

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)	
			2018-19	2017-18
	(Rs. in crores)			
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:

- 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.
- 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 2018-19 the 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 (1276.48 MU'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 2018-19 works 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 & excluding this onetime receipt, the AT&C losses would be 20.50%)

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 1:1.412 (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:

Particulars	(Rs. in Lakhs)	
	Progress during 18-19	Progress during 17-18
Number of installations inspected	75725	42197
No. of cases booked (Cog & NC)	6952	7049
Amount of Back Billing (Cog & NC)	1476.27	1424.50
Back Billing Charges collected (Cog & NC)	1113.32	659.79
Compounding Fee		
i) Assessed (Cong Cases)	119.45	163.65
ii) Collected (Cong Cases)	159.49	178.25

C. SOCIAL WELFARE SCHEMES

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: 05.09.2017 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.

D. NEW INITIATIVES

1) 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.

3) Implementation of Nirantara Jyoti Scheme in GESCOM:

Nirantara Jyoti Scheme under Phase-I invited for 20 talukas on in GESCOM Nirantara Jyoti 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 Nirantara 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 Nirantara Jyoti Scheme in GESCOM has been submitted, and the villagers have generally shown their satisfaction about power supply arrangements

4) 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 crores.											
Sl. No.	Name of the District	Metering	SAGY		Access to RHs	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
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	For Metering Component LOI issued on 2.2.2019

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
Govt. of India	Grant	60
Utility/ State Contribution	Own Fund	10
Loan (FIs/Banks)	Loan	30
Additional Grant from GoI on achievement of prescribed milestones	Grant	50% of total loan component (30%) i.e 15%
Maximum Grant by GoI (including additional grant on achievement of prescribed milestones)	Grant	75%

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< lines including overhead and AB Cables, New HT< 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.

4. **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

5. 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.

6. Communication Strategies:

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.

7. 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

8. 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 | : Chairperson |
| 2. Dr.R.Ragapriya, IAS | : Managing Director |
| 3. Sri.R.Jayakumar | : 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	71 st Meeting	02-07-2018
2	72 nd Meeting	26-10-2018
3	73 rd Meeting	17.11.2018
4	74 th 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.	77 th Meeting	22.09.2018
2.	78 th Meeting	03.11.2018
3.	79 th Meeting	29.11.2018
4.	80 th Meeting	07.01.2019
5	81 st Meeting	13.02.2019
6	82 nd Meeting	02.03.2019
7	83 rd 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	Chairman
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.

Sl. No.	Nature of Transactions	Party Name	Rs. In Crores
			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 receivable & (+) indicates payable/paid.

➤ 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, 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.

- a. 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.
- b. Electricity purchased from GESCOM consumers on Power Purchase Agreement between GESCOM and SRTPV installed GESCOM consumer to promote non-conventional power generation.
- c. Subsidy for the solar water heater installed GESCOM consumers on electricity bill.

B) Technology Absorption

1) The efforts made towards technology absorption:

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

To computerize transformers' life, status and location have been made operational and put to active use without to rule out any undetected vulnerabilities / short comings.

b. Enumeration (survey) of IP sets:

This software provides location of IP Sets and Distribution transformer with connected of IP sets (GPRS) in GESCOM.

c. Public Grievance Redressal System (PGRS):

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

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

a) **DTLMS:** This Software will be able to tackle the basic problems in transformer management. Creating a database of all these codes, development of common web-based software to maintain details of transformers and their life cycles. It is easy to access and maintain the work of transformer.

b) **Enumeration (survey) of IP sets:**

- To know the actual numbers of IP sets and Distribution transformers.
- To have the accountability of the IP sets in our books of accounts and to claim subsidy from GoK.
- To know the actual numbers of authorized IP sets and unauthorized IP sets.
- To know the number of IP sets connected to transformers.
- To have the quality of service to all farmers by strengthening the distribution system.
- To know the location of IP sets in water depleted areas.

c) **(PGRS):** The web based PGRS system can be accessed from anywhere through internet to log complaint, any consumer can log his/her complaints directly by PGRS website to central database without username & password with basic internet connection by own computer or mobile hand held devices and Consumer query will be received with a docket number as a feedback

➤ **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 requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) 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/-

**Managing Director
GESCOM**

Sd/-

**Director (Technical)
GESCOM**