

## P G BHAGWAT LLP

Chartered Accountants

LLPIN: AAT-9949

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE IND-AS FINANCIAL STATEMENTS

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

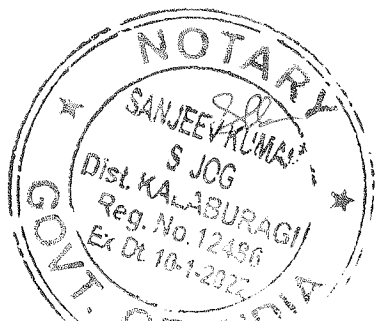
We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

M/s P.G. Bhagwat the partnership firm was converted and incorporated as Limited Liability Partnership from the 28<sup>th</sup> September 2020



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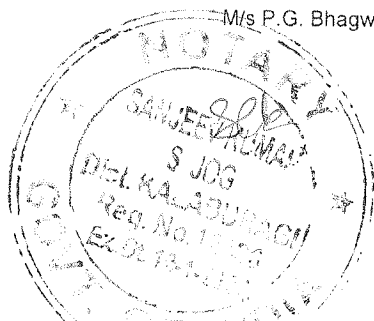
**OTHER MATTERS :** Without modifying our opinion, we report that

- 1) The Company has a separate in-house internal audit department. The coverage of the audit is apparently inadequate & many areas of audit for the year are pending. As all the accounting entries are made manually in excel sheet, there is a need for periodical checking / review of entries to minimise the manual accounting errors. Considering the size of the Company and volume of its business, we are of the opinion that the present system needs to be strengthened and the audit department needs to be adequately staffed.
- 2) The company does not have the practice of communicating the suppliers by issue of debit notes / credit notes for variations in the amounts charged by suppliers in the invoices on account of various reasons which may result in unreconciled balances of suppliers.
- 3) Power purchase expenses are accounted based on the supplier's invoices till date and provisional energy reconciliation statement by SLDC. Therefore, the power purchase cost is subject to revision if any, on account of final reconciliation among ESCOMS and impact of the same on financial statements for the year is not ascertainable.
- 4) We observed substantial number of instances of journal entries, entered in the online excel sheet without the proper authorization by the preparer & approver ( E.g Bellary Rural division)
- 5) The Company has the practice of writing back of retention money o/s for more than 3 years. However, the same has not been done across all the accounting units.
- 6) The company needs to reconcile/ co-relate 4 (borrowings from PFC and REC) number of borrowings with the register of Charges as per the MCA portal
- 7) The Company is paying GST on services other than supply of electricity e.g. supervision charges etc. As there are provisions for claiming input credit on proportionate basis, the possibility availing input credit needs to be explored by taking suitable expert opinion.

### 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 of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that :
  - a. We have sought and obtained except for the matters described in the Basis for Qualified Opinion paragraph all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. Except for the effects of the matters described in the Basis for Qualified Opinion paragraph and clause 6 of Annexure A to our report, in our opinion, proper books of account as required by law have been kept by

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the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the divisions not visited by us.

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

d. In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014.

e. The Government of India vide General Notification No. G.S.R 463 (E) dt 05.06.2015 has exempted the Directors of the Government Companies from the provisions of disqualification. Hence, the provision for disqualification of directors of the Government Companies under section 164 (2) of the Companies Act, 2013 are not applicable.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g. 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, in our opinion and to the best of our information and according to the explanations given to us :


- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements;
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

3. As required by section 143 (5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India and the same are reported in "Annexure – C"

For P G Bhagwat LLP

Chartered Accountants

FRN:101118W / W100682

  
S.B. Pagad

Partner.M.No. 206124

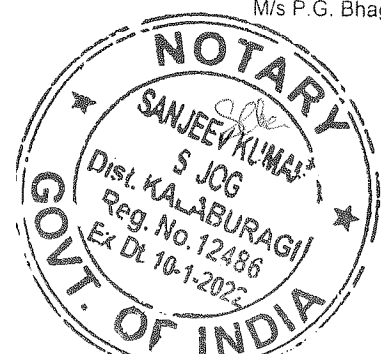
UDIN: 21206124AAAAHY5951

Date: 10<sup>th</sup> November, 2021

Place: Dharwad



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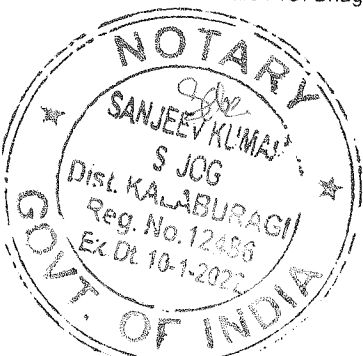
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### ANNEXURE –“ A” to the Independent Auditor’s Report

Referred To In Paragraph 1 under the Heading “Report On Other Legal and Regulatory Requirements” of Our Report of Even Date to The Members of GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED, (GESCOM ) KALABURAGI - 585 102, For the year ended 31<sup>st</sup> March 2021.

- 1) In respect of Fixed Assets
  - a) The Company has maintained records for fixed assets. However, the same does not give individual particulars about quantity, cost of acquisition and situation of fixed-assets in the Fixed Assets Register.
  - b) We are informed that Company has carried out the physical verification of its fixed assets (only furniture and office equipment) during the period of review as per the scheme of physical verification regularly followed. However, due to inadequate particulars in the asset register, we are unable to comment on the discrepancies identified between the physical and book balances. As the Company has not conducted physical verification of assets other than Furniture & Equipment’s, we are unable comment on the adequacy or otherwise of physical verification of such assets.
  - c) As informed to us, documents of title deeds in respect of some of the Land & Building and vehicles, transferred by M/s. KPTCL to the Company consequent to unbundling of distribution operation are not held in the name of the company.
- 2) In respect of Inventories
  - a) As informed to us the inventory was physically verified during the year by the management. However, it is observed that the Transformers lying with repairers are not being physically verified and no confirmation has been obtained for such inventories lying at third party.
  - b) The company is maintaining proper records of inventory. According to the information and explanations given to us the discrepancies noticed during physical verification between the physical stocks were not material.
- 3) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- 4) The Company has not given any given loans / investments / guarantees to which the provisions of Sec 185 and 186 of the Companies Act, 2013 apply.
- 5) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- 6) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the records for the previous year (as the records for the current year were not updated), and are of the opinion that, prima facie, the prescribed accounts and records have

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been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

### 7) In respect of Statutory dues

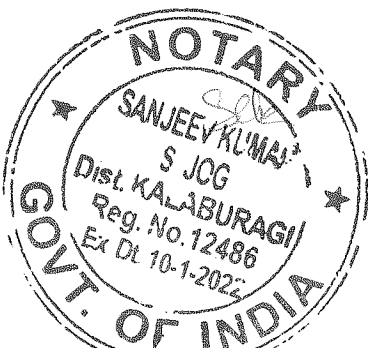
- a) The Company has been generally regular in depositing with the appropriate authorities undisputed statutory dues viz. service tax, value added tax, Goods and Services tax, cess and any other statutory dues except the following which were outstanding for a period of more than 6 months from the date they became payable as on the Balance sheet date i.e., 31 March, 2021. As informed to us, provident fund, employee state insurance & duty of customs are not applicable to the Company.

Nature of Dues	Rs. in lacs
Electricity Tax	6533.00
Compounding Charges	71.08
Worker Welfare Cess	21.47
Sales Tax Deducted	82.84
Dues towards Income Tax (TDS) default (Refer note below)	299.57


Note: The Company did not have the complete consolidated information in respect of the TDS demands pertaining to all the accounting units. Further, information regarding pending dispute / rectification process was not available with the Company and hence we are unable to classify these dues as disputed or otherwise

- b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of excise duty, service-tax, duty of customs, value added tax, Goods and Services Tax which have not been deposited on account of any dispute.
- 8) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. However, the company has not executed any documents with the financial institutions nor does it possess any documents in respect of loans transferred from KPTCL to the Company consequent to unbundling of transmission and distribution activities. Hence, we are unable to comment on default made in repayment of these dues to a financial institution or bank.
- 9) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- 10) As per the information and explanations furnished to us by the management, 2 cases of suspected frauds in the nature of mis-appropriation of cash / other financial loss by employees, amounting

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to Rs.23.28 lakhs, have been reported during the year and the departmental enquiries are under progress.

- 11) As per Notification dated 05.06.2015 the Provisions relating to section 197 of Companies Act, 2013 is not applicable to the Government Company. Hence the Company is not required to comply with the above Provision.
- 12) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- 13) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014.
- 14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company
- 15) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- 16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For P G Bhagwat LLP

Chartered Accountants

FRN:101118W / W100682



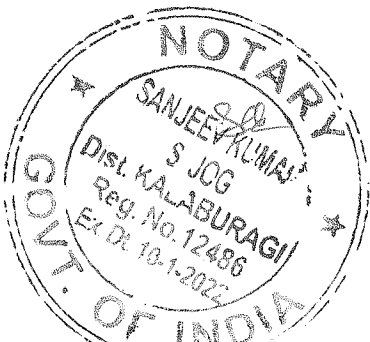
S.B. Pagad

Partner.M.No. 206124


Place: Dharwad

Date:10<sup>th</sup> November,2021

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### **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED**

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

We were engaged to audit the internal financial controls over financial reporting of **Gulbarga Electricity Supply Company Limited** ("the Company") as of March 31, 2021, 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 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 (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 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 Companies Act, 2013.

#### **Auditor's Responsibility**

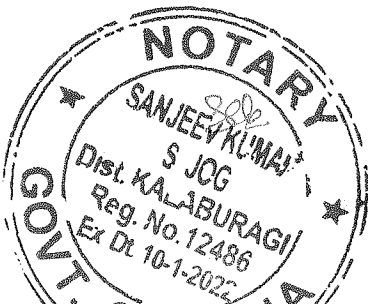
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls over financial reporting of the Company.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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### Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting on criteria based on or 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. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting as at March 31, 2021 and whether such internal financial controls were operating effectively. Accordingly, we do not express an opinion on Internal Financial Controls Over Financial Reporting.


### Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of Gulbarga Electricity Supply Company Limited, which comprise the Balance Sheet as at March 31, 2021, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. We have considered the disclaimer of opinion reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2021 financial statements of Gulbarga Electricity Supply Company Limited and this report does not affect our report dated 10<sup>th</sup> November, 2021 which expressed qualified opinion on those financial statements.

For P G Bhagwat LLP

Chartered Accountants

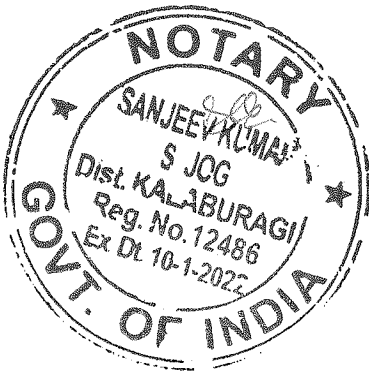
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S.B. Pagad

Partner. M.No. 206124

Place: Dharwad

Date: 10<sup>th</sup> November, 2021



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### ANNEXURE –“ C” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED

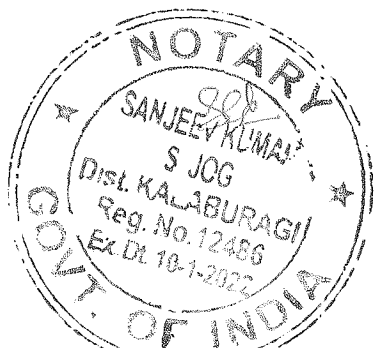
Directions indicating the areas to be examined by the Statutory Auditors

Directions to the Statutory Auditors of the Company, issued by the Comptroller & Auditor General of India under Section 143 (5) of the Companies Act, 2013 and the actions taken there on during the course of audit of annual accounts of Gulbarga Electricity Supply Company Limited for the year ending 31<sup>st</sup> March 2021.

We have generated this report as per the information and explanation given to us by the management during the course of audit.

S.N	Directions	Auditors Reply
1	Whether the company has system in place to process all the accounting transactions through IT Systems? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications if any, may be stated	According to information and explanations given to us, only the billing and collection of revenue is through TRM software. The company has also introduced material management software for the last few years but the same is not being fully utilized and accounting / financial transactions are not being routed through this software. These softwares are managed by third parties and in our opinion require Information System audit to ensure internal controls on processing. Further, there is no integration of these softwares to get consolidated reports at company level. All other transactions are processed manually or through excel spread sheets. In view of this there are possibilities of inaccurate processing and processes are vulnerable to security issues. The financial implication cannot be ascertained.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off to debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of lender company).	As informed to us no restructuring was done during the year

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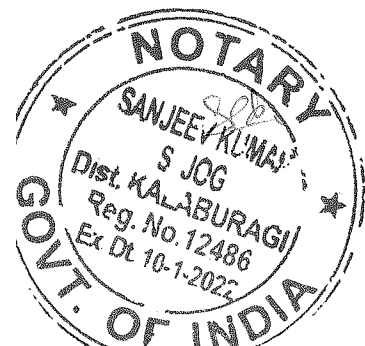
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3	Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilised as per its term and conditions? List the cases of deviation.	As per the information given to us, all the funds received have been utilised as per the terms and conditions. However attention is drawn to para No. 10 ( c ) of our main audit report of even date in respect of non-utilization of grant.
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Additional Company Specific Directions:

Sl. No.	Directions	Auditors Reply
a	All the items with regard to Cash and Bank balances as in the Annexure-1 shall be verified and report the cases of specific non-compliances. Details of unexplained balances/balances operated under suspense head may also be examined	Annexure -1 Attached
b	Report on the efficacy of the system of billing and collection of revenue in the Company. Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing was ensured.	As per the information given to us a) Regarding efficacy of billing & collections: Some of the billing continues to be under manual system (LT& and HT) and not through the software. There is a need for agewise analysis, credit balance analysis and tallying of RR number wise balances to General Ledger balances to conclude the accuracy of receivables and effectiveness of the system. b) Regarding tamper proof meters : We have been informed that i) No. of Active Installation – 3056000 ii) Tamper proof meters are installed with efficiency of 100% as on 31.03.2021 We have relied on the representation of the Management in this regard
c.	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC)	As informed to us the recovery has been done in the billing.

