

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 (hereinafter referred to as the 'Trust'), which comprise the Balance sheet as at March 31, 2022 and Receipts 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, 2022 and
- (ii) In the case of the Receipts and Payments Account, with respect to the receipts and payments for the year ended 31st March 2022.

Basis for qualified opinion

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

1. As detailed in Schedule No 13.2.3 to the accounts, as per clause 10 and 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. Interest for default in payments of principal and interest has not been taken credit for in the accounts in the absence of uncertainty on ultimate collection.
2. 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 31.3.2022 has been determined as Rs.3,56,51,03,43,982. The additional liability for the period 1.11.2013 to 31.03.2022 based on the valuation done of Rs.1,70,64,80,12,106 /- 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.3,850.94 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.

3. As stated in Schedule No 13.2.14 to the accounts, no provision has been made in the accounts towards unpaid portion of arrear pension relating to the period 1.7.2018 to 31.3.2021 in the absence of details regarding the same, the effect of which on the accounts is not ascertainable.

TC 9/1504, Galaxy, SMRA-14, Sasthamangalam P O, Thiruvananthapuram-695010
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Emphasis of matter

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

- i. As detailed in Schedule No.13.2.2 to the accounts, no income and expenditure account has been prepared by the Trust for reasons stated therein.
- ii. As detailed in Schedule No. 13.2.9 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.13.2.10 to the accounts, amount shown as receivable from KSEBL are subject to the confirmation.
- iv. As detailed in Schedule No.13.2.12 to the accounts, excess remittances made to Other Departments and Pensioners Welfare Fund has been deducted from subsequent payments made to Units after the close of the year.
- v. As detailed in Schedule No.13.2.19 the amounts identified as recoverable from the pensioners by the internal audit/ inspection team of the Board is pending to be effected by the respective units.

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 and receipts & payments 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: 23211277BGSABS6470

Place : Thiruvananthapuram
Date : 25.05.2023

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

Balance sheet as at 31-03-2022

As at 31.3.2021 Rs.	LIABILITIES	Sch	As at 31.3.2022 Rs.	As at 31.3.2021 Rs.	ASSETS	Sch	As at 31.3.2022 Rs.
10,00,000	Corpus Fund		10,00,000	1,50,91,50,38,678	Receivable from KSEB Ltd. towards Pensionary benefits as per Actuarial Valuation	3	1,70,64,80,12,106
2,57,17,12,24,935	Pension and Gratuity Trust Fund	1	2,62,00,52,69,556	69,22,40,00,000	Investment in 10% Bonds	4	64,68,09,27,246
4,55,73,135	TDS Payable		11,19,52,554	29,36,36,00,000	Investment in 9% Bonds	5	26,14,53,00,000
26,406	Recoveries and remittance to other departments		(3,68,958)	52,40,00,000	Budgetary Allocation receivable from KSEB Ltd.	6	52,40,00,000
-	Recoveries and remittance to KSFE			7,13,71,98,462	Interest and Redemption of Bonds receivable from KSEB Ltd.	7	-
31,720	Recoveries for Pensioners Welfare Fund payable		(6,830)		TDS Asset		13,292
26,332	Recoveries and remittance on behalf of co-operative society		10,13,000		Bank accounts:		
28,36,944	Recoveries and remittance to CM's disaster fund		4,51,81,941	9,06,599	Trust Account- SBI, Pattom		10,23,770
3,79,853	State Cheques	2	3,79,853	10,00,001	Master Trust Units	8	69,93,142
10,06,61,159	Retention amount from Pensioners (TDS on TELS)		15,52,78,109		Receivable from KSEB Ltd. towards recoveries effected from pensioners	9	31,34,29,669
				14,95,35,549	Terminal Benefits receivable from KSEB Ltd.	10	81,16,746
				1,58,70,840	Less: Terminal benefits payable to pensioners	11	(81,16,746)
				(1,58,70,840)	Receivable from KSEBL- Reimbursement of Expenses	12	-
				64,81,195			-
2,57,32,17,60,484	Total		2,62,31,96,99,225	2,57,32,17,60,484	Total		2,62,31,96,99,225

Notes to accounts as per Schedule - 13

AUDITORS' REPORT
As per our report of even date attached

Rajeev R.
for Kerala State Electricity Board Limited
Employees' Master Pension & Gratuity Trust
Chairman & Trustee

