

GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED



Annual Accounts

FY 2015-16

(CIN NO. - U04010KA2002SGC030436)

Regd Office :

Station Road,

Gulbarga – 585102

E-Mail: mdgesco@gmail.com

Website: www.gescom.in



GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED

(Part - I)

(CIN NO. - U04010KA2002SGC030436)

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

Balance Sheet as at 31 March, 2016

Particulars	Note No.	As at 31 March, 2016	As at 31 March, 2015
		₹	₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds	2	305 13 61 040	305 13 61 040
(a) Share capital	3	18 95 17 916	89 74 72 783
(b) Reserves and surplus		324 08 78 956	394 88 33 823
2 Share Application Money Pending Allotment	3A	471 63 00 003	372 02 24 561
3 Non-current liabilities	4	698 18 31 558	648 54 21 922
(a) Long-term borrowings	5	--	--
(b) Deferred tax liabilities (net)	6	423 22 55 857	409 73 06 989
(c) Other long-term liabilities	7	65 63 94 502	54 52 24 184
(d) Long-term provisions		1187 04 81 917	1112 79 53 095
4 Current liabilities	8	83 59 35 981	30 66 12 300
(a) Short-term borrowings	9	4357 02 66 759	3254 55 09 195
(b) Trade payables	10	425 60 88 655	386 64 12 251
(c) Other current liabilities	11	22 19 81 156	19 24 09 633
(d) Short-term provisions		4888 42 72 551	3691 09 43 379
TOTAL		6871 19 33 427	5570 79 54 857
B ASSETS			
1 Non-current assets			
(a) Fixed assets	12	2102 33 58 957	1791 67 90 243
(i) Tangible assets	13	--	--
(ii) Intangible assets	14	265 75 98 094	212 32 70 248
(iii) Capital work-in-progress	15	6 01 98 655	6 01 98 655
(iv) Intangible assets under development			
(b) Non-current investments	16	1 00 000	1 00 000
(c) Deferred tax assets (net)	5	8 99 56 870	8 99 56 870
(d) Long-term loans and advances	17	169 88 51 642	190 43 36 175
		2553 00 64 218	2209 46 52 190
2 Current assets			
(a) Current investments	18	--	--
(b) Inventories	19	149 09 76 937	118 79 86 963
(c) Trade receivables	20	2172 71 51 978	1611 79 19 333
(d) Cash and cash equivalents	21	208 04 58 565	116 29 35 334
(e) Short-term loans and advances	22	451 19 35 355	329 97 09 127
(f) Other current assets		1337 13 46 374	1184 47 51 910
		4318 18 69 209	3361 33 02 667
TOTAL		6871 19 33 427	5570 79 54 857

Note No 1 to 51 form an integral part of these financial statements

As per our Report of Even Date
For M/s GRC & Associates
Chartered Accountants
Firm Reg. No. 002437S

For and on behalf of the Board of Directors

T.S. Chandrasekar
 Partner

S R Teradal
 Chief Financial Officer

L R Neelja Naik
 Director (Technical)

M Muniraju
 Managing Director



Place : Bangalore
Date : 17th October 2016



GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED

(Part - II)

(CIN NO. - U04010KA2002SGC030436)

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

Statement of Profit & Loss for the year ending 31st March 2016

Sl.No.	Particulars	Note No.	For the year ended 31 March, 2016 ₹	For the year ended 31 March, 2015 ₹
I	Revenue from operations	24	4078 16 21 658	3125 22 20 938
II	Other Income	25	39 31 05 383	41 26 57 002
III	TOTAL REVENUE		4117 47 27 041	3166 48 77 940
IV	Expenses			
	Purchase of Power	26	3306 61 98 902	2451 67 61 202
	Employee Benefits Expense	27	312 40 44 317	276 46 87 834
	Finance costs	28	90 78 79 617	74 51 78 941
	Depreciation	12&29	102 21 83 112	91 27 97 277
	Other expenses	30	403 41 22 705	388 39 68 082
	TOTAL EXPENSES		4215 44 28 654	3282 33 93 335
V	Profit / (Loss) before Prior period items, exceptional and extraordinary items and Income Tax		(97 97 01 614)	(115 85 15 395)
VI	Exceptional items	31	---	---
VII	Profit / (Loss) before Prior period items, extraordinary items and Tax		(97 97 01 614)	(115 85 15 395)
VIII	Prior period Expenses (+) / Income (-)	32	33 28 25 251	(5 99 16 054)
IX	Extraordinary Items	33	(131 25 26 864)	(109 85 99 341)
X	Profit / (Loss) before Tax		(131 25 26 864)	(109 85 99 341)
	Income Tax Expense:			
	(a) Current tax expense		---	---
	(b) Less: MAT credit entitlement		---	---
	(c) Deferred tax		---	---
	(d) Tax expenses relating to prior years		---	---
XI	Profit / (Loss) from continuing operations		(131 25 26 864)	(109 85 99 341)
XII	Profit / (Loss) from discontinuing operations		---	---
	Profit / (Loss) for the year		(131 25 26 864)	(109 85 99 341)
XIII	Earnings per equity share of Rs. 10 each.	34		
	(1) Basic		(4.30)	(3.60)
	(2) Diluted		(4.30)	(3.60)

Note No 1 to 51 form an integral part of these financial statements

As per our Report of Even Date
For M/s GRC & Associates
Chartered Accountants
Firm Reg. No. 002437S

For and on behalf of the Board of Directors

T.S. Chandrasekar
Partner
Membership No: 022052

S R Teradal
Chief Financial Officer

L R Neelya Naik
Director (Technical)

M. Muniraju
Managing Director



Place : Bangalore
Date : 17th October 2016



GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED
(CIN NO. - U04010KA2002SGC030436)

Registered office at Station Road, Gulbarga, Karnataka - 585 102
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH 2016

(Amount in Rs.)

Particulars	As at March 31, 2016	As at March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	(1,31,25,26,864)	(1,09,85,99,341)
Adjustments for :		
Depreciation	1,32,35,83,112	1,12,12,97,277
Depreciation (Prior period/ adjustment)	12,67,40,638	(9,90,57,726)
Interest Income	(4,49,76,257)	(5,96,09,529)
Interest & Finance Charges	3,53,06,51,645	3,11,80,69,071
Provision for employee benefits	14,07,41,842	(16,48,69,336)
Loss on obsolescence of fixed assets	(1,20,56,166)	17,79,161
Operating profit before Working Capital Changes	<u>5,06,46,84,815</u>	<u>3,91,76,08,918</u>
	<u>3,75,21,57,951</u>	<u>2,81,90,09,577</u>
Adjustments for (increase) / decrease in operating assets:		
Inventories	(30,29,89,974)	34,28,07,597
Trade Receivables	(5,60,92,32,645)	(84,40,77,202)
Loans and advances	(94,34,87,215)	75,66,68,864
Other Current Assets	(1,52,65,94,464)	(2,07,86,26,265)
	(8,38,23,04,299)	(1,82,32,27,006)
Adjustments for increase / (decrease) in operating liabilities:		
Other liabilities	52,46,25,273	25,04,18,585
Trade Payables	11,02,47,57,563	2,95,09,36,836
Cash generated from Operations	<u>6,32,54,479</u>	<u>12,89,96,321</u>
	<u>6,32,54,479</u>	<u>12,89,96,321</u>
	<u>6,85,59,82,009</u>	<u>4,06,81,41,671</u>
B Cash flow from Investing Activities		
Capital expenditure on fixed assets, including capital advances	(5,92,59,93,821)	(4,08,21,77,839)
Sale of Fixed Asset / Purchase of Investments	54,54,29,675	45,63,98,644
Interest Received	4,49,76,257	5,96,09,529
Net Cash used in investing activities	<u>(5,33,55,87,888)</u>	<u>(3,56,61,69,666)</u>
C Cash flow from financing activities		
Proceeds from issuance of Share Capital (Including Share application money pending allotment)	99,60,75,442	69,44,24,558
Contributions and grants towards cost of Capital assets	90,59,71,997	70,80,69,033
Borrowings	1,02,57,33,317	1,45,51,27,181
Interest Paid	(3,53,06,51,645)	(3,11,80,69,071)
Net Cash flow from financing activities	<u>(60,28,70,889)</u>	<u>(26,04,48,298)</u>
Net increase/decrease in cash and cash equivalents	91,75,23,231	24,15,23,706
Cash and cash equivalents at the beginning	1,16,29,35,334	92,14,11,628
Cash and cash equivalents at the end of the year	<u>2,08,04,58,565</u>	<u>1,16,29,35,334</u>

NOTES : The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3 'Cash Flow Statement'.