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	approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	
d.	Comment on the confirmation of balances of trade receivables, trade payables, advances and other similar balances and whether an effective mechanism for reconciliation of the same exists.	The company does not have a system of confirmation of balances. We have been reporting this issue for the last years.
e.	Whether system of monitoring the execution of works in case of sub-stations and lines vis-à-vis the milestone stipulated in the agreement is in existence and the impact of cost escalation, if any, abandoned projects, if any, revenues/losses from contracts, etc., have been properly accounted for in the books	<p>We are of the opinion that, project monitoring system through ERP/software needs to be put in place for effective monitoring of the execution of works.</p> <p>As informed to us, no Projects have been abandoned in GESCOM during the year under review.</p> <p>Liquidated damages on account of delay in commissioning of the project is included as a separate clause in all Total/Partial Turnkey works or other Civil Works. The clause is invoked and amount recovered from the payments to the Contractors in the event of any delay in achieving project milestone.</p> <p>The same is also applicable for the Power Purchase Agreements and there are cases where Liquidated damages have been recovered for delay in achieving of the work milestones or commissioning of the power projects</p> <p>However, there is no analytical report made available to us for effective monitoring of such cases</p>

For P G Bhagwat LLP

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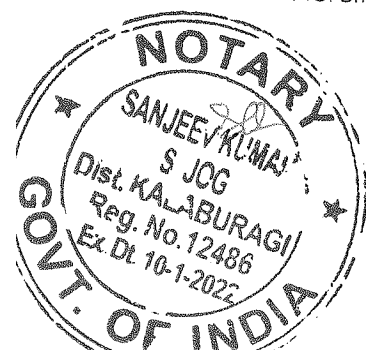
  
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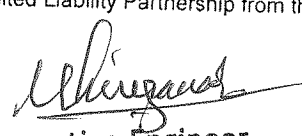
Place: Dharwad

Date:10<sup>th</sup> November,2021

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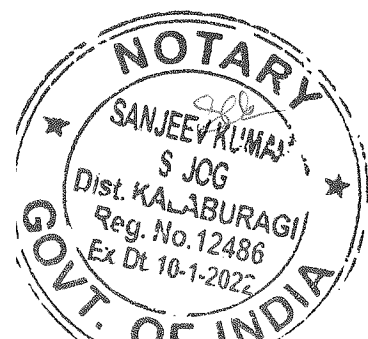
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LLPIN: AAT-9949**Annexure-I**

S.N	Items in Check list	Reply by Auditor
1	Whether all Banks Accounts/Fixed Deposits have been opened with banks/ proper authorization and approvals as per the aforesaid delegation of powers?	We have not been provided with the accounting opening information of bank A/cs / date wise FDs opened during the year and the related copy of resolution given to the Bank. The corporate office did not have the sufficient documentation for verification. In view of this we were unable to verify the same.
2	Whether there was a periodical system of preparation of Bank reconciliation statement and whether they were produced for verification to audit?	There is a process for monthly BRS preparation only in respect of non-operative bank accounts. In respect of operative banks, there is no practice / monitoring of obtaining monthly BRS copies by Finance Section. In response to our requirement, BRS copies for the year end were procured from 20 accounting units out of 26 accounting units. As mentioned in our main audit report, the BRS used for non-operative bank accounts needs to be revised as the same does not give the cumulative details of unrealized cheques. Further the BRS does not give the details of subsequent date of realization of cheques issued / deposited.
3	Whether Bank reconciliation of the Main account and all subsidiary bank accounts were done?	GESCOM uses a main bank account for sweeping the amount deposited at accounting units. These amounts transferred are reconciled at the year end.
4	Was the authorisation to operate the bank accounts were given to a single signatory?	As informed to us, no authorization is given to a single signatory. No sufficient documentation was available with corporate office to verify the same.
5	Whether the interest for the entire duration of Fixed Deposits was accounted in the books of accounts?	Yes. However, there is no practice of passing entries periodically for interest and fixed deposits. Entries have been passed at the year end, based on the balance confirmation / interest accrued from Bank to match the amount of FDs and interest accrued with the confirmations. In view of this we were unable to verify the interest entries as and when the FDs were renewed / matured.
6	Whether physical verification of cash has taken place periodically?	As informed to us, cash at accounting units is verified by the cash officer on daily basis. During our visit to the selected sub divisions, we confirmed the same. We have obtained scanned copy of year end cash balances denominations signed by cash officer

M/s P.G. Bhagwat the partnership firm was converted and incorporated as Limited Liability Partnership from the 28<sup>th</sup> September 2020



133.

*[Signature]*  
Executive Engineer  
Regulatory Affairs  
Corporate Office,  
GESCOM, KALABURAGI

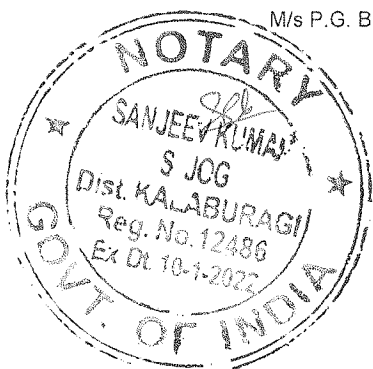


**P G BHAGWAT LLP**

Chartered Accountants  
LLPIN: AAT-9949

7	Whether the cash in hand as shown in the Balance Sheet tallies with the certificate of physical verification of cash?	Cash in Hand as confirmed by the respective units is matching with the balance as per books except for the following amounts: 1) Rs. 1,84,261 shortage in Raichur Rural 2) Rs. 20,50,551 shortage in Gulbarga Rural 1 3) Rs. 2,029 shortage in Gulbarga Urban 4) Rs. 855 shortage in Gulbarga Rural 2 5) Rs. 50,661 shortage in Bidar Division 6) Rs. 375 shortage in Hagaribommanahalli  Total difference of Rs. 22,88,732. These are kept as suspense in yearend Annexure No 11. As informed to us, the difference in Sl. No. 2 pertains to opening balance during unbundling of ESCOMs and the same is netted off to other payables during FY 2019-20
8	Is there a register of Fixed Deposits showing amounts, maturity dates, rates of interest and dates for payment of interest?	Detailed register not maintained
9.	Is there a follow-up system to ensure that interest on Fixed Deposits is received on due dates?	There is no follow-up process for this activity
10.	Is there a follow-up system to ensure that transfer of matured amount of Fixed Deposits is done without any delay?	Most of the FDs were auto renewable basis. However, follow up system needs to be established
11.	Whether bank confirmation statements are obtained periodically from the banks for all accounts: SB accounts, Current Accounts and Fixed deposits?	Confirmations were not obtained in respect of Fixed Deposits periodically. Only at the time of annual audit, these are being obtained from bank. At unit level the bank statements are being used for monthly BRS preparation.
12.	Whether confirmations of balances in respect of all bank balances tally with the Bank statements?	There is no practice of taking balance confirmations certificates at division level, as the BRS is prepared based on the bank statements. However, balance confirmation letters are obtained in respect of the bank accounts maintained at corporate office.
13.	Whether Fixed Deposits and interests as per Fixed Deposits Register tally with the confirmation/certificate issued by the bank?	No Fixed Deposit register has been maintained and hence we were not able to verify the same
14.	Whether the confirmation statements received from banks are authenticated and in the letter head by the bank?	Confirmations in respect of bank accounts maintained at corporate office are in letter head (except HDFC bank). In respect of bank account maintained at units, no confirmations are obtained.

M/s P.G. Bhagwat the partnership firm was converted and incorporated as Limited Liability Partnership from the 28<sup>th</sup> September 2020



134.

*[Signature]*  
Executive Engineer  
Regulatory Affairs  
Corporate Office,  
GESCOM, KALABURAGI



# P G BHAGWAT LLP

Chartered Accountants  
LLPIN: AAT-9949

15.	In case of any difference observed in the above check, whether the same was adjusted in the subsequent year?	Following are our observations on BRS:  1) There are several cheques amounting to Rs. 2,00,67,095 across the accounting units unrealized for more than 30 days. Some of the cheques are more than a year also. 2) There are unascertained credits in bank which are parked in A/c code 46.97 amounting to Rs. 19,63,50,936 (A/c codes 46.971, 46.972, 46.973 and 46.975) across all the units. The consolidated list of the same needs to be analyzed at Company level by obtaining the aging of the transactions 3) Further, as reported in our main audit report, the format of the BRS used for non-operative accounts should be modified to include the cumulative unrealized cheques.
16.	Whether external confirmations were obtained from Banks in the test checked cases, if so details thereof with.	We had requested the Company to communicate the same to all the bankers to send the information in a standard format. However, the response to the same was very poor and hence could not be verified.
17.	Whether any of the aforesaid lapses were brought out in the Report of the Internal Financial controls by the Statutory Auditor, if not, whether Audit Enquiry was issued?	The Company has not implemented the Internal Financial controls and we have been qualifying our report in this regard

For P G Bhagwat LLP

Chartered Accountants

FRN:101118W / W100682



S.B. Pagad

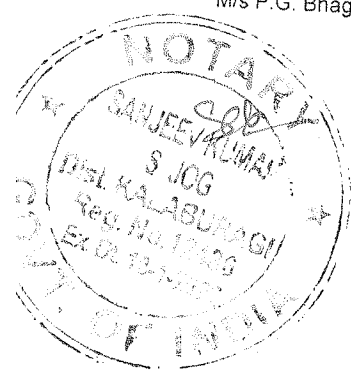
Partner.M.No. 206124

Place: Dharwad

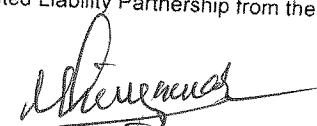
Date: 10<sup>th</sup> November, 2021



M/s P.G. Bhagwat the partnership firm was converted and incorporated as Limited Liability Partnership from the 28<sup>th</sup> September 2020



135.

  
Executive Engineer  
Regulatory Affairs  
Corporate Office,  
GESCOM, KALABURAGI

# GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED



## Annual Accounts

FY 2020-21

( CIN NO. - U04010KA2002SGC030436 )

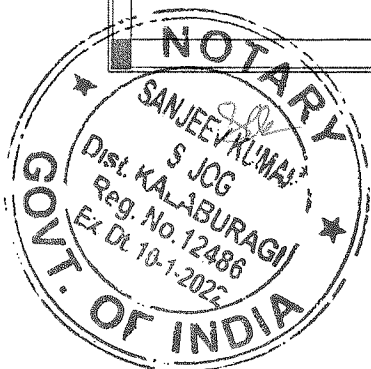
**Regd Office :**

Station Road,

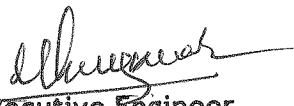
Gulbarga – 585102

E-Mail: [mdgesco@gmail.com](mailto:mdgesco@gmail.com)

Website: [www.gescom.in](http://www.gescom.in)



136.

  
**Executive Engineer**  
Regulatory Affairs  
Corporate Office,  
**GESCOM, KALABURAGI**



GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED  
(CIN NO. - U04010KA2002SGC030436)  
Registered office at Station Road, Gulbarga, Karnataka - 585 102

BALANCE SHEET AS AT MARCH 31, 2021

Rs. In Lakhs

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>I. ASSETS</b>			
<b>A Non-current assets</b>			
(a) Property, plant and equipment	3(i)	4,44,007.82	4,08,708.78
(b) Right of Use Asset	3(ii)	203.75	211.45
(c) Other intangible assets	3(iii)	527.09	395.63
(d) Capital work-in-progress	4	40,737.31	59,981.04
(e) Intangible Assets under Development	5	-	-
(f) Financial assets	6	-	-
(i) Investments		1.00	1.00
(ii) Loans		2,249.88	2,264.80
(g) Deferred tax assets	7	-	-
(h) Other non-current assets	8	444.95	87.54
<b>Total Non-current assets</b>		<b>4,88,171.80</b>	<b>4,71,650.24</b>
<b>B Current assets</b>			
(a) Inventories	9	16,634.54	16,684.51
(b) Financial assets		-	-
(i) Unbilled Revenue	10	29,489.00	27,370.62
(ii) Trade receivables	11	1,59,777.90	1,34,743.15
(iii) Cash and cash equivalents	12	3,728.18	8,946.80
(iv) Bank balances other than (iii) above	12	6,710.94	4,343.39
(v) Other financial assets	13	2,51,560.11	2,21,145.70
(c) Other Current Assets	14	303.79	242.23
<b>Total Current assets</b>		<b>4,68,204.46</b>	<b>4,13,476.40</b>
<b>Total Assets before Regulatory Deferral Account</b>		<b>9,56,376.26</b>	<b>8,85,126.64</b>
<b>C Regulatory Deferral Account debit balances</b>	15	26,643.14	77,049.27
<b>TOTAL ASSETS</b>		<b>9,83,019.40</b>	<b>9,62,175.91</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>A EQUITY</b>			
<b>Shareholders' funds</b>			
(a) Share capital	16	1,50,979.61	1,11,495.61
(b) Other equity	17	(1,96,389.50)	(87,085.14)
<b>Total Equity attributable to equity share holders of the Company</b>		<b>(45,409.89)</b>	<b>24,410.47</b>
<b>B LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	3,20,603.28	1,91,120.92
(ii) Other financial liabilities	19	61,240.52	57,667.51
(b) Provisions	20	13,072.70	9,596.36
(c) Deferred revenue	21	1,10,088.63	1,07,098.45
(d) Deferred tax liabilities (net)	7	15,444.99	14,648.04
(e) Other non current liabilities	22	11,216.55	9,545.92
<b>Total Non current liabilities</b>		<b>5,31,726.67</b>	<b>3,89,677.20</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	23	8,489.41	9,350.96
(ii) Trade payables		-	-
(i) Total outstanding dues of micro enterprises and small enterprises	24	-	-
(ii) Total outstanding dues of creditors other than micro enterprises		4,28,115.38	4,72,916.15
(iii) Other financial liabilities	25	50,725.85	58,714.09
(b) Provisions	26	1,284.57	1,134.18
(c) Other current liabilities	27	8,087.41	5,972.86
(d) Current Tax Liabilities (Net)	28	-	-
<b>Total Current liabilities</b>		<b>4,96,702.62</b>	<b>5,48,088.24</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,83,019.40</b>	<b>9,62,175.91</b>

Significant accounting policies and notes attached form an integral part of the financial statements

As per our Report of Even Date  
For P G BHAGWAT LLP  
Chartered Accountants  
Firm Reg. No. 104118W/W100682

For and on behalf of the Board of Directors  
Gulbarga Electricity Supply Company Limited

S B Pagad

Partner

Membership No: 206124

Place: Dharwad

Date:

UDIN:

21206124AAAAHY5951

10 NOV 2021

Pandve Rahul Tukarnn, IAS  
Managing Director

Place: Kalaburagi

Date:

B. Abdul Wajid  
Chief Financial Officer  
Place: Kalaburagi  
Date:

Dr. Dileesh Sasi, IAS  
Director

Place: Kalaburagi

Date:

Kiran Police Patil  
Company Secretary  
Place: Kalaburagi  
Date:



137.

