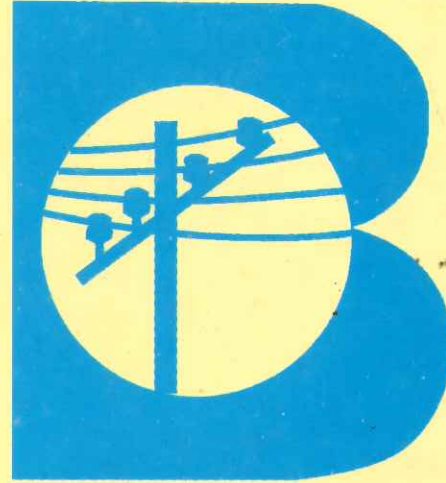


BESCOM

**Bangalore Electricity Supply Company Limited**  
ಬೆಂಗಳೂರು ವಿದ್ಯುತ್ ಸರಬರಾಜು ಕಂಪನಿ ನಿಯಮಿತ

ಬೆವಿಕೆಂ



**BESCOM**

5ನೇ ವಾರ್ಷಿಕ ವರದಿ  
5<sup>th</sup> ANNUAL REPORT  
2006-07

ಬೆಂಗಳೂರು ವಿದ್ಯುತ್ ಸರಬರಾಜು ಕಂಪನಿಯ  
5ನೇ ವಾರ್ಷಿಕೋತ್ಸವ  
Bangalore Electricity Supply Company  
Celebrates its 5<sup>th</sup> Anniversary  
1<sup>st</sup> Ju



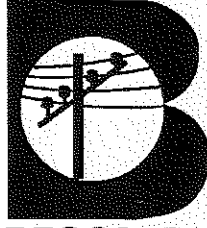
**5<sup>th</sup> Annual Report**  
**2006 - 2007**

**ಬೆವಿಕೆಂ**



**Bangalore Electricity Supply  
Company Limited**

ಬೆವಿಕಂ



BESCOM

## Table of Contents

1. Directors' Report .....	3
2. Comments of C & AG of India .....	33
3. Auditors' Report and Replies .....	34
4. Balance Sheet .....	53
5. Profit & Loss Account .....	54
6. Schedules .....	55

## DIRECTORS' REPORT

Dear Members,

The Board of Directors have pleasure in presenting the Fifth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31<sup>st</sup> 2007.

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

The Year 2006-07 was the Fifth year after BESCO started functioning on 01-06-2002. The year was a rigorous and challenging one. The Company has set its agenda on Revenue Improvement measures in tune with the policy objectives of the Government of Karnataka to bring efficiency in the power sector, especially in the field of Distribution of electricity and providing better service to the customer.

BESCO continued its pursuit of higher goals in the direction of increased Meter Sales, increased Collection, 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 present improved position of the Company.

BESCO aspires to be number one among the distribution companies in the country in the coming months. The progress of the Company on different counts is enumerated hereunder.

### I. STRATEGY AND VISION OF THE COMPANY

The vision of BESCO is to be the best Electricity Distribution Company in India. In order to achieve this vision, the Company has drawn up a strategy with focus on customer satisfaction, Regulatory compliance, meeting stakeholder expectations etc.

### II. MISSION

The Mission of BESCO is to ensure complete customer satisfaction by providing its customers reliable and quality power supply at competitive rates.



b) Category wise number of consumers as on 31-03-2007 :

CATE- GORY	LT1	LT2	LT3	LT4	LT5	LT6	LT7	HT1	HT2A	HT2B	HT3	HT4	Total
NO. OF CONSU- MERS	4,47,553	41,98,941	5,32,060	5,14,141	1,20,458	62,201	40,289	99	2,725	2,207	18	144	59,20,836
% OF TOTAL	7.56%	70.92%	8.99%	8.68%	2.03%	1.05%	0.68%	( ——— 0.09% ——— )					100%

IV. a) FINANCIAL

The financial performance of BESCO during FY 2006-07 is as follows :

Sl. No.	Particulars	Amount Rs. (in Crores)
<b>I</b>	<b>INCOME</b>	
1	Revenue from sale of power	5266.10
2	Other Income	118.88
	<b>TOTAL</b>	<b>5384.98</b>
<b>II</b>	<b>EXPENDITURE</b>	
1	Purchase of Power	4580.58
2	Repairs and Maintenance	39.55
3	Employee Costs	263.05
4	Administrative and Other Expenses	63.55
5	Other Charges (Debits)	232.80
	<b>TOTAL</b>	<b>5179.53</b>
<b>III</b>	<b>Profit before Depreciation and Interest</b>	205.45
	Depreciation (Net)	70.29
<b>IV</b>	<b>Profit before Interest and Taxes</b>	135.16
	Interest and other Charges	136.83
<b>V</b>	<b>Profit before prior period charges or credits</b>	(1.67)
	Prior period charges (+) or credits (-)	58.81
<b>VI</b>	<b>Profit before Reserve &amp; Taxation</b>	57.14
<b>VII</b>	<b>Profit before Taxation</b>	57.14
	Provision for Taxation	6.83
<b>VIII</b>	<b>Profit after Taxation</b>	<b>50.31</b>

b) Change in Accounting Policy :

During the year under report, in order to comply with the Accounting Standards and to reflect a fair view of the Accounts, the following policies were reviewed and modified:

## 1. Power Purchase :

The Power Purchase cost is recognized based on the Government of Karnataka Order No. EN 131 PSR 2003 Dated 10<sup>th</sup> May 2005 for accounting the cost of power based on the billing made by Power Generators Pool allocated to BESCOM by the Government of Karnataka. The Company recognizes the readings at interface point of each power generator allocated to it.

