



## KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

Reg. Office: Vidyuthi Bhavanam, Pattom, Thiruvananthapuram – 695 004, Kerala

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### Abstract

Travancore Cochin Chemicals Limited (LCN 1/102) – Settlement of current charge arrears – Sanctioned – Orders issued.

### CORPORATE OFFICE (SPECIAL OFFICER (REVENUE))

B.O.(DB) No.658/2020 (SOR/AMU 4/HTB 1/102/ARREAR SETTLEMENT/2020-21).

Dated, Thiruvananthapuram, 03.11.2020.

- Read:-
- (1) Letter No SOR/AMU/HTB/1/102 dated 25.10.2016 of Chairman & Managing Director, KSEBL addressed to the Chief Secretary to Government of Kerala.
  - (2) G.O (MS) No. 34/2017/PD dated 04.04.2017.
  - (3) G.O (MS) No 19/2017/PowerDepartment dated 14.08.2017.
  - (4) G.O (MS) No. 84/2019/KAVA dated 28.02.2019.
  - (5) Note No.LMU/TCCL-186/2019-20/92 dated 18.11.2019 of the Chief Co-ordinator, Land Management Unit to the Special Officer (Revenue)
  - (6) Note No. LMU /TCCL-186/2019-20/143 dated 29.02.2020 of the Assistant Executive Engineer, C/o the Chief Co-ordinator, Land Management Unit to Special Officer (Revenue).
  - (7) Note No.SOR/AMU4/HTB 01/102/Arrear Settlement /2020-21 dated 11.09.2020 of the Special Officer (Revenue) to the Full Time Directors.
  - (8) Note No SOR/AMU 4/HTB 01/102/Arrear settlement/2020-21 dated 22.09.2020 of the Chairman & Managing Director to the Board of Directors.
  - (9) Proceedings of the 55th meeting of the Board of Directors held on 14.10.2020 (Agenda item No.11-10/2020).

### ORDER

M/s. Travancore Cochin Chemicals Limited (TCCL) is a live HT consumer (HTB 1/102) which comes under the Transmission Circle, Kalamassery. The total arrears outstanding against TCCL with interest worked out is ₹ 311,50,42,130/-. Being a Public Sector Undertaking KSEBL decided to grant One Time Settlement (OTS) as per the direction of Government of Kerala @ 6% interest. The total current charge arrear of the firm worked out is ₹ 180,15,85,294/- as on the date of settlement i.e., 31.10.2016 under the One Time Settlement Scheme. This position was informed to the Government as a proposal for settling the long pending arrears as per letter read as 1<sup>st</sup> above. Accordingly, the Government considered this proposal and issued Government Orders read as 2<sup>nd</sup> and 3<sup>rd</sup> above. The Government has transferred 20 acres of land owned by TCCL which is under lease to BSES Kerala Power Limited to KSEBL in lieu of the outstanding dues as on 31.10.2016 to KSEBL, subject to the condition that KSEBL shall not alienate the land under any circumstances.

Meanwhile the Revenue Department as per G.O. read as 4<sup>th</sup> above had approved the transfer of the 20 acres of land owned by TCCL under lease to BSES, Kerala Power Ltd in Eloor Village in Block No.87, Resurvey No.12 to KSEBL. The Government had also given sanction to the District Collector to effect mutation of the property in favour of KSEBL.

The Chief Co-ordinator, Land Management Unit as per Note read as 5<sup>th</sup> above has reported that 8.0937 hectares of land in Survey No.12, Sub Division No.14, Block No.87 of Eloor Village was handed over to KSEBL by TCCL. The same was mutated in favour of KSEBL, Land Tax also was paid. The total extend of land i.e., 38.35 hectare in possession of TCCL falls in three Thandaper i.e., 4263,4264,4265 of which the extend of land covered in 4265, Block No.87, Resurvey No.12 is 15.8894 Hectares.

