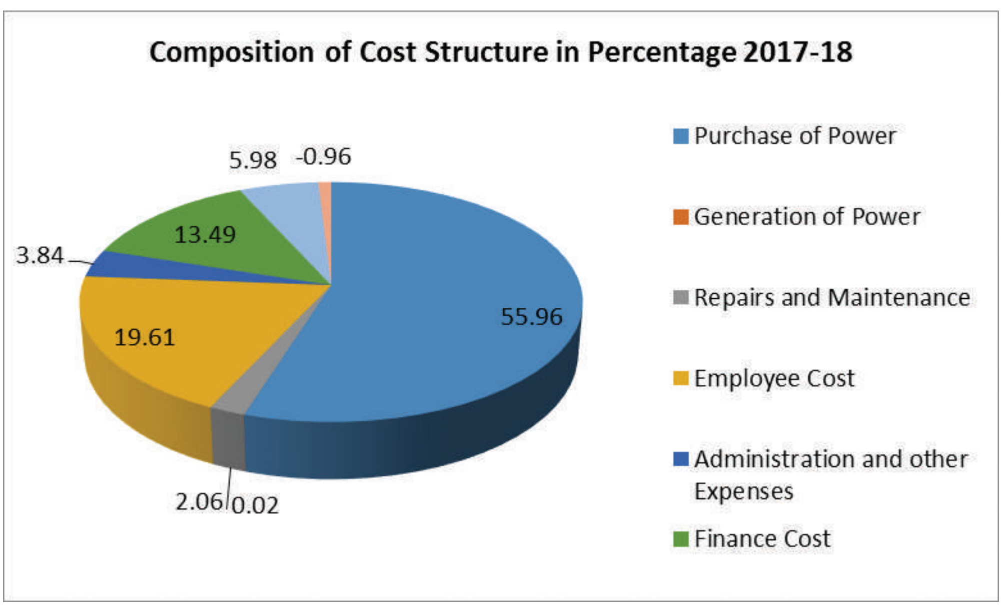


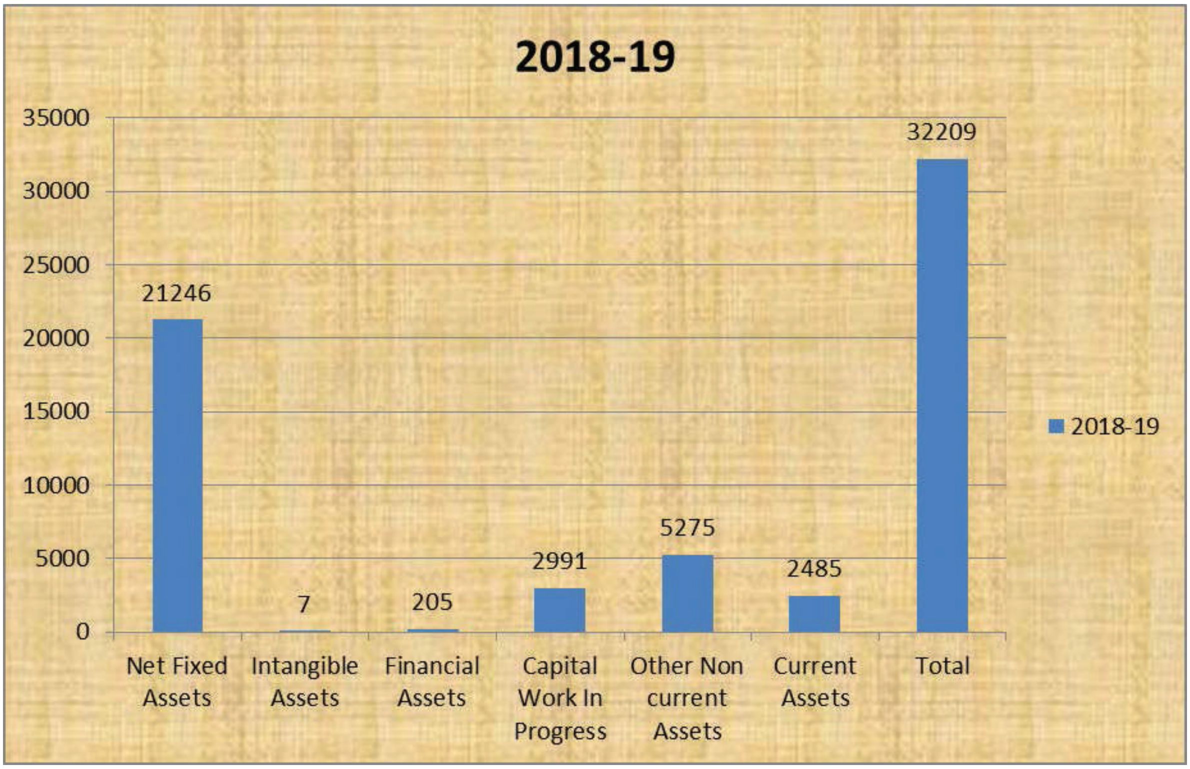
Consumer Category Wise Source of Income 2018-19
(In Percentage)
0.84
0.64
3.07
2.65
5.91
41.19
24.59
7.07
27.30
3.29
1.66
0.77
1.54
Interstate Sales
Domestic
Commercial
Public Light
Irrigation and Dewatering
Industrial
Railway Traction
Bulk Supply
HT



Consumer Category Wise Source of Income 2017-18
(In Percentage)
1.00
1.33
0.46
0.00
5.56
38.48
23.19
7.21
25.64
3.43
1.43
0.56
1.51
Interstate Sales
Domestic
Commercial
Public Light
Irrigation and Dewatering
Industrial
Railway Traction
Bulk Supply
HT


Composition of Cost Structure in Percentage 2018-19
5.99
1.51
4.45
11.89
21.50
58.51
2.26
0.02
Purchase of Power
Generation of Power
Repairs and Maintenance
Employee Cost
Administration and other Expenses
Finance Cost


Composition of Cost Structure in Percentage 2017-18
5.98
-0.96
3.84
13.49
19.61
55.96
2.06
0.02
Purchase of Power
Generation of Power
Repairs and Maintenance
Employee Cost
Administration and other Expenses
Finance Cost



C. SHARE CAPITAL

The Authorized Share Capital of the Company is Five Hundred Crore shares of face value ₹10/- each, amounting to ₹5,000.00 Crore. The paid up share capital as on 31st March, 2019 is ₹3,499.05 Crore, which are subscribed by the Hon'ble Governor of Kerala and his nominees.

D.MANAGEMENT

1. DETAILS OF CHANGE IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Chairman & Managing Director	DIN	TENURE
1	Sri.N.SivasankaraPillai IA & AS	07282785	29.01.2018 to till date
Sl. No.	**DIRECTORS**	**DIN**	**TENURE**
1	P . VIJAYAKUMARI	7247504	30.05.2015 TO 30.06.2019
2	S. RAJEEV	7559017	21.06.2016 TO 31.07.2018
3	Dr. V. SIVADASAN	7572823	02.07.2016 TO TILL DATE
4	N. VENUGOPAL	7558958	21.06.2016 TO 31.05.2020

5	P. KUMARAN	03134779	20.06.2017 TO TILL DATE
6	MANOJ JOSHI. IAS	02103601	28.09.2017 TO 18.02.2020
7	BISWANATH SINHA. IAS	01027983	27.02.2018 TO 20.08.2018
8	SANJAY .M. KAUL. IAS	01260911	20.08.2018 TO 16.02.2019
9	P. K. MONI	0008330131	03.12.2018 TO 31.03.2019
10	USHA TITUS .IAS	00483635	16.02.2019 TO 21.03.2019
11	Dr. B. ASHOK. IAS	05230812	21.03.2019 TO 16.07.2020
12	BIBIN JOSEPH	08574295	31.08.2019 TO TILL DATE
13	BRIJLAL	08574247	31.08.2019 TO TILL DATE
14	RAJESH KUMAR SINGH, IAS	05193269	18.02.2020 TO TILL DATE
15	R.SUKU	00927769	04.06.2020 TO TILL DATE
16	RAJAN.P	08765903	04.06.2020 TO TILL DATE
17	MINI GEORGE	08766354	04.06.2020 TO TILL DATE
18	DINESH ARORA, IAS	01888906	16.07.2020 TO TILL DATE

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.

2. NUMBER OF BOARD MEETINGS

The Board of Directors meets at regular intervals to discuss and decide on business strategies/ policies and review the operational and financial performance of the Company. The notice of each Board Meeting along with the agenda has been given in writing to each Director separately and in exceptional cases tabled at the meeting. This ensures timely and informed decision by the Board. The interval between two consecutive meetings of the Board was not more than 120 days as specified under Section 173 of the Companies Act, 2013. In the Financial Year 2018-19, the Board of Directors met eight times with an Annual General Meeting for the financial year 2018-19, adjourned AGM for financial year 2016-17 and EOGM.

The details are given as under

Sl No	Type of Meeting	Date of Meeting	Total numbers of Members entitled to attend the meeting	Number of Members attended	Percentage of total share holdings
1	Annual General Meeting (2018-19)	26.09.2018	9	9	
2	Adjourned Annual General Meeting	08.11.2018	9	9	

3	Extra Ordinary General Meeting	20.08.2018		8	
1	Board Meeting	24.04.2018		8	
2		20.06.2018		8	
3		20.08.2018		7	
4		26.09.2018		7	
5		30.11.2018		7	
6		18.02.2019		8	
7		22.03.2019		8	

E. 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.

I. GENERATION SBU

The Hydro Electric potential is the only conventional energy resource of the state, since there is no known fossil fuel reserve in Kerala. Though Kerala is bestowed with 44 rivers, most of the hydro potential locations are deep in reserve forests and cannot be tapped economically because of legal and environmental concerns. Therefore the focus has shifted to developing Small and Medium Hydro Power Stations to meet at least a part of the state energy requirement. Development of Hydro Electric stations, right from initial investigation till commissioning is undertaken by the Generation SBU of KSEBL in addition to operation and maintenance of old and new stations. The present status of various projects thus undertaken by SBU-G is given below:

Hydro Electric Projects Status

Description	Projects.	Capacity (MW)
Projects commissioned	1	3
Works in progress	10	193.5
Tenders invited	1	
Works awarded	3	30
DPR and Administrative Sanction accorded	11	114

a) **Generation of Electricity:** The total installed capacity of stations owned by KSEBL is 2058.761MW and the designed annual generation capacity is 7194.29 MU for hydro stations, but contributes less than 80% of the total energy requirement of the state. The list of generating stations within State and its capacity is given below.

Annexure 3 : Installed capacity of Kerala as on 31.3.2019

No	Name of Station	Installed Capacity (MW)	Annual Generation capacity (MU)
	KSEBL Hydel Stations		
1	Idukki	780	2398
2	Sabarigiri	340	1338
3	Idamalayar	75	380
4	Sholayar	54	233
5	Pallivasal	37.5	284
6	Kuttiyadi	75	268
7	Kuttiyadi Extension	50	75
8	Kuttiyadi Additional Extension Scheme	100	223
9	Neriamangalam	52.65	237
10	Lower Periyar	180	493
11	Poringalkuthu	36	191
12	Sengulam	51.2	182
13	Kakkad	50	262
14	Panniar	32.4	158
15	Neriamangalam Extension Scheme	25	58.27
	Sub total (Large Hydel Stations)	**1938.75**	**6780.27**
1	Chembukadavu stage I	2.70	6.59
2	Chembukadavu stage II	3.75	9.03
3	Kallada	15.00	65
4	Kuttiadi tailrace	3.75	15
5	Lower meenmutty	3.50	7.63
6	Malampuzha	2.50	5.6
7	Malankara	10.50	65
8	Mattupetty	2.00	6.4
9	P.L.B.E	16.00	74
10	Peppara	3.00	11.5
11	Urumi stage I	3.75	9.72
12	Urumi stage II	2.40	6.28

13	Poozhithode SHP	4.80	10.97
14	Ranni Perinad SHP	4.00	16.73
15	Peechi SHP	1.25	3.21
16	Vilangad SHP	7.50	22.63
17	Chimmony SHP	2.50	6.7
18	Adyanpara SHP	3.50	9.01
19	Barapole SHP	15.00	36
20	Poringalkuthu Micro (Screw type Turbine)	0.011	0.082
21	Vellathooval SHP	3.60	12.70
22	Perunthenaruvi	6.00	25.77
23	Kakkayam SHEP	3.00	7.34
	Sub Total (Small Hydro Stations)	**120.011**	**434.902**
	Sub Total Hydro Stations	**2058.761**	**7215.172**
	KSEBL Thermal Stations		
1	Brahmapuram Diesel Power Plant (KSEB)	63.96	363.6
2	Kozhikode Diesel Power Plant (KSEB)	96	672
	Sub total (Thermal Stations)	**159.96**	**1035.6**
	KSEBL Wind Stations		
1	Kanjikode (9x0.225 MW) (KSEB)	2.025	4.00
	KSEBL Solar Plants		
1	Kanjikode Solar Project(Ground mount)	1	1.58
2	Banasurasagar reservoir (floating Solar)	0.01	0.02
3	Solar- Chaliyoor colony	0.096	0.15
4	Solar-Poringalkuthu	0.05	0.08
5	Buildings under Generation Department (Roof Top)	0.7	1.10
6	Palakkad Tribal Colonies (DDG)	0.065	0.10
7	Barapole canal Grid connected	4	6.31
8	BanasurasagarSolar flower, fountain, canopy	0.003372	0.01

9	Kollangode S/s	1	1.58
10	Padinjarethara Dam top	0.4	0.63
11	Idayar S/s	1.25	1.97
12	Thalakulathoor, Kozhikode	0.65	1.02
13	Vydyuthi Bhavanam, Pattom roof top	0.065	0.05
14	Manjeswaram, ground mounted	0.5	0.79
15	Buildings under Trans.Depart-ment(Roof top)	0.91	1.43
16	Buildings under Dist. Department (Roof top)	0.46	0.73
17	Banasurasagar reservoir (floating Solar)	0.51	0.79
18	Kuttippuram	0.5	0.79
19	Pezhakkappalli	1.25	1.97
20	Pothencode	2	3.15
21	Ponnani Malappuram	0.5	0.79
22	Peerumedu	0.5	0.79
	Sub total (KSEBL Solar Stations)	16.419	25.83
	Total KSEBLstations	**2235.14**	**8276.602**
	CPPs/IPP hydro Stations		
1	Kuthungal (CPP)	21	79
2	Maniyar (CPP)	12	36
3	Ullunkal (IPP)	7	32.22
4	Iruttukkanam (IPP)	4.5	13
5	Pambumkayam (Mankulam) Mini HEP (IPP)	0.11	0.29
6	Karikkayam SHP (IPP)	15	62.42
7	Meenvallom SHP (IPP)	3	8.37
8	Kallar micro HEP(IPP)	0.05	0.13
9	Pathamkayam	8	21.024
	Sub- Total (IPP/CPP Hydro Stations)	70.66	252.454
	CPP / IPP Thermal Stations		
1	BSES Kerala Power Ltd (BKPL) (IPP)	157	1099
2	Kasargode Power Corporation (IPP)		

3	Kayamkulam (N.T.P.C) (Central sector)	359.58	2158
4	Co-Generation Plant PCBL (CPP)		70.08
	Sub-total (CPP / IPP Thermal Stations)	**516.58**	**3327.08**
	CPP/ IPP Wind Stations		
1	Wind-Agali	18.6	37.47
2	Wind-Ramakkalmedu	14.25	32.46
3	Wind- Ahalya, Kanjikode	8.4	16.19
4	Wind-INOX, Kanjikode	16	30.84
5	Wind Kosamattom	1	1.93
	Sub-total (CPP / IPP Wind Stations)	58.25	118.89
	CPP / IPP / Prosumer Solar Stations		
1	Hindalco Industries Ltd.(Solar)	1	1.58
2	CIAL(Solar)	29.027	45.77
3	ANERT	2	3.15
4	SOLAR ENERGY CORPORATION	50	78.84
5	Grid connected consumers	35.24	55.57
	SubTotal (Private Solar Stations)	117.267	184.91
	Total Private Stations	762.757	3883.334
	Total Installed capacity	2999.9222	12163.936

During 2018-19, a total of 7988.72MU energy was produced from the Generating stations. The summary is given in the table below.

No	Source	Energy Generated (kWh)	Percentage (%)
1	Hydel Power stations	7974551015	99.82
2	Thermal Power stations	5161090	0.065
3	Wind generating station	1416704	0.02
4.	Solar stations	7591457	0.095
	Total	**7988720266**	**100**

b) Renovation & Modernisation works: The RMU works of old machines and equipment in several generating stations are now carried out. A summary of the RMU works and status is given below:

No	Station	Unit	Status (as on march 2019)
1	Poringalkuthu	U#1	
	-do-	U#2	Total 100% of penstock works completed
	-do-	U#3	
2	Idukki (Moolamattom)	U#3	Unit # 3 machine put back to service on March 2019. MIV Dispatch clearance given to M/s HSHC China for one no. of MIV
3	Kuttiyadi		DPR Approved vide B.O. (DB) No. 1519 /2077 (DGE)/G2/RMU-KTDY/2017-18) Thiruvananthapuram. Dtd 14- 06- 2O17. Technical specification for E&M works finalised, work tendered.
4	Sholayar	U#3	The penstock works of Unit# 3 was completed on21.12.2018. Unit # 3 put back to service on 16.03.2019.
5	Moozhiyar	SCADA	Replacement of PLC and peripheral cards in progress.

c) Dam Safety

Dam Rehabilitation and Improvement Project (DRIP) assisted by the World Bank/IDA, coordinated by Central Water Commission, Ministry of Water Resources, Government of Kerala with a funding pattern of 80% from World Bank and 20% from State/Central Government budgetary support, DRIP envisages works under the following heads.

1) Physical and technical dam rehabilitation and improvement.

2) Managerial upgrading of dam operation and maintenance.

3) Institutional reforms and strengthening of regulatory measures pertaining to safe and financially sustainable dam operations.

DRIP in KSEB Ltd involves 37 dams from the 12 Hydro Electric Projects, Sabarigiri HE Project, Sholayar HE Project, Poringalkuthu HE Project, Sengulam HE Project, Idukki HE Project, Idamalayar HE Project, Pallivasal HE Project, Neriamangalam HE Project, Kuttiyadi HE Project, Lower Periyar HE Project, Kakkad HE Project, Panniar HE Project.

As part of implementation of DRIP, works amounting to Rs.121 Crore approximately (works/ goods/ consultancy) has been tendered in 84 packages and are under various stages of implementation/ processing. A total expenditure of Rs 86.84 Crore has been incurred up to 2018-19 under DRIP for all the three components and so far an amount of Rs 49.20 Crore has been reimbursed from Government.

d) Achievements in Generation Wing

i) Following power houses were awarded ISO Certification.

a) Poringalkuthu Left Bank Extension (PLBE)-was certified ISO-2015 in December, 2017.

b) Poringalkuthu Power House-the Power house was conferred ISO 2015 on 26.12.2017.

ii) Online Continuous Emission Monitoring System for three stacks at BDPP and Online Effluent Quality Monitoring System with real line data transfer facility to Central Pollution Control Board and Kerala State Pollution Control Board has been commissioned.

iii) KDPP has bagged the safety award from Factories & Boilers and is the runner-up for outstanding safety performance in National Safety Award. The statutory requirement of installation of online Pollution Monitoring system (OPMS) has been implemented.

iv) Kakkayam (3MW) in Kozhikode District was dedicated to the nation on 16.07.2018.

v) Work of Chinnar SHEP (24MW) and Peruvananmuzhy 6MW stated during the year. Restarted the work of Thottiyar HEP (40MW) which were held up from 2015.

Safety Award: KDPP has bagged the safety award from factories & Boilers and is the runner-up for outstanding safety performance in National Safety Award. The statutory requirement of installation of online Pollution Monitoring System (OPMS) has been implemented.

Conferring of ISO : Poringal Left Bank and Poringal Left Bank Extension Power Houses were conferred with ISO 9001:2015.

II. TRANSMISSION SBU

Transmission network, the backbone of any power system, enables the transfer of bulk power from the place of generation to the load centers. The transmission SBU is responsible for the development and management of transmission network in the State. It administers the planning, execution, operation and maintenance of EHT substations and lines. Also all activities in connection with real time management of load dispatch, scheduling of power from various sources, merit order dispatching, scheduling of annual maintenance of generation stations, protection and communication systems, loss reduction programs etc. come under the responsibilities of the transmission wing.

Transmission SBU is also responsible for the implementation of transmission loss reduction programs and coordinating the activities for system development.

The Voltage wise capacity of the Transmission Network within the State as on 31.3.2019 is given below.

Transmission System as on 31.03.2019

No	Item	Unit	Quantity / Capacity
1	400KV Transmission Lines	Ckt-km	947.96*
2	220KV Transmission Lines	Ckt-km	2952.34
3	110KV Transmission Lines	Ckt-km	4745.08
4	66KV Transmission Lines	Ckt-km	2145.33
5	33KV Transmission Lines	Ckt-km	1957.43
	Total		**12748.14**
7	400KV Substations	Nos	5*+1

8	220KV Substations	Nos	22
9	110KV Substations	Nos	157
10	66KV Substations	Nos	72
11	33KV Substations	Nos	154
	Total		411
12	Total Transmission Capacity	MVA	20711.40
* PGCIL Owned			

A number of major transmission network expansion works were also completed.

A summary of new substations and Transmission lines completed during 2018-19 is shown in the Table below.

No	Particulars	400 KV	220 kV	110 kV	66 kV	33 kV	Total
1	Substations commissioned (No)		0	3	1	5	9
	Transmission North		0	1	0	2	3
	Transmission South		0	2	1	3	6
2	Lines commissioned (Ckt. Km)		0	119.15	43.00	60.90	223.05
	Transmission North		0	81.90	13.50	35.90	131.30
	Transmission South		0	37.25	29.50	25.00	91.75
3	Capacity addition/enhancement (MVA)	200	300	147	37.70	32	716.70
	Transmission North	200	200	82	3.70	11	396.70
	Transmission South		100	65	34	21	320.00

a) TransGrid 2.0

KSEBL had taken up the ambitious **TransGrid 2.0** project for enhancing the transmission capacity for meeting future demand, improving reliability and quality of power transmitted and to reduce losses. As part of TransGrid 2.0, the following line works were completed during 2018-19.

- Upgradation of 220kV SC line to 400/220kV MC MV line from Madakkathara to Malaparamba(97.38 ckm)
- Upgradation of existing 110kV DC line to 220/110kV MC MV line from Kizhissery to Chelari tap(20.20 ckm)
- Upgradation of line to 220/110 kV MCMV from Karukadom to Kothamanagalam
- 110 kV Kakkayam-Nallalam portion under NRHTLS package commissioned.

Ongoing works under TransGrid 2.0

- Stringing work in progress for Aluva-Pallikara, Brahmapuram-Thuthiyoor and Kothamangalam –Aluva.

- 220 kV cable laying work in progress from Thuthiyoor to Kaloor
- For the upgradation of Manjeri, Chalakudy and Kothamangalam to 220 kV- Control room building construction and Yard equipment erection in progress.
- Site levelling work nearing completion for 220 kV S/s Chithirapuram
- GIS building construction in progress at 220 kV S/s Kunnamangalam, Aluva & Kaloor.

Expenditure of Transgrid 2.0 works as on 31.03.2019

Sl No.	Project Execution by	Cumulative expenditure till 31.03.2019 in Rs. Lakhs
1	Own fund	4000.37
2	PSDF	16321.73
3	KIIFB	4106.87
	TOTAL	24428.97

PSDF Projects: Six projects were undertaken during the period under the Power System Development Fund Scheme (PSDF);

(1) Renovation and Upgradation of protection system of substations,

(2) implementation of Automatic Demand Management Scheme (ADMS),

(3) construction of 400/220 KV Multicircuit/Multi voltage transmission line from Madakkathara to Areacode,

(4) Uprating Kakkayam-Nallalam 110KV line (45Km) and Upgradation of Nallalam-Chevayur-westhill-Koyilandi 110KV single circuit line to Double circuit line (32Km),

(5) Renovation and upgradation of switchyard equipments, AGC systems for major Generating stations, AMR and associated works of KSEBL, and

(6) Reliable Communication and data acquisition system upto 110KV substations in Kerala. The first work, 'Upgradation and renovation of 400kV and 220kV sub stations in Kerala is now nearing completion of accounts. Ninety Percent (90%) of the project cost (Rs.91.46 Cr) amounting to Rs 82.31 Cr is provided as grant for the schemes, out of which Rs. 72.152 Cr (87.66 %) has been received till the year end. For the implementation of ADMS, 90% of the project cost amounting to Rs.4.77 Cr is approved as grant out of which Rs. 1.431 Cr was released during the year, whereas for construction of 400/220 KV Multicircuit/Multi voltage transmission line from Madakkathara to Areacode, 90% of the approved grant amount of Rs.333.93 Cr amounting to Rs.300.53 Cr was released. For the work of uprating Kakkayam-Nallalam 110KV line, Rs.16.67 Cr was released as grant and for renovation and upgradation of switchyard equipments, Rs. 2.67 Cr was released as grant. Thus out of a total amount of Rs.581.80 Cr approved as grant, Rs. 393.453 Cr (67.63%) was released as grant. The status of the projects is given in the table below:

Status of PSDF Schemes as on 31.03.2019							
No	**Scheme**	**Estimate (Rs Cr)**	**Estimate Accept-ed (Rs Cr)**	**MPO Sanction**	**Grant Approved (Rs Cr)**	**Grant Released (Rs Cr)**	**Progress**
1	Renovation of Protection system of 220 kV substations	97.90	91.46	31.12.2014.	82.31 (90%)	72.152 (87.66%)	Work completed
2	Implementation of Automatic Demand Management Scheme	6.03	5.30	02.01.2017	4.77 (90%)	1.431 (30%)	Work awarded
3	400/220 KV Multi-circuit/ Multivoltage Transmission line from Madakkathara to Areekode. (Transgrid North-I)	371.03	371.03	16.05.2017.	333.93 (90%)	300.53 (90%)	Work in progress. (49%)
4	Up-rating Kakkayam-Nallalam 110 KV line (45 km) & Upgrading Nallalam-Koyilandy 110 KV Single Circuit to Double Circuit (32Km) (Transgrid North-II)	89.13	89.13	16.05.2017	66.85 (75%)	16.670 (24.94%)	Work in progress (45%)
5	Renovation of Switchyard Equipments, AGC in Gen stations, AMR and associated works	33.68	22.42	15.11.2017	20.18 (90%)	2.67 (13.23%)	Work in progress (15%)
6	Reliable Communication and data acquisition system up to 110 KV Sub stations in Kerala (OPGW)	185.34	147.52	15.11.2017	73.76 (50%)	0.00 (0%)	Agreement executed
	Total	**783.11**	**726.86**		**581.80**	**393.453 (67.63%)**	

III. DISTRIBUTION SBU

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

(126 lakh consumers as on March 2019).

Electricity transmission and distribution companies are included in the schedule of energy intensive industries of the Energy Conservation Act 2001, and Electricity distribution companies have since been notified specifically as designated consumers in terms of Section 14 (e) of the Act, vide notification dated 29.12.2015. The Kerala State Electricity Board Limited, as an electricity distribution utility has thus become a designated consumer in terms of the Energy Conservation Act 2001. The KSEBL has to conduct energy audit, mandated by clause 3 (1) of the Bureau of Energy Efficiency (The manner and intervals of time for conduct of energy audit) Regulations 2009, engaging an accredited energy auditor. The works related to BEE in PAT Cycle II are being processed during this year.

Implementation of Central sector schemes like RAPDRP Part B, DDUGJY, IPDS etc., IT initiatives of KSEB and matters related to Customer Relations headed by Chief Engineer (IT&CR), Monitoring of Urja Kerala Mission Project, Dyuthi 2021 through Central Project Monitoring Unit, distribution sector projects funded externally, like MP LAD/MLA LAD/ Kerala Development Scheme, are undertaken by this SBU.

Major activities carried out & achievements during 2018-19

1. Mission Reconnect

At the time of Flood 2018, KSEBL restored the power supply to all the occupied consumer premises, without realising any amount from the consumer. In many consumer premises, which could not be normalized as such, KSEBL team provided essential supply of one light point and power socket, by installing pre-wired kits.

While planning restoration, top priority was extended for supply restoration to public places like relief camps, hospitals, drinking water pumping stations etc. All Relief Camps, hospitals (both government and private) and pumping stations were given connections as soon as water receded. In many of these consumer premises, Engineering Team from KSEBL went an extra mile even to the extent of making the consumer premises ready for energization, rectifying internal damage.

Reconstruction of 5275.80 km distribution lines, more than one lakh poles, 1735 Distribution Transformers, replacement and revival of more than 3 lakh de-electrified houses, replacement of about 3.5 lakh faulty meter etc were required for resuming normalcy. Against all odds, KSEB could restore all disrupted Distribution Networks and affect almost all Service Connections by 31.08.2018; the remaining few, which were kept isolated on safety considerations, were also re-electrified immediately after the waters receded. This was a major achievement of KSEBL during 2018-19.

Other Major achievements during 2018-19

Details are furnished below:

Particulars	Achievement during 2018-19
No of Service connections effected (Nos)	368673
11 kV line constructed (km)	1773
LT line constructed (km)	3401
No. of distribution transformers installed(Nos.)	2410

Meter replacement (Nos)	837858
HT re-conductoring (Conductor km)	840
LT re-conductoring (Conductor km)	8355
1Phase to 3Phase Conversion (km)	1292

A. CENTRALLY AIDED PROJECTS such as RAPDRP, IPDS, DDUGJY (except the IT part) and any other such projects announced by the Ministry of Power, Govt. of India, are coordinated and carried out by a separate office, led by a Deputy Chief Engineer. Corporate project management activities such as Obtaining sanction for DPR, following up through the implementation stages, monitoring progress, co-ordination with the nodal agencies appointed by GoI, facilitating for the timely funding requirement, and all coordinating efforts till the closure of scheme are being carried out from the Centrally Aided Projects

(CAPS) Department.

i) **The Restructured Accelerated Power Development and Reforms Programme (R-APDRP) – Part B** is one such Centrally Aided Project which aims to achieve sustained distribution loss reduction. For Kerala, 43 schemes were sanctioned under this scheme at a cost of Rs.1078.3 Cr. The 25% of the sanctioned amount is given by Ministry of Power as loan, balance 75% has to be raised by the utility as loan or own fund. Upto 50% of the scheme cost will be converted to grant on successful completion of the scheme by reducing the AT&C loss to 15% or below and sustained it for a period of 5 years. KSEB Ltd. has availed the 75 % counterpart loan from M/s REC Ltd.

The Scope of Work include drawing 11 KV OH lines, laying 11 KV UG Cable, reconductoring of 11 KV lines, installation of new and capacity enhancement of distribution transformers, drawing LT lines, Reconductoring, conversion of LT lines, Installing Streetlight meters with controllers, Replacing faulty and mechanical meters with electrostatic meters, Drawing LT and HT Arial Bunched Cables, Installing Ring Main Units.

The Works in the 40 towns with a total outlay of Rs.530.7 Cr are being done departmentally by KSEBL. For the three city schemes viz. Thiruvananthapuram, Kozhikode & Kochi, with a total outlay of Rs.547.5 Cr, work is being done on turnkey basis through contractors. The details are given below.

City	Project Cost (Rs. Cr)	Contractor	Amount (Rs. Cr)
Thiruvananthapuram	178.77	M/s Leena Powertech, Mumbai	201.09 (20.81% above PAC)
Kochi	207.96	M/s NCC, Hyderabad	243.97 (15.13% above PAC)
Kozhikode	160.78	M/s L&T Ltd, Chennai	198.54 (15.06% above PAC)

All the 43 Schemes have been closed and the closure proposal has been approved by PFC. PFC has released balance fund.

No	Name of Project	Sanctioned Cost (Rs Cr)	Cost at closure (Rs Cr)	PFC Loan received (15%) (Rs Cr)	Balance Loan from PFC (10%) (Rs Cr)	Total Amount from PFC (25%) (Rs Cr)	Loan received from REC (Rs Cr)
1	35 Town Schemes	530.795	517.1933	79.6136	41.8024	121.416	301.542
2	3 City schemes	547.510	597.989	82.1265	54.751	136.8775	341.424
3	Grand Total	1078.305	1115.1823	161.740	96.5534	258.2935	642.966

ii) The Integrated Power Development Scheme (IPDS) is another scheme launched by Ministry of Power (MoP) in September 2015 providing financial assistance for improving the sub-transmission and distribution networks in urban and semi-urban area. The scheme envisages installation of net-metered solar panels and smart meters. The Power Finance Corporation (PFC) is the Nodal Agency for this scheme. Sixty Percent (60%) of the project cost is provided as Grant, 10% shall be the utility own fund, balance 30% can be either loan or own fund of the utility. The earlier RAPDRP scheme has been subsumed in the new scheme.

An amount of Rs. 592.07 Cr has 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. The Solar turnkey projects have already been started. About Rs 107.41 Cr has been received from MoP as on 31.3.2019. Total expenditure as on 31.03.2019 is Rs. 229.12 crore. The details of progress as on 31.03.2019 is as given below:

No	Major item of work	Unit	Sanction	Achievement as on 31.03.2019
1	New Substation	Nos	3	2
2	33/11KV Additional transformer	Nos.	1	75%
3	Capacity enhancement	Nos.	14	8
4	R&M of 33/11KV S/S	Nos.	95	86
5	33KV New feeders	Km	26.87	7.78
6	66KV feeder re conductoring	Km	27.70	26.56
7	33 KV line Bay Extn	No	6	3
8	11KV New feeders	Km	326.69	256.707
9	11 KV line re-conductoring	Km	184.97	101.34
10	HT/LT ABC	Km	1152.393	343.574
11	Distribution Transformer	Nos.	829	745
12	Capacity enhancement of LT S/s	Nos	384	363
13	LT line (New)	Km	218.015	128.061
14	LT line augmentation	Km	2416.49	1790.94

15	UG Cable	Km	192.19	50.407
16	HVDS	Nos	107	8
18	Consumer metering	Nos.	632194	457641
19	Boundary/Feeder/DTR meter	Nos.	3199	1071
20	Solar Panel	KWp	5465	4245

iii. DeenDayal Upadhyaya Gram Jyothi Yojana (DDUGJY), launched by Govt. of India exclusively for rural area for Providing electricity to all rural households, 24X7 power, AT&C loss reduction, executing works in the Villages selected by MPs under Sansad Adarsh Gram Yojana (SAGY). The project period is 30 months. Government of India provides 60% of the Fund as Grant. For the balance, 30 % is Loan and 10% Utility Contribution.

The Monitoring Committee, MoP, Government of India sanctioned a total amount of Rs. 485.37 Cr for implementing DDUGJY in Kerala on 05.01.2016. The Work include 33kV Substations, 33kV line, 11kV line, Distribution transformers, HT & LT lines, replacement of energy meters, BPL service connections etc. The Government of India has also permitted to re-allocate Rs. 100 Cr from metering component of the project to the Rural Electrification component. Financial details as on 31.03.2019 is as given below:

Sanctioned Project cost including PMA charge	Grant received from Govt. Of India (60%)	Loan Amount (30%) (From Board's fund)	Utility share (10%)	Financial progress as on 31.03.2019
Rs. 485.37 crore	Rs. 230.99 crore	Rs. 88.40 crore	Rs. 48.296 crore	Rs. 367.686 crore

DDUGJY: Component wise financial progress based on physical progress achieved as on 31.03.2019

No	Component	Project scope	Amount sanctioned (Rs.Cr)	Progress (Rs.Cr)	%Progress
1	Sansad Adarsh Gram Yojana (SAGY)	Developmental works in the 27 Panchayaths selected by MPs	59.14	53.94	91.21%
2	Metering	Replacing 1778944 faulty/ electro mechanical meters, transformer/11 KV feeder metering etc.	159.16	151.27	95%
3	Connecting unconnected Rural house holds	98527 BPL connection along with infrastructure works	181.6	171.15	94.25%
4	System Strengthening	Construction of 2 Nos substations, Augmentation of 7 Nos existing substations	83.07	87.60	105.45%

The Works under DDUGJY are being executed departmentally as per the guidelines issued by REC/MoP. The status of the project as on 31.03.2019 is given below:

Sl. No	Milestone Name	Unit	Sanction	Achievement
1	33/11 KV New Substations	Nos.	2	2
2	Augmentation of 33/11 KV Substations	Nos.	7	7
3	Distribution Transformers (DTRs)	Nos.	581	579
4	LT Line	Ckm	3368.11	2761.54
5	11 KV Line	Ckm	1281.94	1208.12
6	33 & 66 KV Line	Ckm	17	17
7	Energy Meter -Consumer	Nos.	1778944	1729839
8	Energy Meter - DTR	Nos.	23655	17911
9	Energy Meter - 11 KV Feeder	Nos.	103	79
10	Intensive Electrification of Villages	Nos.	1315	1315
11	SAGY Villages	Nos.	27	24
12	Connection to BPL	Nos.	98527	111041

B. IT INITIATIVES DURING THE YEAR

1. Phase II IT Implementation in KSEB Ltd under IPDS

Integrated Power Development Scheme (IPDS) has been launched by Ministry of Power, Govt. of India and as per IPDS guidelines, schemes for IT enablement of distribution sector is envisaged to be covered in 21 towns. Govt. of India had approved Rs. 22.86 Crore for the implementation of this project covering 21 Towns. M/s. KPMG Advisory Service Private Limited was appointed as the Project Management Agency (PMA). M/s. BCITS, Bangalore was appointed as the IT Implementation Agency vide LoA dated 17.11.2018.

2. ERP Implementation under IPDS

Govt. of India had approved Rs. 42.64 Crore for the implementation of this project in KSEBL vide letter dated 7.2.2018 of PFC. M/s. KPMG Advisory Service Private Limited was appointed as the Project Management Agency (PMA) to conduct an As-Is-Study and Gap-Analysis of business processes & work flow applications, to find which activities are yet to be re-engineered and automated from the perspective of an integrated ERP solution. RFP was published on 27.11.2018 to identify an implementation agency for ERP. No bidders participated even after re-tendering. On 09.05.2019, Board decided to carry out customisation/development and implementation of ERP solution with the in-house development team under IT wing as part of partial turn key basis execution sanctioned by PFC and supply, installation and commissioning of server, storage etc through open tender process.

3. Real Time Data Acquisition System (RT-DAS) for Non-SCADA Towns (under IPDS)

Integrated Power Development Scheme (IPDS) has been launched by Ministry of Power, Govt. of India and as per IPDS guidelines, schemes for IT enablement of distribution sector is envisaged to be covered in IPDS towns as per requirement of KSEBL. RT-DAS is being implemented at 125 substations within 63 towns across Kerala to measure the reliability of power by continuously monitoring feeders and subsequently to reduce commercial and technical losses. Govt. of India had approved Rs. 5.25 Crore on 12.12.2018 for the implementation of this project

4. Centralized Customer Care Services (CCC)

Centralized Call Centre has been set up in Vydyuthi Bhavanam, Trivandrum and started functioning since 2014. Around 44 Call Center Executives work in the above facility to attend complaints/queries from the consumers under various Electrical Sections all over Kerala. During 2018-19, 6, 46,209 calls were attended at the Call Centre. 4, 77,721 complaints were registered through IVRS, 23,559 through WSS and 28, 30,712 through CCC-ET. Complaints received from official Face book page of KSEBL, Whatsapp no 9496001912, e-mail etc are also registered and followed-up done in CCC. The suggestions/modifications regarding online payment, software systems etc are also reported to authorities by CCC. Custom reports are being provided to corporate offices as per requests.

5. Social Media Help Desk

KSEBL has launched its Social Media initiatives from 27/02/2019 onwards. The Social Media Help Desk is functioning under Centralized Call Centre of KSEBL and currently uses WhatsApp (9496001912) , Facebook account @ksebl, Twitter account KSEBLtd as its social media platform for interaction with the customers for solving their complaints and issues. Various posters and trolls relating to the services of KSEBL are published in the social media for awareness to the public. At present KSEBL has 265,000 followers in Facebook and 1500 in Twitter. Eight Senior Assistants have been recruited by KSEBL for working on shift basis from 7:00hrs to 22:00hrs in Social Media Help Desk.

6. SCADA/DMS Project

As part of implementation of Part-A of RAPDRP, SCADA/DMS project for automation of distribution systems is being implemented in Thiruvananthapuram, Ernakulam and Kozhikode towns. Main features of SCADA/DMS are Control Centers in Trivandrum, Ernakulam & Kozhikode cities for the real time monitoring and control of 11kV distribution network, Remote terminal units (RTU) in 50 substations, Local Data Monitoring system (LDMS) at substations, Feeder Remote Terminal Units (FRTU) in 2865 Remote Terminal Units (RMU) locations on 11kV feeders, integration with State load dispatch centre (SLDC), IT Data Centre (ITDC), Customer Care centre (CCC) and Disaster Recovery (DR) centre, Advanced distribution management system (ADMS), Schematic and geographical display of 11kV network by integrating with GIS system, Fault location isolation and supply restoration (FLISR) for improved customer service, planned maintenance support, historical storage data for analysis, load flow analysis etc. All three control rooms commissioned during the year. RTU installation & integration in S/S in progress (48/50) FRTU 2053/2865 erected NBSP Link-69/77 delivered.

7. Green Channel

As part of Ease of Doing Business initiative of Govt of India, KSIDC has developed an online clearance mechanism 'Kerala Single Window Interface for Fast and Transparent Clearance (K-SWIFT)' aimed at facilitating clearances from departments/agencies concerned for setting up and running of an enterprise. KSEB has integrated with K-SWIFT portal for processing new service connection applications of both LT and HT industrial consumers. At present HT applicants can submit application online in the KSWIFT portal by paying required application fees only after obtaining energization approval from Electrical Inspectorate.

8. New Online Payment Facilities implemented in KSEB

1. Bharat Bill Payment System(BBPS)

Bharat Bill Payment System is a platform for all types of bill payments. National Payments Corporation of India has developed it to make bill payments easier. It is an integrated and interoperable bill payment service for customers across geographies. It offers reliability and safety of the transactions. People can pay their kseb bills using BBPS from anywhere anytime. Moreover, it allows people to pay bills through networks of agents or online. Moreover, Bharat Bill Payment System has a wide variety of payment options. These include cash, credit/debit cards, IMPS, internet banking, NEFT, prepaid card, wallet and UPI. You can choose any of these as per your convenience to pay your bill.

2. Expansion of Direct integration

KSEBL has already directly integrated with M/s SBI, M/s Federal Bank, M/s ICICI Bank and M/s South Indian Bank. Consumers who have bank accounts in these banks can pay electricity bills by directly transferring funds to KSEB's account without any third party, like in the case of payment gateways.

3. National Automated Clearing House (NACH)

Automated remittance of electricity bill directly from Bank Account through National Automated Clearing House (NACH) Facility has also been facilitated in co-operation with National Payment Corporation of India (NPCI). M/s Corporation Bank is the sponsor bank for this venture. A customer who has account in any commercial bank, who wishes to avail the facility can fill in and submit the mandate forms made available at Electrical Section Offices or branches of Corporation Bank. As the electricity bill get prepared in the Centralised Billing System of KSEB Ltd, the bill details will be disseminated to customer's bank and subsequently bill amount will be debited from the account by virtue of the integration between KSEB billing system and NPCI system.

F. COMMERCIAL & TARIFF

Power Procurement and sale during 2018-19 The following Long Term Power Procurement and Banking and swapping arrangement were made during the year:

i. Purchase of Power

No	Supplier	Quantum	From date	Rate	Period	Remarks
1	M/s Kosamattom Finance Ltd	1 MW Wind	22.12.2018	Rs 3.07 / kWh	Long Term	Interim tariff approved by Board (PPA executed on 27.10.2018)

ii. For procurement of power from the following IPPs, KSEB will execute PPA after obtaining approval from KSERC. The tariff of the same is to be determined by KSERC.

Sl No	Name of Station	Type	Date of Initialling	Capacity MW	Remarks
1	Arippara (CIAL)	SHEP	09.11.2018	4.5	KSEBL initialled PPA
2	THDCIL, Paivalike	Solar	16.01.2019	50	Ceiling rate Rs. 3.10 per kWh

iii. KSEBL invited bids for Procurement of 200MW Solar power from Ground Mounted Solar PV projects within Kerala on long term basis for 25 years at a ceiling price of Rs.3.50/unit to be discovered through e-reverse auction. Tender was floated on March 2019, but was cancelled as it was single tender.

II. Sale of Power

i. Sale of surplus power was arranged to Bihar State Power Holding Co. Ltd (BSPHCL) as shown below during June-2018, August-2018, September 2018 and October 2018 by participating in two tenders floated by BSPHCL in DEEP portal during 2017-18 as shown below:

Quantum	From date	To Date	Time	Tariff
50 MW	01-06-2018	30-06-2018	19:00 -24:00	Rs. 5.95 / kWh
100 MW	01-08-2018	31-08-2018	19:00 -24:00	Rs. 6.00 / kWh
100 MW	01-09-2018	30-09-2018	19:00 -24:00	Rs. 6.00 / kWh
100 MW	01-10-2018	31-10-2018	18:00 -24:00	Rs. 6.50 / kWh
100 MW	01-08-2018	31-08-2018	00:00 -06:00	Rs. 4.23 / kWh

ii. Sale of surplus power was arranged to Chattisgarh State Power distribution Co.Ltd. (CSPDCL) as shown below during October 2018 and November 2018 as shown below:

Quantum	From date	To Date	Time	Tariff
150 MW	01-10-2018	31-10-2018	0:00 -07:00	Rs. 4.09 / kWh
200 MW	01-11-2018	30-11-2018	06:00 -10:00	Rs. 5.16 / kWh
149 MW	01-11-2018	30-11-2018	10:00 -13:00	Rs. 4.37 / kWh

III. Banking of Power:

(I) KSEB Ltd executed banking agreement with Mittal Power Processors Ltd on 24-01-2019, for arranging banking of power from Haryana Power Purchase Centre (HPPC) for the period from 16-02-2019 to 31-07-2019 as shown below:

Supply from MPPL(HPPC) to KSEB Ltd			Return to MPPL(HPPC) from KSEB Ltd		
Period	**Duration**	**MW**	**Period**	**Duration**	**Return%**
16-02-2019 to 15-03-2019	20-24 hrs	150	1.07.2019 to 31.07.2019	0-6 hrs	100%

Accordingly MPPL had already supplied 16.8MU during the above period which has to be returned as 16.8MU @100% during July 2019 from 0-6 hrs.

(ii) KSEB Ltd had executed agreement on 21-03-2019, with MPPL arranging banking of power from Haryana Power Purchase Centre (HPPC) for the period from 01-03-2019 to 30-09-2019 as shown below:

Supply from MPPL(HPPC) to KSEB Ltd			Return to MPPL(HPPC) from KSEB Ltd		
Period	**Duration**	**MW**	**Period**	**Duration**	**Return%**
01-03-2019 to 31-03-2019	0-24 hrs (RTC)	50	01-07-2019 to 30-09-2019	0-24 hrs (RTC)	105%

(iii) On 13-02-2019, KSEB Ltd had issued authorization to Arunachal Pradesh Power Corporation Pvt Ltd (APPCPL), for arranging banking of power from Haryana Power Purchase Centre (HPPC) for the period from 01-03-2019 to 31-08-2019 as shown below:

Supply from APPCPL(HPPC) to KSEBL			Return to APPCPL(HPPC) from KSEBL		
Period	**MW**	**Duration**	**Period**	**Duration**	**Return%**
01-03-2019 to 15-03-2019	100	0-24 hrs (RTC)	01-07-2019 to 31-08-2019	0-24 hrs (RTC)	105% on uniform basis
16-03-2019 to 31-03-2019	150				

Accordingly APPCPL had supplied 92.24392 MU during March 2019 which has to be returned to them @ 105% i.e 96.85612 MU as RTC power from July 2019 to August 2019.

(iv) On 15-02-2019, KSEB Ltd had issued authorization to GMR Energy Trading Ltd (GMRETL) above, for arranging banking of power from Punjab State Power Corporation Ltd (PSPCL) for the period from 01-04-2019 to 15-07-2019 as shown below

Supply from GMRETL(PSPCL) to KSEBL on firm basis			Return to GMRETL(PSPCL) from KSEBL on firm basis		
Period	**Duration**	**MW**	**Period**	**Duration**	**Return%**
01-04-2019 to 30-04-2019	0-24 hrs (RTC)	100	15-06-2019 to 15-07-2019	0-24 hrs (RTC)	105%

Tariff and Regulatory Affairs Cell (TRAC), headed by Deputy Chief Engineer, is responsible for preparing and submitting petitions for approval of income and expenses - called Aggregate Revenue Requirement (ARR), Expected Revenue from Charges (ERC) - and Tariff of retail sale of supply by the company before the State Regulator. The cell is also responsible for submitting Capital Expenditure Plan, Quarterly Fuel Surcharge Petitions, performance and compliance reports to the Commission. Petitions before various other authorities such as Central Regulatory Commission, Appellate Tribunal, High Court and Supreme Court related to power purchase and sale of electricity are dealt by TRAC. This cell also deals with amendments of the Rules, Regulations concerning purchase/sale of electricity and policies of the Central and state Government and power supply agreements related to licensees within the state. A brief summary of activities carried out by TRAC during FY 2018-19 is given below.

Petitions, counter affidavits, comments and reports filed before KSERC by TRAC during the year are briefly listed below:

No.	SUBJECT	REMARKS
	Petitions	
1	Truing up of cost and Revenue	FY 2015-16, 2016-17
2	Multi Year Tariff Petition	For the control period 2018-19 to 2021-22
3	Approval for procurement of 200 MW solar power through competitive bidding process	
4	Quarterly Performance report	From 3rd Quarter of 2017-18 to 2nd quarter of 2018-19 (4 quarters)
5	For approval of sale of excess power in the short term market.	
6	Approval of sale of excess power in the short term market	
7	For adjudication of payment dispute in PPA with Maithon power Ltd.	
8	Seeking approval for Edamon –Kochi Line compensation package	
9	For approval of additional expense incurred as a result of natural calamity	
10	Seeking in principle approval for procurement of 150 MW peak power on short term basis from 10/2018 to 5/2019.	
	Remarks/counter/suggestion (Licensees)	
11	True up petition of TCED, Infopark,RPIL	FY 2016-17
12	ARR& ERC of Smart City, Infopark, TCED	FY 2018-19 to 2021-22
13	Capital investment plan of Technopark	2017-18

14	True up petition of Technopark	2015-16
	Review petition	
15	Truing up of cost and revenue	for 2015-16.
16	Truing up of cost and revenue	for 2016-17
	Reply /clarification/counter affidavit/ comments	
17	Truing up petition filed by KSEBL	for 2015-16
18	Truing up petition filed by KSEBL	for 2016-17
19	Additional submission on Truing up of cost and revenue	for 2015-16.
20	The objections raised by HT & EHT Industrial Consumers Association against MYT petition for the control period 2018-19 to 2021-22 & Truing up petition filed by KSEBL for the year 2015-16	
21	Petition filed by M/s Ajantha Colour Lab regarding tariff of Photo studios.	
22	Petition filed by M/s KMRL before KSERC.	
23	Petition filed by BSNL on their tariff	
24	In BKPL case pursuant to Hon'ble High Court Judgment	
25	On amendment of concluded PPAs as per SAKTI policy	
26	Petition filed by KREEPA before KSERC	
27	Approval of AFC of RGCCPP, Kayamkulam	
28	On petition for approval of PSA of 50 MW solar park of IREDA at Kasargod	
29	Seeking exemption from availability –norms specified in the KSERC MYT regulations consequent to natural calamity	
30	Comments on draft KSERC(Terms & Conditions for determination of tariff) Regulations, 2018	
31	Petition filed by MINAR.	

Also filed petitions/counter affidavits /statement of facts before Hon'ble APTEL and Hon'ble CERC in five cases each.

G. RENEWABLE ENERGY AND ENERGY SAVINGS WING

The activities of the department are carried out by Projects wing, ESCOT (Energy Service Co-ordination Team), Innovation wing and include

(1) The Energy Audit of University of Kerala, Kariavattom Campus Buildings, Thiruvananthapuram had been entrusted to the Energy savings Co-ordination Team (ESCOT) wing of KSEBL. The Energy Audit has been completed on 6.10.2018 and the reports have been given. An amount of Rs 5,80,914/- has been remitted to the KSEBL's account towards Energy Audit fee by the Joint Registrar, University of Kerala.

(2) Walk through Energy Audit conducted for the following three buildings and the reoports have been given.

(a) Collegiate Education

(b) Directorate of Industries and Commerce

(c) Directorate of Animal Husbandry

An amount of Rs 27,540/- being the energy audit fee was received from the Energy Management Centre, Trivandrum.

(3) The following Deposit work were undertaken by ESCOT wing of KSEBL during the financial year 2018-19

Palode Phase 1

The work for installation of Automatic power factor controller modifications in existing LT panel board and cabling at Institute of Animal Health and Vetenary Biological at Palode.The amount of Deposit Work is Rs 15,03,000/- and an amount of Rs 70847/- remitted to the KSEBL's account towards PMC charges.This work has been completed on 11.7.2018.

Filament free Kerala

Through this project all the existing CFL and filament bulbs in domestic and street lighting sector in the State will be replaced with energy efficient and long lasting LED lamps targettng reduction in peak demand, global warming and Hg pollution. More than 13 lakh consumers have already registered for LED lamps in the 1st phase in which domestic sector is targeted. Tender process has already been initiated for procurement of one crore, 9 watts LED lamps and the project is progressing smoothly.

The following major projects were undertaken during the year

(1) Tender documents under preparation for installing Electric Vehicle charging station at KSEBL premises in 6 cities.

(2) Floating solar PV plant at Padinjarethara(0.5MW) energised on 4.12.2018 and generation commenced on 21.1.2019.

(3) DELP project cost-distributed 8.355 Lakhs LED bulbs during the year to consumers.

