GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED

Annual Accounts

FY 2022-23

(CIN NO. - U04010KA2002SGC030436)

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GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 21st Annual Report on the operations and performance of your Company together with audited financial statements for the financial year ended March 31, 2023.

The Company was incorporated under Companies Act, 1956 and commenced its business activities from June 01, 2002.

The Company has successfully completed Twenty-One year in distribution of electricity. Your Company is vested with a responsibility to cater to the needs of electricity of the public in 7 districts of Karnataka namely Kalaburagi, Bidar, Yadgir, Raichur, Koppal, Bellari and Vijayanagar.

During the year under review, the Company took various initiatives for rendering better services in line with Government's objectives and policies.

The company aims at providing a quality service in distribution of electricity to its consumers by strengthening the network system with an improved information technology. The Company has already made a phenomenal growth in this aspect and looks for future with better positive prospect.

This report highlights the performance of the Company in various parameters including financial performance and operational performance. The same is enumerated in the following paragraphs:

A. FINANCIAL PERFORMANCE

Pursuant to the mandatory requirement for adoption of Indian Accounting Standards (Ind AS), as notified by the Ministry of Corporate Affairs (MCA), The Financial Statements of GESCOM for the year ending 31st March 2023 are compiled in accordance with Rules made under sub-section (1) of Section 69 of the Electricity (Supply) Act 1948 (54 of 1948), the Electricity (Supply) Annual Accounting Rules 1985, the provisions of Companies Act, 2013 and The Companies (Indian Accounting Standard) Rules 2015 for application of the Ind AS. The financial statements for FY 22-23 are prepared in accordance with the provisions of Ind-AS to the extent they are not inconsistent with ESAAR and in such cases ESAAR regulations are followed for accounting and disclosures.

Statement of Profit and Loss:

(Rs. in Crores)

Particulars	**For the year ended 31.03.2023**	**For the year ended 31.03.2022**
i. Revenue from sale of power	7341.61	5851.02
ii. Other income	198.03	236.47
A. Total income (i+ii)	**7539.64**	**6087.49**
i. Purchase of Power	5785.50	4312.93
ii. Employees Benefits Expenses	878.23	717.11
iii. Finance Costs	554.61	418.29
iv. Depreciation	282.10	265.73
v. Other Expenses	295.54	255.46
B. Total Expenditure(i to v)	**7795.98**	**5969.52**
C. Operating Profit (A – B)	**-256.34**	**117.97**
D. Regulatory Deferral Income	-89.22	-177.22
E. Exceptional Items	0	0
F. Profit before tax (C+D+E)	**-345.56**	**-59.25**
G. Deferred Tax (Asset)	-49.34	-70.37
H. Profit after tax (F-G)	**-296.22**	**11.12**

B. OPERATIONAL PERFORMANCE

i. POWER PURCHASE:

Prior to 10.06.2005, KPTCL was purchasing power from various generating companies and supplied to ESCOMs. Consequent to enactment of the IE Act 2003, State Transmission Utilities were barred from carrying out power trading activities with effect from 10.06.2005. In order to facilitate for purchase of power on behalf of Distribution Companies (ESCOMs), the Government of Karnataka has established Power Company of Karnataka Limited (earlier it was called as State Power Procurement Coordination Centre). Further, the State Government issued guidelines to the ESCOMs to make necessary arrangements to purchase power directly from the generating Companies and the Power Purchase Agreements already entered into by the KPTCL has been assigned to ESCOMs with effect from 10.06.2005. Subsequently, GESCOM has executed the power purchase agreements with RE generators as per GoK allocation from time to time to meet its demand/requirement of energy. In order to arrange timely payments to the Generating Companies, the Government of Karnataka issued directions for FY 2022-23 indicating the % share of allocation to GESCOM is as follows:

Source	GESCOM % of share for FY 2022-23 as per GoK order Dtd. 29-03-2022
CGS	12.2178%
KPCL-RTPS unit 8 & BTPS unit 1 to 3 & RPCL	10.9686%
RTPS unit 1to7	10.9686%
KPCL Hydel-Sharavathy	12.2177%
KPCL Hydel-other stations	12.2178%
NCE/RE	100.00%

During the year 2022-23, the Company has purchased 9896.34 MUs (including energy balance units) from various power producers viz., KPCL, RPCL, NTPC, NLC, NPCIL-MAPS, KAIGA & KKNPP, DVC, NCE/RE and Major IPPs etc. The total power purchases (Energy & Amount) after final reconciliation by SLDC & ESCOMs at the end of year are as follows:

Particulars	Energy in M.U.	Amount in Rs. Crs
Karnataka Power Corporation Ltd. (KPCL-Hydel, Thermal & Solar)	2926.06	1073.61
Raichur Power Corporation Ltd (RPCL-Thermal)	479.08	319.04
National Thermal Power Corporation Ltd (NTPC)	1876.26	1068.32
Neyveli Lignite Corporation Ltd (NLC Ltd)	544.95	251.94
NPCIL (MAPS, KAIGA &Kudankulam)	626.01	249.07
Damodar Valley Corporation (DVC)	373.51	192.68
Major IPP (UPCL)	155.10	304.52
NCE’s / RE	2667.47	1124.98
Medium Term-Co Gen	20.51	9.74
Jurala Hydro Electric /TBHE	32.29	8.09
Banked energy/Infirm power/SRPTV	151.99	14.07
Other Power Purchase Cost (UI & Energy Balance)	604.77	335.36

Transmission Charges (KPTCL & CTUIL/ PGCIL)	-	896.89
Prior period (PP cost)	-	234.52
PCKL Exp, SLDC exp & other charges	-	17.83
Purchase of Energy through IEX	68.11	54.64
Sale of Energy through IEX	-629.77	-369.80
Total	**9896.34**	**5785.50**
Total LPS amount accounted during FY 22-23 (included in finance cost note no. 35 of Financial Statements for FY 23).	-	233.80
Grand Total	-	**6019.29**

ii) CONSUMER BASE:

The Company was having 34.57 lakhs consumers at the beginning of the year, added 1,27,795 new consumers during the year. The number of consumers at the end of the year stood at 35.85 lakhs. The category wise break up is here under:

Tariff category	**No. of consumers as on 01.04.2022**	**No. of consumers added during the year 2022-23**	**No. of consumers as on 31.03.2023**
BhagyaJyothi/ KutirJyothi	5,97,675	0	5,97,675
Irrigation Pumpsets	4,20,882	13,403	4,34,285
Water Supply & Street Light	44,695	2,475	47,170
Domestic Lighting	19,58,591	87,343	20,45934
Commercial Lighting	3,13,306	14,464	3,27,770
Industrial (LT)	71,533	2,186	73,719
Temporary Supply	46,910	7,762	54,672
Water Supply (HT)	179	11	190
Lift Irrigation Schemes (HT)	451	8	459
Industrial (HT)	1,823	79	1,902
Commercial (HT)	454	25	479
Hospitals, Education (HT)	288	32	320
Residential Colonies & Temporary (HT)	117	7	124
Total	**34,56,904**	**1,27,795**	**35,84,699**

ii. SALE OF POWER:

a. Metered & Unmetered Sales:

The total sales under metered and un-metered categories are as under:-

	2022-23	2021-22
Metered Category Sales (in MUs)	4647.67	4058.42
Unmetered Category Sales (in MUs)	3792.84	3768.88
Total Sales (in MUs)	**8440.51**	**7827.30**

As could be seen from the above table, both the metered & unmetered category sales have increased during FY 23 as compared to FY 22.

b. Energy Sales Comparison with Previous Year

Category	Sales in MU		Increase/ Decrease over previous year	% Increase/ Decrease over previous year
	2022-23	2021-22		
LT - Others	2760.97	2485.17	275.80	11.10%
LT - IP Set & BJ/KJ	3792.84	3768.88	23.96	0.64%
HT	1886.69	1573.25	313.44	19.92%
Total	**8440.51**	**7827.30**	**613.21**	**7.83%**

From the details of the energy sales indicated in the above table, we can see that:

- Sales under LT Categories - Others has increased by 275.80 MU i.e., 11.10% over previous year.
- IP Set & BJ/KJ sales has decreased by 23.96 MU i.e., 0.64% as compared to previous year.
- Increase of 313.44 MU i.e., 19.92% over the previous year is seen under HT categories due to improvement in industrial activity and discounted energy rate scheme introduced by Hon’ble Commission.

c. Comparison of Actuals with KERC Approved Figures

Particulars	Energy Sales (in Mu)	Revenue (in Rs Cr)	Average Revenue Realisation (Rs / Unit)	Expenditure (Rs / Unit)	Average Cost of Supply (Rs / Unit)
As Approved by KERC	7921.91	6426.46	8.11	6426.46	8.11
As per audited Financials	8440.51	7161.68	8.48	7597.75	9.00
Increase as compared to KERC Approved Figures	**518.60**	**735.22**	**0.37**	**1172.20**	**0.89**

As could be seen from the above, Average Revenue Realization has increased by 37 ps to Rs.8.48 per unit and Average Cost of Supply has increased by 89 ps to Rs.9.00 per unit against the KERC Approved rate of Rs.8.11 per unit during FY 2022-23.

iii. REVENUE FROM SALE OF POWER:

a. Collection Efficiency: -

The demand raised during the period towards sale of power is Rs.7021.66 Crs. The category wise details of demand raised and the collection made out of it are as under:

Category of consumers	Demand raised	Collection made (Incl. adjustments)	Collection Efficiency (%age)	
	(Rs. in Crores)		2022-23	2021-22
LT - Others	2423.86	2633.26	108.64%	98.98%
LT - IP Set & BJ/KJ	2770.35	2532.51	91.41%	100.00%
HT	1804.81	1755.97	97.29%	102.94%
Other Receipts	22.64	22.64	100.00%	100.00%
Total	**7021.66**	**6944.37**	**98.90%**	**100.31%**

b. Revenue Comparison with previous year:

Category	Revenue in Rs. Crs.		Increase/ Decrease over previous year	%Increase/Decrease over previous year
	2022-23	2021-22		
LT –Others	2423.86	2012.38	411.48	20.45%
LT - IP Set & BJ/KJ	2770.35	2436.00	334.35	13.73%
HT	1804.81	1384.85	419.96	30.33%
Other Receipts	22.64	17.79	4.85	27.26%
Total	**7021.66**	**5851.02**	**1170.64**	**20.01%**

From the details of the Revenue Income indicated in the above table, we can see that:

- Increase of Rs.411.48 Crores i.e., 20.45% over the previous years' revenue is seen under other LT-Others categories.
- There is increase of Rs. 334.35 Crores i.e., 13.73% in LT – IP set & BJ/KJ category over previous years' revenue.
- There is an increase of Rs. 419.96 Crores i.e., 30.33% under HT category over previous years' revenue.
- Other Receipts have increased by Rs.4.85 Crores i.e., 27.26% as compared to the previous year.

c. Distribution Loss for FY 2022-23 is 10.49% (10.54% in FY 2021-22).

d. Aggregate Technical & Commercial Loss for FY 2022-23 is 11.49% (10.27% in FY 2021-22)

e. GOK SUBSIDY TOWARDS IP & BJ/KJ SALES:

		Rs. In Crores
Particulars	**2022-23**	**2021-22**
Opening Balance	468.91	1206.61
Subsidy Claim	2701.84	2397.47
Subsidy Released by GoK	2436.47	3135.17
Closing Balance	734.27	468.91

Note:-

i) Subsidy Released by GoK includes Tripartite Adjustments amounting to Rs. 229.31 Crores for FY 2022-23 towards Electricity Tax. (Rs. 207.08 Crores during FY 2021-22).

C. Capital Expenditure:

The Company has incurred an expenditure of Rs.385.86 Crores on various capital programmers during FY23 as against Rs.340.18 Crores during previous year. The details of the works are as under:

(Rs in crores)

Sl.No	Particular	Expenditure incurred	
		2022-23	2021-22
1	Extension and improvement and works R- APDRP	82.30	61.53
2	Replacement of faulty distribution transformer	2.93	3.86
3	Ganga Kalyan Works-GESCOM	35.06	48.00
4	Consumer Contribution/ Deposit Contribution Works	98.88	44.01
5	Nirantara Jyoti works	-2.04	0.76
6	Civil Engineering works	4.14	16.53
7	Rural Electrification/ Metering of DTC', Installations	23.88	42.08
8	Additional DTC'/Enhancement of DTC' Capacities	23.73	18.76
9	Service connection and Metering	6.77	5.67
10	Electrification of Water Supply Work	3.05	2.83
11	DeenDayalUpadhaya Gram JyothiYojana	28.02	4.90
12	Other Expenditure/provisions	12.28	26.51
13	Regularisation of Unauthorised IP Sets	7.71	7.61
14	IP Set Energisation	3.91	5.64
15	APDRP/IPDS/RGGVY	48.65	26.77
16	Metering/DTCs	2.25	1.54

17	SRTPV installations on Govt Buildings.	0.12	10.03
18	Flood Works	4.22	13.18
	Total	**385.86**	**340.18**

D. BORROWINGS:

During the year FY-23, The Company has availed long term loan from M/s. REC Ltd of Rs.243.21 Crs. For Capex works and also Short-Term Loan of Rs. 400 Crs. as Revolving Bill Payment Facility towards payment of power purchase bills.

Further during the year company has repaid an amount of Rs. 232.41 Crs.

Name of the Lender	Total amount repaid (In Rs. Crs.)
M/s. REC Ltd	119.57
M/s. PFC Ltd	5.93
GOK	106.91
Total	**232.41**

E. OTHER TECHNICAL PARAMETERS:

i. Distribution Transformer Failure:

1. The transformer failure rate during the year 2022-23 was 14.38% (as against 11.97% during 2021-22. The transformer failure rate in urban areas was 8.81% and in rural areas was 15.40%. (17641 distribution transformers failed during 2022-23 (1676 in urban areas and 15965 in rural areas). Transformers replaced with in 24 Hrs Urban 1675 Rural 15481

2. 3451 distribution transformers of various capacities like 25KVA, 63KVA & 100 KVA were added to the system during 2022-23 to improve the voltage of the system and to provide reliable power supply to the consumers and to bring down the system losses. The total number of transformers existing in the distribution system of the company at the end of 2022-23 was 122680 (19029 distribution transformers in urban areas and 103651 in rural areas).

3. Replacement of Distribution Transformers within 24 Hours:
Under this flagship programme, of the 17641 DTCs failed during the year, GESCOM has successfully replaced 17156 Distribution Transformers within 24 hours of reporting of failure and remaining 485 DTCs were replaced after 24 hours.

Name of the District	Total Transformer replaced	Transformers replaced within 24 Hours
Kalaburagi	3666	3546
Yadgir	2462	2396
Bidar	3521	3501
Raichur	3122	2995
Koppal	1740	1692
Bellary	1249	1244
Vijayanagara	1881	1782
Total	**17641**	**17156**

ii. HT/LT Lines:

During the year 1552.52 Kms of HT lines and 1264.42 Kms of LT lines were added, taking the total length of HT & LT lines in the distribution network of the company to 74705.16 Kms and 94734.67 Kms respectively. The HT/LT ratio as on 31.03.2023 was brought down to a total 1:1.268 (1:1.277 as on 31.03.2022).

C. Social Welfare Schemes:

i. Energization of Drinking Water Supply Schemes:

1. 268 Water supply installation were energized during 2022-23 in urban and rural areas of the company on top priority under various schemes of GoK.
2. As on 31.03.2023, 105 applications for energization of drinking water supply schemes (in rural areas) were pending out of which 55 works were under progress at GESCOM and 50 self-execution works were pending with the local bodies.

ii. Energization of Irrigation Pump Sets:

During the year 2022-23, 3815 (GK-2174, UAIP-1641) irrigation pump sets were energized under the Ganga Kalyan Scheme, Regularization of Unauthorized IP sets/ General IP set, Shreeghra Samparka Yojane, etc.

iii. Implementation of GruhaJyoti Scheme:

Free electricity upto 200 units to domestic consumers of Karnataka State was one of the five Guarantee Schemes announced by Government of Karnataka. The Gruha Jyoti Scheme was to benefit all the domestic consumers' with effect from the month of July 2023 (billed in Aug 23) whose average consumption for FY23 was less than or equal to 200 units and the consumers' monthly consumption entitlement was fixed at 10% over the FY 23 average consumption. Orders were issued to subsume the erstwhile free electricity schemes to BPL consumers viz BhagyaJyoti & KutirJyoti / AmtutJyoti under the GruhaJyoti Scheme with their entitlement being fixed @10% over and above the consumption limit under the respective schemes.

Gruha Jyothi Scheme was launched by the Honorable Chief Minister, GoK, in a grand event convened on 5th August 2023 @ NV Grounds, Kalaburgi and Zero Bills were handed over to the beneficiaries of the Scheme during the launch event.

Centre for e-Governance, Seva Sindu provided the technical support by developing the portal for registering consumer applications which was popularized by the ESCOMs through various media modes such as AV bites Radio/FM/local TV, Social media handles and Newspaper prints, posters, banners etc.

The benefits of the Scheme have been successfully extended by GESCOM to the domestic Consumers across the jurisdiction of the Company and District-wise consumer registration is indicated below (As on 30th November 2023):

District	Urban area (Nos In Lakhs)			Rural area (Nos In Lakhs)			Consumers (Nos In Lakhs)		
	Total	Registered	% Registered	Total	Registered	% Registered	Total	Registered	% Registered
BALLARI	1.30	1.02	78%	1.69	1.50	89%	2.99	2.51	84%
BIDAR	1.08	0.92	85%	2.63	2.47	94%	3.71	3.38	91%
KALABURAGI	2.45	1.89	77%	3.68	3.36	91%	6.13	5.25	86%
KOPPAL	0.59	0.49	84%	2.41	2.15	89%	3.00	2.64	88%
RAICHUR	1.07	0.81	76%	2.45	2.12	86%	3.53	2.93	83%
VIJAY NAGAR	0.74	0.61	82%	2.00	1.81	91%	2.74	2.42	88%
YADGIRI	0.61	0.47	78%	1.56	1.38	88%	2.17	1.85	85%
Grand Total	7.84	6.21	79%	16.41	14.78	90%	24.25	20.99	87%

iv. New 33/11 KV Sub Stations Details:

During FY-2022-23:

GESCOM has established 01 No. of 33/11 kv sub-station at Khashempur Village in Aurad Tq. Bidar Dist. DOC:12.04.2022.

During FY 2023-24:

GESCOM has established 01 No. of 33/11 kv sub-station at Madarasanahalli (KUDA) in Kalaburagi City DOC:20.05.2023.

GESCOM had taken up the new work of Establishing 02Nos of 33/11kv Sub-Stations at

1) **Devatkal** in Shorapur (Tq.), Yadgir Dist.
2) **Nimbur** in Humnabad (Tq.), Bidar Dist. [Tender Floated]

Further, GESCOM has proposed 42 Nos of New 33/11 KV Sub-Stations & 15 Nos of Augmentation works in GESCOM jurisdictions under RDSS Scheme.

v. Augmentation of 33/11 KV Sub Stations:

GESCOM has proposed 15 Nos of Augmentation works by providing Additional 5 MVA to the existing 33KV Substation in GESCOM jurisdiction.

vi. Vigilance Activities:

(Rs. in Lakhs)

Particulars	**Progress during 2022-23**
Number of installations inspected	60107
No. of Cases booked (Cog & NC)	10974
Amount of Back Billing (Cog & NC)	1982.22
Back Billing Charges Collected (Cog & NC)	1457.47
Compounding Fee i) Assessed (Cog Cases)	153.69
ii) Collected (Cog Cases)	119.12

vii. Identification and Rectification of Hazardous locations:

As on 30th November 2023, around 1020 hazardous locations in schools, colleges or other educational institutions have been identified and electrical infrastructure relocated ensuring safety of students and general public. The details are as below:

Name of the District	**Hazardous Locations Relocated / Rectified**
Kalaburagi	276
Yadgir	53
Bidar	117
Raichur	161
Koppal	125
Ballari	268
Vijayanagara	20
GESCOM	**1020**

F. CUSTOMER RELATIONS:

i. 24X7 Customer Care Centre:

1. 24X7 Customer Care Centre (CCC) established on 18-01-2012 with Toll Free number 18004258585 in the Corporate Office premises for registering of complaints by consumers on fuse off calls, billing problem, transformers failure and power supply failure etc., with all necessary infrastructures.

2. As of now, the No. of GESCOMs consumers have reached more than 40 Lakhs, the average phone calls/ Enquiry calls regarding power supply failure received by Centralized Customer Care Centre (CCC) are about 2 Lakhs per month (7,000 per day).

3. Previously 12 desks were functioning which has been enhanced to 15 desks for improving consumer service and satisfaction. These desks are functioning round the clock, so that, at a time 15 Nos of complaints can be received.

4. The consumer can contact over Toll free No 1912. There are 51 desk operators for three shifts; each shift 15 Nos. of operators for 15 desks are working to attend each and every call. The Junior Engineer, Assistant Engineer and Assistant Executive Engineers are placed to supervise the overall activities.

5. The Employees working in CCC are given suitable training on handling public relation issues. The awareness of CCC is brought to the notice of consumers by wide publicity of the complaint handling procedure/contact number, of the centralized customer care center through local media, by hosting on GESCOM website for the information of public to ensure that all the complaints are registered only through CCC for proper monitoring and disposal of complaints.

6. Once the complaints are addressed successfully the consumer is also intimated about the same through SMS.

7. Short code ‘1912’ has been made Toll-Free successfully w.e.f. 01.09.2016. 1912 is now integrated with PGRS for redressal of complaints.

8. Regular correspondence is being made with the concerned O & M Divisions to attend to the registered complaints within the stipulated time.

9. The complaints are being registered at 24X7 Customer Care Centre, Corporate office, GESCOM and the same is being dispersed to the concerned O & M Service station to enable them to attend the complaint within the stipulated time, through telephone. The 24X7 Customer Care Centre is obtaining feedback from consumers, for every two Hours.

10. Apart from 1912 helpline number GESCOM consumers can also registered the complaints through various Social Media modes such as
    a. Twitter: Address (Gescom official)
    b. Facebook – ID: (Gescom Kalaburagi)
    c. Whatsapp – No. 9480847593
    d. GESCOM Snehi mobile application and Urja Mitra App (To be downloaded from Google play store)
    e. GESCOM Consumer portal: http://www.gescompgrs24*7.com/
    f. GESCOM web site: https://gescom.karnataka.gov.in/english

11. The 24X7 Centralized Customer Care Centre has been shifted on 09.10.2021 to newly established building. At present 15 desks are working in future 38 desks will be implemented for better execution of work.

12. As per the DWA No. GESCOM/CEE(O)/EEE(IT)/AE(IT)-10/2020-2021/2/216-20 Dated: 13-10-2022, work for providing integrated Avaya Solutions for 15 seats (Upgrading licenses) and (for 5 new Licenses) along with the CMS for 24X7 Customer Care Center, Corporate Office, GESCOM, Kalaburagi was provided to M/s ACG Network, Ltd., Bangalore, as per the scope of work GESCOM presently having 15 seats at call center which is running with Avaya contractor.

13. On 28-10-2022 all the existing 15 desk is replaced by new computer systems and for new additional 5 No's of Licenses is also provided by new systems for smooth function of customer care center.

14. GESCOM is trying to continue its efforts in further improving the delivery of consumer services with prompt response especially in reducing the time required for resolving consumer complaints on breakdowns of lines/ equipment's, failure of

transformers etc. if any of the complaints are not resolved within time frame, then the complaints will be escalated to next higher officers.

15. Apart from the above complaints resolving mechanisms the pending complaint reports is generated via PGRS Software and updated in Circle wise what's app group for fast resolution of pending complaints which is pursued by all concerned Division/ Sub division GESCOM officers for resolving the consumer complaints within stipulated time limit as per SOP.

Statement Showing the Details of No of Calls Received/Answered & No of complaints Registered/redressed & pending in the Customer Care Center, GESCOM, Kalaburagi. From April-2023 to November-2023

Sl No	Month	Number of Calls Answered	No. of Complaints		
			Registered	Redressed	Pending
1	April-2023	274099	21491	21491	0
2	May-2023	317541	20893	20893	0
3	June-2023	275585	17975	17975	0
4	July-2023	295954	26674	26674	0
5	August-2023	274099	21491	21491	0
6	September-2023	317541	20893	20893	0
7	October-2023	275585	17975	17975	0
8	November-2023	295954	26674	26674	0
Total		**2128374**	**166052**	**166052**	**0**

Statement Showing the Details of No of Calls Received/Answered & No of Complaints Registered/Redressed & pending in the Customer Care Center, GESCOM, Kalaburagi, from April-2022 to March-2023

FY 2022-2023					
Sl No	Month	No. of Calls Answered	No. of Complaints		
			Registered	Redressed	Pending
1	April-2022	260826	22482	22482	0
2	May-2022	242837	23885	23885	0
3	June-2022	261603	30585	30585	0
4	July-2022	288899	31451	31451	0

5	August-2022	265614	29259	29259	0
6	September-2022	231649	24760	24760	0
7	October-2022	214895	22010	22010	0
8	November-2022	116056	12848	12848	0
9	December-2022	133197	13033	13033	0
10	January-2023	92288	12438	12438	0
11	February-2023	86700	12258	12258	0
12	March-2023	172479	16593	16593	0
Total		**2367043**	**251602**	**251602**	**0**

ii. Consumer Grievance meetings:

Jana Samparka Sabah's are being held in urban and rural areas of the Company's jurisdiction involving people's representatives, Company's local officials and senior officers of the Company to redress the grievances of the consumers.

iii. Online Payment facility:

Consumers of GESCOM can make payment of Electricity Bill at their convenience using several below mentioned digital payment modes. On an average 3.5 lakh consumers choose digital mode of payment to remit around 82.5 crores of electricity charges every gram month of which around 48 crores is from consumer based in rural areas.

Payment Modes;

SL No	**Payment Mode**
01	UPI- Bank Account
02	Debit Card- Rupay, Visa, Mastercard
03	Consumer Credit Cards- Visa, Mastercard, Rupay, American Express, Diners
04	Net Banking
05	Wallets

06	BBPS Services
07	UPI QR/ Bharath QR

G. HUMAN RESOURCE DEVELOPMENT:

Employee Training:

With a view of harnessing the Human Resources to the maximum, the Company has given utmost importance to Employee training. This will go a long way in our pursuit of achieving the Business Goals. During the year the Company has imparted training to 760 employees during the year details are follow.

<table>
<tr><td></td><td colspan="4">For the year 2022-23</td></tr>
<tr><td rowspan="2">HRD (Training)</td><td>SI. No</td><td>Cadre wise</td><td>No. of Officer / Employee</td><td>Type of Training</td></tr>
<tr><td>1</td><td>CEE/FA/CFO/ SEE/ EEE/ AEE/AE/PS/ DSP/ PSI/PT</td><td>95</td><td>1) Training Programme on Introduction of AMI in Reducing AT&C Losses
2) Online Programme on improving Water Productivity though water audit and management Technics)
3) E-Governance Advance Module.
4) 5G rollout-roll of discom for small cell deployment online workshop related-reg
5) Contract Management/ Safegaurds in Tendering Public Procurement policy for Micro and Small.
6) One day workshop on “Development of DLMS /COSEM Testing tool for smart energy meter.
7) 9th International conference & exhibition, on smart utilities & smart mobility at New Delhi.</td></tr>
</table>

				8) One day Workshop on " Demand side Management (DSM)
	2	CA/DCA/AO/AAO/Sr.Asst/ Asst/Jr.Asst	09	1) Training Programme on Introduction of AMI in Reducing AT&C Losses 2) E- Governance Advance Module.
	3	JEE	-	-
	4	C&D Group Employees	594	1) Pre-promotional Training of Pre-Employment Training 2) First Response Time (FRT) Training 3) Apprenticeship Training I.T.I. 4) Apprenticeship Training BE 5) Apprenticeship Training Diploma Engineer
		Outside Collage Internship Projects	**62**	Outside BEE/ Dip Student Internship Training (Projects)
		Total	**760**	

H. CORPORATE GOVERNANCE

GESCOM believes in transparency, accountability and fairness in all aspects of its operations. Board of Directors of GESCOM believe and support Corporate Governance practices ensuring observance of best practices in all its dealings.

The Governance process in the Company includes an effective post-meeting follow-up, review and reporting process for Action Taken/pending on decisions of the Board & Board Sub-committees.

As on the date of this report, the Board of Directors comprised of 10 members. All the Directors took active part in the proceedings of Board and Sub-Committee meetings and which has added value to the decision-making process.

- **Board of Directors:**

The composition of Board of Directors as on date of this report is as below:

1.	Sri. Pankaj Kumar Pandey, IAS.,	:	Chairman
2.	Sri.Ravindra Karlingannavar KAS.,	:	Managing Director
3.	Sri.Mohammed Ikramulla Shariff IAS.,	:	Independent Director
4.	Sri.Bhanwar Singh Meena IAS.,	:	Independent Director
5.	Sri.Vijay B P KAS.,	:	Independent Director
6.	Sri. V Krishnappa	:	Independent Director
7.	Smt. G. Sheela	:	Director
8.	Sri.R H Lakshmipathy	:	Director
9.	Sri. K Shivanna	:	Director
10.	Smt. Padmavati S	:	Independent Director

Changes to the composition of the Board of Directors in the Company were done in accordance with orders issued by the Government of Karnataka.

Directors and KMP who were appointed during the year under review:

Sl. No.	Name of the Director	Designation	Date of Appointment
1	Dr.Girish Dileep Badole, IAS.,	Independent Director	04.06.2022
2	Sir. Mohammed Ikramulla Shariff, IAS	Independent Director	22.06.2022
3	Sri. R H Lakshimapathy	Director	01.07.2022
4	Sri. K Shivanna	Director	07.11.2022
5	Sri. V Krishnappa	Independent Director	24.11.2022

Directors and KMP who were demitted office during the year under review:

Sl. No.	Name of the Director	Designation	Date of Cessation
1	Dr. Dileesh Sasi IAS.,	Independent Director	04.06.2022
2	Sri. Nitish K, IAS	Director	22.06.2022
3	Sri. T R Ramakrishnaiah	Director	31.05.2022
4	Sri. B R Somashekar	Director (Tech)	30.09.2022
5	Sri. Shivaprakash T M	Director	07.11.2022

The Company places on its record the appreciation and gratitude for valuable guidance provided by the Directors demitted the office.

Board Meetings:

Meetings of the Board of Directors are scheduled in advance for which notice is given to each Director in writing. Agenda and other relevant Notes are circulated to the Directors well in advance.

During 2022-23, Board meetings were held on the dates as mentioned below:

Sl. No.	Meeting Nos.	Held on
1	89th Meeting	27.04.2022
2	90th Meeting	30.06.2022
3	91st Meeting	27.09.2022
4	92nd Meeting	12.12.2022
5	93rd Meeting	17.12.2022
6	94th Meeting	18.03.2023

- **Board Committees:**

The committees of the Board were constituted not only to give more focused attention on important issues but also to expedite decisions on such issues. The Board has delegated certain specific powers to the Committees towards expediting decisions. The following are the Board constituted committees:

1. **Central Purchases Committee:**

Purchase Committee was formed to consider all cases of purchases & Award of Station works/Line Works or any other works and all matters relating thereto Company financial implication above Rs.3.00Crs. and upto Rs.10.00Crores.

The composition of the Purchase Committee as on date of this report is as follows:

Sl. No.	Members	Designation
1	Managing Director, GESCOM	Chairman
2	Director (Technical), GESCOM	Member
3	Smt.Padmavati S	Member
4	Company Secretary, GESCOM	Convener

During the year under review, Purchase Committee meetings were held as follows:

Sl.No	Meeting No.	Held on
1.	101st Meeting	09.05.2022
2.	102nd Meeting	21.06.2022
3.	103rd Meeting	19.07.2022
4.	104th Meeting	25.08.2022
5.	105th Meeting	04.11.2022
6.	106th Meeting	23.12.2022
7.	107th Meeting	10.02.2023
8.	108th Meeting	10.03.2023
9.	109th Meeting	29.03.2023

2. Audit Committee:

The Composition of the Audit committee as on date of this report is as follows:

Sl. No.	Members	Designation
1	Mr. Bhanwar Singh Meena IAS., Independent Director	Chairman
2	Mr. Mohammad Ikramulla Shariff, IAS Independent Director	Member
3	Director (Technical), GESCOM	Member
4	Smt.Padmavati S	Member

	Independent Director	
5	Chief Financial Officer, GESCOM	Invitee
6	Company Secretary, GESCOM	Convener

During the year under review, Audit Committee meetings were held as follows:

Sl. No.	Meeting Nos.	Held on
1	28th Meeting	22.09.2022
2	29th Meeting	08.12.2022

NOTE: Membership is coterminous with their Directorship on the Board of GESCOM.