Executive Engineer  
Regulatory Affairs  
Corporate Office,  
GESCOM, KALABURAGI





GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED  
(CIN NO. - U04010KA2002SGC030436)  
Registered office at Station Road, Gulbarga, Karnataka - 585 102

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Note No.	As at March 31, 2021 ₹ in Lakhs	As at March 31, 2020 ₹ in Lakhs
I Revenue from operations	30	5,17,886.84	5,11,309.91
II Other income	31	15,369.08	18,182.15
III Total revenue (I + II)		5,33,249.92	5,29,492.06
IV Expenses:			
Purchase of power	32	4,39,286.76	4,19,195.15
Employee benefits expense	33	67,870.06	61,202.24
Finance costs	34	43,398.10	47,768.06
Depreciation and amortization expense	35	24,423.83	21,329.56
Other expenses	36	25,795.30	26,365.74
Total expenses		6,00,774.11	5,75,860.75
V Profit/(loss) before Rate Regulated Activities, Exceptional items and tax (III-IV)		(67,524.19)	(46,368.69)
VI Net movement in regulatory deferral account balances related to profit or loss and the related deferred tax movement	38	(50,406.12)	(36,834.55)
VII Profit/(loss) Before Exceptional Items and Tax (V+VI)		(1,17,930.32)	(83,203.24)
VIII Exceptional Items	39	-	(20,613.42)
IX Profit/(loss) before tax (VII+VIII)		(1,17,930.32)	(1,03,816.67)
X Tax expense:			
Current tax		(939.46)	(4,588.95)
Deferred tax credit		(939.46)	(4,588.95)
XI Profit/(loss) for the year from continuing operations (IX-X)		(1,16,990.86)	(99,227.72)
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) for the year (after tax) (XI+XII-XIII)		(1,16,990.86)	(99,227.72)
XV Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
a) Re-measurement gains (losses) on defined benefit plans		(136.19)	(121.48)
b) Deferred tax impact on gains/(losses) on defined benefit plans		42.49	102.59
c) Revaluation surplus on land		6,962.07	-
d) Deferred tax impact on revaluation reserve		(1,778.91)	-
		5,090.06	468.89
XVI Total other comprehensive income (XV(i) + XV(ii))		5,090.06	468.89
XVII Total Comprehensive Income for the year (XIV+XVI)		(1,11,900.80)	(98,758.83)
XVIII Earning per equity share			
Earning per equity share before exceptional items			
Basic (in ₹)	37	(4.41)	(7.44)
Diluted (in ₹)	37	(4.11)	(5.50)
Earning per equity share after exceptional items			
Basic (in ₹)	37	(4.41)	(5.00)
Diluted (in ₹)	37	(4.11)	(4.13)
Basic earnings per share including net movement in regulatory deferral account balances (in ₹)	37	(7.75)	(8.90)
Diluted earnings per share including net movement in regulatory deferral account balances (in ₹)	37	(7.21)	(6.57)
Paid up value per share		10.00	10.00

Significant accounting policies and notes attached form an integral part of the financial statements

As per our Report of Even Date  
For P.G. BHAGWAT LLP  
Chartered Accountants  
Firm Reg. No. 101118WAV100682



S B Pagad  
Partner  
Membership No: 206124  
Place: Dharwad  
Date:  
UDIN:

21206124AAAAHY5951

10 NOV 2021

Pandve Rahul Tukaram, IAS  
Managing Director

Place: Kalaburagi  
Date:

B. Abdul Wajid  
Chief Financial Officer  
Place: Kalaburagi  
Date:

For and on behalf of the Board of Directors  
Gulbarga Electricity Supply Company Limited

Dr. Dillesh Sasi, IAS  
Director

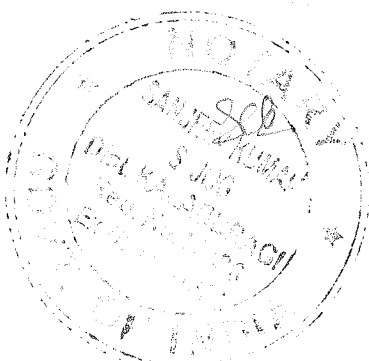
Place: Kalaburagi  
Date:

Kiran Police Patil  
Company Secretary  
Place: Kalaburagi  
Date:

Executive Engineer  
Regulatory Affairs  
Corporate Office,  
GESCOM, KALABURAGI

138.

10 NOV 2021



GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED  
(CIN NO. - U04010KA2002SGC030436)  
Registered office at Station Road, Gulbarga, Karnataka - 585 102

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

Particulars	March 31, 2021 Rs. In Lakhs	March 31, 2020 Rs. In Lakhs
<b>A Cash flow from Operating Activities</b>		
Net Profit Before Taxation	(1,17,930.32)	(1,03,816.67)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	24,423.85	21,329.56
Amortisation on Right of Use Asset till March 31, 2019	-	(12.91)
Government grant released to statement of profit and loss	(1,267.00)	(926.20)
Consumer contributed asset - released to statement of profit and loss	(3,790.00)	(5,450.00)
Provision no longer required written back	(6,711.81)	(12,682.08)
Rental Income	(230.60)	(168.46)
Interest Income	(246.58)	(187.45)
Finance costs	43,398.10	47,768.06
Sue and doubtful debts written off/provided for	7,831.73	7,114.99
Reserve for Material Cost variance	(218.14)	(643.50)
Covid		
	(54,740.79)	(45,673.76)
Income taxes paid (net of refunds)	(157.41)	(47.61)
	(55,098.20)	(45,721.37)
<b>Working capital adjustments:</b>		
(Increase) / decrease in inventories	49.96	3,500.70
(Increase) / decrease in unbilled revenue	(2,118.37)	(1,570.34)
(Increase) / decrease in trade receivables	(26,154.67)	(27,690.41)
(Increase) / decrease in loans	14.92	(377.41)
(Increase) / decrease in other financial assets	(30,572.55)	4,565.78
(Increase) / decrease in regulatory deferral account - assets	(61.56)	131.12
(Increase) / (decrease) in long term provisions	50,406.12	36,834.55
(Increase) / (decrease) in short term provisions	-	-
(Increase) / (decrease) in provisions of leave encashment, family benefit fund	3,490.53	2,282.21
(Increase) / (decrease) in trade payables	(44,800.77)	(21,708.81)
(Increase) / (decrease) in other current liabilities	2,114.56	2,529.08
(Increase) / (decrease) in other non current liabilities	1,670.63	4,453.34
(Increase) / (decrease) in other financial liabilities	515.18	3,888.82
Net cash flows from/(used in) operating activities	(1,00,744.21)	(36,882.73)
<b>B Cash flows from investing activities:</b>		
Purchase of property, plant and equipment (including Right of Use Asset)	(27,942.67)	(41,369.60)
Rental Income	230.60	168.46
Interest Income	404.77	138.98
Redemption/maturity of margin money or security against the borrowings	(2,367.55)	(307.42)
guarances, other commitments		
Net cash flows used in investing activities	(29,674.91)	(41,369.58)
<b>C Cash flow from financing activities:</b>		
Proceeds from share application money collected		
Proceeds/(Repayment) of borrowings	11,223.53	19,312.00
Proceeds from sale of investment	1,50,259.94	1,02,723.63
Repayment of short term borrowings (net)	-	250.00
Interest paid	(861.36)	2,955.96
Proceeds from Deposits from consumers	(38,994.42)	(51,642.91)
Net cash flows from financing activities	3,573.01	2,262.89
Net increase / (decrease) in cash and cash equivalents	1,25,200.50	75,860.97
Cash and cash equivalents at the beginning of the year	(5,218.62)	(2,391.34)
Cash and cash equivalents at year end	8,946.80	14,338.14
	3,728.18	8,946.80
<b>Particulars</b>	<b>March 31, 2021 Rs. In Lakhs</b>	<b>March 31, 2020 Rs. In Lakhs</b>
<b>Cash and cash equivalents</b>		
a) Balances with banks		
- in current accounts	2,819.55	8,876.23
b) Cash on hand	383.65	69.13
c) Cheques in hand	522.79	-
d) Cheques and Funds in Transit	0.11	0.11
e) Stamps on Hand	2.08	1.33
Cash and cash equivalents at year end	3,728.18	8,946.80

Change in Liability arising from Financing Activities

Particulars	1st April, 2020	Cash flows of (Repayment) / Proceeds of Loan	Non cash changes	Rs. In Lakhs 31st March, 2021
Non current borrowings - including current maturities (refer note 18)	2,11,417.82	(25,664.44)	25,664.44	7,36,013.31
Current Borrowings (refer note 23)	9,350.96	-	-	8,489.41

Note: The Cash flow statement is prepared under the indirect method in accordance with IND AS 7: Statement of Cash Flows  
Significant accounting policies and notes attached form an integral part of the financial statements

As per our Report of Even Date  
For P G BHAGWAT LLP  
Chartered Accountants  
Firm Reg. No. 101118W/W/100682

For and on behalf of the Board of Directors  
Gulbarga Electricity Supply Company Limited

S B Pagad  
Partner  
Membership No: 20612  
Place: Dharswad  
Date:  
UDIN:



Pradyumn Kumar, IAS  
Managing Director  
Place: Kalaburagi  
Date:

Dr. Nilesh Saxi, IAS  
Director  
Place: Kalaburagi  
Date:

2120612AAAAAHY5956

10 NOV 2021

B. Abdul Wajid  
Chief Financial Officer  
Place: Kalaburagi  
Date:

Kiran Police Patil  
Company Secretary  
Place: Kalaburagi  
Date:

Executive Engineer  
Regulatory Affairs  
Corporate Office,  
GESCOM, KALABURAGI

139.

GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED  
(CIN NO. - LUDIONK1200SC000456)  
Registered office: Sirajpur Road, Gulbarga, Karnataka - 585 102  
Statement of changes in equity for the year ended March 31, 2021

A. Equity Share Capital

Equity shares of Rs. 10 each issued, subject to and fully paid (over more 16)

At 31 March 2019

Issued during the year

At 31 March 2020

Issued during the year

At 31 March 2021

Number (lakh)	Rs. In Lakhs
11,11,956	1,11,495.61
11,11,956	1,11,495.61
3,958.40	39,484.00
15,077.96	1,50,979.61

B. Other Equity

Attributable to the equity holders of the Company

Particulars	Share Application Money Pending Allotment	Equity Component of Interest free loan from Shareholders	Reserve for Material Cost variance	Reserves and Surplus	Total (A)	Items of OCI	Total (B)	Total other equity (A+B)
				Retained Earnings		Revaluation Reserve of PPL		
Total comprehensive income as at March 31 2019	20,172.00	-	5,138.72	(1,00,244.04)	(74,933.32)	67,931.77	67,931.77	(7,001.56)
Add (Less): Loss for the year	-	-	-	(59,227.72)	(59,227.72)	-	-	(59,227.72)
Add (Less): Reversal of revaluation reserve	-	-	-	(643.50)	(643.50)	-	-	(643.50)
Add: Additions during the year	19,312.60	-	-	-	19,312.60	-	-	19,312.60
Add: Share application money received	18.75	-	-	-	18.75	-	-	18.75
Add (Less): Adjustment *	-	-	-	-	-	-	-	-
Add (Less): Allotment of shares	-	-	-	(12.01)	(12.01)	-	-	(12.01)
Less: Amortisation on Right of Use Asset till March 31 2019	-	-	-	(18.83)	(18.83)	-	-	(18.83)
Add: Other comprehensive income (net of deferred tax)	-	-	-	-	-	-	-	-
Total comprehensive income as at March 31 2020	39,502.75	-	4,495.22	(1,59,502.66)	(1,55,504.69)	68,419.55	68,419.55	(87,085.14)
Add (Less): Revaluation of L and net of deferred tax	-	-	-	(1,16,990.80)	(1,16,990.80)	-	-	(1,16,990.80)
Add (Less): On account of new issue	-	-	-	-	-	-	-	-
Add: Additions during the year	-	-	-	-	-	-	-	-
Add: Share application money received	11,221.33	-	1218.43	-	12,439.76	5,183.70	5,183.70	5,183.76
Add (Less): Fair Value Changes in interest, fee, loan	-	-	-	-	-	-	-	-
Add (Less): Allotment of shares	(39,484.00)	-	-	-	(39,484.00)	-	-	(39,484.00)
Add (Less): Fair Value Adjustments	-	-	-	-	-	-	-	-
Add: Other comprehensive income (net of deferred tax)	-	-	-	-	-	-	-	-
Total comprehensive income as at March 31 2021	11,242.28	31,075.05	4,277.08	(3,16,582.22)	(2,69,992.81)	73,603.31	73,603.31	(93.70)
								(1,50,489.50)

Summary of significant accounting policies:

The accompanying notes are an integral part of the financial statements

\* Refer note 27 for adjustments made

As per our Report of Even Date

For P.G. BHAGWAT LLP

Chartered Accountants

Firm Reg. No. 101118W/A/10063



S.D. Pagad  
Partner  
Membership No: 2061  
Place: Purnwad  
Date: 10 NOV 2021

For and on behalf of the Board of Directors  
Gulbarga Electricity Supply Company Limited

Dr. Divesh Saxi, IAS  
Director  
Place: Kalaburagi  
Date: 10 NOV 2021

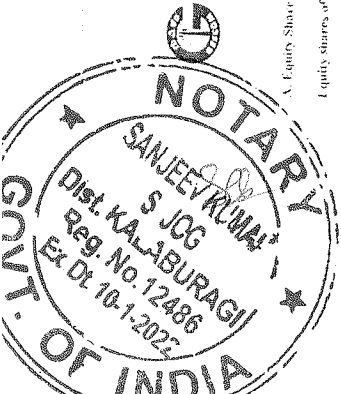
R. Abdul Waheed  
Chief Financial Officer  
Place: Kalaburagi  
Date: 10 NOV 2021

Kiran Police Padi  
Company Secretary  
Place: Kalaburagi  
Date: 10 NOV 2021

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Regulatory Affairs  
Corporate Office,  
GESCOM, KALABURAGI

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10 NOV 2021

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**GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED**  
(CIN NO. - U04010KA2002SGC030436)  
Registered office at Station Road, Gulbarga, Karnataka - 585 102  
**NOTES TO FINANCIAL STATEMENTS**

**Note - 1 : Corporate information**

Gulbarga Electricity Supply Company Ltd ('GESCOM' or 'the company') is a premier power distribution Company in the state of Karnataka and wholly owned undertaking of Government of Karnataka. The Company is engaged in distribution of Power in six Revenue districts of Karnataka, viz. namely Bidar, Gulbarga, Yadgir, Raichur, Bellary and Koppal. The Company is registered under the provisions of the Companies Act, 1956. The Company is a distribution licensee under Section 14 of the Electricity Act, 2003. It is domiciled and incorporated in India having its registered office at Station Road, Gulbarga, Karnataka - 585 102.