The Transmission cost on power purchase 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 transmission of power :

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.

As per the policy decision of Government, in terms of PPA clause and also in terms of KERC/CERC Tariff order, the related power purchase cost figures are shown on the basis of billing on "Delivered Energy"

2. **Recognition of Revenue Surplus :** There is a change in accounting policy regarding accounting of Subsidies in as much as the subsidy amount is restricted to the difference between the tariff subsidy reallocated and the loss incurred as per P&L account after excluding the subsidy. During the previous years, the subsidy amount was determined at 14% R.O.E.

3. **Method of Provisioning for Bad and Doubtful Debts:-** The provision for bad and doubtful debts is maintained at 4% on the net balance of sundry debtors (exclusive of Government and Local Bodies/ Authorities, BJ/KJ installations and IP sets) for sale of power of LT and HT category outstanding as at the year-end and on specifically identified HT consumers on a case-to-case basis.

The provision of Bad and Doubtful debts in respect of arrears of IP sets and BJ/KJ installations is maintained in the following pattern :

a) Dues outstanding for 2 years and above	-	75%
b) Dues outstanding between 1 year and 2 years	-	50%
c) Dues outstanding less than 1 year	-	Nil

## 4. Depreciation :

KERC has amended the Tariff Regulation in respect of Depreciation as per Notification No.D/01/06 dated 31.05.2006 which was notified and published by the Gazette. As per KERC Tariff (Amendment) Regulation 2006, the Rates of Depreciation as notified by CERC in Notification No.L-7/25(5)/2003-CERC dated 26:03:2004 has been adopted with effect from 01:04:2006.





## V. DEMAND SIDE MANAGEMENT

a) KPTCL is supplying energy to BESCO through following Transmission Network & Electrical Substations

Voltage class of stations	No. of Substations
400 KV	3
220 KV	26
110 KV	20
66 KV	232
33 KV	1
<b>Total</b>	<b>282</b>

b) Bulk Power Purchase in BESCO

As per Government of Karnataka Notification dated 06-07-05, the allocation of power from conventional energy sources is at 45.9492% and Non conventional energy projects are allocated based on geographical area of BESCO. This allocation has been revised by Government of Karnataka vide its Notification dated 28-12-05.

The share of major IPPs has been raised to 81.5768% and share of Sharavathy Generating Station was reduced to 24.048%. As per this notification, BESCO had to bear an additional financial burden of Rs.620 Crores. Hence, the Government of Karnataka has again revised the allocations of Sharavathy Generating Station and RTPS of M/s.KPCL in respect of BESCO vide its notification dated 22-04-06 as below :

Source	BESCO Share
Sharavathy	35.67%
RTPS 1 & 2	45.95%
RTPS 3	68.46%
RTPS 4	92.12%
RTPS 5 & 6	49.01%
RTPS 7	45.9492%

The Power purchases as per Government of Karnataka Notification dated 22-04-06 has been billed for FY 07. The total energy purchased , the actual energy drawn at Interface point and cost thereon are as follows :

Total Energy purchased in MUs	Total Energy drawn at IF Points in MUs	Power Purchase Cost in Crores	Average Power Purchase Cost	
			At Generation Point	At Interface Point
19777	18522	4580.58	2.32	2.47

For prompt and early payments, as per rebate schemes in PPA and CERC orders, BESCO has availed rebate of Rs.31.39 Crores during FY 07 from Major IPPs , Central Generating Stations and PGCIL. 284.64 MU of energy has been purchased under unscheduled interchange mechanism under Inter ABT and paid Rs.106.57 Crores. The cost towards energy balancing among other ESCOMs and inter ESCOM exchange below 33 KV amounting to Rs.16.18 Crores has been accounted.

To meet shortage of power during May 06 , 15.28 MU of energy has been purchased through short term Open Access from PTC and paid Rs.7.70 Crores. During March 07 (from 29-03-07 to 31-03-07) 1.03 MUs of energy has been purchased from PSEB on Barter System and paid RLDC charges and trading margin of Rs.0.04 Crores.

As per Government of Karnataka Order dated 10-05-05, BESCO has paid SPPCC and SLDC revenue and administrative expenses amounting to Rs.1.42 Crores. The details about these payments is as below:

**c) Statement showing the details of Power Purchase cost during 06-07**

MONTH	ENERGY IN MUS AT GENERATION POINT	ENERGY IN MUS AT INTERFACE POINT	COST OF POWER PURCHASED IN CRORES	POWER PURCHASE COST IN RS/ UNIT	ENERGY FROM NCSS IN MUS	REBATE IN CRORES
APRIL 06	1756.41	1590.33	422.94	2.41	99.67	3.63
MAY 06	1599.53	1459.25	381.77	2.39	161.96	2.66
JUNE 06	1356.87	1292.86	320.53	2.36	226.11	2.82
JULY 06	1506.15	1435.10	344.96	2.29	315.35	1.56
AUGUST 06	1631.94	1580.75	346.90	2.13	306.11	1.70
SEPTEMBER 06	1518.17	1541.04	316.03	2.08	200.56	1.79
OCTOBER 06	1583.83	1552.19	316.47	2.00	160.20	2.78
NOVEMBER 06	1505.69	1390.86	317.12	2.11	133.32	1.13
DECEMBER 06	1733.26	1607.82	368.82	2.13	154.19	2.19
JANAUARY 07	1869.70	1677.69	450.94	2.41	109.98	3.09
FEBRUARY 07	1743.19	1577.26	423.08	2.43	91.83	3.87
MARCH 07	1971.58	1816.49	571.01	2.61	82.22	4.17
<b>TOTAL</b>	<b>19776.33</b>	<b>18521.64</b>	<b>4580.58</b>	<b>2.32</b>	<b>2041.50</b>	<b>31.39</b>

