



2^{ನೇ} ವಾರ್ಷಿಕ ವರದಿ 2003-04



2nd ANNUAL REPORT 2003-04



LIGHTING UP YOUR LIVES...
EFFICIENTLY...



ಬೆಂಗಳೂರು ವಿದ್ಯುತ್ ಸರಬರಾಜು ಕಂಪನಿ ನಿರ್ಮಿತ
Bangalore Electricity Supply Company Limited



Presenting Cheque - Insurance Premium

ಧ್ಯೇಯೋದ್ದೇಶ

ಬೆಂಗಳೂರು ವಿದ್ಯುತ್ ಸರಬರಾಜು ಕಂಪನಿ ನಿಯಮಿತ (ಬೆವಿಕಂ)ನ ಧ್ಯೇಯೋದ್ದೇಶ ವೇನೆಂದರೆ ತನ್ನ ಗ್ರಾಹಕರಿಗೆ ಗುಣಮಟ್ಟದ ವಿಶ್ವಾಸನೀಯ ವಿದ್ಯುಚ್ಛಕ್ತಿಯನ್ನು ಸ್ಪರ್ಧಾತ್ಮಕ ದರಗಳಲ್ಲಿ ಒದಗಿಸಿ ಸಂಪೂರ್ಣ ಗ್ರಾಹಕ ಸಂತ್ಯುಷ್ಟಿಯನ್ನು ತರುವುದು. ಈ ಧ್ಯೇಯೋದ್ದೇಶ ವನ್ನು ಸಾಧಿಸಲು (ಬೆವಿಕಂ) ಕೆಳಕಾಣಿಸಿದವು ಗಳನ್ನು ಪಾಲಿಸುವತ್ತ ಕಂಕಣಬದ್ಧವಾಗಿದೆ :

- ವಿತರಣಾ ಜಾಲದ ನಿರ್ಮಾಣ ಮತ್ತು ನಿರ್ವಹಣೆಯಲ್ಲಿ ಅತ್ಯುತ್ತಮ ಪದ್ಧತಿಗಳ ಆಚರಣೆ.
- ಗ್ರಾಹಕ ಸೇವೆಯಲ್ಲಿ ಉತ್ಕೃಷ್ಟತೆ.
- ತಾಂತ್ರಿಕ ಮತ್ತು ಮಾನವ ಸಂಪನ್ಮೂಲದ ಸಂಪೂರ್ಣ ಬಳಕೆ.



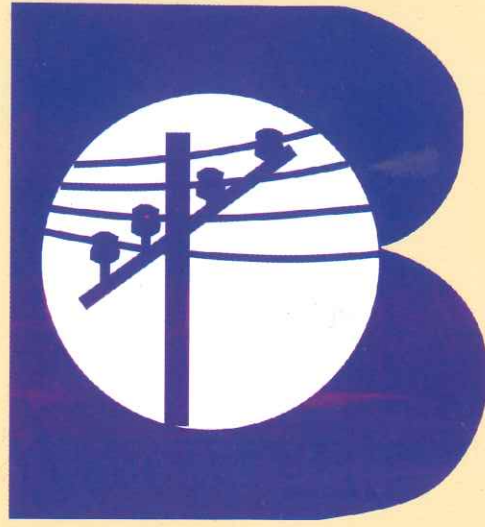
Inauguration of ATP



IIEC team's visit to BESCO

**Bangalore Electricity Supply
Company Limited**

ಬೆವಿಕೆಂ



BESCOM

**2ND ANNUAL REPORT
for the Year 2003-04**

BESCOM

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DIRECTORS' REPORT

Dear Members,

The Board of Directors have pleasure in presenting the second Annual Report on the business and operations of the Company and together with the Audited Statement of Accounts for the year ended March 31, 2004.

Bangalore Electricity Supply Company was incorporated on 30th April 2002 under the Companies Act, 1956 and commenced its operation with effect from 1st June 2002.

The year 2003-04 was the second year after BESCOM formed on 1-6-2002 and it had to settle down in its operations both Commercial and Technical. The year was a very rigorous and challenging one. The company had set its agenda on revenue improvement measures in tune with the policy objectives of the Government of Karnataka to bring about efficiency in the power sector, especially in the field of distribution of electricity and providing better service to the customers.

BESCOM continued its pursuit of higher goals in the direction of increased meter sales, increased collection, making meaningful energy audit at 11 KV and below, increased customer care activities using Information Technology, adopting modern technical modes by reducing human intervention etc. All these have been ably supported by the employees and officers and the result is reflected in the present improved position of the company.

The Progress of the Company on different counts is enumerated hereunder.

FINANCIAL

The financial performance of BESCOM during FY 03-04 is as follows:

Sl. No.	Particulars	Amount (Rs in Crores)
I	INCOME	
1	Revenue from sale of power	3,242.47
2	Rural Electrification Subsidy - GoK	188.51
3	Other Income	22.86
	TOTAL	3,453.84
II	EXPENDITURE	
1	Purchase of power - KPTCL	2,980.64
2	Repairs and Maintenance	31.27
3	Employee Costs	248.75
4	Administrative and Other Expenses	26.96
5	Other Charges (Debits)	15.43
	TOTAL	3,303.05
III	Profit before Depreciation and Interest	150.78
	Depreciation (Net)	94.35
IV	Profit before Interest and Taxes	56.43
	Interest and other Charges	34.10
V	Profit before prior period charges or credits	22.33
	Prior period charges(+) or credits(-)	0.86
VI	Profit before Reserve & Taxation	21.47
	Reserve for Contingencies	-
VII	Profit before Taxation	21.47
	Provision for Taxation	8.71
VIII	Profit after Taxation	12.76

A. STRATEGY AND VISION OF THE COMPANY

The vision of BESCOM is to be the best electricity distribution company in India. In order to achieve this vision, the Company has drawn up a strategy, which focuses on customer satisfaction, regulatory compliance, meeting stakeholders' expectations through an internal reporting, monitoring and control systems.

1. MISSION STATEMENT

The mission of BESCOM is to ensure complete customers' satisfaction by providing its customers reliable and quality power supply.

BESCOM is set to achieve this mission through:

1. Best practices in the Construction & Maintenance of its distribution network.
2. High Standards in customer service.
3. Optimum usage of Technical and Human Resources.

In pursuance of the Mission and vision, BESCOM has set out the following objectives.

2. CUSTOMER SERVICE

It is the honest endeavor of BESCOM to provide best customer service and sincerely attempt to resolve the grievances of the customers in the shortest possible time and to the satisfaction of the customers.

3. PERFORMANCE

BESCOM is achieving continuous performance enhancement in the areas of Operation and Maintenance of the infrastructure, implementation of new projects/ schemes and to acquire and sustain best practices in these areas with good business ethics and values.

4. HUMAN RESOURCE DEVELOPMENT

BESCOM committed to create a culture of team building, performance orientation, empowerment and accountability to convert the excellent experience and knowledge into productive action.

5. GROWTH

BESCOM continuously attempts to expand the distribution system and the retail business activity in a cost effective and time effective manner.

6. FINANCIAL SOUNDNESS

BESCOM has developed appropriate commercial policies and systems to maintain and improve the financial viability and status of the company by being commercially successful.

7. BOARD OF DIRECTORS

The following are the Directors of Bescom as on the date of AGM

Sriyuths

1. V.Madhu, I.A.S.
2. Bharatlal Meena, I.A.S.
3. V.M Chandre Gowda
4. V.Narayan Gowda
5. M.N Vijay Kumar, I.A.S.
6. Dr. (Smt) Aditi Raja
7. Manjunath
8. Iqbal Ali Khan

B. FINANCIAL PERSPECTIVE

1. Finance - Borrowings - Capital works :

During the year, the Company has availed Term Loan of Rs. 100 crores from SBI, Peenya Industrial Estate Branch, Bangalore having Tenure of 7 years with 1 year moratorium for Capital Expenditure Programme for the year 2003-04. The SBI has released Rs.50 crores on 02-12-2003, Rs.2 crores on 14-02-2004 & Rs.48 crores on 29-03-2004. The loan is secured against hypothecation of the assets to be created out of the amount borrowed as per capex for FY-04. Interest rate being 7.95% p.a. initially (w.e.f. 02-12-2003) and was reduced to 7.70% p.a. w.e.f. 01-01-2004.

Further, KPTCL has made borrowings to an extent of Rs. 53.37 crores from RECL for APDRP works on behalf of BESCOM. The total term borrowings outstanding as on 31-03-2004 is Rs.390.40 crores after repayment of Rs. 90.40 crores towards principal during the year as per the information received from KPTCL.

However, scheme wise loan balances and other details are yet to be received from KPTCL. Debt servicing is continued to be done by KPTCL during the year for want of finalisation by Government of Karnataka to this effect.

During the year, an amount of Rs 127.64 crores has been spent on Capital Expenditure Works.

2. Consultancy assignments during 2003-04:

BESCOM entrusted the credit rating assignment to M/s ICRA during the year for proposed **"Rs. 100 crores Bonds/Borrowing for Capital Expenditure programme" of BESCOM.**

M/s ICRA assigned 'LA' rating to BESCOM indicating adequate safety. The gist of findings by ICRA are reproduced below:

"Bangalore Electricity Supply Company Limited (BESCOM) has obtained LA rating, indicating adequate safety, from M/s ICRA, a popular rating agency in the country for its proposed Rs.1 billion Bond Programme".

The rating report has been published by M/s ICRA in their Rating profile containing the final rationale in page 11 of Volume 13 (Dec. 2003 – Feb. 2004).

The report states that "The rating reflects the strength of its distribution franchise particularly in the Bangalore Metropolitan Area Zone (BMAZ) which provides Bangalore Electricity Supply Company Limited with stable and predictable cash flows, a satisfactory regulatory process which has, so far, allowed pass through of major cost items at the distribution company level and its steadily improving technical parameters".

It is stated in the Credit Rating report that "the rating draws considerable strength from the support extended by Government of Karnataka (GOK) as evidenced by the takeover of liabilities resulting in BESCOM starting operations with moderate debt levels in relation to its net worth and in terms of subsidy payment for supply of power to the agricultural sector which is expected to continue".

ICRA adds that "BESCOM has been able to effect a reduction in its distribution losses to approximately 24.34% in 2002-03 as against 28.20% (when it was part of KPTCL) in 2001-02 through measures like regularization of unauthorized connections, empowered by the anti-theft law promulgated in 2002-03".

It is felt by ICRA that "the rating derives comfort from the current GOK ownership, relatively low level of business risks in distribution business and the steps being taken by the management to improve its operational efficiencies. BESCOM also continues to have an additional flexibility of retaining the electricity duty collected from consumers, estimated to be in the region of Rs. 1.40 billion per annum, as an adjustment against subsidy dues from GOK, which also aids the liquidity position".

ICRA rating would help BESCOM to raise/borrow funds from Financial Institutions.

3. Number of Consumers :

The number of consumers existing as on 31-3-04 is 50,23,438 (as per DCB figures). Category wise installation details are indicated below.

1	Bhagya Jyothi	4,18,258
2	Domestic Lighting including AEH	34,92,186
3	Commercial Lighting	4,45,306
4	L.T. Power	1,10,495
5	H.T. Power	3,408
6	Irrigation Pump Sets	4,85,207
7	Street Lights & Others	42,692
8	Temporary Power	25,886
TOTAL		50,23,438

i. Energy Input:

During FY 2003-04, 13,758.13 MUs of energy is purchased. This includes 147 MUs wheeled energy.

ii. Sale of Energy :

During FY-04, 10120.66 MUs (Metered 6312.80 MUs + Un-metered 3807.86 MUs) were sold to the consumers. Category wise Consumption is as follows :

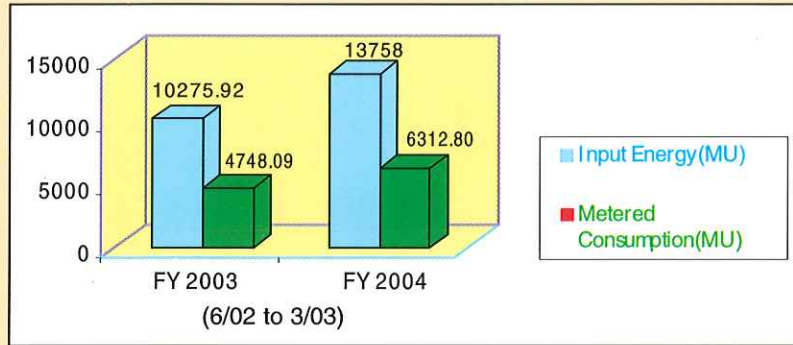
a) Sales to Metered Category :		In MUs
1	Domestic Lighting. incl. AEH	2142.17
2	Commercial Lighting	478.59
3	IP set (metered)	1.92
4	L.T. Power	853.10
5	H.T. Power	2588.89
6	Water Works	207.44
7	Temporary installations	40.69
TOTAL		6312.80

b) Sales to Un-Metered Category :		
1	Irrigation Pump Sets	3494.66
2	Public Lighting	212.71
3	BJ / KJ	100.49
TOTAL		3807.86
Total Energy sold :		10120.66
% Energy Loss :		26.44%

iii. Metered Consumption

The metered consumption has increased.

Year	Input Energy (MU)	Meter Consumption (MU)
FY 03	10275.92	4748.09
FY 04	13758	6312.80



4. Revenue Receipts :

Revenue Receipts	Amount Rs. in Crores
1. Bhagya Jyothi	22.96
2. Non-Comm & Domestic Lighting	762.51
3. Commercial & Non-Industrial Lights.	291.95
4. IP Sets	238.90
5. Water Supply & Public Lighting	202.27
6. LT Power	398.31
7. Others	34.40
8. HT Power	1236.61
9. Misc., Recoveries	69.51
TOTAL (1 to 9)	3257.42
10. Withdrawal of Revenue Demand.	14.95
TOTAL	3242.47

5. Collection Efficiency:

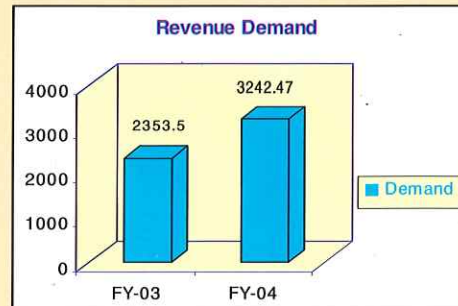
Revenue demand and collections have shown an increasing trend. The increased trend has continued in FY-04 also. Comparative figures are indicated below :

(i) Revenue Demand

The revenue demand or billings increased.

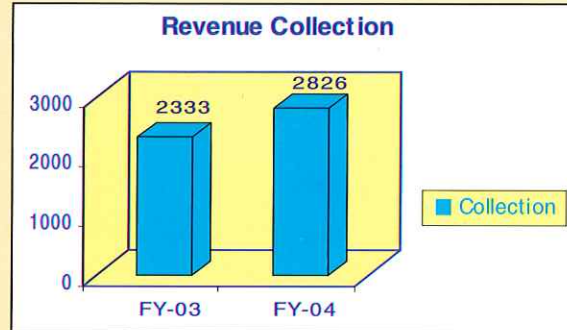
* Demand FY 03: Rs 2353.5 Cr

* Demand FY 04: Rs 3242.47 Cr



(ii) Revenue Collection

- Collection FY 03 : Rs 2333 Cr
- Collection FY 04 : Rs 2826 Cr



6. Internal Audit :

i) Action Plan:

An 'Action Plan-2003' was drawn up to conduct the audit of revenue ledger accounts of lighting, AEH and Commercial installations upto December-02 during the calendar year 2003 and power installations upto June-03 and HT installations upto December-03 and the same was completed within scheduled time.

ii) Performance:

During FY 2003-04 total short claims of Rs. 779.47 lakhs were pointed out and Rs. 943.95 lakhs recovered from the consumers, which includes audit short claims pointed out prior to 01-04-2003. Audit short claims to be recovered as on 31-03-2004 is Rs. 755.70 Lakhs. The same is being pursued for collection by fixing the target to all Asst. General Manager, (Internal Audit)

Opening Balance	Demand	Total	Recovery	Closing Balance
9,20,18,050	7,79,46,850	16,99,64,900	9,43,94,656	7,55,70,244

During the year 2004, similar programme for the year 2004 (Action Plan 2004) has been drawn up and it is proposed to complete the revenue ledger accounts of HT upto December-04 and power installations upto June-04 and lighting installations up to Dec-03 besides taking checking of Store Audit and all other monitory claims against the Company.

During FY 2003-04, Internal Audit wing has conducted special audit in six cases to unearth the financial irregularities and quantified financial loss to the extent of Rs.16.06 lakhs.

Internal Audit wing of BRAZ / Chitradurga Zone actively involved in the material audit carried out. Summary abstract of progress of Material Audit as on 31.03.2004 indicated below :

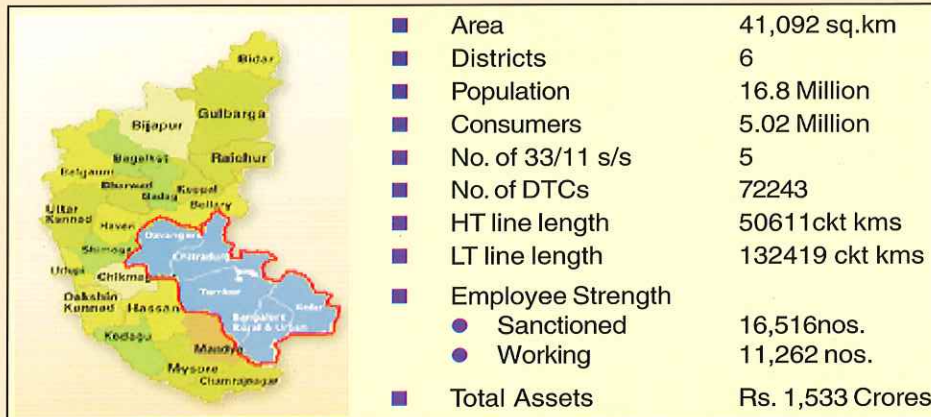
Name of the Division	Financial loss quantified (Amount in Rs.)
1 Rural North Division	4,49,076
2 Addl. Rural North Division	12,77,285
3 Rural South Division	3,12,074
4 Addl. Rural South Division	6,41,273
5 Kolar	82,14,329
6 Chikkaballapur	3,78,416
7 KGF	9,01,188

8	Tumkur	5,61,781
9	Tiptur	6,02,547
10	Madhugiri	34,45,766
11	Davanagere	1,63,381
12	Harihara	42,69,916
13	Chitradurga	12,73,631
14	Hiriyur	4,01,489
TOTAL		2,28,92,152

C. REGULATORY AFFAIRS:

1. The Company had filed its revenue requirement in time with the Karnataka Electricity Regulatory Commission for the year 2004-05.
2. Last Tariff revision was ordered on 10.3.2003 and revised tariff was effective from 01-04-2003.
3. Regulatory Affairs cell is carrying out the activities of tariff filing with KERC and is coordinating with KERC regarding monthly statistics such as bench marks, hearings, EHT Consumption, MRI readings, Consumer complaints, Tariff related correspondence, quarterly meetings, accidents, implementation of KERC orders etc., A Grid map covering all Interface points of BESCOM was also prepared. The cell is functioning under GM(T) and GM (RT & A) concurrently.

D. TECHNICAL PERSPECTIVE:



1. Demand Side Management (DSM) :

KPTCL is supplying energy to BESCOM through following Transmission Network & Electrical Sub stations.

Voltage class of stations	No. of Substations
400 KV	4
220 KV	52
110 KV	16
66 KV	204
66/33 KV	2
33 KV	5
TOTAL	283

In case of complex situation it was inevitable to resort to demand side management (DSM).