R.R.
Treasurer & Trustee



Thiruvananthapuram
Date : 25.05.2023



Rajeev R.
for Varma & Varma
Chartered Accountants
FRN : 0045325

Rajeev.R.
Partner
Membership No. 211277

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

RECEIPTS & PAYMENTS A/C FOR THE YEAR ENDED 31.03.2022

Receipts	Amount (in Rs.)	Payments	Amount (in Rs.)
Opening Balance in Banks		Pension & other terminal liabilities disbursed to Pensioners:	
Trust Account- SBI, Pattom	10,00,000	Terminal Benefits- E/L surrender	1,23,87,10,573
Master Trust Units	9,06,599	Gratuity	2,46,41,32,846
Amount received from KSEB Ltd.	23,76,68,71,216	Commutation of Pension	2,88,40,80,274
Interest received from Banks	14,56,575	Regular Pension	9,72,90,02,701
Prior period Income	8,40,309	Family Pension	2,94,60,12,777
Other Income	18,037	Dearness Relief to Regular Pensioners	2,22,55,78,028
		Medical Allowance To Pensioners Completed 70 Years	19,21,02,445
		Special Festival Allowance To Pensioners	3,21,14,144
		Special Care Allowance	3,80,30,600
		Terminal Benefits-Gratuity to NPS employees	14,954
		Pension relating to prior periods	2,16,67,43,149
		Tax deducted at source	13,292
			23,91,65,35,783
		Payments during the year against current liabilities	
		Add: Payable at Opening of the year:	
		Recoveries from pensioners Payable to KSEB Ltd.	1,29,15,378
		Provision For Gratuity	58,64,607
		Provision For Pension	85,54,506
		Deferred Pension - COVID 19	72,551
		Terminal Leave Surrender payable	13,79,176
		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
		State Cheques	3,79,853
		Retention amount from Pensioners(TDS on TELS)	10,06,61,159
		Less: Payable at the year end:	
		Amt. Receivable. From Ex-Employees	1,61,28,581
		Provision For Gratuity	14,07,530
		Provision For Pension	26,70,952
		IT - TDS payable	11,19,52,554
		Recov. & Remit. To Other Depts.	(3,68,958)
		Recoveries and remittance on behalf of co-operative society	10,13,000
		Recov. & Remit. To CM's Distress Relief Fund	4,51,81,941
		Recoveries and Remittance of Pensioners Welfare Fund	(6,830)
		State Cheques	3,79,853
		Deferred Pension - COVID 19	40,38,264
		Retention amount from Pensioners	15,52,78,109
		Decrease in current liability during the year	(15,93,53,229)
		MO Commission	31,32,147
		Interest on Gratuity	27,47,155
		Bank Charges	13,968
		Closing Balance in Banks	
		Trust Account- SBI, Pattom	10,23,770
		Master Trust Units	69,93,142
			80,16,912
Total	23,77,10,92,736	Total	23,77,10,92,736