Completed Solar Projects as on 31.03.2019

No.	Name of the projects	Installed capacity (MW)	Date of completion
1	Peerumedu Idukki	0.5	23.04.2018
2	Ponnani Malappuram	0.5	16.01.2019
3	IPDS-RT KSEBL Bidgs (South & Central)	0.495	2018-19
4	RT Transmission buildings	0.91	09.07.2018
5	Banasurasagar Reservoir floating Solar	0.5	04.12.2018

On-going Solar Projects as on 31.03.2019

No	Name of the project	Installed capacity (MW)	Target for completion
1	Mylatti, Kasargode	1.00	2021
2	Ettumanoor, Kottayam	1.00	2021
3	Agali Palakkad	8	2021
4	Brahmapuram Ernakulam		
5	Kanjikode Palakkad		
6	West Kallada Floating Solar by NHPC	10	2021
7	Kottiyam, Kollam	0.60	2020
8	Medical College Tvpm	1.1	2021

Status of ongoing Solar Projects (Government Buildings) as on 31.03.2019

Sl. No	Name of the Project	Capacity kWp	Target
1	District Panchayath, Thiruvananthapuram -6 Locations	385	2021
2	District Panchayath, Thiruvananthapuram -4 Locations	121	2021
3	Attingal Municipality 2nd phase-2 Locations	27	2021
4	Attingal Municipality 3rd phase	56	2021
5	Jilla Panchayath Kollam-4 Locations	90	2021
6	LSGD Disrict Panchayath Kottayam.	22	2021
7	Jilla Panchayath, Palakkad	500	2021
8	Jilla Panchayath Malappuram-11 Locations	110	2021
9	Jilla Panchayath, Kannur (29 Locations) 2nd Phase	450	2021

10	Jilla Panchayath, Kasaragod (3 Locations) Ist phase	195	2021
11	Jilla Panchayath, Kasargod 3rd phase (7 Locations)	70	2021
12	Jilla Panchayath, Kasargod 4th phase (20 Locations)	200	2021
13	KUHS Kerala University of Health Sciences	250	2021
14	Calicut University	57	2021
15	Chengalai Grama Panchayath	10	2021
16	Perambra Block Panchayath	50	2021
17	Jilla Panchayath, Kannur - 3rd Phase	325	2021
	Total	**2918 kWp**	

H. MAJOR INITIATIVES AND ACHIEVEMENTS

Oorjja Kerala Mission

Government of Kerala has launched 'Oorjja Kerala Mission' on 14-6-2018, aimed at the integrated development of electricity sector in the state. It targets at implementing five important projects detailed below in the next 3 years.

TransGrid 2.0

KSEBL had taken up the ambitious **TransGrid 2.0** project for enhancing the transmission capacity for meeting future demand, improving reliability and quality of power transmitted and to reduce losses. As part of TransGrid 2.0, the following line works were completed during 2018-19.

- Upgradation of 220kV SC line to 400/220kV MC MV line from Madakkathara to Malaparamba(97.38 ckm)
- Upgradation of existing 110kV DC line to 220/110kV MC MV line from Kizhissery to Chelari tap(20.20 ckm)
- Upgradation of line to 220/110 kV MCMV from Karukadom to Kothamanagalam
- 110 kV Kakkayam-Nallalam portion under NRHTLS package commissioned.

Soura

KSEB intends to achieve a cumulative capacity of 1000 MW in its renewable content through Solar Projects by 2021, 50% of which is expected from Roof Tops (RTS). Another 150 MW each is expected from solar parks and floating solar projects. Remaining 200 MW is planned to be procured through reverse e-bidding, from solar projects commissioned in the country. Demand aggregation for first phase of RTS is already completed. For the first phase of 200 MW, 42,500 premises were selected from 2.78 Lakh consumers who expressed interest in associating with the project. The tendering process is going on and the first phase is expected to be completed by May 2021.

Filament free Kerala

Through this project all the existing CFL and filament bulbs in domestic and street lighting sector in the State will be replaced with energy efficient and long lasting LED lamps targeting reduction in peak demand, global warming and Hg pollution. More than 13 Lakh consumers have already registered for LED lamps in the 1st phase in which domestic sector was targeted. Tender process has already been initiated for procurement of one crore, 9watt LED lamps and the project is progressing smoothly.

Dyuthi 2021

This projects included in Oorjja Kerala mission, has commenced during FY 2018-19 with a mission to up lift the distribution grid of KSEB Ltd to international level. The total plan outlay is Rs 4036.30 crores.

ESafe

The eSafe project jointly mooted by Electrical Inspectorate and KSEBL is aiming zero electrical accidents. A massive publicity campaign will be the highlight of this project to sensitise the users of electricity on its safety aspects. The project aims at step wise modernization of transmission and distribution sector. Bare conductor will be replaced by covered conductor and underground cables. Auto reclosures and circuit breakers will be inducted to distribution network. Procedures will be issued for each work. Work authorization and permit to work will be issued online. Electric safety training will be given to people supervising and engaged in electrical works. In Jagratha scheme, ELCB will be installed in all household belonging to BPL consumers and rewiring, wherever necessary. Awareness Champaign on safety will be done through Asha workers, Kudumba shree, and Ayalkuttam and Resident associations. Conduction of awareness classes by KSEBL safety wing are progressing.

I. INDUSTRIAL RELATIONS

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

J.HUMAN RESOURCES MANAGEMENT-HRD

The KSEBL has declared during 2016-17, a training policy in accordance with

Industrial standards and Regulations for imparting need based training for all employees. From 2018-19 onwards the training are beings planned and imparted based on the said Training Policy.

K. 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.

L. 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.

M. 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.

N. 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.

O. 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.

P. Details of joint venture / associates / subsidiary company

a) Baitarni West Coal Company Limited(BWCCL)

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

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

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

c) Renewable Power Corporation of Kerala Limited(RPCKL)

RPCKL(U40106KL2016PLC039891) has its head quarters at Vydyuthi Bhavanam,Thiruvananthapuram and has an authorized and paid up capital of ₹ 1 crore of which KSEBL holds 50 % Shares (5,000 Equity shares of ₹ 1000/- each).

d) K-FON

K-FON (U64200KL2018SGC05454) has its head quarters at 7th Floor, Felicity Square M.G Road, Statue, Thiruvananthapuram-695001 and has an authorized and paid up capital of

₹ 1 crore of which KSEBL holds 49 % Shares (4,90,000 Equity shares of ₹ 10/- each) amounting to ₹ 49,00,000.

Q. 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.

R. 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.

S. 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.

T. 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.

U. 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.

V. 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.

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 2018-19.

No: of complaints pending disposal at the beginning of the year - 1

No: of complaints received in 2018-19 – 7

No: of complaints disposed off during the year 2018-19 – 6

No: of complaints pending disposal at the end of the year-2

X. AUDITORS

I. STATUTORY AUDITORS

The three Chartered Accountant Firms in Thiuvananthapuram-M/s G.Venugopal Kamath & Co, M/s Sankar & Moorthy and M/s Balan&Co & 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 2019 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 2019. The comments vide report No dated 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 2018-19. Secretarial Audit Report (Form MR-3) for the Financial Year 2018-19 issued by the Secretarial Auditor is attached as Annexure-C. The replies to the adverse comments, qualifications or reservation is furnished as Annexure-D.

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 2019, 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, 2019 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. V
- 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 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: 01.01.2021

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

ANNEXURE-1
2018 - 19

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.

The activities of the department are carried out by Projects wing, ESCOT (Energy Service Co-ordination Team), Innovation wing and include

(1) The Energy Audit of University of Kerala, Kariavattom Campus Buildings, Thiruvananthapuram had been entrusted to the Energy savings Co-ordination Team (ESCOT) wing of KSEBL. The Energy Audit has been completed on 6.10.2018 and the reports have been given. An amount of ₹5,80,914/- has been remitted to the KSEBL's account towards Energy Audit fee by the Joint Registrar, University of Kerala.

(2) Walk through Energy Audit conducted for the following three buildings and the reports have been given.

(a) Collegiate Education

(b) Directorate of Industries and Commerce

(c) Directorate of Animal Husbandry

An amount of ₹27,540/- being the energy audit fee was received from the Energy Management Centre, Trivandrum.

(3) The following Deposit work were undertaken by ESCOT wing of KSEBL during the financial year 2018-19.

Palode Phase 1

The work for installation of Automatic power factor controller modifications in existing LT panel board and cabling at Institute of Animal Health and Vetenary Biological at Palode.

The amount of Deposit Work is ₹15,03,000/- and an amount of ₹70847/- remitted to the KSEBL's account towards PMC charges. This work has been completed on 11.7.2018.

Filament free Kerala

Through this project all the existing CFL and filament bulbs in domestic and street lighting sector in the State will be replaced with energy efficient and long lasting LED lamps targeting reduction in peak demand, global warming and Hg pollution. More than 13 lakh consumers have already registered for LED lamps in the 1st phase in which domestic sector is targeted. Tender process has already been initiated for procurement of one crore, 9 watts LED lamps and the project is progressing smoothly.

<u>The following major projects were undertaken during the year</u>

(1) Tender documents under preparation for installing Electric Vehicle charging station at KSEBL premises in 6 cities.

(2) Floating solar PV plant at Padinjarethara(0.5MW) energised on 4.12.2018 and generation commenced on 21.1.2019.

(3) DELP project cost-distributed 8.355 Lakhs LED bulbs during the year to consumers.

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

The following major projects were undertaken during the year:

Floating solar PV plant at Padinjarethara (0.5MW) energized on 4.12.2018 and generation commenced on 21.01.2019

Completed Solar Projects as on 31.03.2019

No.	Name of the projects	Installed capacity (MW)	Date of completion
1	Peerumedu Idukki	0.5	23.04.2018
2	Ponnani Malappuram	0.5	16.01.2019
3	IPDS-RT KSEBL Bidgs (South & Central)	0.495	2018-19
4	RT Transmission buildings	0.91	09.07.2018
5	Banasurasagar Reservoir floating Solar	0.5	04.12.2018

On-going Solar Projects as on 31.03.2019

No	Name of the project	Installed capacity (MW)	Target for completion
1	Mylatti, Kasargode	1.00	2021
2	Ettumanoor, Kottayam	1.00	2021
3	Agali Palakkad	8	2 021
4	Brahmapuram Ernakulam		
5	Kanjikode Palakkad		
6	West Kallada Floating Solar by NHPC	10	2021
7	Kottiyam, Kollam	0.60	2020
8	Medical College Tvpm	1.1	2021

Status of ongoing Solar Projects (Government Buildings) as on 31.03.2019			
Sl. No	**Name of the Project**	**Capacity kWp**	**Target**
1	District Panchayath, Thiruvananthapuram -6 Locations	385	2021
2	District Panchayath, Thiruvananthapuram -4 Locations	121	2021
3	Attingal Municipality 2nd phase-2 Locations	27	2021
4	Attingal Municipality 3rd phase	56	2021
5	Jilla Panchayath Kollam-4 Locations	90	2021
6	LSGD Disrict Panchayath Kottayam.	22	2021
7	Jilla Panchayath, Palakkad	500	2021
8	Jilla Panchayath Malappuram-11 Locations	110	2021
9	Jilla Panchayath, Kannur (29 Locations) 2nd Phase	450	2021
10	Jilla Panchayath, Kasaragod (3 Locations) Ist phase	195	2021
11	Jilla Panchayath, Kasargod 3rd phase (7 Locations)	70	2021
12	Jilla Panchayath, Kasargod 4th phase (20 Locations)	200	2021
13	KUHS Kerala University of Health Sciences	250	2021
14	Calicut University	57	2021
15	Chengalai Grama Panchayath	10	2021
16	Perambra Block Panchayath	50	2021
17	Jilla Panchayath, Kannur - 3rd Phase	325	2021
	Total	**2918 kWp**	

iii) The capital investment on conservation equipments.

(B) Technology absorption –

i)	The efforts made towards technology absorption ;	• Development of IT infrastructure updation. • Implementation of SCADA and DMS
ii)	The benefits derived like product improvement cost reduction, product development or import substitution.	• Safety of Working Staff. • Reduction in Power Interruptions. • Consumer satisfaction on correct billing.
iii) (a) (b) (c) (d)	In case of imported technology (imported during the last three years reckoned from the beginning of the financing year). a. The details of technology imported. b. The year of import; c. Whether the technology been fully absorbed; d. If not fully absorbed, areas where absorption has not taken places, and the reasons thereof, and	- NIL -
iv)	The expenditure incurred on Research and Development.	NIL -
	(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: 01.01.2021

Sd/-

Place : Thiruvananthapuram

CHAIRMAN AND MANAGING DIRECTOR

ANNEXURE –3 2018-19

FORM NO. AOC-2

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

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

Sl. No.	Particulars	Details
A	Name(s) of the related party and nature of relationship	KERALA FIBRE OPTIC NETWORK LTD. JV Company
B	Nature of contracts / arrangements / transactions	Investment in equity shares
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	15.01.2019
G	Amount paid as advances, if any	Rs. 49 Lakhs
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 the financial year ended on 31st March, 2019
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	-U40100KL2011SGC027424
ii)	Registration Date	:	14.01.2011
iii)	Name of the Company	:	Kerala State Electricity Board Limited
iv)	Category / Sub-Category of the Company	:	Company limited by shares/State Government Company
v)	Address of the Registered office and contact details	:	Vydyuthi Bhavanam, Pattom, Thiruvananthapuram – 695 004, Kerala e-mail Id : cmdkseb@kseb.in ;
	Telephone Number	:	0471025104680
	web site	:	www.kseb.in
vi)	Whether listed company Yes / No	:	No.
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any		

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Baitharani West Coal Company Limited	U40102OR2008SGC009955	Joint Venture	33.33	Sec. 2(6)
2	Kerala State Power & Infrastructure Finance Corporation Ltd.	U65910KL1998SGC012160	Associate	40.6	Sec. 2(6)
3	Renewable Power Corporation of Kerala Ltd.	U40106KL2016PLC039891	Joint Venture	50	Sec. 2(6)
4	Kerala Fiber Optic Network Ltd.	U64200KL2018SGC054541	Joint Venture	49	Sec. 2(6)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.Promoters									
(1) Indian		6	6			6	6		
g) Individual/ HUF									
h) Central Govt									
i) State Govt (s)		3499049994	3499049994			3499049994	3499049994		
j) Bodies Corp.									
k) Banks/FI									
l) Any Other..									
Sub-total (A) (1):-		3499050000	3499050000			3499050000	3499050000		
(2) Foreign									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies									
e) Any Other....									
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		3499050000	3499050000	100		3499050000	3499050000		

B.Public Share-holding 1. Institutions a) Mutual Funds c) Central Govt d) State Govt(s) e) Venture Capi-tal Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds									
i) Others (specify) **Sub-total (B)(1):-** 2. Non-Institu-tions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nomi-nal share capital uptoRs. 1 lakh ii) Individual shareholders holding nomi-nal share capital in excess of Rs 1 lakh c) Others (spec-ify)									

Sub-total (B)(2):- Total Public Shareholding **(B) = (B)(1) + (B)(2)** i) Others (specify) Sub-total (B)(1):- 2. Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital uptoRs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh c) Others (specify) **Sub-total (B)(2):-** Total Public Shareholding (B) = (B)(1) + (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		3499050000	3499050000	100		3499050000	3499050000		

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	% change in share holding during the year
1	Governor of Kerala represented by BishwanathSinha, IAS	3499049994	99.99999983		0	0		
2	Governor of Kerala represented by Dr.B.Ashok IAS	0	0		3499049994	99.99999983		
3	N.SivasankaraPillai IA&AS	2	0.00000006		2	0.00000006		
4	Manoj Joshi	1	0.00000003		1	0.00000003		
5	Kumaran.P	1	0.00000003		1	0.00000003		
6	N.Venugopal	1	0.00000003		1	0.00000003		
7	P.Vijayakumari	1	0.00000003		1	0.00000003		
	Total	3499050000	100		3499050000	100		

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	3499050000	100	3499050000	100
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/de-crease (e.g. allotment/ transfer/bonus/ sweat equity etc):				
	At the End of the year	3499050000	100	3499050000	100

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1	Governor of Kerala represented by BishwanathSinha, IAS	3499049994	99.99999983		
2	N.SivasankaraPillai IA&AS	2	0.00000006		
3	Manoj Joshi	1	0.00000003		
4	Kumaran.P	1	0.00000003		
5	N.Venugopal	1	0.00000003		
6	P.Vijayakumari	1	0.00000003		
	At the End of the year				
1	Governor of Kerala represented by Dr.B.Ashok IAS	3499049994	99.99999983		
2	N.SivasankaraPillai IA&AS	2	0.00000006		
3	Manoj Joshi	1	0.00000003		
4	Kumaran.P	1	0.00000003		
5	N.Venugopal	1	0.00000003		
6	P.Vijayakumari	1	0.00000003		

V. INDEBTEDNESS

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

	Secured Loansexcludingdeposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	556,942,38,649.00	1450,00,00,000		7019,42,38,649.00

Total (i+ii+iii)	**556,942,38,649.00**	**1450,00,00,000**		**7019,42,38,649.00**
Change in Indebtedness during the financial year • Addition	114,84,78,208.00			(+)114,84,78,208.00
• Reduction		1050,00,00,000		(-)1050,00,00,000.00
Net Change	(+)114,84,78,208.00	(-)1050,00,00,000		(-)9351521792.00
Indebtedness at the end of the financial year i) Principal Amount ii)Interest due but not paid iii)Interest accrued but not due	5684,27,16,857.00	400,00,00,000		60842716857.00
Total (i+ii+iii)	**5684,27,16,857.00**	**400,00,00,000**		**6084,27,16,857.00**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager						Total Amount
		N.Sivasankara Pillai	P.Kumaran	P. Vijayakumari	N. Venugopal	S. Rajeev	P.K. Moni	
1.	Gross salary							
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28,49,862.00	20,34,175.00	20,34,175.00	20,67,415.00	8,36,245.00	19,82,083.00	1,18,03,955.00
	(b) Value of perquisites u/s 17(2) Income -tax Act, 1961							
	(c)Profits in lieu of salary under section 17(3) Income-tax Act, 1961							
2.	Stock Option							
3.	Sweat Equity							
4. Commission								
- as % of profit								
-others, specify...								
5.	Others, please specify	17,854.00	1,93,417.00	28,187.00	1,96,187.00	5,41,927.00	24,422.00	9,98,724.00
	Total (A)	28,67,446.00	22,27,592.00	20,59,362.00	22,63,602.00	13,78,172.00	20,06,505.00	1,28,02,679.00
	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	

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
	3. Independent Directors	Dr. V. SIVADASAN			
	• Fee for attending board committee meetings	91,800.00			91,800.00
	• Commission				
	• Others, please specify				
	Total (1)	91,800.00			91,800.00
	4. Other Non-Executive Directors				
	• Fee for attending board committee meetings • Commission • Others, please specify				
	Total (2)	0			0
	Total (B) = (1 + 2)	91,800.00			91,800.00
	Total Managerial Remuneration				1,29,04,479.00
	Overall Ceiling as per the Act				

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		13,56,988.00	14,16,193.00	27,73,181.00

2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify		1,33,448.00	17,873.00	1,51,321.00
	Total		**14,90,436.00**	**14,34,066.00**	**29,24,502.00**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

Sd/-
Chairman & Managing Director

G VENUGOPAL KAMATH & CO	SANKAR & MOORTHY	BALAN & CO
Chartered Accountants	Chartered Accountants	Chartered Accountants
FIRM REG NO. 4674 S	FIRM REG NO. 3575 S	FIRM REG NO. 340 S

INDEPENDENT AUDITORS' REPORT

To the Members of KERALA STATE ELECTRICITY BOARD LIMITED, Thiruvananthapuram

Report on the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of M/s. KERALA STATE ELECTRICITY BOARD LIMITED, Thiruvananthapuram [CIN: U40100KL2011SGC027424] (the 'company'), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity for the year ended 31st March, 2019, Cash Flow Statement for the year ended 31st March 2019, and a summary of Significant Accounting Policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2015, as amended (the "Ind AS") and the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019; and its LOSS, total comprehensive income, its cash flows and the changes in equity for the year ended 31st March 2019.

Basis for Qualified Opinion

1) With regard to the Property, Plant & Equipment, –

   a) The company has not provided the depreciation on a sum of Rs 10,71,199.95 Lakhsincluded in the carrying value of plant and machinery for the years from 2013-14 to 2018-19, thereby understating the depreciation / amortisation expense by Rs. 56,559.30 Lakhs for the year, and the arrears of depreciation for the previous years2013-14 to 2017-18 amounting to Rs. 2,49,635.72 Lakhs, and overstating the carrying amount of 'Plant & Machinery' under "Property, Plant & Equipment" to such extent.

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

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

d) The company has not followed the ‘componentisation approach’ for accounting the Property, Plant and Equipment. The consequent impact, if any, on account of such non compliance on carrying amount of individual assets capitalised by the company and the depreciation / amortisation provided thereon could not be ascertained.

e) The company follows a policy of capitalising Property, Plant and Equipment when the respective assets are ready for the intended use. In many cases, the assets are capitalised on approval of corresponding work bills for payment which is after the assets are ready for use, leading to delay in the recognition of various assets and liabilities, thereby resulting in understatement of carrying amount of Property, Plant and Equipment, and the understatement of ‘Depreciation or Amortisation’ expenses thereon.

f) The company follows the practice of providing depreciation on the ‘original cost’ of the entire assets capitalised under “Property, Plant & Equipment” without excluding the assets sold / discarded or assets whose useful life has expired, thereby understating the carrying amount of such assets and overstating the corresponding depreciation / amortisation thereon. The above accounting treatment is in violation of the provisions of Ind AS 105 “Non -Current Assets held for sale and Discontinued Operations”, and Ind AS 16 “Property, Plant & Equipment”.

g) The company has capitalised the Borrowing Cost to assets including the non-qualifying assets, which is not in accordance with the provisions of Ind AS 23 “Borrowing Costs” resulting in over-statement of the carrying amount of the non-qualifying assets and the understatement ofqualifying assets and the consequent effect on ‘depreciation and amortisation’ expenses.

h) The company has not recognised the “decommissioning liability” as required by Ind AS 16 “Property, Plant & Equipment” on,

i. the carrying amount of plant and machinery Rs. 10,71,199.95 Lakhs

ii. the carrying amount of buildings forming part of plant and machinery, for which decommissioning liability has been provided;

This has resulted in understatement of the carrying amounts of “Property, Plant & Equipment” and the ‘Decommissioning Liability’ classified under “Other Non-Current Liabilities”, and the depreciation / amortisation thereon.

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

j) The company has not deleted the cost of 45.715 cents of land owned by it transferred to Trivandrum Development Authority as per directions of Government of Kerala from the carrying amount of such assets of the company, resulting in overstatement of carrying amount of “Property, Plant & Equipment”.

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

2) With regard to the ‘Capital work in Progress’, –

   a) In many instances, the accounting of labour work bills and / or material consumption costs relating to various works were delayed considerably resulting in non-recording of Capital Work In Progress in the same year itself. This has resulted in understatement / overstatement of “Capital Work in Progress” classified under the “Non-current Assets” and the resultant liability.

   b) The company follows the practice of capitalising the amounts booked under “revenue expenditure pending capitalisation”, in the subsequent year only without considering the actual date of completion of respective assets. Accordingly, a sum of Rs 65,238.95 Lakhs has been carried forward to subsequent year which is not in line with the provisions of Ind AS 16 “Property, Plant and Equipment” resulting in understatement of depreciation for such years.

   c) The company has not considered the appropriate portion of “Gratuity Expense, Leave Encashment Expense and Pension Fund Expense”, while apportioning“Employee Cost” to the Capital work in Progress, which is against the terms of accounting policy of the company (1.7). This has resulted in under-allocation of employee cost and resultant understatement of Capital Work In Progress and overstatement of “Employee Benefit Expense”.

3) The company has not ascertained and provided for the impairment loss, if any, on the investments made by it amounting to Rs. 1000 Lakhs in the equity shares of M/s. Baitarani West Coal Company Ltd upon the cancellation of the coal block allotted to it. This could result in the overstatement of the carrying amount of “Investments”under “Financial Assets” and the under statement of the impairment loss for the year.

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

   (i) long outstanding advances given by the company amounting to Rs. 8342.65 lakhs (out of which Rs. 8295.03 Lakhs is outstanding for a period of more than one year);

   (ii) interest free security deposits amounting to Rs. 7,773.16 lakhs classified under “Other Financial Assets”;

   (iii) interest-bearing loan of Rs. 6424.05 Lakhs given to M/s. Energy Management Centre, for which the company has not recognised any interest income on account of uncertainty for realisation.

   This has resulted in the overstatement of the carrying amount of such financial assets and understatement of the ‘Expected Credit Loss’for the year.In the absence of adequate information including the classification and policy for determination of ‘expected credit loss’ on the financial assets, the impact of the above non-compliance cannot be quantified.

5) The company has not recognised any interest income on interest bearing loan given to M/s. Energy Management Centre amounting to Rs. 6424.05 lakhs, thereby understating the amounts reported under “interest income” and “income receivable”.

6) The company has recognised and disclosed the amount paid to the Forest Department towards the seigneorage value of trees amounting to Rs. 953.31 lakhs as “Security Deposits”, which in our opinion, ought to have expensed out or capitalised based on the nature of the projects /

works for which such expenditure were incurred. This has resulted in overstatement of “Other Financial Assets” and the understatement of carrying amount of assets under “Property, Plant & Equipment”, “Depreciation / amortisation expenses”, or the related expenses.

7) The company has neither provided for liability nor disclosed contingent liability for the possible effect of the arbitration in the case of M/s. KEPCO KDN,for which it has deposited an amount of Rs 500 lakhs as directed by Hon. High Court of Kerala.

8) The company has recognised and classified a sum of Rs. 10,849.27 lakhs as “Deferred Cost Account of Feasibility / Survey” under “Other Non-Current Assets”, being costs incurred for feasibility study and surveys of projects which are not yet sanctioned. This accounting treatment is not in compliance with Ind AS 16 "Property, Plant & Equipment” and Ind AS 38 “Intangible Assets”. This has resulted in overstatement of “Other Non-Current Assets” and understatement of “amortisation expenses for the year” by Rs. 10,849.27 lakhs.

9) “Receivable from Government” under “Other Non-current Assets” includes-

   (a) Rs. 9858.20 Lakhs being the amount receivable from Government of Kerala on account of re-imbursement of the subsidy given on energy charges to the consumers; and

   (b) Rs. 140,244.75 Lakhs being energy charges receivable from Kerala Water Authority.

   In our opinion, the above amounts ought to have been classified as “Trade Receivables”, in accordance with Ind AS 109 “Financial Instruments”.

   This non-compliance has resulted in-

   (i) the under-statement of “Trade Receivables” and overstatement of “Other Non-current Assets” to such extent;

   (ii) understatement of “Provision for Bad and Doubtful Assets” and expenses for the year.

10) The company has not applied the provisions of Ind AS 109 “Financial Instruments” in respect of amount due from Kerala Water Authority receivable in four annual instalments amounting to Rs. 140,244.76 lakhs on account of sale of power. In our opinion, the company ought to have recognised the above at its fair value, and the differences between the transaction value and fair value ought to have amortised over the tenure of the receivable. In the absence of age wise analysis of the said receivable, we are not in a position to quantify its impact, if any, on the financial statements.

11) The company has not ascertained and recognised the impact of variations noticed in the physical verification of inventory at construction stores. In the absence of adequate information, the effect of the above on the carrying amount of inventories and expenses for the year cannot be quantified.

12) The company has classified and recognised the cost of stock of materials for capital works amounting to Rs 30,204.51 Lakhs as “Inventories”, thereby understating the carrying amount of “Capital Work in Progress” under “Property, Plant & Equipment” and the consequent depreciation expenses as well as overstating the carrying amount of inventories to such extent.

13) The company has neither ascertained nor provided for the loss on account of “Expected Credit Loss (ECL)” for “Trade Receivables” Rs. 207,732.02 Lakhs, Receivable from Government Rs. 144,995.43 lakhs and Other recoverables Rs. 3817.95 Lakhs, which is in contradictions to the provisions of the Ind AS 109 “Financial Statements”. The above contravention may result in the

overstatement of "Trade Receivables" and understatement of "Impairment Loss" and the loss for the year.

14) In respect of "Cash & Cash Equivalents" –

   a) The company has not accounted the cash balances as at the year end with the various payment facilitation centres operating under "Akshaya Kendra", an agency of the company. This has resulted in the understatement of the balances reported under "Cash and Cash Equivalents" and overstatement of the balances reported under "Trade Receivables" of the company.

   b) In respect of various ARUs, the company has not provided proper reconciliations for the differences between the bank balances reported in the accounts and the balances as seen in the statement received from respective banks. Such un-reconciled balances outstanding could result in overstatement or understatement of balances under "Cash and Cash Equivalents" and the balances under respective corresponding accounts.

   c) The balances reported under "Disbursement Bank Accounts" under "Cash and Cash Equivalents" include a sum of Rs. 354.61 Lakhs being non-existent bank balances, thereby resulting in overstatement of "Cash and Cash Equivalents" to such extent.

The above non-compliances could impact the cash flows for the year.

15) The company has recognised and classified tax refunds receivable from the Government Rs. 2,055.67 Lakhs as "Other Advances" under "Other Current Assets". In our opinion, such balances ought to have classified under "Other Financial Assets" in accordance with the provisions of Ind AS 109 "Financial Instruments", resulting in overstatement of "Other Current Assets" and overstatement of "Other Financial Assets" to such extent.

16) The unreconciled balances in the transactions between the ARUs amounting to Rs. 3,954.48 lakhs, have been reported and recognised as "Inter Unit Balance" under "Other Current Assets", the details of which have not been provided to us. In the absence of adequate information, the impact of the above non-compliance cannot be quantified.

17) The company has classified the amount receivable from various parties against sale of stores, LED bulbs, pole rental etc. amounting to Rs. 3817.95 lakhs as "Other Recoverable" under "Other Current Assets" instead of "Trade Receivables". The above wrong classification has resulted in the understatement of the balances under "Trade Receivables" and overstatement of the balances under "Other Current Assets" to such extent.

18) The provisions of Ind AS 109 "Financial Instruments" require the company to recognise long term borrowings at its fair value, upon its initial recognition and at "amortised cost" using effective interest rate (EIR) method at every subsequent reporting date. However, the company has not complied with the above requirements in the case of-

   (a) 'secured bonds' amounting to Rs. 985,876 lakhs issued by the company; and

   (b) 'Loans and borrowings' amounting to Rs. 52,969.10 lakhs due by the company.

   The above has resulted in under/over statement of the carrying value of such borrowings and the resultant finance costs.

19) Company has stated that decommissioning liability is determined at the rate of 0.1% of cost of specified assets. However, as per the accounting procedure adopted by the company, entire

decommissioning liability has been recognised upfront without considering present value. This has resulted in overstatement of "decommissioning liability" and the carrying amounts of "Property, Plant &Equipments".

20) The company has classified unamortised portion of-

   a) grant received from Government Rs. 120,187.03 Lakhs;

   b) the 'deferred income in respect of concessional loans received' Rs. 9,593.14 Lakhs; and

   c) the consumer contribution towards the cost of assets Rs. 132,516.13 Lakhs

   under "Other Non-Current Liabilities". In our opinion, the above balances do not represent a liability of the company and hence has resulted in the overstatement of "Other Non-Current Liabilities" of the company by Rs.2,62,296.30 Lakhs.

21) The company has wrongly set off the gratuity and other terminal liabilities paid to the employees relatable to their period of service after 01-10-2013 against the "Amount Payable to Master Trust" classified under "Other Financial Liabilities". This has resulted in the understatement of the liability disclosed under "Amount Payable to Master Trust" and overstatement of the liability - "Staff Pension Fund".

22) The company has not provided a reconciliation of the amount classified under "Deposits for Electrification, Service Connection etc" amounting to Rs.80,048.89 Lakhs with the corresponding works pending for completion, for which such deposits have been collected from the consumers. In the absence of adequate information, its impact could not be quantified.

23) The company has not determined nor recognised the deferred tax liabilities or deferred tax assets, if any, as required by the Ind AS 12 "Income Taxes", thereby understating the Deferred Tax Liability / Assets, as may be applicable, and the corresponding expenses / incomes.

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

25) The company has recognised the gross sale proceeds of assets sold / scrapped off amounting to Rs. 6235.08 Lakhs under "Other Operating Income", without determining the profit or loss on such sale of assets, thereby overstating the "Other Operating Income".

26) The company has recognised "Penalty / Liquidated damages collected from Contractors / Suppliers" amounting to Rs. 1122.90 lakhs under "Miscellaneous Receipts" under "Other Operating Income". In our opinion, such amounts collected in respect of assets capitalised ought to have reduced from the cost of the specific assets. This has resulted in overstatement of "Property, Plant &Equipments" and "Other operating income".

27) The company has received a sum of Rs. 435.96 Lakhs from M/s. Baitarani West Coal Block Ltd during 2019-20 being the share of cost of consent. In our opinion, the company ought to have accounted the above sum as "Other income" and as "Financial Assets – Receivable" in the year 2018-19 itself as the right to receive has been established in 2018-19 itself. This has resulted in understatement of "other income" for the year and the carrying amount of "financial assets – receivable" to such extent.

28) The accounting policy framed by the company for recognition of expenditure as "Capital Expenditure" or "Revenue Expenditure" has not been followed consistently by all units, thereby resulting in inconsistency in recognition of assets under "Property, Plant & Equipment" and

"Repairs & Maintenance" expenses. In the absence of adequate information, the impact of the above non-compliance cannot be quantified.

29) The Board of Directors, in their meeting held on 14.06.2019, has decided to increase the remuneration of daily wagers and contract employees with retrospective effect from 1st July, 2018. The company has not provided for the additional expense and liability on account of the above decision, as required by the provisions of Ind AS 10 "Events after the Reporting Period", which has resulted in understatement of liabilities and expenses.

30) The company has recognised income relating to prior periods amounting of Rs. 1,241.96 Lakhs and expenses relating to prior periods amounting to Rs. 20,155.47 Lakhs under "Others", which is not in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

31) Note No. 8 "Repairs & Maintenance" includes Rs. 1037.45 Lakhs being the cost incurred by the company for restoring the power system damaged due to floods, which in our opinion, the company ought to have classified under Note 35 "Repairs and Maintenance Expenses due to natural calamity" under 'Exceptional Items'.

32) We draw attention to Note No. 38.18 (s) regarding severe damages caused to the assets of the company in the flood affected areas, resulting in total or partial loss. The company has not assessed and provided for the actual loss on account of the above. The impact of this on the assets and expenses of the company could not be ascertained.

33) The company has not disclosed the effect of the following items resulting in "contingent liabilities" to the company -

   a) The individual and / or cumulative effect of claims individually lower than Rs. 100 lakhs, arising to the company;

   b) Bank guarantee amounting to Rs. 2500 Lakhs provided by the company on behalf of M/s. Baitarani West Coal Company, a special purpose vehicle promoted by the company;

   c) Contingent liability, on account of pending arbitration in the case of M/s. KEPCO KDN, for which the company has deposited Rs 500 lakhs with the arbitration authority;

   d) Letter of Credit provided in favour of power suppliers;

   e) Liabilities, contingent or otherwise, on account of various claims / cases pending against the company before various courts / legal forums, details of which were not made available to us.

34) In Note 25(a), the company has wrongly classified and disclosed "Other Operating Income" amounting to Rs. 31,580.71 lakhs under "Other Incomes", which, in our opinion, ought to have classified and disclosed under "Revenue from Operations".

35) Purchases of LED Bulbs for the year amounting to Rs. 664.75 lakhs has been classified under "Administrative & General Expenses" in the Statement of Profit & Loss instead of purchase of traded goods.

36) The company has classified bank balances with original maturity period more than 3 months amounting to Rs. 3448.81 Lakhs as "Cash and Cash Equivalents", which is not in compliance with the requirements of Division II of the Schedule III of the Act, thereby overstating the balances under "Cash and Cash Equivalents" and understating the balances under "Bank Balances other than Cash and Cash Equivalents" to such extent.

37) The company has wrongly classified "current maturities of long term debt" amounting to Rs. 41,626.32 Lakhs and "current maturities of principal amount payable to Master Trust" amounting to Rs. 70,245.00 Lakhs under "Current Financial Liabilities - Borrowings", which is not in compliance with the requirements of Division II of Schedule III of the Act. The above non-compliance has resulted in the understatement of balances under "Current -Other Financial Liabilities" and overstatement of balances under "Current Financial Liabilities - Borrowings" by Rs. 111,871.32 Lakhs.

38) The company has not disclosed the amounts on account of "Re-measurements of Defined Benefit Plan" amounting to Rs. 109678.60 Lakhs as a separate line item in the Statement of Profit and Loss, which is not in compliance with the requirements of Division II to Schedule III of the Act.

39) The company has not provided the mandatory comparative figures in the "Statement of Changes in Equity" as per Division II to Schedule III of the Act.

40) The company has not disclosed the break-up of amount classified as "Others" under "Cash and Cash Equivalents" amounting to Rs. 331.15 Lakhs, which is not in compliance with the requirements of Division II of the Schedule III of the Companies Act, 2013.

41) The company has neither identified nor complied with the disclosure requirements of Schedule III of the Act, requiring the company to specifically disclose the amount due to Micro and Small Enterprises.

42) The company has not complied disclosure requirements as required by the Ind AS 115 "Revenue from Contracts with Customers", thereby resulting in non-compliance of the disclosure requirements of the said accounting standard.

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

44) The company has not complied with the disclosure requirements relating to assets leased out as required by the Ind AS 17 "Leases", thereby resulting in non-compliance of the disclosure requirements of the said accounting standard.

45) The company has wrongly computed Basic and Diluted Earnings Per Share (EPS) for the year and the comparative year by taking the "Total Comprehensive Income" for the respective years, instead of "Profit / (Loss) for the period", thereby understating the Basic and Diluted EPS for the above periods. The Basic and Diluted EPS for the current year ought to have been Rs. (-) 0.83 as against the currently reported Rs. (-) 3.96 and for the previous year ought to have been Rs. (-) 2.24 as against the currently reported Rs. (-) 5.32, without considering the effects of matters detailed above.

46) In the absence of adequate information, the impact of the matters listed in Paras1(b) to 1(k), 2(a), 2(c), 3, 4, 5, 6, 9, 10, 11, 13, 14(a) to (c), 16, 18, 19, 21, 22, 23, 24, 25, 28, 29, 30, 32 and 33 on the "Loss" for the year of the company and the "Retained Earnings" of the company could not be ascertained and disclosed.

47) The impact of the matters listed in Paras 1(a), 8 and 26 above has resulted in the understatement of the Loss for the year of the company and overstatement of the "Retained Earnings" of the company by Rs. 3,17,731.23 Lakhs. Accordingly, in the Statement of Profit and Loss, the "Profit/ (Loss) before tax", "Profit / (Loss) for the period from continuing operations", Profit / (Loss) for the

period" ought to have been Rs. (-) 3,46,732.08 Lakhs as against the currently reported amount of Rs. (-) 29,000.85 Lakhs, and the "Total Comprehensive Income for the period" ought to have been Rs. (-) 4,56,410.68 Lakhs as against the currently reported amount of Rs. (-) 138,679.45 Lakhs. The Basic and Diluted EPS for the year ought to have been Rs. (-) 9.10, after considering the above impact and the impact of the non-compliance reported in Para 45 above.

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

Emphasis of matter

1) Attention is invited to Note No 38.18 (p)regarding adjustment of the amount payable to Government of Kerala towards electricity duty and guarantee commission etc. as on 31.03.2019 against the amount receivable from the Government in the books of accounts.
2) Attention is drawn to Note No 38.18 (o) regarding pending transfer of land owned by TCCL to the company in lieu of outstanding dues.
3) Attention is drawn to Note No 38.18 (m) regarding pending transfer of land by the company to the Govt of Kerala for which no compensation has been received.

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

Material Uncertainty relating to Going Concern

As per the financial statements as on 31stMarch 2019, the accumulated losses of the company is Rs. 11,16,306.10 Lakhs as against the total paid up capital of Rs. 349,905 Lakhsresulting in a negative networth of Rs. 766,401.10 Lakhs. During the year also, the company has incurred a loss of Rs. 29,000.85 lakhs. The impact of various qualifications in our audit report has the effect of increasing current year loss and accumulated losses. There are also non-disclosure of contingent liabilities as qualified by us.

The management is of the view that there is no material uncertainty affecting the "Going Concern" assumption mainly on account of factors and reasons referred to in Note 38.17.

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

Other information

The Board of Directors of the Company are responsible for the preparation of other information. The other information comprise the information included in the annual report of the company, but does not include the standalone financial statements and our auditor's report.

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

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

The annual report is not made available to us at the date of this audit report. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Ind AS.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable, attached as Annexure 1;
2. As required by section 143(3) of the Act, we report that:

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

b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

d) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Indian Accounting Standards), Rules 2015, as amended;

e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may not have an adverse effect on the functioning of the company.

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

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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

(i) As 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 Rs. 743.44 lakhs remained unclaimed for a period of more than seven years from the date it became due for payment to the Investor Education and Protection Fund.

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

For G Venugopal Kamath & Co.,
Chartered Accountants
Firm Reg No. 004674S

Sd/-

RAVINATH R PAI, FCA
Partner (M. No. 226547)
UDIN:
19226547AAAACV9754

For Sankar & Moorthy,
Chartered Accountants
Firm Reg No. 003575S

Sd/-

SURESH S, FCA
Partner (M. No. 203716)
UDIN:
19203716AAAABG9472)

For Balan & Co.,
Chartered Accountants
Firm Reg. No. 00340S

Sd/-

A MOHANAN, FCA
Partner (M. No. 20627)
UDIN:
19020627AAAACZ4630)

Place: Thiruvananthapuram
Date: 30.09.2019

Ref: Kerala State Electricity Board Ltd (2018-‘19)

Annexure1: Referred to in paragraph (1) of “Report on other legal and regulatory requirements” of our report of even date of the Company on the Standalone Ind AS Financial Statements for the year ended 31 March, 2019.

(i) (a) As per the information and explanations given to us, the company is not maintaining a proper fixed asset register.

(b) Periodical physical verification of assets and its reporting system is not in vogue in the company and hence we are unable to comment on the material discrepancies noticed during the course of such verification.

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

(ii) The company has conducted the periodical physical verification of inventory held at stores. However, based on the explanations given to us, the company does not have a proper system for periodical verification of the inventory held under the custody of Assistant Engineers in various section offices spread over the state. On a review of the reports on physical verification of inventory held at stores, we are of the opinion that the company has not evaluated the effect of discrepancies / variations found during the course of physical verification and thus, the required treatment in the books of accounts, if any, has not been carried out.

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

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

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

(vi) The company is required to maintain the cost records as specified by the Central Government under the sub-section (1) of section 148 of the Companies Act, 2013, and based on a preliminary review of the same, the company has made and maintained such prescribed accounts and records.

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

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

Nature of dispute	Forum where the dispute is pending	Year to which the amount relates	Amount disputed (Rs. in Lakhs)
The Income Tax Act, 1961	The Supreme Court of India	2001-02 to 2004-05	16,701.20
	Commissioner of Income Tax (Appeals)	2007-08	8,864.85
	The Income Tax Appellate Tribunal	2008-09	6,803.98

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

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

(x) We are informed by the management that no major fraud by the company or fraud on the company by its officers or employees has been reported to the company.

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

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

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

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

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

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

For G Venugopal Kamath & Co.
Chartered Accountants
Firm Reg No. 004674S

Sd/-

RAVINATH R PAI, FCA
Partner (M. No. 226547)
UDIN:
19226547AAAACV9754

For Sankar & Moorthy
Chartered Accountants
Firm Reg No. 003575S

Sd/-

SURESH S, FCA
Partner (M. No. 203716)
UDIN:
19203716AAAABG9472)

For Balan & Co.
Chartered Accountants
Firm Reg. No. 00340S

Sd/-

A MOHANAN, FCA
Partner (M. No. 20627)
UDIN:
19020627AAAACZ4630)

Place: Thiruvananthapuram
Date: 30.09.2019

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KERALA STATE ELECTRICITY BOARD LIMITED, KERALA.

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

We have audited the internal financial controls over financial reporting of KERALA STATE ELECTRICITY BOARD LIMITED (the company) as of 31st March, 2019 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Basis of Qualified Opinion

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

(a) The internal financial control system for identifying and classifying expenditures into capital and revenue was not operating effectively which could potentially result in incorrect recognition of plant, property and equipment and related expenses for the year;

(b) The internal financial control system for identifying and correlating capital and revenue expenditures incurred by it with the grants, work deposits or contributions received for meeting such expenditures is not operating effectively so as to ensure the accurate recognition of Plant, Property and Equipment, Expenses and Deferred income which could potentially result in incorrect recognition of plant, property and equipment; expenditures and deferred revenue income for the year;

(c) The internal financial control system for identifying, determining and accounting the qualified assets and the related borrowing cost to be capitalised is not operating effectively, which could potentially result in incorrect recognition of property, plant and equipment and the resulting depreciation and amortisation expenses for the year;

(d) The company does not have an effective appropriate internal financial control system for identifying, determining and accounting the impairment on the property, plant and equipment held by the company, which could potentially result in overstatement of the value of property, plant and equipment and the understatement of resulting impairment loss expenses for the year;

(e) The company's internal financial controls over the accounting of assets decommissioned and scrapped is not operating effectively, which could potentially result in incorrect accounting of property, plant &equipment and the resulting depreciation and amortisation expenses for the year;

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

(g) The companys' internal financial controls over the physical verification and determining the obsolescence / impairment of the assets held as 'inventory', are not operating effectively which could potentially result in overstatement or understatement of value of such assets and the related expenses for the year;

(h) The company's internal financial controls over Property, Plant & Equipment are not operating effectively as the company is not maintaining proper fixed asset register and is not carrying out physical verification at regular intervals which could potential result in under / over statement of Property, Plant and Equipment and depreciation thereon;

(i) The company's internal financial controls for accounting of inter-unit transactions and reconciliation inter-unit balances are not operating effectively resulting in huge unreconciled balances in inter-unit accounts and resultant misstatement of assets and / or liabilities;

(j) The company does not have a proper internal financial control system for identifying, measuring and reporting of contingent liabilities, which could potentially result in understatement of contingent liabilities in the financial statements;

(k) The scope and extent of the internal audit system does not emphasise on the accounting aspects of financial transactions due to which the overall internal financial controls in the form of internal audit is not working effectively, which could potentially result in accounting errors and inconsistencies and resultant mis-statements in the financial statements.

(l) The company is maintaining separate software platforms and spread sheet utility for accounting, revenue billing, inventory management and pay roll management. The company does not have a proper integration between the above softwares / spreadsheets which could potentially impact the accuracy of the financial data reflected in the financial statements.

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

Qualified Opinion

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over the financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of internal Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 financial statements of the Company, and these material weaknesses does not affect our opinion on the financial statements of the Company.

For G Venugopal Kamath & Co.
Chartered Accountants
Firm Reg No. 004674S

Sd/-

RAVINATH R PAI, FCA
Partner (M. No. 226547)
UDIN:
19226547AAAACV9754

For Sankar & Moorthy
Chartered Accountants
Firm Reg No. 003575S

Sd/-

SURESH S, FCA
Partner (M. No. 203716)
UDIN:
19203716AAAABG9472)

For Balan & Co.
Chartered Accountants
Firm Reg. No. 00340S

Sd/-

A MOHANAN, FCA
Partner (M. No. 20627)
UDIN:
19020627AAAACZ4630)

Place: Thiruvananthapuram
Date: 30.09.2019

ANNEXURE 3 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KERALA STATE ELECTRICITY BOARD LIMITED, KERALA.

Report on directions and sub directions issued by the Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013

Directions under section143(5) of theCompanies Act, 2013	Report	Impact in Accounts and Financial Statements
Whether the company has a system in place to process all the accounting transactions through IT system? If yes, the implication of processing of accounting transactions outside IT system on the integrity of the accounts along with financial implications, if any may be stated.	Yes. The company is working in Computerised environment. The company is using four programs viz 1.Oruma - Billing Software 2.Saras - Accounting Software 3.Supply chain Management -Inventory Software 4.HRIS - Payroll software which are working in the independent platform and not integrated. Consolidation, Post consolidation entries and final financial statements are maintained in excel spreadsheets which are not integrated with the accounting software	NIL
Whether there is any restructuring of an existing loan or cases of waivers/write off of debts/loans/interest etc. may be a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated.	As per the information and explanation given to us no such cases.	NIL
Whether funds received/ receivable for specific schemes from Central/state agencies were properly accounted for/ utilised as per its term and conditions? List the case of deviation.	In the absence of fund based utilisation details we are unable to comment about deviations.	NIL

Sector Specific Sub-direction under Section 143 (5) of the Companies Act 2013 Power Sector		
1. Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the Company is encroached upon, under litigation, not put to use or declared surplus,details may be provided	The Company has informed us that it does not have consolidated details of entire land possessed by it. As per the explanation received from the Company, the custodians of the land are exercising adequate steps to prevent encroachment of land owned by the Company.	Since the consolidated details with respect to the litigation pending before various courts regarding encroachments are not available at Head Office level, the impact could not be detailed.
2. Where land acquisition is involved in setting up new projects, report whether settlement of dues were done expeditiously and in a transparent manner in all cases. the cases of deviation may please be detailed	As explained by the company, being fully owned by Government of Kerala, there is an effective mechanism for Land Acquisition. Land acquisition is involved in setting up of new hydro electric projects. The private land required for the project is purchased through negotiation. For this, the Government had constituted District Level Negotiated Purchase Committee (DLPC) with District Collector as the Chairman of the committee. The committee will recommend reasonable land value duly considering the land value of the area after negotiation with land holders/ owners of land. The claims are settled expeditiously by the company and in a transparent manner as per the decision taken in DLPC meetings and no deviation in procedure reported during the F.Y.2018-19.	NIL

3.Whether the Company has any effective system for recovery of revenue as per contractual terms and the revenue is properly accounted for in the books of accounts in compliance with the applicable Accounting Standards	The Company has an effective system for recovery of revenue as per contractual agreement except Government Departments. Company accounted the same in the books of accounts in compliance with the applicable Accounting Standards except in the case of in account of sale of power to Kerala Water Authority which has been shown as receivable from Government and not as trade receivables resulting in short provisioning of trade receivables as per provisioning matrix adopted by the company.	Delayed collection of dues from Government Departments results in increased interest costs
4. How much cost has been incurred on abandoned projects and out of this how much has been written off?	During the financial year no cost has been incurred for the abandoned projects.	The company has recognised and classified a sum of Rs. 10,849.27 lakhs as “Deferred Cost Account of Feasibility / Survey” under “Other Non-Current Assets”, being costs incurred for feasibility study and surveys of projects which are not yet sanctioned. This accounting treatment is not in compliance with Ind AS 16 "Property, Plant & Equipment” and Ind AS 38 “Intangible Assets”, which requires to write off such expenses as and when it is incurred. There is a long gestation between initiation of projects and its abandonment
	Generation	
1. In the cases of Thermal Power Projects, compliance with the various Pollution Control Acts and the impact thereof including utilization	As per the information given 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	

and disposal of ash and the policy of Company in this regard, may be checked and commented upon.	control Boards, online pollution Monitoring system should be installed at these stations. The installation of online monitoring system has been completed at both the stations and the system was commissioned at KDPP on 26.12.2017 and BDDP on 22.08.2017. KSEBL has no coal fired thermal power plants.	
3. Does the Company have a proper system for reconciliation of quantity/quality of coal ordered and received and whether grade of coal/moisture and demurrage etc., are properly recorded in the books of accounts?	The Company has no coal fired thermal power plants, hence not applicable.	NIL
4. How much share of free power was due to the State Government and whether the same was calculated as per the agreed terms and depicted in the accounts as per accepted accounting norms?	No. There is no such agreements	NIL
5. In the case of Hydroelectric Projects whether the water discharges is as per policy/ guidelines issued by the State Government to maintain biodiversity. Cases of deviation and penalty paid/payable may be reported.	As informed by the company, in the case of Hydro Electric Projects water discharge is as per policy/guidelines issued by the State Government from time to time. No penalty has been imposed by the Government so far for deviating from the Government policies and guidelines. We understand that there are writs pending before the Hon. High Court of Kerala regarding water discharges during floods in August 2018 which has disturbed biodiversity	NIL

Transmission		
1. Is the system of power commensurate with power available for transmission with the generating Company? If not loss, if any, claimed by the generating Company may be commented.	As explained by the Company, there were constraints due to severe line loading limitation to evacuate power generated from Kakkayam HEP under full dispatch condition, there by leading to loss of generation from Kakkayam HEP. However the constraints are removed to a large extent with the reconductoring of the line with HTLS conductors in the Kakkayam-Nallalam stretch. The constraint in the feeder is expected to be completely removed once the reconductoring of Kakkayam-Kanhirode stretch is completed.	KSEBL is handling both generation and transmission. Company has not provided the details regarding transmission loss hence we are not in a position to comment on the same.
2. How much transmission loss in excess of prescribed norms has been incurred during the year and whether the same has been properly accounted for in the books of accounts?	As per explanation provided by the Company, the energy loss for transmission for the year 2018-19 is less than the value fixed by the KSERC.	Company has not provided details of loss incurred during the year. Hence we are not in position to comment on the same.
3. Whether the assets constructed and completed on behalf of other agencies and handed over to them has been properly accounted for in the financial statements.	As per the information given by the Company, the assets constructed and completed on behalf of other agencies have been properly accounted as per the accounting manuals in KSEBL.	The impact in the accounts could not be ascertained due to lack of proper documents.
Distribution		
1. Has the Company entered into agreements with franchise for distribution of electricity in selected areas and whether the revenue sharing agreements adequately protect the financial interests of the Company?	As 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

2. Report on the efficacy of the system of billing and collection of revenue in the Company.	As per the explanation given by the Company, KSEB Ltd has attained 100% Consumer billing. In general all 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
3. Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing is ensured.	As per information and explanation given by the Company, there is a sound system to provide tamper proof meters to all customers. Replacement of faulty meters which was in full swing got affected by the unprecedented floods in August 2018. Directions have been given to the field officers to replace all the defective and old meters on a war footing.	
	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 take corrective actions then and there.	NIL
4. 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	Due to lack of proper explanation or documents, the impact of the same in accounts could not be detailed.

	notified by Kerala State Electricity Regulatory Commission. KSERC, per common order dated 13.08.2018 in OA 1/2018, OA 7/2018 and OA 9 of has approved the fuel surcharge for the year 2017-18 for Rs.81.65 Cr and ordered its recovery during the year 2018-19.	
5. Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference, if any, may be examined.	KSEB Ltd 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 31.03.2019	The Company has not reconciled the inter unit transactions amounting to Rs.3954.48 Lakhs
6. Whether the Company is supplying power to franchisees? If so, whether the Company is supplying power to franchisees at below its average cost of purchase?	Since distribution of power through franchisees is not in vogue in Kerala, the query is not applicable.	NIL
7.How much tariff roll back subsidies have been allowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Government? Shortfall, if any, may be commented.	Subsidy is being extended by the Government of Kerala by virtue of provisions contained in section 65 of the Electricity Act 2003. The subsidy extended to the consumers is netted off periodically against the sums payable to the Government by KSEBL. During the financial year 2018-19 an amount of Rs.402.11 crore is booked as subsidy in this account.	NIL

General		
1.Whether the Company's pricing policy absorbs all fixed and variable cost of production and the overheads allocated at the time of fixation of price?	i) As per section 43 of the Electricity Act, 2003, distribution licensees are cast upon with universal supply obligation and section 45 confers power to recover charges for the supply of electricity. However, section 62 empowers State Electricity Regulatory Commission to determine tariff. For this purpose, State Electricity Regulatory Commission shall notify the Terms and Condition for determination of Tariff under section 61 of the Act. (ii) As informed to us, KSEBL filed a petition before KSERC for the approval of ARR and ERC for the control period of 4 years from 2018-19 to 2021-22 and tariff revision in 2018-19 and 2020-21 based on MYT regulation notified on 05.10.2018, on the stipulated date. The petition contained estimated revenue and expenditure and rev enue gap for the these years, prepared in accordance with the provisions of Tariff	The impact in the accounts could not be ascertained due to lack of supporting evidence and proper documents.
	Regulations, 2018, Electrcity Act 2003 provisions in National Electricity Policy and National Tariff Policy. The revenue gap estimated by KSEBL was Rs.1100.71 Cr,Rs.1399.05 Cr, Rs.2065.28 Cr and Rs.2518.91 Cr respectively from 2018-19 to 2021-22 after accounting for the fixed and variable cost of production and overheads.	