2. Infrastructure Addition

	During the year 2003-04	Cumulative total as at the end of 31-03-2004
HT line Added	2062	50,611
LT line Added	1469	1,32,419

3. Number of distribution transformers added :

Capacity	25 KVA	63 KVA	100 KVA	250 KVA	500 KVA	750 KVA	TOTAL
During FY-04	2,239	1,652	812	836	71	2	5,612
Cumulative	7,382	27,026	24,766	10,843	2,226	0	72,243

4. New power sanctions accorded to HT installations with an aggregate contract demand of more than 1000 KVA were 21 Nos. and corresponding contract demand is 53,619 KVA.

5. RMUs installed 09 Nos.

6. New 11 KV Lines added 83 KMs UG Cable
1979 KMs OH Lines

	OH	UG	Total (in KMs)
HT	48708.86	1902.265	50611.13
LT	131687.66	731.313	132419.00

7. Hamlets Electrified: 2 Nos.

HB /JC / Thandas electrified 57 Nos.

8. IP sets energized 2471 Nos.

BJ/KJ Installations electrified 6300 Nos.

9. Budget for capital works Rs 134 Crores.

Expenditure booked Rs 131 Crores.

3. Distribution Transformer Failures:

As a result of more preventive maintenance works, infrastructure and equipment, the rate of DTC failures reduced. In BMAZ area, there are no transformer failure cases.

	No. of DTC's existing	No. of DTC's failed	%
FY-03	54301	9855	18.14
FY-04	72243	9073	12.98

4. Power Supply:

Power supply to rural areas was ensured as per the direction of the State Government.

5. Corporate Planning :

Corporate Planning is monitoring the Energy Audit. As per the guidelines of KERC, 14 Towns have been selected for Energy Audit. The towns selected are Tumkur, Tiptur, Chitradurga, Davanagere, Harihara, Hoskote, Kolar, KGF, Chintamani, Ramanagara, Channapatna, Doddaballapura, Chickballapur and Sira. Feederwise Energy Audit including the following is also monitored.

- Energy billing and bulk power purchase.
- Monitoring inspection of LT installations and replacement of old electro mechanical meters by High Precision meters.
- Outsourcing the activities of 11 KV feeder wise and transformer wise energy audit.
- Monitoring of DTC wise Energy Audit. Metering at DTCs was undertaken in order to identify loss levels.
- Improvement to Distribution System at Bangalore City, Davanagere, Tumkur and KGF under APDRP and under annual programme of works of BESCOM for the remaining towns.
- Assessment of IP Consumption and calculation of L.T. line loss. 651 Nos. of DTCs are provided with meters. The readings are taken every month and IP consumption was computed based on the recorded consumption in these meters.
- Technical specification and approval of drawings.
- Follow up action on decision taken in Single Window Agency (SWA) of Government of Karnataka.
- Coordinating with the PTCC (Power and Telecom Coordination Committee).
- Coordinating with the IPP (Independent Power Producers).
- Bio mass energy follow up.
- Monitoring of 11 KV feeder interruptions.
- Co-ordinating and furnishing information to KPTCL for establishing new stations and augmentation of stations.
- Budget Allocation and Capital Expenditure programme of BESCOM.
- Action plan for Capital Expenditure Programme of BESCOM.

6. Technical Audit & Quality Control (TA & QC) :

1. Material Audit of Extension & Improvement works pertaining to 01.04.1999 to 31.03.2003 of BRAZ & Chitradurga Zone (14 O&M Divisions) was taken up from August 2003. 14 Teams comprising one AEE(EI.) & one AO(I/A) were constituted to inspect various works executed in the field.

A total number of 4657 E&I Works were inspected. The discrepancies were observed in 1,298 Nos. of works.

The total evaluated financial loss amounting to Rs.228.92 lakhs was noticed. It was due to non accounting and non utilization of materials drawn for E&I works of above period in 14 O&M Divisions of BRAZ and Chitradurga Zone as on 31.03.2004.

As a part of disciplinary action on the above findings, an amount of Rs. 45.50 Lakhs ordered to recovered from the salaries of the officers / officials responsible for this financial loss. Accordingly,

Action is being taken in O&M Divisions to recover the financial loss from the concerned as per CDC & A rules. In addition to this, TA&QC staff also conducted quality and control inspections for items procured and used under various schemes.

2. For violation of Regulation 9 under ES & D Code, following amount have been recovered during the year 2003-04.

Sl. No.	Name of the Sub-Division	Amount Claimed in Rs.	Amount Recovered Rs.	Remarks
1.	Hoskote Sub-Division, B'lore	1,81,500	1,81,500	
2.	Tumkur Urban S/D	1,85,000	1,85,000	
3.	C-4, Sub-Division, B'lore	5,82,500	3,06,579	25% paid & Appeal case pending
4.	C-3, Sub-Division, B'lore.	6,00,000	97,500	25% paid & Appeal case pending
TOTAL		15,49,000	7,70,579	

7. MT Division :

Activities of this division are detailed below.

1.	Number of Pre-commissioning tests conducted	Number of Installations
	➤ EHT installations	03
	➤ HT installations	572
	➤ LT installations	1,066
	➤ RMU	103
	➤ ODs	172
	➤ VLs	163
2.	Periodical testing/rating	
	➤ EHT installations	23
	➤ HT installations	2,756
	➤ LT installations	26,658
3.	Number of Breakdown tests conducted	
	➤ EHT installations	08
	➤ HT installations	329
	➤ LT installations	2704
	➤ RMU	375
	➤ ODs	188
	➤ VLs	326

4.	Number of Discrepancies noticed during rating/inspection	
	➤ HT installations	56
	➤ LT installations	1576
	Amount claimed (in view of 4 above)	
	➤ HT installations	Rs.265.06 lakhs
	➤ LT installations	Rs.208.04 lakhs
	c) Amount collected	
	➤ HT installations	Rs.156.99 lakhs
	➤ LT installations	Rs. 63.42 lakhs

8. Vigilance Wing

Eleven police stations have been sanctioned and these started functioning at: -

Bangalore Urban District

1. Malleswaram
2. Rajajinagar
3. Jayanagar
4. Indiranagar

Bangalore Rural District

5. Ramanagar
6. Hoskote

Kolar District

7. Kolar
8. Chikkaballapur

Tumkur District

9. Tumkur

Chitradurga District

10. Chitradurga

Davanagere District

11. Davanagere

Details of inspections carried out during the period April 2003 to March 2004 and the amount of back billing charges demanded are as follows:

1.	Total No. of Installations checked	35301 nos.
2.	Cognizable cases booked	3329 nos.
	● Units (in kwh)	18,60,410
	● Amount of BBC demanded	Rs. 825 lakhs
	● Amount Collected	Rs. 294 lakhs
	● Compounding Fee demanded	Rs. 65 lakhs
	● Compounding Fee collected	Rs. 48 lakhs
3.	No. of Non Cognizable cases booked	2228 nos.
	● BBC demanded	Rs. 536 lakhs
	● Amount collected	Rs. 172 lakhs

9. Rural Electrification Works (General) :

	In numbers	Provision (Rs. in crores)
a) Electrification of Hamlets These works are executed on Turn Key basis	58	1.50
b) Energisation of IP sets Provision for material made in store budget	700	3.50
c) Tribal Sub-plan	200	1.00
d) Special component plan	300	1.50
e) Energisation of KJ Installations	8803	1.00

10. Tribal Sub-Plan:

a) Energisation of IP sets Provision for material made in store budget	200
b) Electrification of Kutir Jyothi installations	4401

11. Special Component Plan:

a) Electrification of Harijan Bhashtis/Janatha Colonies/Thandas (To be executed on Turn Key basis) (Harijan Bhashtis 65 nos.) (Janatha Colonies 162 nos.)	227	3.50
b) Energisation of IP sets	300	1.50
c) Electrification of Kutir Jyothi installations Electrification	8803	1.00

Expenditure for above is proposed as per actual requirement since these works are targeted works of Govt. of Karnataka.

Provision of Rs 7.40 Crores has been made for electrification of houses constructed under Rajiv Gandhi housing scheme with additional provision of Rs 2.6 Crores for development of infrastructure facility (proposed for execution on Turnkey Basis).

12. APDRP works :

A cell was setup to monitor the projects sanctioned by Ministry of Power. Government of India, Ministry of Power vide letter dated 4-10-02 sanctioned the following projects under APDRP for BESCOM.

Project	Cost (Rs. In Crores)
Bangalore City	338.30
KGF (Robertson pet)	7.76
Tumkur	16.22
Davanagere	9.93
Total	372.21

Of the above, KPTCL floated a tender at a total cost of Rs.21.05 Crores.

Tenders for the other works are floated by the Company. The progress of works is as under:

Project	Financial Progress (Rs. in crores)	Physical Progress % of Progress
Bangalore City	16.61	5.5
KGF (Robertson pet)	1.60	18.0
Tumkur	2.40	13.0
Davana ere	1.70	14.0

13. Accidents

Accidents occurred to human lives & animals during the period FY-04 are as follows.

HUMAN LIVES	
Departmental	
Fatal	9 Nos.
Non Fatal	49 Nos.
Non Departmental	
Fatal	73 Nos.
Non Fatal	27 Nos.
Animals (fatal)	37 Nos.

Several remedial measures have been taken up to reduce accidents. In addition, employees have been asked to follow safety norms strictly.

14. Master Plan Division :

This division is responsible for carrying out extension, improvement & maintenance works of under ground cable system in Bangalore. Wherever there are obstacles for digging the road, trench less cutting has been adopted.

Details of works carried out are as follows :	in Numbers
● Number of 11KV UG cable faults reported & rectified	1417
● No. of Straight through joints attended:	449
a) 3X95 Sq.mm	218
b) 3X240 Sq.mm	148
c) 3X400 Sq.mm	83
● No. of Termination faults attended:	45
a) 3X95 Sq.mm	36
b) 3X240 Sq.mm	7
c) 3X400 Sq.mm	2

● No. of Termination faults attended:	669
a) 3X95 Sq.mm 404
b) 3X240 Sq.mm 146
c) 3X400 Sq.mm 119
● No. of Cable faults attended other than BESCOM (At private agencies premises)	22
Amount collected Rs 2,20,000/-

This division monitors revenue collection from streetlights of BMP area. As against the Revenue demand of Rs.27.14 Crores, revenue collected during the year was Rs. 23.57 Crores. Arrears due as on 31.3.2004 is 13.85 crores (including interest)

E. GRAMA VIDYUT PRATINIDHIs.

Grama Vidyut Pratinidhis are selected to carry out the various activities related to supply of electricity in Grama Panchayat (GP) areas especially to improve rural revenue collection. The role and responsibility include:



Happy Farmer

- Meter Reading, Billing Distribution and Revenue Collection from Domestic, AEH, Commercial, Small and Medium Industries upto 40 H.P. (excluding Water supply, Streetlight).
- To Deposit Revenue Collections with the Company.
- Registering Consumers' Complaints and forwarding it to the Company.
- Facilitating the Company in attending the Grievances of Low Tension Consumers.
- Giving Feed Back about field realities on regular basis.

- Pilot scheme in Tiptur and Devanahally talukas commenced in 22 GP's during August 2003.
- This Scheme is working well and there has been a collection increase of nearly 20%-25% in these areas.
- 778 GVPs are working upto 4th Phase ending as at March 2004.
- The process of recruitment of GVPs would be continued to other Grama Panchayats.

F. EFFICIENCY IMPROVEMENTS

1. IT & MIS :

IT & MIS wing of the Company functioning since 1st July 2002 and is carrying out the following activities.

- Generating cent percent computerised bills in all sub-divisions.
- Awarding Total Revenue Management work of Davangere district to M/s N Soft, which include software, hand held machines, hardware, manpower and stationery:
- One HT cell was formed to work with BMAZ concurrently.
- Implementation of RR AMR facility.
- Implementation of Transformer maintenance system.
- Coordinating all IT matters with consultants and vendors.
- Awarded TRM work at C7 subdivision Bangalore to M/s. zygox Ltd.
- Imparting training to all employees of C, O&M Sub-Divisions to have awareness about Computers and the existing BNC Software.

2. Commercial Loss reduction efforts in Bangalore :

Special efforts were made to implement Anti Theft Law enacted by Government of Karnataka. In Bangalore, most of the LT-3 and LT-5 installations were inspected by 90 departmental inspecting teams specially formed for this purpose. 2,66,253 installations were inspected since 1st October 2002 and 96 numbers of criminal cases are booked. Rs.425 lakhs are billed as back billing charges. Of this, Rs. 413 lakhs have been collected. In addition to this, Rs.2.2 lakhs is collected as compounding charges.

3. Revenue Monitoring Wing in detecting commercial losses :

During the year Revenue Monitoring Wing has pointed out short claims. Efficiency of recovery is furnished below :

Short Claim pointed out	Rs. 932 lakhs
Amount recovered	Rs. 1101 lakhs

4. Operational Efficiency:

The Company has shown an improved performance in various operational parameters. The hazardous installations in Bangalore city are continued to be identified and are being attended to on a sustained basis keeping in view the safety of the citizens.

No. of Hazardous Installations identified and rectified was 27,786 as against a target of 19,878.

5. Automated meter reading:

Facility of remote Automated Meter reading is envisaged. This work has begun. By this, it is proposed to get reading of 10,000 consumers of HT and above 40 HP installations without any human intervention.

6. Cash Awards:

Appreciation certificates are being issued every month and cash awards are given every quarter. Selection is based on the evaluation of points on various performance parameters. Similarly, cash awards and appreciation certificates to the three top ranking Vigilance Police Stations are also being considered.

Sl. No.	Office	Cash Award in Rs		
		I	II	III
1.	Divisions in each zones	5,000	3,000	2,000
2.	Sub-Divisions in each circle	3,000	2,000	1,000
3.	O&M Sections in each Divisions	2,000	1,000	500
4.	Vigilance Police Stations	3,000	2,000	1,000

G. CUSTOMER CARE

BESCOM's vision is to ensure better customer satisfaction. It is committed to achieve this vision by adopting -



- i. High standard practices in construction of distribution network.
- ii. High order maintenance of distribution network.
- iii. High standards in customer service.
- iv. Optimum usage of human resources.

Customer care has been given top priority in BESCOM.

In this direction, the following customer friendly measures have been introduced.

- ❑ Field officers are instructed to inform the VIPs in the respective areas about interruption of power supply over telephone. A list of VIPs along with their telephone numbers is available in all sub-divisional offices.
- ❑ Closed User Group mobile communication facility is continued to all O&M Assistant Executive Engineer's (Ele) and service stations in Bangalore. BSNL (VPN) is provided to all other field officers in other O&M zones. These have enabled the customers to contact them instantly in the event of interruption of power supply and during other emergency times for immediate communication and redressal of grievances.
- The Electronic Clearance Scheme is being popularized by encouraging the customers to enroll under the scheme to avoid visiting offices every month to make payment of electricity bills. BESCOM has also extended this scheme to Limited Mandate System. As at the end of March 2004, 38,127 numbers of consumers are using this scheme.
- Computerization of billing in all 98 sub-divisions is streamlined to give error free billing to the customers. Core team has been setup and this team is visiting all the sub-divisions to ensure proper operation of software and ensure error free billing. Percentage errors found is decreasing. Manual mode of ledger maintenance is dispensed in all sub-divisions to ensure computer orientation.
- The Public and Residents Welfare Associations are coming forward to complain directly or by e-mail. All these are attended to on top priority. In FY-04, 692 numbers of complaints were received by Corporate Office and all these were attended to.
- System has been continued to attend to customers' complaints quickly and there is a speedy response to their complaints. Customers are free to approach easily the Managing Director directly with their complaints, either through e-mails, letter or in person. The complaints are acknowledged, attended and feed back responses given.
- Special efforts are being made to bring about an attitudinal change in the field staff to respond courteously to customer's complaints. All field staff have been sensitized to be courteous, polite and responsive while dealing with customers at all times. An in-house HRD center has been put in place to impart training to all employees / officers. All meter readers have been provided with uniform and identity cards, to make it easier for customers to identify them.
- The field staff are trimming the tree branches nearer to the distribution system in consultation with the area welfare associations wherever existing
- To attend to the needs and problems of customers efficiently and to know their views and suggestions Visitor's Books are kept open in all the sub-divisions / division offices. Customers can write down their problem/ views/ suggestions in these books and these are looked into and attended to promptly.

- Soujanya counters are functioning in all the sub divisions as single point of consumer grievance redressal for receiving and attending customer complaints. Field officers are instructed to create proper ambience and provide facilities in all the Soujanya Counters to enable the customers to be comfortable and lodge their complaints at ease.
- Single redressal point of contact with dedicated telephone for all ECS related problems is established in the office of the Chief General Manager, Electy (C, O&M) BMAZ.
- New customers (Domestic, AEH and Commercial) are continued with facility to purchase single phase energy meters at approved retail outlets from 6th January 2003. By this arrangement the consumers are given a hassle free arrangement to secure connection to their new installations.
- The O&M Sub-Divisions and Divisions are observing all Mondays as "Customer Grievance Redressal Day" to receive the customer grievances / complaints. The Executive Engineer El., and Assistant Executive Engineer El., are available throughout the day in their offices.
- Control Room and Central Complaints Center is established to receive and transmit the information about faults, outages and other fuse off calls to the respective field officers for quick redressal and follow up. Monthwise progress indicated below :

April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Total
13517	13650	15630	14936	14831	12820	15717	11902	11565	10922	10703	13779	159972

The Company is participating in Bangalore – 1 Programme. By this, the consumers in Bangalore can pay their Electricity bills in common KIOSKS of five utilities like BDA, BSNL, BWSSB, BMP. Now 15 locations are identified and this is likely to grow further.

1. Any time payment:



Launching of Any Time Payment (ATP) KIOSK

The Company in association with Can Bank Computer Services Ltd., a subsidiary of Corporation Bank have installed 16 KIOSKS in Bangalore to facilitate consumers to pay their bills Any Time. This facility is seen to be very useful to consumers in Bangalore.

2. Service stations:

24 x 7 working service stations are working in Bangalore Urban, Kolar, Tumkur, Davanagere, Chitradurga and in all Divisions in Rural areas.

3. Communication Campaign:

To increase awareness amongst the customers about initiatives undertaken by BESCOM about Customer Friendly Measures, Demand Side Management, Energy savings, safety etc., massive communication campaign was conducted through various media. Printed material like pamphlets, brochures, folders, posters etc., were got printed and distributed among consumers. Print and Electronic media were also utilized for this purpose. Frequent customer interaction and employees interaction meetings are also being held.

3.1 Major Steps taken are:

- Two Advertisement on Interest Waiver Scheme for IP set consumers published in kannada daily newspaper.
- "Asha Jyothi" a weekly programme to bring in awareness about BESCOM, energy saving and interest waiver scheme was aired in All India Radio (AIR)
- Press note released on various issues related to customer interests.
- Press conference held to highlight the initiatives undertaken and progress achieved.
- Communication Coordinators were taken on contract basis for each of the Rural Districts for Brand Building exercises in rural areas.
- Weekly meetings with Grama panchayaths by the sub-divisional officers introduced. This is done to solve their grievances and to bring awareness among new initiatives undertaken by BESCOM.
- Interaction Meetings were held in four talukas namely Molkalmur, Gubbi, Doddaballapura and Chinthamani, for implementation of "PRESK" programme under USAID initiative.
- Mobile telephone numbers of sub-divisional officers of BMAZ have been published in all leading newspapers to enable the customers to contact them during emergencies.
- Three commercials of 20 seconds each were developed and telecast in DD – news channel on the following.

Vigilance
Child safety
Brand building

- Intensive communication campaign on installation of micro controllers, 24 hours power supply and own your transformer scheme etc.
- Publication of monthly in-house magazine called BESCOM BELAKU to bring in awareness among the Officers / Employees on day-to-day happenings in BESCOM.

