

GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED



Annual Accounts

FY 2017-18

(CIN NO. - U04010KA2002SGC030436)

Regd Office :

Station Road,

Gulbarga – 585102

E-Mail: mdgesco@gmail.com

Website: www.gescom.in



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

BALANCE SHEET AS AT MARCH 31,2018

Particulars	Note No.	Amt in Rs.		
		As at March 31,2018	As at March 31,2017	As at April 01,2016
I. ASSETS				
A Non-current assets				
(a) Property, plant and equipment	3	35,66,68,66,600	34,21,80,36,738	30,16,70,72,538
(b) Capital work-in-progress	4	84,79,98,245	1,28,86,98,647	2,68,64,76,676
(c) Intangible Assets under Development	5	7,40,17,653	7,18,92,402	3,13,20,073
(e) Financial assets				
(i) Investments	6	2,51,00,000	2,51,00,000	2,51,00,000
(f) Deferred tax assets	7	-	-	-
(g) Other non-current assets	8	1,88,41,74,018	1,40,84,33,204	2,11,84,14,858
Total Non-current assets		38,49,81,56,516	37,01,21,60,991	35,02,83,84,145
B Current assets				
(a) Inventories	9	1,82,73,06,659	1,82,16,64,828	1,49,09,76,937
(b) Financial assets				
(i) Unbilled Revenue	10	2,37,26,90,170	2,01,24,23,981	1,85,99,05,241
(ii) Trade receivables	11	7,75,49,10,491	16,00,09,95,688	15,95,32,51,979
(iii) Cash and cash equivalents	12	1,04,01,35,352	2,37,24,88,115	2,08,04,58,565
(iv) Other financial assets	13	5,77,30,45,479	4,68,98,06,779	4,06,73,72,138
(c) Other Current Assets	14	8,83,50,27,815	8,14,23,93,128	11,51,14,41,134
Total Current assets		27,60,31,15,966	35,03,97,72,519	36,96,34,05,994
Total Assets before Regulatory Deferral Account		66,10,12,72,482	72,05,19,33,510	71,99,17,90,139
C Regulatory Deferral Account- Assets	15	8,10,11,29,873	9,31,15,59,837	5,77,39,00,000
TOTAL ASSETS		74,20,24,02,355	81,36,34,93,347	77,76,56,90,139
II EQUITY AND LIABILITIES				
A EQUITY				
Shareholders' funds				
(a) Share capital	16	11,14,95,61,040	7,76,76,61,040	3,05,13,61,040
(b) Other equity	17	2,01,72,49,106	7,28,88,92,716	11,39,88,58,130
TOTAL EQUITY		13,16,68,10,146	15,05,65,53,756	14,45,02,19,170
B LIABILITIES				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	18	6,33,65,47,052	7,51,60,73,202	6,98,18,31,558
(ii) Other financial liabilities	19	4,91,80,76,547	4,08,28,12,216	4,23,22,55,857
(b) Provisions	20	72,14,55,277	74,30,99,196	65,63,94,502
(c) Deferred tax liabilities (net)	7	1,98,27,36,252	1,98,27,36,252	1,98,27,36,252
Total Non current liabilities		13,95,88,15,128	14,32,47,20,866	13,85,32,18,169
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	21	74,39,69,617	1,61,52,86,249	83,59,35,981
(ii) Trade payables				
(i) micro and small enterprises, and	22	-	-	-
(ii) other than micro and small enterprises	22	41,34,51,73,942	45,68,78,31,658	44,14,82,47,007
(b) Provisions	23	41,48,34,535	20,86,59,297	22,19,81,156
(c) Other current liabilities	24	4,53,60,42,960	4,47,04,41,521	4,25,60,88,656
(d) Current Tax Liabilities (Net)	25	3,67,56,027	-	-
Total Current liabilities		47,07,67,77,081	51,98,22,18,725	49,46,22,52,800
TOTAL EQUITY AND LIABILITIES		74,20,24,02,355	81,36,34,93,347	77,76,56,90,139