As per our Report of Even Date
For M/s GRC & Associates
Chartered Accountants
Firm Reg. No. 002437S

For and on behalf of the Board of Directors

T.S. Chandrasekar
Partner

S R Teradal
Chief Financial Officer

L R Neelya Naik
Director (Technical)

M Muniraju
Managing Director

Membership No: 022052

Place : Bangalore
Date : 17th October 2016

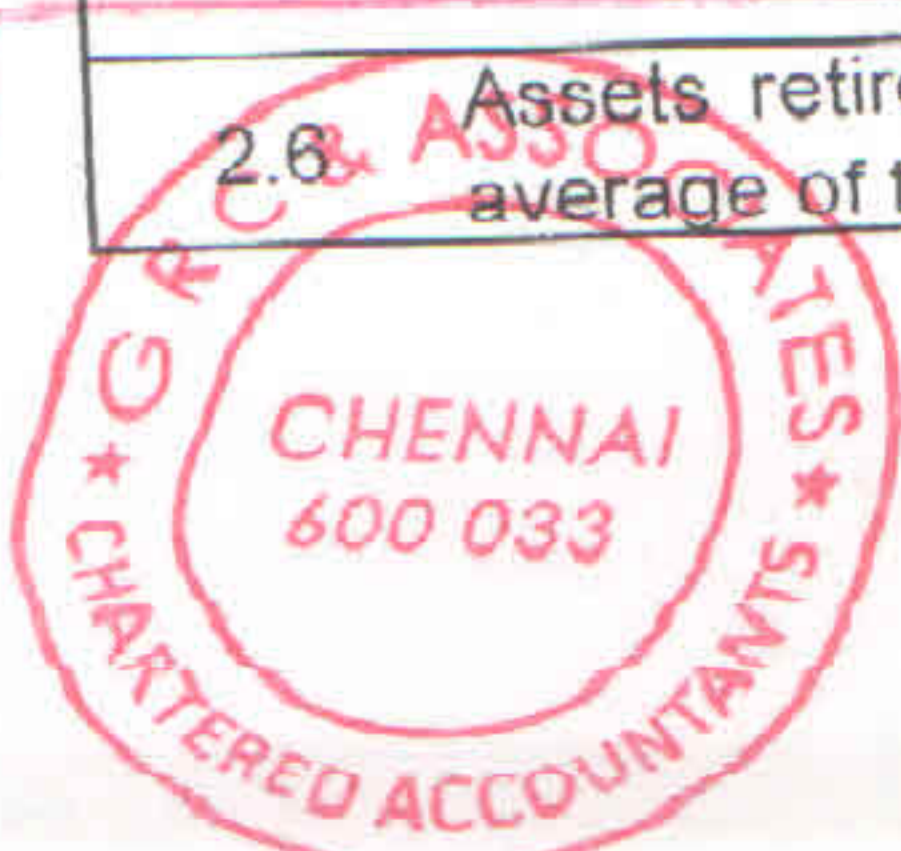


17 DEC 2016



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

I.	NATURE OF OPERATIONS
	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
1.1	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 of the Companies Accounting Standards Rules, 2006 and the Companies Act, 2013 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 the provisions of ESAAR / generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.
1.4	Changes in Accounting Policies. A Revenue Recognition : The existing Significant Accounting Policy on the Revenue Recognition so as to allow the Company to account the anticipated Revenue on account of the pass through of the Power Purchase Cost incurred by the Company over and above the Approved Power Purchase Cost (by Hon'ble Commission), as Regulatory Asset with following amendment vide clause : 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. <i>Due to this change in the Significant Accounting policy during FY 16, the Income from Operations have increased by Rs. 577.39 Crores (Previous year - Not Considered) and the losses reduced by the same extent.</i>
	B PROVISION FOR BAD & DOUBTFUL DEBTS: The IP Set dues are outstanding since July 2008 and no significant recovery could be seen in the category for the last several years. The provisioning of such dues @4% has been enhanced as under: a. Dues outstanding for 2 years and above - 100% Subject to a maximum of 10% in a financial year of the Total outstanding IP Set Installation dues b. Dues outstanding between 1 year and 2 years - 20% Subject to a maximum of 7.5% in a financial year of the Total outstanding IP Set Installation dues. c. Dues outstanding less than 1 years - NIL. Consequent to this modification of the Policy, the Other Expenses and provision for Bad & Doubtful Dues have gone up by Rs. 37.93 Crores & the losses increased by the same extent
2	FIXED ASSETS
2.1	Land and buildings are valued at actual cost of acquisition/ construction, less accumulated depreciation and impairment losses.
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	Fixed assets acquired/constructed (other than land and buildings) are valued at standard rate (as per rates prescribed under " Common Schedule of Rates 2014-15"), 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





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(CIN NO. - U04010KA2002SGC030436)
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Note - 1 : SIGNIFICANT ACCOUNTING POLICIES

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 2014-15". 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 2014-15". 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





GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED
(CIN NO. - U04010KA2002SGC030436)
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Note - 1 : SIGNIFICANT ACCOUNTING POLICIES

8	PROVISION 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.
8.3	a. Dues outstanding for 2 years and above - 100% Subject to a maximum of 10% in a financial year of the Total outstanding IP Set Installation dues b. Dues outstanding between 1 year and 2 years - 20% Subject to a maximum of 7.5% in a financial year of the Total outstanding IP Set Installation dues. c. Dues outstanding less than 1 years - NIL.
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 set-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:
11.1	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. 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.





GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED
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Note - 1 : SIGNIFICANT ACCOUNTING POLICIES

15	INVESTMENTS
15.1	Long Term Investments are valued at Cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.
16	IMPAIRMENT
16.1	The Carrying amounts of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
16.2	After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
16.3	A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.
17	EARNING PER SHARE
17.1	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).
18	PROVISIONS
18.1	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.
19	CASH AND CASH EQUIVALENTS
19.1	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.
20	POWER PURCHASE
20.1	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
20.2	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





GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED

(CIN NO. - U04010KA2002SGC030436)

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

NOTES TO THE FINANCIAL STATEMENTS

Note 2 - Share Capital

Sl. No	Particulars	As at 31 March, 2016		As at 31 March, 2015	
		Number of shares	₹	Number of shares	₹
A	Authorised Share Capital Equity Shares of Rs.10/- each	80 00 00 000	800 00 00 000	60 00 00 000	600 00 00 000
B	Issued, subscribed and fully paid up Equity shares of Rs.10/- each	30 51 36 104	305 13 61 040	30 51 36 104	305 13 61 040
	Reconciliation				
	At the Beginning of the Reporting Period	30 51 36 104	305 13 61 040	30 51 36 104	305 13 61 040
	Add: Issued during the reporting period	--	--	--	--
	Less: Bought back during the reporting period	--	--	--	--
	At the close of the reporting period	30 51 36 104	305 13 61 040	30 51 36 104	305 13 61 040

Note 2A -Particulars of equity share holders holding more than 5% of the total number of equity share capital:

Sl. No	Particulars	As at 31 March, 2016		As at 31 March, 2015	
		Number of shares	₹	Number of shares	₹
1	Government of Karnataka	30 51 36 095	99.99	30 51 36 095	99.99

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

Note 3 - Reserves & Surplus

SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
A	Capital Reserve				
1	<u>Contributions and grants towards cost of Capital assets</u>				
	Opening Balance	304 52 81 859		250 60 83 268	
	Add: Additions during the year	65 10 88 798		66 73 98 592	
		369 63 70 657		317 34 81 859	
	Less: Reversal of depreciation	20 20 00 000		12 82 00 000	
	Closing Balance		349 43 70 657		304 52 81 859
2	<u>Grants towards cost of Capital Assets/regularisation of unauthorised IP set installations received from Government</u>				
	Opening Balance	175 74 04 455		190 66 34 014	
	Add: Additions during the year	6 94 24 558		4 06 70 442	
		182 68 29 014		194 73 04 455	
	Less: Withdrawal during the year			10 96 00 000	
	Less: Reversal of depreciation	9 94 00 000		8 03 00 000	
	Closing Balance		172 74 29 014		175 74 04 455
3	<u>Reserve for Material Cost Variance</u>				
	Opening Balance	30 32 31 796		33 55 68 173	
	Add: Additions during the year	18 54 58 641		33 55 68 173	
		48 86 90 437		3 23 36 377	
	Less: Reversal of depreciation				
	Closing Balance		48 86 90 437		30 32 31 796
	Total Capital Reserves		571 04 90 108		510 59 18 111
B	<u>Surplus/(Deficit) in Statement of Profit and Loss</u>				
	Opening Balance	(420 84 45 328)		(310 98 45 987)	
	Add/(Less): Net Profit / (Net Loss) for the year	(131 25 26 864)		(109 85 99 341)	
	Closing Balance		(552 09 72 192)		(420 84 45 328)
	Total		18 95 17 916		89 74 72 783





GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED

(CIN NO. - U04010KA2002SGC030436)