3.2. Consumer Meets:

Regular customer interaction meetings with customer welfare associations by Zonal Chief General Manager and General Manager, El. of O&M Circles, Divisional Executive Engineer's (Ele) and Sub-divisional officers have been continued. This has resulted into closer customer relationship. Managing



Regular Customer Meet held in BESCOM

Director held interaction meeting with Residents Welfare Associations and representatives of other customer associations also in all districts twice in a year. One customer interaction meeting in association with Public Affairs Centre, an NGO, was held at Bangalore.

3.3. Jan Samparka Sabha:

Weekly meetings with Grama Panchayaths by the Sub-Divisional officers introduced. This is done to solve their grievances and to bring in awareness among new initiatives undertaken by BESCOM. Each Sub-Division is conducting at least one such sabha per week.

H. COMMERCIAL ACTIVITIES

1. Power sanctions up to 1000 KVA are examined at the state level single window agency constituted by the Govt. of Karnataka under the department of Industries & Commerce. Power requirement above 1000 KVA are examined and cleared by a high level Committee for Industries headed by Hon'ble

Minister for Large and Medium Industries, GoK on receipt of the clearance from the Government of Karnataka, H.T. Power supply are being sanctioned as follows :

Limit	Authorized officer
UP to 500 KVA	Jurisdictional O&M Division, Executive Engineers(EI).
Above 500 KVA & up to 1000 KVA	Jurisdictional O&M Circle, General Manager EI.
Above 1000 KVA & up to 2000 KVA	Zonal Chief, General Manager, EI.
Above 2000 KVA	Corporate Office.

2. Banking & Wheeling of Energy by Independent Power Projects:

During FY-04, 18 Nos. of Private generating Companies availed banking & wheeling facility totaling 147 MUs

Sl. No.	Name of the IPP	Capacity in MW	Energy generated & wheeled in MU's
A	MINI Hydel Schemes :		
	M/s. Bhoruka power Corporation Ltd., Shivapura	18.00	37.62
	M/s. Bhoruka power Corporation Ltd., Shahapur	6.00	22.07
	M/s. Graphite India Ltd	18.00	25.61
	M/s. Yuken India Ltd.,Mandya	0.35	0.03
	M/s.Cauvery Hydro Energy Ltd-Shivanasamudra.	3.00	4.97
	M/s. Kilara Power(P) Pvt Ltd., Maddur, Mandya	2.00	1.15
	M/s. Dandeli Ferro Pvt Ltd.,		1.92
	TOTAL 'A'	47.35	93.37
B	Wind Energy :		
	M/s Jindal Aluminium Ltd., Chitradurga	4.14	12.63
	M/s. Victory Glass & Industries Ltd	135.00	4.16
	M/s. Kirloskar Electric Co. Ltd., Belgaum	2.00	1.68
	M/s RPG Telecom Ltd., Hanumsagar,Koppal district	1.92	0.91
	M/s.Renewable Energy Systems Ltd	4.00	1.30
	M/s Indo Wind Energy Ltd.,Gadag Taluk	4.10	0.40
	M/s. G.I. Power Corporation Ltd	9.60	22.13
	TOTAL 'B'	160.76	43.21
C	Diesel Energy :		
	M/s.Kirloskar Power Supply Co.Ltd-Bevinahally	20	10.79
D	Biomass Energy :		
	M/s Excel Energies Power & Technology Ltd., Jigani	1	
	TOTAL (A-D)		147.37

3. Legal Cases

The legal section is functioning under the administrative control of the GM (RT&A). It is entrusted with the responsibilities of furnishing legal opinion on the matters referred to it. Legal section is assisted by a panel of advocates to conduct the cases before the KERC, various courts, consumer forum and other places.

	High Court	Civil Court	Consumer Forum	KERC
Cases pending	170	539	90	-
Cases added	187	39	21	22
Cases disposed	91	4	11	19
Cases pending	266	574	100	3

I PERSONNEL MANAGEMENT

On formation of ESCOMs, employees to these companies were provided by the Govt. of Karnataka from KPTCL on deputation basis through a Transfer Scheme. The said Scheme continued in the year 2003-04 also as the 'Option Scheme' introduced by the Govt. of Karnataka to provide an opportunity to employees to Opt Service in the Companies of their choice could not be finalised due to intervention of the Judiciary.

The employees working in BESCOM fall under two categories, viz Technical and Non-Technical. The Technical cadre comprises of Engineering Personnel and employees like Meter Readers/ Operators/ Oversears. The non-technical cadre comprises of ministerial staff to look after finance audit and accounts. The category wise break up of officers/employees borne on regular establishment (on deputation in terms of transfer scheme) is shown in the following table.

Category of Employee		Year 2003-04	
		Sanctioned	Working
Officers Category	Chief Engineer & Equivalents	4	4
	Superintending Engineer	15	15
	Executive Engineer & Equivalents	63	55
	Asst. Executive Engineer & Equivalents	315	290
All Other Staff	Asst. Engineer & Equivalents	763	480
	Technical & Non-Technical Employees	15,356	10,270
GRAND TOTAL		16,516	11,114

1. Staff Strength

Sl. No	Category	Sanctioned posts	Working	Vacant posts
1.	Group-A	387	354	33
2.	Group-B	670	397	273
3.	Group-C	11575	8625	2950
4.	Group-D	3884	1738	2146
TOTAL		16516	11114	5402

2. Reservation - Category Wise

Sl. No	Group	Scheduled Caste	Schedule Tribe	Total Staff
1.	A	48	14	62
2.	B	62	16	78
3.	C	1156	354	1510
4.	D	863	238	1101
TOTAL		2129	622	2751

Group – A: Assistant Executive Engineers/Accounts Officers Personal Secretaries and above (Minimum pay of Rs.8550/- and above in time scale).

Group – B: Assistant Engineers, Assistant Accounts Officers and Senior Personal Assistants (Minimum Pay of Rs.7800 and above and below 8550 in time scale).

Group–C: Junior Engineers, Senior Assistants/Assistants/Operators/Meter readers/Overseers/Junior Assistant, Typists/Junior Personal Assistants, Store keepers, Station Mechanics Grade I & II, Crane operators, Truck Drivers, Cable Jointers, Draughtsman (Minimum pay of Rs. 3800 and above but below Rs.7800 in time scale)

Group– D: Daftary, Office Attendant Gr. I & II, Station attendant Gr I & II, Lineman, Assistant Linemen, Wiremen, Watchmen, Lift Attendants, Store Attendants, Helpers, Cleaners, etc.,(Minimum pay below Rs.3800/- of the time scale).

3. Deputation

Employees from Police Department are working in BESCOM on deputation in manning Vigilance wing.

4. Recruitments

During the year no recruitment was made against regular establishment. However 144 No's of AEs and 27 Nos of JEs have been engaged on Contract basis. This is to meet the field requirements at the cutting edge to provide service to the consumers.

5. Training

HRD training on consumer care and attitudinal change was arranged at field to the employees consisting of Asst. Lineman, Lineman, Meter readers, Clerical Staff of Revenue Section, Engineers. This task was entrusted to M/s. Expert Solutions, Bangalore. Training was conducted covering areas of (a) Importance & need for training, (b) Role building exercise, (c) Importance of attitude, (d) Self development & motivation, (e) Values & vision, (f) Customer Care, (g) Personnel leadership.



6. Amenities

All the amenities extended by KPTCL to their employees in terms of their agreement with Employees' Union (Reg. 659) and other Associations are being extended in BESCOM also. These are:-

- 1) City compensatory allowance & House Rent Allowance with reference to population.
- 2) Rural Allowance of Rs.100 per month to those workmen working at rural camps.
- 3) Reimbursement of medical expenses.
- 4) Two sets of uniforms with a pair of footwear to eligible personnel.
- 5) Special causal leave not exceeding 20 days in a calendar year to the office bearers of the Central Committee of the Associations/Union.
- 6) Service Certificates in respect of Workers/Officers retiring from service along with a memento worth of Rs.2000/- are being issued.
- 7) Marriage Advance of Rs.8000/- to the employees for the marriage of their sons/daughters limited to two advances in the entire service are being sanctioned.
- 8) All employees are being given bonus / exgratia at 8.33% of their gross salary subject to a maximum of Rs.2500/- per year.
- 9) Educational Advance is being sanctioned to employees whose basic pay does not exceed Rs.6525/- per month.
- 10) Two advance increments in the existing grades to the employees of the following categories who have acquired higher qualification as under is being allowed.

- a) Assistant Accounts Officers - Pass in Final examination conducted by the Institute of Chartered Accountants of India.
 - b) Assistants Pass in Final examinations conducted by the Institute of Cost and Works Accountants of India
 - c) Junior Personal Assistants - Degree in Arts/Science/Commerce.
 - d) Junior Assistants - Degree in Arts/Science/Commerce
 - e) Junior Engineers – Degree in Engineering.
 - f) Assistant Engineers – Master Degree in Engineering.
- Re-imbusement of medical expenses and also payment of Compensation as per the Workmen's Compensation Act for a person working on contract basis meeting with an accident at the time of performing the duty of the Company.

7. Departmental Enquiries

Since inception of the Company & up to 31-3-04, 147 Departmental Enquires were ordered and 118 enquiries were finalized. Details are as follows:

Status of Departmental Enquires	Numbers
Departmental enquiries pending at the beginning	87
Departmental enquiries ordered.	147
Departmental enquiries finalized.	118
Total No. of Departmental enquiries pending	116

8. Appeals

The details of Appeal Cases received, disposed & pending during the period FY-04

Amount : Rs. in lakhs

Particulars	BMAZ	BRAZ	CZ (w.e.f 01-08-2003)	TOTAL
No. of appeal cases pending as on 1-4-03	656	521	52	1229
Amount	786.80	663.17	85.99	1535.96
No. of appeal cases received	352	103	155	610
Amount	295.12	91.88	136.96	523.96
No. of appeal cases disposed	609	368	117	1094
Amount	503.20	470.30	65.25	1038.75
No. of appeal cases pending as on 31-3-04	399	256	90	745
Amount	578.72	284.79	157.70	1021.21

J. EMPLOYEES' GRIEVANCE

The grievances of the employees and officers are sorted out at the Grievance Committee existing at the Divisional / Circle / Zonal / Corporate levels.

Relation between employees /officers and the management was cordial. In BESCOM, the office bearers of Employees' Union and other Associations extended positive and constructive support in most of the initiatives aimed at imposing the efficiency of the organization.

Constitution of Central Grievance Committee :

Central Grievance Committee in BESCOM is constituted vide Order No. BESCOM/BC-31/1001/2002-03 dtd.22-06-2002, consisting of Managing Director, Director (Technical) and Chief General Manager (Ele) President of KPTCL Employees Union (Reg. 659) and General Secretary, KPTCL Employees' Union (Reg. 659). The issues, which were not solved at local level, were discussed by the Central Grievance Committee. Besides this, the representatives of the Unions and other Associations held regular meetings with MD and other Directors on matters of policy.

K. EXTENT :

BESCOM covers an area 41,092 Sq. Kms with a population of over 139 lakhs and serves over 50 lakhs customers. The total assest is Rs.1,533 Crs.

Power purchases are made from KPTCL at the Bulk supply tariff fixed by the Karnataka Electricity Regulatory Commission (KERC) from time to time.

L. MEETING:

During the period 1-4-03 to 31-3-04, there were 6 meeting of Board of Directors, as under :

- | | |
|---------------|---|
| 1) 31-03-2003 | (3 rd Board of Directors' Meeting) |
| 2) 25-06-2003 | (4 th Board of Directors' Meeting) |
| 3) 18-07-2003 | (5 th Board of Directors' Meeting) |
| 4) 24-11-2003 | (6 th Board of Directors' Meeting) |
| 5) 03-12-2003 | (7 th Board of Directors' Meeting) |
| 6) 12-03-2004 | (8 th Board of Directors' Meeting) |

M. PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

The information under section 217(2A) of Companies Act, 1956 read with Company (particulars of employees) Rules, 1976 may be taken as NIL.

N. AUDITORS

The C& AG of India, appointed M/s. Murali & Venkat as Statutory Auditors for Audit of accounts of BESCOM for the year 2003-04.

O. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the information received from the operating management, confirm that:

- 1) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 2) Accounting policies have been selected and applied consistently and judgments and estimates are made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- 3) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities and
- 4) Annual accounts have been prepared on a going concern basis.

P. GENERAL

The Board would like to place on record its appreciation for all the assistance and guidance extended by the Government of Karnataka, Government of India, Karnataka Power Transmission Corporation Limited, KERC, CERC, State Bank of India, Canara Bank, Syndicate Bank, State Bank of Mysore, Bank of Baroda, Corporation Bank, ICICI Bank, Vijaya Bank, Registrar of Companies and the General Public for Co-operation and active support in our endeavor to serve the public. The Board would also like to place on record its appreciation for the dedicated and committed service rendered by the employees of the Company.

For and on behalf of the Board

Sd/-
Chairman, BESCOM



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(PURSUANT TO PART-IV OF SCHEDULE-VI TO THE COMPANIES ACT 1956)

I. Registration Details			
Registration No.	CIN - U04010KA2002PLC030438	State code	08
Balance Sheet Date	31-03-2004		
II Capital Raised during the year (Amount in Rs. Thousands)			
Public Issue	nil	Right Issue	nil Nil
Bonus Issue	nil	Private Placement	nil Nil
III. Position of Mobilisation and Deployment of Funds (Amount in Rs Thousands)			
Total liabilities	1,53,32,129	Total Assets	1,53,32,129
Source of Funds			
Paid up Capital	500	Reserves & Surplus	12,85,478
Share Deposit	20,59,151	Unsecured loans	1,04,759
Share Deposit Adj A/c	(49,282)		
Service line & security deposits	86,20,833		
Secured loans	33,10,690		
Application of Funds			
Net Fixed Assets	75,85,814	Capital works in progress	4,51,047
Net Current Assets	72,95,268		
Accumulated losses	--		
IV. Performance of Company (Amount in Rs Thousands)			
Turn Over	3,45,38,381	Total Expenditure	3,43,23,670
Profit Before Tax	2,14,711	Profit After Tax	1,27,641
Earnings per Share in Rs.	--	Dividend	-
V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)			
Item Code No. (ITC Code)	:		
Product Description	:	Electricity distribution	

Sd/-
(R. Sridhar)
Authorised Signatory

Sd/-
(D. Babu Rao)
Chief General Manager (F&C)

Sd/-
(V.M.Chandre Gowda)
Director (Technical)

Sd/-
(Bharatlal Meena)
Managing Director

Place : Bangalore
Date : 20th Dec. 2004

As per our Report annexed
Sd/-
(G. Satishchandra)
Partner
for & on behalf of Murali & Venkat
Chartered Accountants

**COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF
INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956
ON THE ACCOUNTS OF BANGALORE ELECTRICITY SUPPLY
COMPANY LIMITED, BANGALORE FOR THE YEAR ENDED
31ST MARCH 2004.**

“In view of the revisions made in the accounts as a result of the observations made by the Comptroller and Auditor General of India as indicated in Para 1 of the Auditors’ Report to the Shareholders and Note No.30 of notes forming part of accounts, there are no further comments to offer upon or supplement to the Auditors’ Report under section 619(4) of the Companies Act, 1956 on the accounts of BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED, BANGALORE for the year ended 31st March 2004”.

Bangalore
DATED : 23 December 2004

Sd/-
(K.P. LAKSHMANA RAO)
PR. ACCOUNTANT GENERAL
(CIVIL & COMMERCIAL AUDIT)
KARNATAKA, BANGALORE

AUDITORS' REPORT

To :

THE MEMBERS OF BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

- (I) We have audited the Balance Sheet of M/S BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED, as at 31st March 2004 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date and submitted our Report on 27th October, 2004. Subsequently, the Accounts have undergone revision in the light of observations of the Comptroller & Auditor General of India. We have audited the attached Revised Balance Sheet of the Company as on 31.03.2004 and the revised Profit & Loss Account and the Cash Flow Statement annexed thereto of the Company for the year ended on that date and We Report on the same. These Financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our Audit.
- (II) We have conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Financial Statements. An audit also includes assessing the Accounting Principles used and Significant Estimates made by the management, as well as evaluating the overall presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.
- (III) We report, further in terms of the Provisions of section 227 of the Companies Act, 1956, that:
1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, Proper Books of Account as required by law have been kept by the Company so far as appears from our examination of such Books.
 - (c) The Balance Sheet, the Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the Books of Account.
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement referred to in this Report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 subject to our remarks below:

The Accounting Principles / Policies enunciated in Electricity (Supply) Annual Accounts Rules, 1985 followed by the Company are not in total consonance with the Accounting Standards (AS) referred to in Section 211(3C) of the Companies Act, 1956. Attention is drawn to the departure of Accounting Policies of the Company in case of AS-2 of Valuation of Inventories, AS-6 of Accounting for Depreciation, AS-10 of Accounting for Fixed Assets, AS-15 of Accounting for Retirement Benefits in the Financial Statements of Employers, AS-16 of Borrowing Costs, AS-19 of Leases, AS-22 of Accounting for Taxes on Income.

- (e) Government of India vide a General Circular No. 8/2002 dated 22.03.2002 has exempted the Directors of Government Companies from the provisions of Disqualification. Bangalore Electricity Supply Company Limited being a Government of Karnataka Undertaking, the Directors of the Company are therefore exempt from giving any written representations to the effect that they are not disqualified. Hence the provisions for disqualification of Directors of the Company under section 274(1)(g) of the Companies Act, 1956 do not apply.
- (f) Subject to the following that:
1. The Company is vested with Fixed Assets such as Land and Buildings and vehicles by virtue of the Transfer Scheme under Government Approval. The titles for the above assets are yet to be transferred in its name.
 2. We draw attention to the Notes on Accounts Para-1.3 of the Financial Statements of the Company for the year ended 31.03.2004, that the Company is vested with certain Assets and Liabilities as part of Karnataka Electricity Reform transfer scheme as on 01-06-2002 as the Opening Balances which are provisional in nature and are subject to an Audit and further approval of the Government as per the Government Order Dt 31-05-2003.

Any changes in the Opening Balances after the Audit or based on a thorough Due Diligence being carried out at a later date either by KPTCL or any of the ESCOMs, may have bearing on Share Deposit Account of the Company. The Company to certain extent identified Opening Balances in certain assets and liabilities and transferred the same to Share Deposit Adjustment Account, which as per the Company's Management may have an impact on the Share Deposit Account. The same is subject to the approval of Government of Karnataka. The balance in the Share Deposit Adjustment Account is also subject to reconciliation of each such account/balance transferred. In our Opinion, the impact of the same on the financials of the Company is not presently quantifiable.

3. The Company has not followed the Accounting Standard-10 (AS-10), which deals with the Accounting for Fixed Assets for the assets transferred by KPTCL as on 01.06.2002. The values of the Fixed Assets are not carried in the Books of Accounts of the Company at transfer price (Gross Block reduced by Accumulated Depreciation) but at historical Cost of assets of Gross Block and accumulated depreciation as carried on by the KPTCL. Depreciation is being continued to be charged on Gross Block at Historical Prices of the Assets transferred to the Company in the Current Year also.
4. Depreciation is not charged on Assets commissioned during the year and Depreciation is charged for the full year on Assets identified for the removal from the Fixed Assets Block including on the decommissioned Assets for repair and reuse. Depreciation is charged on SLM Rate prescribed by the Central Government Notification issued under the Electricity (supply) Act, 1948, which is not in accordance with the rates specified under Schedule XIV of the Companies Act, 1956. The amount of shortfall/Excess in such provision is not quantifiable.