d) Details of Power Purchased by BESCOM During 2006-07 from all sources

Sl. No.	Company Name	Energy in MUs	Cost of Power Purchased in CRs	Power Purchase Cost in Rs / Unit	Rebate in CRs
1	CGS	4830.37	784.20	1.62	11.96
2	UI CHARGES	284.64	106.57	3.74	0.00
3	UI Charges paid under Open access	16.31	8.31	4.74	0.00
4	KPCL-HYDEL	5880.51	330.56	0.58	0.00
5	KPCL-THERMAL	5627.47	1338.33	2.41	0.00
6	KPCL-WIND	14.49	5.84	4.03	0.00
7	KPCL-VVNL-HYDEL	103.26	9.30	0.90	0.00
8	KPCL-VVNL-DG	89.74	56.05	6.25	0.00
9	VVNL-HYDEL	232.53	20.16	0.87	0.00
10	VVNL-DG PLANT	44.81	45.38	10.13	0.00
11	MAJOR IPPS	610.70	703.82	11.52	16.47
12	CO-GENERATION	374.90	128.40	3.42	0.00
13	BIO-MASS	126.47	49.00	3.87	0.00
14	MINI-HYDEL	311.92	93.99	3.01	0.00
15	WIND	1228.22	420.07	3.42	0.00
16	<b>TOTAL</b>	<b>19776.33</b>	<b>4099.97</b>		<b>28.43</b>
17	<b>PGCIL TR. CHARGES</b>		<b>96.04</b>		<b>2.96</b>
18	<b>PGCIL O&amp;M Exp.</b>		<b>0.06</b>		
19	<b>KPTCL TR. CHARGES</b>	<b>18521.64</b>	<b>358.81</b>		
20	SPPCC Revenue Expdn		0.47		
21	SPPCC ADMN. Expdn		0.02		
22	SLDC O&M EXPDN.		0.88		
22a	Cost of unbilled Banked Energy		9.59		
23	ENERGY BALANCING-GESCOM		2.99		
24	INTER ESCOMS-GESCOM		0.83		
25	INTER ESCOMS-MESCOM		2.93		
26	INTER ESCOMS-HESCOM		7.99		
27	TOTAL (17 to 26)	0.00	480.61		2.96
<b>GRAND TOTAL</b>		<b>19776.33</b>	<b>4580.58</b>	<b>2.32</b>	<b>31.39</b>

e) **Statement showing the details of source-wise power**

**Purchased cost during the year 2006-07**

Sl. No.	PARTICULARS	Consumption in MU's	Amount in Crores
1	HYDEL POWER	6548.35	455.16
2	THERMAL POWER	8897.88	1793.69
3	LIGNITE POWER	1160.52	214.58
4	ATOMIC ENERGY	379.30	113.11
5	CONVENTIONAL ENERGY	745.25	805.25
6	NON-CONVENTIONAL ENERGY	1744.07	603.31
7	UI Charges	300.96	114.87
8	U.I. Transmission & administrative Charges	-	480.61
<b>TOTAL</b>		<b>19776.33</b>	<b>4580.58</b>

f) **Inter State ABT regime:**

1. Inter State ABT regime is already implemented from 1st January 2003. This has brought grid discipline and proper monitoring of load flow among various states. The energy charges payable will be on scheduled availability. Energy charges for U.I. (Unscheduled inter change) payable by any state for the energy drawn over and above its schedule is linked to frequency at which the U.I. energy is drawn. The present rate of U.I. Charges are furnished below.
2. Inter state drawal is controlled by SLDC by regulating the generation of the state generating plants subject to availability and merit order despatch.

**UI Rates are, with effect from 01.10.2004**

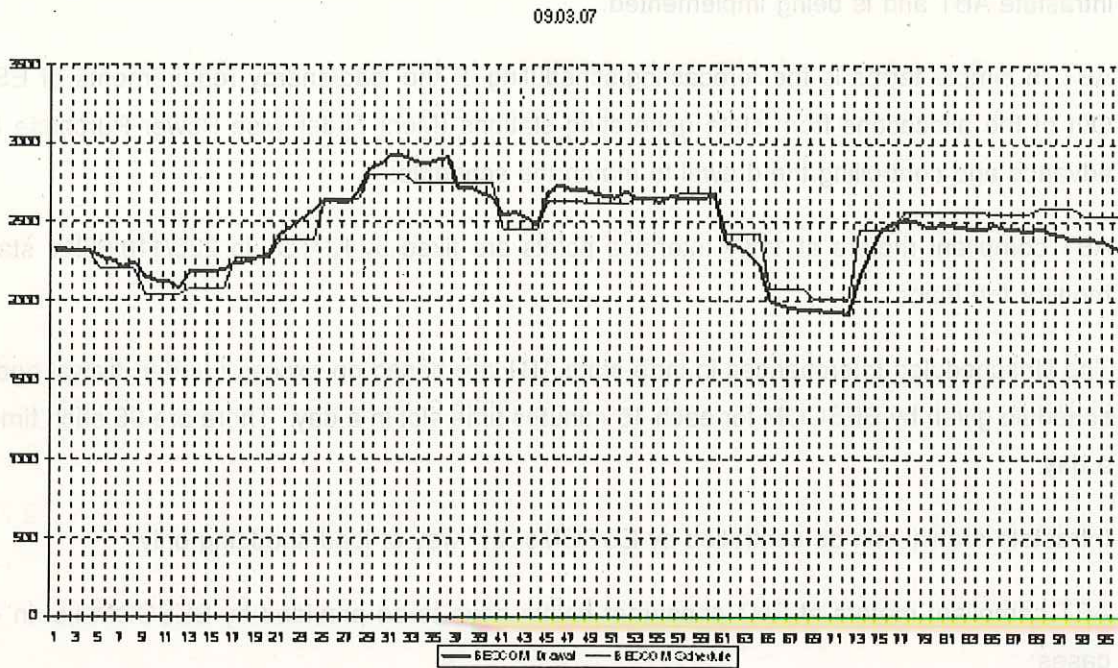
Sl. No.	Frequency Hz	U.I.Charges Rate / Unit in
1.	49.00 & below	5.70
2.	49.10	5.25
3.	49.20	4.80
4.	49.30	4.35
5.	49.40	3.90
6.	49.50	3.45
7.	49.60	3.00
8.	49.70	2.55
9.	49.80	2.10
10.	49.90	1.80
11.	50.00	1.50
12.	50.10	1.20
13.	50.20	0.90
14.	50.30	0.60
15.	50.40	0.30
16.	50.50	0.00

