

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present: Shri. R. Preman Dinaraj
Adv. A.J. Wilson

RP.No.01.2021

In the matter of : Review Petition filed by KSEB Ltd against the Order dated
in OA No.64/2019 approving the addition of assets as part of
Truing up of Accounts for the financial year 2016-17.

Petitioner : Kerala State Electricity Board Limited.

Date of hearing: 31.03.2021 (First hearing)

Daily Order dated 31.03.2021

1. The instant petition is filed by M/s. KSEB Ltd for the review of Order dated 12.10.2020 in Petition OA No. 64/2019 approving the addition of assets for the year 2016-17 as part of Truing up of accounts of the petitioner for the financial year 2016-17.
2. The Commission while approving the truing up of Accounts for the year 2016-17 vide Order dated 14.09.2018 decided to defer the approval of addition of assets and consequent benefits, as the truing up petition filed for 2016-17 was devoid of complete information on the capital expenditure as per the provisions of Regulations.
3. Subsequently, KSEB had filed the Petition OA No. 64/2019 with complete information on capital expenditure for approving the addition of assets for the year 2016-17. The Commission after considering the petition issued the impugned order dated 12.10.2020 arriving at a revenue gap of Rs.1118.66 crore after truing up, by allowing additional depreciation of Rs.12.56 crore and interest on normative loan of Rs.27.05 crore for the asset addition approved for the year 2016-17.
4. Aggrieved by the Order dated 12.10.2020, petitioner filed the instant petition to review the Order seeking the approval of additional amount of Rs. 1.26 crore under depreciation and Rs.14.71 crore under interest on loan.
5. The issues raised in the review petition are:

- (i) Rate considered for depreciation is 5.14 % instead of 5.28%.
 - (ii) Excess deduction of land while arriving at the GFA eligible for depreciation.
 - (iii) Non-consideration of Assets added as a part of Ind AS adoption for the calculation of interest on normative loan.
6. The matter was heard on 31.03.2021 at 11.00 AM through video conference mode. The petitioner submitted a detailed presentation on the matter on all the three issues and requested the Commission to allow the prayer in the petition.
7. The Commission after hearing the petitioner directed the petitioner to submit the following additional information by 23rd April 2021 for taking an appropriate decision on the issues raised.
- a. Whether the valuation of fixed assets under Ind AS is based on the cost model or revaluation model. If so the adjustments made in the fixed assets due IndAS towards fair value adjustments/revaluation adjustments to be provided
 - b. Net addition of land under SBU-G for a year 2016-17 is -ve (Rs.(-)8.16 crore) after removing the part capitalisation and duplication. Reasons for negative value may be furnished
 - c. Whether any fair value adjustments included in the claims under the asset additions during 2015-16 and 2016-17.
 - d. Whether the interest rate booked under the accounts for 2016-17, any fair value adjustments are included. If so the details.

Sd/-

**Adv. A.J. Wilson
Member (Law)**

Sd/-

**Preman Dinaraj
Chairman**

Approved for issue

**Sd/-
Secretary**