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

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2022

Schedule 1

31.3.2021	Pension and Gratuity Trust Fund		31.3.2022
1,92,56,46,29,549	Opening Balance		2,57,17,12,24,935
72,41,28,48,148	Add: Addition in Actuarial valuation liability as at 31.03.2022 receivable from KSEB Ltd.		19,73,29,73,428
	Add: Receipts		
6,92,24,00,000	Interest on 10% Bonds		6,51,52,00,000
2,64,27,00,000	Interest on 9% Bonds		2,35,31,00,000
10,89,227	Interest received from Banks		14,56,575
52,574	Other Income		18,037
5,18,566	Other Income Relating to Prior Periods		8,40,309
	Less: Payments		
	Terminal Benefits paid (Net):		
	Terminal Benefits paid (Gross):		
	Special Care Allowance	3,80,30,600	
81,11,41,468	Terminal E/L Surrender (Pensioners)	1,23,87,10,573	
1,72,52,03,690	Gratuity	2,46,41,32,846	
1,88,15,83,725	Commutation of Pension	2,88,40,80,274	
6,89,30,65,025	Regular Pension	9,72,90,02,701	
2,01,46,17,232	Family Pension	2,94,60,12,777	
3,85,53,82,290	Dearness Relief to Regular Pensioners	2,22,55,78,028	
11,32,08,114	Medical Allowance To Pensioners Completed 70 Years	19,21,02,445	
3,12,38,912	Special Festival Allowance To Pensioners	3,21,14,144	
2,24,79,698	Pension - relating to past years	3,61,79,865	
14,97,397	Arrear Pensions	2,13,05,63,284	
-	Terminal Benefits-Gratuity to NPS employees	14,954	
3,82,90,655	Pension Accrued but not due-COVID 19	-	
-	MO Commission	59,75,787	
-	Other Professional Charges	14,545	
-	Interest on Gratuity	62,08,972	
-	Bank Charges	1,75,162	
17,38,77,08,206		23,92,88,96,957	
	Add: Opening Statutory / Recoveries payable:		
1,04,49,450	Recoveries from pensioners Payable to KSEB Ltd.	1,29,15,378	
2,96,73,615	IT - TDS payable	4,55,73,135	
(2,25,947)	Recoveries and remittance to other departments	26,406	
-	Recoveries and remittance on behalf of co-operative society	26,332	
6,42,006	Recoveries and remittance to CM's disaster fund	28,36,944	
42,380	Recoveries and Remittance of Pensioners Welfare Fund	31,720	
5,85,359	Stale Cheques	3,79,853	
6,95,15,592	Retention amount from Pensioners(TDS on TELS)	10,06,61,159	
11,06,82,455		16,24,50,927	
	Add: Opening Terminal benefits payable:		
1,87,12,347	Provision For Gratuity payable	58,64,607	
2,30,80,701	Provision For Pension payable	85,54,506	
-	Deferred Pension - COVID 19	72,551	
1,11,51,187	Provision for Terminal Leave Surrender payable	13,79,176	
5,29,44,235		1,58,70,840	
	Less: Closing Statutory / Recoveries payable:		
1,29,15,378	Recoveries from pensioners Payable to KSEB Ltd.	1,61,28,581	
4,55,73,135	IT - TDS payable	11,19,52,554	
26,406	Recoveries and remittance to other departments	(3,68,958)	
26,332	Recoveries and remittance on behalf of co-operative society	10,13,000	
28,36,944	Recoveries and remittance to CM's disaster fund	4,51,81,941	
31,720	Recoveries and Remittance of Pensioners Welfare Fund	(6,830)	
3,79,853	Stale Cheques	3,79,853	
10,06,61,159	Retention amount from Pensioners(TDS on TELS)	15,52,78,109	
16,24,50,927		32,95,58,250	
	Less: Closing Terminal benefits payable:		
58,64,607	Provision For Gratuity payable	14,07,530	
85,54,506	Provision For Pension payable	26,70,952	
13,79,176	Provision for Terminal Leave Surrender payable	-	
72,551	Deferred Pension - COVID 19	40,38,264	
1,58,70,840		81,16,746	
17,37,30,13,129	Total payments during the year		23,76,95,43,728
2,57,17,12,24,935	Total		2,62,00,52,69,556



Schedule 2
Stale Cheques

ARU CODE	ARU NAME	AMOUNT (in Rs)
437	Electrical Division, Kondotty	2,370
373	Electrical Division, Mavelikkara	1,626
411	Electrical Division, Kozhikode	61,714
324	Electrical Division, Neyyattinkara	94,363
383	Electrical Division, Aluva Town	8,397
386	Electrical Division, Mattancherry	4,097
323	Electrical Division, Attingal.	1,445
341	Electrical Division, Kottarakkara	2,378
301	Electrical Circle (Urban), Thiruvananthapuram	2,03,463
	TOTAL	3,79,853

Schedule 3

31.3.2021	Receivable from KSEB Ltd. towards Pensionary benefits as per Actuarial Valuation		31.3.2022
78,50,21,90,530	Opening Balance		1,50,91,50,38,678
	Add: Addition in Actuarial valuation liability as at 31.03.2022 receivable from KSEB Ltd.		
24,46,39,12,848	Total Gratuity liability as per Actuarial valuation	23,67,14,57,886	
10,34,52,21,866	Total Terminal Leave surrender liability as per Actuarial valuation	10,74,45,54,578	
3,10,31,37,63,801	Total Pension liability as per Actuarial valuation	3,23,82,52,68,818	
3,45,12,28,98,515	Total	3,58,24,12,81,282	
	Less: Actuarial liability of employees who joined KSEB Ltd. after 31.10.2013 (not being the liability of the Trust)		
-	Actuarial valuation of Pension	-	
96,51,83,053	Actuarial valuation of Gratuity liability	1,15,12,60,597	
46,53,78,490	Actuarial valuation of Terminal Leave surrender liability	57,96,76,703	
1,43,05,61,543	Total	1,73,09,37,300	
1,92,77,72,98,294	Less: Present value of Funded liability as at 31-03-2022	1,85,86,23,31,876	
78,50,21,90,530	Opening balance of unfunded amount receivable from KSEBL	1,50,91,50,38,678	19,73,29,73,428
1,50,91,50,38,678	Total Pensionary benefits as per Actuarial Valuation		1,70,64,80,12,106
-	Less: Financed during the year		-
1,50,91,50,38,678	Balance unfunded amount receivable from KSEBL		1,70,64,80,12,106