The Statutory Auditor, the Internal Auditor and the Chief Finance Officer in charge of Finance shall attend and participate at the meetings of the Audit Committee.

Terms of reference of Audit Committee:

1. To consider issues related to the appointment of the external auditor, the audit fee, and any matter relating to resignation or dismissal;
2. To review and monitor the auditor's independence and performance, and effectiveness of audit process.
3. To discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
4. To review the interim (quarterly or half yearly, as the case may be) and annual financial statements and auditors report before submission to the Board, focusing particularly on:
   i. any change in accounting policies and practices;
   ii. Major judgmental areas e.g., matters relating to accounting estimates;
   iii. significant adjustments resulting from the audit;
   iv. compliance with accounting standards;
   v. compliance with legal requirements;
   vi. disclosure of related party transactions
5. To discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);

6. To review the external auditor's management letter and management's response;
7. To evaluate the Company's internal financial control and risk management systems;
8. To review the internal audit program, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
9. To consider the major findings of internal investigations and management's response;
10. To look into reasons for substantial payment defaults of creditors, lenders, etc.
11. To review the utilization of loans / advances taken by Company.
12. To review the functioning of the whistleblower mechanism.
13. To review management discussions and analysis of financial condition and results of operations, if any;
14. To review statement of significant related party transactions (as defined by the Audit Committee), submitted by management and approval or any subsequent modification of transactions of the company with related parties; Provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to such conditions as contained in the Companies Act, 2013, as amended.
15. To review management letters / letters of internal control weaknesses issued by the statutory auditors;
16. Valuation of undertakings or Assets of the Company wherever necessary
17. Scrutiny of inter corporate loans and investments
18. To consider other topics, as defined by the Board.
19. Monitoring the end use of funds raised through public offers and related matters.

3. Corporate Social Responsibility (CSR) Committee:

CSR Committee has been constituted by the Board comprising the following members:

Sl. No.	**Members**	**Designation**
1	Chairman, GESCOM	Chairman
2	Director (Technical), GESCOM	Member

3	Director (Admn.& HR), KPTCL	Member
4	Company Secretary, GESCOM	Convener

The Company has not earned any Average Net Profit before Tax during the immediately preceding three years. Hence spending of CSR amount during FY 2022-23 is not applicable.

Annual Report on CSR Activities:

1. **A brief outline of the company's CSR policy:**

   CSR targets inclusive growth of all stakeholders under the categories mentioned in schedule VII of the Companies Act, 2013. CSR policy of the Company is annexed herewith as annexure 1 and also available on the Company's website i.e. www.gescom.karnataka. gov.in and can be accessed thereat.

2. **Composition of the CSR Committee:** as provided above.

3. **Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**

   All details can be accessed at www.gescom.karnataka. gov.in.

4. **The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):**

   Not Applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

   Not Applicable

6. **Average Net profit of the Company as per section 135(5):**

   The Company has not earned any Average Net Profit before Tax during the immediately preceding three years.

7. (a) Two per cent. Average net profit of the Company as per section 135 (5): Not Applicable

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Not Applicable
(c) Amount required to be set off for the financial year, if any – NIL
(d) Total CSR Obligation for the Financial Year (7(a) + 7(b) – 7(c)) - NIL.

8. (a) CSR amount spent or unspent for the financial year: Not Applicable
(b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable
(c) Details of CSR amount spent against other than ongoing projects for the financial year: Not Applicable
(d) Amount spent in Administrative Overheads: Not Applicable
(e) Amount spent on Impact Assessment, if applicable: Not Applicable
(f) Total amount spent for the Financial Year: Not Applicable (8b+8c+8d+8e)
(g) Excess amount for set off, if any - Not Applicable

9. (a) Details of Unspent CSR amount for the preceding three financial year - Not Applicable
(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s) - Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year.
(Asset-Wise details).
(a) Date of creation or acquisition of the capital asset(s) - Not Applicable
(b) Amount of CSR spent for creation or acquisition of capital asset - Nil
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. - Nil
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). Nil

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).
Not Applicable

4. Nomination and Remuneration Committee

Board of Directors at their 96th meeting held on 13.10.2023 re-constituted Nomination and Remuneration Committee pursuant to provisions of Section 178 of the Companies Act, 2013. As on the date of this report, the composition of the Committee is as follows:

Sl. No.	Name of the Director	Criteria of Director	Designation
1	Sri. Bhanwar Singh Meena IAS.,	Independent Director	Chairman
2	Director (Technical)	Executive Director	Member
3	Director (Admn.& HR), KPTCL & Director GESCOM	Independent Director	Member
4	Smt.Padmavati S	Independent Director	Member
5	Company Secretary	-	Convener

No meetings of the Committee were held.

Terms of the said Committee are as follows:

1. Review of staff recruitment proposals and submit the recommendations to the Board for its consideration and approval.
2. Review of proposal for creation of new posts and submit the recommendations to the Board for its consideration and approval.
3. Review of proposal for creation of new Zone, Circle, Division, Sub-division and other offices and submit the recommendations to the Board for its consideration and approval.
4. To formulate the criteria for determining qualifications, positive attributes and independence of a Director based on the directives of the Government.
5. To device a policy on diversity of Board of Directors.
6. To formulate criteria for evaluation of Board of Directors, its Committees and individual Directors based on the directives of Government.
7. To specify the manner for effective evaluation of performance of Board, its Committees and individual Directors, based on the directives of Government, to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
8. To assist the Board in fulfilling all related responsibilities and consider other topics as defined by Board.

9. Any other functions required under corporate law and statutory requirements.

- **Statutory Disclosures:**

None of the Directors of the Company are disqualified as per provisions of Section 164(2) of the Companies Act, 2013. Your Directors have made necessary disclosures, as required under various provisions of the Companies Act, 2013. No application is made or any proceeding is pending against the Company under the Insolvency and Bankruptcy Code, 2016, as amended.

- **Declaration by Independent Directors:**

The Company has received declarations from all the Independent directors of the Company confirming that they meet with the criteria of independence as prescribed under section 149 (6) & (7) of the Companies Act, 2013. The Independent Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs for the inclusion of their names in the data bank of Independent directors within the due date.

Further in the opinion of the Board, all the Independent Directors of the Company possess relevant expertise, experience and proficiency required for appointment as Independent Directors on the Board of the Company.

- **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 read with Notification issued by MCA vide GSR.463 (E) dated 5th June 2015; the annual performance of the Board / Committees / individual directors of the Company is not applicable.

- **Vigil Mechanism:**

The Board at its 78th Meeting held on 07.05.2020 approved the Vigil Mechanism policy as per the provisions of the Companies Act, 2013. Accordingly, the Vigil Mechanism Policy was implemented vide Notification No.GESCOM/CS/ACS/AO/ASST/2020-21–8850-61 dated 15.06.2020. During the year 2022-23, no Complaints were received.

➢ SHARE CAPITAL:

The paid-up Equity Share Capital as at March 31, 2023 stood at Rs.165437.24 lakhs. The company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2023, none of the Directors of the company held instruments convertible into equity shares of the Company.

➢ DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

i) In the preparation of the annual accounts, the applicable accounting standards (IndAS) have been followed along with proper explanation relating to material departures.

ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) The directors have prepared the annual accounts on a going concern basis.

v) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

➢ RELATED PARTY TRANSACTIONS:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in its ordinary course of business and on arms' length basis and do not have potential conflict with interest of the Company at large.

In accordance with Notification issued by Ministry of Corporate Affairs vide GSR.463 (E) dated 5th June 2015, transactions entered between the related parties does not fall under the purview of proviso to Section 188 (1) of the Companies Act, 2013.

The contracts / arrangements / transactions with related party which are required to be reported in Form No. AOC-2 in terms of Section 134(3) (h) read with Section 188 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure 2 to this report.

a) Managerial remuneration & Sitting Fees

Amounts in RS.

Sl. No.	**Key Manegerial Personnel**	**Designation**	**2022-23**	**2021-22**
1	Sri.Pandve Rahul Tukaram (IAS)	Managing Director	1,470,029	1,368,444
2	Sri. Somshekar B R	Director (Tech)	1,765,892	476,851
3	Sri. R Jayakumar	Director (Tech)	Nil	937,145
4	Sri.Abdul Wajeed	Chief Financial Officer	3,789,681	3,286,534
5	Sri. Kiran Policepatil	Company Secretary	1,735,809	1,619,354
1	Directors Sitting Fees		225,858	221,164

b) Related Party Transactions pertaining to KPTCL, PCKL, KPCL and other ESCOMs is disclosed as under

Amounts in Rs.

Sl. No.	**Nature of transactions**	**Party Name**	**2022-23 Rs.**	**2021-22 Rs.**
1	Transmission of Energy	KPTCL	(6,176,682,805)	(4,938,900,715)
2	Towards Energy Balancing	BESCOM	(474,748,000)	(548,710,000)
3	Towards Energy Balancing	HESCOM	(855,297,961)	1,930,897,339
4	Towards Energy Balancing	MESCOM	(511,390,000)	(481,230,000)

5	Towards Energy Balancing	CESCOM	(999,910,000)	460,610,000
6	Purchase of Power	PCKL	(24,704,822)	(12,131,086)
7	Purchase of Power	KPCL	(10,736,122,204)	(8,451,497,443)
Note: (+) indicates Income and (-) indicates Expenditure				
c)	Related Party outstanding balances pertaining to KPTCL, PCKL, KPCL and other ESCOMs is disclosed as under			
				Amounts in Rs
Sl. No.	**Nature of transactions**	**Party Name**	**As at March 31 2023**	**As at March 31 2022**
1	Transmission of Energy	KPTCL	(905,946,107)	(1,089,691,369)
2	Receivable/Payable towards Energy Balancing	BESCOM	(2,900,452,574)	(2,425,704,574)
3	Receivable/Payable towards Energy Balancing	HESCOM	1,113,107,711	1,968,405,672
4	Receivable/Payable towards Energy Balancing	MESCOM	1,580,365,331	2,091,755,331
5	Receivable/Payable towards Energy Balancing	CESCOM	620,771,000	1,620,681,000
6	Purchase of Power	PCKL	(3,505,057)	(335,826)
7	Purchase of Power	KPCL	(8,763,912,983)	(8,786,788,463)
Note: (+) indicates income and (-) indicates expenditure				

- **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

  The company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013. Details of investments made by the company are given in the notes to the financial statements.

➢ TRANSFER TO RESERVES

No amount is proposed to be transferred to the General Reserve for the year under review.

➢ DIVIDEND

No amount is recommended towards the dividend.

➢ SUBSIDIARY COMPANIES

The Company does not have any subsidiary.

➢ FIXED DEPOSITS

The Company has not accepted any deposits during the year within the meaning of Section 73 of the Companies Act, 2013 and the rules made thereunder.

➢ AUDITORS & AUDIT REPORTS

a. Statutory Auditors & Audit Report

In accordance with extant provisions of the Companies Act, 2013, C&AG has appointed M/s A Ramachandra Rao & Associates, Chartered Accountants, Hyderabad as the Statutory Auditors of GESCOM for the year 2022-23. The said auditors have completed their audit and have submitted their report as required under the Act. Responses to the qualifications made by the Statutory Auditors are enclosed as Annexure 3.

b. Secretarial Auditors & Secretarial Audit Report

Pursuant to provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, the company has appointed M/s. P Venkatesh & Associates, a firm of practicing Company Secretaries as Secretarial Auditors to undertake the Secretarial Audit of the Company for FY 2022-23 & 2023-24. The Secretarial Audit report is annexed herewith as Annexure 4. Responses to the qualifications made by the said Auditors are annexed herewith as Annexure 5.

c. Cost Auditors & Cost Audit Report

Section 148 of the Companies Act 2013 read with Rules made thereunder mandates every Company belonging to category prescribed in the Rules to undertake a Cost Audit. In compliance with said provision, Company had appointed M/s Shivan & Co., Cost Accountants, Bengaluru to audit the cost records for FY 2022-23. The Cost Auditor has submitted the Cost Audit report for FY 2022-23 and the same is annexed as Annexure 6 herewith.

There are no qualifications, reservations or adverse remarks made by the Cost Auditors in their report for the financial year ended March 31, 2023.

Board of Directors of the Company have appointed M/s. P R Kulkarni & Co., Cost Accountants, Hubballi as Cost Auditors of the Company for FY 2023-24 at a remuneration of Rs.24,000/- plus applicable taxes, subject to ratification by the members at the ensuing Annual General Meeting of the Company. Board recommends the ratification of the appointment said remuneration payable to the Cost Auditor in accordance with Section 148 of the Companies Act, 2013 and the Rules made thereunder.

➢ ANNUAL RETURN

A copy of the Annual Return of the Company containing the particulars prescribed u/s 92 of the Companies Act, 2013, in Form MGT-7, as of the end of the financial year i.e. 31st March, 2023 is available on the website of the Company and the same can be accessed at our website www.gescom.karnataka.gov.in.

➢ DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy

1. **The Steps taken or impact on energy conservation**

   a. Energy Efficient equipment’s (5 star rated fans and 20 Watts LED tube lights) are installed is mandatory for replacement of failed/ faulty equipment’s in GESCOM buildings during FY 2022-23.
   b. LED Street lights have been installed in the GESCOM jurisdiction by concerned City municipal council and Village panchayaths. Now this work is under progress.

c. Energy conservation awareness has been created among the consumers by:

   i. Distributing Pamphlets to all consumers along with electricity bills.

   ii. PAN India rooftop awareness program titled "Ghar Ke Uppar Solar is Super" campaign was conducted at Bidar on dated: 4th June 2022.

   iii. DSM action plan workshop was conducted on 10th March 2023 at Grand Hotel in Co-ordination with KREDL.

2. Steps taken by the company for utilizing alternate sources of energy.

i. Under GESCOM jurisdiction **355 number** of Grid connected Solar roof top installation were commissioned of **capacity 23325 kWp** for the FY-2022-23

ii. Rebate for the solar water Heater installed GESCOM consumer on electricity bills.

II. <u>Technology Absorption</u>

1) The efforts made towards technology absorption:

a. Distribution Transformer Life Cycle Management Software (DTLMS):

The DTLMS software is made operational and put in active use to computerize the cycle of Distribution Transformers and to rule out any undetected vulnerabilities / short comings.

The stock of transformers in stores (new, repaired good and faulty) and in repair centers are coded and computerized so that all the transformers can be located.

The code of transformer is computerized and is mentioned in all the estimate, invoices.

2) The benefits derived like product improvement, cost reduction, product development of import substitution:

a. **DTLMS:** This Software will be able to tackle the basic problems in management of transformers, by creating a database of all the codes. Common web-based software to maintain the details of transformers and their life cycles is designed and developed which makes it easy to access and maintain the life cycle of transformer.

   As on date 129717 numbers of Distribution Transformers are surveyed and updated in the software. Dash board is created in the website so that updation in monitored. Any Distribution Transformer can be traced with the help of code. Provision is made in the online estimate for entering the code of the transformers.

b. **Public Grievance Redressal System (PGRS):**

   The multipoint Public Grievance Redressal System of Gulbarga Electricity Supply Company Limited (GESCOM) has been developed in order to provide an effective grievance redressal mechanism for the consumers of GESCOM. The system has been designed so that it would monitor the grievances related to electricity and power supply in GESCOM.

   The consumer can address their complaints through helpline-mobile/landline, SMS, Website, Facebook, Email Complaints & offline mode.

c. **The benefits derived like product improvement, cost reduction, product development of import substitution.**

   (PGRS): To log complaints the web based PGRS system can be accessed anywhere through internet. Any consumer can log their complaint directly through PGRS website to central database without username & password with basic internet connection through their own computer or mobile handheld devices. Consumer query will be received with a docket number as a feedback.

The dashboard is created where in the operation of PGRS can be monitored.

II. **Foreign Exchange Earnings and Outgo** - Nil

- **RISK MANAGEMENT**

GESCOM, a GoK owned organization functions under the ambit of various statutory Acts and Regulations. As per Electricity Act 2003, Tariff filing for each year is carried by the Company for Annual Performance Review (APR) and Revision in Annual Revenue Requirement (ARR) with KERC (Regulator) and hence is subject to regulatory risk. Each of its activity attributable to Credit risk, Liquidity risk and Market risk undergoes consistent monitoring by Regulator (KERC) annually.

The Company’s principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company’s operations to support its operations. The Company’s principal financial assets include trade and other receivables, rental and bank deposits and cash and cash equivalents that are derived directly from operations.

The Company is exposed to market risk/credit and liquidity risks. The Company’s senior management observe the management of these risks. The Board reviews their activities. No significant derivative activities have been undertaken so far.

There is a steady growth in number of consumers and demand for electricity from existing and new consumers. Hence, no demand risk is anticipated.

The company's senior management oversees the risk management policies and systems regularly.

The company has exposure to the following risks from its use of financial instruments:

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans, borrowings and deposits. The Company is mainly exposed to interest rate risk since it has availed borrowings at fixed and floating interest rates.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the company reputation, typically the company ensures that it has sufficient cash on demand to meet expected operational expenses, servicing of financial obligations.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents including bank deposits and availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. In addition to this, liquidity management also involves projecting cash flows at the beginning of each year considering the level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets and liabilities.

- **PARTICULARS OF EMPLOYEES**

In accordance with Notification issued by Ministry of Corporate Affairs vide GSR.463 (E) dated 5th June 2015; Section 197 of the Companies Act, 2013 and Rules made thereunder is not applicable. As such, particulars of employees have not been included in this report.

- **COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company is in compliance with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

- **MATERIAL CHANGES AND COMMITMENTS**

There were no material changes and commitments that occurred subsequent to the end of the financial year till the date of this report, which affects the financial position of the Company.

- **INDUSTRIAL RELATIONS**

During the year under review, your Company experienced cordial relationship with workers and employees at all levels, throughout the year.

- **SIGNIFICANT AND MATERIAL ORDERS**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations for a foreseeable future.

- **DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013**

The Company has in place a Policy for prevention, prohibition and punishment of Sexual Harassment of Women at work place in line with requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During the year under review, there were no complaints filed pursuant The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Details of Complaints received & resolved during FY-2022-23

Total Complaints received during the FY 22-23	Complaint Attended during the year FY 22-23	Complaint Resolved during the year FY 22-23
0	0	0

I. ACKNOWLEDGEMENT:

The Board would like to place on record its appreciation of:

- The Government of India and the Government of Karnataka, Comptroller & Auditor General of India and other Agencies/ Regulatory bodies such as Central Electricity Authority, Central Electricity Regulatory Commission, Karnataka Electricity Regulatory Commission for their assistance, guidance and co-operation.

- Financial institutions such as Rural Electrification Corporation, Power Finance Corporation and Commercial Banks for their financial support.

- The media for publicity and creating awareness among public.

- The Statutory Auditors, Cost Auditors & Secretarial Auditors for their guidance and support.

- Employees' Unions and Associations for their co-operation and collective participation.

For and on behalf of GESCOM

-SD-	-SD-
Director	**Managing Director**
GESCOM	**GESCOM**
DIN: 10284152	**DIN: 10331272**
Date: 30/12/2023	**Date: 30/12/2023**

GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED

CIN: U04010KA2002SGC030436

CORPORATE SOCIAL RESPONSIBILITY POLICY:

Table of Contents:

1. BACKGROUND:

Corporate Social Responsibility is a company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute for sustainable livelihoods. The Corporation believes in conducting its business responsibly, fairly and in a most transparent manner. It continually seeks ways to bring about an overall positive impact on the society and environment where it operates and as a part of its social objectives.

Gulbarga Electricity Supply Company Limited as a State Distribution Utility is vested with the functions of distribution of power in the State of Karnataka through its Stations & distribution Lines. GESCOM in its endeavour to serve general public has set its mission to ensure reliable quality power at competitive prices through:

1. Encouraging best practices in distribution;
2. Ensuring high order maintenance of all its technical facilities; and
3. Emphasizing the best standards in customer service.

2. OBJECTIVE:

This Policy lays down guidelines to make CSR a key business process. The Policy aims at enhancing welfare measures of the Society based on social and environment consequences of the Corporation's activities in India. This Policy specifies the projects and programmes that can be undertaken in terms of the Schedule VII to the Companies Act, 2013. Policy brings out the plans and projects proposed to be undertaken during the implementation years, specifies the modalities of execution in the areas/ sectors chosen and the implementation schedule. The scope of the Policy has been kept as wide as possible, so as to allow the Corporation to respond to different situations and challenges appropriately and flexibly, subject to the activities enumerated in Schedule VII of the Companies Act, 2013. However, no contribution will be made for any activities undertaken outside India.

3. TERMS OF REFERENCE TO CSR COMMITTEE:

The following Terms of Reference have been prescribed to CSR Committee:

a) To formulate and recommend a CSR policy to the Board;
b) To recommend amount of expenditure to be incurred on CSR activities;
c) To monitor the CSR policy of the policy of the company from time to time; and
d) To institute a transparent monitoring Mechanism for implementation of the CSR projects/programs or activities undertaken by the Company.

CSR Committee will play the following role in fulfilling the Corporation's CSR Objectives:

- Formulation and review of CSR Policy indicating the activities to be undertaken by the Corporation towards CSR initiatives;
- Recommendations of the amount of expenditure to be incurred on the CSR activities' and
- Formulation of a transparent monitoring mechanism for ensuring implantation of the projects/ programmes/ activities proposed to be undertaken by the Corporation or the end us of the amount spent by it towards CSR activities.
- Monitor and implement this policy from time to time.
- Annually report to the Board, the status of the CSR activities and contributions made by the Corporation
- Any other requirements mandated under the Act and Rules issued thereto.

4. CSR ACTIVITES / PROJECTS:

Amended Schedule VII of Companies Act, 2013 provides for the following which may be included by Companies as their Corporate Social Responsibility Policy Activities:

i. Eradicating Hunger, Poverty and Malnutrition, Promoting Health Care including Preventive Health Care and Sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of Sanitation and making available safe Drinking Water.
ii. Promoting Education, including Special Education and Employment Enhancing Vocation Skills especially among Children, Women, Elderly and the Differently Abled and Livelihood Enhancement Projects.
iii. Promoting Gender Equality, Empowering Women, setting up Homes and Hostels for Women and Orphans; setting up Old Age Homes, Day Care Centres and such other Facilities for Senior Citizens and Measures for reducing Inequalities faced by Socially and Economically Backward Groups.
iv. Ensuring Environmental Sustainability, Ecological Balance, Protection of Flora and Fauna, Animal Welfare, Agroforestry, Conservation of Natural Resources and Maintaining Quality of Soil, Air and Water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
v. Protection of National Heritage, Art and Culture including Restoration of Buildings and Sites of Historical Importance and Works of Art; setting up

Public Libraries; Promotion and Development of Traditional Art and Handicrafts;

vi. Measures for the Benefit of Armed Forces Veterans, War Widows and their Dependents;

vii. Training to promote Rural Sports, Nationally Recognised Sports, Paralympic Sports & Olympic Sports

viii. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Govt. for Socio Economic Development and Relief and Welfare of the Schedule Caste, Tribes, Other Backward Classes, Minorities and Women;

ix. Contribution or Funds Provided to Technology Incubators located within Academic Institutions which are Approved by Central Govt.

x. Rural Development Projects

xi. Slum Area Development

Explanation - For the purposes of this item, the term `Slum Area' shall mean any area declared as such by the Central Government or any State Government or any other Competent Authority under any law for the time being in force.

5. CSR AMOUNT:

The Corporation shall ensure that it spends, in every financial year, at least 2% of its average net profits (before Tax) made during the 3 immediately preceding financial years, in pursuance of its corporate social responsibility and subject to Section 135 of the Companies Act, 2013 and the Pules made thereunder.

For the purpose of this Policy, the first CSR spending financial year would be 2014-15 and the net profit shall mean average of the annual net profits of the financial years 2011-12, 2012-13 and 2013-14.

Net profits mentioned herein above means, net profit before tax as per the books of the accounts of the Corporation and shall not include profits arising from branches outside India.

6. SPENDING OF CSR AMOUNT:

The CSR Committee will decide on the following with regard to spending of CSR amount:

- Percentage of total amount to be used for funding various development organizations and grass-root level organisations;
  and
- Tranches of disbursement

- Any surplus arising from CSR projects or programs or activities will not form part of the business profits of the Corporation.
- Any income arising from the contribution received and surplus arising out of the CSR activities will be used for CSR only.
- The committee shall recommend to contribute funds for building the CSR capacities of personnel for the Corporation, through which it may undertake its CSR activities.

7. GOVERNANCE:

1. Every year, the CSR Committee will place for the Board's approval, a CSR Plan delineating the CSR Programmes to be carried out during the financial year and the specified budgets thereof. The Board will consider and approve the CSR Plan with any modification that may be deemed necessary.
2. The CSR Committee shall review the implementation of the CSR Programmes and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR Programmes in accordance with this Policy.
3. Once every six months the CSR Committee will provide a status update on the progress of implementation of the approved CSR Programmes carried out during the six-month period. It shall be the responsibility of the CSR Committee to review such reports and keep the Board apprised of the status of implementation of the same.
4. At the end of every financial year, the CSR Committee will submit its report to the Board.

8. DISSEMINATION OF INFORMATION

The CSR Committee shall report to the Board of the Corporation, at least on an annual basis, the status of the CSR projects/activities undertaken by the Corporation along with report on the impact created by such projects/ activities.

The Corporation shall also upload this Policy on its website www.kptcl.com/ePrasarna. Further, a detailed status report on the CSR activities carried out by the Corporation would be disclosed every year as part of the Directors' Report in the Annual report. The said information would also be uploaded on the website of the Corporation.

The CSR Committee will also make a Responsibility Statement in the Annual Report Stating that the CSR Policy implementation and monitoring thereof is, in letter and spirit, in compliance with its CSR objectives.

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3)of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. **Details of contracts or arrangements or transactions not at arm's length basis -** Not Applicable.
2. Details of material contracts or arrangement or transactions at arm's length basis
   a. **Name(s) of the related party and nature of relationship:**
   Karnataka Power Transmission Corporation Ltd (KPTCL), Bangalore Electricity Supply Company Ltd (BESCOM), Hubli Electricity Supply Company Ltd (HESCOM), Mangalore Electricity Supply Company Ltd (MESCOM), Chamundeshwari Electricity Supply Company Ltd (CESC), Power Company of Karnataka Ltd (PCKL), Karnataka Power Corporation Ltd (KPCL), Related party of the Company under Ind AS 24 and Section 2(76) (viii) (c) read with Section 188 of the Companies Act, 2013.
   b. **Nature of contracts/arrangements/transactions:**
   Agreements for Power Purchase Transactions.
   c. **Duration of the contracts/arrangements/transactions**:
   Long Term.
   d. **Salient terms of the contracts or arrangements or transactions including the value, if any:**
   Agreements with related party are generally for supply of power, providing transmission lines etc.
   The nature of transaction are like payment of transmission charges, settlement of energy balancing dues, shared expenses etc which arise in regular course of business and the value of transaction is based on actual quantum of transactions.
   e. **Date(s) of approval by the Board, if any:**
   These contracts with related parties are generally approved by Board of Directors as a regular course of business as mandated by the GoK or by the competent authorities like KERC, KREDL etc.
   f. **Amount paid as advances, if any:**
   Nil

For and on behalf of the Board of Directors

Director	**Managing Director**
GESCOM	**GESCOM**
DIN: 10284152	**DIN: 10331272**
Date: 30/12/2023	**Date: 30/12/2023**

Annexure 3 - Addendum To Directors Report

	Audit Qualification	Management Replies
1	**Accrual System of Accounting**: As per the Company's accounting policy, the Company recognizes revenue form Grants / subsidies / consumer contribution in respect of capital assets, penalties & damages recovery from contractors, supervision charges on cash basis and expenses towards interest on delayed payment to suppliers on claim basis. This is contrary to the accrual system of accounting as per the provisions of Section 128(1) of the Companies Act, 2013. However, in the absence of adequate information, we are unable to quantify the impact on profit of the company for the year and the assets and liabilities of the company as at the end of the balance sheet date.	**Subsidy** The Government has not been releasing any other subsidy other than Tariff Subsidy from past several years. In view of this, the Significant Accounting Policy relating to Tariff Subsidy will be re-examined and modified to Accrual System. **Grants/Consumer contribution, penalties, damage recovery etc:** This will be examined at the field levels and suitable modifications to Accounting policy will be proposed. In the present practice at field levels, there is a lack of information in respect of utilization of the Grants and one -to-one matching of the works and Grants released in the existing system of works/funds releases, it would be practically difficult to modify from receipt-based accounting to accrual system in respect of Grants, Consumer contribution. Existing DWA's clause allow us to recover the penalties/liquidated damages out of balance payments and hence Accrual system will be difficult to be implement without modification to the DWA clause of liquidated damages / Penalties and damages recovery from contractors.
2(a)	**Books of accounts & Records** The Company has adopted the accounting policies and procedures followed by KPTCL and is consistently following the accounting system laid down in the Electricity (Supply) Annual Accounts Rules, 1985 framed under the Electricity (Supply) Act, 1948 (54 of 1948) & repealed by the Electricity Act, 2003. These accounting rules are followed even though the same are inconsistent with Indian Accounting Standards (Ind AS) specified under section 133 of the Act. These inconsistencies include accounting of inventory at standard rates, Material Cost Variance Accounting provisioning of consumer dues, Depreciation rates/method accounting of capitalization of decommissioned assets etc. We have been explained that the disclosure is made in the significant accounting policy. In our opinion, the Company is under obligation by law to follow the Generally Accepted Accounting Principles including InAs but failed to do so. However, in the absence of adequate information, we are unable to quantify the	Some of the Accounting Procedures such as Inventory accounting through Standard rates, Material Cost Variance Accounting, provisioning of Consumer dues, Depreciation rates/method, Accounting of Released assets movements (on WDV rates) are based on the Provisions of ESAAR 1985 and also the accounting treatment for the released Assets, Depreciation rates and accounting have a bearing on the Consumer Tariff determination. In view of this, the disclosure is made in the Significant Accounting Policy.

	impact on profit on the company for the year and the assets and liabilities of the Company as at the end of the balance sheet date.	
2(b)	At present, only the operations relating to billing and collection from consumers have been computerized by way of Total Revenue Management (TRM) software. In respect of other processes, transactions / records are maintained partly manual and partly through MS-excel work sheets. The transaction processing from entry level till generation of Trial Balance is done through Microsoft Excel by using account codes. This system of account keeping is neither robust nor integrated and highly prone to human errors and mistakes. In view of the size of operations and decentralization of accounting process at various locations, we are of the opinion that there is a need for integrated accounting software for transaction processing.	Development of ERP for entire GESCOM transactions including, stores, cash, works, estimation, employee salary, subsidiary records is under progress. Subsequent to successful implementation of various modules of the ERP, the transactions processes can be controlled/monitored centrally.
2©	Further, the TRM software's have issues viz (a) Certain billings continue to be under manual system, (b) The opening balances, demands and closing balances as per software do not match with books / DCB Statements, (c) absence of system based aging reports for analysis and (d) difference between consumer security deposits as per TRM systems and Financial statements. However, in the absence of adequate information, we are unable to qualify the impact on profit of the company for the year and assets and liabilities of the company as at the end of balance date.	Instructions have been issued to all the accounting units for discontinuing Manual System of billing and to migrate all the ledger accounts to TRM system. Subsequently, the reconciliation of the consumer Balances and deposits is proposed to be taken up and necessary measures to rectify the differences will be implemented.
2(d)	On our test checks, it is observed that the subsidiary ledger accounts (other than consumer ledgers which are in TRM software) like sundry Creditors, advances, recurring expense ledgers were not maintained / updated properly. Further, wherever the subsidiary books are maintained, the same are not in ledger account format	The formats for subsidiary ledger are carried forward from erstwhile parent company. As the ERP is under development, necessary changes can be included and implemented in the ERP which is under development as Changes requirement and will be available before final adoption.
2(e)	The Company has introduced Financial Accounting & Material Management software (FAMS), but all the modules / cycle of operations are not being used to generate the financial reports. Even the stores transactions are not completely routed through the software to generate the financial reports. In view of this, the books of account continue to be through excel / manual system.	Some of the modules of the ERP are under development.
2(f)	There is no uniformity in the accounting methodologies being used at accounting units for accounting of DCB collections, Online collection entries, Bill Booking, rates used for reissue of TCs, Accounting for Social Schemes etc.	Guidelines have already been issued in respect of online transactions, accounting of social schemes etc. Implementation of these guidelines and Proper methodology for other aspects will be ensured/adopted in FY24