As per our Report of Even Date

For M/s GRC & Associates

Chartered Accountants

Firm Reg. No. 002437S

T.S. Chandrasekar

Partner

Membership No: 022052

B Abdul Wajid

Chief Financial Officer

Anil Kumar Babaleshwar
Director (Technical)

For and on behalf of the Board of Directors

Dr. R Ragapriya, IAS
Managing Director

Place :

Date: 26 OCT 2018


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

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 2017-18

Particulars	Note No.	Current Year ₹	Previous Year ₹	Amt in Rs.
I Revenue from operations	27	42,91,75,72,146		
II Other income	28	74,43,77,239	37,74,32,06,563	
III Total revenue (I + II)		43,66,19,49,385	95,27,74,661	
IV Expenses:				
Purchases of stock in trade	29	35,77,15,95,773	34,79,98,88,732	
Changes in inventories of finished goods, work in progress and Stock-in-Trade		-	-	
Employee benefits expense	30	35,77,15,95,773	34,79,98,88,732	
Finance costs	31	4,44,71,16,527	3,35,29,71,856	
Depreciation and amortization expense	32	3,51,68,25,357	3,47,37,71,247	
Other expenses	33	1,41,30,15,101	1,22,41,29,445	
		<u>2,02,92,24,094</u>	<u>2,05,34,30,930</u>	
Less: expenses capitalised		47,17,77,76,852	44,90,41,92,210	
Total expenses		47,17,77,76,852	44,90,41,92,210	
V Profit before Rate Regulated Activities, Exceptional items and tax (III-IV)		(3,51,58,27,467)	(6,20,82,10,986)	
VI Add/(Less): Regulatory income/(expense) (net):				
Regulatory income/(expense) (net)	15	4,56,34,70,036	3,53,76,59,837	
Regulatory income/(expense) (net) in respect of earlier years	15	(5,77,39,00,000)	-	
VII Profit Before Exceptional Items and Tax (V+VI)		(4,72,62,57,431)	(2,67,05,51,149)	
VIII Exceptional Items		-	-	
IX Profit before tax (VII-VIII)		-	-	
X Tax expense:		(4,72,62,57,431)	(2,67,05,51,149)	
Current tax		-	-	
Deferred tax		-	20,000	
XI Profit for the year from continuing operations (IX-X)		-	-	20,000
XII Profit/(loss) from discontinuing operations		(4,72,62,57,431)	(2,67,05,71,149)	
XIII Tax expense of discontinuing operations		-	-	
XIV Profit/(loss) for the year (after tax) (XI+XII-XIII)		(4,72,62,57,431)	(2,67,05,71,149)	
Other comprehensive income				
(i) Items that will not be reclassified to profit or loss				
a) Remeasurements of the defined benefit plans		-	-	
b) Taxes on above		-	-	
(ii) Items that may be reclassified to profit or loss				
a) Mark to Market of Investments		-	-	
b) Taxes on above		-	-	
XV Total Comprehensive Income for the year (XI + XIV)		(4,72,62,57,431)	(2,67,05,71,149)	
XVI				
Earning per equity share before and after exceptional item:				
Basic (in ₹)	34	-5.87	-3.44	
Earning per equity share before and after exceptional item:				
Diluted (in ₹)	34	(5.87)	-3.44	
(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 GRC & Associates
Chartered Accountants
Firm Reg. No. 002437S


T.S. Chandrasekar
Partner
Membership No: 022052


B Abdul Wajid
Chief Financial Officer


Anil Kumar Babalshwar
Director (Technical)

For and on behalf of the Board of Directors


Dr. R Ragapriya, IAS
Managing Director

Place :
Date :

26 OCT 2018

GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED
(CIN NO - U04010KA2002SGC030436)