Schedule 4

31.03.2021	Investment in 10% Bonds		31.03.2022
69,22,40,00,000	Opening Balance		69,22,40,00,000
-	Less: Redeemed during the year		4,54,30,72,754
69,22,40,00,000	Total		64,68,09,27,246

Schedule 5

31.03.2021	Investment in 9% Bonds		31.03.2022
29,36,36,00,000	Opening Balance		29,36,36,00,000
-	Less: Redeemed during the year		3,21,83,00,000
29,36,36,00,000	Total		26,14,53,00,000

Schedule 6

31.03.2021	Budgetary Allocation receivable		31.03.2022
2,62,00,00,000	Opening Balance		52,40,00,000
2,09,60,00,000	Less: Received from KSEB Ltd.		-
52,40,00,000	Total		52,40,00,000

Schedule 7

31.03.2021	Interest and Redemption of Bonds receivable from KSEB Ltd.		31.03.2022
12,84,66,25,992	Opening Balance		7,13,71,98,462
	Add: Receivable from KSEB Ltd.		
6,92,24,00,000	Interest on 10 % bonds	6,51,52,00,000	
2,64,27,00,000	Interest on 9% Bonds	2,35,31,00,000	
-	Redemption of Investment in 10% Bonds	4,54,30,72,754	
	Redemption of Investment in 9% Bonds	3,21,83,00,000	
9,56,51,00,000	Total		16,62,96,72,754
	Less: Received from KSEB Ltd.		
8,03,78,37,862	Interest on 10 % bonds	6,51,52,00,000	
2,64,27,00,000	Interest on 9% Bonds	2,35,31,00,000	
4,59,39,89,668	Redemption of Investment in 10% Bonds	11,68,02,71,216	
	Redemption of Investment in 9% Bonds	3,21,83,00,000	
15,27,45,27,530	Total		23,76,68,71,216
7,13,71,98,462	Total		-



Schedule 8

31.03.2021	Bank accounts: MTU's	31.03.2022
2,60,399	Electrical Circle (Urban), Thiruvananthapuram	3,05,263
757	Electrical Division, Adoor	2,482
2,306	Electrical Division, Alappuzha	85,989
5,750	Electrical Division, Alathur	2,77,185
60	Electrical Division, Aluva Town	9,031
1,724	Electrical Division, Attingal.	22,445
5,643	Electrical Division, Balussery	13,900
12,843	Electrical Division, Chalakudy	22,255
10,590	Electrical Division, Changanacherry	2,44,531
1,291	Electrical Division, Chathannoor	3,038
30,769	Electrical Division, Chengannur	54,086
6,001	Electrical Division, Cherthala	84,099
487	Electrical Division, Chittur	32,760
3,104	Electrical Division, Ernakulam	2,976
752	Electrical Division, Feroke	1,48,050
3,911	Electrical Division, Haripad	17,397
41,336	Electrical Division, Irinjalakuda	4,007
1,368	Electrical Division, Iritty	12,911
599	Electrical Division, Kalpetta	11,252
1,418	Electrical Division, Kanhangad	4,168
2,185	Electrical Division, Kannur	4,091
5,119	Electrical Division, Karunagappally	5,511
2,313	Electrical Division, Kasaragod	9,417
29,294	Electrical Division, Kattappana	2,246
3,563	Electrical Division, Kazhakkuttom	58,000
543	Electrical Division, Kodungallur	2,532
1,16,364	Electrical Division, Kollam	3,591
526	Electrical Division, Kondotty	6,790
778	Electrical Division, Kottarakkara	8,701
18,352	Electrical Division, Kozhikode	38,928
1,189	Electrical Division, Kundara	19,142
332	Electrical Division, Kunnankulam	3,503
19	Electrical Division, Mananthavady	420
2,528	Electrical Division, Manjeri	11,600
362	Electrical Division, Mannarkkad	37,528
753	Electrical Division, Mattancherry	4,905
3,291	Electrical Division, Mavelikkara	77,264
1,439	Electrical Division, Moovattupuzha	2,095
1,732	Electrical Division, N.Parur	3,333
712	Electrical Division, Nadapuram	1,029
913	Electrical Division, Nedumangad	585
5,222	Electrical Division, Neyyattinkara	5,113
1,960	Electrical Division, Nilambur	3,289
1,201	Electrical Division, Pala	6,411
9,116	Electrical Division, Palakkad	14,391
2,558	Electrical Division, Pallom	16,557
16,504	Electrical Division, Pathanamthitta	9,840
182	Electrical Division, Pattambi	3,736
3,223	Electrical Division, Payyannur	20,715
518	Electrical Division, Peerumade	327
485	Electrical Division, Perinthalmanna	11,703
2,996	Electrical Division, Perumbavoor.	7,437
2,146	Electrical Division, Ponkunnam	41,195
15,180	Electrical Division, Ponnani	5,03,134
1,955	Electrical Division, Punalur	821
12,890	Electrical Division, Shoranur	44,177
4,042	Electrical Division, Thalassery	10,01,969
875	Electrical Division, Thiruvalla	14,106
1,479	Electrical Division, Thodupuzha	26,75,215
1,12,440	Electrical Division, Thrissur (West)	1,00,000
3,058	Electrical Division, Thrissur(East)	7,697
1,301	Electrical Division, Tirur	9,344
3,365	Electrical Division, Tirurangadi	401
59,877	Electrical Division, Tripunithura	7,258
2,191	Electrical Division, Vadakara	25,103
2,813	Electrical Division, Vaikom	4,152
3,466	Electrical Division, Wadakkancherry	2,96,773
396	Generation Circle, Meencut	85,292
2,020	Generation Circle, Moolamattom	35,264
1,909	Generation Circle, Thrissur	34,514
47,820	Office of the Chief Engineer (IHRM)	3,39,279
-	Electrical Division, Kattakada	8,899
9,06,599	Total	69,93,142