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

NOTES TO THE FINANCIAL STATEMENTS

Note 3A - Share Application Money Pending Allotment

SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
1	Share deposit			302 58 00 003	
	Opening Balance	372 02 24 561		69 44 24 558	
	Add: Additions during the year	99 60 75 442		372 02 24 561	
		471 63 00 003		---	
	Less: Fresh issue of equity shares	---		---	
	Less: Excess transferred to income	---		---	
	Closing Balance	471 63 00 003	471 63 00 003	372 02 24 561	372 02 24 561
	Total		471 63 00 003		372 02 24 561

Note 4 - Long-Term Borrowings

SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
A	SECURED LOANS				
	Term Loans From				
	-Banks (Refer Note below)	---		---	
	-Others (Refer Note below)	755 53 58 042		684 38 01 915	
	Sub-Total	755 53 58 042		684 38 01 915	
	Less: Current Maturities	65 23 87 944	690 29 70 098	45 11 10 356	639 26 91 559
B	UNSECURED LOANS				
	Term Loans From				
	-Banks (Refer Note below)	---		---	
	-Others (Refer Note below)	9 27 30 363		10 87 89 266	
	Sub-Total	9 27 30 363		10 87 89 266	
	Less: Current Maturities	1 38 68 903	7 88 61 460	1 60 58 903	9 27 30 363
	Total		698 18 31 558		648 54 21 922

Additional Information for Note 4 - Details for Secured Loans :

SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
A	Term Loans from Banks				
1	State Bank of Hyderabad (Secured by hypothecation of current assets distribution Material)				
	Less: Current Maturities	---		---	
	Sub-Total				
B	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, equipments, machinery spares, tools, implements, and accessories installed / created / erected in future and its stock of materials equipments bought or to be bought out of the loan amount. The Tenure of the loan is 13 years with 3 years moratorium, repayable in 10 equal annual installments. Repayment starting from 2009. Interest rate is 8.00%)	5 34 14 077		8 41 52 520	
2	PFC - RAPDRP Part A -The tenure of loan originally was 10 years from the date of disbursement including moratorium period of 3 years for both Principal and interest. Interest to be paid as notified by Ministry of Finance from time to time. Secured by way of hypothecation on the newly financed assets under the project as securities for loan. The Tenure of the loan is modified as 10 years with 5 years moratorium repayable in equal annual installments. (i.e.Moratorium period extended by two years). Interest rate is 11.50%. Part B- The Tenure of the loan is 20 years with 5 years moratorium. Repayable in equal annual installments starting from 2016. Interest rate is 11.50%)	40 16 80 330		43 81 57 224	
3	Loan from Rural Electrification Corporation RCC-Rural Load Management System Tenure of the loan is 13 years with 3 years moratorium. repayable in 10 equal annual installments. Starting from 2011. Interest rate is 10.00%.	586 70 74 259		554 42 80 309	





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	<p>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%.</p>			
	<p>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%</p>			
	<p>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%.</p>			
	<p>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%.</p>		2 25 31 245	
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 95 27 079		
6	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%)	31 24 25 108	---	
7	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 annual installments starting from 2010. Rate of Interest is varying from 8.25% to 10.90%)	60 28 01 312	54 84 18 229	
8	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%)	29 84 35 877	20 62 62 388	
	Sub-Total		755 53 58 042	684 38 01 915
			65 23 87 944	45 11 10 356
C	Less : Current Maturities :		690 29 70 098	639 26 91 559
	Total			

Additional Information for Note 4 - Details for Un-Secured Loans					
SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
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%.)	4 16 32 562		4 70 83 208	
2	Loans from Government - APDRP (The tenure of the loan is 13 years with 3 years moratorium, principal being repayable in 10 equal Annual Installments, repayment starting from 2009 and ending during 2018. The rate of Interest is 8%.)	4 97 92 801		5 69 06 058	
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)	13 05 000		26 10 000	
4	Loan from GoK Ganga Kalyana. (The tenure of the loan is 10 years repayable in 10 equal Annual installments starting from Feb 2006 and ending during FY-16. Rate of Interest is 11%)			21 90 000	
5	Sub-Total		9 27 30 363		10 87 89 266
6	Less : Current Maturities		1 38 68 903		1 60 58 903
			7 88 61 460		9 27 30 363

Additional Information for Note 4 - long-term borrowings guaranteed by some of the directors or others:					
SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
1		--	--	--	--
2		--	--	--	--
	Total	--	--	--	--





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Additional Information for Note 4 - Defaults by the Company in repayment of Long-Term Borrowings and interest:

SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
1	Term loans from banks		--		--
	a) Principal		--		--
	b) Interest		--		--
2	Term loans from Other Parties		--		--
	a) Principal		--		--
	b) Interest		--		--
3	Other loans and advances		--		--
	a) Principal		--		--
	b) Interest		--		--
	Total				

Note 5 - Deferred Tax Liability

SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
i)	Deferred tax liability:		169 74 34 863		159 51 86 342
	a) On account of depreciation on fixed assets		--		--
	b) On account of timing differences in recognition of expenditure				
	c) Total		169 74 34 863		159 51 86 342
ii)	Deferred tax asset:				
	a) On account of timing differences in recognition of expenditure		116 54 76 164		93 69 06 788
	b) On account disallowance under section 40 (ia)				
	c) On account of Unabsorbed losses and depreciation under the Income Tax Act, 1961 (Deferred Tax Asset on account of unabsorbed losses & Depreciation is restricted to the extent of Unabsorbed Deferred Tax Liability)	145 64 58 759	62 19 15 569		74 82 36 424
	d) Total		178 73 91 733		168 51 43 212
	Net Deferred tax liability/(asset)		(8 99 56 870)		(8 99 56 870)

Note 6 - Other Long-Term Liabilities

SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
1	Others		(5 42 97 616)		4 81 52 271
	(a) Deposit Contribution Work		428 65 53 473		404 91 54 717
	(b) Security Deposit from consumers				409 73 06 989
	Total		423 22 55 857		409 73 06 989

Note 7 - Long Term Provisions

SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
1	Provision for Employee Benefits		38 97 01 899		28 34 81 257
	- Provision for Leave encashment		4 41 61 489		3 92 11 813
	- Provision for Family Benefit Fund		3 35 28 956		3 35 28 956
2	Other Payables to GoK		12 93 06 507		12 93 06 507
3	BRP II Adjustment given By GOK i.r.o SMIOR		5 96 95 651		5 96 95 651
4	Provisions made by GoK towards Consumers		65 63 94 502		54 52 24 184
	Total		65 63 94 502		54 52 24 184

Note 8 - Short-Term Borrowings

SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
A	From Banks		83 59 35 981		30 66 12 300
1	Secured		--		--
2	Unsecured				
B	From Other Parties		--		--
1	Secured		--		--
2	Unsecured				
	Total		83 59 35 981		30 66 12 300
	Cash Credit from Banks				
	State Bank of Hyderabad	83 59 35 981		30 66 12 300	
	(Secured by Charge on Receivables from Consumers)				
	Total		83 59 35 981		30 66 12 300





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Note 9 - Trade Payables

SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
A	Trade Payable		---		---
	1. MSME (\$)		4357 02 66 759		3254 55 09 195
	2. Others				
	Total		4357 02 66 759		3254 55 09 195

Additional Information:		As at 31 March, 2016		As at 31 March, 2015	
1	Trade Payables for Purchase of Power		3369 65 54 630		2325 52 95 727
2	Other Liability for Outstanding Expenses		65 46 66 681		140 28 38 599
3	Payable to Associates - KPTCL/PCKL/other ESCOMs		921 90 45 447		788 73 74 869
	Total		4357 02 66 759		3254 55 09 195

(\$ Micro, Small and Medium Enterprises Development Act, 2006: Under Micro, Small Medium Enterprises Development Act, 2006 read with notification no:8-7-2006-CDN dt17-05-2007, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, 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 30 days as at 31st March 2016.

