KERALA STATE ELECTRICITY BOARD LIMITED

THIRUVANANTHAPURAM

SEVENTH ANNUAL REPORT
2017-2018

KERALA STATE ELECTRICITY BOARD LIMITED
Regd Office: Vydyuthi Bhavanam, Pattom, Thiruvananthapuram - 695004
CIN: U40100KL2011SGC027424

KERALA STATE ELECTRICITY BOARD LIMITED

THIRUVANANTHAPRUAM

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

CHAIRMAN'S MESSAGE

I am happy to present the 7th Annual Report of the Board of Directors of Kerala State Electricity Board Ltd. for the Financial Year 2017-18.

Kerala State Electricity Board Ltd. has initiated various steps for strengthening the Distribution Network and has to an extend succeeded in elevating the Sector to global standards. The Company could capture about 13 lakh GPS co-ordinates and associated data of Distribution Network within a record time with the strenuous hard work of its manpower. During this period the Company was able to bring down the T&D losses from 13.93% to 13.07% despite addition of more than 3.5 lakh new consumers to the system. For achieving this, KSEBL has installed 2353 Distribution Transformers and has constructed 3130 kms of LT lines in the least possible time. KSEBL could make substantial progress in its prestigious project TransGrid 2.0. The Company was able to successfully commission the first stage of the Project utilizing tubular poles. About 16 Substations including the 220 kV Substation at Kattakada and the Solar Park Substation at Ambalathara were commissioned during the period. An addition of 167.38 ckt. km of lines, enhancement of 809.9 MVA of transformer capacity, Hybrid Switchgears and SCADA based Substation Automation System (SAS), commissioning of Malappuram-Manjeri 110 kV DC line, etc. are other remarkable achievements in the Transmission Sector during the period. The Company was able to increase its generation capability by 74 MW from Renewable Energy Sources which includes its own Projects, contribution from IPPs, consumers and the generation from Solar Park at Kasargod. About 9.261 MW could be added to the system through the Grid Connected Solar Plants owned by consumers.

The KSEBL could successfully enhance the services provided to the consumers thereby increasing consumer satisfaction which is evident from the considerable decrease in consumer grievances recorded during the period. The Company has put safety and consumer satisfaction in its top priority and has been able to reduce electrical accidents to a considerable extent and render the best services to the consumers 24x7 throughout the period.

I am indeed glad to place on record my sincere and wholehearted appreciation for the outstanding performance of the officers and employees of KSEBL in rendering exemplary services for the well being of the Company and of the Society at large.

Sd/-
CHAIRMAN & MANAGING DIRECTOR.

KERALA STATE ELECTRICITY BOARD LIMITED

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

No.CS/General Meeting/2/2018
All Members, Auditors and Directors

NOTICE OF ADJOURNED ANNUAL GENERAL MEETING
Ref: AGM dt 26.09.2018

Notice is hereby given that the Adjourned Seventh Annual General Meeting of the company relating to the financial year 2017-18 will be held on 29thJune 2019 at 2.30 P.M, at the RegisteredOfficeofthecompany at Vydyuthi Bhavanam Pattom, Thiruvananthapuram– 695 004 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the financial year ended 31st March,2018, Consolidated Financial Statements for the said financial year along with Director's report and the Auditors' report thereon, Comments of the Principal Secretary (Finance), Government of Kerala and the Comments of the Comptroller & Auditor General of India.

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

"RESOLVED that theFinancial Statements of the Company (Standalone &Consolidated) and the schedules and annexure thereto for the financial year ended 31st March 2018, the Auditors' Reportand the Comments of the Comptroller & Auditor General of Indiathereon, replies of the Company to the report of the Statutory Auditors and theComments of the Comptroller & Auditor General of India, the Directors' Report and annexure thereto and forming part thereof be and are hereby approved and adopted."

By order of the Board
For Kerala State Electricity Board Ltd

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

Thiruvananthapuram
06.06.2019

NOTES:

1) A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on behalf of himself and proxy need not be a member of the company. The proxy

should be lodged with the Company at its Registered Office not less than 48 hours before the commencement of the meeting.

2) The Explanatory Statement pursuant to Section 102 of the Companies Act 2013 is annexed hereto.

3) Route Map of AGM venue, pursuant to the Secretarial Standard on General Meeting is also annexed.

Ph: 0471 - 2442125 Fax: 0471 - 2441328 e-mail: cmkseb@ksebnet.com, website: www.kseb.in

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Incorporated under the Companies Act, 1956

CIN : U40100KL2011SGC027424

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REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your Directors have great pleasure in presenting the 7th Annual Report on the performance of the Company for the year ended 31st March, 2018 together with the Audited Financial Statements and the Auditors Report for the year ended 31st March, 2018.

The Kerala State Electricity Board Limited is a Public Limited Company fully owned by the Government of Kerala, engaged in Generation, Transmission and Distribution of power, committed in providing reliable supply of power delivering better services at reasonable tariff in line with the Government objectives.

Being the agency in charge of distribution of electricity to almost the entire area of the state, the Kerala State Electricity Board Limited has made several significant strides in the direction of providing quality, reliable power to the people of Kerala. Two major achievements in this front are ‘Total Electrification’ and preparation of high tension GIS map through participative mapping process. As a result of the total electrification drive, Kerala attained the enviable position of being the first state in the country having electrified all the households by May 2017.

This period saw a reduction in T&D losses from 13.93% to 13.07 %. This achievement is in spite of the addition of 353642 numbers of new consumers to the system, for which 3130 km of LT lines were drawn and 2353 Distribution Transformers were installed.

Transmission sector also saw remarkable achievements during 2017-18. TransGrid project got momentum and the first TransGrid 2.0 project was successfully commissioned on utilizing tubular poles for the first time in the state. 16 Substations could be commissioned during the year including 220 KV Substations at Kattakkada which was pending for long time and the 220 KV Solar Park Substation at Ambalathara which were commissioned in record time for the power evacuation of 50 MW Solar Park. Other achievements include addition of 167.38 Ckt.km of transmission lines of and above 33KV and additional/enhancement of 809.9MVA transformation capacity. ‘Hybrid switchgears’ and SCADA based Substation Automation System (SAS) were commissioned for the first time. Also, the Malappuram – Manjeri 110 KV DC line, the first transmission line in the State using monopoles was commissioned during the year under the TransGrid Project.

In the Generation side, 74 MW was added to the grid from renewable sources which includes projects by KSEBL, contributions from IPPs, Prosumers and the 'Solar Park' 14MW at Kasargode. Consumers-owned-solar power plants connected to grid at HT and LT levels during this period totals 9.261 MW.

A. HIGHLIGHTS OF KERALA POWER SYSTEM

Particulars	2017-18
Installed Generating capacity (MW)	2956
Length of EHT lines(Ckm)	10385
Length of HT lines (11/12/33 KV)(km)	60892
Length of LT lines(km)	286784
No. of EHT substations (Nos)	255
No. of Distribution Transformers (Nos)	77724
Total consumers at the end of the year(Nos)	12320537
Employee Strength at the end of the year(Nos)	33808

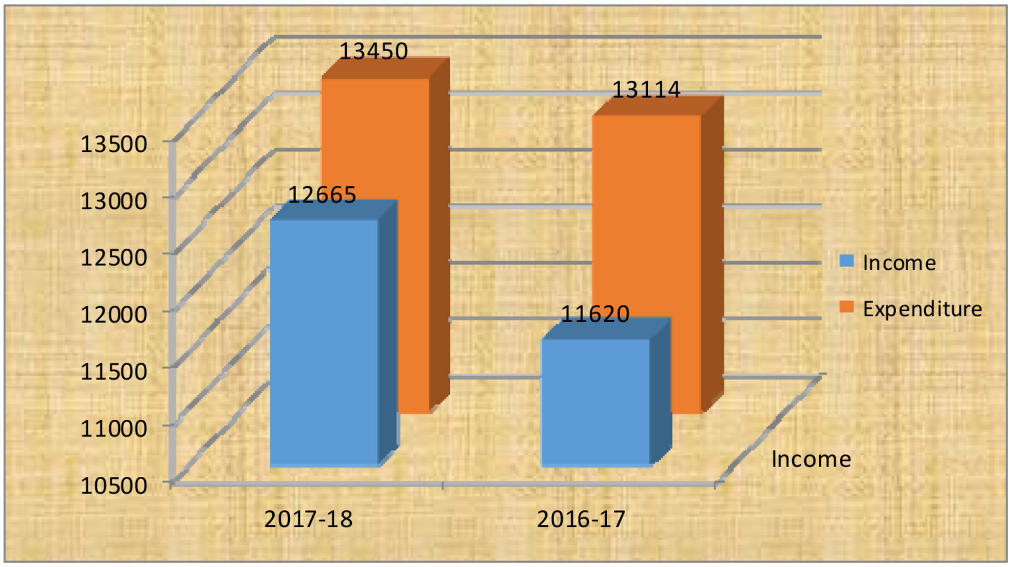
*Inclusive of Power Purchase Agreement (PPA) with BSES that expired on 31.10.2015

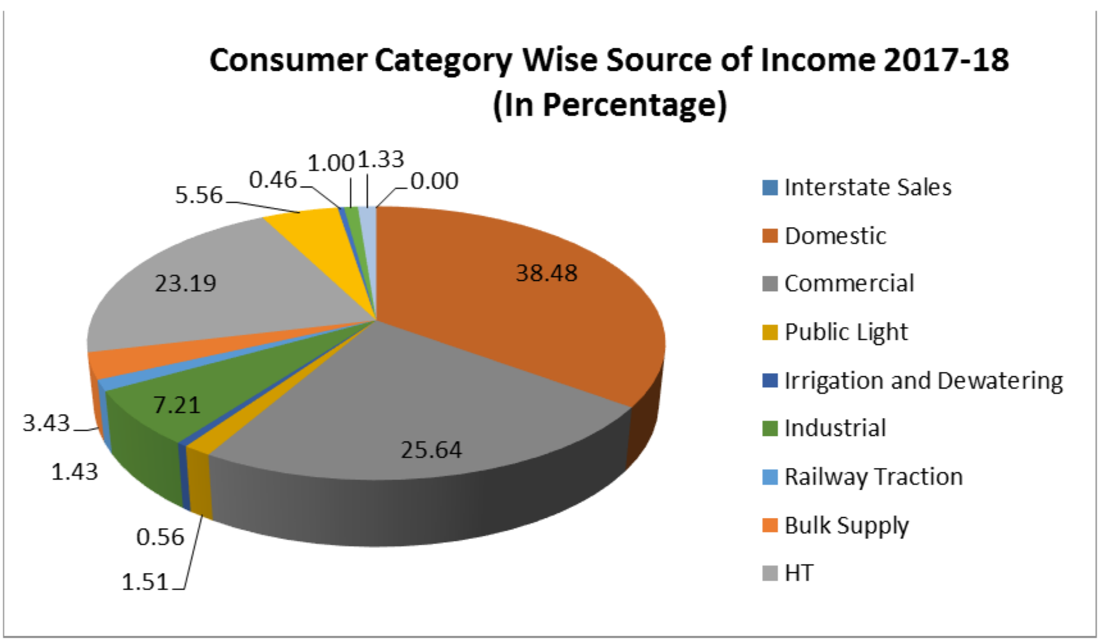
B. FINANCIAL REVIEW

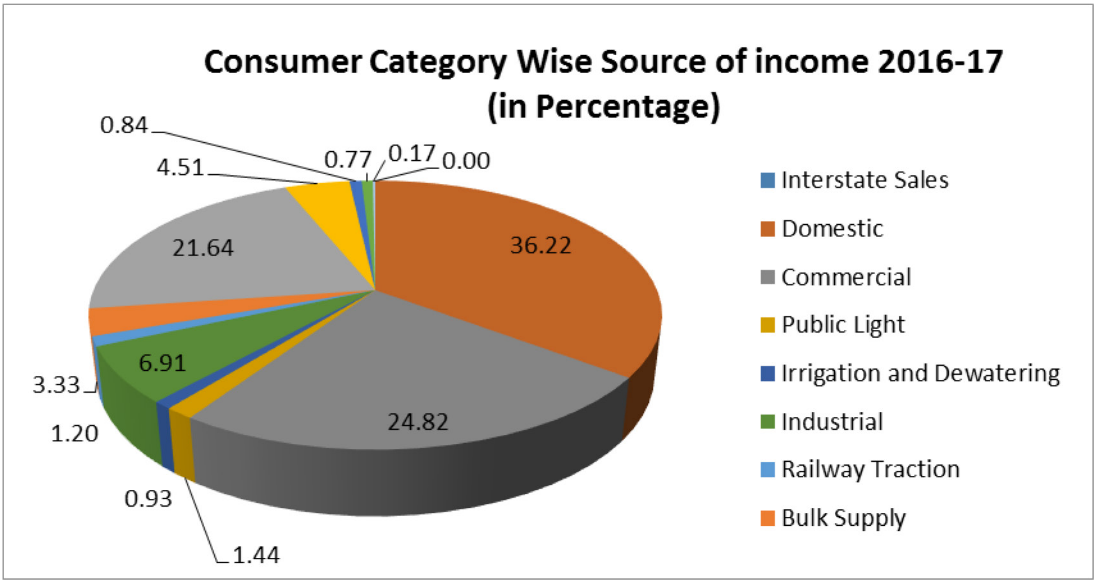
Financial statements are IndAS complied in accordance with the notifications issued by the Ministry of Corporate affairs and prepared under the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standard) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 w.e.f 1st April,2016. A comparative statement showing revenue from operations, Net Profit/Loss of the company for the year 2017-18 and 2016-17 is furnished below.

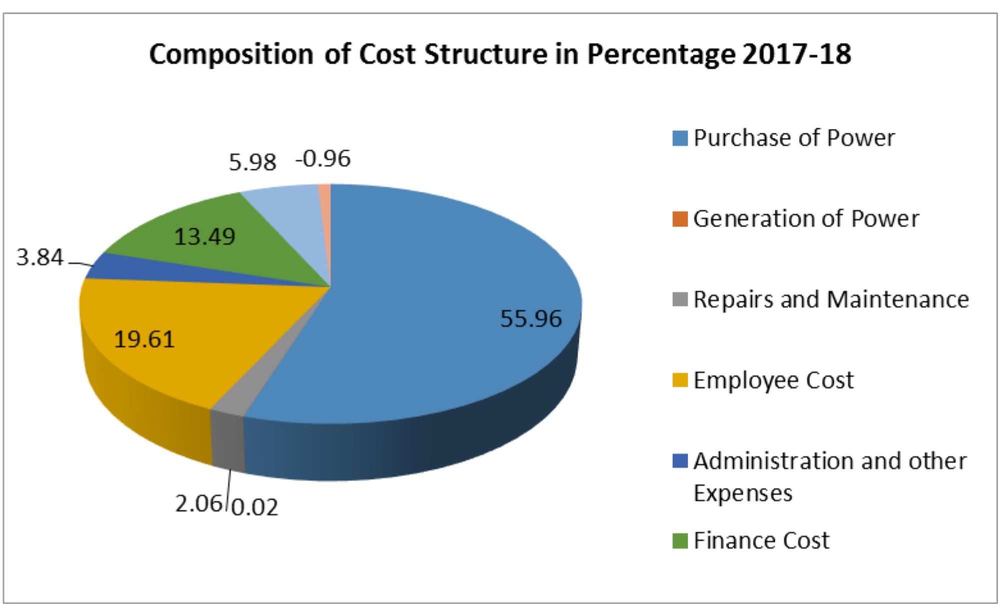
Sl. No	Particulars	2017-18 (in ₹Crore)	2016-17 (in ₹Crore)
1	Revenue from operations	12318.17	11218.83
2	Other Income	347.28	400.78
3	Total Income	12665.45	11619.60
4	Profit(Loss)before Depreciation Interest & Tax	1834.30	184.17
5	Depreciation & Amortization Expenses	803.70	718.88
6	Finance Cost	1814.69	959.92
7	Profit (Loss) before Tax	(784.09)	(1494.63)
8	Income Tax	-	-
9	Profit/(Loss)	(784.09)	(1494.63)

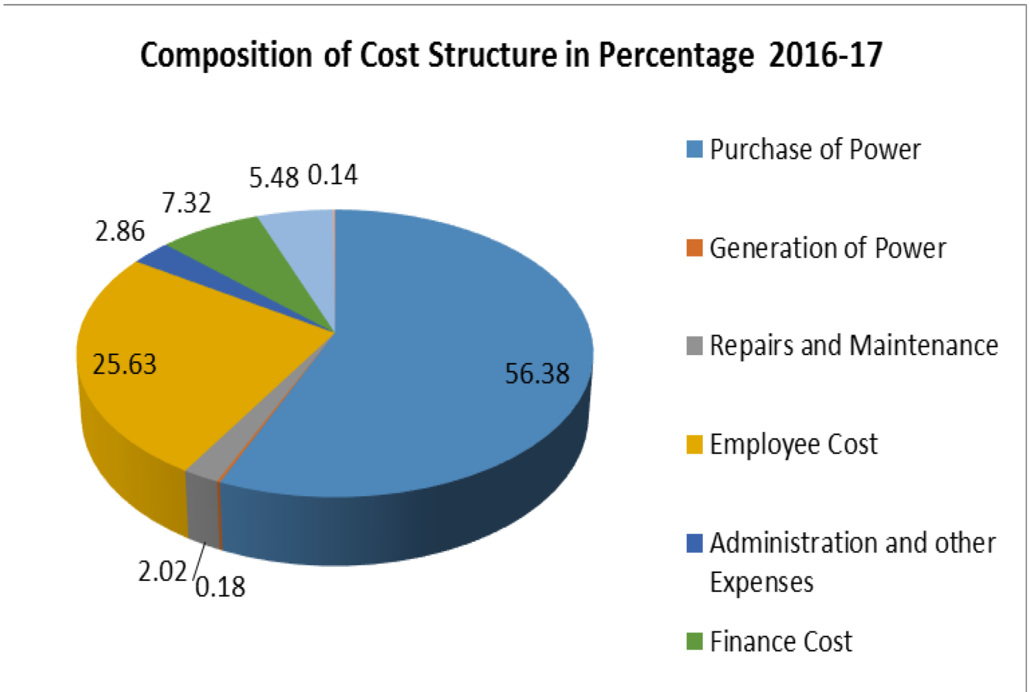
Revenue and Expenditure 2017-18 (In ₹ Crores)



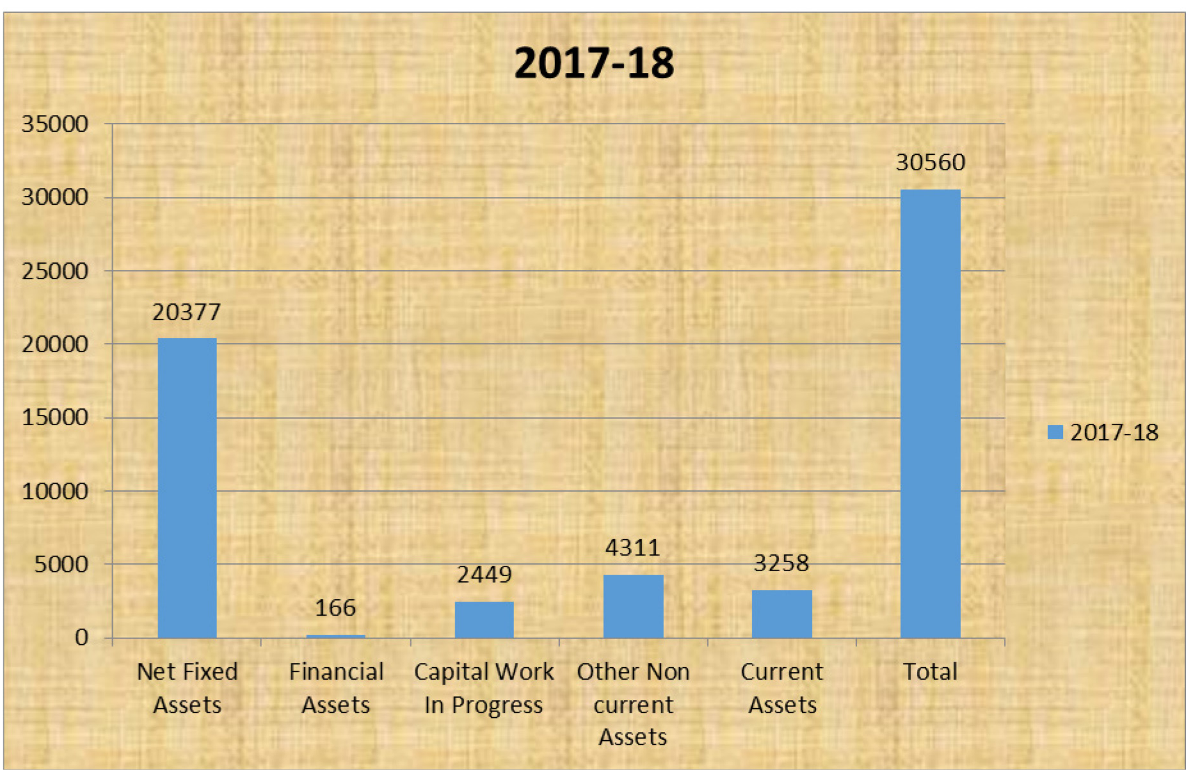



Consumer Category Wise Source of income 2016-17
(in Percentage)
0.84
4.51
0.77
0.17
0.00
21.64
36.22
6.91
3.33
1.20
24.82
0.93
1.44
Interstate Sales
Domestic
Commercial
Public Light
Irrigation and Dewatering
Industrial
Railway Traction
Bulk Supply


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



Value of Assets at the end of the years 2017-18



C. OPERATIONAL REVIEW

During the year under review, revenue from the sale of power including other income amounted to Rs. 12665.44 Core (PY ₹ 11619.60Cores). The Company generated 5505.73 MUs (PY 4369.54 MUs) of energy (gross) from own sources and purchased 18717.23 (PY 19050.16 MUs) of energy from Central Generating stations/Independent Power Producers (IPP)/Traders/Power Exchange. The energy sold within the State was 20880.7MUs(PY 20038.25MUs). The Company's overall transmission and distribution losses are reported to the extent of 3181.61 MUs at 13.07% (PY-13.93%). The reduction in T&D losses by 0.86% has been achieved through various measures like system strengthening, replacement of conductors, capacity augmentation, better metering and good O&M activities. The operational review shows that there is an increase in revenue to the tune of ₹1045.84crores registering an increase of 9% on revenue during 2017-18 compared to the previous year in financial terms. The increase in income reflects the overall improvement in performance of the company especially due to the decrease in T&D losses and increase in the volume of sales. In energy terms there is an increase in sale of power by 842.45MU, registering a growth of 4.2% compared to last years figure.

E.SHARE CAPITAL

The Authorized Share Capital of the Company is Five Hundred Crore shares of face value ₹10/- each, amounting to ₹5,000.00 Crore. The paid up share capital as on 31st March,2018 is ₹3,499.05 Crore, which are subscribed by the Hon'ble Governor of Kerala and his nominees.

F.MANAGEMENT

F.1 DETAILS OF CHANGE IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	DIN	Chairman & Managing Director	Tenure
1	5272476	Dr. K. Ellangovan IAS	24.10.2016 to 29.01.2018
2	7282785	Sri.N.S. Pillai IA & AS	29.01.2018 to till date

Sl. No.	DIN	DIRECTORS	TENURE
1	02239492	Sri.Paul Antony IAS	02.06.2016 to 28.12.2017
2	02103601	Sri.Manoj Joshi IAS	28.09.2017 to till date
3	5178826	Dr. K.M. Abraham IAS	27.09.2014 to 28.09.2017
4	7282785	Sri.N.S. Pillai IA & AS	24.07.2015 to 29.01.2018

5	7572823	Dr. V. Sivadasan	02.07.2016 to till date
6	7247504	Smt.P. Vijayakumari	30.05.2015 to till date
7	7558958	Sri.N. Venugopal	21.06.2016 to till date
8	7559017	Sri.S. Rajeev	21.06.2016 to 31.07.2018
9	7239765	Sri.O. Asokan	30.05.2015 to 31.05.2017
10	03134779	Sri.Kumaran. P	28.06.2017 to till date
11	1027983	Sri.Bishwanath Sinha IAS	27.02.2018 to 20.08.2018
12	01260911	Sri.Sanjay.M.Kaul IAS	20.01.2018 to 16.02.2019
13	00483635	Dr.Usha Titus IAS	16.02.2019 to 21.03.2019
14	08330131	Sri.P.K.Moni	03.12.2018 to 31.03.2019
15	05230812	Dr.B.Ashok IAS	W.e.f 21.03.2019

Pursuant to the provisions of Section 203 of the Companies Act, 2013 Sri.Biju.R, Financial Adviser has been designated as Chief Financial Officer. The Chairman and Managing Director, Chief Financial Officer and Company Secretary have been designated as Key Managerial Personnel of the Company.

F.2 NUMBER OF BOARD MEETINGS

The Board of Directors meet at regular intervals to discuss and decide on business strategies/ policies and review the operational and financial performance of the Company. The notice of each Board Meeting along with the agenda has been given in writing to each Director separately and in exceptional cases tabled at the meeting. This ensures timely and informed decision by the Board. The interval between two consecutive meetings of the Board was not more than 120 days as specified under Section 173 of the Companies Act, 2013.In the Financial Year 2017-18, the Board of Directors met eight times with an Annual General Meeting for the financial year 2017-18 and adjourned AGM for financial year 2014-15 and 2015-16.

14. The details are given as under

Sl No	Type of Meeting	Date of Meeting	Total numbers of Members entitled to attend the meeting	Number of Members attended	Percentage of total shareholdings
1	Annual General Meeting (2017-18)	27.09.2017	9	9	
2 3	Adjourned Annual General Meeting	18.07.2017 (2014-15) 15.11.2017 (2015-16)	9 9	8 9	

1		12.04.2017	9	9
2		30.05.2017	9	9
3		18.07.2017	9	9
4		27.07.2017	9	9
5	Board Meeting	15.11.2017	9	9
6		14.12.2017	9	9
7		20.01.2018	8	8
8		28.02.2018	8	8

G.STRATEGIC BUSINESS UNITS

The Kerala State Electricity Board Limited performs the functions of Generation, Transmission and Distribution through separate Strategic Business Units (SBU) headed by the respective Directors.

G.1 GENERATION SBU

The Generation SBU operates and maintains 35 hydroelectric generating stations, 2 thermal power plants, and the wind farm at Kanjikode. Renovation, modernization and up-rating of the old hydroelectric projects which have surpassed their useful life are also being carried out by this wing. Investigation, planning and design of all hydroelectric projects, land acquisition matters connected with various hydel projects, works connected with the environmental and forest clearance aspects of generation schemes, safety and maintenance of dams and connected structures, construction works of all hydroelectric and thermal projects come under the Generation SBU. Other activities include construction and maintenance of various office buildings, fabrication of line materials for distribution, yard structures for substations and accessories for hydraulic structures. Total generation under the Generation Strategic Business Units for the financial year 2017-18 is 5496.69 MU. This includes 5488.89MU generated by Hydel Power Stations, 1.86MU by Thermal Power stations and 1.48MU by the Wind generating Stations and 4.46 MU by Solar Plants.

POWER PROJECTS IN KERALA as on 31-05-2019

Sl.No		Installed Capacity of of the plant		Date of Commissioning (last machine)	
		No. of Generators . X Capacity in (MW)	Plant Capacity in (MW)	Original date	After Renovation
		HEPs			
1	Idukki	6 x 130	780	22.03.1986	
2	Sabarigiri	4 x 55 + 2x 60	340	26.11.1967	06.05.2014
3	Idamalayar	2 x 37.5	75	03.02.1987	

4	Sholayar	3x18	54	14.05.1968	
5	Pallivasal	3 x 5+ 3x7.5	37.5	07.03.1951	26.08.2002
6	Kuttiyadi	3x25	75	28.11.1972	
7	Kuttiyadi Extension	1x50	50	27.01.2001	
8	Kuttiyadi Additional Exten. Scheme	2x50	100	30.10.2010	
9	Neriamangalam	3 x17.55	52.65	11.05.1963	31.11.2005
10	Lower Periyar	3 x 60	180	28.11.1997	
11	Poringalkuthu	4x9	36	06.02.1960	29.05.2015
12	Sengulam	4 x 12.8	51.2	05.01.1955	30.11.2002
13	Kakkad	2x25	50	13.10.1999	
14	Panniar	2 x 16.2	32.4	26.01.1964	01.02.2003
15	Neriamangalam Extn Scheme	1x25	25	27.05.2008	
	Sub Total (HEP)		**1938.75**		
		Small HEPs			
1	Kallada	2x7.5	15	05.09.1994	
2	Malankara	3x3.5	10.5	23.10.2005	
3	PLBE	1x16	16	20.03.1999	
4	Peppara	1x3	3	15.06.1996	
5	Madupatty	1x2	2	14.01.1998	
6	Malampuzha	1x2.5	2.5	26.11.2001	
7	Lower Meenmutty	(1x0.5 + 2x1.5)	3.5	25.03.2006	
8	Chembukadavu - 1	3x0.9	2.7	19.08.2003	
9	Chembukadavu - 2	3x1.25	3.75	04.09.2003	
10	Urumi -1	3x1.25	3.75	25.01.2004	
11	Urumi -2	3x0.8	2.4	25.01.2004	
12	KTR	3x1.25	3.75	23.10.2009	
13	Poozhithode	3 x 1.6	4.8	25.06.2011	
14	Ranni-Perinadu	2x2	4	16.02.2012	
15	Peechi	1x1.25	1.25	07.01.2013	

16	Vilangad	3x2.5	7.5	19.01.2014
17	Chimmony	1x2.5	2.5	22.05.2015
18	Adyanpara	2x1.5+0.5	3.5	09.03.2015
19	Barapole	3x5	15	29.02.2016
20	Poringalkuthu Micro (Screw Turbine)	1x 0.011	0.011	01.02.2016
21	Vellathooval	2x1.8	3.6	08.09.2016
22	Perunthenaruvi	2x3	6	24.10.2017
	Sub Total (SHEP)		**117.011**	
	Total (Hydel)		**2055.76**	
		Thermal Plants		
2	BDPP	3x21.32	63.96	24.11.1998
3	KDPP	6x16	96	06.11.1999
	Sub Total (Thermal)		**159.96**	
		Wind farm		
1	Kanjikode Wind Farm	9x0.225	2.025	18.05.1995
		Solar (Grid Connected) (as on 30-08-2018)		
1	Kanjikode Solar Project(Gr. mount)	1	1	
2	Kollangode S/s	1	1	
3	Idayar S/s	1.25	1.25	
4	Thalakulathoor, Kozhikode	0.65	0.65	
5	Manjeswaram, ground mounted	0.5	0.5	
6	Kuttippuram	0.5	0.5	
7	Pezhakkappally, Muvattupuzha	1.25	1.25	
8	Pothencode	2	2	
	KSEB Variuos locations - Groud mounted type	**8.15**	**8.15**	
3	Barapole canal top & Bank Grid connected	4	4	
5	Padinjarethara - Dam top	0.44	0.44	

6	Banasurasagar reservoir (floating Solar)	0.51	0.51
7	Buildings under Generation wing (Roof Top)	0.7	0.7
8	Solar-Poringalkuthu (Roof top)	0.05	0.05
9	Vydyuthi Bhavanam, Pattom (Roof top)	0.03	0.03
10	Buildings under Trans. wing(Roof top)	0.91	0.91
11	Buildings under Dist. wing (Roof top)	0.46	0.46
	Roof Top and others	7.264372	7.10
	Sub Total (Solar)	**15.914372**	**15.25**
	TOTAL (KSEB)	**KSEB owned stations**	**2233.00**
		II IPP/CPP/ Private IN THE STATE	
	SHEPs-IPP and owner of the plant		
1	Maniyar - (Carborandum Universal Ltd.)	3x4	12
2	Kuthungal - (INDSIL Hydro Power & Manganese Ltd.)	3x7	21
3	Ullunkal -(EDCL Power Projects Ltd.)	2x3.5	7
4	Iruttukanam - (Viyyat Power Pvt.Ltd.)	3 x 1.5	4.5
5	Karikkayam -(Ayyappa Hydro Power Ltd.)	3x3.5	10.5
6	Mankulam -(Mankulam Grama Panchayat)	2x0.055	0.11
7	Meenvallom -(Palakkad Small Hydro Co.Ltd.)	2x1.5	3
8	Kallar -(Idukki District Panchayat)	1x0.05	0.05

9	Pathamkayam - (Maniyar Renewable Eenergy Projects Pvt.Ltd.)	2x3.5+1x1	8
	Sub Total (SHEPs-IPP)		**66.16**
		Thermal	
4	BSES - (BKPL)	3x40.5+ 35.5	157.00
5	RGCCPS-NTPC	2x116.6+126.6	359.80
	Sub Total (Thermal-IPP)		**516.80**
		Wind	
1	Wind-Agali	31x0.6	18.6
2	Wind-Ramakkalmedu	19x0.75	14.25
3	Wind- Ahalya, Kanjikode	4x2.1	8.4
4	Wind-INOX, Kanjikode	2x8	16
5	Wind-Kosamattom, Nedumkandam	1	1
	Sub Total (Wind-IPP)		**58.25**
	Solar -IPP(as on 30-08-2018)		
1	Hindalco Industries Ltd.(Solar)	1MWp	1
2	CIAL(Solar)	30	28.58
3	CIAL -Roof Top	0.45	0.45
4	ANERT-Kuzhalmannam	2	2
5	SOLAR ENERGY CORPORATION	50	50
	Sub Total (solar-IPP)		**82.03**
	Sub Total (IPP/CPP/Private)-KERALA		
	Hydel -KERALA		2121.92
	Thermal-KERALA		676.76
	Wind Total -KERALA		60.28
	Solar total-KERALA		97.28
	GRAND TOTAL -KERALA	**2956.24**	

** Installed capacity reduced due to decommissioning of Unit # 2&3 of BDPP

*** Installed capacity reduced due to decommissioning of Unit # 1&4 of KDPP.

G.1.2 RENEWABLE ENERGY & ENERGY SAVINGS (REES)
COMPLETED SOLAR PROJECTS

Sl.No	Name of the projects	Installed capacity (MW)	Date of completion
1	Thalakkulathoor, Kozhikode	0.65	22.04.2017
2	Roof top of Suitable buildings of KSEBL Transmission wing (27 no.)	0.910	02/2018
3	Roof top of Suitable buildings of KSEBL Distribution wing (12 no.)	0.46	21.12.2017
4	Roof top of Vythuthi bhavan , Trivandrum	0.03	17.05.2017
5	Manjeshwaram, Kasargod	0.50	30.05.2017
6	Kuttippuram	0.50	28.11.2017
7	Banasurasagar reservior/kakkayam grid connect floating	0.50	04.12.2017
8	Pezhayikkapalli-Moovattupuzha,Ernakualm	1.25	15.01.2018
9	Premise of Pothencode substation	2.00	02.02.2018
	On grid consumers as on 31.03.2018	15.453	

On going solar projects

Sl No.	Name of the projects	Installed capacity (MW)	Date of completion
1	Peerumedu , Idukki	0.50	2018-19
2	Ponnani, Malappuram	0.50	2018-19
3.	Kottiyam, kollam	0.60	2018-19
4.	Ettumanoor, Kottayam	1.00	2018-19
5.	Mylatti, Kasargode	1.00	2018-19
6	IPDS- RT KSEBL Bldg(South& Central)	0.445	2018-19
7.	IPDS- RT KSEBL Bldg(North	0.675	Already issued LOA cancelled. Negotiation is under processing with 2nd lowest bidder
8.	Medical College, TVPM	1.1	Under tendering

G 1.3 OTHER ACHIEVEMENTS IN GENERATION SECTOR

(i) Following power houses were awarded ISO Certification.

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

b) Poringalkuthu Power House –the Power house was conferred ISO 2015 on 26-12-2017.

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

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

(iv) Perunthenaruvi (2x3MW) Project in Pathanamthitta district was dedicated to the nation on 23/10/2017.

(v) Restarted the work of three hydro electric projects with total installed capacity of 106 MW viz Pallivasal Extension Scheme (60MW), Thottiar HEP (40MW) and Chathankottunada (6MW) which were held up from 2015.

G.1.4. DAM SAFETY

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

1) Physical and technical dam rehabilitation and improvement.

2) Managerial upgrading of dam operation and maintenance.3)Institutional reforms and strengthening of regulatory measures. pertaining to safe and financially sustainable dam operations.

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

As part of implementation of DRIP, works amounting to Rs.121 Crore approximately (works/goods/consultancy) has been tendered in 84 packages and are under various stages of implementation/processing.A total expenditure of Rs.69.44 Crore of work has been incurred up to 2017-18 under DRIP combined for all the three components and so far an amount of Rs.49.20Crore has been reimbursed from Government.

G.2 TRANSMISSION SBU

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

The year 2017-18 was the one in which the transmission sector of KSEBL was able to achieve major milestones. The first scheme under Transgrid 2.0 project-Malappuram-Manjeri 110Kv DC lines-the first transmission lines in the State using monopoles has been successfully commissioned. We could complete as many as 16 Substations during the year. This includes two 220KV Substations of which commissioning of Kattakkada 220KV substation, pending for long time, has added feather in the cap. The other 220KV Substation, the solar park substation at Ambalathara for evacuating the power from the 50MW solar park was commissioned in record time well ahead of the commissioning of the solar park. An abstract of the achievements in transmission sector during the year is attached.

The total capital expenditure in transmission for the year has crossed the 400 Crore mark for the first time in the history of the Board. Any investment in transmission sector is to be seen as an investment for the future as the same will be paid back over the years through reduction in transmission losses.

The overall power position of the state remained satisfactory during the year. Even though the internal generation contributes only less than 30% of the requirement, the system operation wing which also comes under the Transmission SBU was successful in managing the grid in the most professional way without any restrictions on consumers through meticulous planning of the internal resources and exploring the market opportunities as well as through long /medium term contracts. The quality of power has increased in terms of reliability and availability. Also, there has been significant improvement in the voltage profile. The coordinated efforts put in by all wings for managing the power position through meticulous planning in commendable.

Considering the over dependency of the state on imported power for meeting its energy requirements, Ministry of power, GOI has sanctioned 2000MW HVDC corridor from Raigarh, Chattisgarh to pugalur. Realising the fact the Kerala's internal transmission network is not sufficient enough to cater to the increasing demand, we have formulated a long term transmission plan to strengthen the network to disburse the power available through internal generation as well as through import from external sources. The second generation transmission network development program, the transgrid 2.0 includes construction of new EHV substations/up gradation of existing RoW in most of cases using specially designed towers. The project, estimated to cost ₹ 10000 Cr. is planned for execution in two phases and is expected to bring stability to the Kerala grid. The first phase of the project is targeted for completion by 2019-20.The transgrid 2.0 project is proposed to be executed with the financial assistance from KIIFB.

The year was also characterised by the commissioning of many innovative concepts in our system. 'Hybrid switchgears' and SCADA based Substation Automation System (SAS) were commissioned for the first time. Adding to its tally of many firsts, KSEBL became the first State Transmission Utility to own Drones for surveillance of its transmission lines.

Projects Commissioned during 2017-18.

Sl No	Particulars	220kV	110kV	66kV	33kV	Total
1	Substations commissioned(Nos)	2	6	3	5	16
2	Lines Commissioned (Ckt .Km)	54.1	71.76	0.44	41.08	167.38
3	Capacity addition/Enhancement (MVA)	400	285.5	47.4	77	809.9

Abstract of the list of Substations and Transmission lines under the SBU as on 31.03.2017 is given below.

Sl No	Voltage level (kV)	No of Substations	Line length (in Ckt.Km)
1	400	*5(1No:KSEBL)	855.96
2	220	22	2856
3	110	154	4521.5
4	66	74	2151.12
5	33	149	1943.51
Total		404	12328.97

G.3 DISTRIBUTION SBU

Director (Distribution & IT) heads the Distribution SBU. The Distribution Licensing area of KSEB are divided in to four regions and these regions are headed by Chief Engineer Distribution (South), Chief Engineer Distribution (Central), Chief Engineer Distribution (North), Chief Engineer Distribution (North Malabar).

Distribution SBU manages distribution of electricity business in the State other than in other Licensees' areas. The activities of the SBU include construction, operation and maintenance of distribution network upto a voltage level of 11 kV (22 kV Distribution also is in existence in some part of Palakkad District). It is directly supplying electricity to 99% of the consumers in the State (123 lakh consumers as on March 2018).

IT initiatives of KSEB and matters related to Customer Relations headed by Chief Engineer (IT&CR) are also undertaken by this SBU.

G.3.A ACHIEVEMENT

Description	Achievement during 2017-18
No. of service connections effected	353642
No. of street lights installed	4950
11 kV line constructed (km)	1744

LT line constructed (km)	3130
No. of distribution transformers installed(Nos.)	2353
Meter replacement (Nos)	1237110
HT re-conductoring (Ckt.Km)	950
LT re-conductoring (Ckt.Km)	9880
1Phase to 3Phase Conversion (km)	1478

a) Total Electrification

The success of the massive total electrification programme undertaken in the financial year 2016-17 hoisted the state to the enviable position of being the first state in the country having electrified all its house holds. In order to achieve this goal, KSEBL had constructed 65km 11kV Overhead line, 40km 11kV Underground cable, 3040 km LT line, 39 km LT Underground cable and installed 21 Transformers. The efforts included electrification of remote colonies such as Idamalakudy, Aryanad, Ponginchuvadu, Rosemala, Arekkapu, etc as well where it was virtually impossible to transport men and materials due to non-existence of access roads and adverse geographical terrain. Around 1,600 households were electrified through DDG projects jointly by KSEB Ltd, ANERT and EMC as extending distribution mains was not feasible in those areas. A total of 1,50,384 connections were effected as part of the Total Electrification Project. The state was declared totally electrified on the 29th of May 2017.

c) Medium term distribution plan 2018-2022

After achieving the total electrification status of all of its households in May 2017, aspiration of the society has shifted from the requirement of having an electric connection to the necessity of getting quality, reliable power. Five specific goals were identified for achieving this overall objective – (i) enhancing reliability and quality of the power supplied, (ii) improving energy efficiency and reducing system losses, (iii) ensuring safe installations, (iv) ensuring that the State remains totally electrified (v) ensuring hassle free integration of renewable sources. This demanded a relook into the distribution system management.

The usual practice of short term planning, i.e. preparation of Annual Plans covering one Financial Year, was not appropriate to address the new requirements. Considering all these aspects, the Board vide BO (FTD) No 3029/2017 (D(D&IT) / Plan Process/2017-18) dated 04.12.2017 has adopted detailed guidelines for evolving the distribution plan up to the horizon year 2021 – 2022. The horizon year was identified in consideration of Multi Year Tariff control period (2018-2022) envisaged by the State Electricity Regulatory Commission also.

In order to bring the Distribution sector to Global standards, KSEB Ltd initiated steps for the comprehensive revamping of the Distribution network. Effective revamping and up gradation of the distribution system requires comprehensive high tension network planning. A proper GIS map of the network was an essential tool for network planning, which required capturing of close to 13 lakh GPS coordinates and associated attribute data of HT distribution network. Employing participatory mapping techniques for the first time in India for mapping of power lines, the KSEB Ltd utilised its skilled employee strength to complete the task. About 6000 employees of the organization used their personal smart phones equipped by customized applications to capture geo coordinates and attribute data of all high tension network assets, within a short time to complete the task. Approximately 75 officers then traced the mapped points in a geo-referenced map, capturing attributes like feeder names, Substations etc. The completed high tension grid map was made available to all through internet platform from 15.03.2018. In spite of heavy odds, the project turned out to be an unqualified success. This was a highly appreciated achievement which is unparalleled in the country.

Project Management Units were formed exclusively for distribution planning equipped by network planning tools like the GIS map above. Detailed Project Reports were prepared by organizing workshops at various levels and identifying works.

G.3.B LOCAL AREA DEVELOPMENT (LAD) WORKS

The physical and financial status of work carried out through MLA LAD fund is given below.

Region	Total no. of work	Completed work	Balance work	Amount remitted (₹ lakh)	Amount for which work was completed (₹ lakh)	Balance Amount (₹ lakh)
South	23	13	10	26.83304	21.53914	5.294
Central	49	32	17	330.587	280.949	49.637
North	9	5	4	25.3	8.12	17.18
North Malabar	5	2	3	18.26152	6.62459	11.63693
Total	**86**	**52**	**34**	**400.9815**	**317.2327**	**83.7488**

The physical and financial progress of works carried out using MP LAD fund is given below.

Region	Total no. of works	Completed works	Balance work	Amount remitted (₹ lakh)	Amount for which work was completed (₹ lakh)	Balance Amount (₹ lakh)
South	6	5	1	14.05	11.05	3
Central	19	19	0	75.91	75.91	NIL
North	1	1	0	1.25	1.25	NIL
North Malabar	1	0	1	19.34	18.14	1.20
Total	**27**	**25**	**2**	**110.54**	**106.35**	**4.20**

G.3.C KERALA DEVELOPMENT SCHEME

Kerala Development Scheme works are distribution activities taken up by local bodies with their funds through KSEBL. The progress of work is given below.

Region	Total no. of works	Completed works	Balance work	Amount remitted (₹ lakh)	Amount for which work was completed (₹ lakh)	Balance amount (₹ lakh)
South	1412	731	681	3868.63	1762.79	2105.84
Central	1521	951	570	3913.181	1629.58	2283.60
North	410	205	205	1476.3	506.87	969.43
North Malabar	234	116	118	818.184	260.78	557.4
Total	**3577**	**2003**	**1574**	**10076.29**	**4160.02**	**5916.27**

G.3.D CENTRALLY AIDED PROJECTS

This office is the responsible office for the Centrally Aided Projects such as RAPDRP & IPDS (except the IT portion), DDUGJY and any other such projects announced by the Ministry of Power, Govt. of India, from time to time. Corporate project management activities such as obtaining sanction for DPR, following up through the implementation stages, monitoring progress, co-ordination with the nodal agencies appointed by GoI, facilitating for the timely funding requirement, and all coordinating efforts till the closure of scheme are being carried out from the Centrally Aided Projects (CAP) wing.

G.3.e Restructured Accelerated Power Development and Reforms Programme (R-APDRP) –Part B for Kerala

Sanctioned by Government of India, Focuses on actual demonstrable performance in terms of sustained loss reduction. In Kerala, 43 schemes were sanctioned under RAPDRP Part B with an outlay of ₹1078.3 Crore.

Funding pattern

25% of the sanctioned amount will be given by Ministry of Power (MoP) as loan, Balance 75% of the outlay is to be raised by the utility as loan or own fund, Upto 50% of the scheme cost will be converted to grant on successful completion of the scheme and reducing the AT&C loss to 15% or below and sustaining it for a period of 5 years

KSEB has availed counterpart loan from M/s REC Ltd.

Works included

Drawing 11 KV OH lines, laying 11 KV UG Cable, Reconductoring of 11 KV lines, Installing new distribution transformers, Capacity enhancement of distribution transformers, Drawing LT lines, Reconductoring/conversion of LT lines, Installing Streetlight meters with controllers, Replacing faulty/mechanical meters with electrostatic meters, Drawing LT/HT Arial Bunched Cables, Installing Ring Main Units etc.

Execution of works

1. Works in the 40 towns with a total outlay of Rs.530.7 Crore are being done departmentally.
2. For the three schemes viz. Thiruvananthapuram, Kozhikode & Kochi, with a total outlay of ₹547.5 Crore, work is being done on turnkey basis.

Sl. No	Name of City	Project Cost in ₹Crs	Name of Contract	Contract Amount in ₹ Crs
1	Thiruvananthapuram	178.77	M/s Leena Powertech Engineers Pvt. Ltd., Mumbai	201.09(20.81% above PAC)
2	Kochi	207.96	M/s NCC, Hyderabad	243.97(15.13% above PAC)
3	Kozhikode	160.78	M/s L&T Ltd, Chennai	198.54(15.06% above PAC)

Financial details of the scheme is as shown below:

₹ In Cr

Financial Status

1. 25 % from PFC	**269.58**
Received as on March 2018 (15%)	161.74
Balance 10% on approval of Closure proposal	107.84
2. 65.25% from REC	**697.63**
Received as on 01.05.18	642.96
Balance to be claimed	54.67
Total fund received (PFC+REC)	**804.7**

Closure proposal for 38 schemes are submitted to PFC and the same for the remaining 5 schemes are under preparation. Financial achievement of the scheme is as follows:

Rs. In Cr

Sl No	Name of Project	Sanctioned Project Cost (` crores)	Total executed cost as per closure	Loan received from PFC (15%)	Balance to be received from PFC (10%)	Total Amount from PFC (25%)	Counter part loan received from REC
1	35 Schemes	373.38	400.3794	56.0055	36.3915	92.397	231.2533
2	3 City schemes	547.51	599.388	82.1265	54.751	136.8775	341.4242
	Total	**920.89**	**999.7674**	**138.132**	**91.1425**	**229.274**	**572.6775**

3	Remaining 5 schemes for closure proposal under preparation	157.415	103.4	23.6081	2.2419	25.85	70.28709
	Grand Total	**1078.305**	**1103.167**	**161.740**	**93.3844**	**255.124**	**642.9645**

G.3.f IPDS (Integrated Power Development scheme) for Urban & Semi-urban Areas

Ministry of Power (MoP) launched the IPDS in September 2015. It provides financial assistance against capital expenditure to address the gaps in sub-transmission and distribution networks, installation of Solar panels with net metering & metering including Smart meters in urban and semi-urban areas, to supplement the available resources of Discoms. An amount of ₹ 592.07 Crore have been sanctioned by the MoP for IPDS Kerala on 15.6.2016 for 25 Circles with 63 Towns. The earlier RAPDRP scheme has been subsumed in the new scheme. PFC is the Nodal Agency. M/s. Electrical Research and Development Association (ERDA) is the Project Management Agency (PMA).

Funding pattern:

60% of the project cost – MoP Grant,

10% - Own fund,

30% - Loan / Own fund (50% of loan - ie; 15% project cost - convertible as Grant on achievement of milestones)

DPR for the works have been sanctioned and Solar turnkey projects already started. Material procurement for the works is in progress (as on 31.3.2018)

1. Mode of execution - Departmental + Turnkey
2. Timeline for completion – December 2018
3. Funds Received from MoP as on 31.3.2018 - ₹ 107.41 Cr

I. Total payment effected as on 31.3.2018 - ₹ 75.39 Cr

II. Total Physical Progress as on 31.3.18 - 15%

Physical Progress

Sl.No	Major item of work	Unit	Sanction	Achievement as on 31.3.18
1	New Substation	Nos.	3	0
2	33/11KV Additional transformer	Nos.	2	0
3	Capacity enhancement	Nos.	13	2
4	R&M of 33/11KV S/S	Nos.	53	2
5	33KV New feeders	Km	8	0

6	11KV New feeders	Km	327	52
7	HT/LT ABC	Km	1134	0
8	Installation of Distribution Transformer including Capacity enhancement	Nos.	1211	22
9	LT line	Km	215	18
10	UG Cable	Km	192	11
10	Consumer metering	Nos.	522587	287468
12	Feeder/DT meter	Nos.	2919	19
13	Solar Panel	KWp	5475	3870

G.3.g Deen Dayal Upadhyaya Gram Jyothi Yojana (DDUGJY)

Govt. of India launched DeenDayal Upadhyaya Gram Jyothi Yojana (DDUGJY) exclusively for Rural areas with four components such as Sansad Adarsh Gram Yojana (SAGY), Connecting Un-Connected House Holds, Metering and System Strengthening.

M/s. Rural Electrification Corporation (REC) is the Nodal Agency of the project. M/s. Electrical Research and Development Association (ERDA) is the Project Management Agency (PMA). The project period is 30 months.

Objectives of DDUGJY:

Providing electricity to all rural households, 24X7 power. AT&C Loss reduction, Executing works in the Villages selected by MPs under Sansad Adarsh Gram Yojana (SAGY) for the holistic development of Village

Funding pattern

60% grant from GoI, 10% KSEB contribution, 30% loan.

Project sanctioned.

The Monitoring Committee, MoP, GoI sanctioned a total amount of ₹ **485.37** crore for implementing DDUGJY in Kerala on 05.01.2016. Work include 33kv Substations, 33kV line, 11kV line, Distribution transformers, HT & LT lines, replacement of energy meters, BPL service connections etc. Inorder to accommodate total electrification work, GoI permitted to re-allocate ₹ 100 Cr. from metering component of the project to the Rural Electrification component. Accordingly DPR was revised in March 2017 and REC conveyed approval on 10.07.2017.

Execution of work.

Works under DDUGJY are being executed departmentally as per the guidelines issued by REC/ MoP. Material required for the project are being procured separately.

Status as on 31.03.2018

- Sanctioned Project Cost : ₹ 485.37 Crore
- Amount Received as Got Grant : ₹ 173.87 Crore
- KSEBL Contribution : ₹ 48.296 Crore*
- Amount Received as Loan from FIIs/Others : ₹ 19.764 Crore
- Total amount utilized/spent ₹ 163.12 Crore

* Utility's own fund

Physical Progress:

DDUGJY: Component wise sanction and progress

Component	Purpose	Amount sanctioned (₹Cr)	Progress (₹Cr)	% Progress
Sansad Adarsh Gram Yojana (SAGY)	Devolopmental works in the 27 Panchayaths selected by MPs under their constituencies	59.14	23.17	39.18
Metering	Replacing 1778944 faulty/electro mechanical meters, Transformer/11 KV feeder metering etc.	159.16	69.13	43.43%
Connecting unconnected Rural house holds	98527 BPL connection along with infrastructure works	181.6	118.02	64.99%

Sl.No	Major Item of Work	Unit	Sanction	Achievement as on 31.03.2018
1	33/11 KV New Substations	Nos.	2	0
2	Augmentation of 33/11 KV Substations	Nos.	7	3
3	Distribution Transformers (DTRs)	Nos.	581	356
5	LTLine	Ckm	3368.11	2167.89
6	11 KV Line	Ckm	1281.94	556.38
7	33 & 66 KVLine	Ckm	17	0
8	Energy Meter -Consumer	Nos.	1778944	1106896

9	Energy Meter - DTR	Nos.	23655	283
10	Energy Meter - 11 KV Feeder	Nos.	103	0
11	Intensive Electrification of Villages	Nos.	1315	1315
12	SAGY Villages	Nos.	27	3
13	Connection to BPL	Nos.	98527	108105

G.3.H GRIEVANCE REDRESSAL MECHANISM IN THE ORGANISATION

G.3.i SAFETY

Chief Safety Commissioner in the rank of Chief Engineer is the head of Safety wing. The mission of the Safety wing is to maintain a persistent and systematic safety culture in the organization to reduce the accidents to zero level. Safety wing has its jurisdiction all over Kerala and across Generation, Transmission and Distribution Sectors. The safety officers conduct periodic inspections at various offices and ascertain safety preparedness and suggest improvements.

Major initiatives of Safety Wing

(i) With a view to minimize the accidents from Board's installations, the slogan "ZERO ACCIDENT YEAR – 2018" is approved by the Board and it is displayed in all field offices of KSEB Ltd. This is a psychological approach to instill the message of safety at work in the minds of all staff and this slogan has helped in strengthening the message of "Safety First" in the minds of all field staff of KSEB Ltd.

(ii) It has been decided to implement equipotential bonding and grounding method to avoid chain earthing at worksites in future and to implement worksite protective earthing by using earth discharge rods / earth discharge rods with shorting clamps.

(iii) It has been decided to modify the existing Permit To Work (PTW) by developing a system of issuing work authorization and permit to work in an electronic platform; preferably, smart phone compatible, to ensure more safety in distribution works.

Achievement

(i) Conducted training on First aid, usage of Personal Protective Equipments and Safety awareness classes to Board Staff and Contract Workers in subdivision level. Conducted 'on the job training' to all staff in shift duty and maintenance wing in substations and generating stations.

(ii) Developed prototypes of two innovative safety equipments such as Non-Contact Hazardous voltage detector, ACSR Detector on experimental basis by using innovative effort of board staff.

G.3.j .IT INITIATIVES

Awards & Recognition

KSEB received **'Smart InfraStructure Innovation Award'** from Indian Express Group in November 2017 based on the effective and efficient applications developed in Open Source platform.

KSEB also received a **special honour from Rural Electrification Corporation** for the active participation in 'Urja Mitra' programme (the Outage Management System of REC).

Newly Developed Applications

1. **Mobile application named 'KSEB'** was released to customers which helps to make easy electricity bill payment through mobile devices just by employing their mobile numbers. The App also disseminates electricity bill information like bill amount, due date, disconnection date etc to the customers as soon as the bill is generated in the Centralised Billing System.
2. **Online Transfer** module including GIS location mapping was developed and Online General Transfer for 2017-18 was successfully implemented in HRIS software.
3. **ProMoS application** developed for monitoring the progress of centrally funded projects, DDUGJY, IPDS etc was modified to carry out the Consolidated annual plan process for the year 2018-19, 2019-2020,2020-2021 and 2021-2022 and to prepare a bankable DPR and to monitor plan progress.
4. **LD Permit work Management System** is developed for managing the 'Permit to Work' processes at EHT levels which are permitted from System Operations. Permit work request and authorisation processes are traced and controlled by the system. A modified version of the application to suit the revised requirements of stake holders are released for testing by end users.
5. **Key Performance Indices (KPIs)**, for Assessment of Distribution Offices based on, integration of applications to capture KPIs namely Customer Complaint Redressal, Release of New Service Connection, e-payments, Safety-Zero Fatality and Quality of Power-SAIFI &SAIDI to assess and rank distribution offices by automated method was done.

Newly added online facilities for consumers

1. **Automated remittance of electricity bill directly from Bank Account** through National Automated Clearing House (NACH) Facility has been facilitated in co-operation with National Payment Corporation of India (NPCI) with M/s Corporation Bank as the sponsor bank. A customer who has account in any commercial bank, can avail the facility by submitting the mandate forms at Electrical Section Offices or branches of Corporation Bank. As the electricity bill get prepared bill amount will be debited from the account.

2. **State Service Delivery Gate (SSDG)** has been integration with KSEB payment system through which public can make electricity bill payment.

3. The integration with 'SWIFT' the portal of **'Ease of Doing Business' of KSIDC** through which prospective enterpreneurs can apply for services of various utilities in a single window is in progress.

4. Reports in the form of e-registers have been added in OrumaNET which replaced manual registers.

5. In Enrgise, the HT Billing Software, the modification in the software as suggested by IT Audit team of STQC (Standandardisation, Testing and Quality Certification) was done.