Registered Office at Station Road, Gulbarga, Karnataka - 585102

CASH FLOW STATEMENT FOR THE YEAR ENDED 2017- 18

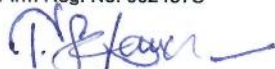
Particulars	March 31, 2018 Rs.	March 31, 2017 Rs.
A. Cash Flow from Operating Activities		
Net Profit Before Taxation	(4,726,257,431)	(2,670,571,149)
Adjustments for:		
Provisions	206,175,238	(13,321,859)
Depreciation	1,413,015,101	1,224,129,445
Interest Expense	3,516,825,357	3,473,771,247
Interest Income	(29,699,058)	(40,091,000)
Rental Income	(15,708,203)	(33,474,094)
Operating Profit Before Working Capital Changes	364,351,004	1,940,442,590
Movements in Working Capital :		
(Increase)/Decrease in Trade Receivables	7,885,819,008	(200,262,449)
(Increase)/Decrease in Inventories	(5,641,831)	(330,687,891)
(Increase)/Decrease in short term Loans and Advances	(1,041,184,237)	(81,064,818)
Increase/(Decrease) in Current Liabilities	(4,240,300,250)	1,753,937,516
Cash Generated from Operations	2,963,043,694	3,082,364,948
Direct Taxes paid (Net of Refunds)	-	(20,000)
Net cash from Operating Activities	2,963,043,694	3,082,344,948
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(402,760,390)	1,469,629,055
Other Non-Current Liabilities	835,264,331	(149,443,641)
Long term Provisions	(21,643,919)	86,704,694
Rental Income	15,708,203	33,474,094
Interest Received	29,699,058	40,091,000
Net cash used in Investing Activities	456,267,283	1,480,455,202
C. Cash Flows from Financing Activities		
(Repayment)/ Acceptance of Long Term Borrowings	(1,179,526,150)	534,241,644
(Repayment)/ Acceptance of Short Term Borrowings	(871,316,632)	779,350,268
Proceeds from issue of equity share capital (net of expenses)	3,381,900,000	4,716,300,000
Other movements in statement showing changes in equity	(2,565,895,601)	(6,826,891,265)
Interest paid	(3,516,825,357)	(3,473,771,247)
Net Cash used in Financing Activities	(4,751,663,740)	(4,270,770,600)
Net increase in Cash and Cash Equivalents (A + B + C)	(1,332,352,763)	292,029,550
Cash and Cash Equivalents at the Beginning of the Year	2,372,488,115	2,080,458,565
Cash and Cash Equivalents at the End of the Year	1,040,135,352	2,372,488,115
Components of Cash and Cash Equivalents		
	March 31, 2018	March 31, 2017
Balances with banks		
- in current accounts	579,541,236	640,608,490
- in other accounts (to the extent held as margin money or security against the borrowings, guarantees, other commitments)	408,058,125	1,653,691,937
Cash on hand	52,077,781	77,347,677
Cheques and Funds in Transit	11,138	423,000
Stamps on Hand	447,072	417,011
	1,040,135,352	2,372,488,115

As per our Report of Even Date

For M/s GRC & Associates

Chartered Accountants

Firm Reg. No. 002437S



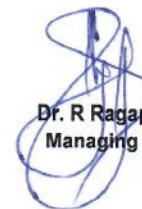
T.S. Chandrasekar
Partner

Membership No: 022052

For and on behalf of the Board of Directors



Anil Kumar Babaleshwar
Director(Technical)



Dr. R. Ragapriya, IAS
Managing Director

Place :

Date : **26 OCT 2018**



GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED
(CIN NO. - U04010KA2002SGC030436)
Registered office at Station Road, Gulbarga, Karnataka - 585 102
Note - 1 : SIGNIFICANT ACCOUNTING POLICIES

I. BACKGROUND:

Gulbarga Electricity Supply Company Limited (GESCOM) is a Limited Company which is fully owned by Government of Karnataka. GESCOM is engaged in the business of retail distribution of power in the area of Northern Karnataka comprising Six Districts namely Bidar, Gulbarga, Yadgir, Raichur, Bellary and Koppal.

