GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 17th Annual Report on the operations and performance of your Company together with audited financial statements for financial year ended March 31, 2019.

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

The Company has successfully completed Seventeenth year in distribution of electricity. Your Company is vested with a responsibility to cater to the needs of electricity of the public in 6 districts of Karnataka namely Kalaburagi, Bidar, Yadgir, Raichur, Koppal and Bellari.

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 Mar 2019 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 19 are prepared in accordance with the provisions of Ind-AS to the extent they are inconsistent with ESAAR and in such cases ESAAR regulations are followed for accounting and disclosures.

i. Profit and Loss:

(Rs. in Crores)

Particulars	**For the year ended 31.03.2019**	**For the year ended 31.03.2018**
Revenue from sale of power	5078.44	4291.75
Other income	127.65	110.17
Total income	**5206.09**	**4401.92**
Purchase of Power	3949.24	3577.15
Employees Benefits Expenses	529.22	444.54
Finance Costs	283.77	351.68
Depreciation	190.99	177.03
Other Expenses	233.53	202.92
Total Expenditure	**5186.75**	**4753.34**
Operating Profit	**19.34**	**-351.41**
Regulatory Deferral Income	328.73	-121.05
Profit before tax	**348.06**	**-472.45**
Provision for Current Tax	0	0
Profit after tax	**348.06**	**-472.45**

ii. 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. In order to arrange timely payments to the Generating Companies, the Government of Karnataka issued directions for FY 2018-19 indicating the share of GESCOM as 12.4137% for CGS, KPCL Thermal @ 5.6834%, 6.600% KPCL Hydel @15.5952%, 24.4284%, 35.1809% , RPCL @ 6.600% & 13.684% for Medium & 12.500% Short term source of the total power purchase by the GESCOM subject to a final reconciliation of the actual power purchase by each ESCOMs (at the end of each financial year).

During the year 2018-19, the Company has received 9306.90 MUs (including energy balance units) from various power producers viz., KPCL, RPCL, NTPC, NLC, NPCIL-MAPS, KAIGA & KKNPP, DVC, Minor IPPs and Major IPPs etc, as detailed below.

Particulars	Energy in M.U.	Amount in Rs.Crore
Karnataka Power Corporation Ltd. (KPCL)	3534.49	648.50
Raichur Power Corporation Ltd (RPCL)	45.65	68.04
National Thermal Power Corporation Ltd (NTPC)	1835.88	818.24
Neyveli Lignite Corporation Ltd (NLC)	492.55	199.32
NPCIL (MAPS, KAIGA &Kudankulam)	429.71	171.26
NCE's (Minor – IPPs)	2592.11	1092.62
Damodar Valley Corporation (DVC)	326.68	130.42
Major IPP (UPCL)	526.96	324.89
Other Power Purchase Cost (UI ,Short term, energy balance, provisions etc)	-605.45	-167.84
Banked energy/Infirm power/SRPTV	118.39	18.67
Jurala Hydro Electric /TBHE	9.92	14.33
Provisions		34.33
Transmission Charges(KPTCL & PGCIL)		596.46
Total	**9306.90**	**3949.24**

iii. Sale of Power:

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

	2018-19	2017-18
Metered Category Sales (in MUs)	3767.92	3297.50
Unmetered Category Sales (in MUs)	3760.38	3213.39
Total Sales (in MUs)	**7528.30**	**6510.89**

As could be seen from the above table, the metered and unmetered category sales have increased during FY 19 as compared to FY 18.

Energy Sales Comparison

Category	Sales in MU		increase over previous year	% increase over previous year
	2017-18	2018-19		
LT –Others	2347.88	2518.82	170.94	7.28%
LT - IP Set	2956.88	3514.97	558.09	18.87%
HT	1206.14	1494.5	288.36	23.91%
Total	**6510.9**	**7528.3**	**1017.40**	**15.63%**

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

a) There is a significant increase of 288.36 MU ie 23.91% under HT category
b) The improved assessment in IP set sales has resulted in increase of 558.09 MU i.e 18.87%
c) Improvement of 170.94 MU i.e 7.28% over the previous years increased base figures is seen under other LT categories.

Comparison of Actuals with KERC Approved Figures

Particulars	Energy Sales (in Mu)	Revenue (in Rs Cr)	Average Revenue Realisation (Rs / Unit)
As Approved by KERC	6981.11	4707.08	6.74
As per Unaudited Financials	7528.3	5078.44	6.75
Increase as compared to KERC Approved Figures	547.19	371.36	0.01

As could be seen from the above, that the company has not only improved in the energy sales but also has improved in the Average Revenue Realisation to Rs 6.75 against the KERC Approved rate of Rs 6.74 per unit. The Avg realization matches the approved realization rate in the Tariff Order.

iv. Revenue from Sale of Power:

The demand raised during the period towards sale of power was Rs.5078.44Crs. The category wise details of demand raised and the collection made out of it are as under:

Category of consumers	Demand raised	Cash collection made (Incl. adjustment)	Collection efficiency (%age)	
	(Rs. in crores)		2018-19	2017-18
LT Category	3687.53	3677.95	99.74%	112.93%
HT Category	1198.61	1204.25	100.47%	99.08%
Interest on belated payments& Other Miscellaneous	192.30	192.19	99.94%	203.08%
Total (LT+HT)	**5078.44**	**5074.38**	**99.92%**	**112.53%**

Revenue Comparison:

Category	Revenue in Rs. Crs.		increase over previous year	% increase over previous year
	2017-18	2018-19		
LT –Others	1614.77	1875.14	260.37	16.12%
LT - IP Set	1650.31	1994.64	344.33	20.86%
HT	1026.68	1208.66	181.99	17.73%
Total	**4291.76**	**5078.44**	**786.68**	**18.33%**

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

a) Improvement of 260.37 Crores i.e 16.12% over the previous years increased base figures (21.68% increase in FY18) is seen under other LT categories.
b) The improved assessment in IP set sales has resulted in increase of Rs. 344.33 Crores i.e 20.86%

There is a significant increase of Rs 181.99 Crores ie 17.73% under HT category

v. Revenue from Subsidies:

During the year, Tariff Subsidy released by Government of Karnataka for FY19, amounts to Rs.1697.29Crores including the tripartite adjustments approved by GoK amounting to Rs.178.68Crores is considered as the Tariff Subsidy for the financial year ended on 31.3.2019

vi. Capital Expenditure:

The Company has incurred an expenditure of Rs.636.95Crores on various capital programmers during FY19 as against Rs.351.28Crores during previous year. The details of the works are as under:

(Rs in crores)

Sl.No	Particular	Expenditure incurred		
		2018-19	2017-18	Remarks
1	Extension and improvement and works R- APDRP	166.55	97.80	Regrouped
2	Replacement of faulty distribution transformer	57.47	63.82	
3	Ganga Kalyan Works-GESCOM	65.63	52.88	Regrouped

4	Consumer Contribution/ Deposit Contribution Works	50.12	51.75	
5	Nirantara Jyoti works	33.93	15.01	
6	Civil Engineering works	16.01	11.77	Regrouped
7	Rural Electrification/ Metering of DTC', Installations	16.31	13.2	
8	Additional DTC'/Enhancement of DTC' Capacities	19.77	11.80	Regrouped
9	Service connection and Metering	3.14	4.49	Regrouped
10	Electrification of Water Supply Work	4.01	3.91	
11	Deen Dayal Upadhaya Gram Jyothi Yojana	150.53	3.78	
12	Other Expenditure/provisions	4.94	3.16	Regrouped
13	Regularisation of Unauthorised IP Sets	3.27	2.37	
14	IP Set Energisation	13.62	1.76	Regrouped
15	APDRP/IPDS/RGGVY	30.82	10.42	
16	Metering/DTCs	0.83	3.34	
	Total	**636.95**	**351.28**	

vii. Cost of Supply, Average Demand and Realisation per unit:

1. The average cost of supply per unit is Rs.6.89 during FY 18-19 as against Rs.7.25 during FY 17-18.

2. As against this, the average demand raised and the cash realization across different categories of consumers is as under:

Category of consumers	Average demand per unit of power (Rs.)	Average realization per unit of power (Rs.)
Domestic (LT)	5.97	5.88
Commercial (LT)	9.23	9.21
Industrial (LT)	7.63	7.61
Others (LT)	5.85	5.53
Industrial (HT)	8.48	8.50
Commercial (HT)	9.64	9.44

Others (HT)	5.29	5.48
Metered (LT and HT)	7.23	6.87
Unmetered (LT) (without tariff subsidy)	5.75	5.74
Total – Metered and Unmetered (LT&HT)	**6.49**	**6.31**
Total – LT & HT (incl interest)	**6.75**	**6.57**

viii. Borrowings:

During the year FY-19 the Company has drawn Medium Term Loan of Rs.150.00 Crs towards Working Capital from M/s. REC Ltd. and also Long Term Loan of Rs.315.50 Crs From M/s.PFC Ltd. and M/s. REC Ltd. i.e. from M/s. PFC Ltd. Rs.26.63 Crs. towards establishment of New 33/11KV Sub-Stations and Rs.23.29 Crs for RAPDRP (Part-A&B) projects and from M/s REC Ltd.Rs.35.22 Crs towards establishment of new 33/11KV Sub-Station Rs.120.29 Crs for DDUGJY project, Rs.30.84 Crs for IPDS Project and Rs.79.22 Crs. towards purchase of distribution transformers.

Further during the year company has repaid in total Rs.187.98 Crs. against which an amount of Rs.99.04 Crs is repaid to M/s.PFC Ltd & M/s. REC Ltd. on term loan and Rs.87.68 Crs. is repaid to M/s.REC Ltd & Syndicate bank on Medium Term Loan, Further repayments against KPTCL borrowed loan on behalf of GESCOM From Govt. of Karnataka during the year amounting to Rs.1.26 Crs.

B. OPERATIONAL PERFORMANCE

i. Consumer Base:

The Company having 29.45 lakhs consumers at the beginning of the year, added 1.27 lakh new consumers during the year. The number of consumers at the end of the year stood at 30.73 lakhs. The category wise break up is here under:

Tariff category	No. of consumers as on 31.03.2018	No. of consumers added during the year 2018-19	No. of consumers as on 31.03.2019
BhagyaJyothi/ KutirJyothi	5,97,675	0	5,97,675
Irrigation Pumpsets	3,54,085	29,496	3,83,581

Water Supply & Street Light	32,083	4,102	36,185
Domestic Lighting & AEH	16,14,714	71,824	16,86,538
Commercial Lighting	2,55,209	17,097	2,72,306
Industrial (LT)	61,845	2,259	64,104
Temporary Supply	27,513	2,379	29,892
Water Supply (HT)	136	11	147
Lift Irrigation Schemes (HT)	365	18	383
Industrial (HT)	1,474	78	1,552
Commercial (HT)	359	23	382
Hospitals, Education (HT)	162	22	184
Residential Colonies & Temporary (HT)	62	0	62
Total	**29,45,682**	**1,27,309**	**30,72,991**

ii. Transmission and Distribution Losses:

During the year 2018-19the company has received 8796.04 MU's at KPTCL/GESCOM interface point. The transmission and distribution losses up to the interface point works out to 1267.74 million units (1276.48MU's during FY17-18).The distribution losses up to the interface point in terms of percentage of power purchase for the year is 14.41% in 2018-19. (16.39% in 2017-18).

iii. Aggregate Technical & Commercial Losses (AT & C losses):

The Aggregate Technical & Commercial losses for the year 2018-19works out to 14.48% compared to 5.92% for the previous year. Efforts are on to bring down the AT&C losses through various technical and non-technical measures by improving the collection efficiency and reducing the system losses. The details of the AT&C losses are as under:

Particulars	**2018-19 (in %)**	**2017-18 (in %)**
Billing Efficiency (i.e., units billed/input)	85.59	83.61
Collection Efficiency (i.e Collection/Revenue Demand raised)	99.92	112.53
Business Efficiency (i.e., Billing Efficiency/ Collection Efficiency)	85.52	94.08
Aggregate Technical & Commercial Losses (100- Business Efficiency)	14.48	5.92

(During FY 18, GoK released an amount of Rs 748.48 Crores being water supply and street lighting dues from Rural local bodies through securitization arrangements and the same was considered as collection for the year due to which the collection efficiency was higher and resulted in lower AT&C losses in FY 18.)

iv. Distribution Transformer Failure:

1. The transformer failure rate during the year 2018-19 was 12.96% (as against 13.21% during 2017-18).The transformer failure rate in urban area was 6.02% and in rural area was 13.94%. The total No. of transformers failed during 2018-19 was 13021 (748 No's. in urban areas and 12273 in rural area).

2. Different capacity of distribution transformer like 25KVA, 63KVA & 100 KVA totaling to 7759 transformers were added to the system during 2018-19 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 no. of transformers existing in the distribution system of the company at the end of year was 100481(12420 distribution transformers in urban areas and 88061 Nos. in rural areas).

3. Efforts are on to build a buffer stock of transformers in the Divisions and Sub Divisions to replace the failed transformers expeditiously. During the year 2018-19 the Company has purchased 2000 No's of transformers of 25KVA capacities for this purpose. The company has already setup transformer repair centers in all the Taluka headquarters.

v. HT/LT Lines:

During the year 3804.71Kms of HT lines and 1469.24Kms of LT lines were added taking the total length of HT & LT lines in the distribution network of the Company to 62249.61 Kms and 87941.35Kms respectively. The HT/LT ratio as on 31.03.19 was brought down total 1:412 (1:480 as on 31.03.18).

vi. Establishment of 33/11 KV Sub Stations:

During the FY 2018-19 05 No's of 33KV Sub-Stations were commissioned and also 06 No's of 33KV Sub-Station were commission during 1st quarter of FY 2019-20.Further, remaining 05 No's of 33KV Sub-Station works are under progress (i.e.,Kudidarga, Lingadalli, Hiremyageri, Kadechur & Mamadadoddi) and almost 90% of work has been completed.

Out of 05 No's of GIS Sub-Station works in Kalaburagi City only 03 No's i) Service Station-44 ii) KHB Complex & iii) Govt. Hospital Sub-Stations were commissioned. Balance 02 No's i) Shantinagar & ii) KCT Gate Sub-Station works are completed and ready for commissioning.

Augmentation of 33KV Sub-Stations by providing additional 5MVA Power Transformer at i) Jambaga, ii) Malli, iii) Ratkal, iv) Rodalbanda & v) Sagar works are under progress.

vii. Metering:

1. During the year 2018-19, 22010 No's. of non-recording meters were replaced and 6340 No's. of meter were provided to DC installations.

2. A total number of 12878 street light circuits exist in the Company's jurisdiction out of which 11079 street light points were metered.

3. 597675 BJ/KJ installations exist in GESCOM as at the beginning of the year, out of which 2658 installations were metered during 18-19. The cumulative BJ/KJ installations metered are 431015 No's. and balance 166660 installations are to be metered. Action is being taken to meter the same.

viii. Vigilance Activities:

(Rs. in Lakhs)

Particulars	**Progress during 18-19**	**Progress during17-18**
Number of installations inspected	75725	42197
No. of cases booked (Cog & NC)	6952	7049
Amount of Back Billing (Cog & NC)	397.66	1424.50
Back Billing Charges collected (Cog & NC)	492.09	659.79
Compounding Fee i) Assessed (Cong Cases)	119.45	163.65
ii) Collected (Cong Cases)	159.49	178.25

C. <u>SOCIAL WELFARE SCHEMES</u>

i. Energisation of Drinking Water Supply Schemes:

1. 929 Water supply installations were energized during 18-19 in urban and rural areas of the Company on top priority under various schemes of GOK.
2. As on 31.03.2019, 210 applications for energisation of drinking water supply schemes (in rural areas) were pending out of which 81 applications

were pending at GESCOM. 129 cases were pending with the local bodies for non-compliance of various formalities of the Company. The balance works are under progress.

ii. Creation of Rural Infrastructure and Electrification of Rural Households including BPL households under RGGVY schemes.

RGGVY Scheme under XII Plan was sanctioned for Gulbarga District at a total cost of Rs.12.21 Crs by MoP/GoI and the work was awarded to M/s.Sreeshwar electrical Pvt.Ltd., Dharwad in March 2015.The work involved electrification of 26518 No's of BPL households including infrastructure. The turnkey agency did not complete the works except electrification of 1595 BPL Households. The contract was short closed on dated: 05.09.2019 and the agency was blacklisted. The balance un-electrified rural households were included in SAUBHAGYA Scheme.

iii. Energisation of Irrigation Pump Sets:

During the year 2018-19, 9193 irrigation pump sets were energized under general category, SCP, Ganga Kalyan Scheme, Backward Community and Minorities etc.

iv. Electrification of Houses under Kutir Jyothi Scheme:

There was no target for Kutir Jyothi Scheme during Year 2018-19

D. NEW INITIATIVES

1) SCADA Progress in GESCOM as on 31.03.2019:

- The SCADA Project amounting to Rs.15.09 Crores and covering 86 No's of 33/11 KV Sub-Stations under Phase-1 is taken up in GESCOM and the Project is Commissioned at 82 No's Sub-Stations. Out of which 9 No's of Sub-Stations have been upgraded to 110KV Sub-Station. Now under Phase-I, only 73 No's of Sub-Stations are remained and out of which none of Sub-Station not found online at DCC. The DCC Established at Corporate Office Premises and started functioning from 04-10-2010.
- The SCADA Project under Phase-II amounting to Rs.2.83 Crores and covering 21 No's of 33/11KV Sub-Stations is awarded to M/s. ABB Ltd., Bangalore on dated 08-02-2013.
- Even after several request M/S ABB had not turned up, hence at present no new projects taken up.

2) 24X7 Customer Care Centre:

- The 24X7 Fully Equipped Customer Care Centre (CCC) was established on 18-01-2012 with a Toll Free number 1800-425-8585 in the Corporate Office premises, with all the necessary infrastructures for registering the complaints on fuse off call, billing problems, transformer failure, power supply failure etc. by the consumers.

- Mapping of Short code '1912' to Toll- Free No-1800-425-8585 has been successfully implemented from 01-09-2016.
- The Public Grievance Redressal Service (PGRS) system has been implemented in the CCC from 13-08-2017. The consumers can register their complaints through online to gescompgrs24X7.com by the following modes :

  1) SMS.
  2) E-mail.
  3) Web.
  4) Face book.
  5) Offline etc.

- The GESCOM is trying to continuing its efforts in further improving the delivery of consumer services with prompt and response especially in reducing time required for resolving consumer complaints which on breakdowns of lines / equipments, failure of transformers etc., which resulting in interruptions in power supply should be given prompt and effective response.
- The GESCOM is properly monitoring for redressing all the Electricity Consumer Complaints in its area of supply are able to seek and obtain timely and efficient services/redressal in the matter of consumer grievances. The Centralized Consumer Service Centre is having adequate number of desk operators in each shift so that the consumers across the jurisdiction of GESCOM are able to lodge their complaints directly with the Centre. Every complaint is receiving on a Helpline Telephone number by the desk operator and registered with a docket number which will be intimated to the consumer. There after complaint will be transferred online/ communicated to the concerned field staff for resolving the same. The concerned O&M/local service station staff will visit the complainant's premises/ fault location at the earliest to attend to the complaints and then inform the Centralized Service Centre that the complaint is attended.
- In turn, the call center will call complainant and confirm whether the complaint has been attended. The complaint will be closed only after receiving consumers/ complainant's confirmation. The system of CCC will generate daily reports indicating the number/nature of

complaints received, complaints attended, complaints pending and reasons for not attending to the complaints.

At present 15 No’s of Desktops are in service and approval has given for additional 5 No’s of Desktop for which work is under progress-II.

i. Implementation of Niranatara Jyoti Scheme in GESCOM:

Nirantara Jyothi Scheme under Phase–I invited for 20 talukas on in GESCOM Niranatara Jyothi Scheme was proposed to be taken up Taluka wise under Phase-I & II. In Phase - I it is covering 20 Tqs and in Phase -II covering 10 Tqs.

This scheme was envisaged to provide 24 Hrs of power supply to non-agricultural loads in rural areas by construction of independent 11KV feeders.

The detail of Nirantara Jyothi scheme completed and commissioned as follows:

Sl. No	Phase	No. of Taluks	No. of Proposed NJY Feeders	No. of villages covered	No. of feeders Commissioned	Work under Progress	Expenditure Booked (in Crs)	Date of Commissioned
1	Phase-I	20	246	2765	246	0	387.01	Sept-17
2	Phase-II	10	109	1087	100	5	169.05	Apr-18
Total		**30**	**355**	**3852**	**346**	**5**	**556.06**	

The Hyderabad Karnataka, Centre for Advance Learning and Welfare Society, Sangameshwar Nagar, Kalaburagi is awarded for the internal evaluation study of Niranatara Jyoti Yojane in GESCOM vide GO order No: DOE 18 ARU Bangalore Dtd.13.03.2014. On Dtd. 29.04.2019 a report on evaluation of the performance of Niranatara Jyoti Scheme in GESCOM has been submitted, and the villagers have generally shown their satisfaction about power supply arrangements

ii. New Schemes:

Mop/GoI has sanctioned Two New Schemes:

1. Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY):

Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) to extend financial assistance against capital expenditure to supplement the efforts of DISCOMs/Power Departments in strengthening and augmenting distribution infrastructure in Rural areas of the country.

Scope of Work:

The Project under the scheme was formulated for rural areas only and the scope of the works will cover works relating to Feeder Separation, System Strengthening and Sansad Adarsh Gram Yojana (SAGY) including Metering of distribution transformers/ feeders/consumers and Rural electrification.

In GESCOM 6 No's of District wise Proposal has been sanctioned as per Hon'ble Additional Chief Secretary to Government, Energy Department, Bangalore vide letter No. EN 11 VSC 2015/P1 Dtd: 29.01.2016 and the details of district wise sanctioned DPR amount is as below:

Details of District / Component wise sanctioned amount under Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY) in GESCOM

Rs in crs.

Sl. No.	Name of the District	Metering	SAGY		Access to RHhs	System Strengthening	Feeder Separation	Total Cost	PMA charges	Total Cost incl. PMA Charges	Status
			Nos.	Cost							
1	Bellary	27.94	1	0.07	1.47	14.13	35.98	79.59	0.40	79.99	For System Strengthening, Feeder Separation, SAGY and RHH LOI is issued on 15.7.2017 For Metering Component LOI issued on 2.2.2019
2	Bidar	14.13	1	0.11	0.65	13.44	54.82	83.15	0.42	83.57	
3	Gulbarga	30.77	1	0.28	0	15.84	86.06	132.95	0.66	133.61	
4	Koppal	15.46	0	0	0.65	8.42	26.17	50.70	0.25	50.95	
5	Raichur	22.23	2	0.67	2.45	7.36	30.48	63.19	0.32	63.51	

6	Yadgir	10.28	1	0.21	2.03	7.72	67.00	87.24	0.44	87.68
GESCOM TOTAL		**120.81**	**6.00**	**1.34**	**7.25**	**66.91**	**300.51**	**496.82**	**2.48**	**499.31**

The financial support under the scheme shall be as under:

Agency	Nature of support	Quantum of support (percentage of project cost)	
		Other than Special Category States	**Special Category States**
Govt. of India	Grant	60	85
Utility/ State Contribution	Own Fund	10	5
Loan (FIs/Banks)	Loan	30	10
Additional Grant from GoI on achievement of prescribed milestones	Grant	50% of total loan component (30%) i.e 15%	50% of total loan component (10%) i.e. 5%
Maximum Grant by GoI (including additional grant on achievement of prescribed milestones	Grant	75%	90%

DDUGJY Physical Progress (up to March-19)

SL. No.	Milestone Name	Unit	GESCOM	
			Target	**Ach**
1	Running of New 11kV Line	KM's	5591.39	3410.24
2	Re-conductoring of 11kV Line	KM's	2651.31	294.79
3	Running of New LT Line	KM's	188.54	1602.23
4	Re-conductoring of LT Line	KM's	549.49	393.77
5	Providing New DTC	No's	3552	2264
7	Providing Service connection to BPL households	No's	4392	4392
8	LT AB Cable	KM's	1842.9	496.94
9	Expenditure Booked	249.21 Crs		

2. **IPDS (Intergreted power Development Scheme): Circle wise** Amount sanctioned for Rs.183.41Crore, Town covered 42 Towns.