Earlier, the power sector in the state of Karnataka was serviced by Karnataka Electricity Board. In the year 1999, the State Government initiated the reforms process of the power sector to meet the needs of the burgeoning economy. As a first step, in 1999, the Karnataka Electricity Board was bifurcated into two companies, viz. Karnataka Power Transmission Corporation Limited (KPTCL) and Vishweswaraiah Vidyut Nigama Limited (VVNL). The Karnataka Electricity Regulatory Commission (KERC) was also setup in 1999. In the subsequent stage of reforms, the transmission and distribution activities carried out by KPTCL were unbundled and four power distribution companies were formed in June, 2002. GESCOM is one of the companies thus formed, with its headquarters at Gulbarga.

**Note - 2 : Significant accounting policies**

**2.1 Basis of preparation**

The financial statements have been prepared under historical cost convention and on accrual basis of accounting except as otherwise provided in the policy and in accordance with the provisions of the Electricity Supply Annual Accounts Rules 1985 (ESAAR) as well as those to comply with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereafter ("the Rules") and the provisions of the Electricity Act, 2003 to the extent applicable.

All items having a material bearing on the financial statements are recognized on accrual basis except the following:

- Grants and subsidies from Government in respect of capital assets, which are accounted on actual receipt basis; and
- Interest on delayed payment to power producers, which are accounted for as and when intimated by them.
- Penalties & Damages recoveries from contractors and vendors are recognised as Income as and when recovered.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at revalued amount:

- Land and rights classified as property, plant and equipment

Assets and liabilities transferred from M/s. Karnataka Power Transmission Corporation Ltd, (KPTCL) consequent to unbundling of transmission and distribution activities, have been stated at the amount indicated by KPTCL in transfer document.

The Company has applied the following standards and amendments for the first time for their reporting period commencing 1st April 2018:

- Ind AS 115, Revenue from Contracts with Customers
- Amendment to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance
- Appendix B, Foreign Currency Translations and Advance consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Amendment to Ind AS 12, Income Taxes

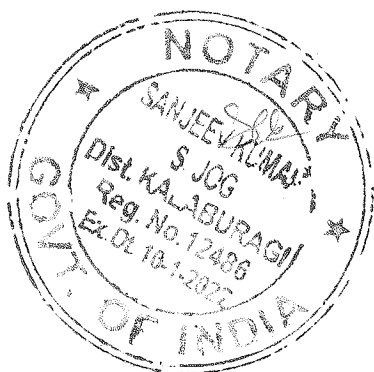
On assessment, the Company determines that there are no impacts on the financial statements for above standards and amendments

The financial statements are presented in Lacs and all values are rounded to the nearest lacs, except when otherwise indicated.

**2.2 Use of Estimates**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized prospectively.

Key source of judgments, assumptions and estimation uncertainty in the preparation of the financial statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of useful lives of property, plant and equipment, employee benefit obligations, provision for income tax, Regulatory Deferral Account balance and measurement of deferred tax.



*[Signature]*  
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### 2.3 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### 2.4 Property Plant & Equipment ("PPE")

The company has elected to continue with the carrying value for all of its property, plant and equipment except land and rights as recognised in the previous GAAP financial statements as at the date of transition to Ind AS; measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments in accordance with the relevant Ind AS, since there is no change in functional currency.

Property, Plant and Equipment except land and rights are stated at cost, net of accumulated depreciation and impairment loss, if any. Such cost comprises purchase price, non-refundable taxes and duties, borrowing costs on qualifying assets and any cost directly attributable to bring the asset into location and condition necessary for it to be capable of operating in the manner intended by the management. It does not include any estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Land and rights are measured at fair value recognised at the date of revaluation. Valuation of the land was made as on transition date of 1 April 2016 and company has performed valuation as on 31 March 2021 with sufficient frequency at every five years to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

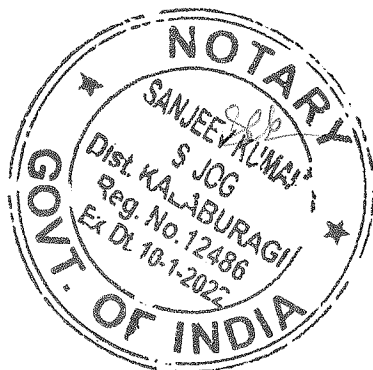
The company depreciates property, plant & equipment using straight line method and depreciation is charged at the rate approved in KERC Tariff Order 2009 dated 25th November 2009. The company does not charge depreciation as per the rates prescribed under the Schedule II of the companies Act, 2013. Depreciation on additions of assets is provided on pro-rata basis from the month immediately following the one in which the assets become available for use. In case there is a revision in the rates prescribed and notified by the KERC, the company applies the revised rates prospectively from the date of change notified by the KERC. The residual value of all the assets is taken at 10% as per KERC guidelines as against 5% as per Companies act 2013.

In case of Computer software & IT equipment, the Company follows rate of depreciation as notified in CERC since no relevant rates are present in KERC guidelines.

The useful lives used are as below:

Assets	Useful life
Buildings	15 years to 50 years
Other Civil Works	50 years
Roads	50 years
Plant & Machinery	5 years to 25 years
Computer Softwares	5 years to 7 years
Lines & Cable networks	15 years to 50 years
Motor Vehicle	5 years
Furniture & Fixtures	15 years
Office Equipments	15 years
Solar Roof top	25 years

The Company believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.



  
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An item of property, plant and equipment and any significant part initially recognised 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 between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Plant and machinery costing Rs.500/- or less individually is depreciated at 100% in the year in which they are installed and put to use, in accordance with para 2.37 of Annexure-III of ESAAR, 1985.

Assets not in use and released assets are accounted at Written Down Value on the month of release and treated as inventory.

Scrapped assets are accounted at the residual value i.e., at 10% of the original cost of the asset and treated as Inventory.

The transformers released during the year are removed from assets account only after they are returned to stores.

Assets retired from active use and re-issued to works after necessary repairs/servicing are categorized at the weighted average of the written down value existing in the books of account at that time.

Advance paid towards the acquisition of property, plant & equipment outstanding at each Balance sheet date is classified as capital advance under Other Non-current Assets. Subsequent costs on renovation and modernization of fixed assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets or recognized as a separate asset as appropriate when it is probable that future economic benefits will flow to the company.

#### 2.5 Capital work in progress

Materials issued to Capital Work in Progress are valued at standard rate (as per rates prescribed under Common Schedule of Rates. The Schedule of Rates/Common Schedule of Rates is determined on the basis of previous purchase price and prevailing market rates.) in respect of labour and direct overheads, the same is accounted at actual. Contracts are capitalized on receipt of final completion report or technical commissioning reports.

#### 2.6 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives i.e. period of agreement or license term. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Intangible Assets under development represent amount paid towards development of software intended for future use and will be capitalized on receipt of completion/commissioning. These are valued at cost.

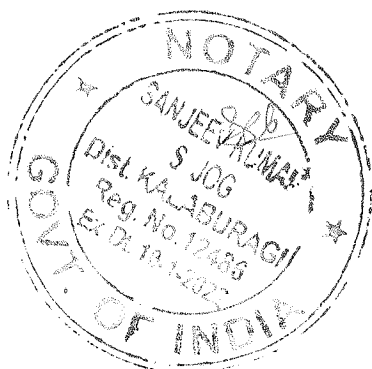
#### 2.7 Grants and subsidies

##### Revenue Grants

Revenue grants/Tariff subsidies from the government and other agencies are recognized as income only when there is reasonable assurance that the conditions attached to them shall be complied with and the grants will be received.

##### Capital Grants & Contributions towards Capital Expenditures

Grants/subsidies received from the government or other authorities towards capital expenditure as well as consumers' contribution to capital works are treated initially under deferred income and taken to income based on the depreciation that is charged to the class of asset for which such Grants/subsidies are received.



  
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## 2.8 Impairment of Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

## 2.9 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## 2.10 Revenue recognition

The revenue is recognised based on basis of following five step process.

- Identify the contracts with the customer: The contract may be oral or written
- Identify the performance obligation: Performance obligation is nothing but promise made by the Company to its customer for delivery of goods or services.
- Determine the transaction price
- Allocate the transaction price to the performance obligation
- Recognise the revenue when or as the Company satisfied the performance obligation: Revenue is recognised either at point in time or over a time

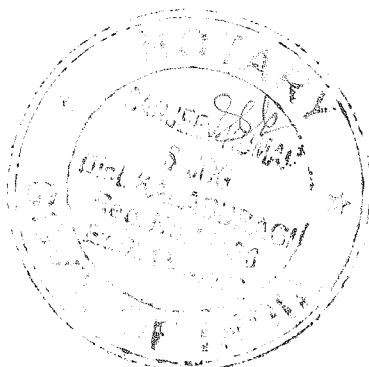
The specific recognition criteria described below must also be met before revenue is recognised.

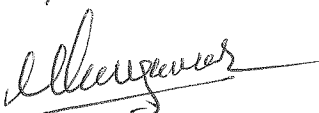
### Sale of power

Sale of power is accounted on accrual basis at the tariff rates approved by the Karnataka Electricity Regulatory Commission (KERC). Revenue dues from consumers whose ledger accounts are yet to be opened are accounted on an estimated basis. The company accounts revenue net of electricity taxes in its statement of profit and loss.

Revenue for the year is adjusted by estimating un-billed revenue demand appropriately.

Provision for unbilled revenue in respect of LT installations billed on bimonthly basis is recognized as the average of February and March bills of the year. In respect of LT installations billed on monthly basis, provision for unbilled revenue is recognized to the extent of 50% of the demand raised in the month of March. In respect of HT installations, the bills issued with regard to consumption during the month of March are taken into account.



  
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#### **Tariff/rural Subsidy from government**

The Tariff/Rural Electrification Subsidy released by Government of Karnataka is recognized as part of Revenue in accordance of the Government of Karnataka order No EN 48 PSR 2006 Bangalore Dated 13th June 2007.

The Tariff subsidy is claimed from the Government as per the Commission Determined Tariff (As per the prevailing tariff order) on the consumption of BJ/KJ upto 40 units per installations per month and IP Set Category upto and inclusive of 10 HP.

#### **Interest on delay in execution of work**

In respect of amount recovered from Contractors/Suppliers towards delay in execution of works/supplies, the amount is recognized as income upon rejection of the delay condonation request of the contractor/supplier, by the competent authority. Until such time the same is accounted under current liabilities. In the absence of any such request, the amount so recovered would be treated as penalty and credited to miscellaneous revenue.

#### **Interest income:**

Interest income is accrued on time proportionate bases and in respect of overdue bills on crystallisation. For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

#### **Penalties and damages**

Penalties & Damages recoveries from contractors and vendors are recognised as Income as and when recovered.

#### **Dividends**

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

### **2.11 Regulatory Asset/Liability**

Regulatory asset is recognized when it is probable that the future economic benefits associated with it will flow to the entity as a result of the actual or expected actions of the regulator, Karnataka Electricity Regulatory Commission (KERC) under the applicable regulatory framework and the amount can be measured reliably.

The probable quantum of deferred asset/liability for the current FY which is expected to flow to the entity as a result of the actual or expected actions passed by the KERC while assessing Annual Performance Review of the concerned Financial year filed along with Annual Revenue Requirement of different years is recognized as Regulatory Asset/Liability on accrual basis, but limiting the quantum of Regulatory Asset recognition to such extent that, the profit for the year does not exceed the Return on Equity determined by KERC in tariff proposal filed in the previous year.


### **2.12 Impairment of Trade Receivables**

For trade receivables, the company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company has used a practically expedient method as permitted under Ind AS 109. This expected credit loss allowance is computed based on a general provision for doubtful debts of 4% of the outstanding trade receivables as at the end of the reporting period. In the case of HT installations, case-to-case review will be made and if the doubtful amount exceeds the provision at 4%, the amount of such excess will be additionally provided.

#### **In respect of IP Set Installations dues :**

- Dues outstanding for 2 years and above - 100% Subject to a maximum of 10% in a financial year of the Total outstanding IP Set Installation dues
- Dues outstanding between 1 year and 2 years - 20% Subject to a maximum of 7.5% in a financial year of the Total outstanding IP Set Installation dues
- Dues outstanding less than 1 years - NIL.



  
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### 2.13 Employee Benefits:

#### Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- In case of non-accumulating compensated absences, when the absences occur.

#### Long-term employee benefits:

Long term employee benefits comprising of earned leave scheme and family benefit fund are recognized based on the present value of defined benefit obligation and computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period and same is recognised in Profit and Loss statement and other comprehensive income in case of family benefit fund.

