

Varma & Varma

Chartered Accountants

INDEPENDENT AUDITORS REPORT

To

The Trustees,

Kerala State Electricity Board Limited Employees Master Pension and Gratuity Trust,
Thiruvananthapuram.

1. Report on the Financial Statements

We have examined the balance sheet of Kerala State Electricity Board Limited Employees Master Pension and Gratuity Trust (hereinafter referred to as the Trust) as at March 31, 2018 and the Receipts & Payments account for the year ended on that date which are in agreement with the books of accounts maintained by the Trust.

2. Management's Responsibility for the Financial Statements

Management of the Trust is responsible for the preparation of these financial statements that give a true and fair view of the receipts and payments and financial position of the Trust. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



4. Basis for qualified opinion

The facts relating to the qualification as detailed in the respective notes to the accounts are as under:

- (i) The basis of allocation of the amount of Rs.13,41,35,62,138 received from KSEB Ltd. during the year towards interest, budgetary allocation and redemption of bond as detailed in Note. No.12.2.3 is taken as certified by the management and the basis thereof of allocation has not been explained to us. The accounts are subject to this limitation.
- (ii) Interest and redemption of bonds receivable from KSEB includes an amount of Rs.407.20 crores receivable towards the proceeds from redemption of bonds with coupon rate of 10% which has been accounted as redeemed without actual redemption by payment; by KSEB.
- (iii) As detailed in Note 12.2.1, in the actuarial liability towards gratuity pensionary benefits, the liability of 74 employees who joined KSEB Limited after 31.10.2013 from other Government departments who are eligible for pension under Kerala Service Rules, to whom Trust does not have any liability as per deed of Trust (as this is direct liability of KSEB) has been erroneously included and amount relating to the same is not found ascertainable. The accounts are subject to this limitation.

5. Qualified Opinion

In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph the financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Trust as at 31st March, 2018 and
- (ii) In the case of the Receipts and Payments Account, with respect to the receipts and payments for the year ended 31st March 2018.



6. Emphasis of matter

We draw attention to the following matters disclosed in Notes to accounts

- i. As detailed in Schedule No.12.2.2, no income and expenditure account has been prepared by the Trust for reasons stated therein.
- ii. As detailed in Schedule No. 12.2.9 to the accounts, no provision has been made towards liability in respect of various litigations pending with the Hon. High Court of Kerala relating to pension and pensionary benefits filed by the retired employees against the erstwhile KSE Board and also KSEB Limited.

Our report is not qualified in respect of the above.

7. Other matters:

On the basis of audit conducted by us we also 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 purposes of our audit except to the extent otherwise stated in this report.
- b) The Balance Sheet and the Receipts and Payments account dealt with by this report are in agreement with the books of accounts maintained by the Trust.

for Varma & Varma,
Chartered Accountants
FRN.004532S




Rajeev R
(Partner)
M.No.211277

UDIN : 20211277AAAAEK3059

Place : Thiruvananthapuram

Date: 11.03.2020

Kerala State Electricity Board Limited Employees' Master Pension & Gratuity Trust

BALANCE SHEET AS AT 31.03.2018

As at 31.3.2017 Rs.	LIABILITIES	Sch	As at 31.3.2018 Rs.	As at 31.3.2017 Rs.	ASSETS	Sch	As at 31.3.2018 Rs.
10,00,000.00	Corpus Fund		10,00,000.00	1,24,19,00,00,000.00	Receivable from KSEB Ltd. towards Pensionary benefits as per Actuarial Valuation	2	52,70,61,76,731.00
1,24,19,84,36,215.10	Pension and Gratuity Trust Fund	1	1,75,01,38,28,469.56	-	Investment in 10% Bonds	3	77,36,80,00,000.00
6,86,15,973.00	TDS Payable		3,74,36,098.00	-	Investment in 9% Bonds	4	35,02,49,00,000.00
1,19,696.00	Recov.& Remit. To Other Depts.		5,310.00	-	Budgetary Allocation receivable from KSEB Ltd.	5	4,71,60,00,000.00
1,24,000.00	Recov.& Remit. To KSFE		-	-	Interest and Redemption of Bonds receivable from KSEB Ltd.	6	5,18,74,37,862.00
2,74,040.00	Recoveries for Pensioners Welfare Fund payable		5,02,810.00		Bank accounts:		
3,97,432.00	Stale Cheques		3,99,810.00	10,12,684.00	Trust Account		10,00,000.00
1,25,75,562.00	Retention amount from Pensioners(TDS on TELS)		2,68,42,348.00	37,65,750.40	Master Trust Units	7	35,19,430.36
				8,21,06,703.00	Receivable from KSEB Ltd. towards recoveries effected from pensioners	8	6,51,86,376.00
				63,48,47,843.00	Terminal Benefits receivable from KSEB Ltd.	9	16,16,79,321.00
				-63,48,47,843.00	Less: Terminal benefits payable to pensioners	10	-16,16,79,321.00
				46,57,780.70	Receivable from KSEBL- Reimbursement of Expenses	11	77,94,446.20
1,24,28,15,42,918.10	Total		1,75,08,00,14,845.56	1,24,28,15,42,918.10	Total		1,75,08,00,14,845.56