   Scope of Work: Consist of includes 11KV System strengthening works which includes Reconductoring of HT&LT lines including overhead and AB Cables, New HT&LT lines, Additional DT's

Enhancement of DT's R&M Work's, New and Augmentation of 33KV Sub-stations and Solar Roof Top on existing GESCOM/Govt. buildings .

The works in three circles i.e. Kalaburagi, Bidar and Bellary works are completed and in one circle i.e. Raichur is under progress will be completed by 15th Sept 2019. Preparation of closure reports are under progress.

3. **SOUBHAGYA Scheme:**

Scope of Work:

Providing last mile connectivity and electricity connections to all un-electrified households in rural areas.

- The prospective beneficiary households for free electricity connection under the scheme would be identified using socio economic Caste census (SECC) 2011 data so that the all economically poor households can be benefitted under this scheme.
- Total 61446 rural households are considered for electrification under SOUBHAGYA
- Electrification work of un-electrified households is awarded for 16 packages (7 Division wise packages and 9 taluka wise packages) in rural area under this Scheme.
- Total DPR cost is 77.55Crores.
- Total Awarded amount of 16 packages is Rs.91.78Crores.
- Out of 16 packages, service connection works are completed in all 16 packages and Infrastructure works are under progress as on March-2019.

iii. Grama Vidyut Prathinidhi Scheme:

At present 1063 Micro Feeder Franchisees are existing in GESCOM out of which 919 Micro Feeder Franchisees are working.

The progress made by MFFs during the year 2018-19 is as under:

Sl. No	Name of the Division:	Opening balance	Target		Achievement		Closing balance	% achievement over target of	
			Demand	Collection	Demand	Collection		Demand	Collection
1	Gulbarga -1	806.24	4306.36	4268.11	4892.79	4813.39	850.74	113.62	112.78
2	Gulbarga -2	829.50	2533.59	2444.77	2779.80	2493.76	906.05	109.72	102.00
3	Yadgir	1460.85	2719.91	2583.18	2705.11	2620.53	1532.73	99.46	101.45

4	Sedam	433.83	1709.27	1693.39	1687.17	1698.64	650.32	98.71	100.31
5	Bidar	1446.35	2926.31	3159.38	3212.48	3242.84	1416.03	109.78	102.64
6	Humnabad	333.99	2686.501	2373.871	2833.146	2584.34	330.48	105.46	108.87
7	Raichur	1106.48	2580.79	2291.42	2938.31	2830.31	1146.65	113.85	123.52
8	Koppal	614.55	1538.30	1519.22	2187.62	2186.85	615.34	142.21	143.95
9	Sindhanur	218.03	696.81	917.45	1729.70	1676.63	540.39	248.23	182.75
10	Gangavathi	607.83	2788.07	2185.34	2770.86	3918.12	1110.40	99.38	179.29
11	Bellary	1205.23	3473.76	3499.06	3740.11	3647.12	1298.42	107.67	104.23
12	Hospet	423.47	3489	2875.86	3014.00	3021.90	457.53	86.39	105.08
	GESCOM	**9486.35**	**31448.67**	**29811.05**	**34491.09**	**34734.43**	**10855.08**	**109.67**	**116.52**

iv. Tendering System:

In order to enhance the transparency in procurement and tendering of various works, electronic tendering system i.e. e-procurement portal www.karnataka.gov.in of e-governance Dept, GOK has been introduced in the Company. These tenders so called are encouraging.

v. Implementation of R-APDRP in GESCOM:

R-APDRP includes Part-A (IT Initiatives) Part-B (System Strengthening) were sanctioned to GESCOM for 21 towns during 2009 and2010 at a total cost of Rs.37.37Crs and Rs.20.79Crs respectively.
RAPDRP Part-A and RAPDRP Part-B were completed and Closure reports were approved by PFC, the nodal agency of MoP/GoI. The total approved completed cost of RAPDRP Part-A is Rs.36.04 Crs RAPDRP Part-B is 183.62Crs.

viii. Communication Strategies:

1. 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.

ix. DTC Metering:

The status of DTC metering as on 31-03-19 in GESCOM both in urban and rural area are as followed.

Sl. No.	Particulars	Total No. of DTC Metered	Balance to be Metered

1	Urban area	9630	2790
2	Rural area	68669	19392

x. 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 3118 Employees on various subjects such as Financial Management of Distribution Business, Best Practices in Distribution Loss Reduction, Pilferage of Electricity Detection & Prevention, Power Trading, Intrastate ABT & ABT Mechanism for Distribution companies etc., The training was impacted by professionals from reputed institutions viz. REC, PFC, NTPC, Engineering Staff College of India, Power Research & Development Consultation Pvt. Ltd., CPRI & ICWAI etc.,

E. 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 is 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. Dr.N.Manjula, IAS : Chairman
2. Dr.R.Ragapriya, IAS : Managing Director
3. Sri.R.Jajakumar : Director (Technical)
4. Dr.Raja P., IAS : Director
5. Dr.H.N Gopalakrishna, IAS : Director
6. Sri.Chandrashekhara Nayaka, IAS., : Director
7. Sri.Rajkumar S. Biradar : Director
8. Sri.Purushotham Singh.B.H : Director
9. Sri. Shivaprakash.T.M : Director

10. Sri.T.R.Ramakrishnaiah : 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.

- **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 2018-19, Board meetings were held on the dates as mentioned below:

Sl. No.	Meeting Nos.	Held on
1	71st Meeting	02-07-2018
2	72nd Meeting	26-10-2018
3	73rd Meeting	17.11.2018
4	74th Meeting	17.01.2019

- **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. **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.3.00 Crs. and upto Rs.10.00 Crores.

The composition of the Purchase Committee is as follows:

Sl. No.	Members	Designation
1	Managing Director, GESCOM	Chairman
2	Director (Technical), GESCOM	Member
3	Sri.Rajkumar S. Biradar	Member

4	Authorised Signatory, GESCOM	Convener

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

Sl.No	Meeting No.	Held on
1.	77th Meeting	22.09.2018
2.	78th Meeting	03.11.2018
3.	79th Meeting	29.11.2018
4.	80th Meeting	07.01.2019
5	81st Meeting	13.02.2019
6	82nd Meeting	02.03.2019
7	83rd Meeting	08.03.2019

2. Audit Committee:

The Composition of the Audit committee is as follows:

Sl. No.	Members	Designation
1	Sri Raja.P IAS	Chairperson
2	Director (Technical),GESCOM	Member
3	Sri.Rajkumar S Biradar	Member
4	Chief Financial Officer, GESCOM	Invitee
5	Company Secretary, GESCOM	Convener

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.

3. Corporate Social Responsibility (CSR) Committee:

A 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	Authorised Signatory, 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 2018-19 is not applicable.

CSR policy of the Company is annexed herewith as annexure 1 and also available on the Company's website i.e. www.gescom.in and can be accessed thereat.

- **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.

- **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 (Ind AS) 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.

Rs. In Crores

Sl. No.	Nature of Transactions	Party Name	2018-19
1	Transmission of Energy	KPTCL	-406.57
2	Receivable/Payable towards energy balancing	BESCOM	149.33
3	Receivable/Payable towards energy balancing	HESCOM	0.30
4	Receivable/Payable towards energy balancing	MESCOM	90.73
5	Receivable/Payable towards energy balancing	CESCOM	-1.31
6	Purchase of Power	PCKL	-
7	Purchase of Power	KPCL	-2202.26

Note: Transactions during the year (-) indicates Payables/paid & (+) indicates receivables.

➢ 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 P.G Bhagawat, Chartered Accountants, and Dharwad as the Statutory Auditors of GESCOM for the year 2018-19. The said auditors have completed the 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 K Pande & Associates, a firm of practicing Company Secretaries as Secretarial Auditors to undertake the Secretarial Audit of the Company for FY 2018-19. 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 S.K. Tikare & Co., Cost Accountants, Belagavi to audit the cost records for FY 2018-19. The Cost Auditor has submitted the Cost Audit report for FY 2018-19 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, 2019.

Board of Directors of the Company have continued the appointment of M/s S.K. Tikare & Co., Cost Accountants, Belagavi as Cost Auditors of the Company for FY 2019-20 at a remuneration of Rs.44,500/- (All inclusive quote), subject to ratification by the members at the ensuing Annual General Meeting of the Company. Board recommends the ratification of the said remuneration payable to the Cost Auditor in accordance with Section 148 of the Companies Act, 2013 and the Rules made thereunder.

- **EXTRACT OF ANNUAL RETURN**

Extract of the Annual Return in form MGT-9 is annexed herewith as Annexure 7. The same can be accessed at our website www.gescom.in.

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

A) Conservation of Energy

1) The Steps taken or impact on conservation of energy.

a) Energy Efficient LED Bulbs, LED Tube lights and Five star rated Ceiling Fans were sales under UJALA scheme and the sold details were: LED bulbs: 25,5710 Qty., LED Tube light: 8,88 Qty. &Five

star rated ceiling fans: 921 Qty. have been sold by EESL and The Energy saving is around 13.72MU for the FY-2018-19.

b) GESCOM has been initiated for implementation of DSM in Agriculture sector for the replacement of old, inefficient agricultural pump sets with Energy efficient BEE star rated pump sets and Letter has been drop to EESL for preparation of DPR of Ag-DSM during FY-2018-19

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

Under GESCOM jurisdiction 77 No's of Solar Roof Top Photo Voltaic (SRTPV) were installed including government and GESCOM Building. (1,670 KWP) for non-conventional energy under IPDS Scheme during FY-2018-19.

a) Electricity purchased from GESCOM consumers on Power Purchase Agreement between GESCOM and SRTPV installed GESCOM consumer to promote non-conventional power generation.

b) Subsidy for the solar water heater installed GESCOM consumers on electricity bill.

3) The capital investment on energy conservation equipment's.

a) Capital investment has not utilized on energy conservation equipment's.

B) Technology Absorption

1) The efforts made towards technology absorption - NIL
2) The benefits derived like product improvement, cost reduction, product development of import substitution - NIL
3) In case of import technology (imported during the last three years reckoned from the beginning of the financial year) - NIL
   a) The details of technology imported.
   b) The year of import.
   c) Whether the technology been fully absorbed.
   d) If not fully absorbed, areas where absorption has not taken place, and the reason thereof.
   e) The expenditure incurred on Research and Development.

- **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 there under 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 the requirem ents of The Sexual Harassment of Women at theWorkplace (Prevention, Prohibition andRedressal) Act, 2013.Internal ComplaintsCommittee 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 cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressel) Act, 2013.

F. 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/-

(Dr. N.Manjula, IAS)
Chairman, GESCOM

FormNo.MGT-9

EXTRACT OF ANNUAL RETURN'S THE FINANCIAL YEAR ENDED ON 31st MARCH 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration)Rules,2014]

I.REGISTRATION AND OTHER DETAILS:

i.	CIN	**U4010KA2002SGC030436**
ii.	Registration Date	30/04/2002
iii.	Name of the Company	GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED
iv.	Category/Sub-CategoryoftheCompany	Government Company/Company limited by shares
v.	Address of the Registered office and contact details	Should be as per MCA Records
vi.	Whether listed company	Un listed Company
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not applicable

II.PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl.No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	**Distribution of Electricity**	**35109**	**100%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SL. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	No.of shares held	Applicable Section
1.	NA	NA	NA	NA	NA

Not applicable since the Company has no Subsidiary/associates

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. *Category-wise Share Holding*

Category of Share holders	No. of Shares held at the beginning of the year@ Rs10/- each				No. of Shares held at the end of the year				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt(s)	**-**	**1114956104**	**1114956104**	**100%**	**-**	**1114956104**	**1114956104**	**100%**	
d) Bodies Corp									
e) Banks / FI									
f) Any Other									
Sub-total(A)(1):-	**-**	**1114956104**	**1114956104**	**100%**	**-**	**1114956104**	**1114956104**	**100%**	
2) Foreign									
g) NRIs-Individuals									
h) Other-Individuals									
i) Bodies Corp.									
j) Banks / FI									
k) Any Other….									
Sub-total (A)(2):-	-	-	-	-	-	--	-	-	-
B. Public Shareholding									
1. *Institutions*									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total(B)(1)	-	-	-	-	-	-	-	-	-

2. Non Institutions									
a) Bodies Corp. (i) Indian (ii) Overseas									
b) Individuals (i) Individual share holders holding nominal share capital upto Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others d) (Specify)									
Sub-total(B)(2)	-	-	-	-	-	-	-	-	-
Total Public Share holding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C.Shares held by Custodian for GD Rs & AD Rs	-	-	-	-	-	-	-	-	-
GrandTotal (A+B+C)		**1114956104**	**1114956104**	**100**		**1114956104**	**1114956104**	**100**	

ii. *Share holding of Promoters*

SL. No	Share holder's Name	Share holding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total	% change in share holding during the year
1.	**Hon'ble Governor State of Karnataka**	**1114956104**	100%		**1114956104**		-	**100%**
2.	**Sri.JawaidAkthar**	**01**			**00**			**-100%**
3.	**Dr.S.Selvakumar**	**00**			**01**			**+100%**
4.	**Sri.Chikkananjappa**	**01**			**00**			**-100%**
5.	**Dr.R.Ragapriya**	**00**			**01**			**+100%**

6.	Sri.R.Jayakumar	01			00			-100%
7.	Sri.Anilkumar S Babaleshwara	00			01			+100%
8.	Sri.M. Ramakrishna	01			00			-100%
9.	Dr.H.N.Gopalkrishna	00			01			+100%
10	Sri.P.Sunil Kumar	01			00			-100%
11	Dr.Raja.P	00			01			+100%
12	Rajkumar S Biradar	01			01			
13	A.N.Jayaraj	01			01			
14	T.R.Ramakrishnaiah	01			01			
15	Pavankumar malapati	01			00			-100%
16	Purushotham Singh	00			01			+100%
	Total	776766 104			1114956 104			

iii.*Change in Promoters 'Shareholding (pleases pacify, if there is no change)*

Sr. no				Cumulative Share holding during the year	
	Shareholding	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**1114956104**	**100%**	**1114956104**	**100%**
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year	**1114956104**	**100%**	**1114956104**	**100%**

iv.Shareholding pattern and top ten Shareholder.

v. Shareholding of directors and Key Managerial Person.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment FY-19

	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	***8771914450***	***66297557***	***408058125***	***8838212007***
ii) Interest due but not paid				
iii) Interest accrued but not	***233743616***		***3852486***	***233743616***
Total(i+ii+iii)	***9005658066***	***66297557***	***411910611***	***9071955623***
Change in Indebtedness during the financial year				
- Addition	***4654999643***		***52146987***	***4654999643***
- Reduction	***1971669352***	***12563903***	***55038679***	***1984233255***
Net Change	***2683330291***	***(-)12563903***	***(-)2891692***	***2670766388***
Indebtedness at the end of the financial year				
i) Principal Amount	***11455244741***	***53733654***	***402829770***	***11508978395***
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	***278202607***	-	***2336664***	***278202607***
Total (i+ii+iii)	***11733447348***	***53733654***	***405166434***	***11787181002***

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A.Remuneration to Managing Director, Whole-time Directors and/or Manager

Name of MD/WTD/ Manager			Particulars of Remuneration								Total Amount	
Sl. No	Name of the Director	From	Gross salary	(a)Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	(b)Value of perquisites u/s 17(2) Income-tax Act,1961	(c)Profits in lieu of salary under Section 17(3) Income-Tax Act,1961	Stock Option	Sweat Equity	Commission as % of profit others, specify …	Others, please specify	Total (A)	Ceiling as per the Act
1	Sri.Chikkananjappa Managing Director	01.04.2018 To 16.04.2018	1,10,061.00	-	-	-	-	-	-	37,360.00	**1,47,421.00**	
2	Dr.RRagapriya (IAS) Managing Director	10.08.2018 To 31.03.2019	6,51,876.00	-	-	-	-	-	-	-	**6,51,876.00**	
3	Sri.R.Jayakumar Director(Tech)	01.04.2018 To 31.05.2018	97,671.00	-	-	-	-	-	-	42,761.00	**1,40,432.00**	
4	Sri.Udaykumar Bhosagi Director(Tech)	17.04.2018 To 31.05.2019	4,27,202.00	-	-	-	-	-	-	-	***4,27,202.00***	
5	Sri.Vinod.G. Havanagi Director(Tech)	01.06.2018 To 16.08.2018	-	-	-	-	-	-	-	25,860.00	***25,860.00***	
6	Sri. Anilkumar.S. Babaleshwar Director(Tech)	16.08.2018 To 31.03.2019	14,64,655.00	-	-	-	-	-	-	93,876.00	***15,58,531.00***	
		Total	**27,49,465.00**	-	-	-	-	-	-	**1,99,857.00**	***29,51,322.00***	

B. Remuneration to other directors:

Sl. No.	ParticularsofRemuneration	Name of MD/WTD/ Manager		Total Amount
1	Independent Directors ·Fee for attending board committee meetings ·Commission ·Others, please specify	Name of Official Directors	Sitting Fees	**14000.00**
		Sri.JawaidAkthar IAS,	500/-	
		Dr.S.Selvakumar IAS,	1500/-	
		Dr.H.N Gopalkrishna IAS,	1000/-	
		Sri.A.N.Jayaraj	2000/-	
		Sri T.R.Ramakrishnaiah	2000/-	
		Sri.PurushothamSingh B.H	1000/-	
		Sri.Rajkumar.S.Biradar	5000/-	
		Total	**14000/-**	
	Total(1)			**14000.00**
2	Other Non-Executive Directors ·Fee for attending Board committee meetings· Commission ·Others, please specify			
	Total(B)=(1+2)			
	Total Managerial Remuneration A+B			**29,65,322.00**
	Overall Ceiling as per the Act			

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD

Sl. no.	Particularsof Remuneration	CFO	Total
1.	Gross salary (a)Salary as per provisions contained in section17(1) of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2)Income-tax Act,1961 **DA/HRA Arrears,ELS** (c)Profits in lieu of salary under Section17(3) Income- Tax Act,1961	**Sri.B.Abdul Wajid, CFO**	**Rs.25,68,442.00**
2.	Gross salary (a)Salary as per provisions contained in section17(1) of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2) Income-taxAct,1961 (c) Profits in lieu of salary under Section17(3) Income- Tax Act,1961		- -
3.	Stock Option		
4.	Sweat Equity		
5.	Commission - as%of profit -others, specify…		
6.	Others, please specify		**1,00,600.00**
7.	Total		**Rs. 26,69,042.00**

VI. PENALTIES/PUNISHMENT/COMPOUNDINGOFOFFENCES: NIL

Type	Section of the Companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any (give details)
A.Company					
Penalty			NIL		
Punishment					
Compounding					
B.Directors					
Penalty					
Punishment			NIL		
Compounding					
D. Other Officers in Default					
Penalty			NIL		
Punishment					
Compounding					

Addendum to Auditors Qualification FY19

No	Auditor's Qualifications	Management Reply
1.	**Ind AS 2 on Inventories**	
a.	In accordance with the Ind As-2, the Company is required to value its inventories at lower of cost and Net Realizable Value. However, the Company is using standard cost for accounting of purchases and average cost for valuing the closing stock. Inventories include the value of scrapped assets, faulty & dismantled assets for reuse and repaired good items, which are carried at written down value. This constitutes a departure from the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013. Due to the fact that, no impact analysis has been done by the management, the impact of this deviation, on the financial statements is not ascertainable.	The same is as per the Accounting Policy of the company on Inventories is indicated under clause 2.19 of Note 2 of Financial statements FY19. The standard rate is determined considering the present market rates and the likely increase / decrease in the future prices for the period. These accounting policies have been framed according to the Electricity Supply Annual Account Rules 1985.
b.	There is a need for assessment on ageing, usefulness and the serviceability of the inventories lying at various locations in order to ascertain the requirement of provision for obsolete and idle inventories. Due to the fact that, no assessment has been carried out by the management, we are unable to comment on provision requirement on obsolete and idle inventories and related impact on financial statements.	The Annual Store Counting at each store of the Company is taken up during January, during which, each item of the inventory held in Stock as on date is physically verified with respect to its quantity mentioned in the numerical ledger and actual stock. In case, any of the store item is found not useable / repairable then recommendation is made to competent authority to scrap such items duly following the norms. The differential amount between value as per books and the amount realized is recognized and brought to the Profit & Loss Account during the financial year.
c.	Materials lying with employees (material imprest account) amounting to Rs.216.44 lakhs (previous year Rs.180.11 lakhs) shown as part of inventory includes old items pending for regularisation. We are unable to comment on impact of above on financial statement due to non regularisation of these materials lying with employees.	The materials drawn by the field officers is for ongoing urgent works (restoration of power supply) and the employee wise records for the same are available at the Accounting units. These are regularized with regular work orders and documentation the along with the completion reports. The process of all the material are monitored continuously for regularization
d.	The Company is carrying the stock of inventory which includes items for ultimate use in supply of services and expected to be used for more than one period. As the intention / ultimate use of such items of inventory is towards creation of "Plant & Equipment", the same needs to be separately identified and classified as Capital Work-in-progress.	The materials/inventory is used for both Capital as well as Repairs and maintenance. Materials at stores cannot be classified until it is drawn for use i.e either Capital or Revenue. In view of this classifying the entire Inventory as Capital Work in Progress and subsequently may require issue of materials for Revenue nature of works. In view of the same these are not classified as Capital Works in Progress

<table>
<tr><td>e.</td><td>The company’s inventories include Rs.195.73 lakhs (PY Rs. 186.08) material issued for temporary installations to contractor/employees and are actually lying / being used at the site. Such material at site is being classified as inventory under the head “material with contractor” under current assets. In our opinion this classification is inappropriate, as the material issued to contractor is a notional entry in the stock records of the Company and needs to be disclosed as part of Work in progress. Due to this, the value of current assets is overstated and work in progress / Tangible assets is understated to the extent of the amount specified above.</td><td>Materials issued for service of temporary installations are required to be returned back to store consequent to closing of the installation and dismantling of the infrastructure.
The infrastructure for service of Temporary is not permanent in nature as this infrastructure would be redundant once the underlying temporary installations are surrendered.
Classification in Work in Progress is done with an ultimate intention of Capitalization of the Works and Creating new Fixed Assets. In this case there are no Fixed Assets Created and hence disclosure of the material issued towards infrastructure of Temporary Installations as capital work in progress and later returning back to inventory would serve no purpose.</td></tr>
<tr><td>2.</td><td>Cash and Cash Equivalents:</td><td></td></tr>
<tr><td>a.</td><td>Cash and Cash Equivalents include amounts relating to cheques / DDs collected but not realised, Cash suspense balances of employees not regularized, Trial balance differences and cash misappropriations pending enquiry as summarized below:
<table>
<tr><th></th><th>Name of the Accounting Unit</th><th>Nature of difference</th><th>Rs. In lakhs</th><th>Pertaining to the year</th></tr>
<tr><td>I</td><td>Gulbarga O&M division I</td><td>Difference between Trial Balance and Cash/Bank book</td><td>95.57</td><td>Since formation of the Company on demerger</td></tr>
<tr><td>Ii</td><td>Various Accounting Units</td><td>Pending enquiry on account of frauds as per Special Audit</td><td>678.78</td><td>2012-13 to 2018-19</td></tr>
</table>
Due to this, cash and cash equivalents as compared to the actual balances are overstated and the loss on account of possible non-recovery is not provided for on account of pendency of the issues. To the extent of overstatement of the cash and cash equivalent, the cash flow statement is in non-compliance with Ind AS-7 -</td><td>The shortage of balance in cash and the un reconciled bank balances in the books of accounts of O&M Division 1 Gulbarga, are pertaining to the period prior to the formation of the company. The matter is being pursued with KPTCL. Necessary adjustments would be accounted on obtaining the details from KPTCL.