II. SIGNIFICANT ACCOUNTING POLICIES

1 METHOD OF ACCOUNTING

The financial statements have been prepared under historical cost convention and on accrual basis of accounting in accordance with the provisions of the Electricity Supply Annual Accounts Rules 1985 (ESAAR) framed under the repealed Electricity (Supply) Act, 1948 as well as those to comply with Accounting Standards ("AS") specified under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules as amended from time to time. to the extent not inconsistent with the repealed Electricity (Supply) Act, 1948.

1.2 In accordance with the provisions of Section 185(2)(d) of the Electricity Act, 2003, all rules made under sub-section(1) of Section 69 of the repealed Electricity (Supply) Act, 1948 shall continue to have effect until such rules are rescinded or modified, as the case may be.

1.3 Use of Estimates

The preparation of financial statements in conformity with ESAAR / generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect certain reported balances of assets and liabilities, disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Accordingly, future results could differ due to changes in these estimates and the difference between the actual result and the estimate are recognized in the period in which the results are known / materialize.

2 Property Plant & Equipment ("PPE")

2.1 Buildings are valued at actual cost of acquisition/ construction, less accumulated depreciation and impairment losses. Land has been revalued as on the date of transition too Indian Accounting Standards ("Ind AS").

2.2 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.

2.3 PPE acquired/constructed (other than land and buildings) are valued at standard rate (as per rates prescribed under " Common Schedule of Rates"), less accumulated depreciation and impairment losses. The Schedule of Rates/ Common Schedule of Rates is determined on the basis of previous purchase price and prevailing market rates).

2.4 The Company has the practice of capitalizing the Assets after the receipt of Final Bill from the Contractor and are accepted/approved/certified by the competent authority. The borrowing costs attributable to the acquisition/construction of qualifying assets are capitalized as part of cost of such assets up to the date when such assets are ready for its intended use.

2.5 Employee cost of Officers / Officials involved in Construction & Maintenance Activity has been capitalized in the ratio of 70:30 between Capital and Revenue based on the time and effort put in by such officers/officials on a conservative basis.

2.6 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



3 DEPRECIATION

- 3.1 Depreciation on all assets (except lease hold land and Assets created out of Consumer Contribution and Grants) is provided on straight line method at the rates as prescribed by CERC from time to time.
- 3.2 Depreciation on all assets is provided up to 90% of the Original Cost.
- 3.3 Depreciation on leasehold land is provided for the years on amortization rates arrived at on the basis of the lease period.
- 3.4 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.
- 3.5 Depreciation is provided from the month of commissioning of the assets.
- i) While assessing pro-rata depreciation in case of commissioning of new assets the full month shall be considered irrespective of the date of commissioning.
- ii) In respect of decommissioning of assets the pro-rata depreciation shall be considered up to the end of previous full month irrespective of date of de-commissioning of assets.

4 CAPITAL WORK IN PROGRESS

- 4.1 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.

5 INVENTORY

- 5.1 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)
- 5.2 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.

6 RETIREMENT BENEFITS

- 6.1 In respect of pension and gratuity, Contribution to KPTCL/ ESCOMs Pension & Gratuity Trust is made based on the actuarial valuation and in accordance with the following formula evolved by the Trust:-
- a. Pension : 33.02% of (Basic Pay + Dearness pay + Dearness Allowance)
- b. Gratuity : 6.06% of (Basic Pay + Dearness pay)
- The Company provides for Pension and Gratuity, a defined benefit retirement plan covering eligible employees. The Plan provides for a lump sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the terms of employment. Liabilities with regard to pension and gratuity are determined by actuarial valuation, based upon which, the company contributes all ascertained liabilities to the KPTCL/ESCOMS Pension and Gratuity Fund Trust.
- 6.2 The liability towards Leave Encashment and Family Benefit Fund has been provided based on actuarial valuation under the projected Unit Credit Method



7 REVENUE RECOGNITION

7.1 Revenue from sale of energy is accounted on accrual basis.

7.2 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.