Note 10 - Other Current Liabilities

SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
1	Current maturities of long term debts		66 62 56 847		46 71 69 259
2	Interest accrued but not due on loans		25 93 87 820		23 13 53 380
3	Security Deposits in cash from Suppliers / Contractors		8 32 33 840		10 13 31 984
4	Payables/Liabilities for supplies / works		193 95 92 219		202 90 10 407
5	Statutory Liabilities		28 88 03 065		34 10 09 465
6	Interest Accrued and payable to Consumers		54 49 01 109		49 03 26 658
7	Inter Unit Accounts		13 80 20 225		70 69 676
8	Liability towards Consumers		2 69 28 728		1 92 68 609
9	Other Payables			2 53 98 000	
a	Excess credit under reconciliation with Bank	4 47 88 932		15 44 74 813	17 98 72 813
b	Miscellaneous Deposits/Other liabilities	26 41 75 871	30 89 64 803		
	TOTAL		425 60 88 655		386 64 12 251

Note 11 - Short-Term Provisions

SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
1	Provision for Employee Benefits		15 18 15 040		12 56 99 685
2	Provision for Earned Leave Encashment		6 59 67 857		6 27 79 776
3	Provision for Family Benefit Fund		41 98 259		39 30 171
	TOTAL		22 19 81 156		19 24 09 632





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Asset Group	Amount in Rs.											
	Gross Block					Depreciation					Net Block	
	As at 01/04/2015	Additions	Deletions/ Adjustments	As at 31/03/2016	As at 01/04/2015	For the Year	Adjustments	Withdrawals	As at 31/03/2016	As at 31/03/2016	As at 31/03/2015	
Land & Rights	6 45 33 270	16 80 160		6 62 13 430					9 71 75 876	6 62 13 430	6 45 33 270	
Buildings	31 54 56 720	17 22 14 215		48 76 70 935	8 34 69 227	1 24 09 834	12 96 815		39 04 95 059	39 04 95 059	23 19 87 493	
Other Civil Works	4 00 53 496	37 80 119		4 38 33 615	1 38 59 802	21 74 179	4 37 180		2 73 62 454	2 73 62 454	2 61 93 693	
Roads	1 88 94 624	41 76 643		2 30 71 267	36 19 091	6 51 277	2 28 306		1 85 72 592	1 85 72 592	1 52 75 533	
Plant & Machinery	471 63 00 223	114 10 64 567	59 06 54 088	526 67 10 703	115 37 60 317	23 95 09 990	1 73 48 348	9 24 16 477	394 85 08 525	394 85 08 525	356 25 39 906	
Lines Cable Networks	2082 46 12 940	373 07 40 638	7 19 91 765	2448 33 61 813	686 52 75 590	106 27 19 447	10 85 29 087	3 70 96 456	1648 39 34 145	1648 39 34 145	1395 93 37 351	
Vehicles	5 37 69 780			5 37 69 780	3 26 69 616	19 39 555	12 14 03		1 90 39 206	1 90 39 206	2 11 00 164	
Furniture & Fixtures	4 28 36 447	55 43 019	2 41 865	4 81 37 601	2 14 53 736	20 04 445	(5 25 886)	1 276	2 29 31 019	2 52 06 582	2 13 82 711	
Office Equipments	2 90 82 470	3 10 66 613		6 01 49 083	1 46 42 349	21 74 386	(6 94 614)		4 40 26 963	4 40 26 963	1 44 40 121	
Total	2610 55 39 971	509 02 65 974	66 28 87 718	3053 29 18 227	818 87 49 728	132 35 83 112	12 67 40 638	12 95 14 209	950 95 59 270	2102 33 58 957	1791 67 90 243	
Previous Year	2327 67 99 738	337 15 38 343	54 27 98 111	2610 55 39 971	725 11 30 483	112 12 97 277	-9 90 57 726	8 46 20 305	818 87 49 728	1791 67 90 243	1602 56 69 256	

Note 13 Intangible Assets

Asset Group	Amount in Rs.											
	Gross Block					Depreciation					Net Block	
	As at 01/04/2015	Additions	Deletions/ Adjustments	As at 31/03/2016	As at 01/04/2015	For the Year	Adjustments	Withdrawals	As at 31/03/2016	As at 31/03/2016	As at 31/03/2015	
Total												
Previous Year												

Note:

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

2) Includes Fixed Assets added by way of:

- Capitalisation of Interest:

Upto Previous Year 32 79 59 781

During the Year

End of the Year 32 79 59 781

- Capitalisation of Assets by way of Consumer Contribution and Grants:

Upto Previous Year 462 12 17 282

During the Year

End of the Year 524 81 84 873

2) Assets created out of Consumer Contribution/Grants / Deposit Contribution Works vests with Company. Accumulated Depreciation attributable for these assets is not ascertainable

3) 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.





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Note 14 - Capital Works in Progress		As at 31 March, 2016		As at 31 March, 2015	
SL. NO	PARTICULARS	₹	₹	₹	₹
	(i) Plant & Machinery		265 75 98 094		212 32 70 248
	TOTAL		265 75 98 094		212 32 70 248

Note 15 - Intangible assets under development:		As at 31 March, 2016		As at 31 March, 2015	
SL. NO	PARTICULARS	₹	₹	₹	₹
	(i) Computer Software		6 01 98 655		6 01 98 655
	TOTAL		6 01 98 655		6 01 98 655

Note 16 - Non-Current Investments		As at 31 March, 2016		As at 31 March, 2015	
SL. NO	PARTICULARS	₹	₹	₹	₹
1	Trade Investments Investment in equity instruments				
2	Non-Trade Investments (Unquoted) Investment in equity instruments * Company is having a share of 1000 No of 100 Rupees face value as investment made to PCKL		1 00 000		1 00 000
	TOTAL		1 00 000		1 00 000

Note 17 - Long-Term Loans & Advances		As at 31 March, 2016		As at 31 March, 2015	
SL. NO	PARTICULARS	₹	₹	₹	₹
1	Capital Advances Regulatory Assets - recoverable from Consumers		149 72 48 422		176 75 52 875
2	Share Application Money Pending Allotment to M/s PCKL*		2 50 00 000		2 50 00 000
3	Security Deposits		17 62 44 352		9 63 62 132
4	Advances to Suppliers & Contractors		3 867		1 50 66 167
5	Hyderabad Karnataka Development Programme		3 55 000		3 55 000
	TOTAL		169 88 51 642		190 43 36 175

* Company has made an investment of Rs. 2,50,00,000/- towards subscription of shares in Power Company of Karnataka Limited during FY 08 where the Shares are pending Allotment to the company. The shares of the Company are unlisted as on date and hence adjustment with respect to the current valuation of the investment is not accounted.

		As at 31 March, 2016		As at 31 March, 2015	
SL. NO	PARTICULARS	₹	₹	₹	₹
	Additional Information Breakup of above				
	Secured, considered good		152 26 03 422		179 29 07 875
	Unsecured, considered good		17 62 48 219		11 14 28 299
	Doubtful		---		---
	TOTAL		169 88 51 642		190 43 36 175

Note 18- Inventories.		As at 31 March, 2016		As at 31 March, 2015	
SL. NO	PARTICULARS	₹	₹	₹	₹
1	Stores, spares and loose tools (Stocks are valued at standard cost)				
	a) Material lying at Stores	107 81 30 642		80 78 71 775	
	b) Material with Emoloyees	1 10 50 140		1 24 75 077	
	c) Material with Contractor	8 99 16 660	117 90 97 441	8 74 39 986	90 77 86 838
2	Obsolete / scrapped assets.		63 36 907		51 24 663
3	Written down value (WDV) of Faulty / Dismantled Assets.		30 55 42 589		27 50 75 462
	TOTAL		149 09 76 937		118 79 86 964





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Note 19 - Trade Receivables		As at 31 March, 2016		As at 31 March, 2015	
SL. NO	PARTICULARS	₹	₹	₹	₹
	Trade Receivables	1336 54 60 635		1366 45 49 198	
	(i) Trade receivables exceeding six months	478 89 72 809		437 55 23 736	
	(ii) others	1815 44 33 444		1804 00 72 934	
	Sub Total	577 39 00 000			
	Add : Regulatory Assets Recoverable from Consumers	2392 83 33 444			
	Sub Total			2 54 94 034	
	Less :	2 17 11 228		5 21 52 891	
	(i) Provision for withdrawal of Revenue	8 30 59 574	2382 33 25 331	1 74 69 343	1794 49 56 665
	(ii) Revenue Collection Pending Classification	2 37 310			
	(iii) Revenue Suspense				182 70 37 332
	Less :		209 61 73 354		1611 79 19 333
	(ii) Provision for Doubtful dues from Consumers (\$)		2172 71 51 978		
	TOTAL				

Additional Information:

i) Breakup of above:		439 15 61 584	414 42 70 985
a) Secured, considered good		1733 55 90 394	1197 36 48 348
b) Unsecured, considered good		209 61 73 354	182 70 37 332
c) Doubtful		2382 33 25 331	1794 49 56 665
d) Total		209 61 73 354	182 70 37 332
Less : Provisions		2172 71 51 978	1611 79 19 333
Total			

(\$ 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. 228.92 crores is inclusive of the aforesaid provision. Besides the above, 100% provision is made on case to case basis under HT installations category which works out Rs.11,04 crs and 15% provision is created on IP set Dues outstanding for more than 2 years which works out to Rs. 94.83 Crores. On the Balance Debtors, 4% provision is made.