**g. Intra state ABT regime**

1. ABT regime has to be extended to all the ESCOMs for Inter ESCOMs demand. This is called intrastate ABT and is being implemented.
2. ABT in simple terms is the forecasting/scheduling of the load/energy requirements of ESCOMs. Out of the allocations from state generating stations (Merit Order wise Power Purchase Plan) in advance and controlling the drawal to match the schedule.
3. ABT compliant meters at 11KV interface points are fixed by KPTCL in 220/110/66KV stations to monitor the loads.
4. The Unscheduled Interchanges in intra-state ABT are based on excess / under drawal against the schedule given by BESCO for each 15 minutes time slot in a day. There are 96 such time slot in a day.
5. Intrastate drawal can be controlled by ESCOMs by way of load shedding only.
6. ABT compliant meters at EHT consumer points have to be provided by BESCO i.e. in 42 such cases.
7. Intrastate ABT regime is being introduced stage by stage. An exclusive communication between SLDC & BESCO (at the office of the RLPP/BPPC/EBC) was established on 18-02-2006 and. Monitoring unit (P.C) was also setup to monitor the real time drawal by BESCO at various 220 KV stations and also over drawal / under drawal by BESCO. With effect from 01-01-2006, generation availability of BESCO in 96 slots of the next day (Form "B") is down loaded every day from KPTCL Website and the day ahead schedule of BESCO requirement (Form "C") is being furnished to LDC., Bangalore for 96 times slot in a day.
8. The actual drawals against the schedules are being compared and modifications (if any) are being made in the future schedules to reduce intrastate UI charges to the possible extent.
9. The actual data at 66 KV Stations is not available at present. The data will be available only After execution of the "Integrated extended SCADA " system by KPTCL This work is entrusted by KPTCL to M/s ABB Limited for execution on turn key basis. In the next stage, a full fledged DSOCC (DISTRIBUTION SYSTEM OPERATION & CONTROL Centre) for BESCO is to be established. This will help for better monitoring of Load flow.
10. Tariff Structures for ESCOMs for Intra State ABT have not yet been evolved. CERC order for inter state ABT is to be adopted as per KERC guidelines and SLDC has issued mock bill for March 07 as per KERC guidelines issued to LDC, Bangalore for 96 time slot in a day.

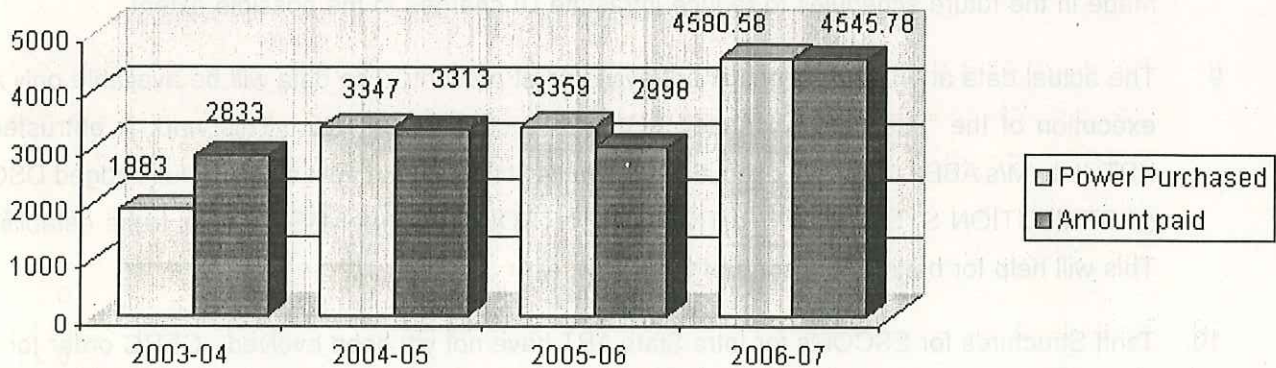
**h) BESCOM SCHD/ACTL 09-03-2007**

(Graphical representation of schedules verses actual draws)



**i) Power Purchase:**

During the year FY 07, Power Purchase cost was Rs.4580.58 Crores and the payment made during the year was Rs. 4545.78 Crores.



j) **Banking & Wheeling of Energy by Independent Power Projects :**

During FY-07, 17 Nos. of Private Generating Companies availed Banking & Wheeling facility totaling 197.22 MUs.

