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INDEPENDENT AUDITOR'S REPORT

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

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

QUALIFIED OPINION

1. We have audited the standalone financial statements of **Gulbarga Electricity Supply Company Limited** ("GESCOM" or "the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements"). We had issued audit report dated 30th August 2019 on the Financial Statements as approved by the Board of Directors on 30th August 2019. In the light of the observations during supplementary audit by the Comptroller & Auditor General of India, we are issuing this revised report, which supersedes our erstwhile report. This revised report is to be read in conjunction with the financial statements dated 30th August 2019.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019 and its profit, changes in equity and its cash flows for the year ended on that date.

BASIS FOR QUALIFIED OPINION

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

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

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2. Books of account and records:
   a. The Company has adopted the accounting policies and procedures followed by KPTCL and is consistently following the accounting system laid down in the Electricity (Supply) Annual Accounts Rules, 1985 framed under the Electricity (Supply) Act, 1948 (54 of 1948) now repealed by the Electricity Act, 2003. The accounting rules are followed even though the same are not in consistent with Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, in certain cases as more specifically defined in rest of the qualifications enumerated in our audit report.

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

   c. On our test checks, it is observed that the subsidiary ledger accounts (other than consumer ledgers which are in TRM software) like sundry Creditors, advances, recurring expense ledgers were not maintained / updated properly. Hence, we were unable to carry out scrutiny of ledger accounts.

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

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

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

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

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

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

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

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

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

   c. The company has tie up with various electronic service providers for web based electronic payments received from consumers. On our test checks with the accounting units we visited, it is observed that these collections were not being reconciled periodically with the bank statement. In some cases the differences are parked in "Erroneous Credits By the Bank From Online (RTGS) A/c code 46.973" (Koppal Unit). There is a need for periodical reconciliation and monitoring of these transactions.

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

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

b. Ind AS 16 on Property, Plant and Equipment requires the cost of dismantling to be estimated and included in arriving at the cost of the item for capitalization. The Company has not included the estimated cost of dismantling for capitalization .The impact of this on the financial statements is not ascertainable.

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

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

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

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

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

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

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

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

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

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

8. Indian Accounting Standard (Ind AS) 36 -Impairment of Assets
   The company has not carried out the process of identifying the impaired assets in accordance with Ind AS 36 and hence we are not in a position to comment on the related compliance and impact on the financial statements of the Company.

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

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

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

a. The Company has adopted revaluation model in respect of freehold land as at the date of transition to Ind As regime. As 3 years have elapsed since initial measurement, there is a need to revisit the same for fair value as at the date of balance sheet. In absence of remeasurement, we are unable to quantify the impact on the financial statements for the year.
b. The Company has investment in equity shares of Power Company of Karnataka Limited amounting to Rs. 251 lakhs. These investments have not been fair valued as at the date of balance sheet. Due to this, we are unable to comment on the impact on the financial statements for the year and the compliance with the Ind AS.
c. The security deposits received from contractor/suppliers and retention money from contractors is not carried at amortised cost as required by Ind AS 109, as expected realization date of these deposits is not ascertainable. Accordingly we are unable to comment on its impact on amounts of deposit and retention money and related impact on statement of profit and loss.

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

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

Grants/subsidies received from the government or other authorities towards capital expenditure as well as consumers' contribution to capital works are treated initially under deferred income and taken to income based on the depreciation that is charged to the class of asset for which such Grants/subsidies are received. However as per Ind AS 20, the release from deferred income to statement of profit and loss has to be made based on systematic basis over useful life of the asset. The company is not in a position to demarcate the capital grants against particular asset. Accordingly, the impact of over or under charge to statement of profit and loss from deferred income cannot be ascertained.

Also company has no data for bifurcation of deferred income into current and noncurrent portion and hence the entire balance of deferred income has been shown in non-current liabilities. Accordingly we are unable to comment on its related impact on bifurcation into current and noncurrent portion in financial statement.

13. Indian Accounting standard (Ind AS) – 115- Contract with customers.
With respect to supervision charges charged by the company towards capital assets contributed by consumers; Company recognises revenue on such supervision charges on the grounds of

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application made from consumer. Company does not determine the timing of satisfaction of performance obligation as derived from contract of customer as required under Ind AS-115. The company does not possess the relevant information to assess the impact of above deviation. Accordingly we are unable to comment on related impact on financial statement.

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

15. The Company makes provision for bad and doubtful debts (Refer Para 2.12 "Significant Accounting policies") at 4% (as per Para 4.2 of Annexure V of ESAAR, 1985) on the balance of sundry debtors for sale of power outstanding as at the end of the year in case of LT Consumers. The Company is having old outstanding dues receivable (under LT category) from IP set installations, including interest, pertaining to the period prior to 31/07/2008, not recoverable from Govt. of Karnataka (prior to subsidy era needs to be collected from ultimate consumer) amounting to Rs. 70628.96 Lakhs. The Company is making provision @ 10% on these dues and the same appears to be inadequate as the entire dues are doubtful. As at the date of balance sheet, the un-provided portion of the dues is Rs. 43868.56 lakhs. Accordingly, had the same been provided fully, profit under the statement of profit and loss would have been lower by Rs. 43868.56 lakhs and the balance of Other Financial Assets would have been lower to that extent.