6. The centralized corporate accounting software, SARAS, is migrated to a Central Server and all ARUs are connected to the above Server.

Part-A of RAPDRP :

Part-A of RAPDRP (sponsored by Government of India and funded through Power Finance Corporation (PFC) for building up a solid IT infrastructure is at closure stage. TPIEA verification by M/s PGCIL was completed and reports are submitted to M/s PFC.

RAPDRP Phase-II :

The Detailed Project Report (DPR) for 22 Crore for implementing Phase-II Incremental IT in 21 towns as a continuation of implementation of RAPDRP IT projects has been approved by PFC under IPDS on 20.2.2017. M/s KPMG Advisory Services Ltd has been appointed as Project Management Agency. Tendering process is in progress

New Projects

1. **Enterprise Resource Planning (ERP) :** Enterprise Resource Planning (ERP) Project for KSEB Ltd has been envisaged and M/s. KPMG was appointed as Project Management Agency (PMA) to conduct gap analysis and DPR preparation. The DPR submitted to PFC was approved in with a funding of ₹ 42.64 crore from PFC. Tender documents are being prepared.

2. **Smart metering :** Expression of Interest (EOI) for pilot implementation of Smart meters was published and 15 bidders participated. Technical and Evaluation committee selected 5 bidders and LoA was awarded to implement smart meters for 25 consumers each. Implementation initiated.

DPR was submitted to PFC to implement smart meters under UDAY project for consumers with consumption above 200 Units per month in 63 IPDS towns (as per the direction of PFC to be included under IPDS) for an estimated amount of ₹ 241.41Cr to include 4,95,000 consumers. Approval was received from PFC with sanction for ₹ 64.36 crore for 3,21,800 nodes with a grant of 60% i.e. ₹ 38.62 Cr. Revised DPR is being prepared.

IT Networking infrastructure projects

1. Dark fibre portion of the pilot project : KSEBL was entrusted to do the dark fibre portion of the pilot project of the National Information Infrastructure meant to integrate the network and cloud infrastructure in the country to provide high speed connectivity and cloud platform to various government departments.

2. ADSS OFC cables have been utilized to extend the connectivity and the distribution infrastructure of KSEBL was utilized to draw overhead ADSS OFC cables. The project work has been successfully completed on 31.03.2018. About 380kms of OFC has been drawn for connecting 472 offices in Thiruvananthapuram District including 54 KSEBL offices. This connectivity can be leveraged for Information Technology (IT) and Operational Technology (OT) Applications of KSEBL in future.

H.COMMERCIAL & TARIFF

A.COMMERCIAL WING

I. Power Procurement during 2017-18

A. Long Term Power Procurement

(i) Supply of 150 MW RTC power commenced on 01-10-2017 (@ ₹4.29/kwh as on bid date) from Jindal Power Ltd based on the LTA granted by PGCIL to the Power Supply Agreement executed on 29-12-2014 through bidding route.

(ii) Supply of 100 MW RTC power commenced on on 01-10-2017 (@ ₹ 4.29/kwh as on bid date) from Jhabua Power Ltd based on the LTA granted by PGCIL to the Power Supply Agreement executed on 26-12-2014 through bidding route.

(iii) Supply of 100 MW RTC power commenced on 01-10-2017 (@ ₹ 4.29/kwh as on bid date) from BALCO based on the LTA granted by PGCIL to the Power Supply Agreement executed on 26-12-2014 through bidding route.

(iv) Supply of 150 MW RTC power commenced on 01-10-2017 (@ ₹ 4.29/kwh as on bid date) from Jindal India Thermal Power Ltd based on the LTA granted by PGCIL to the Power Supply Agreement executed on 29-12-2014 through bidding route.

(v) Supply of 8.4 MW wind power from Ahalia Alternate Energy Pvt Ltd commenced on 22-02-2016 and the PPA was executed on 16-02-2018 for a rate of ₹ 5.23/kwh.

(a) Supply of solar power from the first unit of the 50 MW Solar PV Power Plant of IREDA at Ambalathara, Kasargod commenced with effect from 15-12-2016. The firm started supplying 50 MW with effect from September 2017. Payment for the energy supplied by IREDA commenced as per B O dated 27-03-2018 at an interim tariff of ₹ 3.90 per kWh.

(b) Supply of 8MW renewablepower from Pathamkayam SHEP by M/s MINAR Renewable Energy Projects Pvt Ltd commenced from 14-08-2017@ ₹ 3.49 per unit and payment started as per B.O. dated 08-01-2018.

B.Short Term Power Procurement

(i)Purchase of 200 MW RTC power arranged from 01.03.2017 to 30.06.2017 through M/s PTC India Ltd as per the Power Purchase Agreement (PPA) executed on 31.03.2016 as shown below:

Period	Duration hrs	Quantum (MW) on Firm basis	Rate at Delivery Point (₹/kWh)	Source of Power
01.03.2017 to 30.06.2017	00:00 to 24:00 (RTC)	200 MW	₹ 3.08/-	Jindal Power Limited(JPL)/ Jindal Steel Power Limited (JSPL)

Period	Duration hrs	Quantum (MW) on Firm basis	Rate at Kerala Periphery (₹/kWh)	Source of Power
01-03-2017 to 31-05-2017	00:00 to 24:00	100 MW	₹3.25/-	Jindal India Thermal Power Ltd in Eastern Region
01-03-2017 to 31-05-2017	18:00 to 24:00	100 MW	₹ 3.65/-	Jindal India Thermal Power Ltd in Eastern Region

Supply of this power was received during the entire contract period, till 30-06-2017.

(ii)Purchase of 100 MW RTC power and 100 MW Peak Power arranged from 01.03.2017 to 31-05-2017 through M/sTPTCL as per the Power Purchase Agreement(PPA) executed on 22.12.2016.

Supply of this power was received during the entire contract period till 31-05-2017.

(iii)100MW power from 08-17 hrs arranged through banking mechanism from 1st November 2017 to 31st March 2018 by participating in the bid through M/s. GMR Energy Trading Ltd (GMRETL) floated by HPPC (Haryana Power Purchase Committee) in the Northern region. This banked power has to be returned to HPPC as follows:

Month	Return percentage	Quantum in MW	Duration in Hrs	Delivery Point
16.06.2018-30.09.2018	100% of banked energy	(i) 50 MW	19:00-22:00	Regional Periphery
		Balance quantum uniformly distributed month wise	00:00-04:00 & 22:00-24:00	

II.Sale of Surplus power:

KSEB Ltd started participating in tenders for purchase of power through DEEP portal invited by various Utilites/Discoms in India for the sale of surplus available and has received Letter of Award against 2Nos of tenders, from Bihar State Power Holding Co. Ltd (BSPHCL) for the supply of power from KSEB Ltd during the months of June, August, September and October 2018 as follows:

1. Tender floated by BSPHCL on 05-02-2018:

From Date	To Date	From Hours	To Hours	Quantum in MW	Tariff	
					₹	Ps.
01-06-2018	30-06-2018	19.00	24.00	50	5	95
01-08-2018	31-08-2018	19.00	24.00	100	6	00
01-09-2018	30-09-2018	19.00	24.00	100	6	00
01-10-2018	31-10-2018	18.00	24.00	100	6	50

4. Tender floated by BSPHCL on 28-03-2018:

From Date	To Date	From Hours	To Hours	Quantum in MW	Tariff ₹	Ps.
01-08-2018	31-08-2018	00.00	06.00	100	4	23

It is expected to commence the supply from KSEB Ltd to BSPHCL as above from 01-06-2018 onwards.

B.TARIFF WING

- **Regulatory matters:**
- **ARR & True-up petitions:**

- In FY 2017-18, the Company was able to file true-up petition for the years 2013-14 and 2014-15 before KSERC. The Company also filed fuel surcharge petition before KSERC for the first 2 quarters for the year 2017-18 for recovering the additional power purchase cost due to increase in fuel prices over that approved by KSERC in the suo-motu order dated 17-4-2017.

- The Company took initiation for filing before KSERC separate capital investment plan for its Generation, Transmission and Distribution business for the year 2017-18 in accordance with the directions of KSERC. The Company also filed compliance report on the directives issued by KSERC in the suo-motu order and also quarterly performance reports for all its functional units for the four quarters of 2017-18.

- The Company could also duly and timely file its counter affidavits before KSERC on the various petitions filed by other licensees/generators/consumers safeguarding the Company's interests as well as protecting the interest of the consumers. This includes the counters on the petitions filed by M/s.KMRL, M/s.HPLC, INDSIL, INOX, IREDA, BSES, Maithon Power Ltd, Jhabua Power Limited, GJ Eco Power Ltd., Anakampoil Power Ltd. etc.

- The Company filed before Central Electricity Regulatory Commission petition seeking clarification on the claim of 'Other Charges' made by NTPC and MPL in their claim on energy charges. The Annual Fixed Charges approved by CERC for the tariff period 2014-19 vide order dated 27-10-2016 for Rajiv Gandhi Combined Cycle Power Project, Kayamkulam was very high. KSERC had also not approved the increased fixed charges of RGCCPP, Kayamkulam in its suo-motu order. Specific direction was given to the Company by KSERC, to approach CERC and seek a relaxation of norms for the plant considering the fact that the plant is not scheduled by the Company due to its high variable cost. Therefore the Company filed a petition before CERC seeking a review of the Annual Fixed Charge of RGCCPP, Kayamkulam.

- The Company also filed a petition before CERC for determination of transmission tariff in respect of Kerala portion of 220 kV Interstate transmission lines of KSEBL.

- The Company could also duly and timely filed its counter affidavits before CERC on the various petitions filed by other generators/Transmission licensees safeguarding the Company's interests as well as protecting the interest of the consumers. The Company could also file its comments on the various draft regulations issued by CERC.

- **Appeal Petitions:**

- The Company filed appeal petitions before Hon'ble APTEL against the true-up orders for the year 2011-12, 2012-13 and 2013-14.

I.HRD Initiatives

a) Man Power

The Company takes pride in its well trained, efficient, experienced and committed manpower.

b) Training & Development

The HRD Cell co-ordinates the training activities of Power Engineers Training and Research Centre (PETARC) at Moolamattom, four Regional Power Training Institutes at Thiruvananthapuram, Kottayam, Thrissur and Kozhikode and Southern Region Computer Training Center at Vydyuthi Bhavanam, Thiruvananthapuram.

PETARC is a full- fledged training center of KSE Board imparting technical as well as management training to the officers of KSE Board and has been recognized as a Category 1 training centre by Central Electricity Authority. The four other Regional Power Training Institutes are working under the control of the Deputy Chief Engineer, PETARC. All the training centers are provided with adequate training facilities.

c) Human Resource Development wing deputes officers for attending external training programmes. For matching the academic inspiration of the employee with the needs of the organization, KSEBL has tied up with some reputed institutions like, CPRI Bangalore, PMI Noida, TNEB Madurai, NPTIs, PSTI Bangalore, RECIPMT, Hyderabad etc. HRD Cell has deputed 14 officers abroad and 131 persons for various training programmes outside the state and 171 persons for various training programmes in the training centers inside the state. 19578 employees have been trained on various subjects through own training centres of KSEBL during 2017-18. In addition to the above, KSEBL has introduced numerous initiatives which helps to enhance creativity, functional aptitude, innovation, leadership quality, teamwork, etc., of the employees.

d) The Company had constituted a committee for formulating a training policy as per the National Training Policy 2012 issued by, Ministry of Personnel, GoI. KSEBL adopted this policy w.e.f April 2017.National Training programme to the C&D employees (Sub Engineer, Senior Assistant, Cashier, Overseer, Lineman, Meter Reader, Electricity Worker etc.) with the financial assistance of Ministry of Power, Government of India aims to improve the overall performance of the employees who have more interfaces with the customers. KSEBL has executed MoU with REC-CIRE, the nodal agency for implementing the programme.

Industrial Relations

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

J.CONSERVATION OF ENERGY,TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information pertaining to Conservation of Energy,Technology Absorption and Foreign Earnings & Outgo as required under Section 134(3)(m) of the Companies Act 2013 read with Rule 8(3) of the Companies (Accounts) Rules,2014 is furnished in Annexure 1 attached to and forming part of this Report.

K.EXTRACTS OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act 2013 and Rule 12(1) of the Companies (Management and Administration) Rules 2014, the extract of Annual Return is enclosed as **Annexure 2**.

L. Internal Control System and their adequacy

The Company has a very effective internal control system commensurate with its size and nature of business and complexity of its operation. The internal control system is designed through providing adequate hierarchy of functional levels and Central information with greater stress on the high value items .The internal audit is headed by the Chief Internal Auditor .There are Regional Audit Officers to conduct audit at regional level. In addition, the Resident Concurrent Audit section attached to the office of Chief Internal Auditor with three pre-check units across the state is entrusted to carry out pre-check of major bills related to IT, System Operation, Civil, Transmission and Generation Wings. This ensures that the internal audit is conducted in proper manner and is also reviewed periodically. The Operational, compliance related financial and economic matters are properly identified and managed overtime.

M.Risk Management policy

The Company, which is the Distribution Licensee & State Transmission Utility under Section 14 of the Electricity Act 2003 also owning power generating assets in the State of Kerala, is wholly owned by Government of Kerala. The Company functions in accordance with the policies of the State as well as Central Government in discharging its duties and responsibilities.

N.Policy of Director's Appointment,etc

The Company being a Government Company, the provisions of Section 134(3)(e) of the Companies Act 2013 are not applicable in view of the Notification No.GSR -463(E) dated 5.06.2015 issued by the Ministry of Corporate Affairs, Government of India.

O.Details of joint venture / associates / subsidiary company

a)Baitarni West Coal Company Limited(BWCCL)

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

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

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

c) Renewable Power Corporation of Kerala Limited(RPCKL)

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

P. Declaration by Independent Directors.

As per the provisions of Section 149 of the Companies Act 2013 read with notification dated 5.06.2015 issued by the Ministry of Corporate Affairs, Independent Director of the Government Company shall be a person who is in the opinion of the Ministry or Department of the Central Government which is administratively in charge of the Company or as the case may be the State Government is a person of integrity and possess relevant expertise and experience. Accordingly, the Government of Kerala had appointed Dr.V.Sivadasan as independent Director of the Company on 2.07.2016. Hence the Declaration by Independent Directors has been furnished from the year 2016-17 onwards.

Q. CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted on 17.05.2016, a “Corporate Social Responsibility Committee” (CSR Committee) in accordance with Section 135 read with the Companies (CSR Policy) Rules 2014. The Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The policy adopted by the company is posted on the Company’s website at www.kseb.in.

R. AUDIT COMMITTEE

The Audit Committee has been reconstituted on 3.5.2016 with the terms of reference as prescribed in Section 177 of the Companies Act 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules 2014.The Chairman of the Audit Committee is an Independent Director.

S. ESTABLISHMENT OF VIGIL MECHANISM

As per requirement of Section 177 of the Companies Act 2013 and rules made there under the Vigil mechanism for Directors and Employees has been established in KSEBL and the policy documents have been published in the official Website of the Company. No complaints have been received under vigil mechanism during the year.

T. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

MCA vide notification dated 05.06.2015, has exempted the applicability of Section 188(1) (related Party transaction of the Companies Act, 2013 for a transaction entered into between two

Government Companies. The particulars of every contract or arrangements entered into by the Company with related parties referred to Section 188(1) of the Companies Act,2013, disclosed in Form No.AOC 2 is enclosed.

U. RIGHT TO INFORMATION ACT 2005 (RTI)

KSEBL has put in place an effective mechanism for implementation of RTI Act 2005. Public Information Officers and Appellate Authority have been designated at all levels from Section Office to the Head office for giving information to the public as per the requirements of the RTI Act 2005.

V. CONSUMER GRIEVANCES REDRESSAL FORUM:

The Company has set up the Consumer Grievance Redressal Forums as mandated by the Electricity Act 2003 and the Regulations notified there under, within its jurisdiction for quick disposal of consumer's grievances.

Details of complaints received, settled and pending for disposal in three CGRFs are given below.

	South	Central	North	Total
Complaints received	286	172	282	740
Complaints settled	247	99	224	570
Complaints to be settled	39	73	58	170

W. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

Summary of Sexual harassment issues raised, attended and dispensed during the year 2017-18.

No: of complaints pending disposal at the beginning of the year- 04

No: of complaints received in 2017-18 – 10

No: of complaints disposed off during the year 2017-18 – 13

No: of complaints pending disposal at the end of the year- 01

X. AUDITORS

III. STATUTORY AUDITORS

The three Chartered Accountant Firms in Thiuvananthapuram-M/s G.Venugopal Kamath & Co, M/s Issac & Suresh and M/s Ananthan & Sundaram were appointed as Statutory Auditors by the Comptroller and Auditor General of India during the financial year under report. They have audited the financial statements for the year ended 31st March 2018 and submitted their report. No instances of fraud has been reported by the Auditors under Section 143(12) of the Companies

Act, 2013.The explanations/comments by the Board on every qualification, reservation or adverse remarks or Disclaimer made by them is provided in **Annexure-A** attached.

IV. C&AG COMMENTS

The Comptroller and Auditor General of India (C&AG) have conducted supplementary Audit under Section 143 of the Companies Act of the financial statements for the financial year ended 31st March 2018.The comments vide report No dated is enclosed herewith. The explanations/comments by the Board on every qualification, reservation or adverse remarks made by them is provided in **Annexure-B** attached.

V. SECRETARIAL AUDITORS

In terms of the provisions of Section 204 of the Companies Act 2013, the Board has appointed practicing Company Secretary Shri N.C Nair, Thiruvananthapuram for conducting Secretarial Audit for the financial year 2017-18.Secretarial Audit Report (Form MR-3) for the Financial Year 2017-18 issued by the Secretarial Auditor is attached as Annexure-C .The replies to the adverse comments, qualifications or reservation is furnished as **Annexure-D**.

Y.DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to clause (c) of subsection (3) read with sub section (5) of section 134 of the Companies Act 2013, the Directors to the best of their knowledge and belief confirm that,

a. In preparation of the Annual Accounts for the year ended 31st March 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b. The Directors had selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the company as at March 31 ,2018 and the profit or loss of the company for that period.

c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 to the extent applicable for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

d. The Directors had prepared the financial statements as a going concern basis.

e. The Directors had devised proper system to ensure compliance with the provision of all the applicable laws and that such a system are adequate and operating effectively.

Z. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Deposits covered/as defined under Chapter–V of the Companies Act 2013 read with the Companies (Acceptance of Deposits) Rules 2014.

- Issue of Equity shares with differential rights as to dividend, voting or otherwise.
- Issue of Shares (including sweat equity shares) to employees of the Company under any scheme.
- Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- Material Changes and Commitments affecting the financial position of the company occurred subsequent to the date of Balance Sheet.
- The Company is engaged in the infrastructure sector which is covered under the exemption provided under Section 186(11) of the Companies Act 2013.Accordingly the details of loan given or guarantee or security provided by the Company are not required to be reported.
- The Company being a Government Company is exempted vide Notification No.GSR-463(E) dated 05-Jun-2015 issued by the Ministry of Corporate Affairs, Govt. of India, to furnish information as required under section 197 of the Companies Act, 2013 relating to particulars of employees.
- There were no instance of frauds identified or reported by the Statutory Auditors during the course of their audit pursuant to section 143(12) of the Companies Act, 2013.

ACKNOWLEDGEMENT

The Board wishes to place on record their gratitude to the Central and State Government Department/Agencies, Central and State Electricity Regulatory Commissions, Appellate Tribunal, Financial Institutions and Banks, Consumers and various other stakeholders for their continued assistance, cooperation and patronage. The Board is thankful to Comptroller & Auditor General of India, Statutory Auditors, Cost Auditor and Secretarial Auditors and Consultants/Advisors for their suggestions and cooperation. Last but not least, the Board would also like to place on record its deep sense of appreciation for the dedicated and committed services rendered by the employees at all levels.

For and on behalf of the Board of Directors

Place: Thiruvananthapuram
Date: 29.06.2019

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

ANNEXURE-1
2017 - 18

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule-8(3) of the Companies(Accounts)Rules , 2014.

(A) Conservation of energy –

i) The steps taken or impact on conservation of energy.

a) Implementation of energy loss reduction in Jaladhara/Jalanidhi, drinking water pumping system at Erattupettah municipality with the financial support by EMC.

b) Completed the Energy Audit of Govt. Medical college, Thiruvananthapuram and the report submitted to the Board and client. Discussion is in progress for entering as PMC in the implementation of recommendations Completed and the report submitted to the Board and client. Discussion is in progress for entering as PMC in the implementation of recommendations.

c) Energy Audit of Kerala Science and Techconolgy Planetarium and Museum, Thiruvananthapuram is completed and report preparation is in progress and Energy Audit at Kariyavattom University buildings, Thiruvananthapuram is in progress.

d) Standardization of Distribution Transformer (DTR) stations- in ES-Adimaly, Rajakkad & Rajakumary by using Government fund.

e) (High Voltage Distribution System) HVDS implemented at Konni Electrical Section under ED, Pathanamthitta by using Govt fund.

f) Implementation of Energy Audit recommendations of 220 KV Substation Edappon (Replacement of AC, yard lights, fans etc.)by using Govt. fund.

g) DELP Project cost- Distributed 4521241 LED Bulbs during this year to the consumers.

h) Vallachira LED Street Light project for retrofitting 407 street lights (Phase 1)-completed the Project cost- Rs. 49.36 L.

i) Street light project at Alappuzha Municipality completed.

j) Capacity addition of wind projects-1 MW(4*250 KW) wind project developed by Kosamattom Finance Ltd as IPP added to KSEBL grid.

k) Capacity addition of Small Hydro Electric projects- 8 MW Pathamkayam SHEP developed M/s MINAR Renewable Energy Projects Pvt Ltd as IPP added to KSEBL grid.

m) Energy efficient local water pumping system installed at Erattupettah; 12.5 Hp motor installation (sanctioned Amount- Rs.82,975/-)- Work completed.

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

COMPLETED SOLAR PROJECTS

Sl no.	Name of the projects	Installed capacity (MW)	Date of completion
1	Thalakkulathoor, Kozhikode	0.65	22.04.2017
2	Roof top of Suitable buildings of KSEBL Transmission wing (27 no.)	0.910	02/2018
3	Roof top of Suitable buildings of KSEBL Distribution wing (12 no.)	0.46	21.12.2017
4	Roof top of Vythuthi bhavan, Trivandrum	0.03	17.05.2017
5	Manjeshwaram ,Kasargod	0.50	30.05.2017
6	Kuttippuram	0.50	28.11.2017
7	Banasurasagar reservior/kakkayam grid connect floating	0.50	04.12.2017
8	Pezhayikkapalli-Moovattupuzha, Ernakualm	1.25	15.01.2018
9	Premise of Pothencode substation	2.00	02.02.2018
	On grid consumers as on 31.03.2018	15.453	

iii) The capital investment on conservation equipments.

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(B) Technology absorption –	
i) The efforts made towards technology absorption ;	• Development of IT infrastructure updation. • Implementation of SCADA and DMS
ii) The benefits derived like product improvement cost reduction, product development or import substitution.	• Safety of Working Staff. • Reduction in Power Interruptions. • Consumer satisfaction on correct billing.
iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financing year).	Nill

(a) The details of technology imported.	
(b) The year of import;	
(c) Whether the technology been fully absorbed;	
(d) If not fully absorbed, areas where absorption has not taken places, and the reasons thereof, and	
iv) The expenditure incurred on Research and Development.	-
(C) Foreign exchange earnings and outgo	
The Foreign Exchange earned in terms of actual inflows during the years and the Foreign Exchange outgo during the year in terms of actual outflows.	- NIL -

For and on behalf of the Board

Date: 29.06.2019
Place : Thiruvananthapuram.

Sd/-
CHAIRMAN AND MANAGING DIRECTOR

ANNEXURE –III 2017-18

FORM NO. AOC-2

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

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

Sl. No.	Particulars	Details
A	Name(s) of the related party and nature of relationship	-
B	Nature of contracts/arrangements/transactions	-
C	Duration of the contracts / arrangements / transactions	-
D	Salient terms of the contracts or arrangements or transactions including the value, if any	-
E	Justification for entering into such contracts or arrangements or transactions	-
F	Date of approval by the Board	-
G	Amount paid as advances, if any	-
H	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	-

2. Details of material contracts or arrangement or transactions at arm's length basis

Sl. No.	Particulars	Details
A	Name(s) of the related party and nature of relationship	
B	Nature of contracts/arrangements/transactions	
C	Duration of the contracts /arrangements /transactions	
D	Salient terms of the contracts or arrangements or transactions including the value, if any:	
E	Date(s) of approval by the Board, if any	
F	Amount paid as advances, if any:	

Note: Form shall be signed by the persons who have signed the Board's report.

By the order of Board,

For Kerala State Electricity Board Limited

Sd/-

Chairman & Managing Director

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I	**REGISTRATION & OTHER DETAILS:**	
i	CIN	U40100KL2011SGC027424
ii	Registration Date	14/01/2011
iii	Name of the Company	KERALA STATE ELECTRICITY BOARD LIMITED
iv	Category/Sub-category of the Company	PUBLIC LIMITED BY SHARES / KERALA STATE GOVERNMENT COMPANY
v	"Address of the Registered office & contact details"	VYDYUTHI BHAVANAM, PATTOM, THIRUVANANTHAPURAM KERALA -695004, INDIA
vi	Whether listed company	NO
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Electricity,gas,steam and air condition supply / Electric power generation,transmission and distribution	D-35-351	100%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	BAITARNI WEST COAL COMPANY LIMITED	U40102OR2008SGC009955	Joint Venture	33.33	Sec. 2(6)
2	KERALA STATE POWER AND INFRASTRUCTURAL FINANCE CORPORATION LIMITED	U65910KL1998SGC012160	Associate	40.6	Sec. 2(6)
3	RENEWABLE POWER CORPORATION OF KERALA	U40106KL2016PLC039891	Joint Venture	50	Sec. 2(6)

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity) 2017-18

(i)Category of Shareholders		No. of Shares held at the beginning of the year			No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									NIL
(1) Indian									
a) Individual/HUF		6	6	0.00000017		6	6	0.00000017	
"b) Central Govt.or State Govt."		3499049994	3499049994	99.99999983		3499049994	3499049994	99.99999983	
c) Bodies Corporates									
d) Bank/FI									
e) Any other									
SUB TOTAL:(A) (1)		**3499050000**	**3499050000**	**100.0000**	**0**	**3499050000**	**3499050000**	**100.0000**	
(2) Foreign									
a) NRI- Individuals									
b) Other Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other...									
SUB TOTAL (A) (2)									
"Total Shareholding of Promoter (A)= (A)(1)+(A)(2)"									
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds									
b) Banks/FI									
C) Cenntral govt									
d) State Govt.									

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

2017-18

(i)Category of Shareholders		No. of Shares held at the beginning of the year			No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Venture Capital Fund									
f) Insurance Companies									
g) FIIS									
"h) Foreign Venture Capital Funds"									
i) Others (specify)									
SUB TOTAL (B)(1):									
(2) Non Institutions									
a) Bodies corporates									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs									
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs									
c) Others (specify)									
SUB TOTAL (B)(2):									
Total Public Shareholding (B)= (B)(1)+(B)(2)"									
C. Shares held by Custodian for GDRs & ADRs"									
Grand Total (A+B+C)		**3499050000**	**3499050000**	**100.0000**	**0**	**3499050000**	**3499050000**	**100**	

Sl No.	Shareholders Name	Shareholding at the beginning of the year NO of shares	% of total shares of the company	% of shares pledged encumb-ered to total shares	Share holding at the end of the year NO of shares	% of total shares of the company	% of shares pledged pledged to total shares	% change in share holding during the year
1	Governor of Kerala represented by Sri Paul Antony.IAS	3499049994	99.9999		3499049994	99.9999		NIL
2	N.S.Pillai	1	0.00000003		1	0.00000003		
3	P.Vijayakumari	1	0.00000003		1	0.00000003		
4	Dr.K.M.Abraham IAS	1	0.00000003		1	0.00000003		
5	Dr.K.Ellangovan	1	0.00000003		1	0.00000003		
6	N.Venugopal	1	0.00000003		1	0.00000003		
7	S.Rajeev	1	0.00000003		1	0.00000003		
	Total	**3499050000**	**99.99990017**		**3499050000**	**100.000**		

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	3499050000	100.00000000	3499050000	100.00000000
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/ bonus/sweat equity etc)				
	At the end of the year	3499050000	100.00000000	3499050000	100.00000000

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

Sl. No		Shareholding at the end of the year		Cumulative during Shareholding the year	
	For Each of the Top 10 Share holders	No.of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
	Date wise increase/ decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer/bonus/sweat equity etc)				
	At the end of the year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors & KMP

Sl. No		Shareholding at the end of the year	Cumulative during Shareholding the year		
	For Each of the Directors & KMP	No.of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
1	DR.K.ELLANGOVAN	1	0.00000003		
2	K.M.ABRAHAM	1	0.00000003		
3	SIVASANKARA PILLAI NARAYANA PILLAI	1	0.00000003		
4	PAROL VIJAYAKUMARI	1	0.00000003		
5	SIVARAMAN RAJEEV	1	0.00000003		
6	N.VENUGOPAL	1	0.00000003		
	At the end of the year				
1	SIVASANKARA PILLAI NARAYANA PILLAI	1	0.00000003		
2	DR.K.ELLANGOVAN	1	0.00000003		
3	MANOJ JOSHI	1	0.00000003		
4	VENUGOPAL.N	1	0.00000003		
5	P.VIJAYA KUMARI	1	0.00000003		
6	S.RAJEEV	1	0.00000003		

V INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtness at the beginning of the financial year			
i) Principal Amount	44,80,36,94,843.00	18,87,50,00,000.00	63,67,86,94,843.00
ii) Interest due but not paid			
iii) Interest accrued but not due			
Total (i+ii+iii)	**44,80,36,94,843.00**	**18,87,50,00,000.00**	**63,67,86,94,843.00**
Change in Indebtedness during the financial year			
Additions	9,55,27,71,786.00	3,03,79,15,597.00	12,59,06,87,383.00
Reduction		3,03,79,15,597.00	3,03,79,15,597.00
Net Change			-
Indebtedness at the end of the financial year			-
i) Principal Amount	54,35,64,66,629.00	15,83,70,84,403.00	73,23,14,66,629.00
ii) Interest due but not paid			
iii) Interest accrued but not due			
Total (i+ii+iii)	**54,35,64,66,629.00**	**15,83,70,84,403.00**	**73,23,14,66,629.00**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager Managing Director		
1	Gross salary		N.SIVASANKARAN PILLAI IA& AS	DR. K. ELLANGOVAN IAS
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.		26,37,778.00	26,69,575.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			
2	Stock option			
3	Sweat Equity			
4	Commission			
	as % of profit			
	others (specify)			
5	Others, please specify			
	Total (A)	**-**	**26,37,778.00**	**26,69,575.00**
	Ceiling as per the Act	**-**	**60,00,000.00**	**60,00,000.00**
B.	Remuneration to other directors:			
Sl. No	**Particulars of Remuneration**	**Name of the Directors**		
1	Independent Directors			
	(a) Fee for attending board committee meetings			8,280.00
	(b) Commission			-
	(c) Others, please specify			-
	Director Remuneration			
	Director Remuneration			
	Total (1)			-
2	Other Non Executive Directors			
	"(a) Fee for attending board committee meetings"			-
	(b) Commission			-
	(c) Others, please specify.			-
	Total (2)			**-**
	Total (B)=(1+2)			**-**
	Total Managerial Remuneration			
	Overall Cieling as per the Act.			

Sl. No	REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL	Whole Time Director				
1	Gross salary	N.VENEUGOPAL	P.VIJAYAKUMARI	O.ASOKAN	S.RAJEEV	P.KUMARAN
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	20,23,968.00	20,01,808.00	5,01,063.00	41,75,789.00	13,55,425.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961					
2	Stock option					
3	Sweat Equity					
4	Commission					
	as % of profit					
	others (specify)					
5	Others, please specify					
	Total (A)	20,23,968.00	20,01,808.00	5,01,063.00	41,75,789.00	13,55,425.00
	Ceiling as per the Act	60,00,000.00	60,00,000.00	60,00,000.00	60,00,000.00	60,00,000.00

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

sd/-
CHAIRMAN AND MANAGING DIRECTOR

G.Venugopal Kamath & Co
Chartered Accountants
#273, 3rd Floor, DD VastraMahal,
Market Road, Ernakulam

Isaac & Suresh.
Chartered Accountants
Thennala Towers,
Thiruvananthapuram

Ananthan&Sundaram
Chartered Accountants
123,Sivakarthi, SankarNagar,
Neeramankara, Kaimanam
Thiruvananthapuram

Independent Auditors' Report

To the Members of KERALA STATE ELECTRICITY BOARD LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone Ind AS financial statements of KERALA STATE ELECTRICITY BOARD LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

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

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit qualified opinion on the standalone Ind AS financial statements.

Basis for Qualified Opinion

1. In respect of Note 2 to accounts: “Property, Plant and Equipment”- Intangible Assets.

a) As per Appendix-III of CERC Notification No L-1/153/2014/CERC, ‘Softwares’ are subject to a depreciation of 30%. Instead the Company follows the practice of pooling Software along with item ‘IT Equipment’ which has a depreciation rate of 15%.

During the year, the Company has ascertained an amount of ₹ 815.89 Lakhs as the development and implementation cost of software which has been included under Note No. 3- Capital Work in progress as Revenue expenses pending allocation over capital works.

This is not in conformity with the Indian Accounting Standard (Ind AS) 38 – Intangible Assets. In the absence of requisite details, we are unable to verify the correctness of the said amount and the impact of the above on the depreciation/amortisation.

b) ‘Deferred Cost on Account of Feasibility/Survey’ amounting to ₹ 10,557.28 Lakhs being cost of projects not yet sanctioned and accumulated over the years has been wrongly classified under Note No.7- Other Non Current Assets, which is not in accordance with Ind AS 38 – Intangible assets and Ind AS 16- Property Plant and Equipment. As the statuses of these projects are yet to be ascertained, we are unable to comment the impact thereof on the financial statements.

c) Property Plant and Equipment and capital work in progress:

A. Depreciation on additions to fixed assets, except for capital works in progress capitalized, is charged in the year in which it was purchased/ commissioned without considering date on which the asset is ready for use. This is not in conformity with Ind AS -16 on “Property, Plant and Equipment”, leading to understatement of Property, Plant and Equipment and overstatement of depreciation and loss for the year; However due to lack of necessary information, the impact of the same cannot be quantified.

B. As per Ind AS 16-Property Plant and Equipment, the asset should be recognized if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

The Company has capitalized ₹12592.87 Lakhs on 31/03/2018 in distribution units visited by us without considering above criteria for recognition of assets. Also on verification of the transmission and generation units visited by us and as per the representation received, it was found that the capital work in progress has been capitalized as and when ‘Commissioned’ without considering the above criteria.

Further, we are not in a position to quantify the same and the impact of the above on the depreciation.

C. (i) On verification of bills submitted during the course of audit it was found that the capitalization was delayed for assets, amounting ₹2290.80 Lakhs including the assets to be capitalized under

RAPDRP and DDUGJY scheme, which have already satisfied the recognition criteria specified in Ind AS 16 in previous years. Capitalization has been delayed in various projects and hence there is a corresponding impact in depreciation, fixed assets, Capital work in progress and current liabilities for capital assets during the previous years which cannot be quantified.

(ii) Based on the submitted bills and units visited by us during audit, we observed that, during 2017-18 certain assets satisfy the criteria for recognition, in compliance to Ind AS 16, but has not capitalized an amount of ₹ 203.22 Lakhs including the assets to be capitalized under RAPDRP and DDUGJY scheme. Capitalization has been delayed in various projects and hence there is a corresponding impact in depreciation, fixed assets and capital work in progress for capital assets during the year which cannot be quantified.

(iii) In units visited by us, revenue expenditure amounting to ₹ 524.38 Lakhs has been capitalized; resulting in overstatement of assets and understatement of expenditure and the consequent impact on depreciation could not be quantified.

(iv) In units visited by us, the capital expenditure amounting to ₹ 22.03 Lakhs has been charged to the revenue, resulting in understatement of assets and overstatement of expenditure and the consequent impact on depreciation could not be quantified.

D. In ARU 310, Electrical Circle, Kozhikode, the solar plant has been wrongly classified and capitalized under account code 10205 – Buildings amounting to ₹450 Lakhs, which is not in compliance to Ind AS 16. This has resulted in overstatement of building and understatement of plant and equipment. This impact on depreciation of corresponding assets cannot be quantified due to lack of details.

E. As per Ind AS 16 –'Property Plant and Equipment', an asset should be capitalized on satisfying the criteria for recognition, considering all elements of cost. However, the units have capitalized the solar equipments purchased under KSEB (REES) only to the extent of part payment made to the suppliers, which has resulted in understatement of asset and current liabilities. Since proper details for verification have not been submitted by the company, the impact of understatement of asset and liabilities and depreciation thereon cannot be quantified.

F. As per the letter No. Annual Accounts 9/ capitalization /2017-18, in ARU 307, Electrical Circle, Ernakulam has capitalized an amount of ₹406.75 Lakhs being interest and finance charges and other expenses apportioned and proportionate advertisement expenditure under asset-Lines and Cables without considering the recognition criteria in Ind AS 16. We observed that, the ARU has not capitalized any assets during the year except the general purpose assets.

Similarly in ARU 204, an amount of ₹ 26.74 Lakhs has been allocated to land which has resulted in overstatement of land and understatement of other assets.

The accounting treatments is not in compliance to Ind AS 23 on Borrowing Cost and Ind AS 16 on Property Plant and Equipment, results in over valuation of assets and corresponding depreciation.

G. During the year, ARU 214 and ARU 203 capitalized amount of ₹ 2275.56 Lakhs and ₹3227.42 Lakhs respectively for which no necessary details and supporting documents have been submitted for verification. Hence, we are not in a position to comment on the capitalization of the said assets.

H. Attention is invited to Note No. 3 - Capital Work in Progress, which includes revenue expenses pending allocation amounting to ₹ 40,243.99 Lakhs. The Company has capitalized borrowing cost on weighted average basis without considering the daily balances of the loans and borrowings held by the Company. The Company has also not allocated specific borrowing costs applicable to specific projects as required in Ind AS 23- Borrowing cost. Further, the Company does not cease to capitalize borrowing costs upon date when the qualifying asset is ready for intended use which is also not in compliance to Ind AS 23. Due to lack of necessary information, we are unable to comment on the capitalization of the amount and depreciation thereon.

An amount of ₹ 23,496.41 Lakhs has been capitalized out of revenue expenses pending allocation during the year without considering of the extent the work already completed or ready to use. The details such as the basis of capitalization, the block under which the same has been capitalized, depreciation provided on the same etc. were not made available for our verification. Out of the above ₹ 1705.86 Lakhs relates to administration and general overheads and ₹ 132.74 Lakhs relates to advertisement. However, the capitalization of administration and general overheads and advertisement are not in compliance to Ind AS 16. As a result, property plant and equipment are overstated by ₹ 1838.60 Lakhs and Loss / Reserves are understated by ₹ 1838.60 Lakhs.

I. As per the Accounting policy, the Company allocates Employee cost, interest and financial costs of various units to “Revenue expenses pending allocation over capital works” on the basis of a specified ratio identified by the Company. However Company has not considered an amount of ₹ 1,660.37 Lakhs being ‘Employee cost relating prior periods short provided’ and ₹ 900 Lakhs being DA arrear provided during current year while allocating the employee cost. This has resulted in understatement of Capital Work in progress and overstatement of expenditure and loss amounting to ₹ 2560.37 Lakhs

J. Title deeds of immovable properties were not produced for our verification.

K. As per paragraph 8 of Ind AS 16, Property, Plant and Equipment, items such as spare parts are to be capitalized in accordance with recognition criteria, when they meet the definition of ‘property, plant and equipment’. Since the required details are not available, we are not able to quantify the impact of the same in the Financial Statements.

L. As per note to accounts no 35.1 &35.15(i), the opening balance sheet for the Company as on 01/11/2013, has been adopted as per the Re-vesting second Transfer (Amendment) scheme (Re-vesting) 2015. The company has not considered increase in the value of plant and machinery as a result of such restatement amounting to Rs. ₹ 10,71,199.95 Lakhs while computing depreciation. The disclosure made by the Company regarding the accounting treatment of above assets and liabilities is incomplete.

M. As per the units visited by us and their explanations, the Units have capitalized the entire material issued and consumed in various projects without considering the recognition criteria in compliance to Ind AS 16. The accounting treatment thus resulted in over statement of the property plant and equipment for the year 2017-18. In the absence of necessary information we are unable to comment the impact thereof on the financial statements.

d) Sale, deletion or decommissioning of asset:

i) The Company has a system of accounting sale of Property, Plant and Equipment either in miscellaneous receipts or in sale of scrap without giving effect to the fixed assets ledger. The

Company has also not disclosed the details of deletions and decommissioning during the year. Thus the accounting treatment is found not in compliance to Ind AS 16-Property, Plant and Equipment. In the absence of required information we are unable to quantify the impact on Property, Plant and Equipment, Depreciation for the year and Other Income.

ii) As per Agenda no - 34-2-7/2017 of Board of Directors meeting held on 27/07/2017 Company had decided to sell the dismantled materials of Eranad Lines Package- A and Northern Region HTLS Package- B of trans grid 2.0 to Sterlite power transmission ltd for an amount of ₹ 1093.12 Lakhs and as per Agenda no 15-01/2018 Company had decided to sell the dismantled materials of Kochi lines Package to L&T Ltd. for an amount of ₹ 1007.10 Lakhs. As per the information available, the Company accounted the same as sale of scrap instead of showing as deletion of fixed assets which has resulted in overstatement of fixed assets and miscellaneous income of ₹ 2100.22 Lakhs and overstatement of depreciation. Due to lack of detailed list of dismantled items we are not in a position to quantify the depreciation amount.

2. The Company has not complied with Ind AS 36- Impairment of Assets. Due to lack of necessary information we are not in a position to quantify the impact.

3. As per Ind AS 105- 'Non Current Assets held for sale and Discontinued Operations', the non-current assets recognized as scrap should be separately disclosed. We observed that, the company has not complied with the Ind AS, with regard to the assets recognized as scrap and to be held for sale. Due to lack of necessary information we are not in a position to quantify the impact of the same.

4. (a) In Note No.5 'Non Current Assets - Financial Assets – Loans'-includes an amount of ₹5250 Lakhs being Interest bearing loan to Energy Management Centre. The Company has provided interest for the period 2010-11 and 2011-12 amounting to ₹ 476.90 Lakhs and ₹ 697.16 Lakhs respectively. The Company has not provided interest on this loan henceforth, as there is an uncertainty in the realization of interest. As per the terms and conditions, the loan is repayable by Energy Management Centre only if the Certified Emission Reduction is available from UNFCC to obtain Carbon credit. As per the information available from the management, Energy Management Centre has not obtained carbon credit as on date. Hence there is uncertainty in the realization of this advance. However, no provision has been created for this balance, including the interest, which is doubtful of realization. As a result, non-current assets is overstated and loss for the year is understated by ₹ 6424.06 Lakhs.

(b) Note No:7 Other Non Current Assets includes 'Capital Advances Others' amounting to ₹ 10,896.01 Lakhs for which sub-schedule of various works, Stage of completion of works etc. were not furnished for our verification. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements.

5. The amounts and balances lying under Non Current Financial Liabilities - Borrowings (Note No 15), Other Non Current liabilities (Note No 18), Trade Payables (Note No 20), Non Current-Other Financial liabilities (Note No 16), Current - Other Financial Liabilities (Note No 21), Trade receivables (Note No 9), Non Current Assets - Financial Assets - Loans (Note No 5), Non Current Assets - Other Financial Assets (Note No6), Other non-current assets (Note No 7), Other current assets (Note No 12) are subject to confirmation and reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible losses which may arise on account of non-recovery or partial recovery of such dues could not be ascertained. Hence, we are unable to comment the impact thereof on the financial statements.

6. Account Code : 226 Material Stock and related accounts as on 31/03/2018

a. Attention is invited to Note 8 Inventories, The Company has not provided for damaged/obsolete and slow moving items and goods as per Ind AS 2 on 'Inventories'. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements.

b. Attention is invited to Accounting Policy No.1.10, that the Company changed the accounting policy on Inventory from 01/07/2017. The Company has not complied with the disclosure requirements as per Ind AS 8-'Accounitng Policies, Changes in Accounting Estimates and Errors' in regard to the effect of the change in the financial statements.

c. Based on the units visited by us, we observed that there is no uniformity in accounting of inventory including LED Bulbs. In certain units, the closing balances of inventory are negative and LED bulbs are valued at Selling Price. We have also observed that there is difference in stock balance as per confirmation and Trial balance in respect of units visited by us. For instance, we observed a difference of ₹ 42.83 Lakhs in ARU 211, ₹ 7.05 Lakhs in ARU 103 and ₹ 156.47 Lakhs in ARU 203. Hence, we are not able to quantify the impact of the valuation of inventory in Compliance with Ind AS-2-Inventories.

d. The management follows the procedure of physical verification of stock periodically by the dedicated team in the O/o the Chief Engineer (SCM). However physical verification reports by various ARUs have not been submitted to us to confirm whether stock valuation is in compliance to Ind AS 2. Hence, we are not in position to comment on the impact on the accounts resulting on the physical stock verification for any unaccounted stock, stock to be converted as held for sale etc.

7. a) Other Current Assets (Note 12) read with note 35.15 (f) regarding Inter Unit Balance amounting to ₹ 4,285.64 Lakhs. The said balance is subject to reconciliation and further adjustments, the effect of which on the financial results of the Company is not ascertainable.

b) Note No 12 'Other current assets' includes ₹ 942.16 Lakhs 'Interest accrued but not due' and Note No 6 'Non Current Assets' includes ₹ 106.10 Lakhs 'Other Deposits Sundry Receivables' at ARU 999 for which the company has not furnished necessary details. In the absence of necessary details, we are unable to comment upon the impact of these items.

8. Cash and Cash Equivalents

A. The Company is not following the prudent business practice of accounting 'Cheque received not deposited in Bank' as balance with Bank. On verification of units visited by us an amount ₹ 18.57 Lakhs, being cheque received but not deposited, was disclosed as Cash in Hand. This has resulted in overstatement of Cash in Hand and understatement of bank balances as on 31/03/2018.

B. ARU 371, Electrical Division, Alappuzha

i. The actual cash balance as on 31/03/2018 was ₹ 7.43 Lakhs. But as per the financial statements the Cash balance is 'Zero' thus resulting in understatement of Cash in Hand and overstatement of Bank Balances.

ii. The Company has not accounted for an amount of ₹ 1.05 Lakhs which has been lost by theft, resulting in over valuation of cash in hand and understatement of expenditure.

C. Bank Accounts

Bank balances including E- payment accounts, Akshaya e Pay collection accounts and certain bank accounts maintained at Head Office, ARU's and other offices are subject to confirmation and reconciliation.

9. AGEING SCHEDULE

i. The reconciliation for ageing analysis of trade receivables were not submitted for our verification. Hence, we are unable to comment on the recoverability of receivables and the provision thereon.

ii. In the case of ARU 954 - "Special Officer Revenue"- Debt Collection Balance and Debtors net balance as per accounts under account code 23 shows a difference of ₹ 3,189.94 Lakhs. The difference has not been properly explained. Due to lack of information we are unable to quantify the impact on provisioning for the debtors.

10. Rent Receivable: We observed that the rent receivable has not been accounted on accrual basis at certain units visited by us. The accounting treatment is thus found not in compliance to Ind AS 18 - Revenue. Due to lack of necessary details, we are not in position to quantify the amount.

11. As per the scheme 'Pooled power purchase – solar energy', the Company purchases power from the grid connected consumers, supplying solar power. We observed that, the power purchase under this scheme has not been accounted on accrual basis during the year 2017-18 as per Ind AS-1. Due to lack of necessary details, we are not in position to quantify the impact on the financial statements.

12. Compensation for injuries Death etc.

The ARU 326, Electrical Division, Kattakkada has paid ₹ 2 Lakhs for two parties as ex-gratia out of their eligibility of ₹ 5 Lakhs each. The balance expenditure has not been accounted on accrual basis during the year 2017-18 as per Ind AS-1. Thus, the Current liabilities and expenditure are undervalued by ₹ 6 Lakhs.

13. Goods and Services Tax (GST)

Based on our visit in various units, the unit-wise details of Goods and Service Tax collected and its subsequent remittance were not found proper and reconciled. Hence, we are unable to comment on the correctness or otherwise in regard to the collection, remittance, input tax credit, liability under reverse charge mechanism and payable amount with respect to GST. The financial effect of the same cannot be quantified due to lack of information.

14. We observed, that in ARU 299, Electrical Circle, Shornur - the interest in Saving Bank account for Fund from REC-RGGVY which is refundable to REC, shows a debit balance of ₹ 16.07 Lakhs. On verification, the liability has not been provided in the accounts on accrual basis as per Ind AS-1. Due to lack of information, we are unable to quantify the same.

15. Account Code 47 and Account code 55 :

A. As per the accounting procedure, the deposit collected (account code 47) should be accounted as Grant under Consumer contribution (account code 55) based on the work completed or corresponding asset creation. Based on our audit in the units visited by us, we observed that, certain ARUs have not transferred the deposit to Grant under Consumer contribution and this may also have an impact on amortization of grant.

Since the Company is undertaking work for specified large projects under 'work deposit' basis and no information is readily available with the Company with respect to deposit received, work completed, date of completion, balance payable / receivable etc, we are not in position to comment on correctness of the deposit held by the Company as 'work deposits' and the balance to be transferred to Grant. Due to lack of information, we are unable to quantify the same.

B. In ARU 301, Electrical Circle, Thiruvananthapuram and in ARU 954 SOR, grant shows debit balance of ₹ 238.11 Lakhs and ₹ 1497.35 Lakhs. In the absence of necessary details, we are unable to quantify the impact on the financial statements

16. The Company has disclosed an amount of ₹ 35,832.26 Lakhs as Disputed Income-tax Matters (Note No 35.2) under Contingent Liabilities. Out of the same, we have not received details regarding disputed tax liability of ₹ 3462.23 Lakhs.

17. On verification of Financial Statements of Associates, it was found that, there was loss for three consecutive years including current year in Baitarni West Coal Company Ltd. However, the Company has not provided and disclosed provision for impairment, if any, as per Ind AS 28.

18. Receipts from maintenance charges for poles from Cable TV operators:

a. Based on the observation on audit of units, the receipts from maintenance charges for poles from Cable TV Operators are not accounted on accrual basis in compliance to Ind AS 18-Revenue. However due to lack of information, we are unable to quantify the impact on the financial statements.

b. On verification of accounts, the pole rent receipts include interest portion for the delayed receipts. The interest receipts should be separately accounted. The amount could not be quantified as no details are submitted by the Company.

c. The Company has not provided information regarding dispute settlement with cable operators regarding income from pole rent, balance amount receivable and amount written off, if any, as decided in Board meeting dated 12-4-2017. Due to lack of information, we are unable to quantify the impact on the financial statements

19. Previous year's (2016-17) accounts have not been adopted in the Annual General Meeting till date.

20. The Company follows the practice of providing interest on closing balance of customer deposits. We observed that, the provision created in preceding years amounting to ₹ 33082.44 Lakhs has been accumulated and no adjustment has been made in the financial statements. In the absence of necessary details, we are unable to comment upon the same.

21. Accounting treatment of LED Bulbs

a) Trading of LED Bulbs to the customers is different from the normal business activity of the Company. Hence, the Company should disclose the purchases, Sales and Closing Stock separately in Statement of Profit and Loss.

b) The Company is not following the accrual basis of accounting while accounting expenses relating to purchase of LED bulbs which is not in conformity with Ind AS 1. Due to non availability of necessary information the impact of the same cannot be quantified.

c) Based on the verification of the accounts of units visited by us, it was found that the purchase of LED Bulbs amounting to ₹ 320.19 Lakhs relating to prior period is accounted as current year expenditure which is not in compliance with Ind AS 8 – 'Accounting Policies, Changes in Accounting Estimates and Errors'.

22. The impact of comments made by C&AG, the statutory auditors and errors or omissions for the previous years has not been adjusted in accordance with Ind AS 8-Accounitng Policies, Changes in Accounting Estimates and Errors. We are unable to quantify the impact of the same in the financial statements due to lack of necessary details.

23. In ARU 954, as per the agreement no.28/17-18 dated 25/09/2017 M/s Philips Carbon Black Ltd. is liable to pay the interest at the rate of 12% per annum based on actual delay from the due date up to a period of 30 days and thereafter at the rate of 18% per annum for the entire period of default from the due date. However as per the explanation from the Company the entire payable accounted has been revised by the management and the due amount has been restated. Due to lack of proper details, we are unable to quantify the impact in the financial statements.

24. We observed that, at ARU 954, interest on demand on sale of power amounting to ₹8.97 Lakhs was not accounted in compliance to Ind AS 18 resulting in understatement of interest income and receivables.

25. As per 35th Board Meeting held on 15th November,2017 Board of Directors of the Company decided for the one time settlement of recovery of arrear rent from occupants of Board Quarters at various locations. However, no effect has been given in the financial statements which is not in compliance to Ind AS 18. Due to lack of necessary information we are not in a position to quantify the impact on the financial statements.

26. As per decision of Board of Directors, price escalation has been sanctioned for the works of Bhoothathankettu Small Hydro Electric Project. Due to non availability of necessary information, we are unable to comment upon the financial effect of the same, if any.

27. The Company has not revalued bonds at fair value issued to KSEB Master Trust amounting to ₹ 11,23,929 Lakhs which is in not in conformity with Ind AS 109. Similarly, the other financial assets and liabilities including loans / deposits have also not been recognized at fair value. Further, the Company has revalued 'Loan from REC - various schemes' (Note No 15) incorrectly resulting in negative balance of ₹ 47.06 Lakhs for the loan. Due to lack of necessary we are unable to quantify the impact of the same in the financial statements

28. The aggregate effect of our qualifications described above from Point No 1 to 27, wherever quantifiable, is that assets are overstated by ₹ 8296.94 Lakhs, Liabilities are understated by ₹ 6 Lakhs, Loss / Reserves are understated by ₹ 8302.94 Lakhs

Qualified Audit Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2018, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the standalone Ind AS financial statements. Our Opinion is not modified in respect of these matters.

1. As per Note No 35.15(o), in the 42nd Meeting of Board of Directors held on 26.09.2018 it was resolved to give in principle approval to incorporate the adjustment entries regarding the amount payable to Government of Kerala towards electricity duty and guarantee commission etc. as on 31.03.2018 against the amount receivable from the Government in the books of accounts and to report the matter to the Government for concurrence. Accordingly, an amount of ₹ 35099.74 Lakhs is netted off with the amount receivable from the Government.
2. As per Note Forming Part of Accounts No. 35.15(m), stating non adjustment of value of 45.715 cents of Land belonging to the company in Trivandrum was transferred to Trivandrum Development Authority in the accounts of the Company.
3. As per Note Forming Part of Accounts No. 35.3, the company has accounted the fair value for the long term loans and Borrowings except loan amounting to ₹ 37520.86 Lakhs for which repayment schedule is not available.
4. As per Note forming part of account 35.15 (g), GPF balances as per financial statements is ₹ 220733 lakhs. A difference of ₹ 22 lakhs with the party wise registers maintained at GPF section was reported.
5. As per the Accounting Policy No.1.6 on, Property, Plant and Equipment (PPE), the company follows rates notified by the CERC Tariff Regulations. As per item (a) and (b) under the heading 'Land Under Lease' of Appendix-III of CERC Notification No L-1/153/2014/CERC; land held under lease and the cost incurred on land development on leasehold land are subject to depreciation at the rate of 3.34%. However, the company has not depreciated the land under lease.
6. As per Note No 35.15 (r), the Company has not quantified the monetary impact of damage due to floods in the month of August 2018.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure I"** a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit and referred to in the Other Matters paragraphs above we report, to the extent applicable that:
   a) We have sought and except for the matters described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
   b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company.
   c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

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

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company, refer to our separate Report in **"Annexure II"**. Our report expresses a qualified opinion on the operating effectiveness of the Company's internal financial controls over financial reporting.

h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

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

   i. Since the Company has not furnished the details of pending litigations, we are not in a position to confirm whether there are any litigations pending which would impact its financial position.

   ii. Since the Company has not furnished the details of long term contracts, we are not in a position to confirm whether it has any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. The company has not transferred debentures and interest on debentures amounting to ₹ 743.44 Lakhs remained unclaimed and unpaid for a period of more than seven years from the date it become due for payment to the Investor Education and Protection Fund.

3. As required by section 143(5) of the Companies Act, 2013, our comments in regard to the directions and sub-directions issued by the Comptroller and Auditor General of India are given in **"Annexure-III"**.

For G Venugopal Kamath & Co	**For ISAAC & SURESH**	**For ANANTHAN & SUNDARAM**
Chartered Accountants	Chartered Accountants	Chartered Accountants
REGN. 004674S	FRN-001150 S	FR 000148 S
Sd/-	Sd/-	Sd/-
RAVINATH R PAI, FCA	**SOBHA SETHUMADHAVAN, FCA**	**CA.HARIKRISHNAN.R.S,** **M.com, DISA, FCA**
PARTNER	PARTNER	PARTNER
M. No. 226547	M. No.225166	M.No.230338

Place: Thiruvananthapuram
Date: 29 September 2018

Annexure –I to Independent Auditors' Report

Referred to in Para 1 under the heading "Report on other Legal and Regulatory Requirements" of Independent Auditors' report of even date of the Company on the standalone Ind AS Financial Statements for the year ended March 31, 2018:

1. **a) As per the information and explanation given to us, the Company is not maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.**

   b) As informed to us, fixed assets have not been physically verified by the management at regular intervals. However, Company informed us that major assets comprising of line cable networks, Generating stations etc are periodically verified. Since inspection reports are not available, discrepancies, if any, could not be ascertained and reported.

   c) Title deeds of immovable properties were not produced for our verification.

2. **a) As per the information and explanation given to us, the Company has a system of periodical physical verification of inventory. However physical verification reports by various ARUs were not furnished for our verification. Hence we are not in a position to comment on whether the physical verification of inventory has been conducted at reasonable intervals by the management.**

   b) Due to non availability of physical verification reports we are not in a position to comment whether any material discrepancies were noticed on physical verification of inventory and if so, whether the same have been properly dealt with in the books of account.