	((iii) KSERC as per order dated 8th July 2019 has approved a revenue gap at Rs 32.15 Cr, Rs. 800.59 Cr, Rs .944.75 Cr and Rs.998.53 Cr for these years. Hon'ble Commission has also approved tariff revision fetching additional revenue of Rs 902 Cr annually (iv). In short, electricity business is a regulated activity and the utilities do not have power to determine tariff for the supply of electricity. (v) 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 balancing the interests of licensee and consumers. (vi). The present two part tariff structure comprises of load based fixed charges and consumption based energy charges. Fixed expenses like O &M expenses, interest, depreciation and Return on equity generally constitute approx imately 44% of the total expenses. The recovery as Capacity charges/fixed charges does not fully recover the fixed expenses. Power purchase cost is considered as variable cost and recovered as energy charges. Thus overall recovery of cost ordered to be recovered through tariff by KSERC is ensured in a composite manner comprising of Capacity Charge and Energy Charge.	

	(vii) Historically, fixed charges were not recovered from Domestic consumers, a category 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.	
2. Whether the Company recovers Commission for work executed on behalf of Government/other organizations that is properly recorded in the books of accounts? Whether the Company has an efficient system for billing and collection of revenue?	The company is collecting supervision charges for the work executed on behalf of Government/other organization and a proper mechanism exist for recording in the books of accounts. The company has an efficient system for billing and collection of revenue.	NIL
3. Whether the Company regularly monitors timely receipt of subsidy from government and is properly recording them in its books?	As per the explanation received from the company, the receipt of subsidy from Government has been properly monitored. However no records or registers were made available to verify the capital and revenue subsidies received by the company during the 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.	The impact in the accounts could not be ascertained due to lack of proper documents.
4.Whether interest earned on parking of funds received for specific projects from government was properly accounted for?	Yes, interest earned of funds received for specific projects from government was properly accounted	NIL
5. Whether the Company has entered into Memorandum of Understanding with its Administrative Ministry, if so, whether the impact thereof has been properly dealt with in the financial statements.	As informed to us, the Company has executed tripartite agreement amongst Nodal Agency & State Government of India for undertaking and agreeing the stipulated roles / responsibilities as per provisions of the scheme guidelines.	NIL

6. 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 report whether there exists an effective system for the utilisation of Loans/Grant-in-aid/ subsidy.	Due to lack of documents or explanation we are unable to comment the impact on the same.
7. Examine the cost benefit analysis of major capital expenditure/expansion including IRR and payback period.	As informed to us, Cost benefit analysis of major capital expenditure/expansion including the IRR and pay back period of projects are carried before the implementation of such projects.	NIL
8. 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 under the Chief Engineer (IT) to supervise the computerization. ORUMA software used for revenue billing and its collection. SARAS software used for the accounting all income and expenditure of the company through the real time accounting. Supply Chain Management (SCM) software 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.	NIL

For G Venugopal Kamath & Co.,
Chartered Accountants
Firm Reg No. 004674S
Sd/-
RAVINATH R PAI, FCA
Partner (M. No. 226547)
UDIN:
19226547AAAACV9754

For Sankar & Moorthy,
Chartered Accountants
Firm Reg No. 003575S
Sd/-
SURESH S, FCA
Partner (M. No. 203716)
UDIN:
19203716AAAABG9472)

For Balan & Co.,
Chartered Accountants
Firm Reg. No. 00340S
Sd/-
A MOHANAN, FCA
Partner (M. No. 20627)
UDIN:
19020627AAAACZ4630)

Place: Thiruvananthapuram
Date: 30.09.2019

G VENUGOPAL KAMATH & CO
Chartered Accountants
FIRM REG NO. 4674 S

SANKAR & MOORTHY
Chartered Accountants
FIRM REG NO. 3575 S

BALAN & CO
Chartered Accountants
FIRM REG NO. 340 S

INDEPENDENT AUDITORS' REPORT

To the Members of KERALA STATE ELECTRICITY BOARD LIMITED, Thiruvananthapuram

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

We have audited the accompanying Consolidated Financial Statements of M/s. KERALA STATE ELECTRICITY BOARD LIMITED, Thiruvananthapuram [CIN: U40100KL2011SGC027424](the 'Holding Company') and its associates (together referred to as "the Group")comprising of the Consolidated Balance Sheet as at 31st March, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity for the year ended 31st March, 2019, Consolidated Cash Flow Statement for the year ended 31st March 2019, and a consolidated summary of Significant Accounting Policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the associates, except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph below, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (the "Ind AS") and the accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2019; and its consolidated LOSS, including other comprehensive income, their consolidated cash flows and the consolidated changes in equity for the year ended 31st March 2019.

Basis for Qualified Opinion

1) With regard to the Property, Plant & Equipment, –

a) The Group has not provided the depreciation on a sum of Rs 10,71,199.95 Lakhs included in the carrying value of plant and machinery for the years from 2013-14 to 2018-19, thereby understating the depreciation / amortisation expense by Rs. 56,559.30 Lakhs for the year, and the arrears of depreciation for the previous years 2013-14 to 2017-18 amounting to Rs. 2,49,635.72 Lakhs, and overstating the carrying amount of 'Plant & Machinery' under "Property, Plant & Equipment" to such extent.

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

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

d) The holding company has not followed the 'componentisation approach' for accounting the Property, Plant and Equipment. The consequent impact, if any, on account of such non compliance on carrying amount of individual assets capitalised by the it and the depreciation / amortisation provided thereon could not be ascertained.

e) The holding company follows a policy of capitalising Property, Plant and Equipment when the respective assets are ready for the intended use. In many cases, the assets are capitalised on approval of corresponding work bills for payment which is after the assets are ready for use, leading to delay in the recognition of various assets and liabilities, thereby resulting in understatement of carrying amount of Property, Plant and Equipment, and the understatement of 'Depreciation or Amortisation' expenses thereon.

f) The holding company follows the practice of providing depreciation on the 'original cost' of the entire assets capitalised under "Property, Plant & Equipment" without excluding the assets sold / discarded or assets whose useful life has expired, thereby understating the carrying amount of such assets and overstating the corresponding depreciation / amortisation thereon. The above accounting treatment is in violation of the provisions of Ind AS 105 "Non -Current Assets held for sale and Discontinued Operations", and Ind AS 16 "Property, Plant & Equipment".

g) The holding company has capitalised the Borrowing Cost to assets including the non-qualifying assets, which is not in accordance with the provisions of Ind AS 23 "Borrowing Costs" resulting in over-statement of the carrying amount of the non-qualifying assets and the understatement of qualifying assets and the consequent effect on 'depreciation and amortisation' expenses.

h) The holding company has not recognised the "decommissioning liability" as required by Ind AS 16 "Property, Plant & Equipment" on,

i. the carrying amount of plant and machinery Rs. 10,71,199.95 Lakhs

ii. the carrying amount of buildings forming part of plant and machinery, for which decommissioning liability has been provided;

This has resulted in understatement of the carrying amounts of “Property, Plant & Equipment” and the ‘Decommissioning Liability’ classified under “Other Non-Current Liabilities”, and the depreciation / amortisation thereon.

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

j) The holding company has not deleted the cost of 45.715 cents of own land transferred to Trivandrum Development Authority as per directions of Government of Kerala from the carrying amount of such assets of the company, resulting in overstatement of carrying amount of “Property, Plant & Equipment”.

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

2) With regard to the ‘Capital work in Progress’, –

a) In many instances, the accounting of labour work bills and / or material consumption costs relating to various works were delayed considerably by the holding company resulting in non-recording of Capital Work In Progress in the same year itself. This has resulted in understatement / overstatement of “Capital Work in Progress” classified under the “Non-current Assets” and the resultant liability.

b) The holding company follows the practice of capitalising the amounts booked under “revenue expenditure pending capitalisation”, in the subsequent year only without considering the actual date of completion of respective assets. Accordingly, a sum of Rs 65,238.95 Lakhs has been carried forward to subsequent year which is not in line with the provisions of Ind AS 16 “Property, Plant and Equipment” resulting in understatement of depreciation for such years.

c) The holding company has not considered the appropriate portion of “Gratuity Expense, Leave Encashment Expense and Pension Fund Expense”, while apportioning “Employee Cost” to the Capital work in Progress, which is against the terms of accounting policy of the company (1.7). This has resulted in under-allocation of employee cost and resultant understatement of Capital Work In Progress and overstatement of “Employee Benefit Expense”.

3) The holding company has not ascertained and provided for the impairment loss, if any, on

the investments made by it amounting to Rs. 1000 Lakhs in the equity shares of M/s. Baitarani West Coal Company Ltd upon the cancellation of the coal block allotted to it. This could result in the overstatement of the carrying amount of “Investments” under “Financial Assets” and the understatement of the impairment loss for the year.

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

   (i) long outstanding advances given by the holding company amounting to Rs. 8342.65 lakhs (out of which Rs. 8295.03 Lakhs is outstanding for a period of more than one year);

   (ii) interest free security deposits amounting to Rs. 7,773.16 lakhs classified under “Other Financial Assets”;

   (iii) interest-bearing loan of Rs. 6424.05 Lakhs given to M/s. Energy Management Centre, for which the holding company has not recognised any interest income on account of uncertainty for realisation.

This has resulted in the overstatement of the carrying amount of such financial assets and understatement of the ‘Expected Credit Loss’ for the year. In the absence of adequate information including the classification and policy for determination of ‘expected credit loss’ on the financial assets, the impact of the above non-compliance cannot be quantified.

5) The holding company has not recognised any interest income on interest bearing loan given to M/s. Energy Management Centre amounting to Rs. 6424.05 lakhs, thereby understating the amounts reported under “interest income” and “income receivable”.

6) The holding company has recognised and disclosed the amount paid to the Forest Department towards the seigneorage value of trees amounting to Rs. 953.31 lakhs as “Security Deposits”, which in our opinion, ought to have expensed out or capitalised based on the nature of the projects / works for which such expenditure were incurred. This has resulted in overstatement of “Other Financial Assets” and the understatement of carrying amount of assets under “Property, Plant & Equipment”, “Depreciation / amortisation expenses”, or the related expenses.

7) The holding company has neither provided for liability nor disclosed contingent liability for the possible effect of the arbitration in the case of M/s. KEPCO KDN, for which it has deposited an amount of Rs 500 lakhs as directed by Hon. High Court of Kerala.

8) The Group has recognised and classified a sum of Rs. 10,849.27 lakhs as “Deferred Cost Account of Feasibility / Survey” under “Other Non-Current Assets”, being costs incurred for feasibility study and surveys of projects which are not yet sanctioned. This accounting treatment is not in compliance with Ind AS 16 "Property, Plant & Equipment” and Ind AS 38 “Intangible Assets”. This has resulted in overstatement of “Other Non-Current Assets” and understatement of “amortisation expenses for the year” by Rs. 10,849.27 lakhs.

9) “Receivable from Government” under “Other Non-current Assets” includes-

(a) Rs. 9858.20 Lakhs being the amount receivable from Government of Kerala to the holding company on account of re-imbursement of the subsidy given on energy charges to the consumers; and

(b) Rs. 140,244.75 Lakhs being energy charges receivable from Kerala Water Authority to the holding company.

In our opinion, the above amounts ought to have been classified as “Trade Receivables”, in accordance with Ind AS 109 “Financial Instruments”.

This non-compliance has resulted in-

(i) the under-statement of “Trade Receivables” and overstatement of “Other Non-current Assets” to such extent;

(ii) understatement of “Provision for Bad and Doubtful Assets” and expenses for the year.

10) The holding company has not applied the provisions of Ind AS 109 “Financial Instruments” in respect of amount due from Kerala Water Authority receivable in four annual instalments amounting to Rs. 140,244.76 lakhs on account of sale of power. In our opinion, the holding company ought to have recognised the above at its fair value, and the differences between the transaction value and fair value ought to have amortised over the tenure of the receivable. In the absence of age wise analysis of the said receivable, we are not in a position to quantify its impact, if any, on the financial statements.

11) The holding company has not ascertained and recognised the impact of variations noticed in the physical verification of inventory at construction stores. In the absence of adequate information, the effect of the above on the carrying amount of inventories and expenses for the year cannot be quantified.

12) The holding company has classified and recognised the cost of stock of materials for capital works amounting to Rs 30,204.51 Lakhs as “Inventories”, thereby understating the carrying amount of “Capital Work in Progress” under “Property, Plant & Equipment” and the consequent depreciation expenses as well as overstating the carrying amount of inventories to such extent.

13) The holding company has neither ascertained nor provided for the loss on account of “Expected Credit Loss (ECL)” for “Trade Receivables” Rs. 207,732.02 Lakhs, Receivable from Government Rs. 144,995.43 lakhs and Other recoverables Rs. 3817.95 Lakhs, which is in contradictions to the provisions of the Ind AS 109 “Financial Instruments”. The above contravention may result in the overstatement of “Trade Receivables” and understatement of “Impairment Loss” and the loss for the year.

14) In respect of "Cash & Cash Equivalents" –

a) The holding company has not accounted the cash balances as at the year end with the various payment facilitation centres operating under "Akshaya Kendra", an agency of the company. This has resulted in the understatement of the balances reported under "Cash and Cash Equivalents" and overstatement of the balances reported under "Trade Receivables" of the company.

b) In respect of various ARUs, the holding company has not provided proper reconciliations for the differences between the bank balances reported in the accounts and the balances as seen in the statement received from respective banks. Such un-reconciled balances outstanding could result in overstatement or understatement of balances under "Cash and Cash Equivalents" and the balances under respective corresponding accounts.

c) The balances reported under "Disbursement Bank Accounts" under "Cash and Cash Equivalents" by the holding company include a sum of Rs. 354.61 Lakhs being non-existent bank balances, thereby resulting in overstatement of "Cash and Cash Equivalents" to such extent.

The above non-compliances could impact the consolidated cash flows for the year.

15) The holding company has recognised and classified tax refunds receivable from the Government Rs. 2,055.67 Lakhs as "Other Advances" under "Other Current Assets". In our opinion, such balances ought to have classified under "Other Financial Assets" in accordance with the provisions of Ind AS 109 "Financial Instruments", resulting in overstatement of "Other Current Assets" and overstatement of "Other Financial Assets" to such extent.

16) The unreconciled balances in the transactions between the ARUs amounting to Rs. 3,954.48 lakhs, have been reported and recognised by the holding company as "Inter Unit Balance" under "Other Current Assets", the details of which have not been provided to us. In the absence of adequate information, the impact of the above non-compliance cannot be quantified.

17) The holding company has classified the amount receivable from various parties against sale of stores, LED bulbs, pole rental etc. amounting to Rs. 3817.95 lakhs as "Other Recoverable" under "Other Current Assets" instead of "Trade Receivables". The above wrong classification has resulted in the understatement of the balances under "Trade Receivables" and overstatement of the balances under "Other Current Assets" to such extent.

18) The provisions of Ind AS 109 "Financial Instruments" require the holding company to recognise long term borrowings at its fair value, upon its initial recognition and at "amortised cost" using effective interest rate (EIR) method at every subsequent reporting date. However, the holding company has not complied with the above requirements in the case of-

(a) 'secured bonds' amounting to Rs. 985,876 lakhs issued by the holding company; and

(b) 'Loans and borrowings' amounting to Rs. 52,969.10 lakhs due by the holding company.

The above has resulted in under/over statement of the carrying value of such borrowings and the resultant finance costs.

19) The holding company has stated that decommissioning liability is determined at the rate of 0.1% of cost of specified assets. However, as per the accounting procedure adopted by the holding company, entire decommissioning liability has been recognised upfront without considering present value. This has resulted in overstatement of "decommissioning liability" and the carrying amounts of "Property, Plant & Equipments".

20) The holding company has classified unamortised portion of-

a) grant received from Government Rs. 120,187.03 Lakhs;

b) the 'deferred income in respect of concessional loans received' Rs. 9,593.14 Lakhs; and

c) the consumer contribution towards the cost of assets Rs. 132,516.13 Lakhs

under "Other Non-Current Liabilities". In our opinion, the above balances do not represent a liability of the holding company and hence has resulted in the overstatement of "Other Non-Current Liabilities" of the holding company by Rs.2,62,296.30 Lakhs.

21) The holding company has wrongly set off the gratuity and other terminal liabilities paid to the employees relatable to their period of service after 01-10-2013 against the "Amount Payable to Master Trust" classified under "Other Financial Liabilities". This has resulted in the understatement of the liability disclosed under "Amount Payable to Master Trust" and overstatement of the liability - "Staff Pension Fund".

22) The holding company has not provided a reconciliation of the amount classified under "Deposits for Electrification, Service Connection etc" amounting to Rs.80,048.89 Lakhs with the corresponding works pending for completion, for which such deposits have been collected from the consumers. In the absence of adequate information, its impact could not be quantified.

23) The holding company has not determined nor recognised the deferred tax liabilities or deferred tax assets, if any, as required by the Ind AS 12 "Income Taxes", thereby understating the Deferred Tax Liability / Assets, as may be applicable, and the corresponding expenses / incomes.

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

25) The holding company has recognised the gross sale proceeds of assets sold / scrapped off amounting to Rs. 6235.08 Lakhs under "Other Operating Income", without determining the profit or loss on such sale of assets, thereby overstating the "Other Operating Income".

26) The holding company has recognised "Penalty / Liquidated damages collected from Contractors / Suppliers" amounting to Rs. 1122.90 lakhs under "Miscellaneous Receipts" under "Other Operating Income". In our opinion, such amounts collected in respect of assets capitalised ought to have reduced from the cost of the specific assets. This has resulted in overstatement of "Property, Plant & Equipments" and "Other operating income".

27) The holding company has received a sum of Rs. 435.96 Lakhs from M/s. Baitarani West Coal Block Ltd during 2019-20 being the share of cost of consent. In our opinion, the holding company ought to have accounted the above sum as "Other income" and as "Financial Assets – Receivable" in the year 2018-19 itself as the right to receive has been established in 2018-19 itself. This has resulted in understatement of "other income" for the year and the carrying amount of "financial assets – receivable" to such extent.

28) The accounting policy framed by the holding company for recognition of expenditure as "Capital Expenditure" or "Revenue Expenditure" has not been followed consistently by all units, thereby resulting in inconsistency in recognition of assets under "Property, Plant & Equipment" and "Repairs & Maintenance" expenses. In the absence of adequate information, the impact of the above non-compliance cannot be quantified.

29) The Board of Directors of the holding company, in their meeting held on 14.06.2019, has decided to increase the remuneration of daily wagers and contract employees with retrospective effect from 1st July, 2018. The holding company has not provided for the additional expense and liability on account of the above decision, as required by the provisions of Ind AS 10 "Events after the Reporting Period", which has resulted in understatement of liabilities and expenses.

30) The holding company has recognised income relating to prior periods amounting of Rs. 1,241.96 Lakhs and expenses relating to prior periods amounting to Rs. 20,155.47 Lakhs under "Others", which is not in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

31) Note No. 28 "Repairs & Maintenance" includes Rs. 1037.45 Lakhs being the cost incurred by the holding company for restoring the power system damaged due to floods, which in our opinion, the holding company ought to have classified under Note 35 "Repairs and Maintenance Expenses due to natural calamity" under 'Exceptional Items'.

32) We draw attention to Note No. 37.16 (s) regarding severe damages caused to the assets of the holding company in the flood affected areas, resulting in total or partial loss. The holding company has not assessed and provided for the actual loss on account of the above. The impact of this on the assets and expenses of the holding company could not be ascertained.

33) The Group has not disclosed the effect of the following items resulting in "contingent liabilities" to the holding company -

a) The individual and / or cumulative effect of claims individually lower than Rs. 100 lakhs, arising to the group;

b) Bank guarantee amounting to Rs. 2500 Lakhs provided by the company on behalf of M/s. Baitarani West Coal Company, an associate of the holding company;

c) Contingent liability, on account of pending arbitration in the case of M/s. KEPCO KDN, for which the holding company has deposited Rs 500 lakhs with the arbitration authority;

d) Letter of Credit provided in favour of power suppliers by the holding company;

e) Liabilities, contingent or otherwise, on account of various claims / cases pending against the holding company before various courts / legal forums, details of which were not made available to us.

34) In Note 25(a), the holding company has wrongly classified and disclosed “Other Operating Income” amounting to Rs. 31,580.71 lakhs under “Other Incomes”, which, in our opinion, ought to have classified and disclosed under “Revenue from Operations”.

35) Purchases of LED Bulbs for the year amounting to Rs. 664.75 lakhs has been classified by the holding company and the Group under “Administrative & General Expenses” in the Statement of Profit & Loss instead of purchase of traded goods.

36) The holding company has classified bank balances with original maturity period more than 3 months amounting to Rs. 3448.81 Lakhs as “Cash and Cash Equivalents”, which is not in compliance with the requirements of Division II of the Schedule III of the Act, thereby overstating the balances under “Cash and Cash Equivalents” and understating the balances under “Bank Balances other than Cash and Cash Equivalents” to such extent.

37) The holding company has wrongly classified “current maturities of long term debt” amounting to Rs. 41,626.32 Lakhs and “current maturities of principal amount payable to Master Trust” amounting to Rs. 70,245.00 Lakhs under “Current Financial Liabilities - Borrowings”, which is not in compliance with the requirements of Division II of Schedule III of the Act. The above non-compliance has resulted in the understatement of balances under “Current -Other Financial Liabilities” and overstatement of balances under “Current Financial Liabilities - Borrowings” by Rs. 111,871.32 Lakhs.

38) The holding company has not disclosed the amounts on account of “Re-measurements of Defined Benefit Plan” amounting to Rs. 109678.60 Lakhs as a separate line item in the Statement of Profit and Loss, which is not in compliance with the requirements of Division II to Schedule III of the Act.

39) The holding company has not provided the mandatory comparative figures in the “Statement of Changes in Equity” as per Division II to Schedule III of the Act.

40) The holding company has not disclosed the break-up of amount classified as “Others” under “Cash and Cash Equivalents” amounting to Rs. 331.15 Lakhs, which is not in compliance with

the requirements of Division II of the Schedule III of the Companies Act, 2013.

41) The Group has neither identified nor complied with the disclosure requirements of Schedule III of the Act, requiring the Group to specifically disclose the amount due to Micro and Small Enterprises.

42) The Group has not complied disclosure requirements as required by the Ind AS 115 “Revenue from Contracts with Customers”, thereby resulting in non-compliance of the disclosure requirements of the said accounting standard.

43) The Group has not fully complied with the disclosure requirements as required by the Ind AS 107 “Financial Instruments: Disclosures”, thereby resulting in non-compliance of the disclosure requirements of the said accounting standard.

44) The Group has not complied with the disclosure requirements relating to assets leased out as required by the Ind AS 17 “Leases”, thereby resulting in non-compliance of the disclosure requirements of the said accounting standard.

45) The Group has wrongly computed Basic and Diluted Earnings Per Share (EPS) for the year and the comparative year by taking the “Total Comprehensive Income” for the respective years, instead of “Profit / (Loss) for the period attributable to owners of parent”, thereby understating the Basic and Diluted EPS for the above periods. The Basic and Diluted EPS for the current year ought to have been Rs. (-) 0.83 as against the currently reported Rs. (-) 3.96 and for the previous year ought to have been Rs. (-) 2.24 as against the currently reported Rs. (-) 5.31, without considering the effects of matters detailed above.

46) The Associate company, Kerala Fibre Optic Network Ltd, has prepared the financial statements as per the Accounting Standards (AS) and not as per the Ind AS. The same figures have been adopted for consolidation. This is not in accordance with Section 129 of the Act and the Companies (Indian Accounting Standards) Rules, 2015.

47) The Associate company, Kerala State Power and Industrial Finance Corporation has erroneously accounted for income tax refund received as interest income on income tax refund resulting in overstatement of profit for the year, other equity, non-financial liabilities and non-financial assets of the associate company. As a result, the total comprehensive income, other equity and investments are overstated to the extent of Rs 2.59 lakhs being the share of the Holding company in the share of profit of the Associate company.

48) In the absence of adequate information, the impact of the matters listed in Paras1(b) to 1(k), 2(a), 2(c), 3, 4, 5, 6, 9, 10, 11, 13, 14(a) to (c), 16, 18, 19, 21, 22, 23, 24, 25, 28, 29, 30, 32, 33, and 46 on the “Loss” for the year of the company and the “Retained Earnings” of the Group could not be ascertained and disclosed.

49) The impact of the matters listed in Paras 1(a), 8, 26, 27 and 47 above has resulted in the understatement of the Loss for the year of the company and overstatement of the "Retained Earnings" of the company by Rs. 3,17,733.82 Lakhs. Accordingly, in the Consolidated Statement of Profit and Loss, the "Profit/(Loss) before tax", "Profit / (Loss) for the period from continuing operations", Profit / (Loss) for the period" ought to have been Rs. (-) 3,46,732.08 Lakhs as against the currently reported amount of Rs. (-) 29,000.85 Lakhs, "Share of Profit / Loss of Associate / Joint Venture accounted for using Equity Method" ought to have been Rs. 281.24 lakhs as against the currently reported amount of Rs. 283.83 lakhs, "Consolidated Profit / Loss for the period" ought to have been Rs. (-) 3,46,450.84 lakhs as against the currently reported Rs. (-) 28,717.02 lakhs, and the "Total Comprehensive Income" ought to have been Rs. (-) 4,56,132.04 Lakhs as against the currently reported amount of Rs. (-) 1,38,395.63 Lakhs. The "Profit attributable – Owners of parent" ought to have been Rs. (-) 3,46,732.08 Lakhs as against the currently reported amount of Rs. (-) 29,000.85 Lakhs, and the "Share of Joint Venture / Associate" ought to have been Rs. 281.24 lakhs as against the currently reported amount of Rs. 283.83 lakhs. Also, the "Total Comprehensive Income / (Loss) attributable to the Owners of the Parent" ought to have been Rs. (-) 4,56,410.68 Lakhs as against the currently reported amount of Rs. (-) 1,38,679.45 Lakhs and the "Share of Joint Venture / Associate" ought to have been Rs. 281.24 lakhs as against the currently reported amount of Rs. 283.83 lakhs. The Basic and Diluted EPS for the year ought to have been Rs. (-) 13.04, as against the currently reported amount of Rs. (-) 3.96, after considering the above impact and the impact of the non-compliance reported in Para 45 above.

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

Emphasis of matter

1) Attention is invited to Note No 37.16(p) regarding adjustment of the amount payable to Government of Kerala towards electricity duty and guarantee commission etc. as on 31.03.2019 against the amount receivable from the Government in the books of accounts.

2) Attention is drawn to Note No 37.16 (o) regarding pending transfer of land owned by TCCL to the company in lieu of outstanding dues.

3) Attention is drawn to Note No 37.16 (m) regarding pending transfer of land by the company to the Govt of Kerala for which no compensation has been received.

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 of Rs 283.83 Lakhs for the year ended 31st March, 2019, as considered in the consolidated financial statements, in respect of four 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, in sofar as it relates to the aforesaid associates / joint ventures, is based solely on the reports of the other auditors.

Material Uncertainty relating to Going Concern

1) As per the Consolidated Financial statements as on 31stMarch 2019, the accumulated losses of the Group is Rs. 11,16,306.10 Lakhs as against the total paid up capital of Rs. 349,905 Lakhs resulting in a negative networth of Rs. 766,401.10 Lakhs. During the year also, the Group has incurred a loss of Rs. 28,717.02 lakhs. The impact of various qualifications in our audit report has the effect of increasing current year loss and accumulated losses. There is also non-disclosure of contingent liabilities as qualified by us.

2) The auditors of M/s. Baitarani West Coal Company Ltd, one of the associate company in the group, in their Independent Auditors' Report' dated 22nd August 2019, vide Para (1) under "Emphasis of Matters" has opined that the 'sustainability of the said company, M/s. Baitarani West Coal Company Ltd, as a going concern is doubtful, as the said associate company does not have any coal mines or commercial activity since last two years and does not have any operational activity nor any plans for commencing the operations in future'.

The management is of the view that there is no material uncertainty affecting the "Going Concern" assumption of the Group mainly on account of factors and reasons referred to in Note 37.15.

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

Other information

The Holding Company's Board of Directors are responsible for the preparation of other information. The other information comprise the information included in the annual report of the Holding Company, but does not include the Consolidated Financial Statements and our auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

The annual report is not made available to us at the date of this audit report. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS.

The responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the holding company's management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Holding Companies and of its associates and its joint ventures included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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.

Auditor's Responsibility for audit of consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

1. As required by 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 the associates, as noted in the 'Other Matter' paragraph, if any, we report, to the extent applicable, that:

   a) We / the other auditors whose report we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit except for matters described in Basis for Qualified Opinion above;

   b) Except for the 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 the preparation of the aforesaid consolidation of the 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 Statement of Changes in Equity, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;

   d) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Indian Accounting Standards), Rules 2015, as amended;

   e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may not have an adverse effect on the functioning of the company.

   f) Being a Government Company and pursuant to Notification No. GSR 463 (E) dtd. 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, the provisions of sub-section (2) of Section 164 of the Act, are not applicable to the holding company and associates – Kerala State Power and Infrastructure Corporation Ltd and Kerala Fibre

Optic Network Ltd. On the basis of reports of statutory auditors' report of other associate companies – Renewable Power Corporation of Kerala Ltd and Baitarani West Coal Company Ltd, none of the directors of these companies are disqualified as on March 31, 2019 from being appointed as directors in terms of Section 164 (2) of the Act;

g) Being a Government Company and pursuant to Notification G.S.R.463(E) dtd 5th June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of Section 197 read with Schedule V of the Act regarding managerial remuneration are not applicable to the Holding company and its associates Kerala State Power and Infrastructure Corporation Ltd and Kerala Fibre Optic Network Ltd. On the basis of reports of statutory auditors of other associate companies - Renewable Power Corporation of Kerala Ltd and Baitarani West Coal Company Ltd, no information is available regarding compliance with provisions of Section 197

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

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

   (i) As the Group 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 Group 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 Holding Company has not transferred debentures and interest on debentures amounting to Rs. 743.44 lakhs remained unclaimed for a period of more than seven years from the date it became due for payment to the Investor Education and Protection Fund.

For G Venugopal Kamath & Co.,	**For Sankar & Moorthy,**	**For Balan & Co.,**
Chartered Accountants	Chartered Accountants	Chartered Accountants
Firm Reg No. 004674S	Firm Reg No. 003575S	Firm Reg. No. 00340S
Sd/-	Sd/-	Sd/-
RAVINATH R PAI, FCA	**SURESH S, FCA**	**A MOHANAN, FCA**
Partner (M. No. 226547)	Partner (M. No. 203716)	Partner (M. No. 20627)
UDIN: 20226547AAAABT7602	UDIN: 20203716AAAAAW5092	UDIN: 20020627AAAABQ5346

Place: Thiruvananthapuram
Date: 26-05-2020

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KERALA STATE ELECTRICITY BOARD LIMITED, KERALA.

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

We have audited the internal financial controls over financial reporting of KERALA STATE ELECTRICITY BOARD LIMITED (the "Holding Company") and its associates (together referred to as "the Group") of 31st March, 2019 in conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended on that date.

Management's responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, and its associates are 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of accounting records and the timely preparation of reliable financial information as required under the Act.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control systems over financial reporting with reference to these Consolidated Financial Statements.

Meaning of internal financial controls over financial reporting with reference to these Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Consolidated Financial Statements

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

Basis of Qualified Opinion

According to the information and explanations given to us and based on our audit and the based on the consideration of reports of other auditors, as referred to in Other Matters paragraph, the following material weaknesses have been identified as at 31st March, 2019.

(a) The internal financial control system established at the Holding Company for identifying and classifying expenditures into capital and revenue was not operating effectively which could potentially result in incorrect recognition of plant, property and equipment and related expenses for the year;

(b) The internal financial control system established at the Holding Company for identifying and correlating capital and revenue expenditures incurred by it with the grants, work deposits or contributions received for meeting such expenditures is not operating effectively so as to ensure the accurate recognition of Plant, Property and Equipment, Expenses and Deferred income which could potentially result in incorrect recognition of plant, property and equipment; expenditures and deferred revenue income for the year;

(c) The internal financial control system established at the Holding Company for identifying, determining and accounting the qualified assets and the related borrowing cost to be capitalised is not operating effectively, which could potentially result in incorrect recognition of property, plant and equipment and the resulting depreciation and amortisation expenses for the year;

(d) The Holding Company does not have an effective appropriate internal financial control system for identifying, determining and accounting the impairment on the property, plant and equipment held by the company, which could potentially result in overstatement of the value of property, plant and equipment and the understatement of resulting impairment loss expenses for the year;

(e) The Holding Company's internal financial controls over the accounting of assets decommissioned and scrapped is not operating effectively, which could potentially result in incorrect accounting of property, plant &equipment and the resulting depreciation and amortisation expenses for the year;

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

(g) The Holding Company's internal financial controls over the physical verification and determining the obsolescence / impairment of the assets held as 'inventory', are not operating effectively which could potentially result in overstatement or understatement of value of such assets and the related expenses for the year;

(h) The Holding Company's internal financial controls over Property, Plant & Equipment are not operating effectively as the company is not maintaining proper fixed asset register and is not carrying out physical verification at regular intervals which could potential result in under / over statement of Property, Plant and Equipment and depreciation thereon;

(i) The Holding Company's internal financial controls for accounting of inter-unit transactions and reconciliation inter-unit balances are not operating effectively resulting in huge unreconciled balances in inter-unit accounts and resultant misstatement of assets and / or liabilities;

(j) The Holding Company does not have a proper internal financial control system for identifying, measuring and reporting of contingent liabilities, which could potentially result in understatement of contingent liabilities in the financial statements;

(k) The scope and extent of the internal audit system established at the Holding Company does not emphasise on the accounting aspects of financial transactions due to which the overall internal financial controls in the form of internal audit is not working effectively, which could potentially result in accounting errors and inconsistencies and resultant mis-statements in the financial statements.

(l) The Holding Company is maintaining separate software platforms and spread sheet utility for accounting, revenue billing, inventory management and pay roll management. The company does not have a proper integration between the above softwares / spreadsheets which could potentially impact the accuracy of the financial data reflected in the financial statements.

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

Qualified Opinion

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Group has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over the financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of internal Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 financial statements of the Group, and these material weaknesses does not affect our opinion on the financial statements of the Group.

For G Venugopal Kamath & Co.,
Chartered Accountants
Firm Reg No. 004674S

Sd/-
RAVINATH R PAI, FCA
Partner (M. No. 226547)
UDIN: 20226547AAAABT7602

For Sankar & Moorthy
Chartered Accountants
Firm Reg No. 003575S

Sd/-
SURESH S, FCA
Partner (M. No. 203716)
UDIN: 20203716AAAAAW5092

For Balan & Co.
Chartered Accountants
Firm Reg. No. 00340S

Sd/-
A MOHANAN, FCA
Partner (M. No. 20627)
UDIN: 20020627AAAABQ5346

Place: Thiruvananthapuram
Date: 26-05-2020

सत्यमेव जयते

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

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

The preparation of Standalone Ind AS financial statements of **Kerala State Electricity Board Limited, Thiruvananthapuram (Company)** for the year ended **31 March 2019** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 September 2019.

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 2019**. 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 2018-19

I. Income

Other income (Note 25a) Other Operating income- ₹315.81 crore

1. Loss in understated by ₹2.79 crore due to inclusion of advance centage charges received from Kerala Infrastructure Investment Fund Board (KIIFB) for work not commenced in 2018-19 in Other Income which was not in compliance with Para 31 of Ind AS 115. This resulted in corresponding understatement of current liabilities.

Other Income (Note 25 b) – ₹ 481.74 crore

2. The company had received ₹131.14 crore grant towards natural calamities, out of which expenditure of ₹26.32 crore was incurred for repairs and maintenance expenses on account of flood. The non-recognition of this amount as income was not in compliance with Ind AS 20 and resulted in overstatement of loss by ₹26.32 crore with corresponding overstatement of current liabilities.

II. Expenses

Employee Benefits (Note 29) – ₹ 2892.01 crore

3. This is understated by ₹11.31 crore due to the non-inclusion of employer's contribution to NPS for March 2019 (₹1.56 crore) on accrual basis and non-inclusion of bonus payable (₹9.75 crore) for 2018-19 being inconsistent with Ind AS 10. This resulted in understatement of loss by ₹11.31 crore with corresponding understatement of current liabilities.

Finance Charges (Note 30) – ₹ 1598.89 crore

Interest on Bonds issued to Master Trust – ₹ 773.68 crore

4. This is understated by ₹103.12 crore being additional interest at the rate of 24 per cent payable as per item 21 of Terms and Conditions of bond issue to the Master Trust on default in payment of the principal and interest due as on 1 April 2018. This resulted in understatement of loss by ₹103.12 crore with corresponding understatement of Current Other Financial Liabilities (Note 22) – Amount payable to Master Trust.

Administrative and General Expenses (Note 32)

(i) Contribution to CMDRF – ₹ 36.20 crore

5. This is overstated to the extent of ₹1.20 crore due to non-adjustment of amount paid in excess of approved amount identified before finalization of accounts. The non-adjustment has resulted in overstatement of loss by ₹1.20 crore with corresponding overstatement of Other financial liabilities.

(ii) Other Expenses – ₹ 19.61 crore

6. This does not include ₹5.06 crore being provision for share of initial expenditure payable to Coastal Tamilnadu Power Limited for the establishment of Ultra Mega Power Project in Cheyyur, Tamilnadu as per the terms of allotment of power. This has resulted in understatement of loss by ₹5.06 crore with corresponding understatement of Current liabilities.

B. Comments on Financial Position

BALANCE SHEET as at 31 March 2019
ASSETS
Non-Current Assets
Capital work in progress (Note-4) – ₹2991.34 crore

7. The above is overstated to the extent of ₹38.23 crore due to non-capitalisation of Kakkayam Small Hydro Electric Project commissioned during the year. This has also resulted in understatement of Fixed Assets by ₹38.23 crore and depreciation and loss for the year by₹1.35 crore.

Current Assets
Cash and Cash Equivalents (Note 11)
Cash in hand ₹7.36 crore

8. There was a difference of ₹0.65 crore between Cash in hand as per the consolidated Trial Balance of all Account Rendering Units (ARUs)as on 31 March 2019 (₹8.01 crore) and the balance as per Balance Sheet (Note 11) (₹7.36 crore). The adjustment was carried out without proper documentation and the management could not furnish proper explanation for this. Hence, the corresponding impact of this adjustment could not be ascertained.

Balance with Bank/Treasury –₹ 1.29 crore

9. The balance with the Bank/Treasury did not include the balance of ₹0.73 lakh in the Bank account maintained in SBI for remittance of NPS contributions. This resulted in understatement of cash and cash equivalents and other current liabilities, as the amount was to be distributed to the employees towards refund of NPS deductions.

Equities and Liabilities
Non-Current Liabilities
Borrowings (Note 16)
Bonds or Debentures – Secured – ₹ 9858.76 crore

10. As per Schedule III of the Companies Act 2013, a liability shall be classified as current when it is due to be settled within twelve months after the reporting date and a liability shall be classified as non-current when it is due to be settled after 12 months from the reporting date.

The Company issued (1 April 2017) redeemable bonds amounting to ₹11895 crore to the Master Trust repayable in annual installments commencing from 1 April 2018 onwards. The inclusion of the installment due on 1 April 2020 under current liability has resulted in understatement of non-current liabilities to the extent of ₹702.45 crore with corresponding overstatement of Current Liabilities.

Other Current Financial Liabilities (Note 22)

Staff related Liabilities and Provisions – ₹ 234.09 crore

11. The above account includes ₹92.35 crore being the recovery of contributions made by employees towards Chief Minister's Distress Relief Fund (CMDRF) from September 2018 to March 2019 which was to be remitted to the fund immediately on recovery. Non-remittance of monthly deductions involved violation of Government orders issued in this regard and proper disclosure should have been made in Notes to Accounts.

C. Comments on Cash flow statement

12. Cash flow statement shows Bank Balance of ₹78.39 crore other than Cash and cash equivalents at the end which should have been excluded. Cash and cash equivalents at the end included ₹34.07 crore being the deposits with original maturity more than three months. These were not in compliance with Ind AS 7.

13. Cash flow from operating activities includes ₹158.25 crore accounted as Other Income (Note 25.b) towards recognition of grant against the depreciation of assets created out of grant which does not involve any cash inflow, resulting in overstatement of Cash flow from Operating activities.

14. Cash flow from financing activities includes an amount of ₹935.84 crore not representing outflow of cash being provision for interest on bonds (₹773.68 crore), provision for interest on General Provident Fund (₹162.16 crore) and includes amount of rectification towards equity (₹0.34 crore) not representing actual cash inflow. This resulted in overstatement of outflows to the extent of ₹935.50 crore.

D. Comments on disclosure

Notes forming part of Financial Statements (Note 38)

15. The revenue from operations includes ₹263.71 crore being the interest on arrears of current charges receivable from Kerala Water Authority (KWA) taken over by Government of Kerala as per order of 14 January 2019 and to be released in four annual installments from 2019-20 onwards. This is inconsistent with accounting policies in Note 1.15 laying down recognition of interest/ surcharge from customers on receipt basis. The deviation should have been disclosed in notes to accounts.

16. According to the Kerala State Electricity Regulatory Commission Regulations, the Company had to meet renewable purchase obligation of 6723.20 MU during the period 2011-12 to 2018-19 of which 4970.94 MU was achieved, leaving a deficit of 1752.26 MU. The liability on account of this based on the floor price of renewable energy certificates worked out ₹175.23 crore. This fact has not been disclosed by the Company.

17. Note 38.18 p states that an amount of ₹344.20 crore of Electricity Duty payable to GoK is netted off in 2018-19 for which Govt. approval is awaited. Further, during the period 2016-17 and 2017-18, the company had adjusted Electricity Duty payable of ₹2678.21 crore and ₹350.99 crore respectively against subsidy receivable on tariff concession/ free supply of power and dues from Energy Management Centre without government approval. These details should have been disclosed but the company had only disclosed the amount of ₹344.20 crore for 2018-19 and not ₹2678.21 crore and ₹350.99 crore. Hence, Note 38.18 p is incomplete to that extent.

18. The Company has disclosed under Para 1.9 under Note 1 Company Information and Significant accounting policies that in terms of Ind AS 114- Regulatory Deferral Accounts it had opted to continue with previous GAAP (Guidance Note on accounting for rate regulated activities) for such balances.

    However, the disclosure is silent as to the accounting policy itself and hence is deficient to that extent. Further, as per disclosure requirements detailed in Para 45 of the Guidance Note, an entity should disclose information that enables the users of the financial statements to understand the nature and the financial effects of rate regulation on its activities. As per Truing Up orders/ Review petition orders issued by KSERC on 14.9.18/16.5.2019, the regulatory asset as on 2016-17 stood at ₹6734.17 crore which should have been disclosed in the notes forming part of the accounts.

E. Comments on Independent Auditors Report

19. The Balance with Bank/Treasury of ₹1.29 crore was arrived at after adjusting credit balance of ₹174.44 crore in non-operative collection accounts, reasons for which were yet to be ascertained by the Company. This fact has not been quantified by the Statutory Auditors in their Report.

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

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

Thiruvananthapuram
14 .12.2020

सत्यमेव जयते

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

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF KERALA STATE ELECTRICITY BOARD LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of Consolidated Ind AS financial statements of Kerala State Electricity Board Limited, Thiruvananthapuram (Company) for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with 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 26 May 2020.

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 2019. 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 2018-19

I. Income

Other income (Note 25a) Other Operating income- ₹315.81 crore

1. Loss is understated by ₹2.79 crore due to inclusion of advance centage charges received from Kerala Infrastructure Investment Fund Board (KIIFB) for work not commenced in 2018-19 in Other income which was not in compliance with Para 31 of Ind AS 115. This resulted in corresponding understatement of current liabilities.

Other Income (Note 25 b) – ₹ 481.74 crore

2. The Company had received ₹131.14 crore grant towards natural calamities, out of which expenditure of ₹26.32 crore was incurred for repairs and maintenance expenses on account of flood. The non-recognition of this amount as income was not in compliance with Ind AS 20 and resulted in overstatement of loss by ₹26.32 crore with corresponding overstatement of current liabilities.

II. Expenses

Employee Benefits (Note 29) – ₹ 2892.01 crore

3. This is understated by ₹11.31 crore due to the non-inclusion of employer's contribution to NPS for March 2019 (₹1.56 crore) on accrual basis and non-inclusion of bonus payable (₹9.75 crore) for 2018-19 being inconsistent with Ind AS 10. This resulted in understatement of loss by ₹11.31 crore with corresponding understatement of current liabilities.

Finance Costs (Note 30) – ₹ 1598.89 crore

Interest on Bonds issued to Master Trust – ₹ 773.68 crore

4. This is understated by ₹103.12 crore being additional interest at the rate of 24 per cent payable as per item 21 of Terms and Conditions of bond issue to the Master Trust on default in payment of the principal and interest due as on 1 April 2018. This resulted in understatement of loss by ₹103.12 crore with corresponding understatement of Current Other Financial Liabilities (Note 22) – Amount payable to Master Trust.

Administrative Expenses (Note 32)

(i) Contribution to CMDRF – ₹ 36.20 crore

5. This is overstated to the extent of ₹1.20 crore due to non-adjustment of amount paid in excess of approved amount identified before finalization of accounts. The non-adjustment has resulted in overstatement of loss by ₹1.20 crore with corresponding overstatement of Other financial liabilities.

(ii) Other Expenses – ₹ 19.16 crore

6. This does not include ₹5.06 crore being provision for share of initial expenditure payable to Coastal Tamilnadu Power Limited for the establishment of Ultra Mega Power Project in Cheyyur, Tamilnadu as per the terms of allotment of power. This has resulted in understatement of loss by ₹5.06 crore with corresponding understatement of Current liabilities.

B. Comments on Financial Position

BALANCE SHEET as at 31 March 2019

ASSETS

Non-Current Assets

Capital work in progress (Note-4) – ₹2991.34 crore

7. The above is overstated to the extent of ₹38.23 crore due to non-capitalisation of Kakkayam Small Hydro Electric Project commissioned during the year. This has also resulted in understatement of Fixed Assets by ₹38.23 crore and depreciation and loss for the year by ₹1.35 crore.

Current Assets

Cash and Cash Equivalents (Note 11)

(i)Cash in hand ₹7.36 crore

8. There was a difference of ₹0.65 crore between Cash in hand as per the consolidated Trial Balance of all Account Rendering Units (ARUs) as on 31 March 2019 (₹8.01 crore) and the balance as per Balance Sheet (Note 11) (₹7.36 crore). The adjustment was carried out without proper documentation and the management could not furnish proper explanation for this. Hence, the corresponding impact of this adjustment could not be ascertained.

   (ii)Balance with Bank/Treasury –₹ 1.29 crore

9. The balance with the Bank/Treasury did not include the balance of ₹0.73 lakh in the Bank account maintained in SBI for remittance of NPS contributions. This resulted in understatement of cash and cash equivalents and other current liabilities, as the amount was to be distributed to the employees towards refund of NPS deductions.

Equities and Liabilities

Non-Current Liabilities

Borrowings (Note 16)

Bonds or Debentures – Secured – ₹ 9858.76 crore

10. As per Schedule III of the Companies Act 2013, a liability shall be classified as current when it is due to be settled within twelve months after the reporting date and a liability shall be classified as non-current when it is due to be settled after 12 months from the reporting date.

    The Company issued (1 April 2017) redeemable bonds amounting to ₹11895 crore to the Master Trust repayable in annual installments commencing from 1 April 2018 onwards. The inclusion of the installment due on 1 April 2020 under current liability has resulted in understatement of non-current liabilities to the extent of ₹702.45 crore with corresponding overstatement of Current Liabilities.

    Other Current Financial Liabilities (Note 22)

    Staff related Liabilities and Provisions – ₹ 234.09 crore

11. The above account includes ₹92.35 crore being the recovery of contributions made by employees towards Chief Minister's Distress Relief Fund (CMDRF) from September 2018 to March 2019 which was to be remitted to the fund immediately on recovery. Non-remittance of monthly deductions involved violation of Government orders issued in this regard and proper disclosure should have been made in Notes to Accounts.

C. Comments on Cash flow statement

12. Cash flow statement shows Bank Balance of ₹78.39 crore other than Cash and cash equivalents at the end which should have been excluded. Cash and cash equivalents at the end included ₹34.07 crore being the deposits with original maturity more than three months. These were not in compliance with Ind AS 7.

13. Cash flow from operating activities includes ₹158.25 crore accounted as Other Income (Note 25.b) towards recognition of grant against the depreciation of assets created out of grant which does not involve any cash inflow, resulting in overstatement of Cash flow from Operating activities.

14. Cash flow from financing activities includes an amount of ₹935.84 crore not representing outflow of cash being provision for interest on bonds (₹773.68 crore), provision for interest on General Provident Fund (₹162.16 crore) and includes amount of rectification towards equity (₹0.34 crore) not representing actual cash inflow. This resulted in overstatement of outflows to the extent of ₹935.50 crore.

D. Comments on disclosure

Notes forming part of Financial Statements (Note 37)

15. The revenue from operations includes ₹263.71 crore being the interest on arrears of current charges receivable from Kerala Water Authority (KWA) taken over by Government of Kerala as per order of 14 January 2019 and to be released in four annual installments from 2019-20 onwards. This is inconsistent with accounting policies in Note 1.16 laying down recognition of interest/ surcharge from customers on receipt basis. The deviation should have been disclosed in notes to accounts.

16. According to the Kerala State Electricity Regulatory Commission Regulations, the Company had to meet renewable purchase obligation of 6723.20 MU during the period 2011-12 to 2018-19 of which 4970.94 MU was achieved, leaving a deficit of 1752.26 MU. The liability on account of this based on the floor price of renewable energy certificates worked out ₹175.23 crore. This fact has not been disclosed by the Company.

17. Note 37.16 p states that an amount of ₹344.20 crore of Electricity Duty payable to GoK is netted off in 2018-19 for which Govt. approval is awaited. Further, during the period 2016-17 and 2017-18, the Company had adjusted Electricity Duty payable of ₹2678.21 crore and ₹350.99 crore respectively against subsidy receivable on tariff concession/ free supply of power and dues from Energy Management Centre without government approval. These details should have been disclosed but the Company had only disclosed the amount of ₹344.20 crore for 2018-19 and not

    ₹2678.21 crore and ₹350.99 crore. Hence, Note 37.16 p is incomplete to that extent.

18. The Company has disclosed under Para 1.10 under Note 1 Company Information and Significant accounting policies that in terms of Ind AS 114- Regulatory Deferral Accounts it had opted to continue with previous GAAP (Guidance Note on accounting for rate regulated activities) for such balances.

    However, the disclosure is silent as to the accounting policy itself and hence is deficient to that extent. Further, as per disclosure requirements detailed in Para 45 of the Guidance Note, an entity should disclose information that enables the users of the financial statements to understand the nature and the financial effects of rate regulation on its activities. As per Truing Up orders/ Review petition orders issued by KSERC on 14.9.18/16.5.2019, the regulatory asset as on 2016-17 stood at ₹6734.17 crore which should have been disclosed in the notes forming part of the accounts.