Notes to accounts as per Schedule - 12

for Kerala State Electricity Board Limited
Employees' Master Pension & Gratuity Trust

Chairman & Trustee

Sankaran

Treasurer & Trustee

Rajeev R

Thiruvananthapuram
Date : 10.01.2020



AUDITORS' REPORT

As per our report of even date attached

for Varma & Varma

Chartered Accountants

FRN : 004532S

Rajeev R

Rajeev R

Partner

Membership No. 211277

Taevarndecm

Date : 11.03.2020

Kerala State Electricity Board Limited Employees' Master Pension & Gratuity Trust

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2018

Schedule 1

31.03.2017	Pension and Gratuity Trust Fund	31.03.2018
1,24,19,14,54,618.40	Opening Balance	1,24,19,84,36,215.10
-	Add: Addition in Actuarial valuation liability as at 31.03.2018	52,70,61,76,731.00
-	Add: Receipts	
-	Interest on 10% Bonds	8,14,40,00,000.00
-	Interest on 9% Bonds	3,37,59,00,000.00
8,88,960.70	Interest received from Banks	12,73,006.46
610.00	Other Income	6,086.00
13,38,96,20,637.00	Terminal benefits received from KSEB Ltd.	-
12,72,483.00	Other Income Relating to Prior Periods	2,62,519.00
	Less: Payments	
	Terminal Benefits paid (Net):	
	Terminal Benefits paid (Gross):	
32,48,04,775.00	Terminal E/L Surrender (Pensioners)	39,56,28,627.00
48,85,49,640.00	Gratuity	67,98,74,932.00
57,98,25,048.00	Commutation of Pension	97,54,25,460.00
6,27,79,36,196.00	Regular Pension	6,81,82,98,273.00
1,52,16,12,518.00	Family Pension	1,76,58,93,410.00
2,38,10,17,573.00	Dearness Relief to Regular Pensioners	2,06,67,49,018.00
12,10,15,431.00	Medical Allowance To Pensioners Completed 70 Year	11,01,95,792.00
2,54,54,351.00	Special Festival Allowance To Pensioners	2,90,11,238.00
60,13,38,968.00	Pension - relating to past years	3,78,33,050.00
1,73,10,88,922.00	Arrear Pensions	4,62,14,088.00
14,05,26,43,422.00		12,92,51,23,888.00
	Add: Opening Statutory / Recoveries payable:	
6,94,462.00	Recoveries from pensioners Payable to KSEB Ltd.	28,25,415.00
3,00,36,680.00	IT - TDS payable	6,86,15,973.00
-	Recov. & Remit. To Other Depts.	1,19,696.00
-	Recov. & Remit. To KSFE	1,24,000.00
43,48,365.00	Recoveries and Remittance of Pensioners Welfare Fund	2,74,040.00
-	Stale Cheques	3,97,432.00
13,71,655.00	Retention amount from Pensioners(TDS on TELS)	1,25,75,562.00
3,64,51,162.00		8,49,32,118.00
	Add: Opening Terminal benefits payable:	
64,79,918.00	Provision For Gratuity payable	22,62,034.00
67,89,789.00	Provision For Pension payable	63,15,60,292.00
22,16,764.00	Provision for Terminal Leave Surrender payable	10,25,517.00
1,54,86,471.00		63,48,47,843.00
	Less: Closing Statutory / Recoveries payable:	
28,25,415.00	Recoveries from pensioners Payable to KSEB Ltd.	58,12,064.00
6,86,15,973.00	IT - TDS payable	3,74,36,098.00
1,19,696.00	Recov. & Remit. To Other Depts.	5,310.00
1,24,000.00	Recov. & Remit. To KSFE	-
2,74,040.00	Recoveries and Remittance of Pensioners Welfare Fund	5,02,810.00
3,97,432.00	Stale Cheques	3,99,810.00
1,25,75,562.00	Retention amount from Pensioners(TDS on TELS)	2,68,42,348.00
8,49,32,118.00		7,09,98,440.00
	Less: Closing Terminal benefits payable:	
22,62,034.00	Provision For Gratuity payable	23,19,717.00
63,15,60,292.00	Provision For Pension payable	15,82,63,081.00
10,25,517.00	Provision for Terminal Leave Surrender payable	10,96,523.00
63,48,47,843.00		16,16,79,321.00
13,38,48,01,094.00		13,41,22,26,088.00
1,24,19,84,36,215.10	Total	1,75,01,38,28,469.56