Special Audit Reports on the shortages/Misappropriations of cash have been finalised and enquiries are initiated/being initiated on the concerned employees as per the report of the Internal Audit.
Based on the outcome of the enquiry, suitable disciplinary action will be initiated against the defaulting employees and also to recover the shortages from the concerned.</td></tr>
</table>

	"Statement of Cash flows."	
b.	The method of accounting, reporting and the process of reconciliation of non-operative bank accounts for the account code 24.3 (Cash Balance) needs to be revisited, because the format of Bank Reconciliation Statement (BRS) does not give the cumulative value of unrealized cheques as at the date of reconciliation. Further, the Trial Balance at accounting unit levels should reflect each non-operative bank account instead of routing through the single common code 24.3. Uniform format for BRS should be used for operative as well as non-operative bank accounts.	The existing process of Bank reconciliation is the prescribed method and is practiced across all the ESCOMs on same line. Trial Balance of the units has to depict the summary balance of the transactions and not necessarily that each bank account/party balances to be individually reported in the Trial Balance. There are subsidiary registers (cash books) for eachaccount which will provide the break up details of all the accounts held by the accounting unit.
c.	The company has tie up with various electronic service providers for web based electronic payments received 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. In some cases the differences are parked in "Erroneous Credits By the Bank From Online (RTGS) A/c code 46.973" (Koppal Unit). There is a need for periodical reconciliation and monitoring of these transactions.	Guidelines have been issued for accounting of the transaction under online payment. The services with the Online payment Service providers is on the basis of T+2 for remittance of the collections done by them on behalf of the Company. The money not received by the service provider but receipts generated is instructed to be accounted as In-Transit Remittance. In these cases, the money is yet to receive and hence does not fall under the category of transactions were the money is received in Bank to be treated as Erroneous. However, the reasons for a unit to operate Erroneous Credits by the Banks is that some of the Government Departments/HT consumers directly transfer the money to be paid to the Company to our non-operative Bank Account without routing the transaction through our online payment portal or other prescribed digital payment modes. As such the details for corresponding posting in the consumer ledger details are not known to the accounting units until the paying party comes to office with the RTGS transfer reference documents and gets it posted against his account outstanding dues. On regulatisation this amount is withdrawn from the Erroneous Credit Account and transferred to Consumer account.
3.	**Ind AS 16 on Property, Plant and Equipment:**	
a.	An amount of Rs. 30032.07 lakhs is shown as Capital Work-in-Progress and Rs.749.23 lakhs under Intangible assets under development. The company does not	Policy of the Company on Capitalization of Assets is indicated under Clause 2.4 of Note 2of the Financial statements for FY19.

	possess the detailed listing / analysis of the value of work-in-progress disclosed in the financial statements viz. aging of the pending work orders, amount involved, and date of completion as per the work order and the actual progress as at the reporting date. Due to this, there is possibility of non-capitalization in spite of the assets already put to use. Further, due to inadequate information regarding Capital Advance amounting to Rs.33608.73 lakhs, we are unable to comment on the correctness of this classification, as value of works against these advances requires conversion in to Capital Work in Progress or categorization as Property, Plant & Equipment. Due to this, we are unable to comment on correctness of classification, value of Tangible assets, Intangible assets, and depreciation and amortization impact on the financial statements.	Capital Advances are made to the Contractors / suppliers as per the conditions of the Contract and the same are adjusted in the running bills. In most of the cases only 50% of the value of materials is paid on supply and balance is retained as Retention Money of the Contract. The value of material lying with the Contractor until such time the erections have been reported are treated as Capital advance. On completion of the works and submission of the final bills, these advances are adjusted and Assets Capitalized. Until the final invoices are raised and certified measurements are not recorded in the Measurement Books it will not be possible to capitalize the works and close the work accounts. Once the final bills are passed and in case there is any time difference in the actual asset being put to use and the date of final measurements, the Depreciation is instructed to be charged from the date of asset being put to use.
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 .The impact of this on the financial statements is not ascertainable.	The Estimates/work awards are prepared as per the Cost Data Sheets prescribed in the Common Schedule of Rates in vouge in all the ESCOMs. This does not include the cost of dismantling and hence the cost of dismantling is not part of Asset while capitalization. Any expenditure on dismantling of the assets are nominal as compared to the Asset Value and the same is charged to revenue.
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 average cost of 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 & capitalized. Such reissued asset is capitalized 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	The same is as per the Significant accounting policy of the Company under clause 2.4 of Note 2 of the financial statements. Depreciation on Assets is charges while the assets are in use and on release of assets on failure or other wise these are treated as inventory until such time they are put back to use.

	16. The effect of the same on the financial statements is not quantifiable.	
d.	The Company capitalizes the Assets after the receipt of final bill and approval by the competent authority is not in compliance with Ind AS – 16. Further, there are delays in capitalization of fixed assets and providing depreciation on the assets from the date of capitalization and not from the date when the asset was ready for intended use. In absence of documents supporting the actual date when the asset was ready to use, we are unable to ascertain the effect of lower charge of depreciation in the statement of profit & loss.	This is due to the time difference of the actual asset being put to use and the formalities required for the closure of the account viz., Certification of Measurement, Material utilized etc being forwarded to the Accounts Dept. However, in light of the audit observation care will be taken to ensure that the Depreciation/Interest will not be capitalized since commissioning of the Assets / put to use of Asset.
e.	As reported in the audit report for the financial year ending 31-03-2018 by the predecessor auditor, reconductoring works and Scada works carried out in Koppal division were stopped and enquiry was initiated. The total value of such works suspended was Rs. 2,225.01 lakhs as on 31 March, 2015 and was shown under Capital Works in Progress due to pending disputes and these assets, though put to use, were not capitalized and depreciated appropriately. No documentary evidence including the updated status of the issue, as at the date of financial statements for the year, was available for our review. Hence, we are unable to comment on the impact of the issue on the financial statements for the year.	The final Bills are pending to submit by the contractor and need to be processed. Hence the works could not be measured and capitalized in full. Even after repeated efforts, the contractor has not turned up for completing these works and closing of the work accounts are pending for this reason.
f.	The following qualification was made by the predecessor auditor in the audit report for the financial year ending 31-03-2018: "There was allegation of misconduct in the allotment of works contract involving huge amount for the works relating to Transformer Fencing and Fixing aerial Fuse Board by many Divisions during the financial year 2015–16 and an Enquiry was ordered in this regard by Government of Karnataka. The enquiry was completed but order was awaited. In the meanwhile, all the pending works were suspended. In the absence of detailed information on the nature, value and award of such work contract, violation of the laid down procedures and the Enquiry Order by Karnataka Government, we are not able to comment on the nature of misconduct and it's Impact on the Financials of the Company" No documentary evidence including the updated status of the issue, as at the date of financial statements for the year, was available for our review. Hence, we are unable to comment on the impact of the issue on the financial statements for the year.	An enquiry in the matter has been conducted by a committee formed by the Energy Department, GoK. Also detailed enquiries regarding all the works carried out under this heads in the said period have be subjected for extensive field verification for loss assessment . The enquiries on all the defaulting officers/officials has been initiated by KPTCL. Necessary financial transactions will be incorporated on the outcome of the enquiry proceedings.

4.	In respect of loan availed from Power Finance Corporation (RAPDRP A –Originally disbursed amount Rs.3604 lakhs and Balance as on 31-3-2019 Rs.1261.92 lakhs), we were informed that, the said loan was under the scheme of conversion in to grant. The Company has not recognised interest cost for the year of Rs.9.27 crores and also reversed Rs. 7.21 crores of interest expenses recognised in earlier years based on the loan balance confirmation given by PFC. There is no specific confirmation regarding approval for conversion of loan /reversal of previous years' interest and waiver of current year's interest. This resulted in understatement of finance costs and overstatement of profit for the year by Rs. 16.48 crores.	PFC authority have not issued monthly EMI demand notice since Aug -18 against RAPDRP (Part A) project. Further, during Aug -18 an amount of Rs. 1.07 Crores has been reduced in EMI demand notice. It has been a practice to obtain the details of the accrued interest from all the lenders/financial institutions as on the balance sheet date, accordingly a request for informing interest accrued but not due as on 31-03-19 was made vide GESCOM letter No. 988 dated 03-04-2019.The PFC authority has responded to the same during May -19 and the same was initially accounted. However, during consultation / discussion with the concerned Projects team/Technical wing, we were informed about the project closure process initiated by MoP and also the MoP, GoI official memorandum no. 26/1/2015-IPDS(Vol-IV)-Part-(1) dated 18-06-2019 wherein it was clearly mentioned that the loans would qualify to be converted to grants and hence the interest liability does not arise based on the same, the provision created towards interest on RAPDRP (Part A) releases has been reversed. As such there is no Interest liability and hence it was reversed.
5.	Ind AS 12 Income Taxes:	
a.	The Company has not created deferred tax assets /liabilities in respect of timing differences on account of depreciation, employee related costs allowed for tax purposes on payment basis, deferred revenue items and brought forward losses adjustable against future profits under the Income Tax Act. Due to this non availability of the proper data and information, we are unable to comment on the related impact on deferred tax and statement of profit and loss.	The same is as per the accounting policy laid down under clause 2.16 of the Financial statements. Necessary disclosure for accounting of the deferred tax computation has been made in the financials.
b.	Further, the Company has created deferred tax liability on the amount of revaluation reserve of freehold land as at 1-4-2016. As the ultimate intention of holding of these properties is for use in the business and not to sell such assets in near future, we are of the opinion that, creation of deferred tax liability was not appropriate and needs to be reversed. Due to this, the amount of Deferred Tax Liability is overstated and Revaluation reserve is understated by Rs. 20,726.93 lakhs.	
c.	Further, all additions to fixed assets made during the year for the purposes of depreciation under Income Tax Act have been considered as additions for less than 180	Considering the numerous assets build and constructed each year it is difficult for the company to provide proof of date of

	days. Due to this, lower depreciation has been claimed under Income Tax Act. We are unable to quantify such amount and the related impact on deferred taxes and statement of profit and loss due to non-availability of date wise additions to assets.	commissioning for each assets to the Income Tax authorities. However, this will only result in marginal impact on the tax computation for the year and will get adjusted during the balance lifetime of the assets.
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 and hence we are not in a position to comment on the related compliance and impact on the financial statements of the Company.	During the year, no such assets were found which could be classified as impaired.
7.	**(Ind AS) 19 on Employee Benefits**	
a.	The company is making contributions to Pension and Gratuity Trust based on the percentage of salary towards Gratuity and Pension liability as intimated from time to time. The Company does not possess the data relating to actuarial valuation made by the Trust for the year and correspondingly does not have any actuarial valuation provision in the financial statement against such employee benefits. Due to this, we are unable to comment on the correctness of cost of employee benefits charged to statement of profit and loss as per actuarial valuation and the disclosure as required by the Ind AS-19 in the financial statements.	Policy of the company on contribution to Pension & Gratuity trust is indicated under clause 2.13 of Note 2 of Financial statements FY19. The liability of the Company ceases once the contribution is made at the prescribed rates to the Trust. The onus of actuarial Valuation on the actual requirement funds for discharging the pension liability and for fixing the rate of contribution is on the Trust and not on GESCOM. The P & G Trust get the actuarial valuation done on a periodical basis and shared with all the representatives of the ESCOMs who are on the Board of Trustees of the P&G Trust besides the representatives from the various employee's union/associations and also representatives from the Government. Once the same is approved by the trustees, the rates of contribution is determined and informed to the ESCOM for contribution.
b.	The Company has not ascertained the applicability of provisions of Payment of Gratuity to employees covered under NDCPS scheme. As informed to us, there are no clear directions regarding applicability of Gratuity to such employees and hence no provision has been made for the accrued gratuity liability, if any.	No such guidelines are prescribed by the trust during the year under review. Hence no provision has been incorporated.
8.	**Ind AS 113 - Fair Value Measurement and Ind AS 109 - Financial Instruments**	
a.	The Company has adopted revaluation model in respect of freehold land as at the date of transition to Ind As regime. As 3 years have elapsed since initial measurement, there is a need to revisit the same for fair value as at the date of balance sheet. In absence of remeasurement, we are unable to quantify the impact on the financial statements for the year.	Policy of the company on Inventories is indicated under clause 2.24 of Note 2 of Financial statements FY19. Disclosures for revaluation of Property, Plant & Equipment is disclosed in Note 50 of Financial statements

b.	The Company has investment in equity shares of Power Company of Karnataka Limited amounting to Rs. 251 lakhs. These investments have not been fair valued as at the date of balance sheet. Due to this, we are unable to comment on the impact on the financial statements for the year and the compliance with the Ind AS.	Necessary disclosure has been made in Note 6 to the financial statements.
c.	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. Accordingly we are unable to comment on its impact on amounts of deposit and retention money and related impact on statement of profit and loss.	The exact date of realization could not be determined on the date of balance sheet and hence these have not been amortised.
9.	**Indian Accounting Standard (Ind AS) 17 –Leases** We understand that the Company has given / taken immovable properties on lease. In some cases (leases with KPTCL) there are no terms and conditions on record. We observed instances of demands sent by the lessor towards lease rent and the same were not accounted for in the books of the company. Further, the Company has not complied with the disclosure requirements as required by the Ind AS 17.	As of now GESCOM has not leased any of its assets to others. Hence no disclosure was made in the financials. Necessary disclosure regarding financials is disclosed in Note 41 of financial statements.
10.	**Indian Accounting Standard (Ind AS) 20- Government Grants** 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 has to be made based on systematic basis over useful life of the asset. The company is not in a position to demarcate the capital grants against particular asset. Accordingly, the impact of over or under charge to statement of profit and loss from deferred income cannot be ascertained. 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.	Necessary disclosure has been made vide clause 2.7 under note 2 of the financial statements.
11.	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	The date of rendering of service cannot be ascertained while drawl of the receipt of the supervision charges. The progress and completion of the works completely depends on the contracts given by the consumer and

	supervision charges on the grounds of application made from 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.	company has no control over the exact period of the completion of the work. As such the same is taken to revenue on receipt.
12.	The amount shown under the head "Inter Unit Accounts ('IUT')" as at the end of the year amounting to Rs 1504.21 (CR) lakhs (previous year Rs. 685.44 (DR) Lakhs) under "Other Current Liabilities" is the un-reconciled balance pertaining to fund transfer, material transfer, assets transfer, entries for demerger of divisions and other employee transfer related entries. In absence of reconciliation of these balances, we are unable to comment on the impact on the financial statements.	The reconciliation of the IUA transaction is in progress but it has not been possible to fully reconcile the difference. Some of the differences in the IUA are on account of the transactions initiated prior to formation of the ESCOMs but terminated after formation of the Company. Efforts are being made to trace the details and reconcile the differences in Inter Unit Account.
13.	The Company makes provision for bad and doubtful debts (Refer Para 2.12 "Significant Accounting policies") at 4% (as per Para 4.2 of Annexure V of ESAAR, 1985) on the balance of sundry debtors for sale of power outstanding as at the end of the year in case of LT Consumers. The Company is having old outstanding dues receivable (under LT category) from IP set installations, including interest, 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) amounting to Rs. 70628.96 Lakhs. The Company is making provision @ 10% on these dues and the same appears to be inadequate as the entire dues are doubtful. As at the date of balance sheet, the un-provided portion of the dues is Rs. 43868.56 lakhs. Accordingly, had the same been provided fully, profit under the statement of profit and loss would have been lower by Rs. 43868.56 lakhs and the balance of Other Financial Assets would have been lower to that extent.	The total amount of Rs. 1438.61Crores Outstanding arrears include a major receivables Towards w/s and street lighting installations and is due from Government Departments which the company has considered as good. An amount of Rs.1013.60Crores is outstanding against the IP Set installations, BJ/KJ, Street light and Water Supply installations. It is to be noted that the above dues are fully secured to an extent of Rs. 531.79 crores by way of Consumer Security Deposits available with the Company. Besides the above a provision of Rs. 423.75 crores towards Bad & doubtful dues, is made by GESCOM. this includes Rs. 267.60 Crores towards IP set Dues where provisioning has been enhanced to 100% subjected to 10% per year w.e.f FY16 and onwards Considering the dues from the Departments of Government of Karnataka out of the total dues, the provisions made by the Company is adequate.
14.	Confirmation of balances / Reconciliation**:** The Company does not have the procedure of obtaining confirmations and	The company is providing services to around 30 lakh consumers and also a substantial number

	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. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss which may arise on account of non-recovery or partial recovery of such dues is not ascertained. Accordingly we are unable to comment on the impact of such provisioning on statement of profit and loss.	of small and big contractors carryout various works from whom the task of obtaining of confirmation of balance is extremely difficult. The fact that the payments from consumers are made without any dispute or acceptance of payment is considered as confirmation. Efforts are made to obtain confirmation form all the power producers but not all power producers confirm the balances. However, Necessary disclosure is made vide note 52 of the financial statements
15.	Reserve for Material Cost Variance: As described in Note No. 2.20 of the Accounting policies, material cost variance is being adjusted to Reserve & Surplus instead of charging to Statement of Profit & Loss which is not in accordance with the Generally Accepted Accounting Principles	The policy of the company is in consonance with Commercial Accounting System laid down in the Electricity (Supply) (Annual Accounts) Rules, 1985. The Material cost variance is adjusted to Reserves & Surplus at the end of each financial year. The same is also disclosed in the significant accounting policy 2.20
16.	Other noncurrent financial liabilities includes Provision made by GOK towards consumers amounting to Rs. 596.95 lakhs, BRP II Adjustment given by GOK i.r.o SMIORE Rs. 1293.06 lakhs and Other Payables to GoKRs. 335.28 Lakhs. These balances are pending from many years and company has no information with respect to these balances. Accordingly we are unable to comment on any write back or any provision to be made under these balances and its related impact on financial statement.	We have received these balances in the opening balance of the Company. These are against the Sundry Debtors outstanding as on 31/5/2002 for which 100% provision is made by GoK and transferred to the Company for subsequent adjustment against the consumer dues on compliance from their side.
17.	Other noncurrent liabilities include deposit contribution work amounting to Negative amount of Rs. 75.86 lakhs for the year ended March 31, 2018. Company has no information for reason to be negative amount and accordingly we are unable to comment on its related impact on financial statement.	GESCOM carries out several works of social obligation such as creating of infrastructure for power supply to Water Supply Installations on directions from the Government in the events of droughts / floods etc. The monies are due from local bodies towards these works. Works are carried out under these accounts without connected deposits and hence these accounts indicate negative balance.
18.	Following Expenses Account Heads grouped under “Other Expenses” are showing negative balances. Reasons for the same were not satisfactorily explained. These amounts should have been regrouped to Income Account Heads: 1. Freight and other material related expenses-Rs.-376.26 lakhs (PY Rs. 83.42 lakhs) 2. Miscellaneous losses- Rs.-516.29 lakhs (PY Not	Reversal of previous years excess provisions under these accounts have resulted in the negative balances under these accounts.

	applicable)	Instructions will be issued to the accounting units to re-classify such transactions as income in the event of the provisions made during previous years are more than the actual invoices received during the year.
19.	The Company has not made provision for interest claimed by generators pertaining to the year 2011 to 2018 amounting to Rs. 467.69 lakhs and the reasons for the same were not explained satisfactorily.	The calculations for claims of interest were not accepted by the Company and hence in absence of crystallization of the interest claims, the same were not accounted in the year under review.
20.	The Company has written back to income amounting Rs. 618.36 lakhs towards the unidentified credits in Bank Statement for more than 3 years. This write back is not based on the individual ageing of such credit entries and hence we are unable to comment on the correctness of this writeback.	As per the policy amounts outstanding in the liability accounts for more than 3 years are provisionally written back at Corporate Office on the balance sheet date and instructions issued to the units to check individual transactions for and reasons to continue these liabilities. Such transactions are verified and written back by the units in the following year and the provisional entry passed at Corporate Office is reversed to negate the impact.
21.	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.	Factual.
22.	**Non-Compliance with the requirements of Schedule III to the Companies Act 2013**	
a.	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, receivable from Government in respect of sale of electricity which are discharged by Government on behalf of consumers of IP sets / BJKJ installations/ RDPR dues amounting to Rs. 1,39,019.28 lakhs as at the balance sheet date are classified by the Company under "Other Financial Assets 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.	As per the policy of the free power to the IP Set Consumers, we are required to bill the consumer for the energy consumed and the same amount is taken as collection by transferring to the Government account. These installations are in the consumer name and do not depict any balance. Government is not out actual consumer for the purpose of IP Set Subsidy. All the debtors accounts are indicated in the Trade Receivables for the purpose and not the Government who pays on behalf of the Consumers.
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	Disclosure have been made only after ascertaining that dues towards the MSME as per the Act are Nil.

	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.	Efforts will be made to collect the necessary data required for these disclosures.
d.	The financial statements drawn up in compliance with the Companies (Indian Accounting Standards) Rules, 2015 shall round off the figures appearing in the financial statements to the nearest, lakhs, millions or crores, or decimals thereof, if turnover is one hundred crore rupees or more. However, the Company has prepared the financial statements with figures in rupees.	Factual
e.	The Company has received share application money from Government of Karnataka and such amounts are kept under share deposit pending allotment of shares beyond 60 days from the receipt of money. This in not in compliance with the provisions of Section 42 of Companies Act 2013.	The Company has obtained the approval of the share holders to enhance the Share capital from Rs. 1200 Crores to Rs 2000 Crores. However, the approval process and payment of stamp duty and other formalities could only be completed in the current financial year. Share deposits have been disclosed in Other equity since previous several years and the procedure is consistently followed by the Company. The share certificates would be issued during the year and hence it is requested to not insist for a revision on this count and to drop the enquiry.
23.	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 as a result 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.	Factual
24.	The Company has provided an amount of Rs. 4.66 crores as Provision for Family Benefit Fund. However, as per the Actuarial Report for the period ended 31 March, 2019,an amount of Rs.5.53 crores should have been recognised as Non-Current Liability. As a result, Non-Current Provisions, Employee cost is understated and Profit for the year is overstated by Rs. 0.86 crores. Further this amounts to non-compliance with Ind AS 19.	Necessary correction in recognition of FBF liability would be incorporated in the financial year FY 20.
25.	The Company has not provided Rs. 3.54 crores towards interest claimed by suppliers on delayed payments. Due to this Finance cost and Current provisions are	The Interest claims were not accepted by the Company as on the date of the balance sheet date and hence not accounted in the year

	understated and profit for the year is overstated to that extent.	under review. Necessary accounting entries would be incorporated in FY20 once the Interest claim is accepted by the Company.
26.	The Company has accounted Rs 206.13 Crore as interest receivable from Government of Karnataka for sale of power to Water Supply and Public Lighting to Gramapanchayath. The Government of Karnataka vide its order dated EN 3 PSR 2016/P3, dated 31-03-2017 accorded approval for securitisation of Gram panchayath dues (including interest) of Rs 748.48 crore. The company has levied an interest of Rs 206.13 crore on the funded amount and accounted the same as receivable from Government of Karnataka. The issue is not acknowledged by the Government of Karnataka. As informed to us, the matter of charging interest on subsidy dues shall be taken up by the GESCOM with the Government, as non-release of subsidy results in borrowing from other sources by paying necessary interest to pay liabilities which cannot be passed on to the consumers. In this regard, correspondence to GOK was made vide T.O. Letter No. GESCOM/FA/CA/DCA/AO/AAO(DCB)/2018-19/14843 Dtd.28th June 2018 requesting to release the Outstanding Subsidy Dues & Interest thereon. Pending outcome of the issue, we are unable to comment on the ultimate recoverability of the amount receivable.	Reference is drawn to the following orders/regulations of KERC on levying of Interest on outstanding dues: a. Clause 5 (5) of KERC Notification No. Y/02/7 Dated 19th February 2008 states that "As on date of these Regulations, if there are any arrears (Principal & Interest), payable by any consumer or class of consumers towards the tariff and the same is waived off by the GoK, the GoK shall make good the affected Person/Licensee such amounts within 3 months from the date of waiver." b. Clause 29.05 (i) of Conditions of Supply of Electricity to Distribution Licensees in the state of Karnataka states that "In case of belated payment, charge shall be levied at the rate of 1% per month on actual number of days of delay from the expiry of due date, subject to a minimum of Re.1/- for LT installations and Rs.100/ for HT Installations." c. The Hon'ble KERC in Tariff Order 2018 of GESCOM, Chapter-3: Appendix -1 under Objection No.29 directed as " The reply is noted. The matter of charging interest on subsidy dues shall be taken up by the GESCOM with the Government, as non-release of subsidy results un borrowing from other sources by paying necessary interest to pay liabilities which cannot be passed on to the consumers." In this regard, correspondence to GOK was made vide T.O. Letter No. GESCOM/FA/CA/DCA/AO/AAO(DCB)/2018-19/14843 Dtd.28th June 2018 requesting to release the Outstanding Subsidy Dues & Interest thereon. In view of the above reasons, GESCOM levied the Interest on arrears of the Water Supply & Public Lighting to Grampanchayat as Government Department is one of the consumers of GESCOM & there shall be no preferential treatment towards any consumer

		& waiver of interest will result in pass on of the burden on other consumers. Copies of the above orders/regulations are enclosed for ready reference. As there was delay in securitization and receiving of the proceeds, the levy of interest on the part of Company is correct and in accordance with the KERC instructions.
27.	Fixed deposits with State Bank India (CLTD) and interest accrued thereon have not been reconciled with the balance in books. Due to inadequate information, we were unable comment on the correctness of Interest income, accrued interest and amount of fixed deposits as at the end of the year. Further, in respect of Fixed deposit with Pragati Krishna Grameena Bank, interest accrued has been overstated by Rs. 2.09 crores due to non-reversal of earlier years' accrued interest and interest income / profit for the year is overstated by Rs.3.15 crores due to recognition of interest pertaining to earlier years.	The reconciliation of the accrued interest and reversal made in the financial year is in process. Necessary correction would be incorporated in FY 20.
28.	The Company has not provided Rs.6.33 crores towards the Open Access charges (POC Charges) and UI charges claimed by PGCIL and PCKL(towards purchase of power from Global energy private limited) pertaining to the current financial year. Due to this, Cost of power purchase is understated to that extent. In the opinion of the Management, this will not have impact on the net profit for the year, as the same would result in increase of regulatory income for the year to that extent.	GESCOM has received bills during IInd quarter of the financial year 2019-20 and as such the same could not be incorporated in the accounts of the concerned. However, as the Company is accounting for the regulatory Income to the extent of the difference in the Actual and Approved power purchase cost. As such, any changes in the power purchase cost, would result in the equal contra impact in the Regulatory Income calculation and there would not be any resultant impact on the profits.