19. According to Note 1.5.1 an associate is an enterprise in which the investor has significant influence and which is neither subsidiary nor joint venture of the investor. This is at variance from Section 2(6) of Companies Act, 2013 which states that an Associate Company includes a Joint Venture Company.

    Further, Note 37.4 on the list of related parties described Baitarani West Coal Company Limited as a Joint Venture and other three Companies as Associates. The note has not disclosed K-FON as a Joint Venture and was incorrect to that extent.

20. KSEBL has disclosed in Note 1.6 that “Investment has been carried out at cost and includes share of profit/Loss of Associates/Joint Ventures 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”. The note does not specify what assumptions or amount are being referred to and therefore the disclosure of the accounting policy is incomplete to that extent.

E. Comments on Independent Auditors Report

21. The Balance with Bank/Treasury of ₹1.29 crore was arrived at after adjusting credit balance of ₹174.44 crore in non-operative collection accounts, reasons for which were yet to be ascertained by the Company. This fact has not been quantified by the Statutory Auditors in their Report.

For and on behalf of the

Comptroller and Auditor General of India

Sd/-

Thiruvananthapuram
15.12.2020

K.P. ANAND
ACCOUNTANT GENERAL (AUDIT II), KERALA

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

Form No.MR-3

SECRETARIAL AUDIT REPORT
For the Financial Year ended 31st March 2019

[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 (CINU40100KL2011SGC027424), (hereinafter called the "Company"), for the financial year ended on 31st March 2019. 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 my 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 Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

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 2019, 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, Central Electricity Regulations and the regulatory provisions thereunder except that a single entity with segment reporting is engaged in generation, distribution and transmission as per policy decisions of the Government of Kerala, which has the implicit approval of the Govt. of India.

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. The Company was incorporated under the Companies Act, 1956 on the Fourteenth day of January 2011 and obtained Certificate of Commencement of Business on the Sixth day of June 2013. Soon after the commencement of business, the Companies Act, 2013 was enforced with effect from the 1st April 2014. The Companies Act, 2013 was meant to simplify the administration of Companies. But the Act with 477 Sections (as against 700 odd Sections in the 1956 Act) with Five Schedules and Appendix III with 29 Chapters incorporating Rules, makes the 2013 Act easily more difficult, since the Administrative Department acquired more teeth by introducing several substantive provisions in the Rules. The Act has been amended Four/Five times since its enforcement and the Rules several times. Consequently the Memorandum of Association and Articles of Association of the Company need substantial modification. The KSEBL is now, apart from generation, transmission and distribution of conventional electricity, engaged in several ancillary and incidental activities, which were not thought of at the time of incorporation. There is no specific provision even to encourage generation of non-conventional energy. The KSEBL is a partner in several joint venture Companies and several proposals to form subsidiary/associate Companies are under the consideration of the Board of Directors of the Company or are in various stages of implementation. However, on a plain reading of the Memorandum of Association of the Company, there are no clear provisions in the Memorandum for undertaking several such activities or in investing in share capital of other Companies. Similarly in the 1956 Act, there was a provision for certain activities to be included in Clause I C, ie "Other objects of the Company not included in A & B (of Clause III) Under these provisions, the Company was required to pass a Special Resolution to undertake/commence any activity included under category C.

The new Act has dispensed with these provisions and it is doubtful if a Company can now commence any business based on points included in Clause III C. KSEBL has a proposal to start a joint venture Company for providing fibre optic networks/internet technology services under Clause III C 4 .

Also there is a proposal to incorporate a joint Venture Company for undertaking consultancy and Civil construction work formulated by KIIFB. There is obviously no provision in MoA of the Company for undertaking this activity. All these point to the need for a thorough review of the Memorandum of Association of the Company, keeping in view the provisions in the new Act/ Rules and the changing nature of the Company's business and make the several proposals for diversification with the ultimate aim of making KSEB Limited, a more viable Organisation Side by side, the Articles of Association has also to be revised, with a view to eliminating redundant provisions, inserting new provisions covering new areas of activity, borrowing powers, delegation of powers, constitution of Committees mandated by various provisions of the Companies Act 2013, appointment of independent Directors etc. I therefore, instead of classifying such activities as beyond the powers of the Company, as envisaged in the Momorandum of Association, suggest a review of these documents which form the foundation stone of the Company. This will be in the best interests of the Company.

2. There is only one Independent Director.
3. The Audit Committee constituted is consequently not in conformity with Sec. 177(2) of the Companies Act. The Company has an internal Audit Wing; but no report from the Internal Auditor has ever been placed before the Audit Committee. However, I am informed that the Company has introduced the system of placing before the Committee finding of the internal Audit wing. The Audit committee to be effective should consist of majority Independent Directors.
4. 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.

The Departmental Promotion Committee on which the Board relies shall not be a substitute for Nomination and Remuneration Committee. The Act prescribes that the Nomination and Remuneration Committee shall while formulating a policy ensure that

a. The level and composition of remuneration is reasonable and sufficient to attract retain and motivate directors of the quality required to run the company successfully.
b. Relationship of remuneration to performance is clear and meets the appropriate performance bench mark.
c. Remuneration to Directors Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long terms performance objectives.

   The Compensation Policy of the Company shall be applicable to whole Time Directors and Key Managerial Personnel as well as Senior Management and define Key performance Indicators for the Organization.

   All such policies as are formulated by the Nomination and Remuneration Committee shall be disclosed in the Board's Report as prepared under Sec 134 of the Act - Vide provision to Section 178(4) of the Act.

5. 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 holding additional charge of Company Secretary. This is not in conformity with the relative provisions of Companies Act, 2013.
6. I further report that the Board of Directors of the Company is duly constituted with Six Full Times Directors, Two Senior IAS Officers and only One Independent Director. Under Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, the Company shall have at least two independent Directors. The key committees of the Board, such as Audit Committee and Nomination and Remuneration Committee shall have majority Independent Directors and should be chaired by them. 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. However, as on date, the lone woman Director has retired and the absence of a Woman Director might affect the function of the Internal Complaints Committee (ICC).

7. 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. There exists a system for clarification/explanation of any agenda item wherever required.
8. There is a Committee of Full Time Directors to carry on the day to day functioning/oversee working of the routine functions. The Committee meets every week and takes decisions on day today affairs. 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 keeping a record of the meetings of this Committee and its decisions are placed before the Board of Directors for approval/information to implement the decision of the Committee These minutes are not however recorded in a separate book kept for the purpose, but are kept in a separate file.
9. 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,
29.07.2019.

Sd/-
N.C. NAIR,
Company Secretary,
FCS 750, CP 312
Unique Code Number 11981KE006000
UDIN :F000750A000003271

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

CS

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

Annexure – A
29.07.2019

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

My Secretarial Audit Report of even date is to be read along with this letter

1. Maintenance of Secretarial records is the responsibility of the Company. My responsibility as Secretarial Auditor is to express an opinion on these records based on my audit.

2. During the Audit, I have followed the practices and processes as wore appropriate, to obtain reasonable assurance about the correctness of the Secretarial records. I believe that the process and practices I followed provide a reasonable basis for my Report.

3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified, but certain points which came to my notice while perusing Secretarial Records have been touched upon, wherever necessary, to alert the Company.

4. Wherever required, I have obtained the Management Representation about the compliance of laws. Rules and Regulations and happening of events.

5. The Compliance of the provisions of Corporate and other applicable laws, Rules, Regulations Standards etc is the responsibility or the Management. My examination is limited to the verification of procedures and compliances on a test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the effectiveness with which the management conducted the affairs of the Company.

Sd/-
N.C. NAIR,
Company Secretary in practice
FCS 750 CP 312
Unique Code Number 11981KE006000

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 2019

COMMENTS ON ACCOUNTS	REPLIES OF THE COMPANY
1) With regard to the Property, Plant & Equipment, – a) The company has not provided the depreciation on a sum of Rs 10,71,199.95 Lakhs included in the carrying value of plant and machinery for the years from 2013-14 to 2018-19, thereby understating the depreciation / amortisation expense by Rs.56,559.30 Lakhs for the year, and the arrears of depreciation for the previous years 2013-14 to 2017-18 amounting to Rs. 2,49,635.72 Lakhs, and overstating the carrying amount of 'Plant & Machinery' under "Property, Plant & Equipment" to such extent.	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.In the Balance sheet the value of Plant and Machinery notified as ₹15263.94 Cr against the closing balance as on 31.10.2013 amounting to ₹ 4551.95 Cr. Hence the value Plant and Machinery was increased by ₹10711.99 Cr as part of creation of pension fund. Depreciation is not being provided for the above increased value of assets and is disclosed as such in the notes to accounts.
b) The company has not made available, the records relating to the landed properties held by it including the title deeds, present ownership details etc. for audit. Therefore, we are unable to comment on the existence, ownership and possession of such landed properties held by it.	KSEB Ltd. is having land and land rights with book value of ₹179,126.67 lakhs as on 31.03.2019 which spread across Kerala. The land is accounted in various ARUs and is under the control of various ARU Officers. As KSEB Ltd possess various types of lands such as patta land, non patta land, forest land etc. it may not be possible to have full title deeds of such lands in full shape at head office of the company. However the company is in the process of updating the records centrally by constituting a dedicated Land Management Unit under a retired IAS officer. Reasonable internal control is being exercised over the landed property held by the company.

c) In the absence of the details of immovable properties held by the company, we are unable to comment on the compliance of Ind AS 40 “Investment Property”.	Though the immovable properties are accounted at cost at the ARUs across Kerala where it is constructed, the centralised item wise details are not available in the Head Office due to lack of Centralised Fixed Asset register. The company is in the stage of roll out of the centralised software to capture details and update the Fixed Asset register.
d). The company has not followed the ‘*componentisation* approach’ for accounting the Property, Plant and Equipment. The consequent impact, if any, on account of such non-compliance on carrying amount of individual assets capitalised by the company and the depreciation / amortisation provided thereon could not be ascertained.	The company is in the final stage of roll out of the centralised software to capture details and update the Fixed Asset register. It is being verified whether “Componentisation approach” can be followed for accounting of depreciation/ amortisation under Property, Plant and Equipment due to the complex nature of assets in the power generation, transmission and distribution industry.
e). The company follows a policy of capitalising Property, Plant and Equipment when the respective assets are ready for the intended use. In many cases, the assets are capitalised on approval of corresponding work bills for payment which is after the assets are ready for use, leading to delay in the recognition of various assets and liabilities, thereby resulting in understatement of carrying amount of Property, Plant and Equipment, and the understatement of ‘Depreciation or Amortisation’ expenses thereon.	The company is having a detailed manual on Commercial Accounting System VOLUME III – 'Capital Expenditure and Fixed Asset’ to establish consistent and effective policies and procedures in the area of capital expenditure and fixed assets accounting at all levels in the Company. In addition, the company vide Letter No.609/Annual Accounts/2017-18 had directed all Account Rendering Units to follow the ready to use concept in line with the Ind As -16 without considering the commissioning of the project. It may be noted that generally the commissioning date and ready to use date will be one.
f).The company follows the practice of providing depreciation on the ‘original cost’of the entire assets capitalised under “Property, Plant & Equipment” without excluding the assets sold / discarded or assets whose useful life has expired, thereby understating the carrying amount of such assets and overstating the corresponding depreciation / amortisation thereon. The above accounting treatment is in violation of the provisions of Ind AS 105 “Non - Current Assets held for sale and Discontinued Operations”, and Ind AS 16 “Property, Plant & Equipment”.	As per the accounting procedure followed by the company, whenever the assets are decommissioned, the fixed assets are to be withdrawn. The issue will be addressed once the digitalisation of Fixed Assets Register will be completed.

g) The company has capitalised the Borrowing Cost to assets including the non-qualifying assets, which is not in accordance with the provisions of Ind AS 23 "Borrowing Costs" resulting in over-statement of the carrying amount of the non qualifying assets and the understatement of qualifying assets and the consequent effect on 'depreciation and amortisation' expenses.	As per the accounting procedure regularly followed by the company, the borrowing cost is being booked in the capital work in progress on the basis of expenditure incurred during the year. The interest and borrowing cost booked in the Capital work in progress is being capitalised on the basis of completion of the work or shall be capitalised in the year in which the project is completed and capitalised.
h).The company has not recognised the "decommissioning liability" as required by Ind AS 16 "Property, Plant & Equipment" on, i. the carrying amount of plant and machinery Rs. 10,71,199.95 Lakhs ii. the carrying amount of buildings forming part of plant and machinery, for which decommissioning liability has been provided; This has resulted in understatement of the carrying amounts of "Property, Plant &Equipment" and the 'Decommissioning Liability' classified under "Other Non-Current Liabilities", and the depreciation / amortisation thereon.	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. In the Balance sheet the value of Plant and Machinery notified as ₹15263.94Cr against the closing balance as on 31.10.2013 amounting to ₹ 4551.95 Cr. Hence the value Plant and Machinery was increased by ₹10711.99 Cr as part of creation of pension fund. Depreciation is not being provided for the above increased value of assets and is disclosed as such in the notes to accounts. The decommissioning liability has been provided for the original carrying amount of fixed assets. ii. Decommissioning liability has not been provided for buildings forming part of plant and machinery.
i).The company has not recognised any provision for impairment of assets. As the basis for such conclusion has not been made available to us, we are unable to comment on the compliance with Ind AS 36 "Impairment of Assets" and its possible effect on the assets / liabilities, if any.	The impairment of assets has not been done and hence no provision was made.

j).The company has not deleted the cost of 45.715 cents of land owned by it transferred to Trivandrum Development Authority as per directions of Government of Kerala from the carrying amount of such assets of the company, resulting in overstatement of carrying amount of "Property, Plant & Equipment".	This has been properly disclosed in the notes to accounts vide item no. 38.18(n).
k).The accounting principles and policies formulated by the company for classifying the costs incurred for various works into a capital and revenue expenditures were not applied consistently resulting in under / over statement of assets and expenditure of the company.	The company is having detailed manuals on Commercial Accounting Systems where the accounting policies and procedure to be followed are detailed. In the Manuals the criteria followed for the classification of the capital and revenue expenditure has been detailed. Moreover direction has been given to the field units in various regional meetings and training programmes for proper classification of capital and revenue expenditure. However this will be verified.
2) With regard to the 'Capital work in Progress', – a) In many instances, the accounting of labour work bills and / or material consumption costs relating to various works were delayed considerably resulting in non-recording of Capital Work In Progress in the same year itself. This has resulted in understatement/ overstatement of "Capital Work in Progress" classified under the "Non-current Assets" and the resultant liability.	Noted.
b) The company follows the practice of capitalising the amounts booked under "revenue expenditure pending capitalisation", in the subsequent year only without considering the actual date of completion of respective assets. Accordingly, a sum of Rs 65,238.95Lakhs has been carried forward to subsequent year which is not in line with the provisions of Ind AS 16 "Property, Plant and Equipment" resulting in understatement of depreciation for the years.	KSEB Ltd is following the rules, policies and standards prescribed in Electricity Supply Annual Accounts rules [ESAAR] 1985, saved as per Section 185(2) (d) of Electricity Act 2003 for capitalisation of expenditure. The capitalisation of expenditure is specified in following paras of Annexure III- Basic Accounting Policies and Principles in the ESAAR 1985, the relevant part are reproduced for easy reference. "2.9 All employee costs in respect of the construction units shall be fully charged as cost of capital assets.

	2.11 All expenses in respect of construction units shall be fully charged as cost of Capital assets. 2.94 Every year, a portion of the interest payable on the interest bearing borrowings which relate to financing of capital assets at construction stage i.e. till the point of commissioning of assets shall be computed in the manner prescribed in paragraph 1.42 Annexure V, if so directed by Central Government, be capitalized. 2.95 The amount of interest so computed and capitalized shall be reduced from the amount of interest for the year and only the balance amount shall be chargeable to the Revenue Account for the year. Para 1.42 of Annexure V is as follows "1.42 In computing the interest on funds utilised during construction stage of capital assets, the following factors shall be taken into consideration: (1)The full amount of interest payable for the year would be considered for the purpose. (2) Arrears of interest shall not distort the computation of interest on funds utilized in construction as these arrears are required to be debited to a Restructuring Account and then adjusted to surplus/ losses. (3) In view of the difficulties in identifying a source to its use, no attempt shall be made for source-use identification. (4). The exercise of computation of capitalisable interest shall be carried out at the head office of the Board. (5)This exercise shall be carried out considering rupees in thousands only". Similarly, Para 1.4 & 1.5 of annexure V is as follows. 1.4 Staff costs, material related expenses and other expenses which are chargeable to capital works shall be: (1)Identified to specific capital job wherever possible.

	(2) Failing which, identified to a specific group of capital jobs wherever possible (and within the group allocated on an ad-valorem basis). (3)Failing which, identified to a project wherever possible (and allocated on an ad-valorem basis over various jobs within the project). (4)Failing which, allocated on an ad-valorem basis over various projects and various jobs within each project. Identification to one or more jobs should be done only if possible to identify without any allocation. In all other cases, ad-valorem allocation shall be adopted. 1.5 By ad- valorem basis is meant allocation of capitalisable expenses as a per cent of the capital expenditure incurred during the period on that job/ project (and not as a per cent of total capital expenditure on that job/ project including the expenditure 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 14% Head Office Units 5% Similarly interest and finance charges is being capitalised at the head office as prescribed in the above accounting policies. These amounts are later allocated to the ARUs on the basis of actual capital expenditure incurred during the period for capitalisation in the concerned project/ assets.

c).The company has not considered the appropriate portion of "Gratuity Expense, Leave Encashment Expense and Pension Fund Expense", while apportioning "Employee Cost" to the Capital work in Progress, which is against the terms of accounting policy of the company (1.7). This has resulted in under-allocation of employee cost and resultant understatement of Capital Work In Progress and overstatement of "Employee Benefit Expense".	Noted.
3) The company has not ascertained and provided for the impairment loss, if any, on the investments made by it amounting to Rs. 1000 Lakhs in the equity shares of M/s. Baitarani West Coal Company Ltd upon the cancellation of the coal block allotted to it. This could result in the overstatement of the carrying amount of "Investments" under "Financial Assets" and the understatement of the impairment loss for the year.	The company has not been done the impair-ment.
4) The company has neither framed any policy nor estimated any impairment loss due to Expected Credit Loss in accordance with the provisions of Ind AS 109 "Financial Instruments" in respect of the- (i) long outstanding advances given by the company amounting to Rs. 8342.65 lakhs (out of which Rs. 8295.03 Lakhs is outstanding for a period of more than one year); (ii) interest free security deposits amounting to Rs. 7,773.16 lakhs classified under "Other Financial Assets"; (iii) interest-bearing loan of Rs. 6424.05 Lakhs given to M/s. Energy Management Centre, for which the company has not recognised any interest income on account of uncertainty for realisation. This has resulted in the overstatement of the carrying amount of such financial assets and understatement of the 'Expected Credit Loss' for the year. In the absence of adequate information including the classification and policy for determination of 'expected credit loss' on the financial assets, the impact of the above non-compliance cannot be quantified	It is true that the company has not formulated any policy for the impalement loss and hence Expected Credit Loss not done for any outstanding advances. i). The amount reported under the outstanding loan include the loan given to the Energy Management Centre(EMC) and commitment advance given to the Ultra Mega Power Projects and Innovations. In the case of EMC, 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). 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 for reimbursement of the amount given in accordance with the Government policy.

	ii). The amount reported under the security deposits with authorities such as excise, telephone department, forest department, customs authorities, deposits with IEX and PXI etc. for projects, purchase of power etc. This will be verified in detail by the ARUs concerned and necessary adjustment entries required will be provided. iii) As reported (I) above.
5) The company has not recognised any interest income on interest bearing loan given to M/s. Energy Management Centre amounting to Rs. 6424.05 lakhs, thereby understating the amounts reported under "interest income" and "income receivable".	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. Action is being taken to ascertain the possibility of obtain Carbon Credit with the EMC. Though EMC being a fully owned Government of Kerala undertaking and the company has no doubt about the realization of the principal amount, there is uncertainty in the realization of interest income. Hence the interest income in this regard is not recognized in the accounts.
6) The company has recognised and disclosed the amount paid to the Forest Department towards the seigneorage value of trees amounting to Rs. 953.31 lakhs as "Security Deposits", which in our opinion, ought to have expensed out or capitalised based on the nature of the projects / works for which such expenditure were incurred. This has resulted in overstatement of "Other Financial Assets" and the understatement of carrying amount of assets under "Property, Plant & Equipment", "Depreciation / amortisation expenses", or the related expenses.	The seigneorage value is the compensation value given to the forest department for deforestation on account of the Hydro Electric Projects. At the time of payment to the forest department this amount has been booked by the ARU in the Deposit head under 28.9 and later transferred to the Capital Work in progress of the concerned projects. The non-transfer will be verified and direction will be issued to the field units to transfer the amount to the concerned projects in which the deposit has been made.
7) The company has neither provided for liability nor disclosed contingent liability for the possible effect of the arbitration in the case of M/s. KEPCO KDN, for which it has deposited an amount of Rs 500 lakhs as directed by Hon. High Court of Kerala.	Noted.

8) The company has recognised and classified a sum of Rs. 10,849.27 lakhs as "Deferred Cost Account of Feasibility / Survey" under "Other Non-Current Assets", being costs incurred for feasibility study and surveys of projects which are not yet sanctioned. This accounting treatment is not in compliance with Ind AS 16 "Property, Plant & Equipment" and Ind AS38 "Intangible Assets". This has resulted in overstatement of "Other Non-Current Assets" and understatement of "expenses for the year" by Rs.10,849.27 lakhs.	The deferred cost is the expenditure related to the feasibility study of the projects and the expenditure incurred before the commencement of a project. As per the policy regularly being followed by the Board, the survey and investigation expenditure pertaining to project not yet sanctioned is being booked under the Account Head 17.3. Once the projects are sanctioned this expenditure will be transferred to work in progress (Capital) and if the project is not sanctioned, the expenditure will be written off as in fructuous Capital Expenditure. 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. The balance in the books of accounts will be transferred to the CWIP on sanctioning the project.
9) "Receivable from Government" under "Other Non-current Assets" includes- (a) Rs. 9858.20 Lakhs being the amount receivable from Government of Kerala on account of re-imbursement of the subsidy given on energy charges to the consumers; and (b) Rs. 140,244.75 Lakhs being energy charges receivable from Kerala Water Authority. In our opinion, the above amounts ought to have been classified as "Trade Receivables", in accordance with Ind AS 109 "Financial Instruments". This non-compliance has resulted in- (i) the under-statement of "Trade Receivables" and overstatement of "Other Noncurrent Assets" to such extent; (ii) understatement of "Provision for Bad and Doubtful Assets" and expenses for the year.	Vide G.O.(Rt) No.10/2010/Power dated 14.01.2019 Government of Kerala have accorded sanction to settle the electricity dues of Kerala water Authority as on 30.09.2018 amounting to Rs.1062.98 Crore and interest amounting to Rs.263.71 Crore and agreed to reimburse the amount in four equal yearly instalments @ Rs.331.67 Crore from 2019-20. Government of Kerala already agreed to take over the dues and agreed to pay the amount and provided first yearly instalment in the state budget for release. Hence the amount was transferred from the sundry debtors of KWA to the amount receivable from Government of Kerala and classified as such in the Books of Accounts.

10) The company has not applied the provisions of Ind AS 109 "Financial Instruments" in respect of amount due from Kerala Water Authority receivable in four annual instalments amounting to Rs. 140,244.76 lakhs on account of sale of power. In our opinion, the company ought to have recognised the above at its fair value, and the differences between the transaction value and fair value ought to have amortised over the tenure of the receivable. In the absence of age wise analysis of the said receivable, we are not in a position to quantify its impact, if any, on the financial statements.	Please see the reply to audit para (9) above.
11) The company has not ascertained and recognised the impact of variations noticed in the physical verification of inventory at construction stores. In the absence of adequate Information, the effect of the above on the carrying amount of inventories and expenses for the year cannot be quantified.	O/o the Chief Engineer SCM is conducting the periodical stock verification of the stores. It is reported by the Chief Engineer that stock verification were carried out in all the stores during the financial year except the Store attached with Electrical Circle, Harippad, which was verified in the month of May. The variations noticed are being verified. The variations are not material.
12) The company has classified and recognised the cost of stock of materials for capital works amounting to Rs 30,204.51 Lakhs as "Inventories", thereby understating the carrying amount of "Capital Work in Progress" under "Property, Plant & Equipment" and the consequent depreciation expenses as well as overstating the carrying amount of inventories to such extent.	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 being followed in the company unless specific exception is given under certain peculiar circumstances.
13) The company has neither ascertained nor provided for the loss on account of "Expected Credit Loss (ECL)" for "Trade Receivables" Rs. 207,732.02 Lakhs, Receivable from Government Rs. 144,995.43 lakhs and Other recoverables Rs. 3817.95 Lakhs, which is in contradictions to the provisions of the Ind AS 109 "Financial Statements". The above contravention may result in the overstatement of "Trade Receivables" and understatement of "Impairment Loss" and the loss for the year.	Noted.

14) In respect of "Cash & Cash Equivalents" – a) The company has not accounted the cash balances as at the year end with the various payment facilitation centres operating under "Akshaya Kendra", an agency of the company. This has resulted in the understatement of the balances reported under"Cash and Cash Equivalents" and overstatement of the balances reported under"Trade Receivables" of the company.	Noted. As per the agreement, KSEBL will recognize the collection only on receipt of the amount in KSEB Ltd's account.
b) In respect of various ARUs, the company has not provided proper reconciliation for the differences between the bank balances reported in the accounts and the balances as seen in the statement received from respective banks. Such un reconciled balances outstanding could result in overstatement or understatement of balances under "Cash and Cash Equivalents" and the balances under respective corresponding accounts.	In ARUs, two types of bank accounts are being maintained viz Collection accounts and disbursement accounts. The disbursements of the funds are being made through the operative accounts maintained at the head office as well as ARUs. All the disbursement accounts are properly reconciled. The collection accounts are in the nature of non-operative collection accounts, where only remittances are permitted. As per the agreement executed with banks the entire amounts remitted into the collection accounts on a particular day have to be sweep transferred to the central collection account and then to the operative account maintained at head office on the same day itself. As per the agreement condition, the balance in collection account at the end of a particular day should be zero. All the central collection accounts are properly reconciled. As per the procedure in vogue, the reconciliation of collection accounts are being made at the ARUs. Detailed circulars and directions has been given to the field units to prepare the proper reconciliation of bank balances. However it was noticed that a few Account Rendering Units were not submitted the bank reconciliation properly. This will be verified in detail by the internal audit wing.

c) The balances reported under "Disbursement Bank Accounts" under "Cash and Cash Equivalents" include a sum of Rs. 354.61 Lakhs being non-existent bank balances, thereby resulting in overstatement of "Cash and Cash Equivalents" to such extent. The above non-compliances could impact the cash flows for the year.	The matter is being verified.
15) The company has recognised and classified tax refunds receivable from the Government Rs. 2,055.67 Lakhs as "Other Advances" under "Other Current Assets". In our opinion, such balances ought to have classified under "Other Financial Assets" in accordance with the provisions of Ind AS 109 "Financial Instruments"	Noted for future guidance.
16) The un reconciled balances in the transactions between the ARUs amounting to Rs.3,954.48 lakhs, have been reported and recognised as "Inter Unit Balance" under "Other Current Assets", the details of which have not been provided to us. In the absence of adequate information, the impact of the above non-compliance cannot be quantified.	Inter Unit balance in the accounts consists of balance in the Account group 31 to 39 in the 139 ARUs of KSE Board. These Account group are being used for booking transaction between different Account Rendering Units (ARUs) as well as between ARUs and Head office. The balance of Inter unit transaction is amount booked in the 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 for the inter unit transactions and once the same in fully functional automatic inter unit reconciliation will occur.
17) The company has classified the amount receivable from various parties against sale of stores, LED bulbs, pole rental etc. amounting to Rs. 3817.95 lakhs as "Other Recoverable" under "Other Current Assets" instead of "Trade Receivables". The above wrong classification has resulted in the understatement of the balances under "Trade Receivables" and overstatement of the balances under "Other Current Assets" to such extent.	Noted for future guidance.

18) The provisions of Ind AS 109 "Financial Instruments" require the company to recognise long term borrowings at its fair value, upon its initial recognition and at "amortised cost" using effective interest rate (EIR) method at every subsequent reporting date. However, the company has not complied with the above requirements in the case of- (a) 'secured bonds' amounting to Rs. 985,876 lakhs issued by the company; and (b) 'Loans and borrowings' amounting to Rs. 52,969.10 lakhs due by the company. The above has resulted in under/over statement of the carrying value of such borrowings and the resultant finance costs.	a. These bonds are issued for specific purpose to meet the terminal liability of employees of KSEB Ltd to the Master Trust. The interest rates are fixed and specified in the Government order itself. There are no comparable bonds issued by the Government of Kerala to ascertain the fair value. Hence fair valuation was not done. b. 'Loans and borrowings' amounting to Rs. 52,969.10 lakhs is not considered for revaluation since the repayment liability is not confirmed. This has been disclosed in the notes to accounts item no.38.3
19) Company has stated that decommissioning liability is determined at the rate of 0.1% of costof specified assets. However, as per the accounting procedure adopted by the company, entire decommissioning liability has been recognised upfront without considering present value. This has resulted in overstatement of "decommissioning liability" and the carrying amounts of "Property, Plant & Equipments".	Noted for future guidance.
20) The company has classified un amortised portion of a) grant received from Government Rs. 120,187.03 Lakhs; b) the 'deferred income in respect of concessional loans received' Rs. 9,593.14 Lakhs; and c) the consumer contribution towards the cost of assets Rs. 132,516.13 Lakhs under "Other Non-Current Liabilities". In our opinion, the above balances do not represent a liability of the company and hence has resulted in the overstatement of "Other Non-Current Liabilities" of the company by Rs.2,62,296.30 Lakhs.	Noted.

21) The company has wrongly set off the gratuity and other terminal liabilities paid to the employees relatable to their period of service after 01-10-2013 against the “Amount Payable to Master Trust” classified under “Other Financial Liabilities”. This has resulted in the understatement of the liability disclosed under “Amount Payable to Master Trust” and overstatement of the liability - “Staff Pension Fund”.	The terminal liability of employees who were eligible for normal pension has been fixed as on 31.10.2013 and terminal liability created and funding pattern of the terminal liability was also envisaged. The terminal liability of those employees after 31.10.2013 has been ascertained through actuarial valuation and terminal liability created in the books of accounts as on 31.03.2019. However the funding pattern of the increase in terminal liability after 31.10.2013 has not been formulated.
22) The company has not provided a reconciliation of the amount classified under “Deposits for Electrification, Service Connection etc” amounting to Rs. 80,048.89 Lakhs with the corresponding works pending for completion, for which such deposits have been collected from the consumers. In the absence of adequate information, its impact could not be quantified.	The amount of work deposit under various schemes are collected and accounted in the field units. As per the procedure in vogue, the deposit amount collected and accounted under account group 47 is to be transferred to account group 55 on completion of the work and its capitalisation. The non-transfer of the amount if any in the ARUs are being verified in detail.
23) The company has not determined nor recognised the deferred tax liabilities or deferred tax assets, if any, as required by the Ind AS 12 “Income Taxes”, thereby understating the Deferred Tax Liability / Assets, as may be applicable, and the corresponding expenses / incomes.	The company reported loss during the current year and huge accumulated losses are being carried forward from previous year. Hence deferred Tax asset/liabilities are not recognized.
24) The Company has not provided the reconciliation in respect of Goods and Services Tax (GST) between the books of accounts and the periodical returns. Hence the effect of such non-reconciliation, if any, on the liabilities and expenses could not be quantified.	GST being the newly introduced tax and only one centralised registration is there for the company. The GST collection is being made at respective ARUs and consolidated remittance is made from the head office on the basis of details reported by the ARUs. Separate account heads are issued to account the collection and remittances. Periodic reconciliation of the collected amount and remitted amounts are being carried out and GST audit for the financial year 2017-18 is already completed.
25) The company has recognised the gross sale proceeds of assets sold / scrapped off amounting to Rs. 6235.08 Lakhs under “Other Operating Income”, without determining the profit or loss on such sale of assets, thereby overstating the “Other Operating Income”.	As per the accounting procedure followed by the company, whenever the assets are decommissioned, the fixed assets are to be withdrawn. The non compliance in the ARU will be looked into. The issue will be addressed once the digitalisation of Fixed Assets Register is completed.

26) The company has recognised “Penalty / Liquidated damages collected from Contractors / Suppliers” amounting to Rs. 1122.90 lakhs under “Miscellaneous Receipts” under “Other Operating Income”. In our opinion, such amounts collected in respect of assets capitalised ought to have reduced from the cost of the specific assets. This has resulted in overstatement of “Property, Plant & Equipments” and “Other operating income”.	The“Penalty / Liquidated damages collected from Contractors /Suppliers” is the amount recovered from the amount payable to contractors/suppliers for delay in timely completion of projects/ supplies or for non-adherence of the agreement conditions and is being recognized as revenue consistently.
27) The company has received a sum of Rs. 435.96 Lakhs from M/s. Baitarani West Coal BlockLtd during 2019-20 being the share of cost of consent. In our opinion, the company ought to have accounted the above sum as “Other income” and as “Financial Assets – Receivable” in the year 2018-19 itself as the right to receive has been established in 2018-19 itself. This has resulted in understatement of “other income” for the year and the carrying amount of “financial assets – receivable” to such extent.	The amount is received on 21.09.2019 and hence accounted during the year 2019-20.
28) The accounting policy framed by the company for recognition of expenditure as “Capital Expenditure” or “Revenue Expenditure” has not been followed consistently by all units, thereby resulting in inconsistency in recognition of assets under “Property, Plant &Equipment” and “Repairs & Maintenance” expenses. In the absence of adequate information, the impact of the above non-compliance cannot be quantified.	Please see reply to audit para 1(k). Instructions are being issued to the Resident Audit Officers to verify the accounting followed by the ARUs under their control.
29) The Board of Directors, in their meeting held on 14.06.2019, has decided to increase the remuneration of daily wagers and contract employees with retrospective effect from 1stJuly, 2018. The company has not provided for the additional expense and liability on account of the above decision, as required by the provisions of Ind AS 10 “Events after the Reporting Period”, which has resulted in understatement of liabilities and expenses.	Noted.

30) The company has recognised income relating to prior periods amounting of Rs. 1,241.96Lakhs and expenses relating to prior periods amounting to Rs. 20,155.47 Lakhs under "Others", which is not in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".	Noted.
31) Note No. 8 "Repairs & Maintenance" includes Rs. 1037.45 Lakhs being the cost incurred by the company for restoring the power system damaged due to floods, which in our opinion, the company ought to have classified under Note 35 "Repairs and Maintenance Expenses due to natural calamity" under 'Exceptional Items'.	Noted.
32) We draw attention to Note No. 38.18 (s) regarding severe damages caused to the assets of the company in the flood affected areas, resulting in total or partial loss. The company has not assessed and provided for the actual loss on account of the above. The impact of this on the assets and expenses of the company could not be ascertained.	This has been suitably disclosed in the notes forming part of the accounts under item no.38.18(s).
33) The company has not disclosed the effect of the following items resulting in "contingent liabilities" to the company - a) The individual and / or cumulative effect of claims individually lower than Rs. 100lakhs, arising to the company; b) Bank guarantee amounting to Rs. 2500 Lakhs provided by the company on behalf of M/s. Baitarani West Coal Company, a special purpose vehicle promoted by the company; c) Contingent liability, on account of pending arbitration in the case of M/s. KEPCO KDN, for which the company has deposited Rs 500 lakhs with the arbitration authority; d) Letter of Credit provided in favour of power suppliers; e) Liabilities, contingent or otherwise, on account of various claims / cases pending against the company before various courts / legal forums, details of which were not made available to us.	a. The ARUs has been directed to report the contingent liability having the value of one crore and above and amount reported from the Accounting Rendering Units has been disclosed in the notes forming of the accounts item no.38.2. b. the company has not provided the Bank Guarantee. The Bank Guarantee was given by Baitarani West Coal Company and the promoter companies including KSEBL had made Fixed Deposits at Bank for providing Bank Guarantee. c. Noted d. Letter of credit is provided to the power suppliers as per the agreement condition and there is no default in making the power purchase payments. e. The details of amount in dispute with Income tax authorities are available at head office. In the case of other matters the consolidated details are not compiled.

34) In Note 25(a), the company has wrongly classified and disclosed “Other Operating Income” amounting to Rs. 31,580.71 lakhs under “Other Incomes”, which, in our opinion, ought to have classified and disclosed under “Revenue from Operations”.	In Note No.25 (a) the items classified under the other operating income such as rebate received for prompt payment of power purchase, interest from advance given to suppliers, income from sale of scrap and miscellaneous receipts. These items does not form part of the revenue from operations.
35) Purchases of LED Bulbs for the year amounting to Rs. 664.75 lakhs has been classified under “Administrative & General Expenses” in the Statement of Profit & Loss instead of purchase of traded goods.	Purchase of LED bulbs is not a normal business expenses. It is the policy of the company to promote the use of LED bulb and reducing the consumption of electricity. Hence it is classified under the “Administrative & General Expenses”
36) The company has classified bank balances with original maturity period more than 3months amounting to Rs. 3448.81 Lakhs as “Cash and Cash Equivalents”, which is not in compliance with the requirements of Division II of the Schedule III of the Act, there by overstating the balances under “Cash and Cash Equivalents” and understating the balances under “Bank Balances other than Cash and Cash Equivalents” to such extent.	Noted.
37) The company has wrongly classified “current maturities of long term debt” amounting to Rs. 41,626.32 Lakhs and “current maturities of principal amount payable to Master Trust” amounting to Rs. 70,245.00 Lakhs under “Current Financial Liabilities - Borrowings”, which is not in compliance with the requirements of Division II of Schedule III of the Act. The above non-compliance has resulted in the understatement of balances under “Current-Other Financial Liabilities” and overstatement of balances under “Current Financial Liabilities - Borrowings” by Rs. 111,871.32 Lakhs.	Noted.

38) The company has not disclosed the amounts on account of "Re-measurements of Defined Benefit Plan" amounting to Rs. 109678.60 Lakhs as a separate line item in the Statement of Profit and Loss, which is not in compliance with the requirements of Division II to Schedule III of the Act.	Noted.
39) The company has not provided the mandatory comparative figures in the "Statement of Changes in Equity" as per Division II to Schedule III of the Act.	Noted.
40). The company has not disclosed the break-up of amount classified as "Others" under "Cash and Cash Equivalents" amounting to Rs. 331.15 Lakhs, which is not in compliance with the requirements of Division II of the Schedule III of the Companies Act, 2013.	Noted.
41.The company has neither identified nor complied with the disclosure requirements of Schedule III of the Act, requiring the company to specifically disclose the amount due to Micro and Small Enterprises.	Noted.
42. The company has not complied disclosure requirements as required by the Ind AS 115 "Revenue from Contracts with Customers", thereby resulting in non-compliance of the disclosure requirements of the said accounting standard.	This has been suitably disclosed in the Notes forming part of accounts item No.38.16
43). The company has not fully complied with the disclosure requirements as required by the Ind AS 107 "Financial Instruments: Disclosures", thereby resulting in non-compliance of the disclosure requirements of the said accounting standard.	Noted.
44). The company has not complied with the disclosure requirements relating to assets leased out as required by the Ind AS 17 "Leases", thereby resulting in non-compliance of the disclosure requirements of the said accounting standard.	Noted for future guidance.

45).The company has wrongly computed Basic and Diluted Earnings Per Share (EPS) for the year and the comparative year by taking the "Total Comprehensive Income" for the respective years, instead of "Profit / (Loss) for the period", thereby understating the Basic and Diluted EPS for the above periods. The Basic and Diluted EPS for the current year ought to have been Rs. (-) 0.83 as against the currently reported Rs. (-) 3.96 and for the previous year ought to have been Rs. (-) 2.24 as against the currently reported Rs. (-) 5.32, without considering the effects of matters detailed above.	Noted for future guidance.
46). In the absence of adequate information, the impact of the matters listed in Paras1(b) to 1(k), 2(a), 2(c), 3, 4, 5, 6, 9, 10, 11, 13, 14(a) to (c), 16, 18, 19, 21, 22, 23, 24, 25, 28, 29, 30, 32 and 33 on the "Loss" for the year of the company and the "Retained Earnings" of the company could not be ascertained and disclosed.	The replies of the company are furnished against the audit paras.
47). The impact of the matters listed in Paras 1(a), 8 and 26 above has resulted in the understatement of the Loss for the year of the company and overstatement of the "Retained Earnings" of the company by Rs. 3,17,731.23 Lakhs. Accordingly, in the Statement of Profit and Loss, the "Profit/(Loss) before tax", "Profit / (Loss) for the period from continuing operations", Profit / (Loss) for the period" ought to have been Rs. (-) 3,46,732.08 Lakhs as against the currently reported amount of Rs. (-) 29,000.85 Lakhs, and the "Total Comprehensive Income for the period" ought to have been Rs. (-) 4,56,410.68 Lakhs as against the currently reported amount of Rs. (-) 138,679.45 Lakhs. The Basic and Diluted EPS for the year ought to have been Rs. (-) 9.10, after considering the above impact and the impact of the non-compliance reported in Para 45 above.	Please see the reply to audit para 1 a. The company has not provided the depreciation on the increased value of assets from the date of revesting (31.10.2013). Moreover electricity companies are working under Electricity Act 2003, which is having overriding effect over most of the Acts. As per the Electricity Act, tariff of the electricity determined by the respective state Electricity Regulatory Commission. A sper the regulation of KSERC(Terms and Determination of Tariff) regulation 2018 para 27 no depreciation shall be allowed on increase in the value of assets on account of revaluation of assets. Hence the depreciation on the enhanced value of fixed assets notified by the Government in connection with the re-vesting of KSEB Ltd is not being provided by KSEB Ltd. It is properly disclosed in the notes to accounts as such and the above policy is being followed consistently by KSEB Ltd. Similarly the replies of the company to the audit para 8 and 26 may also be seen. As the decision on approval/abandonment has not yet been taken, the company is of the view that the expenditure incurred on survey/ feasibility of projects under investigation need not be written off at this stage.

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 2019

COMMENTS ON ACCOUNTS	REPLIES OF THE COMPANY
1) With regard to the Property, Plant & Equipment, – a) The group has not provided the depreciation on a sum of Rs 10,71,199.95 Lakhs included in the carrying value of plant and machinery for the years from 2013-14 to 2018-19, thereby understating the depreciation / amortisation expense by Rs.56,559.30 Lakhs for the year, and the arrears of depreciation for the previous years 2013-14 to 2017-18 amounting to Rs. 2,49,635.72 Lakhs, and overstating the carrying amount of 'Plant & Machinery' under "Property, Plant & Equipment" to such extent.	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.In the Balance sheet the value of Plant and Machinery notified as ₹15263.94 Cr against the closing balance as on 31.10.2013 amounting to ₹ 4551.95 Cr. Hence the value of Plant and Machinery was increased by ₹10711.99 Cr as part of creation of pension fund. Depreciation is not being provided for the above increased value of assets and is disclosed as such in the notes to accounts.
b) The holding company has not made available, the records relating to the landed properties held by it including the title deeds, present ownership details etc. for audit. Therefore, we are unable to comment on the existence, ownership and possession of such landed properties held by it.	KSEB Ltd. is having land and land rights with book value of ₹179,126.67 lakhs as on 31.03.2019 which spread across Kerala. The land is accounted in various ARUs and is under the control of various ARU Officers. As KSEB Ltd possess various types of lands such as patta land, non patta land, forest land etc. it may not be possible to have full title deeds of such lands in full shape at head office of the company. However the company is in the process of updating the records centrally by constituting a dedicated Land Management Unit under a retired IAS officer. Reasonable internal control is being exercised over the landed property held by the company.

c) In the absence of the details of immovable properties held by the holding company, we are unable to comment on the compliance of Ind AS 40 "Investment Property".	Though the immovable properties are accounted at cost at the ARUs across Kerala where it is constructed, the centralised item wise details are not available in the Head Office due to lack of Centralised Fixed Asset register. The company is in the stage of roll out of the centralised software to capture details and update the Fixed Asset register.
d).The holding company has not followed the 'componentisation approach' for accounting the Property, Plant and Equipment. The consequent impact, if any, on account of such non-compliance on carrying amount of individual assets capitalised by the company and the depreciation / amortisation provided thereon could not be ascertained.	The company is in the final stage of roll out of the centralised software to capture details and update the Fixed Asset register. It is being verified whether "Componentisation approach" can be followed for accounting of depreciation/ amortisation under Property, Plant and Equipment due to the complex nature of assets in the power generation, transmission and distribution industry.
e).The holding company follows a policy of capitalising Property, Plant and Equipment when the respective assets are ready for the intended use. In many cases, the assets are capitalised on approval of corresponding work bills for payment which is after the assets are ready for use, leading to delay in the recognition of various assets and liabilities, thereby resulting in understatement of carrying amount of Property, Plant and Equipment, and the understatement of 'Depreciation or Amortisation' expenses thereon.	The company is having a detailed manual on Commercial Accounting System VOLUME III – 'Capital Expenditure and Fixed Asset' to establish consistent and effective policies and procedures in the area of capital expenditure and fixed assets accounting at all levels in the Company. In addition, the company vide Letter No.609/Annual Accounts/2017-18 had directed all Account Rendering Units to follow the ready to use concept in line with the Ind As -16 without considering the commissioning of the project. It may be noted that generally the commissioning date and ready to use date will be one.
f).The holding company follows the practice of providing depreciation on the 'original cost'of the entire assets capitalised under "Property, Plant & Equipment" without excluding the assets sold / discarded or assets whose useful life has expired, thereby understating the carrying amount of such assets and overstating the corresponding depreciation / amortisation thereon. The above accounting treatment is in violation of the provisions of Ind AS 105 "Non - Current Assets held for sale and Discontinued Operations", and Ind AS 16 "Property, Plant & Equipment".	As per the accounting procedure followed by the company, whenever the assets are decommissioned, the fixed assets are to be withdrawn. The issue will be addressed once the digitalisation of Fixed Assets Register will be completed.

g) The holding company has capitalised the Borrowing Cost to assets including the non-qualifying assets, which is not in accordance with the provisions of Ind AS 23 “Borrowing Costs” resulting in over-statement of the carrying amount of the non qualifying assets and the understatement of qualifying assets and the consequent effect on ‘depreciation and amortisation’ expenses.	As per the accounting procedure regularly followed by the company, the borrowing cost is being booked in the capital work in progress on the basis of expenditure incurred during the year. The interest and borrowing cost booked in the Capital work in progress is being capitalised on the basis of completion of the work or shall be capitalised in the year in which the project is completed and capitalised.
h).The holding company has not recognised the “decommissioning liability” as required by Ind AS 16 “Property, Plant & Equipment” on, i. the carrying amount of plant and machinery Rs. 10,71,199.95 Lakhs ii. the carrying amount of buildings forming part of plant and machinery, for which decommissioning liability has been provided; This has resulted in understatement of the carrying amounts of “Property, Plant &Equipment” and the ‘Decommissioning Liability’ classified under “Other Non-Current Liabilities”, and the depreciation / amortisation thereon.	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. In the Balance sheet the value of Plant and Machinery notified as ₹15263.94Cr against the closing balance as on 31.10.2013 amounting to ₹ 4551.95 Cr. Hence the value Plant and Machinery was increased by ₹10711.99 Cr as part of creation of pension fund. Depreciation is not being provided for the above increased value of assets and is disclosed as such in the notes to accounts. The decommissioning liability has been provided for the original carrying amount of fixed assets. ii. Decommissioning liability has not been provided for buildings forming part of plant and machinery.
i).The holding company has not recognised any provision for impairment of assets. As the basis for such conclusion has not been made available to us, we are unable to comment on the compliance with Ind AS 36 “Impairment of Assets” and its possible effect on the assets / liabilities, if any.	The impairment of assets has not been done and hence no provision was made.

j).The holding company has not deleted the cost of 45.715 cents of land owned by it transferred to Trivandrum Development Authority as per directions of Government of Kerala from the carrying amount of such assets of the company, resulting in overstatement of carrying amount of "Property, Plant & Equipment".	This has been properly disclosed in the notes to accounts vide item no. 38.18(n).
k).The accounting principles and policies formulated by the holding company for classifying the costs incurred for various works into a capital and revenue expenditures were not applied consistently resulting in under / over statement of assets and expenditure of the holding company.	The company is having detailed manuals on Commercial Accounting Systems where the accounting policies and procedure to be followed are detailed. In the Manuals the criteria followed for the classification of the capital and revenue expenditure has been detailed. Moreover direction has been given to the field units in various regional meetings and training programmes for proper classification of capital and revenue expenditure. However this will be verified.
2) With regard to the 'Capital work in Progress',– a) In many instances, the accounting of labour work bills and / or material consumption costs relating to various works were delayed considerably by the holding company resulting in non-recording of Capital Work In Progress in the same year itself. This has resulted in understatement/ overstatement of "Capital Work in Progress" classified under the "Non-current Assets" and the resultant liability.	Noted.
b) The holding company follows the practice of capitalising the amounts booked under "revenue expenditure pending capitalisation", in the subsequent year only without considering the actual date of completion of respective assets. Accordingly, a sum of Rs 65,238.95Lakhs has been carried forward to subsequent year which is not in line with the provisions of Ind AS 16 "Property, Plant and Equipment" resulting in understatement of depreciation for the years.	KSEB Ltd is following the rules, policies and standards prescribed in Electricity Supply Annual Accounts rules [ESAAR] 1985, saved as per Section 185(2) (d) of Electricity Act 2003 for capitalisation of expenditure. The capitalisation of expenditure is specified in following paras of Annexure III- Basic Accounting Policies and Principles in the ESAAR 1985, the relevant part are reproduced for easy reference. *"2.9 All employee costs in respect of the construction units shall be fully charged as cost of capital assets.*

	2.11 All expenses in respect of construction units shall be fully charged as cost of Capital assets. 2.94 Every year, a portion of the interest payable on the interest bearing borrowings which relate to financing of capital assets at construction stage i.e. till the point of commissioning of assets shall be computed in the manner prescribed in paragraph 1.42 Annexure V, if so directed by Central Government, be capitalized. 2.95 The amount of interest so computed and capitalized shall be reduced from the amount of interest for the year and only the balance amount shall be chargeable to the Revenue Account for the year. Para 1.42 of Annexure V is as follows "1.42 In computing the interest on funds utilised during construction stage of capital assets, the following factors shall be taken into consideration: (1)The full amount of interest payable for the year would be considered for the purpose. (2) Arrears of interest shall not distort the computation of interest on funds utilized in construction as these arrears are required to be debited to a Restructuring Account and then adjusted to surplus/ losses. (3) In view of the difficulties in identifying a source to its use, no attempt shall be made for source-use identification. (4). The exercise of computation of capitalisable interest shall be carried out at the head office of the Board. (5)This exercise shall be carried out considering rupees in thousands only". Similarly, Para 1.4 & 1.5 of annexure V is as follows. 1.4 Staff costs, material related expenses and other expenses which are chargeable to capital works shall be: (1)Identified to specific capital job wherever possible. (2) Failing which, identified to a specific group of capital jobs wherever possible (and within

	the group allocated on an ad-valorem basis). *(3)Failing which, identified to a project wherever possible (and allocated on an ad-valorem basis over various jobs within the project).* *(4)Failing which, allocated on an ad-valorem basis over various projects and various jobs within each project.* *Identification to one or more jobs should be done only if possible to identify without any allocation. In all other cases, ad-valorem allocation shall be adopted.* *1.5 By ad- valorem basis is meant allocation of capitalisable expenses as a per cent of the capital expenditure incurred during the period on that job/ project (and not as a per cent of total capital expenditure on that job/ project including the expenditure 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 14%* *Head Office Units 5%* *Similarly interest and finance charges is being capitalised at the head office as prescribed in the above accounting policies. These amounts are later allocated to the ARUs on the basis of actual capital expenditure incurred during the period for capitalisation in the concerned project/ assets.*

c).The holding company has not considered the appropriate portion of "Gratuity Expense, Leave Encashment Expense and Pension Fund Expense", while apportioning "Employee Cost" to the Capital work in Progress, which is against the terms of accounting policy of the company (1.7). This has resulted in under-allocation of employee cost and resultant understatement of Capital Work In Progress and overstatement of "Employee Benefit Expense".	Noted.
3) The holding company has not ascertained and provided for the impairment loss, if any, on the investments made by it amounting to Rs. 1000 Lakhs in the equity shares of M/s. Baitarani West Coal Company Ltd upon the cancellation of the coal block allotted to it. This could result in the overstatement of the carrying amount of "Investments" under "Financial Assets" and the understatement of the impairment loss for the year.	The company has not been done the impairment.
4) The holding company has neither framed any policy nor estimated any impairment loss due to Expected Credit Loss in accordance with the provisions of Ind AS 109 "Financial Instruments" in respect of the- (i) long outstanding advances given by the holding company amounting to Rs. 8342.65 lakhs (out of which Rs. 8295.03 Lakhs is outstanding for a period of more than one year); (ii) interest free security deposits amounting to Rs. 7,773.16 lakhs classified under "Other Financial Assets"; (iii) interest-bearing loan of Rs. 6424.05 Lakhs given to M/s. Energy Management Centre, for which the holding company has not recognised any interest income on account of uncertainty for realisation. This has resulted in the overstatement of the carrying amount of such financial assets and understatement of the 'Expected Credit Loss' for the year. In the absence of adequate information	It is true that the company has not formulated any policy for the impalement loss and hence Expected Credit Loss not done for any outstanding advances. i). The amount reported under the outstanding loan include the loan given to the Energy Management Centre(EMC) and commitment advance given to the Ultra Mega Power Projects and Innovations. In the case of EMC, 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). 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 for reimbursement of the amount given in accordance with the Government policy.

including the classification and policy for determination of 'expected credit loss' on the financial assets, the impact of the above non-compliance cannot be quantified	ii). The amount reported under the security deposits with authorities such as excise, telephone department, forest department, customs authorities, deposits with IEX and PXI etc. for projects, purchase of power etc. This will be verified in detail by the ARUs concerned and necessary adjustment entries required will be provided. iii) As reported (I) above.
5) The holding company has not recognised any interest income on interest bearing loan given to M/s. Energy Management Centre amounting to Rs. 6424.05 lakhs, thereby understating the amounts reported under "interest income" and "income receivable".	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. Action is being taken to ascertain the possibility of obtain Carbon Credit with the EMC. Though EMC being a fully owned Government of Kerala undertaking and the company has no doubt about the realization of the principal amount, there is uncertainty in the realization of interest income. Hence the interest income in this regard is not recognized in the accounts.
6) The holding company has recognised and disclosed the amount paid to the Forest Department towards the seigneorage value of trees amounting to Rs. 953.31 lakhs as "Security Deposits", which in our opinion, ought to have expensed out or capitalised based on the nature of the projects / works for which such expenditure were incurred. This has resulted in overstatement of "Other Financial Assets" and the understatement of carrying amount of assets under "Property, Plant & Equipment", "Depreciation / amortisation expenses", or the related expenses.	The seigneorage value is the compensation value given to the forest department for deforestation on account of the Hydro Electric Projects. At the time of payment to the forest department this amount has been booked by the ARU in the Deposit head under 28.9 and later transferred to the Capital Work in progress of the concerned projects. The non-transfer will be verified and direction will be issued to the field units to transfer the amount to the concerned projects in which the deposit has been made.
7) The holding company has neither provided for liability nor disclosed contingent liability for the possible effect of the arbitration in the case of M/s. KEPCO KDN, for which it has deposited an amount of Rs 500 lakhs as directed by Hon. High Court of Kerala.	Noted.