Schedule 2

31.03.2017	Receivable from KSEB Ltd. towards Pensionary benefits as per Actuarial Valuation		31.03.2018
1,24,19,00,00,000.00	Opening Balance		1,24,19,00,00,000.00
-	Add: Addition in Actuarial valuation liability as at 31.03.2018		
-	Total Gratuity liability as per Actuarial valuation	18,27,90,95,211.00	
-	Total Terminal Leave surrender liability as per Actuarial valuation	7,79,30,29,292.00	
-	Total Pension liability as per Actuarial valuation	1,51,25,37,10,532.00	
-	Total	1,77,32,58,35,035.00	
-	Less: Actuarial liability of employees who joined KSEB Ltd. after 31.10.2013 (not being the liability of the Trust)		
-	Actuarial valuation of Gratuity liability	22,49,06,921.00	
-	Actuarial valuation of Terminal Leave surrender	20,47,51,383.00	
-	Total	42,96,58,304.00	
-	Less: Actuarial valuation liability as at 31.10.2013	1,24,19,00,00,000.00	52,70,61,76,731.00
1,24,19,00,00,000.00	Total Pensionary benefits as per Actuarial Valuation		1,76,89,61,76,731.00
-	Less: Financed during the year by way of :		
-	Investment in 10% Bonds	81,44,00,00,000.00	
-	Investment in 9% Bonds	37,51,00,00,000.00	
-	Budgetary Allocation receivable from KSEB Ltd.	5,24,00,00,000.00	1,24,19,00,00,000.00
1,24,19,00,00,000.00	Balance unfunded amount receivable from KSEBL		52,70,61,76,731.00

Schedule 3

31.03.2017	Investment in 10% Bonds	31.03.2018
-	Opening Balance	-
-	Add: Additions during the year	81,44,00,00,000.00
-	Less: Redeemed during the year	4,07,20,00,000.00
-	Total	77,36,80,00,000.00

Schedule 4

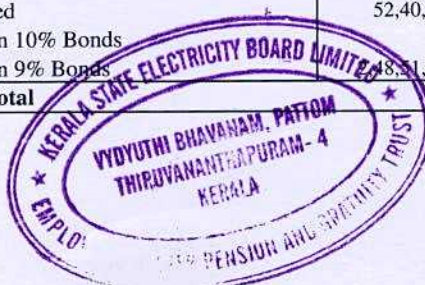
31.03.2017	Investment in 9% Bonds	31.03.2018
-	Opening Balance	-
-	Add: Additions during the year	37,51,00,00,000.00
-	Less: Redeemed during the year	2,48,51,00,000.00
-	Total	35,02,49,00,000.00

Schedule 5

31.03.2017	Budgetary Allocation receivable from KSEB Ltd.	31.03.2018
-	Opening Balance	-
-	Add: Receivable from KSEB Ltd.	5,24,00,00,000.00
-	Less: Amount received from KSEB Ltd. during the year	52,40,00,000.00
-	Total	4,71,60,00,000.00

