

INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion:

We have audited the accompanying financial statements of Kerala State Electricity Board Limited Employees Master Pension and Gratuity Trust, which comprise the Balance sheet as at March 31, 2021 and Receipt and Payments Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information contained in notes to accounts.

In our opinion and to the best of our information and according to the explanations given to us, subject to the effect of the matters described in Basis of Qualified Opinion Paragraph and Notes attached to and forming part of the accounts, the said accounts, read together with the accounting policies and other notes attached thereto, 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, 2021 and
- (ii) In the case of the Receipts and Payments Account, with respect to the receipts and payments for the year ended 31st March 2021.

Basis for qualified opinion

The facts relating to the qualifications given below as detailed in the respective notes to the accounts are as under:

- I. Amount due on redemption of bonds receivable from KSEB as detailed in note No 12.2.3 aggregating to an amount of Rs.7,13,71,98,462 represents the proceeds from redemption of bonds with coupon rate of 10% accounted as redeemed (without actual redemption by payment by KSEB).
- II. The actuarial valuation liability towards pension and pensionary benefits to the eligible employees of KSEB Limited (transferred from KSE Board) has been done during the year by KSEB Ltd in accordance with the provisions of Ind AS. The actuarial liability as at 31.3.2021 has been determined as Rs.3,43,69,23,36,972. The additional liability for the period 1.11.2013 to 31.03.2021 based on the valuation done is Rs.1,50,91,50,38,678 /- is unfunded as on date and the said amount has been shown as "Receivable from KSEB Ltd. towards pensionary benefits as per Actuarial Valuation".

The amount receivable from KSEB (net) and corresponding balance in liability under Pension and Gratuity Trust account is understated by an amount of Rs.2926.58 crores due to passing of entries on the basis of actuarial valuation report, wherein the figures were juxtaposed, resulting in a figure different from actual.



Varma & Varma

Chartered Accountants

Emphasis of matter

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

- i. As detailed in Schedule No.12.2.2 to the accounts, 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.
- iii. As detailed in Schedule No.12.2.10 to the accounts, amount shown as receivable from KSEBL are subject to the confirmation

Our report is not qualified in respect of the above matters.

We have conducted our audit in accordance with Standards on Auditing (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the trust in accordance with the accounting principles generally accepted in India and for such, internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements:

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



Varma & Varma

Chartered Accountants

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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

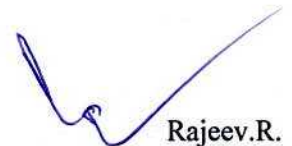
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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: 23211277BGSAAG9835



Place : Thiruvananthapuram

Date : 24.01.2023

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

Balance sheet as at 31-03-2021

LIABILITIES	Sch	As at 31.3.2021 Rs.	ASSETS	Sch	As at 31.3.2021 Rs.
Corpus Fund		10,00,000	Receivable from KSEB Ltd. towards Pensionary benefits as per Actuarial Valuation	2	1,50,91,50,38,678
Pension and Gratuity Trust Fund	1	2,57,17,12,24,935	Investment in 10% Bonds	3	69,22,40,00,000
TDS Payable		4,55,73,135	Investment in 9% Bonds	4	29,36,36,00,000
Recoveries and remittance to other departments		26,406	Budgetary Allocation receivable from KSEB Ltd.	5	52,40,00,000
Recoveries and remittance to KSFE			Interest and Redemption of Bonds receivable from KSEB Ltd.	6	7,13,71,98,462
Recoveries for Pensioners Welfare Fund payable		31,720			
Recoveries and remittance on behalf of co-operative society		26,332	Bank accounts:		
Recoveries and remittance to CM's disaster fund		28,36,944	Trust Account- SBI, Pattom		9,06,599
Stale Cheques		3,79,853	Master Trust Units	7	10,00,000
Retention amount from Pensioners (TDS on TELS)		10,06,61,159	Receivable from KSEB Ltd. towards recoveries effected from pensioners	8	14,95,35,549
			Terminal Benefits receivable from KSEB Ltd.	9	1,58,70,840
			<u>Less:</u> Terminal benefits payable to pensioners	10	(1,58,70,840)
			Receivable from KSEBL- Reimbursement of Expenses	11	64,81,196
Total		2,57,32,17,60,484	Total		2,57,32,17,60,484