#### Post employment benefits:

##### Defined contribution plans

Employee benefit under defined contribution plans comprising of pension fund and gratuity fund for employees enrolled on or after 01.04.2006 are recognized based on the amount of obligation of the Company to contribute to the plan.

a. Pension : 64.00% of (Basic Pay + Dearness pay + Dearness Allowance)

b. Gratuity : 6.08% of (Basic Pay + Dearness pay)

The same is paid to KPTCL/ESCOMs Pension & Gratuity Trust and expensed during the year through Profit & Loss Statement.

In respect of employees who have joined GESCOM before 1.4.2006, provision for contribution to KPTCL/ESCOMs Pension & Gratuity Trust is made on the formula evolved by the Trust based on the actuarial valuation undertaken by KPTCL/ESCOMs' Pension & Gratuity Trust. Any revision in contribution rates due to actuarial valuation by the Trust is accounted in the year of intimation by the Trust to the company.

As the company contribution is collected and administered by the trust and contribution paid on a pay as you go basis, the same has been treated as a Defined Contribution Plan in accordance with Ind AS 19.

The company has not made any provision on actuarial valuation for above defined contribution plan.

### 2.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.15 Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company.

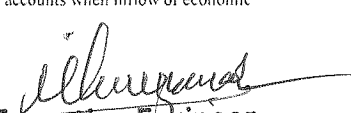
A contingent liability can arise from obligations that are possible, but it is yet to be confirmed whether there is present obligation that could lead to an outflow of resources embodying economic benefits.

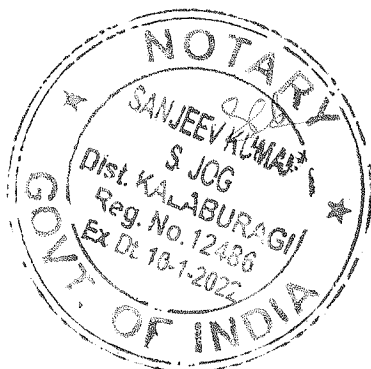
The Company does not recognise a contingent liability but only makes disclosures for the same in the financial statements when the company has:

- > a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; or
- > present obligation arising from past events, when no reliable estimate is possible; or
- > a possible obligation arising from past events where the probability of outflow of resources is not remote

Contingent liabilities are reviewed at each Balance Sheet date.

Contingent assets are disclosed in the financial statements by way of notes to accounts when inflow of economic benefits is probable

  
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## 2.16 Taxes on Income

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

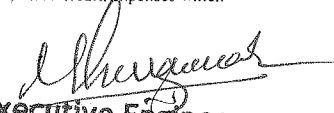
Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

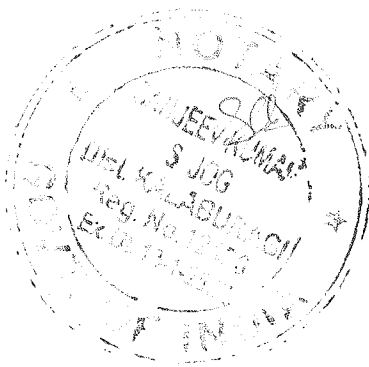
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Minimum Alternative Tax (MAT) is recognised to the extent payable as current tax and simultaneously credit is taken in the Statement of Profit & Loss to the extent it can be measured and is likely to give future benefits in the form of set off against future income tax liability.

Company has not recognised any of the deferred tax asset for brought forward losses; MAT credit; expenses which are allowed on actual payment basis etc.

  
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## 2.17 Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- > Debt instruments at amortised cost
- > Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- > Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to loans, trade receivables, cash and cash equivalents, other bank balances and other financial assets. For more information on receivables, refer note 6, 10, 11, 12 and 13.

#### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

#### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

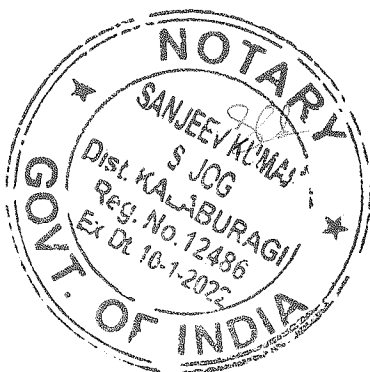
If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

The investment in equity instrument has been carried at cost in financial and has not been fair valued as at reporting date.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:



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- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

#### *Impairment of financial assets*

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g. deposits, loans, trade receivables, bank balance and other financial assets.
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115;
- Loan commitments which are not measured as at FVTPL.

The Company follows 'simplified approach' for recognition of impairment loss allowance on

- Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The twelve-month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for financial instrument is described below:

- ECL on financial assets measured at amortised cost is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

#### **Financial liabilities**

##### *Initial recognition and measurement*

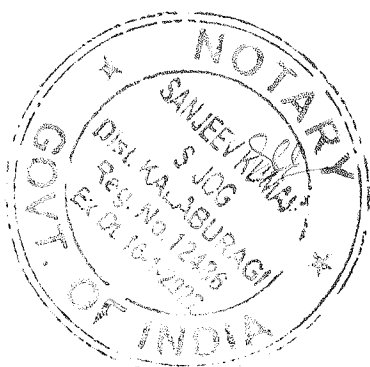
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss; loans and borrowings; payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:



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#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

#### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR (effective interest rate) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **2.18 Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

#### **Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. An operating lease is a lease other than a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### **Company as a lessor**

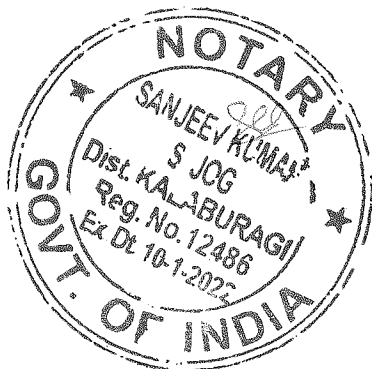
Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.


### **2.19 Inventories**

Inventories are valued at Standard Rate (as per rates prescribed under "Common Schedule of Rates". The Schedule of Rates/Common Schedule of rates is determined on the basis of previous purchase price and prevailing market rates).

Materials procured for capital and revenue works will be accounted in stocks only after verification, inspection and clearance of the same by the competent authorities of the Company.

These are valued at lower of cost and net realizable value. Cost includes all costs of purchases, non-refundable taxes and duties and all other costs incurred for bringing the inventories to their present location and condition. Cost is determined on weighted average basis.



  
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## 2.20 Material cost variance account

The Company is following the Standard Rates for accounting of material receipts and issues in accordance with the guidelines contained in the Electricity Supply Annual Accounts Rules, 1985.

The variation in purchase price over the Standard Rate is credited/ debited to the "Material Cost Variance account"

The balance in the "Material Cost Variance Account" at the year end will be treated as follows:

- > Credit balance is credited to a reserve called 'Reserve Material Cost Variance'.
- > Debit Balance is debited to the "Reserve for Material Cost Variance". If as a result of such debit, net balance in this reserve account is a debit balance, the amount of debit balance shall be charged to revenue account for the year.

## 2.21 Segment reporting

The Company is engaged in the activity of distribution of electricity

Based on similarity of activities/products, risk and reward structure, organisation structure and internal reporting systems, the Company has structured its operations into a single operating segment. The Company operates majorly in single geographical segment, i.e India and having immaterial export transactions. Accordingly, the chief operating decision maker uses this set of financial for decision making.

## 2.22 Earning per share

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the parent company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements, if any, in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjusts the figures used in the determination of basic EPS to consider .

- > The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- > The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

## 2.23 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the financial statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management

## 2.24 Fair value measurement

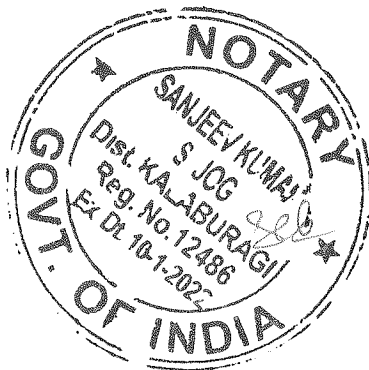
The Company measures financial instruments such as investment at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based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

- > In the principal market for the asset or liability, or
- > 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 takes into account 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.



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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:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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.

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.

Disclosures for valuation methods, significant estimates and assumptions ( note 50)

Quantitative disclosures of fair value measurement hierarchy (note 44)

Financial instruments (including those carried at amortised cost) (note 6,10,11,12,13,18,19,23,24,25 )

#### 2.25 Power purchase

Power purchase in respect of State Grid, Central Grid and other Major Independent Power Producers is accounted based on the sharing formula intimated by State Load Dispatch Centre

Interest on Power purchase in respect of State Grid, Central Grid and other Major Independent Power Producers is accounted based on the sharing formula intimated by State Load Dispatch Centre

#### 2.26 Recent Accounting Pronouncements:

Standards issued but not effective

Exposure draft on amendments to following standards have been issued by the Institute of Chartered Accountants of India

1. Ind AS 40, "Investment Property"

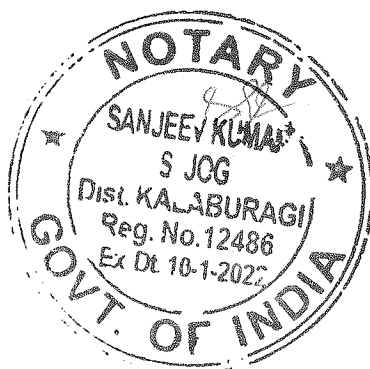
2. Ind AS 1 "Presentation of Financial Statements" and Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

3. Ind AS 103, "Business Combinations"

4. Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments: Disclosure"

However, such exposure drafts have not been notified by the Ministry of Corporate Affairs (MCA) to be applicable from 1 April 2020 as at the date of approval of these financial statements

  
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GILBARGA ELECTRICITY SUPPLY COMPANY LIMITED  
(CIN NO. - U0400KA2002SC003056)  
Registered office at Station Road, Gulbarga, Karnataka - 585 102  
NOTES TO FINANCIAL STATEMENTS

3. Property plant and equipment:

Tangible assets

Rs. in Lakhs

Gross block	Land & Rights	Buildings	Other Civil Works	Roads	Plant & Machinery	Lines & Cable Networks	Motor vehicles	Furniture and fittings	Office Equipment	Total
Balance as at 31 March 2019	89,742.20	7,757.52	617.56	367.51	70,126.09	3,42,795.91	585.52	626.77	706.70	5,13,325.80
Additions	-	2,139.20	48.77	83.87	17,570.65	44,066.38	86.23	68.13	38.52	64,101.55
Reclassification/Adjustments	(297.03)	-	-	-	-	-	-	-	-	(297.03)
Disposals	-	-	-	-	7,815.32	734.96	-	-	-	8,550.33
Balance as at 31 March 2020	89,445.17	9,896.72	666.33	451.38	79,881.37	3,86,127.33	671.75	694.90	745.02	5,68,579.99
Additions	-	1,220.17	47.51	61.21	12,875.37	45,783.18	64.58	100.99	19.11	60,172.12
Revaluation surplus (refer note c below)	6,967.25	-	-	-	-	-	-	-	-	6,967.25
Reclassification/Adjustments	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	9,308.29	459.67	-	-	-	9,767.96
Balance as at 31 March 2021	96,412.42	11,116.89	713.84	512.59	83,448.45	4,31,450.84	736.33	795.89	764.13	6,25,951.40
Accumulated depreciation										
Balance as at 31 March 2019	-	1,597.53	246.15	76.16	18,674.84	1,19,399.84	414.29	304.00	267.69	1,40,080.51
Depreciation charge for the year	-	275.22	32.01	11.32	3,613.04	17,069.24	24.39	31.12	38.94	21,095.27
Reclassification	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	1,750.87	453.71	-	-	-	2,204.57
Balance as at 31 March 2020	-	1,872.75	278.16	87.48	20,537.01	1,36,015.37	438.68	335.12	306.63	1,59,871.21
Depreciation charge for the year	-	329.38	34.30	16.41	3,786.44	20,041.30	37.02	36.02	41.36	24,322.29
Reclassification	-	-	-	-	1,958.48	311.45	-	-	-	2,249.93
Disposals	-	-	-	-	22,384.97	1,55,745.28	475.70	371.14	347.99	1,81,943.58
Balance as at 31 March 2021	-	2,202.13	312.46	103.89	-	-	-	-	-	-
Net block										
Balance as at 31 March 2020	89,445.17	8,023.97	388.17	363.90	59,344.36	2,50,111.96	233.07	359.78	438.39	4,08,708.78
Balance as at 31 March 2021	96,412.42	8,914.76	401.38	408.70	61,063.48	2,75,705.56	260.63	424.75	416.14	4,44,007.82

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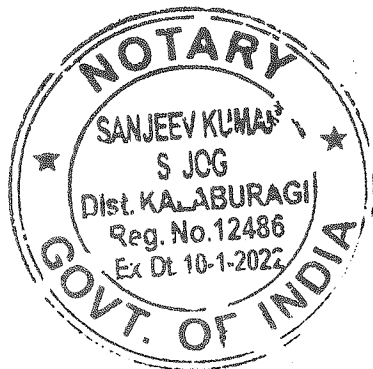
GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED  
(CIN NO. - U04010KA2002SGC030436)  
Registered office at Station Road, Gulbarga, Karnataka - 585 102

(ii) Right of Use assets		Rs. In Lakhs	
Gross block	Land	Total	
Balance as at 31 March 2019	-	-	-
Additions (net of accumulated amortisation till March 31, 2019)	219.17	219.17	219.17
Disposals	-	-	-
Balance as at 31 March 2020	219.17	219.17	219.17
Additions	-	-	-
Withdrawals	-	-	-
Balance as at 31 March 2021	219.17	219.17	219.17
Accumulated amortisation	-	-	-
Balance as at 31 March 2019	-	-	-
Charge for the year	7.72	7.72	7.72
Disposals	-	-	-
Balance as at 31 March 2020	7.72	7.72	7.72
Depreciation charge for the year	7.70	7.70	7.70
Reclassifications	-	-	-
Withdrawals	-	-	-
Balance as at 31 March 2021	15.42	15.42	15.42
Net block	-	-	-
Balance as at 31 March 2020	211.45	211.45	211.45
Balance as at 31 March 2021	203.75	203.75	203.75

(iii) Intangible assets		Rs. In Lakhs	
Gross block	Softwares	Total	
Balance as at 31 March 2019	-	-	-
Additions	622.19	622.19	622.19
Disposals	-	-	-
Balance as at 31 March 2020	622.19	622.19	622.19
Additions	213.94	213.94	213.94
Withdrawals	-	-	-
Balance as at 31 March 2021	836.13	836.13	836.13
Accumulated amortisation	-	-	-
Balance as at 31 March 2019	-	-	-
Charge for the year	226.56	226.56	226.56
Disposals	-	-	-
Balance as at 31 March 2020	226.56	226.56	226.56
Depreciation charge for the year	82.48	82.48	82.48
Withdrawals	-	-	-
Balance as at 31 March 2021	309.04	309.04	309.04
Net block	-	-	-
Balance as at 31 March 2020	395.63	395.63	395.63
Balance as at 31 March 2021	527.09	527.09	527.09



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**ii) Capitalised borrowing costs**

The amount of borrowing costs capitalised during the year ended 31 March 2021 with respect to PPE was Rs. 469.32 Lakhs (31 March 2020: Rs. 1238.19 Lakhs). The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.00% to 1.2%, which is the effective interest rate of specific borrowing. The borrowing cost capitalised for assets under construction (C/WIP) for the year ended March 31, 2021 was: Nil (31 March 2020: Rs. 324.44 Lakhs). Below table explains the same

Particulars	31-Mar-21	31-Mar-20
Capitalisation of Interest:		
Opening Balance	5,067.86	3,505.23
Add: For the year	469.32	1,238.19
Included in PPE	-	324.45
Included in C/WIP	-	-
Closing Balance	5,537.18	5,067.86

**b) Plant and equipment contributed by customers/grants**

The Company recognises as PPE any contribution made by its consumers to be utilised in the process of providing services and that meets the definition of an asset. The initial gross amount is estimated at fair value by reference to the market price of these assets on the date in which control is obtained. Deferred income liability is created for such contribution received from customers. Deferred income is released to statement of profit and loss account under other income in proportionate to the depreciation on PPE for the year.