3. As per the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.

4. As per the information and explanation given to us the Company has not advanced loans, given guarantees or security or made any investment in contravention of section 185 and/or section 186 of the Companies Act, 2013

5. According to information and explanation given to us, during the year, the Company has not accepted any deposit from the public within the provisions of Sections 73 to 76 of the Companies Act, 2013 and the directives issued by the Reserve Bank of India or any other relevant provisions of the Companies Act, 2013 and rules framed there under.

6. We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under subsection (1) of Section 148 of the Act and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the records with a view to determine whether they are accurate and complete.

7. **a) As per the information and explanation provided by the Company, the primary books of accounts are maintained at ARU level. Information regarding depositing of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and any other statutory dues with the appropriate authorities were not available at the Head Office level except for sales tax liability of ₹ 1.89 Lakhs and Works Contract Tax under Kerala VAT of ₹ 66.54 Lakhs accounted at Head Office which has been outstanding for a period of 6 months from the due date under applicable laws. Since the Company does not have a centralized system / records for the same, we are not in a position to comment whether the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and any other statutory dues with the appropriate authorities. Accordingly, the arrears if any of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable could not be ascertained and reported except for amount mentioned above.**

b) As per the information and explanation provided by the Company, the primary books of accounts are maintained at ARU level. Information regarding the dues of income tax, sales tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute were not available at the Head Office level, except for information provided to us and given below. Since the Company does not have a centralized system / records, we are not in a position to comment on the dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax, goods and service tax or cess which have not been deposited on account of any dispute. Accordingly, the amounts involved and the forum where dispute is pending could not be ascertained and reported. As per information and explanations provided to us the following statutory dues of the company which have not been deposited on account of any dispute are as follows:

Statute	Year to which dispute relates	Amount not deposited (₹ Lakhs)	Forum where dispute is pending
Income Tax Act	2001-02 to 2004-05	16,701.20	Supreme Court
Income Tax Act	2007-08	8,864.85	CIT (Appeals)
Income Tax Act	2008-09	6,803.98	Income Tax Appellate Tribunal

8. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or government. Debentures and interest on debentures amounting to ₹743.44 Lakhs has remained unclaimed and unpaid for a period of more than seven years from the date it became due for payment.

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanations given to us, term loans were applied for the purposes for which those were raised.

10. We have been informed that a separate department under the Chief Vigilance Officer is regularly investigating frauds and other irregularities involved in the Company's transactions. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. In view of exemption given vide Notification G.S.R.463(E) dated 5th June 2015 issued by Ministry of Corporate Affairs, provisions of Section 197 read with Schedule V of the Act regarding managerial remuneration are not applicable to the company.

12. The provisions of clause 3(xii) of the Order, for Nidhi Company, are not applicable to the Company.

13. As per the information and explanation given to us, in our opinion all transactions with the related parties are in compliance with the provision of section 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

14. According to the information and explanations provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

15. In our opinion and according to the information and explanation given to us the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.

16. In our opinion and according to the information and explanation given to us the Company is not carrying any activities which require registration under section 45-IA of the Reserve Bank of India Act, 1934.

For G Venugopal Kamath & Co	**For ISAAC & SURESH**	**For ANANTHAN & SUNDARAM**
Chartered Accountants	Chartered Accountants	Chartered Accountants
REGN. No.004674S	FRN-001150 S	FRNo.000148 S
Sd/-	Sd/-	Sd/-
RAVINATH R PAI, FCA	**SOBHA SETHUMADHAVAN, FCA**	**CA.HARIKRISHNAN.R.S, M.com, DISA, FCA**
PARTNER	PARTNER	PARTNER
M. No. 226547	M. No.225166	M.No.230338

Place: Thiruvananthapuram
Date: 29-09-2018

Annexure-II to Independent Auditors' Report

Referred to in Para 2(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of KERALA STATE ELECTRICITY BOARD LIMITED on the standalone financial statements for the year ended 31 March 2018.

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

We have audited the internal financial controls over financial reporting of **KERALA STATE ELECTRICITY BOARD LIMITED** ("the Company") as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system with reference to standalone financial statements and their operating effectiveness.

Our audit of internal financial control with reference to standalone financial statements included obtaining an understanding of internal financial control with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis for qualified opinion

<u>Property Plant and Equipment</u>

1. *The Company has not conducted physical verification of its fixed assets.*
2. *The scrap / sale of fixed assets are not shown as deletion of assets in the books of account.*
3. *There is no process for evaluation of impairment of assets.*
4. *The Company does not follow the recognition criteria given under Ind AS 16 for capitalisation of assets*

Qualified Opinion

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

In our opinion, the Company has, in all material respects, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the Company for the year ended 31st March, 2018 and the material weakness has affected our opinion on the said standalone Ind AS financial statements of the Company and we have issued a qualified opinion on the standalone Ind AS financial statements of the Company.

For G Venugopal Kamath & Co	**For ISAAC & SURESH**	**For ANANTHAN & SUNDARAM**
Chartered Accountants	Chartered Accountants	Chartered Accountants
REGN. No.004674S	FRN-001150 S	FRNo.000148 S
Sd/-	Sd/-	Sd/-
RAVINATH R PAI, FCA	**SOBHA SETHUM`ADHAVAN, FCA**	**CA.HARIKRISHNAN.R.S, M.com, DISA, FCA**
PARTNER	PARTNER	PARTNER
M. No. 226547	M. No.225166	M.No.230338

Place: Thiruvananthapuram
Date: 29-09-2018

Annexure III

The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of section 143(5) of Companies Act 2013 for the financial year 2017-18

Accordingly, we report that :

Directions under section143(5) of the Companies Act, 2013	Report	Impact in accounts and financial statements
If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) to be submitted, including the mode and present stage of disinvestment process	No disinvestment made by the company during the year	NIL
Details regarding any cases of waiver/ write off of debts/loans/interest etc; if yes, reasons thereof and amount involved.	During the financial year the company written off ₹ 810.84 lakhs and out of this ₹ 790.89 lakhs being receivables from HT/EHT consumers. In addition to that, liability of ex-employees amounting to ₹ 19.76 lakhs was written off during the year.	Due to lack of proper reconciliation with the ARUs for the amount written off, we are unable to comment on the impact of the same
Whether proper record are maintained for inventories lying with third parties & assets received as Gift from Government or other authorities.	The Company have a Supply Chain Management (SCM) software for inventory management. However, discrepancies are observed and have been reported under our Independent Auditors Report. With regard to the assets received as Gift from Government or other authorities, as we reported in our audit report, the title deeds of immovable properties were not produced for verification and proper fixed assets are not maintained.	The impact in accounts could not be ascertained due to lack of proper documents and explanations.

<table>
<tr>
<td>Age wise analysis of pending legal/ arbitration cases, including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.</td>
<td>As per the information submitted by the Company, Age wise analysis of cases pending before various Courts, Fora and Tribunals is shown below:

<table>
<tr><th>Period</th><th>No. of cases/ arbitration</th></tr>
<tr><td>Up to 2000</td><td>2995</td></tr>
<tr><td>2001 to 2005</td><td>2637</td></tr>
<tr><td>2006 to 2010</td><td>2946</td></tr>
<tr><td>2011</td><td>1352</td></tr>
<tr><td>2012</td><td>1459</td></tr>
<tr><td>2013</td><td>1548</td></tr>
<tr><td>2014</td><td>1447</td></tr>
<tr><td>2015</td><td>860</td></tr>
<tr><td>Total</td><td>15244</td></tr>
</table>

These cases are pending for hearing/disposal at the respective Courts, Fora and Tribunals. The company have a system for monitoring expenditure on legal cases.</td>
<td>Company has not furnished the supporting documents for the cases. As a result, the reliability of the estimated amount involved could not be ascertained. The Company has not provided for the same in the financial statements required if any.</td>
</tr>
<tr>
<td colspan="3"><u>Power Sector</u></td>
</tr>
<tr>
<td>Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the Company is encroached upon, under litigation, not put to use or declared surplus, details may be provided</td>
<td>As per the explanation received from the Company, the custodians of the land are exercising adequate steps to prevent encroachment of land owned by the Company (KSEB Ltd.).

According to section 3 of the Kerala Land Conservancy Act 1957 & the Kerala Land Conservative Rules 1958, land belonging to KSEB shall be deemed to be property of the Government. But at the</td>
<td>Since the consolidated details of litigations pending before various courts regarding the encroachments are not available at Head office level , the impact of the same could not be detailed.</td>
</tr>
</table>

	same time, officers of KSEB are still not empowered under the provisions of Rule 3(b) of the Kerala Land Conservancy Rules, 1958 which empowers an officer who is authorised under section 15 of the Act with all or any of the powers conferred on Collector under the Act. Considering the essential need to empower the officers of KSEB and bring under the ambit of the provisions of Rule 3(b) of the Kerala Land Conservancy Rules 1958, KSEB had approached the Government for issue of a notification in this regard which is yet to be issued. Steps have been initiated for issue of the said notification through follow up action by KSEB Ltd. The matter has been brought to the attention of the Honourable Electricity Regulatory Commission vide letter dated 26.09.2017 & before the Principal AG of Kerala in its meeting held on 27th June 2017. The consolidated details with respect to the litigation pending before various court regarding encroachments are not available at Head office level. However no land owned by KSEBL has been declared as "Surplus".	
Where land acquisition is involved in setting up new projects, report whether settlement of dues were done expeditiously and in a transparent manner in all cases. the cases of deviation may please be detailed	As explained by the company, being fully owned by Government of Kerala, there is an effective mechanism for Land acquisition . Land acquisition is involved in setting up of new hydro electric projects. The private land required for the project was purchased through	NIL

	negotiation. For this, the Government had constituted District Level Negotiated Purchase Committee (DLPC) with District Collector as the Chairman of the committee. The committee will recommend reasonable land value duly considering the land value of the area after negotiation with land holders/ owners of land. The claims are settled expeditiously by the company and in a transparent manner as per the decision taken in DLPC meetings. As per the information and explanation given by the Company there is no deviation during the year 2017-18.	
Whether the Company has any effective system for recovery of revenue as per contractual terms and the revenue is properly accounted for in the books of accounts in compliance with the applicable Accounting Standards	The Company have an effective system for recovery of revenue as per contractual agreement except from Government departments, Medical colleges High security areas, police stations etc. Though Company properly accounts the same in the books of accounts in compliance with the applicable accounting standards, the discrepancies observed by us have been reported in our Independent Auditors' report.	NIL
How much cost has been incurred on abandoned projects and out of this how much has been written off?	As per the explanation received from the Company, no cost has been incurred on abandoned projects during the financial year	NIL

GENERATION

In the cases of Thermal Power Projects, compliance with the various Pollution Control Acts and the impact thereof including utilization and disposal of ash and the policy of Company in this regard, may be checked and commented upon.	As explained by the Company, KSEBL owns two thermal stations based on LSHS at Brahmapuram and Kozhikode. As per the direction of the state and Central pollution control Boards, online pollution Monitoring system should be installed at these stations. The installation of online monitoring system has been completed at both the stations and the system was commissioned at KDPP on 26.12.2017 and BDDP on 22.08.2017. KSEBL has no coal fired thermal power plants.	NIL
Has the Company entered into revenue sharing agreements with private parties for extraction of coal at pitheads and if so, whether they adequately protect the financial interests of the Company?	No, the Company has not entered into revenue sharing agreements with private parties for extraction of coal at pitheads	NIL
Does the Company have a proper system for reconciliation of quantity/ quality of coal ordered and received and whether grade of coal/moisture and demurrage etc., are properly recorded in the books of accounts?	The Company has no coal fired thermal power plants	NIL
How much share of free power was due to the State Government and whether the same was calculated as per the agreed terms and depicted in the accounts as per accepted accounting norms?	There is no such agreements and these norms are not applicable to the Company	NIL
In the case of Hydroelectric Projects whether the water discharges is as per policy/guidelines issued by the State Government to maintain biodiversity. Cases of deviation and penalty paid/ payable may be reported.	As per the explanation from the Company, as regards the Hydroelectric Projects, The Kerala State has formulated the “Kerala Irrigation and Water Conservation Act, 2003”	NIL

	which imposes restrictions on regulating the flow of water downstream by the construction of structures. Prior clearance from state Government is obtained for implementing the scheme including usage of water resources. MoEF&CC while according environmental clearance is also stipulating the average minimum flow to be maintained in the river during the lean months. These policies and guidelines to maintain the biodiversity is informed to be strictly followed in the preparation of detailed project report for the scheme and no deviation and penalty paid in this regard during the Financial Year 2017-18. It has been informed that KSEBL is familiar with all statutory laws pertaining to the development of hydro electric project issued by CEA/MoEF. Environmental auditing undertaken by the Principal Accountant General in report has not pointed out any statutory lapses by KSEBL for the financial year 2017-18.	NIL
TRANSMISSION		
Is the system of power commensurate with power available for transmission with the generating Company? If not loss, if any, claimed by the generating Company may be commented.	As explained by the company, the transmission network of KSEBL is capable of transmitting the power generated within the state. However, as per the information available from the Company, there are	NIL

	constraints due to severe line loading limitation for evacuating power generated from Kakkayam HEP under full dispatch condition, thereby leading to loss of generation from Kakkayam HEP. As of now, power to the extent of 40 MW is occasionally getting stranded under full dispatch condition in the Kakkayam complex. However no loss is claimed by the Generating Company.	
How much transmission loss in excess of prescribed norms has been incurred during the year and whether the same has been properly accounted for in the books of accounts?	Percentage loss fixed by KSERC for the transmission sector is 4.5% max and as explained by the company, the value of transmission loss for the Company is less than the prescribed value.	Due to lack of proper explanation or documents , the impact of the same in the accounts could not be detailed.
Whether the assets constructed and completed on behalf of other agencies and handed over to them has been properly accounted for in the financial statements.	As per the observations during the course of audit and explanation from the Company, the assets constructed and completed on behalf of other agencies and handed over to them on completion does not form part of the assets of KSEBL. Hence Company has not capitalized the same in the financial statements. However , the assets created out of contribution and work deposits are capitalized and properly accounted in the financial statements except for the qualifications made in our audit report.	The impact in the accounts couldnot be ascertained due to lack of proper documents explanation.

DISTRIBUTION		
Has the Company entered into agreements with franchise for distribution of electricity in selected areas and whether the revenue sharing agreements adequately protect the financial interests of the Company?	As informed by the Company, Distribution of electricity under franchisee system is not in vogue in Kerala and hence the query is not applicable to KSEBL.	NIL
Report on the efficacy of the system of billing and collection of revenue in the Company.	As informed to us, the Company has attained 100% Consumer billing. In general all services are disconnected soon after the disconnection date, if the dues are not paid within that time. However, considering the social obligation it is always not possible to disconnect the services to Drinking water Supply Schemes, Government Hospitals, High security area ,Police station etc.	NIL
Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing is ensured.	As informed to us, the Company is directly supplying electricity to 99% of the consumers in the state. At present, the Company caters to the consumer base of 124 Lakhs and these consumers, who are spread over every nook and corner of the state under 771 Electrical sections, are all provided metered supply. The Company has been procuring energy meters as per the prevailing BEE/IS standards. The amendments in metering standards and regulations are being incorporated in the subsequent purchase	NIL

orders. At present, the Company is procuring only good quality energy meters having tampering indicators. These meters are capable of displaying the parameters viz. present status of abnormality, number of tamper events, latest tamper details(with date time and duration) related to phase sequence reversal, by passing of current coil, missing potential, current reversal in current coil, magnetic tamper and cover open etc.

We are informed that the Company has been taking necessary steps to replace all faulty meters including old and sluggish mechanical meters with electronic meters. For this the Company have purchased 15.06 lakhs single phase meters and 70000 three phase meters and 11.84 lakhs single phase meters and 52840 three phase meters were replaced during the year 2017-18. Further, Purchase orders for procuring 9.07 lakhs single phase meters and 1.03 lakhs three phase meters were placed additionally during 2017-18. Tendering process of procuring 6 lakhs single phase meters and 70000 three phase meters is now in progress. Directions have been given to the field officers to replace all the defective meters on a war footing. The old meters in the system are also being replaced in phased manner.

	However, in order to ensure that consumers are not resorting to unfair means, the field officers are regularly inspecting the consumer premises during the site inspections and corrective actions are taken expeditiously.	
Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	As informed to us the Company recovers and accounts the fuel surcharge ordered to be recovered from consumers by the KSERC. Approval of Fuel surcharge is granted in line with the MYT Tariff Regulations notified by Kerala State Electricity Regulatory Commission in 2014. During the year 2017-18, KSERC approval was not received for the recovery of fuel cost adjustment.	Due to lack of proper explanation or documents ,the impact of the same in the accounts could not be detailed.
Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference, if any, may be examined.	KSEB Ltd functioning as a single utility in the state of Kerala. Generation, transmission and distribution of electricity done by the KSEB Ltd hence the reconciliation between these segments is irrelevant. However, the Company has inter unit transactions between the Generation, transmission and distribution units, which remains unreconciled as on 31st March 2018.	The Company has not reconciled the inter unit transactions amounting to ₹ 4285.64 lakhs as on 31st March 2018.

Whether the Company is supplying power to franchisees? If so, whether the Company is supplying power to franchisees at below its average cost of purchase?	As informed to us the Company does not have a system of distribution of power through franchisees. The query is not applicable.	NIL
How much tariff roll back subsidies have been allowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Government? Shortfall, if any, may be commented.	Section 65 of the Electricity Act 2003 deals with tariff subsidy. As informed by the company, the subsidy extended to the consumers is netted off periodically against the sums payable to the Government by KSEBL. During the financial year 2017-18 an amount of ₹ 391.67 crores is booked as subsidy in this account.	NIL
	Service Sector	
Whether the Company's pricing policy absorbs all fixed and variable cost of production and the overheads allocated at the time of fixation of price?	(i) As per section 43 of the Electricity Act, 2003, distribution licensees are cast upon with universal supply obligation and section 45 confers power to recover charges for the supply of electricity. However, section 62 empowers State Electricity Regulatory Commission to determine tariff. For this purpose, State Electricity Regulatory Commission shall notify the Terms and Condition for determination of Tariff under section 61 of the Act. (ii). Hon'ble KSERC, initiated suo moto determination of tariff for 2016-17 and 2017-18. In order to facilitate the process, KSEBL had submitted estimated ARR & ERC containing expected revenue	The impact in accounts could not be acertained due to lack of proper documents/ explanation,

	and expenditure and revenue gap for the these years, prepared in accordance with the provisions of Electricity Act 2003, provisions in National Electricity Policy and National Tariff Policy, Tariff Regulation notified by the KSERC etc. The revenue gap estimated by KSEBL was ₹ 2498.47 crores and ₹ 2714.31 crores respectively for 2016-17 and 2017-18. After accounting for the entire fixed and variable cost of production and over heads. (iii) KSERC as per order dated 17th April 2017 has approved a revenue gap at ₹ 400.12 crores for the year 2016-17 and revenue surplus of ₹ 490.92 crores for 2017-18. Hon'ble Commission has also approved tariff revision fetching an additional revenue of ₹ 550 crores annually and thereby allowing recovery of a portion of past approved and un-bridged revenue gap to the tune of ₹ 1040.92 crores, after adjusting the approved surplus of ₹ 490.92 crores for 2017-18.	
Whether the Company recovers Commission for work executed on behalf of Government/other organizations that is properly recorded in the books of accounts? Whether the Company has an efficient system for billing and collection of revenue?	The company is collecting supervision charges for the work executed on behalf of Government/other organization and a proper mechanism exist for recording in the books of accounts. As informed, the Company has an efficient system for billing and collection of revenue.	NIL

Whether the Company regularly monitors timely receipt of subsidy from government and is properly recording them in its books?	As per explanation by the Company, the receipt of subsidy have been properly monitored. No records or registers were made available to verify the capital and revenue subsidies received by the Company during the year under audit. Hence we are not in a position to report whether the recording of the same by the Company is correct or not	The impact cannot be ascertained as the subsidy received have financial impact over many previous years.
Whether interest earned on parking of funds received for specific projects from government was properly accounted for?	Yes, Interest earned on parking of funds received for specific projects from government was properly accounted.	NIL
Whether the Company has entered into Memorandum of Understanding with its Administrative Ministry, if so, whether the impact thereof has been properly dealt with in the financial statements.	As explained by the Company, the Company has executed tripartite agreement amongst Nodal Agency, State Government and Government of India for undertaking and agreeing the stipulated roles / responsibilities as per provisions of the scheme guidelines.	NIL
OTHER		
Examine the system of effective utilization of Loans/Grant-in-Aid/ Subsidy. List the cases of diversion of funds.	Details of Grants/Subsidies/ Contributions received and utilized during the year were not furnished for our verification. Hence we are not in a position to report whether there exists an effective system for the utilization of Loans/Grant-in-aid/subsidy.	Due to lack of proper explanation or documents , the impact of the same in the accounts could not be ascertained.

Examine the cost benefit analysis of major capital expenditure/expansion including IRR and payback period.	As explained by the Company, the cost benefit analysis of major capital expenditure/ expansion including the IRR and pay back period of projects are carried before the implementation of such projects.	NIL
If the audited entity has computerized its operations or part of its, assess and report, how much of the data in the Company is in electronic format, which of the areas such as accounting, sales personnel information, pay roll, inventory etc. have been computerized and whether the company has evolved proper security policy for data/software/ hardware?	The company is working in the computerized environment. There is a separate department under the Chief engineer (IT) to supervise the computerization. ORUMA software used for revenue billing and its collection. SARAS software used for the accounting all income and expenditure of the company through the real time accounting. Supply Chain Management (SCM) software used for the inventory management and HRIS software for the all employee related matters such as payroll, incumbency etc. Now all these software are working in the independent platform. We are informed that action is being taken to bring all these software in a single platform.	NIL

For G Venugopal Kamath & Co	**For ISAAC & SURESH**	**For ANANTHAN & SUNDARAM**
Chartered Accountants	Chartered Accountants	Chartered Accountants
FRN. 004674S	FRN-001150 S	FRNo.000148 S
Sd/-	Sd/-	Sd/-
RAVINATH R PAI, FCA	**SOBHA SETHUMADHAVAN, FCA**	**CA.HARIKRISHNAN.R.S, M.com, DISA, FCA**
PARTNER	PARTNER	PARTNER
M. No. 226547	M. No.225166	M.No.230338

Place: Thiruvananthapuram
Date: 29-09-2018

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Independent Auditors' Report

To the Members of KERALA STATE ELECTRICITY BOARD LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of KERALA STATE ELECTRICITY BOARD LIMITED ("hereinafter referred to as "the Holding Company") and its associates and its joint ventures (together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of theconsolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associates and its joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

The respective Board of Directors of the Holding Companies included in the Group and of its associates and its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified Opinion

1. *In respect of Note 2 to accounts: "Property, Plant and Equipment"- Intangible Assets.*

a) As per Appendix-III of CERC Notification No L-1/153/2014/CERC, 'Softwares' are subject to a depreciation of 30%. Instead the Holding Company follows the practice of pooling Software along with item 'IT Equipment' which has a depreciation rate of 15%.

   During the year, the Holding Company has ascertained an amount of ₹ 815.89 Lakhs as the development and implementation cost of software which has been included under Note No. 3- Capital Work in progress as Revenue expenses pending allocation over capital works.

   This is not in conformity with the Indian Accounting Standard (Ind AS) 38 – Intangible Assets.In the absence of requisite details, we are unable to verify the correctness of the said amount and the impact of the above on the depreciation/amortisation.

b) ‘Deferred Coston Account of Feasibility/Survey’ amounting to ₹ 10,557.28 Lakhs being cost of projects of Holding Company not yet sanctioned and accumulated over the years has been wrongly classified under Note No.7- Other Non Current Assets, which is not in accordance with Ind AS 38 – Intangible assets and Ind AS 16- Property Plant and Equipment. As the statuses of these projects are yet to be ascertained, we are unable to comment the impact thereof on the Consolidated Financial Statements.

c) Property Plant and Equipment and capital work in progress:

A. Depreciation on additions to fixed assets of Holding Company, except for capital works in progress capitalized, is charged in the year in which it was purchased/ commissioned without considering **date on which** the asset is ready for use. This is not in conformity with Ind AS -16 on “Property, Plant and Equipment”, leading to understatement of Property, Plant and Equipment and overstatement of depreciation and loss for the year; However due to lack of necessary information, the impact of the same cannot be quantified.

B. As per Ind AS 16-Property Plant and Equipment, the asset should be recognized if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

The Holding Company has capitalized ₹12592.87 Lakhs on 31/03/2018 in distribution units visited by us without considering above criteria forrecognition of assets. Also on verification of the transmission and generation units visited by us and as per the representation received, it was found that the capital work in progress has been capitalized as and when ‘Commissioned’ without considering the above criteria.

Further, we are not in a position to quantify the same and the impact of the above on the depreciation.

C. (i) On verification of bills submitted during the course of audit of Holding Company it was found that thecapitalization was delayedfor assets, amounting ₹2290.80 Lakhs including the assets to be capitalized under RAPDRP and DDUGJY scheme, which have already satisfied the recognition criteria specified in Ind AS 16 in previous years. Capitalization has been delayed in various projects and hence there is a corresponding impact in depreciation, fixed assets, Capital work in progress and current liabilities for capital assets during the previous years which cannot be quantified.

(ii) Based on the submitted bills and units visited by usduring audit of Holding company, we observed that,during 2017-18 certain assets satisfy the criteria for recognition, in compliance to Ind AS 16, but has not capitalized an amount of ₹203.22 Lakhs including the assets to be capitalized under RAPDRP and DDUGJY scheme.Capitalization has been delayed in various projects and hence there is a corresponding impact in depreciation, fixed assets andcapital work in progress for capital assets during the year which cannot be quantified.

(iii) In units of Holding Company visited by us, revenue expenditure amounting to ₹ 524.38 Lakhs has been capitalized; resulting in overstatement of assets and understatement of expenditure and the consequent impact on depreciation could not be quantified.

(iv) In units of Holding Companyvisited by us, the capital expenditure amounting to ₹ 22.03 Lakhs has been charged to the revenue, resulting in understatement of assets and overstatement of expenditure and the consequent impact on depreciation could not be quantified.

D. In ARU 310, Electrical Circle,Kozhikode of Holding Company,the solar plant has been wrongly classified and capitalized under account code 10205 – Buildings amounting to ₹450 Lakhs, which is not in compliance to Ind AS 16. This has resulted in overstatement of building and understatement of plant and equipment. This impact on depreciation of corresponding assets cannot be quantified due to lack of details.

E. As per Ind AS 16 –'Property Plant and Equipment', an asset should be capitalized on satisfying the criteria for recognition, considering all elements of cost. However,the unitshave capitalized the solar equipments purchasedunder KSEB (REES) only to the extent of part payment made to the suppliers, which has resulted in understatement of asset and current liabilities.Since proper details for verification have not been submitted by the Holding Company, the impact of understatement of asset and liabilities and depreciation thereon cannot be quantified.

F. As per the letter No. Annual Accounts 9/ capitalization /2017-18, in ARU 307, Electrical Circle, Ernakulamof Holding Company has capitalized an amount of ₹406.75 Lakhs being interest and finance charges and other expenses apportioned and proportionate advertisement expenditureunder asset- Lines and Cables without considering the recognition criteria in Ind AS 16. We observed that, the ARU has not capitalized any assets during the year except the general purpose assets.

Similarly in ARU 204 of Holding Company, an amount of ₹ 26.74 Lakhs has been allocated to land which has resulted in overstatement of land and understatement of other assets.

The accounting treatments is not in compliance to Ind AS 23 on Borrowing Cost and Ind AS 16 on Property Plant and Equipment, results in over valuation of assets and corresponding depreciation.

G. During the year, ARU 214 and ARU 203of Holding Company capitalized amount of ₹ 2275.56 Lakhs and ₹3227.42 Lakhs respectively for which no necessary details and supporting documents have been submitted for verification. Hence, we are not in position to comment on the capitalization of the said assets.

H. Attention is invited to Note No. 3 - Capital Work in Progress, which includes revenue expenses pending allocation amounting to ₹ 40,243.99 Lakhs. The Holding Company has capitalized borrowing cost on weighted average basis without considering the daily balances of the loans and borrowings held by the Holding Company. The Holding Company has also not allocated specific borrowing costs applicable to specific projects as required in Ind AS 23- Borrowing cost. Further, the Holding Company does not cease to capitalize borrowing costs upon date when the qualifying asset is ready for intended use which is also not in compliance to Ind AS 23. Due to lack of necessary information, we are unable to comment on the capitalization of the amount and depreciation thereon.

An amount of ₹ 23,496.41 Lakhs has been capitalized by the Holding Company out of revenue expenses pending allocation during the year without considering of the extent the work already completed or ready to use. The details such as the basis of capitalization, the block under which the same has been capitalized, depreciation provided on the same etc. were not made available for our verification.Out of the above ₹ 1705.86 Lakhs relates to administration and general overheads and ₹ 132.74 Lakhs relates to advertisement. However, the capitalization of administration and general overheads and advertisement are not in compliance to Ind AS 16.As a result, property plant and equipment are overstated by ₹ 1838.60 Lakhs and Loss / Reserves are understated by ₹ 1838.60 Lakhs.

I. As per the Accounting policy, the Holding Company allocates Employee cost, interest and financial costs of various units to “Revenue expenses pending allocation over capital works” on the basis of a specified ratio identified by the Holding Company. However, the Holding Company has not considered an amount of ₹ 1,660.37 Lakhs being ‘Employee cost relating prior periods short provided’ and ₹ 900 Lakhs being DA arrear provided during current year while allocating the employee cost. This has resulted in understatement of Capital Work in progress and over statement of expenditure and loss amounting to ₹ 2560.37 Lakhs.

J. Title deeds of immovable properties of the Holding Company were not produced for our verification.

K. As per paragraph 8 of Ind AS 16, Property, Plant and Equipment, items such as spare parts are to be capitalized in accordance with recognition criteria, when they meet the definition of ‘property, plant and equipment’. Since the required details are not available in respect of the Holding Company, we are not able to quantify the impact of the same in the Consolidated Financial Statements.

L. As pernote to accounts no 34.1 &34.12(i), the opening balance sheet for the Holding Company as on 01/11/2013, has been adopted as per the Re-vesting second Transfer (Amendment) scheme (Re-vesting) 2015.The Holding company has not considered increase in the value of plant and machinery as a result of such restatement amounting to Rs. ₹ 10,71,199.95 Lakhs while computing depreciation. The disclosure made by the Holding Company regarding the accounting treatment of above assets and liabilities is incomplete.

M. As per the units visited by us and their explanations, the Units of Holding Companyhave capitalized the entire material issued and consumed in various projects without considering the recognition criteria in compliance to Ind AS 16. The accounting treatment thus resulted in over statement of the property plant and equipment for the year 2017-18.In the absence of necessary information we are unable to comment the impact thereof on the Consolidated Financial Statements.

d) Sale, deletion or decommissioning of asset:

i) The Holding Company has a system of accounting sale of Property, Plant and Equipment either in miscellaneous receipts or in sale of scrap without giving effect to the fixed assets ledger. The Holding Company has also not disclosed the details of deletions and decommissioning during the year. Thus the accounting treatment is found not in compliance to Ind AS 16-Property, Plant and Equipment. In the absence of required information we are unable to quantify the impact on Property, Plant and Equipment, Depreciation for the year and Other Income.

ii) As per Agenda no -34-2-7/2017 of Board of Directors meeting held on 27/07/2017 of Holding Company had decided to sell the dismantled materials of Eranad Lines Package- A and Northern Region HTLS Package- B of trans grid 2.0 to Sterlite power transmission ltd for an amount of ₹1093.12 Lakhs and as per Agenda no 15-01/2018 Holding Company had decided to sell the dismantled materials of Kochi lines Package to L&T Ltd. for an amount of ₹ 1007.10 Lakhs. As per the information available, TheHolding Company accounted the same as sale of scrap instead of showing as deletion of fixed assets which has resulted in overstatement of fixed assets and miscellaneous income of ₹ 2100.22 Lakhs and overstatement of depreciation. Due to lack of detailed list of dismantled items we are not in a position to quantify the depreciation amount.

2. The Holding Company has not complied with Ind AS 36- Impairment of Assets.Due to lack of necessary information we are not in a position to quantify the impact.

3. As per Ind AS 105-'Non Current Assets held for sale and Discontinued Operations',the non-current assets recognized as scrap should be separately disclosed. We observed that, the Holding Company has not complied with the Ind AS, with regard to the assets recognized as scrap and to be held for sale.Due to lack of necessary information we are not in a position to quantify the impact of the same.

4. (a) In Note No.5 'Non Current Assets - Financial Assets – Loans'-includes an amount of ₹5250 Lakhs being Interest bearing loan to Energy Management Centre. The Holding Company has provided interest for the period 2010-11 and 2011-12 amounting to ₹ 476.90 Lakhs and ₹ 697.16 Lakhs respectively. The Holding Company has not provided interest on this loan henceforth, as there is an uncertainty in the realization of interest. As per the terms and conditions, the loan is repayable by Energy Management Centre only if the Certified Emission Reduction is available from UNFCC to obtain Carbon credit. As per the information available from the management, Energy Management Centre has not obtained carbon credit as on date. Hence

there is uncertainty in the realization of this advance. However, no provision has been created for this balance, including the interest, which is doubtful of realization. As a result, non-current assets is overstated and loss for the year is understated by ₹ 6424.06 Lakhs.

(b) Note No:7 Other Non Current Assets includes 'Capital Advances Others' amounting to ₹ 10,896.01 Lakhs for which sub-schedule of various works, Stage of completion of works etcof Holding Company were not furnished for our verification. Due to lack of necessary information, we are unable to quantify the impact of the same in the Consolidated Financial Statements.

5. The amounts and balances lying under Non Current Financial Liabilities - Borrowings (Note No 15), Other Non Current liabilities (Note No 18), Trade Payables (Note No 20), Non Current- Other Financial liabilities (Note No 16),Current - Other Financial Liabilities (Note No 21), Trade receivables (Note No 9), Non Current Assets - Financial Assets - Loans (Note No 5), Non Current Assets - Other Financial Assets (Note No6), Other non-current assets (Note No 7), Other current assets (Note No 12) are subject to confirmation and reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible losses which may arise on account of non-recovery or partial recovery of such dues could not be ascertained. Hence, we are unable to comment the impact thereof on the Consolidated Financial Statements.

6. Account Code : 226 Material Stock and related accounts as on 31/03/2018

a. Attention is invited to Note 8 Inventories, The Holding Company has not provided for damaged/ obsolete and slow moving items and goods as per Ind AS 2 on 'Inventories'. Due to lack of necessary information, we are unable to quantify the impact of the same in the Consolidated Financial Statements.

b. Attention is invited to Accounting Policy No.1.10, that the Holding Company changed the accounting policy on Inventory from 01/07/2017. The Holding Company has not complied with the disclosure requirements as per Ind AS 8-'Accounitng Policies, Changes in Accounting Estimates and Errors'inregard to the effect of the change in the Consolidated Financial Statements.

c. Based on the unitsvisited by us, we observed that there is no uniformity in accounting of inventory including LED Bulbs. In certain units, the closing balances of inventory are negative and LED bulbs are valued at Selling Price. We have also observed that there is difference in stock balance as per confirmation and Trial balance in respect of units visited by us. For instance, we observed a difference of ₹ 42.83 Lakhs in ARU 211, ₹ 7.05 Lakhs in ARU 103 and ₹ 156.47 Lakhs in ARU 203. Hence, we are not able to quantify the impact of the valuation of inventory in Compliance with Ind AS-2-Inventories.

d. The management of Holding Company follows the procedure of physical verification of stock periodically by the dedicated team in the O/o the Chief Engineer (SCM). However physical verification reports by various ARUs of Holding Companyhave not been submitted to us to confirm whether stock valuation isin compliance to Ind AS 2. Hence, we are not in position to comment on the impact on the accounts resulting on the physical stock verification for any unaccounted stock, stock to be converted as held for sale etc.

7. a) Other Current Assets(Note 12) read with note 34.12 (f) regarding Inter Unit Balance amounting to ₹ 4,285.64 Lakhsof Holding Company. The said balance is subject to reconciliation and further adjustments, the effect of which on the financial results of the Holding Company is not ascertainable.

b) Note No 12 'Other current assets' includes ₹ 942.16 Lakhs 'Interest accrued but not due' and Note No 6 'Non Current Assets' includes ₹ 106.10 Lakhs 'Other Deposits Sundry Receivables' at ARU 999 for which the Holding Company has not furnished necessary details. In the absence of necessary details, we are unable to comment upon the impact of these items.

8. Cash and Cash Equivalents

A. The Holding Company is not following the prudent business practice of accounting 'Cheque received not deposited in Bank' as balance with Bank.On verification of units visited by us an amount ₹18.57 Lakhs,being cheque received but not deposited,was disclosed as Cash in Hand. This has resulted in overstatement of Cash in Hand and understatement of bank balances as on 31/03/2018.

B. ARU 371, Electrical Division, Alappuzha of Holding Company

i. The actual cash balance as on 31/03/2018 was ₹7.43 Lakhs. But as per the financial statements the Cash balance is 'Zero'thus resulting in understatement of Cash in Hand and overstatement of Bank Balances.

ii. The Holding Company has not accounted for an amount of ₹ 1.05 Lakhs which has been lost by theft, resulting in over valuation of cash in hand and understatement of expenditure.

C. Bank Accounts

Bank balances includingE- payment accounts, Akshaya e Pay collection accounts and certain bank accounts maintained at Head Office, ARU's and other offices of Holding Companyare subject to confirmation and reconciliation.

9. AGEING SCHEDULE

i. The reconciliation for ageing analysis of trade receivables were not submitted for our verification. Hence, we are unable to comment on the recoverability of receivables and the provision thereon.

ii. In the case of ARU 954-"Special Officer Revenue"of Holding Company- Debt Collection Balance and Debtors net balance as per accounts under account code 23 shows a difference of ₹3,189.94 Lakhs. The difference has not been properly explained. Due to lack of information we are unable to quantify the impact on provisioning for the debtors.

10. **Rent Receivable:** We observed thatthe rent receivable has not been accounted on accrual basis at certain units of Holding Companyvisited by us. The accounting treatment is thus found not in compliance to Ind AS 18- Revenue. Due to lack of necessary details, we are not in position to quantify the amount.

11. As per the scheme 'Pooled power purchase – solar energy', the Holding Company purchases power from the grid connected consumers, supplying solar power. We observed that, the power purchase under this scheme has not been accounted on accrual basis during the year 2017-18 as per Ind AS-1.Due to lack of necessary details, we are not in position to quantify the impact on the Consolidated Financial Statements.

12. Compensation for injuries Death etc.

The ARU 326, Electrical Division, Kattakkada of Holding Company, has paid ₹ 2 Lakhs for two parties as ex-gratia out of their eligibility of ₹ 5 Lakhs each. The balance expenditure has not been accounted on accrual basis during the year 2017-18 as per Ind AS-1. Thus, the Current liabilities and expenditure are undervalued by ₹ 6 Lakhs.

13. Goods and Services Tax (GST)

Based on our visit in various units of Holding Company, the unit-wise details of Goods and Service Tax collected and its subsequent remittance were not found proper and reconciled. Hence, we are unable to comment on the correctness or otherwise in regard to the collection, remittance, input tax credit, liability under reverse charge mechanism and payable amount with respect to GST. The financial effect of the same cannot be quantified due to lack of information.

14. We observed, that inARU 299, Electrical Circle, Shornur of Holding Company -the interest in Saving Bank account for Fund from REC-RGGVY which is refundable to REC, shows a debit balance of ₹16.07 Lakhs.On verification,the liability has not been provided in the accounts on accrual basis as per Ind AS-1. Due to lack of information, we are unable to quantify the same.

15. Account Code 47 and Account code 55 :

A. As per the accounting procedure, the deposit collected (account code 47) should be accounted as Grant under Consumer contribution (account code 55) based on the work completed or corresponding asset creation. Based on our audit in the units visited by usof Holding Company, we observed that, certain ARUs have not transferred the deposit to Grant under Consumer contribution and this may also have an impact on amortization of grant.

Since the Holding Company is undertaking work for specified large projects under 'work deposit' basis and no information is readily available with the Holding Company with respect to deposit received, work completed, date of completion, balance payable / receivable etc, we are not in position to comment on correctness of the deposit held by the Holding Company as 'work deposits' and the balance to be transferred to Grant.Due to lack of information, we are unable to quantify the same.

B. In ARU 301, Electrical Circle,Thiruvananthapuram of Holding Company and in ARU 954 SOR, grant shows debit balance of₹ 238.11 Lakhs and ₹ 1497.35 Lakhs. In the absence of necessary details, we are unable to quantify the impact on the Consolidated Financial Statements

16. The Holding Company has disclosed an amount of ₹ 35,832.26 Lakhs asDisputed Income-tax Matters (Note No 34.2)under Contingent Liabilities. Out of the same, we have not received details regarding disputed tax liability of ₹ 3462.23 Lakhs.

17. On verification of Financial Statements of Associates, it was found that, there was loss for three consecutive years including current year in Baitarni West Coal Company Ltd and it has abandoned its project. However, the Holding Company has not provided and disclosed provision for impairment, if any, as per Ind AS 28.

18. Receipts from maintenance charges for poles from Cable TV operators:

a. Based on the observation on audit of unitsof Holding Company, the receipts from maintenance charges for poles from Cable TV Operators are not accounted on accrual basis in compliance to Ind AS 18- Revenue. However due to lack of information, we are unable to quantify the impact on the Consolidated Financial Statements.

b. On verification of accounts, the pole rent receipts include interest portion for the delayed receipts. The interest receipts should be separately accounted. The amount could not be quantified as no details are submitted by the Holding Company.

c. The Holding Company has not provided information regarding dispute settlement with cable operators regarding income from pole rent, balance amount receivable and amount written off, if any, as decided in Board meeting dated 12-4-2017. Due to lack of information, we are unable to quantify the impact on the Consolidated Financial Statements

19. The Holding Company follows the practice of providing interest on closing balance of customer deposits. We observed that, the provision created in preceding years amounting to ₹ 33082.44 Lakhs has been accumulated and no adjustment has been made in the Consolidated Financial Statements. In the absence of necessary details, we are unable to comment upon the same.

20. Accounting treatment of LED Bulbs

a) Trading of LED Bulbs to the customers is different from the normal business activity of the Holding Company. Hence,theHolding Company should disclose the purchases, Sales and Closing Stock separately in Consolidated Statement of Profit and Loss.

b) The Holding Company is not following the accrual basis of accounting while accounting expenses relating to purchase of LED bulbs which is not in conformity with Ind AS 1.Due to nonavailability of necessary information the impact of the same cannot be quantified.

c) Based on the verification of the accounts of units visited by usof Holding Company, it was found that the purchase of LED Bulbs amounting to ₹ 320.19 Lakhs relating to prior period is accounted as current year expenditure which is not in compliance with Ind AS 8 – 'Accounting Policies, Changes in Accounting Estimates and Errors'.

21. The impact of comments made by C&AG, the statutory auditors and errors or omissions for the previous years has not been adjusted in accordance with Ind AS 8-Accounitng Policies, Changes in Accounting Estimates and Errors. We are unable to quantify the impact of the same in the financial statements due to lack of necessary details.

22. In ARU 954,as per the agreement no.28/17-18 dated 25/09/2017 M/s Philips Carbon Black Ltd. is liable to pay the interest at the rate of 12% per annum based on actual delay from the due date up to a period of 30 days and thereafter at the rate of 18% per annum for the entire period of default from the due date.However as per the explanation from the Holding Company the entire payable accounted has been revised by the management and the due amount has been restated. Due to lack of proper details, we are unable to quantify the impact in the Consolidated Financial Statements.

23. We observed that, at ARU 954of Holding Company,interest on demand on sale of poweramounting to ₹8.97 Lakhs was not accounted in compliance to Ind AS 18 resulting in understatement of interest income and receivables.

24. As per 35th Board Meeting held on 15th November,2017 Board of Directors of the Holding Company decided for the one time settlement of recovery of arrear rent from occupants of Board Quarters at various locations. However, no effect has been given in the Consolidated Financial Statements which is not in compliance to Ind AS 18. Due to lack of necessary information we are not in a position to quantify the impact on the Consolidated Financial Statements.

25. As per decision of Board of Directorsof Holding Company, price escalation has been sanctioned for the works of Bhoothathankettu Small Hydro Electric Project. Due to non availability of necessary information, we are unable to comment upon the financial effect of the same, if any.

26. The Holding Company has not revalued bonds at fair value issued to KSEB Master Trust amounting to ₹ 11,23,929 Lakhs which is in not in conformity with Ind AS 109. Similarly, the other financial assets and liabilities including loans / deposits have also not been recognized at fair value. Further, the Company has revalued 'Loan from REC - various schemes' (Note No 15) incorrectly resulting in negative balance of ₹ 47.06 Lakhs for the loan.Due to lack of necessary we are unable to quantify the impact of the same in the Consolidated Financial Statements

27. One of the Associate companies, Baitarni West Coal Company Ltd, has shown an amount of ₹ 1307.89 Lakhs under "other financial liabilities" against the name of three promoter companies

including KSEB Ltd for an amount of₹ 435.96 Lakhs each. No corresponding entry has been made in the books of KSEB Ltd.

28. Transactions between Holding Company and the Associates have not been disclosed properly. Confirmation of balances and reconciliation among the Holding Company and Associates also is not available for verification. In the absence of full information we are unable to comment on the impact on of the same on the consolidated financial statements.Also as per Ind AS 28 'Investments in Associates' investor's share in profits of any upstream / downstream transactions within the group should be eliminated in the Consolidated Financial Statements. In the absence of necessary information, we are unable to determine whether the same has been complied with.

29. The aggregate effect of our qualifications described above from Point No 1 to 28, wherever quantifiable, is that assets are overstated by ₹ 8296.94 Lakhs, Liabilities are understated by ₹ 6 Lakhs, Loss / Reserves are understated by ₹ 8302.94 Lakhs

Qualified Audit Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2018, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the Consolidated Ind AS financial statements. Our Opinion is not modified in respect of these matters.

1. As per Note No 34.12 (o), in the 42nd Meeting of Board of Directors held on 26.09.2018 it was resolved to give in principle approval to incorporate the adjustment entries regarding the amount payable to Government of Kerala towards electricity duty and guarantee commission etc. as on 31.03.2018 against the amount receivable from the Government in the books of accounts and to report the matter to the Government for concurrence. Accordingly, an amount of ₹ 35099.74 Lakhs is netted off with the amount receivable from the Government.

2. As per Note Forming Part of Accounts No. 34.12 (m), stating non adjustment of value of 45.715 cents of Land belonging to the Holding company in Trivandrum was transferred to Trivandrum Development Authority in the accounts of the Holding Company.

3. As per Note Forming Part of Accounts No. 34.3, the Holding company has accounted the fair value for the long term loans and Borrowings except loan amounting to ₹ 37520.86 Lakhs for

which repayment schedule is not available.

4. As per Note forming part of account 34.12 (g), GPF balances as per financial statements is₹ 220733 lakhs. A difference of ₹ 22 lakhs with the party wise registers maintained at GPF section was reported.
5. As per the Accounting Policy No.1.6 on, Property, Plant and Equipment (PPE), the Holding company follows rates notified by the CERC Tariff Regulations. As per item (a) and (b) under the heading 'Land Under Lease' of Appendix-III of CERC Notification No L-1/153/2014/CERC; land held under lease and the cost incurred on land development on leasehold land are subject to depreciation at the rate of 3.34%. However, the Holding company has not depreciated the land under lease.
6. As per Note No 34.12 (r), the Holding Company has not quantified the monetary impact of damage due to floods in the month of August 2018.
7. As per Note No 34.12.u an amount of Rs 1891.41 Lakhs has been setoff with the Preoperative Expenses carried forward in the Financial statement of the Associate company Baitarni West Coal Company Ltd. The same has not been considered as Income of the current year, as per the opinion of the management of the Associate company Baitarni West Coal Company Ltd.
8. Attention is drawn toAccounting policy1.3.b the Associate company Renewable Power Corporation of Kerala Ltd in connection with managements revenue recognitions and accounting estimates drawn on the basis of the DPR and other accounting implications on transactions with IREDA (a Govt of India Enterprise under the administrative control of Ministry of New and Renewable Energy), as a formal agreement or MOU is yet to be executed.

Other Matters

The consolidated financial statements also include the Group's share of net profit of ₹ 2027.87 Lakhs for the year ended 31st March, 2018, as considered in the consolidated financial statements, in respect of 3 associates / joint ventures whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates / joint ventures and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid associates / joint ventures, is based solely on the reports of the other auditors.

Subsequent to the completion of audit of associate Renewable Power Corporation of Kerala Ltd on 19 July 2018, the Comptroller & Audit General Audit has pointed out certain defects requiring restatement of accounts in respect of Provision for Deferred Tax Liability and Cash Flow Statement. This has necessitated a restatement of accounts and revision of original audit report dated 20th July 2017 by the concerned auditor.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and referred to in the Other Matters paragraphs above we report, to the extent applicable that:

a) We have sought and except for the matters described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.

b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Holding Company.

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

d) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

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

g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, refer to our separate Report in **"Annexure I"**. Our report expresses a qualified opinion on the operating effectiveness of the Group's internal financial controls over financial reporting.

h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

i) With respect to the other matters to be included in the Auditor's Report in accordance with

Rule 11 of the Holding Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. Since the Holding Company has not furnished the details of pending litigations, we are not in a position to confirm whether there are any litigations pending which would impact its financial position. The Associate Company Baitarani West Coal Company Ltd has pending litigation towards Bank Guarantee encashed matter before High Court.

ii. Since the Holding Company has not furnished the details of long term contracts, we are not in a position to confirm whether it has any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. The Holding company has not transferred debentures and interest on debentures amounting to ₹ 743.44 Lakhs remained unclaimed and unpaid for a period of more than seven years from the date it become due for payment to the Investor Education and Protection Fund.

For G Venugopal Kamath & Co	**For ISAAC & SURESH**	**For ANANTHAN & SUNDARAM**
Chartered Accountants	Chartered Accountants	Chartered Accountants
REGN. No.004674S	FRN-001150 S	FRNo.000148 S
Sd/-	Sd/-	Sd/-
RAVINATH R PAI, FCA	**Suresh K., FCA**	**CA.HARIKRISHNAN.R.S,** **M.com, DISA, FCA**
PARTNER	PARTNER	PARTNER
M. No. 226547	M. No. 23554	M.No.230338

Place: Thiruvananthapuram
Date: 29-09-2018

Annexure-I to Independent Auditors' Report

Referred to in Para 1(g) under 'Report on Other Legal and Regulatory Requirements'section of our report of even date to the members of KERALA STATE ELECTRICITY BOARD LIMITED on the Consolidated financial statements for the year ended 31 March 2018.

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Group as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of **KERALA STATE ELECTRICITY BOARD LIMITED**, its associates and joint ventures, which are Companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its associate companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial control with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiaries and joint ventures, incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Group's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company; and (3) provide reasonable assurance regarding prevention or timely deduction of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis for qualified opinion

Property Plant and Equipment

1. The Holding Company has not conducted physical verification of its fixed assets.
2. The scrap / sale of fixed assets are not shown as deletion of assets in the books of account of the Holding Company.

3. There is no process for evaluation of impairment of assets by the Holding Company.
4. The Holding Company does not follow the recognition criteria given under Ind AS 16 for capitalisation of assets

Qualified Opinion

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

In our opinion, to the best of our information and according to the explanation given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the Holding Company, associates and joint ventures are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the consolidated Ind AS financial statements of the Group for the year ended 31st March, 2018 and the material weakness has affected our opinion on the said consolidated Ind AS financial statements of the Group and we have issued a qualified opinion on the consolidated Ind AS financial statements of the Group.

For G Venugopal Kamath & Co	**For ISAAC & SURESH**	**For ANANTHAN & SUNDARAM**
Chartered Accountants	Chartered Accountants	Chartered Accountants
REGN. No.004674S	FRN-001150 S	FRNo.000148 S
Sd/-	Sd/-	
RAVINATH R PAI, FCA	**Suresh K., FCA**	**CA.HARIKRISHNAN.R.S,** **M.com, DISA, FCA**
PARTNER	PARTNER	PARTNER
M. No. 226547	M. No. 23554	M.No.230338

Place: Thiruvananthapuram
Date: 21-02-2019

सत्यमेव जयते

OFFICE OF THE ACCOUNTANT GENERAL (ECONOMIC AND REVENUE SECTOR AUDIT) KERALA, THIRUVANANTHAPURAM

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT,2013 ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF KERALA STATE ELECTRICITY BOARD LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of Standalone Ind AS financial statements of **Kerala State Electricity Board Limited, Thiruvananthapuram (Company)** for the year ended **31 March 2018** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company.The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 September 2018.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 143(6)(a) of the Act of the Standalone Ind AS financial statements of **Kerala State Electricity Board Limited, Thiruvananthapuram** for the year ended **31 March 2018**. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit,I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

A. COMMENTS ON FINANCIAL POSITION

Balance Sheet

Assets

Non-current assets

Capital work in progress (Note 3)- ₹ 2448.89 crore

1. The above is overstated by ₹55.93 crore due to non capitalization of the Perumthenaruvi Small Hydro Electric Project commissioned in current year. This has also resulted in understatement of Fixed Assets by ₹55.93 crore and depreciation as well as loss for the year by ₹0.88 crore.

Equities and Liabilities

Financial Liabilities

Other Non-current Liabilities (Note 18)-Decommissioning liability-₹20.56 crore

2. The above represents the decommissioning liability recognised by the Company @ 0.1 percent of value of assets. The Decommissioning liability was added to the cost of the Property, Plant and Equipment without considering the present value of the liability which is not in compliance with Ind AS 16. The provision of Ind AS 16 that periodic unwinding of discount should be charged to Profit and loss account as Finance Cost has also not been complied with. The Company has not disclosed the methodology adopted for provision of decommissioning liability and limitations if any, in adhering to the provisions of Ind AS 16 in this regard.

B. COMMENTS ON CASH FLOW STATEMENT

3. Cash and cash equivalents at the year was overstated by ₹70.07crore due to inclusion of fixed deposits against Guarantees and other commitments (as disclosed under Note 11). Treatment of such deposits which were not highly liquid in nature as cash equivalent was against the provisions of Ind AS 7-Statement of Cash flows.

4. As per provisions of Ind AS 7, investing and financing activities that do not require use of cash or cash equivalents should be excluded from the statement of cash flows. Non cash item of ₹11336.67 crore representing changes in provisions/provision for interest has been included under cash flow from financing activities which is not in compliance with Ind AS.

C. COMMENTS ON DISCLOSURE

5. According to the Kerala State Electricity Regulatory Commission Regulations,the Company had to meet renewable purchase obligation of 5378.73 MU during the period 2011-12 to 2017-18 of which 4071.47 MU was achieved, leaving a deficit of 1307.26 MU. The liability on account of this based on the floor price of renewable energy certificates worked out ₹130.73 crore. This fact has not been disclosed by the Company.

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

   However, the disclosure is silent as to the accounting policy itself and hence is deficient to that extent. Further, as per disclosure requirements detailed in Para 45 of the Guidance Note, an entity should disclose information that enables the users of the financial statements to understand the nature and the financial effects of rate regulation on its activities. As per final True Up orders issued by KSERC on 14.9.18, the regulatory asset as on 2015-16 stood at ₹5655.12 crore which should have been disclosed in the notes forming part of the accounts.

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

Sd/-
K.P.ANAND
ACCOUNTANT GENERAL (E&RSA), KERALA

Thiruvananthapuram
21.03.2019

सत्यमेव जयते

OFFICE OF THE ACCOUNTANT GENERAL (ECONOMIC AND REVENUE SECTOR AUDIT) KERALA, THIRUVANANTHAPURAM

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF KERALA STATE ELECTRICITY BOARD LIMITED FOR THE YEAR ENDED 31 MARCH 2018

The preparation of Consolidated Ind AS financial statements of **Kerala State Electricity Board Limited, Thiruvananthapuram(Company)** for the year ended **31 March 2018** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 21 February 2019.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 143(6)(a) of the Act of the Consolidated Ind AS financial statements of Kerala State **Electricity Board Limited, Thiruvananthapuram** for the year ended **31 March 2018**. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit,I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

A. COMMENTS ON FINANCIAL POSITION

Balance Sheet

Assets

Non-current assets

Capital work in progress (Note 3)-₹2448.89 crore

1. The above is overstated by ₹55.93 crore due to non capitalization of the Perumthenaruvi Small Hydro Electric Project commissioned in current year. This has also resulted in understatement of Fixed Assets by ₹55.93 crore and depreciation as well as loss for the year by ₹0.88 crore.

Equities and Liabilities

Financial Liabilities

Other Non-current Liabilities (Note 18)-Decommissioning liability-₹20.56 crore

2. The above represents the decommissioning liability recognised by the Company @ 0.1 percent of value of assets. The Decommissioning liability was added to the cost of the Property, Plant and Equipment without considering the present value of the liability which is not in compliance with Ind AS 16. The provision of Ind AS 16 that periodic unwinding of discount should be charged to Profit and loss account as Finance Cost has also not been complied with. The Company has not disclosed the methodology adopted for provision of decommissioning liability and limitations if any, in adhering to the provisions of Ind AS 16 in this regard.

B. COMMENTS ON CASH FLOW STATEMENT

3. Cash and cash equivalents at the year was overstated by ₹70.07 crore due to inclusion of fixed deposits against Guarantees and other commitments (as disclosed under Note 11). Treatment of such deposits which were not highly liquid in nature as cash equivalent was against the provisions of Ind AS 7-Statement of Cash flows.

4. As per provisions of Ind AS 7, investing and financing activities that do not require use of cash or cash equivalents should be excluded from the statement of cash flows. Non cash item of ₹11336.67 crore representing changes in provisions/provision for interest has been included under cash flow from financing activities which is not in compliance with Ind AS.

5. According to Para 18 (b) of Ind AS 7, an entity may report cash flows from operating activities using the indirect method whereby profit or loss is adjusted for the effects of transactions of a non cash nature. Non adjustment of ₹20.28 crore being the Holding company's share of profit of associates/joint venture (a non-cash item) against profit before tax while arriving at operating profit before working capital changes resulted in overstatement of cash inflow from operating activities by ₹20.28 crore.

C. COMMENTS ON DISCLOSURE

6. According to the Kerala State Electricity Regulatory Commission Regulations, the Company had to meet renewable purchase obligation of 5378.73 MU during the period 2011-12 to 2017-18 of which 4071.47 MU was achieved, leaving a deficit of 1307.26 MU. The liability on account of this based on the floor price of renewable energy certificates worked out ₹130.73 crore. This fact has not been disclosed by the Company.