CA

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INDEPENDENT AUDITOR'S REPORT

To the members of **Gulbarga Electricity Supply Company Limited (GESCOM)**

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

QUALIFIED OPINION

1. We have audited the standalone financial statements of **Gulbarga Electricity Supply Company Limited** ("GESCOM" or "the Company"), which comprise the balance sheet as at March 31, 2019, and 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 Standalone Ind AS Financial Statements"). We had issued audit report dated 30th August 2019 on the Financial Statements as approved by the Board of Directors on 30th August 2019. In the light of the observations during supplementary audit by the Comptroller & Auditor General of India, we are issuing this revised report, which supersedes our erstwhile report. This revised report is to be read in conjunction with the financial statements dated 30th August 2019.

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 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, 2019 and its profit, 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 to provide a basis for our qualified opinion.

1. Accrual System of Accounting: In accordance with the provision of Section 128(1) of the Companies Act, 2013, proper books of Account shall not be deemed to have been kept, if such books are not on accrual basis and according to the double entry system of Accounting. As per the Company's accounting policy, the Company recognizes the following transactions on receipt basis, which is contrary to the accrual system of accounting prescribed by the Companies Act, 2013
   a. Grants and subsidies from the Government in respect of Capital assets.
   b. Interest on delayed payment to suppliers and
   c. Penalties & Damages recovery from contractors

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2. Books of account and records:
    a. 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) now repealed by the Electricity Act, 2003. The accounting rules are followed even though the same are not in consistent with Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, in certain cases as more specifically defined in rest of the qualifications enumerated in our audit report.

    b. At present, only operations relating to billing and collection from consumers (other than HT consumers) have been computerized by Revenue Management softwares. 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. This system of accounts keeping is neither robust nor integrated and highly prone to human errors and mistakes. Further, MS-excel is not an accounting software by itself. Further the Trial Balances are generated from the excel software are not in uniform format across the Company and in majority of the cases the Cash and Journal books are only with account codes and without any account descriptions. In view of this, there is a need to have a proper integrated accounting software for transaction processing.

    c. 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. Hence, we were unable to carry out scrutiny of ledger accounts.

3. Indian Accounting Standard (Ind AS) 2 -Inventories:
    a. In accordance with the Ind As-2, the Company is required to value its inventories at lower of cost and Net Realisable Value. However, the Company is using standard cost for accounting of purchases and average cost for valuing the closing stock. Inventories include the value of scrapped assets, faulty & dismantled assets for reuse and repaired good items, which are carried at written down value. This constitutes a departure from the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013. Due to the fact that, no impact analysis has been done by the management, the impact of this deviation, on the financial statements is not ascertainable.

    b. There is a need for assessment on ageing, usefulness and the serviceability of the inventories lying at various locations in order to ascertain the requirement of provision for obsolete and idle inventories. Due to the fact that, no assessment has been carried out by the management, we are unable to comment on provision requirement on obsolete and idle inventories and related impact on financial statements.

    c. Materials lying with employees (material imprest account) amounting to Rs.216.44 lakhs (previous year Rs.180.11 lakhs) shown as part of inventory includes old items pending for regularisation. We are unable to comment on impact of above on financial statement due to non regularisation of these materials lying with employees.

    d. The Company is carrying the stock of inventory which includes items for ultimate use in supply of services and expected to be used for more than one period. As the intention / ultimate use of such items of inventory is towards creation of "Plant & Equipment", the same needs to be separately identified and classified as Capital Work-in-progress.

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e. The company's inventories include Rs.195.73 lakhs (PYRs. 186.08) material issued for temporary Installations to contractor/employees and are actually lying / being used at the site. Such material at site is being classified as inventory under the head "material with contractor" under current assets. In our opinion this classification is inappropriate, as the material issued to contractor is a notional entry in the stock records of the Company and needs to be disclosed as part of Work in progress. Due to this, the value of current assets is overstated and work in progress / Tangible assets is understated to the extent of the amount specified above.

4. Cash and Cash Equivalents:
   a. Cash and Cash Equivalents include amounts relating to cheques / DDs collected but not realised, Cash suspense balances of employees not regularized, Trial balance differences and cash misappropriations pending enquiry as summarized below:

	Name of the Accounting Unit	Nature of difference	Rs. In lakhs	Pertaining to the year
i	Gulbarga O&M division I	Difference between Trial Balance and Cash/Bank book	95.57	Since formation of the Company on demerger
ii	Various Accounting Units	Pending enquiry on account of frauds as per Special Audit	678.78	2012-13 to 2018-19

   Due to this, cash and cash equivalents as compared to the actual balances are overstated and the loss on account of possible non-recovery is not provided for on account of pendency of the issues. To the extent of overstatement of the cash and cash equivalent, the cash flow statement is in non-compliance with Ind AS-7 - "Statement of Cash flows."

   b. The method of accounting, reporting and the process of reconciliation of non-operative bank accounts for the account code 24.3 (Cash Balance) needs to be revisited, because the format of Bank Reconciliation Statement (BRS) does not give the cumulative value of unrealized cheques as at the date of reconciliation. Further, the Trial Balance at accounting unit levels should reflect each non-operative bank account instead of routing through the single common code 24.3. Uniform format for BRS should be used for operative as well as non-operative bank accounts.

   c. The company has tie up with various electronic service providers for web based electronic payments received 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. In some cases the differences are parked in "Erroneous Credits By the Bank From Online (RTGS) A/c code 46.973" (Koppal Unit). There is a need for periodical reconciliation and monitoring of these transactions.

5. Indian Accounting Standard (Ind AS) 16 on Property, Plant and Equipment:
   a. An amount of Rs. 30032.07 lakhs is shown as Capital Work-in-Progress and Rs.749.23 lakhs under Intangible assets under development. The company does not possess the detailed listing / analysis of the value of work-in-progress disclosed in the financial statements viz. aging of the pending work orders, amount involved, date of completion as per the work order and the actual progress as at the reporting date. Due to this, there is possibility of non-capitalisation inspite of the assets already put to use. Further, due to inadequate information regarding Capital Advance amounting to Rs.33608.73 lakhs, we are unable to comment on the correctness of this classification, as value of works against these advances requires conversion in to Capital

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Work in Progress or categorisation as Property, Plant & Equipment. Due to this, we are unable to comment on correctness of classification, value of Tangible assets, Intangible assets, and depreciation and amortisation impact on the financial statements.

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 .The impact of this on the financial statements is not ascertainable.

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 average cost of 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. The effect of the same on the financial statements is not quantifiable.

d. The Company capitalises the Assets after the receipt of final bill and approval by the competent authority is not in compliance with Ind AS – 16. Further, there are delays in capitalization of fixed assets and providing depreciation on the assets from the date of capitalization and not from the date when the asset was ready for intended use. In absence of documents supporting the actual date when the asset was ready to use, we are unable to ascertain the effect of lower charge of depreciation in the statement of profit & loss.

e. As reported in the audit report for the financial year ending 31-03-2018 by the predecessor auditor, reconductoring works and Scada works carried out in Koppal division were stopped and enquiry was initiated. The total value of such works suspended was Rs. 2,225.01 lakhs as on 31 March, 2015 and was shown under Capital Works in Progress due to pending disputes and these assets, though put to use, were not capitalized and depreciated appropriately. No documentary evidence including the updated status of the issue, as at the date of financial statements for the year, was available for our review. Hence, we are unable to comment on the impact of the issue on the financial statements for the year.

f. The following qualification was made by the predecessor auditor in the audit report for the financial year ending 31-03-2018:

"There was allegation of misconduct in the allotment of works contract involving huge amount for the works relating to Transformer Fencing and Fixing aerial Fuse Board by many Divisions during the financial year 2015–16 and an Enquiry was ordered in this regard by Government of Karnataka. The enquiry was completed but order was awaited. In the meanwhile, all the pending works were suspended. In the absence of detailed information on the nature, value and award of such work contract, violation of the laid down procedures and the Enquiry Order by Karnataka Government, we are not able to comment on the nature of misconduct and it's Impact on the Financials of the Company"

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No documentary evidence including the updated status of the issue, as at the date of financial statements for the year, was available for our review. Hence, we are unable to comment on the impact of the issue on the financial statements for the year.

6. In respect of loan availed from Power Finance Corporation (RAPDRP A –Originally disbursed amount Rs.3604 lakhs and Balance as on 31-3-2019 Rs.1261.92 lakhs), we were informed that, the said loan was under the scheme of conversion in to grant. The Company has not recognised interest cost for the year of Rs.9.27 crores and also reversed Rs. 7.21 crores of interest expenses recognised in earlier years based on the loan balance confirmation given by PFC. There is no specific confirmation regarding approval for conversion of loan /reversal of previous years' interest and waiver of current year's interest. This resulted in understatement of finance costs and overstatement of profit for the year by Rs. 16.48 crores.

7. Indian Accounting Standard (Ind AS) 12 Income Taxes:
   a. The Company has not created deferred tax assets /liabilities in respect of timing differences on account of depreciation, employee related costs allowed for tax purposes on payment basis, deferred revenue items and brought forward losses adjustable against future profits under the Income Tax Act. Due to this non availability of the proper data and information, we are unable to comment on the related impact on deferred tax and statement of profit and loss.

   b. Further, the Company has created deferred tax liability on the amount of revaluation reserve of freehold land as at 1-4-2016. As the ultimate intention of holding of these properties is for use in the business and not to sell such assets in near future, we are of the opinion that, creation of deferred tax liability was not appropriate and needs to be reversed. Due to this, the amount of Deferred Tax Liability is overstated and Revaluation reserve is understated by Rs. 20,726.93 lakhs.

   c. Further, all additions to fixed assets made during the year for the purposes of depreciation under Income Tax Act have been considered as additions for less than 180 days. Due to this, lower depreciation has been claimed under Income Tax Act. We are unable to quantify such amount and the related impact on deferred taxes and statement of profit and loss due to non-availability of date wise additions to assets.

8. 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 and hence we are not in a position to comment on the related compliance and impact on the financial statements of the Company.

9. Indian Accounting Standard (Ind AS) 19 on Employee Benefits
   a. The company is making contributions to Pension and Gratuity Trust based on the percentage of salary towards Gratuity and Pension liability as intimated from time to time. The Company does not possess the data relating to actuarial valuation made by the Trust for the year and correspondingly does not have any actuarial valuation provision in the financial statement against such employee benefits. Due to this, we are unable to comment on the correctness of cost of employee benefits charged to statement of profit and loss as per actuarial valuation and the disclosure as required by the Ind AS-19 in the financial statements.

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b. The Company has not ascertained the applicability of provisions of Payment of Gratuity to employees covered under NDCPS scheme. As informed to us, there are no clear directions regarding applicability of Gratuity to such employees and hence no provision has been made for the accrued gratuity liability, if any.

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

a. The Company has adopted revaluation model in respect of freehold land as at the date of transition to Ind As regime. As 3 years have elapsed since initial measurement, there is a need to revisit the same for fair value as at the date of balance sheet. In absence of remeasurement, we are unable to quantify the impact on the financial statements for the year.
b. The Company has investment in equity shares of Power Company of Karnataka Limited amounting to Rs. 251 lakhs. These investments have not been fair valued as at the date of balance sheet. Due to this, we are unable to comment on the impact on the financial statements for the year and the compliance with the Ind AS.
c. 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. Accordingly we are unable to comment on its impact on amounts of deposit and retention money and related impact on statement of profit and loss.

11. Indian Accounting Standard (Ind AS) 17 –Leases
We understand that the Company has given / taken immovable properties on lease. In some cases (leases with KPTCL) there are no terms and conditions on record. We observed instances of demands sent by the lessor towards lease rent and the same were not accounted for in the books of the company. Further, the Company has not complied with the disclosure requirements as required by the Ind AS 17.

12. Indian Accounting Standard (Ind AS) 20- Government Grants

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 has to be made based on systematic basis over useful life of the asset. The company is not in a position to demarcate the capital grants against particular asset. Accordingly, the impact of over or under charge to statement of profit and loss from deferred income cannot be ascertained.

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.

13. 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 grounds of

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application made from 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.

14. The amount shown under the head "Inter Unit Accounts ('IUT')" as at the end of the year amounting to Rs 1504.21 (CR) lakhs (previous year Rs. 685.44 (DR) Lakhs) under "Other Current Liabilities" is the un-reconciled balance pertaining to fund transfer, material transfer, assets transfer, entries for demerger of divisions and other employee transfer related entries. In absence of reconciliation of these balances, we are unable to comment on the impact on the financial statements.

15. The Company makes provision for bad and doubtful debts (Refer Para 2.12 "Significant Accounting policies") at 4% (as per Para 4.2 of Annexure V of ESAAR, 1985) on the balance of sundry debtors for sale of power outstanding as at the end of the year in case of LT Consumers. The Company is having old outstanding dues receivable (under LT category) from IP set installations, including interest, 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) amounting to Rs. 70628.96 Lakhs. The Company is making provision @ 10% on these dues and the same appears to be inadequate as the entire dues are doubtful. As at the date of balance sheet, the un-provided portion of the dues is Rs. 43868.56 lakhs. Accordingly, had the same been provided fully, profit under the statement of profit and loss would have been lower by Rs. 43868.56 lakhs and the balance of Other Financial Assets would have been lower to that extent.

16. Confirmation of balances / Reconciliation: The Company does not have the procedure of obtaining confirmations 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. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss which may arise on account of non-recovery or partial recovery of such dues is not ascertained. Accordingly we are unable to comment on the impact of such provisioning on statement of profit and loss.

17. Reserve for Material Cost Variance: As described in Note No. 2.20 of the Accounting policies, material cost variance is being adjusted to Reserve & Surplus instead of charging to Statement of Profit & Loss which is not in accordance with the Generally Accepted Accounting Principles.

18. Other noncurrent financial liabilities includes Provision made by GOK towards consumers amounting to Rs. 596.95 lakhs, BRP II Adjustment given by GOK i.r.o SMIORE Rs. 1293.06 lakhs and Other Payables to GoKRs. 335.28 Lakhs. These balances are pending from many years and company has no information with respect to these balances. Accordingly we are unable to comment on any write back or any provision to be made under these balances and its related impact on financial statement.

19. Other noncurrent liabilities include deposit contribution work amounting to Negative amount of Rs. 75.86 lakhs for the year ended March 31, 2018. Company has no information for reason to be negative amount and accordingly we are unable to comment on its related impact on financial statement.

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20. Following Expenses Account Heads grouped under "Other Expenses" are showing negative balances. Reasons for the same were not satisfactorily explained. These amounts should have been regrouped to Income Account Heads:

    i) Freight and other material related expenses-Rs.-376.26 lakhs (PY Rs. 83.42 lakhs)
    ii) Miscellaneous losses- Rs.-516.29 lakhs (PY Not applicable)

21. The Company has not made provision for interest claimed by generators pertaining to the year 2011 to 2018 amounting to Rs. 467.69 lakhs and the reasons for the same were not explained satisfactorily.

22. The Company has written back to income amounting Rs. 618.36 lakhs towards the unidentified credits in Bank Statement for more than 3 years. This write back is not based on the individual ageing of such credit entries and hence we are unable to comment on the correctness of this writeback.

23. 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.

24. Non-Compliance with the requirements of Schedule III to the Companies Act 2013

    a. 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, receivable from Government in respect of sale of electricity which are discharged by Government on behalf of consumers of IP sets / BJKJ installations/ RDPR dues amounting to Rs. 1,39,019.28 lakhs as at the balance sheet date are classified by the Company under "Other Financial Assets 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.

    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.

    d. The financial statements drawn up in compliance with the Companies (Indian Accounting Standards) Rules, 2015 shall round off the figures appearing in the financial statements to the nearest, lakhs, millions or crores, or decimals thereof, if turnover is one hundred crore rupees or more. However, the Company has prepared the financial statements with figures in rupees.

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e. The Company has received share application money from Government of Karnataka and such amounts are kept under share deposit pending allotment of shares beyond 60 days from the receipt of money. This in not in compliance with the provisions of Section 42 of Companies Act 2013.

25. 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 as a result 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.

26. The Company has provided an amount of Rs. 4.66 crores as Provision for Family Benefit Fund. However, as per the Actuarial Report for the period ended 31 March, 2019,an amount of Rs.5.53 crores should have been recognised as Non-Current Liability. As a result, Non-Current Provisions, Employee cost is understated and Profit for the year is overstated by Rs. 0.86 crores. Further this amounts to non-compliance with Ind AS 19.

27. The Company has not provided Rs. 3.54 crores towards interest claimed by suppliers on delayed payments. Due to this Finance cost and Current provisions are understated and profit for the year is overstated to that extent.

28. The Company has accounted Rs 206.13 Crore as interest receivable from Government of Karnataka for sale of power to Water Supply and Public Lighting to Gramapanchayath. The Government of Karnataka vide its order dated EN 3 PSR 2016/P3, dated 31-03-2017 accorded approval for securitisation of Gram panchayath dues (including interest) of Rs 748.48 crore. The company has levied an interest of Rs 206.13 crore on the funded amount and accounted the same as receivable from Government of Karnataka. The issue is not acknowledged by the Government of Karnataka. As informed to us, the matter of charging interest on subsidy dues shall be taken up by the GESCOM with the Government, as non-release of subsidy results in borrowing from other sources by paying necessary interest to pay liabilities which cannot be passed on to the consumers. In this regard, correspondence to GOK was made vide T.O. Letter No. GESCOM/FA/CA/DCA/AO/AAO(DCB)/2018-19/14843 Dtd.28th June 2018 requesting to release the Outstanding Subsidy Dues & Interest thereon. Pending outcome of the issue, we are unable to comment on the ultimate recoverability of the amount receivable.

29. Fixed deposits with State Bank India (CLTD) and interest accrued thereon have not been reconciled with the balance in books. Due to inadequate information, we were unable comment on the correctness of Interest income, accrued interest and amount of fixed deposits as at the end of the year. Further, in respect of Fixed deposit with Pragati Krishna Grameena Bank, interest accrued has been overstated by Rs. 2.09 crores due to non-reversal of earlier years' accrued interest and interest income / profit for the year is overstated by Rs.3.15 crores due to recognition of interest pertaining to earlier years.

30. The Company has not provided Rs.6.33 crores towards the Open Access charges (POC Charges) and UI charges claimed by PGCIL and PCKL(towards purchase of power from Global energy private limited) pertaining to the current financial year. Due to this, Cost of power purchase is understated to that extent. In the opinion of the Management, this will not have impact on the net profit for the year, as the same would result in increase of regulatory income for the year to that extent.

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EMPHASIS OF MATTER

Without modifying our opinion, we report that

1. Regulatory Income / (Expenses) : Attention is invited to Note No.15 and 42 regarding recognition of revenue during the year, on account of creation of Regulatory Assets, which 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.
2. Attention is drawn to Note 55 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. No provision for the same has been made in the books.
3. We had issued audit report dated 30th August 2019 on the Financial Statements as approved by the Board of Directors on 30th August 2019. In the light of the observations during supplementary audit by the Comptroller & Auditor General of India (CAG) under section 143(6)(b) of the Companies Act, 2013 and the communication received from the company regarding its decision not to revise the financial statements approved by it on 30th August 2019, we have issued this revised report at the request of Company to incorporate the additional matters observed by CAG. There is no change in the financial statements approved on 30th August 2019. Hence, attention is drawn to modifications / additions of Sl. Nos.6, 24(e), 26 to 30 of "Basis for qualified opinion" para and Sl.No.13 of "other matters" of the audit report.

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 standalone Ind AS financial statements and auditors report thereon. Such information was not available at the time of issue of this report and is expected to be made available to us after the date of this auditor's report.
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 accounting Standards specified under section 133 of the Act. 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.

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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 STANDALONE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in plakhe 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 standalone 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 standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

1. Power purchase expenses are accounted based on the supplier's invoices till date and provisional energy reconciliation statement by SLDC. Therefore, the power purchase cost is subject to revision on account of final reconciliation and impact of the same on financial statements for the year is not ascertainable.

2. Loan from Power Finance Corporation through Government of Karnataka amounting to Rs.284.53 lakhs is subject to confirmation.

3. Documents of title deeds, (about 10%) in respect of certain Land & Building and vehicles, transferred by M/s. KPTCL to the Company consequent to unbundling of distribution operation are not held in the name of the company.

4. The control account balances as reflected by the general ledger at divisions and TRM systems in respect of consumer security deposits are not fully reconciled. The impact of the same the financial statements is not ascertainable.

5. Ageing of trade receivables and balances as per DCB are based on the statements provided by the individual divisions, which are yet to be reconciled with the consumer wise ledger maintained and managed by the third party. We have relied on the statements provided by management for the correctness of the same.

6. The Company has separate vertical setup of in-house internal audit department. The coverage of the said audit is inadequate. E.g. Verification of entries in the primary books of account from the vouchers, Information Systems Audit, Physical verification of stocks & fixed assets, compliance & adherence to various provisions of Tax Laws &Labour Laws are the areas need to be covered under audit. Considering the size of the Company and volume of its business, we are of the opinion that the present system requires to be strengthened and audit department needs to be adequately staffed.

7. The company has a practice of booking power purchase at lesser than the amount billed by supplier based either on KERC Notification/on account of mistakes committed by suppliers. However the

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short bookings etc. are not intimated to the suppliers by way of debit note on them (or) obtaining a credit note from them. This could compound the problem of reconciliation.

8. The Company has contributed Rs. 1400 lakhs towards Jurala Project in the year 2013 and detailed terms and conditions of this advance / contribution and the present status is not available for the appropriate treatment in the books of Company.

9. The company has been incurring capital expenditure under Ganga Kalyana scheme as per the orders of the Government of Karnataka(GOK) from time to time. Under the scheme, the GOK has been contributing fixed amount per beneficiary through the various departments. There is no one-to-one identification of the assistance received with the related asset capitalised. Even the accounting guidelines issued by the Corporate office are not uniformly followed at the accounting units. Therefore there is possibility of accounting mismatch of the revenue from Grant and the capitalisation of the related asset and depreciation charge to the statement of profit & loss.