Assets created out of capital grants are included in PPE and a corresponding deferred income liability is created for such capital grants received. Deferred income is released to statement of profit and loss account under other income in proportionate to the depreciation on PPE for the year. (refer note 21 for grants and consumer contributed assets)

Refer table below for the amounts included in above PPE by way of capitalisation of assets by way of consumer contribution/grants/deposit contribution works.

Particulars	31-Mar-21	31-Mar-20
Rs. in Lakhs		
Opening Balance	1,14,922.25	98,781.58
Add: For the year	8,047.18	16,140.67
Closing Balance	1,22,969.43	1,14,922.25

Assets created out of Consumer Contribution/grants / Deposit Contribution Works vests with Company. Accumulated Depreciation attributable for these assets is not ascertainable and hence the release of deferred income to statement of profit and loss account is made on basis of proportionate of depreciation of overall PPE.

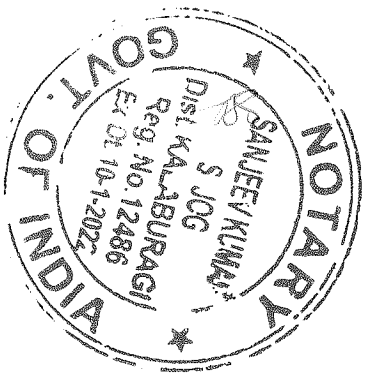
**c) Revaluation of land**

The revalued land and buildings consist of lands owned by company in India. The management determined that these constitute one class of asset under Ind AS 16, based on the nature, characteristics and risks of the property.

Fair value of the properties was determined by using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition the specific property. As at the date of revaluation April 01, 2016, the properties' fair values are based on valuations performed by M/s Vaidhyan Associates an accredited independent valuer who has relevant valuation experience for similar properties in India for the last five years. Further as on March 31, 2021, the valuation is performed by M/s Vaidhyan Associates and corresponding net increase in the revaluation has been accounted for as revaluation reserve of PPE in other equity. The revaluation surplus has been routed through other comprehensive income net of taxes. The independent valuers have arrived at the fair values/values of those lands considering the rates fixed by the respective State Government, the municipal limits where the respective lands are situated, considering the proximity/connectivity to the town/cities and availability of similar kind of properties as duly assessed in the active markets.



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Fair value hierarchy disclosures for revealed land have been provided in Note 45.

GILBARCA ELECTRICITY SUPPLY COMPANY LIMITED  
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Registered office at Station Road, Gulbarga, Karnataka - 585 102

**Significant unobservable valuation inputs:**

**Range**

Significant increases/ (decreases) in estimated price per square metre in isolation would result in a significantly higher/ (lower) fair value.

**Information of valuation model:**

	Rs. in Lakhs
Opening balance as at 1 April 2016	662.13
Level 3 re-measurement recognised in asset revaluation reserves (01 April 2016) (Note 50)	91,437.14
Purchases	209.94
Balance as at 31 March 2017	92,309.21
Purchases	169.48
Balance as at 31 March 2018	92,478.69
Purchases	(2,736.49)
Deletion*	89,742.20
Balance as at 31 March 2019	(297.03)
Reclassifications #	89,445.17
Balance as at 31 March 2020	6,967.25
Level 3 re-measurement recognised in asset revaluation reserves (31 March 2021) (Note 50)	96,412.42
Purchases	-
Deletion*	-
Balance as at 31 March 2021	-

\* The deletion includes, the revaluation amount for which clear title decision exist with the company and hence the same has been reversed

**#Reclassification includes:**

Right of Use asset pertaining to Lease hold land amounting to Rs. 223.09 Lakhs which has been recognised as separate asset as per the requirement of Ind AS 116  
Rs. 49.45 Lakhs pertaining to amount returned for cancellation of the lease agreement  
Rs. 24.49 Lakhs pertaining to amount paid in advance for lease agreement to be entered and accordingly, the same has been reclassified to Deposits.

If land and rights were measured using the cost model. The carrying amounts would be as follows:

	31-Mar-21	31-Mar-20
Net book value		
Cost	744.52	1,041.55
Addition	0.00	-297.03
Net carrying amount	744.52	744.52

d) The title deeds of some of the properties transferred to the Company from KPTCL are being obtained/ built up.

e) In respect of assets shared with KPTCL, the ownership and title vests with KPTCL, and as such, they are not reflected in the books of accounts of the Company. But the share of maintenance expenditure in respect of such assets is charged to Profit & Loss account.

f) Management has determined that there are no significant parts of assets whose useful life is different from that of the principal asset to which it relates to in terms of Note 4 Schedule II to the Companies Act, 2013. Accordingly, useful life of assets have been determined for the overall asset and not for its individual components.

g) Carrying amount of property, plant equipment pledged as security for borrowings is Rs. 33,000.00 Lakhs



*M. Suresh*  
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Corporate Office,  
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GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED  
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Registered office at Station Road, Gulbarga, Karnataka - 585 102  
NOTES TO FINANCIAL STATEMENTS

Particulars	Rs. In Lakhs	
	As at March 31, 2021	As at March 31, 2020
4 Capital Work In Progress:		
a) Capital work in progress - PPE	21,049.82	34,014.68
b) Capital Advances	19,687.49	25,966.35
	<u>40,737.31</u>	<u>59,981.03</u>

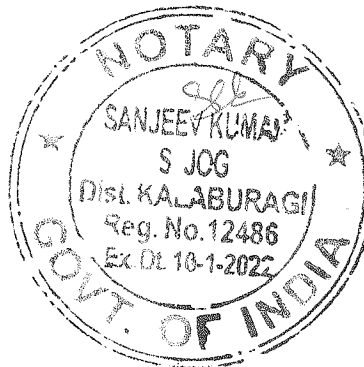
Refer note 3(a) for interest cost capitalised.

Capital work in progress as at year end comprises expenditure for the plant and machinery in the course of construction.

5 Intangible Assets under development:

a) Computer Software	-	-
	<u>-</u>	<u>-</u>

  
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**GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED**

(CIN NO. - U04010KA2002SGC030436)

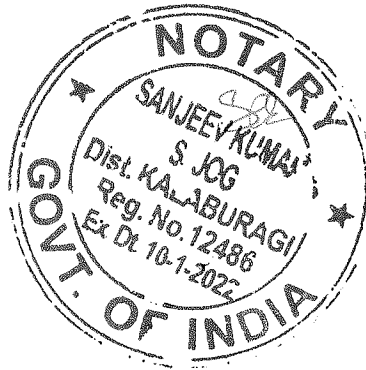
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**NOTES TO FINANCIAL STATEMENTS****6 Financial Assets****i) Non current investments:**

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
<b>a) Investments in equity Instruments:</b>		
1) Unquoted equity shares (fully paid) (other than traded)		
Invested in M/s Power	1.00	1.00
Company of Karnataka Limited (98 Shares - Rs. 1000/Share)		
<b>Total</b>	<b>1.00</b>	<b>1.00</b>
Investment in equity instrument shown above is not fair valued as on reporting dates. Accordingly the investment values are carried at cost.		
<b>ii) Non Current Loans</b>		
Particulars	As at March 31, 2021	As at March 31, 2020
(a) Security deposits (unsecured, considered good)	2,249.88	2,264.80
<b>Total</b>	<b>2,249.88</b>	<b>2,264.80</b>
<b>Breakup of security details</b>		
Particulars	As at March 31, 2021	As at March 31, 2020
- Loans considered good- Secured		
- Loans considered good- Unsecured	2,249.88	2,264.80
- Loans which have significant increase in credit risk	-	-
- Loans - credit impaired	-	-
<b>Total</b>	<b>2,249.88</b>	<b>2,264.80</b>
<b>Total Non Current Financial assets</b>	<b>2,250.88</b>	<b>2,265.80</b>

*[Signature]*  
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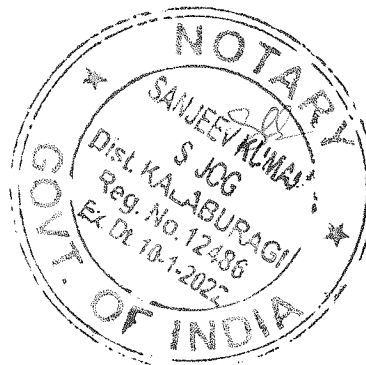




**GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED**  
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**NOTES TO FINANCIAL STATEMENTS**

Particulars	As at March 31, 2021	As at March 31, 2020
	₹ in Lakhs	₹ in Lakhs
<b>7 Deferred tax Assets (Net):</b>		
a) Deferred tax liability:		
i) On account of depreciation on fixed assets (other than land)	49,020.68	46,349.71
ii) On account of revaluation of land	22,018.06	20,239.15
ii) On account of fair valuation of investments	-	-
Total	<u>71,038.74</u>	<u>66,588.86</u>
b) Deferred tax asset:		
i) On account of depreciation on fixed assets (other than land)	-	-
ii) FBF	258.22	176.22
iii) Leave balance	3,100.66	2,901.51
iv) Bonus/Commission to employees	2.80	7.46
v) Government grant	16,653.64	16,218.74
vi) Consumer contributed asset	17,694.01	17,195.97
vii) Provision for doubtful debts	17,884.42	15,440.92
Total	<u>55,593.75</u>	<u>51,940.82</u>
Net Deferred tax (liability)/asset	<u>(15,444.99)</u>	<u>(14,648.04)</u>
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020		
	Year ended March 31, 2021	Rs. in Lakhs Year ended March 31, 2020
Accounting profit before tax	(1,17,930.32)	(1,03,816.67)
Accounting profit before income tax	<u>(1,17,930.32)</u>	<u>(1,03,816.67)</u>
Deferred tax credit to statement of profit and loss at 31.20%	(36,794.26)	(32,390.80)
Adjustments in respect of current income tax of previous years		
Disallowances under section 37	18.97	81.75
Deferred tax asset not recognised on following items on virtual certainty basis:		
Unabsorbed Depreciation	(9,587.53)	(8,407.71)
Business Loss	(28,545.95)	(24,042.49)
Impact of previous year adjustments	-	4,877.90
Deferred tax income recognised in statement of profit and loss	(939.46)	(4,588.95)
Others	2,259.71	(311.30)
Total	<u>(36,794.26)</u>	<u>(32,390.80)</u>
Difference	-	-
<b>8 Other non current assets:</b>		
(unsecured and considered good)		
a) Advance payment of tax (net)	444.95	87.54
Total	<u>444.95</u>	<u>87.54</u>

*[Signature]*  
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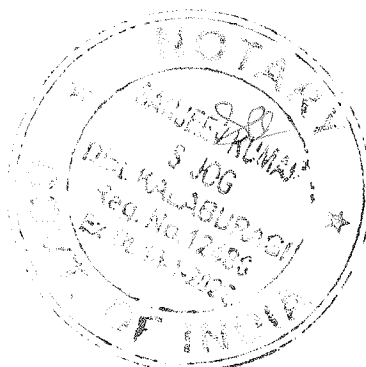
**GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED**  
(CIN NO. - U04010KA2002SGC030436)  
Registered office at Station Road, Gulbarga, Karnataka - 585 102  
**NOTES TO FINANCIAL STATEMENTS**

Particulars	As at March 31, 2021	As at March 31, 2020
	Rs. In Lakhs	Rs. In Lakhs
<b>9 Inventories:</b>		
Stocks, spares and loose tools		
a) Materials lying at Stores	9,754.92	10,765.75
b) Materials with Contractors	61.38	70.93
c) Materials with Employees	584.59	340.91
d) Obsolete/ Scrapped Assets	224.25	220.91
e) WDV of Faulty/Dismantled Assets	6,009.40	5,286.01
	<b>16,634.54</b>	<b>16,684.51</b>
<b>10 Unbilled Revenue:</b>		
Unbilled Revenue	29,489.00	27,370.62
	<b>29,489.00</b>	<b>27,370.62</b>
The break up of the unbilled revenue is given below:		
	As at March 31, 2021	As at March 31, 2020
Opening Balance	27,370.62	25,800.28
Add: Provision for unbilled revenue during the year	29,489.00	27,370.62
Less: Provision for unbilled revenue reversed during the year	27,370.62	25,800.28
Closing Balance	29,489.00	27,370.62
<b>11 Trade receivables:</b>		
a) Trade receivables	2,17,099.75	1,84,233.28
b) Receivables from related parties		
	<b>2,17,099.75</b>	<b>1,84,233.28</b>
<b>Total</b>	<b>2,17,099.75</b>	<b>1,84,233.27</b>
Break-up for security details:		
- Trade receivables considered good- Secured	70,268.01	64,711.20
- Trade receivables considered good- Unsecured (including doubtful)	1,46,831.74	1,19,522.07
- Trade receivables which have significant increase in credit risk		
- Trade receivables- credit impaired		
<b>Total</b>	<b>2,17,099.75</b>	<b>1,84,233.27</b>
Loss allowance (\$)	57,321.85	49,490.12
<b>Total Trade receivables</b>	<b>1,59,777.90</b>	<b>1,34,743.15</b>

(\$)

An amount of Rs. 99.37 Crores is transferred by GoK in the Opening Balance of the Company, as provision towards Bad & doubtful consumer receivables. In accordance with the clause (b) of the Government of Karnataka order No DE 48 PSR 2003 dated 31.05.2003, the same is not to be adjusted against any consumer categories at the Sub Divisions of the ESCOMs. The provision towards Doubtful dues from Consumers amounting to Rs. 573.21 crores is inclusive of the aforesaid provision. Besides the above, 100% provision is made on case to case basis under HT installations category which works out Rs. 41.80 Crs and 10% provision is created on IP set Dues outstanding for more than 2 years which works out to Rs.400.67 Crores. On the Balance Debtors, 4% provision is made.