Sl. No.	Name of the IPP	In MU
<b>A</b>	<b>MINI Hydel Scheme</b>	
1	M/s. Bhoruka Power Corp. Ltd., Shivpura (BPCL Shivapura)	49.27
2	M/s. Bhoruka Power Corp. Ltd., Shahapura (BPCL Shahapura)	23.93
3	M/s. Graphite India Ltd.	56.55
4	M/s. Yuken India Ltd	0.02
5	M/s. Cauvery Power Management Company Pvt. Ltd	1.18
6	M/s. Kilara Power (P) Ltd., Mandya	2.72
7	M/s. Dandeli Ferro Ferro Alloys, Anaweri, Shimoga	5.53
8	M/s. Country Power Management Company Pvt. Ltd	2.77
9	M/s. Cauvery Hydro Electric Ltd, Shivasamudram	13.51
	<b>Total</b>	<b>155.48</b>
<b>B</b>	<b>Wind Energy</b>	
1	Jindal Aluminium Ltd.,	11.94
2	M/s. Kirloskar Electronic Co. Ltd.,	0.00
3	M/s. RPG Cables Ltd.	0.93
4	M/s. Renewable Energy Systems Ltd.	2.75
5	M/s. Indo Wind Energy Ltd.,	3.90
6	M/s. Goetze India Power Ltd	19.52
7	M/s. Madras Cement Ltd.	2.49
	<b>Total</b>	<b>41.53</b>
<b>C</b>	<b>Diesel Energy</b>	
1	M/s. Kirloskar Oil Engines Ltd.,(Koel, Bevanahalli)	0.21
	<b>Total</b>	<b>0.21</b>
	<b>Grand Total</b>	<b>197.22</b>

## VI. ENERGY INPUT :

During FY 07 total energy at Interface point for sales is 18,522 MU as against 15321 MU during last year. This does not include wheeled energy, which is transmitted through our network.

Year	Energy Input (MU)	% increase over previous year	Energy available for sale (MU)	% increase over previous year	Distribution Loss (%)
FY-04	13758	33.88	10120.66	31.07	26.44
FY-05	14654	6.51	11044.63	9.13	24.63
FY-06	15321	4.55	11613.69*	5.15	24.20
FY-07	18522	20.89	14126.45	21.64	23.73

\*Energy available for sale excludes 6.75 MU of Auxiliary Consumption

## VII. ERC FILING AND TARIFF REVISION :

Commission has passed Tariff Order 2006 on 16/10/06 against ERC filed by BESCO for FY-07 seeking a raise of 40 paise across all tariff except BJ/KJ and IP installations. The order was challenged by BESCO before Appellate Tribunal for electricity, New Delhi. The verdict is awaited.

BESCO has filed ERC for the first control period from FY-08 to FY-10 under MYT regulations on 30/11/06

The Tariff revision was filed with KERC on 7/06/07 requesting a hike of 90 paise to all categories except IP & BJ/KJ installations.

Objectors have filed their petitions against MYT filing as well as tariff petition.

## VIII. METERED CONSUMPTION :

Year	Input Energy (MU)	Consumption by Metered Category (Mu)	% increase over previous year
FY-04	13758	6312.80	32.95
FY-05	14654	7187.10	13.85
FY-06	15321	8307.06	15.58
FY-07	18522	9717.36	16.98

## IX. SALE OF ENERGY:

During FY-07, 14126.45 MUs were sold to various categories of consumers, out of which 9717.36 MUs were under metered category and the balance of 4409.09 MUs was accounted under un metered category.

The distribution loss for the year is assessed at 23.73 %. This is arrived at by taking into consideration the metered sales from the same months DCB.



a) **Metered Energy Sales:**

Sl. No.	Category	In Mus
1	Domestic Lighting. incl. AEH	2997.01
2	Commercial Lighting	770.85
3	IP set (Metered)	2.75
4	L.T. Power	937.85
5	H.T.	4659.78
6	Water Works / Public Lighting	254.38
7	Temporary installations	90.82
8	Inter ESCOM sales	3.92
<b>TOTAL</b>		<b>9717.36</b>

Note : Total metered energy sales of 9717.36 MU includes 10.18 MU of Auxiliary consumption.

b) **Un-Metered Energy Sales :**

Sl. No.	Category	In MUs
1.	Irrigation Pump Sets	3976.79
2.	Public Lighting	350.40
3.	BJ/KJ	81.90
<b>TOTAL</b>		<b>4409.09</b>

c) **Category wise energy sold 2006-07**

Tariff	LT1a	LT2	LT3	LT4	LT5	LT6	LT7	HT		Total
Category	BJ	Domestic Lighting &	Comml	IP Set	Power	Water Works & Street Light	Temp	HT Power	Inter ESCOM	
Energy Sold in Mus	81.90	2997.01	770.85*	3979.54	937.85	604.78	90.82	4659.78	3.92	14126.45