Schedule 9

31.03.2021	Receivable from KSEB Ltd. towards recoveries effected from pensioners		31.03.2022
1,29,15,378	Recoveries from pensioners Payable to KSEB Ltd.	1,61,28,581	
4,55,73,135	IT - TDS payable	11,19,52,554	
26,406	Recoveries and remittance to other departments	(3,68,958)	
31,720	Recoveries and Remittance of Pensioners Welfare Fund	(6,830)	
26,332	Recoveries and remittance on behalf of co-operative society	10,13,000	
28,36,944	Recoveries and remittance to CM's disaster fund	4,51,81,941	
3,79,853	Stale Cheques	3,79,853	
10,06,61,159	Retention amount from Pensioners(TDS on TELS)	15,52,78,109	32,95,58,250
1,29,15,378	Less: Amount payable to KSEB Ltd.		1,61,28,581
14,95,35,549	Total		31,34,29,669

Schedule 10

31.03.2021	Terminal Benefits receivable from KSEB Ltd.		31.03.2022
58,64,607	For Gratuity		14,07,530
85,54,506	For Pension		26,70,952
13,79,176	Terminal Leave Surrender		-
72,551	Deferred Pension - COVID 19		40,38,264
1,58,70,840	Total		81,16,746

Schedule 11

31.03.2021	Terminal benefits payable to pensioners		31.03.2022
58,64,607	Provision For Gratuity payable		14,07,530
85,54,506	Provision For Pension payable		26,70,952
13,79,176	Provision for Terminal Leave Surrender payable		-
72,551	Deferred Pension - COVID 19		40,38,264
1,58,70,840	Total		81,16,746

Schedule 12

31.03.2021	Receivable from KSEBL- Reimbursement of Expenses		31.03.2022
28,43,640	MO Commission		-
14,545	Other Professional Charges		-
34,61,817	Interest on Gratuity		-
1,61,194	Bank Charges		-
64,81,196	Total		-



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

Schedule 13

Notes attached to and forming part of the accounts for the year ended 31.03.2022

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 524 Crores
@ Rs.52.40 Crores per year for 10 years



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 31.03.2022 has been determined as Rs.3,56,51,03,43,982. The additional liability for the period 1.11.2013 to 31.03.2022 based on the valuation done is Rs.1,70,64,80,12,106/- 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 31.3.2022, the present value of funded liability has been taken as Rs.1,85,86,23,31,876 by the actuary. However, the Fair value of amount receivable by the Trust is only Rs.14,735.29 Crore.

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. 23,76,68,71,216/- 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, and redemption of 10% and 9% bonds as shown below. Also, amount allocated towards 10% bonds received during the year includes an amount of Rs.47,10,72,754/- which is due for next year, but received from KSEBL in the current year.