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

   However, the disclosure is silent as to the accounting policy itself and hence is deficient to that extent. Further, as per disclosure requirements detailed in Para 45 of the Guidance Note, an entity should disclose information that enables the users of the financial statements to understand the nature and the financial effects of rate regulation on its activities. As per final True Up orders issued by KSERC on 14.9.18, the regulatory asset as on 2015-16 stood at ₹5655.12 crore which should have been disclosed in the notes forming part of the accounts.

8. While de-allocating the coal block allotted to the associate company M/s Baitarani West Coal Company Ltd (BWCCL), Ministry of Coal, Govt. Of India invoked 50 percent of the Bank Guarantee of ₹75 crore (₹37.5 crore) submitted by BWCCL. The matter is under litigation and the Honourable High Court of Odisha had issued (March 2013) interim order not to encash the Bank Guarantee. As the case is pending disposal, the contingent liability on this account should have been disclosed in notes forming part of Consolidated Financial Statements.

For and on behalf of the

Comptroller and Auditor General of India

Sd/-
K.P.ANAND
ACCOUNTANT GENERAL (E&RSA), KERALA

Thiruvananthapuram
04.06.2019

CS
N.C. Nair, FCS., LLB., CAIIB

Form No.MR-3

SECRETARIAL AUDIT REPORT
For the Financial Year ended 31st March 2018

[Issued in pursuance of Section 204(I) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with modifications as deemed necessary, without changing the substance of format given in MR-3]

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

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by the KERALA STATE ELECTRICITY BOARD LIMITED (CINU 40100KL2011SGC027424), (hereinafter - called the "Company"), for the financial year ended on 31st March 2018. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing an opinion thereon.

A. In expressing my opinion it must be noted that:

(i) Maintenance of Secretarial Record is the responsibility of the Management of the Company. My responsibility is to express an opinion based on Audit.

(ii) I have followed the Audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the Secretarial Records. I believe that the processes and practices I followed, provide a reasonable basis for my opinion.

(iii) I have not verified the correctness and appropriateness of the financial statements of the Company.

(iv) The Company being a wholly owned Government Company under the Ministry of Power Government of Kerala, the power to appoint Directors [including Independent (Directors)] and the terms and conditions of such appointment including remuneration and evaluation vests with the Government of Kerala and the personal confidential records maintained by the Company.

(v) Wherever required I have obtained management representation pertaining to compliance of laws, rules, regulations, happening of events etc.,

(vi) The compliance with the provisions of Corporate and other Laws Rules, Regulations, Standards is the responsibility of the Management.

My examination was limited to the verification of procedures, happening of events etc.

(vii) The Secretariat Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

B. Based on my verification of the Company's Books, Papers, Minutes Book, Forms and Returns filed and other records maintained by the Company, its officers and agents,

I hereby report that in my opinion the Company has during the audit period covering the Financial Year ended on 31st March 2018, complied with the statutory provisions relating to the Companies Act, 2013 and also the Company has proper Board processes duly evolved and a compliance mechanism in place to the extent, in the manner and subject to reporting made hereunder.

C. Being a fully owned unlisted Government Company, the under mentioned Acts, Rules, Regulations are not applicable to the Company.

(i) The Securities Contracts (Regulations) Act, 1996 and the Rules framed thereunder.

(ii) The Depositories Act, 1996 and the Regulations, Bye-laws framed thereunder.

(iii) Foreign Exchange Management Act 1999 and the Rules and Regulations made thereunder.

(iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India (SEBI) Act, 1992.

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Take over) Regulations, 2011 as amended from time to time.

(b) The Securities and Exchange Board of India (Prohibition of Insider Training) Regulations, 2015.

(c) The Securities and Exchange Board of India (Issue and Listing of Securities) Regulations, 2008.

(d) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993.

(e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2004.

(f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations) 2009.

(h) The Securities and Exchange Board of India (Buy back of Securities) Regulations) 1998 and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (LODR), 2015.

The Company has generally complied with the provisions of the Electricity Act, 2003 and the regulatory provisions thereunder except that a single entity is engaged in generation, distribution and transmission as per policy decisions of the Government of Kerala.

I have also examined the Compliance with the provisions of Secretarial Standards in respect of meetings of the Board of Directors.

During the period under review the Company has complied with the provisions of the Act except to the extent noted below:

1. There is only one Independent Director.
2. The Audit Committee constituted is consequently not in conformity with Section 177(2) of the Companies Act. The Company has an internal Audit Wing; but no report from the Internal

Auditor has ever been placed above the Audit Committee.

3. The Company has not constituted a Nomination and Remuneration Committee as envisaged in Section 178(1) of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014.

   The Departmental Promotion Committee on which the Board relies, shall not be a substitute for Nomination and Remuneration Committee. The Remuneration of Directors, Key Managerial Personnel and Senior Executives must have a balance between fixed and incentive components and it should be aligned to the short and long term goals of the Company. All such policies as are formulated by the Nomination and Remuneration Committee shall be disclosed in the Board's Report as prepared under Sec.134 of the Act – Vide proviso to Section 178(4) of the Act.

4. As per Section 203(1) of the Act, the Company shall have a Company Secretary who shall be a Key Managerial Person. The Chief Internal Audit Officer who is holding a higher post is holding additional charge of Company Secretary. This is not in conformity with the relative provisions of Companies Act, 2013.

D. I further report that the Board of Directors of the Company is duly constituted with Six Full Times Directors, Two Senior IAS Officers and One Independent Director. Under Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, the Company shall have at least two independent Directors. The changes in the composition of the Board that took place during the period under review were carried out in compliance with the provisions of the Act and the Articles of Association of the Company.

2. Generally a week's notice is given to all Directors to schedule Board Meetings Agenda and detailed notes are sent and a system for recording views observations and dissent, exists where necessary, though decisions are generally taken by consenss.

3. There is a Committee of Full Time Directors to carry on the day to day functioning/oversee working of the routine functions. The committee meets every Wednesday and a take decision on day to day affairs. As required in Section 118(1) of the Companies Act, 2013 read with Rule 3(12) (c) of the Companies (Meetings of the Board and its Powers).

   Rules 2014, the Company is keeping a record of the meetings of this Committee and its decisions where necessary are placed before the Board of Directors for approval to implement the decision of the Committee. These minutes are not however recorded in a separate book kept for the purpose, but are kept in a separate file.

4. I further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with all applicable laws, Rules and guidelines.

Trivandrum,
29.01.2019.

Sd/-
N.C. NAIR,
Company Secretary,
FCS 750, CP No.312,
Unique Code Number 11981. KE006000

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

CS

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

Appendix – A

29.01.2019

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

My report of even date is to be read along with this letter.

Management's responsibility

1. It is the responsibility of the Management of the Company to maintain Secretarial records, devise proper systems to ensure compliance with the provisions of all applicable Laws and Regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. My responsibility is to express an opinion on these Secretarial Records, Standards and procedures followed by the Company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's Management is adequate and appropriate for me to provide a basis for my opinion.
4. Wherever required I have obtained Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
6. The compliance of the provisions of corporate and other laws, Rules, regulations and standards is the responsibility of the management, My responsibility was limited to the verification of procedures on test basis.

Disclaimer

7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy with which the Management has conducted the affairs of the Company.

Trivandrum,
29.01.2019

Sd/-
N.C. NAIR,
Company Secretary,
FCS 750, CP No.312,
Unique Code Number 11981, KE006000

REPLIES TO THE INDEPENDENT AUDIT REPORT OF THE STATUTORY AUDITORS ON THE STANDALONE FINANCIAL STATEMENT OF THE KERALA STATE ELECTRICITY BOARD LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31ST MARCH 2018

COMMENTS ON ACCOUNTS	REPLIES OF THE COMPANY
1. In respect of Note 2 to accounts: Property, Plant and Equipment a) As per Appendix-III of CERC Notification No L-1/153/2014/CERC, 'Softwares' are subject to a depreciation of 30%. Instead the Company follows the practice of pooling Software along with item 'IT Equipment' which has a depreciation rate of 15%. During the year, the Company has ascertained an amount of ₹ 815.89 Lakhs as the development and implementation cost of software which has been included under Note No. 3- Capital Work in progress as Revenue expenses pending allocation over capital works. This is not in conformity with the Indian Accounting Standard (Ind AS) 38 – Intangible Assets. In the absence of requisite details, we are unable to verify the correctness of the said amountand the impact of the above on the depreciation/amortisation.	Most of the softwares used by the company are internally developed ones. The Company vide order B.O (DF) No.3177 (Annual Accounts/ Ind AS-2016-17/2017-18) dated 18.12.2017 had entrusted Chief Engineer (IT&CR), who is the head of IT wing in KSEBL to segregate and capitalise the expenditure incurred for development of softwares. Accordingly, Chief Engineer (IT&CR) vide letter No. ITCU/HRIS/2018-19/387 dated 12.07.2018 had reported that ₹8.15 Cr has been incurred as employee cost for the Software Development &Implementation. Hence the same has been capitalised in the Head office vide journal no.88 and booked under the account head 15.2 - Revenue expenses pending allocation over Capital Works.
b ***'Deferred Cost on Account of Feasibility/ Survey'*** amounting to ₹ 10,557.28 Lakhs being cost of projects not yet sanctioned and accumulated over the years has been wrongly classified under Note No.7- Other Non Current Assets, which is not in accordance with Ind AS 38 – Intangible assets and Ind AS 16- Property Plant and Equipment. As the statuses of these projects are yet to be ascertained, we are unable to comment the impact thereof on the financial statements.	The deferred cost is the expenditure related to the feasibility study of the projects and the expenditure incurred before the commencement of a project. As per the policy regularly being followed by the Board, the survey and investigation expenditure pertaining to project not yet sanctioned is being booked under the Account Head 17.3. Once the projects are sanctioned this expenditure will be transferred transferred to work in progress(Capital) and if the project is not sanctioned,the expenditure will be written off as in fructuous Capital Expenditure. The amounts were verified and the expenditure incurred for the projects to which the investigation/ survey is being carried out as

	reported by the ARUs only is retained in this account. The balance in the books of accounts will be transferred to the CWIP on sanctioning the project.
C. Property Plant and Equipment and capital work in progress: *A. Depreciation on additions to fixed assets, except for capital works in progress capitalized, is charged in the year in which it was purchased/ commissioned without considering* ***date on which*** *the asset is ready for use. This is not in conformity with Ind AS -16 on "Property, Plant and Equipment", leading to understatement of Property, Plant and Equipment and overstatement of depreciation and loss for the year; However due to lack of necessary information, the impact of the same cannot be quantified*	The depreciation is being calculated at the Head office on the basis of yearly addition of fixed assets made at the ARUs. In this connection it may also be noted that depreciation calculation as mentioned in the accounting policy is on the asset addition as a whole during the year. Pro-rata depreciation is not being calculated due to the complex number and nature of assets. The same methodology is being regularly followed by KSEBL during past two decades and approved by statutory and C&AG audit during these years
B. As per Ind AS 16-Property Plant and Equipment, the asset should be recognized if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably. *The Company has capitalized ₹12592.87 Lakhs on 31/03/2018 in distribution units visited by us without considering above criteria for recognition of assets. Also on verification of the transmission and generation units visited by us and as per the representation received, it was found that the capital work in progress has been capitalized as and when 'Commissioned' without considering the above criteria.* *Further, we are not in a position to quantify the same and the impact of the above on the depreciation.*	The company is having a detailed manual on Commercial Accounting System VOLUME III – 'Capital Expenditure and Fixed Asset' to establish consistent and effective policies and procedures in the area of capital expenditure and fixed assets accounting at all levels in the Company. In addition, the company vide Letter No.609/Annual Accounts/2017-18 had directed all Account Rendering Units to follow the ready to use concept in line with the Ind As -16 without considering the commissioning of the project. It may be noted that generally the commissioning date and ready to use date will be one.

C (i) On verification of bills submitted during the course of audit it was found that the capitalization was delayed for assets, amounting ₹2290.80 Lakhs including the assets to be capitalized under RAPDRP and DDUGJY scheme, which have already satisfied the recognition criteria specified in Ind AS 16 in previous years. Capitalization has been delayed in various projects and hence there is a corresponding impact in depreciation, fixed assets, Capital work in progress and current liabilities for capital assets during the previous years which cannot be quantified.	Noted. It has been decided to convene a regional level meeting of ARU to discuss the audit queries raised by the auditors and to give awareness to the field units the importance of timely capitalisation.
(ii) Based on the submitted bills and units visited by us during audit, we observed that, during 2017-18 certain assets satisfy the criteria for recognition, in compliance to Ind AS 16, but has not capitalized an amount of ₹ 203.22 Lakhs including the assets to be capitalized under RAPDRP and DDUGJY scheme. Capitalization has been delayed in various projects and hence there is a corresponding impact in depreciation, fixed assets and capital work in progress for capital assets during the year which cannot be quantified.	
(iii) In units visited by us, revenue expenditure amounting to ₹ 524.38 Lakhs has been capitalized; resulting in overstatement of assets and understatement of expenditure and the consequent impact on depreciation could not be quantified. *In units visited by us, the capital expenditure amounting to ₹ 22.03 Lakhs has been charged to the revenue, resulting in understatement of assets and overstatement of expenditure and the consequent impact on depreciation could not be quantified.*	

D. *In ARU 310, Electrical Circle, Kozhikode, the solar plant has been wrongly classified and capitalized under account code 10205 – Buildings amounting to ₹450 Lakhs, which is not in compliance to Ind AS 16. This has resulted in overstatement of building and understatement of plant and equipment. This impact on depreciation of corresponding assets cannot be quantified due to lack of details.*	This will be verified. Necessary adjustment will be provided during the year 2018-19.
E. *As per Ind AS 16 –'Property Plant and Equipment', an asset should be capitalized on satisfying the criteria for recognition, considering all elements of cost. However, the unitshave capitalized the solar equipments purchased under KSEB (REES) only to the extent of part payment made to the suppliers, which has resulted in understatement of asset and current liabilities. Since proper details for verification have not been submitted by the company, the impact of understatement of asset and liabilities and depreciation thereon cannot be quantified.*	Necessary Directions are being issued to ARUs to verify this in detail and capitalise as per the Accounting Standards.
F. *As per the letter No. Annual Accounts 9/ capitalization /2017-18, in ARU 307, Electrical Circle, Ernakulam has capitalized an amount of ₹406.75 Lakhs being interest and finance charges and other expenses apportioned and proportionate advertisement expenditure under asset- Lines and Cables without considering the recognition criteria in Ind AS 16. We observed that, the ARU has not capitalized any assets during the year except the general purpose assets.* *Similarly in ARU 204, an amount of ₹ 26.74 Lakhs has been allocated to land which has resulted in overstatement of land and understatement of other assets.* *The accounting treatments is not in compliance to Ind AS 23 on Borrowing Cost and Ind AS 16 on Property Plant and Equipment, results in over valuation of assets and corresponding depreciation.*	*This will be verified*

G. During the year, ARU 214 and ARU 203capitalized amount of ₹ 2275.56 Lakhs and ₹3227.42 Lakhs respectively for which no necessary details and supporting documents have been submitted for verification. Hence, we are not in position to comment on the capitalization of the said assets.	It is reported from the ARU that the details are available with them for verification.
H. Attention is invited to Note No. 3 - Capital Work in Progress, which includes revenue expenses pending allocation amounting to ₹ 40,243.99 Lakhs. The Company has capitalized borrowing cost on weighted average basis without considering the daily balances of the loans and borrowings held by the Company. The Company has also not allocated specific borrowing costs applicable to specific projects as required in Ind AS 23- Borrowing cost. Further, the Company does not cease to capitalize borrowing costs upon date when the qualifying asset is ready for intended use which is also not in compliance to Ind AS 23. Due to lack of necessary information, we are unable to comment on the capitalization of the amount and depreciation thereon. *An amount of ₹ 23,496.41 Lakhs has been capitalized out of revenue expenses pending allocation during the year without considering of the extent the work already completed or ready to use. The details such as the basis of capitalization, the block under which the same has been capitalized, depreciation provided on the same etc. were not made available for our verification. Out of the above ₹ 1705.86 Lakhs relates to administration and general overheads and ₹ 132.74 Lakhs relates to advertisement. However, the capitalization of administration and general overheads and advertisement are not in compliance to Ind AS 16. As a result, property plant and equipment are overstated by ₹ 1838.60 Lakhs and Loss / Reserves are understated by ₹ 1838.60 Lakhs.*	KSEB Ltd is following the rules, policies and standards prescribed in Electricity Supply Annual Accounts rules [ESAAR] 1985, saved as per Section 185(2) (d) of Electricity Act 2003 for capitalisation of expenditure. The capitalisation of expenditure is specified in following paras of Annexure III- Basic Accounting Policies and Principles in the ESAAR 1985, the relevant part are reproduced for easy reference. "2.9 All employee costs in respect of the construction units shall be fully charged as cost of capital assets. 2.11 All expenses in respect of construction units shall be fully charged as cost of Capital assets. 2.94 Every year, a portion of the interest payable on the interest bearing borrowings which relate to financing of capital assets at construction stage i.e. till the point of commissioning of assets shall be computed in the manner prescribed in paragraph 1.42 Annexure V, if so directed by Central Government, be capitalized. 2.95 The amount of interest so computed and capitalized shall be reduced from the amount of interest for the year and only the balance amount shall be chargeable to the Revenue Account for the year. Para 1.42 of Annexure V is as follows "1.42 In computing the interest on funds utilised during construction stage of capital assets, the following factors shall be taken into consideration: (1)The full amount of interest payable for the

year would be considered for the purpose.

(2) Arrears of interest shall not distort the computation of interest on funds utilized in construction as these arrears are required to be debited to a Restructuring Account and then adjusted to surplus/ losses.

(3) In view of the difficulties in identifying a source to its use, no attempt shall be made for source-use identification.

(4). The exercise of computation of capitalisable interest shall be carried out at the head office of the Board.

(5)This exercise shall be carried out considering rupees in thousands only".

Similarly, Para 1.4 &1.5 of annexure V is as follows.

1.4 Staff costs, material related expenses and other expenses which are chargeable to capital works shall be:

(1)Identified to specific capital job wherever possible.

(2) Failing which, identified to a specific group of capital jobs wherever possible (and within the group allocated on an ad-valorem basis).

(3)Failing which, identified to a project wherever possible (and allocated on an ad-valorem basis over various jobs within the project).

(4)Failing which, allocated on an ad-valorem basis over various projects and various jobs within each project.

Identification to one or more jobs should be done only if possible to identify without any allocation. In all other cases, ad-valorem allocation shall be adopted.

1.5 By ad- valorem basis is meant allocation of capitalisable expenses as a per cent of the capital expenditure incurred during the period on that job/ project (and not as a per cent of total capital expenditure on that job/ project including the expenditure including the

	expenditure incurred in the previous periods of allocation. KSEB Ltd is consistently following the above accounting policies prescribed. Accordingly the expenditure incurred in construction ARUs are being fully capitailsed by the ARU itself. In the case of other ARUs, where both capital and O&M works are being undertaken, the employee cost &expenditure is being capitalised at a pre set percentage as below. Transmission 25% Distribution 14% Head Office Units 5% Similarly interest and finance charges is being capitalised at the head office as prescribed in the above accounting policies. These amounts are later allocated to the ARUs on the basis of actual capital expenditure incurred during the period for capitalisation in the concerned project/ assets. All the workings and details are available with the Company.
I. *As per the Accounting policy, the Company allocates Employee cost, interest and financial costs of various units to "Revenue expenses pending allocation over capital works" on the basis of a specified ratio identified by the Company. However Company has not considered an amount of ₹ 1,660.37 Lakhs being 'Employee cost relating prior periods short provided' and ₹ 900 Lakhs being DA arrear provided during current year while allocating the employee cost. This has resulted in understatement of Capital Work in progress and overstatement of expenditure and loss amounting to ₹ 2560.37 Lakhs*	As per the accounting policy regularly being followed by the company as detailed in clause 17(2) of the part I chapter III of manual on Commercial Accounting System Volume-III-Capital Expenditure and Fixed Assets Accounting. *"If the increase/decrease in staff costs and other expenses has taken place in the accounting years subsequent to the accounting year in which the relevant staff costs and other expenses were incurred, the amount increase/ decrease shall be ignored for the purpose of capitalisation of expenses in the subsequent years"* During the year an amount of ₹2560.37 has been booked in the ARU as employee cost relating to previous years. It consists of salary of employees relating to previous years deferred due to various reasons and dearness allowance of employees due in the previous year. The

	same will be adjusted with the provision created on respective years and the short fall if any will be charged to the revenue account. However the increase/decrease will not be considered for capitalisation as per the policy detailed above.
J. *Title deeds of immovable properties were not produced for our verification.*	KSEB Ltd. is having land and land rights with book value of ₹1783.79 crore as on 31.03.2018 spread across Kerala. The land is accounted in various ARUs and is under the control of various ARU Officers. SeparateLandManagement Unit is functioning at the head office where the details of land are being maintained and monitored. Reasonable internal control is being exercised over the landed property. The title deed of the property randomly selected by the audit were furnished for verification.
K. *As per paragraph 8 of Ind AS 16, Property, Plant and Equipment, items such as spare parts are to be capitalized in accordance with recognition criteria, when they meet the definition of 'property, plant and equipment'. Since the required details are not available, we are not able to quantify the impact of the same in the Financial Statements.*	The audit was requested to furnish the details on which the opinion is framed to have detailed verification of the items and its materiality. However the item is not quantified by the auditors.
L. *As per note to accounts no 35.1 &35.15(i), the opening balance sheet for the Company as on 01/11/2013, has been adopted as per the Re-vesting second Transfer (Amendment) scheme (Re-vesting) 2015. The company has not considered increase in the value of plant and machinery as a result of such restatement amounting to Rs. ₹ 10,71,199.95 Lakhs while computing depreciation. The disclosure made by the Company regarding the accounting treatment of above assets and liabilities is incomplete.*	Vide G.O(P) No.46/2013/PD dated 31 October 2013 published in Kerala Gazette dated 31st October 2013, the Government of Kerala revested all the Assets and liabilities of the erstwhile KSE Board in the new company Kerala State Electricity Board limited. Then the Government of Kerala issued the final transfer scheme vide G.O.(P) No.3/2015/PD dated 28.01.2015 by issuing a new opening Balance Sheet for the company as on 01.11.2013.In the Balance sheet the value of Plant and Machinery notified as ₹15263.94Cr against the closing balance as on 31.10.2013 amounting to ₹4551.95 Cr. Hence the value Plant and Machinery was increased by ₹10711.99 Cr as part of creation of pension fund. Depreciation is not being provided for the above increased value of assets and is disclosed as such in the notes to accounts.

M. As per the units visited by us and their explanations, the Units have capitalized the entire material issued and consumed in various projects without considering the recognition criteria in compliance to Ind AS 16. The accounting treatment thus resulted in over statement of the property plant and equipment for the year 2017-18. In the absence of necessary information we are unable to comment the impact thereof on the financial statements.	Majority of the observation noticed by the audit may be in Distribution SBU where normally works are completed within a short period of time compared to other SBU of KSEB Ltd. Apart from this, in distribution sector, majority of the works are small in size and also the chances of spill over to another financial year for the completion of the work are remote. Hence there may not be a material impact in the capitalisation done by the ARUs. The procedure for capitalization is detailed in manual on Commercial Accounting System VOLUME III – 'Capital Expenditure and Fixed Asset'.Which is being regularly followed by the ARUs.
d. Sale, deletion or decommissioning of asset: *i) The Company has a system of accounting sale of Property, Plant and Equipment either in miscellaneous receipts or in sale of scrap without giving effect to the fixed assets ledger. The Company has also not disclosed the details of deletions and decommissioning during the year. Thus the accounting treatment is found not in compliance to Ind AS 16-Property, Plant and Equipment. In the absence of required information we are unable to quantify the impact on Property, Plant and Equipment, Depreciation for the year and Other Income.*	I As per the accounting procedure followed by the company, whenever the assets are decommissioned, the fixed assets are to be withdrawn. The non compliance in the ARU will be looked into
ii) As per Agenda no - 34-2-7/2017 of Board of Directors meeting held on 27/07/2017 Company had decided to sell the dismantled materials of Eranad Lines Package- A and Northern Region HTLS Package- B of trans grid 2.0 to Sterlite power transmission ltd for an amount of ₹ 1093.12 Lakhs and as per Agenda no 15-01/2018 Company had decided to sell the dismantled materials of Kochi lines Package to L&T Ltd. for an amount of ₹ 1007.10 Lakhs. As per the information available, The Company accounted the same as sale of scrap instead of showing as deletion of fixed assets which has resulted in overstatement	ii. The Eranad Lines Package-A and Northern Region HTLS Package- B are part of the Transgrid project, which is in the initial stage of implementation. The said Board order is on the finalisation of the tender formalities for dismantling of the existing lines and erection of the new one. The deletion of fixed assets and capitalisation of new line will be made on actual execution of the activities in the field ARU.

of fixed assets and miscellaneous income of ₹ 2100.22 Lakhs and overstatement of depreciation. Due to lack of detailed list of dismantled items we are not in a position to quantify the depreciation amount.	
2. *The Company has not complied with Ind AS 36- Impairment of Assets. Due to lack of necessary information we are not in a position to quantify the impact*	Noted.
3. *As per Ind AS 105- 'Non Current Assets held for sale and Discontinued Operations', the non-current assets recognized as scrap should be separately disclosed. We observed that, the company has not complied with the Ind AS, with regard to the assets recognized as scrap and to be held for sale. Due to lack of necessary information we are not in a position to quantify the impact of the same.*	Noted.
4. *(a) In Note No.5 'Non Current Assets - Financial Assets – Loans'-includes an amount of ₹5250 Lakhs being Interest bearing loan to Energy Management Centre. The Company has provided interest for the period 2010-11 and 2011-12 amounting to ₹ 476.90 Lakhs and ₹ 697.16 Lakhs respectively. The Company has not provided interest on this loan henceforth, as there is an uncertainty in the realization of interest. As per the terms and conditions, the loan is repayable by Energy Management Centre only if the Certified Emission Reduction is available from UNFCC to obtain Carbon credit. As per the information available from the management, Energy Management Centre has not obtained carbon credit as on date. Hence there is uncertainty in the realization of this advance. However, no provision has been created for this balance, including the interest, which is doubtful of realization. As a result, non-current assets is overstated and loss for the year is understated by ₹ 6424.06 Lakhs.*	As per the Accounting standard if there is any uncertainty in the realization of revenue that amount need not be accounted as revenue. Hence provision for interest is not credited in the accounts. As per the terms and condition, the loan is repayable only if the Certified Emission Reduction (CER) is available from UNFCC (to obtain Carbon Credit). If the CER is not being allotted to EMC, EMC cannot be requested to repay the advanced by KSEB and the entire cost will be borne by KSEB from its budgetary resources. Action is being taken to ascertain the possibility of obtain Carbon Credit with the EMC. EMC being a fully owned Government of Kerala undertaking and the company has no doubt about its realization, provision has not been made.The matter had been taken up with the Government of Kerala vide letter dated 05.03.2018.

(b) Note No:7 Other Non Current Assets includes 'Capital Advances Others' amounting to ₹ 10,896.01 Lakhs for which sub-schedule of various works, Stage of completion of works etc. were not furnished for our verification. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements.	(b). The expenditure incurred under capital advance booked in the field units. All details are available in the field units.
5. The amounts and balances lying under Non Current Financial Liabilities - Borrowings (Note No 15), Other Non Current liabilities (Note No 18), Trade Payables (Note No 20), Non Current-Other Financial liabilities (Note No 16), Current - Other Financial Liabilities (Note No 21), Trade receivables (Note No 9), Non Current Assets - Financial Assets - Loans (Note No 5), Non Current Assets - Other Financial Assets (Note No6), Other non-current assets (Note No 7), Other current assets (Note No 12) are subject to confirmation and reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible losses which may arise on account of non-recovery or partial recovery of such dues could not be ascertained. Hence, we are unable to comment the impact thereof on the financial statements.	The long term borrowings are taken from nationalised/ scheduled banks, Power Finance Corporation, Rural Electrification Corporation and Life Insurance Corporation of India. These balances are fully reconciled and the balance confirmation is available with KSEB Ltd. There is a system of periodical reconciliation of trade payables in respect of power purchase liabilities and the duly signed reconciliation statement is available with KSEB Ltd. In KSEBL, the procedures of balance confirmation from the debtors are not in vogue. Being fully owned government entity, working under regulatory environment and the consumers are being billed at the rate specified by the Regulatory Commission, the supply invoices are being issued under statutory forms in which the consumer dues are clearly mentioned, the demand cum disconnection notice issued to the consumers itself can be considered as the balance conformation certificate. It may also be noted that the consumer strength of KSEBL is more than 1.25 crore. Hence obtaining all balance confirmation is not practically possible. In the case of advance to suppliers/ contractors, normally no advance is being given to the contractors. Even if the advance is given in certain cases, the advance is against Bank Guarantee/ other corporate guarantees. Strict internal control procedures are there in KSEBL for advance payments as well as its recovery. However KSEBL was ready to collect the balance confirmation certificate from randomly selected parties by the audit.

6. Account Code : 226 Material Stock and related accounts as on 31/03/2018

a. Attention is invited to Note 8 Inventories, The Company has not provided for damaged/ obsolete and slow moving items and goods as per Ind AS 2 on 'Inventories'. Due to lack of necessary information, we are unable to quantify the impact of the same in the financial statements.

b. Attention is invited to Accounting Policy No.1.10, that the Company changed the accounting policy on Inventory from 01/07/2017. The Company has not complied with the disclosure requirements as per Ind AS 8-'Accounitng Policies, Changes in Accounting Estimates and Errors' in regard to the effect of the change in the financial statements.

c. Based on the units visited by us, we observed that there is no uniformity in accounting of inventory including LED Bulbs. In certain units, the closing balances of inventory are negative and LED bulbs are valued at Selling Price. We have also observed that there is difference in stock balance as per confirmation and Trial balance in respect of units visited by us. For instance, we observed a difference of ₹ 42.83 Lakhs in ARU 211, ₹ 7.05 Lakhs in ARU 103 and ₹ 156.47 Lakhs in ARU 203. Hence, we are not able to quantify the impact of the valuation of inventory in Compliance with Ind AS-2-Inventories.

d The management follows the procedure of physical verification of stock periodically by the dedicated team in the O/o the Chief Engineer (SCM). However physical verification reports by various ARUs have not been submitted to us to confirm whether stock valuation is in compliance to Ind AS 2. Hence, we are not in position to comment on the impact on the accounts resulting on the physical stock verification for any unaccounted stock, stock to be converted as held for sale etc.

a The company is having a detailed manual on Commercial Accounting System VOLUME II – MATERIAL ACCOUNTING to establish consistent and effective policies and procedure to ensure proper financial management – especially in the area of Material Accounting at all levels in the Company. The policies and procedures contained in the manual is followed in the company unless specific exception is given under certain peculiar circumstances. The treatment of obsolete stock is detailed in Section 14 of Chapter 1 Part II of the said manual.

b. Change in accounting policy on inventory has been suitably disclosed in the accounting policy.

c. This will be verified.

d. Physical verification of the stock is being conducted by the dedicated team in the O/o the Chief Engineer (SCM). The physical verification of the stock done by the SCM during the period has been provided to the auditors.

7. a) Other Current Assets (Note 12) read with note 35.15 (f) regarding Inter Unit Balance amounting to ₹ 4,285.64 Lakhs. The said balance is subject to reconciliation and further adjustments, the effect of which on the financial results of the Company is not ascertainable. *b) Note No 12 'Other current assets' includes ₹ 942.16 Lakhs 'Interest accrued but not due' and Note No 6 'Non Current Assets' includes ₹ 106.10 Lakhs 'Other Deposits Sundry Receivables' at ARU 999 for which the company has not furnished necessary details. In the absence of necessary details, we are unable to comment upon the impact of these items.*	Inter Unit balance in the accounts consists of balance in the Account group 31 to 39 in the 140 ARUs of KSE Board. These Account group are being used for booking transaction between different Account Rendering Units (ARUs) as well as between ARUs and Head office. The balance of Inter unit transaction is amount booked in the 140 ARUs and it is available in the Trial balance of ARUs. The reconciliation of inter unit balance is a continuous process and the company is in the process of identifying and clearing the inter unit balances. It is true that there is lot of items to be identified and cleared in the inter unit balances. However due to the large number of transactions between the ARUs, the company was not able to clear the balances in full. The company is in the process of identifying and clearing inter unit balances by introducing online accounting system and once the same in fully functional automatic inter unit reconciliation will occur. b. This will be verified.
8. <u>Cash and Cash Equivalents</u> *A.The Company is not following the prudent business practice of accounting 'Cheque received not deposited in Bank' as balance with Bank. On verification of units visited by us an amount ₹ 18.57 Lakhs, being cheque received but not deposited, was disclosed as Cash in Hand. This has resulted in overstatement of Cash in Hand and understatement of bank balances as on 31/03/2018.*	As per the policy being regularly followed by the company detailed in para 2.130 of the Volume V – Finance of manual on CAS states that "Cheques and bank drafts received will be treated as cash until they are deposited in bank and will be included as cash on hand in the accounts. Banking of such cheques and drafts will, therefore, be considered as deposit of cash in the Bank Account"
B. <u>ARU 371, Electrical Division, Alappuzha</u> *i. The actual cash balance as on 31/03/2018 was ₹ 7.43 Lakhs. But as per the financial statements the Cash balance is 'Zero' thus resulting in understatement of Cash in Hand and overstatement of Bank Balances.* *ii. The Company has not accounted for an amount of ₹ 1.05 Lakhs which has been lost by theft, resulting in over valuation of cash in hand and understatement of expenditure.*	i It is reported by the ARU that the remittance journal for the month of 03/18 has wrongly been account in the month of 04/18. Hence there was huge cash balance in the account of 24110. Necessary correction Journal incorporated in the consolidation of accounts to give a true and fair view. ii. The procedure is explained in the Commercial Accounting System Manuals the non compliance by the ARU is being looked into.

C. Bank Accounts *Bank balances including E- payment accounts, Akshaya e Pay collection accounts and certain bank accounts maintained at Head Office, ARU's and other offices are subject to confirmation and reconciliation.*	In ARUs, two types of bank accounts are being maintained viz Collection accounts and disbursement accounts. The collection accounts are in the nature of non operative collection accounts, where only remittances are permitted. As per the agreement executed with banks the entire amounts remitted into the collection accounts per day have to be sweep transferred to the central collection account and then to the operative account maintained at head office on the same day itself. As per the agreement condition, the balance in collection account at the end of a particular day should be zero. As per the procedure in vogue, the reconciliation of collection accounts are being made at the ARUs. The central collection accounts are duly reconciled. The disbursements of the funds are being made through the operative accounts maintained at the head office as well as ARUs. All the disbursement accounts are properly reconciled. The audit is requested to furnish the details of Bank accounts which are not reconciled and the differences in the bank balances with that of the ledger balance in respect of those bank accounts to initiate further action.
9. AGEING SCHEDULE *i. The reconciliation for ageing analysis of trade receivables were not submitted for our verification. Hence, we are unable to comment on the recoverability of receivables and the provision thereon.* *ii. In the case of ARU 954 - "Special Officer Revenue"- Debt Collection Balance and Debtors net balance as per accounts under account code 23 shows a difference of ₹3,189.94 Lakhs. The difference has not been properly explained. Due to lack of information we are unable to quantify the impact on provisioning for the debtors.*	i The details of age wise analysis was submitted for verification for the auditors. Moreover the difference in reconciliation disclosed in the notes to accounts as 35.15.(q). ii. The ARU reported that the details are furnished and explained to the auditors. However this will be verified in detail.

10. Rent Receivable: *We observed that the rent receivable has not been accounted on accrual basis at certain units visited by us. The accounting treatment is thus found not in compliance to Ind AS 18 - Revenue. Due to lack of necessary details, we are not in position to quantify the amount.*	Noted. Necessary directions will be given to the field units.
11. *As per the scheme 'Pooled power purchase – solar energy', the Company purchases power from the grid connected consumers, supplying solar power. We observed that, the power purchase under this scheme has not been accounted on accrual basis during the year 2017-18 as per Ind AS-1. Due to lack of necessary details, we are not in position to quantify the impact on the financial statements.*	Detailed procedure for the grid connection by the consumers have already been issued by the company. Accordingly agreements are being executed at section offices with the consumers who joined the scheme. Energy supplied and consumed by the consumers are metered separately and the details are captured in the ORUMANETsoftware used for billing by the company.
12. Compensation for injuries Death etc. *The ARU 326, Electrical Division, Kattakkada has paid ₹2 Lakhs for two parties as ex-gratia out of their eligibility of ₹5 Lakhs each. The balance expenditure has not been accounted on accrual basis during the year 2017-18 as per Ind AS-1. Thus, the Current liabilities and expenditure are undervalued by ₹ 6 Lakhs*	The ARU has reported that the balance of ₹ 8 lakh will be sanctioned after necessary documents required to ascertain the eligibility of ex-gratia as per the Vydyuthi Sureksha scheme. Hence it is not provided in the accounts.
13. Goods and Services Tax (GST) *Based on our visit in various units, the unit-wise details of Goods and Service Tax collected and its subsequent remittance were not found proper and reconciled. Hence, we are unable to comment on the correctness or otherwise in regard to the collection, remittance, input tax credit, liability under reverse charge mechanism and payable amount with respect to GST. The financial effect of the same cannot be quantified due to lack of information.*	As per the procedure in vogue the GST collected in the field units and remittance has been arranged from the Head office. A separate wing in the head office is closely monitoring the GST collection and its timely remittance and availing of Input tax credit. The reports by the auditors that subsequence remittance of GST collection not found proper is without considering/lack of under standing the system followed in the company regarding the GST. However this will be verified.

14. *We observed, that in ARU 299, Electrical Circle, Shornur - the interest in Saving Bank account for Fund from REC-RGGVY which is refundable to REC, shows a debit balance of ₹ 16.07 Lakhs. On verification, the liability has not been provided in the accounts on accrual basis as per Ind AS-1. Due to lack of information, we are unable to quantify the same.*	Noted. This will be verified.
15. Account Code 47 and Account code 55 : A. *As per the accounting procedure, the deposit collected (account code 47) should be accounted as Grant under Consumer contribution (account code 55) based on the work completed or corresponding asset creation. Based on our audit in the units visited by us, we observed that, certain ARUs have not transferred the deposit to Grant under Consumer contribution and this may also have an impact on amortization of grant.* *Since the Company is undertaking work for specified large projects under 'work deposit' basis and no information is readily available with the Company with respect to deposit received, work completed, date of completion, balance payable / receivable etc, we are not in position to comment on correctness of the deposit held by the Company as 'work deposits' and the balance to be transferred to Grant. Due to lack of information, we are unable to quantify the same.*	The procedure for accounting the amount collected under deposit work and the transfer of the amount to the Grant under under consumer contribution is clearly explained in the Accounting Manuals of the Company. The procedure lapse if any by the ARU will be looked into and internal audit team will be instructed to verify the matter during the course of audit. The amount of work deposit under various schemes are collected and accounted in the field units. All the details are available in the field units.
B. *In ARU 301, Electrical Circle, Thiruvananthapuram and in ARU 954 SOR, grant shows debit balance of ₹ 238.11 Lakhs and ₹ 1497.35 Lakhs. In the absence of necessary details, we are unable to quantify the impact on the financial statements*	Noted. This will be examined.

16. The Company has disclosed an amount of ₹ 35,832.26 Lakhs as Disputed Income-tax Matters (Note No 35.2) under Contingent Liabilities. Out of the same, we have not received details regarding disputed tax liability of ₹ 3462.23 Lakhs.	The Disputed MAT claim on the erstwhile KSE Board, which was decided in favour of KSE Board by the Hon,ble High court of the kerala is shown under Contingent Liability as the Income Tax department had filed appeal before the Hon'ble Supreme Court.
17. On verification of Financial Statements of Associates, it was found that, there was loss for three consecutive years including current year in Baitarni West Coal Company Ltd. However, the Company has not provided and disclosed provision for impairment, if any, as per Ind AS 28.	Noted.
18. Receipts from maintenance charges for poles from Cable TV operators: *a. Based on the observation on audit of units, the receipts from maintenance charges for poles from Cable TV Operators are not accounted on accrual basis in compliance to Ind AS 18- Revenue. However due to lack of information, we are unable to quantify the impact on the financial statements.* *b. On verification of accounts, the pole rent receipts include interest portion for the delayed receipts. The interest receipts should be separately accounted. The amount could not be quantified as no details are submitted by the Company.* *c. The Company has not provided information regarding dispute settlement with cable operators regarding income from pole rent, balance amount receivable and amount written off, if any, as decided in Board meeting dated 12-4-2017. Due to lack of information, we are unable to quantify the impact on the financial statements*	a&b. Instruction had already been issued vide circular No.FA/Tax cell/GST/Pole Rent/2017-18 dated 21/03/2018 to provide provision as per GST rules in this reagrd. c. The Board in its 27th meeting held on 29.07.2016 had approved the dispute settlement mechanism for drawal of cables by M/s Asianet Satellite Communication Ltd and other cable TV operators. During the deliberations in the 30th Board of Directors meeting held on 04.01.2017, it was directed to submit a status report on the action initiated for the dispute settlement mechanism approved by the Board in the 27th meeting , to be placed in the next Board meeting It was reported in the board meeting vide agenda No.18-04/2017 that as per the details furnished by the Deputy Chief Engineers it is seen that 581 cases have been fully settled and instalment facilities have been accorded to 214 cases, from which an amount of ₹3.34 Cr has been realised.

19. Previous year's (2016-17) accounts have not been adopted in the Annual General Meeting till date.	Adjourned Annual General Meeting held on 08.11.2018 adopted the previous year's (2016-17) accounts.
20. The Company follows the practice of providing interest on closing balance of customer deposits. We observed that, the provision created in preceding years amounting to ₹ 33082.44 Lakhs has been accumulated and no adjustment has been made in the financial statements. In the absence of necessary details, we are unable to comment upon the same.	The Board vide order B.O (FB) No. 3159/ 2005/ KSEB/TRAC/S Code/05/R2 dated 11.11.2005 had ordered that interest at bank rate prevailing as on 1st April 2004 on the amount of security deposit at credit as on 1st April 2004 is to be credited to the consumer's account during the first quarter of 2005-06 and this process shall be repeated every year. A detailed circular on accounting procedures to be followed in this regard were also issued. As per the procedure, the interest accrued during a financial year shall be adjusted in the energy bill of the consumer during the first quarter of the ensuing financial year. Accordingly the interest on opening balance of the security deposit as on 01.04.2017 at the specified bank rate will be provided in the accounts of 2017-18 on accrual basis. The actual disbursement of the amount will be made to the consumers in the first quarter of the next financial year(i.e first quarter of 2018-19).The actual disbursement details will be accounted by the ARUs only in the financial year 2018-19.
21. Accounting treatment of LED Bulbs *a. Trading of LED Bulbs to the customers is different from the normal business activity of the Company. Hence, the Company should disclose the purchases, Sales and Closing Stock separately in Statement of Profit and Loss.* *b) The Company is not following the accrual basis of accounting while accounting expenses relating to purchase of LED bulbs which is not in conformity with Ind AS 1. Due to non availability of necessary information the impact of the same cannot be quantified.* *c) Based on the verification of the accounts of units visited by us, it was found that the*	Detailed accounting procedure in respect of LED bulb has already been issued vide circular No. AA-IV/AC/II/29/2015-16 dated 25/02/2016. However the matter will be verified in detail and further directions if any required will be issued.

purchase of LED Bulbs amounting to ₹ 320.19 Lakhs relating to prior period is accounted as current year expenditure which is not in compliance with Ind AS 8 – 'Accounting Policies, Changes in Accounting Estimates and Errors'.	
22. The impact of comments made by C&AG, the statutory auditors and errors or omissions for the previous years has not been adjusted in accordance with Ind AS 8-Accounitng Policies, Changes in Accounting Estimates and Errors. We are unable to quantify the impact of the same in the financial statements due to lack of necessary details.	Regarding the comments in the nature of errors and omission ,necessary direction has been given to the field units. In the case of Accounting policies, change in Accounting Estimates and Errors is noted for future.
23. In ARU 954, as per the agreement no.28/17-18 dated 25/09/2017 M/s Philips Carbon Black Ltd. is liable to pay the interest at the rate of 12% per annum based on actual delay from the due date up to a period of 30 days and thereafter at the rate of 18% per annum for the entire period of default from the due date. However as per the explanation from the Company the entire payable accounted has been revised by the management and the due amount has been restated. Due to lack of proper details, we are unable to quantify the impact in the financial statements.	The Special Officer(Revenue) reported that the documents/details called for by the auditors are furnished at the time of audit.
24. We observed that, at ARU 954, interest on demand on sale of power amounting to ₹8.97 Lakhs was not accounted in compliance to Ind AS 18 resulting in understatement of interest income and receivables.	This has been explained to the auditors at the time of audit. Considering the materiality aspect this will not affect the true and fair view of the financial statements of the company.
25. As per 35thBoard Meeting held on 15thNovember,2017 Board of Directors of the Company decided for the one time settlement of recovery of arrear rent from occupants of Board Quarters at various locations. However, no effect has been given in the financial statements which is not in compliance to Ind AS 18. Due to	Director (Generation-Civil) has already given direction to all ARUs to report the status.

lack of necessary information we are not in a position to quantify the impact on the financial statements.	
26. As per decision of Board of Directors, price escalation has been sanctioned for the works of Bhoothathankettu Small Hydro Electric Project. Due to non availability of necessary information, we are unable to comment upon the financial effect of the same, if any.	Vide letter No. CECCS/BHEP/1/2013 dated 25.07.2018 Chief Engineer (Civil Construction-South) reported that all invoices received up to 31.03.2018 have been paid at agreed rate
27. The Company has not revalued bonds at fair value issued to KSEB Master Trust amounting to ₹ 11,23,929 Lakhs which is in not in conformity with Ind AS 109. Similarly, the other financial assets and liabilities including loans / deposits have also not been recognized at fair value. Further, the Company has revalued 'Loan from REC - various schemes' (Note No 15) incorrectly resulting in negative balance of ₹ 47.06 Lakhs for the loan. Due to lack of necessary we are unable to quantify the impact of the same in the financial statements	These bonds are issued for specific purpose to meet the terminal liability of employees of KSEB Ltd to the Master Trust. The interest rates are fixed and specified in the Government order itself. There is no comparable bonds issued by the Government of Kerala to ascertain the fair value. Hence fair valuation was not done. Negative balance of ₹47.06 lakh was an error occurred due to wrong treatment of fair valuation under INDAS.
28. The aggregate effect of our qualifications described above from Point No 1 to 27, wherever quantifiable, is that assets are overstated by ₹ 8296.94 Lakhs, Liabilities are understated by ₹ 6 Lakhs, Loss / Reserves are understated by ₹ 8302.94 Lakhs	Noted.

Sd/-

DIRECTOR (FINANCE)

REPLIES TO THE INDEPENDENT AUDIT REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENT OF THE KERALA STATE ELECTRICITY BOARD LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31ST MARCH 2018

COMMENTS ON ACCOUNTS	REPLIES OF THE COMPANY
1. In respect of Note 2 to accounts: Property, Plant and Equipment a) As per Appendix-III of CERC Notification No L-1/153/2014/CERC, 'Softwares' are subject to a depreciation of 30%. Instead the Holding Company follows the practice of pooling Software along with item 'IT Equipment' which has a depreciation rate of 15%. During the year, the Holding Company has ascertained an amount of ₹ 815.89 Lakhs as the development and implementation cost of software which has been included under Note No. 3- Capital Work in progress as Revenue expenses pending allocation over capital works. This is not in conformity with the Indian Accounting Standard (Ind AS) 38 – Intangible Assets. In the absence of requisite details, we are unable to verify the correctness of the said amount and the impact of the above on the depreciation/amortisation.	Most of the softwares used by the company are internally developed ones. The Company vide order B.O (DF) No.3177 (Annual Accounts/ Ind AS-2016-17/2017-18) dated 18.12.2017 had entrusted Chief Engineer (IT&CR), who is the head of IT wing in KSEBL to segregate and capitalise the expenditure incurred for development of softwares. Accordingly, Chief Engineer (IT&CR) vide letter No. ITCU/HRIS/2018-19/387 dated 12.07.2018 had reported that ₹8.15 Cr has been incurred as employee cost for the Software Development & Implementation. Hence the same has been capitalised in the Head office vide journal no.88 and booked under the account head 15.2 - Revenue expenses pending allocation over Capital Works.
b **'Deferred Cost on Account of Feasibility/ Survey'** amounting to ₹ 10,557.28 Lakhs being cost of Holding Company projects not yet sanctioned and accumulated over the years has been wrongly classified under Note No.7- Other Non Current Assets, which is not in accordance with Ind AS 38 – Intangible assets and Ind AS 16- Property Plant and Equipment. As the statuses of these projects are yet to be ascertained, we are unable to comment the impact thereof on the Consolidated financial statements.	The deferred cost is the expenditure related to the feasibility study of the projects and the expenditure incurred before the commencement of a project. As per the policy regularly being followed by the Board, the survey and investigation expenditure pertaining to project not yet sanctioned is being booked under the Account Head 17.3. Once the projects are sanctioned this expenditure will be transferred to work in progress (Capital) and if the project is not sanctioned, the expenditure will be written off as in fructuous Capital Expenditure. The amounts were verified and the expenditure incurred for the projects to which the investigation/ survey is being carried out as reported by the ARUs only is retained in this

	account. The balance in the books of accounts will be transferred to the CWIP on sanctioning the project.
c. *<u>Property Plant and Equipment and capital work in progress:</u>* *A. Depreciation on additions to fixed assets of Holding Company, except for capital works in progress capitalized, is charged in the year in which it was purchased/ commissioned without considering* ***date on which*** *the asset is ready for use. This is not in conformity with Ind AS -16 on "Property, Plant and Equipment", leading to understatement of Property, Plant and Equipment and overstatement of depreciation and loss for the year; However due to lack of necessary information, the impact of the same cannot be quantified.*	The depreciation is being calculated at the Head office on the basis of yearly addition of fixed assets made at the ARUs. In this connection it may also be noted that depreciation calculation as mentioned in the accounting policy is on the asset addition as a whole during the year. Pro-rata depreciation is not being calculated due to the complex number and nature of assets. The same methodology is being regularly followed by KSEBL during past two decades and approved by statutory and C&AG audit during these years.
B. As per Ind AS 16-Property Plant and Equipment, the asset should be recognized if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably. *The Holding Company has capitalized ₹12592.87 Lakhs on 31/03/2018 in distribution units visited by us without considering above criteria for recognition of assets. Also on verification of the transmission and generation units visited by us and as per the representation received, it was found that the capital work in progress has been capitalized as and when 'Commissioned' without considering the above criteria.* *Further, we are not in a position to quantify the same and the impact of the above on the depreciation.*	The company is having a detailed manual on Commercial Accounting System VOLUME III – 'Capital Expenditure and Fixed Asset' to establish consistent and effective policies and procedures in the area of capital expenditure and fixed assets accounting at all levels in the Company. In addition, the company vide Letter No.609/Annual Accounts/2017-18 had directed all Account Rendering Units to follow the ready to use concept in line with the Ind As -16 without considering the commissioning of the project. It may be noted that generally the commissioning date and ready to use date will be one.

C (i) On verification of bills submitted during the course of audit of Holding Company it was found that the capitalization was delayed for assets, amounting ₹2290.80 Lakhs including the assets to be capitalized under RAPDRP and DDUGJY scheme, which have already satisfied the recognition criteria specified in Ind AS 16 in previous years. Capitalization has been delayed in various projects and hence there is a corresponding impact in depreciation, fixed assets, Capital work in progress and current liabilities for capital assets during the previous years which cannot be quantified.

(ii) Based on the submitted bills and units visited by us during audit of Holding Company, we observed that, during 2017-18 certain assets satisfy the criteria for recognition, in compliance to Ind AS 16, but has not capitalized an amount of ₹ 203.22 Lakhs including the assets to be capitalized under RAPDRP and DDUGJY scheme. Capitalization has been delayed in various projects and hence there is a corresponding impact in depreciation, fixed assets and capital work in progress for capital assets during the year which cannot be quantified.

(iii) In units of Holding Company visited by us, revenue expenditure amounting to ₹ 524.38 Lakhs has been capitalized; resulting in overstatement of assets and understatement of expenditure and the consequent impact on depreciation could not be quantified.

(iv). In units of Holding Company visited by us, the capital expenditure amounting to ₹ 22.03 Lakhs has been charged to the revenue, resulting in understatement of assets and overstatement of expenditure and the consequent impact on depreciation could not be quantified.

Noted. It has been decided to convene a regional level meeting of ARU to discuss the audit queries raised by the auditors and to give awareness to the field units the importance of timely capitalisation.

D. In ARU 310, Electrical Circle, Kozhikode of Holding Company, the solar plant has been wrongly classified and capitalized under account code 10205 – Buildings amounting to ₹450 Lakhs, which is not in compliance to Ind AS 16. This has resulted in overstatement of building and understatement of plant and equipment. This impact on depreciation of corresponding assets cannot be quantified due to lack of details.	This will be verified. Necessary adjustment will be provided during the year 2018-19.
E. As per Ind AS 16 –'Property Plant and Equipment', an asset should be capitalized on satisfying the criteria for recognition, considering all elements of cost. However, the units have capitalized the solar equipments purchased under KSEB (REES) only to the extent of part payment made to the suppliers, which has resulted in understatement of asset and current liabilities. Since proper details for verification have not been submitted by the Holding company, the impact of understatement of asset and liabilities and depreciation thereon cannot be quantified.	Necessary Directions are being issued to ARUs to verify this in detail and capitalise the Accounting Standards.
F. As per the letter No. Annual Accounts 9/ capitalization /2017-18, in ARU 307, Electrical Circle, Ernakulam of Holding Company has capitalized an amount of ₹406.75 Lakhs being interest and finance charges and other expenses apportioned and proportionate advertisement expenditure under asset- Lines and Cables without considering the recognition criteria in Ind AS 16. We observed that, the ARU has not capitalized any assets during the year except the general purpose assets. *Similarly in ARU 204 of Holding Company, an amount of ₹26.74 Lakhs has been allocated to land which has resulted in overstatement of land and understatement of other assets.* *The accounting treatments is not in compliance*	This will be verified.

to Ind AS 23 on Borrowing Cost and Ind AS 16 on Property Plant and Equipment, results in over valuation of assets and corresponding depreciation.	
G. During the year, ARU 214 and ARU 203 of Holding Company capitalized amount of ₹ 2275.56 Lakhs and ₹3227.42 Lakhs respectively for which no necessary details and supporting documents have been submitted for verification. Hence, we are not in position to comment on the capitalization of the said assets.	It is reported from the ARU that the details are available for verification.
H. Attention is invited to Note No. 3 - Capital Work in Progress, which includes revenue expenses pending allocation amounting to ₹ 40,243.99 Lakhs. The Holding Company has capitalized borrowing cost on weighted average basis without considering the daily balances of the loans and borrowings held by the Company. The Company has also not allocated specific borrowing costs applicable to specific projects as required in Ind AS 23- Borrowing cost. Further, the Holding Company does not cease to capitalize borrowing costs upon date when the qualifying asset is ready for intended use which is also not in compliance to Ind AS 23. Due to lack of necessary information, we are unable to comment on the capitalization of the amount and depreciation thereon. *An amount of ₹23,496.41 Lakhs has been capitalized by the Holding Company out of revenue expenses pending allocation during the year without considering of the extent the work already completed or ready to use. The details such as the basis of capitalization, the block under which the same has been capitalized, depreciation provided on the same etc. were not made available for our verification. Out of the above ₹ 1705.86 Lakhs relates to administration and general overheads and ₹132.74 Lakhs relates to*	*KSEB Ltd is following the rules, policies and standards prescribed in Electricity Supply Annual Accounts rules [ESAAR] 1985, saved as per Section 185(2) (d) of Electricity Act 2003 for capitalisation of expenditure.* *The capitalisation of expenditure is specified in following paras of Annexure III- Basic Accounting Policies and Principles in the ESAAR 1985, the relevant part are reproduced for easy reference.* *"2.9 All employee costs in respect of the construction units shall be fully charged as cost of capital assets.* *2.11 All expenses in respect of construction units shall be fully charged as cost of Capital assets.* *2.94 Every year, a portion of the interest payable on the interest bearing borrowings which relate to financing of capital assets at construction stage i.e. till the point of commissioning of assets shall be computed in the manner prescribed in paragraph 1.42 Annexure V, if so directed by Central Government, be capitalized.* *2.95 The amount of interest so computed and capitalized shall be reduced from the amount of interest for the year and only the balance amount shall be chargeable to the Revenue Account for the year.* Para 1.42 of Annexure V is as follows

advertisement. However, the capitalization of administration and general overheads and advertisement are not in compliance to Ind AS 16. As a result, property plant and equipment are overstated by ₹1838.60 Lakhs and Loss / Reserves are understated by ₹1838.60 Lakhs.

"1.42 In computing the interest on funds utilised during construction stage of capital assets, the following factors shall be taken into consideration:

(1) The full amount of interest payable for the year would be considered for the purpose.

(2) Arrears of interest shall not distort the computation of interest on funds utilized in construction as these arrears are required to be debited to a Restructuring Account and then adjusted to surplus/ losses.

(3) In view of the difficulties in identifying a source to its use, no attempt shall be made for source-use identification.

(4) The exercise of computation of capitalisable interest shall be carried out at the head office of the Board.

(5) This exercise shall be carried out considering rupees in thousands only".

Similarly, Para 1.4 & 1.5 of annexure V is as follows.

1.4 Staff costs, material related expenses and other expenses which are chargeable to capital works shall be:

(1) Identified to specific capital job wherever possible.

(2) Failing which, identified to a specific group of capital jobs wherever possible (and within the group allocated on an ad-valorem basis).

(3) Failing which, identified to a project wherever possible (and allocated on an ad-valorem basis over various jobs within the project).

(4) Failing which, allocated on an ad-valorem basis over various projects and various jobs within each project.

Identification to one or more jobs should be done only if possible to identify without any allocation. In all other cases, ad-valorem allocation shall be adopted.