5. In case of addition of Decommissioned Repaired Assets to the Gross Block of Fixed Assets, the Written Down Value of Repaired assets are being adopted as the Gross Value of the Asset and the depreciation is provided on the Written Down Value. The Company has not retained the Gross values and the accumulated depreciation for these assets and depreciation is not charged on the original values of the Assets. This may result in extending the life cycle of the asset from the life period as against the originally decided lifetime of the assets. Also the disclosure to the extent of decommissioned Assets at the time of decommissioning as deletions from the Gross Block and such decommissioned assets after their repair and put to use being disclosed as additions may impair the actual position of the Fixed Assets. The Policy of the Company is not in line with the Accounting Standard – 10 for Accounting for Fixed Assets as well as with the Accounting Standard –6 Accounting for Depreciation. The excess/short provision of Depreciation on these categories of Assets added to the Gross Block is not quantifiable.
6. The Company's inventories at various locations are old. The usefulness and serviceability is also subject to identification and inspection. It would not be possible to quantify the effect of obsolescence on the profitability of the Company, but the same would have a material impact on the profitability of future years or in the year in which such identification and provision is made
7. Inventories, stores and spares include the scrapped value of assets and value of faulty and dismantled assets for reuse, which is not a proper classification as per Accounting Standard –2 Valuation of Inventories. Also the value of scrapped assets and the realisability of such value is a question of fact. Any short fall in realisable value would have an impact on the Revenue of the current year. The value of the faulty and dismantled assets includes certain assets, which are not reusable but are not yet scrapped. The loss arising out of the same also is not quantifiable in the absence of relevant information.
8. Materials are valued at standard cost or purchase cost. The valuation of inventory is not carried out at the lower of cost and net realizable value and hence is not in consonance with Accounting Standard –2: Valuation of Inventories. The difference is not quantified.
9. The Material Cost Variance is accounted by the Company at the time of the payment to suppliers and not at the time of purchases where standard rates are attributed to the Materials bought. As a result, the Company is not accounting the Material Cost Variance to the extent of unpaid materials on accrual basis and the quantification of the same is not arrived at.
10. A provision of 20% on the Scrapped and Faulty and Dismantled Assets disclosed under the Inventory is made and the same is debited to Share Deposit Adjustment Account. In our opinion, a technical committee is to be constituted to arrive at the exact quantum of usefulness of the entire inventory, which in some cases is more than 20 to 25 years old. In our opinion, the value of inventory is to be arrived at after the verification of the Technical Committee and the inventory, which does not command usefulness or is technologically obsolescent, is to be written off.
11. Reserves and Surplus include Rs. 94,66,19,000/- (Previous Year Rs. 35,58,28,517 and Current year Rs. 59,07,90,483) as Consumers' contribution towards Capital Assets. The Company has a policy of showing both the Contributions and the full value of the Fixed Assets created out of such funds separately without deducting the contributions out of the Assets created. Depreciation is provided on the full value of the Assets capitalized without deducting the proportionate depreciation to the extent applicable on the Consumers' Contributions. The same is in variance to the requirements of AS –10 Accounting for Fixed Assets. The consequential effect on Consumers' Contributions by not deducting the relevant portion of

the Depreciation on the Consumers' Contribution and crediting the same to the Profit and Loss Account is not quantifiable, in the absence of details with regard to the receipt of Contributions and the Specific Assets created out of such Funds.

12. By virtue of the Government Order No DE48 PSR 2003 dated 31.05.2003, a certain portion of the loans availed by KPTCL from various institutions have been transferred to BESCOM. The basis for such transfer is not provided to us for verification. The liabilities are not transferred in the name of the Company pending lenders' consent. In the light of the same, the Company is accounting the interest paid, Guarantee Commission to Government of Karnataka apart from accounting the loans from REC, PFC, Commercial Banks based on the advise of KPTCL. KPTCL has fixed certain amount of lease charges to be borne by the company. No details are available with the company with regard to the stationing of leased assets at various locations of the company. We have observed certain variations in the furnishing of information by KPTCL with regard to the accounting of the interest amounts and the Principal Balances outstanding as on 31.03.2004. The accuracy and rationale behind allocation of the loan portfolio and the informations periodically furnished by KPTCL with regard to the outstanding Principal Balances of the Loans, and the interests serviced thereon during the year, however are not placed for our verification.
13. Out of the Unsecured Loans of Rs. 2,94,00,000 availed from Government of Karnataka as per the Terms and Conditions stipulated, it is observed that 50% of the loan amount enjoys moratorium period of 5 years and the remaining 50% of the Loan amount is repayable in 20 equal annual instalments commencing from the year 2002-03. Thus the Company in the absence of any information from KPTCL has not made any payments towards the instalments and as it appears from the information furnished no interest also has been accounted for the year 2002-03.
14. The Company has carried the provision for Bad & Doubtful Debts of Rs. 254 Crores on Sundry Debtors as part of the Opening Balances as on 01.06.2002. As the basis for arriving at such provision is not furnished to us, we are unable to express our opinion on the accuracy of Sundry Debtors and the adequacy of provision thereof. The Company on annual basis is providing a 4% provision for Bad and Doubtful Debts on its Receivables. In our opinion, based on poor collections and also longer periods taken to realize the receivables coupled with the Government Schemes of Waiver of certain categories of receivables, the adequacy of provision at 4% is not sufficient. The extent of provision to be made needs to be reviewed by the Company.

The Company's Notes on Accounts vide Para 6.4 state that the provision is made on LT Receivables only at 4%. However, the provision in Financial Statements made is on the entire receivables including miscellaneous receivables. The provision made in Accounts is in variance with the Notes to Accounts.

15. None of the balances of Sundry Debtors, Receivables and Payables, Sundry Creditors and Loans and Advances have been confirmed. As reported in the previous year's Annual Report, we do not observe any progress on this subject.
16. Security deposits from consumers include deposits received against debts pending in courts, arrears pursued, arrears from bill stopped services and disconnected services for which details are not available to disclose and present them under different heads.
17. The Company's Fixed Assets, Inventories and Cash Balances are not insured. Any Financial misappropriation, loss/theft, damage to Inventory, Cash Balances and Capital Assets is taken on record only on being reported. The investigations with regard to the accountability of the personnel in such eventualities have been continuing for a long time. The Company has not made any provision to meet such eventualities.

18. Other Current Assets include unreconciled Inter Unit Accounts (IUAs)/ relating to
- CWIP, Fixed Assets, Deprecation Provision, Obsolete and Released Assets to an extent of Rs.16, 51,54,635/-.
 - On Account of remittances from/to Head Office/Divisions Rs. 6,37,34,625.
 - On account of Other Transactions and adjustments between divisions Rs. 81,25,99,274.

The effect of the same on the Current Year Financials of the Company on reconciliation is not presently quantifiable.

19. Current Liabilities include an amount of Rs. 1,42,78,730/- on account of Excess credits in Bank Accounts not reconciled by the Company. The effect of the same on the Current Year Financials of the Company on reconciliation is not presently quantifiable.
20. Sundry receivables from KPTCL, MESCOM, GESCOM, HESCOM include receivables which are to some extent should not have been categorized as receivables keeping in view of the nature of transactions. These accounts are to be reconciled and any observance with regard to misclassification may have to be either charged to Revenue Account or Share Deposit –Adjustment account. The impact of the same is not ascertained pending reconciliation.
21. Amounts payable to KPTCL and other ESCOMs are also subject to reconciliation and include certain amounts not payable due to misclassification or keeping the nature of transactions in view. The quantum of the same is not ascertained and the amount of such non-payable portion may have impact either on Revenue or on Share Deposit Adjustment Account.
22. The Company accounts its Net Profit at 3% Rate of Return on Opening Balance of Net Fixed assets as reduced by the Consumers Contribution towards cost of Capital Assets after considering the entire Revenue Expenditure but prior to Income Tax Provision as Rural Electrification Subsidy (Previous Year - the resultant Income Tax Provision is also claimed as Rural Electrification Subsidy) receivable from Government of Karnataka. Thus we observe that the non-claiming of Income Tax Provision for the Current Year to the extent of Rs. 8,70,70,000/- is observed as a departure from the Previous Year's pattern of Subsidy claim.

We also observe that the Government of Karnataka has suggested a different Model for claiming Rural Electrification Subsidy namely the PURCHASER PROVIDER MODEL. The subsidy claim according to the Purchaser Provider Model works out to Rs.283 Crores for the year 2003-04, against which the company has accounted only Rs. 188.50 Crores. Any change in the Revenue /Expenditure consequent to any future decisions by GOK /KERC on this account would have an impact on the Financials of the Company.

23. Provision for liability for increase in power purchase (share of KPTCL's Revenue gap 2003-2004) is not made during the year as against the previous Year's provision of Rs. 89.40 Crores. Any order by KERC at a future date with respect to the above may have an impact on the revenue/profitability of the year under review.
24. In view of the entire staff of BESCOM being on deputation from KPTCL, the Company is yet to evolve a system of routing the rentals collected /rentals paid through payables/receivables to KPTCL/Other ESCOMs.

The impact on the Receivables/Payables to KPTCL and other ESCOMs on account of these transactions is not quantified.

25. The Company has an Accounting Policy for Accounting Retirement Benefits as per the Actuarial Valuation, which is as per the provisions of the Accounting Standard –15. However, for the year under consideration, no Actuarial Valuation has been conducted and the same is in variance with AS 15. Provision for Pension and Gratuity is made as per the advise of the KPTCL & other ESCOMs Pension and Gratuity Fund Trusts. Any additional demand in future by the Trust on account of Current Year's provision would have an impact on the profitability of the Company.

No Actuarial Valuation is carried out for making provision for Leave encashment. The Company has provided for leave encashment on a provisional estimate. The same is in variance with AS 15.

In the absence of information on actuarial valuation, we are unable to quantify the variance and the consequential effect on the Profit and Loss Account of the year.

26. The Company has not provided the Deferred Tax Liabilities/Asset as per the Accounting Standard –22 for accounting for taxes on income. The same is not quantified in the absence of the details with respect to opening balance in books of accounts as well as under Income Tax Act.
27. No wealth tax provision has been made by the Company in respect of Motor Cars. In the absence of the details of Written Down Value under the provisions of the Income Tax Act, the provision for the liability is not presently quantifiable.
28. In the absence of any clear guidelines for treating contingent liabilities under the transfer scheme, any liabilities contingent in nature and such liabilities crystallized in the current year and are going to crystallize in future years in the hands of the Company, and its treatment would have a bearing on the Financial Statements of the Company.
- (g) In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet, the Profit & Loss Account and the Cash Flow Statement read together with the Schedules and Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2004.
- (ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.
- (iii) In case of the Cash Flow Statement, of the Cash Flows for the year ended on that date

Sd/-

(G.SATISHCHANDRA)

Partner

Membership Number 27372

Bangalore
22nd December 2004.

For & On behalf of
MURALI & VENKAT
Chartered Accountants

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

1.
 - a. *The Company has records to show particulars of Fixed Assets, which are not updated and does not include quantitative details and situation of all Fixed Assets. The Company is yet to obtain title deeds of the Land owned by it in its name and has not yet transferred the Vehicles in its name.*
 - b. *The Fixed Assets of the Company have not been physically verified by the Management and any discrepancies between the book records and physical verification may have a bearing on the Financials of the Company. Attention is drawn to Para Nos (f) 1, 20 and 21 of our Audit Report. The Management of the Company is in the process of identifying the assets that are of transmission in nature and also that of other ESCOMs erroneously grouped under the Assets of the Company. The process of identification is not complete. Any differences arising on this account would have a bearing on the Fixed Assets in number and value.*
 - c. During the year, in our opinion, based on the information and explanation given to us, no substantial part of Fixed Assets has been disposed off by the Company.
2.
 - a. The inventory has been physically verified during the year by the Management. *In our opinion, the frequency of physical verification of stocks followed by the management needs to be strengthened with increased frequency and coverage.*
 - b. *The Procedures of Physical Verification of stocks followed by the Management need to be further strengthened* keeping in view the size of the Company and the nature of its business to ascertain the usefulness and also to identify the deterioration and obsolescence of the inventory.
 - c. On the basis of our examination of records of Inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification of stocks as compared to book records have been properly dealt in the Books of Accounts.
3. Based on the information available and as informed to us, the Company has neither granted nor taken any loans, secured or unsecured to/from Companies, Firms or other Parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Therefore, requirements of clauses (iii-b), (iii-c) and (iii-d) of paragraph 4 of the Order are not applicable.
4. In our opinion, *the internal control procedures need to be strengthened* to be commensurate with the size of the Company and the nature of its business, for purchase of Fixed Assets, Stores and Consumables and for the sale of energy.
5.
 - a. There are transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating to more than Rs.5,00,000 in respect of Karnataka Power Transmission Corporation Limited (KPTCL) during the year.
 - b. The prices adopted are at Standard Rate or at Purchase Rate as the case may be in case of Material transfers and the purchase price for the power is at a rate, which is based on an agreement.
6. The Company has not accepted any deposit from the public.

7. The Company has instituted an Internal Audit system of its own, and presently it is carried out by the staff of the Company. *In our Opinion, the Internal Audit system needs to be strengthened.*
8. The *maintenance of Cost Records has been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 in respect of the activities of the Company for the year under reference and the Company has not maintained any Cost Records as prescribed.*
9. We have been informed that the provisions of the Provident Fund Act and Employees State Insurance Act are not applicable to the Company for the year. There are no undisputed and outstanding amounts payable in respect of Income-tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty, Cess or any other statutory dues which have remained outstanding as at 31st March 2004, for a period of more than six months from the date they became payable.
10. According to information and explanation given to us, the company does not have any disputed dues of sales tax/income tax/ custom tax/ wealth tax/ excise duty/cess.
11. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the current or in the immediately preceding financial year.
12. According to the information and explanation given to us, and based on our observations during the audit, the Company has not defaulted in repayment of dues to a financial institution or bank from which the borrowings were made directly by the Company. We are unable to comment on the repayment of loans transferred from the KPTCL since the details defaults on such loans, if any, of repayment are not available to us.
13. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of share, debentures and other securities.
14. The provisions of any special statute applicable to chit funds/nidhi/mutual benefits funds/society do not apply to the Company.
15. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures or other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
16. According to the information and explanations given to us and the representations made by the management, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
17. According to the information and explanation given to us, and based on our observations during the audit, the Company has applied the term loans taken during the year for the purpose for which the loans were obtained.
18. According to information and explanations given to us and on an overall examination of the Balance sheet of the Company, we report that no funds raised on long-term basis have been used for short-term investment. No funds have been raised on short-term basis.
19. The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
20. The Company has not issued any debentures.
21. The Company has not raised any money through a public issue during the year.
22. The Management of the Company is in the process of collecting the details of fraud on or by the company. Hence we are unable to comment on the nature and the amount involved in such cases.

(G. SATISHCHANDRA)

Partner

Membership Number 27372

Bangalore
22nd December 2004.

For & On behalf of
MURALI & VENKAT
Chartered Accountants

Addendum to Directors' Report for the year ended 31st March 2004

Replies offered on the observation/comments of the Statutory Auditors on the accounts of the Company for the year 2003-04 are as follows

Sl. No.	Observations of Statutory Auditors	Management's Reply
2(d)	The Accounting Principles / Policies enunciated in Electricity (Supply) Annual Accounts Rules, 1985 followed by the Company are not in total consonance with the Accounting Standards (AS) referred to in Section 211(3C) of the Companies Act, 1956. Attention is drawn to the departure of Accounting Policies of the Company in case of AS-2 of Valuation of Inventories, AS-6 of Accounting for Depreciation, AS-10 of Accounting for Fixed Assets, AS-15 of Accounting for Retirement Benefits in the Financial Statements of Employers, AS-16 of Borrowing Costs, AS-19 of Leases, AS-22 of Accounting for Taxes on Income.	Consequent to unbundling and notifying the transfer scheme, the company is formed on 1-6-2002 and being a successor entity of erstwhile KEB & KPTCL, the Company has adopted the accounting system followed by these entities earlier, which is based on Electricity (Supply) Act 1948, Electricity (Supply) Annual Accounts Rules, 1985. However, the Company would review in future to comply the Accounting Standards/ Electricity Act 2003. Point wise reply also indicated below.
2(f)(1)	Subject to the following that: The Company is vested with Fixed Assets such as Land and Buildings and vehicles by virtue of the Transfer Scheme under Government Approval. The titles for the above assets are yet to be transferred in its name.	Factual Company is making efforts to ascertain the title to the Assets.
2(f)(2)	We draw attention to the Notes on Accounts Para-1.3 of the Financial Statements of the Company for the year ended 31.03.2004, that the Company is vested with certain Assets and Liabilities as part of Karnataka Electricity Reform transfer scheme as on 01-06-2002 as the Opening Balances which are provisional in nature and are subject to an Audit and further approval of the Government as per the Government Order Dt 31-05-2003. Any changes in the Opening Balances after the Audit or based on a thorough Due Diligence being carried out at a later date either by KPTCL or any of the ESCOMs, may have bearing on Share Deposit Account of the Company. The Company to certain extent identified Opening Balances in certain assets and liabilities and transferred the same to Share Deposit Adjustment Account, which as per the Company's Management may have an impact on the Share Deposit Account. The same is subject to the approval of Government of Karnataka. The balance in the Share Deposit Adjustment Account is also subject to reconciliation of each such account/balance transferred. In our Opinion, the impact of the same on the financials of the Company is not presently quantifiable.	Factual Any effect on Accounts and further approval to be accorded by the Government of Karnataka in continuation to orders dated 7-10-2004 would be adjusted/accounted in ensuing years.
	The Company has not followed the Accounting Standard-10 (AS-10), which deals with the Accounting for Fixed Assets for the assets transferred by KPTCL as on 01.06.2002. The values of the Fixed Assets are not carried in the Books of	Being a successor entity of erstwhile KEB and KPTCL and since the assets are transferred under Transfer scheme, the Company has adopted the accounting system

Sl. No.	Observations of Statutory Auditors	Management's Reply
	Accounts of the Company at transfer price (Gross Block reduced by Accumulated Depreciation) but at historical Cost of assets of Gross Block and accumulated depreciation as carried on by the KPTCL. Depreciation is being continued to be charged on Gross Block at Historical Prices of the Assets transferred to the Company in the Current Year also.	followed by these entities earlier, which is based on Electricity (Supply) Annual Accounts Rules, 1985. However, the same would be reviewed in due course of time to comply with Accounting Standards.
4.	Depreciation is not charged on Assets commissioned during the year and Depreciation is charged for the full year on Assets identified for the removal from the Fixed Assets Block including on the decommissioned Assets for repair and reuse. Depreciation is charged on SLM Rate prescribed by the Central Government Notification issued under the Electricity (supply) Act, 1948, which is not in accordance with the rates specified under Schedule XIV of the Companies Act, 1956. The amount of shortfall/Excess in such provision is not quantifiable.	Schedule XIV of Companies Act clearly provides for exemption for Electricity Companies for which the Electricity Supply Act and rules are applicable.
5.	In case of addition of Decommissioned Repaired Assets to the Gross Block of Fixed Assets, the Written Down Value of Repaired assets are being adopted as the Gross Value of the Asset and the depreciation is provided on the Written Down Value. The Company has not retained the Gross values and the accumulated depreciation for these assets and depreciation is not charged on the original values of the Assets. This may result in extending the life cycle of the asset from the life period as against the originally decided lifetime of the assets. Also the disclosure to the extent of decommissioned Assets at the time of decommissioning as deletions from the Gross Block and such decommissioned assets after their repair and put to use being disclosed as additions may impair the actual position of the Fixed Assets. The Policy of the Company is not in line with the Accounting Standard – 10 for Accounting for Fixed Assets as well as with the Accounting Standard –6 Accounting for Depreciation. The excess/short provision of Depreciation on these categories of Assets added to the Gross Block is not quantifiable.	As successr entity of erstwhile KPTCL, the existing procedure followed in the KPTCL is continued due to complexity of operations. However, the issue would be examined in future to comply with the accounting standards.
6.	The Company's inventories at various locations are old. The usefulness and serviceability is also subject to identification and inspection. It would not be possible to quantify the effect of obsolescence on the profitability of the Company, but the same would have a material impact on the profitability of future years or in the year in which such identification and provision is made	Company is having the practice of identifying absolute, unserviceable and scrap assets. After examining the issues in detail proper treatment would be considered at appropriate time.
7.	Inventories, stores and spares include the scrapped value of assets and value of faulty and dismantled assets for reuse, which is not a proper classification as per Accounting Standard –2 Valuation of Inventories. Also the value of scrapped assets and the realisability of such value is a	Estimation is made according to the views of technical experts and accordingly accounted. Efforts are being made to identify the value of scrap/dismantling assets. Effect on this