2(g)	The company purchases power from private firms, state govt and central govt agencies. Upon verification of the process, we observed that there are several disputes regarding terms and conditions of power purchase agreements including issues such as rate per unit, GST related liabilities arising due to change in laws, transmission loss etc. especially with respect to private firms supplying wind, solar energy, some of which are disputed by power supplier vendors at various levels such as KERC. The accounting of cost of power is done on a basis at rate which, in the opinion of the company, are payable and thus processed payment while not maintaining a record of plausible additional liabilities which may arise on account of dispute. The management could not provide an estimated amount in dispute. In the absence of relevant and adequate information and documents, we are not able to quantify and ascertain the cost of power purchase under reported and the shortfall in trade payables. In our opinion, based on its past experience and events and events occurring after balance sheet date, it would be prudent for the company to account for a significant amount of additional liability which may arise due to unfavourable decisions directing it to reimburse or make payments. Alternatively, it is required to quantify the possible impact of additional liability and disclose it as a Contingent Liability in the notes as claims acknowledged as not due. We are unable to quantify the possible obligations arising in present or future and probability involved in favourable/unfavourable decisions from KERC or higher judicial forums owing to lack of relevant records and information about quantum of transactions.	GESCOM is purchasing power from CGS SGS and private firms (IPP's). However, some of private firms (IPP's) have delayed for commissioning of the solar project, for which GESCOM has admitted the lower tariff/Rate per unit as per PPA terms & conditions and as per KERC order. But some of the private firms challenged the KERC order for lower tariff at higher judicial forums and cases are pending at various forums. Some of the IPP's have also filed the petition in change in law to claim GST including claim of LPS/interest. Under such situation Power Cell has not quantified the possible additional liability. However, as per suggestion, during FY 23-24, the possible additional liability will be provisionally quantified and will be considered under contingent liability.
2(h)	Attention is invited to Note 31 regarding Accounting of Renewable Energy Certificates (RECs). As may be noted the company had recognized an income to the extent of Rs.17991.70 lakhs (PY Nil) on account of Solar and Non-solar RE Certificates for various years. As explained to us, the Company would be eligible for receipt of RECs, under the Electricity Act 2003 and relevant regulations for the development of market in power from renewable energy sources, based on its procurement of renewable energy, at a tariff determined, in excess of renewable energy obligation as may be specified by the Appropriate Commission or in the National Action Plan on Climate Change or in the Tariff Policy whichever is higher.	The Company received 22,56,508 Mwh & 18,85,260 Mwh worth of Renewable energy certificates for the first time during this financial year pertaining to FY2019-20 & FY 2020-21 respectively for meeting Renewable Power obligation as specified by KERC. During FY23, the company has sold 17,96,353 Mwh worth of RECs at Rs.1000/Mwh and same were accounted as Income and financial asset in financials. RECs worth of 23,45,415 MWh were still available with company as on 31.03.2023 but yet to be traded which was not accounted as accrued income and financial asset in the financials due to fluctuations in the trade/bidding rate of RECs. At

	In terms of the said scheme, the KERC has certified and recommended the issue of the RECs, vide its Orders dated 11/04/2022 and 15/07/2022, to the extent of MWh 2256508 MWh for FY 2019-20 and 1885260 MWh for FY 2020-21 totaling to 4141768 MWh. However, the Company could not file relevant application with concerned authority within the stipulated time for FY 2021-22 though the extent was certified and recommended to the extent of 862046 MWh. Further, the Company also complied with its obligation of procurement in terms of the scheme for FY 2022-23 which would entitle it to RECs to the extent of 1301171 MWh for which the Company filed with registry within the stipulated time after the balance sheet date and the approval is awaited. Out of the total 4141768 MWh approved, the Company could trade 1796353 MWh during the current FY 2022-23 at a value of Rs.1000 per MWh totalling to Rs.17991.70 lakhs and the same has been accounted as Other Operating Revenue. The balance 2345415 MWh could not be traded and hence the Company did not recognise any revenue during the current financial year on the ground that they could not be traded. Further it also did not take into cognizance 862046 MWh relating to FY 2021-22 as it could not obtain necessary approval in time. Further also it did not recognise any revenue for FY 2022-23 relating to 1301171 MWh though it complied with relevant conditions in the same year on the ground that the necessary approval has not been received. In our opinion, the Company ought to have appropriately quantified and accounted the benefit accruing to it as income and corresponding value of RECs as an asset. The Company ought to have framed an accounting policy to recognize revenue and corresponding assets relating to RECs which are approved and available for trading as on balance sheet date. Considering the untraded RECs of 2345415 MWh which are available for trading as on balance sheet date. The value would be Rs. 23454.15 Lakhs at last traded price at RS. 1000/Mwh. We however, noted that the company did not put in place any accounting policy, to recognize and account income on account of RECs and corresponding asset, in its financial statements for the current year. In our opinion, as the income is recurring in nature, the company should put in place	present, it is in a decreasing trend due to the market situation of demand and supply for RECs. However, suitable disclosures are made under Note No.31 of Financials. The matter will be placed before Board in upcoming meeting and suitable accounting policy will be drafted and will be adopted in FY23-24 financials.

	a significant accounting policy, dealing with all aspects of recognition, measurement and carrying value and covering all situations, in this regard appropriately considered and approved by the Board. It shall also make an elaborate and detailed disclosures in the notes as to income and assets recognised and not recognised with refence to its accounting policy.	
3	**IND AS 2 – Inventories**	
3(a)	As per the Accounting policy referred under clause 2.19 of Note 2 of Financial statements, the Company is using standard cost for accounting of purchases, consumption & valuation of closing stock of stores. The Inventories include the value of scrapped assets, faulty & dismantled assets for reuse and repaired good items, which are carried at Written Down Value. These constitute departure from the Indian Accounting Standard which requires valuation of inventories at lower of cost and Net Realisable Value. However, in the absence of adequate information as to historical cost, NRV and working of comparisons, we are unable to quantify the impact on profit of the company for the year and the value of the inventory of the company as at the end of the balance sheet date.	Discontinuing of Standard Rates for valuation of inventory, CWIP, Fixed Assets etc requires implementation of dynamic pricing system. Considering that a large number of items held under inventory/stores being handled at any given point of time by GESCOMs and dynamic pricing system if implemented will lead to 1. difficulty in considering the rates for preparation of estimates and to determine the amount put to tender. 2. If standard rates are used for only for the purpose of estimation and execution of works (CWIP), Asset, inventories etc are valued as per Indian Accounting Standard (lower of cost and Net Realisable Value), will result in difference in the Estimates, Budget approved and actual invoicing / payments to the Contractors and requires to be approved by the competent authorities in each case depending on the variation % and amount. 3. Procedure to overcome these above needs to be examined. For the purpose of implementation, it will require to be done through specific software which allows for centralized control for all updation of value of the materials as per IND-AS requirements at every instance and common across all the stores, accounting units. Implementation of dynamic pricing in the present manual system by maintaining common practice across all the stores and accounting units will be practically difficult to achieve. Development and implementation of ERP will be essential to change the accounting methodology for inventory

3(b)	Attention is drawn to Note No. 2.20 of Accounting policies regarding Reserve for Material Cost Variance which is being adjusted to Reserve & Surplus instead of charging to Statement of Profit & Loss in accordance with the Generally Accepted Accounting Principles. The accounting method followed is against the historical cost convention and that the net difference on account of the method followed should have been routed through Profit and Loss statement and, in our opinion, that non-adherence to this resulted in shortfall in profit for the year to the extent of net amount of Rs.2334.26 lakhs as at the balance sheet date.	The stated policy 2.20 of the company is in consonance with Para 2.22 of the Commercial Accounting System for State Electricity Boards as per the Electricity (Supply) (Annual Accounts) Rules, 1985 issued by the Ministry of Energy, Government of India.
3(C)	The internal annual physical verification of stores stock conducted during the year at various locations shows many items classified as un-operated for last several years. There is no further analysis / financial assessment to ascertain the ultimate usability / obsolescence and write down to their realizable value, if necessary. We are unable to comment on provision requirement on obsolete and unusable inventories and consequential impact of profit of the company. Further, the annual counting should be more effective, by covering stock lying with repair centers, material issued but pending for regularization etc.	A committee of technical officers and Internal audit wing will be constituted at each store location to analyze the Store counting reports and recommend a consolidated remedial action in respect of all the store counting reports and MIS.
3(d)	Inventory includes, materials lying with employees (material imprest account) amounting to Rs.885.22 lakhs (PY Rs.796.46 lakhs). The Company needs to ascertain the age wise analysis of these material pending for regularization and document the plan of action taken. Further the company has also to estimate for any possible loss. In the absence of adequate information, we are not able to ascertain if all the material have the value at least to the extent stated in the financial statements.	Annexure 20C was devised to extract data related to material imprest account. Units with amount under that code have provided details for materials drawn by employees.
3(e)	The stock of inventory which includes substantial items for ultimate use as part of capital asset (plant & equipment). As the intention / ultimate use of such items of inventory is towards creation of "Plant & Equipment", the same needs to be separately identified as capital items in the Financial Statements. However, in the absence of adequate information as to the value of such items, we are not able to ascertain the impact of the profits of the company for the years and its inventories and PPE as at the balance sheet date.	Annexure 19-1 was devised, Units have adopted and shown inventory bifurcation between capital, self-execution and Repair works.
3(f)	inventories include Rs.54,37 lakhs (PY Rs. 62 lakhs) material issued for temporary installations to contractor/employees for	Assets/lines constructed for temporary installations are only for few days to few months.

	temporary work. Age wise analysis of such material at site was not available during our visit to the units. Such items are classified as inventory under the head "material with contractor" under current assets. In our opinion this classification is inappropriate, as the material is being used and there is no charge of depreciation on these items. However, in the absence of adequate information as to the value of such items, we are not able to ascertain the impact on the Current Assets and the PPE as at the balance sheet date.	Subsequently these are released and returned to stores. As indicated under 3d above, this information will be mandated to be provided along with MF accounts of units and made available to audit from FY 24 and onwards.
4	**Cash and Cash Equivalents**	
4(a)	The internal audit department had carried out special audit as described in the note No. 58 to the financial statements. The Company needs to co-relate these amounts to the related ledger balance in the respective units and reconcile the latest status of the same. The loss on account of possible non-recovery, if any is not ascertainable on account of pendency of the issues.	This matter will be examined and a procedure devised to recognize / correlate to the respective ledgers.
4(b)	The method of accounting / reporting and the process of reconciliation of non-operative bank accounts needs to be revisited, as the Bank Reconciliation Statement (BRS) does not give the cumulative value of unrealized cheques as at the date of reconciliation and the date of subsequent realisation of cheques. We have been explained that the cumulative value of unrealized cheques is maintained differently and it is reconciled regularly as at the date of reconciliation. However, in our opinion, the system followed is not adequate and appropriate.	BRS Format is prepared as per Format devised in KPTCL Volume 2, Whereas Cumulative value of unrealized cheques is maintained differently and it is reconciled regularly as at the date of reconciliation.
4©	The company has arrangements with electronic service providers for web based electronic payments from consumers. On our test checks with the accounting units we visited, it is observed that these collections were not being reconciled periodically with the bank statement. There is a need for periodical reconciliation and monitoring of these transactions. We have been explained that the periodical reconciliation of Online Payments is done. Amount unreconciled will be only of March Month which will be subsequently reconciled. Pending completion of such process, we are not able to confirm if the collections are reported completely and correctly.	Instructions have already been given to all the units from Corporate Office to reconcile transaction on bank accounts having online banking. The accounting units have commenced the reconciliation process and are following the instructions and involved in periodical reconciliation of Online payments with Bank Pass sheets. However, reconciliation process will be ensured in all the units and will be brought up-to date.
5	**IND AS 16 on Property, Plant & Equipment**	
5(a)	The company does not possess the detailed listing / analysis of the value of work-in-progress amounting to Rs. 14844.68 lakhs (PY	An Annexure was drafted in view of extracting Work details of all units since this financial year. All units were able to provide

	Rs. 16016.56 lakhs) viz. work order wise aging, work estimate amount & actual amount incurred till date, scheduled date of completion and actual progress as at the reporting date. Further, the ageing disclosure of work in progress is not supported by accurate workings / reports. We have been explained that an Annexure was drafted in view of extracting Work details of all units since this financial year. All units were able to provide details of Work orders issued during last 2 to 3 years with proper Work Order No., Date, estimate amount, categorized amount and Closing balance as on 31.03.2023. Prior to that, Units were unable to provide details. Further that based on the data provided, Work in Progress Aging was prepared and disclosed in the financials. In view of the fact that the details are not available for older years, we are not able to confirm the correctness of the value of work in progress.	details of Work orders issued during last 2 to 3 years with proper Work order No., Date, estimate amount, categorized amount and Closing balance as on 31.03.2023. Prior to that, Units were unable to provide details. Based on the data provided, Work in Progress Aging was prepared and disclosed in the financials.
5(b)	Ind AS 16 on Property, Plant and Equipment requires the cost of dismantling to be estimated and included in arriving at the cost of the item for capitalization. The Company has not included the estimated cost of dismantling for capitalization. In the absence of adequate information, we are not able to estimate the impact of this on the financial statements.	Presently, estimate preparation is guided by the Common Schedule of Rates followed by all ESCOMs. This can be implemented with necessary modifications in the Cost Data Sheets and amendment to the Estimate Preparation guidelines so as to include the Cost of Dismantling as part of Estimate. However, the possibility of duplication of the preparation of the Estimates again at the time actual dismantling need to be addressed as there will a requirement of labor cost and financial implication at the time of dismantling.
5©	Assets retired from active use are stated at written down value and the same is not tested for comparative net realizable value. These assets are disclosed as Inventories, Stores and Spares under the head WDV of obsolete / scrapped assets. Such assets are reissued after repairs at the weighted average / FIFO rate of such inventory and not at its WDV. This is not in accordance with the Indian Accounting Standard 16 - Property, Plant and Equipment (PPE). As per the policy, charge of depreciation is stopped from the date of decommissioning till the assets are reissued & capitalised. Such reissued asset is capitalised at the average cost and depreciated over their original life and not on the remaining useful life. This practice is not in accordance with the Ind AS 16. However, in the absence of adequate information, we are not able to estimate the impact of this on the financial statements.	For the purpose of the Inventory Control and Material Management, the released assets have to be returned to stores. As the asset has served some part of the life and has been released from active use, the original cost is reduced proportionate to the eligible depreciation. Upon release, if it is repairable, only then it is carried on the WDV else, it is proposed to be scrapped and accounted at scrap value and continued to be depicted in the books at scrap value. If the assets are found repairable, it is got repaired and repair charges are treated as revenue expense and the Asset is utilized for the balance life of the asset. Presently, Depreciation is claimed for the assets in use as the released assets are returned to stores and accounted as part of inventory until such time these are issued back to Capital Works and put to use. One-to-one co-relation is not possible in case of the Distribution Transformers (These are Block

		assets as per existing guidelines) and hence, tracking and tagging of individual WDV with each transformer is practically difficult. Hence, the weighted average rate for issue of used transformers is the prescribed method.
5(d)	The Company's policy is to capitalize the assets after the receipt of final bill and certifying the date put to use. However, there were instances of capitalization of assets before accounting of the entire expenses relating to the asset. This practice results in capitalization of asset on the date which is not the actual date put to use and incorrect calculation of depreciation. There is a need for proper monitoring of assets capitalized during the year & work in progress by automation of the activity. However, in the absence of adequate information, we are not able to estimate the impact of this on the financial statements.	All accounting units will be educated to comply with the guidelines on Capitalization of Assets as laid down in the Significant Accounting Policy of the Company. Also, Instructions will be issued to make necessary corrections / adjustments in the depreciation calculation and date of commission in respect of Assets already capitalized.
5(e)	As reported in the audit report for the financial year ending 31-03-2018 by the predecessor auditor, there was an allegation of misconduct in contract for the works relating to transformer fencing and fixing aerial fuse board across many divisions during the financial year 2015–16 and the pending works were suspended. As informed to us, detailed enquiries are under process and necessary financial entries would be incorporated on the outcome of the proceedings. We have been informed that the matter is still pending for final orders. However, in the absence of adequate information, we are not able to estimate the impact of this on the financial statements.	The Enquiry proceedings in-respect of these works is in progress and the outcome or the financial implications can be incorporated based on the outcome and final orders of the enquiry.
5(f)	There is need to establish proper accounting control mechanism with respect to self-execution works (consumer contributed assets) till it is capitalized. In absence of this, categorization of the all the self-execution works could not be ensured. We have been informed that the Units were instructed on the accounting treatment in case of Self execution works. However, in the Divisions audited by us, the system if not followed	This issue will be examined and attempted to address through specific guidelines for carrying out consumer contributed assets and its capitalization.
5(g)	Various instances amounting to Rs. 923.95 lakhs (PY Rs.1200.70 lakhs) on account of alleged material mis-use by employees are under departmental enquiry, ranging up to last 10 years. The Company needs to identify the related account code / work order under which such materials are shown in the books of account. As	The departmental enquiry proceedings are yet to be finalized to crystalize the value of the materials not returned/ failed to regularize by employees In light of the audit comment, the issue will be examined and attempted to address

	informed to us recovery in the form of material / cash will be done on final order. Further, there were instances where recovery from employees is being made before initiating inquiries and such recoveries are netted off to the amount of Advance to employees under other Current Assets.	through specific guidelines for accounting of materials which were drawn by employees and were not returned. A particular Account code will be issued to park the amount of alleged mis-use of materials till the finalization of departmental enquiry.
5(h)	There were instances of upgradations of 11 KV stations to higher capacity from time to time and as informed to us, such upgraded stations were entrusted to KPTCL. Details of the terms and conditions for such upgradation were not available for our verification. The Company needs to ascertain the financial impact and pass necessary entries on account upgradation process, as the related infrastructure such as Land, Civil Structures, yard lighting and related assets are involved in the process. We have been explained that there are no such upgradations during the year.	Proper methodology will be adopted, if any handover of stations has been finalised, then necessary inputs will be obtained from the concerned field officers for identification of the assets proposed to transfer and Proper accounting treatment will be made in ensuing financial year.
6	**IND AS 36 – Impairment of Assets** The company has not carried out the process of identifying the impaired assets in accordance with Ind AS 36. However, in the absence adequate information as to fair value of various assets, we are not able to ascertain the impact of impairment, if any, on the financial statements.	A team of technical experts and Internal Audit Officers will be constituted at each Circle level to identify impairment of any assets or inventory at a regular Intervals and submit their report for Management. These reports will be made available for audit.
7	**Indian Accounting Standard (Ind AS) 113 - Fair Value Measurement and Indian Accounting Standard (Ind AS) 109 - Financial Instruments**	
7 (a)	The Company has investment in equity shares of Power Company of Karnataka Limited amounting to Rs. 1 lakh. These investments have not been fair valued as at the date of balance sheet. However, in the absence adequate information as to fair value of various assets, we are not able to ascertain the impact of impairment, if any, on the financial statements for the year and the compliance with the Ind AS.	Will be complied in ensuing year.
7 (b)	The security deposits received from contractor/suppliers and retention money from contractors is not carried at amortized cost as required by Ind AS 109, as expected realization date of these deposits is not ascertainable. However, in the absence adequate information as to fair value of various assets, we are not able to ascertain the impact of impairment, if any, on the amounts of deposit and retention money and related impact on statement of profit and loss.	Information pertaining to these items has been obtained from the accounting units in the newly proposed Annexure No 38C & 38D of MF23. While most of the units have provided details of Security deposits from Suppliers/Contractors and also for retention money, information is yet to be compiled by a couple of units for which the consolidation could not be finalized. Will be complied in the ensuing year.
8	**Indian Accounting Standard (Ind AS) 116 – Leases**	Rates of rent in respect of Buildings / land of KPTCL/GESCOM used by GESCOM/KPTCL has been finalized and agreed by the competent

	We observed instances of immovable properties of the company being used by KPTCL and vice versa without any financial covenants / consideration. There were instances of demands raised by KPTCL towards rent which were not provided for in the books of the company. We have been informed that Rates of rent in respect of Buildings / land of KPTCL/GESCOM used by GESCOM/KPTCL has been finalized and agreed by the competent authorities of both GESCOM/KPTCL. The company is yet to ascertain the quantum of such demands pending and hence liability could not be crystallised. In the absence of adequate information, we could ascertain the impact of such liability on the company.	authorities of both GESCOM/KPTCL and hence liability could not be crystalized.
9	**Indian Accounting Standard (Ind AS) 20- Government Grants**	
9(a)	As disclosed in clause 2.7 under note 2 of the financial statements, 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. However as per Ind AS 20, the release from deferred income to statement of profit and loss must be made based on systematic basis over useful life of the related asset. The company is not able to demarcate the capital grants against particular asset to match with the date of categorization and release from its active use when charging of depreciation is discontinued. However, in the absence of adequate information, we are not able to ascertain the impact of over or under charge to statement of profit and loss from deferred income.	Consumer contribution and Government Grants are lumpsum in nature and also do not form full cost of a particular asset. Grants released by Government, partially finance the underlying asset and remaining part is again funded by GESCOM. Consumer contribution towards capital asset is not linked to the actual Infrastructure expenditure and also the timing of receipt and actual expenditure can be completely different. For example, Infrastructure is developed by GESCOM in respect of old layout at a given time at a specific cost. The consumers contribute towards this asset based on the rates fixed by the Regulator which is linked to the Sanctioned load and the urban and rural area. Gradually as and when the consumers seek power supply in these layouts the contribution is received by GESCOM but it is only partial expenditure spread over an indefinite future period. In view of the above practical difficulty of demarcation of the grants/consumer contribution and also difficulty in one-to-one co-relation of the assets and grants/consumer contribution, the Grants/Consumer contribution are treated as revenue on a proportionate basis.
9(b)	Also, company has no data for bifurcation of deferred income into current and noncurrent portion and hence the entire balance of deferred income has been shown in non-current liabilities. Accordingly, we are unable to comment on its related impact on bifurcation into current and noncurrent portion in financial statement.	Due to the practical difficulty in one-to-one linking of the Consumer contribution/Grants to the Assets Constructed and also to the fact that in most of the case, the assets are partially financed by GESCOM and another part by Consumer/Government grant, the segregation of current and non-current component of the deferred income relating to Consumer Contribution/Grants could not be carried out.

9 (c)	The Company had received a grant of Rs. 2205 lacs vide GO EN13 PSR 2014 dt 10.12.2015 under the 13th finance commission. Cumulative Interest of RS.1035.42 lakhs (PY Rs. 951.01 lacs) was earned on temporary investment of this grant in fixed deposit with bank has been parked under current liability. Clarification on the treatment of such interest has not been obtained from the concerned granting authority. Further, the Company needs to reconcile / rectify the accounting of this grant as Equity in earlier year. We have been clarified that, since the Grant amount is treated as Equity, an Expert Opinion will be sought from the subject expert and proper accounting rectification will be made as per the advice/instructions given by the subject expert. Further that a letter has been addressed to Government about the wrong accounting of grant amount as equity and that subsequently it will be brought to Board's Notice and thereon suitable actions will be taken to rectify the same. In the absence of such action as on the date of this report, in our opinion, the equity share capital of the Company is overstated and the amount of Grants is understated by that amount.	Clarity on the treatment on the interest earned out of FD of this grants will be sought from Government and until such time, the Interest earned will be parked as liabilities. Since the Grant amount is treated as Equity, Expert Opinion will be sought from the subject expert and proper accounting rectification will be made as per the advice/instructions given by the subject expert.
10	**IND AS 115 – Contract with customers** With respect to supervision charges charged by the company towards capital assets contributed by consumers, Company recognizes revenue on such supervision charges on the basis of application made by consumer. Company does not determine the timing of satisfaction of performance obligation as derived from contract of customer as required under Ind AS-115. The company does not possess the relevant information to assess the impact of above deviation. Accordingly, we are unable to comment on related impact on financial statement.	The obligation to carry out the work is completely on the consumer and GESCOM cannot fix an exact time frame and also the one-to-one tracking of these works is practically difficult. As such the accounting of the recognizes the revenue relating Supervision charges on receipt basis without waiting for the capitalization of asset.
11	The amount shown under the head "Inter Unit Accounts ('IUA')" as at the end of the year amounting to Rs.243.72 lakhs (PY Rs. 133.15 lakhs) Credit under "Other Current Liabilities" is the un-reconciled net balance pertaining to fund transfer, material transfer, assets transfer, employee transfer related entries. In absence of adequate information and the reconciliation of these balances, we are unable to comment on the impact on the financial statements.	The IUA balances have arrived since unbundling of ESCOMs. Efforts of manual system of reconciliation are getting delayed and not yielding desired results in view of the large number of transactions between units and also lack of records at the unit levels. Reconciliation of these balances is under process.
12	The Company is making provision every year in a phased manner, in respect of old outstanding dues from IP set installations, pertaining to the	The proposal for provisioning for outstanding IP Dues has been considered and approved for

	period prior to 31/07/2008, not recoverable from Govt. of Karnataka (prior to subsidy era needs to be collected from ultimate consumer). As at the end of the year, the said dues are unprovided to the extent of Rs.11254.18 lakhs (PY Rs. 18194 lakhs). We have been explained that the proposal for provisioning for outstanding IP Dues has been considered and approved for enhancement to 10% from the existing rate of 4% by the Board, effective from FY 16 and onwards. However, it is not explained if the above amount is included in the amount in FY 2016 and is being amortised. In our opinion the entire dues should have been provided, as the same are not ultimately recoverable. Therefore, had the same been provided fully, loss for the year would have been higher by Rs. 11254.18 lakhs and the balance of Trade Receivables would have been lower to that extent.	enhancement to 10% from the existing rate of 4% by the Board, effective from FY 16 and onwards.
13	Confirmation of balances / Reconciliation: The Company does not have the procedure of obtaining confirmations (except in case of power purchase suppliers) and reconciliation of balances from/to KPTCL, KPCL, PCKL and other ESCOMs, sundry debtors, sundry creditors, advances, deposits from/to suppliers / contractors / government authorities / consumers / employees, loans and other receivables from various parties. In case of power purchase suppliers, the letters for confirmations were sent and very few responses have been received. However, the Company has not analyzed the reasons for the differences in respect of the confirmations received. There are several old balances with ESCOMS and KPTCL carried forward from several years & pending for settlement. We have been explained that a letter was written to Director (Finance), Energy Department, GoK to provide a common platform to all related parties to resolve the old balance which are pending for settlement from several years. Considering the request, Energy Department has convened the energy balancing meeting of all the ESCOMs and the Energy Balancing as at the end of 31/3/2023 has been reconciled and jointly signed by ESCOMs. Settlement of the receivable / payable is also being initiated through the Subsidy Account by the Energy Department during FY24. Pending completion of the above process, we are unable to comment if the balances of the above accounts are recoverable or payable as the case may	A letter was written to Director (Finance), Energy Department, GoK to provide a common platform to all related parties to resolve the old balance which are pending for settlement from several years. Considering the request, Energy Department has convened the energy balancing meeting of all the ESCOMs and the Energy Balancing as at the end of 31/3/2022 has been reconciled and jointly signed by ESCOMs. Settlement of the receivable / payable is also being initiated through the Subsidy Account by the Energy Department during FY24.

	be at least to the extent stated in the financial statements.	
14	**Ganga Kalyan Works / Deposit Contribution works**	
14(a)	Other noncurrent liabilities include deposit contribution works & Ganga Kalyan works amounting to Rs. 14036.52 lakhs (PY Rs 11440.33 lakhs) as at the year end. As informed to us, reconciliation / follow up with the respective departments is under progress through corporate office centrally. In our opinion, the centralised process is limited to the extent of the total eligible amount of subsidy based on the no. of beneficiaries. There is a need for basic accounting analysis since beginning of the scheme viz. work order wise breakup of amount spent, amount categorized to A/c code 10, amount to be retained under a/c code 47 which needs to be matched with the amount due from Govt. department under the Scheme. We have been informed that reconciliation of Deposits for Ganga Kaylan Works is completed by GESCOM and Details have been shared with the concerned department for confirmation. The process is expected to be completed soon. Pending completion of this process we are unable to comment on the impact of the same on the financial statements.	Reconciliation of Deposits for Ganga Kaylan Works is completed by GESCOM and Details have been shared with the concerned department for confirmation. The process is expected to be completed soon and will be shared with Audit.
14(b)	Consumer wise ledger transactions and breakup of year end balances viz consumer name / amount / work order date in respect of deposit contributions works / waterworks have not been maintained at the accounting units. Many of the balances are being carried forward from earlier years. We have been informed that the company is able to draft an annexure which provides information about deposit contribution work for last 2-3 yrs. However, as the information is to be fetched from manual records, it is becoming difficult for providing information in respect of the works beyond 2-3 years. In view of the foregoing situation, we are not able to confirm if the balances being carried forward are actually recoverable or not.	An Annexure was drafted in view of extracting Deposit Contribution Work details of all units since this financial year. All units were able to provide details of Work orders issued during last 2 to 3 years with proper Work order No., Date, estimate amount, categorized amount and Closing balance as on 31.03.2023. However, as the information is to be fetched from manual records, it is becoming difficult for providing information in respect of the works beyond 2-3 years
15	**Indian Accounting Standard (Ind AS) 33 - Earnings per Share** The cumulative effect on account of all the deviations / qualifications, on the profit for the year, taxes on income, net income and shareholders' funds and cash flow statement for the year is not ascertainable. Further, the impact	The Impact on EPS is based on the net impact of the of Statutory Audit Qualifications.

	on earnings- per share and the disclosures required as per Ind AS 33 is not ascertainable	
16 16(a)	**Non-Compliance with the requirements of Schedule III to the Companies Act 2013** **In respect of Trade Receivables:** i. As per Schedule III to the Companies Act 2013, a receivable shall be classified as 'trade receivable' if it is in respect of the amount due on As per Schedule III to the Companies Act 2013, a receivable shall be classified as 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. However, the receivable from Government in respect of sale of electricity which are discharged by Government on behalf of consumers of IP sets / BJKJ installations amounting to Rs. 70376.61 lakhs (PY Rs.43840.46 lakhs) as at the balance sheet date are classified by the Company under “Other Financial Assets-Tariff Subsidy” as against the requirement of classifying them as “Trade Receivables”. ii. In our opinion, Trade receivables are understated and Other Financial Assets are overstated to the extent of the amount stated above. The agewise classification & disclosure of Trade receivables is not supported by accurate workings / system reports. In the absence of adequate information, we are unable to analyse/comment on the correctness of these disclosures. iii. The Company has not ascertained the accurate amount of advance from consumers and classify the same separately under current liabilities. Presently the Trade receivables are net of such advances from consumers. Due to this the Trade Receivables and Current Liabilities are under stated to the extent of advances from consumers. Further, individual receivables (RR number wise) have not been analyzed and reconciled with the receivables as per Trial Balance. iv. The Company has classified the trade receivables to the extent of entire consumer deposits as secured. Only deposit balances of those consumers, whose balances are outstanding as at the yearend should be considered as secured. In view of this, we could not comment on the correctness of this classification. v. It is observed that the closing net credit balance of Rs.2403.50 lakhs (PY Rs 3730.60) lakhs parked under “Revenue Collection pending	The reclassification of Government receivables to Trade receivables will have an impact on the provisioning and levy of interest. The Government in the past has clarified that there is no provision for payment of Interest from the consolidated funds and any dues outstanding in the Sundry Debtors are required to be subjected to Delayed payment charges and hence these dues have been separately classified. ii) Some of the Ledger accounts are maintained in manual set up and also this ledger balance is yet to be reconciled. Instructions have been issued to move over these Consumer ledger accounts to the Software based billing system so as to finalize the reconciliation process. In the present partial computerized/ partial manual system, the advance from consumers’ balance could not be extracted. iii) Reconciliation of Deposits as per Consumer ledger account and the financials is in progress.