10. The differences in balances as per generated DCB (as per Software) and submitted DCB in excel were observed in respect of tests conducted by us. These balances need to be set right.

11. There is no regular follow-up on exceptional reports on Revenue Leakage like MNR (Meter Not Recorded),NRG (No Reading Generated) and Zero Consumption, available in the billing software (RAPDRP and Software implemented by TRM-Total Revenue Management agencies). A close monitoring and timely action on these exceptional reports could strengthen the internal controls.

12. The comparative financial information of the Company for the year ended 31 March 2018 and the transition date opening balance sheet as at 1 April, 2016 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by the predecessor auditor who had audited the statutory standalone financial statements for the years ended 31 March 2017 and 31 March 2018. The predecessor auditor has expressed qualified opinion on those financial statements vide report dated 21-11-2018.

13. The investment value and number of equity shares in M/s Power Company of Karnataka Limited are subject to confirmation and reconciliation. Further, Face Value per share have not been disclosed along with the number of shares.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 (the Order), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. **As required by Section 143(3) of the Act, we report that :**
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. 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

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have been received from the divisions not visited by us, subject to our observations in para 1 & 2 of "BASIS FOR QUALIFIED OPINION" above

c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), standalone 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 Sl. Nos 3 to 5, 7 to 13, 23,25 and 26 of the Basis for Qualified Opinion paragraph above, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014.

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

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

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
   i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements;
   ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
   iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company, - Refer Note 49 to the Financial Statement.

3. As required by section 143 (5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken there on and its impact on the accounts and financial statements of the company is, herewith enclosed as "Annexure – C

For M/s P.G.Bhagwat
Chartered Accountants, FRN:101118W

M/s. P. G. BHAGWAT FRN 101118W Chartered Accountants

S.B.Pagad
Partner.M.No. 206124
UDIN: 19206124AAAAFO4933
Gulbarga, dated 11th November,2019

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 2019.

1. a) The Company has maintained records for fixed assets. However the same does not give particulars about quantitative details, cost of acquisition and situation of fixed assets in the Fixed Assets Register.

   b) We are informed that Company has carried out the physical verification of its fixed assets during the period of review as per the scheme of physical verification regularly followed. However, the adequacy of documentation is required in this regard. Hence, we are not in a position to comment on the discrepancies, if any between the physical and book balances.

   c) The title deeds of immovable properties, were not held in the name of the Company in respect of certain assets reported in Sl. No.3 of "Other Matters" of our report.

2. a. As informed to us the inventory was physically verified during the year by the management.

   b. The company is maintaining proper records of inventory. According to the information and explanations given to us the discrepancies noticed during physical verification between the physical stocks and the book records have been properly dealt in the books of the company.

3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.;

4. The Company has not given any given loans / investments / guarantees to which the provisions of Sec 185 and 186 of the Companies Act, 2013 apply.

5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

6. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and 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.

7. a) The Company has been generally regular in depositing with the appropriate authorities undisputed statutory dues viz., provident fund, employee state insurance, Sales-tax, service tax, duty of customs, duty of excise, 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, 2019;
   i) An amount of Rs. 10.37 lakhs in Koppal division and Rs. 7.98 lakhs in Bellary rural division lying under the head 'Employee Welfare Trust' (since 31-3-2016).

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ii) Dues towards Income Tax (TDS) default for short deduction/ short payments/ late deduction/ late payments/ late filings and interest thereon for the financial years starting from 2007 and onwards amounting to Rs. 30.85 lakhs.

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. The particulars of dues of Sales Tax & Income Taxes as at March 31, 2019 which have not been deposited on account of a dispute, are as follows

Name of the Statute	Nature of dues	Amount (Rs. In lakhs)	Forum where the dispute is pending
Income Tax Act, 1961	Default in TDS statements for short deduction/ short payments/ late deduction/ late payments/ late filings and interest thereon for financial years starting from 2007 and onwards	268.56	Department of Income Tax (TDS)
Central Sales Tax Act 1957	Issue of C-Forms	82.55	Karnataka Appealated Tribunal
Income Tax Act, 1961	TDS on Transmission charges & others	Rs. 10377.58	The honorable Supreme Court of India

8. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. However the company has not executed any documents with the financial institutions nor does it possess any documents in respect of loans transferred from KPTCL to the Company consequent to unbundling of transmission and distribution activities. Hence we are unable to comment on default made in repayment of these dues to a financial institution or bank.

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

10. As per the information and explanations furnished to us by the management, frauds on the Company at various accounting units amounting to Rs.37.99 lakhs, have been reported during the year.

11. As per Notification dated 05.06.2015 the Provisions relating to section 197 of Companies Act, 2013 is not applicable to the Government Company. Hence the Company is not required to comply with the above Provision.

12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

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13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014.

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

15. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For M/s P.G.Bhagwat
Chartered Accountants
Firm's Registration Number:101118W

M/s. P. G. BHAGWAT FRN 101118W Chartered Accountants

S.B.Pagad
Partner.M.No. 206124
Gulbarga, dated 11th November,2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE 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, 2019, in conjunction with our audit of the standalone 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.

M/s. P.G. BHAGWAT * FRN 101118W * Chartered Accountants

Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting as at March 31, 2019 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 standalone financial statements of Gulbarga Electricity Supply Company Limited, which comprise the Balance Sheet as at March 31, 2019, 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, 2019 financial statements of Gulbarga Electricity Supply Company Limited and this report does not affect our report dated 30-08-2019 which expressed qualified opinion on those standalone financial statements.

For M/s P.G.Bhagwat
Chartered Accountants
Firm's Registration Number:101118W

S.B.Pagad
Partner.M.No. 206124
Gulbarga, dated 11th November,2019

M/s. P. G. BHAGWAT
FRN
101118W
Chartered Accountants

ANNEXURE –" C" THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE 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 2018-19 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	Responses
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. These softwares are managed by third parties and in our opinion require Information System audit to ensure proper controls on processing. All other transactions are processed manually or through excel spread sheets. The processing of accounts is not integrated. Due to this, there are possibilities of inaccurate processing and process is vulnerable to subsequent modifications. Due to this, the financial implication cannot be ascertained.
3	Whether there is any restructuring of an existing loan or cases of waver/ write off to debits / loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, financial impact may be stated.	As informed to us there are no such instances.
4	Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilised as per its term and conditions? List the cases of deviation.	We have reviewed the certified statement of amounts received under specific schemes. Based on the statement and our general enquiry, the terms and conditions have been followed. However, With regard to accounting of conversion of loan from PFC in to grant (RAPDRP –Part A), there were no documentary evidence for conversion in to grant. But, the company has not accounted for finance cost for the year and also reversed the interest expenses of earlier years. (Refer para 6 of our audit report)

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Additional Company Specific Directions:

Sl. No.	Directions	Responses	Impact On Financial Statements
a.	Report on the efficacy of the system of billing and collection of revenue in the Company. Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing was ensured.	➢ Presently, there are three software's implemented throughout GESCOM FOR Billing, collection and consumer ledger maintenance. a. Software developed under the R-APDRP and being implemented as per the specifications prescribed by the central Government through ministry of power and PFC. This software has been put to use with all modules in the urban areas of GESCOM covering 21 towns, though there were issues during the initial phase of the implementations of this scheme. b. In the other areas, software developed by M/s. N Soft Ltd and M/s. BCIT Ltd have been installed whose scope is limited to billing, collection and ledger account maintenance. ➢ As informed to us, tamper proof meters are being installed in the urban areas of the GESCOM under the IPDS & DDUGJY Program and as of now the work is not yet completed. Refer Sl. No. 4,5,10 & 11 of "Other Matters" paragraph of auditor's report regarding consumer billing, collection and ledger accounts maintenance.	Not ascertainable

M/s. P. G. BHAGWAT
FRN 101118W
Chartered Accountants

b.	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.	➢ It is informed that Reconciliation of receivables/ payables between Distribution companies/ Transmission Companies is in progress. However, no documents regarding the progress were available for our review. ➢ In this regard, refer Sl. No 16 of the "Basis for Qualified Opinion" para of our audit report.	Not ascertai nable
c.	Whether the Company has been recovering and accounting, the State Electricity Regulatory Commission (SERC) approved Fuel and Power purchase Adjustment Cost (FPPCA)?	It Is Informed that Fuel Escalation adjustment is approved by State Electricity Regulatory Commission and the same is considered for billing to Consumers to the extent of the period of approval and is accounted as revenue. Details are below 1. Period from 1/4/2018 to 30/06/2018 – FAC is "0" paisa (order dated 02/04/2018) 2. Period from 01/07/2018 to 30/09/2018 – Increase of FAC by 4 paisa(order dated 28/06/2018) 3. Period from 1/10/2018 to 31/12/2018 – Increase by 1 paisa (order dated 14/09/2018) 4. Period from 1/01/2019 to 31/03/2019 –FAC is "0" paisa (order dated 18/12/2018)	Not ascertainab le
d.	How much tariff roll back subsidies have been allowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Government?	It is informed that no roll back tariff subsidies have been received during the year.	Not applicable

M/s. P. G. BHAGWAT ★ FRN 101118W ★ Chartered Accountants

e.	If the audited entity has computerized its operations or part of it, assess and report, how much of the data in the company is in electronic format, which of the area such as accounting, sales personnel information, payroll, inventory etc. have been computerized and the company has evolved proper security policy for data/ software/ hardware?	➢ The Company has computerized only areas related to revenue billing, collections and consumer ledger maintenance. However Company does not have proper security policy for data, software and hardware. ➢ It is understood that no specific IS audit has been carried out during the financial year in this area.	Not ascertai nable

For M/s P.G.Bhagwat
Chartered Accountants
Firm's Registration Number:101118W

M/s. P. G. BHAGWAT FRN 101118W Chartered Accountants

S.B.Pagad
Partner.M.No. 206124
Gulbarga, dated 11th November,2019

GULBERGA ELECTRICITY SUPPLY COMPANY LTD.,

DIST: GULBERGA

COST AUDIT REPORT

FOR THE F Y 2018-19

FROM :
S K TIKARE & Co
COST ACCOUNTANTS
CTS No 623/A, CONGRESS ROAD,
TILAKWADI, BELGAUM.
E-MAIL : sanjay_tikare@yahoo.co.in
CELL No : 9343367678

CMA

M No : 9343367678, 8073118985
e-mail : sanjay_tikare@yahoo.co.in

S K TIKARE & CO
COST ACCOUNTANTS

CTS NO. 623/A, 1st FLOOR, OFFICE NO : 2, CONGRESS ROAD, BESIDE PARATHA CORNER
HINDU NAGAR, TILAKWADI, BELGAUM- 590 009.

Ref :

Date :

COST AUDIT REPORT

We, **S K Tikare & Co, Cost Accountants** having been appointed as Cost Auditors under Section 148(3) of the Companies Act, 2013 (18 of 2013) of **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 under section 148 of the said Act, in compliance with the cost auditing standards in respect of the **Electricity Industry – Distribution and retail supply of electricity** for the financial year **2018-19** maintained by the company and report, in addition to our observations and suggestions in Para2.

(i) 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.

(ii) In our opinion, proper cost records, as per Companies (Cost Records and Audit) Rules, 2014 have been maintained by the company in respect of service under reference (Confirmed by the company in their letter of representation).

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

(iv) 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.

(v) In our opinion, the company has adequate system of Internal Audit of Cost Records which is commensurate to the nature and size of its business. (Confirmed by the company in their letter of representation).

(vi) In our opinion, information, statements in the annexure to this cost audit report gives a true and fair view of the cost of service rendering, cost of sales, margin and other information relating to services under reference.

(vii) Circle wise cost statements and schedules thereto in respect of the services under reference of the company duly audited and certified by us are kept in the company.

S. K. TIKARE & CO. M.No: 020794 F.R. No: 101039 BELGAUM COST ACCOUNTANTS

CMA

M No : 9343367678, 8073118985
e-mail : sanjay_tikare@yahoo.co.in

S K TIKARE & CO
COST ACCOUNTANTS

CTS NO. 623/A, 1st FLOOR, OFFICE NO : 2, CONGRESS ROAD, BESIDE PARATHA CORNER
HINDU NAGAR, TILAKWADI, BELGAUM- 590 009.

Ref :

Date :

2 (i) Observations: Nil

2 (ii) Suggestions

The quantity of power purchased and billed for 2018-19 is given below:

2018-19			
	MU	Rs in Crores	Rate per unit Rs
Power Purchased	8796.04	3949.241	4.48
Power Sold & Billed	7528.30	5078.440	6.75
Distribution Loss	1267.74(14.41%)		

It was learnt that distribution loss is more in Rural distribution compared to urban distribution. Efforts may be made to reduce distribution losses to improve the working results of the company.

Note:

a) We have conducted the audit in accordance with the Guidance Manual for Audit Quality issued by the Quality Review Board of the Institute of Cost Accountants of India. An audit includes examining on a test basis, various Cost Accounting Records, Cost Statements and Annexure to the Cost Audit Report. We believe that our audit provides a reasonable basis for our opinion.

b) The cost accounting records of the company have been maintained in accordance with CRA-1 of the Rules and are also in conformity with generally accepted cost accounting principles and cost accounting standards issued by the Institute of Cost Accountants of India to the extent these are found to be relevant and applicable .

c) In our opinion, the company has a well laid down Budgetary Control System. (Confirmed by the company in their letter of representation).

d) The Annexure to the Cost Audit Report is an integral part of this report.

e) The quantitative information shown in Part C-1 in respect of the service is as certified by the management.

f) Reconciliation of Indirect Taxes for the company as a whole (Part D - 6) is based on the monthly returns submitted by the company to the various authorities and prima facie reviewed by us. We have not carried out detailed audit of the same.

S.K. TIKARE & CO. M.No: 020794 F.R. No: 101039 BELGAUM COST ACCOUNTANTS

Ref : Date :

g) The Cost Audit Report and Annexure's have been prepared based on accounts for 2018-19 Audited by Statutory Auditors and C&AG, considering a turnover of Rs. 5,07,844.00 lakhs and a Profit of Rs.34,806.336 lakhs for the year and the letter of representation given by the company.

h) Previous year's figures have been revised / regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

i) It is confirmed by the company that the accounts for 2018-19 are IND AS compliant and for fair comparison the figures for 2017-18 have also been made IND AS compliant by reclassification/regrouping of income, expenditure, assets and liabilities.

Date:
Place: Dharwad

S. K. TIKARE & CO. M.No: 020794 F.R. No: 101039 BELGAUM COST ACCOUNTANTS

For S K Tikare & Co
Cost Accountants

CMA. Sanjay K Tikare
M No 20794, Firm No.101039
UDIN : 1920794ZZNDIPTT70Q

BY REGISTERED POST
CONFIDENTIAL

No. AG (E&RSA)/ES-II/PS/2019-20/F- 234 **Date: 14.11.2019**

To
The Managing Director
GulbargaElectricity Supply Company Limited,
Corporate Office, Registered Office at Station Road,
Gulbarga, Karnataka – 585102

Sub: Comments of the Comptroller & Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of **Gulbarga Electricity Supply Company Limited, Gulbarga** for the year ended **31 March 2019.**

Sir,

I forward herewith **Comments** under section 143(6)(b) of the Companies Act, 2013 on the accounts of **Gulbarga Electricity Supply Company Limited, Gulbarga** for the year ended **31st March 2019.**

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,

(ANUP FRANCIS DUNGDUNG)
ACCOUNTANT GENERAL
(ECONOMIC & REVENUE SECTOR AUDIT)
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, GULBARGA FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of financial statements of **Gulbarga Electricity Supply Company Limited, Gulbarga** for the year ended **31 March 2019** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory 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 **11.11.2018** which supersedes their earlier Audit Report dated **30.08.2019.**

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, Gulbarga** for the year ended **31 March 2019** 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 made in the Statutory Auditors' Report, 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 behalf of the
Comptroller & Auditor General of India

(ANUP FRANCIS DUNGDUNG)
ACCOUNTANT GENERAL
(ECONOMIC & REVENUE SECTOR AUDIT)
KARNATAKA, BENGALURU

Place: Bangalore
Date: 14.11.2019

P.K. Pande & Associates
Sampark & Co.,
Company Secretaries &
Insolvency Professionals

139, 3rd Floor, Shalimar Galaxy,
1st Main Road, Seshadripuram,
Bengaluru - 560 020. INDIA.
Tel / Fax : 080 - 2346 5808
Cell : 94480 89774
E-mail : pande@pkpandeassociates.com
pkpande1@gmail.com
Web : www.pkpandeassociates.com

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

[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, 2019 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, 2019 according to the applicable provisions of:

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

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, 1992;
(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
(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, 2008;
(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, 2009; and
(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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 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.

The Co has constituted Central Purchase Committee and held seven meetings during the audit period. The other committees did not convene their meetings.
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.

Observations / qualifications:

(a) The MGT-1 & share transfers ledgers are not kept and maintained in the Registered office of the Company. The management was unable to show the Statutory books required to be kept, maintained and preserved as a permanent document as per the CA 1956.

(b) The endorsement on the back side of the share certificates for having effected transfer has not been done according to the information obtained during the audit.

(c) The Company is yet to adopt the Table 'F' for its AoA.

(d) There is scope to improve the implementation of SS-1 & SS-2.

(e) MBP-1 was placed in the second BM of the audit period in respect of five directors alone against the requirement of placing them in the first Board Meeting of the financial year of all the Directors.

(f) The nature and size of the Company demands constitution of Nomination and Remuneration Committee under section 178 & establish Vigil Mechanism system under section 177 of Companies Act, 2013.

(g) The Company has not appointed the whole time Company Secretary required under section 203 of Companies Act, 2013 and committed contravention of the provisions of the said Section.

(h) The Company has not filed the e-form ACTIVE - INC-22A as a result the Company's status and that of the Directors has been marked as "ACTIVE Non-Compliant" on the website of the MCA. The pre-perquisite for filing this form is compliance under section 203, viz., appointment of qualified whole time Company Secretary on rolls.

(i) The appointment of Directors is based on the notification issued by the GoK. As per the notification, the appointees' designation has to be "Nominee Directors", and other derivatives such as 'independent', 'whole-time', 'Managing Director', 'Executive', 'Non-executive', shall follow as the case may be. The basic characteristic of all the directors is 'nominee director' as they are nominated by GoK.

(j) The Company has to host a copy of the Annual returns on the website of the Company mandatorily and CSR Policy, which has not been done.

(k) There shall be Board's authorization for a specific Director to use his Digital Signature while filing each and every e-form and the date of the BM and the resolution number should be filled in the e-forms. It is observed that in the e-forms some of the dates have been shown, but on some of those dates belong to the year 2016 where no such authorization was given. It is also observed that an authorization was given on 18.6.2018, but no BM was held on that date.

(l) The Company shall have atleast 1/3 of Independent directors of total directors on the Board of the Company, as per section 149(6) of the CA 2013. The status of none of the Directors has been selected as "Independent".

(m) The Company should send the notice of EGM & AGM to the Office of the Governor, as the Hon'ble Governor is the shareholder of the Company, which not been done.

P K Pande & Associates,
Company Secretaries.

S. Pralhad

C.P. No. 3984

P K Pande-Proprietor
Membership No:5487

Place: Bangalore
Date: 20/09/2019

P K Pande & Associates
Company Secretaries.

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.

P K Pande & Associates
Company Secretaries
S. Pralhad
C.P. No. 3984

P K Pande-Proprietor
Membership No:5487

Place: Bangalore
Date: 20/09/2019

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
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

P K Pande & Associates
Company Secretaries

S. Pralhad

C.P. No. 3984

P K Pande-Proprietor
Membership No:5487

Place: Bangalore
Date: 20|09|2019

RESPONSES TO OBSERVATIONS / QUALIFICATIONS MADE BY SECRETARIAL AUDITOR IN HIS REPORT FOR FY 2018-19

Sl.No.	Qualifications / Observations by Secretarial Auditor	Management Replies
1	**The MGT-1 & share transfers ledgers are not kept and maintained in the Registered office of the Company. The management was unable to show the Statutory books required to be kept, maintained and preserved as a permanent document as per the CA 1956.**	Noted for compliance. Company's all Statutory Registers are maintained at Karnataka Power Corporation Limited where all compliances under Companies Act were used to be carried out. As the Company has appointed full time Company Secretary as required under Section 203 of the Companies Act, 2013, these Statutory Documents would be maintained at the Registered Office of the Company henceforth.
2	**The endorsement on the back side of the share certificates for having effected transfer has not been done according to the information obtained during the audit.**	Noted for compliance.
3	**The Company is yet to adopt the Table 'F' for its AoA.**	Noted for compliance. Company is in the process of complying with the same.
4	**There is scope to improve the implementation of SS-1 & SS-2.**	Noted.
5	**MBP-1 was placed in the second BM of the audit period in respect of five directors alone against the requirement of placing them in the first Board Meeting of the financial year of all the Directors.**	The delay was due to inadvertence. Due care would be taken henceforth in complying with the provisions of the Act.
6	**The nature and size of the Company demands constitution of Nomination and Remuneration Committee under section 178 & establish Vigil Mechanism system under section 177 of Companies Act, 2013.**	Noted for compliance. The Company is in process of complying with the same.
7	**The Company has not appointed the whole time Company Secretary required under section 203 of Companies Act, 2013 and committed contravention of the provisions**	The Company has appointed the full time Company Secretary as required under Section 203 of the Companies Act, 2013 and the said

	of the said Section.	Company Secretary has reported to duty w.e.f. 18th September 2019.
8	**The Company has not filed the e-form ACTIVE - INC-22A as a result the Company's status and that of the Directors has been marked as "ACTIVE Non-Compliant" on the website of the MCA. The pre-perquisite for filing this form is compliance under section 203, viz., appointment of qualified whole time Company Secretary on rolls.**	Noted for compliance. As the Company has appointed Company Secretary – one of the pre-requisites for filing INC-22A – the same would be filed with ROC.
9	**The appointment of Directors is based on the notification issued by the GoK. As per the notification, the appointees' designation has to be "Nominee Directors", and other derivatives such as 'independent', 'whole-time', 'Managing Director', 'Executive', 'Non-executive', shall follow as the case may be. The basic characteristic of all the directors is 'nominee director' as they are nominated by GoK.**	In exercise of powers conferred under Article 74 of Articles of Association of the Company, GoK appoints Directors on the Board of the Company. These directors appointed on the Board are not necessarily be nominee directors unless appointed as such by the Government. Article 76 of the Articles of Association of the Company deals with Nominee Director and prescribes that Nominee Director may be appointed by the Financial Institutions / Corporations. As such re-designation of all Directors of the Company as 'Nominee Directors' is not warranted. W.r.t. re-designation of Managing Director, Independent Directors, necessary compliance would be done.
10	**The Company has to host a copy of the Annual returns on the website of the Company mandatorily and CSR Policy, which has not been done.**	Note for compliance.
11	**There shall be Board's authorization for a specific Director to use his Digital Signature while filing each and every e-form and the date of the BM and the resolution number should be filled in the**	Noted for compliance. This was an inadvertent error. Due care would be taken while filing e-forms with Ministry.

	e-forms. It is observed that in the e-forms some of the dates have been shown, but on some of those dates belong to the year 2016 where no such authorization was given. It is also observed that an authorization was given on 18.6.2018, but no BM was held on that date.	
12	The Company shall have atleast 1/3 of Independent directors of total directors on the Board of the Company, as per section 149(6) of the CA 2013. The status of none of the Directors has been selected as "Independent".	Section 149 (4) of the Companies Act, 2013 provides that every listed Company shall have 1/3rd of the total number of directors as Independent Directors. Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, prescribes that every public company meeting criteria under the said Rule shall have atleast 2 (Two) directors as Independent Director. As such, appointing 1/3rd of Independent Directors is not applicable to our company as the Company is an unlisted public company. However, the Company has already appointed Independent Directors in accordance with Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014. Necessary formalities would be completed to ensure that the status of Independent Director is reflected on MCA website.
13	The Company should send the notice of EGM & AGM to the Office of the Governor, as the Hon'ble Governor is the shareholder of the Company, which not been done.	Noted for compliance.