Sl. No.	Observations of Statutory Auditors	Management's Reply
	question of fact. Any short fall in realisable value would have an impact on the Revenue of the current year. The value of the faulty and dismantled assets includes certain assets, which are not reusable but are not yet scrapped. The loss arising out of the same also is not quantifiable in the absence of relevant information.	would also be accounted on such identification.
8.	Materials are valued at standard cost or purchase cost. The valuation of inventory is not carried out at the lower of cost and net realizable value and hence is not in consonance with Accounting Standard -2: Valuation of Inventories. The difference is not quantified.	Due to complexity of situation, the existing procedure followed by the erstwhile KPTCL was continued. However, efforts would be made to comply with the Accounting Standards in future.
9.	The Material Cost Variance is accounted by the Company at the time of the payment to suppliers and not at the time of purchases where standard rates are attributed to the Materials bought. As a result, the Company is not accounting the Material Cost Variance to the extent of unpaid materials on accrual basis and the quantification of the same is not arrived at.	Practice followed earlier in KPTCL is adopted. In company's opinion, value may not be significant. However, the issue would be examined in future.
10.	A provision of 20% on the Scrapped and Faulty and Dismantled Assets disclosed under the Inventory is made and the same is debited to Share Deposit Adjustment Account. In our opinion, a technical committee is to be constituted to arrive at the exact quantum of usefulness of the entire inventory, which in some cases is more than 20 to 25 years old. In our opinion, the value of inventory is to be arrived at after the verification of the Technical Committee and the inventory, which does not command usefulness or is technologically obsolescent, is to be written off.	The Company is making efforts to constitute a committee to examine this in detail. On evaluation of inventories, proper treatment will be given.
11.	Reserves and Surplus include Rs. 94,66,19,000/- (Previous Year Rs. 35,58,28,517 and Current year Rs. 59,07,90,483) as Consumers' contribution towards Capital Assets. The Company has a policy of showing both the Contributions and the full value of the Fixed Assets created out of such funds separately without deducting the contributions out of the Assets created. Depreciation is provided on the full value of the Assets capitalized without deducting the proportionate depreciation to the extent applicable on the Consumers' Contributions. The same is in variance to the requirements of AS -10 Accounting for Fixed Assets. The consequential effect on Consumers' Contributions by not deducting the relevant portion of the Depreciation on the Consumers' Contribution and crediting the same to the Profit and Loss Account is not quantifiable, in the absence of details with regard to the receipt of Contributions and the Specific Assets created out of such Funds.	Practice followed earlier in KPTCL has been adopted. However, efforts would be made to comply with Accounting Standards in future.

Sl. No.	Observations of Statutory Auditors	Management's Reply
12.	<p>By virtue of the Government Order No DE48 PSR 2003 dated 31.05.2003, a certain portion of the loans availed by KPTCL from various institutions have been transferred to BESCOM. The basis for such transfer is not provided to us for verification. The liabilities are not transferred in the name of the Company pending lenders' consent. In the light of the same, the Company is accounting the interest paid, Guarantee Commission to Government of Karnataka apart from accounting the loans from REC, PFC, Commercial Banks based on the advise of KPTCL. KPTCL has fixed certain amount of lease charges to be borne by the company. No details are available with the company with regard to the stationing of leased assets at various locations of the company. We have observed certain variations in the furnishing of information by KPTCL with regard to the accounting of the interest amounts and the Principal Balances outstanding as on 31.03.2004. The accuracy and rationale behind allocation of the loan portfolio and the informations periodically furnished by KPTCL with regard to the outstanding Principal Balances of the Loans, and the interests serviced thereon during the year, however are not placed for our verification.</p>	<p>Both KPTCL & BESCOM are Government Companies.</p> <p>Consequent to unbundling and issue of transfer schemes as per Government order, what ever the loan details identified and transferred by the KPTCL, the same was accounted & also produced to Audit for verification. Any variation observed in future, it would be got confirmed and accounted at appropriate time.</p>
13.	<p>Out of the Unsecured Loans of Rs. 2,94,00,000 availed from Government of Karnataka as per the Terms and Conditions stipulated, it is observed that 50% of the loan amount enjoys moratorium period of 5 years and the remaining 50% of the Loan amount is repayable in 20 equal annual instalments commencing from the year 2002-03. Thus the Company in the absence of any information from KPTCL has not made any payments towards the instalments and as it appears from the information furnished no interest also has been accounted for the year 2002-03.</p>	<p>Any variation observed in future with reference to details furnished by KPTCL, it would be accounted at appropriated time.</p>
14.	<p>The Company has carried the provision for Bad & Doubtful Debts of Rs. 254 Crores on Sundry Debtors as part of the Opening Balances as on 01.06.2002. As the basis for arriving at such provision is not furnished to us, we are unable to express our opinion on the accuracy of Sundry Debtors and the adequacy of provision thereof. The Company on annual basis is providing a 4% provision for Bad and Doubtful Debts on its Receivables.</p> <p>In our opinion, based on poor collections and also longer periods taken to realize the receivables coupled with the Government Schemes of Waiver of certain categories of receivables, the adequacy of provision at 4% is not sufficient. The extent of provision to be made needs to be reviewed by the Company.</p>	<p>These are identified by FDP consultants and the same was transferred by Government at the time of notifying the transfer scheme. Abstract details produced on this verified by Audit including Rs. 96.7 crores out of Rs.254 crores utilized for waiver off of IP set dues. Further, efforts are made to obtain item wise details from KPTCL and would be accounted at appropriate time. However, as better prudence, provisions made is continued in books.</p> <p>The issue would be examined in future.</p>

Sl. No.	Observations of Statutory Auditors	Management's Reply
	<p>The Company's Notes on Accounts vide Para 6.4 state that the provision is made on LT Receivables only at 4%. However, the provision in Financial Statements made is on the entire receivables including miscellaneous receivables. The provision made in Accounts is in variance with the Notes to Accounts.</p>	<p>Notes on Accounts will be amended in 2004-05.</p>
15.	<p>None of the balances of Sundry Debtors, Receivables and Payables, Sundry Creditors and Loans and Advances have been confirmed. As reported in the previous year's Annual Report, we do not observe any progress on this subject.</p>	<p>As successor entity of erstwhile KEB/ KPTCL, the existing procedure followed in KPTCL is continued in respect of sundry debtors for sale of power/sundry creditors/ advances.</p> <p>In respect of Receivables & Payables; reconciliation is in progress; balances are confirmed by ESCOMs/KPTCL.</p> <p>Appropriate action would be taken at appropriate time.</p>
16.	<p>Security deposits from consumers include deposits received against debts pending in courts, arrears pursued, arrears from bill stopped services and disconnected services for which details are not available to disclose and present them under different heads.</p>	<p>Since entire deposit items transferred under Transfer Scheme require item wise details, this has been accounted based on the opening balances transferred. However, efforts are being made to identify particulars for each item and required accounting treatment will be given at appropriate time on such findings.</p>
17.	<p>The Company's Fixed Assets, Inventories and Cash Balances are not insured. Any Financial misappropriation, loss/theft, damage to Inventory, Cash Balances and Capital Assets is taken on record only on being reported. The investigations with regard to the accountability of the personnel in such eventualities have been continuing for a long time. The Company has not made any provision to meet such eventualities.</p>	<p>Company has taken action to cover under insurance (with M/s. United India Insurance Company Limited and Oriental insurance company Limited) the Transformers, Buildings, Furnitures, office Equipments, Inventory & Cash in Cash safe.</p>
18.	<p>Other Current Assets include unreconciled Inter Unit Accounts (IUAs)/ relating to</p> <p>a) CWIP, Fixed Assets, Deprecation Provision, Obsolete and Released Assets to an extent of Rs.16, 51,54,635/-</p> <p>b) On Account of remittances from/to Head Office/ Divisions Rs. 6,37,34,625.</p> <p>c) On account of Other Transactions and adjustments between divisions Rs. 81,25,99,274.</p> <p>The effect of the same on the Current Year Financials of the Company on reconciliation is not presently quantifiable.</p>	<p>Existing practice as in KPTCL continued and adopted. However, efforts would be taken to give proper Accounting treatment at appropriate time.</p>

Sl. No.	Observations of Statutory Auditors	Management's Reply
19.	Current Liabilities include an amount of Rs. 1,42,78,730/- on account of Excess credits in Bank Accounts not reconciled by the Company. The effect of the same on the Current Year Financials of the Company on reconciliation is not presently quantifiable.	Being reconciled with reference to remittance by Units to Head office/entries in pass sheet; and proper accounting treatment will be given at appropriate time.
20.	Sundry receivables from KPTCL, MESCOM, GESCOM, HESCOM include receivables which are to some extent should not have been categorized as receivables keeping in view of the nature of transactions. These accounts are to be reconciled and any observance with regard to misclassification may have to be either charged to Revenue Account or Share Deposit –Adjustment account. The impact of the same is not ascertained pending reconciliation.	Reconciliation is in progress and action taken to verify each receivable item and to reconcile the same with KPTCL/other ESCOMS. Proper treatment will be given at appropriate time.
21.	Amounts payable to KPTCL and other ESCOMS are also subject to reconciliation and include certain amounts not payable due to misclassification or keeping the nature of transactions in view. The quantum of the same is not ascertained and the amount of such non-payable portion may have impact either on Revenue or on Share Deposit Adjustment Account.	Reconciliation is in progress to verify each payable item and to reconcile the same with KPTCL/other ESCOMS. Proper accounting treatment will be given at appropriate time.
22.	<p>The Company accounts its Net Profit at 3% Rate of Return on Opening Balance of Net Fixed assets as reduced by the Consumers Contribution towards cost of Capital Assets after considering the entire Revenue Expenditure but prior to Income Tax Provision as Rural Electrification Subsidy (Previous Year - the resultant Income Tax Provision is also claimed as Rural Electrification Subsidy) receivable from Government of Karnataka. Thus we observe that the non-claiming of Income Tax Provision for the Current Year to the extent of Rs. 8,70,70,000/- is observed as a departure from the Previous Year's pattern of Subsidy claim.</p> <p>We also observe that the Government of Karnataka has suggested a different Model for claiming Rural Electrification Subsidy namely the PURCHASER PROVIDER MODEL. The subsidy claim according to the Purchaser Provider Model works out to Rs.283 Crores for the year 2003-04, against which the company has accounted only Rs. 188.50 Crores. Any change in the Revenue /Expenditure consequent to any future decisions by GOK /KERC on this account would have an impact on the Financials of the Company.</p>	<p>Factual.</p> <p>To reduce RE subsidy burden to Government.</p>
23.	Provision for liability for increase in power purchase (share of KPTCL's Revenue gap 2003-2004) is not made during the year as against the previous Year's provision of Rs. 89.40 Crores. Any order by KERC at a future date with respect to the above may have an impact on the revenue/profitability of the year under review.	Factual

Sl. No.	Observations of Statutory Auditors	Management's Reply
24.	In view of the entire staff of BESCOM being on deputation from KPTCL, the Company is yet to evolve a system of routing the rentals collected /rentals paid through payables/ receivables to KPTCL/Other ESCOM's. The impact on the Receivables/Payables to KPTCL and other ESCOMs on account of these transactions is not quantified.	Company is contemplating to constitute a committee. Based on Committee's report, action would be taken to reconcile and settle these items.
25.	<p>The Company has an Accounting Policy for Accounting Retirement Benefits as per the Actuarial Valuation, which is as per the provisions of the Accounting Standard -15. However, for the year under consideration, no Actuarial Valuation has been conducted and the same is in variance with AS 15. Provision for Pension and Gratuity is made as per the advise of the KPTCL & other ESCOMs Pension and Gratuity Fund Trusts. Any additional demand in future by the Trust on account of Current Year's provision would have an impact on the profitability of the Company.</p> <p>No Actuarial Valuation is carried out for making provision for Leave encashment. The Company has provided for leave encashment on a provisional estimate. The same is in variance with AS 15.</p> <p>In the absence of information on actuarial valuation, we are unable to quantify the variance and the consequential effect on the Profit and Loss Account of the year.</p>	<p>Factual</p> <p>As all the employees of the Company are treated as employees of KPTCL deputed to the Company and since the Government has formed the KPTCL/ESCOMs' Pension/ Gratuity Trust, the Company is contributing towards these liabilities on the basis of information received from the KPTCL. Further, since actuarial valuation was not got done by KPTCL as on 31-3-2004, the FB liability has been accounted on the basis of previous actuarial valuation.</p>
26.	The Company has not provided the Deferred Tax Liabilities/ Asset as per the Accounting Standard -22 for accounting for taxes on income. The same is not quantified in the absence of the details with respect to opening balance in books of accounts as well as under Income Tax Act.	Individual year-wise, item-wise details from KPTCL required to assess exact deferred tax liability/asset. However, the issue would be reviewed to comply with Accounting Standards in future.
27.	No wealth tax provision has been made by the Company in respect of Motor Cars. In the absence of the details of Written Down Value under the provisions of the Income Tax Act, the provision for the liability is not presently quantifiable.	Since transfer of title and its details are in process, this has not been provided for. However, liability will be made at appropriate time and on demand.
28.	In the absence of any clear guidelines for treating contingent liabilities under the transfer scheme, any liabilities contingent in nature and such liabilities crystallized in the current year and are going to crystallize in future years in the hands of the Company, and its treatment would have a bearing on the Financial Statements of the Company.	Factual.

Sd/-
Managing Director

BALANCE SHEET AS AT 31ST MARCH 2004

Amount in Rupees

Sl. No.	Particulars	Sch. No.	Current Year 2003-04	Previous Year 2002-03
I	Sources of Funds :			
1.	Share holders' Funds			
	Share Capital	1	5,00,000	5,00,000
	Share Deposit	1A	205,91,51,353	205,91,51,353
	Share Deposit Adjustment account	1B	(4,92,81,953)	1,26,07,834
	Reserves and Surplus	2	128,54,77,690	56,70,46,143
			329,58,47,090	263,93,05,330
2.	Loans / Funds			
	Secured Loans	3	331,06,89,866	267,26,57,145
	Unsecured Loans	4	10,47,59,535	11,31,14,980
			341,54,49,401	278,57,72,125
3.	Other Funds			
	Service Line and Security Deposits	5	862,08,32,820	767,71,62,484
	TOTAL - I		1533,21,29,311	1310,22,39,939
II.	APPLICATION OF FUNDS :			
1.	Fixed Assets			
	(a) Gross Block	6	1361,71,23,654	1278,97,41,724
	(b) Less : Depreciation		603,13,09,316	527,68,77,742
	(c) Net Block		758,58,14,338	751,28,63,982
	(d) Capital Works in Progress	7	45,10,47,005	53,45,02,281
			803,68,61,343	804,73,66,263
2.	Current Assets, Loans and Advances			
	(a) Inventories, Stores & Spares	8	43,47,25,983	52,37,69,133
	(b) Sundry Debtors	9	1425,33,15,110	938,54,54,524
	(c) Cash and Bank Balances	10	33,25,36,662	62,83,46,551
	(d) Loans, Advances and Deposits	11	14,72,40,968	10,76,38,665
	(e) Other Current Assets	12	461,98,93,954	167,93,08,356
	Total-2		1978,77,12,677	1232,45,17,229
	Less :			
	Current Liabilities & Provisions	13	1249,24,44,709	726,96,43,553
	Net Current Assets		729,52,67,968	505,48,73,676
	Significant Account Policies and Notes on Accounts	24		
	TOTAL-II		1533,21,29,311	1310,22,39,939

The schedules referred to above form an integral part of the Balance Sheet

Sd/-
(R. Sridhar)

Authorised Signatory

Sd/-
(D. Babu Rao)

Chief General Manager (F&C)

Sd/-
(V.M.Chandre Gowda)

Director (Technical)

Sd/-
(Bharatila Meena)

Managing Director

Place : Bangalore
Date : 20th Dec. 2004

As per our Report annexed
Sd/-

(G. Satishchandra)

Partner

for & on behalf of Murali & Venkat
Chartered Accountants

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2004

Amount in Rupees

Sl. No.	Particulars	Sch. No.	Current Year 2003-04		Previous Year 2002-03	
I	INCOME					
1.	Revenue from sale of power	14	3242,46,70,349		2353,50,24,628	
2.	Rural Electrification Subsidy-GoK		188,50,76,460		315,64,51,760	
3.	Other Income	15	22,86,33,993		21,06,21,425	
	TOTAL			3453,83,80,802		2690,20,97,813
II	EXPENDITURE					
1.	Purchase of Power - KPTCL	16	2980,64,23,742		2207,67,03,846	
2.	Provision for increase in power purchase (share of KPTCL's Revenue Gap 02-03)	16	-		89,40,00,000	
3.	Repairs and Maintenance	17	31,27,34,988		28,58,57,786	
4.	Employees Costs	18	248,75,00,324		202,39,31,126	
5.	Administrative and Other Expenses	19	26,95,78,182		21,92,65,444	
6.	Other Charges (Debits)	20	15,43,06,365		14,23,66,567	
	TOTAL			3303,05,43,601		2564,21,24,769
III.	Profit before Depreciation and Interest			150,78,37,201		125,99,73,044
	Depreciation (Net)	21	94,35,33,416		71,22,83,204	
IV.	Profit before interest and Taxes			56,43,03,785		54,76,89,840
	Interest and other Charges	22	34,09,61,063		31,84,72,214	
	Profit before prior period charges of credits			22,33,42,722		22,92,17,626
V.	Prior period charges (+) or credits(-)	23	86,31,658		-	
VI.	Profit before Reserve & Taxation			21,47,11,064		22,92,17,626
	Reserve for Contingencies				3,19,74,354	
VII.	Profit before Taxation			21,47,11,064		19,72,43,272
	Provision for Taxation		8,70,70,000		1,80,00,000	
VIII.	Profit after Taxation			12,76,41,064		17,92,43,272
IX.	Balance of Profit brought over from previous year		17,92,43,272			
	Balance carried to Balance Sheet			30,68,84,336		17,92,43,272
X.	Appropriation			30,68,84,336		17,92,43,272
	Balance surplus carried to Balance Sheet					
XI.	Significant Accounting Policies and Notes on Accounts	24				

The schedules referred to above form an integral part of the Profit and Loss Account

Sd/- (R. Sridhar) Authorised Signatory	Sd/- (D. Babu Rao) Chief General Manager (F&C)	Sd/- (V.M.Chandre Gowda) Director (Technical)	Sd/- (Bharatlal Meena) Managing Director
Place : Bangalore	As per our Report annexed		
Date : 20th Dec. 2004	Sd/- (G. Satishchandra) Partner		
	for & on behalf of Murali & Venkat Chartered Accountants		