16. Confirmation of balances / Reconciliation: The Company does not have the procedure of obtaining confirmations and reconciliation of balances from/to KPTCL, KPCL, PCKL and other ESCOMs, sundry debtors, sundry creditors, advances, deposits from/to suppliers / contractors / government authorities / consumers / employees, loans and other receivables from various parties. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss which may arise on account of non-recovery or partial recovery of such dues is not ascertained. Accordingly we are unable to comment on the impact of such provisioning on statement of profit and loss.

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

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

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

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

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

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

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

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

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

    a. As per Schedule III to the Companies Act 2013, a receivable shall be classified as 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. However, receivable from Government in respect of sale of electricity which are discharged by Government on behalf of consumers of IP sets / BJKJ installations/ RDPR dues amounting to Rs. 1,39,019.28 lakhs as at the balance sheet date are classified by the Company under "Other Financial Assets as against the requirement of classifying them as "Trade Receivables". In our opinion, Trade receivables are understated and Other Financial Assets are overstated to the extent of the amount stated above.

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

    c. Disclosure of capital and other commitments at the year-end prescribed under Schedule III to the Companies Act, 2013 has not been made in the financial statements in absence of related data.

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

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

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

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

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

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

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

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

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EMPHASIS OF MATTER

Without modifying our opinion, we report that

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

OTHER INFORMATION

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

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

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

RESPONSIBILITY OF MANAGEMENT FOR FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in plakhe and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS</u>

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

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

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit

M/s. P. G. BHAGWAT * FRN 101118W * Chartered Accountants have been received from the divisions not visited by us, subject to our observations in para 1 & 2 of "BASIS FOR QUALIFIED OPINION" above

c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), standalone changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d. In our opinion, except for the matters described in Sl. Nos 3 to 5, 7 to 13, 23,25 and 26 of the Basis for Qualified Opinion paragraph above, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014.

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

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

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

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

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

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

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

ANNEXURE – A" to the Independent Auditor's Report

Referred To In Paragraph 1 under the Heading "Report On Other Legal and Regulatory Requirements" of Our Report of Even Date to The Members of GULBARGA ELECTRICITY SUPPLY COMPANY LIMITED, (GESCOM) KALABURAGI - 585 102, For the year ended 31st March 2019.

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

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

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

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

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

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

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

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

6. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

7. a) The Company has been generally regular in depositing with the appropriate authorities undisputed statutory dues viz., provident fund, employee state insurance, Sales-tax, service tax, duty of customs, duty of excise, value added tax, Goods and Services tax , cess and any other statutory dues except the following which were outstanding for a period of more than 6 months from the date they became payable as on the Balance sheet date i.e., 31 March, 2019;
   i) An amount of Rs. 10.37 lakhs in Koppal division and Rs. 7.98 lakhs in Bellary rural division lying under the head 'Employee Welfare Trust' (since 31-3-2016).

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

b. According to the information and explanations given to us and the records of the Company examined by us, there are no dues of excise duty, service-tax, duty of customs, value added tax, Goods and Services Tax which have not been deposited on account of any dispute. The particulars of dues of Sales Tax & Income Taxes as at March 31, 2019 which have not been deposited on account of a dispute, are as follows

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We were engaged to audit the internal financial controls over financial reporting of **Gulbarga Electricity Supply Company Limited** ("the Company") as of March 31, 2019, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.
Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting as at March 31, 2019 and whether such internal financial controls were operating effectively. Accordingly we do not express an opinion on Internal Financial Controls Over Financial Reporting.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of Gulbarga Electricity Supply Company Limited, which comprise the Balance Sheet as at March 31, 2019, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. We have considered the disclaimer of opinion reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 financial statements of Gulbarga Electricity Supply Company Limited and this report does not affect our report dated 30-08-2019 which expressed qualified opinion on those standalone financial statements.

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

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

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

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

Directions indicating the areas to be examined by the Statutory Auditors

Directions to the Statutory Auditors of the Company, issued by the Comptroller & Auditor General of India under Section 143 (5) of the Companies Act, 2013 and the actions taken there on during the course of audit of annual accounts of Gulbarga Electricity Supply Company Limited for the year 2018-19 We have generated this report as per the information and explanation given to us by the management during the course of audit.

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

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Additional Company Specific Directions:

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

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

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

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

M/s. P. G. BHAGWAT
FRN
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S.B.Pagad
Partner.M.No. 206124
Gulbarga, dated 11th November,2019