	Classification over Sundry Debtors" (Code 47.609 netted off to Trade Receivables) has not been reconciled/ analysed by the accounting units. We have been explained that the amount parked under 47.609 will be pertaining to Feb & march month. Which will be reconciled and adjusted to Trade receivables. Pending this we are not able to ascertain the impact on the financial statements.	
16(b)	The process followed by the company to identify the suppliers covered Under Micro, Small and Medium Enterprises Development Act, 2006 and the delays in payment to them, is inadequate not documented. In view of this, we are unable to verify and comment on the compliance with the MSMED Act 2006 and disclosure requirements as per Schedule III to the Companies Act 2013.	Efforts will be made to put in place a mechanism to maintain documentation so as to identify all transactions and dues outstanding to Micro, Small and Medium Enterprises as required to comply with the provisions of MSMED Act 2006.
16 ©	Disclosure of capital and other commitments at the year-end prescribed under Schedule III to the Companies Act, 2013 has not been made in the financial statements in absence of related data. We had noted that the Contingent Liabilities disclosed in the Notes to Financial Statements are not in accordance with the Schedule III of the Companies Act 2013. Schedule III requires certain Contingent Liabilities and Commitments to be disclosed. However, the company is disclosing only the claims amount but not the others. It is not disclosing the Estimated amounts of contracts remaining to be executed on capital account and not provided for. In the absence adequate information, we are not able to quantify the amount of non-disclosure.	Efforts will be made to consolidate the required information for providing this disclosure.
16(d)	The company had a balance brought forward on account of Share Application Money at Rs.9.86 cr and, during the year received further amount of Rs.73.08 cr. Out of the total amount Share Capital of Rs.14.21cr has been allotted during the year. We noted that the Share Application money received but not allotted against it was outstanding for more than 90 days before the shares were allotted during the year. Further we have been explained that the amount pending for allotment as on the date of balance sheet date was received from Government is from February Month and as on the date of balance sheet date these were not pending for allotment for more than 90 days.	The amount pending for allotment was received from Government is from February Month and same will be proposed for issuance of shares and conversion as share capital in upcoming Board.

17	The cash flow statement prepared by the company is in non-compliance with Ind AS-7 to the extent of the impact which could have been drawn on financial statement because of qualifications enumerated above. Accordingly, we are unable to comment on the correctness of the change in cash flow arising from operating, financing, investing activities to the extent of the impact of above qualifications.	The Impact on Cash Flow is based on the net impact of compliance to Statutory Audit Qualifications.
18	Loan from Government of Karnataka (GOK) amounting to Rs.52827 lakhs are subject to confirmation. Further, the GOK has adjusted an amount of Rs.10565.40 lakhs towards repayment before the actual due date of 1st installment as per the original sanctioned terms. In the absence of revised schedule of repayment, the amount classified as current maturities is not verifiable.	Servicing of these loan accounts is regular and there is no communication from the Government with regards to repayment of principal or interest payment against this loan.
19	Detailed terms and conditions of the advance / contribution and the present status of Rs. 1400 lakhs contributed (grouped under non-current loans) towards Priyadarshini Jurala Hydel Project in the year 2013 are not available. We have been explained that, as per Govt Order, the Amount is being written off over the period of 35 years from the year of commission of project i.e., from 2014-15. An Amount of Rs. 3.6 Crores was written off during this year.	As per Govt Order, the Amount is being written off over the period of 35 years from the year of commission of project i.e., from 2014-15. An Amount of Rs. 3.6 Crores was written off during this year.
20	Other Financial Assets include long pending amounts in respect of Rural Electrification Subsidy Rs.3050.88 lakhs, Receivable from Power generators Rs.2259.69 lacs (A/c code 28.898), Receivable from Pension/Gratuity Trust to the extent of Rs. 947.97 lakhs and net receivable of Rs. 157075.56 lakhs under the head "Receivable from entities under common control (KPTCL/ESCOMS/PCKL)". There are no terms regarding settlement of these balances / transactions and many of these dues are carried forward from earlier years. Further, these balances are not confirmed. In our opinion, in the absence of concrete steps to recover or otherwise settle, the dues carried forward from earlier years and outstanding for more than three years to the extent of a net amount of Rs.112088.06 lakhs are not recoverable and hence need to be written off. Consequently, in our opinion, the Loss of the company is understated and other financial assets are overstated by this amount.	Letter has been addressed to Government claiming the Subsidy dues as per the approved financials. In response the Government has communicated that these dues will be proposed in the State Government Budget and if allowed, will be allocated to GESCOM. As such there is no doubt on the recoverability of the amounts. Settlement of the receivable/payable by/to entities under common control is also being initiated. Necessary treatment will be done once all the entities comes to final decision on the same.
21	The "Other noncurrent financial liabilities" include BRP II Adjustment given by GOK i.r.o SMIORE Rs. 1293.06 lakhs pending since long	We have received this transaction while notification of the Opening Balance to be adjusted against the dues of M/s Sandur Manganese & Iron

	time. The company does not possess detailed information for adjustment of this balance and needs to reconcile the same. In our opinion, in the absence of concrete steps to repay or otherwise to settle these amounts, the amounts are not payable and hence need to be written back. Consequently, in our opinion, the profit of the company is understated and the other noncurrent financial liabilities are overstated by these amounts.	Ore Limited (SMIORE) upon fulfilling of certain conditions. The Corresponding Dues are depicted under Trade Receivables - Sundry Debtors.
22	The agewise classification & disclosure of Trade payables is not supported by accurate workings / system reports. Due to this, we are unable to analyse/comment on the correctness of these disclosures.	Proper methodology will be adopted from this financial year to carry out age-wise analysis of the Payables.
23	Attention is drawn to Note No.23 (b) "Other Non-Current Liabilities" regarding transfer of unreconciled balances under certain account codes, including Cash & Bank balances and Share application money on unbundling of the Company from KPTCL to a separate head "Other Payables". The company does not possess adequate information for adjustment of these balances and needs to reconcile with KPTCL as there will be offsetting debit / credit balances against these amounts. Further we have not been provided any evidence as to steps taken to repay or otherwise settle the amounts. In the absence of such steps and adequate information, we are not able to confirm if the amounts are actually payable and the possible impact on the profit for the year and the amount of those liabilities.	Certain Balances were transferred to GESCOM in the unbundling exercises for which there were no details provided to the Company. Also, there were differences in cash & Bank Balances since opening Balances. These balances were grouped under the relevant accounts resulting in netting-up of the group balances and incorrect disclosure. These aspects were commented upon by the Auditors since 2003. In view of depicting correct balances under respective group heads, the outstanding balances without details received by GESCOM in unbundling exercise have been reclassified and transferred to "Proposed net-worth adjustment account". Net balance to an extent of Rs 15.15 Crores, are re-classified and transferred and depicted under this account until a final decision on this is taken.

Managing Director
GESCOM

P. Venkatesh & Associates
(Formerly P.K. Pande & Associates)
Company Secretaries

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Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To:
The Members,
Gulbarga Electricity Supply Company Limited
Registered Office: Gulbarga Main Road, Gulbarga - 585102

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Gulbarga Electricity Supply Company Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes' books, forms and returns filed and other records made available to me and maintained by the Company for the Financial Year ended 31st March, 2023 according to the applicable provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there-under;

P. VENKATESH & ASSOCIATES ★ COMPANY SECRETARIES ★ C.P. No. 22617

2. This being a unlisted public Government Company, wholly owned by the Government of Karnataka, the following Acts will not apply to it:

(i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under;
(ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;

3. For the reasons stated to in point No.2, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') will not apply to this Company:

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2021;
(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

4. The Company has not done any foreign exchange related transactions during the period under review and, therefore, there is nothing to report under the Foreign Exchange Management Act, 1999 and the rules and regulations made there under.

5. The Specific Act applicable to the Company is Karnataka Electricity Act and the rules made there-under. The Company has complied with the provisions of the Act and rules.

6. Apart from the aforementioned Acts & Rules, the provisions of the Act mentioned in Annexure-II are also applicable to this Company and the Co has complied with the

P. VENKATESH & ASSOCIATES
C.P. No. 22617
COMPANY SECRETARIES

provisions of these Acts & rules made there-under. **Annexure-II** is attached to this report.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Having gone through the proceedings of the Board and Committee meetings, I observe that all the decisions at these meetings were carried through unanimously and there were no dissenting views emanated from the members of the Board and Committee.

I further report that as per the explanations given to me and the representations made by the management, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines subject to my observations made in points No.3 and 6 above.

<u>**Observations / qualifications:**</u>

1. **Most of the Share Transfers entries pertaining to the earlier period were not entered in the Share Transfer Register upto 2018**

P.C.

P. VENKATESH & ASSOCIATES
C.P. No. 22617
COMPANY SECRETARIES

2. **The endorsement on the back side of the share certificates for having effected transfer of shares has not been done upto 2018.**

For P. Venkatesh & Associates
(Formerly P K Pande & Associates)

P. VENKATESH & ASSOCIATES
C.P. No. 22617
COMPANY SECRETARIES

P.C.

Venkatesh P.C.
M.No.48210, C.P.No.22617

Place: Bangalore
Date: 11.09.2023
UDIN: A048210E000983639

ANNEXURE -I

To

The Members,
M/s. Gulbarga Electricity Supply Company Limited
Gulbarga Main Road,
Gulbarga - 585102

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure the correct facts are reflected in secretarial records. We believe that the process and practices. We followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Whenever required, we have obtained the Management representation about the compliance of laws, rule and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither as assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For P. Venkatesh & Associates
(Formerly P K Pande & Associates)

P. VENKATESH & ASSOCIATES ★ C.P. No. 22617 ★ COMPANY SECRETARIES

Venkatesh P.C.
M.No.48210, C.P.No.22617

Place: Bangalore
Date: 11.09.2023
UDIN: A048210E000983639

ANNEXURE-II

LIST OF OTHER APPLICABLE ACTS

1. Electricity Act, 2003 and the Rules made there under and particular the Annual performance review and regulatory mechanism with the Karnataka Electricity Regulatory Commission.
2. Central Electricity Authority (Technical Standards for Construction of Electrical ants and Electric Lines) Regulations, 2010.
3. Central Electricity Authority (Measures relating to safety and Electricity supply) Regulations 2010 (as amended in 2015)
4. Central Electricity Authority (Safety requirements for construction, operations, and maintenance of electrical plants and electrical lines) Regulations 2011
5. Indian Electricity Grid Code Regulations 2010
6. Energy Conservation Act, 2011
7. Forest (Conservation) Act, 1980
8. Indian Contract Act
9. Karnataka Essential Services Maintenance Act in 1994

I have also reviewed the systems and mechanisms established by the Company for ensuring compliances under the other applicable Acts, Laws, Rules, Regulations, Guidelines applicable to the Company and categorized under the following major heads/groups:

1. Air (Prevention and Control of Pollution) Act, 1961
2. Water (Prevention and Control of Pollution) Act, 1974
3. The Water (Prevention and Control of Pollution) Cess Act, 1977
4. Environment (Protection) Act, 1986
5. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
6. Consumer Protection Act, 1986
7. Apprentices Act, 1961
8. Factories Act 1948 and Rules
9. Industrial Disputes Act, 1947
10. Maternity Benefit Act (Applicable to Woman Employees who are outside the purview of the ESI Act)
11. Contract Labour (Regulation & Abolition) Act 1970
12. Contract Labour (Regulation and Abolition) Karnataka Rules 1974
13. Payment of Bonus Act, 1965
14. Payment of Wages Act, 1936
15. Workmen's Compensation Act, 1923

P. VENKATESH & ASSOCIATES
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COMPANY SECRETARIES

16. KERC (General & Conduct Of Proceedings) Regulations 2000
17. KERC (Licensing) Regulations 2000
18. KERC (Fee) Regulations 2016
19. KERC (Tariff) Regulations 2000
20. KERC (Recovery of Expenditure for supply of Electricity) Regulations 2004
21. KERC (Electricity Supply) Code 2004
22. Karnataka (Electricity Supply) Code 2004
23. Karnataka Electricity Board employees' service regulations
24. Conditions of supply of Electricity on Distribution Licensees in the State of Karnataka Gazette notification dated 17.06.2006.
25. KERC Notification No KERC/COS/D/07/10 dated 01.07.2016
26. Karnataka Electricity Board Recruitment and Promotion Regulations, employees (Probation) Regulation and Employees (Seniority) Regulations
27. Employee's State Insurance Act, 1948
28. Employee's Provident Funds & Miscellaneous Provisions Act, 1952
29. Employment Exchanges Act, 1959
30. Equal Remuneration Act, 1976
31. Minimum Wages Act, 1947
32. Property Tax

For P. Venkatesh & Associates
(Formerly P K Pande & Associates)

P. VENKATESH & ASSOCIATES COMPANY SECRETARIES C.P. No. 22617

Venkatesh P.C.
M.No.48210, C.P.No.22617

Place: Bangalore
Date: 11.09.2023
UDIN: A048210E000983639

RESPONSES TO OBSERVATIONS / QUALIFICATIONS MADE BY SECRETARIAL AUDITOR IN HIS REPORT FOR FY 2022-23

Sl. No.	Qualifications / Observations by Secretarial Auditor	Management Replies
1	**Most of the Share Transfers entries pertaining to the earlier period were not entered in the Share Transfer Register upto 2018.**	Noted for compliance.
2	**The endorsement on the back side of the share certificates for having effected transfer has not been done upto 2018.**	Noted for compliance.

-SD-

Director
GESCOM
DIN: 10284152

-SD-

Managing Director
GESCOM
DIN: 10331272

Shivan & Co.,
Cost Accountants

CMA. Garlapati. Shivan Narayana
B.Com., FCMA, LL.B.

No. 22, Cauvery's Kanaka Residency
Flat 405, 1st Main, 1st Block
Near Sai Mandir, Thyagarajanagar
Bengaluru - 560 028 KA

FORM CRA 3

[(Pursuant to Rule 6(4) of the Companies (Cost Records and Audit) Rules, 2014]

COST AUDIT REPORT

1. We, having been appointed as Cost Auditors under Section 148(3) of the Companies Act, 2013 (18 of 2013) of M/s. GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED having its registered office at Station Road, Gulbarga Karnataka, 585102 (hereinafter referred to as the Company), have audited the Cost Records maintained by the company under section 148 of the said Act, in compliance with the Cost Auditing Standards, in respect of Electricity Distribution and Supply of Electricity 1st April, 2022 to 31st March, 2023 maintained by the Company and report, in addition to our observation mentioned in Para 2

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of this audit.

b) In our opinion, proper cost records, as per Rule 5 of the Companies (Cost Records and Audit) Rules, 2014 have been maintained by the company in respect of the products / services under reference.

c) In our opinion, proper returns adequate for the purpose of the Cost Audit have been received from the branches not visited by us.

d) In our opinion and to the best of our information, the said books and records give the information required by the Companies Act, 2013, in the manner so required.

e) In our opinion, company has adequate system of internal audit of cost records which to our opinion is commensurate to its nature and size of its business Subjected to the qualification mentioned below.

f) In our opinion, information, statements in the annexure to this Cost Audit Report give a true and fair view of Cost of Production of products, rendering of Services, Cost of Sales, Margin and other information relating to products and services under reference.

g) Detailed unit-wise and product/service-wise Cost Statements and Schedules thereto in respect of the products/services under reference of the company duly audited and certified by us are kept in the company.

Shivan & Co. G FRN:100586 Cost Accountants

Shivan & Co.,
Cost Accountants

CMA. Garlapati. Shivan Narayana
B.Com., FCMA, LL.B.

No. 22, Cauvery's Kanaka Residency
Flat 405, 1st Main, 1st Block
Near Sai Mandir, Thyagarajanagar
Bengaluru - 560 028 KA

1. Observations, Suggestions and Qualifications :

   Part A

   Qualifications NIL

   Part B

A. We have conducted the audit in accordance with the Guidance Manual for Audit quality issued by Quality Review Board of Institute of Cost Accountants of India and Generally accepted cost Accounting Principles. An audit involves the examining on a test basis, various Cost Accounting Records, Product cost statement and Annexure to the Cost Audit Report. We believe that our cost audit provides reasonable basis of opinion.
B. The Cost Accounting records of the Company are maintained in accordance with the Companies (Cost Record and Audit) Amendment rules 2014 issued by the Ministry of Corporate affairs, and generally accepted cost accounting principles and Cost Accounting standard issued by Institute of Cost Accountants of India to the extent these are found to be relevant and applicable. In our Opinion the Company has a well laid down Budgetary Control System.
C. The Annexure to the Cost Audit Report is the integral part of the Report
D. The Reconciliation of Indirect Taxes for the Company as a whole (Part D-6) are based on the statements furnished by the Company. We have not carried out the detailed audit process to verify the same.
E. The Cost Audit Report and Annexure's have been prepared based on the Accounts for 2022-23 Audited by the Statutory Auditors and C & AG Audits of Financial Audit Report
F. Previous year's Figures have been revise/Regrouped/Reclassified wherever necessary to correspond with the current year's classification/disclosure
G. The Previous Year's figures have been recast wherever necessary to meet the requirement of Companies (Cost Records and Audit) Rules 2014
H. The Quantitative information shown in Part C 1 in respect of service is certified by the Management

For Shivan & Co.,
Cost Accountants
FRN.No.100586

Shivan & Co. FRN:100586 Cost Accountants

Shivan

Place: Bengaluru
Date: 27/12/2023

CMA Garlapati Shivannarayana
M.No.15898
Sole Proprietor

Ph : +91 80 26760851 | Mob : +91 9844235338 / 9481471452 | E-mail : cmashivan@gmail.com / shivantax@yahoo.com

BY REGISTERED POST
CONFIDENTIAL

No. PAG (AUDIT-II)/AMG-II/PS-I/2023-24/K:04/ /C-170 **Date: 28.12.2023**

To

The Managing Director,
Gulbarga Electricity Supply Company Limited,
Registered Office, Station Road
Kalaburagi - 585102

Sub: Comments of the Comptroller & Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the financial statements of **Gulbarga Electricity Supply Company Limited, Kalaburagi** for the year ended **31 March 2023.**

Sir,

I forward herewith **Comments** under section 143(6)(b) of the Companies Act, 2013 on the financial statements of **Gulbarga Electricity Supply Company Limited, Kalaburagi** for the year ended **31 March 2023.**

2. A copy of the proceedings of the Annual General Meeting adopting the certified accounts, Auditors Report thereon and the Comments of the Comptroller and Auditor General of India may be forwarded to this office immediately after the conclusion of the Annual General Meeting. Six copies of the printed Annual Reports may also be sent to this office.

3. Receipt of the letter and the enclosures may please be acknowledged.

Yours faithfully,

(Vimalendra A. Patwardhan)
Pr. ACCOUNTANT GENERAL (AUDIT -II)
KARNATAKA, BENGALURU

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED, KALABURAGI FOR THE YEAR ENDED 31 MARCH 2023.

The preparation of financial statements of **Gulbarga Electricity Supply Company Limited, Kalaburagi** for the year ended **31 March 2023** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them *vide* their Revised Audit Report dated **27 December 2023,** which supersedes their earlier Audit Report dated **19 October 2023.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Gulbarga Electricity Supply Company Limited, Kalaburagi** for the year ended **31 March 2023** under section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revision(s) made in the financial statements by the management, as indicated in the **Note No.59** of the financial statements, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6) (b) of the Act.

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

(Vimalendra A. Patwardhan)
Pr. ACCOUNTANT GENERAL (AUDIT -II)
KARNATAKA, BENGALURU

Place: Bengaluru
Date: 28.12.2023

A. Ramachandra Rao & Co.
Chartered Accountants

Flat No.302, 3rd Floor, D.No. 6-2-975
A-Block, Kushal towers,
Khairtabad, Hyderabad- 500 004.

Tel: 040-27633677
E-mail: admin@arrandco.org

INDEPENDENT AUDITOR'S REPORT

To the members of

Gulbarga Electricity Supply Company Limited (GESCOM)

Report on the Audit of the Indian Accounting Standards (Ind AS) Financial Statements (Revised)

QUALIFIED OPINION

We have audited the financial statements of **Gulbarga Electricity Supply Company Limited** ("GESCOM" or "the Company"), which comprise the balance sheet as at March 31, 2023, the Statement of Profit and Loss, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS Financial Statements"). This revised report is issued, on the revision of financial statements by Board of Directors of the company on account of supplementary audit by the Comptroller & Auditor General of India. The impact on account of revision is detailed in Note No. 59 of the Financial Statements. This report supersedes our earlier report dated 19th October 2023.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act 2013 (the Act) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its loss, changes in equity and its cash flows for the year ended on that date.

BASIS FOR QUALIFIED OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate, except to the extent explained elsewhere in this report, to provide a basis for our qualified opinion.

1) Accrual System of Accounting: As per the Company's accounting policy, the Company recognizes revenue form Grants / subsidies / consumer contribution in respect of capital assets, penalties & damages recovery from contractors, supervision charges on cash basis and expenses towards interest on delayed payment to suppliers on claim basis. This is contrary to the accrual system of accounting as per the provisions of Section 128(1) of the Companies Act, 2013. However, in the absence of adequate information, we are unable to quantify the impact on profit of the company for the year and the assets and liabilities of the company as at the end of the balance sheet date.

A. Ramachandra Rao & Co. Chartered Accountants FRN No: 002857S Hyderabad

2) Books of account and records:

a. The Company has adopted the accounting policies and procedures followed by KPTCL and is following the accounting system laid down in the Electricity (Supply) Annual Accounts Rules, 1985 framed under the Electricity (Supply) Act, 1948 (54 of 1948) & repealed by the Electricity Act, 2003. These accounting rules are followed even though the same are inconsistent with Indian Accounting Standards (Ind AS) specified under section 133 of the Act. These inconsistencies include accounting of inventory at Standard rates, Material Cost Variance Accounting, provisioning of Consumer dues, Depreciation rates/method, accounting of capitalisation of decommissioned assets etc. We have been explained that the disclosure is made in the significant accounting policy. In our opinion, the Company is under obligation by law to follow the Generally Accepted Accounting Principles including InAS but failed to do so. However, in the absence of adequate information, we are unable to quantify the impact on profit of the company for the year and the assets and liabilities of the company as at the end of the balance sheet date.

b. At present, only the operations relating to billing and collection from consumers have been computerized by way of Total Revenue Management (TRM) / RAPDRP software. In respect of other processes, transactions / records are maintained partly manual and partly through MS-excel work sheets. The transaction processing from entry level till generation of Trial Balance is done through Microsoft Excel by using account codes. This system of account keeping is neither robust nor integrated and highly prone to human errors and mistakes. We are not in a position to comment if proper books of account are maintained or not. In view of the size of operations and decentralisation of accounting process at various locations, we are of the opinion that there is a need for integrated accounting software for transaction processing.

c. Further, the TRM / RAPDRP softwares have issues viz (a) Certain billings continue to be under manual system, (b) The opening balances, demands and closing balances as per software do not match with books / DCB Statements, (c) absence of system based aging reports for analysis and (d) difference between consumer security deposits as per TRM systems and Financial statements. However, in the absence of adequate information, we are unable to quantify the impact on profit of the company for the year and the assets and liabilities of the company as at the end of the balance sheet date.

d. On our test checks, it is observed that the subsidiary ledger accounts (other than consumer ledgers which are in TRM software) like sundry creditors, advances, recurring expense ledgers were not maintained / updated properly. Further, wherever the subsidiary books are maintained, the same are not in ledger account format.

e. The Company had introduced Financial Accounting & Material Management software (FAMS), but all the modules / cycle of operations are not being used to generate the financial reports. Even the stores transactions are not completely routed through the software to generate the financial reports. In view of this, the books of account continue to be through excel / manual system.

f. There is no uniformity in the accounting entry methodologies being used at accounting units for accounting of DCB collections, Online collection entries, rates used for reissue of TCs, Accounting for Social Schemes etc.

A. Ramachandra Rao & Co. Chartered Accountants FRN No: 002857S Hyderabad

g. The company purchases power from private firms, state govt and central govt agencies. Upon verification of the process, we observed that there are several disputes regarding terms and conditions of power purchase agreements including issues such as rate per unit, GST related liabilities arising due to change in laws, transmission loss etc. especially with respect to private firms supplying wind, solar energy, some of which are disputed by power supplier vendors at various levels such as KERC. The accounting of cost of power is done on a basis at rate which, in the opinion of the company, are payable and thus processed payment while not maintaining a record of plausible additional liabilities which may arise on account of dispute. The management could not provide an estimated amount in dispute. In the absence of relevant and adequate information and documents, we are not able to quantify and ascertain the cost of power purchase under reported and the shortfall in trade payables.

In our opinion, based on its past experience and events and events occurring after balance sheet date, it would be prudent for the company to account for a significant amount of additional liability which may arise due to unfavourable decisions directing it to reimburse or make payments. Alternatively, it is required to quantify the possible impact of additional liability and disclose it as a Contingent Liability in the notes as claims acknowledged as not due. We are unable to quantify the possible obligations arising in present or future and probability involved in favourable/unfavourable decisions from KERC or higher judicial forums owing to lack of relevant records and information about quantum of transactions.

h. Attention is invited to Note 31 regarding Accounting of Renewable Energy Certificates (RECs). As may be noted the company had recognized an income to the extent of Rs.17991.70 lakhs (PY Nil) on account of Solar and Non-solar RE Certificates for various years.

As explained to us, the Company would be eligible for receipt of RECs, under the Electricity Act 2003 and relevant regulations for the development of market in power from renewable energy sources, based on its procurement of renewable energy, at a tariff determined, in excess of renewable energy obligation as may be specified by the Appropriate Commission or in the National Action Plan on Climate Change or in the Tariff Policy whichever is higher.

In terms of the said scheme, the KERC has certified and recommended the issue of the RECs, vide its Orders dated 11/04/2022 and 15/07/2022, to the extent of MWh 2256508 MWh for FY 2019-20 and 1885260 MWh for FY 2020-21 totaling to 4141768 MWh. However, the Company could not file relevant application with concerned authority within the stipulated time for FY 2021-22 though the extent was certified and recommended to the extent of 862046 MWh. Further, the Company also complied with its obligation of procurement in terms of the scheme for FY 2022-23 which would entitle it to RECs to the extent of 1301171 MWh for which the Company filed with registry within the stipulated time after the balance sheet date and the approval is awaited.

Out of the total 4141768 MWh approved, the Company could trade 1796353 MWh during the current FY 2022-23 at a value of Rs.1000 per MWh totaling to Rs.17991.70 lakhs and the same has been accounted as Other Operating Revenue. The balance 2345415 MWh could not be traded and hence the Company did not recognise any revenue during the current financial year on the ground that they could not be traded. Further it also did not take into cognizance 862046 MWh relating to FY 2021-22 as it could not obtain necessary approval in time. Further also it did not recognise any revenue for FY 2022-23 relating to 1301171 MWh though it

A. Ramachandra Rao & Co. FRN No. 002857S Hyderabad Chartered Accountant complied with relevant conditions in the same year on the ground that the necessary approval has not been received.

In our opinion, the Company ought to have appropriately quantified and accounted the benefit accruing to it as income and corresponding value of RECs as an asset. The Company ought to have framed an accounting policy to recognise revenue and corresponding assets relating to RECs which are approved and available for trading as on balance sheet date. Considering the untraded RECs of 2345415 MWh which are available for trading as on balance sheet date. The value would be Rs. 23454.15 Lakhs at last traded price at RS. 1000/Mwh.

We however, noted that the company did not put in place any accounting policy, to recognize and account income on account of RECs and corresponding asset, in its financial statements for the current year. In our opinion, as the income is recurring in nature, the company should put in place a significant accounting policy, dealing with all aspects of recognition, measurement and carrying value and covering all situations, in this regard appropriately considered and approved by the Board. It shall also make an elaborate and detailed disclosures in the notes as to income and assets recognised and not recognised with refence to its accounting policy.

3) Indian Accounting Standard (Ind AS) 2 -Inventories:

a. As per the Accounting policy referred under clause 2.19 of Note 2 of Financial statements, the Company is using standard cost for accounting of purchases, consumption & valuation of closing stock of stores. The Inventories include the value of scrapped assets, faulty & dismantled assets for reuse and repaired good items, which are carried at Written Down Value. These constitute departure from the Indian Accounting Standard 2, which requires valuation of inventories at lower of cost and Net Realisable Value. However, in the absence of adequate information as to historical cost, NRV and working of comparisons, we are unable to quantify the impact on profit of the company for the year and the value of the inventory of the company as at the end of the balance sheet date.

b. Attention is drawn to Note No. 2.20 of Accounting policies regarding Reserve for Material Cost Variance which is being adjusted to Reserve & Surplus instead of charging to Statement of Profit & Loss in accordance with the Generally Accepted Accounting Principles. The accounting method followed is against the historical cost convention and that the net difference on account of the method followed should have been routed through Profit and Loss statement and, in our opinion, that non-adherence to this resulted in shortfall in profit for the year to the extent of net amount of Rs.2334.26 lakhs as at the balance sheet date.

c. The internal annual physical verification of stores stock conducted during the year at various locations shows many items classified as un-operated for last several years. There is no further analysis / financial assessment to ascertain the ultimate usability / obsolescence and write down to their realizable value, if necessary. In the absence of adequate information, we are unable to comment on provision requirement on obsolete and unusable inventories and consequential impact of profit of the company. Further, the annual counting should be more effective, by covering stock lying with repair centres, material issued but pending for regularisation etc.

d. Inventory includes, materials lying with employees (material imprest account) amounting to Rs. 885.22 lakhs (PY Rs. 796.46 lakhs). The Company needs to ascertain the age wise analysis of these material pending for regularisation and document the

A. Ramachandra Rao & Co. Hyderabad Chartered Accountants

e. plan of action taken. Further the company has also to estimate for any possible loss. In the absence of adequate information, we are not able to ascertain if all the material have the value at least to the extent stated in the financial statements.

f. The stock of inventory which includes substantial items for ultimate use as part of capital asset (plant & equipment). As the intention / ultimate use of such items of inventory is towards creation of "Plant & Equipment", the same needs to be separately identified as capital items in the Financial Statements. However, in the absence of adequate information as to the value of such items, we are not able to ascertain the impact of the profits of the company for the years and its inventories and PPE as at the balance sheet date.

g. Inventories include Rs.54,37 lakhs (PY Rs. 62 lakhs) material issued for temporary installations to contractor/employees for temporary work. Age wise analysis of such material at site was not available during our visit to the units. Such items are classified as inventory under the head "material with contractor" under current assets. In our opinion this classification is inappropriate, as the material is being used and there is no charge of depreciation on these items. However, in the absence of adequate information as to the value of such items, we are not able to ascertain the impact on the Current Assets and the PPE as at the balance sheet date.

4) Cash and Cash Equivalents:

a. The internal audit department had carried out special audit as described in the note No. 58 to the financial statements. The Company needs to co-relate these cases / ongoing departmental enquiries against employees to the related ledger balance in the respective units and reconcile the latest status of the same. However, in the absence of adequate information, we are not able to ascertain the loss on account of possible non-recovery, on account of pendency of the issues.

b. The method of accounting / reporting and the process of reconciliation of non-operative bank accounts needs to be revisited, as the Bank Reconciliation Statement (BRS) does not give the cumulative value of unrealized cheques as at the date of reconciliation and the date of subsequent realisation of cheques. We have been explained that the cumulative value of unrealized cheques is maintained differently and its is reconciled regularly as at the date of reconciliation. However, in our opinion, the system followed is not adequate and appropriate.

c. The company has arrangements with electronic service providers for web based electronic payments from consumers. On our test checks with the accounting units we visited, it is observed that these collections were not being reconciled periodically with the bank statement. There is a need for periodical reconciliation and monitoring of these transactions. We have been explained that the periodical reconciliation of Online Payments is done. Amount unreconciled will be only of March Month which will be subsequently reconciled. Pending completion of such process, we are not able to confirm if the collections are reported completely and correctly.