7.3 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 18 units per installations per month and IP Set Category upto and inclusive of 10 HP

7.4 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.

7.5 Interest income is accrued on time proportionate bases and in respect of overdue bills on crystallisation.

7.6 Additional Expenditure incurred in respect of Power purchase Cost over and above the Approved Power Purchase Cost in the Tariff Orders of relevant financial years is accounted as Income for the year and treated as receivables from Consumers as Regulatory Asset in future years

8 ALLOWANCE FOR BAD & DOUBTFUL DEBTS

8.1 Provision for bad and doubtful debts is made 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 the case of LT consumers.

8.2 In case of HT consumers, 100% provision is made on case to case basis, wherever necessary and in remaining cases, a provision @ 4% is made on the balance of sundry debtors outstanding as at the end of the year.

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

8.3 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.

9 ASSETS CREATED OUT OF NON OWNED FUNDS

9.1 Assets created out of Capital Grants/Contribution from consumers/Deposit Contribution works are included in the Fixed Assets with corresponding liability in the Capital Reserves and the Depreciation on such assets is progressively sett-off against these reserves.

9.2 Other grants are credited to the Profit & Loss account.

10 RELEASED AND SCRAPPED ASSETS:

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

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

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

11 BORROWING COST:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized till the date of such assets being put to use, as part of the cost of that asset.

11.1 When the funds are borrowed specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred on such borrowing, will be set-off against any interest income earned on the temporary investment of such borrowed funds till such asset is installed and being put to use.

11.2 Other borrowing costs are recognized as an expense in the period in which they are incurred.



12 TAXATION

12.1 Current Taxes are measured at the amount expected to be paid using the applicable tax rates and tax laws.

12.2 Deferred Tax asset or liability is recognized for timing differences between the profits as per financial statements and the profit offered for income taxes, based on tax rates that have been enacted or substantially enacted at the Balance sheet date. Deferred Tax assets resulting from tax losses carried forward are recognized only to the extent that there is a virtual certainty that sufficient taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets is reviewed at each Balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

13 MATERIAL COST VARIANCE ACCOUNT

13.1 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.

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

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

a. Credit balance is credited to a reserve called 'Reserve Material Cost Variance'.

b. 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.

14 SEGMENT REPORTING:

14.1 The Company is engaged in the activity of distribution of electricity.

14.2 Considering the Geographical Area of Operations, Economic and political conditions affecting the operations of the company there is no identifiable reporting segment. Hence no Segment wise report is furnished.

15 IMPAIRMENT**15.1 Financial Assets:**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

15.2 Non Financial Assets:

A non financial asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to statement of profit and loss, in the year in which an asset is identified as impaired.

16 EARNING PER SHARE

16.1 Basic and Dilutive Earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period (including dilutive).

17 PROVISIONS

17.1 A provision is recognized when GESCOM has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

18 CASH AND CASH EQUIVALENTS

18.1 Cash and Cash Equivalents in the Balance Sheet comprise cash at bank and in hand and short term investments with an original maturity period of less than three months.



19	POWER PURCHASE
19.1	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
19.2	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
20	FINANCIAL INSTRUMENTS:
	Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.
20.1	Cash and Cash Equivalents:
	Cash and Cash Equivalents comprise cash and deposit with banks. The company considers all highly liquid investments including demand deposits with bank with an original maturity of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.
20.2	Financial assets at amortized cost
	Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
20.3	Financial liabilities
	Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

III Recent Accounting Pronouncements:

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

Through a Notification dated 28th March 2018, the Ministry of Corporate Affairs has indicated 1st April 2018 as the effective date for the implementation of Ind AS 115- Revenue from Contracts with Customers. In addition, limited amendments have been made to some other Ind AS standards (Ind AS's 2, 12, 21, 28 and 40)

The company is in the process of assessing the impact of the introduction of Ind AS 115- Revenue from Contracts with Customers and the limited amendments to the other Ind AS Standards. The impact, if any, will be disclosed in the financial statements for the year ended 31st March 2019.





GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED

[CIN NO. - U04010KA2002SGC030436]

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

NOTES TO FINANCIAL STATEMENTS

2.1 Transition to Ind AS:

These are the Company's first financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101 - 'First-time Adoption of Indian Accounting Standards' using transition date as April 1, 2016.

Ind AS 101 requires that all Ind AS be consistently and retrospectively applied for fiscal years presented. The Company has prepared Opening Balance Sheet on the transition date and subsequent financials based on the accounting policies set out in Note-1.

In preparing these financials, the Company has availed following exemptions in the transition from previous GAAP to Ind AS in accordance with Ind AS 101.

Optional Exemptions:

a) Deemed Cost:

Property, plant and equipment and intangible assets were carried in the balance sheet prepared under previous GAAP as at March 31, 2016. The Company has elected to regard such carrying amount as deemed cost at the date of transition i.e. April 01, 2016 except for Land. Land has been revalued on the date of transition and the same has been considered as deemed cost.

b) Designation of previously recognized financial instruments

Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial assets, as 'fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

Accordingly, the Company has designated its investments in certain equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind AS.





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2.2 The following statement provides first-time Ind AS adoption reconciliation that quantifies the significant differences arising on account of transition from previous GAAP to Ind AS

a) Effect of Ind AS adoption on the balance sheet as at March 31, 2017 and April 1, 2016 (transition date):

Particulars	As at March 31, 2017			As at April 01, 2016		
	Amount as per previous GAAP	Effect of transition to Ind AS	Amount as per Ind AS	Amount as per previous GAAP	Effect of transition to Ind AS	Amount as per Ind AS
I. ASSETS						
Non-current assets						
(a) Property, plant and equipment	25,07,43,23,157	9,14,37,13,580	34,21,80,36,737	21,02,33,58,958	9,14,37,13,580	30,16,70,72,538
(b) Capital work-in-progress	1,28,86,98,647	-	1,28,86,98,647	2,68,64,76,676	-	2,68,64,76,676
(c) Other Intangible assets	7,18,92,402	-	7,18,92,402	3,13,20,073	-	3,13,20,073
(d) Financial assets						
(i) Investments	2,51,00,000	-	2,51,00,000	2,51,00,000	-	2,51,00,000
(e) Deferred tax assets (net)	8,99,56,870	(8,99,56,870)	-	8,99,56,870	(8,99,56,870)	-
(f) Other non-current assets	1,40,84,33,204	-	1,40,84,33,204	2,11,84,14,858	-	2,11,84,14,858
Total Non-current assets	27,95,84,04,280	9,05,37,56,710	37,01,21,60,990	25,97,46,27,435	9,05,37,56,710	35,02,83,84,145
Current assets						
(a) Inventories	1,82,16,64,828	-	1,82,16,64,828	1,49,09,76,937	-	1,49,09,76,937
(b) Financial assets						
(i) Unbilled Revenue	2,01,24,23,981	-	2,01,24,23,981	1,85,99,05,241	-	1,85,99,05,241
(ii) Trade receivables	25,31,25,55,527	(9,31,15,59,837)	16,00,09,95,690	21,72,71,51,979	(5,77,39,00,000)	15,95,32,51,979
(iii) Cash and cash equivalents	2,37,24,88,115	-	2,37,24,88,115	2,08,04,58,565	-	2,08,04,58,565
(iv) Other financial assets	4,68,98,06,779	-	4,68,98,06,779	4,06,73,72,138	-	4,06,73,72,138
(v) Other current assets	8,14,23,93,128	(9,31,15,59,837)	8,14,23,93,128	11,51,14,41,134	(5,77,39,00,000)	11,51,14,41,134
Total Current assets	44,35,13,32,358	(9,31,15,59,837)	35,03,97,72,521	42,73,73,05,994	(5,77,39,00,000)	36,96,34,05,994
Total Assets before Regulatory Deferral Account	72,30,97,36,638	(25,78,03,127)	72,05,19,33,511	68,71,19,33,429	3,27,98,56,710	71,99,17,90,139
Regulatory Deferral Account- Assets						
		9,31,15,59,837	9,31,15,59,837	-	5,77,39,00,000	5,77,39,00,000
TOTAL ASSETS	72,30,97,36,638	9,05,37,56,710	81,36,34,93,348	68,71,19,33,429	9,05,37,56,710	77,76,56,90,139
EQUITY AND LIABILITIES						
Shareholders' funds						
(a) Share capital	7,76,76,61,040	6,95,08,78,078	7,76,76,61,040	3,05,13,61,040	6,49,30,40,211	3,05,13,61,040
(b) Other equity	33,80,14,642	6,95,08,78,078	7,28,88,92,720	4,90,58,17,919	6,49,30,40,211	11,39,88,58,130
TOTAL EQUITY	8,10,56,75,682	6,95,08,78,078	15,05,65,53,760	7,95,71,78,959	6,49,30,40,211	14,45,02,19,170