Note 20 - Cash & Cash Equivalents		As at 31 March, 2016		As at 31 March, 2015	
SL. NO	PARTICULARS	₹	₹	₹	₹
1	Cash on hand *		14 98 41 230		11 32 80 303
2	Balances with Banks:	44 99 74 443		41 32 21 254	
	(i) in current accounts	43 75 81 000		--	
	(ii) Transfer from units - Intransit Account	1 53 000	88 77 08 443	15 66 00 000	56 98 21 254
	(iii) Cheques & Funds - Intransit Account				
	Balances with Banks:	93 24 66 806		21 59 79 466	
	(i) as Fixed Deposits with maturity less than 3 months			16 32 92 122	
	(ii) as Fixed Deposits with maturity of 3 months or more but less than 12 months	----			
	(iii) lien Deposits to the extent held as Margin Money / Security against borrowings, guarantees & other commitments**	11 00 61 051	104 25 27 857	10 02 64 956	47 95 36 544
	Stamps on Hand		3 81 035		2 97 233
	TOTAL		208 04 58 565		116 29 35 334

* Cash & Bank Balance includes a. Unrecouped Vouchers : Rs.110049/- & b. Suspense : Rs. 9793846/- (some of the suspense vouchers are not charged off within 3 months from the Balance Sheet date.)

** Lien Deposit serving as security against LC for Central Government Stations (Power Generators)

There is a difference in cash balance as per cash certificate as compared to the Balance as per Trial Balance under A/c Code 24.110 in respect of Raichur Division and the same is on account of mis-appropriation in Deodurga Sub Division and to pending reconciliation.

Note 21 - Short Term Loans & Advances		As at 31 March, 2016		As at 31 March, 2015	
SL. NO	PARTICULARS	₹	₹	₹	₹
	Unsecured Considered Good		55 75 238		55 75 238
1	Advance to Suppliers		44 49 22 084		38 16 67 605
2	Advance Tax (Net of Provision for Tax)				
3	Amounts recoverable from current employees*	2 14 39 584		1 71 09 668	
	a) Loans and Advances	(33 69 419)	1 80 70 165	72 29 897	2 43 39 565
	b) Others		16 54 18 941		
4	Receivable from Power Generators		307 70 48 027		268 81 26 720
5	Receivables from Associates - KPTCL/ ESCOMS		451 19 35 355		329 97 09 127
	TOTAL				





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* Includes amounts recovered from employees towards disputed claims / pending final orders which are exhibited as credit balances in individual cases and have been netted in the overall closing balance

Additional Information:

i) Breakup of above:			
a) Secured, Considered Good		40 60 07 170	40 60 07 170
b) Unsecured, Considered Good		410 59 28 185	289 37 01 958
c) Doubtful			
d) Total		451 19 35 355	329 97 09 127
Less: Provisions			
Total		451 19 35 355	329 97 09 127

Additional Information for Note 21 - Short Term Loans & Advances due by Directors of the Company

SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
1			--		--
2			--		--
	TOTAL		--		--

Additional Information for Note 21 - Short Term Loans & Advances due by firm or private company in which any director is a partner or a director

SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
1			--		--
2			--		--
	TOTAL		--		--

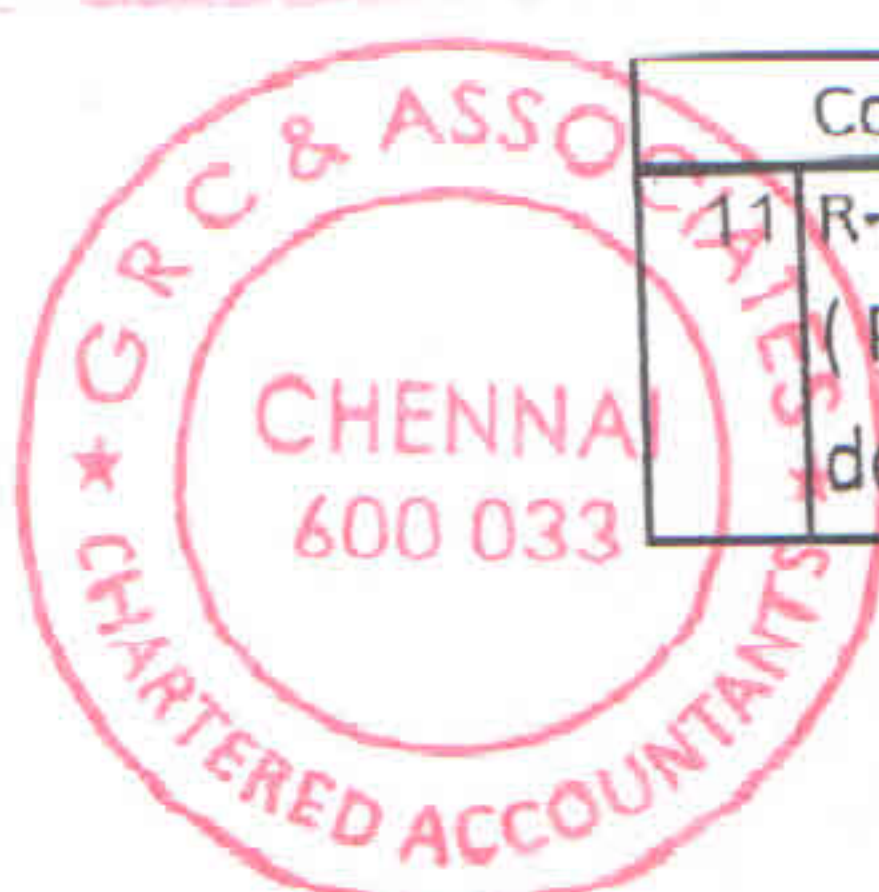
Note 22 - Other Current Assets

SL. NO	PARTICULARS	As at 31 March, 2016		As at 31 March, 2015	
		₹	₹	₹	₹
1	Provision for Unbilled Revenue		185 99 05 241		167 19 06 972
2	Receivable from Government of Karnataka				
	a) Rural Electrification Subsidy	30 50 87 720		30 50 87 720	
	b) Tariff Subsidy	1110 47 92 529	1140 98 80 249	983 43 14 289	1013 94 02 009
3	Receivables from Pension / Gratuity Trust		7 72 27 869		1 51 97 337
4	Claims for Loss / Damage to Capital Assets		17 52 381		17 27 248
5	Prepaid expenses		12 26 967		12 20 610
6	Income Accrued and not due		2 13 53 669		1 52 97 734
	TOTAL		1337 13 46 374		1184 47 51 910

Note 23 - Contingent Liabilities for which no provision has been made by the Company.

SI No	Particulars	Pending at/With	As at 31st March, 2016	As at 31st March, 2015
1	Issue of C-Forms	Karnataka Appealated Tribunal	82.55	82.55
2	Intimation regarding default in TDS statement based on the Tax Payers data	DIT (TDS)	392.24	991.09
3	TDS on Transmission charges & others	CIT / High Court / Supreme Court	10377.58	10377.58
4	Incorrect/excess/arrears billing pending	Appealte Authorities	462.22	2362.00
5	Interest on Power Purchase Parties	Claims against the Company not acknowledged as debts	---	99.81
6	Security to energy supplied by the Power Generators in the form of LC	Various Banks	21169.00	14234.00
7	For loss of life on account of electrification	Consumer Courts	Not Ascertainable	Not Ascertainable
8	Claims towards interest on delayed payments/ price variation/ refund of	Arbitration	Not Ascertainable	Not Ascertainable
9	Power Purchase Agreement traffiffs & dues	Appealte Authority	85 cases pending before various authorities, Courts where the Amount is Not Ascertainable	Not Ascertainable
10	SPML case on Liquidated damages and others	Arbitration	---	6487.51

Commitments			31-Mar-2016
11	R-APDRP-Part A Works to be completed and handed over where payments have been made to an extent of :- (Payment towards Meters is Rs. 754.16 Lakhs (received by GESCO) and Rs 601.98 lakhs considered as towards Software development is accounted as intangible assets.)		2385





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(CIN NO. - U04010KA2002SGC030436)

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NOTES TO THE FINANCIAL STATEMENTS

Note 24 - Revenue from Operations

SL. No.	Particulars	Current Year 2015-16		Previous Year 2014-15	
		₹	₹	₹	₹
1	Revenue from Operations	2546 54 13 562		2198 61 47 308	
a	Sale of Power L T category.(*) (**)	826 88 45 398	3373 42 58 961	807 82 41 882	3006 43 89 190
b	Sale of Power HT category				
2	Other - Operating revenues	7 18 28 667		8 44 04 302	
(I)	Service Connection	120 54 90 074		108 86 13 618	
(II)	Delayed payment charges from consumers.	11 02 042	127 84 20 783	40 17 673	117 70 35 593
(iii)	Other Receipts from consumers				
	Net Income on Account of Regulatory Assets for the		577 39 00 000		
3	Year / Adjustments of Regulatory Assets Account /True Up Subsidy		49 58 086		(1 07 96 155)
4	Less : Withdrawal of Revenue Demand		4078 16 21 658		3125 22 20 938
	TOTAL				

Additional Information

(*) The Company provides subsidized electricity to its employees, who were appointed on or before 08.05.1997. The difference amount in billing the units at the subsidized rates to the employees and the applicable tariff is recognized as sales and the liability on this account is debited to electricity charges account. Under the Subsidized power supply category, 3.85 MU of energy was supplied to its employees/Office against which, the Company has charged about Rs 173.39 lakhs to the P & L A/c. An amount of Rs. 26.73 lakhs is receivable from its employees on the balance sheet date.