SCHEDULES 1 TO 13 FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2004

SCHEDULE : 01 SHARE CAPITAL

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04	Previous Year 2002-03
1	Authorised Capital 10,00,000 Equity shares of Rs. 10/- each	<u>1,00,00,000</u>	<u>1,00,00,000</u>
2	Issued, Subscribed and Paid up		
a	Issued Capital 50,000 Equity shares of Rs.10/- each	<u>5,00,000</u>	<u>5,00,000</u>
b	Subscribed Capital 50,000 Equity shares of Rs.10/- each	<u>5,00,000</u>	<u>5,00,000</u>
c	Paid Up Capital 50,000 Equity shares of Rs.10/- each Fully paid up	<u>5,00,000</u>	<u>5,00,000</u>
	TOTAL	5,00,000	5,00,000

SCHEDULE : 1A SHARE DEPOSIT

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04	Previous Year 2002-03
1	Share Deposit (as per GoK Notification)	205,91,51,353	205,91,51,353

SCHEDULE : 1B SHARE DEPOSIT ADJUSTMENT ACCOUNT

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04	Previous Year 2002-03
1	Share Deposit Adujstment Account (pending GOK approval)	1,26,07,834	1,26,07,834
	Less : current year adjustment	6,18,89,787	-
	TOTAL	(4,92,81,953)	1,26,07,834

SCHEDULE : 02 RESERVES AND SURPLUS

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04	Previous Year 2002-03
1	Contributions, grants and subsidies towards cost of Capital assets	94,66,19,000	35,58,28,517
2	Reserve for Contingencies	3,19,74,354	3,19,74,354
3	Surplus in Profit and Loss Account	30,68,84,336	17,92,43,272
	TOTAL	128,54,77,690	56,70,46,143

SCHEDULE : 03 SECURED LOANS

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04	Previous Year 2002-03
1	Loans from Rural Electrification Corporation Limited, New Delhi. (Secured by Hypothecation of all existing unencumbered moveable properties including machinery, equipmetns, machinery spares, tools, implements, and accessories installed / created / erected and all future moveable including machinery, equipmetns, machinery spares, tools, implements, and accessories installed / created / erected in future and its stock of materials equipments bought or to be bought out of the loan amount.)	204,25,89,866	228,65,60,519
2	Term Loans from Commercial Banks		
a)	UCO BANK (Exclusive first Charge by way of hypothecation of plant, equipments & Machinery. The terms of repayment are 10 half yearly instalments with two years moratorium and repayable over 7 years from the date of first disbursal of the loan availment. Interest servicing is to be carriedout on monthly basis)	26,81,00,000	26,81,00,000
b)	State Bank of India Secured by way of hypothecation of all existing & unencumbered present & future goods , book debts and all other movable assets of the Borrower including documens of the title to the goods, outstanding moneys, receivables including receivables by way of cash assistance and / or cash incentive under the Cash Incentive Scheme or any other Scheme claims including claims by way of refund of customs/excise duties under the duty drawback credit scheme or any other scheme, bills invoices, documents, contracts , insurance policies, guarantees, engagements , securities, investments and rights and the present machinery listed in the schedule hereunto and all future machinery belonging to or in the possession or under the control of the borrower wherever lying stored (including all such goods, other movable assets as may be in course of shipment transit or delivery) by way of first charge (subject however to any charge in favour of any third party which may have been notified by the borrower & accepted by the Bank as having priority over its own charge) as security. The terms of Repayment are 24 Quarterly equal instalments with one year moratorium repayable over 7 years from the date of first drawal of the loan availment. (Interest servicing is to be carried out on monthly basis)	100,00,00,000	
c)	Other Banks - SPA Loans	-	11,79,96,626
	TOTAL	331,06,89,866	267,26,57,145

Note : The above loan accounts are subject to confirmation.

SCHEDULE : 04 UNSECURED LOANS

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04	Previous Year 2002-03
1	Loans from Government (The repayments to be made in 20 annual equal instalments together with interest at the rate 12% on the outstanding balance commencing from 2002-2003. However, 50% of loans will enjoy 5 year initial grace period after which repayment of these loans will be effected in 15 annual equal instalments.)	2,94,00,000	2,94,00,000
2	Term Loan from PFC (The loan amount is accounted as per the advise of KPTCL and it comprising of various loans with varied terms and conditions)	7,53,59,535	8,37,14,980
	TOTAL	10,47,59,535	11,31,14,980

Note : The above loan accounts are subject to confirmation.

SCHEDULE : 05 SERVICE LINE AND SECURITY DEPOSITS

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04	Previous Year 2002-03
1	i) Deposit Contribution Work	30,10,22,734	34,33,00,143
	ii) Deposit Works	1,09,90,231	77,50,347
2	Other Deposits from Consumers	38,48,84,140	36,64,48,447
3	Security Deposit from consumers	792,39,35,715	695,96,63,547
	TOTAL	862,08,32,820	767,71,62,484

SCHEDULE : 06 FIXED ASSETS

Amount in Rupees

Asset Group	Gross Block				Depreciation			Net Block	
	As at 1-4-2003	Additions	Deduction	As at 31-3-2004	As at 1-4-2003	Additions	Deduction	As at 31-3-2004	As at 31-3-2003
Land & Rights	9,01,99,514	11,02,648	1,00,070	91,22,092	4,10,584	-	4,10,584	-	8,97,88,930
Buildings	19,07,27,388	2,12,76,567	-	212,003,955	4,81,29,260	86,95,611	-	5,68,24,871	14,25,98,123
Civil Works (Pipeline, Sewage, Drainage & Water supply)	1,38,29,406	29,03,727	-	1,67,33,133	21,91,540	4,25,083	-	26,16,623	1,16,37,866
Other Civil Works	42,76,181	-	-	42,76,181	4,84,270	1,29,682	-	6,13,952	37,91,911
Plant & Machinery	296,89,50,410	56,22,19,979	40,51,41,899	312,60,28,490	94,79,97,000	24,38,77,612	11,73,67,169	107,45,07,443	202,09,53,410
Lines Cable Networks	966,63,06,029	80,76,58,165	15,38,58,188	1002,01,06,006	416,91,87,465	68,53,70,427	6,46,92,024	478,98,65,868	519,71,18,564
Vehicles	9,93,98,236	13,26,329	1,53,93,147	8,53,31,418	8,12,48,216	63,97,309	1,14,88,092	7,61,57,433	1,81,50,020
Furniture & Fixtures	3,64,12,275	70,17,097	9,66,519	4,24,62,853	1,54,53,810	29,54,956	2,30,442	1,81,78,324	2,09,58,465
Office Equipments	1,96,42,285	15,17,651	21,80,410	1,89,79,526	1,17,75,597	8,18,974	49,769	1,25,44,802	78,66,688
Current Year Total	1276,97,41,724	140,50,22,163	57,76,40,233	1361,71,23,654	527,68,77,742	94,86,69,654	19,42,38,080	603,13,09,316	751,28,63,982
Previous Year Total	1193,43,20,574	153,22,70,496	67,68,49,346	1278,97,41,724	476,45,89,710	72,83,90,439	21,61,02,407	527,68,77,742	716,97,30,864

NOTE:

- Buildings includes shared assets as per KPTCL's intimation
- Addition includes released assets after reconditioning
- Deduction includes transfer of assets for reconditioning and Shared assets to KPTCL

SCHEDULE : 07 CAPITAL WORKS IN PROGRESS

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04	Previous Year 2002-03
1	Capital Work in Progress Interest during Implementation period.	41,97,52,769 1,33,67,832	52,62,14,617
2	Contracts in Progress	38,47,411	34,18,646
3	Provision for works.	1,40,78,993	48,69,018
	TOTAL	45,10,47,005	53,45,02,281

SCHEDULE : 8 INVENTORIES, STORES AND SPARES

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04		Previous Year 2002-03	
1	Assets not in use (valued at WDV)				
	a) Value of scraped assets	3,71,24,159		3,82,08,353	
	Less Provision estimated/ considered as not realisable	1,35,38,169		76,41,671	
			2,35,85,990		3,05,66,682
	b) Value of Faulty and Dismantled assets for reuse	16,60,44,255		22,02,85,693	
	Less Provision estimated/ considered as not realisable	6,94,39,287		4,55,28,867	
			9,66,04,968		17,47,56,826
	Total-1		12,01,90,958		20,53,23,508
2	Materials Stock (Stocks are valued as per the Accounting Policy followed by the company and certified by the Management)				
	a) Material Stock Account	24,99,57,702		23,80,62,297	
	b) Mateterial imprest Account	3,75,52,177		5,59,27,811	
	c) Material pending inspection	1,13,07,562		1,48,84,403	
	d) Other Material Account	1,57,17,584		95,71,114	
	Total-2		31,45,35,025		31,84,45,625
	TOTAL 1 + 2		43,47,25,983		52,37,69,133

SCHEDULE : 9 SUNDRY DEBTORS

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04		Previous Year 2002-03	
1	a) Sundry Debtors - Supply of Power				
	1. Sundry Debtors for sale of Power-LT	685,20,65,644		700,39,77,264	
	2. Unbilled Revenue - LT	77,98,60,516		70,37,18,644	
	3. Sundry Debtors for sale of Power - HT	26,13,78,139		23,38,68,320	
	4. Unbilled Revenue - HT	121,95,44,733		97,67,95,620	
	TOTAL (A)		911,28,49,032		891,83,59,848
	b) Sundry Debtors - miscellaneous receipts from consumers		39,65,79,246		54,33,76,269
	Sub total - (1)		950,94,28,278		946,17,36,117
2	Less :				
	a) Revenue Suspense Account	10,35,66,378		988,27,026	
	b) Provision for withdrawal of Revenue demand	14,41,23,054		27,18,27,481	
	c) Provision for Doubtful Dues from consumers	187,43,33,524		279,15,19,693	
	Sub total - (2)		212,20,22,956		316,21,74,200
3	Net Receivables against Supply of Power		738,74,05,322		629,95,61,917
4	Sundry Receivables from				
	KPTCL	336,42,55,840		293,30,22,831	
	MESCOM	7,24,65,574		6,04,82,479	
	GESCOM	2,99,73,565		2,90,49,942	
	HESCOM	4,84,54,761		4,56,72,185	
	Others	4,28,66,474		1,54,45,199	
	Sub total - 4		355,80,16,214		308,36,72,636
5	a) Receivable from GoK towards IP set dues waived off	423,84,87,196			
	b) Less Provision for receivable towards IP set dues	96,70,00,000			
	c) Total (a - b)		327,14,87,196		
			1421,69,08,732		938,32,34,553
6	Sundry Debtors for Electricity Tax		3,64,06,378		22,19,971
	TOTAL 3+4+5+6		1425,33,15,110		938,54,54,524

SCHEDULE 10 : CASH AND BANK BALANCES

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04		Previous Year 2002-03
1	Cash on Hand		9,18,79,774	8,74,42,248
2	Cash at Bank - Operative Accounts with scheduled banks	99,50,708		11,82,71,703
3	Cash at Bank - Non-Operative Accounts with scheduled banks	21,21,97,683		18,23,63,834
			22,21,48,391	30,06,35,537
4	Deposits with State Bank of Mysore.	5,21,396		5,25,798
5	Interest Accrued but not due	39,422		-
			5,60,818	5,25,798
6	Stamps on Hand		11,53,469	2,87,919
7	Remittance to Head Office -Transit Account	11,320		15,75,99,095
8	Transfers from Head Office In Transit Account	1,67,82,890		8,18,55,954
			1,67,94,210	23,94,55,049
	TOTAL		33,25,36,662	62,83,46,551

SCHEDULE 11 : LOANS, ADVANCES AND DEPOSITS

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04		Previous Year 2002-03
1	LOANS AND ADVANCES (Unsecured, considered good recoverable in cash or in kind for the value to be received)			
	a) Advances to Suppliers	3,52,64,572		2,90,33,587
	b) Advances to Contractors	33,95,623		59,73,950
	c) Loans and Advances to Staff - Interest free	3,73,36,057		
			7,59,96,252	3,71,14,977
	Sub total (a+b+c)		7,59,96,252	7,21,22,514
2	DEPOSITS			
	a) Security Deposits received in Cash from contractors.	3,79,74,082		
	b) Guarantees received from contractors	3,32,70,634		
			7,12,44,716	3,55,16,151
	Total		14,72,40,968	10,76,38,665

SCHEDULE 12 : OTHER CURRENT ASSETS

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04		Previous Year 2002-03
A	Other Current Assets			
1	Amounts Recoverable from Employees	4,80,02,816		3,92,30,298
2	R.E Subsidy receivable from GoK	233,40,51,691		131,10,75,231
3	Other Receivables	32,16,500		53,56,042
	Loan amount receivable from KPTCL	160,85,80,882		
4	Other Claims	36,18,573		
5	Pension/gratuity-P&G Trust	32,49,40,010		
6	Cash Receivables from KPTCL/ESCOMS	2,51,77,480		
	Sub-total A		434,75,87,952	135,56,61,571
B	Inter Unit Accounts :			
1	IUA - CWIP, Fixed Assets, depreciation provision / obsolete and released assets	16,51,54,635		9,20,29,602
2	IUA - Other transactions / adjustments	-		23,16,17,183
3	IUA-Remittances to HO	10,71,51,367		
	Sub-total B		27,23,06,002	32,36,46,785
C	Total (A + B)		461,98,93,954	167,93,08,356

SCHEDULE 13 : CURRENT LIABILITIES & PROVISIONS

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04		Previous Year 2002-03	
1	Power Purchase Liability				
	Sundry Creditors for purchase of power from KPTCL	501,61,51,025		215,65,18,242	
	Provision for liability for increase in power purchase (share of KPTCL's Revenue Gap 2002-03)	89,40,00,000		89,40,00,000	
			591,01,51,025		305,05,18,242
2	Liabilities for supplies / works	76,61,51,504	76,61,51,504		109,30,70,341
3	Staff Related Liabilities				
	Unpaid Salaries	26,70,563		27,66,510	
	Unpaid Bonus	3,54,585		30,868	
	Salary payable	1,93,66,543		1,23,48,964	
	Bonus payable	1,25,375		1,36,326	
	Ex-gratia payable	2,76,01,618		288,41,055	
			5,01,18,684		4,41,23,723
4	Payables to KPTCL				
	On accounts of funds received	182,83,01,701		170,09,55,830	
	On account of Materials, Released Assets, Personnel and others	230,82,89,177		107,48,11,592	
			413,65,90,878		277,57,67,422
5	Payable to other ESCOMs		2,72,35,281		2,88,54,478
6	Other Liabilities				
	Security Deposits in cash from Suppliers / Contractors	6,72,17,374		3,43,56,743	
	Security deposit other than in cash from suppliers / contractors	3,32,70,634		93,57,060	
	Bill amount retained as per terms of P.O / Turnkey Contract			1,39,141	
	Stale Cheques	23,66,962		19,80,173	
	Miscellaneous Deposits	23,79,721		16,97,234	
	Excess credit under reconciliation	1,42,78,730		36,233	
	Levies / fees payable to GoK	2,29,66,361		34,97,375	
	Inter Unit Accounts - Other transactions / adjustments	81,25,99,274		-	
	IUA -Funds Transfer	4,34,16,742	99,84,95,798		5,10,63,959
7	Outstanding Liability				
	- for Expenses	38,87,35,174			5,85,40,835
	- interest accrued but not due	96,47,288	39,83,82,462		
8	Provisions for other liabilities				
	Provision for Gratuity,Pension, Leave encashment & Family Benefit Fund	9,85,41,258		14,79,93,512	
	Provision for Income-Tax	10,31,14,937		1,80,00,000	
	Miscellaneous Provisions	36,62,881		17,11,041	
			20,53,19,076		16,77,04,553
	Total		1249,24,44,709		726,96,43,553

**SCHEDULES 14 TO 23 FORMING PART OF PROFIT & LOSS ACCOUNT
FOR THE PERIOD ENDING 31ST MARCH 2004**

SCHEDULE : 14 REVENUE FROM SALE OF POWER

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04		Previous Year 2002-03	
1	Revenue from Sale of Power – LT				
	Bhagya jyothi Scheme.	22,96,02,367		15,59,23,143	
	Non-Commercial Lights and Fans Non-Domestic and Non-comml lighting installations.	-		8,97,44,017	
	Domestic combined lighting, heating and motive power Private, Professional and unaided educational institutions.	762,51,08,329		552,42,32,680	
	Commercial and Non-Industrial Lights and Fans.	291,94,73,980		201,38,70,099	
	Irrigation Pump Sets (10 HP & below)/ Water Lifting.	238,01,85,030		221,43,77,244	
	Irrigation Pump sets (above 10 HP) /Water Lifting.	56,61,608		60,14,750	
	Water supply-Village Panchayats and Town Panchayats.	63,11,41,070		42,15,42,163	
	Water supply - Others.	27,92,49,448		21,72,08,010	
	Private Horticultural Nurseries, Coffee, Tea, Cocoanut and Areca nut Plantations.	31,64,334		57,90,679	
	Industrial, Non-Industrial, Heating and Motive Power including Lighting	398,30,95,910		315,23,69,579	
	Public Lighting/ Village and Town Panchayats.	56,54,52,653		32,43,83,540	
	Public Lighting - Others.	54,67,14,417		36,14,88,936	
	Temporary Power Supply - Non -commercial lights and fans and other small appliances	34,40,40,544		24,75,07,043	
			1951,28,89,690		1473,44,51,883

SCHEDULE : 14 REVENUE FROM SALE OF POWER

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04		Previous Year 2002-03	
2	Revenue from Sale of Power – HT				
	Public Water Supply & Sewerage Pumping	147,62,79,739		96,40,06,594	
	Industrial, Non-industrial and Commercial purposes & Railway Traction	739,68,45,514		544,20,67,568	
	Commercial.	324,94,22,372		183,78,46,848	
	Irrigation and Agricultural Farms. Lift Irrigation Societies, Lift Irrigation Schemes and Govt., Horticultural Farms	65,62,387		63,10,509	
	Residential apartments and colonies availing power supply independently.	23,70,30,799		15,85,13,271	
			1236,61,40,811		840,87,44,790
3	Miscellaneous recoveries from Consumers.				
	Fuse charges	13,44,223		13,25,060	
	Reconnection Fee (D & R)	44,50,402		1,79,85,447	
	Public Lighting Maintenance Charges	83,55,912		96,94,288	
	Service Connection (Supervision charges)	12,07,33,303		7,69,18,885	
	Delayed payment charges from consumers.	37,50,69,291		21,09,38,312	
	Other Receipts from consumers	18,51,77,444		7,49,65,963	
	Misc Charges from Consumers		69,51,30,575		39,18,27,955
	Gross Revenue from Sale of Power		3257,41,61,076		2353,50,24,628
	Less : Withdrawal of Revenue Demand		14,94,90,727		-
	TOTAL		3242,46,70,349		2353,50,24,628

SCHEDULE : 15 OTHER INCOME

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04		Previous Year 2002-03	
1	Income from Investments				
	Interest on Bank Fixed Deposits	35,019		25,799	
	Interest from Banks.	-		3,169	
	Interest on loans to Societies	-		1,11,329	
	Sub total - 1		35,019		1,40,297
2	Other Income				
	Profit on sale of stores	1,63,680		34,67,344	
	Sale of scrap	33,30,285		34,96,956	
	Other Miscellaneous receipts	22,91,583		7,67,535	
	Material Cost Variance	2,57,29,065		6,64,74,719	
	Rental from Staff Quarters	1,18,08,042		96,09,419	
	Rental from others	80,229		20,508	
	Value of materials found excess during physical verification	82,31,865		1,00,99,591	
	Commission at 1.5% for collection of Electricity Duty.	2,00,52,268		1,07,87,464	
	Miscellaneous Recoveries.	15,69,11,957		10,57,57,592	
	Sub total - 2		22,85,98,974		21,04,81,128
	Total		22,86,33,993		21,06,21,425