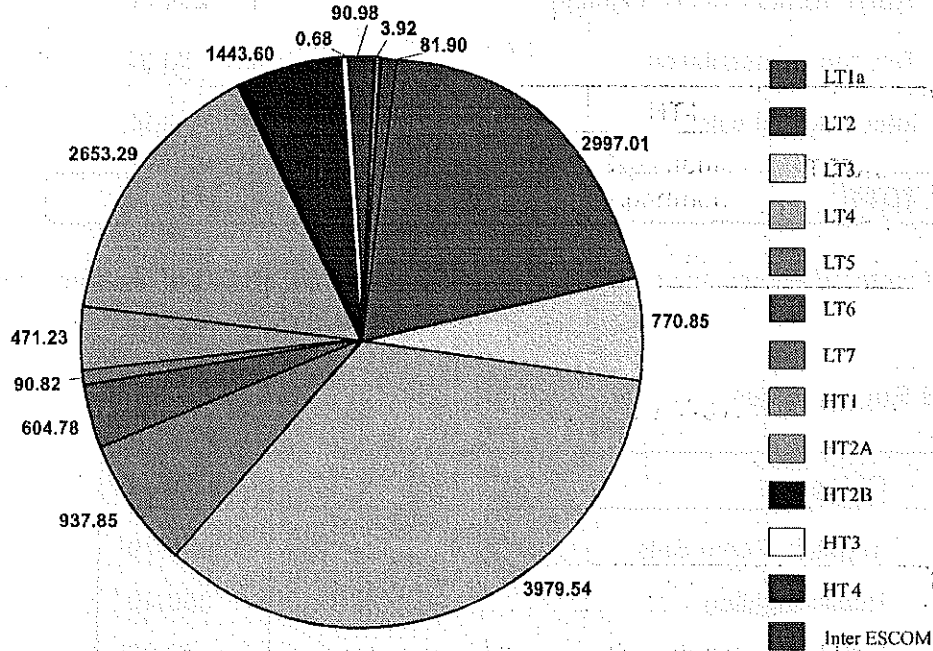
\* This includes auxiliary consumption of 9.78 MU.

d) HT Break up :

HT1	HT 2A	HT2B	HT3	HT4	TOTAL
Water Supply	Industrial	Commercial	Lift Irrigation	Residential Apartments	
471.23	2653.29*	1443.60	0.68	90.98	4659.78

\* This includes auxiliary consumption of 0.40 MU.

Category wise energy sold for FY-07



X. INFRASTRUCTURE ADDITIONS :

The Distribution Network has been strengthened by way of addition of new 11 KV lines both link lines and new feeders, new DTCs and conductor replacements.

1. HT line added : 2880.13 KMs
2. LT line added : 1624.00 KMs

	During the year 2006-07	Total Existing at the end of 31-03-2007		
		OH	UG	TOTAL (in KMS)
HT line Added	2880.13	58038.70	2286.85	60325.55
LT line Added	1624.00	135773.87	817.57	136591.44

3. The number of Distribution Transformers added 10579 Nos.

Capacity	25 KVA	63 KVA	100 KVA	250 KVA	500 KVA	750 KVA	TOTAL
During FY-07	6438	1540	1557	874	166	4	10579
Cumulative	26733	33133	28656	12876	2654	17	104069

4. Nos. of RMUs installed (Board fund). 66 Nos.  
 Nos. of RMUs installed (APDRP). 0 Nos.  
 Total Nos. of RMUs installed 66 Nos.
5. Hamlets Electrified: 7 Nos.  
 HB /JC / Thandas /AC Electrified: 850 Nos.
6. IP sets energized: 101291 Nos. (Inclusive of Unauthorised IP sets regularized)  
 BJ/KJ Electrified 16571 Nos.  
 Drinking Water Supply electrified 1471 Nos.  
 Ganga Kalyana electrified 1242 Nos.
7. The budget for capital works was Rs 850 Crores.  
 The expenditure booked was Rs 389.38 Crores.  
 Including. Service connection works

#### XI. APDRP WORKS :

A cell was setup to monitor the projects sanctioned by MoP, Gol.

Government of India, MOP vide their letter dated 04.10.2002 sanctioned the following projects under APDRP for BESCOM and the same has been completed.

Name of the Project	Cost (Rs. In Crores)
● Bangalore City	338.30
● KGF (Robertson pet)	7.76
● Tumkur	16.22
● Davanagere	9.93
<b>Total</b>	<b>372.21</b>

The Progress of works is as under:

	Financial Progress Cost (Rs. In Crores)	Physical Progress % of Progress
● Bangalore City	314.56	93%
● KGF (Robertson pet)	6.47	83%
● Tumkur	14.81	88%
● Davanagere	10.34	89%
● TOTAL	346.18	

- o MOP, Government of India have further sanctioned the following projects under APDRP for BESCOM in October - 2004.

Sl. No.	Project Area	Cost of scheme (Rs. in Crores)
1	Anekal	5.47
2	Chandapura	6.01
3	Channapatna	0.68
4	Doddaballapura	2.63
5	Ramanagara	1.19
6	Harihara	0.70
7	Chitradurga	2.67
8	Bangarpet	1.93
9	Chikkaballapura	1.50
10	Chintamani	1.77
<b>TOTAL</b>		<b>24.55</b>

The progress of works is as under:-

Sl. No.	Project Area	Financial Progress Cost (Rs. in Crores)	Physical Progress (% of progress)
1	Anekal	6.41	100%
2	Chandapura	7.86	100%
3	Channapatna	0.70	100%
4	Doddaballapura	0.32	50%
5	Ramanagara	0.59	12%
6	Harihara	0.78	100%
7	Chitradurga	2.58	100%
8	Bangarpet	Work awarded in October 06 and is under progress.	
9	Chikkaballapura		
10	Chintamani		
<b>Total</b>		<b>19.24</b>	

## XII. DISTRIBUTION TRANSFORMER FAILURES :

BESCOM is emphasizing on more preventive maintenance works of infrastructure and equipment. The result is that the rate of DTC failure has considerably reduced as indicated below:

	No. of DTC's existing	No. of DTC's failed	% of failure
FY-04	72243	9376	12.98
FY-05	82940	11003	13.26
FY-06	92024	11744	12.76
FY-07	104069	9769	9.39

The failure of transformers in Bangalore City is "ZERO".