(**) Subsidy Claimed from GoK under P P Model:

a) Rural Electrification / Tariff Subsidy is accounted as per Purchaser-Provider Model introduced by the Government of Karnataka during the Financial Year 2003-04 vide GO No. DE 35 PSR 2003 dated 25/4/2003 and subsequent guidelines issued from time to time. During the year 2006-07, the GoK vide letter No. EN 48 PSR 2006 has clarified that "Only the amount of subsidy as intimated by State Government needs to be taken into account by ESCOMs while preparing their Accounts and Balance Sheet". Effective from December 2009 and onwards, the Tariff Subsidy is claimed from Government of Karnataka as per the Commission Determined Tariff applicable to the LT 1 and LT 4 a category (as per applicable Tariff Order of KERC) and the same is included in the Revenue from Sale of Power

b) The revenue demand in the case of metered BJ/KJ installations is claimed in accordance with GO No IN 145 PSR 2004 Bangalore dated 15.03.2005/ Current Tariff Order and included in the Tariff Subsidy receivable from the Government of Karnataka.

c) Consequent to the Change in the Accounting Policy on Revenue Recognition during the year, the differential cost of actual power purchases over and above the Power Purchase Cost Approved by the Hon'ble Commission in the Tariff Order for 2015-16 to an extent of Rs. 577.39 Crores is recognised as Income from Operations

Additional Information - Energy Purchase & Sales Details

SL. NO	PARTICULARS	Current Year 2015-16		Previous Year 2014-15	
		in Million Units		in Million Units	
1	Energy Input at Interface Point		7936.21		7563.91
2	Energy Sales			3008.64	
	Metered Category Sales	3205.78		3123.07	6131.71
	Unmetered Category Sales (IP & BJ/KJ)	3302.02	6507.80		1432.20
3	Distribution losses (Tech & Comm) (a-b)		1428.41		18.93
4	Percentage of distribution losses (%)		18.00		

Note 25 - Other Income

SL. NO	PARTICULARS	Current Year 2015-16		Previous Year 2014-15	
		₹	₹	₹	₹
1	Interest Income :		4 49 76 257		5 96 09 529
2	Other non operating income			2 46 71 181	
	Profit on Sale of scrap	86 451		1 36 77 037	
	Rental from Staff/Others	2 20 30 320		18 65 08 602	
	Rebate on Power Purchase	17 00 10 629		43 46 500	
	Rebate for Remittance of Electricity Duty.	51 87 500			
	Miscellaneous Recoveries / Provisions no longer required and hence reversed	14 80 53 619		12 14 87 672	
	Other Misc Income	27 60 607	34 81 29 126	23 56 482	35 30 47 474
	TOTAL		39 31 05 383		41 26 57 002





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NOTES TO THE FINANCIAL STATEMENTS

Note 26 - Purchase of Power

SL. NO	PARTICULARS	Current Year 2015-16		Previous Year 2014-15	
		₹	₹	₹	₹
	Power Purchase Cost		3306 61 98 902		2451 67 61 202
	Grand Total		3306 61 98 902		2451 67 61 202

Additional Information :

- State Transmission Utilities are barred from power trading activities with effect from 10.06.2005, in accordance with the provisions of Section 39(1) of the Electricity Act, 2003. Consequently the State Government has decided that the ESCOMs would directly purchase power from the Generating Companies and that the Power Purchase Agreements already entered into by the KPTCL would be assigned to the ESCOMs with effect from 10.06.2005. The Government had constituted a State Power Procurement Coordination Centre (SPPCC) under the chairmanship of Principal Secretary, Energy Department, inter-alia, consisting of MDs of KPCL, KPTCL & ESCOMs etc. In respect of power supplied by KPCL, Central Generating Stations and Conventional IPPs, the same would be allocated between ESCOMs on the basis of share of each ESCOM in total energy consumption during the year. Accordingly, the Government has issued another GO No. EN 131 PSR 2003 dated 06.07.2005 indicating the share of GESCO and revised subsequently by GoK/KERC from time to time.

These PPAs would be assigned to all the ESCOMs and each ESCOM are signatory to the PPA. An exercise is carried out at the year end to allocate the energy on the basis of the actual input and any difference as per the monthly share allocated and actual energy input is accounted during the financial year itself.

In order to facilitate trading and co-ordinate in carrying out tariff based competitive bidding process on behalf ESCOMs for establishment of various power projects and also to undertake related activities the Government of Karnataka has accorded approval vide GO No EN 138 PPC 2006, Bangalore dated 07.04.2007 for constitution of SPV viz., Power Company of Karnataka Limited (PCKL).

In order to facilitate trading and co-ordinate in carrying out tariff based competitive bidding process on behalf ESCOMs for establishment of various power projects and also to undertake related activities the Government of Karnataka has accorded approval vide GO No EN 138 PPC 2006, Bangalore dated 07.04.2007 for constitution of SPV viz., Power Company of Karnataka Limited (PCKL).

Further, the Government of Karnataka in its order No EN 158 PPC 2000 dated 01.09.2007 has accorded approval for merger of SPPCC with PCKL. Consequently, the operations hitherto carried out by the SPPCC are being taken over by the newly constituted PCKL. The Company accounts all power purchase costs based on the intimations received from PCKL.

Depending upon the review of power requirement of ESCOMs and the total availability the above ratio of allocation is modified from time to time by the Government and the same is binding upon GESCO.

Depending upon the review of power requirement of ESCOMs and the total availability the above ratio of allocation is modified from time to time by the Government and the same is binding upon GESCO.

The Energy Balancing for the financial year ending has been communicated by the SLDC and PCKL. Details is as under :

Financial Year	Excess Energy drawn by GESCO (-ve indicates receivable from other ESCOMs) (in MU)	Amount Payable to Other Escoms in (Rs Crores)
2015-16	225.468	96.053

Note 27 - Employee Benefits

SL. NO	PARTICULARS	Current Year 2015-16		Previous Year 2014-15	
		₹	₹	₹	₹
(a)	Salaries and Wages		214 71 63 624		206 32 74 477
(b)	Bonus / Exgratia *		5 51 09 485		1 56 55 098
(c)	Earned Leave Encashment		26 20 29 618		11 70 83 855
(d)	Contribution to Provident & Other funds		60 37 93 463		51 48 95 990
(e)	Staff Welfare		5 28 18 079		5 06 77 172
(f)	Workmen compensation		31 30 049		1 44 048
(g)	Remuneration to whole time directors				29 57 194
	TOTAL		312 40 44 317		276 46 87 834

* The C & AG vide draft para vide CARC/PDP-22/AR-2009-10/2010-11/B-39 dated 06/05/2010 has pointed out that the payment of Exgratia to its employees during 2006-07, 2007-08 & 2008-09 amount to Rs. 3.78 crores, without the approval of the Government of Karnataka is irregular. The personnel related matters such as Revision of Pay Scale, Bonus, regulation of DA and pension etc are being regulated in GESCOs based on the orders issued by KPTCL, as ESCOM wise employee segregation is not made. The provision made during FY -10 to FY 16 is in anticipation of the approval of the Government of Karnataka.

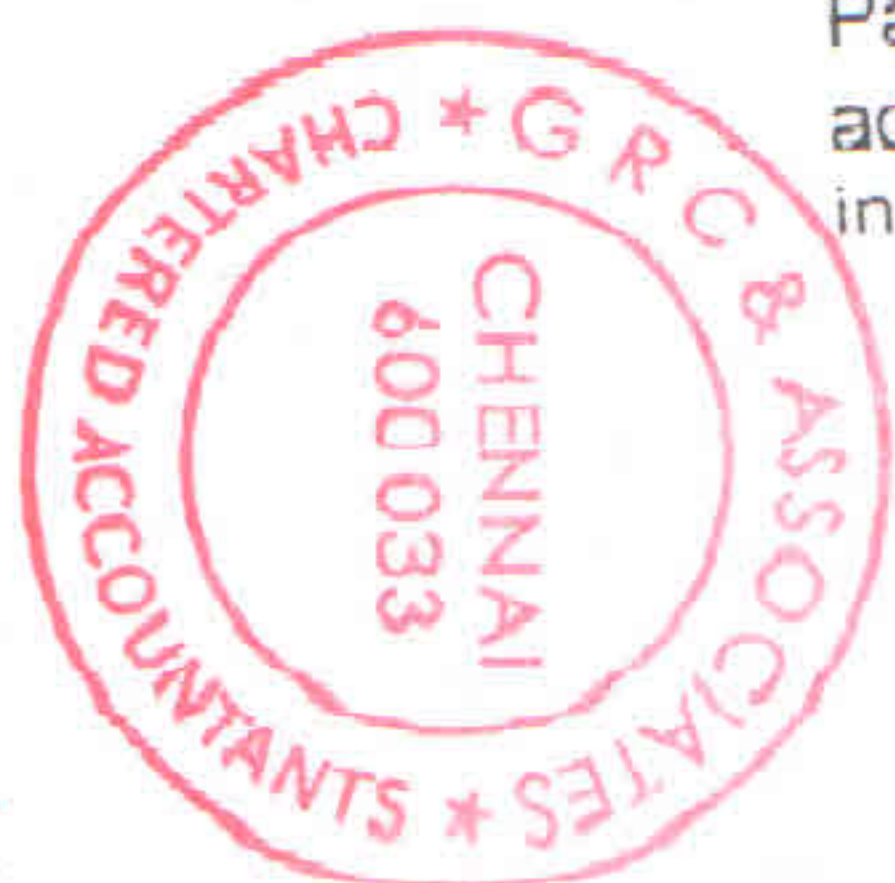
The above includes, claims towards terminal benefits and death claims pertaining to the previous but claims/confirmations /details have been received during the year and hence incorporated in the current year.