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**GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED**  
( CIN NO. - U04010KA2002SGC030436 )  
Registered office at Station Road, Gulbarga, Karnataka - 585 102  
**NOTES TO FINANCIAL STATEMENTS**

Particulars	As at March 31, 2021	As at March 31, 2020
	Rs. In Lakhs	Rs. In Lakhs
<b>12 Cash and bank balances</b>		
<b>Cash and cash equivalents:</b>		
Balance with Banks		
Current accounts	2,819.55	8,876.23
Deposits with original maturity of less than three months	-	-
Cash on hand	383.65	69.13
Cheques in hand	522.78	-
Cheques and Funds in Transit	0.11	0.11
Stamps on Hand	2.08	1.33
<b>Total cash and cash equivalents</b>	<b>3,728.18</b>	<b>8,946.80</b>
<b>Other bank balances</b>		
Deposits with remaining maturity for less than 12 months	3,443.08	2,890.34
Balances with banks to the extent held as margin money** or security against the borrowings, guarantees, other commitments#)	3,267.86	1,453.05
<b>Total other bank balances</b>	<b>6,710.94</b>	<b>4,343.39</b>
<b>Total cash and bank balances</b>	<b>10,439.12</b>	<b>13,290.19</b>

\* Cash & Bank Balance includes a. Unrecouped Vouchers : Rs. 1.63 lacs & b. Suspense : Rs. 98.55 lakhs (some of the suspense vouchers are not charged off within 3 months from the Balance Sheet date.)

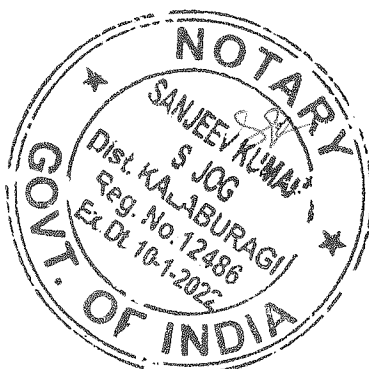
\*\* Margin money are given as against LC's obtained from Banks in favour of Power Generators as per the terms of PPA.

# other commitments includes the fixed deposits kept by the Company for the grants unutilised being released by government on dated 10 Dec 2015.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with Banks		
Current accounts	2,819.55	8,876.23
Deposits with original maturity of less than three months	-	-
Cash on hand	383.65	69.13
Cheques and Funds in Transit	0.11	0.11
Stamps on Hand	2.08	1.33
	<b>3,205.39</b>	<b>8,946.80</b>

*[Signature]*  
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NOTES TO FINANCIAL STATEMENTS

Particulars	As at March 31, 2021	As at March 31, 2020
	Rs. In Lakhs	Rs. In Lakhs
<b>13 Other Financial Assets:</b>		
a) Receivable from entities under common control ( KPTCL/ESCOMS/PCKL)	1,26,245.40	1,12,088.06
b) Receivable from Power Generators	2,636.54	2,954.22
c) Receivable from Pension/Gratuity Trust	917.44	958.03
d) Receivable from beneficiaries of Solar Lantern	166.75	200.13
e) Income accrued and not due	123.63	281.76
f) Rural Electrification Subsidy	3,050.88	3,050.88
g) Tariff Subsidy	1,17,610.38	1,01,612.61
h) RDPR Dues	-	-
i) Receivable from GoK - MSME Demand/Fixed Charges waived off During Covid -19	809.08	-
<b>Total</b>	<b>2,51,560.11</b>	<b>2,21,145.69</b>
Break-up for security details:		
- other financial assets considered good- Secured	-	-
- other financial assets considered good- Unsecured (including doubtful)	2,51,560.11	2,21,145.69
- other financial assets which have significant increase in credit risk	-	-
- other financial assets credit impaired	-	-
<b>Total</b>	<b>2,51,560.11</b>	<b>2,21,145.69</b>
Loss allowance	-	-
<b>Total other financial asset</b>	<b>2,51,560.11</b>	<b>2,21,145.69</b>
<b>Total current financial assets</b>	<b>4,51,266.12</b>	<b>3,96,549.66</b>

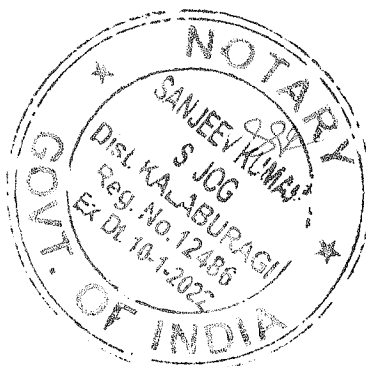
Break up of financial assets carried at amortised cost

Particulars	As at March 31, 2021	As at March 31, 2020
Loans (note 6(ii))	2,249.88	2,264.80
Unbilled revenue (note 10)	29,489.00	27,370.62
Trade receivables (note 11)	1,59,777.90	1,34,743.15
Cash and Cash equivalents (note 12)	3,728.18	8,946.80
Other bank balances (note 12)	6,710.94	4,343.39
Other financial assets (note 13)	2,51,560.11	2,21,145.69
<b>Total financial assets carried at amortised cost</b>	<b>4,53,516.00</b>	<b>3,98,814.45</b>

14 Other Current Assets:

a) Prepaid Expenses	6.47	14.15
b) Advance to employees	286.57	217.23
c) Claims for loss/Damage to Capital Assets	10.75	10.84
<b>Total</b>	<b>303.79</b>	<b>242.22</b>

  
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**GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED**  
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**NOTES TO FINANCIAL STATEMENTS**

Particulars	As at March 31, 2021	As at March 31, 2020
	Rs. In Lakhs	Rs. In Lakhs
<b>15 Regulatory Deferral Accounts:</b>		
Regulatory Deferral Account - debit balances and related deferred tax		
Regulatory Assets	26,643.14	77,049.27
<b>Regulatory Deferral Account</b>	<b>26,643.14</b>	<b>77,049.27</b>

**Rate Regulated Activities:**

- (i) As per the Ind AS-114 'Regulatory Deferral Accounts' the business of electricity distribution is a Rate Regulated activity wherein the regulators determine Tariff to be charged from consumers based on prevailing regulations in place.

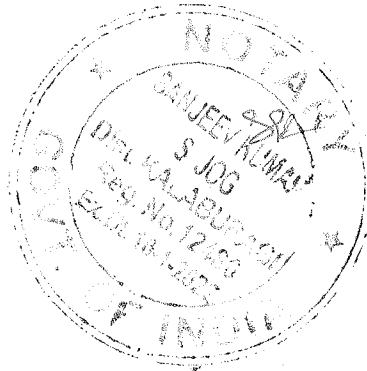
The Multi Year Tariff (MYT) Regulations issued by Karnataka Electricity Regulatory Commission ("KERC") is applicable to the Company's distribution business. According to these regulations, the regulators shall determine tariff in a manner in which the Company can recover its fixed and variable costs including assured rate on return approved equity base, from its consumers. The Company determines the Revenue, Regulatory Assets and Liabilities as per the terms and conditions specified in respective MYT Regulations.

- (ii) Reconciliation of Regulatory Assets/Liabilities of distribution business as per Rate Regulated Activities as on March 31, 2021, and March 31, 2020 is as follows

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Regulatory Assets (net)	77,049.27	1,13,883.82
<b>Regulatory Income/(Expenses) during the year:</b>		
(i) Power Purchase Cost	17,843.00	8,800.15
(ii) Reversal of earlier years income recognised	(68,249.12)	(45,634.70)
<b>Closing Regulatory Assets (net)</b>	<b>26,643.15</b>	<b>77,049.27</b>

- (iii) Company offers the movement in regulatory deferral accounts to income tax as and when the same is accounted in books of accounts. Accordingly, Company has not recognised any deferred tax on regulatory deferral accounts as the accounting does not differ in the books of accounts and tax.

*[Signature]*  
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**NOTES TO FINANCIAL STATEMENTS**

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number (Lakhs)	Rs. In Lakhs	Number (Lakhs)	Rs. In Lakhs
<b>16 Share capital:</b>				
Authorized:				
Equity shares of ₹ 10/- each	20,000.00	2,00,000.00	20,000.00	2,00,000.00
	<b>20,000.00</b>	<b>2,00,000.00</b>	<b>20,000.00</b>	<b>2,00,000.00</b>
Issued, subscribed and fully paid up:				
Equity shares of ₹ 10/- each				
At the beginning of the year	11,149.56	1,11,495.61	11,149.56	1,11,495.61
Issued during the year				
- by way of issue of fully paid up equity shares	3,948.40	39,484.00		
At the close of the year	<b>15,097.96</b>	<b>1,50,979.61</b>	<b>11,149.56</b>	<b>1,11,495.61</b>
Total carried to Balance Sheet		<b>1,50,979.61</b>		<b>1,11,495.61</b>

**Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the equity shares held by the shareholder.

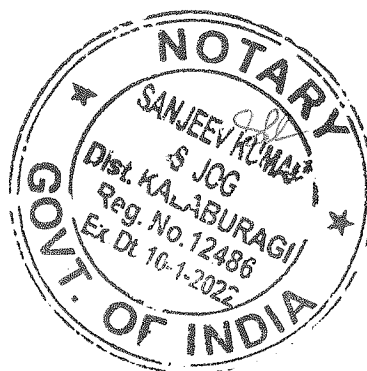
**a Particulars of equity share holders holding more than 5% of the total number of equity share capital:**

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Percentage	Number	Percentage
(i) Government of Karnataka	15,097.96	99.99%	11,149.56	99.99%

**b Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

Particulars	Year ended	
	31 March 2021	31 March 2020
i) Equity shares allotted as fully paid bonus shares by capitalization of securities premium or capital redemption reserve	Nil	Nil

*[Signature]*  
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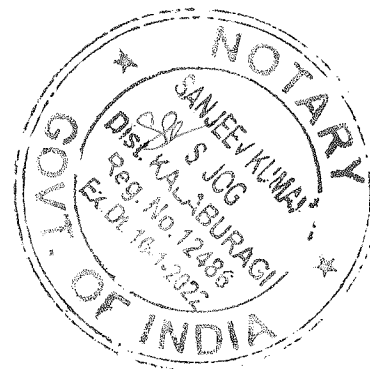


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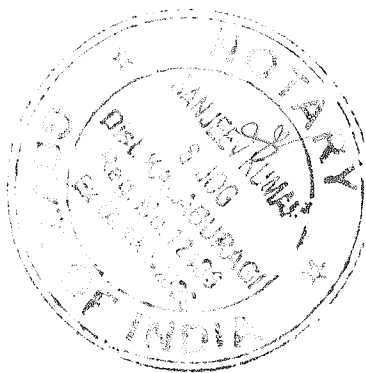
**Note 17: Other Equity**

<b>a) Share Application Money Pending Allotment</b>	<b>Rs In Lakhs</b>
At 31 March 2019	20,172.00
Add: Share application money received	19,312.00
Add/(less): Adjustment *	18.75
Less: Allotment of shares	
At 31 March 2020	39,502.75
Add: Share application money received	11,223.53
Add/(less): Adjustment *	-
Less: Allotment of shares	(39,484.00)
At 31 March 2021	11,242.28
* Refer note 22 for adjustments made	
<b>b) Equity Component of Interest free loan from Shareholders</b>	<b>Rs In Lakhs</b>
At 31 March 2019	-
Increase/ (decrease) during the year	-
At 31 March 2020	-
Increase/ (decrease) during the year	31,075.05
At 31 March 2021	31,075.05
This note covers the equity component of Interest free loan from Government of Karnataka a Shareholder. The liability component is reflected in borrowings. (Refer note 18)	
<b>c) Reserve for Material Cost variance</b>	<b>Rs In Lakhs</b>
At 31 March 2019	5,138.72
Add: Addition during the year	(643.50)
Less: Reversal of Depreciation/ withdrawal during the year	-
At 31 March 2020	4,495.22
Add: Addition during the year	(218.14)
Less: Reversal of Depreciation/ withdrawal during the year	-
At 31 March 2021	4,277.08

*[Signature]*  
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d)	<b>Retained Earnings</b>	<b>Rs In Lakhs</b>
	<b>At 31 March 2019</b>	<b>(1,00,244.04)</b>
	Less: Loss for the year	(99,227.72)
	Less: Other comprehensive income for the year	(18.89)
	Less: Amortisation on Right of Use Asset till March 31, 2019	(12.01)
	<b>At 31 March 2020</b>	<b>(1,99,502.66)</b>
	Less: Loss for the year	(1,16,990.86)
	Less: Other comprehensive income for the year	(93.70)
	<b>At 31 March 2021</b>	<b>(3,16,587.22)</b>
e)	<b>Revaluation reserve on PPE</b>	<b>Rs In Lakhs</b>
	<b>At 31 March 2019</b>	<b>67,931.77</b>
	Add: Revaluation of PPE	-
	Less: Reversal of revaluation reserve	-
	Add: Other comprehensive income for the year	487.78
	<b>At 31 March 2020</b>	<b>68,419.55</b>
	Add: Revaluation surplus of PPE	5,183.76
	Less: Reversal of revaluation reserve	-
	Less: Other comprehensive income for the year	-
	<b>At 31 March 2021</b>	<b>73,603.31</b>
	<b>Total other equity</b>	<b>(1,96,389.50)</b>