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II. LIABILITIES							
Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings							
(ii) Other financial liabilities							
(b) Provisions							
(c) Deferred tax liabilities (net)							
Total Non current liabilities							
Current liabilities							
(a) Financial liabilities							
(i) Borrowings							
(ii) Trade payables							
(i) micro and small enterprises, and							
(ii) Other than micro and small enterprises							
(b) Provisions							
(c) Other current liabilities							
(d) Current Tax Liabilities (Net)							
Total Current liabilities							
TOTAL EQUITY AND LIABILITIES							
	751,60,73,199		751,60,73,199	6,98,18,31,558		6,98,18,31,558	
	4,08,28,12,216		4,08,28,12,216	4,23,22,55,857		4,23,22,55,857	
	74,30,99,196		74,30,99,196	65,63,94,502		65,63,94,502	
	-	1,98,27,36,252	1,98,27,36,252	-	1,98,27,36,252	1,98,27,36,252	
	12,34,19,84,611		14,32,47,20,863	11,87,04,81,917		13,85,32,18,169	
	1,61,52,86,249		1,61,52,86,249	83,59,35,981		83,59,35,981	
	45,56,76,89,278	12,01,42,380	45,68,78,31,658	43,57,02,66,760	57,79,80,247	44,14,82,47,007	
	20,86,59,297		20,86,59,297	22,19,81,156		22,19,81,156	
	4,47,04,41,521		4,47,04,41,521	4,25,60,88,656		4,25,60,88,656	
	51,86,20,76,345	12,01,42,380	51,98,22,18,725	48,88,42,72,553	57,79,80,247	49,46,22,52,800	
	72,30,97,36,638	9,05,37,56,710	81,36,34,93,348	68,71,19,33,429	9,05,37,56,710	77,76,56,90,139	





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b) Reconciliation of loss between Ind AS and previous GAAP

Nature of adjustments	Amount
Net Loss after tax as reported under Previous GAAP	(3,12,84,09,016)
Ind AS: Adjustments increase/(decrease)	
Prior Period expense of earlier year adjusted in opening balance	57,79,80,247
Prior Period expense of current year adjusted	(12,01,42,380)
Actuarial gains/losses in respect of employees defined benefit plans reclassified as other comprehensive income	-
Total Ind AS adjustments affecting loss as per statement of profit and loss	45,78,37,867
Profit under Ind AS (after tax)	(2,67,05,71,149)
Other comprehensive income	
Actuarial gains/losses in respect of employees defined benefit plans reclassified as other comprehensive Income	-
Fair value adjustments on Investments (Mark to Market of Mutual Funds)	-
Deferred tax Asset in respect of above items(net)	-
Total Ind AS adjustments of other comprehensive income	-
Total comprehensive income reported under Ind AS	(2,67,05,71,149)