Note 28 - Finance Costs

SL. NO	PARTICULARS	Current Year 2015-16		Previous Year 2014-15	
		₹	₹	₹	₹
1	Interest on Loans	90 78 79 617		74 51 78 941	
2	Less - Interest Capitalised	---		---	
	Total		90 78 79 617		74 51 78 941

Additional Information :

Payment of Interest, guarantee commission and principal amount paid to financial institutions in respect of some of the loans accounts, during the year 2015-16 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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NOTES TO THE FINANCIAL STATEMENTS

Note 29 - Depreciation

SL. NO	PARTICULARS	Current Year 2015-16		Previous Year 2014-15	
		₹	₹	₹	₹
1	Depreciation on Buildings	1 45 84 013		1 13 42 590	
2	Depreciation on other Civil Works	6 51 277		5 45 100	
3	Depreciation on Plant and Machinery	23 95 09 990		21 47 80 841	
4	Depreciation on lines, cable, network etc.,	106 27 19 447		88 99 52 344	
5	Depreciation on Vehicles	19 39 555		15 83 706	
6	Depreciation on furniture, fixtures	20 04 445		18 05 456	
7	Depreciation on Office equipments	21 74 386		12 87 240	
	Total (1 to 7)		132 35 83 112		112 12 97 277
8	Less : Reversal of Depreciation on Assets Created out of Consumer Contribution & Grants		30 14 00 000		20 85 00 000
	Depreciation for the year		102 21 83 112		91 27 97 277

Note 30 - Other Expenses

SL. NO	PARTICULARS	Current Year 2015-16		Previous Year 2014-15	
		₹	₹	₹	₹
	Repairs and maintenance:			31 20 39 124	
	- Plant & Machinery	34 63 02 113		2 96 97 382	
	- Buildings	4 37 15 813		18 93 825	
	- Vehicles	22 54 778		7 06 989	34 43 37 320
	- Others	1 28 826	39 24 01 530		1 92 91 963
	Rent		69 93 161		1 25 80 662
	Rates & Taxes		1 44 50 652		37 32 686
	Legal Charges		61 12 386		2 58 14 924
	Postage, Legal & Telephone Charges		3 01 42 383		
	Consumer Ledger Maintenance Contract Charges & Station Maintenance Charges		32 77 62 321		23 42 74 374
	Incentive/Remuneration paid to Gram vidyuth pratinidhi (Micro Feeder Franchisee)		7 03 71 797		6 99 79 776
	Conveyance, Travel & Vehicle expenses		13 00 58 845		11 06 77 874
	Printing & Stationery		3 22 29 228		2 20 55 439
	Advertisement Expenses		50 42 228		80 53 642
	Computer stationary and floppies		13 86 350		16 55 268
	Contributions		1 56 56 338		58 82 000
	Electricity Charges		3 48 52 083		3 15 85 149
	Freight & other material related expenses		1 85 99 565		1 10 93 838
	Asset Decommissioning Costs		(1 20 56 166)		17 79 161
	Bad & Doubtful Debts Written off / provided for		26 91 36 022		4 73 42 782
	Miscellaneous losses		19 57 027		34 55 624
	Compensation for Death, injuries & damages		2 16 93 562		1 21 90 691
	Provision for Contingencies				52 23 68 533
	Bank Charges		2 81 62 498		96 96 514
	Interest to Consumers on Security Deposits		36 66 15 291		35 11 52 692
	Interest on Power Purchase Charges		225 61 56 737		202 17 37 438
	Miscellaneous & Other Expenses		1 55 07 618		1 24 03 232
	Auditors Remuneration			5 89 890	
	-- Statutory Audit Fee	7 18 750		2 36 610	8 26 500
	-- Tax Audit Fee	1 72 500	8 91 250		
	TOTAL		403 41 22 705		388 39 68 082

Note 31 - Exceptional Items

SL. NO	PARTICULARS	Current Year 2015-16		Previous Year 2014-15	
		₹	₹	₹	₹
1					
	TOTAL				





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NOTES TO THE FINANCIAL STATEMENTS

Note 32 - Prior Period Expenses (+) / Income (-) *

SL. NO	PARTICULARS	Current Year 2015-16		Previous Year 2014-15	
		₹	₹	₹	₹
A	Credits relating to earlier years :			6 93 56 012	
	1.Excess provision for Depreciation in prior period	---		---	
	2.Prior Period Adjustments to Subsidy Account	---		11 22 60 025	
	2.Other excess provision in prior period	9 46 82 452	9 46 82 452		18 16 16 037
	Sub-Total				
B	Debits relating to earlier years :			7 75 838	
	1. Employee costs relating to previous year	17 22 116			
	2. Depreciation under provided in previous period	13 88 09 019		---	
	2. Power Purchase expense of previous period	28 69 76 567		12 09 24 145	
	3. Other expenses relating to prior periods		42 75 07 702		12 16 99 983
	Sub-Total				
C.	Net prior period represent - (Credits) / Expenses (A-B)		33 28 25 251		(5 99 16 054)

* Prior period expenses/income to the extent identified and not comprehensive, on account of payment / crystallisation / receipt

Note 33 - Extraordinary Items

SL. NO	PARTICULARS	Current Year 2015-16		Previous Year 2014-15	
		₹	₹	₹	₹
1	TOTAL				

Note 34 - Earnings per Share#

SL. NO	PARTICULARS	Current Year 2015-16		Previous Year 2014-15	
		₹	₹	₹	₹
1	After extraordinary item:		(131 25 26 864)		(109 85 99 341)
	Profit for the year after tax expense				
	Less:				
	Preference dividend payable including dividend tax		(131 25 26 864)		(109 85 99 341)
	Profit		30 51 36 104		30 51 36 104
	Weighted average number of equity shares		(4.30)		(3.60)
	Earning per share				
2	Before extraordinary item:		(131 25 26 864)		(109 85 99 341)
	Profit for the year after tax expense				
	Less:				
	Preference dividend payable including dividend tax		(131 25 26 864)		(109 85 99 341)
	Profit		30 51 36 104		30 51 36 104
	Weighted average number of equity shares		(4.30)		(3.60)
	Earning per share*				

*Share Application Money Pending Allotment has not been considered for computation of earnings per share-dilute, since it is anti dilutive.

Recast





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NOTES TO THE FINANCIAL STATEMENTS

Note 35 - (a) During the reporting period, the Company has made provisions towards Pension & Gratuity (Contributory Trust), Family Benefit Fund (unfunded) and Leave encashment (unfunded) and the details of the same are as under:

Disclosures as per Accounting Standard 15 "Employee Benefits":

Defined Contribution Plan:

Contribution to Defined Contribution, recognized as expense for the year are as under:

	Current Year 2015-16		Previous Year 2014-15	
	₹	₹	₹	₹
Employer's Contribution to Pension & Gratuity		60 37 93 463		51 48 95 990

(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.