DIRECTOR (TECHNICAL)
GESCOM

MANAGING DIRECTOR
GESCOM

GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED

Annual Accounts

FY 2018-19

(CIN NO. - U04010KA2002SGC030436)

Regd Office :
Station Road,

Gulbarga – 585102
E-Mail: mdgesco@gmail.com
Website: www.gescom.in

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

BALANCE SHEET AS AT MARCH 31,2019

Amt in Rs.

Particulars	Note No.	As at March 31,2019	As at March 31,2018
I. **ASSETS**			
A **Non-current assets**			
(a) Property, plant and equipment	3	37,23,45,29,517	35,66,68,66,600
(b) Capital work-in-progress	4	3,00,32,07,285	84,79,98,245
(c) Intangible Assets under Development	5	7,49,23,008	7,40,17,653
(d) Financial assets	6		
(i) Investments		2,51,00,000	2,51,00,000
(ii) Loans		16,41,54,856	17,11,45,803
(e) Deferred tax assets	7	-	-
(f) Other non-current assets	8	3,36,48,65,611	1,85,63,97,094
Total Non-current assets		43,86,67,80,277	38,64,15,25,395
B **Current assets**			
(a) Inventories	9	2,01,85,20,333	1,82,73,06,659
(b) Financial assets			
(i) Unbilled Revenue	10	2,58,00,28,138	2,37,26,90,170
(ii) Trade receivables	11	10,14,85,65,707	7,75,49,10,491
(iii) Cash and cash equivalents	12	1,13,38,13,658	63,20,77,227
(iv) Bank balances other than (iii) above	12	40,35,97,192	40,80,58,125
(v) Other financial assets	13	22,56,62,99,682	14,42,77,10,179
(c) Other Current Assets	14	3,73,34,800	3,69,94,236
Total Current assets		38,88,81,59,510	27,45,97,47,087
Total Assets before Regulatory Deferral Account		82,75,49,39,787	66,10,12,72,482
C **Regulatory Deferral Account debit balances and related deferred tax**	15	11,38,83,82,156	8,10,11,29,873
TOTAL ASSETS		94,14,33,21,944	74,20,24,02,355
II **EQUITY AND LIABILITIES**			
A **EQUITY**			
Shareholders' funds			
(a) Share capital	16	11,14,95,61,040	11,14,95,61,040
(b) Other equity	17	(70,01,55,537)	(5,50,48,23,092)
Total Equity attributable to equity share holders of the Company		10,44,94,05,503	5,64,47,37,948
B **LIABILITIES**			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	8,21,84,32,306	6,33,65,47,052
(ii) Other financial liabilities	19	5,54,04,61,737	5,14,81,93,912
(b) Provisions	20	71,12,11,843	49,89,24,163
(c) Deferred revenue	21	9,53,33,97,775	7,52,20,72,199
(d) Deferred tax liabilities (net)	7	1,98,27,36,252	1,98,27,36,252
(e) Other non current liabilities	22	51,11,33,624	(75,86,251)
Total Non current liabilities		26,49,73,73,537	21,48,08,87,326
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	63,95,00,331	74,39,69,617
(ii) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	24	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		49,46,24,95,173	41,34,51,73,942
(iii) other financial liablities	25	6,65,32,80,519	4,98,40,07,141
(b) Provisions	26	12,14,72,928	9,17,65,577
(c) Other current liabilities	27	31,97,93,953	(8,81,39,196)
(d) Deferred revenue	21	-	-
(e) Current Tax Liabilities (Net)	28	-	-
Total Current liabilities		57,19,65,42,904	47,07,67,77,081
TOTAL EQUITY AND LIABILITIES		94,14,33,21,944	74,20,24,02,355

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

Shankar Pagad
Partner
Membership No: 206124

B Abdul Wajid
Chief Financial Officer

For and on behalf of the Board of Directors

R Jayakumar
Director (Technical)

Dr. R Ragapriya, IAS
Managing Director

Place : Kalaburagi
Date : 30 AUG 2019

P G BHAGWAT FRN 101118W Chartered Accountants

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

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

Amt in Rs.

	Particulars	Note No.	Current Year ₹		Previous Year ₹	
I	Revenue from operations	30		50,78,44,00,218		42,91,75,72,146
II	Other income	31		1,27,64,61,744		1,10,16,77,239
III	**Total revenue (I + II)**			**52,06,08,61,962**		**44,01,92,49,385**
IV	**Expenses:**					
	Purchase of power	32		39,49,24,12,120		35,77,15,95,773
	Employee benefits expense	33		5,29,21,26,905		4,44,54,33,591
	Finance costs	34		2,83,77,47,872		3,51,68,25,357
	Depreciation and amortization expense	35		1,90,98,76,837		1,77,03,15,101
	Other expenses	36		2,33,53,16,895		2,02,92,24,094
	Total expenses			**51,86,74,80,628**		**47,53,33,93,916**
V	**Profit before Rate Regulated Activities, Exceptional items and tax (III-IV)**			**19,33,81,334**		**(3,51,41,44,531)**
VI	**Net movement in regulatory deferral account balances related to profit or loss and the related deferred tax movement**	**38**		**3,28,72,52,283**		**(1,21,04,29,964)**
VII	**Profit Before Exceptional Items and Tax (V+VI)**			**3,48,06,33,617**		**(4,72,45,74,495)**
VIII	**Exceptional Items**			-		-
IX	**Profit before tax (VII-VIII)**			**3,48,06,33,617**		**(4,72,45,74,495)**
X	**Tax expense:**					
	Current tax		-		-	
	Deferred tax		-	-	-	-
XI	Profit for the year from continuing opertaions (IX- X)			**3,48,06,33,617**		**(4,72,45,74,495)**
XII	Profit/(loss) from discontinuing operations			-		-
XIII	Tax expense of discontinuing operations			-		-
XIV	Profit/(loss) for the year (after tax) (XI+XII-XIII)			**3,48,06,33,617**		**(4,72,45,74,495)**
XV	**Other comprehensive income**					
	(i) Items that will not be reclassified to profit or loss					
	a) Re-measurement gains/(losses) on defined benefit plans		(92,56,695)		(16,82,936)	
	b) Reversal of revaluation reserve (net of taxes)		(27,36,48,543)			
	c) Taxes on above items		-	**(28,29,05,238)**	-	**(16,82,936)**
XVI	**Total other comprehensive income (XV(i) + XV(ii))**			**(28,29,05,238)**		**(16,82,936)**
XVII	**Total Comprehensive Income for the year (XIV+XVI)**			**3,19,77,28,379**		**(4,72,62,57,431)**
XVIII	**Earning per equity share before and after exceptional item:**					
	Basic (in ₹)	37		0.17		(3.15)
	Diluted (in ₹)	37		0.17		(3.15)
	Basic earnings per share including net movement in regulatory deferral account balances (in ₹)	37		3.12		(4.24)
	Diluted earnings per share including net movement in regulatory deferral account balances (in ₹)	37		3.12		(4.24)
	(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 M/S P G BHAGWAT
Chartered Accountants
Firm Reg. No. 101118W

Shankar Pagad
Partner
Membership No: 206124

B Abdul Wajid
Chief Financial Officer

R Jayakumar
Director (Technical)

For and on behalf of the Board of Directors

Dr R Ragapriya, IAS
Managing Director

Place: Kalaburagi
Date: 30 AUG 2019

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 2018-19

	Particulars	March 31, 2019 In Rs.	March 31, 2018 In Rs.
A	**Cash Flow from Operating Activities**		
	Net Profit Before Taxation	**3,48,06,33,617**	**(4,72,45,74,495)**
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and impairment of property, plant and equipment	1,90,98,76,837	1,77,03,15,101
	Government grant released to statement of profit and loss	(11,25,00,000)	(13,22,00,000)
	Consumer contributed asset- released to statement of profit and loss	(34,07,00,000)	(22,51,00,000)
	Provision no longer required written back	(59,23,79,867)	(53,05,48,581)
	Rental Income	(2,99,56,636)	(1,57,08,203)
	Interest Income	(9,21,96,996)	(2,96,99,058)
	Finance costs	2,83,77,47,872	3,51,68,25,357
	Bad and doubtful debts written off/provided for	68,91,56,047	66,89,43,434
	Reserve for Material Cost variance	6,65,34,134	(42,01,880)
		7,81,62,15,007	29,40,51,675
	Income taxes paid (net of refunds)	(39,92,144)	44,63,71,248
		7,81,22,22,863	**74,04,22,923**
	Working capital adjustments:		
	(Increase) / decrease in inventories	(19,12,13,674)	(56,41,831)
	(Increase) / decrease in unbilled revenue	(20,73,37,968)	(36,02,66,189)
	(Increase) / decrease in trade receivables	(2,49,04,31,396)	8,10,76,90,344
	(Increase) / decrease in loans	69,90,947	(17,57,533)
	(Increase) / decrease in other financial asset	(8,13,83,55,839)	(1,62,28,17,957)
	(Increase) / decrease in other current asset	(3,40,564)	(1,51,69,651)
	(Increase) / decrease in regulatory deferral account- assets	(3,28,72,52,283)	1,21,04,29,964
	Increase/(decrease) in provisions of leave encashment; family benefit fund	23,27,38,336	(1,92,21,459)
	Increase / (decrease) in trade payables	8,11,73,21,230	(4,34,26,57,716)
	Increase / (decrease) in other current liabilities	44,46,89,176	(38,37,59,855)
	Increase / (decrease) in other non current liablities	51,87,19,875	43,87,78,244
	Increase / (decrease) in other financial liabilites	(9,35,46,977)	19,73,14,400
	Net cash flows generated from operating activities	**2,72,42,03,726**	**3,94,33,43,684**
B	**Cash flows from investing activities:**		
	Proceeds from sale of property, plant and equipment		
	Purchase of property, plant and equipment	(4,09,38,51,577)	(2,53,62,35,432)
	Rental Income	2,99,56,636	1,57,08,203
	Interest Income	5,52,07,305	3,18,09,795
	Redemption/ maturity of margin money or security against the borrowings, guarantees, other commitments	44,60,933	1,24,56,33,812
	Net cash flows used in investing activities	**(4,00,42,26,703)**	**(1,24,30,83,622)**
C	**Cash flow from financing activities:**		
	Proceeds from share application money collected	1,54,46,00,000	1,91,50,00,000
	Proceeds/ (Repayment) of borrowings	2,77,52,35,905	(73,18,64,275)
	Repayment of short term borrowings (net)	(10,44,69,286)	(87,13,16,632)
	Interest paid	(2,82,58,75,036)	(3,49,52,84,193)
	Proceeds from Deposits from consumers	39,22,67,826	39,64,86,087
	Net cash flows used in financing activities	**1,78,17,59,409**	**(2,78,69,79,013)**
	Net increase / (decrease) in cash and cash equivalents	50,17,36,431	(8,67,18,951)
	Cash and cash equivalents at the beginning of the year	63,20,77,227	71,87,96,178
	Cash and cash equivalents as at year end	**1,13,38,13,658**	**63,20,77,227**

	Particulars	March 31, 2019 In Rs.	March 31, 2018 In Rs.
	Cash and cash equivalents		
a)	Balances with banks		
	- in current accounts	1,00,61,49,302	57,95,41,236
b)	Cash on hand	12,68,28,910	5,20,77,781
c)	Cheques and Funds in Transit	11,138	11,138
d)	Stamps on Hand	8,24,308	4,47,072
e)	Transfer from Units - Inter Unit Account	-	-
	Cash and cash equivalents at year end	**1,13,38,13,658**	**63,20,77,227**

Change in Liability arising from Financing Activities

Particulars	1st April, 2018	Cash flows of (Repayment) / Proceeds of Loan	Non cash changes	31st March,2019
Non current borrowings - including current maturities (refer note 18)	8,09,42,42,390	2,77,52,35,905	-	10,86,94,78,295
Current Borrowings (refer note 18)	74,39,69,617	(10,44,69,286)	-	63,95,00,331

Note: The Cash flow statement is prepared under the indirect method in accordance with IND AS 7: Statement of Cash Flows

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

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

For and on behalf of the Board of Directors

Shankar Pa[illegible]
Partner
Membership No: 206124

B Abdul Wajid
Chief Financial Officer

R Jayakumar
Director (Technical)

Dr. R Ra[illegible]priya, IAS
Managing Director

Place: Kalaburagi
Date: 30 AUG 2019

M/s. P. G. BHAGWAT
FRN 101118W
Chartered Accountants

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

Statement of changes in equity for the year ended March 31, 2019

A. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid (refer note 16)	Number	In Rs.
At 1 April 2017	77,67,66,104	7,76,76,61,040
Issued during the year	33,81,90,000	3,38,19,00,000
At 31 March 2018	1,11,49,56,104	11,14,95,61,040
Issued during the year	-	-
At 31 March 2019	1,11,49,56,104	11,14,95,61,040

B. Other Equity

Attributable to the equity holders of the Company

Particulars	Reserves and Surplus				Items of OCI		Total other equity (A+B)
	Share Application Money Pending Allotment	Reserve for Material Cost variance	Retained Earnings	Total (A)	Revaluation Reserve of PPE	Total (B)	
As at 1 April 2017	1,93,95,00,003	45,15,39,348	(8,76,95,23,590)	(6,37,84,84,239)	7,07,10,20,458	7,07,10,20,458	69,25,36,219
Add/(Less): Loss for the year	-	-	(4,72,45,74,495)	(4,72,45,74,495)	-	-	(4,72,45,74,495)
Add: Share application money received	1,91,50,00,000	-	-	1,91,50,00,000	-	-	1,91,50,00,000
Add/(Less): Allotment of shares	(3,38,19,00,000)	-	-	(3,38,19,00,000)	-	-	(3,38,19,00,000)
Less: Reversal of Depreciation/ withdrawal during the year	-	(42,01,880)	-	(42,01,880)	-		(42,01,880)
Add: Other comprehensive income			(16,82,936)	(16,82,936)		-	(16,82,936)
As at March 31, 2018	47,26,00,003	44,73,37,468	(13,49,57,81,021)	(12,57,58,43,550)	7,07,10,20,458	7,07,10,20,458	(5,50,48,23,092)
Add/(Less): Loss for the year	-	-	3,48,06,33,617	3,48,06,33,617	-	-	3,48,06,33,617
Add/(Less): Reversal of revaluation reserve	-	-	-	-	(27,78,43,500)	(27,78,43,500)	(27,78,43,500)
Add: Addditions during the year	-	6,65,34,134	-	6,65,34,134			6,65,34,134
Add: Share application money received	1,54,46,00,000	-	-	1,54,46,00,000		-	1,54,46,00,000
Add/(Less): Allotment of shares	-	-	-	-		-	-
Less: Reversal of Depreciation/ withdrawal during the year	-	-	-	-	-	-	-
Add: Other comprehensive income			(92,56,695)	(92,56,695)		-	(92,56,695)
Total comprehensive income as at March 31 2019	2,01,72,00,003	51,38,71,602	(10,02,44,04,100)	(7,49,33,32,495)	6,79,31,76,958	6,79,31,76,958	(70,01,55,537)

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 M/S P G BHAGWAT
Chartered Accountants
Firm Reg. No. 101118W

For and on behalf of the Board of Directors

Shankar Pagad
Partner
Membership No: 206124

B Abdul Wajid
Chief Financial Officer

R Jayakumar
Director (Technical)

Dr. R Ragapriya, IAS
Managing Director

Place : Kalaburagi
Date : 30 AUG 2019

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

Note - 1 : Corporate information

Gulbarga Electricity Supply Company Ltd ('GESCOM' or 'the company') is a premier power distribution Company in the state of Karnataka and wholly owned undertaking of Government of Karnataka. The Company is engaged in distribution of Power in six Revenue districts of Karnataka, viz. namely Bidar, Gulbarga, Yadgir, Raichur, Bellary and Koppal The Company is registered under the provisions of the Companies Act, 1956. The Company is a distribution licensee under Section 14 of the Electricity Act, 2003. It is domiciled and incorporated in India having its registered office at at Station Road, Gulburga, 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 liabilitieswhich 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 Comapany determines that there are no impacts on the financial statements for above standards and amendments.

M/s. P. G. BHAGWAT Chartered Accountants FRN 101118W

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 not performed valuation with sufficient frequency 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

M/s. P. G. BHAGWAT FRN 101118W Chartered Accountants

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

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
Lines & Cable networks	15 years to 50 years
Motor Vehicle	5 years
Furniture & Fixtures	15 years
Office Equipments	15 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 technicalcommissioning reports.

2.6 Intangible Assets

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

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

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

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

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

2.7 Grants and subsidies

Revenue Grants

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

Capital Grants & Contributions towards Capital Expenditures

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

2.8 Impairment of Assets

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

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

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

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

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

2.9 Borrowing Cost

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

2.10 Revenue recognition

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

> Identify the contracts with the customer: The contract may be oral or written.

> Identify the performance obligation: Performance obligation is nothing but promise made by the Company to its customer for delivery of goods or services.

> Determine the transaction price

> Allocate the transaction price to the performance obligation

> Recognise the revenue when or as the Company satisfied the performance obligation: Revenue is recognised either at point in time or over a time

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

Sale of power

Sale of power is accounted on accrual basis at the tariff rates approved by the Karnataka Electricity Regulatory Commission (KERC). Revenue dues from consumers whose ledger accounts are yet to be opened are accounted on an estimated basis. The company accounts revenue net of electricity taxes in its statement of profit and loss.
Revenue for the year is adjusted by estimating un-billed revenue demand appropriately
Provision for unbilled revenue in respect of LT installations billed on bimonthly basis is recognized as the average of February and March bills of the year. In respect of LT installations billed on monthly basis, provision for unbilled revenue is recognized to the extent of 50% of the demand raised in the month of March. In respect of HT installations, the bills issued with regard to consumption during the month of March are taken into account.

Tariff/rural Subsidy from government

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

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

Interest on delay in execution of work

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

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Interest income:

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

Penalties and damages

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

Dividends

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

2.11 Regulatory Asset/Liability

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

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

2.12 Impairment of Trade Receivables

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

In respect of IP Set Installations dues :

a. Dues outstanding for 2 years and above – 100% Subject to a maximum of 10% in a financial year of the Total ourstanding IP Se 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 ourstanding 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:

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

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

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

a. Pension : 42.52% of (Basic Pay + Dearness pay + Dearness Allowance)
b. Gratuity : 6.08% of (Basic Pay + Dearness pay)

The same is paid to KPTCL/ESCOMs Pension & Gratuity Trust and expensed during the year through Profit & Loss Statement.
In respect of employees who have joined GESCOM before 1.4.2006, provision for contribution to KPTCL/ESCOMs Pension & Gratuity Trust is made on the formula evolved by the Trust based on the actuarial valuation undertaken by KPTCL/ESCOMs' Pension & Gratuity Trust. Any revision in contribution rates due to actuarial valuation by the Trust is accounted in the year of intimation by the Trust to the company.
As the company contribution is collected and administered by the trust and contribution paid on a pay as you go basis, the same has been treated as a Defined Contribution Plan in accordance with Ind AS 19.
The company has not made any provision on acturial valuation for above defined contribution plan.

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

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

2.15 Contingent liabilities and assets
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company.
A contingent liability can arise 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 bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

> When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

> In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

> When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

> In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

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

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

2.17 Financial instruments:

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

Debt instrument at FVTPL

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

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

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

Equity investments

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

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

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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

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profit and loss. The balance sheet presentation for financial instrument is described below:

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

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has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

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

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

Company as a lessor

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

2.19 Inventories

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

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

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

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

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- > The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

2.23 Cash and cash equivalents

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

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

2.24 Fair value measurement

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

- > In the principal market for the asset or liability, or
- > In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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:

Introduction of new Ind AS Standard/Amendments to Ind AS Standards

Through a Notification, the Ministry of Corporate Affairs has indicated 1st April 2019 as the effective date for the implementation of Ind AS 116 - 'Leases'.

Ind AS 116 introduces a single lease accounting model and requires a lease to recognise Right-of-Use of Assets and lease liabilities for all leases with a term more than 12 months, unless the underlying asset of low value.

The company is in the process of assessing the impact of the introduction of Ind AS 116 - 'Leases' The impact, if any, will be disclosed in the financial statements for the year ended 31st March 2020.

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3. Property plant and equipment:

Tangible assets

Gross block	Land & Rights	Buildings	Other Civil Works	Roads	Plant & Machinery	Lines Cable Networks	Motor vehicles	Furniture and fittings	Office Equipments	Total
Balance as at 31 March 2017	**9,23,09,21,156**	**60,73,65,962**	**5,22,41,032**	**3,17,89,801**	**6,09,81,82,765**	**28,79,91,25,884**	**5,85,52,416**	**5,30,73,734**	**6,15,84,976**	**44,99,28,37,726**
Additions	1,69,47,844	9,10,64,805	60,38,417	30,48,796	1,18,14,03,046	2,85,56,39,554	-	62,60,548	81,42,231	4,16,85,45,241
Disposals			-		74,49,79,700	37,60,59,426		2,13,833	15,35,496	1,12,27,88,456
Balance as at 31 March 2018	**9,24,78,69,000**	**69,84,30,767**	**5,82,79,449**	**3,48,38,597**	**6,53,46,06,110**	**31,27,87,06,012**	**5,85,52,416**	**5,91,20,449**	**6,81,91,711**	**48,03,85,94,511**
Additions	(27,36,48,543)	7,73,21,721	34,76,777	19,12,851	1,28,31,33,411	3,06,88,06,345	-	37,50,207	33,32,385	4,16,80,85,155
Disposals					80,51,30,927	6,79,21,094		1,93,602	8,53,878	87,40,99,501
Balance as at 31 March 2019	**8,97,42,20,457**	**77,57,52,488**	**6,17,56,226**	**3,67,51,448**	**7,01,26,08,595**	**34,27,95,91,262**	**5,85,52,416**	**6,26,77,054**	**7,06,70,218**	**51,33,25,80,165**
Accumulated depreciation										
Balance as at 31 March 2017	-	**11,43,81,253**	**1,87,17,691**	**52,43,067**	**1,51,38,24,734**	**9,04,15,86,763**	**3,67,07,990**	**2,49,12,504**	**1,94,26,986**	**10,77,48,00,988**
Depreciation charge for the year	-	2,16,90,501	22,46,531	10,80,308	33,24,91,040	1,40,42,71,323	23,93,905	27,10,884	34,30,609	1,77,03,15,102
Other Adjustments	-	(6,01,697)	6,01,697	-	(2,94,80,395)	(1,95,72,375)	-	(525)	(772)	(4,90,54,067)
Disposals	-		-	-	10,34,80,969	2,08,53,144	-	-	-	12,43,34,113
Balance as at 31 March 2018	-	**13,54,70,057**	**2,15,65,919**	**63,23,375**	**1,71,33,54,410**	**10,40,54,32,568**	**3,91,01,895**	**2,76,22,863**	**2,28,56,823**	**12,37,17,27,910**
Depreciation charge for the year	-	2,42,83,312	30,49,229	12,92,930	29,23,63,365	1,57,98,71,464	23,27,433	27,77,281	39,11,821	**1,90,98,76,837**
Other Adjustments	-									-
Disposals	-				13,82,34,024	4,53,20,077				**18,35,54,100**
Balance as at 31 March 2019	-	**15,97,53,369**	**2,46,15,149**	**76,16,305**	**1,86,74,83,752**	**11,93,99,83,955**	**4,14,29,328**	**3,04,00,144**	**2,67,68,645**	**14,09,80,50,647**
Net block										
Balance as at 31 March 2017	9,23,09,21,156	49,29,84,709	3,35,23,341	2,65,46,734	4,58,43,58,031	19,75,75,39,121	2,18,44,426	2,81,61,230	4,21,57,990	34,21,80,36,738
Balance as at 31 March 2018	9,24,78,69,000	56,29,60,710	3,67,13,530	2,85,15,222	4,82,12,51,700	20,87,32,73,444	1,94,50,521	3,14,97,586	4,53,34,888	35,66,68,66,600
Balance as at 31 March 2019	**8,97,42,20,457**	**61,59,99,119**	**3,71,41,077**	**2,91,35,143**	**5,14,51,24,843**	**22,33,96,07,307**	**1,71,23,088**	**3,22,76,910**	**4,39,01,574**	**37,23,45,29,517**

a) Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended 31 March 2019 with respect to PPE was Rs. 1,75,81,788 (31 March 2018: Nil). 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, 2019 was Rs. 49,81,044 (31 March 2018: Nil). Below table explains the same.