AUDITOR'S REPORT

As per our report of even date attached

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

Chairman & Trustee



Treasurer & Trustee

Place : Thiruvananthapuram

Date : 24.01.2023



for Varma & Varma
Chartered Accountants
FRN : 004532S

Rajeev.R.
Partner
Membership No. 211277

Kerala State Electricity Board Limited Employees' Master Pension & Gratuity Trust
RECEIPTS & PAYMENTS A/C FOR THE YEAR ENDED 31.03.2021

Receipts		Amount (in Rs.)	Payments		Amount (in Rs.)
Opening Balance in Banks			Pension & other terminal liabilities disbursed to Pensioners:		
Trust Account- SBI, Pattom	10,37,337		Terminal Benefits- E/L surrender	81,11,41,468	
Master Trust Units	22,14,952	32,52,289	Gratuity	1,72,52,03,690	
Amount received from KSEB Ltd.		17,37,05,27,530	Commutation of Pension	1,88,15,83,725	
Interest received from Banks		10,89,227	Regular Pension	6,89,30,65,025	
Prior period Income		5,18,566	Family Pension	2,01,46,17,232	
Other Income		52,574	Dearness Relief to Regular Pensioners	3,85,53,82,290	
				11,32,08,114	
			Medical Allowance To Pensioners Completed 70 Years		
			Special Festival Allowance To Pensioners	3,12,38,912	
			Interest on Gratuity	2,78,881	
			Pension Accrued but not due-COVID 19	3,82,90,655	
			Pension - relating to past years	2,39,77,095	17,38,79,87,087
			Payments during the year against current liabilities		
			Add: Payable at Opening of the year:		
			Recoveries from pensioners Payable to KSEB Ltd.	1,04,49,450	
			Provision For Gratuity	1,87,12,347	
			Provision For Pension	2,30,80,701	
			Terminal Leave Surrender payable	1,11,51,187	
			IT - TDS payable	2,96,73,615	
			Recoveries and remittance to other departments	(2,25,947)	
			Recoveries and remittance to CM's disaster fund	6,42,006	
				42,380	
			Recoveries and Remittance of Pensioners Welfare Fund		
			Stale Cheques	5,85,359	
			Retention amount from Pensioners(TDS on TELS)	6,95,15,592	
			Less: Payable at the year end:		
			Amt. Receivable. From Ex-Employees	1,29,15,378	
			Provision For Gratuity	58,64,607	
			Provision For Pension	85,54,506	
			Terminal Leave Surrender payable	13,79,176	
			IT - TDS payable	4,55,73,135	
			Recov.& Remit. To Other Depts.	26,406	



Kerala State Electricity Board Limited Employees' Master Pension & Gratuity Trust
RECEIPTS & PAYMENTS A/C FOR THE YEAR ENDED 31.03.2021


Receipts	Amount (in Rs.)	Payments	Amount (in Rs.)
		Recoveries and remittance on behalf of co-operative society	26,332
		Recov.& Remit. To CM's Distress Relief Fund	28,36,944
		Recoveries and Remittance of Pensioners Welfare Fund	31,720
		Stale Cheques	3,79,853
		Deferred Pension - COVID 19	72,551
		Retention amount from Pensioners	10,06,61,159
		Decrease in current liability during the year	(1,46,95,077)
		MO Commission	2,27,624
		Bank Charges	13,953
		Closing Balance in Banks	
		Trust Account- SBI, Pattom	10,00,000
		Master Trust Units	9,06,599
			19,06,599
Total	17,37,54,40,186	Total	17,37,54,40,186

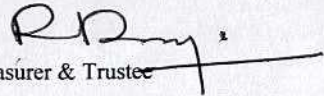
Notes to accounts as per Schedule - 1

AUDITOR'S REPORT
As per our report of even date attached

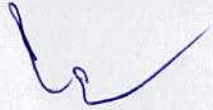
for Kerala State Electricity Board Limited Employees' Master Pension & Gratuity Trust