	1.5 By ad- valorem basis is meant allocation of capitalisable expenses as a per cent of the capital expenditure incurred during the period on that job/ project (and not as a per cent of total capital expenditure on that job/ project including the expenditure including the expenditure incurred in the previous periods of allocation. KSEB Ltd is consistently following the above accounting policies prescribed. Accordingly the expenditure incurred in construction ARUs are being fully capitalised by the ARU itself. In the case of other ARUs, where both capital and O&M works are being undertaken, the employee cost & expenditure is being capitalised at a pre set percentage as below. Transmission 25% Distribution 14% Head Office Units 5% Similarly interest and finance charges is being capitalised at the head office as prescribed in the above accounting policies. These amounts are later allocated to the ARUs on the basis of actual capital expenditure incurred during the period for capitalisation in the concerned project/ assets. All the workings and details are available with the Company.
I. *As per the Accounting policy, the Holding Company allocates Employee cost, interest and financial costs of various units to "Revenue expenses pending allocation over capital works" on the basis of a specified ratio identified by the Company. However Company has not considered an amount of ₹1,660.37 Lakhs being 'Employee cost relating prior periods short provided' and ₹900 Lakhs being DA arrear provided during current year while allocating the employee cost. This has resulted in understatement of Capital Work in progress and overstatement of expenditure and loss amounting to ₹2560.37 Lakhs*	As per the accounting policy regularly being followed by the company as detailed in clause 17(2) of the part I chapter III of manual on Commercial Accounting System Volume-III-Capital Expenditure and Fixed Assets Accounting. *"If the increase/decrease in staff costs and other expenses* has taken place in the accounting years subsequent to the accounting year in which the relevant staff costs and other expenses were incurred, the amount increase/ decrease shall be ignored for the purpose of capitalisation of expenses in the subsequent year"

	During the year an amount of ₹2560.37has been booked in the ARU as employee cost relating to previous years. It consists of salary of employees relating to previous years deferred due to various reasons and dearness allowance of employees due in the previous year. The same will be adjusted with the provision created on respective years and the short fall if any will be charged to the revenue account. However the increase/decrease will not be considered for capitalisation as per the policy detailed above.
J. *Title deeds of immovable properties of the Holding Company were not produced for our verification.*	KSEB Ltd. is having land and land rights with book value of ₹1783.79 crore as on 31.03.2018 spread across Kerala. The land is accounted in various ARUs and is under the control of various ARU Officers. Separate Land Management Unit is functioning at the head office where the details of land are being maintained and monitored. Reasonable internal control is being exercised over the landed property. The title deed of the property randomly selected by the audit were furnished for verification.
K. As per paragraph 8 of Ind AS 16, Property, Plant and Equipment, items such as spare parts are to be capitalized in accordance with recognition criteria, when they meet the definition of 'property, plant and equipment'. Since the required details are not available in respect of Holding Company, we are not able to quantify the impact of the same in the Consolidated Financial Statements.	The audit was requested to furnish the details on which the opinion is framed to have detailed verification of the items and its materiality. However the item is not quantified by the auditors.
L. As per note to accounts no 35.1 &35.15(i), the opening balance sheet for the Holding Company as on 01/11/2013, has been adopted as per the Re-vesting second Transfer (Amendment) scheme (Re-vesting) 2015. The Holding company has not considered increase in the value of plant and machinery as a result of such restatement amounting	Vide G.O(P) No.46/2013/PD dated 31 October 2013 published in Kerala Gazette dated 31st October 2013, the Government of Kerala revested all the Assets and liabilities of the erstwhile KSE Board in the new company Kerala State Electricity Board limited. Then the Government of Kerala issued the final transfer scheme vide G.O.(P) No.3/2015/PD dated 28.01.2015 by issuing a new

to Rs. ₹ 10,71,199.95 Lakhs while computing depreciation. The disclosure made by the Holding Company regarding the accounting treatment of above assets and liabilities is incomplete.	opening Balance Sheet for the company as on 01.11.2013.In the Balance sheet the value of Plant and Machinery notified as ₹15263.94Cr against the closing balance as on 31.10.2013 amounting to ₹4551.95 Cr. Hence the value Plant and Machinery was increased by ₹10711.99 Cr as part of creation of pension fund. Depreciation is not being provided for the above increased value of assets and is disclosed as such in the notes to accounts.
M. As per the units visited by us and their explanations, the Units of Holding Company have capitalized the entire material issued and consumed in various projects without considering the recognition criteria in compliance to Ind AS 16. The accounting treatment thus resulted in over statement of the property plant and equipment for the year 2017-18. In the absence of necessary information we are unable to comment the impact thereof on the Consolidated financial statements.	Majority of the observation noticed by the audit may be in Distribution SBU where normally works are completed within a short period of time compared to other SBU of KSEB Ltd. Apart from this, in distribution sector, majority of the works are small in size and also the chances of spill over to another financial year for the completion of the work is remote. Hence there may not be a material impact in the capitalisation done by the ARUs. The procedure for capitalization is detailed in manual on Commercial Accounting System VOLUME III – 'Capital Expenditure and Fixed Asset', which is being regularly followed by the ARUs.
d. <u>Sale, deletion or decommissioning of asset:</u> i) The Holding Company has a system of accounting sale of Property, Plant and Equipment either in miscellaneous receipts or in sale of scrap without giving effect to the fixed assets ledger. The Holding Company has also not disclosed the details of deletions and decommissioning during the year. Thus the accounting treatment is found not in compliance to Ind AS 16-Property, Plant and Equipment. In the absence of required information we are unable to quantify the impact on Property, Plant and Equipment, Depreciation for the year and Other Income. ii) As per Agenda no - 34-2-7/2017 of Board of Directors meeting held on 27/07/2017 of Holding Company had decided to sell the dismantled materials of Eranad Lines	i. As per the accounting procedure followed by the company, whenever the assets are decommissioned, the fixed assets are to be withdrawn. The non compliance in the ARU is being looked into. ii. The Eranad Lines Package-A and Northern Region HTLS Package- B are part of the Transgrid project, which is in the initial stage of implementation. The said Board order is on the finalisation of the tender formalities for

	Package- A and Northern Region HTLS Package- B of trans grid 2.0 to Sterlite power transmission ltd for an amount of ₹1093.12 Lakhs and as per Agenda no 15-01/2018 Holding Company had decided to sell the dismantled materials of Kochi lines Package to L&T Ltd. for an amount of ₹ 1007.10 Lakhs. As per the information available, The Holding Company accounted the same as sale of scrap instead of showing as deletion of fixed assets which has resulted in overstatement of fixed assets and miscellaneous income of ₹2100.22 Lakhs and overstatement of depreciation. Due to lack of detailed list of dismantled items we are not in a position to quantify the depreciation amount.	dismantling of the existing lines and erection of the new one. The deletion of fixed assets and capitalisation of new line will be made on actual execution of the activities in the field ARU.
2.	The Holding Company has not complied with Ind AS 36- Impairment of Assets. Due to lack of necessary information we are not in a position to quantify the impact.	Noted.
3.	As per Ind AS 105- 'Non Current Assets held for sale and Discontinued Operations', the non- current assets recognized as scrap should be separately disclosed. We observed that, the Holding company has not complied with the Ind AS, with regard to the assets recognized as scrap and to be held for sale. Due to lack of necessary information we are not in a position to quantify the impact of the same.	Noted.
4.	(a) In Note No.5 'Non Current Assets - Financial Assets – Loans'-includes an amount of ₹5250 Lakhs being Interest bearing loan to Energy Management Centre. The Holding Company has provided interest for the period 2010-11 and 2011-12 amounting to ₹ 476.90 Lakhs and ₹ 697.16 Lakhs respectively. The Holding Company has not provided interest on this loan henceforth, as there is an uncertainty in the realization of interest. As per the	As per the Accounting standard if there is any uncertainty in the realization of revenue that amount need not be accounted as revenue. Hence provision for interest is not credited in the accounts. As per the terms and condition, the loan is repayable only if the Certified Emission Reduction (CER) is available from UNFCC (to obtain Carbon Credit). If the CER is not being allotted to EMC, EMC cannot be requested to

terms and conditions, the loan is repayable by Energy Management Centre only if the Certified Emission Reduction is available from UNFCC to obtain Carbon credit. As per the information available from the management, Energy Management Centre has not obtained carbon credit as on date. Hence there is uncertainty in the realization of this advance. However, no provision has been created for this balance, including the interest, which is doubtful of realization. As a result, non-current assets is overstated and loss for the year is understated by ₹ 6424.06 Lakhs.	repay the advanced by KSEB and the entire cost will be borne by KSEB from its budgetary resources. Action is being taken to ascertain the possibility of obtain Carbon Credit with the EMC. EMC being a fully owned Government of Kerala undertaking and the company has no doubt about its realization, provision has not been made. The matter had been taken up with the Government of Kerala vide letter dated 05.03.2018.
(b) Note No:7 Other Non Current Assets includes 'Capital Advances Others' amounting to ₹ 10,896.01 Lakhs for which sub-schedule of various works, Stage of completion of works etc. of Holding Company were not furnished for our verification. Due to lack of necessary information, we are unable to quantify the impact of the same in the Consolidated financial statements.	(b). The expenditure incurred under capital advance booked in the field units. All details are available in the field uni
5. The amounts and balances lying under Non Current Financial Liabilities - Borrowings (Note No 15), Other Non Current liabilities (Note No 18), Trade Payables (Note No 20), Non Current-Other Financial liabilities (Note No 16),Current - Other Financial Liabilities (Note No 21), Trade receivables (Note No 9), Non Current Assets - Financial Assets - Loans (Note No 5), Non Current Assets - Other Financial Assets (Note No6), Other non-current assets (Note No 7), Other current assets (Note No 12) are subject to confirmation and reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible losses which may arise on account of non-recovery or partial recovery of such dues could not be ascertained. Hence, we are unable to comment the impact thereof on the Consolidated financial statements.	The long term borrowings are taken from nationalised/ scheduled banks, Power Finance Corporation, Rural Electrification Corporation and Life Insurance Corporation of India. These balances are fully reconciled and the balance confirmation is available with KSEB Ltd. There is a system of periodical reconciliation of trade payables in respect of power purchase liabilities and the duly signed reconciliation statement is available with KSEB Ltd. In KSEBL, the procedures of balance confirmation from the debtors are not in vogue. Being fully owned government entity, working under regulatory environment and the consumers are being billed at the rate specified by the Regulatory Commission, the supply invoices are being issued under statutory forms in which the consumer dues are clearly mentioned, the demand cum disconnection notice issued

Observation	Reply
	to the consumers itself can be considered as the balance conformation certificate. It may also be noted that the consumer strength of KSEBL is more than 1.25 crore. Hence obtaining all balance confirmation is not practically possible. In the case of advance to suppliers/ contractors, normally no advance is being given to the contractors. Even if the advance is given in certain cases, the advance is against Bank Guarantee/ other corporate guarantees. Strict internal control procedures are there in KSEBL for advance payments as well as its recovery. However KSEBL was ready to collect the balance confirmation certificate from randomly selected parties by the audit.
6. Account Code : 226 Material Stock and related accounts as on 31/03/2018 a. Attention is invited to Note 8 Inventories, The Holding Company has not provided for damaged/obsolete and slow moving items and goods as per Ind AS 2 on 'Inventories'. Due to lack of necessary information, we are unable to quantify the impact of the same in the Consolidated financial statements. b. Attention is invited to Accounting Policy No.1.10, that the Holding Company changed the accounting policy on Inventory from 01/07/2017. The Company has not complied with the disclosure requirements as per Ind AS 8-'Accounitng Policies, Changes in Accounting Estimates and Errors' in regard to the effect of the change in the Consolidated financial statements. c. Based on the units visited by us, we observed that there is no uniformity in accounting of inventory including LED Bulbs. In certain units, the closing balances of inventory are negative and LED bulbs are valued at Selling Price. We have also observed that there is difference in stock balance as per confirmation and Trial balance in respect of units visited by us. For instance, we observed	a. The company is having a detailed manual on Commercial Accounting System VOLUME II – MATERIAL ACCOUNTING to establish consistent and effective policies and procedure to ensure proper financial management – especially in the area of Material Accounting at all levels in the Company. The policies and procedures contained in the manual is followed in the company unless specific exception is given under certain peculiar circumstances. The treatment of obsolete stock is detailed in Section 14 of Chapter 1 Part II of the said manual. b. Change in accounting policy on inventory has been suitably disclosed in the accounting policy. c. This will be verified.

a difference of ₹ 42.83 Lakhs in ARU 211, ₹ 7.05 Lakhs in ARU 103 and ₹ 156.47 Lakhs in ARU 203. Hence, we are not able to quantify the impact of the valuation of inventory in Compliance with Ind AS-2-Inventories. d The management of the Holding Company follows the procedure of physical verification of stock periodically by the dedicated team in the O/o the Chief Engineer (SCM). However physical verification reports by various ARUs of Holding Company have not been submitted to us to confirm whether stock valuation is in compliance to Ind AS 2. Hence, we are not in position to comment on the impact on the accounts resulting on the physical stock verification for any unaccounted stock, stock to be converted as held for sale etc.	d. Physical verification of the stock is being conducted by the dedicated team in the O/o the Chief Engineer (SCM). The physical verification of the stock done by the SCM during the period has been provided to the auditors.
7. a) Other Current Assets (Note 12) read with note 35.15 (f) regarding Inter Unit Balance amounting to ₹ 4,285.64 Lakhs of Holding Company. The said balance is subject to reconciliation and further adjustments, the effect of which on the financial results of the Holding Company is not ascertainable. b) Note No 12 'Other current assets' includes ₹ 942.16 Lakhs 'Interest accrued but not due' and Note No 6 'Non Current Assets' includes ₹ 106.10 Lakhs 'Other Deposits Sundry Receivables' at ARU 999 for which the Holding company has not furnished necessary details. In the absence of necessary details, we are unable to comment upon the impact of these items.	Inter Unit balance in the accounts consists of balance in the Account group 31 to 39 in the 140 ARUs of KSE Board. These Account group are being used for booking transaction between different Account Rendering Units (ARUs) as well as between ARUs and Head office. The balance of Inter unit transaction is amount booked in the 140 ARUs and it is available in the Trial balance of ARUs. The reconciliation of inter unit balance is a continuous process and the company is in the process of identifying and clearing the inter unit balances. It is true that there is lot of items to be identified and cleared in the inter unit balances. However due to the large number of transactions between the ARUs, the company was not able to clear the balances in full. The company is in the process of identifying and clearing inter unit balances by introducing online accounting system and once the same in fully functional automatic inter unit reconciliation will occur. b. This will be verified.

8. Cash and Cash Equivalents A. The Holding Company is not following the prudent business practice of accounting ‘Cheque received not deposited in Bank’ as balance with Bank. On verification of units visited by us an amount ₹ 18.57 Lakhs, being cheque received but not deposited, was disclosed as Cash in Hand. This has resulted in overstatement of Cash in Hand and understatement of bank balances as on 31/03/2018.	As per the policy being regularly followed by the company detailed in para 2.130 of the Volume V – Finance of manual on CAS states that “Cheques and bank drafts received will be treated as cash until they are deposited in bank and will be included as cash on hand in the accounts. Banking of such cheques and drafts will, therefore, be considered as deposit of cash in the Bank Account”
B. ARU 371, Electrical Division, Alappuzha i. The actual cash balance as on 31/03/2018 was ₹ 7.43 Lakhs. But as per the financial statements the Cash balance is ‘Zero’ thus resulting in understatement of Cash in Hand and overstatement of Bank Balances. ii. The Holding Company has not accounted for an amount of ₹ 1.05 Lakhs which has been lost by theft, resulting in over valuation of cash in hand and understatement of expenditure.	i It is reported by the ARU that the remittance journal for the month of 03/18 has wrongly been account in the month of 04/18. Hence there was huge cash balance in the account of 24110. Necessary correction Journal incorporated in the consolidation of accounts to give a true and fair view. ii. The procedure is explained in the Commercial Accounting System Manuals the non compliance by the ARU is being looked into.
C. Bank Accounts Bank balances including E- payment accounts, Akshaya e Pay collection accounts and certain bank accounts maintained at Head Office of Holding Company, ARU’s and other offices of Holding Company are subject to confirmation and reconciliation.	In ARUs, two types of bank accounts are being maintained viz Collection accounts and disbursement accounts. The collection accounts are in the nature of non operative collection accounts, where only remittances are permitted. As per the agreement executed with banks the entire amounts remitted into the collection accounts per day have to be sweep transferred to the central collection account and then to the operative account maintained at head office on the same day itself. As per the agreement condition, the balance in collection account at the end of a particular day should be zero. As per the procedure in vogue, the reconciliation of collection accounts are being made at the ARUs. The central collection accounts are duly reconciled. The disbursements of the funds are being made through the operative accounts maintained

	at the head office as well as ARUs. All the disbursement accounts are properly reconciled. The audit is requested to furnish the details of Bank accounts which are not reconciled and the differences in the bank balances with that of the ledger balance in respect of those bank accounts to initiate further action.
9. AGEING SCHEDULE i. The reconciliation for ageing analysis of trade receivables were not submitted for our verification. Hence, we are unable to comment on the recoverability of receivables and the provision thereon. ii. In the case of ARU 954 - "Special Officer Revenue"- of Holding Company Debt Collection Balance and Debtors net balance as per accounts under account code 23 shows a difference of ₹ 3,189.94 Lakhs. The difference has not been properly explained. Due to lack of information we are unable to quantify the impact on provisioning for the debtors.	i The details of age wise analysis was submitted for verification for the auditors. Moreover the difference in reconciliation disclosed in the notes to accounts as 35.15.(q). ii. The ARU reported that the details are furnished and explained to the auditors. However this will be verified in detail.
10. Rent Receivable: We observed that the rent receivable has not been accounted on accrual basis at certain units of Holding company visited by us. The accounting treatment is thus found not in compliance to Ind AS 18 - Revenue. Due to lack of necessary details, we are not in position to quantify the amount.	Noted. Necessary directions will be given to the field units.
11. As per the scheme 'Pooled power purchase – solar energy', the Holding Company purchases power from the grid connected consumers, supplying solar power. We observed that, the power purchase under this scheme has not been accounted on accrual basis during the year 2017-18 as per Ind AS-1. Due to lack of necessary details, we are not in position to quantify the impact on the Consolidated financial statements.	Detailed procedure for the grid connection by the consumers have already been issued by the company. Accordingly agreements are being executed at section offices with the consumers who joined the scheme. Energy supplied and consumed by the consumers are metered separately and the details are captured in the **ORUMANET** software used for billing by the company.

12. Compensation for injuries Death etc. The ARU 326, Electrical Division, Kattakkada of Holding Company has paid ₹ 2 Lakhs for two parties as ex-gratia out of their eligibility of ₹ 5 Lakhs each. The balance expenditure has not been accounted on accrual basis during the year 2017-18 as per Ind AS-1. Thus, the Current liabilities and expenditure are undervalued by ₹ 6 Lakhs.	The ARU has reported that the balance of ₹ 8 lakh will be sanctioned after necessary documents required to ascertain the eligibility of ex- gratia as per the Vydyuthi Sureksha scheme. Hence it is not provided in the accounts.
13. Goods and Services Tax (GST) Based on our visit in various units of Holding Company, the unit-wise details of Goods and Service Tax collected and its subsequent remittance were not found proper and reconciled. Hence, we are unable to comment on the correctness or otherwise in regard to the collection, remittance, input tax credit, liability under reverse charge mechanism and payable amount with respect to GST. The financial effect of the same cannot be quantified due to lack of information.	As per the procedure in vogue the GST collected in the field units and remittance has been arranged from the Head office. A separate wing in the head office is closely monitoring the GST collection and its timely remittance and availing of Input tax credit. The reports by the auditors that subsequence remittance of GST collection not found proper is without considering/lack of understanding the system followed in the company regarding the GST. However this will be verified
14. We observed, that in ARU 299, Electrical Circle, Shornur of Holding Company - the interest in Saving Bank account for Fund from REC-RGGVY which is refundable to REC, shows a debit balance of ₹ 16.07 Lakhs. On verification, the liability has not been provided in the accounts on accrual basis as per Ind AS-1. Due to lack of information, we are unable to quantify the same.	Noted. This will be verified.
15. Account Code 47 and Account code 55 : A. As per the accounting procedure, the deposit collected (account code 47) should be accounted as Grant under Consumer contribution (account code 55) based on the work completed or corresponding asset creation. Based on our audit in the units visited by us of Holding Company, we observed that, certain ARUs have not	The procedure for accounting the amount collected under deposit work and the transfer of the amount to the Grant under consumer contribution is clearly explained in the Accounting Manuals of the company. The procedure lapse if any by the ARU will be looked into and internal audit team will be instructed to verify the matter during the course of audit. The amount of work deposit under various

transferred the deposit to Grant under Consumer contribution and this may also have an impact on amortization of grant. Since the Holding Company is undertaking work for specified large projects under 'work deposit' basis and no information is readily available with the Holding Company with respect to deposit received, work completed, date of completion, balance payable / receivable etc, we are not in position to comment on correctness of the deposit held by the Company as 'work deposits' and the balance to be transferred to Grant. Due to lack of information, we are unable to quantify the same.	schemes are collected and accounted in the field units. All the details are available in the field units.
B. In ARU 301, Electrical Circle, Thiruvananthapuram of Holding Company and in ARU 954 SOR, grant shows debit balance of ₹238.11 Lakhs and ₹1497.35 Lakhs. In the absence of necessary details, we are unable to quantify the impact on the Consolidated financial statements.	Noted. This will be examined.
16. The Holding Company has disclosed an amount of ₹ 35,832.26 Lakhs as Disputed Income-tax Matters (Note No 35.2) under Contingent Liabilities. Out of the same, we have not received details regarding disputed tax liability of ₹3462.23 Lakhs.	The Disputed MAT claim on the erstwhile KSE Board, which was decided in favour of KSE Board by the Hon,ble High court of the Kerala is shown under Contingent Liability as the Income Tax department had filed appeal before the Hon'ble Supreme Court.
17. On verification of Financial Statements of Associates, it was found that, there was loss for three consecutive years including current year in Baitarni West Coal Company Ltd. However, the Holding Company has not provided and disclosed provision for impairment, if any, as per Ind AS 28.	As per para 41A of Ind AS 28, the net investment in an associate or joint venture is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event has impact on the estimated future cash flows from the net investment that can be reliably estimated. The net loss of BWCCL for the current year was due to write off of preliminary expenses and otherwise the net operating results would have been positive. Since a significant and prolonged

	deterioration in the value of investment of the company is unlikely in the near future, no provision for impairment is made in the accounts
18. **Receipts from maintenance charges for poles from Cable TV operators:** a. Based on the observation on audit of units of Holding Company, the receipts from maintenance charges for poles from Cable TV Operators are not accounted on accrual basis in compliance to Ind AS 18- Revenue. However due to lack of information, we are unable to quantify the impact on the Consolidated financial statements. b. On verification of accounts, the pole rent receipts include interest portion for the delayed receipts. The interest receipts should be separately accounted. The amount could not be quantified as no details are submitted by the Holding Company. c. The Holding Company has not provided information regarding dispute settlement with cable operators regarding income from pole rent, balance amount receivable and amount written off, if any, as decided in Board meeting dated 12-4-2017. Due to lack of information, we are unable to quantify the impact on the Consolidated financial statements.	a&b. Instruction had already been issued vide circular No. FA/Tax cell/GST/Pole Rent/2017-18 dated 21/03/2018 to provide provision as per GST rules in this regard. c. The Board in its 27th meeting held on 29.07.2016 had approved the dispute settlement mechanism for drawal of cables by M/s Asianet Satellite Communication Ltd and other cable TV operators. During the deliberations in the 30th Board of Directors meeting held on 04.01.2017, it was directed to submit a status report on the action initiated for the dispute settlement mechanism approved by the Board in the 27th meeting , to be placed in the next Board meeting It was reported in the board meeting vide agenda No.18-04/2017 that as per the details furnished by the Deputy Chief Engineers it is seen that 581 cases have been fully settled and instalment facilities have been accorded to 214 cases, from which an amount of ₹3.34 Cr has been realised.
19. The Holding Company follows the practice of providing interest on closing balance of customer deposits. We observed that, the provision created in preceding years amounting to ₹ 33082.44 Lakhs has been accumulated and no adjustment has been made in the Consolidated financial statements. In the absence of necessary details, we are unable to comment upon the same.	The Board vide order B.O (FB) No. 3159/ 2005/ KSEB/TRAC/S Code/05/R2 dated 11.11.2005 had ordered that interest at bank rate prevailing as on 1st April 2004 on the amount of security deposit at credit as on 1st April 2004 is to be credited to the consumer's account during the first quarter of 2005-06 and this process shall be repeated every year. A detailed circular on accounting procedures to be followed in this regard were also issued. As per the procedure, the interest accrued during a financial year shall be adjusted in the energy bill of the consumer

	during the first quarter of the ensuing financial year. Accordingly the interest on opening balance of the security deposit as on 01.04.2017 at the specified bank rate will be provided in the accounts of 2017-18 on accrual basis. The actual disbursement of the amount will be made to the consumers in the first quarter of the next financial year (i.e. first quarter of 2018-19). The actual disbursement details will be accounted by the ARUs only in the financial year 2018-19.
20. Accounting treatment of LED Bulbs a. Trading of LED Bulbs to the customers is different from the normal business activity of the Holding Company. Hence, the Holding Company should disclose the purchases, Sales and Closing Stock separately in Consolidated Statement of Profit and Loss. b) The Holding Company is not following the accrual basis of accounting while accounting expenses relating to purchase of LED bulbs which is not in conformity with Ind AS 1. Due to non availability of necessary information the impact of the same cannot be quantified. c) Based on the verification of the accounts of units visited by us of Holding Company , it was found that the purchase of LED Bulbs amounting to ₹ 320.19 Lakhs relating to prior period is accounted as current year expenditure which is not in compliance with Ind AS 8 – 'Accounting Policies, Changes in Accounting Estimates and Errors'.	Detailed accounting procedure in respect of LED bulb has already been issued vide circular No. AA-IV/AC/II/29/2015-16 dated 25/02/2016. However the matter will be verified in detail and further directions if any required will be issued
21. The impact of comments made by C&AG, the statutory auditors and errors or omissions for the previous years has not been adjusted in accordance with Ind AS 8-Accounitng Policies, Changes in Accounting Estimates and Errors. We are unable to quantify the impact of the same in the financial statements due to lack of necessary details.	Regarding the comments in the nature of errors and omission, necessary direction has been given to the field units. In the case of Accounting policies, change in Accounting Estimates and Errors is noted for future.

22. In ARU 954, as per the agreement no.28/17-18 dated 25/09/2017 M/s Philips Carbon Black Ltd. is liable to pay the interest at the rate of 12% per annum based on actual delay from the due date up to a period of 30 days and thereafter at the rate of 18% per annum for the entire period of default from the due date. However as per the explanation from the Holding Company the entire payable accounted has been revised by the management and the due amount has been restated. Due to lack of proper details, we are unable to quantify the impact in the Consolidated Financial Statements.	The Special Officer (Revenue) reported that the documents/details called for by the auditors are furnished at the time of audit.
23. We observed that, at ARU 954 of Holding Company, interest on demand on sale of power amounting to ₹8.97 Lakhs was not accounted in compliance to Ind AS 18 resulting in understatement of interest income and receivables.	This has been explained to the auditors at the time of audit. Considering the materiality aspect this will not affect the true and fair view of the financial statements of the company.
24. As per 35th Board Meeting held on 15th November, 2017 Board of Directors of the Holding Company decided for the one time settlement of recovery of arrear rent from occupants of Board Quarters at various locations. However, no effect has been given in the Consolidated Financial Statements which is not in compliance to Ind AS 18. Due to lack of necessary information we are not in a position to quantify the impact on the Consolidated Financial Statements.	Director (Generation-Civil) has already given direction to all ARUs to report the status.
25. As per decision of Board of Directors of Holding Company, price escalation has been sanctioned for the works of Bhoothathankettu Small Hydro Electric Project. Due to non availability of necessary information, we are unable to comment upon the financial effect of the same, if any.	Vide letter No. CECCS/BHEP/1/2013 dated 25.07.2018 Chief Engineer (Civil Construction-South) reported that all invoices received up to 31.03.2018 have been paid at agreed rate

26. The Holding Company has not revalued bonds at fair value issued to KSEB Master Trust amounting to ₹11,23,929 Lakhs which is in not in conformity with Ind AS 109. Similarly, the other financial assets and liabilities including loans / deposits have also not been recognized at fair value. Further, the Company has revalued 'Loan from REC - various schemes' (Note No 15) incorrectly resulting in negative balance of ₹ 47.06 Lakhs for the loan. Due to lack of necessary we are unable to quantify the impact of the same in the Consolidated Financial Statements	These bonds are issued for specific purpose to meet the terminal liability of employees of KSEB Ltd to the Master Trust. The interest rates are fixed and specified in the Government order itself. There is no comparable bonds issued by the Government of Kerala to ascertain the fair value. Hence fair valuation was not done. Negative balance of ₹47.06 lakh was an error occurred due to wrong treatment of fair valuation under IND AS.
27. One of the Associate companies, Baitarni West Coal Company Ltd, has shown an amount of ₹ 1307.89 Lakhs under "other financial liabilities" against the name of three promoter companies including KSEB Ltd for an amount of ₹435.96 Lakhs each. No corresponding entry has been made in the books of KSEB Ltd.	The compensation received by M/s Baitarni West Coal Company Ltd. (BWCCL) in terms of Section 16 of the Coal Mines (Special Provisions) Act, 2016 on de-allocation of coal block was netted off against the pre-operative expenditure by BWCCL and the balance is treated as unsecured loan of ₹435.96 crore each from three promoter companies and classified as 'other financial liabilities' in their books of accounts. KSEB Ltd. is of the view that the amount of compensation received towards cost of consent of ₹1307.98 lakhs cannot be credited to the Unsecured Loan in the name of shareholder companies in equal proportion as it is not permissible under Companies Act 2013 to distribute the compensation received among the shareholders. Hence corresponding entries has not been provided in the accounts of KSEB Ltd. The same has been suitably disclosed in the Notes No. 34.12(u) forming parts of Consolidated Financial Statements.
28. Transactions between Holding Company and the Associates have not been disclosed properly. Confirmation of balances and reconciliation among the Holding Company and Associates also is not available for verification. In the absence of full information we are unable to comment on the impact on of the same on the consolidated	Except normal business transactions with Kerala State Power Infrastructure Finance Corporation, there is no other transaction between the holding company and associate companies during the financial year. Except the item reported in para 27 above, for which reason reported, all the transaction are properly accounted in the books of accounts.

financial statements. Also as per Ind AS 28 'Investments in Associates' investor's share in profits of any upstream / downstream transactions within the group should be eliminated in the Consolidated Financial Statements. In the absence of necessary information, we are unable to determine whether the same has been complied with.	
29. The aggregate effect of our qualifications described above from Point No 1 to 27, wherever quantifiable, is that assets are overstated by ₹ 8296.94 Lakhs, Liabilities are understated by ₹ 6 Lakhs, Loss / Reserves are understated by ₹ 8302.94 Lakhs	Noted.

Sd/-

DIRECTOR (FINANCE)

REPLIES TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STAND ALONE IND AS FINANCIAL STATEMENT OF KERALA STATE ELECTRICITY BOARD LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31ST MARCH 2018

COMMENTS ON FINANCIAL STATEMENT	REPLIES OF THE COMPANY
A.COMMENTS ON FINANCIAL POSITION	
Balance Sheet	
Assets	
Non Current Assets	
Capital work in Progress(Note 3)- ₹ 2448.89 crore	
1. The above is overstated by ₹ 55.93 crore due to non capitalization of the Perumthenaruvi Small Hydro Electric Project commissioned in current year. This has also resulted in understatement of Fixed Assets by ₹55.93 crore depreciation as well as loss for the year by ₹ 0.88 crore.	This has been capitalised vide UJE No.7 of 12/2018 of Civil Circle, Pallom.
Equities and Liabilities	
Financial Liabilities	
Other Non-current Liabilities (Note 18)-Decommissioning liability- - ₹ 20.56 crore	
2. The above represents the decommissioning liability recognised by the Company @ 0.1 percent of value of assets. The Decommissioning liability was added to the cost of the Property, Plant and Equipment without considering the present value of the liability which is not in compliance with Ind AS 16. The provision of Ind AS 16 that periodic unwinding of discount should be charged to Profit and loss account as Finance Cost has also not been complied with. The Company has not disclosed the methodology adopted for provision of decommissioning liability and limitations if any, in adhering to the provisions of Ind AS 16 in this regard.	The decommissioning liability recognised by the company @ 0.1% as per the B.O. D (F) No.34/2018(Annual Accounts/Ind As 2016-17/2017-18) TVPM dated 04/1/2018. The rate was fixed after a detailed internal discussion and considering the complexities in the nature as well as life of assets and the complexities in the electricity sector. An estimated decommissioning liability was fixed and the same has been provided as decommissioning liability on adoption of Ind AS in the company and to comply with the Ind AS 16.

B.COMMENTS ON CASH FLOW STATEMENT

3. Cash and cash equivalents at the year was overstated by ₹ 70.07 crore due to inclusion of fixed deposits against Guarantees and other commitments (as disclosed under Note 11). Treatment of such deposits which were not highly liquid in nature as cash equivalent was against the provisions of Ind AS 7-Statement of Cash flows	The Current Financial Assets- Cash and cash equivalents are disclosed under Note No.10. Rs.7007.15 lakh disclosed in the Note No.11 as Bank balance other than cash equivalents. Adequate disclosure is there in the financial statements.
4. As per provisions of Ind AS 7, investing and financing activities that do not require use of cash or cash equivalents should be excluded from the statement of cash flows. Non cash item of ₹11336.67 crore representing changes in provisions/provision for interest has been included under cash flow from financing activities which is not in compliance with Ind AS.	Change in provisions in the cash flow statement represents the bond issued to the Pension Master Trust to meet the pension obligation of the employees of KSEB Ltd. The change in provision includes the change in cash out flow to the master trust due to principal repayment of the bond. Hence change in provision represents change in cash out flows. Rs.81140 lakh was the interest on bond issued to the pension Master Trust. The amount was transferred to the pension master trust to meet the pension obligation and hence cash outflow. Hence the item is shown as cash flow in investment and financing activities.

C. COMMENTS ON DISCLOSURE

5. According to the Kerala State Electricity Regulatory Commission Regulations,the Company had to meet renewable purchase obligation of 5378.73 MU during the period 2011-12 to 2017-18 of which 4071.47 MU was achieved, leaving a deficit of 1307.26 MU. The liability on account of this based on the floor price of renewable energy certificates worked out ₹ 130.73 crore. This fact has not been disclosed by the Company.	KSEBL has been taking earnest efforts to meet the non-solar and solar RPO targets stipulated by KSERC vide the KSERC (Renewable Energy) Regulations,2015 and its subsequent amendment. Hon'ble Commission vide the amendment to the above Regulation issued on 2-11-2017 has adopted the RPO trajectory notified by MoP on 22-7-2016. The RE achievement of KSEBL are being monitored by the State Agency ANERT as well as the State Commission. Quarterly reports on RE achievement are forwarded to the State Agency, who is the nodal agency as per the Regulation to monitor the RPO achievement of the obligated entities in the State and for reporting the same before KSERC.

	The RPO targets stipulated in the Regulations are considerably high compared to the RE potential of the State. Therefore KSEBL could not achieve the RPO targets in the Regulation. Duly considering this, KSERC has also not taken any penal actions against KSEBL. Further as per Regulation 12 of the KSERC (Renewable Energy) Regulations, 2015, the obligated entity may, in the case of genuine difficulty in complying with its renewable purchase obligation in full in any financial year, apply to the Commission for permission to carry forward to the next financial year, the short fall in its renewable purchase obligation. KSEBL is yet to file the true-up petition for the year 2017-18. As per the Regulations of KSERC, the true-up petition for 2017-18 has to be filed by January 1, 2019. In the true-up petition, KSEBL will be applying for permission to carry forward the RPO shortfall of 2017-18 to the subsequent years invoking the provisions under Regulation 12 of the KSERC (Renewable Energy) Regulations, 2015. Further, KSEBL in the MYT petition filed for the control period 2018-19 to 2021-22 has submitted before KSERC, the RPO achievement plan of KSEBL, in which KSEBL expects to meet the RPO targets stipulated in KSERC Regulations fully through own generation and purchase from RE sources. Considering the above, it is felt that creation of provision for REC purchase in the accounts of 2017-18 is a per-mature action which would be unrealistic hence not disclosed separately.
6.The Company has disclosed under Para 1.9 under Note 1 Company Information and Significant accounting policies that in terms of Ind AS 114- Regulatory Deferral Accounts it had opted to continue with previous GAAP (Guidance Note on accounting for rate regulated activities) for such balances.	KSEB Limited has been following the schedule III of the Companies Act 2013 and relevant Accounting Standards applicable for the company for the preparation of financial statement from 2013-14.The audit comment is noted.

However, the disclosure is silent as to the accounting policy itself and hence is deficient to that extent. Further, as per disclosure requirements detailed in Para 45 of the Guidance Note, an entity should disclose information that enables the users of the financial statements to understand the nature and the financial effects of rate regulation on its activities. As per final True Up orders issued by KSERC on 14.9.18, the regulatory asset as on 2015-16 stood at ₹ 5655.12 crore which should have been disclosed in the notes forming part of the accounts.	

Sd/-

DIRECTOR (FINANCE)

REPLIES TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED IND AS FINANCIAL STATEMENT OF KERALA STATE ELECTRICITY BOARD LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31ST MARCH 2018

COMMENTS ON FINANCIAL STATEMENT	REPLIES OF THE COMPANY
A.COMMENTS ON FINANCIAL POSITION	
Balance Sheet	
Assets	
Non Current Assets	
Capital work in Progress(Note 3)-₹ 2448.89 crore	
1. The above is overstated by ₹ 55.93 crore due to non capitalization of the Perumthenaruvi Small Hydro Electric Project commissioned in current year. This has also resulted in understatement of Fixed Assets by ₹55.93 crore and depreciation as well as loss for the year by ₹ 0.88 crore.	This has been capitalised vide UJE No.7 of 12/2018 of Civil Circle, Pallom.
Equities and Liabilities	
Financial Liabilities	
Other Non-current Liabilities (Note 18)-Decommissioning liability- -₹ 20.56 crore	
2. The above represents the decommissioning liability recognised by the Company @ 0.1 percent of value of assets. The Decommissioning liability was added to the cost of the Property, Plant and Equipment without considering the present value of the liability which is not in compliance with Ind AS 16. The provision of Ind AS 16 that periodic unwinding of discount should be charged to Profit and loss account as Finance Cost has also not been complied with. The Company has not disclosed the methodology adopted for provision of decommissioning liability and limitations if any, in adhering to the provisions of Ind AS 16 in this regard.	The decommissioning liability recognised by the company @ 0.1% as per the B.O. D (F) No.34/2018(Annual Accounts/Ind As 2016-17/2017-18) TVPM dated 04/1/2018. The rate was fixed after a detailed internal discussion and considering the complexities in the nature as well as life of assets and the complexities in the electricity sector. An estimated decommissioning liability was fixed and the same has been provided as decommissioning liability on adoption of Ind AS in the company and to comply with the Ind AS 16.

B.COMMENTS ON CASH FLOW STATEMENT

3. Cash and cash equivalents at the year was overstated by ₹ 70.07 crore due to inclusion of fixed deposits against Guarantees and other commitments (as disclosed under Note 11). Treatment of such deposits which were not highly liquid in nature as cash equivalent was against the provisions of Ind AS 7-Statement of Cash flows	The Current Financial Assets- Cash and cash equivalents are disclosed under Note No.10. Rs.7007.15 lakh disclosed in the Note No.11 as Bank balance other than cash equivalents. Adequate disclosure is there in the financial statements.
4. As per provisions of Ind AS 7, investing and financing activities that do not require use of cash or cash equivalents should be excluded from the statement of cash flows. Non cash item of ₹ 11336.67 crore representing changes in provisions/provision for interest has been included under cash flow from financing activities which is not in compliance with Ind AS.	Change in provisions in the cash flow statement represents the bond issued to the Pension Master Trust to meet the pension obligation of the employees of KSEB Ltd. The change in provision includes the change in cash out flow to the master trust due to principal repayment of the bond. Hence change in provision represents change in cash out flows. Rs.81140 lakh was the interest on bond issued to the pension Master Trust. The amount was transferred to the pension master trust to meet the pension obligation and hence cash outflow. Hence the item is shown as cash flow in investment and financing activities.
5. According to Para 18 (b) of Ind AS 7, an entity may report cash flows from operating activities using the indirect method whereby profit or loss is adjusted for the effects of transactions of a non cash nature. Non adjustment of ₹20.28 crore being the Holding company's share of profit of associates/joint venture (a non-cash item) against profit before tax while arriving at operating profit before working capital changes resulted in overstatement of cash inflow from operating activities by ₹20.28 crore.	Noted.

C. COMMENTS ON DISCLOSURE

6. According to the Kerala State Electricity Regulatory Commission Regulations,the Company had to meet renewable purchase obligation of 5378.73 MU during the period 2011-12 to 2017-18 of which 4071.47 MU was achieved, leaving a deficit of 1307.26 MU. The liability on account of this based on the floor price of renewable energy certificates worked out ₹ 130.73 crore. This fact has not been disclosed by the Company.	KSEBL has been taking earnest efforts to meet the non-solar and solar RPO targets stipulated by KSERC vide the KSERC (Renewable Energy) Regulations, 2015 and its subsequent amendment. Hon'ble Commission vide the amendment to the above Regulation issued on 2-11-2017 has adopted the RPO trajectory notified by MoP on 22-7-2016. The RE achievement of KSEBL are being monitored by the State Agency ANERT as well as the State Commission. Quarterly reports on RE achievement are forwarded to the State Agency, who is the nodal agency as per the Regulation to monitor the RPO achievement of the obligated entities in the State and for reporting the same before KSERC. The RPO targets stipulated in the Regulations are considerably high compared to the RE potential of the State. Therefore KSEBL could not achieve the RPO targets in the Regulation. Duly considering this, KSERC has also not taken any penal actions against KSEBL. Further as per Regulation 12 of the KSERC (Renewable Energy) Regulations, 2015, the obligated entity may, in the case of genuine difficulty in complying with its renewable purchase obligation in full in any financial year, apply to the Commission for permission to carry forward to the next financial year, the short fall in its renewable purchase obligation. KSEBL is yet to file the true-up petition for the year 2017-18. As per the Regulations of KSERC, the true-up petition for 2017-18 has to be filed by January 1, 2019. In the true-up petition, KSEBL will be applying for permission to carry forward the RPO shortfall of 2017-18 to the subsequent years invoking the provisions under Regulation 12 of the KSERC (Renewable Energy) Regulations, 2015. Further, KSEBL in the MYT petition filed for the control period 2018-19 to 2021-22 has submitted before KSERC, the RPO achievement plan of

	KSEBL, in which KSEBL expects to meet the RPO targets stipulated in KSERC Regulations fully through own generation and purchase from RE sources. Considering the above, it is felt that creation of provision for REC purchase in the accounts of 2017-18 is a per-mature action which would be unrealistic hence not disclosed separately.
7. The Company has disclosed under Para 1.10 under Note 1 Company Information and Significant accounting policies that in terms of Ind AS 114- Regulatory Deferral Accounts it had opted to continue with previous GAAP (Guidance Note on accounting for rate regulated activities) for such balances. However, the disclosure is silent as to the accounting policy itself and hence is deficient to that extent. Further, as per disclosure requirements detailed in Para 45 of the Guidance Note, an entity should disclose information that enables the users of the financial statements to understand the nature and the financial effects of rate regulation on its activities. As per final True Up orders issued by KSERC on 14.9.18, the regulatory asset as on 2015-16 stood at ₹ 5655.12 crore which should have been disclosed in the notes forming part of the accounts.	KSEB Limited has been following the schedule III of the Companies Act 2013 and relevant Accounting Standards applicable for the company for the preparation of financial statement from 2013-14.The audit comment is noted.
8. While de-allocating the coal block allotted to the associate company M/s Baitarani West Coal Company Ltd (BWCCL), Ministry of Coal, Govt. Of India invoked 50 percent of the Bank Guarantee of `75 crore (`37.5 crore) submitted by BWCCL. The matter is under litigation and the Honourable High Court of Odisha had issued (March 2013) interim order not to encash the Bank Guarantee. As the case is pending disposal, the contingent liability on this account should have been disclosed in notes forming part of Consolidated Financial Statements.	Noted. Sd/- DIRECTOR (FINANCE)

REPLIES OF THE MANAGEMENT TO THE OBSERVATIONS OF SECRETARIAL AUDITOR FOR THE YEAR 2017-18

Sl.No.	Observations in the Secretarial Audit Report	Replies/Comments of the Management
1	There is only one Independent Director.	Kerala State Electricity Board Limited being a company fully owned by Government of Kerala the appointment of Independent Directors are made by the Government of Kerala. Hence, the company as per letter No.CS/Independence Director/2015-16 dated 03.05.2016 had requested the Government of Kerala to appoint two Independent Directors so as to comply with the provisions of the Companies Act, 2013. But the Government as per G.O. (MS) No.13/2016/Power dated 02.07.2016 appointed Dr.V.Sivadasan as Independent Director. The appointment of the other Independent Director is pending with the Government of Kerala.
2	The Audit Committee constituted is consequently not in conformity with Sec. 177(2) of the Companies Act. The company has an internal Audit wing; but no report from the Internal Auditor has ever been placed before the Audit Committee.	The appointment of one more independent director is pending with Government of Kerala. Based on the existing Board structure, compliance with provisions of Companies Act 2013 is ensured. The reports from the internal Audit were not placed in the meeting of Audit Committee and the same shall be placed in future meetings.
3	The Company has not constituted a Nomination and Remuneration Committee as envisaged in Sec 178 (1) of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014. The Departmental Promotion Committee on which the Board relies, shall not be a substitute for Nomination and Remuneration Committee. The Remuneration of Directors, Key Managerial Personnel and Senior Executives must have a balance between fixed and incentive components and it should be aligned to the short and long	The appointment of one more independent director is pending with Government of Kerala. Based on the existing Board structure, compliance with provisions of Companies Act 2013 is ensured. The reports from the internal Audit were not placed in the meeting of Audit Committee and the same shall be placed in future meetings.

	term goals of the Company. All such policies as are formulated by the Nomination and Remuneration Committee shall be disclosed in the Board's Report as prepared under Sec.134 of Act-Vide proviso to Section 178(4) of the Act.	Kerala State Electricity Board Limited being a Company fully owned by Government of Kerala, the power of appointment of the Directors is vested on the Government of Kerala and for permanent employees at the entry level other than compassionate and sports recruitment are done through Kerala Public Service Commission (KPSC). All rules applicable for State Government employee viz., KSR, KS & SSR etc are made applicable to employees of Kerala State Electricity Board Limited. Promotion to officer cadre are done through Departmental Promotion Committee in line with in KS & SSR and for all other promotions are based on seniority. For Workmen category, wages and other conditions of services are decided through wages negotiation between recognized Trade Unions & Management as per Industrial Dispute Act, 1947. In case of officers their salary & Allowances are decided as per the recommendation of management committee after approval from Government. In view of the above, a separate Nomination and Remuneration Committee has not been constituted in the company. However, action would be taken in due course to constitute Nomination and Remuneration Committee as per the observations.
4	As per Sec. 203(1) of the Act, the Company shall have a Company Secretary who shall be a Key Managerial Person. The Chief Internal Audit Officer who is holding a higher post is holding additional charge of Company Secretary. This is not in conformity with the relative provisions of Companies Act 2013.	Necessary steps has already been taken up with the Kerala Public Service Commission for the appointment of Company Secretary. Since the post of Company Secretary could not be left vacant due to statutory obligations the Board vide B.O. (FTD) No.2613/2017 (Estt. III/9395/2008) dated 23.10.2017 ordered to give full additional charge of the Company Secretary to Smt. Lekha.G, Chief Internal Auditor till a new Company Secretary is appointed.

D I further report that the Board of Directors of the Company is duly constituted with Six Full Time Directors, Two Senior IAS Officers and One Independent Director. Under Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, the Company shall have at least two independent Directors. The Changes in the composition of the Board that took place during the period under review were carried out in compliance with the provisions of the Act and the Articles of Association of the Company.	As requested by the company for appointing two Independent Directors the Government as per G.O. (MS) No.13/2016 Power dated 02.07.2016 appointed Dr.V.Sivadasan as Independent Director. Steps have already been taken up with the Government for the appointment of one more Independent Director.
D(3) There is a Committee of Full Time Directors to carry on the day to day functioning/ oversee working of the routine functions. The Committee meets every Wednesday and takes decisions on day today affairs. As required in Sec 118(1) of the Companies Act 2013 read with Rule 3(12) (c) of the Companies (Meetings of the Board and its Powers). Rules 2014, the Company is keeping a record of the meetings of this Committee and its decisions where necessary are placed before the Board of Directors for approval to implement the decision of the Committee. These minutes are not however recorded in a separate book kept for the purpose, but are kept in the separate file.	The present practice is that the minutes in respect of the meeting of the Full Time Directors are being maintained in separate files and the same are being placed and noted in the subsequent meeting of the Board of Directors. Minutes Book are maintained in respect of the meeting of the Full Time Directors with effect from 01.07.2018 in the same manner the minutes of the meeting of the Board of Director are being maintained.

Sd/-

Chairman & Managing Director

KERALA STATE ELECTRICITY BOARD LIMITED
Balance Sheet as at 31.03.2018

Particulars	Note No.	(Rs. in lakhs)	
		As at 31.03.2018	As at 31.03.2017
ASSETS			
Non current assets			
Property, Plant and Equipment	2	20,37,705.61	20,68,736.35
Capital work-in-progress	3	2,44,889.91	1,78,329.19
Financial Assets			
Investments	4	2,000.01	2,000.01
Loans	5	8,295.03	8,389.85
Others	6	6,331.70	55,070.04
Deferred Tax Assets (Net)			-
Other non-current assets	7	4,31,060.49	4,93,289.29
Current assets			
Inventories	8	48,590.36	31,018.91
Trade receivables	9	2,29,926.20	1,92,339.65
Cash and cash equivalents	10	27,588.78	23,603.23
Bank balances Other than Cash Equivalents	11	7,007.15	6,827.98
Other current assets	12	12,649.65	8,046.66
Total Assets		**30,56,044.89**	**30,67,651.15**
Equities and Liabilities			
Equity			
Equity Share capital	13	3,49,905.00	3,49,905.00
Other Equity	14	-9,77,660.67	-7,40,788.01
Liabilities			
Non-current liabilities			
Borrowings	15	15,93,454.49	4,26,656.76
Other Financial Liabilities	16	3,17,045.02	3,11,596.98
Provisions	17	9,76,539.72	20,28,767.16
Other non-current liabilities	18	1,92,276.19	1,42,922.30

Current liabilities			
Financial Liabilities			
Borrowings	19	2,73,758.98	2,76,746.30
Trade payables	20	96,836.56	81,846.53
Other financial liabilities	21	2,32,989.60	1,89,998.14
Provisions	22	900.00	-
Total Equity and Liabilities		**30,56,044.89**	**30,67,651.15**

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

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

Sd/-
N. VENUGOPAL
DIRECTOR (Corp. Planning, SCM, Safety &GE)
DIN: 07558958

Sd/-
BIJU.R FCA
FINANCIAL ADVISER&CHIEF FINANCIAL OFFICER

Sd/-
LEKHA.G FCA ACS
COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For ISAAC&SURESH
Chartered Accountants
FRN:001150S

Sd/-
SOBHA SETHUMADHAVAN FCA
Partner
M.No.225166

For ANANTHAN &SUNDARAM
Chartered Accountants
FRN:000148S

Sd/-
C.A.HARIKRISHNAN.R.S.M.Com,DISA, FCA
Partner
M.No.230338

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

Place:Thiruvananthapuram
Date:29.09.2018

KERALA STATE ELECTRICITY BOARD LIMITED
Statement of Profit and Loss for 2017-18

	Particulars	Note No.	(Rs. in lakhs)	
			For the year ended 31st March 2018	For the year ended 31st March 2017
	REVENUE			
I	Revenue From Operations	23	12,31,817.31	11,21,882.81
II	Other Income	24	34,727.52	40,077.69
III	**Total Income (I+II)**		**12,66,544.83**	**11,61,960.50**
IV	**EXPENSES**			
	Purchase of Power	25	7,52,602.69	7,39,332.42
	Generation of Power	26	207.84	2,344.63
	Repairs & Maintenance	27	27,734.87	26,512.85
	Employee benefits expense	28	2,63,806.15	3,36,077.22
	Finance costs	29	1,81,469.02	95,991.86
	Depreciation and amortization expense	30	80,370.49	71,887.92
	Other Expenses			
	Administrative Expenses	31	53,038.86	37,479.10
	Others	32	-1,416.98	8,363.77
	ADD CHANGES IN FAIR VALUATION AND OTHER ADJ	**33**	**-12,858.65**	**-6,566.42**
	Total expenses (IV)		**13,44,954.29**	**13,11,423.35**
V	Profit/(loss) before exceptional items and tax (III- IV)		-78,409.46	-1,49,462.85
VI	Exceptional Items		-	-
VII	Profit/(loss) before tax (V-VI)		-78,409.46	-1,49,462.85
VIII	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		-78,409.46	-1,49,462.85
X	Profit/(loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)		-	-
XIII	Profit/(loss) for the period (IX+XII)		-78,409.46	-1,49,462.85
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss		-1,07,632.86	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-

	Particulars	Note No.	(Rs. in lakhs) For the year ended 31st March 2017	For the year ended 31st March 2016
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XV	Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income for the period)		-1,86,042.32	-1,49,462.85
XVI	Earnings per equity share (for continuing operation):			
	(1) Basic (₹)		-5.32	-4.27
	(2) Diluted (₹)		-5.32	-4.27
XVII	Earnings per equity share (for discontinued operation):			
	(1) Basic		-	-
	(2) Diluted		-	-

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

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

Sd/-
N. VENUGOPAL
DIRECTOR (Corp. Planning, SCM, Safety &GE)
DIN: 07558958

Sd/-
BIJU.R FCA
FINANCIAL ADVISER&CHIEF FINANCIAL OFFICER

Sd/-
LEKHA.G FCA ACS
COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For ISAAC&SURESH
Chartered Accountants
FRN:001150S

For ANANTHAN &SUNDARAM
Chartered Accountants
FRN:000148S

Sd/-
SOBHA SETHUMADHAVAN FCA
Partner
M.No.225166

Sd/-
C.A.HARIKRISHNAN.R.S.M.Com,DISA, FCA
Partner
M.No.230338

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

Place:Thiruvananthapuram
Date:29.09.2018

Cash Flow Statement for the period ended 31st March 2018

Particulars	Amount (₹ In lakhs)	
	2017-18	2016-17
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	-1,86,042.32	-1,49,462.85
CAPITAL CHANGES	-1,86,042.32	-1,49,462.85
Depreciation	80,370.49	71,887.92
Finance cost	1,81,469.02	95,991.86
Investment income		-23.94
Interest Income	-546.59	-719.34
Prior period interest and finance charges	6.66	17.93
Operating profit before working capital changes	**75,257.27**	**17,691.58**
Adjustments for:		
Changes in Inventories	-17,571.45	-1,814.93
Changes in Sundry Debtors	-37,586.55	-33,060.09
Changes in Other Current Asset	-4,602.99	-300.14
Changes in Current Liabilities and Provisions	40,904.14	-3,23,851.47
Changes in Trade Payable	14,990.03	12,442.65
Cash generated from Operations	**71,390.45**	**-3,28,892.40**
Net cash flow from /(used in) Operating Activities(A)	**71,390.45**	**-3,28,892.40**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Change in Fixed Asset	-99,238.28	-1,48,592.43
Changes in Capital Work-in Progress	-66,560.72	-4,836.21
Income from Investment	-	23.94
Change in Investments	-	-
Interest from Banks	546.59	719.34
Change in Non Current Assets-Other Financial Assets	48,738.34	-1,989.38
Non Current Assets Financial Assets-Loans	94.81	335.63
Other Non Current Assets	62,228.79	2,24,495.75
Net cash flow from / (used in) Investment Activities (B)	**-54,190.47**	**70,156.63**
CASH FLOW FROM FINANCING ACTIVITIES		
Changes in Equity Capital	-931.80	-3,72,834.37
Changes in Provisions	-10,52,227.44	3,69,925.26
Changes in Financial Liabilties	5,448.04	31,969.09
Changes in Long Term Borrowings	11,66,797.74	2,74,141.31
Interest and Other cost of raising Finance	-1,81,469.02	-95,991.86
Changes in Other Non Current Liabalities	49,353.88	57,812.56
Prior Period Interest and Finance charges	-6.66	-17.93
Net cash flow from / (used in) Financing Activities(C)	-13,035.26	2,65,004.06

Particulars	Amount (₹ In lakhs)	
	2017-18	2016-17
NET CHANGE IN CASH & CASH EQUIVALENTS	**4,164.72**	**6,268.29**
	-	
CASH AND CASH EQUIVALENTS AT THE BEGINNING	**30,431.21**	**24,162.91**
CASH AND CASH EQUIVALENTS AT THE END	**34,595.93**	**30,431.20**

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

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

Sd/-
N. VENUGOPAL
DIRECTOR (Corp. Planning, SCM, Safety &GE)
DIN: 07558958

Sd/-
BIJU.R FCA
FINANCIAL ADVISER&CHIEF FINANCIAL OFFICER

Sd/-
LEKHA.G FCA ACS
COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For ISAAC&SURESH
Chartered Accountants
FRN:001150S

Sd/-
SOBHA SETHUMADHAVAN FCA
Partner
M.No.225166

For ANANTHAN &SUNDARAM
Chartered Accountants
FRN:000148S

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C.A.HARIKRISHNAN.R.S.M.Com,DISA, FCA
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For G.VENUGOPAL KAMATH &Co.
Chartered Accountants
FRN:004674S
Sd/-
RAVINATH.R.PAI FCA
Partner
M.No.226547

Place:Thiruvananthapuram
Date:29.09.2018

KERALA STATE ELECTRICITY BOARD LIMITED
Statement of Changes in Equity for the year ended on 31st March 2018

A: Equity Share Capital
Note No :13

Amount ₹ in lakhs

Balance as at 1st April 2017	Changes in equity share capital during the year	Balance as at 31st March 2018
3,49,905.00	**-**	**3,49,905.00**

B. Other Equity

₹ in lakhs

Particulars	Note No.	Capital Reserve	Reserve & Surplus: Security Premium Reserve	Reserve & Surplus: Other Reserve	Retained earnings	Debt income through Other Comprhensive Income	Equity income through Other Comprehensive Income	Other items Comprhensive Income	of other Total
Balance as at1st April 2017		-	-	-	-7,40,788.01	-	-	-	-7,40,788.01
Profit for the year		-	-	-	-78,409.46	-	-	-	-78,409.46
Changes in accounting policy and prior period errors		-	-	-	-	-	-	-	-
Other Comp-rehensive Income		-	-	-	-1,07,632.86	-	-	-	-1,07,632.86
Total Comp-rehensive Income	14	-	-	-	-1,86,042.32	-	-	-	-1,86,042.32

Dividends		-		-	-	-	-	-	-
Transfer to Retained Earnings		-		-	-54,850.76	-	-	-	-54,850.76
Transfer from Retained Earnings		-	-	-	4,020.42	-	-	-	4,020.42
Any other changes (To be speciifed)		-	-	-	-	-	-	-	-
Balance as at 31st March 2018		**-**	**-**	**-**	**-9,77,660.67**	**-**	**-**	**-**	**-9,77,660.67**

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

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

Sd/-
N. VENUGOPAL
DIRECTOR (Corp. Planning, SCM, Safety &GE)
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Sd/-
RAVINATH.R.PAI FCA
Partner
M.No.226547

Place:Thiruvananthapuram
Date:29.09.2018

KERALA STATE ELECTRICITY BOARD LIMITED

Note 1: COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

1.1. Corporate information

Kerala State Electricity Board Limited is incorporated under the Companies Act, 2013 and is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013. It is the successor entity of Kerala State Electricity Board which was constituted by the Government of Kerala, as per order no. EL1-6475/56/PW dated 7-3-1957 of the Kerala State Government, under the Electricity (Supply) Act, 1948 for carrying out the business of Generation, Transmission and Distribution of electricity in the State of Kerala.