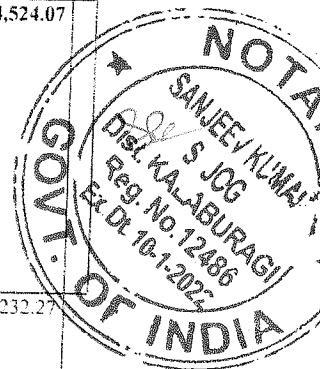


**GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED**  
( CIN NO. - U04010KA2002SGC030436 )  
Registered office at Station Road, Gulbarga, Karnataka - 585 102  
**NOTES TO FINANCIAL STATEMENTS**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non- Current Liabilities</b>		
<b>18 Borrowings:</b>		
<b>I) Secured loans:</b>		
a. Loan from banks	1,69,999.26	1,458.33
b. Loan from Others	91,392.44	1,09,547.79
Less: Current maturities on loan from others	15,224.40	20,171.26
	<u>2,46,167.30</u>	<u>90,834.86</u>
<b>II) Unsecured loans:</b>		
a. Loan from banks		
b. Loan from Others	74,621.62	1,00,411.70
Less: Current maturities on loan from others	125.64	125.64
	<u>74,495.98</u>	<u>1,00,286.06</u>
<b>Total Borrowings</b>	<u>3,20,663.28</u>	<u>1,91,120.92</u>

**Additional information:**  
**Secured Loans:**

Sl no	Particulars	31-03-2021	31-03-2020
<b>Term Loans from Others</b>			
1	Loans from Rural Electrification Corporation Limited, New Delhi. - APDRP Counter part funding (Secured by Hypothecation of all existing unencumbered moveable properties including machinery, equipments, machinery spares, tools, implements, and accessories installed / created / erected and all future moveable including machinery, equipments, machinery spares, tools, implements, and accessories installed / created / erected in future and its stock of materials equipments bought or to be bought out of the loan amount. The Tenure of the loan is 13 years with 3 years moratorium, repayable in 10 equal annual installments. Repayment starting from 2009. Interest rate is 8.00% )	39.14	78.29
2	<b>PEC - RAPDRP</b> Part A -The tenure of loan originally was 10 years from the date of disbursement including moratorium period of 3 years for both Principal and interest. Interest to be paid as notified by Ministry of Finance from time to time. Secured by way of hypothecation on the newly financed assets under the project as securities for loan. The Tenure of the loan is modified as 10 years with 5 years moratorium repayable in equal annual installments. (i.e. Moratorium period extended by two years). Interest rate is 11.50%. Part B- The Tenure of the loan is 20 years with 5 years moratorium. Repayable in equal annual installments starting from 2016. Interest rate is 11.50%.)	4,313.15	4,524.07
3	<b>Loan from Rural Electrification Corporation</b> REC-Rural Load Management System - Rs. 36.84 Crores - The Tenure of the loan is 13 years with 3 years moratorium, repayable in 10 equal annual installments. Starting from 2011. Interest rate is 10.90%. REC-NJY (Phase-I) Rs.108.19 Crores - The Tenure of the loan is 13 years with 3 years moratorium. Repayable in 10 equal annual installments. Repayment starting from 2016. Interest rate is 11.00%.	67,157.89	73,232.27



*Signature*  
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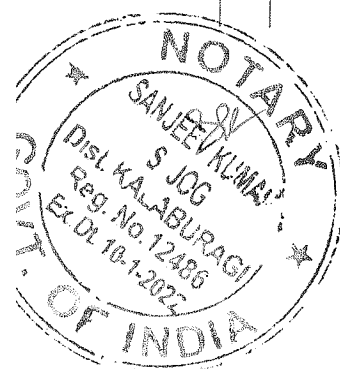
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**GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED**  
( CIN NO. - U04010KA2002SGC030436 )  
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**NOTES TO FINANCIAL STATEMENTS**

Rs. In Lakhs

Particulars		As at March 31, 2021	As at March 31, 2020
c	REC-Reconductoring - Rs. 139.87 Crores - The Tenure of the loan is 13 years with 3 years moratorium. Repayable in 10 equal annual installments. Repayment starting from 2010. Interest rate varying from 9.75% to 10.90%.		
d	REC-DTC Metering - Rs. 128.04 Crores - The Tenure of the loan is 13 years with 3 years moratorium. Repayable in 10 equal annual installments. Repayment starting from 2014. Interest rate is 12.50%.		
e	REC- RGGVY - Rs. 12.72 Crores - The tenure of the Loan is 15 years with 5 years moratorium. Repayable in 10 equal annual installment. Interest rate is varying from 10% to 12.5%.		
f	REC-DDUGJY - Rs. 198.73 Crores - The Tenure of the loan is 13 years with 3 years moratorium. Repayable in 10 equal annual installments. Repayment starting from 2023. Interest rate is 9.75% to 10.50 % p.a.)		
g	REC-IPDS - Rs. 73.37 Crores - The Tenure of the loan is 13 years with 3 years moratorium. Repayable in 10 equal annual installments. Repayment starting from 2023. Interest rate is 10.50 % p.a.)		
h	REC-Saubhagya - Rs. 47.55 Crores - The Tenure of the loan is 13 years with 3 years moratorium. Repayable in 10 equal annual installments. Repayment starting from 2023. Interest rate is 11.00 % p.a.)		
4	<b>Loans from Power Finance Corporation</b> (Secured by hypothecation of Assets created under the project - Nirantara Jyoti. The Tenure of the loan is 12 years repayable in 48 equal quarterly installments starting from 2010. Interest rate 11.75)	45.06	75.10
5	<b>Loans from Power Finance Corporation</b> (Secured by hypothecation of Assets created under the project - DTC Metering. The Tenure of the loan is 5 years repayable in 20 equal quarterly installments starting from 2009. Interest rate is 10.90%)	-	624.85
6	<b>Loan from Rural Electrification Corporation - PSI</b> (Secured by hypothecation of Assets installed in Sub Stations constructed under the project. The Tenure of the loan is 13 years with 3 years moratorium. Repayable in 10 equal annual installments starting from 2010. Rate of Interest is varying from 8.25% to 10.90%)	7,013.00	7,841.06
7	<b>Loans from Power Finance Corporation</b> (Secured by hypothecation of Movable Assets comprising 2 x 5 MVA, 33/11 KV Sub Stations and associated lines. The Tenure of the loan is 12 years repayable in 48 equal quarterly installments starting from 2004 & 2007. Interest rate varying from 8.00% to 11%)	3,240.87	3,588.82
	<b>Medium Term Loans from Rural Electrification Corporation</b> The payment of interest and repayment of principal would be secured by way of charge on materials/assets together with ESCROW cover as acceptable to REC for the loan. The Loan would be for a period of 36 months, repayable in 36 monthly instalments of principal along with the interest from the date of first disbursement without any moratorium period, the applicable Rate of interest is 11.25% (on monthly rest)	9,583.33	19,583.33
8	<b>Loans from Commercial Banks</b> <b>a) Syndicate Bank</b> (Secured by 1st pari passu charge by way of hypothecation of receivables of company along with other working capital lenders.. The Tenure of the loan is three years repayable in 36 equal quarterly installments starting from Jan 2017 with an Interest rate of one year MCLR +0.50% pa i.e 10.95% pa)		1,458.33



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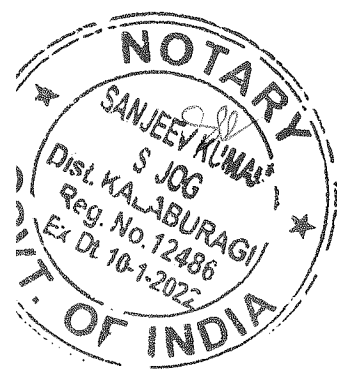
**GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED**  
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**NOTES TO FINANCIAL STATEMENTS**

Particulars		Rs. In Lakhs	
		As at March 31, 2021	As at March 31, 2020
<b>b) Bank Of India</b> (Secured by State Govt. Guarantee. The tenure of the loan is ten years with three years moratorium. Repayable in 84 monthly installments commencing from 37th month from the date of first disbursement. Rate of Interest at one year MCLR prevailing on the date of first disbursement presently 7.35% p.a.)	99,999.65		
<b>c) Punjab National Bank</b> (Secured by State Govt. Guarantee. The tenure of the loan is ten years with three years moratorium. Repayable in 7 annual equal installments commencing from end of 4th year from the date of disbursement. Rate of Interest at one year MCLR+0.20% pa prevailing presently 7.55% p.a.)	49,999.61		
<b>d) State Bank of India</b> (Secured by State Govt. Guarantee. The tenure of the loan is ten years with three years moratorium. Repayable in 84 monthly installments commencing from 37th month from the date of first disbursement. Rate of Interest at 0.70% above 6 month MCLR (Present MCLR is 6.95% p.a. for year) applicable rate of Interest is 7.65% p.a.)	20,000.00		
<b>Sub-Total</b>	<b>2,61,391.70</b>	<b>1,11,006.12</b>	
<b>C Less : Current Maturities :</b>	<b>15,224.40</b>	<b>20,171.26</b>	
<b>Total</b>	<b>2,46,167.30</b>	<b>90,834.86</b>	

**Unsecured Loans:**

Sl no	Particulars	31-03-2021	31-03-2020
1	<b>Loans from Government - PMGY</b> (The tenure of the loan is 20 years with 5 years moratorium, principal being repayable in equal Annual Installments, repayment starting from 1st Sep 2010 and ending during Sep 2024. The rate of Interest is 12%.)	143.79	198.30
2	<b>Loans from Government - APDRP</b> (The tenure of the loan is 13 years with 3 years moratorium, principal being repayable in 10 equal Annual Installments, repayment starting from 2009 and ending during 2018. The rate of Interest is 8%.)	142.27	213.40
3	<b>Liability component of compound financial instrument Interest free Loan from Govt of Karnataka</b> (The tenure of the loan is 7 years with 2 years of moratorium and principal shall be repaid over 5 years after 2 years moratorium)	74,335.56	1,00,000.00
	<b>Sub-Total</b>	<b>74,621.62</b>	<b>1,00,411.70</b>
	<b>Less : Current Maturities :</b>	<b>125.64</b>	<b>125.64</b>
	<b>Total</b>	<b>74,495.98</b>	<b>1,00,286.06</b>

- a The carrying amounts of property, plant and equipment pledged as security for borrowings are disclosed in note 3.
- b In respect of loan availed from Power Finance Corporation (RAPDRP A –Originally disbursed amount Rs.3604 lakhs), the said loan was under the scheme of conversion in to grant. As per the balance confirmation letter from PFC, an amount of Rs.1073.92 lacs is outstanding as on 31st March 2021 towards accrued interest as at the end of the year and there is no corresponding provision in the books of Company. The company has sought clarification based on the minutes of the meeting of Ministry of Power approving the conversion of the loan in to grant. The Company is awaiting the official communication from PFC for effecting the conversion of loan to grant in the books of account and accordingly no provision is made for Rs. 1073.92 lacs.
- c The Company does not have any continuing defaults in repayment of loans and interest during the year and as at the reporting date.



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**NOTES TO FINANCIAL STATEMENTS**

Particulars	As at March 31, 2021 ₹ in Lakhs	As at March 31, 2020 ₹ in Lakhs
<b>Non - Current Liabilities</b>		
<b>19 Other non current financial Liabilities:</b>		
a) Security Deposit from Consumers	59,947.46	56,374.44
b) Provision made by GOK towards consumers*	-	-
c) BRP II Adjustment given by GOK i.r.o SMIORE	1,293.06	1,293.07
d) Other Payables to GoK*	-	-
	<b>61,240.52</b>	<b>57,667.51</b>

Company pays interest at bank rate at the beginning of the year on security deposit from consumers. (Rate of interest 31 March 2021- 4.65%; 31 March 2020- 6.5%)

\* Refer note 22 for adjustments made

**20 Provisions: (non Current)**

a) Provision for Family Benefit Fund	779.67	651.63
b) Provision for Leave Encashment	12,293.03	8,944.73
	<b>13,072.70</b>	<b>9,596.36</b>

The liability for compensated absences cover the Company's liability for earned leaves.

Also refer note 39 for detailed disclosure of family benefit fund and leave encashment.

**21 Deferred revenue**

(i) Consumer Contribution towards cost of Capital Asset		Rs. In Lakhs
Opening balance	55,115.29	52,602.71
Received during the year	5,386.28	5,962.58
Released to the statement of profit and loss	(3,790.00)	(3,450.00)
Closing balance	56,711.57	55,115.29
(ii) Government grants towards cost of capital assets		
Opening balance	51,983.16	42,731.26
Received during the year	2,660.90	10,178.10
Released to the statement of profit and loss	(1,267.00)	(926.20)
Closing balance	53,377.06	51,983.16
<b>Total Deferred income</b>	<b>1,10,088.63</b>	<b>1,07,098.45</b>

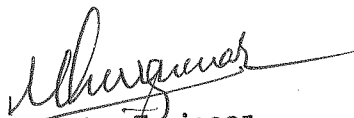
Current liability

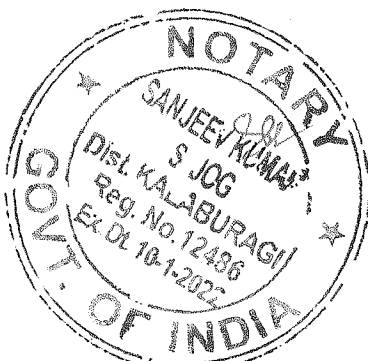
Non Current liability

1,10,088.63

1,07,098.45

Above grants includes Rs. 2,205.00 lakhs being released by government on dated 10 Dec 2015 and are remaining unutilised till date.

  
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