Schedule 6

31.03.2017	Interest and Redemption of Bonds receivable from KSEB Ltd.		31.03.2018
-	Opening Balance		-
-	Add: Receivable from KSEB Ltd.		
-	Interest on 10% Bonds	8,14,40,00,000.00	
-	Interest on 9% Bonds	3,37,59,00,000.00	
-	Budgetary allocation receivable	52,40,00,000.00	
-	Redemption of Investment in 10% Bonds	4,07,20,00,000.00	
-	Redemption of Investment in 9% Bonds	2,48,51,00,000.00	18,60,10,00,000.00
-	Less: Received from KSEB Ltd.		
-	Interest on 10% Bonds	7,02,85,62,138.00	
-	Interest on 9% Bonds	3,37,59,00,000.00	
-	Budgetary allocation received	52,40,00,000.00	
-	Redemption of Investment in 10% Bonds	-	
-	Redemption of Investment in 9% Bonds	48,51,00,000.00	13,41,35,62,138.00
-	Total		5,18,74,37,862.00



Schedule 7

31.03.2017	Bank accounts: MTU's	31.03.2018
51,944.00	Electrical Circle (Urban), Thiruvananthapuram	836.00
17,375.70	Electrical Division, Adoor	19,993.15
-	Electrical Division, Alappuzha	7,905.50
58.00	Electrical Division, Alathur	58.00
62.00	Electrical Division, Aluva Town	437.25
931.00	Electrical Division, Attingal.	21,657.00
-	Electrical Division, Balussery	6,141.00
790.00	Electrical Division, Chalakudy	10,35,605.00
51,204.00	Electrical Division, Changanacherry	5,884.50
536.00	Electrical Division, Chathannoor	4,846.60
5,100.00	Electrical Division, Chengannoor	10,654.00
15,002.20	Electrical Division, Cherthala	15,936.70
20,942.70	Electrical Division, Chittur	21,965.20
-6,792.00	Electrical Division, Ernakulam	4,503.00
8,90,121.00	Electrical Division, Feroke	38,213.10
43,765.00	Electrical Division, Haripad	11,841.50
10,909.50	Electrical Division, Irinjalakuda	3,917.25
1,803.00	Electrical Division, Iritty	6,202.75
1,424.00	Electrical Division, Kalpetta	1,432.00
8,796.00	Electrical Division, Kanhangad	0.90
-	Electrical Division, Kannur	-
67,218.00	Electrical Division, Karunagappally	1,17,114.25
66.00	Electrical Division, Kasaragod	3,123.00
301.00	Electrical Division, Kattappana	293.00
2,19,138.00	Electrical Division, Kazhakkuttom	8,232.00
601.00	Electrical Division, Kodungallur	374.00
2,030.00	Electrical Division, Kollam	3,175.50
10,55,386.00	Electrical Division, Kondotty	8,507.50
16,930.00	Electrical Division, Kottarakkara	59,460.00
1,36,177.00	Electrical Division, Kozhikode	46,164.00
53,315.00	Electrical Division, Kundara	9,516.25
-	Electrical Division, Kunnamkulam	1,228.00
3,037.50	Electrical Division, Mananthavady	3,588.00
684.00	Electrical Division, Manjeri	7,005.50
2,499.00	Electrical Division, Mannarkkad	3,773.50
81,687.40	Electrical Division, Mattancherry	55,599.40
14,283.00	Electrical Division, Mavelikkara	66,906.00
2,281.00	Electrical Division, Moovattupuzha	-
4,745.30	Electrical Division, N.Parur	2,281.80
4,691.00	Electrical Division, Nadapuram	5,331.00
1,939.00	Electrical Division, Nedumangad	23,957.50
5,346.70	Electrical Division, Neyyattinkara	80,884.95
1,483.00	Electrical Division, Nilambur	40,953.00
6,559.00	Electrical Division, Pala	19,892.50
19,381.00	Electrical Division, Palakkad	39,323.10
-269.90	Electrical Division, Pallom	1,124.10
1,18,244.00	Electrical Division, Pathanamthitta	34,091.50
170.00	Electrical Division, Pattambi	822.50
15,076.40	Electrical Division, Payyannur	1,97,888.35
7,371.00	Electrical Division, Peerumade	18,213.60
1,94,063.50	Electrical Division, Perinthalmanna	5,404.50
23,025.00	Electrical Division, Perumbavoor.	1,29,510.70
4,626.00	Electrical Division, Ponkunnam	2,325.00
360.00	Electrical Division, Ponnani	2,873.50
5,625.00	Electrical Division, Punalur	10,060.75
468.00	Electrical Division, Shoranur	2,139.00
1,765.00	Electrical Division, Thalassery	26,665.00
60,353.70	Electrical Division, Thiruvalla	2,13,746.95
6,847.00	Electrical Division, Thodupuzha	13,659.50
2,629.00	Electrical Division, Thrissur (West)	10,556.50
1,55,167.00	Electrical Division, Thrissur (East)	2,179.00
2,717.00	Electrical Division, Tirur	2,717.00
1,494.00	Electrical Division, Tirurangadi	4,487.50
2,628.00	Electrical Division, Tripunithura	1,53,663.50
1,03,816.00	Electrical Division, Vadakara	2,42,047.50
10,911.00	Electrical Division, Vaikom	574.10
3,637.00	Electrical Division, Wadakkancherry	14,853.80