Particulars	31-Mar-19	31-Mar-18
Capitalisation of Interest:		
Opening Balance	32,79,59,781	32,79,59,781
Add: For the year		
Included in PPE	1,75,81,788	-
Included in CWIP	49,81,044	-
Closing Balance	35,05,22,613	32,79,59,781

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 proportinate 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 proportinate to the depreciation on PPE for the year. (refer note 21 for grants and consumer contributed assets)

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

Particulars	31-Mar-19	31-Mar-18
Opening Balance	7,41,36,31,740	6,89,44,41,698
Add: For the year	2,46,45,25,577	51,91,90,042
Closing Balance	9,87,81,57,317	7,41,36,31,740

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 proportinate 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. 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.

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

Significant unobservable valuation input:	Range
Price per square metre	INR 325 – INR 350

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.
Opening balance as at 1 April 2016	**6,62,13,430**
Level 3 re-measurement recognised in asset revaluation reserves (01 April 2016) (Note 50)	9,14,37,13,580
Purchases	2,09,94,146
Balance as at 31 March 2017	**9,23,09,21,156**
Purchases	1,69,47,844
Balance as at 31 March 2018	**9,24,78,69,000**
Purchases	-
Deletion*	(27,36,48,543)
Balance as at 31 March 2019	**8,97,42,20,457**

* The deletion includes; the revaluation amount for which clear title doesnot exist with the company and hence the same has been reversed during the year.

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

Net book value	31-Mar-19	31-Mar-18
	Rs	Rs
Cost	10,41,55,420	8,72,07,576
Addition	-	1,69,47,844
Net carrying amount	**10,41,55,420**	**10,41,55,420**

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.

Out of total block of property, plant and equipment comprising of immovable assets with a carrying amount of Rs. 0.00 Crores (31 March, 2018: Rs. 0.00 Crores) and movable assets with a carrying amount of Rs. 2343.39 Crores (31 March, 2018: Rs. 1620.18 Crores) are subject to first charge to secure the Company's borrowings. (refer note 18)

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Particulars	As at March 31, 2019	As at March 31, 2018
4 Capital Work In Progress:		
a) Plant & Machinery	3,00,32,07,285	84,79,98,245
	3,00,32,07,285	**84,79,98,245**

Refer note 3(a) for interest cost capitalised.
Capital work in progress as at 31 March 2019 comprises expenditure for the plant and machinery in the course of construction.

Particulars	As at March 31, 2019	As at March 31, 2018
5 Intangible Assets under development:		
a) Computer Software	7,49,23,008	7,40,17,653
	7,49,23,008	**7,40,17,653**

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6 Financial Assets

i) **Non current investments:**

	Particulars	As at March 31, 2019	As at March 31, 2018
a)	**Investments in equity Instruments:**		
1)	Unquoted equity shares (fully paid) (other than traded)		
	2,51,000 (31 March 2018; 2,51,000) equity shares of M/s Power Company of Karnataka Limited	2,51,00,000	2,51,00,000
	Total	**2,51,00,000**	**2,51,00,000**

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, 2019	As at March 31, 2018
(a) Security deposits (unsecured, considered good) *	16,41,54,856	17,11,45,803
Total	**16,41,54,856**	**17,11,45,803**

Breakup of security details

Particulars	As at March 31, 2019	As at March 31, 2018
- Loans considered good- Secured	-	-
- Loans considered good- Unsecured	16,41,54,856	17,11,45,803
- Loans which have significant increase in credit risk	-	-
- Loans - credit impaired	-	-
Total	**16,41,54,856**	**17,11,45,803**
Total Non Current Financial assets	**18,92,54,856**	**19,62,45,803**

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Particulars	As at March 31, 2019	As at March 31, 2018 ₹
7 Deferred tax Assets (Net):		
a) Deferred tax liability:		
i) On account of depreciation on fixed assets (other than land)	-	-
ii) On account of revaluation of land	2,07,26,93,122	2,07,26,93,122
ii) On account of fair valuation of investments	-	-
Total	**2,07,26,93,122**	**2,07,26,93,122**
b) Deferred tax asset:		
i) On account of depreciation on fixed assets (other than land)	8,99,56,870	8,99,56,870
ii) On account of timing differences in recognition of expenditure		
Total	**8,99,56,870**	**8,99,56,870**
Net Deferred tax (liability)/asset	**(1,98,27,36,252)**	**(1,98,27,36,252)**
8 Other non current assets:		
(unsecured and considered good)		
a) Advance payment of tax (net)	39,92,144	-
b) Capital advances	3,36,08,73,467	1,85,63,97,094
c) Security deposits	-	-
d) Security deposits- Others	-	-
	3,36,48,65,611	**1,85,63,97,094**

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Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹
9 Inventories:		
Stocks, spares and loose tools		
a) Materials lying at Stores	1,48,43,61,243	1,34,19,99,214
b) Materials with Contractors	1,95,73,096	1,86,08,819
c) Materials with Employees	2,16,44,065	1,80,11,269
d) Obsolete/ Scrapped Assets	1,66,07,441	1,46,82,016
e) WDV of Faulty/Dismantled Assets	47,63,34,488	43,40,05,341
	2,01,85,20,333	**1,82,73,06,659**
10 Unbilled Revenue:		
Unbilled Revenue	2,58,00,28,138	2,37,26,90,170
	2,58,00,28,138	**2,37,26,90,170**

The break up of the unbilled revenue is given below:

	As at March 31, 2019	As at March 31, 2018
Opening Balance	**2,37,26,90,170**	**2,01,24,23,981**
Add: Provision for unbilled revenue during the year	2,58,00,28,138	2,37,26,90,170
Less: Provision for unbilled revenue reversed during the year	2,37,26,90,170	2,01,24,23,981
Closing Balance	**2,58,00,28,138**	**2,37,26,90,170**

Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹
11 Trade receivables:		
a) Trade receivables exceeding six months	8,19,87,42,586	4,25,11,38,126
b) others	6,18,73,36,648	7,05,21,29,845
Trade receivables - Others	14,38,60,79,234	11,30,32,67,971
Total	**14,38,60,79,234**	**11,30,32,67,971**
Break-up for security details:		
- Trade recievables considered good- Secured	5,98,99,65,892	5,52,25,76,657
- Trade recievables considered good- Unsecured (including doubtful)	8,39,61,13,341	5,78,06,91,314
- Trade recievables which have significant increase in credit risk	-	-
- Trade recievables- credit impaired	-	-
Total	**14,38,60,79,234**	**11,30,32,67,971**
Loss allowance ($)	4,23,75,13,527	3,54,83,57,480
Total Trade receivables	**10,14,85,65,707**	**7,75,49,10,491**

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Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹

($) 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. 423.75 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. 42.39 Crs and 10% provision is created on IP set Dues outstanding for more than 2 years which works out to Rs.267.60 Crores. On the Balance Debtors, 4% provision is made.

Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹
12 Cash and bank balances		
Cash and cash equivalents:		
Balance with Banks		
Current accounts	1,00,61,49,302	57,95,41,236
Deposits with original maturity of less than three months		
Cash on hand	12,68,28,910	5,20,77,781
Cheques and Funds in Transit	11,138	11,138
Stamps on Hand	8,24,308	4,47,072
Total cash and cash equivalents	**1,13,38,13,658**	**63,20,77,227**
Other bank balances		
Deposits with remaining maturity for less than 12 months	26,92,18,010	
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments)	13,43,79,182	40,80,58,125
Total other bank balances	**40,35,97,192**	**40,80,58,125**
Total cash and bank balances	**1,53,74,10,850**	**1,04,01,35,352**

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Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹

* Cash & Bank Balance includes a. Unrecouped Vouchers : Rs.1,31,452/- & b. Suspense : Rs. 20.47 lakhs (some of the suspense vouchers are not charged off within 3 months from the Balance Sheet date.)

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

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

Particulars	As at March 31, 2019	As at March 31, 2018
Balance with Banks	1,00,61,49,302	57,95,41,236
Current accounts	-	-
Deposits with original maturity of less than three months	12,68,28,910	5,20,77,781
Cash on hand	11,138	11,138
Cheques and Funds in Transit	8,24,308	4,47,072
Stamps on Hand	-	-
	1,13,38,13,658	**63,20,77,227**
Less: Bank Overdraft	(63,95,00,331)	(74,39,69,617)
	49,43,13,328	**(11,18,92,390)**

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Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹
13 Other Financial Assets:		
a) Receivable from entities under common control (KPTCL/ESCOMS/PCKL)	8,24,77,29,432	5,33,88,63,635
b) Receivable from Power Generators	27,00,34,314	25,61,51,104
c) Receivable from Pension/Gratuity Trust	10,32,65,598	9,74,41,075
d) Receivable from beneficiaries of Solar Lantern	2,00,12,937	1,94,06,483
e) Income accrued and not due	2,33,29,081	2,30,95,417
f) Rural Electrification Subsidy	30,50,87,720	30,50,87,720
g) Tariff Subsidy	11,53,54,98,210	6,31,31,02,034
h) RDPR Dues	2,06,13,42,391	2,07,45,62,711
Total	**22,56,62,99,682**	**14,42,77,10,179**
Break-up for security details:		
- other financial assets considered good- Secured	40,60,07,170	40,60,07,170
- other financial assets considered good- Unsecured (including doubtful)	22,16,02,92,512	14,02,17,03,009
- other financial assets which have significant increase in credit risk	-	-
- other financial assetscredit impaired	-	-
Total	**22,56,62,99,682**	**14,42,77,10,179**
Loss allowance	-	-
Total other financial asset	**22,56,62,99,682**	**14,42,77,10,179**
Total current financial assets	**36,83,23,04,377**	**25,59,54,46,192**

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Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹

Break up of financial assets carried at amortised cost

Particualrs	As at March 31, 2019	As at March 31, 2018
Loans (note 6(ii))	16,41,54,856	17,11,45,803
Unbilled revenue (note 10)	2,58,00,28,138	2,37,26,90,170
Trade receivables (note 11)	14,38,60,79,234	11,30,32,67,971
Cash and Cash equivalents (note 12)	1,13,38,13,658	63,20,77,227
Other bank balances (note 12)	40,35,97,192	40,80,58,125
Other financial assets (note 13)	22,56,62,99,682	14,42,77,10,179
Total financial assets carried at amortised cost	**41,23,39,72,760**	**29,31,49,49,475**

14 Other Current Assets:

a)	Prepaid Expenses	13,83,897	12,48,166
b)	Advance to employees	3,48,66,694	3,46,61,861
c)	Claims for loss/Damage to Capital Assets	10,84,209	10,84,209
	Total	**3,73,34,800**	**3,69,94,236**

15 Regulatory Deferral Accounts:

Regulatory Deferral Account - debit balances and related deferred tax		
Regulatory Assets	11,38,83,82,156	8,10,11,29,873
Regulatory Deferral Account	**11,38,83,82,156**	**8,10,11,29,873**

Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹

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, 2019, and March 31, 2019 is as follows:

Particulars	As at March 31,2019	As at March 31,2018 (Rs.)
Opening Regulatory Assets (net)	8,10,11,29,873	9,31,15,59,837
Regulatory Income/(Expenses) during the year:		
(i) Power Purchase Cost	6,82,49,12,120	4,56,34,70,036
(ii) Reversal of earlier years income recognised	(3,53,76,59,837)	(5,77,39,00,000)
Closing Regulatory Assets (net)	**11,38,83,82,156**	**8,10,11,29,873**

(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.

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	Particulars	As at March 31, 2019		As at March 31, 2018	
		Number	₹	Number	₹
16	**Share capital:**				
	Authorized:				
	Equity shares of ₹ 10/- each	1,20,00,00,000	12,00,00,00,000	1,20,00,00,000	12,00,00,00,000
		1,20,00,00,000	**12,00,00,00,000**	**1,20,00,00,000**	**12,00,00,00,000**
	Issued, subscribed and fully paid up:				
	Equity shares of ₹ 10/- each				
	At the beginning of the year	1,11,49,56,104	11,14,95,61,040	77,67,66,104	7,76,76,61,040
	Issued during the year				
	- by way of issue of fully paid up equity shares	-	-	33,81,90,000	3,38,19,00,000
	At the close of the year	**1,11,49,56,104**	**11,14,95,61,040**	**1,11,49,56,104**	**11,14,95,61,040**
	Total carried to Balance Sheet		**11,14,95,61,040**		**11,14,95,61,040**

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.

M/s. P. G. BHAGWAT * Chartered Accountants FRN 101118W

GULBARGA ELECTRICTY SUPPLY COMPANY LIMITED
(CIN NO. - U04010KA2002SGC030436)
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NOTES TO FINANCIAL STATEMENTS

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number	₹	Number	₹

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number	Percentage	Number	Percentage
(i) Government of Karnataka	1,11,49,56,095	99.99%	1,11,49,56,095	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 2018	31 March 2017	31 March 2016	31 March 2015	31 March 2014
i) Equity shares allotted as fully paid bonus shares by capitalization of securities premium or capital redemption reserve	-	-	-	-	-

M/s J. G. Bhagwat Chartered Accountants FRN 101118W

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Note 17: Other Equity

a) **Share Application Money Pending Allotment**

	In Rs.
At 1 April 2017	**1,93,95,00,003**
Add: Share application money received	1,91,50,00,000
Less: Allotment of shares	(3,38,19,00,000)
At 31 March 2018	**47,26,00,003**
Add: Share application money received	1,54,46,00,000
Less: Allotment of shares	-
At 31 March 2019	**2,01,72,00,003**

b) **Reserve for Material Cost variance**

	In Rs.
At 1 April 2017	**45,15,39,348**
Add: Addition during the year	-
Less: Reversal of Depreciation/ withdrawal during the year	(42,01,880)
At 31 March 2018	**44,73,37,468**
Add: Addition during the year	6,65,34,134
Less: Reversal of Depreciation/ withdrawal during the year	-
At 31 March 2019	**51,38,71,602**

		In Rs.
c)	**Retained Earnings**	
	At 1 April 2017	**(8,76,95,23,590)**
	Add: Profit for the year	(4,72,45,74,495)
	Add: Other comprehensive income for the year	(16,82,936)
	At 31 March 2018	**(13,49,57,81,021)**
	Add: Profit for the year	3,48,06,33,617
	Add: Other comprehensive income for the year	(92,56,695)
	At 31 March 2019	**(10,02,44,04,100)**
d)	**Revaluation reserve on PPE**	
	At 1 April 2017	**7,07,10,20,458**
	Add: Revaluation of PPE	-
	Less: Reversal of revaluation reserve	-
	At 31 March 2018	**7,07,10,20,458**
	Add: Revaluation of PPE	-
	Less: Reversal of revaluation reserve	(27,78,43,500)
	At 31 March 2019	**6,79,31,76,958**
Total other equity		**(70,01,55,537)**

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NOTES TO FINANCIAL STATEMENTS

Particulars	As at March 31, 2019	As at March 31, 2018
Non- Current Liabilities		
18 Borrowings:		
I) Secured loans:		
a. Loan from Others	10,81,57,44,641	8,02,79,44,833
Less: Current maturities on loan from others	2,63,84,82,086	1,74,51,31,435
	8,17,72,62,555	**6,28,28,13,398**
II) Unsecured loans:		
a) Loan from Others	5,37,33,654	6,62,97,557
Less: Current maturities on loan from others	1,25,63,903	1,25,63,903
	4,11,69,751	**5,37,33,654**
Total Borrowings	**8,21,84,32,306**	**6,33,65,47,052**

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NOTES TO FINANCIAL STATEMENTS

Particulars		As at March 31, 2019	As at March 31, 2018
Additional information:			
Secured Loans:			
A	**Term Loans from Others**		
1	**Loans from Rural Electrification Corporation Limited, New Delhi. -APDRP Counter part funding** (Secured by Hypothecation of all existing unencumbered moveable properties including machinery, equipments, machinery spares, tools, implements, and accessories installed / created / erected and all future moveable including machinery, equipmetns, machinery spares, tools, implements, and accessories installed / created / erected in future and its stock of materials equipments bought or to be bought out of the loan amount. The Tenure of the loan is 13 years with 3 years moratorium, repayable in 10 equal annual installments. Repayment starting from 2009. Interest rate is 8.00%)	1,17,43,020	1,87,61,297
2	**PFC - RAPDRP** Part A -The tenure of loan originally was 10 years from the date of disbursement including morotorium period of 3 years for both Principal and interest. Interest to be paid as notified by Ministery of Finance from time to time. 'Secured by way of hypotecation on the newly financed assests under the project as securities for loan. The Tenure of the loan is modified as 10 years with 5 years. moratorium repayable in equal annual installments. (i.e.Moratorium period extendedby two years). Interest rate is 11.50%. Part B- The Tenure of the loan is 20 years with 5 years moratorium. Repayable in equal annual installments starting from 2016. Interest rate is 11.50%.)	46,38,19,847	27,87,45,229

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NOTES TO FINANCIAL STATEMENTS

	Particulars	As at March 31, 2019	As at March 31, 2018
3	**Loan from Rural Electrification Corporation**	6,87,81,31,771	5,28,84,24,040
a	REC-Rural Load Management System - Rs. 36.84 Crores - The Tenure of the loan is 13 years with 3 years moratorium. repayable in 10 equal annual installments. Starting from 2011. Interest rate is 10.90%.		
b	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%.		
c	REC-Reconductoring - Rs. 139.87 Crores - The Tenure of the loan is 13 years with 3 years moratorium. Repayable in 10 equal annual installments. Repayment starting from 2010. Interest rate varying from 9.75% to 10.90%.		
d	REC-DTC Metering - Rs. 128.04 Crores - The Tenure of the loan is 13 years with 3 years moratorium. Repayable in 10 equal annual installments. Repayment starting from 2014. Interest rate is 12.50%.		
e	REC- RGGVY - Rs. 12.72 Crores - The tenure of the Loan is 15 years with 5 years moratorium. Repayable in 10 equal annual installment. Interest rate is varying from 10% to 12.5%.		
4	**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)	1,05,14,581	1,42,69,788

NOTES TO FINANCIAL STATEMENTS

	Particulars	As at March 31, 2019	As at March 31, 2018
5	**Loans from Power Finance Corporation** (Secured by hypothecation of Assets created under the project - DTC Metering. The Tenure of the loan is 5 years repayable in 20 equal quarterly installments starting from 2009. Interest rate is 10.90%)	12,49,70,039	20,30,76,319
6	**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%)	77,68,08,687	53,62,25,991
7	**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%)	40,07,00,278	16,25,39,333
	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)	1,37,49,99,993	-
8	**Loans from Commercial Banks**	77,40,56,425	1,52,59,02,836

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	Particulars	As at March 31, 2019	As at March 31, 2018
	a) Syndicate Bank (Secured by 1st pari passu charge by way of hypothecation of receivables of company along with other working capital lenders.. The Tenure of the loan is three years repayable in 36 equal quarterly installments starting from Jan 2017 with an Interest rate of one year MCLR +0.50% pa i.e 10.95% pa)		
	Sub-Total	**10,81,57,44,641**	**8,02,79,44,833**
C	**Less : Current Maturities :**	2,63,84,82,086	1,74,51,31,435
	Total	**8,17,72,62,555**	**6,28,28,13,398**

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Particulars	As at March 31, 2019	As at March 31, 2018

Unsecured Loans:

Sl no	Particulars	31-Mar-19	31-Mar-18
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%.)	2,52,80,624	3,07,31,270
2	**Loans from Government - APDRP** (The tenure of the loan is 13 years with 3 years moratoriam, principal being repayable in 10 equal Annual Installments, repayment starting from 2009 and ending during 2018. The rate of Interest is 8%.)	2,84,53,030	3,55,66,287
3	**Loan from GoK - Power Sector Automation** (The tenure of the loan is 10 years starting from 3rd Dec 2007 and rate of interest is 9% repayable in 10 equal annual installments starting from 3rd Dec 2007 and ends on Dec 2017)		-
	Sub-Total	**5,37,33,654**	**6,62,97,557**
	Less : Current Maturities :	1,25,63,903	1,25,63,903
	Total	**4,11,69,751**	**5,37,33,654**

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

Term loan and loans repayable on demand from banks contain covenants relating to debt service coverage ratio, total

Particulars	As at March 31, 2019	As at March 31, 2018

debt gearing ratio. All the ratios mentioned above are within the level stipulated by the banks in its prescribed sanctions.