## XIII. EFFICIENCY IMPROVEMENT & CUSTOMER SERVICE :

### Commercial Efficiency

As a consequence to objective approaches, the revenue demand and collections have shown an increasing trend. The increased trend has continued in FY-07 also. The comparative figures are furnished in the following sections:

### Revenue Demand :

The revenue demand or billings have increased over the years as follows:

- Demand FY 04: Rs 3242 Cr
- Demand FY 05: Rs 3644 Cr
- Demand FY 06: Rs 4282 Cr
- Demand FY 07: Rs 4951 Cr.

### Revenue Collection :

The revenue collections have increased over the years as follows:

- Collection FY 04 : Rs 2826 Cr
- Collection FY 05 : Rs 3352 Cr
- Collection FY 06 : Rs 3712 Cr
- Collection FY 07 : Rs 4768 Cr.

### Collection Efficiency :

The table below shows the Collection Efficiency :

Collection Efficiency	Without BJ / IP	Overall
FY 04	95.66%	100%
FY 05	96.81%	93%
FY 06	94.63%	88.16%
FY 07	102.23%	97.11%

Collection Efficiency is arrived excluding unbilled revenue

### XIV. CASH AWARDS :

BESCOM instituted cash awards and issue of appreciation certificates to the top three ranking O&M divisions in each of the Zones, three Sub-Divisions in each of the O&M Circles and three sections in each of the O&M Divisions. 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, it is also decided to give cash awards and appreciation certificates to the three top ranking Vigilance Police Stations.

Sl. No.	Office	Cash Award in Rs.			Remarks
		I	II	III	
1.	Divisions in each Zones	5,000	3,000	2,000	To be given by the Managing Director
2.	Sub-Divisions in each Circle	3,000	2,000	1,000	To be given by the respective Chief General Manager (Ele.). Certificate to be signed by Managing Director.
3.	O&M Sections in each Divisions	2,000	1,000	500	To be given by the respective Superintending Engineer EI. Certificate to be signed by Chief General Manager (Ele.)
4.	Vigilance Police Stations.	3,000	2,000	1,000	To be given by Managing Director.

### XV. COMMERCIAL ACTIVITIES :

Power sanctions upto 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, G.O.K. On receipt of the clearance from the Government of Karnataka, H.T. Power supply are being sanctioned as follows:

Sl.No.	Limit	Authorized officer
1.	UP to 500 KVA	Jurisdictional O&M Divisions, Exe. Engineer(EI).
2.	Above 500 KVA & up to 1000 KVA	Jurisdictional O&M Circles, General Manager (EI).
3.	Above 1000 KVA & up to 2000 KVA	Zonal Chief General Manager (EI)
4.	Above 2000 KVA	Corporate Office.

There are about 750 no. of new HT installations serviced during this year with an aggregate contract demand of 249480 KVA. Out of which 57 no. of HT installations were having a contract demand of more than 1000 KVA with the total CD of 139050 KVA.

#### XVI. CUSTOMER CARE :

1. Vision of BESCOM is to ensure better customer care and 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.
2. Customer care has been given top priority by BESCOM.

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

- i. 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.
- ii. Closed User Group mobile communication facility is continued to all O&M Assistant Executive Engineer's (Ele) and service stations in BESCOM.

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.

- iii. 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 improved this scheme to Limited Mandate System. So far as at the end of March 2007, 51,377 numbers of consumers are using this scheme.

- iv. Computerization of billing in all 103 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. The percentage errors found are decreasing. Manual mode of ledger maintenance is dispensed in all sub-divisions to ensure computer orientation.
- v. The Public in general and Residents Welfare Associations in particular are coming forward to complain directly or by e-mail. All these are attended to on top priority. In FY-07, 284 numbers of complaints were received by Corporate Office and all these were attended to.
- vi. System has been continued to attend to customer's 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.
- vii. Special efforts are being made to bring about an attitudinal change in the field staff to respond courteously to stomer'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. As at the end of FY-07, 14,279 number of employees / officers were trained at HRD center.
- viii. All meter readers have been provided with uniform and identity cards, to make it easier for customers to identify
- ix. The field staff are trimming the tree branches nearer to the distribution system in consultation with the area welfare associations wherever existing.
- x. 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-division/ division offices. Customers can write down their problem/ views/ suggestions in these books and these are looked into and attended to promptly.
- xi. 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.
- xii. Single redressal point of contact with dedicated telephone for all ECS related problems is established in the office of the Chief General Manager(Ele.)(C,O&M) BMAZ.
- xiii. 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.
- xiv. 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 EI., and Assistant Executive Engineer EI., are available throughout the day in their offices.BESCOM is participating in 'Bangalore - 1' Programme.



xv. Any time payment :

BESCOM in association with Can Bank Computer Services Ltd., a subsidiary of Corporation Bank, have installed 55 KIOSKS in Bangalore to facilitate consumers to pay their bills Any Time. This facility is seen to be very useful to consumers in Bangalore.

xvi. 24 x 7 Service Stations :

24 x 7 working service stations are working in Bangalore, Kolar, Tiptur, Davanagere, Hiriyr towns.

3. Consumer Meets :

Regular customer interaction meetings with customer welfare associations by Zonal Chief General Managers (Ele), General Managers (Ele), Divisional Executive Engineers (Ele) and Sub-divisional officers have been continued. This has resulted in closer customer relationship. The Managing 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.

## **XVII. BESCOM EFFICIENT LIGHTING PROGRAM (BELP) :**

### **a. BESCOM Efficiency Initiatives**

BESCOM has initiated several DSM and efficiency improvement programs such as Rural Load Management Scheme (RLMS) and HVDS to help people to know the importance of energy conservation. BESCOM presents the innovative Bescom Efficient Lighting Program (BELP) sponsored by United States Agency for International Development (USAID) under the Energy Conservation and Commercialisation (ECO II) initiative. This program is implemented by International Institute for Energy Conservation (IIEC), Bureau of Energy Efficiency (BEE) and BESCOM.