1 Changes in Defined benefit obligation	Family Benefit Fund	Leave Encashment	Family Benefit	Leave Encashment
	(Rs)	(Rs)	(Rs)	(Rs)
Defined benefit obligation at the beginning of the year				
Current Service Cost				
Interest Cost				
Actuarial losses/ (gains)				
Benefits paid				
Defined benefit obligation at the end of the year	4 83 59 748	45 56 69 756	4 31 41 984	34 62 61 033
2 Changes in Fair Value of assets				
Opening Fair value of plan assets				
Expected return on plan assets				
Actuarial losses/ (gains)				
Contributions by employer				
Benefits paid				
Closing Fair Value of Plan Assets				
3 Liability recognized in the Balance sheet				
Present value of unfunded obligations				
Amount recognized in Balance sheet under Current liabilities and provision	4 83 59 748	45 56 69 756	4 31 41 984	34 62 61 033
4 Expenses recognized in Statement of Profit				
Current Service Cost				
Interest on Defined Benefit Obligation				
Net Actuarial losses/ (gains) recognized in the year				
Total employer expense recognized in Statement				
5 Actuarial assumptions:				
Discount rate	7.95%	7.95%	7.95%	7.95%
Expected rate of return on assets	0.00%	0.00%	0.00%	0.00%
Rate of escalation in salary (per annum)	6.00%	6.00%	6.00%	6.00%
Retirement Age	60 Years	60 Years	60 Years	60 Years

Apart from the above actuarial assumptions, the Company has ascertained 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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NOTES TO THE FINANCIAL STATEMENTS

Note 36 - Related Parties Disclosure:

A	In view of the Paragraph 9 of AS 18, no disclosure is required as regards to related party relationships with other state Controlled enterprises and the transactions with such enterprises. No related party transactions are carried out with enterprises other than State Controlled Enterprises during the year
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B Other Disclosures as required under AS 18 are as below:

Sl. No.	Nature of transactions	Current Year 2015-16		Previous Year 2014-15	
		₹	₹	₹	₹
1	Directors Remuneration		31,30,049		29,57,194
2	Directors Sitting fees		19,500		10,500

Note 37 - Additional Information

SL. NO	PARTICULARS	Current Year 2015-16		Previous Year 2014-15	
		₹	₹	₹	₹
a)	Value of Imports calculated on CIF basis:		--		--
	(i) Raw Materials		--		--
	(ii) Capital goods		--		--
b)	Expenditure in foreign currency: (net of withholding tax)		--		--
	i) Other matters		--		--
c)	Details of non-resident shareholdings		--		--
	i) Number of nonresident share holders		--		--
	ii) Number of shares held by nonresident shareholders		--		--
	iii) Amount remitted during the year in foreign currency on account of dividends		--		--
d)	Earnings in foreign exchange:		--		--

Note 38 There were no derivative instruments outstanding as at the end of the reporting period. Foreign currency exposures which have not been hedged by any derivative instruments or otherwise as at end of the reporting period is as follows:

SL. NO	PARTICULARS	Current Year 2015-16		Previous Year 2014-15	
		₹	₹	₹	₹
	Assets (Receivables)		---		---
	Liabilities (payables)		---		---

Note 39 - Consequent to unbundling of transmission and distribution activities and formation of Electricity Distribution Companies, the Government of Karnataka has transferred certain 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

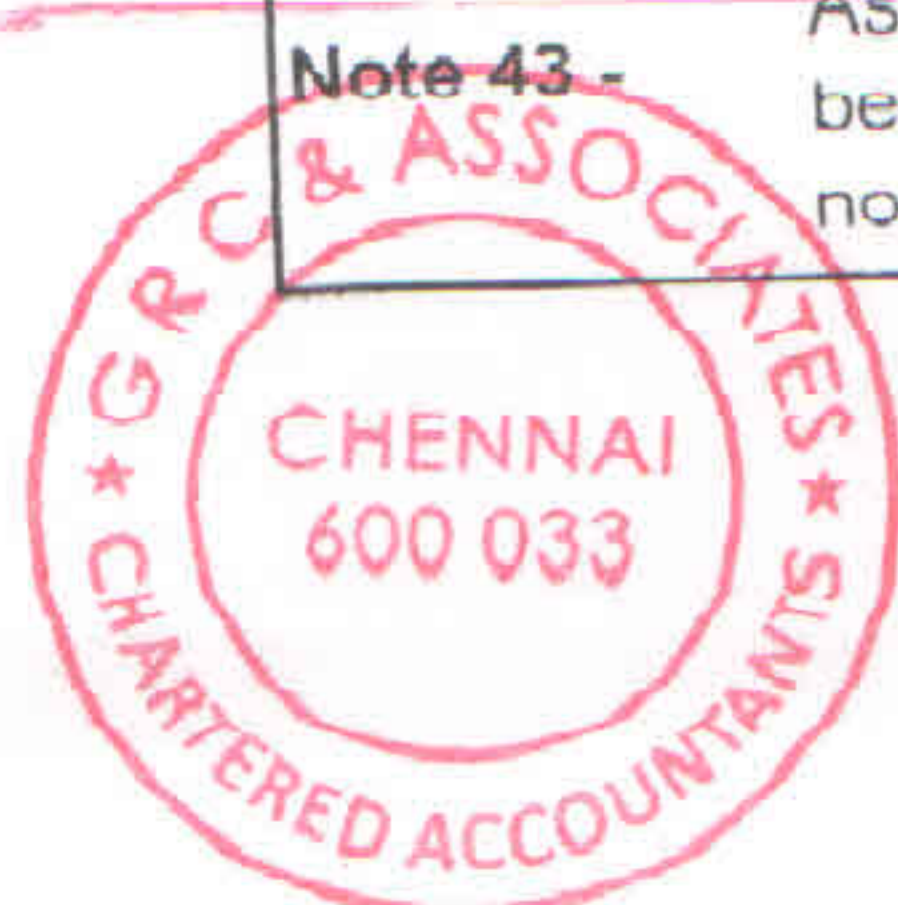
Note 40 - The below mentioned points are subject to confirmation and reconciliation, pending which Company is unable to ascertain the impact on the financial results of the Company.

- The balances under Sundry Debtors, Sundry Creditors, Deposits, Secured Loans, Unsecured loans, other loan funds, Loans and Advances to suppliers, contractors, bank balances.
- Balances under Inter Unit accounts.
- Transactions with KPTCL/ SPPCC/ PCKL & ESCOMs, KPTCL/ESCOMs Pension & Gratuity Trust and KPCL.
- There are a few negative balances against assets in the statement of capital expenditure, works in progress, stock and suspense heads.
- 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 41 - 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. Accordingly, the financial statements have been prepared based on the rules laid down under the Electricity (Supply) Act, 1948, since modified rules have not yet been notified under the Electricity Act, 2003.

Note 42 - Common expenditure incurred by Divisions/Circles/Zones and Administrative offices is not apportioned and debited to Capital Expenditure as the costing method and procedures are not yet evolved.

Note 43 - The C&AG have commented on the adequacy of the provision / contribution to the KPTCL & ESCOMs Pension and Gratuity Trust. As the Liability of the Company is to the extent of the percentage contribution on the employee cost and hence a clarification has been sought regarding the information sought by the C&AG from the Pension & Gratuity Trust. The information is awaited and hence no provision in this regards could be incorporated in the financials for the year.





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NOTES TO THE FINANCIAL STATEMENTS


Note 44 -	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 45 -	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. 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 46 -	The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
Note 47 -	There are no amounts required to be transferred to the Investor Education and Protection Fund by the Group as on the reporting date.
Note 48 -	Provision for contingencies represents the provision made for Arbitration Award, being liquidated damages recovered, Interest thereon (excluding price escalation claims accounted under Reserves for Material Cost Variation A/c) in respect of M/s SPML, which is being contested.
Note 49 -	All figures have been rounded off to the nearest rupee and previous reporting period's figures have been regrouped wherever required to be in conformity with the presentation for the current reporting period
Note 50 -	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.
Note 51 -	The Annual Accounts for FY 16 of the Company which were approved by the Board on 06/10/2016 have been revised in light of the observations made by the Comptroller and Auditor General of India. The said revision has resulted in : a. The Tangible Assets have increased by Rs. 54,38,13,449.01/- b. The CWIP has decreased by Rs. 15,92,68,443.95/- c. Inventories have decreased by Rs. 2,85,17,941.46/- d. Long Term Loans and Advances have decreased by Rs.19,05,42,252.59 e. Trade Payables have increased by Rs. 52,45,960/- f. Short Term loans & Advances have increased by Rs. 8,85,90,745/- & Other Current Assets decreased by Rs 68,42,614/- g. Other Current Liabilities have Increased d by Rs. 22,83,95,798/- h. Other long term Liabilities will decrease by Rs 17,83,400/- i. Reserves & Surplus have increased by Rs. 1,53,74,584.02/- j. Revenue from Operations have increased by Rs. 8,46,60,883 & prior period income expenses decreased by Rs. 41,38,420/- k. Power Purchase has increased by Rs. 52,45,960/- l. Other Expenses (R&M) has increased by Rs. 1,55,65,320/- m. Depreciation has increased by Rs. 4,59,42,692/- n. The Profit before Tax and Net Profit Increased by Rs. 2,20,45,331.02/- o. The Profit before Tax for FY16 now stands at (Rs.131,25,26,864.44) as against the Profit before Tax of the approved accounts which was (Rs. 133,45,72,195.45)

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


S R Teradal

Chief Financial Officer

For and on behalf of the Board of Directors


L R Neelya Naik

Director (Technical)


M Muniraju

Managing Director

Place : Bangalore

Date : 17 DEC 2016