1.2. Statement of Compliance

These standalone financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable.

1.3. Basis of Measurement & Use of Management Estimates

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value as laid out by Ind AS 109 Financial Instruments (refer accounting policy regarding financial instruments) and certain fixed assets which were capitalised in-order to reflect the actual position in the balance sheet at written down value. The methods used to measure fair values and written down value are discussed further in notes to financial statements.

The preparation of these financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported value of assets, liabilities, income and expenses and related disclosures, including contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factors are considered reasonable and prudent in the circumstances and such assumptions are reviewed on an ongoing basis

1.4. Current & Non-current Classification

The company presents assets and liabilities in the balance sheet based on the current and non-current classification. An asset is current when it is expected to be realized or intended to be sold or consumed in normal operating cycle; held primarily for trading; expected to be realized within twelve months after the reporting period or cash or cash equivalent unless restricted from being exchanged or used to settle liability for at least 12 months after the reporting period and any other asset that do not belong to the former categories are classified as non-current.

A liability is current when, it is expected to be settled in normal operating cycle; it is held primarily for trading, it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period and any liability other than what has been mentioned above shall be non-current liability.

1.5. Critical Judgments and Assumptions

a) Useful Life of Property, Plant and Equipment

The useful life of property, plant and equipment are generally based on factors including obsolescence, demand and such other economic factors including the required maintenance expenditure to ensure the future cash flow from the asset. Useful life of the asset, used for the generation, transmission and distribution of electricity is determined by the Central Electricity Regulatory Commission, as mentioned in part in part B of Schedule II of the Companies, 2013.

Machinery spares acquired with the equipment are depreciated using the same rates and method applicable for the original machinery. In the case of Machinery spares procured separately for future use, rate equivalent to accumulated depreciation for the expired life of the relative machinery are charged in the year of acquisition along with depreciation for the year.

b) Capital work in progress

The amount of capital work in progress is estimated based on the bills that are accounted towards capital expenditure but to be capitalized. Such capital expenditure shall remain till the asset is ready to use and capitalized.

c) Post-retirement benefit plans

Employee benefit obligations are measured based on actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future development in discount rates, the rate of salary increase, inflation rate and expected rate of return of planned asset. The company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have an impact on the resulting calculations.

d) Revenue

Revenue from sale of power within the State is recognized on accrual basis at the tariff as notified by the Kerala State Regulatory Commission from time to time. Revenue from Interstate sale of power is recognized on accrual basis.

e) Provisions and Contingencies

The assessment undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. The evaluation of the likelihood of the contingent events has been made best judgment by management regarding probable outflow of economic resources. Such estimation can change after unforeseeable development.

f) Impairment of Trade Receivables

Considering the historical credit loss experience for trade receivables, the Company does not envisage any either impairment in the value of receivables from beneficiaries or loss due to time value of money owing to delay in realization of trade receivables. However, the company, in respect of the concept of prudence, provides for the debts that are doubtful, based on a policy.

g) Investment in Subsidiaries, Associates and Joint Ventures

Investment has been carried at cost and as per the assessment by the company and there is no indication of impairment of such investments. Only a change in the assumptions will have a material impact in the recoverability of the amount.

1.6. Property, Plant and Equipment (PPE)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all its property, plant and equipment as recognised in its IGAAP financial statements as deemed cost at the transition date, viz., April 1, 2015.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any. Such cost includes expenditure that is directly attributable to the acquisition/construction of the asset. In cases where final settlement of bills with contractors is pending, but the asset is complete and available for use, capitalisation is done on estimated basis subject to necessary adjustments. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term projects if the recognition criteria are met in accordance with Ind AS 23 Borrowing Cost. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on the assets which belongs to generation of electricity business and on the assets of Corporate & other offices is charged on straight line method following the rates notified by the CERC Tariff Regulations and in accordance with Schedule II of the Companies Act, 2013. Depreciation is calculated on straight-line method up to 90% of the original cost of assets at the rates notified by the Central Electricity Regulatory Commission. Claw back of depreciation has been provided in the accounts on the assets created out of the contribution received from consumers and government grants and subsidies.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference at the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

1.7.Capital Work in Progress

Capital work-in-progress comprises of the cost of PPE that are not yet ready for their intended use as at the balance sheet date. Expenditure incurred on assets under construction (including a project) is carried at cost under Capital Work in Progress (CWIP). Such costs comprise purchase price of assets including import duties and non-refundable taxes (after deducting trade discounts and rebates), expenditure in relation to survey and investigation activities of projects, cost of site preparation, initial delivery and handling charges, installation and assembly costs, etc.

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

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

Interest and finance cost related to capital expenditure are also allocated to Revenue expenses pending allocation over capital works.

1.8. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction/exploration/ development or erection of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period to get ready for their intended use or sale.

When the Company borrows funds specifically for obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition, construction/exploration or erection of the qualifying asset.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs about the borrowing of funds. Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization. The quantum of borrowing cost is measured based on the weighted average cost of capital.

1.9 Regulatory Deferral Accounts

The Company is mainly engaged in generation and sale of electricity. The price to be charged by the Company for electricity sold to its customers is determined by the KSERC which provides extensive guidance on the principles and methodologies for determination of the tariff for sale of electricity. The tariff is based on allowable costs like interest, depreciation, operation & maintenance expenses, etc. with a stipulated return. This form of rate regulation is known as cost-of-service regulations which provide the Company to recover its costs of providing the goods or services plus a fair return. The Company is eligible to apply Ind AS 114, Regulatory Deferral Accounts. The standard permits an eligible entity to continue previous GAAP (Guidance Note on accounting for Rate Regulated Activities) accounting policy for its policy for such balances. Hence Company has opted to continue with its previous GAAP accounting policy for such balances.

1.10 Inventory

Up to 30.06.2017 fast moving stores and spares are valued at standard rates, determined by the company, in respect of items for which standard rates are fixed. Other items are valued at actual price. The difference between actual cost and standard rate is debited or credited to Material cost variance as the case may be. The difference between actual cost and standard rate is debited or credited to Material cost variance debit balance if any in the account is charged to profit and loss account. From 01.07.2017 onwards, the company dispensed the policy of standard rate method and adopted the policy of FIFO (First in First Out) method on implementation of material management software in the company.

1.11 Fair Valuation

The Company measures financial instruments, such as, long term loans at fair value at each balance sheet date. Fair value is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability, or
2. In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

1. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
2. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
3. Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The company management determines the policies and procedures for recurring and non-recurring fair value measurement. Involvement of external valuers is decided upon annually by company management. The management decodes after discussion with external valuers, about valuation technique and inputs to use for each case. At each reporting date, the Company's management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Company, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy
- Investment properties
- Financial instruments

1.12 Government Grant

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant / subsidy will be received. When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

1.13 Provisioning of Debtors

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity. In some cases, this may not be probable until the consideration is received or until an uncertainty is removed. When an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount or the amount in respect of which recovery has ceased to be probable is recognised as an expense in profit and loss account. Such amount shall be reduced from the gross arraying amount of a financial asset when no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Total provision for bad and doubtful debts amounting to Rs.789.31 crores were made up to 2008-09 based on the age wise analysis of debtors at the rates mentioned below. As adequate provision is already there, no further provision for bad and doubtful debts is made during the period.

Age of debtors	Provisioning rate (%)
More than 5 years	75
Between 3 to 5 years	40
Between 1 to 3 years	15
Between 6 months to 1 year	5
Less than 6 months	0

1.14 Retirement and Other Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed or included in the carrying amount of an asset if another standard permits such inclusion as the related service is provided. A liability is recognised for the amount expected to be paid under short-term performance related cash bonus if the Company has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably. The KSEB Limited Employees Welfare Fund maintains the short-term welfare fund and is an autonomous institution registered under Travancore Cochin Literary Scientific and Charitable Societies Registration Act 1955 under Registration No. T 925 dated 16.10.1996. KSEB Limited is contributing Rs.30 /- per employee per month to the KSEB Limited employee welfare fund.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Retirement benefits in the form of gratuity is defined benefit obligations and is provided for based on an actuarial valuation, using projected unit credit method as at each balance sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss or included in the carrying amount of an asset if another standard permits such inclusion. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

National Pension Scheme (NPS) was implemented in KSEB Limited vide B.O (FB) No.843/2013

(PRC/335/2013) dated 09.04.2013. All employees appointed on or after 01.04.2013 come under the coverage of NPS. The NPS will work on defined contribution basis and will have two tiers Viz., Tier I and Tier II. Contribution to Tier I will be mandatory for all employees appointed on or after 01.04.2013 whereas the Tier II will be optional and at the discretion of Board employees. In Tier I, the Board Employees shall make a contribution of 10% of (Basic pay + DA) from the salary every month. The company is also making equal matching contribution. The company is not making any contribution towards Tier II.

The employees who are recruited on or after 1st April 2013 are included in the new national pension scheme and do not come under the regular pension scheme. The company has no further obligation beyond the monthly contributions.

Vide G.O (P) No.14/2015/PD dated 27.04.2015 Government of Kerala notified that General provident fund scheme existed in the KSE Board is applicable to the KSEB Ltd also. This scheme is applicable for all employee of KSEB Ltd. Minimum employee contribution to the scheme is fixed as 6% of the basic salary. The contribution made by the employees for general Provident Fund is credited to General Provident Fund Account There is no contribution by the company to this scheme. Company is providing interest to the deposit in this scheme at the rate applicable to the provident fund scheme of the Kerala Government Employees.

As per section 6(8) & 6(9) of the Kerala State Electricity Second Transfer Scheme a Master Trust was registered on 12/02/2015. This Trust was formed to disburse the pension of pensioners of erstwhile KSE Board. As per the transfer scheme the Trust was operationalized and the pension has been disbursed to the pensioners from the Master Trust. The Master Trust made operational with effect from 01.04.2017 and the bonds were issued on that date.

1.15 Revenue Recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuous management involvement and the amount of revenue can be measured reliably. Revenue from the sale of power is measured at the fair value of the consideration received or receivable.

Revenue from sale of power within the State is recognized on accrual basis at the tariff as notified by the Kerala State Regulatory Commission from time to time. Revenue from Interstate sale of power is recognized on accrual basis. Customers are billed on a periodic and regular basis. As at each reporting date, revenue from sale of power includes an accrual for sales delivered to customers but not yet billed (unbilled revenue). Recovery/ refund towards foreign currency variation in respect of foreign currency loans and recovery towards Income Tax are accounted for on year to year basis.

Interest/Surcharge recoverable from customers, liquidated damages /interest on advances to contractors and Income from Investment in other Companies is recognised on receipt basis since management expects that measurability and collectability of such items are uncertain and cannot be estimated.

1.16 Taxes on income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in

India. The tax rates and tax Laws used to compute the amounts are those that are enacted, at the reporting date. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amount that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognized and carried forward only to the extent, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.17 Impairment of asset

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss.

1.18 Segment Reporting

In accordance with Ind AS 108, the operating segments used to present segment information are identified based on policy formulated from internal reports used by the Company's Management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. The indicators used for internal reporting purposes may evolve performance assessment measures put in place.

Electricity generation, transmission and distribution is the principal business activity of the Company. Other operations do not form a reportable segment as per the Ind AS -108 - 'Operating Segments'. Segment revenue, segment result, segment assets and segment liabilities include the respective amount identified to each of the segments on reasonable basis from the internal reporting system. The Company is having a single geographical segment as all its Power Stations and Transmission/Distribution channels are located within the state.

1.19 Secured and Unsecured Loans

All non-current secured loans are subject to fair valuation under Ind AS 109: Financial Instruments. For fair valuation, market rate is taken from the rate notified for the appropriate class of the company based on the purpose of the loan and subject to the credit rating given to Kerala State Electricity Board Limited by the external credit rating agency (CRISIL). Such notified interest rate is taken and discounted to arrive at the present value of future obligations and compared with the carrying value of the loan to identify the effect of time value of money and has been appropriately dealt through Fair Value Through Profit and Loss Account.

However, if the actual rate of interest charged by the lending institutions is less than the notified market rate, such benefit of concessional rate of interest is computed and recognized as a grant as defined under Ind AS 20 Government Grants and amortized in proportion to the expense incurred towards the loan by way of giving effect through Fair Value Through Profit and Loss Account.

1.20 Transactions Foreign currency

Transactions in foreign currency are initially recorded at the functional currency the date the transaction first qualifies for recognition. At each Balance Sheet date, monetary items denominated in foreign currency are translated at the functional currency exchange rates prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Company has not entered into transactions in foreign currency during the financial year 2017-18 or in the reported comparative periods.

1.21 Provisions and Contingent Liabilities

In accordance with Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets, a provision is required to be recognised to settle a future obligation, both legal and constructive, by way of an economic outflow, resulting out of a past event and which can be reliably estimated. The amount of provision is recognised as the best estimate of present value of any obligation that need to be settled. The provision is discounted if the effect of time value of money for the provision is material and shall be recognised as a finance cost in profit and loss account.

Contingent liabilities, on the other hand is not recognised, but disclosed adequately as parts of the financial statement. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are disclosed based on judgment of the management/independent experts with careful understanding of the circumstance of each case.

These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

1.22 Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year. Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Basic and diluted earnings per equity share are also computed using the earnings amounts excluding the movements in regulatory deferral account balances.

1.23 Micro, Small and Medium Enterprises

Disclosure, if any, relating to amounts unpaid as on date of balance sheet together with interest paid/ payable as required under the Micro, Small and Medium Enterprises Development Act 2006 which came into effect from 2nd October 2006 is being provided only on receipt of information from its suppliers regarding their status under the Act.

1.24 Statement of Cash Flows

Cash flow statement is prepared in accordance with the indirect method prescribed in Indian Accounting Standard (IND AS) 7 “Statement of Cash Flows”.

Kerala State Electricity Board Limited

Note 2 : Property, Plant and Equipment

(₹ In Lakhs)

Particulars	Land & Land Rights	Buildings	Other Civil Works	Plant & Machinery: Plant & Machinery	Plant & Machinery: Hydraulic Works	Plant & Machinery: Lines, Cable & Network	Furniture & Fixtures	Vehicles	Office Equipments	Others: Seignorage Value	Total
Cost/Deemed Cost											
At 1 - April - 2016	**1,71,218.08**	**67,990.96**	**51,474.50**	**15,99,101.20**	**1,17,102.95**	**7,40,843.82**	**3,200.37**	**2,079.63**	**9,909.48**	**1.36**	**27,62,922.36**
Additions	6,126.96	10,746.92	7,766.80	35,006.82	15,972.71	68,902.03	830.35	143.32	3,096.07	0.45	1,48,592.43
Deductions	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	1,037.51	-47.12	-3.04	23.30	60.16	159.83	-	-	-	-	1,230.63
At 31 - March - 2017	**1,77,345.04**	**78,737.88**	**59,241.31**	**16,34,108.02**	**1,33,075.67**	**8,09,745.85**	**4,030.72**	**2,222.95**	**13,005.55**	**1.81**	**29,11,514.79**
Additions	1,046.74	4,788.66	3,502.16	41,952.70	4,855.11	80,836.59	349.28	278.02	1,447.75	-	1,39,057.00
Deductions											-
Other Adjustments	12.56	7,696.73	226.71	30,434.63	731.38	506.88	156.22	42.58	11.03		39,818.72
At 31 - March - 2018	**1,78,379.21**	**75,829.81**	**62,516.76**	**16,45,626.09**	**1,37,199.40**	**8,90,075.56**	**4,223.78**	**2,458.38**	**14,442.28**	**1.81**	**30,10,753.07**
Accumulated Depreciation & Impairment of Asset											**-**
At 1 - April - 2016	**-**	**28,393.63**	**13,901.68**	**3,01,067.42**	**47,609.49**	**3,70,773.12**	**1,691.09**	**1,638.43**	**5,815.66**	**-**	**7,70,890.52**
Depreciations Expenses	-	2,211.57	1,838.01	23,606.94	6,342.54	36,367.24	204.03	97.87	1,219.71	-	71,887.92
Deductions	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
At 31 - March - 2017	**-**	**30,605.20**	**15,739.69**	**3,24,674.36**	**53,952.03**	**4,07,140.36**	**1,895.12**	**1,736.30**	**7,035.38**	**-**	**8,42,778.44**
Depreciations Expenses		2,339.06	2,142.80	23,661.25	7,007.75	43,440.04	234.69	131.05	1,413.85	-	80,370.49
Deductions										-	-
Other Adjustments		1,622.34	1,984.86	10,484.89	5,722.93	29,590.14	59.01	-25.20	459.56	-	49,898.53
At 31 - March - 2018		**34,566.60**	**19,867.35**	**3,58,820.51**	**66,682.71**	**4,80,170.54**	**2,188.82**	**1,842.15**	**8,908.79**	**-**	**9,73,047.46**
Carrying Value	-	-	-	-	-	-	-	-	-	-	-
At 31 - March - 2018	**1,78,379.21**	**41,263.21**	**42,649.41**	**12,86,805.58**	**70,516.69**	**4,09,905.02**	**2,034.96**	**616.23**	**5,533.49**	**1.81**	**20,37,705.61**
At 31 - March - 2017	**1,77,345.04**	**48,132.68**	**43,501.62**	**13,09,433.66**	**79,123.63**	**4,02,605.49**	**2,135.60**	**486.64**	**5,970.17**	**1.81**	**20,68,736.35**

Kerala State Electricity Board Limited

Note 3 : Capital Work in Progress

Particulars	(₹ In Lakhs)	
	As at 31.03.2018	As at 31.03.2017
Capital Work in Progress	2,04,645.92	1,54,832.78
Revenue Expenses Pending Allocation over capital works	40,243.99	23,496.41
Total	**2,44,889.91**	**1,78,329.19**

Note 4 : Investment (Non Current)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Face Value	No. of Shares (In lakhs)	Amount (₹ In lakhs)	Face Value	"No. of Shares (In lakhs)	Amount (₹In lakhs)
INVESTMENT IN EQUITY INSTRUMENTS						
Unquoted Investments						
Fully Paid Up - Kerala Power Finance Corporation Ltd.	10.00	95.00	950.00	10.00	95.00	950.00
Baitarani West Coal Company Ltd.	1,000.00	1.00	1,000.00	1,000.00	1.00	1,000.00
Investment in Renewable Power Corporation of Kerala	1,000.00	0.05	50.00	1,000.00	0.05	50.00
Other Investments			0.01	-	-	0.01
Total			**2,000.01**			**2,000.01**

Kerala State Electricity Board Limited

Note 5 : Non Current Assets - Financial Assets - Loans

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Loans Including Interest Accrued		
Loans to related parties		
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Doubtful Loans	-	-
Loans to Employees	**-**	**-**
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Doubtful Loans	-	-
Other Loans	**-**	**-**
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Advance given to licensee	-	-
Advance given to others	8,295.03	8,389.85
Doubtful Loans	-	-
Total	**8,295.03**	**8,389.85**
Loans Due from Directors and Officers of the Company **Loans to Directors**	**-**	**-**
Loans to Officers	-	-
Total	**-**	**-**
Loans to Related Parties Include		
Subsidiaries	-	-
Associates	-	-
Joint Ventures	-	-
Structured Entities	-	-
Total		
Grand Total	**8,295.03**	**8,389.85**

Note 6 : Non Current Assets - Other Financial Assets

Particulars	(₹ In lakhs) As at 31.03.2018	As at 31.03.2017
BANK DEPOSITS WITH MORE THAN 12 MONTHS MATURITY		
Interest Accrued		
On Loan to Government & Others	-	-
On Bank Deposits with more than 12 months	-	-
Security Deposits	6,331.70	55,070.04
Total	**6,331.70**	**55,070.04**

Kerala State Electricity Board Limited

Note 7 : Other Non Current Assets

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
OTHER NON CURRENT ASSETS		
Capital Advances		
Secured Advances		
Unsecured Advances Considered Good		
Covered by Bank Guarantee		
Others	10,896.01	13,660.90
Advances Considered Doubtful		
ADVANCES OTHER THAN CAPITAL ADVANCES		
Advances to Related Parties		
Advances to Employees		
Advance to Contractors & Suppliers		
Other Advances		
Others		
Deferred Cost on Employee Loans		
Secured considered good		
Unsecured considered good		
Deferred Cost Account of Feasibility/Survey	10,557.28	10,238.65
Receivable from Government	4,09,607.20	4,69,389.73
Total	**4,31,060.49**	**4,93,289.29**

CAPITAL ADVANCE INCLUDES ADVANCE GIVEN TO COMPANIES IN WHICH ONE OR MORE OF THE DIRECTORS ARE INTERESTED

Note 8 : Inventories

Particulars	Ind As (₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Fuel Stocks		-
Heavy Duty Oil	623.20	749.85
Stock of Materials at Construction Stores	17,992.53	5,610.49
Stock of Materials at other stores	1,046.73	5,024.79
Material at Site (Cap)		-
Material at Site (O & M)	26,407.20	18,365.36
Other Materials Account	2,550.43	1,295.33
(Less) Provision for Shortages and Obsolescence	29.72	26.92
Total	**48,590.36**	**31,018.91**

Kerala State Electricity Board Limited

Note 9 Current Financial Assets : Trade Receivables

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Trade Receivables		
Secured, considered good		
Unsecured considered good		
Sundry Debtors for Sale of Power	2,80,260.32	2,42,240.34
Sundry Debtors for Inter State Sale of Power		293.36
Sundry Debtors for Electricity Duty	16,499.09	14,991.37
Sundry Debtors (Miscellaneous)	12,097.51	13,745.31
Doubtful.		-
(Less) Allowance for Bad and Doubtful Debts	78,930.73	78,930.73
Total	**2,29,926.20**	**1,92,339.65**

Note 10 : Current Financial Assets - Cash & Cash Equivalents

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Balances with Banks (of the nature of cash and cash equivalents)		
Balance with Bank/Treasury	2,222.84	2,209.57
Disbursement Bank Accounts	18,928.70	17,878.10
Drawing Account with Treasury	2,293.36	238.44
Current Accounts		
Deposits with original maturity upto three months	2,783.14	2,819.63
Cheques, drafts on hand		
Cash on hand		
Cash In Hand	1,354.89	433.63
Cash Imprest with Staff	5.84	23.86
Others	-	
Total	**27,588.78**	**23,603.23**

Kerala State Electricity Board Limited

Note 11: Financial Assets - Current - Bank Balances Other Than Cash and Cash Equivalents

Financial Assets - Current - Bank Balances Other Than Cash and Cash Equivalents

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Balances with Banks includes		
Deposits with original maturity more than 3 months but within 1 year	-	-
Earmarked Balance with Banks - Unpaid Dividend	-	-
Guarantees & Other commitments	7,007.15	6,827.98
Total	**7,007.15**	**6,827.98**

Deatails of Bank Deposits

Year	2017-18	
Name of the bank	Amount (₹ In lakhs)	Date of Maturity
State bank of India	1,782.39	20/05/18
	744.49	24-04-2018
	872.00	01-01-2019
	10.40	15-02-2019
	33.13	17-12-2018
	67.30	31-03-2019
	95.00	31-03-2019
	80.50	06-08-2018
	205.30	06-02-2018
	313.35	06-01-2018
	20.90	04-06-2018
Canara Bank	184.53	23-05-2018
	371.89	02-08-2019
	12.35	22-05-2018
	2.49	02-02-2019
	362.93	30-01-19
	0.12	17-06-2018
	37.63	10-05-2018
	91.26	10-05-2018
	28.90	10-07-2018
	336.03	25-12-2018
	4.60	31-05-2018

	9.95	23-02-2019
Vijaya Bank	978.17	16-12-2018
	326.06	16-12-2018
	4.43	05-07-2018
	12.28	30-07-2018
	8.81	04-10-2018
	8.18	24-05-2018
	0.78	21-06-2018
	1.00	24-05-2018
Punjab & Sind Bank	2,500.00	01-09-2018
Kerala Gramin Bank Peroorkada	76.20	25/05/2020
Kerala Gramin Bank Kollam Branch	206.94	31-03-2018

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Note 12 : Other Current Assets

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
ADVANCES OTHER THAN CAPITAL ADVANCES		
Security Deposits		-
Advances to Related Parties		-
Advances to Employees	940.90	813.92
Advance to Contractors & Suppliers	930.70	750.82
Other Advances	1,838.21	1,737.61
Advance Income Tax/Deductions at source		
Others		
Deferred Cost on Employee Loans		
Secured considered good		-
Unsecured considered good		-
Rent Receivable	6.54	7.65
Income Accrued But Not Due	2,083.40	2,166.52
Other Recoverable	2,564.25	1,033.56
Inter Unit Balance	4,285.64	1,536.57
Total	**12,649.65**	**8,046.66**

Kerala State Electricity Board Limited

Note 13 : Equity Share Capital

Particulars	As at 31 - March 2018		As at 31-03-2017	
	No. of Shares (In Lakhs)	Amount (₹ In lakhs)	No. of Shares (In Lakhs)	Amount (₹ In lakhs)
Equity Share Capital				
Authorised (face value ₹10/-)	50,000.00	5,00,000.00	50,000.00	5,00,000.00
Issued Subscribed and Paid Up (face value ₹10/-)	34,990.50	3,49,905.00	34,990.50	3,49,905.00
Reconciliation of No. Shares and Share capital outstanding				
Opening number of shares outstanding	34,990.50	3,49,905.00	34,990.50	3,49,905.00
Add: Number of shares issued or subscribed during the year	-	-	-	-
(Less) Reduction in number of shares on buyback of shares	-	-	-	-
Closing Number of shares outstanding	34,990.50	3,49,905.00	34,990.50	3,49,905.00
Total	**34,990.50**	**3,49,905.00**	**34,990.50**	**3,49,905.00**

The Company has issued only one kind of equity shares with voting rights proportionate to the share holding of the shareholders. These voting rights are exercisable at meeting of shareholders. The holders of the equity shares are also entitled to receive dividend as declared from time to time for them.

Shares in the company held by each shareholder holding more than 5 percent specifying the number of shares held

Particulars	As at 31 - March - 2018		As at 31.03.2017	
	%	Amount (₹ In lakhs)	%	Amount (₹ In lakhs)
His Excellency the Honourable Governor of Kerala	100	349905	100	349905

"Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and
amounts : NIL

In preceding five financial years immediately preceding 31.03.2018, Company has not allotted any equity share as fully paid up pursuant to contract(s) without payment being received in cash/ not allotted any equity share as fully paid up by way of bonus share(s).

Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date:- NIL

Calls unpaid (showing aggregate value of calls unpaid by directors and officers) : NIL

Forfeited shares (amount originally paid up) :NIL

Kerala State Electricity Board Limited

Note 14 : Other Equity

OTHER EQUITY

Statement of Changes in Equity	(₹ In lakhs)	
Particulars	**As at 31.03.2018**	**As at 31.03.2017**
Capital Reserve	0	-
Security Premium Account	0	-
Bonds/Debenture Redemption Reserve	0	-
General Reserve	0	-
Retained Earnings	-9,77,660.67	-7,40,788.01
Other Reserves	0	-

Particulars	As at 31.03.2018	As at 31.03.2017
General reserve		
As per Last Balance Sheet	-	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	-	-
	-	-
Retained Earning Surplus		
As per Last Balance Sheet	-3,67,872.89	-2,18,410.04
Add: Profit During the Year	-78,409.46	-1,49,462.85
Add: Additions and Transfers	-50,830.34	-
(Less) : Transfer to Reserves	-	-
(Less) : Dividend and Corporate Dividend Tax	-	-
As at Balance Sheet Date	**-4,97,112.69**	**-3,67,872.89**
Other Reserves - Fair Value through Other Comprehensive Income		
As per Last Balance Sheet	-3,72,915.13	-80.75
Add: Fair value gain/(loss) During the Year	-1,07,632.86	-3,72,834.37
As at Balance Sheet Date	-4,80,547.98	-3,72,915.13
Total	**-9,77,660.67**	**-7,40,788.01**

Kerala State Electricity Board Limited

Note 15 : Non Current Financial Liabilities - Borrowings

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Bonds or Debentures		
Secured Bonds or Debentures	11,23,929.00	-
Unsecured Bonds or Debentures	-	-
Term Loans*		
From Banks		
Secured Loans	-	-
Unsecured Loans	-	-
From Others		
Secured Loans	4,69,525.49	4,26,656.76
Unsecured Loans	-	-
Loans from related parties		
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Total	**15,93,454.49**	**4,26,656.76**

***Details of terms of repayment and rate of interest**

Loan Name	(₹ In lakhs)	
	2017-18	2016-17
Loan from L I C	-	200.00
Loan from REC on Various Schemes	-47.06	1,610.82
Loan from REC R-APDRP PART-B	51,393.79	38,625.60
Loan from R E C - RGGVY	1,396.26	1,427.40
Loan from PFC-Pallivasal Generation Project	17,674.96	18,552.50
Loan from PFC R-APDRP	32,600.13	29,086.13
Loan from SOUTH INDIAN BANK	8,099.89	8,512.50
Loan from PFC GEL Kakkayam	1,920.32	1,225.21
Loan from REC-TRAN.Kattakkada -Pothencode Scheme	9,612.43	9,528.53
Loan from REC-TRAN-Group I	5,951.65	5,530.65
Loan from REC-Distriburion - 23 Circle Scheme	59,990.47	49,408.15
Loan from REC- Distriburion - Meter Scheme	3,903.09	4,997.90

Loan from REC-Thottiyar Gene. Scheme	5,373.42	5,373.42
Special Loan Assistance from REC	1,30,000.00	1,25,000.00
Loan from REC for the DDG Scheme	13.42	13.42
Special Loan Assistance from PFC	1,32,801.74	1,25,000.00
Loan from PFC GEL Perumthenaruvi	3,513.87	1,659.92
Dam Rehabilitation and Improvement Project (DRIP)	4,920.73	859.59
Loan from RIDF of NABARD	406.40	45.00
Total	**4,69,525.49**	**4,26,656.76**

Kerala State Electricity Board Limited

Note 16 : Non Current-Other Financial liabilities

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Security deposit from consumers	2,83,696.07	2,59,751.30
Security deposit from consumers other than cash*	212.83	18,748.52
Interest payable on consumers deposit	33,136.12	33,097.16
Total	**3,17,045.02**	**3,11,596.98**

* Previous year figure includes BG of 18538.08 lakh furnished KSEB L by consumers.

Note 17 : Non Current Provisions

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Provision for Employee Benefits	**-**	**-**
Contributory Provident Fund	-	-
As per Last Balance Sheet	-	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	3.79	3.79
General provident Fund	-	-
As per Last Balance Sheet	-	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	2,20,733.00	2,02,992.84
Staff Pension Fund	-	-
As per Last Balance Sheet	-	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	5,78,561.92	16,14,770.52
Others	**-**	**-**
Provision for Interest on bonds adjustable against Electricity duty	-	-
As per Last Balance Sheet	-	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	1,77,241.00	2,11,000.00
Provision for Pay revision	-	-
As per Last Balance Sheet	-	-

Add: Additions and Transfers	-	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	-	-
Provision for pension revision	-	-
As per Last Balance Sheet	-	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	-	-
Total	**9,76,539.72**	**20,28,767.16**

Kerala State Electricity Board Limited

Note 18 : Other Non Current Liabilities

Particulars	As per Ind AS (₹ In lakhs)	
	As at 31.03.2018	**As at 31.03.2017**
Decommissioning Liability	2,056.07	1,837.88
Interest payable on consumers deposit	-	-
Grants in Aid from Government - Deferred Income		
As per Last Balance Sheet	-	-
Add: Grants Received during the year	-	-
(Less) : Amortisation/Grants Paid Back	-	-
As at Balance Sheet Date	74,871	51,808.51
Grants to be Amortised - Concessional Loan from Government		
As per Last Balance Sheet	-	-
Add: Grants recognised during the year	-	-
(Less) : Amortisation/Grants Paid Back	-	-
Add/Less : Fair Value Changes	-	-
As at Balance Sheet Date	7,097.43	4,987.83
Consumer Contribution		
As per Last Balance Sheet	-	-
Add: Received during the year	-	-
(Less) : Amortisation	-	-
As at Balance Sheet Date	1,08,251	84,288
	-	-
Total	**1,92,276.19**	**1,42,922.30**

Kerala State Electricity Board Limited

Note 19 : Current Financial Liabilities - Borrowings

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Loans repayable on demand		
From Banks		
Secured Loans		-
Current maturities of long term debt	26,318.70	21,380.19
Unsecured Loans	2,47,440.28	2,55,366.11
From Others		
Secured Loans		
Unsecured Loans		
Loans from related parties		
Secured Loans		
Unsecured Loans		
Total	**2,73,758.98**	**2,76,746.30**

Note 20 : Current Financial Liabilities - Trade Payables

Particulars	(₹. In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Trade Payable	96,836.56	81,846.53

Kerala State Electricity Board Limited

Note 21 : Current - Other Financial Liabilities

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Current Maturities of Long-Term Debt		
Current Maturities of Finance Lease Obligations		
Interest Accrued		
Unpaid Dividends		
Others		
Fuel related liabilities	0.00	0.00
Liability for capital supply/works	3,608.30	4,505.05
Liability for O&M supply/works	6,573.86	8,149.07
Staff related liabilities and provisions	14,128.56	14,674.02
Deposit and Retentions from Suppliers/Contractors	41954.00	71669.87
Electricity Duties and Other levies payable to Government	0.00	-
Liability for Expenses	3,990.73	2,466.41
Amount owing to Licensees	16.03	16.03
Accrued/Unclaimed amount relating to borrowings	18,905.97	15,557.30
Other liability(Lease amount of RCKPL)	8.07	
Other Liabilities & Provisions	15,011.23	10,340.56
Amount payable to Master Trust	51,874.38	-
Deposit for Electrification, Service connection etc	76,918.46	62,619.83
Total	**2,32,989.60**	**1,89,998.14**

Note 22 : Current Provisions
Previous year figure included BG of ₹ 30204.10 lakh furnished to KSEB L by suppliers/ contracters/ consumers

Particulars	(₹. In lakhs)	
	As at 31.03.2018	**As at 31.03.2017**
Provision for Employee Benefits		
Dearness Allowance		
As per Last Balance Sheet	-	
Add: Additions and Transfers	900.00	
(Less) : Utilisation		
As at Balance Sheet Date	900.00	-
Dearness Relief to Pensioners		
As per Last Balance Sheet		
Add: Additions and Transfers		
(Less) : Utilisation		
As at Balance Sheet Date	-	-
Income Tax		
As per Last Balance Sheet		
Add: Additions and Transfers		
(Less) : Utilisation		
As at Balance Sheet Date		
Total	**900.00**	**-**

Kerala State Electricity Board Limited

Note 23 : Revenue from operations

Particulars	(₹ In lakhs)	
	2017-18	**2016-17**
Interstate		-
Domestic	4,31,698.73	3,95,333.50
Commercial	2,87,669.32	2,70,904.46
Public Lighting	16,984.80	15,663.55
Irrigation & Dewatering	6,328.62	10,201.32
Industrial L T	80,919.44	75,471.70
Railway Traction	16,001.27	13,051.75
Bulk Supply	38,458.80	36,325.43
Miscellaneous	9.42	90.85
H. T.	2,60,181.85	2,36,138.46
E. H. T.	62,355.01	49,269.79
NVVN/ Others	5,118.27	1,226.61
Reactive Energy Charges	5,543.03	544.01
Electricity Duty Recovery	80,904.99	76,223.03
Other State Levies Recovery	1,474.65	1,398.26
Meter Rent/Service Line Rental	9,317.09	9,203.58
Wheeling Charges Recoveries	10.21	39.63
Misce. Charges from Consumers	11,221.45	8,417.87
GROSS SALE OF POWER	**13,14,196.95**	**11,99,503.81**
Less: Electricity Duty Payable (Contra)	80,904.99	76,223.00
Less: Other State Levies Payable (Contra)	1,474.65	1,398.00
Total	**12,31,817.31**	**11,21,882.81**

Note 24. a) Other Operating Income

Particulars	(₹ In lakhs)	
	2017-18	**2016-17**
Rebate Received	13,349.87	14,246.34
Interest Advances to Suppliers/Contractors	1,416.00	85.32
Income from sale of Scrap/Tender form etc	6,408.93	7,884.77
Miscellaneous Receipts	12,931.60	17,095.54
Total	**34,106.40**	**39,311.97**

Note 24. b) Other Income

Particulars	(₹ In lakhs)	
	2017-18	**2016-17**
Interest Income		
Staff Loans and Advances	16.40	22.44
Income From Loans &others	58.14	23.94
Banks	546.59	719.34
Total	**621.12**	**765.72**
Total (a+b)	**34,727.52**	**40,077.69**

Note 25 : Purchase of Power

Particulars	(₹ In lakhs)	
	2017-18	**2016-17**
Power purchased from Central Generating Stations	2,75,225.59	2,57,310.09
Power purchased from Others	4,19,492.44	4,28,978.60
Power purchased from Wind Generating Stations	3,525.90	2,965.88
Wheeling Charges (Less - UI Charges Received)	54,252.35	48,535.52
Other charges on Sale through Power Exchange	106.40	1,542.33
Total	**7,52,602.69**	**7,39,332.42**

Note 26: Generation of Power

Particulars	(₹ In lakhs)	
	2017-18	**2016-17**
FUEL CONSUMPTION		
Oil	97.46	2,066.54
HSD Oil	27.78	133.47
Lub Oil	7.77	56.66
LUBRICANTS & CONSUMABLE STORES	**74.21**	**87.38**
STATION SUPPLIES	**0.61**	**0.58**
Total	**207.84**	**2,344.63**

Note 27: Repairs & Maintenance

Particulars	(₹ In lakhs)	
	2017-18	**2016-17**
Plant and Machinery	4,833.94	5,112.41
Buildings	1,029.54	971.17
Civil Works	1,328.61	1,141.72
Hydraulic Works	308.78	319.73
Lines, Cable Network etc.	19,363.69	18,433.99
Vehicles	266.69	233.35
Furniture and Fixtures	42.84	56.49
Office Equipments	560.79	244.00
Total	**27,734.87**	**26,512.85**

Kerala State Electricity Board Limited

Note 28 : Employee Benefits

Particulars	(₹ In lakhs)	
	2017-18	**2016-17**
Salaries	2,31,628.42	1,75,552.13
Over Time/Holiday Wages	33.92	41.54
Dearness Allowance	45,235.06	37,810.12
Other Allowances	7,764.49	7,851.87
Bonus	983.27	910.28
Medical Expenses Reimbursement	1,083.28	1,034.51
Leave Travel Assistance	21.21	12.79
Earned Leave Encashment	15,310.02	14,567.08
Payment under Workmen's Compensation Act	13.78	50.04
Leave Salary & Pension Contribution Paid by the Company to the Employees and Other Departments	1,327.81	1,378.17
Funeral Allowance	5.05	5.40
Staff Welfare Expenses	434.25	433.48
Terminal Benefits	-	1,20,721.63
(Less) Expenses Capitalised	40,034.41	24,291.84
Total	**2,63,806.15**	**3,36,077.22**

Note 29 : Finance Cost

Particulars	(₹ In lakhs)	
	2017-18	2016-17
Finance Charges on Financial Liabilities Measured at Amortised Cost		
INTEREST		
Interest on State Govt. Loans		
Interest on Bonds		
Interest on other loans/deferred credits	61098.20	43,579.39
Interest to Consumers	17,533.21	17,726.70
Interest on Borrowings for Working Capital	9500.24	24,894.08
Interest on Fair Valuation of Concessional Loan	2,227.76	
OTHER INTEREST AND FINANCE CHARGES		
Rebate allowed for prompt payment to NVVN		
Discount to Consumers for timely payment of bills	164.36	147.55
Interest To Suppliers/Contractors	506.01	
Interest on General Provident Fund	15,626.00	14,345.16
Cost of Raising Finance	0.20	0.06
Other Charges	12.51	1,761.58
Interest on bond isuued to master Trust	81,440.00	
Less: Other Borrowing Costs	6,639.47	6,462.66
Total	**1,81,469.02**	**95,991.86**

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Note 30 : Depreciation, Amortisation and Impairment Expenses

Particulars	(₹ In lakhs)	
	2017-18	2016-17
Depreciation - Buildings	2,331.10	2,211.57
Depreciation - Hydraulic Works	7,015.71	6,342.54
Depreciation - Other Civil Works	2,142.80	1,838.01
Depreciation - Plant & Machinery	23,661.25	23,606.94
Depreciation - Line Cable & Network	43,440.03	36,367.24
Depreciation - Vehicles	131.04	97.87
Depreciation - Furniture & Fixtures	234.69	204.03
Depreciation - Office Equipments	1,413.85	1,219.71
Total	**80,370.49**	**71,887.92**

Note 31 : Administrative Expenses

Particulars	(₹ In lakhs)	
	2017-18	2016-17
Rent	867.08	1,219.00
Rates and Taxes	177.05	180.77
Insurance	17.61	24.91
Telephone Charges, Postage, Telegram & Telex charges	530.72	405.55
Internet charges	18.20	12.90
Legal Charges	196.55	895.31
Audit Fees - Statutory audit	37.77	38.00
Audit Fees - others	1.81	111.00
Consultancy Charges	10.61	37.80
Technical Fees	211.78	66.46
Other Professional Charges	127.96	90.01
Notary fee and other exopenses relating to CGRF and ERC	366.00	
Conveyance and Travel	6195.56	6,015.40
Expenses towards National Pension Scheme	6.80	
Expenses in respect of ESCOT	16.74	0.93
Salary and other allowance of Appellet Authority	6.26	4.45
Online payment transation charges	0.03	106.81
Fees and Subscriptions	53.33	62.23
Freight	675.90	920.56
Books and Periodicals	6.25	5.99
Printing and Stationary	620.13	963.43
Data Processing Charges	5.46	9.79
Advertisements,Exhibition and Publicity	529.94	131.22
Electricity Charges	805.61	730.28
Water Charges	58.88	49.35
Entertainment	93.90	73.35
Ele. Duty u/s 3(i) of KED Act	12,010.94	11,527.45
Miscellaneous Expenses	551.84	301.11
Other Expenses	29,250.67	16,028.85
Less: Expenses capitalised	412.50	2,533.81
TOTAL	**53038.86**	**37,479.10**

Kerala State Electricity Board Limited

Note 32 : Others

Sl. No.	Particulars	(₹ In lakhs)	
		2017-18	2016-17
1	Material Cost Variance	-2,646.32	6,432.12
2	Research and Development Expenses	21.14	19.81
3	Cost Of Trading/Manufacturing Activity	5.72	
4	Bad and Doubtful Debts Written off / Provided for	810.84	854.18
5	Miscellaneous Losses and Write Offs	276.33	1,555.09
6	Sundry Expenses	0.19	-
7	Loss/(compensation) on account of flood cyclone etc	-52.92	2.02
	TOTAL(A)	**-1,585.01**	**8,863.22**

Prior Period Expenses or Losses

Sl. No.	Particulars	(₹ In lakhs)	
		2017-18	2016-17
1	Other Excess Provision in Prior Periods	42.67	15.27
2	Other Income relating to Prior Periods	713.36	2,599.84
	INCOME RELATING TO PREVIOUS YEARS(1)	**756.03**	**2,615.11**
4	Operating Expenses of Previous Years	309.06	12.09
5	Interest on Other Financial Charges in Previous Years	6.66	17.93
6	Other Charges	608.35	2,085.64
	EXPENSE RELATING TO PREVIOUS YEARS(2)	**924.06**	**2,115.66**
	NET PRIOR PERIOD CREDITS/(CHARGES) (1-2)(B)	**-168.03**	**499.45**
	TOTAL(A-B)	**-1,416.98**	**8,363.77**

Note 33 : Changes in fair valuation and Other Adjustments

Sl. No.	Particulars	(₹ In lakhs)	
		2017-18	2016-17
1	Income on account of Fair Valuation Changes	908.02	3,389.82
2	Clawback of Grant	11,950.63	3,176.60
	Total	**12,858.65**	**6,566.42**

Note 34:Trifurcated Balance sheet and Profit and Loss Account

KERALA STATE ELECTRICITY BOARD LIMITED BALANCE SHEET AS AT 31 ST MARCH 2018				Trifurcated Balance sheet (₹in Lakhs)			
Sl. No	Particulars	Note No	₹in Lakhs As at 31.03.2018	Generation	Transmission	Distribution	TOTAL
A	**ASSETS**						
	Non Current Assets						
	Property Plant and Equipment		20,37,705.61	14,10,217.17	2,45,603.94	3,81,884.50	20,37,705.61
	Capital Work in Progress		2,44,889.91	1,13,089.30	44,071.32	87,729.29	2,44,889.91
	Financial Assets						
	Investments		2,000.01	856.81	399.33	743.87	2,000.01
	Loans		8,295.03	962.07	1,259.06	6,073.90	8,295.03
	Others		6,331.70	3,479.38	1,351.96	1,500.36	6,331.70
	Other Non Current Assets		**4,31,060.49**	**37,316.80**	**41,950.58**	**3,51,793.11**	**4,31,060.49**
	Current Assets						
	Inventories		48,590.36	5,459.91	4,174.94	38,955.51	48,590.36
	Trade receivables		2,29,926.20	-	-	2,29,926.20	2,29,926.20
	Cash and cash equivalnts		27,588.78	2,503.34	2,558.65	22,526.79	27,588.78
	Bank balances other than Cash Equivalents		7,007.15	-	-	7,007.15	7,007.15
	Other current assets		12,649.65	8,255.27	7,296.26	(2,901.88)	12,649.65
	TOTAL ASSETS		**30,56,044.89**	**15,82,140.06**	**3,48,666.03**	**11,25,238.80**	**30,56,044.89**
	EQUITY&LIABILITIES						
B	**Equity**						
	Equity Share Capital		3,49,905.00	83,126.92	85,704.62	1,81,073.46	3,49,905.00
	Other Equity		(9,77,660.67)	51,640.16	7,969.94	(10,37,270.77)	(9,77,660.67)
	Liabilities		-				-
	Non Current liabilities		-				-
	Borrowings		15,93,454.49	12,30,145.66	92,189.86	2,71,118.97	15,93,454.49

(₹in Lakhs)

Sl. No	Particulars	Note No	₹in Lakhs As at 31.03.2018	Generation	Transmission	Distribution	TOTAL
	Other financial libailities		3,17,045.02	-	-	3,17,045.02	3,17,045.02
	Provisions		9,76,539.72	1,13,844.74	12,921.97	8,49,773.01	9,76,539.72
	Other non current liabilities		1,92,276.19	8,031.36	19,261.08	1,64,983.76	1,92,276.20
	Current Liabilities						
	Financial Liabilities						
	Borrowings		2,73,758.98	64,895.41	77,465.13	1,31,398.44	2,73,758.98
	Trade payables		96,836.56	-	-	96,836.56	96,836.56
	Other financial libailities		2,32,989.60	30,408.40	53,064.41	1,49,516.79	2,32,989.60
	Provisions		900.00	47.41	89.02	763.57	900.00
	Total Equity and Liabilities		**30,56,044.89**	**15,82,140.06**	**3,48,666.03**	**11,25,238.80**	**30,56,044.89**

Trifurcated Profit and Loss Account

	REVENUE						
I	Revenue from operations		12,31,817.31	68061.82	1,00,382.72	12,31,817.31	14,00,261.85
II	Other Income		34,727.52	2499.42	2,805.89	29,422.21	34,727.52
III	**Total Income(I+II)**		**12,66,544.83**	**70,561.24**	**1,03,188.61**	**12,61,239.52**	**14,34,989.37**
IV	**Expenses**						
	Purchase of power		7,52,602.69	-	-	9,21,047.22	9,21,047.22
	Generation of power		207.84	207.84	-		207.84
	Repairs and Maintenance		27,734.87	2930.50	4,226.87	20,577.50	27,734.87
	Employee benefit expenses		2,63,806.15	14028.97	29,731.27	2,20,045.91	2,63,806.15
	Finance Cost		1,81,469.02	18451.82	22,327.99	1,40,689.21	1,81,469.02
	Depreciation and Amortisation		80,370.49	18001.01	23,286.61	39,082.87	80,370.49
	Other expenses						
	Administrative Expnses		53,038.86	2511.21	8,270.48	42,257.18	53,038.87
	Others		(1,416.98)	(91.94)	383.80	(1,708.84)	(1,416.98)
	Change in fair valuation and other adjustments		(12,858.65)	(862.26)	(1,128.51)	(10,867.87)	(12,858.65)

	Total Expenses		**13,44,954.29**	**55,177.15**	**87,098.51**	**13,71,123.17**	**15,13,398.83**
V	**Profit/(Loss) before exceptional and extra ordinary items and tax(III-IV+V)**		**(78,409.46)**	**15,384.09**	**16,090.10**	**(1,09,883.65)**	**(78,409.46)**
VI	Exceptional items						
VII	**Profit/(Loss) before tax(V-VI)**		**(78,409.46)**	**15,384.09**	**16,090.10**	**(1,09,883.65)**	**(78,409.46)**
VIII	Tax Expenses						
	(i)Current Tax						
	(ii) Deferred Tax						
IX	**Profit/(Loss) for the period from continuing operations(VII-VIII)**		**(78,409.46)**	**15,384.09**	**16,090.10**	**(1,09,883.65)**	**(78,409.46)**
X	Profit/(loss) from discontinued operations						
XI	Tax expense of discontinued operations						
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)						
XIII	Profit/(loss) for the period (IX+XII)						
XIV	**Other Comprehensive Income**		**(1,07,632.86)**	**(5,686.65)**	**(10,660.88)**	**(91,285.33)**	**(1,07,632.86)**
	A (i) Items that will not be reclassified to profit or loss						
	(ii) Income tax relating to items that will not be reclassified to profit or loss						
	B (i) Items that will be reclassified to profit or loss						
	(ii) Income tax relating to items that will be reclassified to profit or loss						
XV	**Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)**		**(1,86,042.32)**	**9,697.44**	**5,429.22**	**(2,01,168.98)**	**(1,86,042.32)**

Note 35: NOTES TO ACCOUNTS

35.1.Opening Balance on revesting

Vide G.O(P) No.46/2013/PD dated 31 October 2013 published in Kerala Gazette dated 31st October 2013, the Government of Kerala revested all the Assets and liabilities of the erstwhile KSE Board in the new company Kerala State Electricity Board limited. Then the Government of Kerala issued the final transfer scheme vide G.O.(P) No.3/2015/PD dated 28.01.2015 by issuing a new opening Balance Sheet for the company as on 01.11.2013.The statement of accounts for 2013-14 of the company has been prepared based on the value of Assets & Liabilities notified by the Government of Kerala vide notification dated 28.01.2015.

35.2. Contingent liabilities and capital commitments

[₹ in Lakhs]

Particulars	2017-18	2016-17
A. Contingent Liabilities not provided for in respect of:		
1. Capital liabilities becoming due for re-payment/redemption	4,65,420.76	3,92,411.97
2. Disputed Income-tax Matters	35,832.26	35,832.26
3. Claims against Company pending Court Orders/ Government orders	40340.61	10,401.00
4. NTPC		1,979.74
5. KPTCL		3.98
B. Capital Commitments		
1. Contracts placed but not executed	37357.18	28567.53

35.3. Secured and unsecured loans

The following table summarizes future cash flows.

Particulars	Upto 1 Year	2-5 years	Above 5 years	Total
Secured Loan				
March 31,2018	**26318.7**		**476622.92**	**502941.62**
March 31, 2017	20650.74		424209.38	444860.12
Unsecured Loan				
March 31,2018	244992.74			244992.74
March 31, 2017	188750.00			188750.00
Total				
March 31,2018	**271364.7**		**476622.92**	**747934.36**
March 31, 2017	**209400.74**		**424209.38**	**633610.12**

The list of loans taken and the purpose of loan is given as follows.

Sl. No	Name of the lender	Purpose of loan	Nature of security
1	PFC	RAPDRP Part- A (Distribution scheme)	Existing and future assets created from the loans
2	PFC	RAPDRP Part- B (Distribution scheme)	Existing and future assets created from the loans
3	REC	Transmission scheme (Kattakada, Pothencode)	Future assets created from the loans
4	PFC	Pallivasal Extension Scheme (Generation Scheme)	Immovable and movable properties present and future assets created from the loans
5	REC	Meter Scheme (Distribution)	Future assets created from the loans
6	REC	R-APDRP Part-B Counterpart Funding (Distribution scheme)	Future assets created from the loans
7	REC	8 Nos. Transmission schemes	Future moveable assets created from the loans
8	REC	Distribution Schemes	Future assets created from the loans
9	REC	Thottiyar HEP(Generation scheme)	Future assets created from the loans
10	PFC GEL	Kakkayam SHEP (Generation Scheme)	Immovable and movable properties present and future created from the loans
11	South Indian Bank	BARAPOLE SHEP(Generation)	Hypothecation of movable assets & lodgment of title deed of landed properties
12	LIC	Renovation of Sabarigiri Hydro Electric Project	Government Guarantee
13	REC-RGGVY	Development of rural household	Future assets created from the loans
14	REC-Medium Term loan	Purchase of power	Hypothecation of assets of Transmission circle
15	REC-Various Schemes	System improvement schemes	Future assets created from the loans and Govt. Guarantee.
16	REC-Special Loan	General Purpose	Future assets created from the loans

17	PFC-Special Loan	General Purpose	Future assets created from the loans

Loans of ₹37520.86 lakh is not considered for revaluation as repayment liability is not confirmed.

35.4. Related Party Disclosures

List of related parties and nature of relationships where control exists.

Sl. No	Name of the Related Party	Nature of Relationship
1	Renewable Power Corporation of Kerala Ltd.	Associate
2	Kerala State Power and Infrastructure Finance Corporation	Associate
3	Baitarani West Coal Company Ltd.	Joint Venture

Transactions between company and related entities through co-holder of third party entity during the year and the status of outstanding balances as on the given dates. The period of restriction for disposal of investment has also been given.

Particulars	Year	Period of Restriction for disposal of investment as per related agreements	Subsidiaries	JCE	Associate
Investment in equity shares and preference shares	31.03.2018 31.03.2017	Nil	Nil	Nil	Nil
Impairment allowance on Investments	31.03.2018 31.03.2017	Nil	Nil	Nil	Nil

List of Key Managerial Personnel as defined in 2(51) of Companies Act, 2013 and disclosure of transaction entered with key managerial personnel.

[₹ in Lakhs]

No.	Name	Designation	Gross Salary	Others	Total
1	N.S.Pillai IA&AS	CMD	2.49		2.49
2	Dr. K. Ellangovan IAS	CMD	25.94	0.75	26.69
3	N.S. Pillai IA & AS	Director	23.71	0.16	23.87
4	Vijaya Kumari. P	Director	19.83	0.18	20.01
5	Asokan. O	Director	4.88	0.1	4.98
6	Venugopalan. N	Director	20.05	0.18	20.23
7	Kumaran.P	Director	13.2	0.19	13.39
8	Rajeev. S	Director	18.3	23.4	41.7

35.5. Interest and finance charges/Employee cost capitalized

a. Interest and finance charges capitalized @ 9.28%.

b. The company was capitalising 5% of the employee costs during previous financial years as incurred for capital additions. However the percentage of capitalisation in distribution SBU is found on the lower side and hence the percentage of capitalisation of employee cost in distribution SBU 0has increased to 14%.Accordingly an amount of ₹ 26241.75 lakh is capitalised as employee cost in distribution SBU during the year. There is an impact of ₹ 16869.70 lakh in the current year profit/(Loss) due to the above change.

35.6. Transactions in Foreign currency

a) Expenditure in foreign currency (on accrual basis)

Particular	March 31,2018	March 31,2017
Travelling	NIL	NIL
Professional & Consultation fee	NIL	NIL
Interest	NIL	NIL
Others	NIL	NIL
Total	**NIL**	**NIL**

b) CIF Value of Imports

Raw materials	NIL	NIL
Capital goods	NIL	NIL
Components & Spares	NIL	NIL
Total	**NIL**	**NIL**

35.7. Segment Reporting

Disclosure as per Ind AS 108 is given below.