for Varma & Varma
Chartered Accountants
FRN : 004532S


Chairman & Trustee


Treasurer & Trustee

Thiruvananthapuram
Date : 24-01-2023


Rajeev.R.
Partner
Membership No. 211277



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

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2021

Schedule 1

Pension and Gratuity Trust Fund		31.03.2021
Opening Balance		1,92,56,46,29,549
Add: Addition in Actuarial valuation liability as at 31.03.2021 receivable from KSEB Ltd.		72,41,28,48,148
Add: Receipts		
Interest on 10% Bonds		6,92,24,00,000
Interest on 9% Bonds		2,64,27,00,000
Interest received from Banks		10,89,227
Other Income		52,574
Other Income Relating to Prior Periods		5,18,566
Less: Payments		
Terminal Benefits paid (Net):		
Terminal Benefits paid (Gross):		
Terminal E/L Surrender (Pensioners)	81,11,41,468	
Gratuity	1,72,52,03,690	
Commutation of Pension	1,88,15,83,725	
Regular Pension	6,89,30,65,025	
Family Pension	2,01,46,17,232	
Dearness Relief to Regular Pensioners	3,85,53,82,290	
Medical Allowance To Pensioners Completed 70 Years	11,32,08,114	
Special Festival Allowance To Pensioners	3,12,38,912	
Pension - relating to past years	2,24,79,698	
Arrear Pensions	14,97,397	
Pension Accrued but not due-COVID 19	3,82,90,655	
	17,38,77,08,206	
Add: Opening Statutory / Recoveries payable:		
Recoveries from pensioners Payable to KSEB Ltd.	1,04,49,450	
IT - TDS payable	2,96,73,615	
Recoveries and remittance to other departments	(2,25,947)	
Recoveries and remittance to KSFE	-	
Recoveries and remittance on behalf of co-operative society	-	
Recoveries and remittance to CM's disaster fund	6,42,006	
Recoveries and Remittance of Pensioners Welfare Fund	42,380	
Stale Cheques	5,85,359	
Retention amount from Pensioners(TDS on TELS)	6,95,15,592	
	11,06,82,455	
Add: Opening Terminal benefits payable:		
Provision For Gratuity payable	1,87,12,347	
Provision For Pension payable	2,30,80,701	
Provision for Terminal Leave Surrender payable	1,11,51,187	
	5,29,44,235	
Less: Closing Statutory / Recoveries payable:		
Recoveries from pensioners Payable to KSEB Ltd.	1,29,15,378	
IT - TDS payable	4,55,73,135	
Recoveries and remittance to other departments	26,406	
Recoveries and remittance on behalf of co-operative society	26,332	
Recoveries and remittance to CM's disaster fund	28,36,944	
Recoveries and Remittance of Pensioners Welfare Fund	31,720	
Stale Cheques	3,79,853	
Retention amount from Pensioners(TDS on TELS)	10,06,61,159	
	16,24,50,927	
Less: Closing Terminal benefits payable:		
Provision For Gratuity payable	58,64,607	
Provision For Pension payable	85,54,506	
Provision for Terminal Leave Surrender payable	13,79,176	
Deferred Pension - COVID 19	72,551	
	1,58,70,840	
Total payments during the year		17,37,30,13,129
Total		2,57,17,12,24,935



Receivable from KSEB Ltd. towards Pensionary benefits as per Actuarial Valuation		31.3.2021
Opening Balance		78,50,21,90,530
Add: Addition in Actuarial valuation liability as at 31.03.2021 receivable from KSEB Ltd.		
Total Gratuity liability as per Actuarial valuation	24,46,39,12,848	
Total Terminal Leave surrender liability as per Actuarial valuation	10,34,52,21,866	
Total Pension liability as per Actuarial valuation	3,10,31,37,63,801	
Total	3,45,12,28,98,515	
Less: Actuarial liability of employees who joined KSEB Ltd. after 31.10.2013 (not being the liability of the Trust)		
Actuarial valuation of Pension	-	
Actuarial valuation of Gratuity liability	96,51,83,053	
Actuarial valuation of Terminal Leave surrender liability	46,53,78,490	
Total	1,43,05,61,543	
Less: Present value of Funded liability as at 31-03-2021	1,92,77,72,98,294	
Opening balance of unfunded amount receivable from KSEBL	78,50,21,90,530	72,41,28,48,148
Total Pensionary benefits as per Actuarial Valuation		1,50,91,50,38,678
Less: Financed during the year		-
Balance unfunded amount receivable from KSEBL		1,50,91,50,38,678

Investment in 10% Bonds		31.03.2021
Opening Balance		69,22,40,00,000
Less: Redeemed during the year		-
Total		69,22,40,00,000