5) Indian Accounting Standard (Ind AS) 16 on Property, Plant and Equipment:

a. The company does not possess the detailed listing / analysis of the value of work-in-progress amounting to Rs. 14844.68 lakhs (PY Rs. 16016.56 lakhs) viz. work order wise

A. Ramachandra Rao & Co. FR No. 002857S Hyderabad Chartered Accountants aging, work estimate amount & actual amount incurred till date, scheduled date of completion and actual progress as at the reporting date. Further, the ageing disclosure of work in progress is not supported by accurate workings / reports. We have been explained that an Annexure was drafted in view of extracting Work details of all units since this financial year. All units were able to provide details of Work orders issued during last 2 to 3 years with proper Work order No., Date, estimate amount, categorized amount and Closing balance as on 31.03.2023. Prior to that, Units were unable to provide details. Further that based on the data provided, Work in Progress Aging was prepared and disclosed in the financials. In view of the fact that the details are not available for older years, we are not able to confirm the correctness of the value of work in progress.

b. Ind AS 16 on Property, Plant and Equipment requires the cost of dismantling to be estimated and included in arriving at the cost of the item for capitalization. The Company has not included the estimated cost of dismantling for capitalization. In the absence of adequate information, we are not able to estimate the impact of this on the financial statements.

c. Assets retired from active use are stated at written down value and the same is not tested for comparative net realizable value. These assets are disclosed as Inventories, Stores and Spares under the head WDV of obsolete / scrapped assets. Such assets are reissued after repairs at the weighted average / FIFO rate of such inventory and not at its WDV. This is not in accordance with the Indian Accounting Standard 16 - Property, Plant and Equipment (PPE). As per the policy, charge of depreciation is stopped from the date of decommissioning till the assets are reissued & capitalised. Such reissued asset is capitalised at the average cost and depreciated over their original life and not on the remaining useful life. This practice is not in accordance with the Ind AS 16. However, in the absence of adequate information, we are not able to estimate the impact of this on the financial statements.

d. The Company's policy is to capitalise the assets after the receipt of final bill and certifying the date put to use. However, there were instances of capitalisation of assets before accounting of the entire expenses relating to the asset. This practice results in capitalization of asset on the date which is not the actual date put to use and incorrect calculation of depreciation. There is a need for proper monitoring of assets capitalized during the year & work in progress by automation of the activity. However, in the absence of adequate information, we are not able to estimate the impact of this on the financial statements.

e. As reported in the audit report for the financial year ending 31-03-2018 by the predecessor auditor, there was an allegation of misconduct in contract for the works relating to transformer fencing and fixing aerial fuse board across many divisions during the financial year 2015–16 and the pending works were suspended. As informed to us, detailed enquiries are under process and necessary financial entries would be incorporated on the outcome of the proceedings. We have been informed that the matter is still pending for final orders. However, in the absence of adequate information, we are not able to estimate the impact of this on the financial statements.

f. There is need to establish proper accounting control mechanism with respect to self-execution works (Consumer contributed assets) till it is capitalised. In absence of this, categorisation of the all the self-execution works could not be ensured. We have been

g. informed that the Units were instructed on the accounting treatment in case of Self execution works. However, in the Divisions audited by us, the system if not followed.

h. Various instances amounting to Rs. 923.95 lakhs (PY Rs.1200.70 lakhs) on account of alleged material mis-use by employees are under departmental enquiry, ranging up to last 10 years. The Company needs to identify the related account code / work order under which such materials are shown in the books of account. As informed to us recovery in the form of material / cash will be done on final order. Further, there were instances where recovery from employees is being made before initiating inquiries and such recoveries are netted off to the amount of Advance to employees under other Current Assets.

i. There were instances of upgradations of 11 KV stations to higher capacity from time to time and as informed to us, such upgraded stations were entrusted to KPTCL. Details of the terms and conditions for such upgradation were not available for our verification. The Company needs to ascertain the financial impact and pass necessary entries on account upgradation process, as the related infrastructure such as Land, Civil Structures, yard lighting and related assets are involved in the process. We have been explained that there are no such upgradations during the year.

6) Indian Accounting Standard (Ind AS) 36 - Impairment of Assets
The company has not carried out the process of identifying the impaired assets in accordance with Ind AS 36. However, in the absence adequate information as to fair value of various assets, we are not able to ascertain the impact of impairment, if any, on the financial statements.

7) Indian Accounting Standard (Ind AS) 113 - Fair Value Measurement and Indian Accounting Standard (Ind AS) 109 - Financial Instruments

a. The Company has investment in equity shares of Power Company of Karnataka Limited amounting to Rs. 1 lakh. These investments have not been fair valued as at the date of balance sheet. However, in the absence adequate information as to fair value of various assets, we are not able to ascertain the impact of impairment, if any, on the financial statements for the year and the compliance with the Ind AS.

b. The security deposits received from contractor/suppliers and retention money from contractors is not carried at amortised cost as required by Ind AS 109, as expected realization date of these deposits is not ascertainable. However, in the absence adequate information as to fair value of various assets, we are not able to ascertain the impact of impairment, if any, on the amounts of deposit and retention money and related impact on statement of profit and loss.

8) Indian Accounting Standard (Ind AS) 116 –Leases

We observed instances of immovable properties of the company being used by KPTCL and vice versa without any financial covenants / consideration. There were instances of demands raised by KPTCL towards rent which were not provided for in the books of the company. We have been informed that Rates of rent in respect of Buildings / land of KPTCL/GESCOM used by GESCOM/KPTCL has been finalized and agreed by the competent authorities of both GESCOM/KPTCL. The company is yet to ascertain the quantum of such demands pending and hence liability could not be crystallised. In the

A. Ramachandra Rao & Co. FRN No. 002857S Hyderabad Chartered Accountant absence of adequate information, we could ascertain the impact of such liability on the company.

9) Indian Accounting Standard (Ind AS) 20 - Government Grants

a. As disclosed in clause 2.7 under note 2 of the financial statements, 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. However as per Ind AS 20, the release from deferred income to statement of profit and loss must be made based on systematic basis over useful life of the related asset. The company is not able to demarcate the capital grants against particular asset to match with the date of categorisation and release from its active use when charging of depreciation is discontinued. However, in the absence of adequate information, we are not able to ascertain the impact of over or under charge to statement of profit and loss from deferred income.

b. Also, company has no data for bifurcation of deferred income into current and noncurrent portion and hence the entire balance of deferred income has been shown in non-current liabilities. However, in the absence of adequate information, we are not able to ascertain the impact of over or under charge to statement of profit and loss from deferred income and its related impact on bifurcation into current and noncurrent portion in financial statements.

c. The Company had received a grant of Rs. 2205 lacs vide GO EN13 PSR 2014 dt 10.12.2015 under the 13th finance commission. Cumulative Interest of RS.1035.42 lakhs (PY Rs. 951.01 lacs) was earned on temporary investment of this grant in fixed deposit with bank has been parked under current liability. Clarification on the treatment of such interest has not been obtained from the concerned granting authority.Further, the Company needs to reconcile / rectify the accounting of this grant as Equity in earlier year.

We have been clarified that, since the Grant amount is treated as Equity, an Expert Opinion will be sought from the subject expert and proper accounting rectification will be made as per the advice/instructions given by the subject expert. Further that a letter has been addressed to Government about the wrong accounting of grant amount as equity and that subsequently it will be brought to Board's Notice and thereon suitable actions will be taken to rectify the same. In the absence of such action as on the date of this report, in our opinion, the equity share capital of the Company is overstated and the amount of Grants is understated by that amount.

10) Indian Accounting standard (Ind AS) – 115- Contract with customers.

With respect to supervision charges charged by the company towards capital assets contributed by consumers, Company recognises revenue on such supervision charges on the basis of application made by consumer. Company does not determine the timing of satisfaction of performance obligation as derived from contract of customer as required under Ind AS-115. The company does not possess the relevant information

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to assess the impact of above deviation. Accordingly, we are unable to comment on related impact on financial statement.

11) The amount shown under the head "Inter Unit Accounts ('IUA')" as at the end of the year amounting to Rs.243.72 lakhs (PY Rs. 133.15 lakhs) Credit under "Other Current Liabilities" is the un-reconciled net balance pertaining to fund transfer, material transfer, assets transfer, employee transfer related entries. In absence of adequate information and the reconciliation of these balances, we are unable to comment on the impact on the financial statements.

12) The Company is making provision every year in a phased manner, in respect of old outstanding dues from IP set installations, pertaining to the period prior to 31/07/2008, not recoverable from Govt. of Karnataka (prior to subsidy era needs to be collected from ultimate consumer). As at the end of the year, the said dues are unprovided to the extent of Rs.11254.18 lakhs (PY Rs. 18194 lakhs). We have been explained that the proposal for provisioning for outstanding IP Dues has been considered and approved for enhancement to 10% from the existing rate of 4% by the Board, effective from FY 16 and onwards. However, it is not explained if the above amount is included in the amount in FY 2016 and is being amortised. In our opinion the entire dues should have been provided, as the same are not ultimately recoverable. Therefore, had the same been provided fully, loss for the year would have been higher by Rs. 11254.18 lakhs and the balance of Trade Receivables would have been lower to that extent.

13) Confirmation of balances / Reconciliation: The Company does not have the procedure of obtaining confirmations (except in case of power purchase suppliers) and reconciliation of balances from/to KPTCL, KPCL, PCKL and other ESCOMs, sundry debtors, sundry creditors, advances, deposits from/to suppliers / contractors / government authorities / consumers / employees, loans and other receivables from various parties. In case of power purchase suppliers, the letters for confirmations were sent and very few responses have been received. However, the Company has not analyzed the reasons for the differences in respect of the confirmations received. There are several old balances with ESCOMS and KPTCL carried forward from several years & pending for settlement.

We have been explained that a letter was written to Director (Finance), Energy Department, GoK to provide a common platform to all related parties to resolve the old balance which are pending for settlement from several years. Considering the request, Energy Department has convened the energy balancing meeting of all the ESCOMs and the Energy Balancing as at the end of 31/3/2023 has been reconciled and jointly signed by ESCOMs. Settlement of the receivable / payable is also being initiated through the Subsidy Account by the Energy Department during FY24.

Pending completion of the above process, we are unable to comment if the balances of the above accounts are recoverable or payable as the case may be at least to the extent stated in the financial statements.

14) Ganga Kalyan Works / Deposit Contribution works

a. Other noncurrent liabilities include deposit contribution works & Ganga Kalyan works amounting to Rs. 14036.52 lakhs (PY Rs 11440.33 lakhs) as at the year end. As informed to us, reconciliation / follow up with the respective departments is under progress through corporate office centrally. In our opinion, the centralised process is limited to

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b. the extent of the total eligible amount of subsidy based on the no. of beneficiaries. There is a need for basic accounting analysis since beginning of the scheme viz. work order wise breakup of amount spent, amount categorized to A/c code 10, amount to be retained under a/c code 47 which needs to be matched with the amount due from Govt. department under the Scheme.

   We have been informed that reconciliation of Deposits for Ganga Kaylan Works is completed by GESCOM and Details have been shared with the concerned department for confirmation. The process is expected to be completed soon. Pending completion of this process we are unable to comment on the impact of the same on the financial statements.

c. Consumer wise ledger transactions and breakup of year end balances viz consumer name / amount / work order date in respect of deposit contributions works / waterworks have not been maintained at the accounting units. Many of the balances are being carried forward from earlier years.
   We have been informed that the company is able to draft an annexure which provides information about deposit contribution work for last 2-3 yrs. However, as the information is to be fetched from manual records, it is becoming difficult for providing information in respect of the works beyond 2-3 years. In view of the foregoing situation, we are not able to confirm if the balances being carried forward are actually recoverable or not.

15) Indian Accounting Standard (Ind AS) 33 - Earnings per Share
The cumulative effect on account of all the deviations / qualifications, on the profit for the year, taxes on income, net income and shareholders' funds and cash flow statement for the year is not ascertainable. Further, the impact on earnings- per share and the disclosures required as per Ind AS 33 is not ascertainable.

16) Non-Compliance with the requirements of Schedule III to the Companies Act 2013

a. In respect of Trade Receivables:
   i. As per Schedule III to the Companies Act 2013, a receivable shall be classified as 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. However, the receivable from Government in respect of sale of electricity which are discharged by Government on behalf of consumers of IP sets / BJKJ installations amounting to Rs. 70376.61 lakhs (PY Rs.43840.46 lakhs) as at the balance sheet date are classified by the Company under "Other Financial Assets-Tariff Subsidy" as against the requirement of classifying them as "Trade Receivables".

      In our opinion, Trade receivables are understated and Other Financial Assets are overstated to the extent of the amount stated above. The agewise classification & disclosure of Trade receivables is not supported by accurate workings / system reports. In the absence of adequate information, we are unable to analyse/comment on the correctness of these disclosures.

   ii. The Company has not ascertained the accurate amount of advance from consumers and classify the same separately under current liabilities. Presently the Trade receivables are net of such advances from consumers. Due to this the Trade Receivables and Current Liabilities are under stated to the extent of advances from consumers. Further, individual receivables (RR

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iii. number wise) have not been analysed and reconciled with the receivables as per Trial Balance.

iv. The Company has classified the trade receivables to the extent of entire consumer deposits as secured. Only deposit balances of those consumers, whose balances are outstanding as at the yearend should be considered as secured. In view of this, we could not comment on the correctness of this classification.

v. It is observed that the closing net credit balance of Rs.2403.50 lakhs (PY Rs 3730.60) lakhs parked under "Revenue Collection pending Classification over Sundry Debtors" (Code 47.609 netted off to Trade Receivables) has not been reconciled/ analysed by the accounting units. We have been explained that the amount parked under 47.609 will be pertaining to Feb & march month. Which will be reconciled and adjusted to Trade receivables. Pending this we are not able to ascertain the impact on the financial statements.

b. The process followed by the company to identify the suppliers covered Under Micro, Small and Medium Enterprises Development Act, 2006 and the delays in payment to them, is not documented and appears to be inadequate & not verifiable. In view of this, we are unable to comment on the compliance with the MSMED Act 2006 and disclosure requirements as per Schedule III to the Companies Act 2013.

c. Disclosure of capital and other commitments at the year-end prescribed under Schedule III to the Companies Act, 2013 has not been made in the financial statements in absence of related data. We had noted that the Contingent Liabilities disclosed in the Notes to Financial Statements are not in accordance with the Schedule III of the Companies Act 2013. Schedule III requires certain Contingent Liabilities and Commitments to be disclosed. However, the company is disclosing only the claims amount but not the others. It is not disclosing the Estimated amounts of contracts remaining to be executed on capital account and not provided for. In the absence adequate information, we are not able to quantify the amount of non-disclosure.

d. The company had a balance brought forward on account of Share Application Money at Rs.9.86 cr and, during the year received further amount of Rs.73.08 cr. Out of the total amount Share Capital of Rs.14.21cr has been allotted during the year. We noted that the Share Application money received but not allotted against it was outstanding for more than 90 days before the shares were allotted during the year. Further we have been explained that the amount pending for allotment as on the date of balance sheet date was received from Government is from February Month and as on the date of balance sheet date these were not pending for allotment for more than 90 days.

17) The cash flow statement prepared by the company is in non-compliance with Ind AS-7 to the extent of the impact which could have been drawn on financial statement because of qualifications enumerated above. Accordingly, we are unable to comment on the correctness of the change in cash flow arising from operating, financing, investing activities to the extent of the impact of above qualifications.

18) Loan from Government of Karnataka (GOK) amounting to Rs.52827 lakhs are subject to confirmation. Further, the GOK has adjusted an amount of Rs.10565.40 lakhs towards repayment before the actual due date of 1st installment as per the original sanctioned

A. Ramachandra Rao & Co. FRN No. 002375 Hyderabad Chartered Accountants terms. In the absence of revised schedule of repayment, the amount classified as current maturities is not verifiable.

19) Detailed terms and conditions of the advance / contribution and the present status of Rs. 1400 lakhs contributed (grouped under non-current loans) towards Priyadarshini Jurala Hydel Project in the year 2013 are not available. We have been explained that, as per Govt Order, the Amount is being written off over the period of 35 years from the year of commission of project i.e., from 2014-15. An Amount of Rs. 3.6 Crores was written off during this year.

20) Other Financial Assets include long pending amounts in respect of Rural Electrification Subsidy Rs.3050.88 lakhs, Receivable from Power generators Rs.2259.69 lacs (A/c code 28.898), Receivable from Pension/Gratuity Trust to the extent of Rs. 947.97 lakhs and net receivable of Rs. 157075.56 lakhs under the head "Receivable from entities under common control (KPTCL/ESCOMS/PCKL)". There are no terms regarding settlement of these balances / transactions and many of these dues are carried forward from earlier years. Further, these balances are not confirmed. In our opinion, in the absence of concrete steps to recover or otherwise settle, the dues carried forward from earlier years and outstanding for more than three years to the extent of a net amount of Rs.112088.06 lakhs are not recoverable and hence need to be written off. Consequently, in our opinion, the Loss of the company is understated and other financial assets are overstated by this amount.

21) The "Other noncurrent financial liabilities" include BRP II Adjustment given by GOK i.r.o SMIORE Rs. 1293.06 lakhs pending since long time. The company does not possess detailed information for adjustment of this balance and needs to reconcile the same. In our opinion, in the absence of concrete steps to repay or otherwise to settle these amounts, the amounts are not payable and hence need to be written back. Consequently, in our opinion, the profit of the company is understated and the other noncurrent financial liabilities are overstated by these amounts.

22) The agewise classification & disclosure of Trade payables is not supported by accurate workings / system reports. Due to this, we are unable to analyse/comment on the correctness of these disclosures.

23) Attention is drawn to Note No.23 (b) "Other Non-Current Liabilities" regarding transfer of unreconciled balances under certain account codes, including Cash & Bank balances and Share application money on unbundling of the Company from KPTCL to a separate head "Other Payables". The company does not possess adequate information for adjustment of these balances and needs to reconcile with KPTCL as there will be offsetting debit / credit balances against these amounts. Further we have not been provided any evidence as to steps taken to repay or otherwise settle the amounts. In the absence of such steps and adequate information, we are not able to confirm if the amounts are actually payable and the possible impact on the profit for the year and the amount of those liabilities.

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EMPHASIS OF MATTERS : Without modifying our opinion, we report that

1) Regulatory Income / (Expenses) : Attention is invited to Note No.16 and 39 regarding recognition of revenue during the year. During the year the company stopped recognizing recognition of income arising from and creation of corresponding Regulatory Assets, The balance remaining in the asset of Rs.8921.50 lakhs (PY Rs.17721.65 lakhs) brought forward from previous financial years has been amortised completely during the year resulting in nil Regulatory Assets as at the balance sheet date. This is the future economic benefit towards recovery of the increase in the actual power purchase cost over and above the power purchase cost approved by KERC. We have been explained that Regulatory income has not been accounted in order to comply with certain Central Govt guidelines. In our opinion, this non recognition amounts to change in a significant accounting policy which requires a consideration and approval by the Board of Directors in the absence of which such non-recognition constitutes a deviation from significant accounting policy.

2) During the year the Company accounted Rs.14003 lakhs as accrued Fuel & Power Purchase Cost Adjustment amount to be billed and recovered from consumers. In the normal course, the company ought to have determined and billed the amount over the period during the year in the bills as specified by the KERC. However, in the circumstances prevailing at that time, the amounts could not be included in the bills for period of last quarter in the year and consequently recognised and accounted the amount as accrued income pending inclusion in the bills raised on consumers in the periods subsequent to the end of financial year.

3) Attention is drawn to Note 58 forming part of financial statements, regarding frauds committed by employees of the Company. Management has represented to us that KPTCL is conducting enquiry and the final orders are awaited. We have been explained that provision for the same will be made in the books once the final decision/order is received from the authorities.

4) We have noted that the Company has not insured the Fixed Assets and Inventory adequately. The company is exposed to losses, if any, manmade or natural calamities. The company is exposed to significant losses on account of this.

5) Attention is drawn to Note No. 2.4 regarding depreciation rates charged as per KERC/CERC Rules which are different from the rates as per Schedule II of the Companies Act, 2013. In our opinion, the company being covered by the Companies act, should have followed the Schedule II of the Companies Act, 2013 and non-adherence led to a possible impact on the profit of the company for the year and on the value of property, plant and equipment.

6) Attention is drawn to note No. 2.13 of the Significant Accounting policy regarding classification of Pension & Gratuity as defined contribution plan.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Shareholder Information and Directors' Report but does not include the Ind AS financial statements and auditors report thereon. Such information was not available at the time of issue of this report.

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Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

RESPONSIBILITY OF MANAGEMENT FOR FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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.

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- 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.

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

1) The Company has a separate in-house internal audit department. The is not contemporaneous and 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.

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) 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.

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4) 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

5) The Company has not reconciled the income and taxes deducted (TDS and TCS) as per the form 26AS generated from the portal with the books of account

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, 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 and to the extend 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 possible effects of the matters described in the Basis for Qualified Opinion paragraph and subject to clause 6 of Annexure A to our report, in our opinion, proper books of account as required by law have been kept by 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 matters described in the Basis for Qualified Opinion paragraph, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

   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) In our opinion and according to information and explanation provided to us, section 197 is not applicable to the company.

   h) 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:

A. Ramachandra Rao & Co.
FRN No.
Hyderabad
Chartered Accountants

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 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, that were required to be transferred, to the Investor Education and Protection Fund by the Company.

(iv) (a) The management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the financial statements, if any, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), if any, with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") , if any or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries, if any.

(b) the management has represented to us, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the Financial Statements, if any, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties") , if any, with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") , if any or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries, if any.

(c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations made by the management and as mentioned under sub-clause (iv)(a) and (iv)(b) above contain any material misstatement.

(v) The Company has not declared / paid any dividend during the year and hence reporting of compliance u/s.123 is not applicable to the company for the year.

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"

Place: Hyderabad,
Date: 27/12/2023

For M/s A. RAMACHANDRA RAO & Co.
Chartered Accountants
ICAI FRN:002857S

S.R.V.V. Surya Rao Ponnada
Partner
Membership No. :202367
UDIN : 23202367BGVXCX7317

A. Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountant

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 31st March 2023.

i. In respect of Property, Plant and Equipment

a) (A)The Company has maintained records for Property, Plant and Equipment. However, the same do not contain individual asset wise full particulars like quantity, cost of acquisition and situation of assets. (B) The company has not maintained proper records showing full particulars of intangible assets;

b) As informed to us, the Company has carried out the physical verification of its Property, Plant and Equipment (only furniture and office equipments) during the year. However, due to inadequate records, no discrepancies were identified by the management. As the Company has not conducted physical verification of assets other than Furniture & office Equipments, we are unable to comment on the adequacy or otherwise of physical verification of such assets. ;

c) The Company has not reconciled the cost of immovable properties as per the financial statements with the details as per the property register maintained. As informed to us, documents of title deeds in respect of the following immovable properties are not held in the name of the Company. (As per the reply given by the management)

S.No	Description of the Asset	Gross carrying value in lacs	Held in name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in the name of company
1	Substation Premises, Janawada, Bidar	171.67	KIADB	No	07-08-1996	Letter addressed to Deputy Development officer Noubad Bidar to give out rate sale format to execute sale deed
2	Substation Premises, Kherda, Aurad	46.3	Private Land Owner	No	19-07-2006	RTC charged in the name of executive Engineer (Ele), O&M Division, GESCOM, Bidar.
3	33KV Station Land at Nittur(B), Bhalki	24.85	Govt Land	No	2018-19	Deputy commissioner Bidar allotted the Govt land of Sy.No 106 of Nittur B village on lease basis from period 01-04-2012 to 31-03-2043. Hence land title will be in the name of Govt only.
4	33/11KV Sub-Station & Office premises Hudgi	1,098.50	Private Land Owner	No	24-02-1986	Letter addressed to Tahasildar Humnabad on 10-04-23 to change the title in the name of Executive Engineer (Ele), O&M Division, GESCOM, Humnabad

A. Ramachandra Rao & Co. Chartered Accountants

a) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. ;

b) As informed to us, there are no proceedings initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. In respect of Inventories

a) As informed to us the inventory was physically verified during the year by the management. The coverage and procedure of such verification by the management is appropriate. 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 with third party. According to the information and explanations given to us, the discrepancies noticed during physical verification were not material.

b) The company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of book debts. The quarterly statement of book debts filed by the company with banks were not verifiable with the books of accounts, as the Trial balances are not drawn on quarterly basis.

iii. During the year the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.

iv. The Company has not given loans, provided any guarantees / security or made investments as specified under sections 185 and Section 186 of the Companies Act 2013.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under. Accordingly, clause 3(v) of the order is not applicable.

vi. 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. We are of the opinion that, prima facie, the prescribed accounts and records have 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.

vii. 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, 2023. 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	12622.52
Compounding Charges	83.19
Worker Welfare Cess	14.82
Sales Tax Deducted	1.63
Dues towards Income Tax (TDS) default (Refer note below)	524.39

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Note: The Company does not have the complete consolidated information in respect of the TDS demands pertaining to all the accounting units. Further, information regarding the 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.

viii. As informed to us the Company has not surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961)..

ix.

a) 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.

b) According to the information and explanation given to us, the company is not declared as wilful defaulter by any bank or financial institution or other lender.

c) According to the information and explanation given to us, term loans were applied for the purpose for which the loans were obtained.

d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.

e) The company does not have any subsidiary, associate or joint venture, hence reporting under clause 3(ix)(e) of the order is not applicable.

f) The company does not have any subsidiary, associate or joint venture, hence reporting under clause 3(ix)(f) of the order is not applicable

x.

a) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

b) The Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year. Accordingly, the provisions of Clause 3(x)(b) of the Order are not applicable to the Company.

xi.

a) As per the information and explanations furnished, 1 case of suspected fraud in the nature of mis-appropriation of cash / other financial loss by employees, amounting to Rs.0.27 lakhs, were reported by the internal audit department during the year and as informed to us, the departmental enquiries are under progress and pending for disposal. We have neither come across any instance of fraud by the Company nor have we been informed of any such case by the Management.

A. Ramachandra Rao & Co. Chartered Accountants

b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, report in the form ADT-4 as specified under sub-section (12) of section 143 of the Companies Act has not been filed. Accordingly reporting under clause 3(xi)(b) of the order is not applicable.

c) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the company during the year.

xii. 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.

xiii. 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. (MRL)

xiv.

a) The Company has a separate in-house internal audit department. The coverage of the audit is apparently inadequate. Considering the size of the Company and volume of its business, we are of the opinion that the present system needs to be strengthened.

b) We have considered the reports of the Internal Auditors for the period under audit.

xv. 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.

xvi. 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.

xvii. The Company has not incurred cash losses during the current financial year and had incurred cash losses during immediately preceding financial year.

xviii. There has been no resignation by statutory auditors during the year hence reporting under clause 3(xviii) of the order is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

A. Ramachandra Rao & Co. FRN No: 002375 Hyderabad Chartered Accountant

xx. As the Company was not required to spend money for CSR projects during the year and there were no unspent balances as at the end of the year, clause (xx) of the order is not applicable".

xxi. The company is not required to prepare the Consolidated Financial Statements and the Company does not have any Subsidiaries or Joint Ventures to which reporting under the Companies (Auditor's Report) Order 2020 is applicable.

Place: Hyderabad,
Date: 2712/2023

For M/s A. RAMACHANDRA RAO & Co.
Chartered Accountants
ICAI FRN:002857S

S.R.V.V. Surya Rao Ponnada
Partner
Membership No. :202367
UDIN : 23202367BGVXCX7317

A. Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountant

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

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, 2023, 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.

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

A. Ramachandra Rao & Co. FRN No. 002675 Hyderabad Chartered Accountants 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, 2023 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, 2023, 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, 2023 financial statements of Gulbarga Electricity Supply Company Limited.

Place: Hyderabad,
Date: 27/12/2023

For M/s A. RAMACHANDRA RAO & Co.
Chartered Accountants
ICAI FRN:002857S

S.R.V.V. Surya Rao Ponnada
Partner
Membership No. :202367
UDIN : 23202367BGVXCX7317

A. Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountants

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Chartered Accountants

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Khairtabad, Hyderabad- 500 004

Tel: 040-27633677
E-mail: admin@arrandco.org

ANNEXURE – "C" TO THE INDEPENDENT REVISED AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF GULBARGA ELECTRICITY SUPPLY COMPANY LIMTED

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 31st March 2023.

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 software's 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 software's 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.

A. Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountant

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
3	Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilized as per its term and conditions? List the cases of deviation.	As explained to us there are no grants received ruing the year. Information as given by the management is attached in Annexure 2 below

Additional Company Specific Directions:

S. N	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-compliance and it may also be commented upon as to whether the Company has any unexplained balances and accounts operated under suspense head ?	Annexure -1 Attached
b.	Whether the Company has an effective system to deal with misappropriation/fraud cases	There is no such system in place, but there is an internal audit wing which will do special audit when they find any complaints regarding misappropriation/fraud. However, we have commented in our main audit report about the efficacy of internal audit which has shortcomings. The instances of any fraud are disclosed in the accounts in note 58 to financial statements.
c.	Report on the efficacy of the system of billing and collection of revenue in the Company. Comment on effectiveness of confirmation of balances of trade receivables, trade payables, advances and other similar	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 age wise analysis, credit balance analysis and

A. Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountants

	balances and their reconciliation. Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing was ensured.	tallying of RR number wise balances to General Ledger balances to conclude the accuracy of receivables and effectiveness of the system. b) The company does not have a adequate system of confirmation of balances. We have reported this issue in our audit report. c) Regarding tamper proof meters: We have been informed that i) No. of Active Installation – 3252863 ii) Tamper proof meters are installed with efficiency of 100% as on 31.03.2023 We have relied on the certification by Management in this regard
d.	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	As informed to us the recovery has been done in the billing. Details of the same are attached in annexure-3 below
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	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. 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 However, there is no analytical report made available to us for effective monitoring of such cases. where Liquidated damages have been recovered for delay in achieving of the work milestones or commissioning of the power projects

A. Ramachandra Rao & Co.
FRN No: 002857S
Hyderabad
Chartered Accountants

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. 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. Bank Accounts of respective Accounting Units are operated by Head of their office.
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.
7	Whether the cash in hand as shown in the Balance Sheet tallies with the certificate of physical verification of cash?	We have reviewed Annexure 11A wherein cash balances with denomination as at the end of the

A. Ramachandra Rao & Co. FRN No: 002[illegible] Hyderabad Chartered Accountant

		year are confirmed by the respective accounting units.
8	Is there a register of Fixed Deposits showing amounts, maturity dates, rates of interest and dates for payment of interest?	Yes, Register is 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.
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.
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. 19,81,833 across the accounting units unrealized for more than 30 days. 2) There are unascertained credits in bank which are parked in A/c code 46.97 amounting to Rs.2,87,823 (A/c codes 46.971,46.972,46.973 and 46.975) across all the units. 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. BRS is prepared as prescribed in our KEB Accounts volume.
16.	Whether external confirmations were obtained from Banks in the test checked cases, if so, details thereof with.	We have been provided with Bank Confirmation Letter of all accounts during the audit period.

A. Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountant

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

Annexure -2

Details of grant s and utilizations

Name of the Grant	Purpose of Grant	Opening balance (Crs)	Received during the year	Amount spent during the year	Closing balance	Total grant received	Cumulative utilisation
13th finance Commission	Installation of Solar Panels on Govt Buildings	8.87	0.00	0.00	8.87	22.05	13.18

Annexure -3

Details of Fuel adjustment costs for the year 22-23

SN	Date of order	Effective Date	Amount of Adjustment	Effective billing month
1	23.03.2022	01.04.2022	Nil	April to June 22
2	20.06.2022	01.07.2022	26 Paisa	July to Dec 22
3	19.09.2022	01.10.2022	35 Paisa	Oct to Dec 22
4	22.12.2022	01.01.2023	20 Paisa	Jan to March 23
5	28.02.2023	01.03.2023	80 Paisa	Mar-23

Place: Hyderabad,
Date: 27/12/2023.