19,979.00	Generation Circle, Meencut	7,283.90
34,770.00	Generation Circle, Moolamattom	42,070.25
120.00	Generation Circle, Thrissur	30,949.00
1,76,406.70	Office of the Chief Engineer (HRM)	5,24,809.21
37,65,750.40	Total	35,19,430.36

Schedule 8

31.03.2017	Receivable from KSEB Ltd. towards recoveries effected from pensioners	31.03.2018
28,25,415.00	Recoveries from pensioners Payable to KSEB Ltd.	58,12,064.00
6,86,15,973.00	IT - TDS payable	3,74,36,098.00
1,19,696.00	Recov. & Remit. To Other Depts.	5,310.00
1,24,000.00	Recov. & Remit. To KSFE	-
2,74,040.00	Recoveries and Remittance of Pensioners Welfare Fund	5,02,810.00
3,97,432.00	Stale Cheques	3,99,810.00
1,25,75,562.00	Retention amount from Pensioners(TDS on TELS)	2,68,42,348.00
		7,09,98,440.00
28,25,415.00	Less: Amount recoverable to KSEB Ltd.	58,12,064.00
8,21,06,703.00	Total	6,51,86,376.00

Schedule 9

31.03.2017	Terminal Benefits receivable from KSEB Ltd.	31.03.2018
22,62,034.00	For Gratuity	23,19,717.00
63,15,60,292.00	For Pension	15,82,63,081.00
10,25,517.00	Terminal Leave Surrender	10,96,523.00
63,48,47,843.00	Total	16,16,79,321.00

Schedule 10

31.03.2017	Terminal benefits payable to pensioners	31.03.2018
22,62,034.00	Provision For Gratuity payable	23,19,717.00
63,15,60,292.00	Provision For Pension payable	15,82,63,081.00
10,25,517.00	Provision for Terminal Leave Surrender payable	10,96,523.00
63,48,47,843.00	Total	16,16,79,321.00

Schedule 11

31.03.2017	Receivable from KSEBL- Reimbursement of Expenses	31.03.2018
10,75,272.70	Opening Balance	46,57,780.70
	Add: Current year expenses:	
14,58,920.00	MO Commission	2,51,878.00
5,150.00	Other Professional Charges	7,495.00
20,74,508.00	Interest on Gratuity	28,02,494.00
43,930.00	Bank Charges	74,798.50
46,57,780.70	Total	77,94,446.20



Kerala State Electricity Board Limited Employees' Master Pension & Gratuity Trust
RECEIPTS & PAYMENTS A/C FOR THE YEAR ENDED 31.03.2018