Investment in 9% Bonds		31.03.2021
Opening Balance		29,36,36,00,000
Less: Redeemed during the year		-
Total		29,36,36,00,000

Budgetary Allocation receivable		31.03.2021
Opening Balance		2,62,00,00,000
Less: Received from KSEB Ltd.		2,09,60,00,000
Total		52,40,00,000

Interest and Redemption of Bonds receivable from KSEB Ltd.		31.03.2021
Opening Balance		12,84,66,25,992
Add: Receivable from KSEB Ltd.		
Interest on 10 % bonds	6,92,24,00,000	
Interest on 9% Bonds	2,64,27,00,000	
Redemption of Investment in 10% Bonds	-	
Redemption of Investment in 9% Bonds	-	9,56,51,00,000
Less: Received from KSEB Ltd.		
Interest on 10 % bonds	8,03,78,37,862	
Interest on 9% Bonds	2,64,27,00,000	
Redemption of Investment in 10% Bonds	4,59,39,89,668	
Redemption of Investment in 9% Bonds	-	15,27,45,27,530
Total		7,13,71,98,462



Bank accounts: MTU's	31.03.2021
Electrical Circle (Urban),Thiruvananthapuram	2,60,399
Electrical Division, Adoor	757
Electrical Division, Alappuzha	2,306
Electrical Division, Alathur	5,750
Electrical Division, Aluva Town	60
Electrical Division, Attingal.	1,724
Electrical Division, Balussery	5,643
Electrical Division, Chalakudy	12,843
Electrical Division, Changanacherry	10,590
Electrical Division, Chathanoor	1,291
Electrical Division, Chengannoor	30,769
Electrical Division, Cherthala	6,001
Electrical Division, Chittur	487
Electrical Division, Ernakulam	3,104
Electrical Division, Feroke	752
Electrical Division, Haripad	3,911
Electrical Division, Irinjalakuda	41,336
Electrical Division, Iritty	1,368
Electrical Division, Kalpetta	599
Electrical Division, Kanhangad	1,418
Electrical Division, Kannur	2,185
Electrical Division, Karunagappally	5,119
Electrical Division, Kasaragod	2,313
Electrical Division, Kattappana	29,294
Electrical Division, Kazhakkuttom	3,563
Electrical Division, Kodungallur	543
Electrical Division, Kollam	1,16,364
Electrical Division, Kondotty	526
Electrical Division, Kottarakkara	778
Electrical Division, Kozhikode	18,352
Electrical Division, Kundara	1,189
Electrical Division, Kunnamkulam	332
Electrical Division, Mananthavady	19
Electrical Division, Manjeri	2,528
Electrical Division, Mannarkkad	362
Electrical Division, Mattancherry	753
Electrical Division, Mavelikkara	3,291
Electrical Division, Moovattupuzha	1,439
Electrical Division, N.Parur	1,732
Electrical Division, Nadapuram	712
Electrical Division, Nedumangad	913
Electrical Division, Neyyattinkara	5,222
Electrical Division, Nilambur	1,960
Electrical Division, Pala	1,201
Electrical Division, Palakkad	9,116
Electrical Division, Pallom	2,558
Electrical Division, Pathanamthitta	16,504
Electrical Division, Pattambi	182
Electrical Division, Payyannur	3,223
Electrical Division, Peerumade	518
Electrical Division, Perinthalmanna	485
Electrical Division, Perumbavoor.	2,996
Electrical Division, Ponkunnam	2,146
Electrical Division, Ponnani	15,180
Electrical Division, Punalur	1,955
Electrical Division, Shoranur	12,890
Electrical Division, Thalassery	4,042
Electrical Division, Thiruvalla	875
Electrical Division, Thodupuzha	1,479
Electrical Division, Thrissur (West)	1,12,440
Electrical Division, Thrissur(East)	3,058
Electrical Division, Tirur	1,301
Electrical Division, Tirurangadi	3,365



Electrical Division, Tripunithura		59,877
Electrical Division, Vadakara		2,191
Electrical Division, Vaikom		2,813
Electrical Division, Wadakkancherry		3,466
Generation Circle, Meencut		396
Generation Circle, Moolamattom		2,020
Generation Circle, Thrissur		1,909
Office of the Chief Engineer (HRM)		47,820
Total		9,06,599