Particulars	**For the year ended 31 March, 2018**				
	Business segments			**Inter Segment** Eliminations	**Total**
	Generation ₹ in lakhs	**Transmission** ₹ in lakhs	**Distribution** ₹ in lakhs		₹ in lakhs
Segment Revenue					
Sale of energy & Meter rent	68061.82	100382.72	1231817.31	168444.54	1231817.31
Inter-segment revenue					
Total	68061.82	100382.72	1231817.31	168444.54	1231817.31
Segment result					
allocable expenses (net)	12884.67	13284.21	-139350.86		-113136.98
Operating income					
Other income (net)	2499.42	2805.89	29422.21		34727.52

Profit before taxes					-78409.46
Tax expense					
Net profit for the year					**-78409.46**
Other comprehensive income					**-107632.86**
Total comprehensive income					**-186042.32**

Particulars	**For the year ended 31 March, 2017**				
	Business segments			**Inter Segment Eliminations**	**Total ₹ in lakhs**
	Generation ₹ in lakhs	**Transmission ₹ in lakhs**	**Distribution ₹ in lakhs**		
Segment Revenue					
Sale of energy & Meter rent	74439.5	95127.00	1121882.81	169566.5	1121882.81
Inter-segment revenue					
Total	74439.5	95127.00	1121882.81	169566.5	1121882.81
Segment result					
Allocable expenses (net)	26651.53	11636.13	-227828.21		-189540.55
Operating income					
Other income (net)	2222.71	3546.37	34308.62		40077.69
Profit before taxes					-149462.85
Tax expense					
Net profit for the year					

Particulars	**For the year ended 31 March, 2018 Business segments**			**Total ₹ in lakhs**
	Generation ₹ in lakhs	**Transmission ₹ in lakhs**	**Distribution ₹ in lakhs**	
Segment assets				
Allocable assets	1469050.76	304594.71	1037509.51	2811154.98
Total assets				
Segment liabilities				
Allocable liabilities	1582140.06	348666.03	1125238.8	3056044.89
Total liabilities				
Other information				
Capital expenditure				
Capital expenditure (Allocable)	113089.3	44071.32	87729.29	244889.91

Depreciation and amortisation (allocable)	14080.63	24419.51	41870.35	80370.49
Depreciation and amortisation (unallocable)				
Other significant non-cash expenses				

Particulars	For the year ended 31 March, 2017 Business segments			Total ₹ in lakhs
	Generation ₹ in lakhs	Transmission ₹ in lakhs	Distribution ₹ in lakhs	
Segment assets				
Allocable assets	1527162.84	310665.84	1051493.28	2889321.96
Total assets	1527162.84	310665.84	1051493.28	2889321.96
Segment liabilities				
Allocable liabilities	1602554.65	345899.91	1119196.59	3067651.15
Total liabilities	1602554.65	345899.91	1119196.59	3067651.15
Other information				
Capital expenditure				
Capital expenditure (Allocable)	75391.81	35234.07	67703.31	178329.19
Depreciation and amortisation (allocable)	15374.36	21097.02	35416.54	71887.92
Depreciation and amortisation (unallocable)				
Other significant non-cash expenses				

35.8. Earnings per Share

Earnings per share are calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Numbers used for calculating diluted earnings per equity share includes the amount of Equity Share Application Money. The details as follows:

Sl. No.	Particulars	2017-18	2016-17
1	Earnings Available to Equity Share Holders (₹ in lakhs)	-186042.32	-149462.85
2	Number of weighted equity shares	3499050000	3499050000

3	Face value per share (Rs.)	10	10
4	Earnings per Share (Basic)	-5.32	-4.27
5	Earnings per Share (Diluted)	-5.32	-4.27

35.9. Taxation

The company reported loss during the period and provision for current tax or deferred tax not provided in the accounts.

35.10. Micro, Small and Medium Enterprises

The company has not received any information from its supplier regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 which came into effect from 2nd October 2006 and hence disclosure, if any, relating to amounts unpaid as on 31st March 2018 together with interest paid/ payable as required under the Act, have not been given.

35.11. Statutory Auditors' Remuneration

[₹ in Lakhs]

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Remuneration of statutory auditors	37.77	37.77
Total	37.77	37.77

35.12. Generation, Purchase and Sale of Power (in Million Units) :

	Current Year (2017-18)			Previous Year (2016-17)		
	Unit Generated (A)	Auxiliary consumption (B)	Net(A-B)	Unit Generated (A)	Auxiliary consumption (B)	Net(A-B)
Hydel	5488.94	29.95	5458.99	4319.08	26.97	4292.11
Thermal	1.86	1.31	0.55	43.55	2.61	40.94
Wind	1.48	0	1.48	1.71	0.00	1.71
Solar	13.45	0	13.45	5.20	0.03	5.17
Sub Total	**5505.73**	**31.26**	**5474.47**	**4369.54**	**29.61**	**4339.93**
Purchase	19426.74		19426.74	19734.92		19734.92
Total	**24932.47**	**31.26**	**24901.21**	**24104.46**	**29.61**	**24074.85**
Auxiliary consumption (Substations)		14.12			14.84	

Total	**24932.47**	**45.38**	**24887.09**	**24104.46**	**44.45**	**24060.01**
Energy injected by Private IPPs at generator end for sale outside state through open access			45.15			45.08
Energy purchased by consumers through open access at Kerala periphery			284.96			435.60
Total Generation and power purchased			**25217.2**			**24540.69**
Energy sale outside the state by KSEBL at Kerala periphery			117.51			49.30
Swap return			6.31			
Sale outside the state by Private IPPs through open access			43.07			43.06
External PGCIL loss			709.51			684.76
Net energy available in Kerala Grid for consumption with in state			**24340.8**			**23763.57**
Energy sale within the state by KSEBL alone			**20880.7**			**20038.25**
Energy consumed by open access consumers			269.86			414.66
Energy Given to RGCCPP for auxiliary consumption			8.63			
Energy consumption within the state			**21159.19**			**20452.91**
Loss in KSEBL system			**3181.61**			**3310.66**
Loss % in KSEBL system			**13.07%**			**13.93%**

35.13. Generating Stations:

a) Plants in operation since the beginning of the year.

Sl. No.	LOCATION	Unit Capacity (in MW)	Installed Capacity (MW)
1	Pallivasal	3X5+3X7.5	37.50
2	Poringalkuthu	4X8	32.00
3	Sengulam	4X12	48.00
4	Neriamangalam	3X17.5	52.50
5	Panniyar	2X16	32.00
6	Sholayar	3X18	54.00
7	Sabarigiri	4X55+2X60	340.00
8	Kuttiyadi	3X25	75.00
9	Idukki	6X130	780.00
10	Idamalayar	2X37.5	75.00
11	Kallada	2X7.5	15.00
12	Kanjikode (Wind Farm)	9X0.225	2.03
13	Peppara	1X3	3.00
14	Lower Periyar	3X60	180.00
15	Madupetty	1X2	2.00
16	Brahmanapuram (Diesel)	5X21.32	106.60
17	Poringalkuthu Left Bank	1X16	16.00
18	Kozhikode (Diesel)	8X16	128.00
19	Kakkad	2X25	50.00
20	Malampuzha	1X2.5	2.5
21	Kuttiadi Extension	1X50	50.00
22	Chembukadavu I	3X0.90	2.70
23	Chembukadavu II	3X1.25	3.75
24	Urumi I&II	3X1.25+3X0.8	6.15
25	MSHEP Malankara	3X3.5	10.50
26	Lower Meenmutty	2X1.5+1X0.5	3.50
27	NeriamangalamExtn Scheme	1X25	25.00
28	Kuttiadi Tail Race	3X1.25	3.75
29	Kuttiadi Addl. Extn. Scheme	2X50	100
30	Poohithodu	3X1.6	4.80
31	Ranni- Perunadu	2X2	4.00

32	Peechi- HEP	1X1.25	1.25
33	Vilangad HEP	3X2.5	7.5
35	Chimmony SHEP	1X2.5	2.5
36	Adyanpara SHEP	2X1.5+.5	3.5
37	Barapole	3X5	15.00
38	PoringalKuthu Micro SHEP	0.011X1	0.011
39	Vellathooval	1.8x2	3.6
	Total		**2278.64**

b) Projects commissioned during the Year :

Sl. No.	LOCATION	Unit Capacity (in MW)	Installed Capacity (MW)
1	Perumthenaruvi	3X2	6
	Total		**6**

c) Other Private Captive & IPPs (in MW)

Hydro			
1	Maniyar	3X4	12.00
2	Kuthungal	3X7	21.00
IPP			
1	NTPC Kayamkulam	2X116.6+1X126.38	359.58
2	KPCL Kasargode	3X7.31	21.93
3	BSES Kochi	3X40.5+1X35.5	157.00
4	Ramakkalmedu (Wind IPP)	19 X 0.750	14.25
5	Agali (Wind IPP)	31X0.60	18.60
6	Ullumkal (IPP Hydro)	2X3.50	7.00
7	MPS Steel (IPP-Co-Gen)	1X10	10.00
8	PCBL	1X10	10.00
9	Iruttukanam	3X1.50	4.50
	Total		**635.86**

35.14. Purchase of Power

In the case of power purchase related expenditure from Central Utilities, the utilities are raising invoices based on provisional tariff order/relevant notification of the concerned authorities, which are subject to final orders for the relevant tariff period. Out of the total power purchase related expenditure, the following claims has been provided in the accounts for the financial year 2017-18 though the claims are not fully admitted by the Company ₹ in lakhs.

Sl No.	Supplier	Amount
1	MAITHON	615.98
2	Jindal Power Limited	4812.05
3	Jindal Thermal Power Limited	155.6
4	KAIGA	0.37
5	JHABUA POWER	8508.58
6	BALCO	59.98
7	DVC	914.25
8	NTECL	15.84
9	PGCIL	977.77
10	PTC	2.21
11	NTPC	671.82
12	KPTCL (RE charges)	2.77

35.15. Actuarial Valuation

Actuarial valuation of employee related liabilities were carried out as on 31.03.2018 and provided in the accounts as detailed below.

a. Actuarial valuation of the earned leave liability for the period from 01/04/2017 to 31/03/2018 as per IND AS-19

Change in benefit Obligations	₹ in lakhs
Present Value of obligation at the	
beginning of the period	65566.41
Acquisition Adjustment	Nil
Interest Cost	4786.34
Service Cost	5564.91
Past Service Cost including curtailing gains/losses	Nil
Benefits paid	-3964.05
Total Actuarial(Gain)/Loss on obligation	5976.69
Present Value of obligation as at the end of the period	77930.29

Actuarial Assumptions

i) Economic Assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

	31/03/2017	31/03/2018
i) Discounting Rate	7.30	7.70
ii) Future salary Increase	10.00	10.00

ii) Demographic Assumption

Attrition rates are the company's best estimate of employee turnover in future determined considering factors such as nature of business & industry, retention policy, demand & supply in employment market, standing of the company , business plan, HR Policy etc as provided in the relevant accounting standard.

Leave availment / encashment / lapse rates are entity's best estimate for future based on past historical experience & its HR policy.

i) Retirement Age (Years)	56	56
ii) Mortality rates inclusive of provision for disability **	100 % of IALM (2006 - 08)	
iii) Ages	**Withdrawal Rate (%)**	**Withdrawal Rate (%)**
Up to 30 Years	6.00	6.00
From 31 to 44 years	3.00	3.00
Above 44 years	1.00	1.00
iv) Leave	28,39,936	28,38,339
Leave Availment Rate	2.50%	2.50%
Leave Lapse rate while in service	Above 300 days	Above 300 days
Leave Lapse rate on exit	--	--
Leave encashment Rate while in service	5.00%	5.00%

It should be noted that in case of employees above retirement age, for the purpose of valuation it is assumed they will retire immediately & benefit is considered up to actual retirement age.

Mortality & Morbidity rates - 100% of IALM (2006-08) rates have been assumed which also includes the allowance for disability benefits.

Mortality Rates inclusive of disability for specimen ages

Age	Rate	Age	Rate	Age	Rate
15	0.000614	45	0.002874	75	0.039637
20	0.000888	50	0.004946	80	0.060558

25	0.000984	55	0.007888	85	0.091982
30	0.001056	60	0.011534	90	0.138895
35	0.001282	65	0.017009	95	0.208585
40	0.001803	70	0.025855	100	0.311628

b. Actuarial valuation of the gratuity liability for the period from 01/04/2017 to 31/03/2018, as per IND AS-19.

Change in benefit Obligations	**₹ in lakhs**
Present Value of obligation at the beginning of the period	126550.08
Acquisition Adjustment	Nil
Interest Cost	9238.15
Service Cost	11711.83
Past Service Cost including curtailing gains/losses	12516.08
Benefits paid	-6794.12
Total Actuarial(Gain)/Loss on obligation	29568.91
Present Value of obligation as at the end of the period	182790.95

Actuarial Assumptions

i) Economic Assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

	31/03/2017	**31/03/2018**
i) Discounting Rate	7.30	7.70
ii) Future salary Increase	10.00	10.00

ii) Demographic Assumption

Attrition rates are the company's best estimate of employee turnover in future determined considering factors such as nature of business & industry, retention policy, demand & supply in employment market, standing of the company , business plan, HR Policy etc as provided in the relevant accounting standard.

	31/03/2017	**31/03/2018**
i) Retirement Age (Years)	56	56
ii) Mortality rates inclusive of		

	provision for disability **	100% of IALM (2006 - 08)	
iii)	Attrition at Ages	Withdrawal	
	Rate (%)	Withdrawal	
	Rate (%)		
	Up to 30 Years	6.00	6.00
	From 31 to 44 years	3.00	3.00
	Above 44 years	1.00	1.00

In case of employees above retirement age, for the purpose of valuation it is assumed they will retire immediately & benefit is considered up to actual retirement age.

Mortality & Morbidity rates - 100% of IALM (2006-08) rates have been assumed which also includes the allowance for disability benefits.

Mortality Rates for specimen ages

Age	Rate	Age	Rate	Age	Rate
15	0.000614	45	0.002874	75	0.039637
20	0.000888	50	0.004946	80	0.060558
25	0.000984	55	0.007888	85	0.091982
30	0.001056	60	0.011534	90	0.138895
35	0.001282	65	0.017009	95	0.208585
40	0.001803	70	0.025855	100	0.311628

c. Actuarial valuation of the Pension liability for the period from 01/04/2017 to 31/03/2018, as per IND AS-19.

Change in benefit Obligations	₹ in lakhs
Present Value of obligation at the beginning of the period	1422654.02
Acquisition Adjustment	Nil
Interest Cost	103853.74
Service Cost	31710.62
Past Service Cost including curtailing gains/losses	Nil
Benefits paid	-117681.38
Total Actuarial(Gain)/Loss on obligation	72000.09
Present Value of obligation as at the end of the period	1512537.1

Actuarial Assumptions

i) Economic Assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

	31/03/2017	31/03/2018
i) Discounting Rate	7.30	7.70
ii) Future salary Increase	10.00	10.00

ii) Demographic Assumption

Attrition rates are the company's best estimate of employee turnover in future determined considering factors such as nature of business & industry, retention policy, demand & supply in employment market, standing of the company , business plan, HR Policy etc as provided in the relevant accounting standard.

	31/03/2017	31/03/2018
i) Retirement Age (Years)	56	56
ii) Mortality rates inclusive of provision for disability **	100% of IALM (2006 - 08)	
iii) Attrition at Ages	Withdrawal	Withdrawal
	Rate (%)	Rate (%)
Up to 30 Years	6.00	6.00
From 31 to 44 years	3.00	3.00
Above 44 years	1.00	1.00

It should be noted that in case of employees above retirement age, for the purpose of valuation it is assumed they will retire immediately & benefit is considered up to actual retirement age.

Mortality & Morbidity rates - 100% of IALM (2006-08) rates have been assumed which also includes the allowance for disability benefits.

Mortality Rates for specimen ages

Age	Rate	Age	Rate	Age	Rate
15	0.000614	45	0.002874	75	0.039637
20	0.000888	50	0.004946	80	0.060558
25	0.000984	55	0.007888	85	0.091982

30	0.001056	60	0.011534	90	0.138895
35	0.001282	65	0.017009	95	0.208585
40	0.001803	70	0.025855	100	0.311628

35.15.Other Matters

a. Commercial Tax Department had disallowed the concessional tax of 4% given to M/s KPCL and directed BPCL to collect differential amount with retrospective effect from 2001-02. M/s KPCL in turn had claimed an amount of ₹4031 lakh vide invoice dated 20-3-2016. The matter was referred to the high-power committee constituted by Government of Kerala for granting concessional rate to KPCL as the entire power is being drawn by KSEBL. The high-power committee had decided that KSEBL shall reimburse the differential tariff and to waive the interest and penal interest elements after taking approval of the council of Ministers. The differential tax was estimated as ₹3070 lakh. However as per section 26 of the KVAT Act, the department can claim only the differential tax for five years from 2006-07 to 2010-11 amounting to ₹1334 lakh. Accordingly, an amount of ₹1384 lakh is provided in the accounts though the claim is not admitted by the Company. KSEBL had approached the Government to waive the interest claim in this regard amounting to ₹7865 lakh and to withdraw the claim of balance differential tax amounting to ₹2536 lakh. The Company is expecting favourable orders from the Government of Kerala. Accordingly, an amount of ₹10401 lakh is shown under contingent liabilities.

b. Annual fixed cost payable by KSEB ltd to NTPC for RGCCP, kayamkulam has been negotiated and fixed as ₹20000 lakh per year for the Tariff control period 2014-19 with the liberty of review in 2018-19 vide B.O.(FTD) No.1491/2018/KSEB/TRAC/CERC/RGCCPP/18-19 dated 14.06.2018.The excess amount paid to NTPC in previous years has not been adjusted in the accounts of the year 2017-18.

c. M/s Balco-PTCIL has claimed ₹3890.59 lakh towards reimbursement as per Article 10 of PPA(change in law) of additional expenditure incurred until 30.8.2016 and ₹ 5749.18 lakh towards ECR revision due to change in escalation rates for domestic coal as per CERC amendment dated 08/02/2017 for the period from 03/2015 to 02/2017 vide invoice dated 20/12/2017.Since the final decision has not been taken the same has not been provided in the accounts.

d. Letter of credit facility is offered to the suppliers of power as per the agreement conditions. The LC charges in this regard, being directly attributable to purchase of power, is being accounted as power purchase costs.

e. KSEB Limited has executed 2 Nos of swap agreements. As per PPA1 the company swapped 63.06 lakh units during the period 2017-18 to BRPL as against power swapped during the year 2016-17.As per PPA2 company swapped 1359 lakh units from HPPC and this shall be return during the year 2017-18

f. Inter Unit balances amount to ₹4285.64Lakhs (Previous year Rs.1536.57Lakhs) has been considered as Sundry Receivables pending complete reconciliation of such balances reported in the Note:12-Other current Assets-Inter Unit balance.

g. The GPF balances as per financial statements is ₹220733 lakhs reported in the Note:17-General Provident Fund. A difference of ₹22lakhs with the party wise registers maintained at GPF section are reported and the same is being verified.

h. The Kerala Power Finance Corporation has issued 1319440 Nos. of Equity Shares of ₹10/- each as Bonus Share to the erstwhile KSE Board during the Year 2004-05.

i. For preparation of the Financial statements, the value of asset and liabilities notified under the re-vesting second Transfer (Amendment) Scheme (Re-vesting) 2015, have been duly adopted. The fixed asset of erstwhile KSE Board revested to KSEB Ltd. is taken at the value notified vide Government notification G.O.(P).No.3/2015/PD dated 28.01.2015

j. For monthly as well as bi-monthly billed consumers under various tariff categories, an estimated amount of ₹68064 lakhs is recognized as unbilled revenue as on 31.03.2018(Previous year ₹62298 lakhs) and the amount is debited to sundry debtors for sale of power.

k. The Board along with Orissa and Gujarat has taken steps to sets up a 1000 MW Power Plant at Orissa. In this connection a company has been formed under the name Baitarani West Coal Company Limited. The Board has made share contribution of Rs. 10 Crores. The following share certificates have been issued by the company.

Folio No.	Share Certificate No.	Face Value	Amount [₹In Lakhs]
00	004	Rs.1000 /-	29
00	005	Rs.1000/-	1
00	009	Rs.1000/-	970

Further the Board has deposited ₹25 Crores on 01.09.2012 with Punjab & Sind Bank, Thiruvananthapuram for enabling Punjab & Sind Bank, Bhubaneswar to issue Bank Guarantee to Government of India Favoring the company. On 10.12.2012 Ministry of Coal, Government of India de-allocated the Baitarani West Coal Block citing delay in developing the coal block. KSEB has filed appeal to the Ministry of Coal to revoke the decision of de- allocation. The matter has also been taken up with the Union Government through letters written by the Chief Minister to the Prime Minister and the Union Coal Minister. A petition has also been filed by the allocates before the High Court of Odisha challenging the decision of Union Government on de-allocating the Baitarani coal block. The case is yet to be finally heard by the Court.

l. Government of Kerala vide order G.O (M.S) No.13/07/PD dated 05.07.2007 has ordered to transfer 100 acres of land originally acquired by KSEB for the Brahmapuram Diesel Power Plant at Kochi to the Revenue Department in Government subject to the conditions that

   (i) The value of Land will be determined and paid by Government to KSEB later.

   (ii) Additional compensation ordered to be paid by Government in Revenue Department.

The Government had fixed the compensation for acquisition at ₹757 lakh and the Board had requested the Government to enhance the compensation and for giving value of land at current market rate. No amount has been received till date and physical transfer of land has not taken place. Hence Accounting adjustments were also not made

m. 45.715 cents of Land belonging to the company in Thiruvananthapuram was transferred to Thiruvananthapuram Development Authority for widening the road as per the decision of the Government of Kerala. Since the value of the land is not yet received from the Government, necessary adjustments are yet to be made in the Books of Accounts.

n. Vide G.O.(M.S) No.34/2017/PD dated 04/04/2017 Government of Kerala ordered that 20 acres of land owned by TCCL, which is currently under the lease to BSES Kerala Power Ltd shall be transferred to KSEBL with full ownership in lieu of the outstanding dues as on date to KSEBL subject to the condition that KSEBL shall not alienate the land under any circumstances. However the property of 20 Acres of land owned by TCCL not yet transferred to the ownership of the company. Hence the adjustment of transfer of land against dues towards current charge not incorporated during the year.

o. In the 42nd Meeting of Board of Directors held on 26.09.2018 it was resolved to give in principle approval to incorporate the adjustment entries regarding the amount payable to Government of Kerala towards electricity duty and guarantee commission etc. as on 31.03.2018 against the amount receivable from the Government in the books of accounts and to report the matter to the Government for concurrence. Accordingly an amount of ₹35099.74lakh is netted off with the amount receivable from the Government.

p. During the financial year an amount of ₹ 815 lakh has been incurred as employee cost for the software development and implementation. This amount has been charged to the Revenue expenses pending allocation over capital works for capitalisation in the financial year 2018-19.

q. As per the Accounting policy of the company the provision for debtors is being provided on the basis of age wise analysis of debtors. As per the details furnished by the ARUs of the company, the age wise analysis is as follows.

	₹ in lakhs
Age of Debtors	**Amount**
More than 5 years	26605.51
Between 3 to 5 years	40197.92
Between 1 to 3 years	59845.47
Between 6 months to 1 year	20765.24
Less than 6 months	111674.88

As adequate provision is already there,no further provision is created during the year. Age wise reported from the Special Officer(Revenue) is not tally with the accounts and a special task has been entrusted to reconcile the same.

r. Kerala State suffered a heavy damage due to natural calamity and flood during the month of August 2018 and the company also suffered damages. The power restoration work had been carried out on war foot basis and more than 90% of the connections were restored in time. However the monetary value of loss suffered to the company not quantified.

s. The Company has issued two series of bonds to The Kerala State Electricity Board Limited Employees Pension and Gratuity Trust as per G.O.(P).No.3/2015/PD dated 28.01.2015 as on 01.04.2017.

   i) 20 years bond with a coupon of rate 10% p.a. For ₹ 814400 lakh.

   ii) 10 year bond with a coupon of rate 9% p.a. For ₹ 375100 lakh.

t. The Board of Directors in the 42nd meeting held on 26.09.2018 approved the financial statement. The power to amend the accounts vests with Board of Directors.

u. Figures for the previous year have been re arranged and regrouped wherever necessary.

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

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

Sd/-
N. VENUGOPAL
DIRECTOR (Corp. Planning, SCM, Safety &GE)
DIN: 07558958

Sd/-
BIJU.R FCA
FINANCIAL ADVISER&CHIEF FINANCIAL OFFICER

Sd/-
LEKHA.G FCA ACS
COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For ISAAC&SURESH
Chartered Accountants
FRN:001150S

For ANANTHAN &SUNDARAM
Chartered Accountants
FRN:000148S

Sd/-
SOBHA SETHUMADHAVAN FCA
Partner
M.No.225166

Sd/-
C.A.HARIKRISHNAN.R.S.M.Com,DISA, FCA
Partner
M.No.230338

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

Place:Thiruvananthapuram
Date:29.09.2018

Kerala State Electricity Board Limited

Consolidated Balance Sheet as at 31st March 2018

Particulars	Note No.	2017-18 Standalone 17-18 (₹ In Lakhs)	2017-18 Consolidated 17-18 (₹ In Lakhs)	2016-17 Standalone 16-17 (₹ In Lakhs)	2016-17 Consolidated 16-17 (₹ In Lakhs)
ASSETS					
Non current assets					
Property, Plant and Equipment	2	20,37,705.61	20,37,705.61	20,68,736.35	20,68,736.35
Capital work-in-progress	3	2,44,889.91	2,44,889.91	1,78,329.19	1,78,329.19
Financial Assets					
Investments	4	2,000.01	4,027.88	2,000.01	3,531.74
Loans	5	8,295.03	8,295.03	8,389.85	8,389.85
Others	6	6,331.70	6,331.70	55,070.04	55,070.04
Deffered Tax Assets (Net)					
Other non-current assets	**7**	**4,31,060.49**	**4,31,060.49**	**4,93,289.29**	**4,93,289.29**
Current assets					
Inventories	8	48,590.36	48,590.36	31,018.91	31,018.91
Trade receivables	9	2,29,926.20	2,29,926.20	1,92,339.65	1,92,339.65
Cash and cash equivalents	10	27,588.78	27,588.78	23,603.23	23,603.23
Bank balances Other than Cash Equivalents	11	7,007.15	7,007.15	6,827.98	6,827.98
Other current assets	12	12,649.65	12,649.65	8,046.66	8,046.66
Total Assets		**30,56,044.89**	**30,58,072.76**	**30,67,651.16**	**30,69,182.88**
Equities and Liabilities					
Equity					
Equity Share capital	13	3,49,905.00	3,49,905.00	3,49,905.00	3,49,905.00
Other Equity	14	-9,77,660.67	-9,77,660.67	-7,40,788.01	-7,40,788.01
Total Equity attributable to parent			**-6,27,755.67**		**-3,90,883.01**
Share of Profit of Associate/Joint Venture			2,027.87		1,531.72
Total Equity			**-6,25,727.80**		**-3,89,351.29**
Liabilities					
Non-current liabilities					
Financial Liabilities					
Borrowings	15	15,93,454.49	15,93,454.49	4,26,656.76	4,26,656.76
Other Financial Liabilities	16	3,17,045.02	3,17,045.02	3,11,596.98	3,11,596.98
Provisions	17	9,76,539.72	9,76,539.72	20,28,767.16	20,28,767.16

Other non-current liabilities	18	1,92,276.19	1,92,276.19	1,42,922.30	1,42,922.30
Current liabilities					
Financial Liabilities					
Borrowings	19	2,73,758.98	2,73,758.98	2,76,746.30	2,76,746.30
Trade payables	20	96,836.56	96,836.56	81,846.53	81,846.53
Other financial liabilities	21	2,32,989.60	2,32,989.60	1,89,998.14	1,89,998.14
Provisions	22	900.00	900.00	-	-
Total Equity and Liabilities		**30,56,044.89**	**30,58,072.76**	**30,67,651.16**	**30,69,182.88**

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

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

Sd/-
N. VENUGOPAL
DIRECTOR (Corp. Planning, SCM, Safety &GE)
DIN: 07558958

Sd/-
BIJU.R FCA
FINANCIAL ADVISER&CHIEF FINANCIAL OFFICER

Sd/-
LEKHA.G FCA ACS
COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For ISAAC&SURESH
Chartered Accountants
FRN:001150S

Sd/-
Suresh K. FCA
Partner
M.No. 23554

For ANANTHAN &SUNDARAM
Chartered Accountants
FRN:000148S

Sd/-
C.A.HARIKRISHNAN.R.S.M.Com,DISA, FCA
Partner
M.No.230338

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

Place:Thiruvananthapuram
Date:21.02.2019

Kerala State Electricity Board Limited

Consolidated Statement of Profit and Loss for the year ended 31st March 2018

	Particulars	Note No.	2017-18 Standalone P&L (₹ In Lakhs)	2017-18 Consolidated P&L (₹ In Lakhs)	2016-17 Standalone P&L (₹ In Lakhs)	2016-17 Consolidated P&L (₹ In Lakhs)
	REVENUE					
I	Revenue From Operations	23	12,31,817.31	12,31,817.31	11,21,882.81	11,21,882.81
II	Other Income	24	34,727.52	34,727.52	40,077.69	40,077.69
III	**Total Income (I+II)**		**12,66,544.83**	**1266544.83**	**11,61,960.50**	**11,61,960.50**
IV	**EXPENSES**					
	Purchase of Power	25	7,52,602.69	7,52,602.69	7,39,332.42	7,39,332.42
	Generation of Power	26	207.84	207.84	2,344.63	2,344.63
	Repairs & Maintenance	27	27,734.87	27,734.87	26,512.85	26,512.85
	Employee benefits expense	**28**	**2,63,806.15**	**2,63,806.15**	**3,36,077.22**	**3,36,077.22**
	Finance costs	29	1,81,469.02	1,81,469.02	95,991.86	95,991.86
	Depreciation and amortization expense	30	80,370.49	80,370.49	71,887.92	71,887.92
	Other Expenses				-	-
	Administrative Expenses	31	53,038.86	53,038.86	37,479.11	37,479.11
	Others	32	-1,416.98	-1,416.98	8,363.77	8,363.77
	ADD Changes in fair valuation and other adjustments	**33**	**-12,858.65**	**-12,858.65**	**-6,566.42**	**-6,566.42**
	Total expenses (IV)		**13,44,954.29**	**13,44,954.29**	**13,11,423.35**	**13,11,423.35**
V	Profit/(loss) before exceptional items and tax (III- IV)		-78,409.46	-78,409.46	-1,49,462.85	-1,49,462.85
VI	Exceptional Items		-	-	-	
VII	Profit/(loss) before tax (V-VI)		-78,409.46	-78,409.46	-1,49,462.85	-1,49,462.85
VIII	Tax expense:					
	(1) Current tax		-	-	-	
	(2) Deferred tax		-	-	-	
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		-78,409.46	-78,409.46	-1,49,462.85	-1,49,462.85

X	Profit/(loss) from discontinued operations		-			
XI	Tax expense of discontinued operations		-			
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)		-			
XIII	**Profit/(loss) for the period (IX+XII)**		**-78,409.46**	**-78,409.46**	**-1,49,462.85**	**-1,49,462.85**
XIV	Share of profit/Loss of associates/Joint venture accounted for using equity method			2,027.87	-	1,531.72
XV	**Consolidated Profit/(Loss) for the period**		**-78,409.46**	**-76,381.59**	**-1,49,462.85**	**-1,47,931.13**
XVI	Other Comprehensive Income/(Expenses)		-	-		
	A (i) Items that will not be reclassified to profit or loss		-1,07,632.86	-1,07,632.86	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	-	-
	B (i) Items that will be reclassified to profit or loss		-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-	-
XVII	**Total Comprehensive Income/(Loss) for the period (XV+XVI)**		**-1,86,042.32**	**-1,84,014.45**	**-1,49,462.85**	**-1,47,931.13**
	Profit attributable:					
	Owners of the Parent			-78,409.46		-1,49,462.85
	Share of Joint venture/Associate			2,027.87	-	1,531.72
	Other Comprehensive Income/Expenses attributable:					
	Owners of the Parent			-1,07,632.86	-	-

Share of Joint venture/Associate			-		
Total Comprehensive Income/(Loss) attributable					
Owners of the Parent			-1,86,042.32	-	-1,49,462.85
Share of Joint venture/Associate			2,027.87	-	1,531.72
XVIII Earnings per equity share (for continuing operation):					
(1) Basic		-5.32	-5.26	-4.27	-4.23
(2) Diluted		-5.32	-5.26	-4.27	-4.23
XIX Earnings per equity share (for discontinued operation):					
(1) Basic		-	-		
(2) Diluted		-	-		
XX Earnings per equity share(for discontinued & continuing operations)					
(1) Basic		-	-		
(2) Diluted		-	-		

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

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

Sd/-
N. VENUGOPAL
DIRECTOR (Corp. Planning, SCM, Safety &GE)
DIN: 07558958

Sd/-
BIJU.R FCA
FINANCIAL ADVISER&CHIEF FINANCIAL OFFICER

Sd/-
LEKHA.G FCA ACS
COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For ISAAC & SURESH
Chartered Accountants
FRN:001150S
Sd/-
Suresh K. FCA
Partner
M.No. 23554

For ANANTHAN &SUNDARAM
Chartered Accountants
FRN:000148S
Sd/-
C.A.HARIKRISHNAN.R.S.M.Com,DISA, FCA
Partner
M.No.230338

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

Place:Thiruvananthapuram
Date:21.02.2019

Kerala State Electricity Board Limited

Consolidated Statement of Cash flow statement for the year ended 31st March 2018

	₹ In Lakhs		₹ In Lakhs	
Particulars	Stand Alone 2017-18	Consolidated 2017-18	Stand Alone 2016-17	Consolidated 2016-17
CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT BEFORE TAX	**-1,86,042.32**	**-1,84,014.45**	**-1,49,462.85**	**-1,47,931.13**
PROFIT BEFORE TAX BEFORE NON CASH ITEM AND WORKING CAPITAL CHANGES	**-1,86,042.32**	**-1,84,014.45**	**-1,49,462.85**	**-1,47,931.13**
Depreciation	80,370.49	80,370.49	71,887.92	71,887.92
Finance cost	1,81,469.02	1,81,469.02	95,991.86	95,991.86
Investment income	-	-	-23.94	-23.94
Interest Income	-546.59	-546.59	-719.34	-719.34
Prior period interest and finance charges	6.66	6.66	17.93	17.93
Operating profit before working capital changes	75,257.27	77,285.13	17,691.58	19,223.30
Adjustments for:				
Changes in Inventories	-17,571.45	-17,571.45	-1,814.93	-1,814.93
Changes in Sundry Debtors	-37,586.55	-37,586.55	-33,060.09	-33,060.09
Changes in Other Current Asset	-4,602.99	-4,602.99	-300.14	-300.14
Changes in Current Liabilities and Provisions	40,904.14	40,904.14	-3,23,851.47	-3,23,851.47
Changes in Trade Payable	14,990.03	14,990.03	12,442.65	12,442.65
Cash generated from Operations	**71,390.45**	**73,418.31**	**-3,28,892.40**	**-3,27,360.68**
Income Tax	-	-	-	-
Net cash flow from /(used in)				

Operating Activities(A)	71,390.45	73,418.31	-3,28,892.40	-3,27,360.68
CASH FLOW FROM INVESTMENT ACTIVITIES				
Change in Fixed Asset	-99,238.28	-99,238.28	-1,48,592.43	-1,48,592.43
Changes in Capital Work-in Progress	-66,560.72	-66,560.72	-4,836.21	-4,836.21
Income from Investment	-	-	23.94	23.94
Interest Income	546.59	546.59	719.34	719.34
Change in Non Current Assets-other Financial Assets	48,738.34	48,738.34	-1,989.38	-1,989.38
Non Current Assets-Financial Assets Loan	94.81	94.81	-1,989.38	-1,989.38
Other Non Current Assets	62,228.79	62,228.79	2,24,831.39	2,24,831.39
Net cash flow from / (used in) Investment Activities(B)	**-54,190.47**	**-54,190.47**	**68,167.25**	**68,167.25**
CASH FLOW FROM FINANCING ACTIVITIES				
Changes in Equity Capital	-931.80	-2,959.67	-3,72,834.37	-3,72,834.37
Changes in Provisions	-10,52,227.44	-10,52,227.44	3,69,925.26	3,69,925.26
Changes in Financial Liabilties	5,448.04	5,448.04	31,969.09	31,969.09
Changes in Long Term Borrowings	11,66,797.74	11,66,797.74	2,74,141.31	2,74,141.31
Interest and Other cost of raising Finance	-1,81,469.02	-1,81,469.02	-95,991.86	-95,991.86
Changes in Other Non Current Liabalities	49,353.88	49,353.88	57,812.56	56,280.84
Prior Period Interest and Finance charges	-6.66	-6.66	-17.93	-17.93
Net cash flow from / (used in) Financing Activities(C)	**-13,035.26**	**-15,063.13**	**2,65,004.06**	**2,63,472.34**
NET CHANGE IN CASH & CASH EQUIVALENTS	4,164.72	4,164.72	4,278.91	4,278.91

CASH AND CASH EQUIVALENTS AT THE BEGINNING	30,431.21	30,431.21	24,162.91	24,162.91
CASH AND CASH EQUIVALENTS AT THE END	34,595.93	34,595.93	28,441.83	28,441.83

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

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

Sd/-
N. VENUGOPAL
DIRECTOR (Corp. Planning, SCM, Safety &GE)
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For ISAAC&SURESH
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Chartered Accountants
FRN:004674S
Sd/-
RAVINATH.R.PAI FCA
Partner
M.No.226547

Place:Thiruvananthapuram
Date:21.02.2019

Kerala State Electricity Board Limited
Consolidated Statement of Changes in Equity for the year ended on 31st March 2018

A: Equity Share Capital
Note No :13

		(₹ In Lakhs)
Balance as at 1st April 2017	Changes in equity share capital during the year	Balance as at 31st March 2018
3,49,905.00	-	3,49,905.00

B.OTHER EQUITY

Particulars	₹ in lakhs Attributable to owners of parent								Other equity attributable to owners of the parent	Share of profit of Associate/ Joint Venture Joint Venture under equity method	Total
	Reserve & Surplus					Debt income through Other Comprh-ensive Income	Equity income through Other Comprh-ensive Income	Other items of Other Comprhensive Income			
	Note No	Capital Reserve	Security Premium Reserve	Other Reserve	Retained earnings						
Balance as at1st April 2017		**-**	**-**	**-**	**-7,40,788.01**	**-**	**-**	**-**	**-7,40,788.01**	**1,531.72**	**-7,39,256.29**
Profit for the year		-	-	-	-78,409.46	-	-	-	-78,409.46	2,027.87	-76,381.59
Changes in accounting policy and prior period errors		-	-	-	-	-	-	-	-		-
Other Comprehe-nsive Income		-	-	-	-1,07,632.86	-	-	-	-1,07,632.86		-1,07,632.86
Total Comprehe-nsive Income	14	-	-	-	-1,86,042.32	-	-	-	-1,86,042.32	2,027.87	-1,84,014.45
Dividends		-		-	-	-	-	-	-		-

Transfer to Retained Earnings	-		-	-54,850.76	-	-	-	-54,850.76	-1,531.72	-56,382.48
Transfer from Retained Earnings	-	-	-	4,020.42	-	-	-	4,020.42		4,020.42
Any other changes (To be speciifed)	-	-	-	-	-	-	-	-		-
Balannce as at 31st March 2018	**-**	**-**	**-**	**-9,77,660.67**	**-**	**-**	**-**	**-9,77,660.67**	**2,027.87**	**-9,75,632.80**

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

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

Sd/-
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Sd/-
RAVINATH.R.PAI FCA
Partner
M.No.226547

Place:Thiruvananthapuram
Date:21.02.2019

Kerala State Electricity Board Limited
Note 1: ACCOUNTING POLICIES ON CONSOLIDATED FINANCIAL STATEMENTS

1.1. Corporate information of Reporting Company

Kerala State Electricity Board Limited is incorporated under the Companies Act, 2013 and is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013. It is the successor entity of Kerala State Electricity Board which was constituted by the Government of Kerala, as per order no. EL1-6475/56/PW dated 7-3-1957 of the Kerala State Government, under the Electricity (Supply) Act, 1948 for carrying out the business of Generation, Transmission and Distribution of electricity in the State of Kerala.

1.2. Statement of Compliance

These Consolidated financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable.

1.3. Basis of Measurement & Use of Management Estimates

a.The Consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value as laid out by Ind AS 109 Financial Instruments (refer accounting policy regarding financial instruments) and certain fixed assets which were capitalised in-order to reflect the actual position in the Consolidated Balance Sheet at written down value. The methods used to measure fair values and written down value are discussed further in notes to consolidated financial statements.

The preparation of these consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported value of assets, liabilities, income and expenses and related disclosures, including contingent assets and liabilities at the Consolidated Balance Sheet date. The estimates and management's judgments are based on previous experience and other factors are considered reasonable and prudent in the circumstances and such assumptions are reviewed on an ongoing basis

b. The Associate company Renewable Power Corporation of Kerala Ltd recognizes income from various sources and accounting estimates on the basis of DPR duly considering applicable Ind AS 18 and 17.Recognition of income from Central Finance Assistance from MNRE is also estimated on the basis of same DPR and recognised in accordance with Ind AS 20.

1.4. Current & Non-current Classification

The Group presents assets and liabilities in the Consolidated Balance Sheet based on the current and non-current classification. An asset is current when it is expected to be realized or intended to be sold or consumed in normal operating cycle; held primarily for trading; expected to be realized within twelve months after the reporting period or cash or cash equivalent unless restricted from being exchanged or used to settle liability for at least 12 months after the reporting period and any other asset that do not belong to the former categories are classified as non-current.

A liability is current when, it is expected to be settled in normal operating cycle; it is held primarily for trading, it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period and any liability other than what has been mentioned above shall be non-current liability.

1.5. Basis of Consolidation:

The financial statements of Associates/ Joint Ventures are drawn up to the same reporting date as of the KSEB Ltd. for the purpose of consolidation.

1.5.1 Associates/Joint Venture :

An associate is an enterprise in which the investor has significant influence and which is neither subsidiary nor joint venture of the investor. Investments in associates/ Joint Venture are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize investor's share of profit and loss of the investee after the acquisition date. The group's investment in associates/ Joint venture includes goodwill identified on acquisition.

Name of the entity	Last Audited BS date	No. of shares held by KSEB	Amount of investment (%)
Renewable Power Corporation of Kerala Ltd	2017-18	5,000 shares of ₹1000 each	₹ 50,00,000 (50%)
Kerala State Power and Infrastructure Finance Corporation Ltd.	2017-18	1,08,19,440 Shares of ₹ 10 each	₹10,81,94,400 (40.60%)
Baitarni West Coal Company Ltd.	2017-18	1,00,000 shares of ₹ 1000 each	₹10,00,00,000 (33.33%)

1.6. Critical Judgments and Assumptions

a) Useful Life of Property, Plant and Equipment

The useful life of property, plant and equipment are generally based on factors including obsolescence, demand and such other economic factors including the required maintenance expenditure to ensure the future cash flow from the asset. Useful life of the asset, used for the generation, transmission and distribution of electricity is determined by the Central Electricity Regulatory Commission, as mentioned in part B of Schedule II of the Companies, 2013.

Machinery spares acquired with the equipment are depreciated using the same rates and method applicable for the original machinery. In the case of Machinery spares procured separately for future use, rate equivalent to accumulated depreciation for the expired life of the relative machinery are charged in the year of acquisition along with depreciation for the year.

b) Capital work in progress

The amount of capital work in progress is estimated based on the bills that are accounted towards capital expenditure but to be capitalized. Such capital expenditure shall remain till the asset is ready to use and capitalized.

c) Post-retirement benefit plans

Employee benefit obligations are measured based on actuarial assumptions which include morality and withdrawal rates as well as assumptions concerning future development in discount rates, the rate of salary increase, inflation rate and expected rate of return of planned asset. The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have an impact on the resulting calculations.

d) Revenue

Revenue from sale of power within the State is recognized on accrual basis at the tariff as notified by the Kerala State Regulatory Commission from time to time. Revenue from Interstate sale of power is recognized on accrual basis.

e) Provisions and Contingencies

The assessment undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. The evaluation of the likelihood of the contingent events has been made best judgment by management regarding probable outflow of economic resources. Such estimation can change after unforeseeable development.

f) Impairment of Trade Receivables

Considering the historical credit loss experience for trade receivables, the Group does not envisage any either impairment in the value of receivables from beneficiaries or loss due to time value of money owing to delay in realization of trade receivables. However, the Group, in respect of the concept of prudence, provides for the debts that are doubtful, based on a policy.

g) Investment in Subsidiaries, Associates and Joint Ventures

Investment has been carried at cost and includes share of profit/Loss of Associates/Joint Ventures as per the assessment by the Group and there is no indication of impairment of such investments. Only a change in the assumptions will have a material impact in the recoverability of the amount.

1.7 Property, Plant and Equipment (PPE)

Since there is no change in the functional currency, the Group has elected to continue with the carrying value for all its property, plant and equipment as recognised in its IGAAP financial statements as deemed cost at the transition date, viz., April 1, 2015.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any. Such cost includes expenditure that is directly attributable to the acquisition/construction of the asset. In cases where final settlement of bills with contractors is pending, but the asset is complete and available for use, capitalisation is done on estimated basis subject to necessary adjustments. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term projects if the recognition criteria are met in accordance with Ind AS 23 Borrowing Cost. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on the assets which belongs to generation of electricity business and on the assets of Corporate & other offices is charged on straight line method following the rates notified by the CERC Tariff Regulations and in accordance with Schedule II of the Companies Act, 2013. Depreciation is calculated on straight-line method up to 90% of the original cost of assets at the rates notified by the Central Electricity Regulatory Commission. Claw back of depreciation has been provided in the accounts on the assets created out of the contribution received from consumers and government grants and subsidies.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

1.8 Capital Work in Progress

Capital work-in-progress comprises of PPE that are not yet ready for their intended use as at the balance sheet date.Expenditure incurred on assets under construction (including a project) is carried at cost under Capital Work in Progress (CWIP). Such costs comprise purchase price of assets including import duties and non-refundable taxes (after deducting trade discounts and rebates), expenditure in relation to survey and investigation activities of projects, cost of site preparation, initial delivery and handling charges, installation and assembly costs, etc.

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

Units	Employee cost
Generation	100% for offices exclusive for Civil works.
Transmission	25%
Distribution	14.00%
HO	5%

Interest and finance cost related to capital expenditure are also allocated to Revenue expenses pending allocation over capital works.

1.9 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction/exploration/ development or erection of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period to get ready for their intended use or sale.

When the Group borrows funds specifically for obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Group borrows funds generally and uses them for obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition, construction/exploration or erection of the qualifying asset.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs about the borrowing of funds. Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization. The quantum of borrowing cost is measured based on the weighted average cost of capital.

1.10 Regulatory Deferral Accounts

The Group is mainly engaged in generation and sale of electricity. The price to be charged for electricity sold to its customers is determined by the KSERC which provides extensive guidance on the principles and methodologies for determination of the tariff for sale of electricity. The tariff is based on allowable costs like interest, depreciation, operation & maintenance expenses, etc. with a stipulated return. This form of rate regulation is known as cost-of-service regulations which provide to recover its costs of providing the goods or services plus a fair return. The Group is eligible to apply Ind AS 114, Regulatory Deferral Accounts. The standard permits an eligible entity to continue previous GAAP (Guidance Note on accounting for Rate Regulated Activities) accounting policy for its policy for such balances. Hence Group has opted to continue with its previous GAAP accounting policy for such balances.

1.11 Inventory

Up to 30.06.2017 fast moving stores and spares are valued at standard rates, determined by the Group, in respect of items for which standard rates are fixed. Other items are valued at actual price. The difference between actual cost and standard rate is debited or credited to Material cost variance, as the case may be. The difference between actual cost and standard rate is debited or credited to Material cost variance debit balance if any in the account is charged to Consolidated profit and loss account.From 01.07.2017 onwards, the group dispensed the policy of standard rate method and adopted the policy of FIFO (First in First Out) method on implementation of material management software in the company.

1.12 Fair Valuation

The Group measures financial instruments, such as, long term loans at fair value at each balance sheet date. Fair value is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability, or
2. In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

1. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
2. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
3. Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group management determines the policies and procedures for recurring and non-recurring fair value measurement. Involvement of external valuers is decided upon annually by respective companies' management. The management decodes after discussion with external valuers, about valuation technique and inputs to use for each case. At each reporting date, the Company's management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy.
- Investment properties
- Financial instruments

1.13 Government Grant

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant / subsidy will be received. When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of consolidated profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to consolidated profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

1.14 Provisioning of Debtors

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity. In some cases, this may not be probable until the consideration is received or until an uncertainty is removed. When an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount or the amount in respect of which recovery has ceased to be probable is recognised as an expense in Consolidated profit and loss account. Such amount shall be reduced from the gross carrying amount of a financial asset when no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Total provision for bad and doubtful debts amounting to Rs.789.31 crores were made up to 2008-09 based on the age wise analysis of debtors at the rates mentioned below. As adequate provision is already there, no further provision for bad and doubtful debts is made during the period.

Age of debtors	Provisioning rate (%)
More than 5 years	75
Between 3 to 5 years	40
Between 1 to 3 years	15
Between 6 months to 1 year	5
Less than 6 months	0

1.15 Retirement and Other Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed or included in the carrying amount of an asset if another standard permits such inclusion as the related service is provided. A liability is recognised for the amount expected to be paid under short-term performance related cash bonus if the Company has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably. The KSEB Limited Employees Welfare Fund maintains the short-term welfare fund and is an autonomous institution registered under Travancore Cochin Literary Scientific and Charitable Societies Registration Act 1955 under Registration No. T 925 dated 16.10.1996. KSEB Limited is contributing Rs.30 /- per employee per month to the KSEB Limited employee welfare fund.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Retirement benefits in the form of gratuity is defined benefit obligations and is provided for based on an actuarial valuation, using projected unit credit method as at each balance sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss or included in the carrying amount of an asset if another standard permits such inclusion. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Consolidated Balance Sheet.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to consolidated statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

National Pension Scheme (NPS) was implemented in KSEB Limited vide B.O (FB) No.843/2013 (PRC/335/2013) dated 09.04.2013. All employees appointed on or after 01.04.2013 come under the coverage of NPS. The NPS will work on defined contribution basis and will have two tiers Viz., Tier I and Tier II. Contribution to Tier I will be mandatory for all employees appointed on or after 01.04.2013 whereas the Tier II will be optional and at the discretion of Board employees. In Tier I, the Board Employees shall make a contribution of 10% of (Basic pay + DA) from the salary every month. The Group is also making equal matching contribution. The Group is not making any contribution towards Tier II.

The employees who are recruited on or after 1st April 2013 are included in the new national pension scheme and do not come under the regular pension scheme. The Group has no further obligation beyond the monthly contributions.

Vide G.O (P) No.14/2015/PD dated 27.04.2015 Government of Kerala notified that General provident fund scheme existed in the KSE Board is applicable to KSEB Ltd also. This scheme is applicable for all employee of KSEB Ltd. Minimum employee contribution to the scheme is fixed as 6% of the basic salary. The contribution made by the employees for general Provident Fund is credited to General Provident Fund Account. There is no contribution by the KSEB Ltd. to this scheme. KSEB Ltd. is providing interest to the deposit in this scheme at the rate applicable to the provident fund scheme of the Kerala Government Employees.

As per section 6(8) & 6(9) of the Kerala State Electricity Second Transfer Scheme a Master Trust was registered on 12/02/2015. This Trust was formed to disburse the pension of pensioners of erstwhile KSE Board. As per the transfer scheme the Trust should be operationalized during the financial year 2014-15 and the pension to be disbursed through this Trust. Though the Master Trust was registered the procedural formalities for full operationalization of trust is not yet completed and hence trust could not be functioned as per the scheme notified in the Second Transfer Scheme. Hence the pension was disbursed to the pensioners from the cash flow of KSEB Ltd. However, KSEB Ltd. started distributing pension through the Master Trust with effect from 01.01.2016. The Master Trust made operational with effect from 01.04.2017 and the bonds were issued on that date.

1.16 Revenue Recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuous management involvement and the amount of revenue can be measured reliably. Revenue from the sale of power is measured at the fair value of the consideration received or receivable.

Revenue from sale of power within the State is recognized on accrual basis at the tariff as notified by the Kerala State Regulatory Commission from time to time. Revenue from Interstate sale of power is recognized on accrual basis. Customers are billed on a periodic and regular basis. As at each reporting date, revenue from sale of power includes an accrual for sales delivered to customers but not yet billed (unbilled revenue). Recovery/ refund towards foreign currency variation in respect of foreign currency loans and recovery towards Income Tax are accounted for on year to year basis.

Interest/Surcharge recoverable from customers, liquidated damages /interest on advances to contractors and Income from Investment in other Companies is recognised on receipt basis since management expects that measurability and collectability of such items are uncertain and cannot be estimated.

Kerala State Power and Infrastructure Finance Corporation Ltd. is a Non Banking Finance Company and it recognises interest income from loans based on RBI Guidelines.

1.17 Taxes on income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax Laws used to compute the amounts are those that are enacted, at the reporting date. Deferred tax reflects the effect of temporary timing differences between the assets and liabilities recognized for financial reporting purposes and the amount that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognized and carried forward only to the extent, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.18 Impairment of asset

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss.

1.19 Secured and Unsecured Loans

All non-current secured loans are subject to fair valuation under Ind AS 109: Financial Instruments. For fair valuation, market rate is taken from the rate notified for the appropriate class of the Group based on the purpose of the loan and subject to the credit rating given to Kerala State Electricity Board Limited by the external credit rating agency (CRISIL). Such notified interest rate is taken and discounted to arrive at the present value of future obligations and compared with the carrying value of the loan to identify the effect of time value of money and has been appropriately dealt through Fair Value Through Profit and Loss Account.

However, if the actual rate of interest charged by the lending institutions is less than the notified market rate, such benefit of concessional rate of interest is computed and recognized as a grant as defined under Ind AS 20 Government Grants and amortized in proportion to the expense incurred towards the loan by way of giving effect through Fair Value Through Profit and Loss Account.

1.20 Transactions Foreign currency

Transactions in foreign currency are initially recorded at the functional currency the date the transaction first qualifies for recognition. At each Balance Sheet date, monetary items denominated in foreign currency are translated at the functional currency exchange rates prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Group has not entered into transactions in foreign currency during the financial year 2017-18 or in the reported comparative periods.

1.21 Provisions and Contingent Liabilities

In accordance with Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets, a provision is required to be recognised to settle a future obligation, both legal and constructive, by way of an economic outflow, resulting out of a past event and which can be reliably estimated. The amount of provision is recognised as the best estimate of present value of any obligation that need to be settled. The provision is discounted if the effect of time value of money for the provision is material and shall be recognised as a finance cost in consolidated profit and loss account.

Contingent liabilities, on the other hand is not recognised, but disclosed adequately as parts of the consolidated financial statements. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent liabilities are disclosed based on judgment of the management/independent experts with careful understanding of the circumstance of each case.

These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Kerala State Power and Infrastructure Finance Corporation Ltd. is a Non Banking Finance Company and it follows on RBI norms.

1.22 Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the financial year. Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares considered for deriving basic earnings per equity share and the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Basic and diluted earnings per equity share are also computed using the earnings amounts excluding the movements in regulatory deferral account balances.

1.23 Micro, Small and Medium Enterprises

Disclosure, if any, relating to amounts unpaid as on date of balance sheet together with interest paid/ payable as required under the Micro, Small and Medium Enterprises Development Act 2006 which came into effect from 2nd October 2006 is being provided only on receipt of information from its suppliers regarding their status under the Act.

1.24 Statement of Cash Flows

Consolidated Cash flow statement is prepared in accordance with the indirect method prescribed in Indian Accounting Standard (IND AS) 7 “Statement of Cash Flows”.