Receipts	Amount (in Rs.)	Payments	Amount (in Rs.)
Opening Balance in Banks	47,78,434.40	Pension & other terminal liabilities disbursed to Pensioners:	
Amount received from KSEB Ltd.	13,41,35,62,138.00	Terminal Benefits- E/L surrender	39,56,28,627.00
Interest received from Banks	12,73,006.46	Gratuity	67,98,74,932.00
Prior period Income	2,62,519.00	Commutation of Pension	97,54,25,460.00
Other Income	6,086.00	Regular Pension	6,81,82,98,273.00
		Family Pension	1,76,58,93,410.00
		Dearness Relief to Regular Pensioners	2,06,67,49,018.00
		Medical Allowance To Pensioners Completed 70 Years	11,01,95,792.00
		Special Festival Allowance To Pensioners	2,90,11,238.00
		Interest on Gratuity	28,02,494.00
		Pension - relating to past years	8,40,47,138.00
			12,92,79,26,382.00
		Add: Payable at Opening of the year:	
		Amt. Receivable. From Ex-Employees	28,25,415.00
		Provision For Gratuity	22,62,034.00
		Provision For Pension	63,15,60,292.00
		Terminal Leave Surrender payable	10,25,517.00
		IT - TDS payable	6,86,15,973.00
		Recov.& Remit. To Other Depts.	1,19,696.00
		Recov.& Remit. To KSFE	1,24,000.00
		Recoveries and Remittance of Pensioners Welfare Fund	2,74,040.00
		Stale Cheques	3,97,432.00
		Retension amount from Pensioners	1,25,75,562.00
			71,97,79,961.00
c/f	13,41,98,82,183.86	c/f	13,64,77,06,343.00



Receipts	Amount (in Rs.)	Payments	Amount (in Rs.)
b/d	13,41,98,82,183.86	b/d	13,64,77,06,343.00
		Less: Payable at the year end:	
		Amt. Receivable. From Ex-Employees	58,12,064.00
		Provision For Gratuity	23,19,717.00
		Provision For Pension	15,82,63,081.00
		Terminal Leave Surrender payable	10,96,523.00
		IT - TDS payable	3,74,36,098.00
		Recov.& Remit. To Other Depts.	5,310.00
		Recoveries and Remittance of Pensioners Welfare Fund	5,02,810.00
		Stale Cheques	3,99,810.00
		Retention amount from Pensioners	2,68,42,348.00
			23,26,77,761.00
			13,41,50,28,582.00
		MO Commission	2,51,878.00
		Other Professional Charges	7,495.00
		Bank Charges	74,798.50
		Closing Balance in Banks	45,19,430.36
Total	13,41,98,82,183.86	Total	13,41,98,82,183.86



**KERALA STATE ELECTRICITY BOARD LIMITED
EMPLOYEES MASTER PENSION AND GRATUITY TRUST
Thiruvananthapuram**

Schedule 12

Notes attached to and forming part of the accounts for the year ended 31.03.2018

About the Trust

The Trust has been formed with the objective of making arrangements for the payment of pension and terminal benefits to the employees of the erstwhile KSE Board in pursuance of the order of the Government of Kerala -Kerala Electricity Second Transfer Scheme (Re-vesting) 2013 vide VO No.46/2013/PD dt 31.10.2013 read with GO (P) No.3/2015/PD dt 28.1.2015 and the Tripartite agreement entered into among Government of Kerala , Kerala State Electricity Board Limited and Kerala State Electricity Board Employees Unions and Associations dt 1.8.2014.

1. Significant Accounting Policies

1. Basis of accounting

The accounts are maintained on accrual basis and all known expenses/income have been accounted for except amounts receivable from family members of deceased pensioners for the pension paid for the period after the death of the pensioner, which is accounted for on cash basis. Interest income on savings bank accounts and sweep accounts are also accounted for on cash basis.

2. Investments

Investments are either classified as current or long term based on Management's intention. Current investments are carried at the lower of cost and fair value of each investment individually. Long term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment

3. Retirement Benefits

Retirement benefits in the nature of Pension, Gratuity and Encashment of earned leave are determined and provided for on the basis of actuarial valuation.

Other benefits to the retired employees like medical, festival allowance etc are written off in the year in which the same are incurred.

2. Other Notes to accounts

1. As per the GO and the agreements on the basis of which the Trust has been created, the Net Present Value of the unfunded liability towards pension and pensionary benefits has been actuarially valued at Rs.12,419 Crores as on 31.10.2013. The unfunded liability of Rs.12,419 crore, funded as under as on 01/04/2017 by issuing bonds as provided below and the budgetary allocation accounted as receivable:

Bonds issued by KSEB

20 Year bond with coupon rate of 10%	8144 Crores
10 Year bond with coupon rate of 9%	3751 Crores
State Government Support through budgetary provision @ Rs.52.40 Crores per year for 10 years	524 Crores