In the light of the Government Order to transfer 20 acres of land owned by TCCL, the Superintendent of the Survey and Land Records has splitted the original Survey No.12 into 4 new Survey Nos.12, 14, 15, 16 of which extend under new Survey No.14 belongs entirely to KSEBL at present. The entire extend of 8.0937 hectares under new Survey No.14 has been transferred in favour of KSEBL and the Land Tax was also remitted. The Assistant Executive Engineer, Land Management Unit as per Note read as 6<sup>th</sup> above intimated that, as per the document made available with LMU the market value of the land transferred to KSEBL by TCCL works to approximately ₹ 160 Crores (20 acres x 8 Lakh/cent = ₹ 160 Crores).

The arrear amount comes to ₹ 180,15,85,294/- included a security deposit of ₹ 5,54,78,146/- and this was intimated to the Government as a proposal for settling the long pending arrears. The required security deposit of the consumer for a year varies according to the average consumption of the consumer during the previous financial year. The actual current charge arrear of the consumer comes to ₹174,61,07,148/- after excluding the security deposit.

The matter was placed before the Director (Finance) to take a decision on the valuation of the land transferred to KSEBL. The Director (Finance) has ordered to take action as per Indian Accounting Standards (Ind AS) 16, Para 24 and to place the matter before the Full Time Directors for decision. The abstract of Para 24 of the Indian Accounting Standard (Ind AS) 16 Property, Plant and Equipment is given below:

"The cost of such an item of property, plant and equipment is measured at fair value unless (a) the exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable. The acquired item is measured in this way even if an entity cannot immediately derecognise the asset given up. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up".

As per the report of the Land Management Unit of KSEBL, the fair value of land to the extend of 8.0937 hectares is yet to be published and the fair value is not ascertained and finalised and KSEBL cannot ascertain the actual value of land to the extend of 8.0937 hectares owned by KSEBL. The Indian Accounting Standards (Ind AS) 16 provides that, if the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up. In the settlement with TCCL, KSEBL had given up its receivable on sale of power to the extend of ₹174,61,07,148/- against the land transferred to KSEBL. Hence, it was proposed to

value the land to the extend of 8.0937 hectares at ₹ 174,61,07,148/- being the value of receivable given up.

The matter was placed before the Full Time Directors as per note read as 7<sup>th</sup> above. The Full Time Directors in its meeting held on 17.09.2020 has directed to place the matter before the Board of Directors. Accordingly, the matter was placed before the Director Board as per the note read as 8<sup>th</sup> above.

Having examined the matter, the Board of Directors in its meeting held on 14.10.2020 resolved to adjust the current charge arrears of Travancore Cochin Chemicals Ltd. (HTB 1/102) (TCCL) amounting to ₹ 174,61,07,148/- against the value of land of 8.0937 hectares (20acres) transferred to KSEBL by TCCL as per the provisions of the Indian Accounting Standards (Ind AS) 16 Property, Plant and Equipment.

Orders are issued accordingly.

By Order of the Director Board,

Sd/-  
LEKHA .G,  
COMPANY SECRETARY (IN-CHARGE).

To

The General Manager, Travancore Cochin Chemicals Ltd., Eloor, Ernakulam.

Copy to:-

- 1) The Chief Secretary, Government of Kerala.
- 2) The Principal Secretary, Industrial Department, Government of Kerala.
- 3) The Principal Secretary, Power Department, Government of Kerala.
- 4) The District Collector, Ernakulam.
- 5) The Chief Engineer (Commercial & Tariff), Vydyuthi Bhavanam, Pattom Thiruvananthapuram
- 6) The Financial Adviser/The Chief Internal Auditor.
- 7) The Deputy Chief Engineer, Transmission Circle, Kalamassery.
- 8) The TA to Chairman & Managing Director, KSEBL.
- 9) The PA to Director (Finance) / Senior CA to Secretary (Administration).
- 10) The Special Officer (Revenue), KSEBL.
- 11) The Company Secretary (In-charge).
- 12) The Chief Co-ordinator, Land Management Unit, Vydyuthi Bhavanam, Thiruvananthapuram
- 13) The Assistant Finance Officer , O/o Special Officer (Revenue)
- 14) Library/Stock file.

Forwarded / By Order

Senior Superintendent