Kerala State Electricity Board Limited

Note 2 : Property, Plant and Equipment

Particulars	Ind AS (₹ In Lakhs)										
				Plant & Machinery						Others	
	Land & Land Rights	Buildings	Other Civil Works	Plant & Machinery	Hydraulic Works	Lines, Cable & Network	Furniture & Fixtures	Vehicles	Office Equipments	Seignorage Value	Total
Cost/Deemed Cost											
At 1 - April - 2016	**1,71,218.08**	**67,990.96**	**51,474.50**	**15,99,101.20**	**1,17,102.95**	**7,40,843.82**	**3,200.37**	**2,079.63**	**9,909.48**	**1.36**	**27,62,922.36**
Additions	6,126.96	10,746.92	7,766.80	35,006.82	15,972.71	68,902.03	830.35	143.32	3,096.07	0.45	1,48,592.43
Deductions	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	1,037.51	-47.12	-3.04	23.30	60.16	159.83	-	-	-	-	1,230.63
At 31 - March - 2017	**1,77,345.04**	**78,737.88**	**59,241.31**	**16,34,108.02**	**1,33,075.67**	**8,09,745.85**	**4,030.72**	**2,222.95**	**13,005.55**	**1.81**	**29,11,514.79**
Additions	1,046.74	4,788.66	3,502.16	41,952.70	4,855.11	80,836.59	349.28	278.02	1,447.75		1,39,057.00
Deductions											-
Other Adjustments	12.56	7,696.73	226.71	30,434.63	731.38	506.88	156.22	42.58	11.03		39,818.72
At 31 - March - 2018	**1,78,379.21**	**75,829.81**	**62,516.76**	**16,45,626.09**	**1,37,199.40**	**8,90,075.56**	**4,223.78**	**2,458.38**	**14,442.28**	**1.81**	**30,10,753.07**
Accumulated Depreciation & Impairment of Asset											**-**
At 1 - April - 2016	**-**	**28,393.63**	**13,901.68**	**3,01,067.42**	**47,609.49**	**3,70,773.12**	**1,691.09**	**1,638.43**	**5,815.66**	**-**	**7,70,890.52**
Depreciations Expenses	-	2,211.57	1,838.01	23,606.94	6,342.54	36,367.24	204.03	97.87	1,219.71	-	71,887.92
Deductions	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
At 31 - March - 2017	**-**	**30,605.20**	**15,739.69**	**3,24,674.36**	**53,952.03**	**4,07,140.36**	**1,895.12**	**1,736.30**	**7,035.38**	**-**	**8,42,778.44**
Depreciations Expenses		2,339.06	2,142.80	23,661.25	7,007.75	43,440.04	234.69	131.05	1,413.85	-	80,370.49
Deductions										-	-
Other Adjustments		1,622.34	1,984.86	10,484.89	5,722.93	29,590.14	59.01	-25.20	459.56	-	49,898.53
At 31 - March - 2018		**34,566.60**	**19,867.35**	**3,58,820.51**	**66,682.71**	**4,80,170.54**	**2,188.82**	**1,842.15**	**8,908.79**	**-**	**9,73,047.46**
Carrying Value	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 31 - March - 2018	**1,78,379.21**	**41,263.21**	**42,649.41**	**12,86,805.58**	**70,516.69**	**4,09,905.02**	**2,034.96**	**616.23**	**5,533.49**	**1.81**	**20,37,705.61**
At 31 - March - 2017	**1,77,345.04**	**48,132.68**	**43,501.62**	**13,09,433.66**	**79,123.63**	**4,02,605.49**	**2,135.60**	**486.64**	**5,970.17**	**1.81**	**20,68,736.35**

Kerala State Electricity Board Limited

Note 3 : Capital Work in Progress

Particulars	(₹ In Lakhs)	
	As at 31.03.2018	As at 31.03.2017
Capital Work in Progress	2,04,645.92	1,54,832.78
Revenue Expenses Pending Allocation over capital works	40,243.99	23,496.41
Total	**2,44,889.91**	**1,78,329.19**

Note 4 : Investment (Non Current)

Particulars	(₹ In Lakhs)		
		As at 31.03.2018	As at 31.03.2017
INVESTMENT IN EQUITY INSTRUMENTS			
Unquoted Investments			
Fully Paid Up - Kerala State Power Infrastructure and Finance Corporation Ltd.		2,985.78	2,487.59
Baitarni West Coal Company Ltd.		971.59	994.14
Investment in Renewable Power Corporation of Kerala		70.50	50.00
Other Investments		0.01	0.01
Total		**4,027.88**	**3,531.74**

Kerala State Electricity Board Limited

Note 5 : Non Current Assets - Financial Assets - Loans

Particulars	(₹ In Lakhs)	
	As at 31.03.2018	As at 31.03.2017
Loans Including Interest Accrued		
Loans to related parties		
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Doubtful Loans	-	-
Loans to Employees	-	-
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Doubtful Loans	-	-
Other Loans	**-**	**-**
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Advance given to licensee	-	-
Advance given to others	8,295.03	8,389.85
Doubtful Loans	-	-
Total	**8,295.03**	**8,389.85**
Loans Due from Directors and Officers of the Company		
Loans to Directors	-	-
Loans to Officers	-	-
Total	**-**	**-**
Loans to Related Parties Include		
Subsidiaries	-	-
Associates	-	-
Joint Ventures	-	-
Structured Entities	-	-
Total		
Total	**8,295.03**	**8,389.85**

Note 6 : Non Current Assets - Other Financial Assets

Particulars	(₹ In Lakhs)	
	As at 31.03.2018	As at 31.03.2017
BANK DEPOSITS WITH MORE THAN 12 MONTHS MATURITY		
Interest Accrued		
On Loan to Government & Others	-	-
On Bank Deposits with more than 12 months	-	-
Security Deposits*	6,331.70	55,070.04
Total	**6,331.70**	**55,070.04**

Kerala State Electricity Board Limited

Note 7 : Other Non Current Assets

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
OTHER NON CURRENT ASSETS		
Capital Advances		
Secured Advances		
Unsecured Advances Considered Good		
Covered by Bank Guarantee		
Others	10,896.01	13,660.90
Advances Considered Doubtful		
ADVANCES OTHER THAN CAPITAL ADVANCES		
Advances to Related Parties		
Advances to Employees		
Advance to Contractors & Suppliers		
Other Advances		
Others		
Deferred Cost on Employee Loans		
Secured considered good		
Unsecured considered good		
Deferred Cost Account of Feasibility/Survey	10,557.28	10,238.65
Receivable from Government	4,09,607.20	4,69,389.73
Total	**4,31,060.49**	**4,93,289.29**

Capital advance includes advance given to companies in which one or more of the Directors are interested

Note 8 : Inventories

Particulars	Ind AS (₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Fuel Stocks		-
Heavy Duty Oil	623.20	749.85
Stock of Materials at Construction Stores	17,992.53	5,610.49
Stock of Materials at other stores	1,046.73	5,024.79
Material at Site (Cap)		-
Material at Site (O & M)	26,407.20	18,365.36
Other Materials Account	2,550.43	1,295.33
(Less) Provision for Shortages and Obsolescence	29.72	26.92
Total	**48,590.36**	**31,018.91**

Kerala State Electricity Board Limited

Note 9 Current Financial Assets : Trade Receivables

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Trade Receivables		
Secured, considered good		
Unsecured considered good		
Sundry Debtors for Sale of Power	2,80,260.32	2,42,240.34
Sundry Debtors for Inter State Sale of Power		293.36
Sundry Debtors for Electricity Duty	16,499.09	14,991.37
Sundry Debtors (Miscellaneous)	12,097.51	13,745.31
Doubtful.		-
(Less) Allowance for Bad and Doubtful Debts	78,930.73	78,930.73
Total	**2,29,926.20**	**1,92,339.65**

Note 10 : Current Financial Assets - Cash & Cash Equivalents

Particulars	(₹ In lakhs)	
	As at As at 31.03.2018	As at As at 31.03.2017
Balances with Banks (of the nature of cash and cash equivalents)		
Balance with Bank/Treasury	2,222.84	2,209.57
Disbursement Bank Accounts	18,928.70	17,878.10
Drawing Account with Treasury	2,293.36	238.44
Current Accounts		
Deposits with original maturity upto three months	2,783.14	2,819.63
Cheques, drafts on hand		
Cash on hand		
Cash In Hand	1,354.89	433.63
Cash Imprest with Staff	5.84	23.86
Others		
Total	**27,588.78**	**23,603.23**

Kerala State Electricity Board Limited

Note 11: Financial Assets - Current - Bank Balances Other Than Cash and Cash Equivalents

Financial Assets - Current - Bank Balances Other Than Cash and Cash Equivalents

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Balances with Banks includes		
Deposits with original maturity more than 3 months but within 1 year	-	-
Earmarked Balance with Banks - Unpaid Dividend	-	-
Guarantees & Other commitments	7,007.15	6,827.98
Total	**7,007.15**	**6,827.98**

Bank Balances year wise

Year	2017-18	
Name of the bank	Amount (₹ In lakhs)	Date of Maturity
State bank of India	1,782.39	20/05/18
	744.49	24/4/2018
	872.00	1-1-19
	10.40	15/2/2019
	33.13	17-12-2018
	67.30	31-03-2019
	95.00	31-03-2019
	80.50	06-08-2018
	205.30	06-02-2018
	313.35	06-01-2018
	20.90	04-06-2018
Canara Bank	184.53	23/05/2018
	371.89	2-8-19
	12.35	22/05/2018
	2.49	2-2-19
	362.93	30/1/19
	0.12	17/06/2018
	37.63	10-5-18
	91.26	10-5-18
	28.90	10-7-18
	336.03	25/12/2018
	4.60	31-05-2018
	9.95	23-02-2019
Vijaya Bank	978.17	16/12/2018

	326.06	16/12/2018
	4.43	05-07-2018
	12.28	30-07-2018
	8.81	04-10-2018
	8.18	24-05-2018
	0.78	21-06-2018
	1.00	24-05-2018
Punjab & Sind Bank	2,500.00	1-9-18
Kerala Gramin Bank Peroorkada	76.20	25/05/2020
Kerala Gramin Bank Kollam Branch	206.94	31-03-2018

Kerala State Electricity Board Limited

Note 12 : Other Current Assets

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
ADVANCES OTHER THAN CAPITAL ADVANCES		
Security Deposits		-
Advances to Related Parties		-
Advances to Employees	940.90	813.92
Advance to Contractors & Suppliers	930.70	750.82
Other Advances	1,838.21	1,737.61
Advance Income Tax/Deductions at source		
Others		
Deferred Cost on Employee Loans		
Secured considered good		-
Unsecured considered good		-
Rent Receivable	6.54	7.65
Income Accrued But Not Due	2,083.40	2,166.52
Other Recoverable	2,564.25	1,033.56
Inter Unit Balance	4,285.64	1,536.57
Total	**12,649.65**	**8,046.66**

Kerala State Electricity Board Limited

Note 13 : Equity Share Capital

OTHER EQUITY

Particulars	As at 31 - March - 2018		As at 31.03.2017	
	No. of Shares (In Lakhs)	Amount ₹ in lakhs	No. of Shares (In Lakhs)	Amount ₹ in lakhs
Equity Share Capital				
Authorised (face value ₹10/-)	50,000.00	5,00,000.00	50,000.00	5,00,000.00
Issued Subscribed and Paid Up (face value ₹10/-)	34,990.50	3,49,905.00	34,990.50	3,49,905.00
Reconciliation of No. Shares and Share capital outstanding				
Opening number of shares outstanding	34,990.50	3,49,905.00	34,990.50	3,49,905.00
Add: Number of shares issued or subscribed during the year	-	-	-	-
(Less) Reduction in number of shares on buyback of shares	-	-	-	-
Closing Number of shares outstanding	34,990.50	3,49,905.00	34,990.50	3,49,905.00
Total	**34,990.50**	**3,49,905.00**	**34,990.50**	**3,49,905.00**

The Company has issued only one kind of equity shares with voting rights proportionate to the share holding of the shareholders. These voting rights are exercisable at meeting of shareholders. The holders of the equity shares are also entitled to receive dividend as declared from time to time for them.

Shares in the company held by each shareholder holding more than 5 percent specifying the number of shares held

Particulars	As at 31.03.2018		As at 31.03.2017	
	%	Amount ₹ in lakhs	%	Amount ₹ in lakhs
"His Excellency the Honourable Governor of Kerala	100	3,49,905.00	100	3,49,905.00

"Shares reserved for issue under options and contracts/commitments for the sale of shares/ disinvestment, including the terms and amounts : NIL"

In preceding five financial years immediately preceding 31.03.2017, Company has not allotted any equity share as fully paid up pursuant to contract(s) without payment being received in cash/ not allotted any equity share as fully paid up by way of bonus share(s).
Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date:- NIL
Calls unpaid (showing aggregate value of calls unpaid by directors and officers) : NIL
Forfeited shares (amount originally paid up) :NIL

Kerala State Electricity Board Limited

Note 14 : Other Equity

OTHER EQUITY

Particulars	(₹ in lakhs)	
	As at 31.03.2018	**As at 31.03.2017**
Capital Reserve	0	0
Security Premium Account	0	0
Bonds/Debenture Redemption Reserve	0	0
General Reserve	0	0
Retained Earnings	-4,97,112.69	-3,67,872.89
Other Reserves	-4,80,547.98	-3,72,915.12
Total	**-9,77,660.67**	**-7,40,788.01**

Particulars	(₹ in lakhs)	
	As at 31.03.2018	**As at 31.03.2017**
General reserve		
As per Last Balance Sheet	-	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	-	-
	-	-
Retained Earning Surplus		
As per Last Balance Sheet	-3,67,872.89	-2,18,410.04
Add: Profit During the Year	-78,409.46	-1,49,462.85
Add:Adjustments attributale in Standalone financials		
Less:Profit included in the previous year		
Add:Transfer to Retained earnings	-54,850.76	-
Less:Transfer from Retained earnings	4,020.42	-
(Less) : Dividend and Corporate Dividend Tax	-	-
As at Balance Sheet Date	**-4,97,112.69**	**-3,67,872.89**
Other Reserves - Fair Value through Other Comprehensive Income		
As per Last Balance Sheet	-3,72,915.12	-80.75
Add: Fair value gain/(loss) During the Year	-1,07,632.86	-3,72,834.37
As at Balance Sheet Date	**-4,80,547.98**	**-3,72,915.12**
Total	**-9,77,660.67**	**-7,40,788.01**

Kerala State Electricity Board Limited

Note 15 : Non Current Financial Liabilities - Borrowings

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Bonds or Debentures		
Secured Bonds or Debentures	11,23,929.00	-
Unsecured Bonds or Debentures	-	-
Term Loans*		
From Banks		
Secured Loans	-	-
Unsecured Loans	-	-
From Others		
Secured Loans	4,69,525.49	4,26,656.76
Unsecured Loans	-	-
Loans from related parties		
Secured Loans	-	-
Unsecured Loans Considered Good	-	-
Total	**15,93,454.49**	**4,26,656.76**

Details of terms of repayment and rate of Interest

Loan Name	(₹In lakhs)	
	2017-18	2016-17
Loan from L I C	-	200.00
Loan from REC on Various Schemes	-47.06	1,610.82
Loan from REC R-APDRP PART-B	51,393.79	38,625.60
Loan from R E C - RGGVY	1,396.26	1,427.40
Loan from PFC-Pallivasal Generation Project	17,674.96	18,552.50
Loan from PFC R-APDRP	32,600.13	29,086.13
Loan from SOUTH INDIAN BANK	8,099.89	8,512.50
Loan from PFC GEL Kakkayam	1,920.32	1,225.21
Loan from REC-TRAN.Kattakkada - Pothencode Scheme	9,612.43	9,528.53
Loan from REC-TRAN-Group I	5,951.65	5,530.65
Loan from REC-Distriburion - 23 Circle Scheme	59,990.47	49,408.15
Loan from REC- Distriburion - Meter Scheme	3,903.09	4,997.90
Loan from REC-Thottiyar Gene. Scheme	5,373.42	5,373.42
Special Loan Assistance from REC	1,30,000.00	1,25,000.00
Loan from REC for the DDG Scheme	13.42	13.42
Special Loan Assistance from PFC	1,32,801.74	1,25,000.00
Loan from PFC GEL Perumthenaruvi	3,513.87	1,659.92
Dam Rehabilitation and Improvement Project (DRIP)	4,920.73	859.59
Loan from RIDF of NABARD	406.40	45.00
Total	**4,69,525.49**	**4,26,656.76**

Kerala State Electricity Board Limited

Note 16 : Non Current-Other Financial liabilities

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Security deposit from consumers	2,83,696.07	2,59,751.30
Security deposit from consumers other than cash*	212.83	18,748.52
Interest payable on consumers deposit	33,136.12	33,097.16
Total	**3,17,045.02**	**3,11,596.98**

*Previous year figure includes BG of ₹18538.08 lakh furnished to KSEBL by Consumers

Note 17 : Non Current Provisions

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Provision for Employee Benefits	**-**	**-**
Contributory Provident Fund	**-**	**-**
As per Last Balance Sheet	-	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	3.79	3.79
General provident Fund	**-**	**-**
As per Last Balance Sheet	-	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	2,20,733.00	2,02,992.84
Staff Pension Fund	**-**	**-**
As per Last Balance Sheet	-	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	5,78,561.92	16,14,770.52
Others	**-**	**-**
Provision for Interest on bonds adjustable against Electricity duty	**-**	**-**
As per Last Balance Sheet	-	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	1,77,241.00	2,11,000.00
Provision for Pay revision	**-**	**-**
As per Last Balance Sheet	-	-
Add: Additions and Transfers	-	-

(Less) : Utilisation	-	-
As at Balance Sheet Date	-	-
Provision for pension revision	**-**	**-**
As per Last Balance Sheet	-	-
Add: Additions and Transfers	-	-
(Less) : Utilisation	-	-
As at Balance Sheet Date	-	-
Total	**9,76,539.72**	**20,28,767.16**

Note 18 : Other Non Current Liabilities

Particulars	(₹ In lakhs)	
	As at 31.03.2018	**As at 31.03.2017**
Decommissioning Liability	2,056.07	1,837.88
Interest payable on consumers deposit	-	-
Grants in Aid from Government - Deferred Income		
As per Last Balance Sheet	-	-
Add: Grants Received during the year	-	-
(Less) : Amortisation/Grants Paid Back	-	-
As at Balance Sheet Date	74,871.31	51,808.51
Grants to be Amortised - Concessional Loan from Government		
As per Last Balance Sheet	-	-
Add: Grants recognised during the year	-	-
(Less) : Amortisation/Grants Paid Back	-	-
Add/Less : Fair Value Changes	-	-
As at Balance Sheet Date	7,097.43	4,987.83
Consumer Contribution		
As per Last Balance Sheet	-	-
Add: Received during the year	-	-
(Less) : Amortisation	-	-
As at Balance Sheet Date	1,08,251	84,288
	-	-
Total	**1,92,276.19**	**1,42,922.30**

Note 19 : Current Financial Liabilities - Borrowings

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Loans repayable on demand		
From Banks		
Secured Loans		-
Current maturities of long term debt	26,318.70	21,380.19
Unsecured Loans	2,47,440.28	2,55,366.11
From Others		
Secured Loans		
Unsecured Loans		
Loans from related parties		
Secured Loans		
Unsecured Loans		
Total	**2,73,758.98**	**2,76,746.30**

Note 20 : Current Financial Liabilities - Trade Payables

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Trade Payable	96,836.56	81,846.53

Note 21 : Current - Other Financial Liabilities

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Current Maturities of Long-Term Debt		
Current Maturities of Finance Lease Obligations		
Interest Accrued		
Unpaid Dividends		
Others		
Fuel related liabilities	0.00	0.00
Liability for capital supply/works	3,608.30	4,505.05
Liability for O&M supply/works	6,573.86	8,149.07
Staff related liabilities and provisions	14,128.56	14,674.02
Deposit and Retentions from Suppliers/Contractors*	41,954.00	71,669.87
Electricity Duties and Other levies payable to Government	0.00	-
Liability for Expenses	3,990.73	2,466.41
Amount owing to Licensees	16.03	16.03
Accrued/Unclaimed amount relating to borrowings	18,905.97	15,557.30
Other liability(Lease amount of RCKPL)	8.07	
Other Liabilities & Provisions	15,011.23	10,340.56
Amount payable to Master Trust	51,874.38	
Deposit for Electrification, Service connection etc	76,918.46	62,619.83
Total	**2,32,989.60**	**1,89,998.14**

*Previous year figure includes BG of ₹30204.10 lakh furnished to KSEBL by Suppliers/ Contractors/ Consumers

Note 22 : Current Provisions

Particulars	(₹ In lakhs)	
	As at 31.03.2018	As at 31.03.2017
Provision for Employee Benefits		
Dearness Allowance		
As per Last Balance Sheet		
Add: Additions and Transfers	900.00	
(Less) : Utilisation		
As at Balance Sheet Date	900.00	-
Dearness Relief to Pensioners		
As per Last Balance Sheet		
Add: Additions and Transfers		
(Less) : Utilisation		
As at Balance Sheet Date	-	-
Income Tax		
As per Last Balance Sheet		
Add: Additions and Transfers		
(Less) : Utilisation		
As at Balance Sheet Date		
Total	**900.00**	**-**

Note 23 : Revenue from operations

Particulars	(₹ In lakhs)	
	2017-18	**2016-17**
Interstate		-
Domestic	4,31,698.73	3,95,333.50
Commercial	2,87,669.32	2,70,904.46
Public Lighting	16,984.80	15,663.55
Irrigation & Dewatering	6,328.62	10,201.32
Industrial L T	80,919.44	75,471.70
Railway Traction	16,001.27	13,051.75
Bulk Supply	38,458.80	36,325.43
Miscellaneous	9.42	90.85
H. T.	2,60,181.85	2,36,138.46
E. H. T.	62,355.01	49,269.79
NVVN/ Others	5,118.27	1,226.61
Reactive Energy Charges	5,543.03	544.01
Electricity Duty Recovery	80,904.99	76,223.03
Other State Levies Recovery	1,474.65	1,398.26
Meter Rent/Service Line Rental	9,317.09	9,203.58
Wheeling Charges Recoveries	10.21	39.63
Misce. Charges from Consumers	11,221.45	8,417.87
GROSS SALE OF POWER	**13,14,196.95**	**11,99,503.81**
Less: Electricity Duty Payable (Contra)	80,904.99	76,223.00
Less: Other State Levies Payable (Contra)	1,474.65	1,398.00
Total	**12,31,817.31**	**11,21,882.81**

Note 24. a) Other Operating Income

Particulars	(₹ In lakhs)	
	2017-18	**2016-17**
Rebate Received	13,349.87	14,246.34
Interest Advances to Suppliers/Contractors	1,416.00	85.32
Income from sale of Scrap/Tender form etc	6,408.93	7,884.77
Miscellaneous Receipts	12,931.60	17,095.54
Dividend Income		
Total	**34,106.40**	**39,311.97**

Note 24. b) Other Income

Particulars	(₹ In lakhs)	
	2017-18	2016-17
Interest Income		
Staff Loans and Advances	16.40	22.44
Income From Loans &others	58.14	23.94
Banks	546.59	719.34
Total	**621.12**	**765.72**
Total (a+b)	**34,727.52**	**40,077.69**

Note 25 : Purchase of Power

Particulars	(₹ In lakhs)	
	2017-18	2016-17
Power purchased from Central Generating Stations	2,75,225.59	2,57,310.09
Power purchased from Others	4,19,492.44	4,28,978.60
Power purchased from Wind Generating Stations	3,525.90	2,965.88
Wheeling Charges (Less - UI Charges Received)	54,252.35	48,535.52
Other charges on Sale through Power Exchange	106.40	1,542.33
Total	**7,52,602.69**	**7,39,332.42**

Note 26: Generation of Power

Particulars	(₹ In lakhs)	
	2017-18	2016-17
FUEL CONSUMPTION		
Oil	97.46	2,066.54
HSD Oil	27.78	133.47
Lub Oil	7.77	56.66
LUBRICANTS & CONSUMABLE STORES	**74.21**	**87.38**
STATION SUPPLIES	**0.61**	**0.58**
Total	**207.84**	**2,344.63**

Note 27: Repairs & Maintenance

Particulars	(₹ In lakhs)	
	2017-18	**2016-17**
Plant and Machinery	4,833.94	5,112.41
Buildings	1,029.54	971.17
Civil Works	1,328.61	1,141.72
Hydraulic Works	308.78	319.73
Lines, Cable Network etc.	19,363.69	18,433.99
Vehicles	266.69	233.35
Furniture and Fixtures	42.84	56.49
Office Equipments	560.79	244.00
Total	**27,734.87**	**26,512.85**

Note 28 : Employee Benefits

Particulars	(₹ In lakhs)	
	2017-18	**2016-17**
Salaries	2,31,628.42	1,75,552.13
Over Time/Holiday Wages	33.92	41.54
Dearness Allowance	45,235.06	37,810.12
Other Allowances	7,764.49	7,851.87
Bonus	983.27	910.28
Medical Expenses Reimbursement	1,083.28	1,034.51
Leave Travel Assistance	21.21	12.79
Earned Leave Encashment	15,310.02	14,567.08
Payment under Workmen's Compensation Act	13.78	50.04
Leave Salary & Pension Contribution Paid by the Company to the Employees and Other Departments	1,327.81	1,378.17
Funeral Allowance	5.05	5.40
Staff Welfare Expenses	434.25	433.48
Terminal Benefits	-	1,20,721.63
(Less) Expenses Capitalised	40,034.41	24,291.84
Total	**2,63,806.15**	**3,36,077.22**

Note 29 : Finance Cost

Particulars	(₹ In lakhs)	
	2017-18	**2016-17**
Finance Charges on Financial Liabilities Measured at Amortised Cost		
INTEREST		
Interest on State Govt. Loans		
Interest on Bonds		
Interest on other loans/deferred credits	61,098.20	43,579.39
Interest to Consumers	17,533.21	17,726.70
Interest on Borrowings for Working Capital	9,500.24	24,894.08
Interest on Fair Valuation of Concessional Loan	2,227.76	
OTHER INTEREST AND FINANCE CHARGES		
Rebate allowed for prompt payment to NVVN		
Discount to Consumers for timely payment of bills	164.36	147.55
Interest To Suppliers/Contractors-O&M	506.01	
Interest on General Provident Fund	15,626.00	14,345.16
Cost of Raising Finance	0.20	0.06
Other Charges	12.51	1,761.58
Interest on bond isuued to master Trust	81,440.00	
Less: Other Borrowing Costs	6,639.47	6,462.66
Total	**1,81,469.02**	**95,991.86**

Note 30 : Depreciation, Amortisation and Impairment Expenses

Particulars	(₹ In lakhs)	
	2017-18	**2016-17**
Depreciation - Buildings	2,331.10	2,211.57
Depreciation - Hydraulic Works	7,015.71	6,342.54
Depreciation - Other Civil Works	2,142.80	1,838.01
Depreciation - Plant & Machinery	23,661.25	23,606.94
Depreciation - Line Cable & Network	43,440.03	36,367.24
Depreciation - Vehicles	131.04	97.87
Depreciation - Furniture & Fixtures	234.69	204.03
Depreciation - Office Equipments	1,413.85	1,219.71
Total	**80,370.49**	**71,887.92**

Note 31 : Administrative Expenses

Particulars	(₹ In lakhs)	
	2017-18	**2016-17**
Rent	867.08	1,219.00
Rates and Taxes	177.05	180.77
Insurance	17.61	24.91
Telephone Charges, Postage, Telegram & Telex charges	530.72	405.55
Internet charges	18.20	12.90
Legal Charges	196.55	895.31
Audit Fees - Statutory audit	37.77	38.00
Audit Fees - others	1.81	111.00
Consultancy Charges	10.61	37.80
Technical Fees	211.78	66.46
Other Professional Charges	127.96	90.01
Notary fee and other expenses relating to CGRF and ERC	366.00	
Conveyance and Travel	6,195.56	6,015.40
Expences towards National Pension Scheme	6.80	
Expenses in respect of ESCOT	16.74	0.93
Salary and other allowance of Appellet Authority	6.26	4.45
Online payment transation charges	0.03	106.81
Fees and Subscriptions	53.33	62.23
Freight	675.90	920.56
Books and Periodicals	6.25	5.99
Printing and Stationary	620.13	963.43
Data Processing Charges	5.46	9.79
Advertisements	529.94	131.22
Electricity Charges	805.61	730.28
Water Charges	58.88	49.35
Entertainment	93.90	73.35
Ele. Duty u/s 3(i) of KED Act	12,010.94	11,527.45
Miscellaneous Expenses	551.84	301.11
Other Expenses	29,250.67	16,028.85
Less: Expenses capitalised	412.50	2,533.81
TOTAL	**53,038.86**	**37,479.10**

Note 32 : Others

	Particulars	(₹ In lakhs)	
		2017-18	**2016-17**
1	Material Cost Variance	-2,646.32	6,432.12
2	Research and Development Expenses	21.14	19.81
	Cost Of Trading/Manufacturing Activity	5.72	
3	Bad and Doubtful Debts Written off / Provided for	810.84	854.18
4	Miscellaneous Losses and Write Offs	276.33	1,555.09
5	Sundry Expenses	0.19	-
6	Loss on account of flood cyclone etc	-52.92	2.02
	TOTAL(A)	**-1,585.01**	**8,863.22**

Prior Period Expenses or Losses

	Particulars	(₹ In lakhs)	
		2017-18	**2016-17**
1	Other Excess Provision in Prior Periods	42.67	15.27
2	Other Income relating to Prior Periods	713.36	2,599.84
	INCOME RELATING TO PREVIOUS YEARS(1)	**756.03**	**2,615.11**
3	Fuel Related Losses and Expenses Relating to Prior Period	-	-
4	Operating Expenses of Previous Years	309.06	12.09
5	Interest on Other Financial Charges in Previous Years	6.66	17.93
6	Other Charges	608.35	2,085.64
	EXPENSE RELATING TO PREVIOUS YEARS	**924.06**	**2,115.66**
	NET PRIOR PERIOD CREDITS/(CHARGES) (1-2)(B)	**-168.03**	**499.45**
	TOTAL(A-B)	**-1,416.98**	**8,363.77**

Note 33 : Changes in fair valuation and Other Adjustments

	Particulars	(₹ In lakhs)	
		2017-18	**2016-17**
1	Income on account of Fair Valuation Changes	908.02	3,389.82
2	Clawback of Grant	11,950.63	3,176.60
	Total	**12,858.65**	**6,566.42**

Kerala State Electricity Board Limited

Note 34: Notes Forming Part Of Consolidated Financial Statements

34.1 Opening Balance on revesting

Vide G.O(P) No.46/2013/PD dated 31 October 2013 published in Kerala Gazette dated 31st October 2013, the Government of Kerala revested all the Assets and liabilities of the erstwhile KSE Board in the new company Kerala State Electricity Board limited. Then the Government of Kerala issued the final transfer scheme vide G.O.(P) No.3/2015/PD dated 28.01.2015 by issuing a new opening Balance Sheet for the company as on 01.11.2013.The statement of accounts for 2013-14 of the company has been prepared based on the value of Assets & Liabilities notified by the Government of Kerala vide notification dated 28.01.2015.

34.2 Contingent liabilities and capital commitments

[₹ in Lakhs]

Particulars	2017-18	2016-17
A. Contingent Liabilities not provided for in respect of:		
1. Capital liabilities becoming due for re-payment/redemption	4,65,420.76	3,92,411.97
2. Disputed Income-tax Matters	35,832.26	35,832.26
3. Claims against Company pending Court Orders/Government orders	40340.61	10,401.00
4. NTPC		1,979.74
5. KPTCL		3.98
B. Capital Commitments		
1. Contracts placed but not executed	37357.18	28567.53

34.3 Secured and unsecured loans

The following table summarizes future cash flows.

Particulars	Upto 1 Year	2-5 years	Above 5 years	Total
Secured Loan				
March 31,2018	**26318.7**		**476622.92**	**502941.62**
March 31, 2017	**20650.74**		**424209.38**	**444860.12**
Unsecured Loan				
March 31,2018	**244992.74**			**244992.74**
March 31, 2017	**188750.00**			**188750.00**
Total				

March 31,2018	271364.7	476622.92	747934.36
March 31, 2017	209400.74	424209.38	633610.12

The list of loans taken and the purpose of loan is given as follows.

Sl. No	Name of the lender	Purpose of loan	Nature of security
1	PFC	RAPDRP Part- A (Distribution scheme)	Existing and future assets created from the loans
2	PFC	RAPDRP Part- B (Distribution scheme)	Existing and future assets created from the loans
3	REC	Transmission scheme (Kattakada, Pothencode)	Future assets created from the loans
4	PFC	Pallivasal Extension Scheme(Generation Scheme)	Immovable and movable properties present and future assets created from the loans
5	REC	Meter Scheme (Distribution)	Future assets created from the loans
6	REC	R-APDRP Part-B Counterpart Funding (Distribution scheme)	Future assets created from the loans
7	REC	8 Nos. Transmission schemes	Future moveable assets created from the loans
8	REC	Distribution Schemes	Future assets created from the loans
9	REC	Thottiyar HEP (Generation scheme)	Future assets created from the loans
10	PFC GEL	Kakkayam SHEP (Generation Scheme)	Immovable and movable properties present and future created from the loans
11	South Indian Bank	BARAPOLE SHEP(Generation)	Hypothecation of movable assets & lodgment of title deed of landed properties
12	LIC	Renovation of Sabarigiri Hydro Electric Project	Government Guarantee
13	REC-RGGVY	Development of rural household	Future assets created from the loans
14	REC-Medium Term loan	Purchase of power	Hypothecation of assets of Transmission circle
15	REC-Various Schemes	System improvement schemes	Future assets created from the loans and Govt. Guarantee.

16	REC-Special Loan	General Purpose	Future assets created from the loans
17	PFC-Special Loan	General Purpose	Future assets created from the loans

Loans of ₹37520.86 lakh is not considered for revaluation as repayment liability is not confirmed.

34.4 Related Party Disclosures

List of related parties and nature of relationships where control exists.

Sl. No	Name of the Related Party	Nature of Relationship
1	Renewable Power Corporation of Kerala Ltd.	Associate
2	Kerala State Power and Infrastructure Finance Corporation	Associate
3	Baitarni West Coal Company Ltd.	Joint Venture

Transactions between company and related entities through co-holder of third party entity during the year and the status of outstanding balances as on the given dates. The period of restriction for disposal of investment has also been given.

Particulars	**Year**	**Period of Restriction for disposal of investment as per related agreements**	**Subsidiaries**	**JCE**	**Associate**
Investment in equity shares and preference shares	31.03.2018 31.03.2017	Nil	Nil	Nil	Nil
Impairment allowance on Investments	31.03.2018 31.03.2017	Nil	Nil	Nil	Nil

List of Key Managerial Personnel as defined in 2(51) of Companies Act, 2013 and disclosure of transaction entered with key managerial personnel.

[₹ in Lakhs]

No.	**Name**	**Designation**	**Gross Salary**	**Others**	**Total**
1	N.S.Pillai IA&AS	CMD	2.49		2.49
3	Dr. K. Ellangovan IAS	CMD	25.94	0.75	26.69
4	N.S. Pillai IA & AS	Director	23.71	0.16	23.87
5	Vijaya Kumari. P	Director	19.83	0.18	20.01
6	Asokan. O	Director	4.88	0.1	4.98
7	Venugopalan. N	Director	20.05	0.18	20.23

8	Kumaran.P	Director	13.2	0.19	13.39
9	Rajeev. S	Director	18.3	23.4	41.7

34.5 Interest and finance charges/Employee cost capitalized

a. Interest and finance charges capitalized @ 9.28%.

b. The company was capitalising 5% of the employee costs during previous financial years as incurred for capital additions. However the percentage of capitalisation is found on the lower side and hence the percentage of capitalisation of employee cost in distribution SBU has increased to 14%.Accordingly an amount of ₹ 26241.75 lakh is capitalised as employee cost in distribution SBU during the year. There is an impact of ₹16869.70 lakh in the current year profit/(Loss) due to the above change.

34.6 Transactions in Foreign currency

a) Expenditure in foreign currency (on accrual basis)

Particular	March 31,2018	March 31,2017
Travelling	NIL	NIL
Professional & Consultation fee	NIL	NIL
Interest	NIL	NIL
Others	NIL	NIL
Total	**NIL**	**NIL**

b) CIF Value of Imports

Particular	March 31,2018	March 31,2017
Raw materials	NIL	NIL
Capital goods	NIL	NIL
Components & Spares	NIL	NIL
Total	**NIL**	**NIL**

34.7 Segment Reporting

Disclosure as per Ind AS 108 is given below.

Particulars	**For the year ended 31 March, 2018**				
	Business segments			Inter Segment Eliminations	Total
	Generation ₹ in lakhs	Transmission ₹ in lakhs	Distribution ₹ in lakhs		₹ in lakhs
Segment Revenue					
Sale of energy & Meter rent	68061.82	100382.72	1231817.31	168444.54	1231817.31
Inter-segment revenue					
Total	68061.82	100382.72	1231817.31	168444.54	1231817.31

Segment result					
allocable expenses (net)	12884.67	13284.21	-139305.86		-113136.98
Operating income					
Other income (net)	2499.42	2805.89	29422.21		34727.52
Profit before taxes					-78409.46
Tax expense					
Net profit for the year					**-78409.46**
Other comprehensive income					**-107632.86**
Total comprehensive income					**-186042.32**

Particulars	**For the year ended 31 March, 2017**				
	Business segments			**Inter Segment Eliminations**	**Total ₹ in lakhs**
	Generation ₹ in lakhs	**Transmission ₹ in lakhs**	**Distribution ₹ in lakhs**		
Segment Revenue					
Sale of energy & Meter rent	74439.5	95127.00	1121882.81	169566.5	1121882.81
Inter-segment revenue					
Total	**74439.5**	**95127.00**	**1121882.81**	**169566.5**	**1121882.81**
Segment result					
Allocable expenses (net)	26651.53	11636.13	-227828.21		-189540.55
Operating income					
Other income (net)	**2222.71**	**3546.37**	**34308.62**		**40077.69**
Profit before taxes					**-149462.85**
Tax expense					
Net profit for the year					

Particulars	**For the year ended 31 March, 2018**			**Total**
	Business segments			
	Generation ₹ in lakhs	**Transmission ₹ in lakhs**	**Distribution ₹ in lakhs**	**₹ in lakhs**
Segment assets				
Allocable assets	1469050.76	304594.71	1037509.51	2811154.98

Total assets				
Segment liabilities				
Allocable liabilities	1582140.06	348666.03	1125238.8	3056044.89
Total liabilities				
Other information				
Capital expenditure				
Capital expenditure (Allocable)	113089.3	44071.32	87729.29	244889.91
Depreciation and amortisation (allocable)	14080.63	24419.51	41870.35	80370.49
Depreciation and amortisation (unallocable)				
Other significant non-cash expenses				

Particulars	For the year ended 31 March, 2017			Total
	Business segments			
	Generation ₹ in lakhs	Transmission ₹ in lakhs	Distribution ₹ in lakhs	₹ in lakhs
Segment assets				
Allocable assets	1527162.84	310665.84	1051493.28	2889321.96
Total assets	1527162.84	310665.84	1051493.28	2889321.96
Segment liabilities				
Allocable liabilities	1602554.65	345899.91	1119196.59	3067651.15
Total liabilities	1602554.65	345899.91	1119196.59	3067651.15
Other information				
Capital expenditure				
Capital expenditure (Allocable)	75391.81	35234.07	67703.31	178329.19
Depreciation and amortisation (allocable)	15374.36	21097.02	35416.54	71887.92
Depreciation and amortisation (unallocable)				
Other significant non-cash expenses				

34.8 Earnings per Share

Earnings per share are calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Numbers used for calculating diluted earnings per equity share includes the amount of Equity Share Application Money. The details as follows:

Sl. No.	Particulars	2017-18	2016-17
1	Earnings Available to Equity Share Holders (₹ in lakhs)	-184014.46	-147931.13
2	Number of weighted equity shares	3499050000	3499050000
3	Face value per share (Rs.)	10	10
4	Earnings per Share (Basic)	-5.26	-4.23
5	Earnings per Share (Diluted)	-5.26	-4.23

34.9 Statutory Auditors' Remuneration

[₹ in Lakhs]

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Remuneration of statutory auditors	37.77	37.77
Total	**37.77**	**37.77**

34.10 Purchase of Power

In the case of power purchase related expenditure from Central Utilities, the utilities are raising invoices based on provisional tariff order/relevant notification of the concerned authorities, which are subject to final orders for the relevant tariff period. Out of the total power purchase related expenditure, the following claims has been provided in the accounts for the financial year 2017-18 though the claims are not fully admitted by the Company.

(₹. in lakhs)

Sl No.	Supplier	Amount
1	MAITHON	615.98
2	Jindal Power Limited	4812.05
3	Jindal Thermal Power Limited	155.6
4	KAIGA	0.37
5	JHABUA POWER	8508.58
6	BALCO	59.98
7	DVC	914.25
8	NTECL	15.84
9	PGCIL	977.77
10	PTC	2.21
11	NTPC	671.82
12	KPTCL (RE charges)	2.77

34.11. Actuarial Valuation

Actuarial valuation of employee related liabilities were carried out as on 31.03.2018 and provided in the accounts as detailed below.

a. Actuarial valuation of the earned leave liability for the period from 01/04/2017 to 31/03/2018 as per IND AS-19

Change in benefit Obligations	₹ in lakhs
Present Value of obligation at the beginning of the period	65566.41
Acquisition Adjustment	Nil
Interest Cost	4786.34
Service Cost	5564.91
Past Service Cost including curtailing gains/losses	Nil
Benefits paid	-3964.05
Total Actuarial(Gain)/Loss on obligation	5976.69
Present Value of obligation as at the end of the period	77930.29

Actuarial Assumptions

i) Economic Assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

	31/03/2017	31/03/2018
i) Discounting Rate	7.30	7.70
ii) Future salary Increase	10.00	10.00

ii) Demographic Assumption

Attrition rates are the company's best estimate of employee turnover in future determined considering factors such as nature of business & industry, retention policy, demand & supply in employment market, standing of the company , business plan, HR Policy etc as provided in the relevant accounting standard.

Leave availment / encashment / lapse rates are entity's best estimate for future based on past historical experience & its HR policy.

i)	Retirement Age (Years)	56	56
ii)	Mortality rates inclusive of provision for disability **	100 % of IALM (2006 - 08)	

iii)	Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
	Up to 30 Years	6.00	6.00
	From 31 to 44 years	3.00	3.00
	Above 44 years	1.00	1.00
iv)	Leave	28,39,936	28,38,339
	Leave Availment Rate	2.50%	2.50%
	Leave Lapse rate while in service	Above 300 days	Above 300 days
	Leave Lapse rate on exit	--	--
	Leave encashment Rate while in service	5.00%	5.00%

It should be noted that in case of employees above retirement age, for the purpose of valuation it is assumed they will retire immediately & benefit is considered up to actual retirement age.

Mortality & Morbidity rates - 100% of IALM (2006-08) rates have been assumed which also includes the allowance for disability benefits.

Mortality Rates inclusive of disability for specimen ages

Age	Rate	Age	Rate	Age	Rate
15	0.000614	45	0.002874	75	0.039637
20	0.000888	50	0.004946	80	0.060558
25	0.000984	55	0.007888	85	0.091982
30	0.001056	60	0.011534	90	0.138895
35	0.001282	65	0.017009	95	0.208585
40	0.001803	70	0.025855	100	0.311628

b. Actuarial valuation of the gratuity liability for the period from 01/04/2017 to 31/03/2018, as per IND AS-19.

Change in benefit Obligations	₹ in lakhs
Present Value of obligation at the beginning of the period	126550.08
Acquisition Adjustment	Nil
Interest Cost	9238.15
Service Cost	11711.83
Past Service Cost including curtailing gains/losses	12516.08

Benefits paid	-6794.12
Total Actuarial(Gain)/Loss on obligation	29568.91
Present Value of obligation as at the end of the period	182790.95

Actuarial Assumptions

i) Economic Assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

		31/03/2017	31/03/2018
i)	Discounting Rate	7.30	7.70
ii)	Future salary Increase	10.00	10.00

ii) Demographic Assumption

Attrition rates are the company's best estimate of employee turnover in future determined considering factors such as nature of business & industry, retention policy, demand & supply in employment market, standing of the company , business plan, HR Policy etc as provided in the relevant accounting standard.

	31/03/2017	31/03/2018
i) Retirement Age (Years)	56	56
ii) Mortality rates inclusive of provision for disability	** 100% of IALM (2006 - 08)	
iii) Attrition at Ages	**Withdrawal**	**Withdrawal**
	Rate (%)	Rate (%)
Up to 30 Years	6.00	6.00
From 31 to 44 years	3.00	3.00
Above 44 years	1.00	1.00

In case of employees above retirement age, for the purpose of valuation it is assumed they will retire immediately & benefit is considered up to actual retirement age.

Mortality & Morbidity rates - 100% of IALM (2006-08) rates have been assumed which also includes the allowance for disability benefits.

Mortality Rates for specimen ages

Age	Rate	Age	Rate	Age	Rate
15	0.000614	45	0.002874	75	0.039637
20	0.000888	50	0.004946	80	0.060558
25	0.000984	55	0.007888	85	0.091982
30	0.001056	60	0.011534	90	0.138895
35	0.001282	65	0.017009	95	0.208585
40	0.001803	70	0.025855	100	0.311628

c. Actuarial valuation of the Pension liability for the period from 01/04/2017 to 31/03/2018, as per IND AS-19.

Change in benefit Obligations	₹ in lakhs
Present Value of obligation at the beginning of the period	1422654.02
Acquisition Adjustment	Nil
Interest Cost	103853.74
Service Cost	31710.62
Past Service Cost including curtailing gains/losses	Nil
Benefits paid	-117681.38
Total Actuarial(Gain)/Loss on obligation	**72000.09**
Present Value of obligation as at the end of the period	1512537.1

Actuarial Assumptions

i) Economic Assumptions

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is company's long term best estimate as to salary increases & takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

		31/03/2017	**31/03/2018**
i)	Discounting Rate	7.30	7.70
ii)	Future salary Increase	10.00	10.00

ii) Demographic Assumption

Attrition rates are the company's best estimate of employee turnover in future determined considering factors such as nature of business & industry, retention policy, demand & supply in employment market, standing of the company, business plan, HR Policy etc as provided in the relevant accounting standard.

		31/03/2017	31/03/2018
i)	Retirement Age (Years)	56	56
ii)	Mortality rates inclusive of provision for disability	****100% of IALM (2006 - 08)**	
iii)	**Attrition at Ages**	**Withdrawal**	**Withdrawal**
		Rate (%)	Rate (%)
	Up to 30 Years	6.00	6.00
	From 31 to 44 years	3.00	3.00
	Above 44 years	1.00	1.00

It should be noted that in case of employees above retirement age, for the purpose of valuation it is assumed they will retire immediately & benefit is considered up to actual retirement age.

Mortality & Morbidity rates - 100% of IALM (2006-08) rates have been assumed which also includes the allowance for disability benefits.

Mortality Rates for specimen ages

Age	Rate	Age	Rate	Age	Rate
15	0.000614	45	0.002874	75	0.039637
20	0.000888	50	0.004946	80	0.060558
25	0.000984	55	0.007888	85	0.091982
30	0.001056	60	0.011534	90	0.138895
35	0.001282	65	0.017009	95	0.208585
40	0.001803	70	0.025855	100	0.311628

34.12.Other Matters

a. Commercial Tax Department had disallowed the concessional tax of 4% given to M/s KPCL and directed BPCL to collect differential amount with retrospective effect from 2001-02. M/s KPCL in turn had claimed an amount of ₹4031 lakh vide invoice dated 20-3-2016. The matter was referred to the high-power committee constituted by Government of Kerala for granting concessional rate to KPCL as the entire power is being drawn by KSEBL. The high-power committee had decided that KSEBL shall reimburse the differential tariff and to waive the interest and penal interest elements after taking approval of the council of Ministers. The differential tax was estimated as ₹3070 lakh. However as per section 26 of the KVAT Act, the department can claim only the differential tax for five years from 2006-07 to 2010-11 amounting to ₹1334 lakh. Accordingly, an amount of ₹1384 lakh is provided in the accounts though the claim is not admitted by the Company. KSEBL had approached the Government to waive the interest claim in this regard amounting to ₹7865 lakh and to withdraw the claim of balance differential tax amounting to ₹2536 lakh. The Company is expecting favourable orders from the Government of Kerala. Accordingly, an amount of ₹10401 lakh is shown under contingent liabilities.

b. Annual fixed cost payable by KSEB Ltd to NTPC for RGCCP, Kayamkulam has been negotiated and fixed as ₹20000 lakh per year for the Tariff control period 2014-19 with the liberty of review in 2018-19 vide B.O.(FTD) No.1491/2018/KSEB/TRAC/CERC/RGCCPP/18-19 dated 14.06.2018.The excess amount paid to NTPC in previous years has not been adjusted in the accounts of the year 2017-18.

c. M/s Balco-PTCIL has claimed ₹3890.59 lakh towards reimbursement as per Article 10 of PPA(change in law) of additional expenditure incurred until 30.8.2016 and ₹5749.18 lakh towards ECR revision due to change in escalation rates for domestic coal as per CERC amendment dated 08/02/2017 for the period from 03/2015 to 02/2017 vide invoice dated 20/12/2017.Since the final decision has not been taken the same has not been provided in the accounts.

d. Letter of credit facility is offered to the suppliers of power as per the agreement conditions. The LC charges in this regard, being directly attributable to purchase of power, is being accounted as power purchase costs.

e. KSEB Limited has executed 2 Nos of swap agreements. As per PPA1 the company swapped 63.06 lakh units during the period 2017-18 to BRPL as against power swapped during the year 2016-17. As per PPA2 company swapped 1359 lakh units from HPPC and this shall be return during the year 2017-18

f. Inter Unit balances amount to ₹4285.64Lakhs (Previous year Rs.1536.57Lakhs) has been considered as Sundry Receivables pending complete reconciliation of such balances reported in the Note:12-Other current Assets-Inter Unit balance.

g. The GPF balances as per financial statements is ₹220733 lakhs reported in the Note:17-General Provident Fund. A difference of ₹22lakhs with the party wise registers maintained at GPF section are reported and the same is being verified.

h. The Kerala Power Finance Corporation has issued 1319440 Nos. of Equity Shares of ₹10/- each as Bonus Share to the erstwhile KSE Board during the Year 2004-05.

i. For preparation of the Financial statements, the value of asset and liabilities notified under the re-vesting second Transfer (Amendment) Scheme (Re-vesting) 2015, have been duly adopted. The fixed asset of erstwhile KSE Board revested to KSEB Ltd. is taken at the value notified vide Government notification G.O.(P).No.3/2015/PD dated 28.01.2015

j. For monthly as well as bi-monthly billed consumers under various tariff categories, an estimated amount of ₹68064 lakhs is recognized as unbilled revenue as on 31.03.2018(Previous year ₹62298 lakhs) and the amount is debited to sundry debtors for sale of power.

k. The Board along with Orissa and Gujarat has taken steps to sets up a 1000 MW Power Plant at Orissa. In this connection a company has been formed under the name Baitarani West Coal Company Limited. The Board has made share contribution of Rs. 10 Crores. The following share certificates have been issued by the company.

Folio No.	Share Certificate No.	Face Value	Amount [₹In Lakhs]
00	004	Rs.1000 /-	29
00	005	Rs.1000/-	1
00	009	Rs.1000/-	970

Further the Board has deposited ₹25 Crores on 01.09.2012 with Punjab & Sind Bank, Thiruvananthapuram for enabling Punjab & Sind Bank, Bhubaneswar to issue Bank Guarantee to Government of India Favoring the company. On 10.12.2012 Ministry of Coal, Government of India de-allocated the Baitarani West Coal Block citing delay in developing the coal block. KSEB has filed appeal to the Ministry of Coal to revoke the decision of de- allocation. The matter has also been taken up with the Union Government through letters written by the Chief Minister to the Prime Minister and the Union Coal Minister. A petition has also been filed by the allocates before the High Court of Odisha challenging the decision of Union Government on de-allocating the Baitarani coal block. The case is yet to be finally heard by the Court.

l. Government of Kerala vide order G.O (M.S) No.13/07/PD dated 05.07.2007 has ordered to transfer 100 acres of land originally acquired by KSEB for the Brahmapuram Diesel Power Plant at Kochi to the Revenue Department in Government subject to the conditions that

   (i) The value of Land will be determined and paid by Government to KSEB later.

   (ii) Additional compensation ordered to be paid by Government in Revenue Department.

The Government had fixed the compensation for acquisition at ₹757 lakh and the Board had requested the Government to enhance the compensation and for giving value of land at current market rate. No amount has been received till date and physical transfer of land has not taken place. Hence Accounting adjustments were also not made

m. 45.715 cents of Land belonging to the company in Thiruvananthapuram was transferred to Thiruvananthapuram Development Authority for widening the road as per the decision of the Government of Kerala. Since the value of the land is not yet received from the Government, necessary adjustments are yet to be made in the Books of Accounts.

n. Vide G.O.(M.S) No.34/2017/PD dated 04/04/2017 Government of Kerala ordered that 20 acres of land owned by TCCL, which is currently under the lease to BSES Kerala Power Ltd shall be transferred to KSEBL with full ownership in lieu of the outstanding dues as on date to KSEBL subject to the condition that KSEBL shall not alienate the land under any circumstances. However the property of 20 Acres of land owned by TCCL not yet transferred to the ownership of the company. Hence the adjustment of transfer of land against dues towards current charge not incorporated during the year.

o. In the 42nd Meeting of Board of Directors held on 26.09.2018 it was resolved to give in principle approval to incorporate the adjustment entries regarding the amount payable to Government of Kerala towards electricity duty and guarantee commission etc. as on 31.03.2018 against the amount receivable from the Government in the books of accounts and to report the matter to the Government for concurrence. Accordingly an amount of ₹35099.74lakh is netted off with the amount receivable from the Government.

p. During the financial year an amount of ₹ 815 lakh has been incurred as employee cost for the software development and implementation. This amount has been charged to the Revenue expenses pending allocation over capital works for capitalisation in the financial year 2018-19.

q. As per the Accounting policy of the company the provision for debtors is being provided on the basis of age wise analysis of debtors. As per the details furnished by the ARUs of the company, the age wise analysis is as follows.

₹ in lakhs

Age of Debtors	Amount
More than 5 years	26605.51
Between 3 to 5 years	40197.92
Between 1 to 3 years	59845.47
Between 6 months to 1 year	20765.24
Less than 6 months	111674.88

As adequate provision is already there,no further provision is created during the year. Age wise reported from the Special Officer(Revenue) is not tallying with the accounts and a special task has been entrusted to reconcile the same.

r. Kerala State suffered a heavy damage due to natural calamity and flood during the month of August 2018 and the company also suffered damages. The power restoration work had been carried out on war foot basis and more than 90% of the connections were restored in time. However the monetary value of loss suffered to the company not quantified.

s. The Group has issued two series of bonds to The Kerala State Electricity Board Limited Employees Pension and Gratuity Trust as per G.O.(P).No.3/2015/PD dated 28.01.2015 as on 01.04.2017.

i) 20 years bond with a coupon of rate 10% p.a. For ₹ 814400 lakh.

ii) 10 year bond with a coupon of rate 9% p.a. For ₹ 375100 lakh.

t. The Board of Directors in the 42nd meeting held on 26.09.2018 had approved the financial statements. The power to amend the accounts vests with Board of Directors.

u. An amount of ₹ 1891.41 lakhs has been set off with the Preoperative Expenses carried forward in the Financial Statement of the Associate company Baitarni West Coal Company Ltd. The same has not been considered as income of the current year,as per the opinion of the management of the Associate company Baitarni West Coal Company Ltd. The Associate Company has shown an amount of ₹1307.89 lakhs under "Other Financial Liabilities" against the name of three promoter companies including KSEB Ltd for an ₹435.96 lakhs each. The KSEB has not made any accounting entry in this regard in its books of accounts.

v. Figures for the previous year have been re arranged and regrouped wherever necessary.

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

Sd/-	Sd/-
N.S.PILLAI IA&AS	**N. VENUGOPAL**
CHAIRMAN&MANAGING DIRECTOR	DIRECTOR (Corp. Planning, SCM, Safety &GE)
DIN:07282785	DIN: 07558958
Sd/-	Sd/-
BIJU.R FCA	**LEKHA.G FCA ACS**
FINANCIAL ADVISER&CHIEF FINANCIAL OFFICER	COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For ISAAC&SURESH	For ANANTHAN &SUNDARAM
Chartered Accountants	Chartered Accountants
FRN:001150S	FRN:000148S
Sd/-	Sd/-
Suresh K FCA	**C.A.HARIKRISHNAN.R.S.M.Com,DISA, FCA**
Partner	Partner
M.No.23554	M.No.230338

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

Place:Thiruvananthapuram
Date:21.02.2019

Note-35 Disclosure as per schedule III to the Companies Act

	Net Assetie total asset minus total liability as at		Share in profit or loss for the year ended		Share in other comprehensive income for the year ended		Share in total comprehensive income for the year ended	
Name of the entity in the group	As a % of consolidated net assets	Amount	As a % of consolidated Profit or Loss	Amount	As a % of consolidated other Comprehensive income	Amount	As a % of income total comprehensive income	Amount
Parent								
KSEB Limited								
31-Mar-18	100.32	-6,27,755.67	102.65	-78,409.46	100	-1,07,632.86	101.10	-1,86,042.32
31-Mar-17	100.39	-3,90,883.01	101.03543	-1,49,462.85		-	101.04	-1,49,462.85
Associate								
Kerala Power								
Infrastructure								
finance Corporation Ltd								
31-Mar-18	-0.33	2,035.78	-2.67	2035.78		-	-1.11	2035.78
31-Mar-17	-0.39	1537.59	-1.04	1537.59			-1.04	1537.59
Renewable power Corporation Kerala Ltd								
31-Mar-18	-0.003	20.50	-0.03	20.50		-	-0.01	20.50
31-Mar-17	-	-	-	-			-	-
Joint Venture								
Baitarani West Coal Company Ltd								
31-Mar-18	0.005	-28.42	0.04	-28.42		-	0.02	-28.42
31-Mar-17	0.002	-5.87	0.004	-5.87			0.004	-5.87
Total								
31-Mar-18	100.00	-6,25,727.81	100.00	-76,381.60	100.00	-1,07,632.86	100.00	-1,84,014.46
31-Mar-17	100.00	-3,89,351.29	100.00	-1,47,931.13	-	-	100.00	-1,47,931.13

Statement containing salient features of the financial statements of Associate Companies/Joint Ventures of KSEB LTD

PART"B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013

Sl No	Name of Associates/ Joint Venture	Renewable Power Corporation of Kerala Ltd	Kerala State Power and Infrastructure Finance Corporation Ltd.	Baitarani West Coal Company Ltd.
1	Latest Audited Balance Sheet Date	31st March 2018	31st March 2018	31st March 2018
2	Date on which the Associate or Joint venture was associated or acquired	31st March 2016	20th March 1998	14th August 2008
3	**Shares of Associates/ Joint Venture held by the Company on the year end as at 31.03.2018 Number**	**5,000**	**1,08,19,440**	**1,00,000**
	Amount of Investment in Associates/Joint Venture	₹50 lakh	₹ 1081.944 lakh	₹1000 lakh
	Extent of Holding (%)	50%	40.60%	33.33%
4	Description of how there is significant influence	NA	NA	NA
5	Reason why the Joint Venture is not consolidated	NA	NA	NA
6	Networth atributable to Shareholding as per latest audited Balance Sheet	₹70.5 lakh	₹3117.78 lakh	₹971.49 lakh
7	**Profit/ Loss for the year (Total Comprehensive Income)**			
i	Shares of Associates/Joint Venture held by the Company considered for consolidation	₹41 lakh	₹596.97 lakh	(₹67.49lakh)
ii	"Not Consisdered in Consolidation"	NA	NA	NA
	Summarised financial information of the associate/ Joint Venture	**RPCL**	**KSPIFC**	**BWCL**
	Current assets	**2,276.07**	**7,654.69**	**4,242.46**

Non-current assets	2,432.03	168.69	5.48
Total assets [A]	**4,708.10**	**7,823.38**	**4,247.94**
Current liabilities	1,520.65	54.87	10.24
Non-current liabilities	3,046.45	89.26	1,322.95
Total liabilities [B]	**4,567.10**	**144.13**	**1,333.19**
Equity [A-B]	141.00	7,679.25	2,914.75
Summarised statement of profit and loss			
Revenue from operations	202.12	903.22	
Other income	65.48	101.69	189.67
Total Income	**267.60**	**1,004.91**	**189.67**
Employee benefit expenses	28.57	29.38	33.16
Other expenses	98.61	142.55	222.79
Finance costs	-	9.67	0.05
Depreciation	50.96	8.18	1.16
Tax expense	48.46	222.05	
Defered Tax Income		-3.89	
Total Expenses	226.60	407.94	257.16
Profit for the year	**41.00**	**596.97**	**-67.49**
Group's share of profit/(loss) for the year	**20.50**	**242.37**	**-22.49**

For and on behalf of the Board of Directors

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

Sd/-
N. VENUGOPAL
DIRECTOR (Corp. Planning, SCM, Safety &GE)
DIN: 07558958

Sd/-
BIJU.R FCA
FINANCIAL ADVISER&CHIEF FINANCIAL OFFICER

Sd/-
LEKHA.G FCA ACS
COMPANY SECRETARY I/C

SUBJECT TO OUR REPORT OF EVEN DATE

For ISAAC&SURESH
Chartered Accountants
FRN:001150S

Sd/-
Suresh K. FCA
Partner
M.No.23554

For ANANTHAN &SUNDARAM
Chartered Accountants
FRN:000148S

Sd/-
C.A.HARIKRISHNAN.R.S.M.Com,DISA, FCA
Partner
M.No.230338

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

Place:Thiruvananthapuram
Date:21.02.2019