In addition, KSEB will pay annual pension contribution based on actuarial valuation in respect of the personnel of KSEB



During the year, the actuarial valuation of the liability towards pension and pensionary benefits to the eligible employees of KSEB Limited (transferred from KSE Board) has been done during the year for the first time after 31.10.2013 and the actuarial liability as at 31.3.2018 has been provided for in the accounts amounting to Rs.1,76,89,61,76,731/- The additional liability for the period 1.11.2013 to 31.03.2018 based on the verification done of Rs. 52,70,61,76,731/- is unfunded as on date and the said amount has been shown as "Receivable from KSEB Ltd. towards pensionary benefits as per Actuarial Valuation". This amount includes actuarial valuation of pension liability of 74 employees who joined the KSEBL after 31/10/2013 from other Government Departments who are eligible for pension under Kerala Service Rules. The pension liability of these 74 employees are not separately ascertainable.

2. No Income and Expenditure account has been prepared as the Trust is only acting as the intermediary institution for effecting disbursement of Pension, Gratuity and other retirement benefits of the employees of erstwhile KSEB and the receipts / payments are accordingly credited / debited to the fund account. There is no revenue earning activity for the trust in view of the above.
3. Trust received Rs. 13,41,35,62,138/- towards disbursement of pension and pensionary benefits as per requirement and at the end of the year said amount is allocated towards receipt of interest, budgetary allocation receivable and redemption of bonds as shown below. Thus an amount Rs. 5,18,74,37,862/- receivable from KSEB Limited and shown as "Interest and Redemption of Bonds receivable from KSEB Ltd".

Particulars	Total receivable	Received	Receivable
Interest on 10% Bonds	8,14,40,00,000.00	7,02,85,62,138.00	1,11,54,37,862.00
Interest on 9% Bonds	3,37,59,00,000.00	3,37,59,00,000.00	-
Budgetary allocation receivable	52,40,00,000.00	52,40,00,000.00	-
Redemption of 10% Bonds	4,07,20,00,000.00	-	4,07,20,00,000.00
Redemption of 9% Bonds	2,48,51,00,000.00	2,48,51,00,000.00	
Total	18,60,10,00,000.00	13,41,35,62,138.00	5,18,74,37,862.00

4. As per Clause 25 of the Trust deed, the Trustees have to invest the funds of the Trust to earn adequate returns to provide the terminal benefits to the members in accordance with the terms and conditions attached thereto. In accordance with the above, income by way of interest and other miscellaneous income received has been credited to the "Pension and Gratuity Trust Fund account" in the balance sheet. Contribution received from KSEB Ltd. has been credited and pension/ pensionary benefits paid has been debited to the above fund account.
5. The Trust is not liable for pension payable to personnel who joined KSEB Ltd. during the period 01/04/2013 to 31/10/2013 as the pension of personnel who have joined the service of KSEB on or after 01/04/2013 will be governed by the National Pension System (NPS) adopted vide BO (FB) No. 843/2013 (PRC/335/2013), dated 09/04/2013 and the Government orders, Circulars and guidelines issued from time to time in this regard. However, the Trust is liable for gratuity and terminal leave surrender of employees joined during the period 01/04/2013 to 31/10/2013.



6. Amount of pension and other retirement benefits for the year outstanding for payment as at the close of the year has been net off against amount receivable from KSEB towards discharge of such liability in the balance sheet.
7. Amounts receivable from KSEB as disclosed in Schedule No. 8 to the Balance sheet represents recoveries made from the payment to the pensioners towards TDS, payment to KSFE, etc. which has not been discharged pending receipt of the amount from KSEB Ltd.
8. The Trust has been granted approval of gratuity scheme under rule 2(1) of Part C of the fourth schedule of Income Tax Act, 1961 with effect from 12.02.2015 vide C. No. 304/Gratuity/5/Pr. CIT/TVM/2015-16 DATED 29/08/2016.
9. Contingent liabilities in respect of various litigations pending with the Hon. High Court of Kerala relating to pension and pensionary benefits filed by the retired employees against the erstwhile KSE Board and also KSEB Limited is not ascertainable and hence not disclosed in the accounts.

For **KERALA STATE ELECTRICITY BOARD LIMITED**
EMPLOYEES MASTER PENSION AND GRATUITY TRUST

Sankar

R.R.