8) The group has recognised and classified a sum of Rs. 10,849.27 lakhs as “Deferred Cost Account of Feasibility / Survey” under “Other Non-Current Assets”, being costs incurred for feasibility study and surveys of projects which are not yet sanctioned. This accounting treatment is not in compliance with Ind AS 16 "Property, Plant & Equipment” and Ind AS38 “Intangible Assets”. This has resulted in overstatement of “Other Non-Current Assets” and understatement of “expenses for the year” by Rs.10,849.27 lakhs.	The deferred cost is the expenditure related to the feasibility study of the projects and the expenditure incurred before the commencement of a project. As per the policy regularly being followed by the Board, the survey and investigation expenditure pertaining to project not yet sanctioned is being booked under the Account Head 17.3. Once the projects are sanctioned this expenditure will be transferred to work in progress (Capital) and if the project is not sanctioned, the expenditure will be written off as in fructuous Capital Expenditure. 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. The balance in the books of accounts will be transferred to the CWIP on sanctioning the project.
9) “Receivable from Government” under “Other Non-current Assets” includes- (a) Rs. 9858.20 Lakhs being the amount receivable from Government of Kerala to the holding company on account of re-imbursement of the subsidy given on energy charges to the consumers; and (b) Rs. 140,244.75 Lakhs being energy charges receivable from Kerala Water Authority to the holding company. In our opinion, the above amounts ought to have been classified as “Trade Receivables”, in accordance with Ind AS 109 “Financial Instruments”. This non-compliance has resulted in- (i) the under-statement of “Trade Receivables” and overstatement of “Other Noncurrent Assets” to such extent; (ii) understatement of “Provision for Bad and Doubtful Assets” and expenses for the year.	Vide G.O.(Rt) No.10/2010/Power dated 14.01.2019 Government of Kerala have accorded sanction to settle the electricity dues of Kerala water Authority as on 30.09.2018 amounting to Rs.1062.98 Crore and interest amounting to Rs. 263.71 Crore and agreed to reimburse the amount in four equal yearly instalments @ Rs. 331.67 Crore from 2019-20. Government of Kerala already agreed to take over the dues and agreed to pay the amount and provided first yearly instalment in the state budget for release. Hence the amount was transferred from the sundry debtors of KWA to the amount receivable from Government of Kerala and classified as such in the Books of Accounts.

10) The holding company has not applied the provisions of Ind AS 109 "Financial Instruments" in respect of amount due from Kerala Water Authority receivable in four annual instalments amounting to Rs. 140,244.76 lakhs on account of sale of power. In our opinion, the holding company ought to have recognised the above at its fair value, and the differences between the transaction value and fair value ought to have amortised over the tenure of the receivable. In the absence of age wise analysis of the said receivable, we are not in a position to quantify its impact, if any, on the financial statements.	Please see the reply to audit para (9) above.
11) The holding company has not ascertained and recognised the impact of variations noticed in the physical verification of inventory at construction stores. In the absence of adequate Information, the effect of the above on the carrying amount of inventories and expenses for the year cannot be quantified.	O/o the Chief Engineer SCM is conducting the periodical stock verification of the stores. It is reported by the Chief Engineer that stock verification were carried out in all the stores during the financial year except the Store attached with Electrical Circle, Harippad, which was verified in the month of May. The variations noticed are being verified. The variations are not material.
12) The holding company has classified and recognised the cost of stock of materials for capital works amounting to Rs 30,204.51 Lakhs as "Inventories", thereby understating the carrying amount of "Capital Work in Progress" under "Property, Plant & Equipment" and the consequent depreciation expenses as well as overstating the carrying amount of inventories to such extent.	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 being followed in the company unless specific exception is given under certain peculiar circumstances.
13) The holding company has neither ascertained nor provided for the loss on account of "Expected Credit Loss (ECL)" for "Trade Receivables" Rs. 207,732.02 Lakhs, Receivable from Government Rs. 144,995.43 lakhs and Other recoverables Rs. 3817.95 Lakhs, which is in contradictions to the provisions of the Ind AS 109 "Financial Statements". The above contravention may result in the overstatement of "Trade Receivables" and understatement of "Impairment Loss" and the loss for the year.	Noted.

14) In respect of "Cash & Cash Equivalents" – a) The holding company has not accounted the cash balances as at the year end with the various payment facilitation centres operating under "Akshaya Kendra", an agency of the company. This has resulted in the understatement of the balances reported under"Cash and Cash Equivalents" and overstatement of the balances reported under"Trade Receivables" of the company.	Noted. As per the agreement, KSEBL will recognize the collection only on receipt of the amount in KSEB Ltd's account.
b) In respect of various ARUs, the holding company has not provided proper reconciliation for the differences between the bank balances reported in the accounts and the balances as seen in the statement received from respective banks. Such un reconciled balances outstanding could result in overstatement or understatement of balances under "Cash and Cash Equivalents" and the balances under respective corresponding accounts.	In ARUs, two types of bank accounts are being maintained viz Collection accounts and disbursement accounts. The disbursements of the funds are being made through the operative accounts maintained at the head office as well as ARUs. All the disbursement accounts are properly reconciled. The collection accounts are in the nature of non-operative collection accounts, where only remittances are permitted. As per the agreement executed with banks the entire amounts remitted into the collection accounts on a particular day have to be sweep transferred to the central collection account and then to the operative account maintained at head office on the same day itself. As per the agreement condition, the balance in collection account at the end of a particular day should be zero. All the central collection accounts are properly reconciled. As per the procedure in vogue, the reconciliation of collection accounts are being made at the ARUs. Detailed circulars and directions has been given to the field units to prepare the proper reconciliation of bank balances. However it was noticed that a few Account Rendering Units were not submitted the bank reconciliation properly. This will be verified in detail by the internal audit wing.

c) The balances reported under "Disbursement Bank Accounts" under "Cash and Cash Equivalents" by the holding company include a sum of Rs. 354.61 Lakhs being non-existent bank balances, thereby resulting in overstatement of "Cash and Cash Equivalents" to such extent. The above non-compliances could impact the cash flows for the year.	The matter is being verified.
15) The holding company has recognised and classified tax refunds receivable from the Government Rs. 2,055.67 Lakhs as "Other Advances" under "Other Current Assets". In our opinion, such balances ought to have classified under "Other Financial Assets" in accordance with the provisions of Ind AS 109 "Financial Instruments"	Noted for future guidance.
16) The un reconciled balances in the transactions between the ARUs amounting to Rs.3,954.48 lakhs, have been reported and recognised by the holding company as "Inter Unit Balance" under "Other Current Assets", the details of which have not been provided to us. In the absence of adequate information, the impact of the above non-compliance cannot be quantified.	Inter Unit balance in the accounts consists of balance in the Account group 31 to 39 in the 139 ARUs of KSE Board. These Account group are being used for booking transaction between different Account Rendering Units (ARUs) as well as between ARUs and Head office. The balance of Inter unit transaction is amount booked in the 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 for the inter unit transactions and once the same in fully functional automatic inter unit reconciliation will occur.

17) The holding company has classified the amount receivable from various parties against sale of stores, LED bulbs, pole rental etc. amounting to Rs. 3817.95 lakhs as “Other Recoverable” under “Other Current Assets” instead of “Trade Receivables”. The above wrong classification has resulted in the understatement of the balances under “Trade Receivables” and overstatement of the balances under “Other Current Assets” to such extent.	Noted for future guidance.
18) The provisions of Ind AS 109 “Financial Instruments” require the holding company to recognise long term borrowings at its fair value, upon its initial recognition and at “amortised cost” using effective interest rate (EIR) method at every subsequent reporting date. However, the holding company has not complied with the above requirements in the case of- (a) ‘secured bonds’ amounting to Rs. 985,876 lakhs issued by the holding company; and (b) ‘Loans and borrowings’ amounting to Rs. 52,969.10 lakhs due by the holding company. The above has resulted in under/over statement of the carrying value of such borrowings and the resultant finance costs.	a. These bonds are issued for specific purpose to meet the terminal liability of employees of KSEB Ltd to the Master Trust. The interest rates are fixed and specified in the Government order itself. There are no comparable bonds issued by the Government of Kerala to ascertain the fair value. Hence fair valuation was not done. b. ‘Loans and borrowings’ amounting to Rs. 52,969.10 lakhs is not considered for revaluation since the repayment liability is not confirmed. This has been disclosed in the notes to accounts item no.38.3
19) The holding company has stated that decommissioning liability is determined at the rate of 0.1% of costof specified assets. However, as per the accounting procedure adopted by the holding company, entire decommissioning liability has been recognised upfront without considering present value. This has resulted in overstatement of “decommissioning liability” and the carrying amounts of “Property, Plant & Equipments”.	Noted for future guidance.

20) The holding company has classified un amortised portion of a) grant received from Government Rs. 120,187.03 Lakhs; b) the 'deferred income in respect of concessional loans received' Rs. 9,593.14 Lakhs; and c) the consumer contribution towards the cost of assets Rs. 132,516.13 Lakhs under "Other Non-Current Liabilities". In our opinion, the above balances do not represent a liability of the holding company and hence has resulted in the overstatement of "Other Non-Current Liabilities" of the holding company by Rs.2,62,296.30 Lakhs.	Noted.
21) The holding company has wrongly set off the gratuity and other terminal liabilities paid to the employees relatable to their period of service after 01-10-2013 against the "Amount Payable to Master Trust" classified under "Other Financial Liabilities". This has resulted in the understatement of the liability disclosed under "Amount Payable to Master Trust" and overstatement of the liability - "Staff Pension Fund".	The terminal liability of employees who were eligible for normal pension has been fixed as on 31.10.2013 and terminal liability created and funding pattern of the terminal liability was also envisaged. The terminal liability of those employees after 31.10.2013 has been ascertained through actuarial valuation and terminal liability created in the books of accounts as on 31.03.2019. However the funding pattern of the increase in terminal liability after 31.10.2013 has not been formulated.
22) The holding company has not provided a reconciliation of the amount classified under "Deposits for Electrification, Service Connection etc" amounting to Rs. 80,048.89 Lakhs with the corresponding works pending for completion, for which such deposits have been collected from the consumers. In the absence of adequate information, its impact could not be quantified.	The amount of work deposit under various schemes are collected and accounted in the field units. As per the procedure in vogue, the deposit amount collected and accounted under account group 47 is to be transferred to account group 55 on completion of the work and its capitalisation. The non-transfer of the amount if any in the ARUs are being verified in detail.
23) The holding company has not determined nor recognised the deferred tax liabilities or deferred tax assets, if any, as required by the Ind AS 12 "Income Taxes", thereby understating the Deferred Tax Liability / Assets, as may be applicable, and the corresponding expenses / incomes.	The company reported loss during the current year and huge accumulated losses are being carried forward from previous year. Hence deferred Tax asset/liabilities are not recognized.

24) The holding Company has not provided the reconciliation in respect of Goods and Services Tax (GST) between the books of accounts and the periodical returns. Hence the effect of such non-reconciliation, if any, on the liabilities and expenses could not be quantified.	GST being the newly introduced tax and only one centralised registration is there for the company. The GST collection is being made at respective ARUs and consolidated remittance is made from the head office on the basis of details reported by the ARUs. Separate account heads are issued to account the collection and remittances. Periodic reconciliation of the collected amount and remitted amounts are being carried out and GST audit for the financial year 2017-18 is already completed.
25) The holding company has recognised the gross sale proceeds of assets sold / scrapped off amounting to Rs. 6235.08 Lakhs under "Other Operating Income", without determining the profit or loss on such sale of assets, thereby overstating the "Other Operating Income".	As per the accounting procedure followed by the company, whenever the assets are decommissioned, the fixed assets are to be withdrawn. The non compliance in the ARU will be looked into. The issue will be addressed once the digitalisation of Fixed Assets Register is completed.
26) The holding company has recognised "Penalty / Liquidated damages collected from Contractors /Suppliers" amounting to Rs. 1122.90 lakhs under "Miscellaneous Receipts" under "Other Operating Income". In our opinion, such amounts collected in respect of assets capitalised ought to have reduced from the cost of the specific assets. This has resulted in overstatement of "Property, Plant & Equipments" and "Other operating income".	The"Penalty / Liquidated damages collected from Contractors /Suppliers" is the amount recovered from the amount payable to contractors/suppliers for delay in timely completion of projects/ supplies or for non-adherence of the agreement conditions and is being recognized as revenue consistently.
27) The holding company has received a sum of Rs. 435.96 Lakhs from M/s. Baitarani West Coal BlockLtd during 2019-20 being the share of cost of consent. In our opinion, the holding company ought to have accounted the above sum as "Other income" and as "Financial Assets – Receivable" in the year 2018-19 itself as the right to receive has been established in 2018-19 itself. This has resulted in understatement of "other income" for the year and the carrying amount of "financial assets – receivable" to such extent.	The amount is received on 21.09.2019 and hence accounted during the year 2019-20.

28) The accounting policy framed by the holding company for recognition of expenditure as "Capital Expenditure" or "Revenue Expenditure" has not been followed consistently by all units, thereby resulting in inconsistency in recognition of assets under "Property, Plant &Equipment" and "Repairs & Maintenance" expenses. In the absence of adequate information, the impact of the above non-compliance cannot be quantified.	Please see reply to audit para 1(k). Instructions are being issued to the Resident Audit Officers to verify the accounting followed by the ARUs under their control.
29) The Board of Directors of the holding company, in their meeting held on 14.06.2019, has decided to increase the remuneration of daily wagers and contract employees with retrospective effect from 1stJuly, 2018. The holding company has not provided for the additional expense and liability on account of the above decision, as required by the provisions of Ind AS 10 "Events after the Reporting Period", which has resulted in understatement of liabilities and expenses.	Noted.
30) The holding company has recognised income relating to prior periods amounting of Rs. 1,241.96Lakhs and expenses relating to prior periods amounting to Rs. 20,155.47 Lakhs under "Others", which is not in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".	Noted.
31) Note No.28 "Repairs & Maintenance" includes Rs. 1037.45 Lakhs being the cost incurred by the holding company for restoring the power system damaged due to floods, which in our opinion, the holding company ought to have classified under Note 35 "Repairs and Maintenance Expenses due to natural calamity" under 'Exceptional Items'.	Noted.

32) We draw attention to Note No. 38.18 (s) regarding severe damages caused to the assets of the holding company in the flood affected areas, resulting in total or partial loss. The holding company has not assessed and provided for the actual loss on account of the above. The impact of this on the assets and expenses of the holding company could not be ascertained.	This has been suitably disclosed in the notes forming part of the accounts under item no.38.18(s).
33) The group has not disclosed the effect of the following items resulting in "contingent liabilities" to the holding company - a) The individual and / or cumulative effect of claims individually lower than Rs. 100lakhs, arising to the group; b) Bank guarantee amounting to Rs. 2500 Lakhs provided by the company on behalf of M/s. Baitarani West Coal Company, an associate of the holding company; c) Contingent liability, on account of pending arbitration in the case of M/s. KEPCO KDN, for which the holding company has deposited Rs 500 lakhs with the arbitration authority; d) Letter of Credit provided in favour of power suppliers by the holding company; e) Liabilities, contingent or otherwise, on account of various claims / cases pending against the holding company before various courts / legal forums, details of which were not made available to us.	a. The ARUs has been directed to report the contingent liability having the value of one crore and above and amount reported from the Accounting Rendering Units has been disclosed in the notes forming of the accounts item no.38.2. b. the company has not provided the Bank Guarantee. The Bank Guarantee was given by Baitarani West Coal Company and the promoter companies including KSEBL had made Fixed Deposits at Bank for providing Bank Guarantee. c. Noted d. Letter of credit is provided to the power suppliers as per the agreement condition and there is no default in making the power purchase payments. e. The details of amount in dispute with Income tax authorities are available at head office. In the case of other matters the consolidated details are not compiled.
34) In Note 25(a), the holding company has wrongly classified and disclosed "Other Operating Income" amounting to Rs. 31,580.71 lakhs under "Other Incomes", which, in our opinion, ought to have classified and disclosed under "Revenue from Operations".	In Note No.25 (a) the items classified under the other operating income such as rebate received for prompt payment of power purchase, interest from advance given to suppliers, income from sale of scrap and miscellaneous receipts. These items does not form part of the revenue from operations.

35) Purchases of LED Bulbs for the year amounting to Rs. 664.75 lakhs has been classified by the holding company and the Group under "Administrative & General Expenses" in the Statement of Profit & Loss instead of purchase of traded goods.	Purchase of LED bulbs is not a normal business expenses. It is the policy of the company to promote the use of LED bulb and reducing the consumption of electricity. Hence it is classified under the "Administrative & General Expenses"
36) The holding company has classified bank balances with original maturity period more than 3months amounting to Rs. 3448.81 Lakhs as "Cash and Cash Equivalents", which is not in compliance with the requirements of Division II of the Schedule III of the Act, there by overstating the balances under "Cash and Cash Equivalents" and understating the balances under "Bank Balances other than Cash and Cash Equivalents" to such extent.	Noted.
37) The holding company has wrongly classified "current maturities of long term debt" amounting to Rs. 41,626.32 Lakhs and "current maturities of principal amount payable to Master Trust" amounting to Rs. 70,245.00 Lakhs under "Current Financial Liabilities - Borrowings", which is not in compliance with the requirements of Division II of Schedule III of the Act. The above non-compliance has resulted in the understatement of balances under "Current-Other Financial Liabilities" and overstatement of balances under "Current Financial Liabilities - Borrowings" by Rs. 111,871.32 Lakhs	Noted.
38) The holding company has not disclosed the amounts on account of "Re-measurements of Defined Benefit Plan" amounting to Rs. 109678.60 Lakhs as a separate line item in the Statement of Profit and Loss, which is not in compliance with the requirements of Division II to Schedule III of the Act.	Noted.
39) The holding company has not provided the mandatory comparative figures in the "Statement of Changes in Equity" as per Division II to Schedule III of the Act.	Noted.

40). The holding company has not disclosed the break-up of amount classified as "Others" under "Cash and Cash Equivalents" amounting to Rs. 331.15 Lakhs, which is not in compliance with the requirements of Division II of the Schedule III of the Companies Act, 2013.	Noted.
41.The Group has neither identified nor complied with the disclosure requirements of Schedule III of the Act, requiring the company to specifically disclose the amount due to Micro and Small Enterprises.	Noted.
42. The Group has not complied disclosure requirements as required by the Ind AS 115 "Revenue from Contracts with Customers", thereby resulting in non-compliance of the disclosure requirements of the said accounting standard.	This has been suitably disclosed in the Notes forming part of accounts item No.38.16
43). The Group has not fully complied with the disclosure requirements as required by the Ind AS 107 "Financial Instruments: Disclosures", thereby resulting in non-compliance of the disclosure requirements of the said accounting standard.	Noted.
44). The Group has not complied with the disclosure requirements relating to assets leased out as required by the Ind AS 17 "Leases", thereby resulting in non-compliance of the disclosure requirements of the said accounting standard.	Noted for future guidance.
45).The Group has wrongly computed Basic and Diluted Earnings Per Share (EPS) for the year and the comparative year by taking the "Total Comprehensive Income" for the respective years, instead of "Profit / (Loss) for the period", thereby understating the Basic and Diluted EPS for the above periods. The Basic and Diluted EPS for the current year ought to have been Rs. (-) 0.83 as against the currently reported Rs. (-) 3.96 and for the previous year ought to have been Rs. (-) 2.24 as against the currently reported Rs. (-) 5.31, without considering the effects of matters detailed above.	Noted for future guidance.

46). The Associate company, Kerala Fibre Optic Network Ltd, has prepared the financial statements as per the Accounting Standards (AS) and not as per the Ind AS. The same figures have been adopted for consolidation. This is not in accordance with Section 129 of the Act and the Companies (Indian Accounting Standards) Rules, 2015.	Noted.
47)The Associate company, Kerala State Power and Industrial Finance Corporation has erroneously accounted for income tax refund received as interest income on income tax refund resulting in overstatement of profit for the year, other equity, non-financial liabilities and non-financial assets of the associate company. As a result, the total comprehensive income, other equity and investments are overstated to the extent of Rs 2.59 lakhs being the share of the Holding company in the share of profit of the Associate company.	Noted.
48). In the absence of adequate information, the impact of the matters listed in Paras1(b) to 1(k), 2(a), 2(c), 3, 4, 5, 6, 9, 10, 11, 13, 14(a) to (c), 16, 18, 19, 21, 22, 23, 24, 25, 28, 29, 30, 32 and 33 on the "Loss" for the year of the holding company and the "Retained Earnings" of the Group could not be ascertained and disclosed.	The replies of the company are furnished against the audit paras.
49).The impact of the matters listed in Paras 1(a), 8, 26, 27 and 47 above has resulted in the understatement of the Loss for the year of the company and overstatement of the "Retained Earnings" of the company by Rs. 3,17,733.82 Lakhs. Accordingly, in the Consolidated Statement of Profit and Loss, the "Profit/(Loss) before tax", "Profit / (Loss) for the period from continuing operations", Profit / (Loss) for the period" ought to have been Rs. (-) 3,46,732.08 Lakhs as against the currently reported amount of Rs. (-) 29,000.85 Lakhs, "Share of Profit / Loss of Associate / Joint Venture accounted for using Equity Method" ought to have been Rs. 281.24	Please see the reply to audit para 1 a. The company has not provided the depreciation on the increased value of assets from the date of revesting (31.10.2013). Moreover electricity companies are working under Electricity Act 2003, which is having overriding effect over most of the Acts. As per the Electricity Act, tariff of the electricity determined by the respective state Electricity Regulatory Commission. As per the regulation of KSERC(Terms and Determination of Tariff) regulation 2018 para 27 no depreciation shall be allowed on increase in the value of assets on account of revaluation of assets.

lakhs as against the currently reported amount of Rs. 283.83 lakhs, “Consolidated Profit / Loss for the period” ought to have been Rs. (-) 3,46,450.84 lakhs as against the currently reported Rs. (-) 28,717.02 lakhs, and the “Total Comprehensive Income” ought to have been Rs. (-) 4,56,132.04 Lakhs as against the currently reported amount of Rs. (-) 1,38,395.63 Lakhs. The “Profit attributable – Owners of parent” ought to have been Rs. (-) 3,46,732.08 Lakhs as against the currently reported amount of Rs. (-) 29,000.85 Lakhs, and the “Share of Joint Venture / Associate” ought to have been Rs. 281.24 lakhs as against the currently reported amount of Rs. 283.83 lakhs. Also, the “Total Comprehensive Income / (Loss) attributable to the Owners of the Parent” ought to have been Rs. (-) 4,56,410.68 Lakhs as against the currently reported amount of Rs. (-) 1,38,679.45 Lakhs and the “Share of Joint Venture / Associate” ought to have been Rs. 281.24 lakhs as against the currently reported amount of Rs. 283.83 lakhs. The Basic and Diluted EPS for the year ought to have been Rs. (-) 13.04, as against the currently reported amount of Rs. (-) 3.96, after considering the above impact and the impact of the non-compliance reported in Para 45 above.	Hence the depreciation on the enhanced value of fixed assets notified by the Government in connection with the re-vesting of KSEB Ltd is not being provided by KSEB Ltd. It is properly disclosed in the notes to accounts as such and the above policy is being followed consistently by KSEB Ltd. Similarly the replies of the company to the audit para 8,26,27 and 47 may also be seen. As the decision on approval/ abandonment has not yet been taken, the company is of the view that the expenditure incurred on survey/ feasibility of projects under investigation need not be written off at this stage.

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 STAND ALONE IND AS FINANCIAL STATEMENT OF KERALA STATE ELECTRICITY BOARD LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31ST MARCH 2019

COMMENTS ON FINANCIAL STATEMENT	REPLIES OF THE COMPANY
A. COMMENTS ON PROFITABILITY	
Statement of Profit and Loss for 2018-19	
I. Income	
Other Income (Note 25a) – Other Operating income ₹315.81 crore	
1. Loss in understated by ₹2.79 crore due to inclusion of advance centage charges received from Kerala Infrastructure Investment Fund Board (KIIFB) for work not commenced in 2018-19 in Other Income which was not in compliance with Para 31 of Ind AS 115. This resulted in corresponding understatement of current liabilities.	The amount collected at the ARU of Chief Engineer (HRM) was the centage charge received from KIIFB. This amount was actually the 20% of centage charges to be received from KIIFB. Since the amount received is non refundable in nature, it was recognised as income.
Other Income (Note 25 b) – ₹ 481.74 crore	
2.The company had received ₹131.14 crore grant towards natural calamities, out of which expenditure of ₹26.32 crore was incurred for repairs and maintenance expenses on account of flood. The non-recognition of this amount as income was not in compliance with Ind AS 20 and resulted in overstatement of loss by ₹26.32 crore with corresponding overstatement of current liabilities.	The Grants received from Government of Kerala is fully accounted in the financial year under the account head allotted for the purpose. As the exact quantum of damage due to of natural calamity was not ascertained on compilation of accounts, no adjustments were made in the books of accounts.
II Expenses **Employee Benefits (Note 29)- ₹ 2892.01 crore**	
3.This is understated by ₹11.31 crore due to the non-inclusion of employer's contribution to NPS for March 2019 (₹1.56 crore) on accrual basis and non-inclusion of bonus payable (₹9.75 crore) for 2018-19 being inconsistent with Ind AS 10. This resulted in understatement of loss by ₹11.31 crore with corresponding understatement of current liabilities.	Contribution of KSEBL towards NPS for the period from 04/2018 to 3/2019 was accounted itself vide Jl No. 13 of 9/2018,Jl No.8 of 2/2019 and Jl No.20 of 3/2019 i,e in the financial year 2018-19 itself. The delay in remitting NPS contribution of March 2019 was due to the technical changes made by the NSDL in our Login facility which were later rectified. The bonus payments made by the company during the last four financial years is as follows

Year	Amount (Rs. In lakhs)
2015-16	825.77
2016-17	910.28
2017-18	983.26
2018-19	943.63

Out of the estimated Bonus of Rs.974.85 Lakhs as reported by audit, the company had already accounted Rs.943.63 Lakhs as bonus under employee cost during the financial year 2018-19. As the bonus payments is being made in the middle of a financial year, the company is not having the practice of creating provision for bonus. However, as the policy is being regularly followed and wide variation is not there in the yearly bonus, the impact is not material.

Finance Charges (Note 30) – ₹ 1598.89 crore

Interest on Bonds issued to Master Trust – ₹ 773.68 crore

4.This is understated by ₹103.12 crore being additional interest at the rate of 24 per cent payable as per item 21 of Terms and Conditions of bond issue to the Master Trust on default in payment of the principal and interest due as on 1 April 2018. This resulted in understatement of loss by ₹103.12 crore with corresponding understatement of Current Other Financial Liabilities (Note 22) – Amount payable to Master Trust.	The bonds to the Master Trust was issued on 01.04.2017. Even though the Pension Master Trust was formed during 2015-16, KSEB Ltd has been paying the pension payment amount to the Trust as per the requirement since 2015-16. As the approved revenue gaps is not yet allowed to be passed on to the consumers, KSEB Ltd. is meeting its cash requirements by availing loans in the form of short term/ overdrafts. However, KSEB Ltd. is ensuring to transfer enough funds to the Master Trust to make Pension payments promptly. Once the approved revenue gaps are realised, KSEB will be making the required contributions to the Master Trust. KSEB Ltd. is in the process of issuing further Bonds to the Master Trust for the additional liabilities and the matter is under consideration of Government of Kerala.

Administrative and General Expenses (Note 32)
(i)Contribution to CMDRF – ₹ 36.20 crore

5.This is overstated to the extent of ₹1.20 crore due to non-adjustment of amount paid in excess of approved amount identified before finalization of accounts. The non-adjustment has resulted in overstatement of loss by ₹1.20 crore with corresponding overstatement of Other financial liabilities.	This was rectified vide Jl No.7 of 9/2019 in the O/o the Secretary (Administration) Location code:956.

(ii).Other Expenses – ₹ 19.16 crore	
6.This does not include ₹5.06 crore being provision for share of initial expenditure payable to Coastal Tamilnadu Power Limited for the establishment of Ultra Mega Power Project in Cheyyur, Tamilnadu as per the terms of allotment of power. This has resulted in understatement of loss by ₹5.06 crore with corresponding understatement of Current liabilities.	Noted.
B. COMMENTS ON FINANCIAL POSITION BALANCE SHEET as at 31 March 2019	
ASSETS	
Non-Current Assets	
Capital work in progress (Note-4) – ₹2991.34 Crore	
7.The above is overstated to the extent of ₹38.23 crore due to non-capitalisation of Kakkayam Small Hydro Electric Project commissioned during the year. This has also resulted in understatement of Fixed Assets by ₹38.23 crore and depreciation and loss for the year by₹1.35 crore.	This has been capitalised in the O/o Chief Engineer (Civil Construction -North) vide Jl. No.3 of 1/2020.
Current Assets	
Cash and Cash Equivalents (Note 11)	
Cash in hand ₹7.36 crore	
8.There was a difference of ₹0.65 crore between Cash in hand as per the consolidated Trial Balance of all Account Rendering Units (ARUs)as on 31 March 2019 (₹8.01 crore) and the balance as per Balance Sheet (Note 11) (₹7.36 crore). The adjustment was carried out without proper documentation and the management could not furnish proper explanation for this. Hence, the corresponding impact of this adjustment could not be ascertained.	During the financial year 2015-16, an amount of Rs.6500114/- was provided in the accounts vide Jl No. of 2015-16 at the head office on behalf of the Electrical Division, Kalpetta as per the letter No. ABC/accounts/2016-17 dated 11.05.2016 of Executive Engineer, Electrical Division Kalpetta. On actual accounting at the ARU in the financial year 2016-17, the journal entry provided at Head Office in this regard was to be reversed in the financial year 2016-17. However this amount
	was omitted to be reversed at head office during the financial year 2016-17 due to oversight. This will be corrected during the financial year 2019-20.

Balance with Bank/Treasury –₹ 1.29 crore	
9. The balance with the Bank/Treasury did not include the balance of ₹0.73 lakh in the Bank account maintained in SBI for remittance of NPS contributions. This resulted in understatement of cash and cash equivalents and other current liabilities, as the amount was to be distributed to the employees towards refund of NPS deductions.	The online transfer facility (i.e net banking) is not accorded to the disbursement bank accounts maintained at the Account Rendering Units due to security reasons. Online remittance is mandatory for the NPS remittances. To overcome this situation, an e- payment bank account is opened in the ARU with a direction that the amount required for making e-payment is to be transferred to the new bank account and the online remittance is to be made on the same day. Only routing of the amount is done through this bank account and there will not be any balance in the e-payment bank account. The credit balance may be due to refund of NPS contribution and it is to be accounted as such in the books of accounts and refund is to be transferred to the main bank account. Necessary directions has been given to the Account Rendering Unit to verify the reason for the credit balance and account the same in the books of accounts.
Equities and Liabilities **Non-Current Liabilities** **Borrowings (Note 16)** **Bonds or Debentures – Secured – ₹ 9858.76 crore**	
10. As per Schedule III of the Companies Act 2013, a liability shall be classified as current when it is due to be settled within twelve months after the reporting date and a liability shall be classified as non-current when it is due to be settled after 12 months from the reporting date. The Company issued (1 April 2017) redeemable bonds amounting to ₹11895 crore to the Master Trust repayable in annual installments commencing from 1 April 2018 onwards. The inclusion of the installment due on 1 April 2020 under current liability has resulted in understatement of non-current liabilities to the extent of ₹702.45 crore with corresponding overstatement of Current Liabilities.	The bonds were issued to the Master Trust on 01.04.2017. The Pension Master Trust was formed to pay to the pension to the pensioners of the erstwhile KSE Board. KSEB Ltd was meeting the pension liability till the repayment of Bonds were started. Though the interest is due on 01.04.2018, the interest on bonds were accounted on accrual basis. The audit observation on the classification of repayment liability as current and other financial liabilities is noted for future guidance

Other Current Financial Liabilities (Note 22) **Staff related Liabilities and Provisions – ₹ 234.09 crore**	
11.The above account includes ₹92.35 crore being the recovery of contributions made by employees towards Chief Minister's Distress Relief Fund (CMDRF) from September 2018 to March 2019 which was to be remitted to the fund immediately on recovery. Non-remittance of monthly deductions involved violation of Government orders issued in this regard and proper disclosure should have been made in Notes to Accounts.	The contribution was collected in accordance with the scheme existed in Government of Kerala and duly agreed by the employees. The contributions were made by the employees in ten monthly instalments and the amount was recovered from the monthly salary. On completion of the recovery of the agreed amount, the full recovery was remitted to the Government. The amount was paid to the Government during 08/2019. The recovered amount is correctly shown in the account head allotted for the purpose and is fully in agreement with the books of accounts maintained by the company.
C. COMMENTS ON CASH FLOW STATEMENT	
12.Cash flow statement shows Bank Balance of ₹ 78.39 crore other than Cash and cash equivalents at the end which should have been excluded. Cash and cash equivalents at the end included ₹34.07 crore being the deposits with original maturity more than three months. These were not in compliance with Ind AS 7.	Noted for future guidance.
13. Cash flow from operating activities includes ₹158.25 crore accounted as Other Income (Note 25.b) towards recognition of grant against the depreciation of assets created out of grant which does not involve any cash inflow, resulting in overstatement of Cash flow from Operating activities.	Noted for future guidance.
14.Cash flow from financing activities includes an amount of ₹935.84 crore not representing outflow of cash being provision for interest on bonds (₹773.68 crore), provision for interest on General Provident Fund (₹162.16 crore) and includes amount of rectification towards equity (₹0.34 crore) not representing actual cash inflow. This resulted in overstatement of outflows to the extent of ₹935.50 crore.	Noted

D. COMMENTS ON DISCLOSURE
Notes forming part of Financial Statements (Note 38)

15. The revenue from operations includes ₹263.71 crore being the interest on arrears of current charges receivable from Kerala Water Authority (KWA) taken over by Government of Kerala as per order of 14 January 2019 and to be released in four annual instalments from 2019-20 onwards. This is inconsistent with accounting policies in Note 1.15 laying down recognition of interest/ surcharge from customers on receipt basis. The deviation should have been disclosed in notes to accounts.	Noted.
16.According to the Kerala State Electricity Regulatory Commission Regulations, the Company had to meet renewable purchase obligation of 6723.20 MU during the period 2011-12 to 2018-19 of which 4970.94 MU was achieved, leaving a deficit of 1752.26 MU. The liability on account of this based on the floor price of renewable energy certificates worked out ₹175.23 crore. This fact has not been disclosed by the Company.	Noted
17. Note 38.18 p states that an amount of ₹344.20 crore of Electricity Duty payable to GoK is netted off in 2018-19 for which Govt. approval is awaited. Further, during the period 2016-17 and 2017-18, the company had adjusted Electricity Duty payable of ₹2678.21 crore and ₹350.99 crore respectively against subsidy receivable on tariff concession/ free supply of power and dues from Energy Management Centre without government approval. These details should have been disclosed but the company had only disclosed the amount of ₹344.20 crore for 2018- and not ₹2678.21 crore and ₹350.99 crore. Hence, Note 38.18 p is incomplete to that extent.	Noted.
18.The Company has disclosed under Para 1.9 under Note 1 Company Information and Significant accounting policies that in terms of Ind AS 114- Regulatory Deferral Accounts it had opted to continue with previous GAAP (Guidance Note on accounting for rate regulated activities) for such balances.	Noted for future guidance.

However, the disclosure is silent as to the accounting policy itself and hence is deficient to that extent. Further, as per disclosure requirements detailed in Para 45 of the Guidance Note, an entity should disclose information that enables the users of the financial statements to understand the nature and the financial effects of rate regulation on its activities. As per Truing Up orders/ Review petition orders issued by KSERC on 14.9.18/16.5.2019, the regulatory asset as on 2016-17 stood at ₹6734.17 crore which should have been disclosed in the notes forming part of the accounts.	
E. COMMENTS ON INDEPENDENT AUDITOR'S REPORT	
19.The Balance with Bank/Treasury of ₹1.29 crore was arrived at after adjusting credit balance of ₹174.44 crore in non-operative collection accounts, reasons for which were yet to be ascertained by the Company. This fact has not been quantified by the Statutory Auditors in their Report.	In ARUs, two types of bank accounts are being maintained viz Collection accounts and disbursement accounts. The disbursements of the funds are being made through the operative accounts maintained at the head office as well as ARUs. All the disbursement accounts are properly reconciled. The collection accounts are in the nature of non-operative collection accounts, where only remittances are permitted. As per the agreement executed with banks the entire amounts remitted into the collection accounts on a particular day have to be sweep transferred to the central collection account and then to the operative account maintained at head office on the same day itself. As per the agreement condition, the balance in collection account at the end of a particular day should be zero. All the central collection accounts are properly reconciled. As per the procedure in vogue, the reconciliation of collection accounts are being made at the ARUs. Detailed circulars and directions has been given to the field units to prepare the proper reconciliation of bank balances. The amounts reported by the audit are non-operative collection accounts. This may be due to wrong accounting of fund transfer to head office by the ARUs.

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 STATEMENT OF KERALA STATE ELECTRICITY BOARD LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31ST MARCH 2019

COMMENTS ON FINANCIAL STATEMENT	REPLIES OF THE COMPANY
A. COMMENTS ON PROFITABILITY	
Statement of Profit and Loss for 2018-19	
I. Income	
Other Income (Note 25a) – Other Operating income ₹315.81 crore	
1. Loss is understated by ₹2.79 crore due to inclusion of advance centage charges received from Kerala Infrastructure Investment Fund Board (KIIFB) for work not commenced in 2018-19 in Other Income which was not in compliance with Para 31 of Ind AS 115. This resulted in corresponding understatement of current liabilities.	The amount collected at the ARU of Chief Engineer (HRM) was the centage charge received from KIIFB. This amount was actually the 20% of centage charges to be received from KIIFB. Since the amount received is non-refundable in nature, it was recognised as income.
Other Income (Note 25 b) – ₹ 481.74 crore	
2.The company had received ₹131.14 crore grant towards natural calamities, out of which expenditure of ₹26.32 crore was incurred for repairs and maintenance expenses on account of flood. The non-recognition of this amount as income was not in compliance with Ind AS 20 and resulted in overstatement of loss by ₹26.32 crore with corresponding overstatement of current liabilities.	The Grants received from Government of Kerala is fully accounted in the financial year under the account head allotted for the purpose. As the exact quantum of damage due to of natural calamity was not ascertained on compilation of accounts, no adjustments were made in the books of accounts.
II Expenses **Employee Benefits (Note 29)- ₹ 2892.01 crore**	
3.This is understated by ₹11.31 crore due to the non-inclusion of employer's contribution to NPS for March 2019 (₹1.56 crore) on accrual basis and non-inclusion of bonus payable (₹9.75 crore) for 2018-19 being inconsistent with Ind AS 10. This resulted in understatement of loss by ₹11.31 crore with corresponding understatement of current liabilities.	Contribution of KSEBL towards NPS for the period from 04/2018 to 3/2019 was accounted itself vide JI No. 13 of 9/2018,JI No.8 of 2/2019 and JI No.20 of 3/2019. The delay in remitting NPS contribution of March 2019 was due to the technical changes made by the NSDL in our Login facility which were later rectified. The bonus payments made by the company during the last four financial years is as follows

<table>
<tr><td></td><td>

Year	Amount (Rs. In lakhs)
2015-16	825.77
2016-17	910.28
2017-18	983.26
2018-19	943.63

Out of the estimated Bonus of Rs.974.85 Lakhs as reported by audit, the company had already accounted Rs.943.63 Lakhs as bonus under employee cost during the financial year 2018-19. As the bonus payments is being made in the middle of a financial year, the company is not having the practice of creating provision for bonus. However, as the policy is being regularly followed and wide variation is not there in the yearly bonus, the impact is not material.</td></tr>
<tr><td colspan="2">Finance Costs (Note 30) – ₹ 1598.89 crore</td></tr>
<tr><td colspan="2">Interest on Bonds issued to Master Trust – ₹ 773.68 crore</td></tr>
<tr><td>4.This is understated by ₹103.12 crore being additional interest at the rate of 24 per cent payable as per item 21 of Terms and Conditions of bond issue to the Master Trust on default in payment of the principal and interest due as on 1 April 2018. This resulted in understatement of loss by ₹103.12 crore with corresponding understatement of Current Other Financial Liabilities (Note 22) – Amount payable to Master Trust.</td><td>The bonds to the Master Trust was issued on 01.04.2017. Even though the Pension Master Trust was formed during 2015-16, KSEB Ltd has been paying the pension payment amount to the Trust as per the requirement since 2015-16. As the approved revenue gaps is not yet allowed to be passed on to the consumers, KSEB Ltd. is meeting its cash requirements by availing loans in the form of short term/ overdrafts. However, KSEB Ltd. is ensuring to transfer enough funds to the Master Trust to make Pension payments promptly. Once the approved revenue gaps are realised, KSEB will be making the required contributions to the Master Trust. KSEB Ltd. is in the process of issuing further Bonds to the Master Trust for the additional liabilities and the matter is under consideration of Government of Kerala.</td></tr>
<tr><td colspan="2">Administrative and General Expenses (Note 32)</td></tr>
<tr><td colspan="2">(i)Contribution to CMDRF – ₹ 36.20 crore</td></tr>
<tr><td>5.This is overstated to the extent of ₹1.20 crore due to non-adjustment of amount paid in excess of approved amount identified before finalization of accounts. The non-adjustment has resulted in overstatement of loss by ₹1.20 crore with corresponding overstatement of Other financial liabilities.</td><td>This was rectified vide Jl No.7 of 9/2019 in the O/o the Secretary (Administration) Location code:956.</td></tr>
</table>

(ii). Other Expenses – ₹ 19.16 crore	
6.This does not include ₹5.06 crore being provision for share of initial expenditure payable to Coastal Tamilnadu Power Limited for the establishment of Ultra Mega Power Project in Cheyyur, Tamilnadu as per the terms of allotment of power. This has resulted in understatement of loss by ₹5.06 crore with corresponding understatement of Current liabilities.	Noted.
B. COMMENTS ON FINANCIAL POSITION	
BALANCE SHEET as at 31 March 2019	
ASSETS	
Non-Current Assets	
Capital work in progress (Note-4) – ₹2991.34 Crore	
7.The above is overstated to the extent of ₹38.23 crore due to non-capitalisation of Kakkayam Small Hydro Electric Project commissioned during the year. This has also resulted in understatement of Fixed Assets by ₹38.23 crore and depreciation and loss for the year by₹1.35 crore.	This has been capitalised in the O/o Chief Engineer (Civil Construction -North) vide Jl. No.3 of 1/2020.
Current Assets	
Cash and Cash Equivalents (Note 11)	
Cash in hand ₹7.36 crore	
8.There was a difference of ₹0.65 crore between Cash in hand as per the consolidated Trial Balance of all Account Rendering Units (ARUs) as on 31 March 2019 (₹8.01 crore) and the balance as per Balance Sheet (Note 11) (₹7.36 crore). The adjustment was carried out without proper documentation and the management could not furnish proper explanation for this. Hence, the corresponding impact of this adjustment could not be ascertained	During the financial year 2015-16, an amount of Rs.6500114/- was provided in the accounts vide Jl No. of 2015-16 at the head office on behalf of the Electrical Division, Kalpetta as per the letter No. ABC/accounts/2016-17 dated 11.05.2016 of Executive Engineer, Electrical Division Kalpetta. On actual accounting at the ARU in the financial year 2016-17, the journal entry provided at Head Office in this regard was to be reversed in the financial year 2016-17. However this amount was omitted to be reversed at head office during the financial year 2016-17 due to oversight. This will be corrected during the financial year 2019-20.

Balance with Bank/Treasury –₹ 1.29 crore	
9.The balance with the Bank/Treasury did not include the balance of ₹0.73 lakh in the Bank account maintained in SBI for remittance of NPS contributions. This resulted in understatement of cash and cash equivalents and other current liabilities, as the amount was to be distributed to the employees towards refund of NPS deductions	The online transfer facility (i.e net banking) is not accorded to the disbursement bank accounts maintained at the Account Rendering Units due to security reasons. Online remittance is mandatory for the NPS remittances. To overcome this situation, an e- payment bank account is opened in the ARU with a direction that the amount required for making e-payment is to be transferred to the new bank account and the online remittance is to be made on the same day. Only routing of the amount is done through this bank account and there will not be any balance in the e-payment bank account. The credit balance may be due to refund of NPS contribution and it is to be accounted as such in the books of accounts and refund is to be transferred to the main bank account. Necessary directions has been given to the Account Rendering Unit to verify the reason for the credit balance and account the same in the books of accounts.

Equities and Liabilities
Non-Current Liabilities
Borrowings (Note 16)
Bonds or Debentures – Secured – ₹ 9858.76 crore

10.As per Schedule III of the Companies Act 2013, a liability shall be classified as current when it is due to be settled within twelve months after the reporting date and a liability shall be classified as non-current when it is due to be settled after 12 months from the reporting date. The Company issued (1 April 2017) redeemable bonds amounting to ₹11895 crore to the Master Trust repayable in annual installments commencing from 1 April 2018 onwards. The inclusion of the installment due on 1 April 2020 under current liability has resulted in understatement of non-current liabilities to the extent of ₹702.45 crore with corresponding overstatement of Current Liabilities.	The bonds were issued to the Master Trust on 01.04.2017. The Pension Master Trust was formed to pay to the pension to the pensioners of the erstwhile KSE Board. KSEB Ltd was meeting the pension liability till the repayment of Bonds were started. Though the interest is due on 01.04.2018, the interest on bonds were accounted on accrual basis. The audit observation on the classification of repayment liability as current and other financial liabilities is noted for future guidance

Other Current Financial Liabilities (Note 22) Staff related Liabilities and Provisions – ₹ 234.09 crore	
11.The above account includes ₹92.35 crore being the recovery of contributions made by employees towards Chief Minister's Distress Relief Fund (CMDRF) from September 2018 to March 2019 which was to be remitted to the fund immediately on recovery. Non-remittance of monthly deductions involved violation of Government orders issued in this regard and proper disclosure should have been made in Notes to Accounts.	The contribution was collected in accordance with the scheme existed in Government of Kerala and duly agreed by the employees. The contributions were made by the employees in ten monthly instalments and the amount was recovered from the monthly salary. On completion of the recovery of the agreed amount, the full recovery was remitted to the Government. The amount was paid to the Government during 08/2019. The recovered amount is correctly shown in the account head allotted for the purpose and is fully in agreement with the books of accounts maintained by the company
C. COMMENTS ON CASH FLOW STATEMENT	
12.Cash flow statement shows Bank Balance of ₹78.39 crore other than Cash and cash equivalents at the end which should have been excluded. Cash and cash equivalents at the end included ₹34.07 crore being the deposits with original maturity more than three months. These were not in compliance with Ind AS 7.	Noted for future guidance.
13.Cash flow from operating activities includes ₹158.25 crore accounted as Other Income (Note 25.b) towards recognition of grant against the depreciation of assets created out of grant which does not involve any cash inflow, resulting in overstatement of Cash flow from Operating activities.	Noted for future guidance.
14.Cash flow from financing activities includes an amount of ₹935.84 crore not representing outflow of cash being provision for interest on bonds (₹773.68 crore), provision for interest on General Provident Fund (₹162.16 crore) and includes amount of rectification towards equity (₹0.34 crore) not representing actual cash inflow. This resulted in overstatement of outflows to the extent of ₹935.50 crore.	Noted

D. COMMENTS ON DISCLOSURE Notes forming part of Financial Statements (Note 37)	
15.The revenue from operations includes ₹263.71 crore being the interest on arrears of current charges receivable from Kerala Water Authority (KWA) taken over by Government of Kerala as per order of 14 January 2019 and to be released in four annual instalments from 2019-20 onwards. This is inconsistent with accounting policies in Note 1.16 laying down recognition of interest/ surcharge from customers on receipt basis. The deviation should have been disclosed in notes to accounts.	Noted.
16.According to the Kerala State Electricity Regulatory Commission Regulations, the Company had to meet renewable purchase obligation of 6723.20 MU during the period 2011-12 to 2018-19 of which 4970.94 MU was achieved, leaving a deficit of 1752.26 MU. The liability on account of this based on the floor price of renewable energy certificates worked out ₹175.23 crore. This fact has not been disclosed by the Company.	Noted,
17.Note 37.16 p states that an amount of ₹344.20 crore of Electricity Duty payable to GoK is netted off in 2018-19 for which Govt. approval is awaited. Further, during the period 2016-17 and 2017-18, the company had adjusted Electricity Duty payable of ₹2678.21 crore and ₹350.99 crore respectively against subsidy receivable on tariff concession/ free supply of power and dues from Energy Management Centre without government approval. These details should have been disclosed but the company had only disclosed the amount of ₹344.20 crore for 2018-19 and not ₹2678.21 crore and ₹350.99 crore. Hence, Note 37.16 p is incomplete to that extent.	Noted.

18.The Company has disclosed under Para 1.10 under Note 1 Company Information and Significant accounting policies that in terms of Ind AS 114- Regulatory Deferral Accounts it had opted to continue with previous GAAP (Guidance Note on accounting for rate regulated activities) for such balances. However, the disclosure is silent as to the accounting policy itself and hence is deficient to that extent. Further, as per disclosure requirements detailed in Para 45 of the Guidance Note, an entity should disclose information that enables the users of the financial statements to understand the nature and the financial effects of rate regulation on its activities. As per Truing Up orders/ Review petition orders issued by KSERC on 14.9.18/16.5.2019, the regulatory asset as on 2016-17 stood at ₹6734.17 crore which should have been disclosed in the notes forming part of the accounts.	Noted for future guidance.
19.According to Note 1.5.1 an associate is an enterprise in which the investor has significant influence and which is neither subsidiary nor joint venture of the investor. This is at variance from Section 2(6) of Companies Act, 2013 which states that an Associate Company includes a Joint Venture Company. Further, Note 37.4 on the list of related parties described Baitarani West Coal Company Limited as a Joint Venture and other three Companies as Associates. The note has not disclosed K-FON as a Joint Venture and was incorrect to that extent.	As per the Companies Act 2013 explanation clause 6"associate company", in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. For the purposes of this clause, "significant influence" means control of at least twenty per cent. of total share capital, or of business decisions under an agreement;. As per The Companies (Amendment) Act 2017 "significant influence" means control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement; Here the Company holds 40.60% share capital of Kerala State Power and Infrastructure Finance Corporation limited, 50% share capital of Renewable power corporation of Kerala Ltd and 49% of Kerala Fibre Optic and network Ltd.

20.KSEBL has disclosed in Note 1.6 that "Investment has been carried out at cost and includes share of profit/Loss of Associates/Joint Ventures 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". The note does not specify what assumptions or amount are being referred to and therefore the disclosure of the accounting policy is incomplete to that extent.	Noted.
E. COMMENTS ON INDEPENDENT AUDITOR'S REPORT	
21.The Balance with Bank/Treasury of ₹1.29 crore was arrived at after adjusting credit balance of ₹174.44 crore in non-operative collection accounts, reasons for which were yet to be ascertained by the Company. This fact has not been quantified by the Statutory Auditors in their Report.	In ARUs, two types of bank accounts are being maintained viz Collection accounts and disbursement accounts. The disbursements of the funds are being made through the operative accounts maintained at the head office as well as ARUs. All the disbursement accounts are properly reconciled. The collection accounts are in the nature of non-operative collection accounts, where only remittances are permitted. As per the agreement executed with banks the entire amounts remitted into the collection accounts on a particular day have to be sweep transferred to the central collection account and then to the operative account maintained at head office on the same day itself. As per the agreement condition, the balance in collection account at the end of a particular day should be zero. All the central collection accounts are properly reconciled. As per the procedure in vogue, the reconciliation of collection accounts are being made at the ARUs. Detailed circulars and directions has been given to the field units to prepare the proper reconciliation of bank balances. The amounts reported by the audit are non-operative collection accounts. This may be due to wrong accounting of fund transfer to head office by the ARUs.