For M/s A. RAMACHANDRA RAO & Co.
Chartered Accountants
ICAI FRN:002857S

S.R.V.V. Surya Rao Ponnada
Partner
Membership No. :202367
UDIN : 23202367BGVXCX7317

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

BALANCE SHEET AS ON MARCH 31,2023

₹ in Lakhs

Particulars	Note No.	As at March 31,2023	As at March 31,2022
I. ASSETS			
A Non-current assets			
(a) Property, plant and equipment	3(i)	4,64,079.60	4,53,399.84
(b) Right of Use Asset	3(ii)	188.35	196.05
(c) Other intangible assets	3(iii)	399.02	455.29
(d) Capital work-in-progress	4	23,199.77	31,576.06
(e) Intangible Assets under Development	5	-	-
(f) Financial assets			
(i) Investments	6(i)	1.00	1.00
(ii) Loans	6(ii)	-	-
(iii) Other financial assets	6(iii)	2,135.30	2,294.34
(g) Deferred tax assets	7	-	-
(h) Other non-current assets	8	-	-
Total Non-current assets		**4,90,003.04**	**4,87,922.58**
B Current assets			
(a) Inventories	9	19,274.33	17,347.32
(b) Financial assets			
(i) Unbilled Revenue	10	59,598.34	37,599.15
(ii) Trade receivables	11	2,23,481.63	1,75,540.04
(iii) Cash and cash equivalents	12(i)	4,190.60	3,578.76
(iv) Bank balances other than (iii) above	12(ii)	8,753.16	8,015.86
(v) Other financial assets	13	2,33,878.95	2,07,133.98
(c) Current Tax Assets (net)	14	146.43	457.23
(d) Other Current Assets	15	171.96	382.07
Total Current assets		**5,49,495.40**	**4,50,054.41**
Total Assets before Regulatory Deferral Account		**10,39,498.44**	**9,37,976.99**
C Regulatory Deferral Account debit balances	16	0.00	8,921.50
TOTAL ASSETS		**10,39,498.44**	**9,46,898.49**
II EQUITY AND LIABILITIES			
A EQUITY			
Shareholders' funds			
(a) Share capital	17	1,65,437.24	1,64,016.34
(b) Other equity	18	(2,55,528.44)	(2,34,154.78)
Total Equity attributable to equity share holders of the Company		**(90,091.20)**	**(70,138.44)**
B LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	2,88,341.84	3,07,263.60
(ii) Other financial liabilities	20	71,016.16	64,117.05
(b) Provisions	21	15,308.23	12,417.05
(c) Deferred revenue	22	1,32,560.42	1,30,257.11
(d) Deferred tax liabilities (net)	7	3,547.75	8,493.61
(e) Other non current liabilities	23	15,551.90	12,964.49
Total Non current liabilities		**5,26,326.30**	**5,35,512.91**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	82,291.36	18,390.60
(ii) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterpris	25	-	-
(ii) Total outstanding dues of creditors other than micro enterprises		4,63,178.09	4,14,064.09
(iii) other financial liablities	26	35,413.74	34,327.51
(b) Provisions	27	1,483.71	1,301.20
(c) Other current liabilities	28	20,896.44	13,440.62
(d) Current Tax Liabilities (Net)	29	-	-
Total Current liabilities		**6,03,263.34**	**4,81,524.02**
TOTAL EQUITY AND LIABILITIES		**10,39,498.44**	**9,46,898.49**

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

As per our Report of Even Date
For A Ramachandra Rao & Co.
Chartered Accountants
Firm Reg. No. 002857S

Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountants

S R V V Surya Rao Pommada
Partner
Memebership No: 202367
Place: Hyderabad
Date:
UDIN:

Ravindra Karlingannavar, KAS
Managing Director
DIN: 10331272
Place: Kalaburagi
Date:

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

Padmavati S
Director (Independent)
DIN:
Place: Kalaburagi
Date:

Renuka Tembad
Chief Financial Officer

Place: Kalaburagi
Date:

Kiran Police Patil
Company Secretary
Memebership No: ACS33563
Place: Kalaburagi
Date:

27 DEC 2023

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

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

	Particulars	Note No.	For the year ended March 31,2023 ₹ in Lakhs		For the year ended March 31,2022 ₹ in Lakhs	
I	Revenue from operations	31		7,34,160.62		5,85,101.51
II	Other income	32		19,802.77		23,647.21
III	**Total Income (I + II)**			7,53,963.39		6,08,748.72
IV	**Expenses:**					
	Purchase of power	33		5,78,549.56		4,31,293.28
	Employee benefits expense	34		87,822.95		71,710.61
	Finance costs	35		55,461.37		41,829.28
	Depreciation and amortization expense	36		28,209.57		26,572.91
	Other expenses	37		29,554.00		25,545.96
	Total expenses			7,79,597.45		5,96,952.04
V	**Profit/(loss) before Rate Regulated Activities, Exceptional items and tax (III-IV)**			(25,634.06)		11,796.68
VI	**Net movement in regulatory deferral account balances related to profit or loss and the related deferred tax movement**	39		(8,921.50)		(17,721.65)
VII	**Profit/(loss) Before Exceptional Items and Tax (V+VI)**			(34,555.56)		(5,924.97)
VIII	**Exceptional Items**					-
IX	**Profit/(loss) before tax (VII+VIII)**			(34,555.56)		(5,924.97)
X	**Tax expense:**					
	Current tax					-
	Deferred tax credit			(4,934.25)		(7,036.63)
				(4,934.25)		(7,036.63)
XI	**Profit/(loss) for the year from continuing opertaions (IX- X)**			(29,621.31)		1,111.66
XII	Profit/(loss) from discontinuing operations					-
XIII	Tax expense of discontinuing operations					-
XIV	**Profit/(loss) for the year (after tax) (XI+XII-XIII)**			(29,621.31)		1,111.66
XV	**Other comprehensive income**					
	(i) Items that will not be reclassified to profit or loss					
	a) Re-measurement gains/(losses) on defined benefit plans		14.67		18.30	
	b) Deferred tax impact on gains/(losses) on defined benefit plans		(4.58)		(5.71)	
	c) Revaluation surplus on land		-		-	
	d) Deferred tax impact on revaluation reserve		16.20		(79.54)	
				26.29		(66.95)
	(ii) Items that may be reclassified to profit or loss					
	a) Mark to Market of Investments		-		-	
	b) Taxes on above		-		-	
				-		-
XVI	**Total other comprehensive income (XV(i) + XV(ii))**			26.29		(66.95)
XVII	**Total Comprehensive Income for the year (XIV+XVI)**			(29,595.02)		1,044.71
XVIII	**Earning per equity share**					
	Earning per equity share before exceptional items					
	Basic (in ₹)	38b		(1.25)		1.15
	Diluted (in ₹)	38b		(1.20)		1.14
	Earning per equity share after exceptional items					
	Basic (in ₹)	38b		(1.25)		1.15
	Diluted (in ₹)	38b		(1.20)		1.14
	Basic earnings per share including net movement in regulatory deferral account balances (in ₹)	38b		(1.79)		0.07
	Diluted earnings per share including net movement in regulatory deferral account balances (in ₹)	38b		(1.72)		0.07
	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 A Ramachandra Rao & Co.
Chartered Accountants
Firm Reg. No. 002857S

Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountants

S R V V Surya Rao Ponnada
Partner
Memebership No: 202367
Place: Hyderabad
Date:
UDIN:

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

Ravindra Karlingannavar, KAS
Managing Director
DIN: 10331272
Place: Kalaburagi
Date:

Padmavati S
Director (Independent)
DIN:
Place: Kalaburagi
Date:

Renuka Tembad
Chief Financial Officer
Place: Kalaburagi
Date:

Kiran Police Patil
Company Secretary
Memebership No: ACS33563
Place: Kalaburagi
Date:

27 DEC 2023

GULBARGA ELECTRICTY SUPPLY COMPANY LIMITED
(CIN NO. - U04010KA2002SGC030436)
Registered office at Station Road, Kalaburagi, Karnataka - 585 102
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

	Particulars	March 31, 2023 Rs. In Lakhs	March 31, 2022 Rs. In Lakhs
A	**Cash Flow from Operating Activities**		
	Net Profit Before Taxation	(34,555.54)	(5,924.96)
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and impairment of property, plant and equipment	28,209.57	26,572.91
	Government grant released to statement of profit and loss	(1,646.00)	(1,597.00)
	Consumer contributed asset- released to statement of profit and loss	(4,231.00)	(4,139.00)
	Provision no longer required written back	(5,980.02)	(13,362.27)
	Rental Income	(155.40)	(221.39)
	Interest Income	(299.28)	(116.63)
	Finance costs	55,461.37	41,829.27
	Bad and doubtful debts written off/provided for	9,764.31	5,924.56
	Reserve for Material Cost variance	2,334.26	(2,800.45)
		48,902.27	46,165.04
	Income taxes paid (net of refunds)	310.79	(12.28)
		49,213.06	46,152.76
	Working capital adjustments:	-	-
	(Increase) / decrease in inventories	(1,927.01)	(712.78)
	(Increase) / decrease in unbilled revenue	(21,999.18)	(8,110.16)
	(Increase) / decrease in trade receivables	(51,725.88)	(8,324.43)
	(Increase) / decrease in other financial asset - Non Current	159.05	(44.46)
	(Increase) / decrease in other financial asset - Current	(26,697.00)	44,422.75
	(Increase) / decrease in other current asset	210.11	(78.00)
	(Increase) / decrease in regulatory deferral account- assets	8,921.50	17,721.65
	Increase/(decrease) in provisions of leave encashment; family benefit fund	3,088.36	(620.71)
	Increase / (decrease) in trade payables	49,114.00	(14,070.26)
	Increase / (decrease) in other current liabilities	7,455.81	5,353.21
	Increase / (decrease) in other non current liablities	2,587.41	1,747.94
	Increase / (decrease) in other financial liabilites	3,673.85	5,249.55
	Net cash flows from/(used in) operating activities	22,074.08	88,687.06
		-	-
B	**Cash flows from investing activities:**	-	-
	Purchase of property, plant and equipment (including Right of Use Asset)	(30,467.78)	(33,966.10)
	Rental Income	155.40	221.39
	Interest Income	251.30	120.00
	Redemption/ maturity of margin money or security against the borrowings, guarantees, other commitments	(737.30)	(1,304.92)
		-	-
	Net cash flows used in investing activities	(30,798.38)	(34,929.63)
		-	-
C	**Cash flow from financing activities:**	-	-
	Proceeds from share application money collected	7,308.00	2,780.10
	Proceeds/ (Repayment) of borrowings	(26,162.55)	(45,383.36)
	Repayment of short term borrowings (net)	63,900.76	(5,448.84)
	Interest paid	(42,609.18)	(8,805.41)
	Proceeds from Deposits from consumers	6,899.11	2,876.52
	Net cash flows from financing activities	9,336.14	(53,980.99)
	Net increase / (decrease) in cash and cash equivalents	611.84	(223.56)
	Cash and cash equivalents at the beginning of the year	3,578.76	3,802.32
	Cash and cash equivalents as at year end	4,190.60	3,578.76

	Particulars	March 31, 2023 Rs. In Lakhs	March 31, 2022 Rs. In Lakhs
	Cash and cash equivalents		
a)	Balances with banks		
	- in current accounts	3,091.66	3,061.05
b)	Cash on hand	412.56	235.75
c)	Cheques in hand	656.52	245.99
d)	Cheques and Funds in Transit	28.68	34.66
e)	Stamps on Hand	1.18	1.31
	Cash and cash equivalents at year end	4,190.60	3,578.76

Change in Liability arising from Financing Activities

Particulars	1st April, 2021	Cash flows of (Repayment) / Proceeds of Loan	Non cash changes	31st March, 2022
Non current borrowings - including current maturities (refer note 19)	3,20,663.28	(26,162.55)	31,983.68	3,07,263.60
Current Borrowings (refer note 24)	23,839.44	63,900.76	-	18,390.60

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 A Ramachandra Rao & Co.
Chartered Accountants
Firm Reg. No. 002857S

Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountants

S R V V Surya Rao Ponnada
Partner
Memebership No: 202367
Place: Hyderabad
Date:
UDIN:

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

Ravindra Karlingannavar, KAS
Managing Director
DIN: 10331272
Place: Kalaburagi
Date:

Padmavati S
Director (Independent)
DIN:
Place: Kalaburagi
Date:

Renuka Tembad
Chief Financial Officer

Place: Kalaburagi
Date:

Kiran Police Patil
Company Secretary
Memebership No: ACS33563
Place: Kalaburagi
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27 DEC 2023

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

Statement of changes in equity for the year ended March 31, 2023

A. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid (refer note 16)	Number	Rs. In Lakhs
At 31 March 2021	**1,50,97,96,104.00**	**1,50,979.61**
Issued during the year	13,03,67,300.00	13,036.73
At 31 March 2022	**1,64,01,63,404.00**	**1,64,016.34**
Issued during the year	1,42,09,000.00	1,420.90
At 31 March 2023	**1,65,43,72,404.00**	**1,65,437.24**

B. Other Equity

Attributable to the equity holders of the Company

Rs. In Lakhs

Particulars	Share Application Money Pending Allotment	Reserves and Surplus			Items of OCI		Total other equity (A+B)
		Reserve for Material Cost variance	Retained Earnings	Total (A)	Revaluation Reserve of PPE	Total (B)	
Total comprehensive income as at March 31 2021	**11,242.28**	**4,277.08**	**(3,11,265.08)**	**(2,95,745.72)**	**73,603.31**	**73,603.31**	**(2,22,142.41)**
Add/(Less): Profit/Loss for the year	-	-	1,111.66	1,111.66	-	-	1,111.66
Add/(Less): Revaluation of Land (net of deferred tax)	-	-	-	-	(79.54)	(79.54)	(79.54)
Add: Share application money received	2,780.10	(2,800.45)	-	(20.35)	-	-	(20.35)
Add/(Less): Allotment of shares	(13,036.73)	-	-	(13,036.73)	-	-	(13,036.73)
Add: Other comprehensive income (net of deferred tax)	-	-	12.59	12.59	-	-	12.59
Total comprehensive income as at March 31 2022	**985.65**	**1,476.63**	**(3,10,140.83)**	**(3,07,678.55)**	**73,523.77**	**73,523.77**	**(2,34,154.78)**
Add/(Less): Profit/Loss for the year			(29,621.31)	(29,621.31)	-	-	(29,621.31)
Add/(Less): Revaluation of Land (net of deferred tax)				-	16.20	16.20	16.20
Add: Addditions during the year		2,334.26		2,334.26	-	-	2,334.26
Add: Share application money received	7,308.00			7,308.00	-	-	7,308.00
Add/(Less): Allotment of shares	(1,420.90)			(1,420.90)	-	-	(1,420.90)
Add: Other comprehensive income (net of deferred tax)			10.09	10.09	-	-	10.09
Total comprehensive income as at March 31 2023	**6,872.75**	**3,810.89**	**(3,39,752.05)**	**(3,29,068.41)**	**73,539.97**	**73,539.97**	**(2,55,528.44)**

Summary of significant accounting policies Note 2
The accompanying notes are an integral part of the financial statements.

As per our Report of Even Date
For A Ramachandra Rao & Co.
Chartered Accountants
Firm Reg. No. 002857S

A. Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountants

S R V V Surya Rao Ponnada
Partner
Memebership No: 202367
Place: Hyderabad
Date:
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For and on behalf of the Board of Directors
Gulbarga Electricity Supply Company Limited

Ravindra Karlingannavar, KAS
Managing Director
DIN: 10331272
Place: Kalaburagi
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Padmavati S
Director (Independent)
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Chief Financial Officer
Place: Kalaburagi
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Kiran Police Patil
Company Secretary
Memebership No: ACS33563
Place: Kalaburagi
Date:

27 DEC 2023

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 Seven Revenue districts of Karnataka, namely Bidar, Gulbarga, Yadgir, Raichur, Bellary, Vijayanagar 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.

A. Ramachandra Rao & Co.
FRN No: 002857S
Hyderabad
Chartered Accountant

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.

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 Software's	5 years to 7 years
Lines & Cable networks	15 years to 50 years
Motor Vehicle	5 years
Furniture & Fixtures	15 years
Office Equipment's	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.

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.

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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.

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 monthly basis, provision for unbilled revenue is recognized to the extent of 50% of the demand raised in the month of April. In respect of HT installations, the bills issued with regard to consumption during the month of March are taken into account.

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 up to 40 units per installations per month and IP Set Category up to 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 basis 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

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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 :

a. 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

b. 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.

c. Dues outstanding less than 1 years – NIL.

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 (Which is 10% of the Basic Pay + Dearness pay + Dearness Allowance with matching contribution of employees up to 31.03.2019. However, w.e.f 01.04.2019 the employer contribution rate has been enhanced to 14%). The Same is paid to KPTCL/ESCOMs New Defined Contribution Pension Scheme 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. (Current Contribution Rates)

a. Pension : 65.37% of (Basic Pay + Dearness pay + Dearness Allowance)

b. Gratuity : 7.53% of (Basic Pay + Dearness pay)

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.

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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 for 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

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 basis 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, effects 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.

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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.

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.

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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:

> 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:

i) Financial assets that are debt instruments, and are measured at amortised cost e.g. deposits, loans, trade receivables, bank balance and other financial assets.

ii) 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;

iii) 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.

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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:

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.

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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.

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.

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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.

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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3(i). Property plant and equipment:

Tangible assets

Rs. In Lakhs

Gross block	Land & Rights	Buildings	Hydraulic Works	Other Civil Works	Plant & Machinery	Lines Cable Networks	Motor vehicles	Furniture and fittings	Office Equipments	Total
Balance as at 31 March 2021	96,412.42	11,472.26	713.84	512.59	83,448.46	4,31,963.48	736.33	795.89	764.13	6,26,819.40
Additions	16.75	1,674.54	57.64	138.18	12,725.40	29,334.98	-	99.19	7.71	44,054.39
Disposals	-	-	-	-	11,273.16	181.31	6.30	0.58	-	11,461.35
Balance as at 31 March 2022	96,429.17	13,146.80	771.48	650.77	84,900.70	4,61,117.15	730.03	894.50	771.84	6,59,412.44
Additions	26.42	814.31	31.49	55.97	16,536.29	31,079.48	110.16	169.37	33.07	48,856.56
Disposals	-	-	-	-	13,218.06	284.05	-	-	-	13,502.11
Balance as at 31 March 2023	96,455.59	13,961.11	802.97	706.74	88,218.93	4,91,912.58	840.19	1,063.87	804.91	6,94,766.89
Accumulated depreciation										
Balance as at 31 March 2021	-	2,228.77	312.46	103.89	22,384.97	1,55,788.12	475.70	371.14	347.99	1,82,013.04
Depreciation charge for the year	-	403.60	35.47	18.68	4,196.35	21,680.80	36.36	40.87	40.05	26,452.18
Disposals	-	-	-	-	2,342.38	104.57	5.67	-	-	2,452.62
Balance as at 31 March 2022	-	2,632.37	347.93	122.57	24,238.94	1,77,364.35	506.39	412.01	388.04	2,06,012.60
Depreciation charge for the year		477.85	36.97	23.30	4,200.90	23,270.59	33.95	50.43	39.96	28,133.95
Disposals		-	-	-	3,241.99	217.27	-	-	-	3,459.26
Balance as at 31 March 2023	-	3,110.22	384.90	145.87	25,197.85	2,00,417.67	540.34	462.44	428.00	2,30,687.29
Net block										
Balance as at 31 March 2021	96,412.42	9,243.49	401.38	408.70	61,063.49	2,76,175.36	260.63	424.75	416.14	4,44,806.36
Balance as at 31 March 2022	96,429.17	10,514.43	423.55	528.20	60,661.76	2,83,752.80	223.64	482.49	383.80	4,53,399.84
Balance as at 31 March 2023	96,455.59	10,850.89	418.07	560.87	63,021.08	2,91,494.91	299.85	601.43	376.91	4,64,079.60

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3(ii) Right of Use assets

Rs. In Lakhs

Gross block	Land	Total
Balance as at 31 March 2021	219.17	219.17
Additions	-	-
Withdrawals	-	-
Balance as at 31 March 2022	219.17	219.17
Additions	-	-
Withdrawals	-	-
Balance as at 31 March 2023	219.17	219.17
Accumulated amortisation		
Balance as at 31 March 2021	15.42	15.42
Depreciation charge for the year	7.70	7.70
Reclassifications	-	-
Withdrawals	-	-
Balance as at 31 March 2022	23.12	23.12
Depreciation charge for the year	7.70	7.70
Reclassifications	-	-
Withdrawals	-	-
Balance as at 31 March 2023	30.82	30.82
Net block		
Balance as at 31 March 2021	203.75	203.75
Balance as at 31 March 2022	196.05	196.05
Balance as at 31 March 2023	188.35	188.35

3(iii) Intangible assets

Rs. In Lakhs

Gross block	Softwares	Total
Balance as at 31 March 2021	836.13	836.13
Additions	35.85	35.85
Withdrawals	-	-
Balance as at 31 March 2022	871.98	871.98
Additions	30.36	30.36
Withdrawals	-	-
Balance as at 31 March 2023	902.34	902.34
Accumulated amortisation		
Balance as at 31 March 2021	309.04	309.04
Depreciation charge for the year	107.65	107.65
Withdrawals	-	-
Balance as at 31 March 2022	416.69	416.69
Depreciation charge for the year	86.63	86.63
Withdrawals	-	-
Balance as at 31 March 2023	503.32	503.32
Net block		
Balance as at 31 March 2021	527.09	527.09
Balance as at 31 March 2022	455.29	455.29
Balance as at 31 March 2023	399.02	399.02

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a) Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended 31 March 2022 with respect to PPE was Nil (31 March 2021: Rs. 469.32 Lakhs). The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.00% to 12%, which is the effective interest rate of specific borrowing. The borrowing cost capitalised for assets under construction (CWIP) for the year ended March 31, 2022 was Nil (31 March 2021: Nil). Below table explains the same.

Rs. In Lakhs

Particulars	31-Mar-23	31-Mar-22	31-Mar-21
Capitalisation of Interest:			
Opening Balance	5,537.18	5,537.18	5,067.86
Add: For the year			
Included in PPE		-	469.32
Included in CWIP		-	-
Closing Balance	5,537.18	5,537.18	5,537.18

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 estmated 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 curresponding 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:

Rs. In Lakhs

Particulars	31-Mar-23	31-Mar-22	31-Mar-21
Opening Balance	1,38,398.78	1,22,969.43	1,14,922.25
Add: For the year	11,504.94	15,429.35	8,047.18
Closing Balance	1,49,903.72	1,38,398.78	1,22,969.43

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 Vaibhav 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 Vaibhav Associates and curresponding 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/revalues 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's to the towns/cities and availability of similar kind of properties as duly assessed in the active markets.

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

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

Information of revaluation model:

	Rs. In Lakhs
Balance as at 31 March 2021	96,412.42
Purchases#	16.75
Deletion	-
Balance as at 31 March 2022	96,429.17
Purchases#	26.42
Deletion	-
Balance as at 31 March 2023	96,455.59

Purchases includes

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

Net book value	31-Mar-23	31-Mar-22	31-Mar-21
Cost	765.85	749.10	744.52
Addition	26.42	16.75	4.58
Net carrying amount	792.27	765.85	749.10

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. 16,500.00 Lakhs

h) The title deeds in respect of some of the land & building and vehicles transferred from M/s KPTCL to the Company consequent to unbundling of distribution operation are not held in the name of the Company.

Details of the immovable property whose Title deeds are not held by the Company

Description of The Asset	Gross Carrying Value (Rs. In Lakhs)	Held in the Name of
1. Substation Premises, Janawada, Bidar	171.67	KIADB
2. Substation Premises, Kherda, Aurad	46.30	Private Land Owner
3. 33KV Station Land at Nittur(B), Bhalki	24.85	Minor Irrigation Department
4. 33/11KV Sub-Station & Office premises Hudgi	1,098.50	Private Land Owner

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Rs. In Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
4 Capital Work In Progress:		
a) Capital work in progress - PPE	14,844.68	16,016.56
b) Capital Advances	8,355.09	15,559.50
	23,199.77	31,576.06

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.

a. Ageing for CWIP - PPE

Particulars	As at March 31, 2023	As at March 31, 2022
1. Projects in Progress		
Less than 1 year	10,130.29	8,767.43
1 - 2 years	2,839.65	5,120.47
2 - 3 years	809.67	1,699.76
More than 3 years	1,065.07	428.90
2. Projects temporarily suspended		
Less than 1 year	-	-
1 - 2 years	-	-
2 - 3 years	-	-
More than 3 years	-	-
	14,844.68	16,016.56

Particulars	As at March 31, 2023	As at March 31, 2022
5 Intangible Assets under development:		
a) Computer Software		-
	-	-

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6 Financial Assets

i) Non current investments:

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
a) Investments in equity Instruments:		
1) Unquoted equity shares (fully paid) (other than traded) Invested in M/s Power Company of Karnataka Limited (100 Shares - Rs. 1000/Share)	1.00	1.00
Total	**1.00**	**1.00**
Investment in equity instrument shown above is not fair valued as on reporting dates. Accordingly the investment values are carried at cost.		

ii) Non Current Loans

Particulars	As at March 31, 2023	As at March 31, 2022
		-
	-	-

iii) Other financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Security deposits (unsecured, considered good)*	2,135.30	2,294.34
Total	**2,135.30**	**2,294.34**

Breakup of security details

Particulars	As at March 31, 2023	As at March 31, 2022
- Other financial assets considered good- Secured	-	-
- Other financial assets considered good- Unsecured	2,135.30	2,294.34
- Other financial assets which have significant increase in credit risk	-	-
- Other financial assets - credit impaired	-	-
Total	**2,135.30**	**2,294.34**
Total Non Current Financial assets	**2,136.30**	**2,295.34**

* Includes Rs 1400 Lakhs of GESCOM Investment In M/s Priyadarshini Jurala Power Project as an investment in Power Utility through M/sPCKL. PCKL in its Letter dated 04.04.2022 in accordance to Government order has directed all ESCOM's to write off the amount over the period of 35 Years commencing from Financial Year 2014-15. Hence, an amount of Rs. 40.00 Lakhs every year for period of 9 years (i.e., 2014-15 to 2022-23) is calculated amounting to Rs. 360.00 Lakhs. The same is debited to P&L account under Bad & Doubtful Debts written off for the financial year 2022-23.

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Particulars	As at March 31, 2023	As at March 31, 2022
7 Deferred tax Liability (Net):	₹ in Lakhs	₹ in Lakhs
a) Deferred tax liability:		
i) On account of depreciation on fixed assets (other than land)	58,756.31	50,431.16
ii) On account of revaluation of land	22,081.40	22,097.59
Total	**80,837.71**	**72,528.75**
b) Deferred tax asset:		
i) On account of depreciation on fixed assets (other than land)	-	-
ii) FBF	316.93	265.35
iii) Leave balance	5,364.68	3,769.55
iv) Bonus/Commission to employees	3.97	17.47
v) Government grant	20,807.06	18,733.57
vi) Consumer contributed asset	23,016.18	18,298.01
vii) Other government grant	2,498.67	3,268.24
viii) Provision for doubtful debts	25,282.47	19,682.95
Total	**77,289.96**	**64,035.14**
Net Deferred tax liability/(asset)	**3,547.75**	**8,493.61**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2023

	Year ended March 31, 2023	Year ended March 31, 2022
Accounting profit before tax	(34,555.54)	(5,924.96)
Accounting profit before income tax	**(34,555.54)**	**(5,924.96)**
Deferred tax credit to statement of profit and loss at 31.20%	**(10,781.33)**	**(1,848.59)**
Adjustments in respect of current income tax of previous years		
Disallowances under section 37	883.69	1,124.17
Deferred tax asset not recognised on following items on virtual certainity basis:		
Unabsorbed Depreciation	(41,605.33)	(37,151.87)
Business Loss	(47,810.84)	(47,137.67)
Impact of previous year adjustments	-	-
Deferred tax income recognised in statement of profit and loss	(4,934.25)	(7,036.63)
Others	82,685.40	88,353.41
Total	**(10,781.33)**	**(1,848.59)**
Difference		-

8 Other non current assets:		
(unsecured and considered good)		
Total	-	-

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Particulars	As at March 31, 2023	As at March 31, 2022
	Rs. In Lakhs	Rs. In Lakhs
9 Inventories:		
Stocks, spares and loose tools		
a) Materials lying at Stores	12,730.00	10,907.16
b) Materials with Contractors	54.37	62.00
c) Materials with Employees	885.22	796.46
d) Obsolete/ Scrapped Assets	150.67	215.41
e) WDV of Faulty/Dismantled Assets	5,454.07	5,366.29
	19,274.33	17,347.32
10 Unbilled Revenue:		
Unbilled Revenue*	59,598.34	37,599.15
	59,598.34	37,599.15

The break up of the unbilled revenue is given below:

	As at March 31, 2023	As at March 31, 2022
Opening Balance	37,599.15	29,489.00
Add: Provision for unbilled revenue during the year	59,598.34	37,599.15
Less: Provision for unbilled revenue reversed during the year	37,599.15	29,489.00
Closing Balance	59,598.34	37,599.15

*An amount of Rs. 140.03 Crores being the Fuel and Power Purchase Cost Adjustment Charges incurred during 3rd Quarter & 4th Quarter (Jan23) of 2022-23 but which has accrued but remained unbilled in FY 23 and orders issued to be passed/billed to consumers in FY24 has been incorporated in the Current Financials. Power Purchase to the extent has been incurred and accounted in FY23 and the Revenue to the extent of sale of power on FPPCA has been accounted as unbilled revenue and will be reversed in FY24 to set-off against the actual revenue being realized.

11 Trade receivables:		
a) Trade receivables	2,95,972.32	2,38,626.42
b) Receivables from related parties	-	-
	2,95,972.32	2,38,626.42
Total	2,95,972.32	2,38,626.42
Break-up for security details:		
- Trade recievables considered good- Secured		
- Trade recievables considered good- Unsecured (including doubtful)	79,459.78	74,301.73
- Trade recievables which have significant increase in credit risk	2,16,512.54	1,64,324.69
- Trade recievables- credit impaired		
Total	2,95,972.32	2,38,626.42
Loss allowance ($)	72,490.69	63,086.38
Total Trade receivables	2,23,481.63	1,75,540.04

($) 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. 724.91 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 outs Rs. 33.28 Crs and 10% provision is created on IP set Dues outstanding for more than 2 years which works out to Rs.529.88 Crores. On the Balance Debtors, 4% provision is made.