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, 2019 ₹	As at March 31, 2018 ₹
Non - Current Liabilities		
19 Other non current financial Liabilities:		
a) Security Deposit from Consumers	5,31,79,30,623	4,92,56,62,798
b) Provision made by GOK towards consumers	5,96,95,651	5,96,95,651
c) BRP II Adjustment given by GOK i.r.o SMIORE	12,93,06,507	12,93,06,507
d) Other Payables to GoK	3,35,28,956	3,35,28,956
	5,54,04,61,737	**5,14,81,93,912**

Company pays interest at bank rate at the beganning of the year on security deposit from consumers. (Rate of interest 31 March 2019- 6.25%; 31 March 2018- 6.75%

Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹
20 Provisions:		
a) Provision for Family Benefit Fund	4,66,77,453	5,37,58,508
b) Provision for Leave Encashment	66,45,34,390	44,51,65,655
	71,12,11,843	**49,89,24,163**

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

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

21 Deferred revenue

(i)	Consumer Contribution towards cost of Capital Asset		
	Opening balance	**4,75,63,78,773**	**4,41,54,02,471**
	Received during the year	84,45,92,658	56,60,76,302
	Released to the statement of profit and loss	(34,07,00,000)	(22,51,00,000)
	Closing balance	**5,26,02,71,430**	**4,75,63,78,773**
(ii)	Government grants towards cost of capital assets		
	Opening balance	**2,76,56,93,426**	**2,18,09,54,026**
	Received during the year	1,61,99,32,919	71,69,39,400
	Released to the statement of profit and loss	(11,25,00,000)	(13,22,00,000)
	Closing balance	**4,27,31,26,345**	**2,76,56,93,426**
Total Deferred income		**9,53,33,97,775**	**7,52,20,72,199**
Current liability			
Non Current liability		**9,53,33,97,775**	**7,52,20,72,199**

Consumer Contribution towards cost of Capital Asset and Government grants towards cost of capital assets were previously shown in reserves and release from these reserves was shown as deduction from depreciation. However; since the grouping and disclosure of the same was not in compliance with Ind AS-20; the same has been rectified during the year and accordingly;

i) The amounts of Consumer Contribution towards cost of Capital Asset and Government grants towards cost of capital assets has been shown under deferred income liability.

ii) The release from above is shown under other income schedule

22 Other non - current liabilities:

(a) Deposit Contribution Work	51,11,33,624	(75,86,251)
	51,11,33,624	**(75,86,251)**

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NOTES TO FINANCIAL STATEMENTS

Particulars	As at March 31, 2018 ₹	As at March 31, 2018 ₹
Current Liabilities		
23 Borrowings:		
I) Secured loans:		
a) Loans repayable on demand		
- from banks	63,95,00,331	74,39,69,617
- from others	-	-
Total	**63,95,00,331**	**74,39,69,617**

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

a) **Loan from Banks:** (Secured by Charge on Receivables from Consumers)	63,95,00,331	74,39,69,617

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, 2019 ₹	As at March 31, 2018 ₹
Current Liabilities		
24 Trade payables:		
a) Total outstanding dues of micro and small enterprises	-	-
b) Total outstanding dues other than micro and small enterprises	42,07,45,76,734	42,10,83,12,443
c) To related parties	7,38,79,18,438	(76,31,38,501)
Total Trade payable	**49,46,24,95,173**	**41,34,51,73,942**

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

Additional Information:

1	Trade Payables for Purchase of Power	36,20,25,40,291	36,20,82,11,855
2	Other Liability for Outstanding Expenses	5,87,20,36,444	5,90,01,00,593
3	Payable to Associates - KPTCL/PCKL/other ESCOMs	7,38,79,18,438	(76,31,38,501)
		49,46,24,95,173	**41,34,51,73,948**

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Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹
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

NOTES TO FINANCIAL STATEMENTS

Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹
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 2019.		
25 Other current financial liabilities		
a) Current Maturities of Long term debts	2,65,10,45,989	1,75,76,95,338
b) Provision for Employee Benefits-P&G Turst	29,34,81,798	32,30,68,958
c) Miscellaneous Deposits/other liabilites (incl liability towards Employees)	14,69,65,397	21,16,54,568
d) Security deposit in cash from Suppliers/ Contractors	7,84,75,733	9,32,33,899
e) Excess credit under reconciliation with Bank	7,37,78,271	6,97,21,996
f) Interest accrued and payable to consumers	72,32,76,536	66,31,62,107
g) Interest accrued but not due on loans	18,55,02,023	23,37,43,616
h) Liability towards consumers	5,48,81,034	4,34,49,790
i) Sundry payables for capital goods purchased	2,44,58,73,737	1,58,82,76,869
	6,65,32,80,519	**4,98,40,07,141**

NOTES TO FINANCIAL STATEMENTS

Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹
Break up of financial liabilities carried at amortised cost		
Particulars	**As at March 31, 2019**	**As at March 31, 2018**
a) Borrowings (non-current) (note 18)	8,21,84,32,306	6,33,65,47,052
Borrowings (current) (note 23)	63,95,00,331	74,39,69,617
Current maturity of long term loans(note 25)	2,65,10,45,989	1,75,76,95,338
Trade payables (note 24)	49,46,24,95,173	41,34,51,73,942
Other financial liabilities (non current) (note 19)	5,54,04,61,737	5,14,81,93,912
Other financial liabilities (current) (note 25)	4,00,22,34,530	3,22,63,11,803
Total	**70,51,41,70,065**	**58,55,78,91,664**
26 Provisions:		
a) Provision for Earned Leave Encashment	11,70,90,546	8,70,81,868
b) Provision for Employee Benefits	-	-
c) Provision for Family Benefit Fund	43,82,382	46,83,709
	12,14,72,928	**9,17,65,577**

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Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹
27 Other current liabilities:		
a) Current Maturities of Long term debts	-	-
b) Interunit accounts	15,04,21,539	(6,85,44,524)
c) Statutory Liabilities	16,93,72,414	(5,63,50,699)
d) Other paybales	-	3,67,56,027
	31,97,93,953	**(8,81,39,196)**
28 Current Tax Liabilities (Net):		
a) Provision for tax (net of advance tax)	-	-
	-	-

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NOTES TO FINANCIAL STATEMENTS

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

Sl No	Particulars	Pending at/With	31-Mar-19	31-Mar-18
1	Issue of C-Forms	Karnataka Appealated Tribunal	Rs. 82.55 Lakhs	Rs. 82.55 Lakhs
2	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. 268.56 Lakhs	Rs. 364.96 Lakhs
3	TDS on Transmission charges & others	CIT / High Court / Supreme Court	Rs. 10377.58 Lakhs	Rs. 10377.58 Lakhs
4	Incorrect/excess/arrears billing pending	Appealte Authorities	Rs. 1536.39 Lakhs	Rs. 1661.27 Lakhs
5	Interest on Power Purchase Parties	Claims against the Company not acknowledged as debts	---	---
6	Security to energy suppied by the Power Generators in the form of LC	Various Banks	Rs. 1344 Lakh	Rs. 1276 Lakh
7	For loss of life on account of electrification	Consumer Courts	Rs. 2590.52 Lakhs (38 Cases)	Rs 697.08 lakhs (39 cases)
8	Claims towards interest on delayed payments/ price variation/ refund of liquidated damages/ payment towards material supply/ variation in quantity and estimates	Arbitation	Not Ascertainable	Not Ascertainable
9	Power Purchase Agreement traffiffs & dues	Appealte Autority	100 cases pending before various authorities, Courts where the Amount is not Ascertainable.	110 cases pending before various authorities, Courts where the Amount is not Ascertainable.

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NOTES TO FINANCIAL STATEMENTS

Particulars		2018-19	2017-18
30 Revenue from operations:			
a)	Operating Revenue		
	- Sale of Power	50,64,51,13,946	42,77,40,79,744
	-Supervision & Other Charges	13,92,86,272	14,34,92,402
		50,78,44,00,218	**42,91,75,72,146**
31 Other income:			
a)	Rental Income	2,99,56,636	1,57,08,203
b)	Interest Income	9,21,96,996	2,96,99,058
c)	Profit on sale of scrap	7,38,702	1,08,19,948
d)	Provision no longer required written back	59,23,79,867	53,05,48,581
e)	Rebate on Power Purchase	3,46,57,816	13,62,20,670
f)	Rebate on remittance of eletricity duty	83,56,500	63,30,500
g)	Other Miscellaneous Income	6,49,75,227	1,50,50,279
h)	Other income		-
h)	Government grants for capital assets	11,25,00,000	13,22,00,000
i)	Consumer contributed assets	34,07,00,000	22,51,00,000
		1,27,64,61,744	**1,10,16,77,239**
32 Cost of Power Purchased:			
a)	Purchase of Power	39,49,24,12,120	35,77,15,95,773
		39,49,24,12,120	**35,77,15,95,773**

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Particulars		2018-19	2017-18
33 Employee benefit expenses:			
a)	Salaries & Wages	3,31,63,70,748	3,39,11,12,401
b)	Contribution to provident and other funds	1,27,75,25,461	69,30,82,678
c)	Bonus/Exgratia	5,67,66,375	5,34,95,131
d)	Earned leave encashment	47,70,75,857	14,67,25,497
e)	Staff welfare expenses	16,43,88,463	16,10,17,884
f)	Reclassification of Actuarial gains/ losses		-
		5,29,21,26,905	**4,44,54,33,591**
34 Finance costs:			
a)	Interest on loans	97,53,50,648	1,03,91,97,933
b)	Interest on Power charges	1,56,56,01,089	2,16,02,15,649
c)	Interest to Consumers on security deposits	31,93,58,967	31,74,11,775
d)	Less : Interest Capitalised	2,25,62,832	-
		2,83,77,47,872	**3,51,68,25,357**

*Payment of Interest, guarantee commission and principal amount paid to financial institutions in respect of some of the loans accounts, during the year 2018-19 has been made by KPTCL on behalf of the Company. The above amounts have been recorded in the books of account as per the intimations of KPTCL.

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	Particulars	2018-19	2017-18
35	**Depreciation and amortization:**		
a)	Depreciation on Building	2,73,32,542	2,39,37,032
	Depreciation on furnitures, fixtures	27,77,281	27,10,884
	Depreciation on lines, canle & network etc	1,57,98,71,464	1,40,42,71,323
	Depreciation on office equipments	39,11,821	34,30,609
	Depreciation on Other civil works	12,92,930	10,80,308
	Depreciation on Plant & Machinery	29,23,63,365	33,24,91,040
	Depreciation on vehicles	23,27,433	23,93,905
	Reversal of Depreciation	0	0
		1,90,98,76,837	**1,77,03,15,101**

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Particulars		2018-19	2017-18
36 Other expenses:			
a)	Advertisement Expenses	1,58,18,836	1,30,00,330
b)	Asset Decomissioning Costs	15,428	11,09,290
c)	Payment to auditors		
	- as auditor	8,11,250	8,11,250
	- for taxation and other matters	1,77,000	1,77,000
	- for Certification and limited review	-	-
d)	Repairs & Maintanance - Building	4,94,81,703	4,73,80,309
e)	Repairs & Maintanance - Plant & Machinery	40,46,69,304	27,89,44,754
f)	Repairs & Maintanance - Others	21,51,456	2,76,026
g)	Repairs & Maintanance - Vehicles	20,57,070	29,86,799
h)	Rent	94,04,491	62,47,898
i)	Bad and doubtful debts written off/provided for	68,91,56,047	66,89,43,434
j)	Bank charges	11,60,79,023	2,16,15,417
k)	Compensation for death, injuries and damages	2,64,28,567	1,41,34,221
l)	Computer stationery and floppies	27,71,680	18,62,903
m)	Contributions	53,71,228	30,000
n)	Conveyance,travel and vehicle expenses	16,97,09,875	14,82,88,140
o)	Electricity charges	3,73,67,021	3,76,29,507
p)	Expenditure towards consumer awareness/education	1,29,830	2,24,28,500
q)	Freight and other material related expenses	(3,76,26,358)	(83,42,112)
r)	Incentive/Remuneration paid to Gram Vidyuth prathinidhi	13,67,06,802	14,73,47,656
s)	Legal Charges	90,15,651	51,87,315
t)	Ledger Maintenance charges & Other Consultancy Charges	53,18,44,869	46,18,34,249
u)	Rates & Taxes	12,22,59,826	6,33,76,397
v)	Postage and telephone charges	3,46,01,921	3,65,92,991
w)	Printing & Stationery	2,05,32,070	2,74,61,171
x)	Miscellaneous & other expenses	3,80,11,660	1,43,34,993
y)	Miscellaneous losses	(5,16,29,355)	1,55,65,656
		2,33,53,16,895	**2,02,92,24,094**

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Particulars	2018-19	2017-18
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)		

37 Earnings per share:
(Basic and diluted)

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

I

	2018-19	2017-18
(a) Before exceptional items		
Profit for the year after tax expense	19,33,81,334	(3,51,41,44,531)
Weighted average number of equity shares	1,11,49,56,104	1,11,49,56,104
Paid up value per share	10.00	10.00
Earnings per share (basic & diluted) (*)	0.17	(3.15)
(b) After exceptional item		
Profit for the year after tax expense	19,33,81,334	(3,51,41,44,531)
Weighted average number of equity shares	1,11,49,56,104	1,11,49,56,104
Paid up value per share	10.00	10.00
Earnings per share (basic & diluted)	0.17	(3.15)

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	Particulars	2018-19	2017-18
II	Basic and diluted earnings per share including net movement in regulatory deferral account balances		
	Profit for the year after tax expense	3,48,06,33,617	(4,72,45,74,495)
	Weighted average number of equity shares	1,11,49,56,104	1,11,49,56,104
	Paid up value per share	10	10
	Earnings per share (basic & diluted)	3.12	(4.24)
38	**Net Movement in Regulatory Deferral account Balance related to Profit or Loss**		
	Regulatory Asset to be created for current year	6,82,49,12,120	4,56,34,70,036
	Reversal of regulatory asset created during previous year	(3,53,76,59,837)	(5,77,39,00,000)
	Net movement in regulatory deferral account	**3,28,72,52,283**	**(1,21,04,29,964)**

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Note 39 Disclosure pursuant to Employee benefits

(a) Defined Contribution Plan:

Amount of Rs. 1,27,75,25,461 (March 31, 2018: Rs. 69,30,82,678) is recognised as expenses and included in Note No. 33 "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.

		31-Mar-19		31-Mar-18	
1	**Changes in Defined benefit obligation**	**Family Benefit Fund (Unfunded)**	**Leave Encashment (Unfunded)**	**Family Benefit Fund (Unfunded)**	**Leave Encashment (Unfunded)**
		(Rs)	(Rs)	(Rs)	(Rs)
	Defined benefit obligation at the beginning of the year	5,84,42,217	53,22,47,523	5,44,56,875	55,37,71,388
	Current Service Cost	62,12,028	23,17,61,650	46,73,805	19,36,89,070
	Interest Cost	42,35,577	3,68,97,347	36,92,900	3,60,97,171
	Actuarial losses/ (gains)	92,56,695	16,46,74,591	16,82,936	(9,13,36,730)
	Benefits paid	(1,83,97,129)	(18,39,56,175)	(60,64,299)	(15,99,73,376)
	Defined benefit obligation at the end of the year	**5,97,49,388**	**78,16,24,936**	**5,84,42,217**	**53,22,47,523**
2	**Changes in Fair Value of assets**				
	Opening Fair value of plan assets			-	-
	Expected return on plan assets			-	-
	Actuarial losses/ (gains)			-	-

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	Contributions by employer			-	-
	Benefits paid			-	-
	Closing Fair Value of Plan Assets			-	-
3	**Liability recognized in the Balance sheet**				
	Present value of unfunded obligations	5,97,49,388	78,16,24,936	5,84,42,217	53,22,47,523
	Amount recognized in Balance sheet under Current liabilities and provision	**5,97,49,388**	**78,16,24,936**	**5,84,42,217**	**53,22,47,523**
4	**Expenses recognized in Statement of Profit & loss under Note 26**				
	Current Service Cost	62,12,028	23,17,61,650	46,73,805	19,36,89,070
	Interest on Defined Benefit Obligation	42,35,577	3,68,97,347	36,92,900	3,60,97,171
	Net Actuarial losses/ (gains) recongnized in the year	92,56,695	16,46,74,591	16,82,936	(9,13,36,730)
	Benefits paid	(1,83,97,129)	(18,39,56,175)	(60,64,299)	(15,99,73,376)
	Total employer expense recognized in Statement of profit and loss	**13,07,171**	**24,93,77,413**	**39,85,342**	**(2,15,23,865)**
5	**Actuarial assumptions:**				
	Discount rate	7.55%	7.55%	7.55%	7.55%
	Expected rate of return on assets	0.00%	0.00%	0.00%	0.00%
	Rate of escalation in salary (per annum)	7.00%	7.00%	6.00%	6.00%
	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.

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Note 40 - 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 establishement

I Names of the related party and related party relationship:

a) Related party where control exists

Government of karnataka

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

i) Key management personnel (KMP)

Sri. Jawaid Akthar (IAS)
Sri. S Selvakumar (IAS)
Smt. N Manjula (IAS)
Smt. Dr. R. Ragapriya (IAS)
Sri. H N Gopalkrishna (IAS)
Sri Ragunandan Murthy (IAS)
Smt. Hepsiba Rani Korlapati (IAS)
Sri P Raja (IAS)
Sri. H S Ashokanand (IAS)
Sri. Chikkananjappa
Sri. R Jayakumar
Sri. Vinodkumar Havangi
Sri Anilkumar S Bableshwar
Sri. Purushotham Singh B H
Sri. Udaykumar Bhosgi
Sri Rajkumar S Biradar
Sri. A N Jayaraj
Sri. T R Ramakrishnaiah
Sri. K T Hiriyanna
Sri B Abdul Wajid

ii) Enterprises having significant bearing on GESCOM through common ownership of government of karnataka

Karnataka Power Transmission Corporation Limited
Bangalore Electricity Supply Company Limited
Hubli Electricity Supply Company Limited
Mangalore Electricity Supply Company Limited
Chamundeshwari Electricity Supply Corporation
Power Corporation of Karnataka Limited
Karnataka Power Corporation Limited

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

a) Managerial remuneration

Sl. No.	Nature of transactions	2018-19	2017-18
1	Directors Remuneration [Managing Director & Director (Tech)]	29,51,322	44,51,643
2	Directors Sitting fees	14,000	1,33,000
2	Sri. Abdul Wajid - Key Management Personnel	31,45,496	157377*

*Salary for only 1 month drawn from GESCOM

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

Sl. No.	Nature of transactions	Party Name	2018-19	2017-18
1	Transmission of Energy	KPTCL	(4,06,57,82,396)	11,01,86,15,551
2	Receivable/Payable towards Energy Balancing	BESCOM	1,49,33,50,000	1,08,41,20,000
3	Receivable/Payable towards Energy Balancing	HESCOM	30,40,000	(6,43,50,000)
4	Receivable/Payable towards Energy Balancing	MESCOM	90,73,30,276	69,73,69,391
5	Receivable/Payable towards Energy Balancing	CESCOM	(1,31,40,000)	29,91,10,000
6	Purchase of Power	PCKL	-	-
7	Purchase of Power	KPCL	-	-

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

Sl. No.	Nature of transactions	Party Name	As at March 31 2019	As at March 31 2018
1	Transmission of Energy	KPTCL	1,18,74,87,825	8,82,02,59,242
2	Receivable/Payable towards Energy Balancing	BESCOM	(1,98,75,54,574)	(3,48,09,04,574)
3	Receivable/Payable towards Energy Balancing	HESCOM	5,79,42,057	5,49,02,057
4	Receivable/Payable towards Energy Balancing	MESCOM	1,42,34,02,421	51,60,72,145
5	Receivable/Payable towards Energy Balancing	CESCOM	17,83,31,000	19,14,71,000
6	Purchase of Power	PCKL	-	-
7	Purchase of Power	KPCL	22,16,25,62,880.00	27,92,27,44,667.00

Note 41 Disclosure in respect of Ind AS-17- "Leases"

The relevant data and information with respect to leases is not available and hence no disclosure is made as per Ind AS- 17 - "Leases".

The Company has entered into commercial leases for office premises and guest house. These leases have an average life of between three years with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

The Company has paid Rs. 94.04 lacs (31 march 2018: Rs. 62.47 lacs) during the year towards minimum lease payment.

Note 42 True-up Subsidy/ Regulatory Asset (Refer Note 21)

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. 35377 lakhs and Rs. 45635 Lakhs for FY 2016-17 and FY 2017-18 respectively. For the year 2016-17 Hon'ble KERC has determined the Revenue Gap of FY 17 as 46506 lakhs in the APR and carried forward the same for allowing in the year 2018-19. Further, Regulatory Asset created during FY17 amounting to 35377 lakh is treated as recovered during FY 2018-19 and reversed in the accounts.

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Further fresh regulatory Asset to the extent of Rs 68249 lakhs is created in the accounts for FY 2018-19 by computing the provisional gap expected to be considered by KERC for inclusion in the tariff revision of future years. (Refer Table below)"

Particulars	Approved in tariff 2018	Actual for FY 2018-19	Expected to be approved by KERC in True-up	Considered for Regulatory Income/Assets during FY 19
Revenue				
Revenue including Subsidy	4497.65	5078.44	5078.44	
Regulatory Asset recovered/reversed		-353.77	-353.77	
Additional Regulatory Asset if any		682.49	682.49	
Total Revenue	**4497.65**	**5407.16**	**5407.16**	
Expenses				
Power Purhase cost	3266.75	3949.24	3949.24	682.49
O&M Cost	557.44	679.58	679.58	
Depreciation	155.22	190.98	145.66	
Interest & Finance Charges	250.36	283.77	250.36	
ROE	56.8		56.8	
Others	0.5	83.18		
Total Expenses	**4287.07**	**5186.75**	**5081.64**	**682.49**
Less: other income	45.04	127.65	127.65	
Net ARR	4242.03	5059.1	4953.99	
GAP for FY 2018-19	-255.62	-348.06	-453.17	

Reconciliation of regulatory asset

a	Opening Regulatory Asset as on 01.04.2018	8,10,11,29,873
b	Add: Regulatory Asset created for FY 2018-19	6,82,49,12,120
c	Add: Additional Regulatory Asset accounted for FY if any as per true-up order	-
d	Less: Reversal of Regulatory assets created during FY 17	(3,53,76,59,837)
e	**Closing regulatory asset as on March 31, 2019**	**11,38,83,82,156**

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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.

Particulars	31-Mar-19	31-Mar-18
Financial Assets at amortized cost:		
Loans (note 6(ii))	16,41,54,856	17,11,45,803
Unbilled revenue (note 10)	2,58,00,28,138	2,37,26,90,170
Trade receivables (note 11)	28,28,80,07,555	19,99,60,20,436
Cash and Cash equivalents (note 12)	1,13,38,13,658	63,20,77,227
Other bank balances (note 12)	40,35,97,192	40,80,58,125
Other financial assets (note 13)	8,66,43,71,361	5,73,49,57,714
Total Financial Assets	**41,23,39,72,760**	**29,31,49,49,475**
Financial Liabilities at amortized cost:		
Borrowings (non-current) (note 18)	8,21,84,32,305	6,33,65,47,052
Borrowings (current) (note 23)	63,95,00,331	74,39,69,617
Current maturity of long term loans(note 25)	2,65,10,45,989	1,75,76,95,338
Trade payables (note 24)	49,46,24,95,173	41,34,51,73,942
Other financial liabilities (non current) (note 19)	5,54,04,61,737	5,14,81,93,912
Other financial liabilities (current) (note 25)	4,00,22,34,530	3,22,63,11,803
Total Financial Liabilities	**70,51,41,70,065**	**58,55,78,91,664**

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 amoount 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.

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 analyses in the following sections relate to the position as at 31 March 2019 and 31 March 2018.

The sensitivity analyses 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 analyses 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.

Year ended	Increase/ decrease in basis points
31 March 2019	50
	(50)
31 March 2018	50
	(50)

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.

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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 2019 and 31 March 2018 is the carrying amounts as illustrated in note 12.

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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.

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 complaince 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.

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GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED

(CIN NO. - U04010KA2002SGC030436)

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

NOTES TO THE FINANCIAL STATEMENTS

	31 March 2019	31 March 2018
	Rupees	Rupees
Borrowings (note 18 and 23)	11,50,89,78,625	8,83,82,12,007
Trade payables (note 24)	49,46,24,95,173	41,34,51,73,942
Other current and non current liabilities (note 22 and 27)	83,09,27,577	(9,57,25,447)
Other financial liabilities (note 19 and 25)	9,54,26,96,267	8,37,45,05,715
Less: cash and cash equivalent (note 8)	(1,13,38,13,658)	(63,20,77,227)
Net debt	**70,21,12,83,984**	**57,83,00,88,990**
Total Equity	10,44,94,05,503	5,64,47,37,948
	10,44,94,05,503	5,64,47,37,948
Capital and net debt	**80,66,06,89,487**	**63,47,48,26,938**
Gearing ratio	**87%**	**91%**

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.

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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 at 01 April 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.

Company has not performed valuation with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

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.

Usefule 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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Note 51 - 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 (Rs Cr)**
Assets	
Fixed Assets	
Fixed Assets (net block)	274
Capital work in progress	18
Change in net block due to transfer of asset from ESCOMS to KPTCL	(4)
Total Fixed assets	**288**
Current Assets	
Inventories	26
Sundry Debtors	98
Cash Balances	2
Bank balances	7
Loans and advances	5
Other Assets	1
Total Current Assets	**139**
Total Assets	**427**
Equity	
Equity share capital	131
Total equity	**131**
Loans	98
Other liabilities	
Security deposit from consumer	131
Security line deposit from consumers	9
Other liablities	**140**
Current liabilities	
Liability for supplies/works	27
Unpaid salary and other liabilities	2
Security deposit from contractor in cash	1
Other liabilities and provisions	28
Total Current Liabilities	**58**
Total equity and liabilities	**427**

Note 52 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 53 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.

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Note 54 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 55 The Internal Audit has conducted a special audit on the reported cash misappropriation in Gulbarga Sub Division, Bellary urban , Hospet urban and Devadurga sub division. The investigation report submitted in Sep 2012 found that there had been a case of misappropriation of cash to an extent of Rs.198.65 lakh involving the defaults by Cashier and negligence of the Cash Officer, over a period 2010-11 to 2014-15. The misappropriations reported in the financial year 2013-14 amounting to Rs.36.94 lakhs is not regularised. During the year 2018-19 the Internal Audit have identified and conducted special audit in 6 cases of cash Misappropriation amounting to Rs 37.98 Lakhs The outcome of the investigation in respect of the Audit of the above has been referred to KPTCL for conducting enquiry and issue of charge sheet. The conducting of the enquiry and final orders there on is awaited and hence no recoveries/provision has been made on this count.

Note 56 The Regulatory Asset pertaining to Tanir Bavi Power Project which is recoverable from Consumers and Payable to M/s KPTCL and GoK is not accounted as the matter is pending in the Supreme Court. Impact of the same will be brought on the books once the matter is decided.

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

For and on behalf of the Board of Directors

Shankar Pagad	**B Abdul Wajid**	**R Jayakumar**	**Dr R Ragapriya, IAS**
Partner	**Chief Financial Officer**	**Director (Technical)**	**Managing Director**
Membership No: 206124			

Place : Kalaburagi
Date : 30 AUG 2019

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