Sd/-

DIRECTOR (FINANCE)

REPLIES OF THE MANAGEMENT TO THE OBSERVATIONS OF SECRETARIAL AUDITOR FOR THE YEAR 2018-2019

Sl. No.	Observations in the Secretarial Audit Report	Replies/Comments of the Management
1	The Company was incorporated under the Companies Act, 1956 on the Fourteen day of January 2011 and obtained Certificate of Commencement of Business on the Sixth day of June 2013. Soon after the commencement of business, the Companies Act, 2013 was enforced with effect from the 1st April 2014. The Companies Act, 2013 was meant to simplify the administration of Companies. But the Act with 477 Sections (as against 700 old Sections in the 1956 Act) with Five Schedules and Appendix III with 29 Chapters incorporating Rules, makes the 2013 Act easily more difficult, since the Administrative Department acquired more teeth by introducing several substantive provisions in the Rules, several times. Consequently the Memorandum of Association and Articles of Association of the Company need substantial modification. The KSEBL is now, apart from generation, transmission and distribution of conventional electricity, engaged in several ancillary and incidental activities, which were not thought of at the time of incorporation. There is no specific provision even to encourage generation of non-conventional energy. The KSEBL is a partner in several joint venture Companies and several proposals to form subsidiary/associate Companies are under the consideration of the Board of Directors of the Company or are in various stages of implementation. However, on a plain reading of the Memorandum of Association of the Company, there are no clear provisions in the Memorandum for undertaking several such activities or in	Kerala State Electricity Board Limited is initiating steps with regard to the amendments/ modifications of the Memorandum of Association and Articles of Association of the Company in compliance with the observations in the Secretarial Audit Report.

	investing in share capital of other Companies. Similarly in the 1956 Act, there was a provision for certain activities to be included in Clause III C, ie “Other objects of the Company not included in A & B (of Clause III). Under these provisions, the Company was required to pass a Special Resolution to undertake/commence any activity included under category C. The new Act has dispensed with these provisions and it is doubtful if a Company can now commence any business based on points included in Clause III C. KSEBL has a proposal to start a joint venture Company for providing fibre optic networks/internet technology services under Clause III C 4. Also there is a proposal to incorporate a joint Venture Company for undertaking consultancy and Civil construction work formulated by KIIFB. There is obviously no provision in MoA of the Company for undertaking this activity. All these point to the need for a thorough review of the Memorandum of Association of the Company, keeping in view the provisions in the new Act/Rules and the changing nature of the Company’s business and make the several proposals for diversification with the ultimate aim of making KSEB Limited, a more viable Organisation. Side by side, the Articles of Association has also to be revised, with a view to eliminating redundant provisions, inserting new provisions covering new areas of activity, borrowing powers, delegation of powers, constitution of Committees mandated by various provisions of the Companies Act 2013, appointment of independent Directors etc. I therefore, instead of classifying such activities as beyond the powers of the Company, as envisaged in the Memorandum of Association,	

	suggest a review of these documents which from the foundation stone of the Company. This will be in the best interests of the Company.	
2	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 the Government of Kerala. Hence, the company as per letter No.CS/Independent 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. But 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. KSEBL vide letter No.CS/Indep Director/2015-16 dated 07.02.2017 &No.CS/Indep Director/2015-16/LD dated 22.03.2018 addressed to the Secretary, Power Department has also pointed out that it would have been greatly useful for appropriate decision making in KSEBL if one of the Independent Director is an Engineer having practical experience of 15-20 years in the Electricity Sector or a financial expert preferably a Chartered Accountant having 15-20 years of similar experience.
3	The Audit Committee constituted is consequently not in conformity with Sec. 177(2) of the Companies Act. The Company has an internal Audit wing; but no report from the Internal Auditor has ever been placed before the Audit Committee. However, I am informed that the Company has introduced the system of placing before the Committee finding of the internal Audit wing. The Audit committee to be effective should consist of majority Independent Directors.	The appointment of one more independent director is pending with Government of Kerala. Based on the existing Board structure, compliance with provisions of Companies Act 2013 is ensured. The reports from the Internal Audit Wing are being placed in the meetings of the Audit Committee from the year 2019-20 onwards.

4	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. The Departmental Promotion Committee on which the Board relies, shall not be a substitute for Nomination and Remuneration Committee. The Act prescribes that the Nomination and Remuneration Committee shall while formulating a policy ensure that: a) The level and composition of remuneration is reasonable and sufficient to attract retain and motivate directors of the quality required to run the company successfully. b) Relationship of remuneration to performance is clear and meets the appropriate performance bench mark. c) Remuneration to Directors Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long terms performance objectives. The Compensation Policy of the Company shall be applicable to Whole Time Directors and Key Managerial Personnel as well as Senior Management and define Key performance Indicators for the Organisation. All such policies as are formulated by the Nomination and Remuneration Committee shall be disclosed in the Board's Report as prepared under Sec. 134 of the Act – Vide proviso to Section 178(4) of the Act.	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, 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 wages negotiation between recognized Trade Unions & 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. However, action would be taken in due course to constitute Nomination and Remuneration Committee as per the observations.

5	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 holding additional charge of Company Secretary. This is not in conformity with the spirit of the relative provisions of Companies Act, 2013.	Necessary steps has already been taken up with the Kerala Public Service Commission for the appointment of Company Secretary. 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.
6	I further report that the Board of Directors of the Company is duly constituted with Six Full Time Director, Two Senior IAS Officers and only one Independent Director. Under Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 the Company shall have at least two Independent Directors. The key committees of the Board, such as Audit Committee and Nomination and Remuneration Committee shall have majority Independent Directors and should be chaired by them. 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. However, as on date, the lone woman Director has retired and the absence of a Woman Director might affect the function of the Internal Complaints Committee (ICC).	As requested by the Company for appointing two Independent Directors the Government as per G.O. (MS) No.13/2016 Power dated 02.07.2016 appointed Dr. V. Sivadasan as Independent Director. Steps have already been taken up with the Government for the appointment of one more Independent Director. Consequent to the retirement of Smt. P. Vijayakumari, former Director (Transmission & System Operation) on superannuation as on 30.06.2019 KSEBL vide Letter No.CS/Appointment&Cessation of Directors/2019-20 dated 05.09.2019 has already requested the State Government to appoint a Woman Director in the Company.
7	Generally a week's notice is given to the Directors to schedule Board Meetings. Agenda and detailed notes are sent and a system for recording views observations and dissent, exists where necessary, through decisions are generally taken by consensus. There exists a system for clarification/explanation of any agenda item wherever required.	The meetings of the Board of Directors of the Company are being convened by complying and ensuring with all the required provisions and procedures of the Companies Act, 2013.

8	There is a Committee of Full Time Directors to carry on the day to day functioning/ oversee Working of the routine functions. The Committee meets every week and takes decisions on day today affairs. 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 keeping a record of the meetings of this Committee and its decisions are placed before the Board of Directors for approval/ information to implement the decision of the Committee. These minutes are not however recorded in a separate book kept for the purpose, but are kept in a separate file.	The committee of Full Time Directors meets every week and the Minutes of the said meetings are prepared and the same are being placed before the next meeting of the Board of Directors.Though the minutes of the Full Time Directors meetings were not being recorded in separate book the same are being kept in separate file.The minutes of the FTD meetings from April 2019 are kept in a separate Minute Book.

Sd/-
Chairman & Managing Director

Kerala State Electricity Board Limited
Standalone Balance Sheet as at 31.03.2019

Particulars	Note No.	₹ in lakhs	
		As at 31.03.2019	As at 31.03.2018
ASSETS			
Non current assets			
Property, Plant and Equipment	2	2,124,607.56	2,037,705.61
Intangibe Asset	3	697.05	
Capital work-in-progress	4	299,134.38	244,889.91
Financial Assets			
Investments	5	2,049.01	2,000.01
Loans	6	8,342.65	8,295.03
Others	7	7,773.16	6,331.70
Deferred Tax Assets (Net)			-
Other non-current assets	8	527,469.70	431,060.49
Current assets			
Inventories	9	69,805.76	48,590.36
Trade receivables	10	128,801.29	229,926.20
Cash and cash equivalents	11	27,542.10	27,588.78
Bank balances Other than Cash Equivalents	12	7,839.91	7,007.15
Other current assets	13	14,531.57	12,649.65
Total Assets		3,218,594.14	3,056,044.89
Equities and Liabilities			
Equity			
Equity Share capital	14	349,905.00	349,905.00
Other Equity	15	-1,116,306.10	-977,660.67
Liabilities			
Non-current liabilities			
Borrowings	16	1,452,515.45	1,593,454.49
Other Financial Liabilities	17	335,984.70	317,045.02
Provisions	18	1,122,416.88	976,539.72
Other non-current liabilities	19	264,514.60	192,276.19
Current liabilities			

Financial Liabilities			
Borrowings	20	382,902.31	273,758.98
Trade payables	21	121,457.58	96,836.56
Other financial liabilities	22	303,397.72	232,989.60
Provisions	23	1,806.00	900.00
Total Equity and Liabilities		3,218,594.14	3,056,044.89

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

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

Sd/-
N. VENUGOPAL
DIRECTOR (Transmission,System Operation,Safety,Corp. Planning&REES)
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 BALAN & Co.
Chartered Accountants
FRN:00340S

Sd/-
A. MOHANAN FCA
Partner
M.No.20627
UDIN:19020627AAAACZ4630

For SANKAR & MOORTHY
Chartered Accountants
FRN:003575S

Sd/-
SURESH.S FCA
Partner
M.No.203716
UDIN:19203716AAAABG9472

For G.VENUGOPAL KAMATH & Co.
Chartered Accountants
FRN:004674S
Sd/-
RAVINATH.R.PAI FCA
Partner
M.No.226547
UDIN:19226547AAAACV9754

Place: Thiruvananthapuram
Date: 30.09.2019

Kerala State Electricity Board Limited
Statement of Profit and Loss for 2018-19

	Particulars	Note No.	₹ in lakhs	
			For the year ended 31st March 2019	For the year ended 31st March 2018
	REVENUE			
I	Revenue From Operations	24	1,352,120.60	1,231,817.31
II	Other Income	25	48,174.14	46,678.15
III	**Total Income (I+II)**		1,400,294.74	1,278,495.46
IV	**EXPENSES**			
	Purchase of Power	26	786,932.13	752,602.69
	Generation of Power	27	329.20	207.84
	Repairs & Maintenance	28	30,375.11	27,734.87
	Employee benefits expense	29	289,201.39	263,806.15
	Finance costs	30	159,889.80	181,469.02
	Depreciation and amortization expense	31	80,502.76	80,370.49
	Other Expenses			
	Administrative and General Expenses	32	59,816.29	53,038.86
	Others	33	20,260.94	-1,416.98
	Total expenses (IV)		1,427,307.62	1,357,812.94
V	**CHANGES IN FAIR VALUATION AND OTHER ADJ**	34	393.63	-908.02
VI	**Profit/(loss) before exceptional items and tax (III- IV-V)**		-27,406.51	-78,409.46
VII	Exceptional Items	35	1,594.34	-
VIII	**Profit/(loss) before tax (VI-VII)**		-29,000.85	-78,409.46
IX	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
X	**Profit (Loss) for the period from continuing operations (VIII-IX)**		-29,000.85	-78,409.46
XI	Profit/(loss) from discontinued operations		-	-
XII	Tax expense of discontinued operations		-	-
XIII	**Profit/(loss) from Discontinued operations (after tax) (XI-XII)**		-	-
XIV	**Profit/(loss) for the period (X+XIII)**		-29,000.85	-78,409.46
	Other Comprehensive Income			

	A (i) Items that will not be reclassified to profit or loss	36	-109,678.60	-107,632.86
	(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 Other Comprehensive Income**		-109,678.60	-107,632.86
XVI	**Total Comprehensive Income for the period (XIV+XV)(Comprising Profit (Loss) and Other Comprehensive Income for the period)**		-138,679.45	-186,042.32
XVII	**Earnings per equity share (for continuing operation):**			
	(1) Basic (₹)		-3.96	-5.32
	(2) Diluted (₹)		-3.96	-5.32
XVIII	**Earnings per equity share (for discontinued operation):**			
	(1) Basic (₹)		-	-
	(2) Diluted (₹)		-	-

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

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

Sd/-
N. VENUGOPAL
DIRECTOR (Transmission,System Operation,Safety,Corp. Planning&REES)
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 BALAN & Co.
Chartered Accountants
FRN:00340S
Sd/-
A. MOHANAN FCA
Partner
M.No.20627
UDIN:19020627AAAACZ4630

For SANKAR & MOORTHY
Chartered Accountants
FRN:003575S
Sd/-
SURESH.S FCA
Partner
M.No.203716
UDIN:19203716AAAABG9472

For G.VENUGOPAL KAMATH & Co.
Chartered Accountants
FRN:004674S
Sd/-
RAVINATH.R.PAI FCA
Partner
M.No.226547
UDIN:19226547AAAACV9754

Place: Thiruvananthapuram
Date: 30.09.2019

Kerala State Electricity Board Limited
Cash Flow Statement for the period ended 31st March 2019

Particulars	₹ in lakhs	
	2018-19	2017-18
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	-138,679.45	-186,042.32
PROFIT BEFORE TAX BEFORE NON CASH ITEM AND WORKING CAPITAL CHANGES	-138,679.45	-186,042.32
		-
Depreciation and Amortisation	80,502.76	80,370.49
Finance cost	159,889.80	181,469.02
Investment income	-	-
Interest Income	-715.93	-546.59
Prior period interest and finance charges	654.52	6.66
Operating profit before working capital changes	101,651.70	75,257.27
Adjustments for:		
Changes in Inventories	-21,215.40	-17,571.45
Changes in Sundry Debtors	101,124.91	-37,586.55
Changes in Other Current Asset	-1,881.92	-4,602.99
Changes in Current Finacial Liabilities Borrowings	109,143.33	-2,987.32
Change in other Current liabilities	70,408.12	42,991.46
Change in provisions	906.00	900.00
Changes in Trade Payable	24,621.02	14,990.03
Cash generated from Operations	384,757.76	71,390.45
Net cash flow from /(used in) Operating Activities(A)	384,757.76	71,390.45
CASH FLOW FROM INVESTMENT ACTIVITIES		
Change in Fixed Asset	-167,281.98	-99,238.28
Changes in Capital Work-in Progress	-54,244.47	-66,560.72
Changes in Intangible Asset	-819.79	
Income from Investment	-	-
Change in Investments	-49.00	-
Interest from Banks	715.93	546.59
Change in Non Current Assets-Other Financial Assets	-1,441.46	48,738.34
Non Current Assets Financial Assets-Loans	-47.61	94.81

Other Non Current Assets	-96,409.20	62,228.79
Net cash flow from / (used in) Investment Activities(B)	-319,577.60	-54,190.47
CASH FLOW FROM FINANCING ACTIVITIES		
Changes in Equity Capital	34.02	-931.80
Changes in Non Current Provisions	145,877.16	-1,052,227.44
Changes in Financial Liabilties	18,939.68	5,448.04
Changes in Long Term Borrowings	-140,939.04	1,166,797.74
Interest and Other cost of raising Finance	-159,889.80	-181,469.02
Changes in Other Non Current Liabalities	72,238.41	49,353.88
Prior Period Interest and Finance charges	-654.52	-6.66
Net cash flow from / (used in) Financing Activities(C)	-64,394.08	-13,035.26
		-
NET CHANGE IN CASH & CASH EQUIVALENTS	786.08	4,164.72
		-
CASH AND CASH EQUIVALENTS AT THE BEGINNING	27,588.78	23,603.23
BANK BALANCES AT THE BEGINNING	7,007.15	6,827.98
CASH AND CASH EQUIVALENTS AT THE END	27,542.10	27,588.78
BANK BALANCES AT THE END	7,839.91	7,007.15

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

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

Sd/-
N. VENUGOPAL
DIRECTOR (Transmission,System Operation,Safety,Corp. Planning&REES)
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 BALAN & Co.
Chartered Accountants
FRN:00340S
Sd/-
A. MOHANAN FCA
Partner
M.No.20627
UDIN:19020627AAAACZ4630

For SANKAR & MOORTHY
Chartered Accountants
FRN:003575S
Sd/-
SURESH.S FCA
Partner
M.No.203716
UDIN:19203716AAAABG9472

For G.VENUGOPAL KAMATH & Co.
Chartered Accountants
FRN:004674S
Sd/-
RAVINATH.R.PAI FCA
Partner
M.No.226547
UDIN:19226547AAAACV9754

Place: Thiruvananthapuram
Date: 30.09.2019

Kerala State Electricity Board Limited
Statement of Changes in Equity for the year ended on 31st March 2019

A: Equity Share Capital
Note No :14

₹ in lakhs

Balance as at 1st April 2018		Changes in equity share capital during the year	Balance as at 31st March 2019
349,905.00		-	349,905.00

B. OTHER EQUITY
Note No: 15

Particulars	Note No.	₹ in lakhs							
		Reserve & Surplus				Debt income through Other Comprhensive Income	Equity income through Other Comprhensive Income	Other items of Other Comprhensive Income	Total
		Capital Reserve	Security Premium Reserve	Other Reserve	Retained earnings				
Balance as at1st April 2018	14	-	-	-	-977,660.67	-	-	-	-977,660.67
Profit for the year		-	-	-	-29,000.85	-	-	-	-29,000.85
Changes in accounting policy and prior period errors		-	-	-	-	-	-	-	-
Other Comprehensive Income		-	-	-	-109,678.60	-	-	-	-109,678.60
Total Comprehensive Income		-	-	-	-138,679.45	-	-	-	-138,679.45
Dividends		-		-	-	-	-	-	-
Transfer to Retained Earnings		-		-		-	-	-	-

Transfer from Retained Earnings		-	-	-	34.02	-	-	-	34.02
Any other changes(To be speciifed)		-	-	-	-	-	-	-	-
Balannce as at 31st March 2019		-	-	-	-1,116,306.10	-	-	-	-1,116,306.10

For and on behalf of the Board of Directors

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

Sd/-
N. VENUGOPAL
DIRECTOR (Transmission,System Operation,Safety,Corp. Planning&REES)
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 BALAN & Co.
Chartered Accountants
FRN:00340S

Sd/-
A. MOHANAN FCA
Partner
M.No.20627
UDIN:19020627AAAACZ4630

For SANKAR & MOORTHY
Chartered Accountants
FRN:003575S

Sd/-
SURESH.S FCA
Partner
M.No.203716
UDIN:19203716AAAABG9472

For G.VENUGOPAL KAMATH & Co.
Chartered Accountants
FRN:004674S
Sd/-
RAVINATH.R.PAI FCA
Partner
M.No.226547
UDIN:19226547AAAACV9754

Place: Thiruvananthapuram
Date: 30.09.2019

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.

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

1. 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 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.

2. 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.

3. Post-retirement benefit plans

Employee benefit obligations are measured based on actuarial assumptions which include mortality 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.

4. 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.

5. 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.

6. 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.

7. 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 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. Expenditure incurred on assets under construction (including a project) is carried at cost under Capital Work in Progress (CWIP). Such costs comprise purchase price of assets including import duties and non-refundable taxes (after deducting trade discounts and rebates), expenditure in relation to survey and investigation activities of projects, cost of site preparation, initial delivery and handling charges, installation and assembly costs, etc.

Employee cost of various units are allocated to "Revenue expenses pending allocation over capital works" on the basis of following ratio

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

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

Up to 30.06.2017 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. From 01.07.2017 onwards, the company dispensed the policy of standard rate method and adopted the policy of FIFO (First in First Out) method on implementation of material management software in the company.

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:

a) In the principal market for the asset or liability, or

b) 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.

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.60 /- 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 was operationalized and the pension has been disbursed to the pensioners from the Master Trust. The Master Trust made operational with effect from 01.04.2017 and the bonds were issued on that date.

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.

Effective from 1st April 2018 the compnay has adopted Ind AS 115 “Revenue from contract with customers” using cumulative effective method.

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 Instruments. 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 2018-19 or in the reported comparative periods.

1.21 Provisions and Contingent Liabilities

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

Contingent liabilities, on the other hand is not recognised, but disclosed adequately as parts of the financial statement. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are disclosed based on judgment of the management/independent experts with careful understanding of the circumstance of each case.

These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

1.22 Intangible assets

The company accounts the intangible assets as under -

Intangible assets acquired separately

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Internally generated Intangibles

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. However, the development cost incurred by the company in respect of intangible assets meeting the recongition criteria as per Ind AS 38 "Intangible Assets" are accounted as asset of the company.

Derecognition of Intangible Assets

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

Amortisation of Intangible Assets

Intangible assets are amortised at the rates notified by the CERC Tariff Regulations in accordance with Schedule II of the Companies Act, 2013. Accordingly, the following items of intangible assets are amortised at the rates prescribed as below –

Type of Asset	Amortisation rate
Software	15.00%

1.23 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.

1.24 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”.

Kerala State Electricity Board Limited

Note 2 : Property, Plant and Equipment

₹ in lakhs

Particulars	Land & Land Rights	Buildings	Hydraulic Works	Other Civil Works	Plant & Machinery	Lines, Cable & Network	Vehicles	Furniture&Fixtures	Office Equipments	Others Seign orage Value	Total
Cost/Deemed Cost											
At 1 - April - 2017	177,345.04	78,737.88	133,075.67	59,241.31	1,634,108.02	809,745.85	2,222.95	4,030.72	13,005.55	1.81	2,911,514.79
Additions	1,046.74	4,788.66	4,855.11	3,502.16	41,952.70	80,836.59	278.02	349.28	1,447.75	-	139,057.00
Deductions											-
Other Adjustments	12.56	7,696.73	731.38	226.71	30,434.63	506.88	42.58	156.22	11.03		39,818.72
At 31 - March - 2018	178,379.21	75,829.81	137,199.40	62,516.76	1,645,626.09	890,075.56	2,458.38	4,223.78	14,442.28	1.81	3,010,753.07
Additions	747.45	2,849.56	3,725.12	3,617.28	31,117.70	126,539.89	137.07	569.96	867.77	-0.14	170,171.68
Deductions		238.41			-120.12	2,588.14		183.27			2,889.70
Other Adjustments											-
At 31 - March - 2019	179,126.67	78,440.95	140,924.52	66,134.04	1,676,863.90	1,014,027.31	2,595.46	4,610.47	15,310.05	1.67	3,178,035.05
Accumulated Depreciation & Impairment of Asset											-
At 1 - April - 2017	-	30,605.20	53,952.03	15,739.69	324,674.36	407,140.36	1,736.30	1,895.12	7,035.38	-	842,778.44
Depreciations Expenses	-	2,339.06	7,007.75	2,142.80	23,661.25	43,440.04	131.05	234.69	1,413.85	-	80,370.49
Deductions	-									-	-
Other Adjustments	-	1,622.34	5,722.93	1,984.86	10,484.89	29,590.14	-25.20	59.01	459.56	-	49,898.53
At 31 - March - 2018	-	34,566.60	66,682.71	19,867.35	358,820.51	480,170.54	1,842.15	2,188.82	8,908.79	-	973,047.47
Deprecia tions Expenses		2,326.52	6,888.12	2,148.67	22,774.24	44,789.40	131.12	209.50	1,112.45	-	80,380.02
Deductions											
Other Adjustments											
At 31 - March - 2019		36,893.12	73,570.83	22,016.02	381,594.75	524,959.94	1,973.27	2,398.32	10,021.24	-	1,053,427.49
Carrying Value											
At 31 - March - 2019	**179,126.67**	**41,547.83**	**67,353.69**	**44,118.03**	**1,295,269.16**	**489,067.38**	**622.19**	**2,212.14**	**5,288.81**	**1.67**	**2,124,607.56**
At 31 - March - 2018	**178,379.21**	**41,263.21**	**70,516.69**	**42,649.41**	**1,286,805.58**	**409,905.02**	**616.23**	**2,034.96**	**5,533.49**	**1.81**	**2,037,705.61**

Kerala State Electricity Board Limited

Note 3 : Intangible Asset

As at 31st March 2018	**₹ in lakhs**								
Particulars	**Gross Block**				**Amortisation**				**Net Block**
	AS at 1st April 2017	**Additions**	**Deduction/ Adjustments**	**As at 31.03.2018**	**Up to 1st April 2017**	**For the year**	**Deduction/ Adjustments**	**Upto 31st March 2018**	**As at 31.03.2018**
Software									
Others									
Total									
As at 31st March 2019									
	AS at 1st April 2018	Additions	Deduction/ Adjustments	As at 31.03.2019	Up to 1st April 2018	For the year	Deduction/ Adjustments	Upto 31st March 2019	As at 31.03.2019
Software	0	819.79		819.79	0	122.74		122.74	697.05
Others									
Total									

Note 4 : Capital Work in Progress

Particulars	**₹ in lakhs**				
	As at 31.03.2018	**Additions**	**Deduction/ Adjustments**	**Capiatalised**	**As at 31.03.2019**
Capital Work in Progress	204,645.92	212,210.85	-3,204.68	186,166.02	233,895.43
Revenue Expenses Pending Allocation over capital works	40,243.99	65,238.95	815.89	39,428.10	65,238.95
Total	**244,889.91**	**277,449.80**	**-2,388.79**	**225,594.12**	**299,134.38**

Note 5 : Investment (Non Current)

Particulars	As at 31.03.2019			As at 31.03.2018		
	Face Value	No. of Shares (In lakhs)	Amount (₹ In lakhs)	Face Value	No. of Shares (In lakhs)	Amount (₹ In lakhs)
INVESTMENT IN EQUITY INSTRUMENTS						
Fully Paid Up.						
Kerala State Power and Finance Corporation Ltd.	10.00	95.00	950.00	10.00	95.00	950.00
Baitarani West Coal Company Ltd.	1,000.00	1.00	1,000.00	1,000.00	1.00	1,000.00
Investment in Renewable Power Corporation of Kerala	1,000.00	0.05	50.00	1,000.00	0.05	50.00
Investment in Kerala Fibre Optic Network Limited	10.00	4.90	49.00			
Other Investments			0.01			0.01
Total			**2,049.01**			**2,000.01**

Kerala State Electricity Board Limited

Note 6 : Non Current Assets - Financial Assets - Loans

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Loans Including Interest Accrued		
Loans to related parties		
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Doubtful Loans	-	-
Loans to Employees	-	-
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Doubtful Loans	-	-
Other Loans	-	-
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Advance given to licensee	-	-
Advance given to others	8,342.65	8,295.03
Doubtful Loans	-	-
Total	**8,342.65**	**8,295.03**
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		
Total	**8,342.65**	**8,295.03**

Kerala State Electricity Board Limited

Note 7 : Non Current Assets - Other Financial Assets

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
BANK DEPOSITS WITH MORE THAN 12 MONTHS MATURITY		
Interest Accrued		
On Loan to Government & Others	-	-
On Bank Deposits with more than 12 months	-	-
Security Deposits	7,773.16	6,331.70
Total	**7,773.16**	**6,331.70**

Note 8 : Other Non Current Assets

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
OTHER NON CURRENT ASSETS		
Capital Advances		
Secured Advances		
Unsecured Advances Considered Good		
Covered by Bank Guarantee		
Others	19,587.73	10,896.01
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	10,849.27	10,557.28
Receivable from Government	497,032.70	409,607.20
Total	**527,469.70**	**431,060.49**
CAPITAL ADVANCE INCLUDES ADVANCE GIVEN TO COMPANIES IN WHICH ONE OR MORE OF THE DIRECTORS ARE INTERESTED		

Kerala State Electricity Board Limited

Note 9 : Inventories

Particulars	₹ in lakhs	
	As at 31.03.2019	**As at 31.03.2018**
Fuel Stocks	-	-
Heavy Duty Oil	649.69	623.20
Stock of Materials at Construction Stores	30,204.51	17,992.53
Stock of Materials at other stores	2,809.95	1,046.73
Material at Site (Cap)		
Material at Site (O & M)	31,532.39	26,407.20
Other Materials Account	4,656.13	2,550.43
(Less) Provision for Shortages and Obsolescence	46.91	29.72
Total	**69,805.76**	**48,590.36**

Note 10 Current Financial Assets : Trade Receivables

Particulars	₹ in lakhs	
	As at 31.03.2019	**As at 31.03.2018**
Trade Receivables		
Secured, considered good		
Unsecured considered good		
Sundry Debtors for Sale of Power	180,338.44	280,260.32
Sundry Debtors for Inter State Sale of Power		
Sundry Debtors for Electricity Duty	7,522.83	16,499.09
Sundry Debtors (Miscellaneous)	19,870.75	12,097.51
Doubtful.		
(Less) Allowance for Bad and Doubtful Debts	78,930.73	78,930.73
Total	**128,801.29**	**229,926.20**

Kerala State Electricity Board Limited

Note 11 : Current Financial Assets - Cash & Cash Equivalents

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Balances with Banks (of the nature of cash and cash equivalents)		
Balance with Bank/Treasury	128.51	2,222.84
Disbursement Bank Accounts	22,731.56	18,928.70
Drawing Account with Treasury	17.56	2,293.36
Current Accounts		
Deposits with original maturity upto three months	3,579.41	2,783.14
Cheques, drafts on hand		
Cash on hand		
Cash In Hand	736.33	1,354.89
Cash Imprest with Staff	17.58	5.84
Others	331.15	
Total	**27,542.10**	**27,588.78**

Note 12: Financial Assets - Current - Bank Balances Other Than Cash and Cash Equivalents

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

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Balances with Banks includes		
Deposits with original maturity more than 3 months but within 1 year	-	-
Earmarked Balance with Banks - Unpaid Dividend	-	-
Guarantees & Other commitments	7,839.91	7,007.15
Total	**7,839.91**	**7,007.15**

Deatails of Bank Deposits

Year	2018-19	
Name of Bank	**"Amount (₹ In lakhs)"**	**Date of Maturity**
State bank of India	1,859.36	20-05-2019
	687.32	24-04-2019
	918.69	1/1/2020
	35.25	17-12-2019
	67.30	31-03-2019
	95.00	31-03-2019
	13.45	6/4/2019
	76.05	8/6/2019
	361.87	2/6/2019
	304.85	1/6/2019
Canara Bank	4.56	18-05-2019
	5.16	31-05-2019
	19.81	3/4/2019
	0.20	28-06-2019
	480.00	29/09/2019
	396.08	8/2/2020
	352.85	26/12/2019
	0.12	22/06/2019
	383.30	30/1/2020
	2.66	2/2/2020
	40.13	5/10/2019
	97.34	5/10/2019
	30.82	7/10/2019
	84.36	24/06/2019
Vijaya Bank	1,033.08	16/12/2019
	344.36	16/12/2019
	509.00	15/12/2019
	426.68	15/12/2019
Punjab & Sind Bank	2,500.00	1/9/19
Kerala Gramin Bank Peroorkada	76.20	25/05/2020
Kerala Gramin Bank Kollam Branch	213.47	28/09/2023

Kerala State Electricity Board Limited

Note 13 : Other Current Assets

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
ADVANCES OTHER THAN CAPITAL ADVANCES		
Security Deposits		-
Advances to Related Parties		-
Advances to Employees	974.36	940.90
Advance to Contractors & Suppliers	634.08	930.70
Other Advances	2,056.23	1,838.21
Advance Income Tax/Deductions at source		
Others		
Deferred Cost on Employee Loans		
Secured considered good		-
Unsecured considered good		-
Rent Receivable	7.92	6.54
Income Accrued But Not Due	1,633.80	2,083.40
Other Recoverable	5,270.72	2,564.25
Inter Unit Balance	3,954.48	4,285.64
Total	**14,531.57**	**12,649.65**

Kerala State Electricity Board Limited

Note 14 : Equity Share Capital

Particulars	As at 31 - March - 2019		As at 31.03.2018	
	No. of Shares (In Lakhs)	**Amount (₹ In lakhs)**	**No. of Shares (In Lakhs)**	**Amount (₹ In lakhs)**
Equity Share Capital				
Authorised (face value ₹10/-)	50,000.00	500,000.00	50,000.00	500,000.00
Issued Subscribed and Paid Up (face value ₹10/-)	34,990.50	349,905.00	34,990.50	349,905.00
Reconciliation of No. Shares and Share capital outstanding				
Opening number of shares out-standing	34,990.50	349,905.00	34,990.50	349,905.00
Add: Number of shares issued or subscribed during the year	-	-	-	-
(Less) Reduction in number of shares on buyback of shares	-	-	-	-
Closing Number of shares out-standing	34,990.50	349,905.00	34,990.50	349,905.00
Total	**34,990.50**	**349,905.00**	**34,990.50**	**349,905.00**

Vide G.O.(MS) No.17/2015/PD dated 13.05.2015 the euiqty capital of Government in Kerala State Electrcity Board Ltd is Rs.3499 Cr

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 - 2019		As at 31.03.2018	
	%	Amount (₹ In lakhs)	%	Amount (₹ In lakhs)
His Excellency the Honourable Governor of Kerala	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 31.03.2019, 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 15 : Other Equity

OTHER EQUITY		
Statement of Changes in Equity	₹ in lakhs	
Particulars	**As at 31.03.2019**	**As at 31.03.2018**
Capital Reserve	0	-
Security Premium Account	0	-
Bonds/Debenture Redemption Reserve	0	-
General Reserve	0	-
Retained Earnings	-1,116,306.10	-977,660.67
Other Reserves	0	-

Particulars	**As at 31.03.2019**	**As at 31.03.2018**
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	-497,112.69	-367,872.89
Add: Profit During the Year	-29,000.85	-78,409.46
Add: Additions and Transfers	34.02	-50,830.34
(Less) : Transfer to Reserves	-	-
(Less) : Dividend and Corporate Dividend Tax	-	-
As at Balance Sheet Date	**-526,079.52**	**-497,112.69**
Other Reserves - Fair Value through Other Comprehensive Income		
As per Last Balance Sheet	-480,547.98	-372,915.13
Add: Addition and Transfers	-109,678.60	-107,632.86
As at Balance Sheet Date	-590,226.58	-480,547.98
Total	**-1,116,306.10**	**-977,660.67**

Kerala State Electricity Board Limited

Note 16 : Non Current Financial Liabilities - Borrowings

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Bonds or Debentures*		
Secured Bonds or Debentures	985,876.00	1,123,929.00
Unsecured Bonds or Debentures	-	-
Term Loans**		
From Banks		
Secured Loans	-	-
Unsecured Loans		
From Others		
Secured Loans	466,639.45	469,525.49
Unsecured Loans	-	-
Loans from related parties		
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Total	**1,452,515.45**	**1,593,454.49**

Details of Bond or Debenture*

Name of Bond	₹ in lakhs	
	2018-19	2017-18
20 yr bond with coupon rate of 10% p.a.	703,435.00	773,680.00
10 yr bond with a coupon rate of 9% p.a.	282,441.00	350,249.00
Total	**985,876.00**	**1,123,929.00**

****Details of Term Loans**

Loan Name	₹ in lakhs	
	2018-19	2017-18
Loan from REC on Various Schemes	-	-47.06
Loan from REC R-APDRP PART-B	45,266.43	51,393.79
Loan from R E C - RGGVY	1,263.07	1,396.26
Loan from PFC-Pallivasal Generation Project	-	17,674.96
Loan from PFC R-APDRP	42,729.26	32,600.13
Loan from SOUTH INDIAN BANK	7,499.70	8,099.89

Loan from PFC GEL Kakkayam	1,720.91	1,920.32
Loan from REC-TRAN.Kattakkada -Pothencode Scheme	8,220.45	9,612.43
Loan from REC-TRAN-Group I	5,739.77	5,951.65
Loan from REC-Distriburion - 23 Circle Scheme	53,827.97	59,990.47
Loan from REC- Distriburion - Meter Scheme	2,493.68	3,903.09
Loan from REC-Thottiyar Gene. Scheme	5,373.42	5,373.42
Special Loan Assistance from REC	155,893.85	130,000.00
Loan from REC for the DDG Scheme	13.31	13.42
Special Loan Assistance from PFC	124,118.55	132,801.74
Loan from PFC GEL Perumthenaruvi	3,126.37	3,513.87
Dam Rehabilitation and Improvement Project (DRIP)	4,920.73	4,920.73
Loan from RIDF of NABARD	325.12	406.40
Fund from KIFBI	4,106.87	-
Total	**466,639.45**	**469,525.49**

Kerala State Electricity Board Limited

Note 17 : Non Current-Other Financial liabilities

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Security deposit from consumers	301,911.86	283,696.07
Security deposit from consumers other than cash	210.43	212.83
Interest payable on consumers deposit	33,862.41	33,136.12
Total	**335,984.70**	**317,045.02**

Note 18 : Non Current Provisions

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Provision for Employee Benefits	-	-
Contributory Provident Fund	-	-
As per Last Balance Sheet	3.79	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	3.79	3.79
General provident Fund	-	-
As per Last Balance Sheet	220,733.00	-
Add: Additions and Withdrawals	52,639.11	-
(Less) : Utilisation	52,425.19	-
As at Balance Sheet Date	220,946.93	220,733.00
Staff Pension Fund*	-	-
As per Last Balance Sheet	578,561.92	-
Add: Additions and Transfers	159,584.24	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	738,146.16	578,561.92
Others	-	-
Provision for Interest on bonds adjustable against Electricity duty	-	-
As per Last Balance Sheet	177,241.00	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	31,521.00	-

As at Balance Sheet Date	145,720.00	177,241.00
Provision for Pay revision	-	-
As per Last Balance Sheet	-	-
Add: Additions and Transfers	17,600.00	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	17,600.00	-
Total	**1,122,416.88**	**976,539.72**

*Staff pension fund comprises the amount of future terminal liability arise out of the actuarial valuation from 01.11.2013 to 31.03.2019 and the funding pattern of the terminal liability has not been finalised

Note 19 : Other Non Current Liabilities

Particulars	₹ in lakhs	
	As at 31.03.2019	**As at 31.03.2018**
Decommissioning Liability	2,218.31	2,056.07
Grants in Aid from Government/Other Agencies		
As per Last Balance Sheet	74,871.31	-
Add: Grants Received during the year	51,512.48	-
(Less) : Amortisation/Grants Paid Back	6,196.75	-
As at Balance Sheet Date	120,187.03	74,871.31
Grants to be Amortised - Concessional Loan		
As per Last Balance Sheet	7,097.43	-
Add: Grants recognised during the year	3,801.85	-
(Less) : Amortisation/Grants Paid Back	1,306.15	-
Add/Less : Fair Value Changes	-	-
As at Balance Sheet Date	9,593.14	7,097.43
Consumer Contribution		
As per Last Balance Sheet	108,251.38	-
Add: Received during the year	32,587.09	-
(Less) : Amortisation	8,322.34	-
As at Balance Sheet Date	132,516.13	108,251.38
Total	**264,514.60**	**192,276.19**

Kerala State Electricity Board Limited

Note 20 : Current Financial Liabilities - Borrowings

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Loans repayable on demand		
From Banks		
Secured Loans		-
Current maturities of long term debt	41,626.32	26,318.70
Unsecured Loans	271,030.99	247,440.28
From Others		
Secured Loans		
Current maturities of principal amount payable to Master Trust	70,245.00	
Unsecured Loans		
Loans from related parties		
Secured Loans		
Unsecured Loans		
Total	**382,902.31**	**273,758.98**

Note 21 : Current Financial Liabilities - Trade Payables

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Trade Payable	121,457.58	96,836.56

Kerala State Electricity Board Limited

Note 22 : Current - Other Financial Liabilities

Particulars	**₹ in lakhs**	
	As at 31.03.2019	**As at 31.03.2018**
Fuel related liabilities	36.37	0.00
Liability for capital supply/works	13,362.62	3,608.30
Liability for O&M supply/works	11,097.51	6,573.86
Staff related liabilities and provisions	23,409.51	14,128.56
Deposit and Retentions from Suppliers/Contractors	42,314.55	41,954.00
Electricity Duties and Other levies payable to Government	0.00	0.00
Liability for Expenses	5,454.39	3,990.73
Amount owing to Licensees	16.03	16.03
Accrued/Unclaimed amount relating to borrowings	20,351.63	18,905.97
Other liability(Lease amount of RCKPL)	8.07	8.07
Other Liabilities & Provisions	16,529.94	15,011.23
Amount payable to Master Trust*	90,768.21	51,874.38
Deposit for Electrification, Service connection etc	80,048.89	76,918.46
Total	**303,397.72**	**232,989.60**

*** Amount payable to Master Trust as detailed below**

	₹ in lakhs	
	As at 31.03.2019	**As at 31.03.2018**
Opening Balance	**51,874.38**	**-**
Principal Repayment of bond	40,720.00	40,720.00
Interest paid by the company	77,368.00	81,440.00
Government Contribution to Master Trust from Electricity Duty	58,610.00	58,610.00
Other Receipt	-	5,240.00
Total Payable	**228,572.38**	**186,010.00**
Paid during the Year	137,804.17	134,135.62
Balance Payable	**90,768.21**	**51,874.38**

Note 23 : Current Provisions

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Provision for Employee Benefits		
Dearness Allowance		
As per Last Balance Sheet	900.00	
Add: Additions and Transfers	1,806.00	900.00
(Less) : Utilisation	900.00	
As at Balance Sheet Date	1,806.00	900.00
Income Tax		
As per Last Balance Sheet		
Add: Additions and Transfers		
(Less) : Utilisation		
As at Balance Sheet Date		
Total	**1,806.00**	**900.00**

Kerala State Electricity Board Limited

Note 24 : Revenue from operations

Particulars	₹ in lakhs	
	2018-19	**2017-18**
Interstate	7,202.31	-
Domestic	462,103.55	431,698.73
Commercial	306,280.31	287,669.32
Public Lighting	17,276.74	16,984.80
Irrigation & Dewatering	8,677.63	6,328.62
Industrial L T	79,275.92	80,919.44
Railway Traction	18,638.38	16,001.27
Bulk Supply	36,912.92	38,458.80
Miscellaneous	19.69	9.42
H. T.	275,859.30	260,181.85
E. H. T.	66,347.55	62,355.01
NVVN/ Others	26,732.42	5,118.27
Reactive Energy Charges	2,062.99	5,543.03
Electricity Duty Recovery	79,094.14	80,904.99
Other State Levies Recovery	2,428.49	1,474.65
Meter Rent/Service Line Rental	9,437.63	9,317.09
Recovery of theft/Mal practices	866.21	10.21
Misce. Charges from Consumers	34,427.05	11,221.45
GROSS SALE OF POWER	1,433,643.24	1,314,196.95
Less: Electricity Duty Payable (Contra)	79,094.14	80,904.99
Less: Other State Levies Payable (Contra)	2,428.49	1,474.65
Total	**1,352,120.60**	**1,231,817.31**

Note 25. a) Other Operating Income

Particulars	₹ in lakhs	
	2018-19	**2017-18**
Rebate Received	13,411.16	13,349.87
Interest Advances to Suppliers/Contractors	711.02	1,416.00

Income from sale of Scrap/Tender form etc	7,262.94	6,408.93
Miscellaneous Receipts	10,195.60	12,931.60
Total	**31,580.71**	**34,106.40**

Note 25. b) Other Income

Particulars	₹ in lakhs	
	2018-19	**2017-18**
Interest Income		
Staff Loans and Advances	0.95	16.40
Income From Loans &others	51.31	58.14
Banks	715.93	546.59
Clawback of Grant	15,825.25	11,950.63
Total	**16,593.43**	**12,571.75**
Total (a+b)	**48,174.14**	**46,678.15**

Kerala State Electricity Board Limited

Note 26 : Purchase of Power

Particulars	₹ in lakhs	
	2018-19	2017-18
Power purchased from Central Generating Stations	271,512.89	275,225.59
Power purchased from Others	458,418.33	419,492.44
Power purchased from Wind Generating Stations	5,122.18	3,525.90
Wheeling Charges (Less - UI Charges Received)	51,340.69	54,252.35
Other charges on Sale through Power Exchange	538.03	106.40
Total	**786,932.13**	**752,602.69**

Note 27: Generation of Power

Particulars	₹ in lakhs	
	2018-19	2017-18
FUEL CONSUMPTION		
Oil	179.09	97.46
HSD Oil	21.41	27.78
Lub Oil	5.26	7.77
LUBRICANTS & CONSUMABLE STORES	123.29	74.21
STATION SUPPLIES	0.15	0.61
Total	**329.20**	**207.84**

Note 28: Repairs & Maintenance

Particulars	₹ in lakhs	
	2018-19	2017-18
Plant and Machinery	4,391.51	4,833.94
Buildings	996.53	1,029.54
Civil Works	1,118.33	1,328.61
Hydraulic Works	392.46	308.78
Lines, Cable Network etc.	22,952.99	19,363.69
Vehicles	206.52	266.69
Furniture and Fixtures	47.69	42.84
Office Equipments	269.08	560.79
Total	**30,375.11**	**27,734.87**

Kerala State Electricity Board Limited

Note 29 : Employee Benefits

Particulars	₹ in lakhs	
	2018-19	**2017-18**
Salaries	250,271.84	231,628.42
Over Time/Holiday Wages	29.47	33.92
Dearness Allowance	54,743.73	45,235.06
Other Allowances	7,740.01	7,764.49
Bonus	943.63	983.27
Medical Expenses Reimbursement	1,287.74	1,083.28
Leave Travel Assistance	22.30	21.21
Earned Leave Encashment	18,109.84	15,310.02
Payment under Workmen's Compensation Act	54.33	13.78
Leave Salary & Pension Contribution Paid by the Company to the Employees and Other Departments	1,823.86	1,327.81
Funeral Allowance	7.02	5.05
Staff Welfare Expenses	429.17	434.25
Terminal Benefits	-	-
(Less) Expenses Capitalised	46,261.54	40,034.41
Total	**289,201.39**	**263,806.15**

Note 30 : Finance Cost

Particulars	₹ in lakhs	
	2018-19	**2017-18**
Finance Charges on Financial Liabilities Measured at Amortised Cost		
INTEREST		
Interest on State Govt. Loans		
Interest on Bonds		
Interest on other loans/deferred credits	57,011.77	61,098.20
Interest to Consumers	17,731.00	17,533.21
Interest on Borrowings for Working Capital	14,894.78	9,500.24
Interest on Fair Valuation of Concessional Loan	912.52	2,227.76

OTHER INTEREST AND FINANCE CHARGES		
Rebate allowed for prompt payment	82.66	
Discount to Consumers for timely payment of bills	216.41	164.36
Interest To Suppliers/Contractors		506.01
Interest on General Provident Fund	16,216.71	15,626.00
Cost of Raising Finance	-	0.20
Other Charges	1,541.80	12.51
Interest on bond isuued to Master Trust	77,368.00	81,440.00
Less: Interest and Finance Charges Capitalised	26,085.85	6,639.47
Total	**159,889.80**	**181,469.02**

Note 31 : Depreciation, Amortisation and Impairment Expenses

Particulars	₹ in lakhs	
	2018-19	2017-18
Depreciation		
Depreciation - Buildings	2,326.52	2,331.10
Depreciation - Hydraulic Works	6,888.12	7,015.71
Depreciation - Other Civil Works	2,148.67	2,142.80
Depreciation - Plant & Machinery	22,774.24	23,661.25
Depreciation - Line Cable & Network	44,789.40	43,440.03
Depreciation - Vehicles	131.12	131.04
Depreciation - Furniture & Fixtures	209.50	234.69
Depreciation - Office Equipments	1,112.45	1,413.85
Total	**80,380.02**	**80,370.49**
Amortisation		
Software	122.74	
Total	**80,502.76**	**80,370.49**

Note 32 : Administrative and General Expenses

Particulars	₹ in lakhs	
	2018-19	2017-18
Rent	833.19	867.08
Rates and Taxes	239.77	177.05

Insurance	123.13	17.61
Telephone Charges, Postage, Telegram & Telex charges	1,312.91	530.72
Internet charges	272.05	18.24
Legal Charges	215.61	196.55
Audit Fees - Statutory audit	44.25	37.77
Audit Fees - others	2.87	1.81
Consultancy Charges	11.05	10.61
Technical Fees	58.65	211.78
Other Professional Charges	209.04	127.96
Notary fee and other expenses relating to CGRF and ERC	1,193.46	366.00
Conveyance and Travel	6,285.31	6,195.56
Expenses towards National Pension Scheme		6.80
Expense in respect of ESCOT	-	16.74
Salary and other allowance of Appellate Authority	5.11	6.26
Fees and Subscriptions	87.75	53.33
Books and Periodicals	8.44	6.25
Printing and Stationary	712.31	620.13
Data Processing Charges	12.59	5.46
Advertisements,Exhibition and Publicity	113.80	529.94
Contribution to CMDRF	3,620.00	-
Water Charges	138.03	58.88
Entertainment	132.36	93.90
Ele. Duty u/s 3(i) of KED Act	12,381.41	12,010.94
Other Operative Expenses	16,734.86	14,693.85
Expenditure in purchase of LED bulbs under DELP	664.75	4,164.10
Power factor incentive to consumers	11,406.67	9,014.52
Freight	1,120.92	675.90
Other Expenses	1,916.11	2,735.65
Less: Expenses capitalised	40.11	412.50
TOTAL	**59,816.29**	**53,038.86**

Kerala State Electricity Board Limited

Note 33 : Others

Sl. No.	Particulars	₹ in lakhs	
		2018-19	**2017-18**
1	Material Cost Variance	-254.74	-2,646.32
2	Research and Development Expenses	5.59	21.14
3	Miscellaneous	-6.41	5.72
4	Miscellaneous Losses and Write Offs	1,600.54	1,087.17
5	Sundry Expenses	2.45	0.19
6	Loss/(compensation) on account of flood cyclone etc	-	-52.92
	TOTAL (A)	**1,347.43**	**-1,585.01**

Prior Period Expenses or Losses

Sl. No.	Particulars	₹ in lakhs	
		2018-19	**2017-18**
1	Other Excess Provision in Prior Periods	5.31	42.67
2	Other Income relating to Prior Periods	1,236.64	713.36
	INCOME RELATING TO PREVIOUS YEARS(1)	**1,241.96**	**756.03**
3	Operating Expenses of Previous Years	278.54	309.06
4	Interest on Other Financial Charges in Previous Years	654.52	6.66
5	Other Charges	19,222.41	608.35
	EXPENSE RELATING TO PREVIOUS YEARS(2)	**20,155.47**	**924.06**
	NET PRIOR PERIOD CREDITS/(CHARGES) (1-2)(B)	**-18,913.51**	**-168.03**
	TOTAL (B-A)	**20,260.94**	**-1,416.98**

Note 34 : Changes in fair valuation and Other Adjustments

Sl. No.	Particulars	₹ in lakhs	
		2018-19	**2017-18**
1	Income on account of Fair Valuation Changes	393.63	-908.02
	Total	**393.63**	**-908.02**

Kerala State Electricity Board Limited

Note 35:Exceptional item:Repairs and Maintanance expenses due to natural calamity

Sl. No.	Particulars	₹ in lakhs	
		2018-19	**2017-18**
1	Plant and Machinery	76.92	-
2	Buildings	2.61	-
3	Civil Works	109.82	-
4	Hydraulic Works	76.94	-
5	Lines, Cable Network etc.	1,328.05	-
	Total	**1,594.34**	**-**

Note 36:Items that will not be reclassified to Profit and Loss Account

Sl. No.	Particulars	₹ in lakhs	
		2018-19	**2017-18**
1	Portion of acturial valuation not pertains to Current year	109,678.60	107,632.86
2			
3			
4			
5			
	Total	**109,678.60**	**107,632.86**

Note 37: Trifurcated Balance sheet and Profit and Loss Account

	KERALA STATE ELECTRICITY BOARD LIMITED			Trifurcated Balance sheet			
	BALANCE SHEET AS AT 31 ST MARCH 2019			₹ in lakhs			
	Particulars	**Note No**	**₹ in lakhs As at 31.03.2019**	**Generation**	**Transmission**	**Distribution**	**TOTAL**
A	**ASSETS**						
	Non Current Assets						
	Property Plant and Equipment		2,124,607.56	1,407,360.01	258,216.36	459,031.19	2,124,607.56
	Capital Work in Progress		697.05	69.70	69.70	557.65	697.05
	Intangible Asset		299,134.38	124,739.00	63,571.00	110,824.38	299,134.38
	Financial Assets						
	Investments		2,049.01	952.09	531.44	565.48	2,049.01
	Loans		8,342.65	992.95	1,295.83	6,053.87	8,342.65
	Others		7,773.16	(1,575.29)	3,102.45	6,246.00	7,773.16
	Other Non Current Assets		527,469.70	34,395.11	48,415.71	444,658.88	527,469.70
	Current Assets						
	Inventories		69,805.76	4,163.09	9,705.80	55,936.87	69,805.76
	Trade receivables		128,801.29	-	-	128,801.29	128,801.29
	Cash and cash equivalents		27,542.10	3,889.76	3,087.22	20,565.12	27,542.10
	Bank balances other than Cash Equivalents		7,839.91	-	-	7,839.91	7,839.91
	Other current assets		14,531.57	7,265.35	6,794.27	471.95	14,531.57
	TOTAL ASSETS		**3,218,594.14**	**1,582,251.77**	**394,789.78**	**1,241,552.59**	**3,218,594.14**

	EQUITY&LIABILITIES						
B	**Equity**						
	Equity Share Capital		349,905.00	83,126.92	85,704.62	181,073.46	349,905.00
	Other Equity		(1,116,306.10)	60,068.99	14,482.35	(1,190,857.44)	(1,116,306.10)
	Liabilities		-				-
	Non Current liabilities		-				-
	Borrowings		1,452,515.45	1,068,553.11	101,996.72	281,965.62	1,452,515.45
	Other financial liabilities		335,984.70	-	-	335,984.70	335,984.70
	Provisions		1,122,416.88	190,775.28	(9,823.84)	941,465.45	1,122,416.88
	Other non current liabilities		264,514.60	8,144.22	45,346.24	211,024.14	264,514.59
	Current Liabilities						
	Financial Liabilities						
	Borrowings		382,902.31	133,846.30	90,071.62	158,984.39	382,902.31
	Trade payables		121,457.58	-	-	121,457.58	121,457.58
	Other financial liabilities		303,397.72	37,637.60	66,827.57	198,932.55	303,397.72
	Provisions		1,806.00	99.36	184.50	1,522.14	1,806.00
	Total Equity and Liabilities		**3,218,594.14**	**1,582,251.77**	**394,789.78**	**1,241,552.59**	**3,218,594.14**

KERALA STATE ELECTRICITY BOARD LIMITED				Trifurcated Profit and Loss Statement			
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019				₹ in lakhs			
	Particulars	**Note No**	**₹ in lakhs For the year ended 31st March 2019**	**Generation**	**Transmission**	**Distribution**	**TOTAL**
	REVENUE						
I	Revenue from operations		1,352,120.60	58666.23	106,868.51	1,352,120.60	1,517,655.34
II	Other Income		48,174.14	2448.69	5,645.40	40,080.05	48,174.14
III	**Total Income (I+II)**		**1,400,294.74**	**61,114.92**	**112,513.91**	**1,392,200.65**	**1,565,829.48**
IV	**Expenses**						
	Purchase of power		786,932.13	-	-	952,466.88	952,466.88
	Generation of power		329.20	329.20	-		329.20
	Repairs and Maintenance		30,375.11	2712.94	4,366.05	23,296.12	30,375.11
	Employee benefit expenses		289,201.39	12837.47	33,822.33	242,541.59	289,201.39
	Finance Cost		159,889.80	12794.36	20,763.61	126,331.83	159,889.80
	Depreciation and Amortisation		80,502.76	13235.51	23,942.78	43,324.47	80,502.77
	Other expenses						
	Administrative Expenses		59,816.29	4180.53	10,848.56	44,787.20	59,816.29
	Others		20,260.94	(467.77)	(211.09)	20,939.79	20,260.94
	Total Expenses (IV)		1,427,307.63	45,622.25	93,532.25	1,453,687.87	1,592,842.37
V	Change in fair valuation and other adjustments		393.63	(152.16)	8.38	537.41	393.63
VI	**Profit/(Loss) before exceptional and extra ordinary items and tax(III-IV-V)**		**(27,406.51)**	**15,644.84**	**18,973.28**	**(62,024.63)**	**(27,406.51)**

VII	Exceptional items		1,594.34	311.47	43.67	1,239.20	1,594.34
VIII	**Profit/(Loss) before tax(VI-VII)**		**(29,000.85)**	**15,333.37**	**18,929.60**	**(63,263.83)**	**(29,000.85)**
IX	Tax Expenses						
	(i) Current Tax						
	(ii) Deferred Tax						
X	**Profit/(Loss) for the period from continuing operations(VII-VIII)**		**(29,000.85)**	**15,333.37**	**18,929.60**	**(63,263.83)**	**(29,000.85)**
XI	Profit/(loss) from discontinued operations						
XII	Tax expense of discontinued operations						
XIII	Profit/(loss) from Discontinued operations (after tax) (X-XI)						
XIV	Profit/(loss) for the period (IX+XII)						
	Other Comprehensive Income		**(109,678.60)**	**(6,033.97)**	**(11,205.02)**	**(92,439.61)**	**(109,678.60)**
	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)		**(138,679.45)**	**9,299.40**	**7,724.58**	**(155,703.43)**	**(138,679.46)**

KERALA STATE ELECTRICITY BOARD LIMITED

Note 38: Notes forming part of Financial Statements as at 31st March 2019

38.1 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.