SCHEDULE : 16 PURCHASE OF POWER

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04	Previous Year 2002-03
A	Transmission & bulk power supply charges		
	1. Transmission charges	254,87,18,937	252,79,11,415
	2. Bulk Power supply charges	2725,77,04,805	1954,87,92,431
	3. Total (1 + 2)	2980,64,23,742	2207,67,03,846
B	Provision to meet KPTCL's Revenue Gap due to increase in cost of power purchase	-	89,40,00,000

SCHEDULE : 17 REPAIRS AND MAINTENANCE

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04	Previous Year 2002-03
1	Plant and Machinery	18,78,53,186	17,42,17,430
2	Buildings	64,40,662	66,28,296
3	Civil works (Pipeline, Seweage, drainage and water supply)	35,03,330	19,48,868
4	Other civil works	-	56,218
5	Lines, Cable Net Work Etc.	10,74,57,076	9,45,63,055
6	Vehicles	62,94,548	74,65,986
7	Furniture and Fixtures	61,325	61,490
8	Office Equipments.	11,24,861	9,16,443
	Total	31,27,34,988	28,58,57,786

SCHEDULE : 18 EMPLOYEE COSTS

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04		Previous Year 2002-03	
1	Salaries and allowances				
	Salaries	106,82,46,921		91,44,82,638	
	Over Time	4,11,61,415		3,07,01,227	
	Dearness Allowance	61,16,24,690		45,53,68,442	
	Other Allowances	16,39,10,087		14,80,64,173	
	Bonus	3,15,56,737		3,03,90,411	
	Sub total - 1		191,64,99,850		157,90,06,891
2	Other Benefits				
	Medical Expenses reimbursement	2,47,41,155		1,23,97,712	
	Leave travel assistance	7,89,598		41,62,189	
	Earned leave encashment	15,32,87,805		10,61,99,689	
	E.L.Encashment - Retirement / Deceased Employees	3,00,93,198		2,00,00,812	
	Staff Welfare expenses	6,00,74,980		4,06,36,266	
	Terminal Benefits	27,31,04,659		23,47,45,027	
	Sub total - 2		54,20,91,395		41,81,41,695
3	Others				
	Payment under workmens compensation Act	11,51,930		5,78,074	
	Payment to helpers/employees of Monsoon gang	2,77,57,149		2,62,04,466	
	Sub total - 3		2,89,09,079		2,67,82,540
	Total		248,75,00,324		202,39,31,126

SCHEDULE : 19 ADMINISTRATIVE AND OTHER EXPENSES

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04	Previous Year 2002-03
1	Rent	1,64,14,724	1,32,08,124
2	Rates & Taxes	13,16,357	71,18,213
3	Insurance/fee	32,065	23,085
4	Security Charges	37,30,852	25,66,028
5	Postage & Telephone charges	2,52,08,072	1,39,43,113
6	Revenue Receipts Stamps	26,536	1,11,470
7	Remuneration to contract agencies	5,10,81,139	2,94,97,872
8	Legal, professional and consultancy charges	2,95,18,387	62,09,978
9	Conveyance & Travel expenses	6,52,28,002	5,81,02,493
10	Vehicle running expenses	1,91,81,953	2,05,51,359
11	Statutory Auditors' Remuneration		
	- as Statutory Audit fee	2,20,500	1,35,000
	- as Tax Audit fee	38,587	37,800
	- as Expenses	20,000	16,200
12	Printing & Stationery	2,45,04,335	2,59,76,064
13	Advertisement Expenses	49,62,257	24,64,004
14	Electricity Charges	1,19,82,587	1,07,61,020
15	Water Charges	11,75,917	9,47,100
16	Miscellaneous expenses	80,45,572	2,05,69,359
17	Freight & other material related expenses	68,90,340	70,27,162
	TOTAL	26,95,78,182	21,92,65,444

SCHEDULE : 20 OTHER CHARGES (DEBITS)

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04	Previous Year 2002-03
1	Preliminary expenses written off	-	1,65,440
2	Other Expenses		
	Small & Low value items Written off	1,46,044	2,91,882
	Computer Rentals/maintenance charges	35,02,181	4,040
	Losses/gain relating to Fixed Assets	1,52,78,307	1,13,65,494
	Asset decommissioning cost	6,30,197	2,65,585
	Bad Debts written off	43,74,630	86,40,021
	Provision for Bad & doubtful debts	11,18,80,459	5,48,84,099
	Miscellaneous losses and Write offs	1,84,94,547	6,46,51,296
	Loss / Damage to capital assets written off	-	20,98,710
	TOTAL	15,43,06,365	14,23,66,567

SCHEDULE : 21 DEPRECIATION

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04	Previous Year 2002-03
1	Amortisation of Lease Hold Assets		2,35,543
2	Depreciation on Buildings	86,32,694	76,52,451
3	Depreciation on Civil works (pipeline, sewage, drainage, water supply etc.,)	4,26,291	2,86,854
4	Depreciation on other Civil Works	1,29,807	1,15,901
5	Depreciation on Plant and Machinery	24,63,64,293	20,86,04,416
6	Depreciation on lines, cable, network etc.,	67,65,92,572	48,76,67,622
7	Depreciation on Vehicles	75,38,552	49,27,299
8	Depreciation on furniture, fixtures	29,57,407	20,05,936
9	Depreciation on Office equipments	8,91,800	7,87,182
	TOTAL	94,35,33,416	71,22,83,204

SCHEDULE : 22 INTEREST AND OTHER CHARGES

Amount in Rupees

Sl. No.	Particulars	Curr Year 2003-04	Previous Year 2002-03
1	Interest on Loans	30,73,10,609	26,44,79,478
2	Guarantee Commission to GoK	66,68,268	83,02,463
3	Lease Rentals	2,32,14,579	4,25,83,474
4	Other Interest and Finance Charges	37,67,607	31,06,799
	TOTAL	34,09,61,063	31,84,72,214

SCHEDULE : 23 PRIOR PERIOD CREDITS / CHARGES

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04	Previous Year 2002-03
A	Income relating to previous years :		
	1. Excess provision for Depreciation in prior period	1,08,50,124	
	2. Other excess provision in prior period	42,10,998	
	3. Other income relating to prior period	35,22,061	
		1,85,83,183	--
B	Period period expenses / losses :		
	1. Operating expenses of previous year	2,50,965	
	2. Employee costs relating to previous year	1,06,01,450	
	3. Depreciation under provided in previous period	1,20,97,827	
	4. Administrative expenses of previous period	29,21,788	
	5. Lease Rentals - prior period	5,39,846	
	6. Material related expenses of previous period	8,02,965	
		2,72,14,841	--
C	Net prior period charges/(credits) (B-A)	86,31,658	--

SCHEDULE : 24**SIGNIFICANT ACCOUNTING POLICIES AND
NOTES FORMING PART OF THE ANNUAL ACCOUNTS
AS AT 31st MARCH 2004****PART – A : SIGNIFICANT ACCOUNTING POLICIES****1. METHOD OF ACCOUNTING**

- 1.1. The Financial statements are prepared under Historical Cost convention, in accordance with the provisions of the Companies Act, 1956 as adopted by the Company and also as per the provisions of Electricity (Supply) Act, 1948/Electricity Act, 2003 in cases of inconsistency with the Companies Act 1956.
- 1.2. (a) All Income and Expenditure having a material bearing on the Financial Statements are recognized on accrual basis except the following, which are accounted on cash basis:
- i) Grants and subsidies from Government in respect of capital assets.
 - ii) Interest on House building advance, House purchase advance, Vehicle advance and Computer advance to employees.
- (b) Revenue Recognition
- i. Revenue from sale of energy is accounted on accrual basis.
 - ii. Revenue dues from consumers whose ledger accounts are yet to be opened is estimated and accounted.
 - iii. The sale of energy is as per the tariff fixed by Karnataka Electricity Regulatory Commission (KERC).
 - iv. Revenue for the year is also adjusted by estimating un-billed revenue of previous year and current year.

2. FIXED ASSETS

- 2.1. Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. Costs relating to the acquisition and installation of fixed assets are capitalized and include interest and finance charges payable on loans obtained for construction.
- 2.2. Released assets are accounted on Withdrawal / Capitalization at Written Down Value (WDV).

3. DEPRECIATION

- 3.1. Depreciation on all assets (except computers and lease hold land) is provided on straight-line method as per Electricity (Supply) Act, 1948/Electricity Act, 2003 on the basis of Central Government Notification No: S.O. 265 E dated 27-03-1994.

- 3.2. Depreciation on released assets reissued to works and categorized as assets, is charged at rates prescribed vide GoI Notification dated 27-03-1994, considering the WDV as base value.
- 3.3. Depreciation on computers is provided at the rate of 12.77% on straight-line method as per Circular No.cys-43 dated 6-11-2002 issued by KPTCL to all ESCOMs.
- 3.4. Depreciation on leasehold land is provided at the years' amortization rate arrived at on the basis of lease period.
- 3.5. Depreciation on all assets is provided up to 90% of the original cost.
- 3.6. Plant & Machinery costing Rs. 500/- or less individually are written off at 100% in the year in which they are installed and put to use.
- 3.7. Depreciation is not provided in the year in which the assets are commissioned or added. Depreciation is provided for the entire year in the year in which assets are decommissioned / scrapped / released irrespective of the date of the event.

4. CAPITAL WORKS IN PROGRESS

- 4.1. Materials issued to Capital Works in progress are valued at the cost of purchase or at scheduled standard rates (Standard rate is determined on the basis of previous purchases and prevailing market rates).
- 4.2. Common expenditure incurred by divisions / circles / zones and administrative offices are not apportioned and debited to capital expenditure as the costing methods and procedures are not fully evolved yet.

5. INVENTORY

- 5.1. Inventories, stores and spares are valued at the cost of purchase or at scheduled standard rates (the standard rates are determined on the basis of previous purchase rates and prevailing market rates).
- 5.2. Scrapped and released assets identified for disposal are valued at WDV.

6. RURAL ELECTRIFICATION SUBSIDY FROM GOVT. OF KARNATAKA

- 6.1 Rural Electrification subsidy has been considered on accrual basis as per Purchaser Provider Model guidelines issued by Govt of Karnataka. Further, Subsidy claims of Rs.283 crores for the year under PPM guidelines are restricted to Rs.188.51 crores to earn 3% RoR (Profit before tax) on accrual basis.

7. RETIREMENT BENEFITS

- 7.1. Pension & Gratuity are provided based on the rates prescribed by 'KPTCL & Escoms Pension & Gratuity Trusts'.
- 7.2. Leave encashment is provided based on the actual payment basis, payable as per company's rules.

8. PROVISION FOR BAD & DOUBTFUL DEBTS

- 8.1 Provision for bad & doubtful debts is made in the accounting units at 4% on the net balance of sundry debtors for sale of power of LT category outstanding as at the year-end and in case of HT consumers on case-to-case basis.

9. ACCOUNTING OF GRANTS

- 9.1 Grants received for capital expenditure are included in capital reserves and are neither diminished nor cost of assets have been reduced to the extent of grants.
- 9.2 Contributions received from customers for capital expenditure are included in capital reserves and are neither diminished as deferred income nor cost of assets has been reduced to the extent of contribution.
- 9.3 Other grants are credited to the Profit & Loss Account.

10. TAXES ON INCOME

- 10.1 Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- 10.2 Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

11. POWER PURCHASE

- 11.1 The power purchase cost is recognized on the basis of readings at the Interface points between KPTCL and the company.

The company has recognized the following as interface points for measurement for power purchase:

1. For EHT consumers, consumption recorded at EHT consumer installations (66KV and above).
2. Readings recorded at 33 KV and 11 KV banks (interface points) existing in various sub-stations.

PART – B: NOTES ON ACCOUNTS

- 1.1 Financial statements are drawn for the year commencing from 01-04-2003 to 31-03-2004. (Previous year for the period commencing from 01-06-2002 to 31-03-2003)
- 1.2 The KERC has issued a regular distribution license and retail supply licence for a period of five years vide order dated 28-01-2003. The company has a service area comprising of following districts:
Bangalore Urban, Bangalore Rural, Kolar, Tumkur, Chitradurga and Davanagere.
- 1.3 The Government of Karnataka published vide their order No. DE 14 PSR 2002 dated 31-05-2002, the 2nd Transfer Scheme called Karnataka Electricity Reform (transfer of undertakings of KPTCL and its personnel to Electricity distribution and retail supply companies Rules 2002) was published giving effect to the approval of distribution undertakings, assets and liabilities and provisional opening balance sheets of KPTCL and BESCOM based on the Annual Accounts of KPTCL as on 31-03-2001. As per the provisions of 2nd Transfer Scheme, after provisionality period of one year i.e., by 31-05-2003, the same became final. Opening balance sheets earlier approved and published vide G.O. and Government notification dated 31-05-2002 read above were provisional and thereafter Government had approved and issued final opening balance sheets of BESCOM as at 1-06-2002 vide their order No.DE 48 PSR 2003 dated 31-05-2003/No.DE 48 PSR 2003, dated 7-10-2004, which is subject to audit/capital structure correction adjustments' approval of the Government.

2. Share Deposit

- 2.1 By virtue of transfer scheme of transfer of assets and liabilities as on 31-05-2002 between KPTCL and the company, the net difference of assets and liabilities is arrived as share deposit amount as opening balance as on 01-06-2002.
- 2.2 Share Deposit adjustment account:
The Government Order bearing No. DE 48 PSR 2003 dt 31-05-2003 has provided for arriving final opening balances after due verification of audit and after exhausting all possibilities. During FY 2002-03, the company has identified certain assets and liabilities, which are long outstanding and not recoverable and the same were grouped into the 'share deposit adjustment account'. Approval from Government of Karnataka is awaited.

3. Reserve for Contingency

In the current year, no reserve for contingency is provided as the Electricity Act, 2003 does not provide for creation of such a Reserve.(Previous year Reserve is Rs.3,19,74,354/-)

4. Loans

- 4.1 The secured loans and unsecured loans are determined subject to the receipt of consent based on the KPTCL's intimation to various lending institutions. The specific details of the loan, scheme wise and its terms and conditions of such loans are yet to be received from KPTCL.
- 4.2 The repayments towards principal & interest are being routed through KPTCL. The interests on such loan are also accounted based on intimation by KPTCL.

4.3 During the current year, the Company has borrowed an amount of Rs. 100 Crores from State Bank of India to meet a part of expenses on capital works. The interest is serviced by the Company directly.

5 Fixed Assets

5.1 The fixed assets are accounted vide Government of Karnataka notification mentioned above as cost of assets in gross block and accumulated depreciation on such assets till the date of transfer and the depreciation has been provided accordingly.

5.2 The movable and immovable assets are specifically to be identified with description, situation and the extent for transfer of titles in favour of the company, which are being obtained.

5.3 The assets have been recorded as assigned specifically by KPTCL. In case of buildings without transfer of land, the same is assumed to be taken on lease from the KPTCL at nominal value.

5.4 As per arms length agreement between KPTCL and the Company, certain facilities owned either by KPTCL or by the company are being utilized by both of them. The income and expenditure has not been recognized and provided for in respect of such shared assets.

5.5 The Company accounts

- a) the released assets at written down value and such assets when issued for Capital works are categorized on completion of such works and in usable condition at written down value and
- b) the released assets that are not in usable condition as obsolete assets at written down value & included in inventories.

5.6 During the current year, the company has borrowed Rs.100 crores from State Bank of India for carrying out various capital works. Accordingly, the interest on loan from State Bank of India is added to the Capital Work in Progress pending identifying each Asset. It is proposed that the portion of interest would be communicated to each O&M Division depending upon the quantum of capital work in progress carried out, which can be directly attributable to the loan funds.

6 Sundry Debtors

6.1 Sundry debtors include Rs. 254 Crores as provision for doubtful debts identified and transferred by KPTCL in the transfer scheme.

6.2 As per GoK orders bearing No. DE 36 PSR-2003 dated 03-08-2003 & EN 44 PSR-2004 dated 21-02-2004, the IP set dues as on 31-03-2001 and 31-03-2003 has been waived off by Government of Karnataka. An amount of Rs 423.85 Crores reduced from the dues of IP set consumers.

6.3 Out of the provision of Rs 254 Crores, an amount of Rs 96.70 Crores have been adjusted against Receivable from GoK towards IP set dues waived off.

6.4 An annual provision for doubtful debts at the rate of 4%, (LT) is being made as a normal practice.

6.5 The balances with KPTCL and other ESCOMs (GESCOM, HESCOM, MESCOM) and dues from Contractors, Sundry Creditors, Advance to Suppliers and fabricators holding materials, deposits with various parties are subject to confirmation / reconciliation. During the year, the reconciliation of receivables and payables were carried out by the Accounting units and confirmation of the reconciled figures as in the books of KPTCL / Escoms is awaited.

7. Inventories Stores and Spares

- 7.1 Inventories, stores and spares are valued at the cost of purchase or at scheduled standard rates.
- 7.2 In case of purchase of inventories, if standard rates are attributed, the difference between the purchase rate and standard rate of materials is debited or credited to material cost variance account, which is charged / credited to Revenue Account at the end of the year.
- 7.3 A provision at the rate of 20% on the value of scrapped assets and on the value of faulty and dismantled assets for reuse has been made during the year and is charged to Share Deposit Adjustment Account.

8. Pension, Gratuity and Leave Encashment

- 8.1. All the employees of the company are on deputation from KPTCL.
- 8.2. The actuarial valuation for the year 2003-04 is not carried out as reported by 'KPTCL and Escoms Pension & Gratuity Trusts'. Hence, provision for pension and gratuity is made on the basis of rates determined in the actuarial valuation report of 31-05-2002.
- 8.3. In case of leave encashment, the Company has estimated the earned leave encashment of eligible employees and the same is provided in the books of accounts.

9. Contingent Liability

- 9.1 Claims against the company not acknowledged as debts are as follows:

On account of suits filed / cases pending adjudication in respect of three zones of the Company.

	(Amount Rs.in lakhs)		
	BMAZ	BRAZ	CZ
a. Before transfer Scheme :	115	Nil	Nil
b. After Transfer Scheme :	66	16	22

In respect of petitions filed before the court towards compensation for electrical accidents, damages to the property of consumers/public, delay in arranging power supply etc., the claims preferred are around Rs 104 lakhs after the Transfer scheme. The Company estimates that these cases may not be sustainable in favour of petitioners and as such no provision is made in the Accounts.

- 9.2 Revision of pay scales

As stated in para 6.1 above, the employees of the Company are on deputation from KPTCL. Revision of Pay-scales of employees both Officers/staff is due from 1-4-2003. Since settlement of revision of pay-scales by KPTCL is not carried out in FY 2003-04, no provision is made in the Accounts.

9.3 Estimated amount of Contract remaining to be executed on Capital Account not provided, as information on the same is not available with the Company.

10. Free Lighting

Difference between power purchase cost and subsidized rate on free lighting provided to the employees of KPTCL including employees on deputation to BESCOM in the service area of the company is recognized as expenditure in the books of the company.

11. Electricity consumption of Company's offices

Electricity consumption in respect of Company's offices are accounted both as Revenue at retail tariff rates and the same is treated as expense.

12. Power Purchase

12.1. The supply of energy to the company includes EHT supply at more than 66 KV voltages at the interconnection points for transfer of power for billing by the company. The company does not recognize any transmission loss on EHT power purchase from KPTCL in its books.

12.2. A system is put in place to measure the energy received by the company at interface points. The BST and Transmission charges are being levied by the KPTCL on the units made available at this point of supply i.e., interface point of supply.

12.3. During the current year the company has not provided for liability for increase in power purchase (share of KPTCL's revenue gap). In the previous year, based on KPTCL's tariff application before KERC/Court, the company has computed its share of KPTCL's revenue gap and has accordingly provided Rs.89.40 crores.

13. The company has paid lease rentals on the advice of KPTCL. The locations of the lease assets are yet to be intimated by KPTCL.

14. Rent recovered from employees is accounted as income. Likewise the HRA paid to the employees is accounted as expenditure.