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Particulars	As at March 31, 2023	As at March 31, 2022
	Rs. In Lakhs	Rs. In Lakhs

Ageing for trade receivables – current outstanding as at March 31, 2023 is as follows:

Outstanding for following periods from due date of payment	Undisputed trade receivables			Disputed trade receivable
	Considered good	significant increase in credit risk	credit impaired	
Not due	-	-	-	-
Less than 6 months	96,555.38	-	-	-
6 months -1 Year	33,180.09	-	-	-
1-2 Years	50,975.78	-	-	-
2-3 Years	34,849.86	-	-	-
More than 3 years	67,442.90	-	-	-
Total	2,83,004.01	-	-	12,968.31
Total	2,95,972.32			12,968.31
Less: Allowance	72,490.69			
Total Trade Receivables as on 31.03.2023	**2,23,481.63**			

Ageing for trade receivables – current outstanding as at March 31, 2022 is as follows:

Outstanding for following periods from due date of payment	Undisputed trade receivables			Disputed trade receivable
	Considered good	significant increase in credit risk	credit impaired	
Not due	-	-	-	-
Less than 6 months	75,940.02	-	-	-
6 months -1 Year	25,329.50	-	-	-
1-2 Years	46,126.70	-	-	-
2-3 Years	12,214.46	-	-	-
More than 3 years	64,755.74	-	-	-
Total	2,24,366.42	-	-	14,260.00
Total	2,38,626.42			14,260.00
Less: Allowance	63,086.38			
Total Trade Receivables as on 31.03.2022	**1,75,540.04**			

12 Cash and Bank Balances

Particulars	As at March 31, 2023	As at March 31, 2022
12 (i) Cash and Cash Equivalents		
Balance with Banks		
Current accounts	3,091.66	3,061.05
Deposits with original maturity of less than three months		
Cash on hand	412.56	235.75
Cheques in hand	656.52	245.99
Cheques and Funds in Transit	28.68	34.66
Stamps on Hand	1.18	1.31
Total cash and cash equivalents	4,190.60	3,578.76
12 (ii) Other bank balances		
Deposits with remaining maturity for less than 12 months (other commitments#)	1,888.43	1,774.87
Balances with banks to the extent held as margin money** or security against the borrowings, guarantees)	6,864.73	6,240.99
Total other bank balances	8,753.16	8,015.86
Total cash and bank balances	12,943.76	11,594.62

** 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, 2023	As at March 31, 2022
Balance with Banks		
Current accounts	3,091.66	3,061.05
Deposits with original maturity of less than three months	-	-
Cash on hand	1,069.08	481.74
Cheques and Funds in Transit	28.68	34.66
Stamps on Hand	1.18	1.31
	4,190.60	3,578.76

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Particulars	As at March 31, 2023	As at March 31, 2022
13 Other Financial Assets:	Rs. In Lakhs	Rs. In Lakhs
a) Receivable from entities under common control (KPTCL/ESCOMS/PCKL)	1,57,075.56	1,55,656.34
b) Receivable from Power Generators	2,259.69	2,259.69
c) Receivable from Pension/Gratuity Trust	947.97	1,111.84
d) Receivable from beneficiaries of Solar Lantern	-	-
e) Income accrued and not due	168.24	120.26
f) Rural Electrification Subsidy	3,050.88	3,050.88
g) Tariff Subsidy*	70,376.61	43,840.46
h) RDPR Dues	-	-
i) Receivable from GoK - MSME Demand/Fixed Charges waived off During Covid -19	-	1,094.51
Total	2,33,878.95	2,07,133.98
Break-up for security details:		
- other financial assets considered good- Secured	-	-
- other financial assets considered good- Unsecured (including doubtful)	2,33,878.95	2,07,133.98
- other financial assets which have significant increase in credit risk	-	-
- other financial assets credit impaired	-	-
Total	2,33,878.95	2,07,133.98
Loss allowance	-	-
Total other financial asset	2,33,878.95	2,07,133.98
Total current financial assets	5,29,902.68	4,31,867.79

Break up of financial assets carried at amortised cost

Particuairs	As at March 31, 2023	As at March 31, 2022
Loans (note 6(ii))	2,135.30	2,294.34
Unbilled revenue (note 10)	59,598.34	37,599.15
Trade receivables (note 11)	2,23,481.63	1,75,540.04
Cash and Cash equivalents (note 12)	4,190.60	3,578.76
Other bank balances (note 12)	8,753.16	8,015.86
Other financial assets (note 13)	2,33,878.96	2,07,133.98
Total financial assets carried at amortised cost	5,32,037.98	4,34,162.13

* GoK in their order G.O No. **Energy/123/PSR/2022/Bangalore dated 11.03.2022** as instructed All ESCOM's to Writeoff Subsidy arrears as on 31.03.2022 available in the books of accounts. GESCOM Vide letter No. **CFO/CA/DCA(A/c's)/2022-23/12498 dated 07.06.2022 has** Corresponded to GoK regarding adverse impact on the financial position of the company and requested to issue directions to not to Write-off the Subsidy. Further action will be initiated once the directions/instructions are communicated by GOK.

Particulars	As at March 31, 2023	As at March 31, 2022
14 Current Tax Assets (net)		
a) Tax deducted at source (net of provision for income tax)	146.43	457.23
Total	146.43	457.23
15 Other Current Assets:		
a) Prepaid Expenses	6.08	4.63
b) Advance to employees	155.13	366.69
c) Claims for loss/Damage to Capital Assets	10.75	10.75
Total	171.96	382.07
16 Regulatory Deferral Accounts:		
Regulatory Deferral Account - debit balances and related deferred tax		
Regulatory Assets	0.00	8,921.50
Regulatory Deferral Account	0.00	8,921.50

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 Liabilites 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, 2023, and March 31, 2022 is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Regulatory Assets (net)	8,921.50	26,643.15
Regulatory Income/(Expenses) during the year:		
(i) Power Purchase Cost*	-	-
(ii) Reversal of earlier years income recognised	(8,921.50)	(17,721.65)
Closing Regulatory Assets (net)	0.00	8,921.50

(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.

*Regulatory income to the extent of Power purchase cost over and above approved Power purchase cost by KERC had been accounted in the financials. However, consequent to the notification of the Fuel & Power Purchase Cost Adjustment Charges (FPPCA) guidelines were isssued by Ministry of Power, GoI directing DISCOMs to account & recover the differential Power purchase cost. The necessary orders are issued determining the incremental Power purchase cost and being recovered from consumers at the earliest. Hence, regulatory income on account of power purchase expenses is no longer required to be accounted.

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Registered office at Station Road, Kalaburagi, Karnataka - 585 102

NOTES TO FINANCIAL STATEMENTS

Particulars	As at March 31, 2023 Number	As at March 31, 2023 Rs. In Lakhs	As at March 31, 2022 Number	As at March 31, 2022 Rs. In Lakhs
17 **Share capital:**				
Authorized:				
Equity shares of ₹ 10/- each	2,00,00,00,000.00	2,00,000.00	2,00,00,00,000.00	2,00,000.00
	2,00,00,00,000.00	**2,00,000.00**	**2,00,00,00,000.00**	**2,00,000.00**
Issued, subscribed and fully paid up:				
Equity shares of ₹ 10/- each				
At the beginning of the year	1,64,01,63,404.00	1,64,016.34	1,50,97,96,104.00	1,50,979.61
Issued during the year				
- by way of issue of fully paid up equity shares	1,42,09,000.00	1,420.90	13,03,67,300.00	13,036.73
At the close of the year	**1,65,43,72,404.00**	**1,65,437.24**	**1,64,01,63,404.00**	**1,64,016.34**
Total carried to Balance Sheet		**1,65,437.24**		**1,64,016.34**

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, 2023		As at March 31, 2022	
	Number	Percentage	Number	Percentage
(i) Government of Karnataka	1,65,43,72,404.00	99.99%	1,64,01,63,404.00	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 2023	**31 March 2022**
i) Equity shares allotted as fully paid bonus shares by capitalization of securities premium or capital redemption reserve	Nil	Nil

c **Disclosure of Shareholding of Promoters**

S.No.	Shares held by promoters at the end of the year Promoter name	31 March 2023		
		No. of shares	% of total shares	% Change during the year
I	Governor of Karnataka, GoK	1,65,43,72,404	99.99%	No % Change

S.No.	Shares held by promoters at the end of the year Promoter name	31 March 22		
		No. of shares	% of total shares	% Change during the year
I	Governor of Karnataka, GoK	1,64,01,63,404	99.99%	No % Change

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18 Other Equity

a) Share Application Money Pending Allotment

	Rs In Lakhs
At 31 March 2021	**11,242.28**
Add: Share application money received	2,780.10
Add/(less): Adjustment	-
Less: Allotment of shares	(13,036.73)
At 31 March 2022	**985.65**
Add: Share application money received	7,308.00
Add/(less): Adjustment	
Less: Allotment of shares	(1,420.90)
At 31 March 2023	**6,872.75**

b) Reserve for Material Cost variance

	Rs In Lakhs
At 31 March 2021	**4,277.08**
Add: Addition during the year	(2,800.45)
Less: Reversal of Depreciation/ withdrawal during the year	
At 31 March 2022	**1,476.63**
Add: Addition during the year	2,334.26
Less: Reversal of Depreciation/ withdrawal during the year	
At 31 March 2023	**3,810.89**

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c) **Retained Earnings**

	Rs In Lakhs
At 31 March 2021	**(3,11,265.08)**
Add/(Less): Profit/(Loss) for the year	1,111.66
Add: Other comprehensive income for the year	12.59
At 31 March 2022	**(3,10,140.83)**
Add/(Less): Profit/(Loss) for the year	(29,621.31)
Add: Other comprehensive income for the year	10.09
At 31 March 2023	**(3,39,752.05)**

d) **Revaluation reserve on PPE**

	Rs In Lakhs
At 31 March 2021	**73,603.31**
Add: Revaluation surplus of PPE	
Less: Reversal of revaluation reserve	-
Less: Other comprehensive income for the year	(79.54)
At 31 March 2022	**73,523.77**
Add: Revaluation surplus of PPE	16.20
Less: Reversal of revaluation reserve	-
Less: Other comprehensive income for the year	
At 31 March 2023	**73,539.97**
Total other equity	**(2,55,528.44)**

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NOTES TO FINANCIAL STATEMENTS

Particulars	As at March 31, 2023 ₹ in Lakhs	As at March 31, 2022 ₹ in Lakhs
Non- Current Liabilities		
19 Borrowings:		
I) Secured loans:		
a. Loan from banks	1,99,963.67	1,69,973.29
b. Loan from Others	89,143.60	1,05,627.25
Less: Current maturities on loan from others	25,311.12	10,723.60
	2,63,796.14	**2,64,876.94**
II) Unsecured loans:		
a. Loan from banks	-	-
b. Loan from Others	35,145.88	42,512.30
Less: Current maturities on loan from others	10,600.18	125.64
	24,545.70	**42,386.66**
Total Borrowings	**2,88,341.84**	**3,07,263.60**

Additional information:

Secured Loans:

Sl no	Particulars	31-03-2023	31-03-2022
A	**Term Loans from Others**		
1	**PFC - RAPDRP** RAPDRP 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%.)	**2,568.22**	2,868.34
2	**Loans from Power Finance Corporation** (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)	- Loan Closed	15.02
3	**Loan from Rural Electrification Corporation - PSI** (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 annnual installments starting from 2010. Rate of Interest is varying from 8.25% to 10.90%)	5,149.87	6,184.94
4	**Loans from Power Finance Corporation** (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%)	2,685.43	2,963.15

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NOTES TO FINANCIAL STATEMENTS

	Particulars	As at March 31, 2023 ₹ in Lakhs	As at March 31, 2022 ₹ in Lakhs
5	**Loan from Rural Electrification Corporation**		
a	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%.	78,740.08	62,762.47
b	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%.		
c	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%.		
d	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% to10.50 % p.a.)		
e	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.)		
f	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.)		
g	REC- Capex Rs. 243.20 Crs. The Tenure of the loan is 10 years from the date of disbursement, there will be no moratorium period for repayment of principal. The entire loan shall be repaid in 120 equal monthly installments. Repayment starting from 2023. Interest rate is 9.76% p.a)		
7	**Medium Term Loans from Rural Electrification Corporation**		
	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 eriod 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)	- Loan Closed	833.33
8	**Loans from Commercial Banks**	-	-
	a) Bank Of India (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 7.95% p.a.)	99,973.63	99,974.45
	b) Punjab National Bank (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 8.30% p.a.)	49,990.03	49,998.84
	c) State Bank of India (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 MCLRis 6.95% p.a. for year} applicable rate of Interest is 8.60% p.a.)	20,000.00	20,000.00
	d) State Bank of India (Secured by first charge on receivables. The tenure of the loan is 8 years including moratorium period of 1 years and 6 months. Repayable in 78 monthly installments commencing from 19th month from the date of first disbursement. Rate of Interest at 1.50% p.a. above MCLR {Present MCLRis 7.00% p.a. for year} applicable rate of Interest is 9.85% p.a.)	30,000.00	30,000.00
	Sub-Total	**2,89,107.26**	**2,75,600.54**
	Less : Current Maturities :	25,311.12	10,723.60
	Total	**2,63,796.14**	**2,64,876.94**

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NOTES TO FINANCIAL STATEMENTS

Particulars	As at March 31, 2023 ₹ in Lakhs	As at March 31, 2022 ₹ in Lakhs

Unsecured Loans:

Sl no	Particulars	31-03-2023	31-03-2022
1	**Loans from Government - PMGY** (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%.p.a.)	34.78	89.29
2	**Loans from Government - APDRP** (The Loan is transferred during unbundling & the loan repayment period is upto FY-23. The rate of Interest is 10.85%.p.a.)	- Loan Closed	71.13
3	**Liability component of compound financial instrument Interest free Loan from Govt of Karnataka** (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)	35,111.10	42,351.88
	Sub-Total	**35,145.88**	**42,512.30**
	Less : Current Maturities :	10,600.18	125.64
	Total	**24,545.70**	**42,386.66**

a The carrying amounts of property, plant and equipment pledged as security for borrowings are disclosed in note 3.

b 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, 2023 ₹ in Lakhs	As at March 31, 2022 ₹ in Lakhs
Non - Current Liabilities		
20 Other non current financial Liabilities:		
a) Security Deposit from Consumers	69,723.09	62,823.98
b) Provision made by GOK towards consumers	-	-
c) BRP II Adjustment given by GOK i.r.o SMIORE	1,293.07	1,293.07
d) Other Payables to GoK	-	-
	71,016.16	**64,117.05**

Company pays interest at bank rate at the beginning of the year on security deposit from consumers. (Rate of interest 31 March 2023- 4.25%; 31 March 2022- 4.25%

Particulars	As at March 31, 2023	As at March 31, 2022
21 Provisions: (non Current)		
a) Provision for Family Benefit Fund	859.99	803.39
b) Provision for Leave Encashment	14,448.24	11,613.66
	15,308.23	**12,417.05**

The liability for compensated absences cover the Company's liability for earned leaves.
Also refer note 40 for detailed disclosure of family benefit fund and leave encashment.

Particulars	As at March 31, 2023	As at March 31, 2022
22 Deffered revenue		
(i) **Consumer Contribution towards cost of Capital Asset**		
Opening balance	**58,781.74**	**56,711.57**
Received during the year	11,315.15	6,209.17
Released to the statement of profit and loss	(4,231.00)	(4,139.00)
Closing balance	**65,865.89**	**58,781.74**
(ii) **Government grants towards cost of capital assets**		
Opening balance	**61,000.25**	**53,377.07**
Received during the year	189.78	9,220.18
Released to the statement of profit and loss	(1,646.00)	(1,597.00)
Closing balance	**59,544.03**	**61,000.25**
(iii) **Other Government grants #**		
Opening balance	**10,475.12**	**25,664.44**
Received during the year	-	(14,659.03)
Released to the statement of profit and loss	(3,324.62)	(530.29)
Closing balance	**7,150.50**	**10,475.12**
Total Deferred income	**1,32,560.42**	**1,30,257.11**
Current liability		
Non Current liability	**1,32,560.42**	**1,30,257.11**

#**Other Government Grants** of Rs. 7150.50 Lakhs is the deferred revenue portion of the Rs. 100000 Lakhs Interest free loan released by Govt of Karnataka in FY21 . In FY22 as per GoK order, In the total Loan of Rs. 100000 Lakhs, Rs. 47173.00 Lakhs were adjusted towards Tariff subsidy remaining with balance of Rs. 52827.00 Lakhs as Loan Part.
In FY21, Loan amortisation was calculated on Rs. 100000 Lakhs arriving at a balance of Rs. 25664.44 Lakhs as on 31.03.2021.
After the loan adjustment to Tariff subsidy, Loan amortisation is recalculated at Balance Loan amount of Rs. 52827.00 Lakhs. arriving at balance of Rs. 10475.12 Lakhs as on 31.03.2022 and the same will be amortised over the Loan term.

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23 Other non - current liabilities:

(a) Deposit Contribution Work	14,036.52	11,449.11
(b) Other payables*	1,515.38	1,515.38
	15,551.90	**12,964.49**

*Other payables pertains to the unreconciled amount of following heads on date of unbundling of ESCOMs. The Company is in process of reconciling the same and to make necessary adjustments after approval of the board of directors and government.

Rs. In Lakhs

Acc Code	Descrption	Amount
14.35	CWIP - Bhagyajyoti Scheme - 11 KV	35.62
14.351	CWIP - Bhagyajyoti Meter Fixing Scheme - 11 KV	256.85
14.36	CWIP - Kuteera Jyoti Schemes - 11 KV	365.90
14.361	CWIP - Kuteera Jyoti Meter Fixing Schemes - 11 KV	37.14
46.206	Payble to GOK-BRP-II arrearas recovered for consumers. State Govt. Installations.	60.48
46.207	BRP Adjustment recovered from IP Consumers payable to GOK	18.57
46.981	Electricity dues of Gram Panchayats released by Department of Energy, Government of Karnataka to ESCOMs through KPTCL and accounted as payable to ESCOMs in KPTCL Accounts.	596.95
28.816	Amount recoverable from Government wards Bhagya Jyothi works	227.24
37.303	IUA - BJ/KJ balances clearance - BRP	0.25
37.304	IUA - Permanently disconnected Installations - Balance Clearance - BRP	9.56
37.308	IUA - BRP Clearence amount returned - Permanently Diss. Instns	122.32
37.823	BRP - II Write off	17.72
24.11	Cash on Hand	(20.50)
24.303	Non Operative - SBI	(73.12)
28.815	Receivables from MESCOM towards advances paid to suppliers prior to 1.6.2002 in respect of Purchase Orders placed by the then Office of CEE, MW (South)	(110.73)
37.311	IUA - IP set principal collection(interest waiver scheme 2001)	(10.12)
	Previous balance in net-worth adjustment account (Debit balance)	(18.75)
	Total	**1,515.38**

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Particulars	As at March 31, 2023 ₹ in Lakhs	As at March 31, 2022 ₹ in Lakhs
Current Liabilities		
24 Borrowings:		
I) Secured loans:		
a) Loans repayable on demand		
- from banks		
- from others	46,380.06	7,541.37
b) Current Maturities of Long term debts	35,911.30	10,849.23
Total	**82,291.36**	**18,390.60**

1) **Details of security for secured loans:**

a) **Loan from Banks:**		
(Secured by Charge on Receivables from Consumers)	46,380.06	7,541.37
b) Current Maturities of Long term debts	35,911.30	10,849.23
Total	**82,291.36**	**18,390.60**

The carrying amounts of property, plant and equipment pledged as security for borrowings are disclosed in note 3.

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Particulars	As at March 31, 2023 ₹ in Lakhs	As at March 31, 2022 ₹ in Lakhs
Current Liabilities		
25 Trade payables:		
a) Total outstanding dues of micro and small enterprises		
b) Total outstanding dues other than micro and small enterprises	3,21,168.71	2,90,322.44
c) To related parties	1,42,009.38	1,23,741.65
Total Trade payable	**4,63,178.09**	**4,14,064.09**

Terms and conditions of the above financial liabilities:
Trade payables are non-interest bearing and are normally settled on 60 to 90 day terms
For explanations on the Company's credit risk management processes, refer note 46

Ageing for trade payables outstanding as at March 31, 2023 is as follows:

Outstanding for following periods from due date of payment	Undisputed dues		Disputed Dues	
	Others	**MSME**	**Others**	**MSME**
Not Due	-	-	-	-
Less than 1 Year	28,566.04	-	-	-
1-2 Years	58,215.19	-	-	-
2-3 Years	92,568.32	-	-	-
More than 3 years	1,73,435.18	-	-	-
Total	**3,52,784.73**	-	-	-
Total	**3,52,784.73**			
Add ; Accrued expenses	1,10,393.36			
Total Trade payables as at March 31, 2023	**4,63,178.09**			

Ageing for trade payables outstanding as at March 31, 2022 is as follows:

Outstanding for following periods from due date of payment	Undisputed dues		Disputed Dues	
	Others	**MSME**	**Others**	**MSME**
Not Due	-	-	-	-
Less than 1 Year	58,147.50	-	-	-
1-2 Years	92,680.27	-	-	-
2-3 Years	44,542.95	-	-	-
More than 3 years	1,49,444.59	-	-	-
Total	**3,44,815.31**	-	-	-
Total	**3,44,815.31**			
Add ; Accrued expenses	69,248.78			
Total Trade payables as at March 31, 2022	**4,14,064.09**			

Additional Information:

1	Trade Payables for Purchase of Power	2,10,775.35		2,21,073.66	
2	Other Liability for Outstanding Expenses	1,10,393.36		69,248.78	
3	Payable to Associates - KPTCL/PCKL/other ESCOMs	1,42,009.38		1,23,741.65	
		4,63,178.09		**4,14,064.09**	

Details of dues to Micro and small as defined under MSMED Act, 2006

(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	Nil	Nil
Interest due on above	Nil	Nil
(ii) The amount of interest paid by the buyer in terms of section 16. of the MSMED Act, 2006.	Nil	Nil
The amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	Nil	Nil

In the view of the management, the impact of interest, if any, that may be payable in accordance with provisions of this Act is not expected to be material. Also no amounts are due to small scale industrial undertaking to whom the Company owes and which is outstanding for more than 45 days as at 31st March 2021.

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Particulars	As at March 31, 2023 ₹ in Lakhs	As at March 31, 2022 ₹ in Lakhs
26 Other current financial liabilities		
a) Payable to Trust (Pension & NDCPS)	16,801.20	14,340.31
b) Miscellaneous Deposits/other liabilites (incl liability towards Employees)	2,749.26	1,718.89
c) Security deposit in cash from Suppliers/ Contractors	553.26	453.97
d) Excess credit under reconciliation with Bank	2.88	238.18
e) Interest accrued and payable to consumers	2,472.23	2,209.28
f) Interest accrued but not due on loans	996.06	1,867.42
g) Liability towards consumers	1,571.09	1,252.48
h) Sundry payables for capital goods#	10,267.76	12,246.98
	35,413.74	34,327.51

#It is not possible to bifurcate this amount into Creditors for Capital goods and Others as the ultimate use of goods/services is not ascertainable.

Break up of financial liabilities carried at amortised cost

Particulars	As at March 31, 2023	As at March 31, 2022
a) Borrowings (non-current) (note 19)	2,88,341.84	3,07,263.60
b) Borrowings (current) (note 24)	82,291.36	18,390.60
c) Trade payables (note 25)	4,63,178.09	4,14,064.09
d) Other financial liabilities (non current) (note 20)	71,016.16	64,117.05
e) Other financial liabilities (current) (note 26)	35,413.74	34,327.51
Total	9,40,241.19	8,38,162.85
27 Provisions: (current)		
a) Provision for Earned Leave Encashment	1,436.72	1,254.12
b) Provision for Family Benefit Fund	46.99	47.08
	1,483.71	1,301.20
28 Other current liabilities:		
a) Interunit accounts	243.72	133.15
b) Statutory Liabilities	20,611.94	12,880.16
c) Other payables	40.78	427.31
	20,896.44	13,440.62
29 Current Tax Liabilities (Net):		
a) Provision for tax (net of advance tax)	-	-
	-	-

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NOTES TO FINANCIAL STATEMENTS

30 **Contingent Liabilities for which no provision has been made by the Company.**

Sl No	Particulars	Pending at/With	31-Mar-23	31-Mar-22	31-Mar-21
1	Intimation regarding default in TDS statement based on the Tax Payers data reflected in the Computer System of the Department for Short Deduction/Short Payments/Late Deduction/Late Payments/Late filings and interest thereon	DIT (TDS)	Rs. 524.39 Lakhs	Rs. 325.88 Lakhs	Rs. 299.57 Lakhs
2	Incorrect/excess/arrears billing pending	Appealte Authorities	Rs. 2285.79 Lakhs	Rs. 2436.98 Lakhs	Rs. 1322.59 Lakhs
3	For loss of life on account of electrification	Consumer Courts	85 Cases pending before various courts, Amount is not Ascertainable	130 Cases pending before various courts, Amount is not Ascertainable	108 Cases pending before various courts, Amount is not Ascertainable
4	Power Purchase Agreement tariffs & dues	Appealte Autority	115 Cases pending before various authorities, Out of which claim amount of Rs. 960.09 Lakhs pertains to 5 cases and rest 110 cases where amount is not ascertainable	115 Cases pending before various authorities, Out of which claim amount of Rs. 3178.14 Lakhs pertains to 11 cases and rest 104 cases where amount is not ascertainable	90 Cases pending before various authorities, Out of which claim amount of Rs. 10624.73 Lakhs pertains to 23 cases and rest 67 cases where amount is not ascertainable

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Particulars	For the year ended March 31, 2023 ₹ in Lakhs	For the year ended March 31, 2022 ₹ in Lakhs
31 Revenue from operations:		
Operating revenue		
a) - Sale of Power - LT Category	5,00,779.32	4,29,110.38
b) - Sale of Power - HT Category#	1,76,874.92	1,36,591.96
c) - Sale of Power - Sale of RE Certificates*	17,991.70	-
d) - Sale of Power - Accrued Fuel & Power Purchase Cost Adjustment	14,003.00	-
Other operating revenue		
a) -Supervision Charges	1,825.05	1,431.40
b) - Interest on belated payments from consumers	22,247.51	17,619.36
c) - Other Receipts	439.12	348.41
	7,34,160.62	5,85,101.51

*GESCOM has accrued 5442939 MWh worth of RE Certificates after meeting RPO Obligations as on 31.03.2023. RE Certificates to an extent of 1796353 MWh have been traded in exchange at Rs. 1000/MWh during the year. The Company has RECs Worth 2345415 MWh in possession but not traded as on 31.03.2023. For FY2022-23, GESCOM has accrued 1301171 Mwh worth of RECs which are filed before Registry and waiting for NLDC approval.

Includes Rs. 3482.72 Lakhs demand raised towards BMM Ispat with RR No. MRB 37 on the note of Audit short claim for the period February 2012 to March 2023

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
32 Other income:		
a) Rental Income	155.40	221.39
b) Interest Income	299.28	116.63
c) Profit on sale of scrap	944.64	388.75
d) Provision no longer required written back	5,980.02	13,362.27
e) Rebate on Power Purchase	1,836.82	1,604.87
f) Rebate on remittance of eletricity duty*	114.66	103.54
g) Other Miscellaneous Income	1,270.33	1,583.47
h) Government grants for capital assets	1,646.00	1,597.00
i) Consumer contributed assets	4,231.00	4,139.00
j) Govt Grant - Interest Free Loan	3,324.62	530.29
	19,802.77	23,647.21

*As per GoK vide Letter No.4161-66 Dtd.06.07.2023, It is clarified that no rebate on Electricity Tax collected & remitted to Electrical Tax Inspectorate department will be provided by GoK. A letter is addressed to GoK for release of Rebate dues as on 31.03.2023 and no further accounting will be made from FY24. A letter dated 21.11.2023 from Electrical Inspectorate have conveyed the same about no further rebate will be released.. But still there was no clarification about the amount pending to be released by GoK from FY2019-20 till FY 2022-23. Based on further correspondence with GoK, neceesary entries will be incorporated in FY24.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
33 Cost of Power Purchased:		
a) Purchase of Power*	6,10,065.75	4,86,096.40
Less: Sale Through IEX	31,516.19	54,803.12
	5,78,549.56	4,31,293.28

* Includes Rs. 23,452.46 Pertaining to Prior Period which were demanded during FY23 as the several pending cases at KERC/CERC between GESCOM & PP firms were finalised and Ordered against GESCOM. Necessary Provision towards the same was made in the FY23.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
34 Employee benefit expenses:		
a) Salaries & Wages - Regular Employees	60,351.68	45,865.38
b) Salaries & Wages - Deputation Employees	609.56	381.44
c) Contribution to provident and other funds	17,640.42	20,220.14
d) Bonus/Exgratia	509.97	559.10
e) Earned leave encashment	7,732.53	3,873.52
f) Staff welfare expenses	978.79	811.03
	87,822.95	71,710.61
35 Finance costs:		
a) Interest on loans	26,174.60	24,594.14
b) Interest on liability component of loan from Shareholders	3,324.62	530.29
c) Interest on Power charges	23,379.74	14,388.78
d) Interest to Consumers on security deposits	2,582.41	2,316.07
e) Less : Interest Capitalised	-	-
	55,461.37	41,829.28

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

Particulars	For the year ended March 31, 2023 ₹ in Lakhs	For the year ended March 31, 2022 ₹ in Lakhs
36 Depreciation and amortization:		
a) Depreciation on Building	449.16	407.67
b) Depreciation on furnitures, fixtures	50.42	40.87
c) Depreciation on lines, cable & network etc	23,294.19	21,795.39
d) Depreciation on office equipments	39.94	40.05
e) Depreciation on Other civil works	23.20	18.32
f) Depreciation on Plant & Machinery	4,273.64	4,191.11
g) Depreciation on vehicles	34.53	36.36
h) Depreciation on Hydraulic Works	36.79	35.44
i) Amoritisation on Right of Use Asset	7.70	7.70
	28,209.57	26,572.91
37 Other expenses:		
a) Advertisement Expenses	89.66	74.41
b) Asset Decomissioning Costs	18.54	3.56
c) Payment to auditors		
- as auditor	10.62	9.34
- for taxation and other matters	2.95	2.36
- Reimbursement of expenses	1.66	0.25
d) Repairs & Maintanance - Building	126.10	308.72
e) Repairs & Maintanance - Plant & Machinery	5,250.68	5,170.21
f) Repairs & Maintanance - Others	55.52	14.96
g) Repairs & Maintanance - Vehicles	26.41	25.02
h) Rent	196.53	117.78
i) Bad and doubtful debts written off/provided for	9,764.31	5,924.56
j) Bank charges	154.63	379.10
k) Compensation for death, injuries and damages	457.79	396.51
l) Computer stationery and floppies	54.42	23.27
m) Contributions	26.25	80.59
n) Conveyance & travel Expenses	561.29	490.66
o) Vehicle Hiring Expenses	1,651.04	1,614.81
p) Electricity charges	620.92	524.24
q) Expenditure towards consumer awareness/education	0.11	0.24
r) Freight and other material related expenses	166.99	141.38
s) Incentive/Remuneration paid to Gram Vidyuth prathinidhi	1,436.02	1,396.91
t) Legal Charges	137.03	116.76
u) Station Maintenance by Contract agencies	2,694.01	2,590.89
v) Manpower Contract Agencies	3,199.31	2,759.02
w) Other Consultancy Charges	248.60	346.75
x) Rates & Taxes	892.03	736.71
y) Postage and telephone charges	281.61	339.19
z) Printing & Stationery	172.25	440.91
aa) Miscellaneous & other expenses	1,100.24	1,489.13
ab) Miscellaneous losses	156.48	27.72
	29,554.00	25,545.96

38a CSR expenditure

Gross amount required to be spent during the year		
Amount spent during the year in cash	-	-

(The average profits of preceeding 3 years is negative hence CSR Expenditure for the current year is Nil)

38b Earnings per share:
(Basic and diluted)

Basic and Diluted Earnings per share [EPS] computed in accordance with Ind AS 33 "Earnings per Share":

I **Basic and diluted Earnings per share before exceptional items**

(a) Basic Earnings per share		
Profit/(loss) for the year after tax expense before exceptional items	(20,699.80)	18,833.31
Weighted average number of equity shares	16,543.72	16,401.63
Paid up value per share (in ₹)	10.00	10.00
Basic Earnings per share (in ₹)	(1.25)	1.15

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	Particulars	For the year ended March 31, 2023 ₹ in Lakhs	For the year ended March 31, 2022 ₹ in Lakhs
	(b) Diluted Earnings per share		
	Profit/(loss) for the year after tax expense before exceptional items	(20,699.80)	18,833.31
	Weighted average number of equity shares	17,231.00	16,500.20
	Paid up value per share (in ₹)	10.00	10.00
	Diluted Earnings per share (in ₹)	**(1.20)**	**1.14**
II	**Basic and diluted Earnings per share after exceptional items**		
	(a) Basic Earnings per share		
	Profit/(loss) for the year after tax expense after exceptional items	**(20,699.80)**	**18,833.31**
	Weighted average number of equity shares	16,543.72	16,401.63
	Paid up value per share (in ₹)	10.00	10.00
	Basic Earnings per share (in ₹)	**(1.25)**	**1.15**
	(b) Diluted Earnings per share		
	Profit/(loss) for the year after tax expense after exceptional items	(20,699.80)	18,833.31
	Weighted average number of equity shares	17,231.00	16,500.20
	Paid up value per share (in ₹)	10.00	10.00
	Diluted Earnings per share (in ₹)	**(1.20)**	**1.14**
III	**Basic and diluted earnings per share including net movement in regulatory deferral account balances**		
	(a) Basic Earnings per share		
	Profit/(loss) for the year after tax expense including net movement in regulatory deferral account balances	(29,621.30)	1,111.66
	Weighted average number of equity shares	16,543.72	16,401.63
	Paid up value per share (in ₹)	10.00	10.00
	Basic Earnings per share (in ₹)	**(1.79)**	**0.07**
	(b) Diluted Earnings per share		
	Profit/(loss) for the year after tax expense including net movement in regulatory deferral account balances	(29,621.30)	1,111.66
	Weighted average number of equity shares	17,231.00	16,500.20
	Paid up value per share (in ₹)	10.00	10.00
	Diluted Earnings per share (in ₹)	**(1.72)**	**0.07**

Note Weighted average number of equity shares for diluted earnings per share for the year ended March 31, 2023 is calculated based on subsequent allotment made by the Company against share application money pending for allotment which is an adjusting event after the reporting period.