38.2 Contingent liabilities,Capital Liabilities and capital commitments

[₹ in Lakhs]

Particulars	2018-19	2017-18
A. Contingent Liabilities		
1. Disputed Income-tax Matters	32370.03	35832.26
2. Claims against Company pending Court Orders/Government orders	10401	40340.61
B. Capital Liabilities and Capital Commitments		
1. Capital liabilities becoming due for re-payment/ redemption	517858.9	502941.62
2. Contracts placed but not executed	48461.92	37357.18

38.3 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 31,2019	41626.32		476232.58	517858.9
March 31,2018	26318.7		476622.92	502941.62
Unsecured Loan				
March 31,2019	219946.82			219946.82
March 31,2018	244992.74			244992.74
Total				
March 31,2019	261573.14		476232.58	737805.72
March 31,2018	271364.7		476622.92	747934.36

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 and Repayment terms
1	PFC	RAPDRP Part- A (Distribution scheme)	Existing and future assets created from the loans(Repayment not finalised)
2	PFC	RAPDRP Part- B (Distribution scheme)	Existing and future assets created from the loans(Monthly repayment, final repayment not finalised)
3	REC	Transmission scheme (Kattakada, Pothencode)	Future assets created from the loans(Repayment in monthly installments up to 31.03.2026)
4	REC	Meter Scheme (Distribution)	Future assets created from the loans. (Repayment in monthly installments up to 01.01.2022)
5	REC	R-APDRP Part-B Counterpart Funding (Distribution scheme)	Future assets created from the loans. (Repayment in monthly installments up to 30.12.2027)
6	REC	8 Nos. Transmission schemes	Future movable assets created from the loans(Repayment in monthly installment up to 01.01.2032)
7	REC	Distribution Schemes	Future assets created from the loans(Repayment in monthly installments up to 01.01.2032)
8	REC	Thottiyar HEP(Generation scheme)	Future assets created from the loans(Repayment in monthly installments up to 30.06.2029)
9	PFC GEL	Kakkayam SHEP (Generation Scheme)	Immovable and movable properties present and future created from the loans(Repayment in monthly installments up to 15.01.2034)
10	South Indian Bank	BARAPOLE SHEP (Generation)	Hypothecation of movable assets & lodgment of title deed of landed properties(Repayment in monthly installments up to 29.02.2028)
11	REC-RGGVY	Development of rural household	Future assets created from the loans(Repayment in yearly installments up to 02/2028

12	PFC-GEL	Perumthenaruvi SHEP	Immovable and movable properties present and future created from the loans(Repayment in monthly installments up to 15.07.2033)
13	NABARD	Banasura Sagar	(Repayment in quarterly up to 01.04.2023)
14	NABARD	Upper kallar	(Repayment in quarterly up to 01.04.2023)
15	REC-Special Loan	General Purpose	Future assets created from the loans (Repayment in monthly installments up to 31.03.2032)
16	PFC-Special Loan	General Purpose	Future assets created from the loans (Repayment in monthly installments up to 15.09.2033)
17	KIFBI	Tran Grid-2	Terms and conditions not finalised
18	World Bank/State Government	Dam Rehabilitation and Improvement Project	Terms and conditions not finalised

Loans of ₹52969.11 lakh is not considered for revaluation as repayment liability is not confirmed. There is no default in servicing of loans.

38.4. 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
4	Kerala- Fibre Optic Network Limited	Associate

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	31.03.2019 31.03.2018	Nil	Nil	Nil	Nil

Impairment allowance on Investments	31.03.2019 31.03.2018	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	N.S.Pillai IA&AS	CMD	28.5	0.17	28.67
2	Vijaya Kumari. P	Director	20.34	0.25	20.59
3	Venugopalan.N	Director	20.67	1.96	22.63
3	Moni.P.K	Director	19.82	0.24	20.06
4	Kumaran.P	Director	20.34	1.93	22.27
5	Rajeev. S(Retired on 31.07.2018)	Director	8.36	5.42	13.78

38.5 Interest and finance charges capitalized

Interest and finance charges of Project Specific Loans are capitalised fully and the interest expenses of general loans are capitalized @ 8.3%. An amount of Rs.26085.85 lakhs (previous year 6639.47 lakh) is capitalised during the current financial year.

38.6 Transactions in Foreign currency

a) Expenditure in foreign currency (on accrual basis)

Particular	March 31,2019	March 31,2018
Travelling	NIL	NIL
Professional & Consultation fee	NIL	NIL
Interest	NIL	NIL
Others	NIL	NIL
Total	**NIL**	**NIL**

b) CIF Value of Imports

Particular	March 31,2019	March 31,2018
Raw materials	NIL	NIL
Capital goods	NIL	NIL
Components & Spares	NIL	NIL
Total	NIL	NIL

38.7 Segment Reporting

Disclosure as per Ind AS 108 is given below.

Particulars	For the year ended 31 March, 2019				
	Business segments			Inter Segment Eliminations	Total
	Generation	Transmission	Distribution		
	₹ in lakhs	₹ in lakhs	₹ in lakhs		₹ in lakhs
Segment Revenue					
Inter-segment revenue	58666.23	106868.51		165534.74	0
Sale of energy & Meter rent			1352120.6		1352120.6
Total	**58666.23**	**106868.51**	**1352120.6**	**165534.74**	**1352120.6**
Segment result	**29075.76**	**51516.26**	**1114960.7**		**1195552.72**
allocable expenses	16191.08	38232.06	1218304.57		1272727.71
Operating income					
Other income (net)	**2448.69**	**5645.4**	**40080.05**		**48174.14**
Profit before taxes	15333.37	18929.61	-63263.83		-29000.85
Tax expense					
Net profit for the year	**15333.37**	**18929.6**	**-63263.83**		**-29000.85**
Other comprehensive income	**-6033.97**	**-11025.2**	**-92439.61**		**-109678.6**
Total comprehensive income	**9299.4**	**7724.58**	**-155703.43**		**-138679.45**
Particulars	**For the year ended 31 March, 2018**				
	Business segments			**Inter Segment Eliminations**	**Total**
	Generation	**Transmission**	**Distribution**		
	₹ in lakhs	**₹ in lakhs**	**₹ in lakhs**		**₹in lakhs**
Segment Revenue					
Inter-segment revenue	68061.82	100382.72		168444.54	0

Sale of energy & Meter rent			1231817.31		1231817.31
Total	**68061.82**	**100382.72**	**1231817.31**	**168444.54**	**1231817.31**
Segment result	**30051.98**	**47242.35**	**1022364.77**		**1099659.1**
Allocable expenses (net)	17167.31	33958.14	1161670.63		1212796.08
Operating income					
Other income (net)	**2499.42**	**2805.89**	**29422.21**		**34727.52**
Profit before taxes	15384.09	16090.1	-109883.65		-78409.46
Tax expense	-	-	-		
Net profit for the year	**15384.09**	**16090.1**	**-109883.65**		**-78409.46**
Other Comprehensive income	**-5686.65**	**-10660.88**	**-91285.33**		**-107632.86**
Total comprehensive income	**9697.44**	**5429.22**	**-201168.98**		**-186042.32**

Particulars	**For the year ended 31 March, 2019**			**Total**
	Business segments			
	Generation	**Transmission**	**Distribution**	
	₹ in lakhs	**₹ in lakhs**	**₹ in lakhs**	**₹ in lakhs**
Segment assets				
Allocable assets	1457512.77	331218.78	1130728.21	2919459.76
Total assets				
Segment liabilities				
Allocable liabilities	1582251.77	394789.78	1241552.59	3218594.14
Total liabilities				
Other information				
Capital expenditure				
Capital expenditure (Allocable)	124739	63571	110824.38	299134.38
Depreciation and amortisation (allocable)	13235.51	23942.78	43324.47	80502.76

Depreciation and amortisation (unallocable)				
Other significant non-cash expenses				

Particulars	For the year ended 31 March, 2018			Total ₹ in lakhs
	Business segments			
	Generation ₹ in lakhs	Transmission ₹in lakhs	Distribution ₹ in lakhs	
Segment assets				
Allocable assets	1469050.76	304594.71	1037509.51	2811154.98
Total assets				
Segment liabilities				
Allocable liabilities	1582140.06	348666.03	1125238.8	3056044.89
Total liabilities				
Other information				
Capital expenditure				
Capital expenditure (Allocable)	113089.3	44071.32	87729.29	244889.91
Depreciation and amortisation (allocable)	14080.63	24419.51	41870.35	80370.49
Depreciation and amortisation (unallocable)				
Other significant non-cash expenses				

38.8 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	2018-19	2017-18
1	Earnings Available to Equity Share Holders (₹in lakhs)	-138679.45	-186042.32
2	Number of weighted equity shares	3499050000	3499050000
3	Face value per share (₹)	10	10

4	Earnings per Share (Basic)	-3.96	-5.32
5	Earnings per Share (Diluted)	-3.96	-5.32

38.9 Taxation

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

38.10 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 2019 together with interest paid/ payable as required under the Act, have not been given.Company vide Office order D(F) No.536/2019/FA/Tender/SS/2019 dated 15.03.2019 company decided to take a centralised registration in theTReDS.The TreDs scheme is aimed at setting up of and operating the institutional mechanism for facilitating the financing of trade receivable of MSME.

38.11 Statutory Auditors' Remuneration

[₹ in Lakhs]

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Remuneration of statutory auditors	44.25	44.25
Total	**44.25**	**44.25**

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

	Current Year (2018-19)			Previous Year (2017-18)		
	Unit Generated(A)	Auxiliary consumption(B)	Net(A-B)	Unit Generated(A)	Auxiliary consumption(B)	Net(A-B)
Hydel	7602.41	31.81	7570.6	5488.94	29.95	5458.99
Thermal	4.09	1.44	2.65	1.86	1.31	0.55
Wind	1.33	0	1.33	1.48	0	1.48
Solar	18.54	0	18.54	13.45	0	13.45
Sub Total	**7626.37**	**33.25**	**7593.12**	**5505.73**	**31.26**	**5474.47**
Purchase	18761.47		18761.47	19426.74		19426.74
Total				**24932.47**	**31.26**	**24901.21**

Auxiliary consumption (Substations)		16.11	16.11		14.12	
Total	**26387.84**	**49.36**	**26338.48**	**24932.47**	**45.38**	**24887.09**
Energy injected by Private IPPs at generator end for sale outside state through open access			39.17			45.15
Energy purchased by consumers through open access at Kerala periphery			216.6			284.96
Total Generation and power purchased			**26594.25**			**25217.2**
Energy sale outside the state by KSEBL at Kerala periphery			824.78			117.51
Swap return			168.02			6.31
Sale outside the state by Private IPPs through open access			37.4			43.07
External PGCIL loss			714.9			709.51
Net energy available in Kerala Grid for consumption with in state			24849.15			24340.8
Energy sale within the state by KSEBL alone			21536.77			20880.7

Energy consumed by open access consumers			205.44			269.86
Energy Given to RGCCPP for auxiliary consumption			8.04			8.63
Energy consumption within the state including open access consumers			21750.25			21159.19
Loss in KSEBL system			3098.9			3181.61
Loss % in KSEBL system			12.47%			13.07%

38.13.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	Brahmapuram (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	Poozhithodu	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
39	Vellathooval	1.8x2	3.6
40	Perumthenaruvi	3X2	6
	Total		**2284.64**

b) Projects commissioned during the Year :

Sl. No.	LOCATION	Unit Capacity (in MW)	Installed Capacity (MW)
1	Kakkayam SHEP	2x1.5	3
	Total		**3**

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**

38.14 Purchase of Power

In the case of power purchase related expenditure from Central Utilities, the utilities are raising invoices based on provisional tariff order/relevant notification of the concerned authorities, which are subject to final orders for the relevant tariff period. Out of the total power purchase related expenditure, the following claims has been provided in the accounts though the claims are not fully admitted by the Company.

Sl No.	Supplier	2018-19	2017-18
1	MAITHON	1538.2	615.98
2	Jindal Power Limited	426.35	4812.05
3	Jindal Thermal Power Limited	432.87	155.6
4	KAIGA	-	0.37
5	JHABUA POWER	10163.04	8508.58
6	BALCO	118.52	59.98
7	DVC	0.16	914.25
8	NTECL		15.84
9	PGCIL	153.89	977.77
10	PTC	3237	2.21
11	NTPC	2640.5	671.82
12	KPTCL (RE charges)	1.85	2.77

13	NTPC Tamil Nadu Energy Co.Ltd	0.13	-
14	NPCIL- Kudankulam	672.21	-
	Total	**19384.72**	**16737.22**

38.15. Actuarial Valuation

Actuarial valuation of employee related liabilities were carried out as on 31.03.2019 and provided in the accounts as detailed below.

a. Actuarial valuation of the earned leave liability for the period from 01/04/2018 to 31/03/2019 as per IND AS-19

Change in benefit Obligations	₹ in lakhs
Present Value of obligation at the beginning of the period	77930.29
Acquisition Adjustment	
Interest Cost	6000.63
Service Cost	5482.42
Past Service Cost including curtailing gains/ losses	
Benefits paid	-4496.31
Total Actuarial(Gain)/Loss on obligation	-4309.79
Present Value of obligation as at the end of the period	80607.24

Actuarial Assumptions

i) Economic Assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

	31/03/2019	31/03/2018
i) Discounting Rate	7.43	7.70
ii) Future salary Increase	10	10.00

ii) Demographic Assumption

Attrition rates are the company's best estimate of employee turnover in future determined considering factors such as nature of business & industry, retention policy, demand & supply in employment market, standing of the company , business plan, HR Policy etc as provided in the relevant accounting standard.

Leave availment / encashment / lapse rates are entity's best estimate for future based on past historical experience & its HR policy.

i) Retirement Age (Years)	56	56
ii) Mortality rates inclusive of provision for disability **	100 % of IALM (2006 - 08)	
iii) Ages	**Withdrawal Rate (%)**	**Withdrawal Rate (%)**
Up to 30 Years	6.00	6.00
From 31 to 44 years	3.00	3.00
Above 44 years	1.00	1.00
iv) Leave	-	-
Leave Availment Rate	2.50%	2.50%
Leave Lapse rate while in service	Above 300 days	Above 300 days
Leave Lapse rate on exit	--	--
Leave encashment Rate while in service	5.00%	5.00%

It should be noted that in case of employees above retirement age, for the purpose of valuation it is assumed they will retire immediately & benefit is considered up to actual retirement age.

Mortality & Morbidity rates - 100% of IALM (2006-08) rates have been assumed which also includes the allowance for disability benefits.

Mortality Rates inclusive of disability for specimen ages

Age	Rate	Age	Rate	Age	Rate
15	0.000614	45	0.002874	75	**0.039637**
20	0.000888	50	0.004946	80	**0.060558**
25	0.000984	55	0.007888	85	**0.091982**
30	0.001056	60	0.011534	90	**0.138895**
35	0.001282	65	0.017009	95	**0.208585**
40	0.001803	70	0.025855	100	**0.311628**

b. Actuarial valuation of the gratuity liability for the period from 01/04/2018 to 31/03/2019, as per IND AS-19.

Change in benefit Obligations	₹ in lakhs
Present Value of obligation at the beginning of the period	182790.95
Acquisition Adjustment	
Interest Cost	14074.9
Service Cost	12175.58

Past Service Cost including curtailing gains/ losses	-
Benefits paid	-9782.63
Total Actuarial(Gain)/Loss on obligation	-4550.35
Present Value of obligation as at the end of the period	194708.44

Actuarial Assumptions

i) Economic Assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

	31/03/2019	**31/03/2018**
i) Discounting Rate	7.43	7.70
ii) Future salary Increase	10	10.00

ii) Demographic Assumption

Attrition rates are the company's best estimate of employee turnover in future determined considering factors such as nature of business & industry, retention policy, demand & supply in employment market, standing of the company , business plan, HR Policy etc as provided in the relevant accounting standard.

	31/03/2019	**31/03/2018**
i) Retirement Age (Years)	56	56
ii) Mortality rates inclusive of provision for disability **	100% of IALM (2006 - 08)	
iii) Attrition at Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	6	6
From 31 to 44 years	3	3
Above 44 years	1	1

In case of employees above retirement age, for the purpose of valuation it is assumed they will retire immediately & benefit is considered up to actual retirement age.

Mortality & Morbidity rates - 100% of IALM (2006-08) rates have been assumed which also includes the allowance for disability benefits.

Mortality Rates for specimen ages

Age	Rate	Age	Rate	Age	Rate
15	0.000614	45	0.002874	75	0.039637
20	0.000888	50	0.004946	80	0.060558
25	0.000984	55	0.007888	85	0.091982
30	0.001056	60	0.011534	90	0.138895
35	0.001282	65	0.017009	95	0.208585
40	0.001803	70	0.025855	100	0.311628

c. Actuarial valuation of the Pension liability for the period from 01/04/2018 to 31/03/2019, as per IND AS-19.

Change in benefit Obligations	₹ in lakhs
Present Value of obligation at the beginning of the period	1512537.1
Acquisition Adjustment	-
Interest Cost	116465.37
Service Cost	34619.58
Past Service Cost including curtailing gains/losses	-
Benefits paid	-124702.69
Total Actuarial(Gain)/Loss on obligation	118538.87
Present Value of obligation as at the end of the period	1657458.22

Actuarial Assumptions

i) Economic Assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

	31/03/2019	31/03/2018
i) Discounting Rate	7.43	7.70
ii) Future salary Increase	5	10.00

ii) Demographic Assumption

Attrition rates are the company's best estimate of employee turnover in future determined considering factors such as nature of business & industry, retention policy, demand & supply in employment market, standing of the company , business plan, HR Policy etc as provided in the relevant accounting standard.

	31/03/2019	31/03/2018
i) Retirement Age (Years)	56	56
ii) Mortality rates inclusive of provision for disability **	100% of IALM (2006 - 08)	
iii) Attrition at Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	6.00	6.00
From 31 to 44 years	3.00	3.00
Above 44 years	1.00	1.00

It should be noted that in case of employees above retirement age, for the purpose of valuation it is assumed they will retire immediately

Mortality & Morbidity rates -

(a) While in service-100% of IALM (2006-08) rates have been assumed which also includes the allowance for disability benefits.

Mortality Rates inclusive of disability(while in service) for specimen ages:

Age	Rate	Age	Rate	Age	Rate
15	0.000614	35	0.001282	55	0.007888
20	0.000888	40	0.001803	60	0.011534
25	0.000984	45	0.002874		
30	0.001056	50	0.004946		

(b) After Retirement- 100% of (1996-98) rates have been assumed

Mortality Rates for specimen ages (Retired Employees)

Age	Rate	Age	Rate	Age	Rate
50	0.004243	70	0.024301	85	0.106891
60	0.010907	75	0.043272	90	0.151539
65	0.013890	80	0.070802	100	0.266511

38.16. Revenue from Operation

The revenue of the company comprises of the revenue from sale of energy to consumers, related income from the sale of energy and other income. Other income includes interest income from bank , employees and contractors, sale of scrap etc. Effective from 1st April 2018 the compnay has adopted Ind As 115 "Revenue from contract with customers" using cumulative effective method and therefore comparitive have not been restated and continues to be reported as per Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue".

The appilcation of standard does not have any significat impact on the retained earnings as on 01.04.2018 or on these financial statements

38.17. Going Concern

KSEB Ltd. is the only integrated Electricity Company in the State of Kerala providing electricity to around 1.30 Crore customers in the state. The company is fully owned by the Government of Kerala. The Company has positive cash flows and has not defaulted in honouring liabilities. Electricity business being regulated by Electricity Act, 2003, the state regulator has so far approved Rs.569325 lakh.out of the accumulated loss of Rs1116306.10 lakh and the company is eligible to recover the same through Tariff Revision which will be reflected in the accounts on passing the same to the consumers. The company is regularly reducing its losses over the years and reported cash profit during the current financial year. Accordingly the financial statement has been prepared on the basis of Going Concern assumption.

38.18. 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 ₹4031 lakh 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 ₹3070 lakh. 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 ₹1334 lakh. Accordingly, an amount of ₹1334 lakh 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 ₹7865 lakh and to withdraw the claim of balance differential tax amounting to ₹2536 lakh. The Company is expecting favourable orders from the Government of Kerala. Accordingly, an amount of ₹10401 lakh is shown under contingent liabilities.

b. Annual fixed cost payable by KSEB Ltd to NTPC for RGCCP, Kayamkulam had been negotiated and fixed as ₹20000 lakh per year for the Tariff control period 2014-19 with the libertyof review in 2018-19 vide B.O.(FTD) No.1491/2018/KSEB/TRAC/CERC/RGCCPP/18-19 dated 14.06.2018.The excess amount paid to NTPC in previous years has been adjusted in the accounts of the year 2018-19.

c. (i).M/s Balco-PTCIL has claimed ₹5498.20 lakh towards reimbursement as per Article 10 of PPA(change in law) of additional expenditure incurred until 02.2017. KSEBL calculated the provisional amount of ₹32.37 crores due to PTC in compliance with the order of APTEL dated 01.05.2019. The said amount of ₹.32.37 crore may change subject to the final order of APTEL. Upon placing it on record,APTEL insisted that KSEBL shall under take to pay the same. Later as per the daily orders of APTEL dated 15.05.2019 and 20.5.2019, Rs.16.185 Cr was released on 21.05.2019. The balance amount to be released is subject to the orders issued by APTEL. The carrying cost ,if any,applicable on this has not been accounted during the year 2018-19.

(ii). M/s Balco claimed ₹5749.18 lakh towards ECR revision due to change in escalation rates for domestic coal as per CERC amendment dated 08/12/2017 for the period from 03/2015 to 02/2017 vide invoice dated 20/12/2017.Since the final decision has not been taken the same has not been provided in the accounts.

d. 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.

e. The company swapped 1359 lakh units from HPPC during 2017-18 and this has been returned in the current year. During the period 285 lakh units swapped to RUVNL and this shall be returned during the period 2019-20. The company swapped 1462.41 lakh units from HPPC and NPCL and this shall be returned during the year 2019-20.

f. Inter Unit balances amount to ₹3954.48 Lakhs (Previous year ₹4285.64Lakhs) has been considered as Sundry Receivables pending complete reconciliation of such balances reported in the Note:12-Other current Assets-Inter Unit balance.

g. The GPF balances as per financial statements is ₹220946.93lakhs reported in the Note:17-General Provident Fund. A difference of ₹16.17 lakh with the party wise registers maintained at GPF section are reported and the same is being verified.

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

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. Depreciation is charged on the book value of asset except the revalued asset.

j. The company has taken insurance on asset financed by long term loans as per terms and condition of loan agreement. Apart from above insurance on assets is taken for thermal projects

k. For monthly as well as bi-monthly billed consumers under various tariff categories, an estimated amount of ₹85265.90 lakhs is recognized as unbilled revenue as on 31.03.2019 (Previous year ₹68064 lakhs) and the amount is debited to sundry debtors for sale of power.

l. 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 ₹ 10 Crores. The following share certificates have been issued by the company.

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

Further the Board has deposited ₹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 Favouring 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.

m. 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 ₹757 lakh 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

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

o. 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. However the property of 20 Acres of land owned by TCCL not yet transferred to the ownership of the company. Hence the adjustment of transfer of land against dues towards current charge not incorporated during the year.

p. In the 49th Meeting of Board of Directors held on 28.09.2019 it was resolved to give in principle approval to incorporate the adjustment entries regarding the amount payable to Government of Kerala towards electricity duty and other payable as on 31.03.2019 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 ₹34420.52 lakh is netted off with the amount receivable from the Government.

q. During the financial year an amount of ₹60857.81 lakh has been charged to the Revenue expenses pending allocation over capital works for the capitalisation of employee cost and interest and finance charges as detailed below. The same shall be capitalised in the financial year 2019-20.

Particulars	Amount ₹in lakhs
Employee Cost	33427.96
Interest and Finance charges	26085.85
Software development Expenses	1344

r. As per the Accounting policy of the company the provision for debtors is being provided on the basis of age wise analysis of debtors. As per the details furnished by the ARUs of the company, the age wise analysis is as follows.

₹in lakhs

Age of Debtors	Amount
More than 5 years	46086.04
Between 3 to 5 years	8909.43
Between 1 to 3 years	18763.69
Between 6 months to 1 year	9868.61
Less than 6 months	36675.52

As adequate provision is already there,no further provision is created during the year.

s. Kerala State suffered a heavy damage due to natural calamity and flood during the month of August 2018 and the company also suffered damages. The power restoration work had been carried out on war foot basis and electricity connections were restored in time. The assets of KSEB Ltd in the flood affected areas were severely damaged. Some assets were fully lost and assets which are partly damaged and reusable were repaired and restored. The company had taken sincere effort to identify the asset fully lost in the flood,but the details had not been received from the Accounting Rendering units since the Fixed Assets register has not been properly maintained in the field offices. The value of such assets are not removed from the books of accounts. The Note No.2 "Property Plant and Equipment" of the Financial Statement comprise the value of the asset lost in the Flood also.

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

i) 20 years bond with a coupon of rate 10% p.a. For ₹ 814400 lakh.

ii) 10 year bond with a coupon of rate 9% p.a. For ₹375100 lakh.

These bonds has been redeemed every year as per the Government Order referred above.

The bond (i) redeemed every year @ ₹40720.00 lakhs and the bond(ii) redeemed @ ₹27088.00 lakhs during the current year.

u. The Board of Directors in the 49th meeting held on 28.09.2019 approved the financial statement. The power to amend the accounts vests with Board of Directors.

v. Baitarni West Coal Company Limited one of the Associate Company of KSEB Limited has shown an amount of ₹1307.89 lakhs under "Other Financial Liabilities" against the name of three promoter companies including KSEB Ltd . This was the amount received from the Government of India towards cost of consent to be remitted to the promoter company. The company is eligible for the 1/3rd share of cost of consent amounting ₹ 435.96 lakh. This amount has not been received during the year. The company had requested to release the amount along with the Board resolution. The KSEB Limited has not made any accounting entry in this regard in its books of accounts.

w. 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 (Transmission,System Operation,Safety,Corp. Planning&REES)
DIN: 07558958

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

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

SUBJECT TO OUR REPORT OF EVEN DATE

For BALAN & Co.
Chartered Accountants
FRN:00340S
Sd/-
A. MOHANAN FCA
Partner
M.No.20627
UDIN:19020627AAAACZ4630

For SANKAR & MOORTHY
Chartered Accountants
FRN:003575S
Sd/-
SURESH S FCA
Partner
M.No.203716
UDIN:19203716AAAABG9472

For G.VENUGOPAL KAMATH & Co.
Chartered Accountants
FRN:004674S
Sd/-
RAVINATH R. PAI FCA
Partner
M.No.226547
UDIN:19226547AAAACV9754

Place: Thiruvananthapuram
Date: 30.09.2019

Kerala State Electricity Board Limited

Consolidated Balance Sheet as at 31.03.2019

Particulars	Note No.	₹ in lakhs	
		As at 31.03.2019	As at 31.03.2018
ASSETS			
Non current assets			
Property, Plant and Equipment	2	2,124,607.56	2,037,705.61
Intangibe Asset	3	697.05	
Capital work-in-progress	4	299,134.38	244,889.91
Financial Assets			
Investments	5	4,360.71	4,027.88
Loans	6	8,342.65	8,295.03
Others	7	7,773.16	6,331.70
Deferred Tax Assets (Net)			-
Other non-current assets	8	527,469.70	431,060.49
Current assets			
Inventories	9	69,805.76	48,590.36
Trade receivables	10	128,801.29	229,926.20
Cash and cash equivalents	11	27,542.10	27,588.78
Bank balances Other than Cash Equivalents	12	7,839.91	7,007.15
Other current assets	13	14,531.57	12,649.65
Total Assets		3,220,905.84	3,058,072.76
Equities and Liabilities			
Equity			
Equity Share capital	14	349,905.00	349,905.00
Other Equity	15	-1,116,306.10	-977,660.67
Total Equity attributable to parent		-766,401.10	-627,755.67
Share of Profit of Asociate/Joint Venture		2,311.70	2,027.87
Total Equity		-764,089.40	-625,727.80
Liabilities			
Non-current liabilities			
Borrowings	16	1,452,515.45	1,593,454.49
Other Financial Liabilities	17	335,984.70	317,045.02

Provisions	18	1,122,416.88	976,539.72
Other non-current liabilities	19	264,514.60	192,276.19
Current liabilities			
Financial Liabilities			
Borrowings	20	382,902.31	273,758.98
Trade payables	21	121,457.58	96,836.56
Other financial liabilities	22	303,397.72	232,989.60
Provisions	23	1,806.00	900.00
Total Equity and Liabilities		**3,220,905.84**	**3,058,072.76**

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

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

N. VENUGOPAL
DIRECTOR
(Transmission, System Operation
Safety,Corporate Planning & REES)
DIN: 07558958

BIJU.R FCA
FINANCIAL ADVISER&CHIEF FINANCIAL OFFICER

LEKHA.G FCA ACS LL.B
COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For BALAN&Co
Chartered Accountants
FRN:00340S

A MOHANAN FCA
Partner
M.No.20627
UDIN 20020627AAAABQ5346

For SANKAR & MOORTHY
Chartered Accountants
FRN:003575S

SURESH S FCA
Partner
M.No.203716
UDIN 20203716AAAAAW5092

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

RAVINATH.R.PAI FCA
Partner
M.No.226547
UDIN - 20226547AAAABT7602

Place:Thiruvananthapuram
Date: 26-05-2020

Kerala State Electricity Board Limited

Consolidated Statement of Profit and Loss for the year ended 31st March 2019

	Particulars	Note No.	₹ in lakhs	
			For the year ended 31st March 2019	For the year ended 31st March 2018
	REVENUE			
I	Revenue From Operations	24	1,352,120.60	1,231,817.31
II	Other Income	25	48,174.14	46,678.15
III	**Total Income (I+II)**		1,400,294.74	1,278,495.46
IV	**EXPENSES**			
	Purchase of Power	26	786,932.13	752,602.69
	Generation of Power	27	329.20	207.84
	Repairs & Maintenance	28	30,375.11	27,734.87
	Employee benefits expense	29	289,201.39	263,806.15
	Finance costs	30	159,889.80	181,469.02
	Depreciation and amortization expense	31	80,502.76	80,370.49
	Other Expenses			
	Administrative Expenses	32	59,816.29	53,038.86
	Others	33	20,260.94	-1,416.98
	Total expenses (IV)		**1,427,307.62**	**1,357,812.94**
V	**ADD CHANGES IN FAIR VALUATION AND OTHER ADJ**	**34**	**393.63**	**-908.02**
VI	Profit/(loss) before exceptional items and tax (III- IV)		-27,406.51	-78,409.46
VII	Exceptional Items	35	1,594.34	-
VIII	Profit/(loss) before tax (VI-VII)		-29,000.85	-78,409.46
IX	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
X	**Profit (Loss) for the period from continuing operations (VIII-IX)**		**-29,000.85**	**-78,409.46**
XI	Profit/(loss) from discontinued operations		-	-

XII	Tax expense of discontinued operations		-	-
XIII	**Profit/(loss) from Discontinued operations (after tax) (XI-XII)**		-	-
XIV	**Profit/(loss) for the period (X+XIII)**		-29,000.85	-78,409.46
	Share of profit/Loss of associate/joint venture accounted for using equity method		283.83	234.45
	Consolidated profit/(Loss) for the period		-28,717.02	-78,175.01
	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss	36	-109,678.60	-107,632.86
	(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 Other Comprehensive Income**		**-109,678.60**	**-107,632.86**
XVI	**Total Comprehensive Income for the period (XIV+XV)(Comprising Profit (Loss) and Other Comprehensive Income for the period)**		**-138,395.63**	**-185,807.87**
	profit attributable			
	Owners of parent		**-29,000.85**	**-78,409.46**
	Shares of Joint Venture/Associate		**283.83**	**234.45**
	Other Comprhensive Income/Expenses atributable			
	Owners of parent		**-109,678.60**	**-107,632.86**
	Shares of Joint Venture/Associate			**-**
	Total Comprehensive Income/(Loss) attributable			
	Owners of the Parent		**-138,679.45**	**-186,042.32**
	Shares of Joint Venture/Associate		**283.83**	**234.45**
XVII	**Earnings per equity share (for continuing operation):**			

	(1) Basic (₹)		-3.96	-5.31
	(2) Diluted (₹)		-3.96	-5.31
XVIII	Earnings per equity share (for discontinued operation):			
	(1) Basic		-	-
	(2) Diluted		-	-

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

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

N. VENUGOPAL
DIRECTOR
(Transmission,System Operation, Safety,Corporate Planning &REES)
DIN: 07558958

BIJU.R FCA
FINANCIAL ADVISER & CHIEF FINANCIAL OFFICER

LEKHA.G FCA ACS LL.B
COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For BALAN & Co
Chartered Accountants
FRN: 00340S
Sd/-
A MOHANAN FCA
Partner
M.No.20627
UDIN 20020627AAAABQ5346

For SANKAR & MOORTHY
Chartered Accountants
FRN: 003575S
Sd/-
SURESH S FCA
Partner
M.No.203716
UDIN 20203716AAAAAW5092

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

RAVINATH. R. PAI FCA
Partner
M.No.226547
UDIN - 20226547AAAABT7602

Place:Thiruvananthapuram
Date: 26/05/2020

Kerala State Electricity Board Limited

Consolidated Statement of Cash Flow for the period ended 31st March 2019

Particulars	₹ in lakhs	
	2018-19	2017-18
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	-138,395.63	-185,807.87
Holding company's share of profit of associates/Joint venture	283.83	234.45
PROFIT BEFORE TAX BEFORE NON CASH ITEM AND WORKING CAPITAL CHANGES	-138,679.46	-186,042.32
		-
Depreciation and Amortisation	80,502.76	80,370.49
Finance cost	159,889.80	181,469.02
Investment income	-	-
Interest Income	-715.93	-546.59
Prior period interest and finance charges	654.52	6.66
Operating profit before working capital changes	**101,651.69**	**75,257.27**
Adjustments for:		
Changes in Inventories	-21,215.40	-17,571.45
Changes in Sundry Debtors	101,124.91	-37,586.55
Changes in Other Current Asset	-1,881.92	-4,602.99
Changes in Current Finacial Liabilities Borrowings	109,143.33	-2,987.32
Change in other Current liabilities	70,408.12	42,991.46
Change in provisions	906.00	900.00
Changes in Trade Payable	24,621.02	14,990.03
Cash generated from Operations	**384,757.76**	**71,390.45**
Net cash flow from /(used in) Operating Activities(A)	**384,757.76**	**71,390.45**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Change in Fixed Asset	-167,281.98	-99,238.28
Changes in Capital Work-in Progress	-54,244.47	-66,560.72
Changes in Intangible Asset	-819.79	
Income from Investment	-	-
Change in Investments	-49.00	-
Interest from Banks	715.93	546.59

Change in Non Current Assets-Other Financial Assets	-1,441.46	48,738.34
Non Current Assets Financial Assets-Loans	-47.61	94.81
Other Non Current Assets	-96,409.20	62,228.79
Net cash flow from / (used in) Investment Activities(B)	-319,577.60	-54,190.47
CASH FLOW FROM FINANCING ACTIVITIES		
Changes in Equity Capital	34.02	-931.80
Changes in Non Current Provisions	145,877.16	-1,052,227.44
Changes in Financial Liabilties	18,939.68	5,448.04
Changes in Long Term Borrowings	-140,939.04	1,166,797.74
Interest and Other cost of raising Finance	-159,889.80	-181,469.02
Changes in Other Non Current Liabalities	72,238.41	49,353.88
Prior Period Interest and Finance charges	-654.52	-6.66
Net cash flow from / (used in) Financing Activities(C)	**-64,394.08**	**-13,035.26**
		-
NET CHANGE IN CASH & CASH EQUIVALENTS	**786.08**	**4,164.72**
		-
CASH AND CASH EQUIVALENTS AT THE BEGINNING	**27,588.78**	**23,603.23**
BANK BALANCES AT THE BEGINNING	**7,007.15**	**6,827.98**
CASH AND CASH EQUIVALENTS AT THE END	**27,542.10**	**27,588.78**
BANK BALANCES AT THE END	**7,839.91**	**7,007.15**

For and on behalf of the Board of Directors

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

N. VENUGOPAL
DIRECTOR
(Transmission,System Operation, Safety,Corporate Planning &REES)
DIN: 07558958

BIJU.R FCA
FINANCIAL ADVISER & CHIEF FINANCIAL OFFICER

LEKHA.G FCA ACS LL.B
COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For BALAN & Co
Chartered Accountants
FRN:00340S

For SANKAR & MOORTHY
Chartered Accountants
FRN:003575S

A MOHANAN FCA
Partner
M.No.20627
UDIN 20020627AAAABQ5346

SURESH S FCA
Partner
M.No.203716
UDIN 20203716AAAAAW5092

For G.Venugopal Kamath & Co.
Chartered Accountants
FRN:004674S

Ravinath.R.Pai FCA
Partner
M.No.226547
UDIN 20226547AAAABT7602

Place:Thiruvananthapuram
Date:26-05-2020

Kerala State Electricity Board Limited
Consolidated Statement of Changes in Equity for the year ended on 31st March 2019

A: Equity Share Capital
Note No :13

₹ in lakhs

Balance as at 1st April 2018		Changes in equity share capital during the year	Balance as at 31st March 2019
349,905.00		-	349,905.00

B. OTHER EQUITY

Particulars	Note No.	₹ in lakhs									
		Reserve & Surplus				Debt income through Other Comprhensive Income	Equity income through Other Comprhensive Income	Other items of Other Comprhensive Income	Other equity attributable to owners of parent	Share of profit of Associate/Joint Venture under equity method	Total
		Capital Reserve	Security Premium Reserve	Other Reserve	Retained earnings						
Balance as at1st April 2018	14	-	-	-	-977,660.67	-	-	-	-977,660.67	2,027.87	-975,632.80
Profit for the year		-	-	-	-29,000.85	-	-	-	-29,000.85	283.83	-28,717.02
Changes in accounting policy and prior period errors		-	-	-	-	-	-	-			-
Other Comprehensive Income		-	-	-	-109,678.60	-	-	-	-109,678.60	-	-109,678.60
Total Comprehensive Income		-	-	-	-138,679.45	-	-	-	-138,679.45	2,311.70	-136,367.75
Dividends		-		-	-	-	-	-	-		-
Transfer to Retained Earnings		-		-		-	-	-	-		-
Transfer from Retained Earnings		-	-	-	34.02	-	-	-	34.02		34.02
Any other changes(-To be speciifed)		-	-	-	-	-	-	-			-
Balannce as at 31st March 2019		-	-	-	-1,116,306.10	-	-	-	-1,116,306.10	2,311.70	-1,111,966.53

For and on behalf of the Board of Directors

N.S.PILLAI IA&AS CHAIRMAN&MANAGING DIRECTOR DIN:07282785	**N. VENUGOPAL** DIRECTOR (Transmission,System Operation, Safety,Corporate Planning &REES) DIN: 07558958
BIJU.R FCA FINANCIAL ADVISER & CHIEF FINANCIAL OFFICER	**LEKHA.G FCA ACS LL.B** COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For BALAN & Co Chartered Accountants FRN: 00340S Sd/-	**For SANKAR & MOORTHY** Chartered Accountants FRN: 003575S Sd/-
A MOHANAN FCA Partner M.No.20627 UDIN 20020627AAAABQ5346	**SURESH S FCA** Partner M.No.203716 UDIN 20203716AAAAAW5092

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

RAVINATH. R. PAI FCA
Partner
M.No.226547
UDIN 20226547AAAABT7602

Place:Thiruvananthapuram
Date: 26/05/2020

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(hereinafter referred as 'the company' or 'KSEB Ltd') 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,except in the case of M/s. Kerala Fibre Optic Network Limited, an associate company, which has prepared the financial statements as per the Accounting Standards (AS) and not as per the Ind AS. The same figures have been adopted for consolidation since being the initial year of incorporation Ind AS will not have an impact on the financial statements / consolidated financial statements.

1.3. Basis of Measurement & Use of Management Estimates

a.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

b. The Associate company Renewable Power Corporation of Kerala Ltd recognizes income from various sources and accounting estimates on the basis of DPR duly considering applicable Ind AS 18 and 17.Recognition of income from Central Finance Assistance from MNRE is also estimated on the basis of same DPR and recognised in accordance with Ind AS 20.

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	2018-19	5,000 shares of ₹1000 each	₹ 50,00,000
(50%)			
Kerala State Power and Infrastructure Finance Corporation Ltd.	2018-19	1,08,19,440 Shares of ₹ 10 each	₹ 10,81,94,400 (40.60%)
Baitarni West Coal Company Ltd.	2018-19	1,00,000 shares of ₹1000 each	₹10,00,00,000 (33.33%)
Kerala Fibre Optic Net work Ltd	2018-19	4,90,000 shares of ₹10 each	₹49,00,000 (49%)

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 Electricity 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 includes share of profit/Loss of Associates/Joint Ventures 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.

In the case of KSEB Ltd, the 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, which is 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.

However, in the case of associate / joint venture companies, the depreciation is charged by based on useful lives of assets as given in Schedule II of Companies Act 2013.

1.8 Capital Work in Progress

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

In the case of KSEB Ltd, the employee cost expenses of various units are allocated to "Revenue expenses pending allocation over capital works" on the basis of following ratio.

Units	Employee cost
Generation	100% for offices exclusive for Civil works.
Transmission	25%
Distribution	14.00%
HO	5%

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

Up to 30.06.2017 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.From 01.07.2017 onwards, the group dispensed the policy of standard rate method and adopted the policy of FIFO (First in First Out) method on implementation of material management software in the company.

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.

In the case of KSEB Ltd, the 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.

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

Kerala State Power Infrastructure Finance Corporation Ltd, being a non banking finance company, makes provision for doubtful debts as per Prudential norms for Non-Banking Financial Companies as prescribed by the Reserve Bank of India.

1.15 Retirement and Other Employee Benefits

In the case of KSEB Ltd 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.

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 operationalized 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.

Effective from 1st April 2018 the group has adopted Ind As 115 "Revenue from contract with customers" using cumulative effective method.

Renewable Power Corporation of Kerala Ltd has adopted the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018 in respect of revenue recognition for Upfront Development Charges collected from Solar Power Developers

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 Instruments. 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 2018-19 or in the reported comparative periods.

1.21 Provisions and Contingent Liabilities

In accordance with Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets, a provision is required to be recognised to settle a future obligation, both legal and constructive, by way of an economic outflow, resulting out of a past event and which can be reliably estimated. The amount of provision is recognised as the best estimate of present value of any obligation that need to be settled. 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.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 Intangible assets

The company accounts the intangible assets as under -

Intangible assets acquired separately

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Internally generated Intangibles

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. However, the development cost incurred by the company in respect of intangible assets meeting the recongition criteria as per Ind AS 38 "Intangible Assets" are accounted as asset of the company.

Derecognition of Intangible Assets

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

Amortisation of Intangible Assets

In the case of KSEB Ltd intangible assets are amortised at the rates notified by the CERC Tariff Regulations in accordance with Schedule II of the Companies Act, 2013. Accordingly, the following items of intangible assets are amortised at the rates prescribed as below

Type of Asset	Amortisation rate
Software	15.00%

In the case of Renewable Power Corporation of Kerala Ltd, cost of software recognized as intangible asset, is amortized on straight line method over a period of 5 years from date they are available for use. Other intangible assets are amortized on straight line method over the period of five years.

In the case of Kerala State Power and Infrastructure Finance Corporation Ltd, intangible assets are amortised over estimated useful lives as given in Schedule II of Companies Act 2013.

1.23 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.

1.24 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”.