15. Orders on tariff subsidy relating to IP sets are awaited from GoK.

15.1 Rural Electrification subsidy is worked out as per Purchaser Provider Model (PPM) based on the guidelines issued by the Government of Karnataka. In the previous year the company has accounted on accrual basis to earn a surplus of 3% on the net fixed asset at the beginning of the year which had the concurrence of Government of Karnataka.

16. The Inter Unit Accounts on account of funds transfer/assets/liabilities/cwip and material transfer are subject to reconciliation, within the company's divisions / accounting units.

17. Electricity Tax

BESCOM has retained electricity tax of Rs. 133.68 Crores (previous year Rs.71.92 Crores) collected from consumers for the year 2003-04 and accounted / adjusted towards subsidy receivable from Government of Karnataka.

18. Rebate / Commission

Commission for having collected electricity tax from consumers amounting to Rs. 2 Crores at 1.5% on Rs. 133.68 crores accounted as miscellaneous revenue and is accounted as receivable from Government of Karnataka.

19. The company being a distribution licensee, the transactions pertaining to Meter Testing activity only to be accounted. Transactions pertaining to MT & RT (MRT division) for current year have been reflected in the books of company and no bifurcation between Meter Testing and Relay Testing division has been made.

20. Managerial Remuneration

Managerial remuneration is included in employee costs and administrative and other expenses and the details are as follows:

Expenses	Managing Director (Rs)	Director (Technical) (Rs)	Other Directors (Rs)
Salaries and other allowances	4,05,861	4,30,917	-
Ex-gratia	2,500	2,500	-
Traveling expenses	1,52,438	87,061	-
Sitting fees	-	-	11,750

21. Foreign exchange earnings – Rs. Nil
Foreign exchange expenses – Rs. Nil

22. Additional Information

22.1 Quantitative details of power purchase, distribution loss and sales:

A) Details of sale of energy and Distribution Loss for the year 2003-04 (April-03 to March -04) are as follows:

Sl. No.	PARTICULARS	Energy in MUs	
		Current year	Previous year
1	Total energy purchased at interface point for sale	13,758.13	10,275.92
2	Total metered sales	6,312.80	4,748.09
3	Total un-metered sales	3,807.86*	2,973.69
4	Total Sales (2+3)	10,120.66	7,721.78
5	Distribution loss	3,637.47	2,554.14
6	Percentage of Distribution Loss	26.44%	24.86%

B) Total sale of energy in 2003-04 includes 1.97 MUs in respect of unopened test reports.

- ★ Un-metered category of installations, Energy consumed has been assessed as follows:
 - BJ / KJ installations: KERC has approved to assess the units consumed by this category of consumers at 18 units /month/ installation.
 - IP sets consumption assessment is based on sample readings recorded at Distribution Transformer Centers, taking secondary line loss @ 10 %.
 - Street Lighting: The units consumed for this category of installation has been assessed on the basis of 12 hours/day Load factor i.e., for every KW connected load, the consumption assessed from 6.00 P.M to 6.00 A.M (12 hours).

22.2 As the company deals with numerous items of stores and spares for maintenance and capital works, the quantitative details with respect to opening stock, purchases, consumption and closing stock are not ascertainable.

23. Income Tax Provision

23.1 Current Tax

Provision has been made in the accounts on regular income tax in the Accounts as per the provisions of Income Tax Act, 1961.

23.2 Deferred Tax

Due to the opening balances being provisional in nature, the computation of deferred tax resulting in either deferred tax asset or liability is not carried out. The amount of subsidy, which is a key factor in arriving the profit is arrived based on prescribed model from Government of Karnataka. Further there is no certainty that sufficient future profits would be available to allow the utilization of deferred tax asset. Hence no deferred tax asset/liability has been recognized in the books.

24. As per the records available there are no transactions between related parties as stipulated in Accounting Standard AS-18 during the year.
25. Dues to SSI units are not ascertained due to lack of information about their identity.
26. Paise have been rounded off to the nearest rupee.
27. It is required to disclose segmental activities as per Accounting Standard - 17. Since the Company deals with only distribution of Electricity, the Accounts are finalized accordingly.
28. Previous years figures have been grouped/regrouped wherever necessary.
29. Statutory Auditors' Remuneration:

Considering the work involved for Statutory/branch audit, Provision for Audit fee of Rs.2,00,000/- plus service tax (Previous year : Rs.1,25,000 + S.T) is provided in the Accounts for FY 2003-04. However, this is subject to approval in the Annual General body Meeting.

30. The Accounts approved by the Board on 30-10-2004 and reported by the Statutory Auditors were revised based on the observations made by the Comptroller and Auditor General of India u/s 619(4) of the Companies Act, 1956. Accordingly, the revision has resulted in increase of RE Subsidy from Rs.174.11 crores to Rs.188.51 crores.

Sd/-
(R. Sridhar)
Authorised Signatory

Sd/-
(D. Babu Rao)
Chief General Manager (F&C)

Sd/-
(V.M.Chandre Gowda)
Director (Technical)

Sd/-
(Bharatlal Meena)
Managing Director

Place : Bangalore
Date : 20th Dec. 2004

As per our Report annexed

Sd/-
(G. Satishchandra)
Partner
Membership No.27372
for & on behalf of MURALI & VENKAT
Chartered Accountants

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2004

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04		Previous Year 2002-03	
A	Cash Flow from Operating Activities				
	Net Profit before Tax	21,47,11,064		19,72,43,272	
	Adjustments for :				
	Depreciation	94,35,33,416		71,22,83,204	
	Interest & Other Charges	34,09,61,063		31,84,72,214	
	Interest Income on Investment	-		-	
	Contingency Reserve	-		3,19,74,354	
	Other Income	(22,86,33,993)		(21,06,21,425)	
	Prior period charges(+) or credits(-)	86,31,658		-	
	Income Tax	(8,70,70,000)		(1,80,00,000)	
	Operating Profit before working capital changes	1,19,21,33,208		103,13,51,619	
	Adjustments for :				
	Changes in Inventories	8,90,43,150		(52,37,69,133)	
	Changes in Sundry Debtors	(486,78,60,586)		(938,54,54,524)	
	Changes in Loans and Advances	(3,96,02,303)		(10,76,38,665)	
	Changes in Other Current Assets	(294,05,85,598)		(167,93,08,356)	
	Changes in Current Liabilities	518,51,86,633		710,19,39,000	
	Changes in Provisions	3,76,14,523		16,77,04,553	
	Operating Profit after working capital changes	(134,40,70,973)		(339,51,75,506)	
	Prior period charges(+) or credits(-)	(86,31,658)		-	
	Extraordinary items-Contributions from Consumers	590,790,483		35,58,28,517	
	Net Cash inflow from Operating Activities		(76,19,12,148)		(303,93,46,989)
B	Cash Flow from Investment Activities				
	Changes in Fixed Assets (Net)	(82,73,81,930)		(822,51,47,186)	
	Changes in Capital Work in Progress	8,34,55,276		(53,45,02,281)	
	Net Cash Outflow from Investment Activities		(74,39,26,654)		(875,96,49,467)
C	Cash Flow from Financing Activities				
	Changes in Capital/Share Deposit Account -	(6,18,89,787)		207,22,59,187	
	Changes in Secured Loans	63,80,32,721		275,63,72,125	

Amount in Rupees

Sl. No.	Particulars	Current Year 2003-04		Previous Year 2002-03	
	Changes in Unsecured Loans	(83,55,445)		2,94,00,000	
	Service Line and Security Deposit	94,36,70,336		767,71,62,484	
	Interest & Other Charges	(34,09,61,063)		(31,84,72,214)	
	Other Income	22,86,33,993		21,06,21,425	
	Net Cash available from Financing Activities		139,91,30,755		1242,73,43,007
D	Net Change in Cash and Cash equivalents - Surplus Cash [(A) + (B) + (C)]		(10,67,08,047)		62,83,46,551
	Cash and Cash equivalents		62,83,46,551		-
			52,16,38,504		62,83,46,551
E	Closing Cash and Cash equivalent		33,25,36,662		62,83,46,551

- Note : 1. The Cash & Cash equivalents represent Cash & Bank Balances and deposits with Banks.
 2. The Provision for Bad & Doubtful on Receivables is cash Neutral.
 3. The above Cash flow statement has been prepared under the Indirect Method set out in AS-3 issued by the Institute of Chartered Accountants of India.
 4. Figures in brackets indicate cash outflow.
 5. Previous years figures have been regrouped wherever necessary to conform to current period's classification.

Sd/-
(R. Sridhar)
 Authorised Signatory

Sd/-
(D. Babu Rao)
 Chief General Manager (F&C)

Sd/-
(V.M.Chandre Gowda)
 Director (Technical)

Sd/-
(Bharatlal Meena)
 Managing Director

Place : Bangalore
 Date : 20th Dec. 2004

As per our Report annexed

Sd/-
(G. Satishchandra)
 Partner
 Membership No. 27372
 for & on behalf of MURALI & VENKAT
 Chartered Accountants

AVERAGE REALISATION RATE FROM SALE OF POWER FOR FY 2003-04

DESCRIPTION	TARIFF	No. of Consumers	UNITS SOLD		Average Realisation Rate Per Unit (Ps.)	Revenue Demand (Rs.)	Closing Balance (Rs.)
			Units (in kwh)	% of Units			
BJ/KJ	LT 1	4,18,258	100,490,000	0.99	228.48	22,96,02,367	39,22,15,272
Domestic/Non Compl. Lighting and AEH	LT 2(a&b)	34,92,186	2142,164,546	21.17	355.95	762,51,08,329	174,57,18,548
Commercial Lighting	LT3	4,45,306	478,588,301	4.73	610.02	291,94,73,980	20,51,22,039
IP Sets (10 HP & Below)	LT4(a)&b	4,84,405	3494,660,000	34.53	68.11	238,01,85,030	211,92,07,012
IP Sets (Above10 HP)	LT4c	386	1,154,827	0.01	490.26	56,61,608	22,66,821
Pvt. Horticulture	LT4d	416	771,112	0.01	410.36	31,64,334	34,79,879
L.T. Industrial	LT5	1,10,495	853,096,680	8.43	466.90	398,30,95,910	40,78,50,220
Water Supply- VPs/TPs	LT6	17,834	140,990,152	1.39	447.65	63,11,41,070	92,31,53,109
Water Supply -TMCs/CMCs	LT6	6,359	66,439,418	0.66	420.31	27,92,49,448	17,98,65,328
Public lighting-	LT6 (i)&(ii)	18,499	212,710,000	2.10	522.86	11,121,67,070	109,16,91,908
Temporary Supply	LT7	25,886	40,689,228	0.40	845.53	34,40,40,544	-21,85,04,492
TOTAL (LT)		50,20,030	7531,763,264	74.42	259.07	1951,28,89,690	685,20,65,644
Water Supply	HT1	78	398,833,687	3.94	370.15	147,62,79,739	4,47,90,128
HT Industrial	HT2(a)	1,847	1565,200,639	15.47	472.58	739,68,45,514	19,11,53,851
Commercial	HT2(b)	1,338	560,763,051	5.54	579.46	324,94,22,372	1,10,42,845
Lift Irrigation scheme/ Societies, Agri. Farm	HT3(a)	21	2,382,171	0.02	275.48	65,62,387	99,86,403
Residential Apartments	HT4	124	61,718,999	0.61	384.05	23,70,30,799	44,04,912
TOTAL (HT)		3,408	2588,898,547	25.58	477.66	1236,61,40,811	26,13,78,139
TOTAL (LT+HT)		50,23,438	10120,661,811	100.00	314.99	3187,90,30,501	711,34,43,783
Misc. receipts from Consumers						69,51,30,575	39,65,79,246
Gross Revenue from Sale of Power						3257,41,61,076	751,00,23,028
Less : Withdrawa of Revenue Demand						14,94,90,727	
GRAND TOTAL		50,23,438	10,120,661,811			3242,46,70,349	751,00,23,028

AVERAGE REALISATION RATE FROM SALE OF POWER FOR FY 2002-03 (6/02 to 3/03)

DESCRIPTION	TARIFF	No. of Consumers	UNITS SOLD		Average Realisation Rate Per Unit (Ps.)	Revenue Demand (Rs.)	Closing Balance (Rs.)
			Units (in kwh)	% of Units			
Bhagyajyothi & Kuteerajyothi Schmes	LT1	4,87,162	86,880,000	1.13	179.47	15,59,23,143	22,78,42,510
Non-Commercial Lights & Fans	LT2(a&b)	32,23,414	1708,734,749	22.13	328.55	561,39,76,697	123,92,77,578
Comml & Non-Indl Lights and Fans	LT3	4,17,070	339,744,030	4.40	592.76	201,38,70,099	20,64,92,130
Irrigation Pumpsets (10 HP&Below)	LT4(a)&(b)	4,80,112	2702,300,000	35.00	81.94	221,43,77,244	387,48,33,330
Irrigation Pumpsets (Above 10 HP)	LT4c	231	2,490,221	0.03	474.07	118,05,429	1,83,62,289
Private Horticultural Nurseries	LT4d	499					
Industrial heating & Motive Power	LT5(a to d)	1,11,581	693,682,904	8.98	454.44	315,23,69,579	34,51,62,649
Water Supply-VPs/TPs/MPs/TMCs	LT6a1	16,426	103,497,485	1.34	407.30	42,15,42,163	55,44,51,057
Water Supply-CMCs/Corpn & APMCs.	LT6b1	5,294	55,002,628	0.71	394.90	21,72,08,010	9,06,69,359
Public lighting-	LT6a2&b2	18,175	184,510,000	2.39	371.73	68,58,72,476	61,85,87,453
Temporary Supply	LT7	21,780	25,691,807	0.33	963.37	24,75,07,043	(17,17,01,091)
TOTAL (LT)		42,94,582	5902,533,824	76.44	249.63	1473,44,51,883	700,39,77,264
Public Water Supply & Sewerage Pumping	HT1	68	297,048,012	3.85	324.53	96,40,06,594	3,37,07,829
Industrial Non Industl. Non Cml.	HT2(a)	1,731	1143,308,722	14.81	475.99	544,20,67,568	18,90,42,071
Commercial	HT2(b)	1,028	332,338,127	4.30	553.01	183,78,46,848	6,76,342
Lift Irrigation Schmes & Co-op. Societies Irrigation & Agri.Farm.	HT3(a)&(b)	21	1,674,448	0.02	376.87	63,10,509	73,19,128
Residential Apartment & Hospitals	HT5	106	44,880,440	0.58	353.19	15,85,13,271	31,22,950
TOTAL (HT)		2,954	1819,249,749	23.56	462.21	840,87,44,790	23,38,68,320
TOTAL (LT+HT)		47,84,698	7721,783,573	100.00	299.71	2314,31,96,673	723,78,45,584
Misc. Receipts from Consumers						39,18,27,955	54,33,76,269
Gross Revenue from Sale of Power						2353,50,24,628	778,12,21,853
Less : Withdrawal of Revenue Demand						-	
GRAND TOTAL		47,84,698	7721,783,573			2353,50,24,628	778,12,21,853



Republic Day Celebration



Customer Interaction Meet

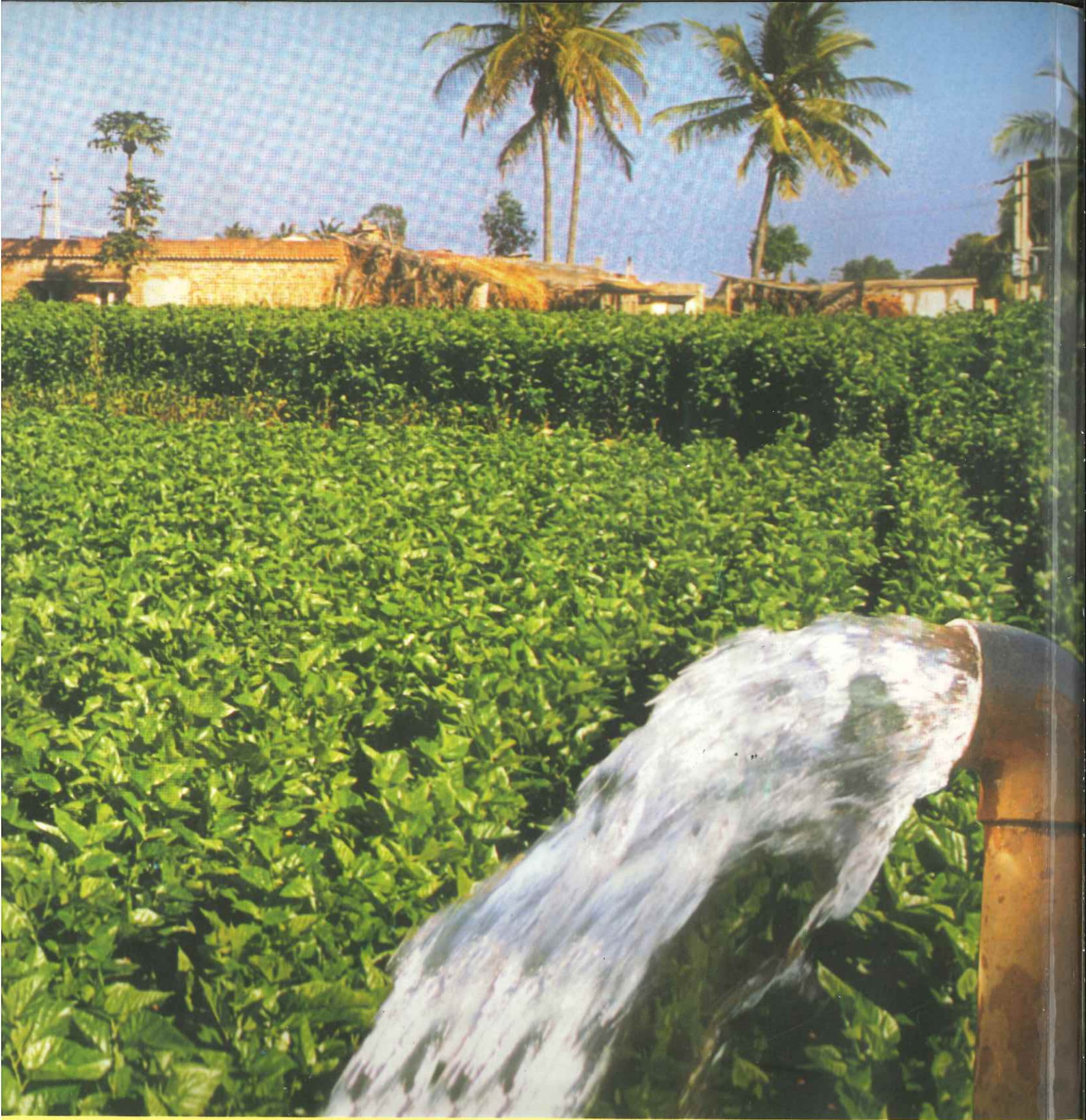
Mission Statement

The mission of Bangalore Electricity Supply Company Limited (BESCOM) is to ensure complete customer satisfaction by providing its customers with quality, reliable power at competitive rates. BESCOM is set to achieve this mission through :

- Best practices in the construction and maintenance of its distribution network.
- High standards in customer service.
- Optimum usage of technical and human resources.



Customer Meet



ಬೆವಿಕಂ



ಬೆಂಗಳೂರು ವಿದ್ಯುತ್ ಸರಬರಾಜು ಕಂಪನಿ ನಿಯಮಿತ
(ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಸಂಪೂರ್ಣ ಸ್ವಾಮ್ಯಕ್ಕೆ ಒಳಪಟ್ಟಿದೆ)

Bangalore Electricity Supply Company Limited

(Wholly owned Government of Karnataka Undertaking)

K.R.Circle, Bangalore-560 001

Visit us at www.bescom.org