Particulars	Receivable as at opening	Receivable during the year	Total Receivable	Received during the year	Receivable as at closing
Interest on 10% Bonds	-	6,51,52,00,000	6,51,52,00,000	6,51,52,00,000	-
Interest on 9% Bonds	-	2,35,31,00,000	2,35,31,00,000	2,35,31,00,000	-
Redemption of Investment in 10% Bonds	7,13,71,98,462	4,07,20,00,000	11,20,91,98,462	11,68,02,71,216	(47,10,72,754)
Redemption of Investment in 9% Bonds	-	3,21,83,00,000	3,21,83,00,000	3,21,83,00,000	-
Sub Total	7,13,71,98,462	16,62,96,72,754	23,76,68,71,216	23,76,68,71,216	(47,10,72,754)

No amount has been received from Government of Kerala as budgetary allocation during the year by KSEB for transfer to the Trust.

- 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. Additional interest for default as above has not been recognised in the books due to uncertainty in the ultimate collection of the same. Further KSEBL has requested Government to reduce the interest rate of 24% p.a to 12% p.a. as the interest rate mentioned in bond certificate is exorbitant and would cause financial difficulties to KSEBL.



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. With respect to Letter No. B&P/Master Trust/Bond/2022-23, KSEB has requested government to accord sanction through Government orders for issue of bonds for a period of 10 to 20 years to Master Trust in respect of unfunded terminal liabilities amounting to Rs.17,064.8 Crore as on 31.03.2022. The decision regarding which is still pending.
6. 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.
7. Amount of pension and other retirement benefits for the year outstanding for payment as at the close of the year has been set off against amount receivable from KSEB towards discharge of such liability in the balance sheet.
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. 9 and 10 to the Balance sheet are subject to confirmation.
11. The account 'Recoveries and remittance to CMDRF is having a balance of Rs.4,51,81,941 as at 31st March,2022 one of which a amount of Rs.4,51,10,281 has been paid to CMDRF after the close of the year.
12. The ledger head "recovery & remittance" are showing Dr balance as the close of the year due to excess remittances in the Kollam and Vaikom units.
 - a) Recoveries and Remittances to other departments-Rs.3,68,958
 - b) Recoveries and Remittances to Pensioners Welfare Fund-Rs.6,830

The above amount of Rs.3,75,788 has been reduced from subsequent remittance made to these units in the FY 2022-23.

13. Stale cheques of Rs 3,79,853 will be reversed in books only when the cheques are returned by the respective family pensioners. Hence, the closing balance remains outstanding from the previous year.



14. As per the Circular No : CIA/Pension Audit/Audit Circular-1/2018/2021 dated 16.03.2021,

'Arrears of pension due to all pensioners as per present Pension revision from 01.07.2018/01.08.2018 to 31.03.2021 may be disbursed in the following manner:-

- a) Those who attain 80 years of age on or before 01.04.2021 may be disbursed in lump during June 2021.
- b) In all other cases, arrears may be disbursed in three equal consecutive installments beginning from July 2021.

Provision for unpaid arrears could not be ascertained and provided for in the accounts in the absence of details.

15. Pension payment during the year includes Provisional payment (Provisional pension) of Rs.59,51,901 pending closure of departmental/Judicial proceedings against them.
16. Opening balance of expenses receivable balance including MO Commission, Bank charges, Interest on Gratuity, Other Professional charges as per Schedule 12 of Balance Sheet amounting to Rs.1,23,74,466 has been debited to Trust Fund in the current year since the payment effected by KSEB to Trust Fund is inclusive of the above amounts.
17. Special care allowance of Rs.1000/- per month has been granted to Service pensioners/ Family pensioners/Ex gratia pensioners/ Exgratia Family pensioners /PTC pensioners/PTC Family Pensioners on completion of 80 years of age with effect from 01.04.2021 Vide Circular No. CIA/Pension Audit/Audit Circular-1/2018/2021 dt 16.03.2021.
18. Balances in sweep accounts with various banks as at the end of the year has not been separately disclosed in the absence of details from banks. The amounts are included and carried forward as Bank balance.
19. Amount identified by the internal audit/Inspection team as recoverable from the pension payment of retired employees by various Master Trust Units (MTU's) is pending to be effected by the respective Units. A Consolidated list of amount due is not available at the Head Office and hence no adjustment has been made on the books of accounts to this effect.
20. Previous year figures have been regrouped wherever necessary to suit with current year layout.