Kerala State Electricity Board Limited

Note 2 : Property, Plant and Equipment

₹ in lakhs

Particulars	Land & Land Rights	Buildings	Hydraulic Works	Other Civil Works	Plant & Machinery	Lines, Cable & Network	Vehicles	Furni-ture&Fix-tures	Office Equip-ments	Others Seignor-age Value	Total
Cost/Deemed Cost											
At 1 - April - 2017	177,345.04	78,737.88	133,075.67	59,241.31	1,634,108.02	809,745.85	2,222.95	4,030.72	13,005.55	1.81	2,911,514.79
Additions	1,046.74	4,788.66	4,855.11	3,502.16	41,952.70	80,836.59	278.02	349.28	1,447.75	-	139,057.00
Deductions											-
Other Adjustments	12.56	7,696.73	731.38	226.71	30,434.63	506.88	42.58	156.22	11.03		39,818.72
At 31 - March - 2018	178,379.21	75,829.81	137,199.40	62,516.76	1,645,626.09	890,075.56	2,458.38	4,223.78	14,442.28	1.81	3,010,753.07
Additions	747.45	2,849.56	3,725.12	3,617.28	31,117.70	126,539.89	137.07	569.96	867.77	-0.14	170,171.68
Deductions		238.41			-120.12	2,588.14		183.27			2,889.70
Other Adjustments											-
At 31 - March - 2019	179,126.67	78,440.95	140,924.52	66,134.04	1,676,863.90	1,014,027.31	2,595.46	4,610.47	15,310.05	1.67	3,178,035.05
Accumulated Depreciation & Impairment of Asset											-
At 1 - April - 2017	-	30,605.20	53,952.03	15,739.69	324,674.36	407,140.36	1,736.30	1,895.12	7,035.38	-	842,778.44
Depreciations Ex-penses	-	2,339.06	7,007.75	2,142.80	23,661.25	43,440.04	131.05	234.69	1,413.85	-	80,370.49
Deductions	-									-	-
Other Adjustments	-	1,622.34	5,722.93	1,984.86	10,484.89	29,590.14	-25.20	59.01	459.56	-	49,898.53
At 31 - March - 2018	-	34,566.60	66,682.71	19,867.35	358,820.51	480,170.54	1,842.15	2,188.82	8,908.79	-	973,047.47
Depreciations Ex-penses		2,326.52	6,888.12	2,148.67	22,774.24	44,789.40	131.12	209.50	1,112.45	-	80,380.02
Deductions										-	-
Other Adjustments					-	-		-		-	-
At 31 - March - 2019		36,893.12	73,570.83	22,016.02	381,594.75	524,959.94	1,973.27	2,398.32	10,021.24	-	1,053,427.49
Carrying Value											
At 31 - March - 2019	179,126.67	41,547.83	67,353.69	44,118.03	1,295,269.16	489,067.38	622.19	2,212.14	5,288.81	1.67	2,124,607.56
At 31 - March - 2018	178,379.21	41,263.21	70,516.69	42,649.41	1,286,805.58	409,905.02	616.23	2,034.96	5,533.49	1.81	2,037,705.61

Kerala State Electricity Board Limited

Note 3 : Intangible Asset

As at 31st March 2018								
Particulars	**Gross Block**				**Amortisation**			**Net Block**
	AS at 1st April 2017	Additions	Deduction/ Adjustments	As at 31.03.2018	Up to 1st April 2017	Deduction/ Adjustments	Upto 31st March 2018	As at 31.03.2018
Software								
Others								
Total								
As at 31st March 2019								
	AS at 1st April 2018	Additions	Deduction/ Adjustments	As at 31.03.2019	Up to 1st April 2018	Deduction/ Adjustments	Upto 31st March 2019	As at 31.03.2019
Software	0	819.79		819.79	0		122.74	697.05
Others								
Total								

Note 4 : Capital Work in Progress

Particulars	**₹ in lakhs**				
	As at 31.03.2018	**Additions**	**Deduction/ Adjustments**	**Capitalised**	**As at 31.03.2019**
Capital Work in Progress	204,645.92	212,210.85	-3,204.68	186,166.02	233,895.43
Revenue Expenses Pending Allocation over capital works	40,243.99	65,238.95	815.89	39,428.10	65,238.95
Total	**244,889.91**	**277,449.80**	**-2,388.79**	**225,594.12**	**299,134.38**

Kerala State Electricity Board Limited

Note 5 : Investment (Non Current)

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
INVESTMENT IN EQUITY INSTRUMENTS		
(a)In Associate/Joint Venture		
Fully paid Up		
Kerala Power Finance Corporation Ltd.	950.00	950.00
Baitarani West Coal Company Ltd.	1,000.00	1,000.00
Renewable Power Corporation of Kerala	50.00	50.00
Kerala FibreOptic Network Limited	49.00	-
(The above cost includes Rs.Nil (Previous Year Rs. Nil) being net Good will/Capital Reserves on investment in assocciate/joint venture)		
Other Investments		
Add:Share of profit		
Kerala Power Finance Corporation Ltd.	2,226.63	2,035.78
Baitarani West Coal Company Ltd.	25.65	-28.41
Renewable Power Corporation of Kerala	59.16	20.50
Kerala FibreOptic Network Limited	0.26	-
Total	4,360.70	4,027.87
(b)Other Investments	0.01	0.01
Total	**4,360.71**	**4,027.88**

Kerala State Electricity Board Limited

Note 6 : Non Current Assets - Financial Assets - Loans

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Loans Including Interest Accrued		
Loans to related parties		
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Doubtful Loans	-	-
Loans to Employees	-	-
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Doubtful Loans	-	-
Other Loans	-	-
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Advance given to licensee	-	-
Advance given to others	8,342.65	8,295.03
Doubtful Loans	-	-
Total	**8,342.65**	**8,295.03**
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		
Total	**8,342.65**	**8,295.03**

Kerala State Electricity Board Limited

Note 7 : Non Current Assets - Other Financial Assets

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
BANK DEPOSITS WITH MORE THAN 12 MONTHS MATURITY		
Interest Accrued		
On Loan to Government & Others	-	-
On Bank Deposits with more than 12 months	-	-
Security Deposits	7,773.16	6,331.70
Total	**7,773.16**	**6,331.70**

Note 8 : Other Non Current Assets

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
OTHER NON CURRENT ASSETS		
Capital Advances		
Secured Advances		
Unsecured Advances Considered Good		
Covered by Bank Guarantee		
Others	19,587.74	10,896.01
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	10,849.27	10,557.28
Receivable from Government	497,032.70	409,607.20
Total	**527,469.70**	**431,060.49**

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

Kerala State Electricity Board Limited

Note 9 : Inventories

Particulars	₹ in lakhs	
	As at 31.03.2019	**As at 31.03.2018**
Fuel Stocks	-	-
Heavy Duty Oil	649.69	623.20
Stock of Materials at Construction Stores	30,204.51	17,992.53
Stock of Materials at other stores	2,809.95	1,046.73
Material at Site (Cap)		
Material at Site (O & M)	31,532.39	26,407.20
Other Materials Account	4,656.13	2,550.43
(Less) Provision for Shortages and Obsolescence	46.91	29.72
Total	**69,805.76**	**48,590.36**

Note 10 Current Financial Assets : Trade Receivables

Particulars	₹ in lakhs	
	As at 31.03.2019	**As at 31.03.2018**
Trade Receivables		
Secured, considered good		
Unsecured considered good		
Sundry Debtors for Sale of Power	180,338.44	280,260.32
Sundry Debtors for Inter State Sale of Power		
Sundry Debtors for Electricity Duty	7,522.83	16,499.09
Sundry Debtors (Miscellaneous)	19,870.75	12,097.51
Doubtful.		
(Less) Allowance for Bad and Doubtful Debts	78,930.73	78,930.73
Total	**128,801.29**	**229,926.20**

Kerala State Electricity Board Limited

Note 11 : Current Financial Assets - Cash & Cash Equivalents

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Balances with Banks (of the nature of cash and cash equivalents)		
Balance with Bank/Treasury	128.51	2,222.84
Disbursement Bank Accounts	22,731.56	18,928.70
Drawing Account with Treasury	17.56	2,293.36
Current Accounts		
Deposits with original maturity upto three months	3,579.41	2,783.14
Cheques, drafts on hand		
Cash on hand		
Cash In Hand	736.33	1,354.89
Cash Imprest with Staff	17.58	5.84
Others	331.15	
Total	**27,542.10**	**27,588.78**

Note 12: Financial Assets - Current - Bank Balances Other Than Cash and Cash Equivalents

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

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Balances with Banks includes		
Deposits with original maturity more than 3 months but within 1 year	-	-
Earmarked Balance with Banks - Unpaid Dividend	-	-
Guarantees & Other commitments	7,839.91	7,007.15
Total	**7,839.91**	**7,007.15**

Details of Bank Deposits

Year	2018-19	
Name of Bank	Amount (₹ In lakhs)	Date of Maturity
State bank of India	1,859.36	20-05-2019
	687.32	24-04-2019
	918.69	1/1/2020
	35.25	17-12-2019
	67.30	31-03-2019
	95.00	31-03-2019
	13.45	6/4/2019
	76.05	8/6/2019
	361.87	2/6/2019
	304.85	1/6/2019
Canara Bank	4.56	18-05-2019
	5.16	31-05-2019
	19.81	3/4/2019
	0.20	28-06-2019
	480.00	29/09/2019
	396.08	8/2/2020
	352.85	26/12/2019
	0.12	22/06/2019
	383.30	30/1/2020
	2.66	2/2/2020
	40.13	5/10/2019
	97.34	5/10/2019
	30.82	7/10/2019
	84.36	24/06/2019
Vijaya Bank	1,033.08	16/12/2019
	344.36	16/12/2019
	509.00	15/12/2019
	426.68	15/12/2019
Punjab & Sind Bank	2,500.00	1/9/19
Kerala Gramin Bank Peroorkada	76.20	25/05/2020
Kerala Gramin Bank Kollam Branch	213.47	28/09/2023

Kerala State Electricity Board Limited

Note 13 : Other Current Assets

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
ADVANCES OTHER THAN CAPITAL ADVANCES		
Security Deposits		-
Advances to Related Parties		-
Advances to Employees	974.36	940.90
Advance to Contractors & Suppliers	634.08	930.70
Other Advances	2,056.23	1,838.21
Advance Income Tax/Deductions at source		
Others		
Deferred Cost on Employee Loans		
Secured considered good		-
Unsecured considered good		-
Rent Receivable	7.92	6.54
Income Accrued But Not Due	1,633.80	2,083.40
Other Recoverable	5,270.72	2,564.25
Inter Unit Balance	3,954.48	4,285.64
Total	**14,531.57**	**12,649.65**

Kerala State Electricity Board Limited

Note 14 : Equity Share Capital

Particulars	As at 31 - March - 2019		As at 31.03.2018	
	No. of Shares (In Lakhs)	Amount (₹ In lakhs)	No. of Shares (In Lakhs)	Amount (₹ In lakhs)
Equity Share Capital				
Authorised (face value ₹10/-)	50,000.00	500,000.00	50,000.00	500,000.00
Issued Subscribed and Paid Up (face value ₹10/-)	34,990.50	349,905.00	34,990.50	349,905.00
Reconciliation of No. Shares and Share capital outstanding				
Opening number of shares outstanding	34,990.50	349,905.00	34,990.50	349,905.00
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	349,905.00	34,990.50	349,905.00
Total	**34,990.50**	**349,905.00**	**34,990.50**	**349,905.00**

Vide G.O.(MS) No.17/2015/PD dated 13.05.2015 the euiqty capital of Government in Kerala State Electrcity Board Ltd is Rs.3499 Cr

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 - 2019		As at 31.03.2018	
	%	Amount (₹ In lakhs)	%	Amount (₹ In lakhs)
His Excellency the Honourable Governor of Kerala	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 31.03.2018, 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 15 : Other Equity

OTHER EQUITY

Statement of Changes in Equity	**₹ in lakhs**	
Particulars	**As at 31.03.2019**	**As at 31.03.2018**
Capital Reserve	0	-
Security Premium Account	0	-
Bonds/Debenture Redemption Reserve	0	-
General Reserve	0	-
Retained Earnings	-1,116,306.10	-977,660.67
Other Reserves	0	-

Particulars	**As at 31.03.2019**	**As at 31.03.2018**
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	-497,112.69	-367,872.89
Add: Profit During the Year	-29,000.85	-78,409.46
Add: Additions and Transfers	34.02	-50,830.34
(Less) : Transfer to Reserves	-	-
(Less) : Dividend and Corporate Dividend Tax	-	-
As at Balance Sheet Date	-526,079.52	-497,112.69
Other Reserves - Fair Value through Other Comprehensive Income		
As per Last Balance Sheet	-480,547.98	-372,915.13
Add: Addition and Transfers	-109,678.60	-107,632.86
As at Balance Sheet Date	-590,226.58	-480,547.98
Total	**-1,116,306.10**	**-977,660.67**

Kerala State Electricity Board Limited

Note 16 : Non Current Financial Liabilities - Borrowings

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Bonds or Debentures*		
Secured Bonds or Debentures	985,876.00	1,123,929.00
Unsecured Bonds or Debentures	-	-
Term Loans**		
From Banks		
Secured Loans	-	-
Unsecured Loans	-	-
From Others		
Secured Loans	466,639.45	469,525.49
Unsecured Loans	-	-
Loans from related parties		
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Total	**1,452,515.45**	**1,593,454.49**

Details of Bond or Debenture*

Name of Bond	₹ in lakhs	
	2018-19	2017-18
20 yr bond with coupon rate of 10% p.a.	703,435.00	773,680.00
10 yr bond with a coupon rate of 9% p.a.	282,441.00	350,249.00
Total	**985,876.00**	**1,123,929.00**

****Details of Term Loans**

Loan Name	₹ in lakhs	
	2018-19	2017-18
Loan from REC on Various Schemes	-	-47.06
Loan from REC R-APDRP PART-B	45,266.43	51,393.79
Loan from R E C - RGGVY	1,263.07	1,396.26
Loan from PFC-Pallivasal Generation Project	-	17,674.96
Loan from PFC R-APDRP	42,729.26	32,600.13
Loan from SOUTH INDIAN BANK	7,499.70	8,099.89
Loan from PFC GEL Kakkayam	1,720.91	1,920.32
Loan from REC-TRAN.Kattakkada -Pothencode Scheme	8,220.45	9,612.43
Loan from REC-TRAN-Group I	5,739.77	5,951.65
Loan from REC-Distriburion - 23 Circle Scheme	53,827.97	59,990.47
Loan from REC- Distriburion - Meter Scheme	2,493.68	3,903.09
Loan from REC-Thottiyar Gene. Scheme	5,373.42	5,373.42
Special Loan Assistance from REC	155,893.85	130,000.00
Loan from REC for the DDG Scheme	13.31	13.42
Special Loan Assistance from PFC	124,118.55	132,801.74
Loan from PFC GEL Perumthenaruvi	3,126.37	3,513.87
Dam Rehabilitation and Improvement Project (DRIP)	4,920.73	4,920.73
Loan from RIDF of NABARD	325.12	406.40
Fund from KIFBI	4,106.87	-
Total	**466,639.45**	**469,525.49**

Note 17 : Non Current-Other Financial liabilities

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Security deposit from consumers	301,911.86	283,696.07
Security deposit from consumers other than cash	210.43	212.83
Interest payable on consumers deposit	33,862.41	33,136.12
Total	**335,984.70**	**317,045.02**

Note 18 : Non Current Provisions

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Provision for Employee Benefits	-	-
Contributory Provident Fund	-	-
As per Last Balance Sheet	3.79	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	3.79	3.79
General provident Fund	-	-
As per Last Balance Sheet	220,733.00	-
Add: Additions and Withdrawals	52,639.11	-
(Less) : Utilisation	52,425.19	-
As at Balance Sheet Date	220,946.93	220,733.00
Staff Pension Fund*	-	-
As per Last Balance Sheet	578,561.92	-
Add: Additions and Transfers	159,584.24	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	738,146.16	578,561.92
Others	-	-
Provision for Interest on bonds adjustable against Electricity duty	-	-
As per Last Balance Sheet	177,241.00	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	31,521.00	-
As at Balance Sheet Date	145,720.00	177,241.00
Provision for Pay revision	-	-
As per Last Balance Sheet	-	-
Add: Additions and Transfers	17,600.00	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	17,600.00	-
Total	**1,122,416.88**	**976,539.72**

*Staff pension fund comprises the amount of future terminal liability arise out of the actuarial valuation from 01.11.2013 to 31.03.2019 and the funding pattern of the terminal liability has not been finalised

Kerala State Electricity Board Limited

Note 19 : Other Non Current Liabilities

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Decommissioning Liability	2,218.31	2,056.07
Grants in Aid from Government - Deferred Income		
As per Last Balance Sheet	74,871.31	-
Add: Grants Received during the year	51,512.48	-
(Less) : Amortisation/Grants Paid Back	6,196.75	-
As at Balance Sheet Date	120,187.03	74,871.31
Grants to be Amortised - Concessional Loan from Government		
As per Last Balance Sheet	7,097.43	-
Add: Grants recognised during the year	3,801.85	-
(Less) : Amortisation/Grants Paid Back	1,306.15	-
Add/Less : Fair Value Changes	-	-
As at Balance Sheet Date	9,593.14	7,097.43
Consumer Contribution		
As per Last Balance Sheet	108,251.38	-
Add: Received during the year	32,587.09	-
(Less) : Amortisation	8,322.34	-
As at Balance Sheet Date	132,516.13	108,251.38
Total	**264,514.60**	**192,276.19**

Kerala State Electricity Board Limited

Note 20 : Current Financial Liabilities - Borrowings

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Loans repayable on demand		
From Banks		
Secured Loans		-
Current maturities of long term debt	41,626.32	26,318.70
Unsecured Loans	271,030.99	247,440.28
From Others		
Secured Loans		
Current maturities of principal amount payable to Master Trust	70,245.00	
Unsecured Loans		
Loans from related parties		
Secured Loans		
Unsecured Loans		
Total	**382,902.31**	**273,758.98**

Note 21 : Current Financial Liabilities - Trade Payables

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Trade Payable	**121,457.58**	**96,836.56**

Kerala State Electricity Board Limited

Note 22 : Current - Other Financial Liabilities

Particulars	₹ in lakhs	
	As at 31.03.2019	**As at 31.03.2018**
Fuel related liabilities	36.37	0.00
Liability for capital supply/works	13,362.62	3,608.30
Liability for O&M supply/works	11,097.51	6,573.86
Staff related liabilities and provisions	23,409.51	14,128.56
Deposit and Retentions from Suppliers/Contractors	42,314.55	41,954.00
Electricity Duties and Other levies payable to Government	0.00	0.00
Liability for Expenses	5,454.39	3,990.73
Amount owing to Licensees	16.03	16.03
Accrued/Unclaimed amount relating to borrowings	20,351.63	18,905.97
Other liability(Lease amount of RCKPL)	8.07	8.07
Other Liabilities & Provisions	16,529.94	15,011.23
Amount payable to Master Trust*	90,768.21	51,874.38
Deposit for Electrification, Service connection etc	80,048.89	76,918.46
Total	**303,397.72**	**232,989.60**

*** Amount payable to Master Trust as detailed below**

	₹ in lakhs	
	As at 31.03.2019	**As at 31.03.2018**
Opening Balance	**51,874.38**	**-**
Principal Repayment of bond	40,720.00	40,720.00
Interets paid by the compnay	77,368.00	81,440.00
Government Contribution to Master Trust from Electrcity Duty	58,610.00	58,610.00
Other Receipt	-	5,240.00
Total Payable	**228,572.38**	**186,010.00**
Paid during the Year	137,804.17	134,135.62
Balance Payable	**90,768.21**	**51,874.38**

Kerala State Electricity Board Limited

Note 23 : Current Provisions

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
Provision for Employee Benefits		
Dearness Allowance		
As per Last Balance Sheet	900.00	
Add: Additions and Transfers	1,806.00	900.00
(Less) : Utilisation	900.00	
As at Balance Sheet Date	1,806.00	900.00
Income Tax		
As per Last Balance Sheet		
Add: Additions and Transfers		
(Less) : Utilisation		
As at Balance Sheet Date		
Total	**1,806.00**	**900.00**

Kerala State Electricity Board Limited

Note 24 : Revenue from operations

Particulars	₹ in lakhs	
	2018-19	**2017-18**
Interstate	7,202.31	-
Domestic	462,103.55	431,698.73
Commercial	306,280.31	287,669.32
Public Lighting	17,276.74	16,984.80
Irrigation & Dewatering	8,677.63	6,328.62
Industrial L T	79,275.92	80,919.44
Railway Traction	18,638.38	16,001.27
Bulk Supply	36,912.92	38,458.80
Miscellaneous	19.69	9.42
H. T.	275,859.30	260,181.85
E. H. T.	66,347.55	62,355.01
NVVN/ Others	26,732.42	5,118.27
Reactive Energy Charges	2,062.99	5,543.03
Electricity Duty Recovery	79,094.14	80,904.99
Other State Levies Recovery	2,428.49	1,474.65
Meter Rent/Service Line Rental	9,437.63	9,317.09
Wheeling Charges Recoveries	866.21	10.21
Misce. Charges from Consumers	34,427.05	11,221.45
GROSS SALE OF POWER	1,433,643.24	1,314,196.95
Less: Electricity Duty Payable (Contra)	79,094.14	80,904.99
Less: Other State Levies Payable (Contra)	2,428.49	1,474.65
Total	**1,352,120.60**	**1,231,817.31**

Kerala State Electricity Board Limited

Note 25. a) Other Operating Income

Particulars	₹ in lakhs	
	2018-19	**2017-18**
Rebate Received	13,411.16	13,349.87
Interest Advances to Suppliers/Contractors	711.02	1,416.00
Income from sale of Scrap/Tender form etc	7,262.94	6,408.93
Miscellaneous Receipts	10,195.60	12,931.60
Total	**31,580.71**	**34,106.40**

Note 25. b) Other Income

Particulars	₹ in lakhs	
	2018-19	**2017-18**
Interest Income		
Staff Loans and Advances	0.95	16.40
Income From Loans & others	51.31	58.14
Banks	715.93	546.59
Clawback of Grant	15,825.25	11,950.63
Total	**16,593.43**	**12,571.75**
Total (a+b)	**48,174.14**	**46,678.15**

Note 26: Generation of Power

Particulars	₹ in lakhs	
	2018-19	**2017-18**
FUEL CONSUMPTION		
Oil	179.09	97.46
HSD Oil	21.41	27.78
Lub Oil	5.26	7.77
LUBRICANTS & CONSUMABLE STORES	**123.29**	**74.21**
STATION SUPPLIES	**0.15**	**0.61**
Total	**329.20**	**207.84**

Kerala State Electricity Board Limited

Note 27 : Purchase of Power

Particulars	₹ in lakhs	
	2018-19	2017-18
Power purchased from Central Generating Stations	271,512.89	275,225.59
Power purchased from Others	458,418.33	419,492.44
Power purchased from Wind Generating Stations	5,122.18	3,525.90
Wheeling Charges (Less - UI Charges Received)	51,340.69	54,252.35
Other charges on Sale through Power Exchange	538.03	106.40
Total	**786,932.13**	**752,602.69**

Note 28: Repairs & Maintenance

Particulars	₹ in lakhs	
	2018-19	2017-18
Plant and Machinery	4,391.51	4,833.94
Buildings	996.53	1,029.54
Civil Works	1,118.33	1,328.61
Hydraulic Works	392.46	308.78
Lines, Cable Network etc.	22,952.99	19,363.69
Vehicles	206.52	266.69
Furniture and Fixtures	47.69	42.84
Office Equipments	269.08	560.79
Total	**30,375.11**	**27,734.87**

Kerala State Electricity Board Limited

Note 29 : Employee Benefits

Particulars	₹ in lakhs	
	2018-19	**2017-18**
Salaries	250,271.84	231,628.42
Over Time/Holiday Wages	29.47	33.92
Dearness Allowance	54,743.73	45,235.06
Other Allowances	7,740.01	7,764.49
Bonus	943.63	983.27
Medical Expenses Reimbursement	1,287.74	1,083.28
Leave Travel Assistance	22.30	21.21
Earned Leave Encashment	18,109.84	15,310.02
Payment under Workmen's Compensation Act	54.33	13.78
Leave Salary & Pension Contribution Paid by the Company to the Employees and Other Departments	1,823.86	1,327.81
Funeral Allowance	7.02	5.05
Staff Welfare Expenses	429.17	434.25
Terminal Benefits	-	-
(Less) Expenses Capitalised	46,261.54	40,034.41
Total	**289,201.39**	**263,806.15**

Note 30 : Finance Cost

Particulars	₹ in lakhs	
	2018-19	**2017-18**
Finance Charges on Financial Liabilities Measured at Amortised Cost		
INTEREST		
Interest on State Govt. Loans		
Interest on Bonds		
Interest on other loans/deferred credits	57,011.77	61,098.20
Interest to Consumers	17,731.00	17,533.21
Interest on Borrowings for Working Capital	14,894.78	9,500.24
Interest on Fair Valuation of Concessional Loan	912.52	2,227.76
OTHER INTEREST AND FINANCE CHARGES		
Rebate allowed for prompt payment	82.66	
Discount to Consumers for timely payment of bills	216.41	164.36
Interest To Suppliers/Contractors		506.01
Interest on General Provident Fund	16,216.71	15,626.00
Cost of Raising Finance	-	0.20
Other Charges	1,541.80	12.51
Interest on bond isuued to master Trust	77,368.00	81,440.00
Less: Interest and Finance Charges Capitalised	26,085.85	6,639.47
Total	**159,889.80**	**181,469.02**

Note 31 : Depreciation, Amortisation and Impairment Expenses

Particulars	₹ in lakhs	
	2018-19	**2017-18**
Depreciation		
Depreciation - Buildings	2,326.52	2,331.10
Depreciation - Hydraulic Works	6,888.12	7,015.71
Depreciation - Other Civil Works	2,148.67	2,142.80
Depreciation - Plant & Machinery	22,774.24	23,661.25
Depreciation - Line Cable & Network	44,789.40	43,440.03
Depreciation - Vehicles	131.12	131.04
Depreciation - Furniture & Fixtures	209.50	234.69
Depreciation - Office Equipments	1,112.45	1,413.85
Total	**80,380.02**	**80,370.49**
Amortisation		
Software	122.74	
Total	**80,502.76**	**80,370.49**

Note 32 : Administrative Expenses

Particulars	₹ in lakhs	
	2018-19	2017-18
Rent	833.19	867.08
Rates and Taxes	239.77	177.05
Insurance	123.13	17.61
Telephone Charges, Postage, Telegram & Telex charges	1,312.91	530.72
Internet charges	272.05	18.24
Legal Charges	215.61	196.55
Audit Fees - Statutory audit	44.25	37.77
Audit Fees - others	2.87	1.81
Consultancy Charges	11.05	10.61
Technical Fees	58.65	211.78
Other Professional Charges	209.04	127.96
Notary fee and other expenses relating to CGRF and ERC	1,193.46	366.00
Conveyance and Travel	6,285.31	6,195.56
Expenses towards National Pension Scheme		6.80
Expenses in respect of ESCOT	-	16.74
Salary and other allowance of Appellet Authority	5.11	6.26
Fees and Subscriptions	87.75	53.33
Books and Periodicals	8.44	6.25
Printing and Stationary	712.31	620.13
Data Processing Charges	12.59	5.46
Advertisements,Exhibition and Publicity	113.80	529.94
Contribution to CMDRF	3,620.00	
Water Charges	138.03	58.88
Entertainment	132.36	93.90
Ele. Duty u/s 3(i) of KED Act	12,381.41	12,010.94
Other Operative Expenses	16,734.86	14,693.85
Expenditure in purchase of LED bulbs under DELP	664.75	4,164.10
Power factor incentive to consumers	11,406.67	9,014.52
Freight	1,120.92	675.90
Other Expenses	1,916.11	2,735.65
Less: Expenses capitalised	40.11	412.50
TOTAL	**59,816.29**	**53,038.87**

Kerala State Electricity Board Limited

Note 33 : Others

Sl. No.	Particulars	₹ in lakhs	
		2018-19	**2017-18**
1	Material Cost Variance	-254.74	-2,646.32
2	Research and Development Expenses	5.59	21.14
3	Miscellaneous	-6.41	5.72
4	Miscellaneous Losses and Write Offs	1,600.54	1,087.17
5	Sundry Expenses	2.45	0.19
6	Loss/(compensation) on account of flood cyclone etc	-	-52.92
	TOTAL(A)	1,347.43	-1,585.01

Prior Period Expenses or Losses

Sl. No.	Particulars	₹ in lakhs	
		2018-19	**2017-18**
1	Other Excess Provision in Prior Periods	5.31	42.67
2	Other Income relating to Prior Periods	1,236.64	713.36
	INCOME RELATING TO PREVIOUS YEARS(1)	1,241.96	756.03
3	Operating Expenses of Previous Years	278.54	309.06
4	Interest on Other Financial Charges in Previous Years	654.52	6.66
5	Other Charges	19,222.41	608.35
	EXPENSE RELATING TO PREVIOUS YEARS(2)	20,155.47	924.06
	NET PRIOR PERIOD CREDITS/(CHARGES) (1-2)(B)	-18,913.51	-168.03
	TOTAL(B-A)	20,260.94	-1,416.98

Note 34 : Changes in fair valuation and Other Adjustments

Sl. No.	Particulars	₹ in lakhs	
		2018-19	**2017-18**
1	Income on account of Fair Valuation Changes	-393.63	908.02
	Total	**-393.63**	**908.02**

Kerala State Electricity Board Limited

Note 35:Exceptional item:Repairs and Maintanance expenses due to natural calamity

Sl. No.	Particulars	₹ in lakhs	
		2018-19	2017-18
1	Plant and Machinery	76.92	-
2	Buildings	2.61	-
3	Civil Works	109.82	-
4	Hydraulic Works	76.94	-
5	Lines, Cable Network etc.	1,328.05	-
	Total	**1,594.34**	**-**

Note 36:Items that will not be reclassified to Profit and Loss Account

Sl. No.	Particulars	₹ in lakhs	
		2018-19	2017-18
1	Portion of acturial valuation not pertains to Current year	109,678.60	107,632.86
2			
3			
4			
5			
	Total	**109,678.60**	**107,632.86**

KERALA STATE ELECTRICITY BOARD LIMITED

Note 37: Notes forming part of Consolidated Financial Statements as at 31st March 2019

37.1 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.

37.2 Contingent liabilities,Capital Liabilities and capital commitments

[₹ in Lakhs]

Particulars	2018-19	2017-18
A. Contingent Liabilities		
1. Disputed Income-tax Matters	32370.03	35832.26
2. Claims against Company pending Court Orders/ Government orders	10401	40340.61
B. Capital Liabilities and Capital Commitments		
1. Capital liabilities becoming due for re-payment/ redemption	517858.9	502941.62
2. Contracts placed but not executed	48461.92	37357.18

Contingent liabilities of associate companies

Contingent liability of Rs 37.50 crores i.e., 50% of guarantee invoked by Ministry of Coal, Government of India (PY 37.50 crores)

37.3 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 31,2019	41626.32		476232.58	517858.9
March 31,2018	26318.7		476622.92	502941.62
Unsecured Loan				
March 31,2019	219946.82			219946.82
March 31,2018	244992.74			244992.74

Total				
March 31,2019	261573.14		476232.58	737805.72
March 31,2018	271364.7		476622.92	747934.36

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 and Repayment terms
1	PFC	RAPDRP Part- A (Distribution scheme)	Existing and future assets created from the loans (Repayment not finalised)
2	PFC	RAPDRP Part- B (Distribution scheme)	Existing and future assets created from the loans(Monthly repayment, final repayment not finalised)
3	REC	Transmission scheme (Kattakada, Pothencode)	Future assets created from the loans (Repayment in monthly installments up to 31.03.2026)
4	REC	Meter Scheme (Distribution)	Future assets created from the loans. (Repayment in monthly installments up to 01.01.2022)
5	REC	R-APDRP Part-B Counterpart Funding (Distribution scheme)	Future assets created from the loans. (Repayment in monthly installments up to 30.12.2027)
6	REC	8 Nos. Transmission schemes	Future movable assets created from the loans(Repayment in monthly installment up to 01.01.2032)
7	REC	Distribution Schemes	Future assets created from the loans (Repayment in monthly installments up to 01.01.2032)
8	REC	Thottiyar HEP(Generation scheme)	Future assets created from the loans (Repayment in monthly installments up to 30.06.2029)
9	PFC GEL	Kakkayam SHEP (Generation Scheme)	Immovable and movable properties present and future created from the loans (Repayment in monthly installments up to 15.01.2034)
10	South Indian Bank	BARAPOLE SHEP(Generation)	Hypothecation of movable assets & lodgment of title deed of landed properties (Repayment in monthly installments up to 29.02.2028)

11	REC-RGGVY	Development of rural household	Future assets created from the loans (Repayment in yearly installments up to 02/2028
12	PFC-GEL	Perumthenaruvi SHEP	Immovable and movable properties present and future created from the loans (Repayment in monthly installments up to 15.07.2033)
13	NABARD	Banasura Sagar	(Repayment in quarterly up to 01.04.2023)
14	NABARD	Upper kallar	(Repayment in quarterly up to 01.04.2023)
15	REC-Special Loan	General Purpose	Future assets created from the loans (Repayment in monthly installments up to 31.03.2032)
16	PFC-Special Loan	General Purpose	Future assets created from the loans (Repayment in monthly installments up to 15.09.2033)
17	KIFBI	Tran Grid-2	Terms and conditions not finalised
18	World Bank/State Government	Dam Rehabilitation and Improvement Project	Terms and conditions not finalised

Loans of ₹52969.11 lakh is not considered for revaluation as repayment liability is not confirmed. There is no default in servicing of loans.

37.4. 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
4	Kerala- Fibre Optic Network Limited	Associate

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	31.03.2019 31.03.2018	Nil	Nil	Nil	Nil
Impairment allowance on Investments	31.03.2019 31.03.2018	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	N.S.Pillai IA&AS	CMD	28.5	0.17	28.67
2	Vijaya Kumari. P	Director	20.34	0.25	20.59
3	Venugopalan.N	Director	20.67	1.96	22.63
4	Moni.P.K	Director	19.82	0.24	20.06
5	Kumaran.P	Director	20.34	1.93	22.27
6	Rajeev. S (Retired on 31.07.2018)	Director	8.36	5.42	13.78

37.5 Interest and finance charges capitalized

Interest and finance charges of Project Specific Loans are capitalised fully and the interest expenses of general loans are capitalized @ 8.3%. An amount of Rs.26085.85 lakhs (previous year 6639.47 lakh) is capitalised during the current financial year.

37.6 Transactions in Foreign currency

a) Expenditure in foreign currency (on accrual basis)

Particular	March 31,2019	March 31,2018
Travelling	NIL	NIL
Professional & Consultation fee	NIL	NIL
Interest	NIL	NIL
Others	NIL	NIL
Total	NIL	NIL

b) CIF Value of Imports

Particular	March 31,2019	March 31,2018
Raw materials	NIL	NIL
Capital goods	NIL	NIL
Components & Spares	NIL	NIL
Total	NIL	NIL

37.7 Segment Reporting

Disclosure as per Ind AS 108 is given below.

Particulars	For the year ended 31 March, 2019				
	Business segments			Inter Segment Eliminations	Total
	Generation	Transmission	Distribution		
	₹in lakhs	₹in lakhs	₹in lakhs		₹in lakhs
Segment Revenue					
Inter-segment revenue	58666.23	106868.51		165534.74	0
Sale of energy & Meter rent			1352120.6		1352120.6
Total	58666.23	106868.51	1352120.6	165534.74	1352120.6
Segment result	29075.76	51516.26	1114960.7		1195552.72
allocable expenses	16191.08	38232.06	1218304.57		1272727.71
Operating income					
Other income (net)	2448.69	5645.4	40080.05		48174.14
Share of profit of associates					283.83
Profit before taxes	15333.37	18929.61	-63263.83		-28717.02
Tax expense					
Net profit for the year	15333.37	18929.6	-63263.83		-28717.02
Other comprehensive income	-6033.97	-11025.2	-92439.61		-109678.6
Total comprehensive income	9299.4	7724.58	-155703.43		-138395.63

Particulars	For the year ended 31 March, 2018				
	Business segments			Inter Segment Eliminations	Total
	Generation	Transmission	Distribution		₹in lakhs
	₹in lakhs	₹in lakhs	₹in lakhs		
Segment Revenue					
Inter-segment revenue	68061.82	100382.72		168444.54	0
Sale of energy & Meter rent			1231817.31		1231817.31
Total	68061.82	100382.72	1231817.31	168444.54	1231817.31
Segment result	30051.98	47242.35	1022364.77		1099659.1
Allocable expenses (net)	17167.31	33958.14	1161670.63		1212796.08
Operating income					
Other income (net)	2499.42	2805.89	29422.21		34727.52
Share of profit of associates					234.45
Profit before taxes	15384.09	16090.1	-109883.65		-78175.01
Tax expense	-	-	-		
Net profit for the year	15384.09	16090.1	-109883.65		-78175.01
Other Comprehensive income	-5686.65	-10660.88	-91285.33		-107632.86
Total comprehensive income	9697.44	5429.22	-201168.98		-185807.87

Particulars	For the year ended 31 March, 2019			Total
	Business segments			
	Generation	Transmission	Distribution	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Segment assets				
Allocable assets	1457512.77	331218.78	1130728.21	2919459.76
Total assets				
Segment liabilities				
Allocable liabilities	1582251.77	394789.78	1241552.59	3218594.14
Total liabilities				
Other information				

Capital expenditure				
Capital expenditure (Allocable)	124739	63571	110824.38	299134.38
Depreciation and amortisation (allocable)	13235.51	23942.78	43324.47	80502.76
Depreciation and amortisation (unallocable)				
Other significant non-cash expenses				

Particulars	For the year ended 31 March, 2018			Total
	Business segments			
	Generation	Transmission	Distribution	
	₹in lakhs	₹in lakhs	₹ in lakhs	₹ in lakhs
Segment assets				
Allocable assets	1469050.76	304594.71	1037509.51	2811154.98
Total assets				
Segment liabilities				
Allocable liabilities	1582140.06	348666.03	1125238.8	3056044.89
Total liabilities				
Other information				
Capital expenditure				
Capital expenditure (Allocable)	113089.3	44071.32	87729.29	244889.91
Depreciation and amortisation (allocable)	14080.63	24419.51	41870.35	80370.49
Depreciation and amortisation (unallocable)				
Other significant non-cash expenses				

37.8 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	2018-19	2017-18
1	Earnings Available to Equity Share Holders (₹in lakhs)	-138395.45	-185807.87
2	Number of weighted equity shares	3499050000	3499050000
3	Face value per share (₹)	10	10
4	Earnings per Share (Basic)	-3.96	-5.31
5	Earnings per Share (Diluted)	-3.96	-5.31

37.9 Taxation

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

37.10 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 2019 together with interest paid/ payable as required under the Act, have not been given.Company vide Office order D(F) No.536/2019/FA/Tender/SS/2019 dated 15.03.2019 company decided to take a centralised registration in theTReDS.The TreDs scheme is aimed at setting up of and operating the institutional mechanism for facilitating the financing of trade recveivable of MSME.

37.11 Statutory Auditors' Remuneration

[₹ in Lakhs]

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Remuneration of statutory auditors of the parent company	44.25	44.25
Total	44.25	44.25

37.12 Purchase of Power

In the case of power purchase related expenditure from Central Utilities, the utilities are raising invoices based on provisional tariff order/relevant notification of the concerned authorities, which are subject to final orders for the relevant tariff period. Out of the total power purchase related expenditure, the following claims has been provided in the accounts though the claims are not fully admitted by the Company.

(₹in lakhs)

Sl No.	Supplier	2018-19	2017-18
1	MAITHON	1538.2	615.98
2	Jindal Power Limited	426.35	4812.05
3	Jindal Thermal Power Limited	432.87	155.6
4	KAIGA	-	0.37
5	JHABUA POWER	10163.04	8508.58
6	BALCO	118.52	59.98
7	DVC	0.16	914.25
8	NTECL		15.84
9	PGCIL	153.89	977.77
10	PTC	3237	2.21
11	NTPC	2640.5	671.82
12	KPTCL (RE charges)	1.85	2.77
13	NTPC Tamil Nadu Energy Co.Ltd	0.13	-
14	NPCIL- Kudankulam	672.21	-
	Total	**19384.72**	**16737.22**

37.13. Actuarial Valuation

Actuarial valuation of employee related liabilities were carried out as on 31.03.2019 and provided in the accounts as detailed below.No actuarial valuation has been conducted in the case of associates / Joint ventures. Instead, the liability towards employee benefits has been estimated based on the estimate by the management.

a. Actuarial valuation of the earned leave liability for the period from 01/04/2018 to 31/03/2019 as per IND AS-19

Change in benefit Obligations	₹ in lakhs
Present Value of obligation at the beginning of the period	77930.29
Acquisition Adjustment	
Interest Cost	6000.63
Service Cost	5482.42

Past Service Cost including curtailing gains/losses	
Benefits paid	-4496.31
Total Actuarial(Gain)/Loss on obligation	-4309.79
Present Value of obligation as at the end of the period	80607.24

Actuarial Assumptions

i) Economic Assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

	31/03/2019	**31/03/2018**
i) Discounting Rate	7.43	7.70
ii) Future salary Increase	10	10.00

ii) Demographic Assumption

Attrition rates are the company's best estimate of employee turnover in future determined considering factors such as nature of business & industry, retention policy, demand & supply in employment market, standing of the company , business plan, HR Policy etc as provided in the relevant accounting standard.

Leave availment / encashment / lapse rates are entity's best estimate for future based on past historical experience & its HR policy.

i) Retirement Age (Years)	56	56
ii) Mortality rates inclusive of provision for disability **	100 % of IALM (2006 - 08)	
iii) Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	6.00	6.00
From 31 to 44 years	3.00	3.00
Above 44 years	1.00	1.00
iv) Leave	-	-
Leave Availment Rate	2.50%	2.50%
Leave Lapse rate while in service	Above 300 days	Above 300 days

Leave Lapse rate on exit	--	--
Leave encashment Rate while in service	5.00%	5.00%

It should be noted that in case of employees above retirement age, for the purpose of valuation it is assumed they will retire immediately & benefit is considered up to actual retirement age.

Mortality & Morbidity rates - 100% of IALM (2006-08) rates have been assumed which also includes the allowance for disability benefits.

Mortality Rates inclusive of disability for specimen ages

Age	Rate	Age	Rate	Age	Rate
15	**0.000614**	**45**	**0.002874**	**75**	**0.039637**
20	**0.000888**	**50**	**0.004946**	**80**	**0.060558**
25	**0.000984**	**55**	**0.007888**	**85**	**0.091982**
30	**0.001056**	**60**	**0.011534**	**90**	**0.138895**
35	**0.001282**	**65**	**0.017009**	**95**	**0.208585**
40	**0.001803**	**70**	**0.025855**	**100**	**0.311628**

b. Actuarial valuation of the gratuity liability for the period from 01/04/2018 to 31/03/2019, as per IND AS-19.

Change in benefit Obligations	**₹ in lakhs**
Present Value of obligation at the beginning of the period	182790.95
Acquisition Adjustment	
Interest Cost	14074.9
Service Cost	12175.58
Past Service Cost including curtailing gains/losses	-
Benefits paid	-9782.63
Total Actuarial(Gain)/Loss on obligation	-4550.35
Present Value of obligation as at the end of the period	194708.44

Actuarial Assumptions

i) Economic Assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

	31/03/2019	31/03/2018
i) Discounting Rate	7.43	7.70
ii) Future salary Increase	10	10.00

ii) Demographic Assumption

Attrition rates are the company's best estimate of employee turnover in future determined considering factors such as nature of business & industry, retention policy, demand & supply in employment market, standing of the company , business plan, HR Policy etc as provided in the relevant accounting standard.

	31/03/2019	31/03/2018
i) Retirement Age (Years)	56	56
ii) Mortality rates inclusive of provision for disability **	100% of IALM (2006 - 08)	
iii) Attrition at Ages	**Withdrawal Rate (%)**	**Withdrawal Rate (%)**
Up to 30 Years	6	6
From 31 to 44 years	3	3
Above 44 years	1	1

In case of employees above retirement age, for the purpose of valuation it is assumed they will retire immediately & benefit is considered up to actual retirement age.

Mortality & Morbidity rates - 100% of IALM (2006-08) rates have been assumed which also includes the allowance for disability benefits.

Mortality Rates for specimen ages					
Age	**Rate**	**Age**	**Rate**	**Age**	**Rate**
15	0.000614	45	0.002874	75	0.039637
20	0.000888	50	0.004946	80	0.060558
25	0.000984	55	0.007888	85	0.091982
30	0.001056	60	0.011534	90	0.138895
35	0.001282	65	0.017009	95	0.208585
40	0.001803	70	0.025855	100	0.311628

c. Actuarial valuation of the Pension liability for the period from 01/04/2018 to 31/03/2019, as per IND AS-19.

Change in benefit Obligations	**₹ in lakhs**
Present Value of obligation at the beginning of the period	1512537.1
Acquisition Adjustment	-

Interest Cost	116465.37
Service Cost	34619.58
Past Service Cost including curtailing gains/ losses	-
Benefits paid	-124702.69
Total Actuarial(Gain)/Loss on obligation	118538.87
Present Value of obligation as at the end of the period	1657458.22

Actuarial Assumptions

i) Economic Assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

	31/03/2019	31/03/2018
i) Discounting Rate	7.43	7.70
ii) Future salary Increase	5	10.00

ii) Demographic Assumption

Attrition rates are the company's best estimate of employee turnover in future determined considering factors such as nature of business & industry, retention policy, demand & supply in employment market, standing of the company , business plan, HR Policy etc as provided in the relevant accounting standard.

	31/03/2019	31/03/2018
i) Retirement Age (Years)	56	56
ii) Mortality rates inclusive of provision for disability **	100% of IALM (2006 - 08)	
iii) Attrition at Ages	**Withdrawal Rate (%)**	**Withdrawal Rate (%)**
Up to 30 Years	6.00	6.00
From 31 to 44 years	3.00	3.00
Above 44 years	1.00	1.00

It should be noted that in case of employees above retirement age, for the purpose of valuation it is assumed they will retire immediately

Mortality & Morbidity rates -

(a) While in service- 100% of IALM (2006-08) rates have been assumed which also includes the allowance for disability benefits.

Mortality Rates inclusive of disability(while in service) for specimen ages:

Age	Rate	Age	Rate	Age	Rate
15	0.000614	35	0.001282	55	0.007888
20	0.000888	40	0.001803	60	0.011534
25	0.000984	45	0.002874		
30	0.001056	50	0.004946		

(b) After Retirement- 100% of (1996-98) rates have been assumed

Mortality Rates for specimen ages(Retired Employees)

Age	Rate	Age	Rate	Age	Rate
50	0.004243	70	0.024301	85	0.106891
60	0.010907	75	0.043272	90	0.151539
65	0.013890	80	0.070802	100	0.266511

37.14.Revenue from Operation

The revenue of the company comprises of the revenue from sale of energy to consumers, related income from the sale of energy and other income. Other income includes interest income from bank, employees and contractors, sale of scrap etc. Effective from 1st April 2018 the compnay has adopted Ind As 115 "Revenue from contract with customers" using cumulative effective method and therefore comparitive have not been restated and continues to be reported as per Ind AS 11 "Contruction Contracts" and Ind AS 18 "Revenue".

The appilcation of standard does not have any significat impact on the retained earnings as on 01.04.2018 or on these financial statements

37.15.Going Concern

KSEB Ltd. is the only integrated Electricity Company in the State of Kerala providing electricity to around 1.30 Crore customers in the state. The company is fully owned by the Government of Kerala. The Company has positive cash flows and has not defaulted in honouring liabilities.

Electricity business being regulated by Electricity Act, 2003, the state regulator has so far approved Rs.569325 lakh.out of the accumulated loss of Rs1116306.10 lakh and the company is eligible to recover the same through Tariff Revision which will be reflected in the accounts on passing the same to the consumers. The company is regularly reducing its losses over the years and reported cash profit during the current financial year. Accordingly the financial statement has been prepared on the basis of Going Concern assumption.

37.16.Other Matters

In the case of KSEB Ltd,

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 ₹4031 lakh 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 ₹3070 lakh. 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 ₹1334 lakh. Accordingly, an amount of ₹1334 lakh 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 ₹7865 lakh and to withdraw the claim of balance differential tax amounting to ₹2536 lakh. The Company is expecting favourable orders from the Government of Kerala. Accordingly, an amount of ₹10401 lakh is shown under contingent liabilities.

b. Annual fixed cost payable by KSEB Ltd to NTPC for RGCCP, Kayamkulam had been negotiated and fixed as ₹20000 lakh per year for the Tariff control period 2014-19 with the liberty of review in 2018-19 vide B.O.(FTD) No.1491/2018/KSEB/TRAC/CERC/RGCCPP/18-19 dated 14.06.2018.The excess amount paid to NTPC in previous years has been adjusted in the accounts of the year 2018-19.

c. (i).M/s Balco-PTCIL has claimed ₹5498.20 lakh towards reimbursement as per Article 10 of PPA(change in law) of additional expenditure incurred until 02.2017. KSEBL calculated the provisional amount of ₹32.37 crores due to PTC in compliance with the order of APTEL dated 01.05.2019. The said amount of ₹.32.37 crore may change subject to the final order of APTEL. Upon placing it on record,APTEL insisted that KSEBL shall under take to pay the same. Later as per the daily orders of APTEL dated 15.05.2019 and 20.5.2019, Rs.16.185 Cr was released on 21.05.2019. The balance amount to be released is subject to the orders issued by APTEL. The carrying cost ,if any,applicable on this has not been accounted during the year 2018-19.

(ii). M/s Balco claimed ₹5749.18 lakh towards ECR revision due to change in escalation rates for domestic coal as per CERC amendment dated 08/12/2017 for the period from 03/2015 to 02/2017 vide invoice dated 20/12/2017.Since the final decision has not been taken the same has not been provided in the accounts.

d. 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.

e. The company swapped 1359 lakh units from HPPC during 2017-18 and this has been returned in the current year. During the period 285 lakh units swapped to RUVNL and this shall be returned during the period 2019-20. The company swapped 1462.41 lakh units from HPPC and NPCL and this shall be returned during the year 2019-20.

f. Inter Unit balances amount to ₹3954.48 Lakhs (Previous year ₹4285.64 Lakhs) has been considered as Sundry Receivables pending complete reconciliation of such balances reported in the Note:12-Other current Assets-Inter Unit balance.

g. The GPF balances as per financial statements is ₹220946.93 lakhs reported in the Note:17-General Provident Fund. A difference of ₹16.17 lakh with the party wise registers maintained at GPF section are reported and the same is being verified.

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

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. Depreciation is charged on the book value of asset except the revalued asset.

j. The company has taken insurance on asset financed by long term loans as per terms and condition of loan agreement. Apart from above insurance on assets is taken for thermal projects

k. For monthly as well as bi-monthly billed consumers under various tariff categories, an estimated amount of ₹85265.90 lakhs is recognized as unbilled revenue as on 31.03.2019(Previous year ₹68064 lakhs) and the amount is debited to sundry debtors for sale of power.

l. 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 ₹ 10 Crores. The following share certificates have been issued by the company.

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

Further the Board has deposited ₹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 favouring 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.

m. 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 ₹757 lakh 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

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

o. 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. However the property of 20 Acres of land owned by TCCL not yet transferred to the ownership of the company. Hence the adjustment of transfer of land against dues towards current charge not incorporated during the year.

p. In the 49th Meeting of Board of Directors held on 28.09.2019 it was resolved to give in principle approval to incorporate the adjustment entries regarding the amount payable to Government of Kerala towards electricity duty and other payable as on 31.03.2019 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 ₹34420.52 lakh is netted off with the amount receivable from the Government.

q. During the financial year an amount of ₹60857.81 lakh has been charged to the Revenue expenses pending allocation over capital works for the capitalisation of employee cost and interest and finance charges as detailed below. The same shall be capitalised in the financial year 2019-20.

Particulars	Amount ₹in lakhs
Employee Cost	33427.96
Interest and Finance charges	26085.85
Software development Expenses	1344

r. As per the Accounting policy of the company the provision for debtors is being provided on the basis of age wise analysis of debtors. As per the details furnished by the ARUs of the company, the age wise analysis is as follows.

₹ in lakhs	
Age of Debtors	**Amount**
More than 5 years	46086.04
Between 3 to 5 years	8909.43
Between 1 to 3 years	18763.69
Between 6 months to 1 year	9868.61
Less than 6 months	36675.52

As adequate provision is already there,no further provision is created during the year.

s. Kerala State suffered a heavy damage due to natural calamity and flood during the month of August 2018 and the company also suffered damages. The power restoration work had been carried out on war foot basis and electricity connections were restored in time. The assets of KSEB Ltd in the flood affected areas were severely damaged. Some assets were fully lost and assets which are partly damaged and reusable were repaired and restored. The company had taken sincere effort to identify the asset fully lost in the flood,but the details had not been received from the Accounting Rendering units since the Fixed Assets register has not been properly maintained in the field offices. The value of such assets are not removed from the books of accounts. The Note No.2 "Property Plant and Equipment" of the Financial Statement comprise the value of the asset lost in the Flood also.

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

   i) 20 years bond with a coupon of rate 10% p.a. For ₹ 814400 lakh.

   ii) 10 year bond with a coupon of rate 9% p.a. For ₹375100 lakh.

   These bonds has been redeemed every year as per the Government Order referred above.

The bond (i) redeemed every year @ ₹40720.00 lakhs and the bond(ii) redeemed @ ₹27088.00 lakhs during the current year.

u. The Board of Directors in the 49th meeting held on 28.09.2019 approved the financial statement. The power to amend the accounts vests with Board of Directors.

v. Baitarni West Coal Company Limited one of the Associate Company of KSEB Limited has shown an amount of ₹1307.89 lakhs under "Other Financial Liabilities" against the name of three promoter companies including KSEB Ltd . This was the amount received from the Government of India towards cost of consent to be remitted to the promoter company. The company is eligible for the 1/3rd share of cost of consent amounting ₹ 435.96 lakh. This amount has not been received during the year. The company had requested to release the amount along with the Board resolution. The KSEB Limited has not made any accounting entry in this regard in its books of accounts.

w. 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 (Transmission,System Operation,Safety,Corp. Planning&REES)
DIN:07282785	DIN: 07558958
Sd/-	Sd/-
BIJU.R FCA	**LEKHA.G FCA ACS, LLB**
FINANCIAL ADVISER&CHIEF FINANCIAL OFFICER	COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For BALAN & Co.	**For SANKAR & MOORTHY**
Chartered Accountants	Chartered Accountants
FRN:00340S	FRN:003575S
Sd/-	Sd/-
A. MOHANAN FCA	**SURESH S FCA**
Partner	Partner
M.No.20627	M.No.203716
UDIN:20020627AAAABQ5346	UDIN:20203716AAAAAW5092

For G.VENUGOPAL KAMATH & Co.
Chartered Accountants
FRN:004674S
Sd/-
RAVINATH R. PAI FCA
Partner
M.No.226547
UDIN:20226547AAAABT7602

Place: Thiruvananthapuram
Date: 26-05-2020

Note 35: Disclosure as per schedule 111 to the companies Act

Name of the entity in the group	Net Asset i.e total asset minus total liability as at		Share in profit or loss for the year ended		Share in other comprehensive income for the year ended		Share in total comprehensive income for the year ended	
	As a % of consolidated net assets	Amount	As a % of consolidated Profit or Loss	Amount	As a % of consolidated other Comprehensive income	Amount	As a % of total comprehensive income	Amount
Parent								
KSEB Limited								
31-Mar-19	100.58	-766,401.10	100.99	-29,000.85	100	-109,678.60	100.21	-138,679.45
31-Mar-18	100.68	-627,755.67	100.2999	-78,409.46	100	-107,632.86	100.13	-186,042.32
Associate								
Kerala Power Infrastructure finance Corporation Ltd								
31-Mar-19	-0.43	3,308.62	-0.66	190.84		-	-0.14	190.84
31-Mar-18	-0.50	3,117.78	-0.31	242.37		-	-0.13	242.37
Renewable power Corporation Kerala Ltd								
31-Mar-19	-0.014	109.16	-0.13	38.66		-	-0.03	38.66
31-Mar-18	-0.011	70.50	-0.03	20.50		-	-0.01	20.50
Joint Venture								

Baitarani West Coal Company Ltd								
31-Mar-19	-0.127	971.49	-0.19	54.06		-	-0.04	54.06
31-Mar-18	-0.164	1,025.55	0.036	-28.42			0.02	-28.42
Kerala Fi-bre Optic Network Ltd								
31-Mar-19	-0.00003	0.26	-0.001	0.26	-	-	-0.0004	0.26
31-Mar-18	-	-	-	-	-	-	-	-
Total								
31-Mar-19	100.00	-762,011.58	100.00	-28,717.03	100.00	-109,678.60	100.00	-138,395.63
31-Mar-18	100.00	-623,541.85	100.00	-78,175.01	100.00	-107,632.86	100.00	-185,807.87

Statement containing salient features of the financial statements of Associate Companies/ Joint Ventures of KSEB LTD
PART"B": Associates and Joint Ventures
Statement pursuant to Section 129 (3) of the Companies Act, 2013

Sl No	Name of Associates/ Joint Venture	Renewable Power Corpo-ration of Kerala Ltd	Kerala State Power and Infrastruc-ture Finance Corporation Ltd.	Baitarani West Coal Company Ltd.	Kerala Fibre Optic Network Ltd
1	Latest Audited Balance Sheet Date	31st March 2019	31st March 2019	31st March 2019	31st March 2019
2	Date on which the Associate or Joint venture was associated or acquired	31st March 2016	20th March 1998	14th August 2008	14th Sep-tember 2018
3	**Shares of Associates/ Joint Venture held by the Company on the year end as at 31.03.2019**				
	Number	5000	10819440	100000	490000
	Amount of Investment in Asso-ciates/Joint Venture	₹50 lakh	₹ 950 lakh	₹1000 lakh	₹ 49 lakh
	Extent of Holding (%)	50%	40.60%	33.33%	49.00%
4	Description of how there is sig-nificant influence	-	-	-	-
5	Reason why the Joint Venture is not consolidated	-	-	-	-
6	Networth atributable to Share-holding as per latest audited Balance Sheet	₹109.15 lakh	₹3307.38 lakh	₹1025.55 lakh	₹49.26 lakh
7	**Profit/ Loss for the year (Total Comprehensive Income)**				
i	considered for consolidation	₹77.32 lakh	₹467.01 lakh	₹162.21 lakh	₹0.54 lakh
ii	"Not Consisdered in Consolidation"	NA	NA	NA	NA
	Summarised financial information of the associate/ Joint Venture				
		RPCL	**KSPIFC**	**BWCL**	**KFON**
	Non-current assets	2,305.38	497.27	12.05	0.540
	Current assets	3,595.34	11,233.23	4,443.89	103.180
	Total assets [A]	**5,900.72**	**11,730.50**	**4,455.94**	**103.72**
	Non-current liabilities	5,088.50	3,278.42	1,330.52	-

	Current liabilities	593.91	286.82	48.46	3.180
	Total liabilities [B]	**5,682.41**	**3,565.24**	**1,378.98**	**3.18**
	Equity [A-B]	**218.31**	**8,165.26**	**3,076.96**	**100.54**
	Summarised statement of profit and loss				
	Revenue from operations	257.30	1,061.07	-	-
	Other income	86.21	27.36	282.34	12.81
	Total Income	343.51	1,088.43	282.34	12.81
	Employee benefit expenses	47.16	37.77	39.33	-
	Other expenses	149.98	26.49	48.73	12.81
	Finance costs	-	170.72	0.01	-
	Depreciation	88.24	8.18	1.12	-
	Tax expense	-19.19	156.06	30.95	
	Defered Tax Expenses	-	-32.30	-	-0.54
	Provision for standard and non performing assets	-	151.44	-	-
	CSR expenses	-	100.00	-	-
	Total Expenses	**266.19**	**618.36**	**120.14**	**12.27**
	Profit for the year	**77.32**	**470.06**	**162.20**	**0.54**
	Group's share of profit/(loss) for the year	**38.66**	**190.84**	**54.06**	**0.26**

For and on behalf of the Board of Directors

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

Sd/-
N. VENUGOPAL
DIRECTOR (Transmission,System Operation,Safety,Corp. Planning&REES)
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 BALAN & Co.
Chartered Accountants, FRN:00340S
Sd/-
A. MOHANAN FCA
Partner
M.No.20627
UDIN:20020627AAAABQ5346

For SANKAR & MOORTHY
Chartered Accountants FRN:003575S
Sd/-
SURESH S FCA
Partner
M.No.203716
UDIN:20203716AAAAAW5092

For G.VENUGOPAL KAMATH & Co.
Chartered Accountants FRN:004674S
Sd/-
RAVINATH R. PAI FCA
Partner, M.No.226547
UDIN:20226547AAAABT7602

Place: Thiruvananthapuram
Date:26-05-2020

KSEB

കേരളത്തിന്റെ ഊർജ്ജം

KERALA STATE ELECTRICITY BOARD LIMITED

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