39 Net Movement in Regulatory Deferral account Balance related to Profit or Loss

Regulatory Asset to be created for current year*	-	-
Reversal of regulatory asset created during previous year	(8,921.50)	(17,721.65)
Net movement in regulatory deferral account	**(8,921.50)**	**(17,721.65)**

*Regulatory income to the extent of Power purchase cost over and above approved Power purchase cost by KERC had been accounted in the financials. However, consequent to the notification of the Fuel & Power Purchase Cost Adjustment Charges (FPPCA) guidelines were isssued by Ministry of Power, GoI directing DISCOMs to account & recover the differential Power purchase cost. The necessary orders are issued determining the incremental Power purchase cost and being recovered from consumers at the earliest. Hence, regulatory income on account of power purchase expenses is no longer required to be accounted.

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Note 40 Disclosure pursuant to Employee benefits

(a) Defined Contribution Plan:

Amount of Rs. 17585.64 Lakhs (March 31, 2022: Rs. 20,146.90 Lakhs) contribution towards Pension, Gratuity & NDCPS is recognised as expenses and included in Note No. 34 "Employee benefit expense"

(b) Defined Benefit Plan:

The employees' family benefit fund (FBF) and leave encashment, which is unfunded. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method.

Rs. In Lakhs

	31-Mar-23		31-Mar-22	
1 Changes in Defined benefit obligation	**Family Benefit Fund (Unfunded)** (Rs)	**Leave Encashment (Unfunded)** (Rs)	**Family Benefit Fund (Unfunded)** (Rs)	**Leave Encashment (Unfunded)** (Rs)
Defined benefit obligation at the beginning of the year	850.48	12,867.77	827.62	13,529.65
Current Service Cost	73.60	4,058.64	77.44	3,719.75
Interest Cost	59.95	887.45	54.65	877.97
Actuarial losses/ (gains)	(14.67)	2,000.56	(18.30)	(691.80)
Benefits paid	(62.38)	(3,929.46)	(90.93)	(4,567.80)
Defined benefit obligation at the end of the year	**906.98**	**15,884.96**	**850.48**	**12,867.77**
2 Changes in Fair Value of assets				
Opening Fair value of plan assets	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial losses/ (gains)	-	-	-	-
Contributions by employer	-	-	-	-
Benefits paid	-	-	-	-
Closing Fair Value of Plan Assets	-	-	-	-
3 Liability recognized in the Balance sheet				
Present value of unfunded obligations	906.98	15,884.96	850.48	12,867.77
Amount recognized in Balance sheet under Current liabilities and provision	**906.98**	**15,884.96**	**850.48**	**12,867.77**
4 Expenses recognized in Statement of Profit & loss under Note 26				
Current Service Cost	73.60	4,058.64	77.44	3,719.75
Interest on Defined Benefit Obligation	59.95	887.45	54.65	877.97
Amount recognised in other comprehensive income	(14.67)	-	(18.30)	-
Net Actuarial losses/ (gains) recongnized in the year	-	2,000.56	-	(691.80)
Benefits paid	(62.38)	(3,929.46)	(90.94)	(4,567.80)
Total employer expense recognized in Statement of profit and loss	**56.50**	**3,017.19**	**22.86**	**(661.88)**
5 Actuarial assumptions:				
Discount rate	7.50%	7.50%	7.25%	7.25%
Expected rate of return on assets	0.00%	0.00%	0.00%	0.00%
Rate of escalation in salary (per annum)	0.00%	7.00%	0.00%	7.00%
Retirement Age	60 Years	60 Years	60 Years	60 Years

Apart from the above acturial assumptions, the Company has assertained the actuarial assumptions to the effect that the estimates of future salary increases are considered in actuarial valuation and the assumptions of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note 41 - Related Parties Disclosure:

Disclosure on Related party transaction is limited to transactions occurred among ESCOMs, KPTCL, PCKL, MPM & KPCL as they are also owned by GoK and having significant bearing on GESCOM. Company cannot ascertain or assess the quantum of transactions for any other GoK owned establishment

I Names of the related party and related party relationship:

a) Related party where control exists

Government of karnataka

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b) Related parties under 'Ind AS 24- Related Party Disclosures', with whom transactions have taken place during the period

i) Key management personnel (KMP)
Smt. N Manjula (IAS)
Sri. Pandve Rahul Tukaram (IAS)
Sri. Dr. Dileesh Sasi (IAS)
Sri. Dr. Girish Dilip Badole (IAS)
Sri Somshekar B R
Sri. R D Chandrashekar
Sri Nitish K (IAS)
Sri. Mohammed Ikramullah Shariff (IAS)
Sri. G V Venkatachalam
Sri. Mahesh Karjagi (KAS)
Smt. G Sheela
Sri. Devindrappa Ullagaddi
Sri. Babarao Shankarrao Biradar
Sri. Veeranna Sidramappa Mangne
Sri. T R Ramakrishnaiah
Sri. Shivaprakash T M
Sri. Lakshmipathy
Sri. Krishnappa V
Sri. Shivanna
Sri B Abdul Wajid
Sri. Kiran Policepatil

ii) Enterprises having significant bearing on GESCOM through common ownership of government of karnataka
Karnataka Power Transmission Corporation Limited (KPTCL)
Bangalore Electricity Supply Company Limited (BESCOM)
Hubli Electricity Supply Company Limited (HESCOM)
Mangalore Electricity Supply Company Limited (MESCOM)
Chamundeshwari Electricity Supply Corporation (CESC)
Power Company of Karnataka Limited (PCKL)
Karnataka Power Corporation Limited (KPCL)

II The transactions with related parties during the period/year and their outstanding balances are as follows:

a) Managerial remuneration & Sitting Fees

Amounts in lakhs

Sl. No.	Key Manegerial Personnel	Designation	2022-23	2021-22
2	Sri.Pandve Rahul Tukaram (IAS)	Managing Director	14.70	13.68
4	Sri Somshekar B R	Director (Tech)	17.66	4.77
5	Sri. R Jayakumar	Director (Tech)	Nil	9.37
6	Sri.Abdul wajeed	Chief Financial Officer	37.90	32.87
7	Sri. Kiran Policepatil	Company Secretary	17.36	16.19
1	Directors Sitting Fees		2.26	2.21

b) Related Party Transactions pertaining to KPTCL, PCKL, KPCL and other ESCOMs is disclosed as under

Amounts in lakhs

Sl. No.	Nature of transactions	Party Name	2022-23	2021-22
1	Transmission of Energy	KPTCL	(61,766.83)	(49,389.01)
2	Towards Energy Balancing	BESCOM	(4,747.48)	(5,487.10)
3	Towards Energy Balancing	HESCOM	(8,552.98)	19,308.97
4	Towards Energy Balancing	MESCOM	(5,113.90)	(4,812.30)
5	Towards Energy Balancing	CESCOM	(9,999.10)	4,606.10
6	Purchase of Power	PCKL	(247.05)	(121.31)
7	Purchase of Power	KPCL	(1,07,361.22)	(84,514.97)

Note: (+) indicates Income and (-) indicates Expenditure

c) Related Party outstanding balances pertaining to KPTCL, PCKL, KPCL and other ESCOMs is disclosed as under

Amounts in lakhs

Sl. No.	Nature of transactions	Party Name	As at March 31 2023	As at March 31 2022
1	Transmission of Energy	KPTCL	(9,059.46)	(10,896.91)
2	Receivable/Payable towards Energy Balancing	BESCOM	(29,004.53)	(24,257.05)
3	Receivable/Payable towards Energy Balancing	HESCOM	11,131.08	19,684.06
4	Receivable/Payable towards Energy Balancing	MESCOM	15,803.65	20,917.55
5	Receivable/Payable towards Energy Balancing	CESCOM	6,207.71	16,206.81
6	Purchase of Power	PCKL	(35.05)	(3.36)
7	Purchase of Power	KPCL	(87,639.13)	(87,867.88)

Note: (+) indicates income and (-) indicates expenditure

Note 42 True-up Subsidy/ Regulatory Asset (Refer Note 16)

Determination of the Retail Supply Tariff chargeable by the Company to its consumers is governed by KERC (Terms and conditions for determination of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006, and the ammendments made thereon from time to time, whereby KERC is required to determine the Tariff in a manner that the Company recovers its Power purchase cost as well as other prudently incurred expenses and earns return of 19.70% (post MAT) on KERC determined Equity.

In the process of determining the tariff, KERC will approve the ARR for the year considering the tariff applications submitted by the ESCOMs, which will be again trued up by the Commission during Annual Performance Review considering actuals, on finalisation of accounts for the year. The Surplus/Deficit in revenue if any will be adjusted in future tariff. GESCOM is accounting such surplus/Deficit in the accounts of respective year itself as "Regulatory Asset" being the defferred expenses expected to flow to the Company subsequently on determination of tariff by Hon'ble KERC during Annual Performance Review.

Accordingly, Company had accounted Regulatory Assets of Rs. 35376.59 Lakhs, Rs. 45634.70 Lakhs , Rs. 68249.12 Lakhs, Rs. 8800.14 Lakhs and Rs. 17843.00 Lakhs for FY17, FY 18, FY19, FY20 and FY21 respectively. For the year 2016-17 Hon'ble KERC has determined the Revenue Gap of FY 17 as 46506.00 Lakhs in the APR and carried forward the same for allowing in the year 2018-19. Further, Regulatory Asset created during FY17, FY18 and FY19 amounting to Rs. 35376.59 Lakhs, Rs. 45634.70 Lakhs, Rs. 68249.12 Lakhs, Rs. 17721.65 Lakhs & Rs. 8921.50 lakhs respectively are treated as recovered during FY19, FY20, FY21, FY22 & FY23 reversed in the accounts.

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Further no fresh regulatory Asset created in the accounts for FY 2022-23 by computing the provisional gap expected to be considered by KERC for inclusion in the tariff revision of future years. (Refer Table below)"

Amt in Lakhs

Particulars	Approved in tariff 2022	Actual for FY 2022-23	Expected to be approved by KERC in True-up	Considered for Regulatory Income/Assets during FY 23
Revenue				
Revenue including Subsidy	6,14,919.00	7,34,160.62	7,34,160.62	
Regulatory Asset recovered/reversed	-	(8,921.50)		
Additional Regulatory Asset if any	-	-	-	
Total Revenue	**6,14,919.00**	**7,25,239.12**	**7,34,160.62**	
Expenses				
Power Purhase cost	4,79,339.00	5,78,549.55	5,78,549.55	99,210.55
O&M Cost	1,00,554.00	1,17,376.95	1,17,376.95	
Depreciation	22,372.00	28,209.57	28,209.57	
Interest & Finance Charges	25,921.00	55,461.37	25,921.00	
ROE	-	-		
Others				
Total Expenses	**6,28,186.00**	**7,79,597.43**	**7,50,057.07**	**99,210.55**
Less: other income	12,493.00	19,802.77	19,802.77	
Net ARR	6,15,693.00	7,59,794.67	7,30,254.30	
GAP for FY 2022-23	774.00	34,555.54	(3,906.33)	

Reconciliation of regulatory asset

a Opening Regulatory Asset as on 01.04.2022	8,921.50
b Add: Regulatory Asset created for FY 2022-23	-
c Add: Additional Regulatory Asset accounted for FY if any as per true-up order	-
d Less: Reversal of Regulatory assets created during FY 21	(8,921.50)
e Closing regulatory asset as on March 31, 2023	**0.00**

Note 43 Operating Segment (Ind AS 108)

Electricity distribution is the principal business activity of the Company. There are no other activities which form a reportable segment as per the Indian Accounting Standard – 108. The operations of the Company are mainly carried out within six Revenue districts of Karnataka, viz. namely Bidar, Gulbarga, Yadgir, Raichur, Bellary and Koppal Therefore geographical segments are not applicable.

Note 44 Fair values measurement

The below table summarises particulars of Financial Instruments carried at amortised cost.

Rs. In Lakhs

Particulars	31-Mar-23	31-Mar-22
Financial Assets at amortized cost:		
Loans (note 6(ii))	2,136.30	2,294.34
Unbilled revenue (note 10)	59,598.34	37,599.16
Trade receivables (note 11)	2,23,481.63	1,75,540.05
Cash and Cash equivalents (note 12)	4,190.60	3,578.76
Other bank balances (note 12)	8,753.16	8,015.86
Other financial assets (note 13)	2,33,878.95	2,07,133.98
Total Financial Assets	**5,32,038.98**	**4,34,162.14**
Financial Liabilities at amortized cost:		
Borrowings (non-current) (note 19)	2,88,341.84	3,07,263.60
Borrowings (current) (note 24)	82,291.36	18,390.60
Trade payables (note 25)	4,63,178.09	4,14,064.09
Other financial liabilities (non current) (note 20)	71,016.16	64,117.05
Other financial liabilities (current) (note 26)	35,413.74	34,327.51
Total Financial Liabilities	**9,40,241.19**	**8,38,162.83**

The Fair Value of the above financial assets and liabilities are measured at amortized cost which is considered to be approximate to their fair values except as stated below:

a **Security deposit in cash from Suppliers/ Contractors and retention money (refer note 25)**
The adjustment with respect to EIR has not been made for Security deposit in cash from Suppliers/ Contractors and retention money shown under note 25 "other current financial liabilities as expected realization date is not available. And hence the same cannot be stated to be at fair value. The fair value determination of the same is not made due to non availability of expected realisation date.

b **Security deposit (refer note 6(ii) "Loans")**
Security deposit (refer note 6(ii) "Loans") includes amount of Rs. 1400 lakhs contributed by company towards Priyadarshini Jurala Hydel Project; . Company is not in a position to ascertain whether the investment is with respect to equity or debt etc due to non availability of sufficient information. Accordingly, such security deposit is not adjusted with EIR or has been fair valued and the same is carried at cost which is not in complaince with Ind AS-109: Financial Instruments and Ind AS-113: Fair value Measurement.

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Investment in equity shares:

Investment in equity instrument of PCKL (refer note 6(i)) is not fair valued as on reporting dates. Hence to the extent of the same; the investment values are carried at cost which is in non complaince with Ind AS-109: Financial Instruments and Ind AS-113: Fair value Measurement. The fair value determination of the same is not made due to non availability of sufficient information.

Since the fair value determination of above stated financial instruments was not made by the company; accordingly; disclosure with respect to comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values was not possible.

Note 45 Fair value hierarchy

Since the fair value determination in case of financial instrument was not made by the company; due to the reason stated in the note no 44; accordingly; the disclosure with respect to fair value measurement hierarchy of the Company's assets and liabilities was not possible.

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Note 46 Financial risk management objectives and policies:

GESCOM, a GoK owned organization functions under the ambit of various statutory Acts and Regulations. As per Electricity Act 2003, Tariff filing for each year is carried by the Company for Annual Performance Review (APR) and Revision in Annual Revenue Requirement (ARR) with KERC (Regulator) and hence is subject to regulatory risk. Each of its activity attributable to Credit risk, Liquidity risk and Market risk undergoes consistent monitoring by Regulator (KERC) annually.

The entity's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the entity's operations to support its operations. The entity's principal financial assets include trade and other receivables, rental and bank deposits and cash and cash equivalents that are derived directly from its operations.

The entity is exposed to market risk/credit and liquidity risks. The entity's senior management observe the management of these risks. The board reviews their activities. No significant derivative activities have been undertaken so far.

There is a steady growth in number of consumers and demand for electricity from existing and new consumers. Hence, no demand risk is anticipated.

The company's senior management oversees the risk management policies and systems regularly:

The company has exposure to the following risks from its use of financial instruments:

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans, borrowings and deposits. The Company is mainly exposed to interest rate risk since it has availed borrowings at fixed and floating interest rates.

The sensitivity analysis in the following sections relate to the position as at 31 March 2022 and 31 March 2021.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives.

The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations and provisions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations with floating interest rates.

		Amt In Lakhs
Year ended	**Increase/ decrease in basis points**	**Effect on profit before tax**
31 March 2023	50	1,304.82
	(50)	(1,304.82)
31 March 2022	50	1,165.38
	(50)	(1,165.38)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Company's exposure to the foreign currency risk is Nil; due to the fact that; the companies does not have any export market or does not have any foreign currency borrowings. Accordingly, no sensitivity analysis have been performed by the management.

Power purchase cost risk

The Company is affected by the price volatility of power purchase. Its operating activities require the ongoing distribution of electricity and therefore require a continuous purchase of power.

The Company's exposure to the risk of change in prices of power purchase are mitigated by the fact that the price increases/decreases from the vendors are passed on to the customers based on following;
In the process of determining the tariff, KERC will approve the ARR for the year considering the tariff applications submitted by the ESCOMs, which will be again trued up by the Commission during Annual Performance Review considering actuals, on finalisation of accounts for the year. The Surplus/Deficit in revenue if any will be adjusted in future tariff. GESCOM is accounting such surplus/Deficit in the accounts of respective year itself as "Regulatory Asset" being the defferred expenses expected to flow to the Company subsequently on determination of tariff by Hon'ble KERC during Annual Performance Review.

Hence the fluctuation of prices of power purchase do not materially affect the statement of profit and loss. Accordingly, no sensitivity analysis have been performed by the management.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade receivable

Trade receivable majorly comprises sundry debtors for sale of power from various class of consumers and Receivable from other ESCOMs. Risk element involving sundry debtors is adequately covered by security deposit held against such consumers by way of collection of 2 months minimum deposit (as per mandatory stipulation of regulatory governance). Other major contributor of receivable is from inter ESCOM energy balancing, all being sovereign government flagship organizations risk element of turning those to bad debts is not foreseen. Further, provision for expected credit loss is made as a percentage of doubtful debts to the extent indicated clause 12 of Note 2 (Significant Accounting Policies)

Financial instruments and cash deposits

The Company has diversified its bank deposits and placed the same only with reputed and creditworthy nationalized banks.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2022 and 31 March 2021 is the carrying amounts as illustrated in note 12.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the company reputation, typically the company ensures that it has sufficient cash on demand to meet expected operational expenses, servicing of financial obligations.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalants including bank deposits and availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. In addition to this, liquidity management also involves projecting cash flows at the beginning of each year considering the level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets and liabilities.

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Note 47 Capital and other commitment

The relevant information with respect to capital and other commitments as at reporting date is not ascertainable and hence the disclosure was not possible.

Note 48 Segment information

Electricity distribution is the principal business activity of the Company. There are no other activities which form a reportable segment as per the Indian Accounting Standard – 108.

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.

Note 49 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders and borrowings. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments for compliance with the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	31 March 2023	31 March 2022
	Rs In Lakhs	Rs In Lakhs
Borrowings (note 19 and 24)	3,70,633.20	3,25,654.20
Trade payables (note 25)	4,63,178.09	4,14,064.09
Other current and non current liabilities (note 23 and 28)	36,448.34	26,405.11
Other financial liabilities (note 20 and 26)	1,06,429.90	98,444.55
Less: cash and cash equivalent (note 12)	(4,190.60)	(3,578.76)
Net debt	**9,72,498.93**	**8,60,989.18**
Total Equity	(90,091.20)	(70,138.44)
	(90,091.20)	(70,138.44)
Capital and net debt	**8,82,407.73**	**7,90,850.74**
Gearing ratio	**110%**	**109%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

Note 50: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Accounting judgements, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Revaluation of property, plant and equipment

The Company measures land and rights classified as property, plant and equipment at revalued amounts with changes in fair value being recognised in OCI. The Company engaged an independent valuation specialist to assess fair value as at March 31, 2021 after having initial fair value done on April 01, 2016 for revalued land. Land were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Defined benefit plans (family benefit fund and leave encashment)

The cost of the defined benefit plans the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for the plans ,the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about defined benefit obligations are given in note 39.

Useful lives of property,plant and equipment

The Company believes that the estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Refer accounting policy note for useful lives of the PPE.

Regulatory deferral account

In the process of determining the tariff, KERC will approve the ARR for the year considering the tariff applications submitted by the ESCOMs, which will be again trued up by the Commission during Annual Performance Review considering actuals, on finalisation of accounts for the year. The Surplus/Deficit in revenue if any will be adjusted in future tariff. GESCOM is accounting such surplus/Deficit in the accounts of respective year itself as "Regulatory Asset" being the defferred expenses expected to flow to the Company subsequently on determination of tariff by Hon'ble KERC during Annual Performance Review.

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

Note 51: Leases

(a) Note on leases

Except as specified below, the company has consistently applied the accounting policies to all periods presented in this financial statements. The Company has applied Ind AS 17 with the date of initial application of 1st April, 2019. As a result, the Company has changed its accouting policy for lease contracts as detailed below;

The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1st April, 2019 amounting to Rs. 12.01 lakhs (net of tax).

Particulars	Amount
Lease Commitment as at 31st March, 2019	-
Add: Contracts reassessed as lease contracts	-
Add: Adjustments on account of termination/modification	-
Lease Liabilities as on 1st April, 2019	-

There is no lease liabilities on lease hold land, since the company has no obligation to pay any rents for lands obtained on lease basis for the tenure of the lease agreement. The Company has paid upfront lease premium on date of entering into lease agreements.

Right of use assets of Rs. 219.17 lakhs and lease liabilites of Rs. Nil have been recognised as on 1st April, 2019.

The impact of change in accounting policy on account on adoption of Ind AS 116 as at 1st April 2019 is as follows :

Particulars	Amount
Decrease in Property, Plant and Equipment by	219.17
Increase in lease liability by	-
Increase in right of use by	219.17
Decrease in deferred tax liability by	-
Increase in finance cost by	-
Increase in depreciation by	-
Decrease in other equity by	12.01
Increase in interest income by	-

Company as lessee

The Company has entered into agreement in the nature of lease agreement with different lessors for the purpose to operate regional offices and to install the plant and machineries at various places. The disclosure in regard to Ind AS 116 is as below -

Particulars	31st March, 2023	31st March, 2022
Depreciation charge for 'Right-to-Use	7.70	7.70
Interest Expense on Lease Liability	-	-
Carrying amount of 'Right-to-Use	-	-
Total Cash outflow for leases	-	-
Expense relating to short term leases	196.53	117.78

There is no lease liabilties and accordingly no details of the maturities of lease liabilities is given.

Note 52: Explanation to Key Financial Ratios as per Schedule III

Sl. No.	Particulars	2022-23			2021-22			
1	**Current Ratio**	Current Assets	Current Liabilities	Ratio	Current Assets	Current Liabilities	Ratio	**Variation**
		5,49,495.40	6,03,263.34	0.01	4,50,054.41	4,81,524.02	0.93	(2.54%)
2	**Debt-Equity Ratio**	Total Debt	Shareholder's Equity	Ratio	Total Debt	Shareholder's Equity	Ratio	Variation
		3,70,633.21	(90,091.20)	(4.11)	3,25,654.20	(70,138.44)	(4.64)	(11.39%)
Reason: Debt of the company has increased during the year.								
3	**Debt Service Coverage Ratio**	Earnings available for debt service	Debt Service	Ratio	Earnings available for debt service	Debt Service	Ratio	Variation
		58,036.88	20,034.29	2.90	80,198.87	72,494.61	1.11	161.86%
Reason: Due to decrease in debt service								
4	**Return on Equity Ratio**	Net Profits after taxes	Average Shareholder's Equity	Ratio	Net Profits after taxes	Average Shareholder's Equity	Ratio	Variation
		(29,621.31)	(80,114.82)	0.37	1,111.66	(70,650.62)	(0.02)	(2449.83%)
Reason: Net worth is negative and the company incurred loss during the year.								
5	**Inventory Turnover Ratio**	Sales	Average Inventory	Ratio	Sales	Average Inventory	Ratio	Variation
		-	-	-	-	-	-	-

Note: The Company is engaged in Distribution of Electricity. Hence, this ratio is not applicable.

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6	**Trade Receivables Turnover Ratio**	Sales	Average Receivables	Ratio	Sales	Average Receivables	Ratio	Variation
		7,34,160.62	1,99,510.84	3.68	5,85,101.51	1,67,658.97	3.49	5.44%
7	**Trade Payables Turnover Ratio**	Purchases	Average Payables	Ratio	Purchases	Average Payables	Ratio	Variation
		5,78,549.56	4,38,621.09	1.32	4,31,293.28	4,21,099.22	1.02	28.78%
Reason: Purchases have increased due to high cost power allocation								
8	**Net Capital Turnover Ratio**	Sales	Average Working Capital	Ratio	Sales	Average Working Capital	Ratio	Variation
		7,34,160.62	(53,767.94)	(13.65)	5,85,101.51	(31,469.61)	(18.59)	(26.56%)
Reason: The company has negative working Capital and increase in sales.								
9	**Net Profit Ratio**	Net Profit	Sales	Ratio	Net Profit	Sales	Ratio	Variation
		(29,621.31)	7,34,160.62	(0.0403)	1,111.66	5,85,101.51	0.0019	(2223.61%)
Reason: Decrease in earnings								
10	**Return on Capital Employed**	EBIT	Capital Employed	Ratio	EBIT	Capital Employed	Ratio	Variation
		29,827.31	(90,091.20)	(0.33)	53,625.95	(70,138.44)	(0.76)	(56.70%)
Reason: The company has negative Capital employed and decrease in earnings.								

Note : Additional disclosures

a. Loans or Advances in the nature of loans are granted to promoters, Directors, KMPs and the related parties

There are no loans or advances in nature of loans granted to Promoters, directors, KMPs and the Related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.

b. Relationship with Struck off Companies

Due to enormous data, the corresponding information could not be able to derive.

c. Registration of charges or satisfaction with Registrar of Companies

There is no charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period.

d. Details of Benami Property held if any

There are no Benami Properties held by GESCOM.

e. Disclosure for Secured Borrowings

There are no returns or reports to be filled by the Company with banks or financial institutions for the borrowing made during the year.

Note 53 - Consequent to unbundling of transmission and distribution activities and formation of Electricity Distribution Companies, the Government of Karnataka has transferred certain assets and liabilities including loans taken by M/s KPTCL to the Company. As part of transfer of assets and liabilities and the same has been accounted in the books of account at book values.

Summary of assets and liablities transferred as per transfer document

Particulars	**Amount (In Rs Lakhs)**
Assets	
Fixed Assets	
Fixed Assets (net block)	27,400.00
Capital work in progress	1,800.00
Change in net block due to transfer of asset from ESCOMS to KPTCL	(400.00)
Total Fixed assets	**28,800.00**
Current Assets	
Inventories	2,600.00
Sundry Debtors	9,800.00
Cash Balances	200.00
Bank balances	700.00
Loans and advances	500.00
Other Assets	100.00
Total Current Assets	**13,900.00**
Total Assets	**42,700.00**
Equity	
Equity share capital	13,100.00
Total equity	**13,100.00**
Loans	9,800.00
Other liabilities	
Security deposit from consumer	13,100.00
Security line deposit from consumers	900.00
Other liablities	**14,000.00**
Current liabilities	
Liability for supplies/works	2,700.00
Unpaid salary and other liabilities	200.00
Security deposit from contractor in cash	100.00
Other liabilities and provisions	2,800.00
Total Current Liabilities	**5,800.00**
Total equity and liabilities	**42,700.00**

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Note 54 Applicability of Gratuity Payment to Employees who have joined on or after 01.04.2006 have been issued by KPTCL on 25.11.2020. However, related financial requirements and contribution rates of ESCOMs are yet to be detemined by Trust. The financial treatment will be based on the orders of the Govt of Karnataka which are expected as on the date of issue of the order.

Note 55 The below mentioned points are subject to confirmation and reconcilaition, pending which Company is unable to ascertain the impact on the financial results of the Company.

a. The balances under Sundry Debtors, Sundry Creditors, Deposits, Secured Loans, Unsecured loans, other loan funds, Loans and Advances to suppliers, contractors , bank balances.

b. Balances under Inter Unit accounts.

c. Transactions with KPTCL/ SPPCC/ PCKL & ESCOMs, KPTCL/ESCOMs Pension & Gratuity Trust and KPCL .

d. There are a few negative balances against assets in the statement of capital expenditure, works in progress, stock and suspense heads.

e. The differences between ledger account balances and the balances in the respective subsidiary registers/ schedules maintained for the purpose in respect of loans from GoK, Sundry Debtors, Sundry Creditors, Advance to suppliers and other suspense balances transferred to Divisions as on 01.06.2002 is in progress.

Note 56 Common expenditure incurred by Divisions/Circles/Zones and Administrative offices is not apportioned and debited to Capital Expenditure as the costing method and procedures are not yet evolved.

Note 57 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.

Note 58 The Internal audit has been conducting a special audit since 2014-15 on various cash misappropriation issues at accounting units.

Financial Year	Reported cases	Involved Amount	Final Orders issued	Cases Pending	Pending Cases Amount
2014-15	3	Rs. 11.59 Lakhs	3	0	0
2015-16	4	Rs. 109.09 Lakhs	3	1	Rs. 0.48 Lakhs
2016-17	8	Rs. 286.80 Lakhs	8	0	0
2017-18	4	Rs. 45.47 Lakhs	3	1	Rs. 10.83 Lakhs
2018-19	2	Rs. 23.51 Lakhs	2	0	0
2019-20	4	Rs. 13.34 Lakhs	4	0	0
2020-21	1	Rs. 407.49 Lakhs	1	0	0
2021-22	2	Rs. 9.17 Lakhs	0	2	Rs. 9.17 Lakhs
2022-23	1	Rs. 0.27 Lakhs	0	1	Rs. 0.27 Lakhs

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Note 59 **Impact of revisions on Financial Statements consequent to Supplementary Audit by C&AG**

The Financial Statements for the year ended 31/3/2023 were approved by the Board in the meeting dated 13/10/2023. These Accounts were certified by the by the Statutory Auditors vide their report dated 19/10/2023. These financial statements were revised in light of the observations made by the Comptroller & Auditor General of India during their supplementary Audit conducted under Sec 143(6) (b) of the Companies Act 2013. Impact of the revisions on the Financial Statements for FY23 is as under:

Revisions in Statement of Profit & Loss

Note Ref	Head	Prior to C&AG Audit (₹ In Lakhs)	After Supplementary Audit by C&AG (₹ In Lakhs)	Revision Impact (₹ In Lakhs)	Increase/ Decrease
31	Revenue from Operations	7,70,626.48	7,34,160.62	-36,465.86	Decrease
32	Other Income	19,516.96	19,802.77	285.81	Increase
34	Employee Benefits Expense	87,822.99	87,822.95	-0.04	Decrease
35	Finance Costs	55,376.68	55,461.37	84.69	Increase
36	Other Expenses	29,424.39	29,554.00	129.61	Increase
	Profit/(loss) before Rate Regulated Activities, Exceptional	**10,760.25**	**-25,634.06**	**-36,394.31**	**Profit decreased**
	Profit/(loss) for the year (after tax)	**6,773.00**	**-29,621.31**	**-36,394.31**	**Profit decreased**

Revisions in Balance Sheet

Note Ref	Head	Prior to C&AG Audit (₹ In Lakhs)	After Supplementary Audit by C&AG (₹ In Lakhs)	Revision Impact (₹ In Lakhs)	Increase/ Decrease
	Assets				
11	Trade Receivables	2,23,620.94	2,23,481.63	-139.31	Decrease
12(i)	Cash & Cash Equivalents	4,306.91	4,190.60	-116.31	Decrease
13	Other Financial Assets	2,70,364.76	2,33,878.95	-36485.81	Decrease
	Equities & Liabilities				
18	Other Equity	-2,19,134.13	-2,55,528.44	-36,394.31	Decrease
25	Trade Payables	4,63,093.40	4,63,178.09	84.69	Increase
26	Other financial liabilities	35,867.49	35,413.74	-453.75	Decrease
28	Other Current liabilities	20,874.50	20,896.44	21.94	Increase

As per our Report of Even Date
For A Ramachandra Rao & Co.
Chartered Accountants
Firm Reg. No. 002857S

A Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountants

S R V V Surya Rao Ponnada
Partner
Memebership No: 202367
Place: Hyderabad
Date:
UDIN:

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

Ravindra Karlingannavar, KAS
Managing Director
DIN: 10331272
Place: Kalaburagi
Date:

Padmavati S
Director (Independent)
DIN:
Place: Kalaburagi
Date:

Renuka Tembad
Chief Financial Officer

Place: Kalaburagi
Date:

Kiran Police Patil
Company Secretary
Memebership No: ACS33563
Place: Kalaburagi
Date:

27 DEC 2023