Receivable from KSEB Ltd. towards recoveries effected from pensioners		31.03.2021
Recoveries from pensioners Payable to KSEB Ltd.	1,29,15,378	
IT - TDS payable	4,55,73,135	
Recoveries and remittance to other departments	26,406	
Recoveries and Remittance of Pensioners Welfare Fund	31,720	
Recoveries and remittance on behalf of co-operative society	26,332	
Recoveries and remittance to CM's disaster fund	28,36,944	
Stale Cheques	3,79,853	
Retention amount from Pensioners(TDS on TELS)	10,06,61,159	16,24,50,927
<u>Less: Amount payable to KSEB Ltd.</u>		1,29,15,378
Total		14,95,35,549

Terminal Benefits receivable from KSEB Ltd.		31.03.2021
For Gratuity		58,64,607
For Pension		85,54,506
Terminal Leave Surrender		13,79,176
Deferred Pension - COVID 19		72,551
Total		1,58,70,840

Terminal benefits payable to pensioners		31.03.2021
Provision For Gratuity payable		58,64,607
Provision For Pension payable		85,54,506
Provision for Terminal Leave Surrender payable		13,79,176
Deferred Pension - COVID 19		72,551
Total		1,58,70,840

Receivable from KSEBL- Reimbursement of Expenses		31.03.2021
MO Commission		28,43,640
Other Professional Charges		14,545
Interest on Gratuity		34,61,817
Bank Charges		1,61,194
Total		64,81,196



**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 31.03.2021

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 GO 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 Limited

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 Limited will pay annual pension contribution based on actuarial valuation in respect of the personnel of KSEB.

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 by KSEB Ltd in accordance with the provisions of Ind AS. The actuarial liability as at 31.3.2021 has been determined as Rs.3,43,69,23,36,972. The additional liability for the period 1.11.2013 to 31.03.2021 based on the valuation done is Rs.1,50,91,50,38,678/- is unfunded as on date and the said amount has been shown as "Receivable from KSEB Ltd. towards pensionary benefits as per Actuarial Valuation".

For the purpose of ascertaining the net liability of KSEB as at 31.03.2021, the present value of plan fund as at 31.3.2021 been taken at Rs.192,77.73 Crores by the actuary. The amount of investment and future receivable by the Trust as at 31.03.2021 is however Rs.16,351.15 Crores only. Due to this, the Pension and Gratuity fund trust account and also Receivable from KSEB are understated by around Rs.2,926.58 Crores.

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. 17,37,05,27,530/- 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 10% bonds as shown below. Thus an amount Rs. 7,13,71,98,462/- receivable from KSEB Limited and shown as "Interest and Redemption of Bonds receivable from KSEB Ltd".

Particulars	Receivable as at opening	Receivable during the year	Total Receivable	Received during the year	Receivable as at closing
Interest on 10% Bonds	1,11,54,37,862	6,92,24,00,000	8,03,78,37,862	8,03,78,37,862	-
Interest on 9% Bonds	-	2,64,27,00,000	2,64,27,00,000	2,64,27,00,000	-
Redemption of Investment in 10% Bonds	11,73,11,88,130	-	11,73,11,88,130	4,59,39,89,668	7,13,71,98,462
Redemption of Investment in 9% Bonds	-	-	-	-	-
Sub Total	12,84,66,25,992	9,56,51,00,000	22,41,17,25,992	15,27,45,27,530	7,13,71,98,462
Budgetary allocation receivable	2,62,00,00,000		2,62,00,00,000	2,09,60,00,000	52,40,00,000
Total	15,46,66,25,992	9,56,51,00,000	25,03,17,25,992	17,37,05,27,530	7,66,11,98,462

- As per clause 10 & 21 of the terms and conditions of the bond issue, interest and principal value of the bond are to be paid by the KSEBL on the first April every year, failing which an additional interest @24% is payable by KSEBL. Upto the year ended 31.03.2020, redemption of the bonds which has become due was made at 31st March each year. However, since as per terms of issue, the redemption is due on 1st April during the subsequent year, no redemption has been made during the year. Interest accrued on the bonds upto the close of the year has been properly accounted for.



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 incremented pensionary benefits 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 and is not included in the actuarial valuation referred above. 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, for which provision has been made in the accounts.
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, which continues to be in force from the date of the order.
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.
10. Amounts receivable from KSEBL as disclosed in Schedule No. 8, 9 and 11 to the Balance sheet are subject to confirmation.