### **b. BELP Drivers**

- BESCOM intends to improve services to residential customers
- Insurance against power surges, ECS, instant billing programs target at improving outreach.
- Residential tariff still subsidized, reducing system losses seen to be a benefit to BESCOM system.
- Lighting in residential sector adds to evening peak.

### **c. BELP Program Overview.**

- Program on pilot was designed & supported by International Institute for Energy Conservation (IIEC) under funding from United States Agency for International Development.
- Collaboration with the Bureau of Energy Efficiency (BEE).

**d. Key Elements**

**Lighting Technologies**

- Promotes Compact Fluorescent Lamps (CFLs) and 36W Fluorescent Tube Lights

**Program Area and Scope**

- Demonstration project initially implemented in Bangalore Urban District
- Program open to Domestic Customers only
- Eligible Customers = 1.3 Million

**e. Other Features**

- CFLS are distributed through approved retail stores
- CFLS purchased will have a minimum warranty of 1 year
- BESCOM will collect payments and pass it on to lamp suppliers monthly.

**f. Program Benefits**

**Monthly Savings**

**CFLS**

- Average saving per CFL = Rs 17
- Average installment = Rs 15
- Customers pay from their savings
- 36W Fluorescent Tube Lights
- Average cost Rs 32 (40W FTL cost Rs 35)
- 10% savings in energy.

**g. Way ahead**

- Expanding BELP to other service territories under BESCOM
- Expansion to other DISCOMs in Karnataka
- Initiation of other DSM programs
- Solar water heater/LPG back-up system for BESCOM urban sector
- Energy Efficient (EE) IP sets programs for BESCOM rural sector

**XVIII. BESCOM EFFICIENT IRRIGATION PUMPSETS PROGRAMME (BEIPP) :**

BESCOM presents an innovative scheme "BESCOM EFFICIENT IRRIGATION PUMPSETS PROGRAMME (BEIPP) supported by International Copper Promotion Council (India) (ICPCI) and implemented by International Institute for Energy Conservation (IIEC). Under the Scheme EFFICIENT IRRIGATION PUMPSETS of short listed firms are being promoted for saving the energy in agricultural sector.

BESCOM called tenders from reputed pump manufacturers and short listed three manufacturers namey M/s.Kirloskar Brothers Limited, M/s.KEB Pumps Limited and M/s. Crompton Greaves Limited. They have already entered into an understanding with BESCOM and offer attractive rates for efficient pump sets. They offer 18 months warranty for the pumpsets. By using energy efficient pump sets both utility and consumer will be benefited.

- BESCOM –branded higher efficiency IP sets will pump the required quantity of water with lower energy input, reducing the overloading of the system, transformer burn-outs and consumer inconveniences.
- This will minimize system overloading, reducing pump-sets burn-outs, financial burden on the farmers and subsidy burden on the state fiscal.
- Use of energy-efficient pump-sets will result in 20 to 30% energy savings, as compared to the currently used pump-sets.
- This innovative Program was launched on 17-01-2007.
- Road shows and street plays were conducted in many Rural O&M sub divisions during the scheme, regarding the usage of Energy Efficient Pumpsets and savings of energy.
- The official suppliers of the energy efficient pump sets offers attractive price benefits, special 18 months warranty and special benefits to the farmers.

#### **XIX. 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.

*Major Steps taken are :*

- Number of Press note released on various issues related to customer interests.
- Managing Director held Press conference, on initiatives undertaken and progress achieved.
- Managing Director conducts a number of phone in programme on popular video and AIR channels. As such 7 episodes of phone-in program have been completed.
- Communication Coordinators were taken on outsource 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 in awareness among new initiatives undertaken by BESCOM.
- Mobile telephone numbers of sub-divisional officers have been published in all leading newspapers to make the customers easy to contact them during emergencies.
- Publication of monthly in-house magazine called BESCOM BELAKU to bring in awareness among the Officers / Employees on day-to-day happenings in BESCOM.

- Viduyat jagruthi Yojane – a scheme of educating school children on electricity usage, safety and conservation. It was decided to have the awareness programme in one school per sub division per month for one year. There are 103 sub division in BESCO, hence the programme will be conducted in 1236 schools. As a part of the programme objective test will be conducted. Related folders and question papers were got printed and distributed to sub divisions.
- A unique scheme “ Arranging power supply to Domestic and Commercial installations in 24 hours” was implemented for the citizens of Bangalore City. In this regard flex banners, posters, leaflets were got printed and circulated.

## XX. INFORMATION TECHNOLOGY :

1. **Billing activity:** Billing activity is computerized in all 103 Subdivisions of BESCO. Out of these 103 Subdivisions, billing activity is entrusted to outside agencies in 49 Subdivisions (Kolar Circle and Chitradurga Zone) on Total Revenue Management System and spot billing is being done using hand held instruments. Whereas in 55 Subdivisions (BMAZ & BRC) computerized bills are being issued using BILLNET/BNC Software. Consumer data of 39 Subdivisions of BMAZ and 5 Subdivisions of BRAZ (44) is ported on a Central Server at Corporate office. This data is made available on our Website and the consumers of Bangalore City can view the billing history of their installations.
2. **Intranet/Internet Connectivity:** 24 hour Intranet connectivity is established via 64 Kbps MLLN from all Circle/ Division/Subdivision offices of BMAZ to Corporate office. Dedicated BSNL leased line connectivity has been established from Rural Division offices / Circle offices / Zonal offices to Corporate office. This has enabled flow of data from Sub-Division to Division to Circle to Zone and in turn to Corporate Office. Besides this 39 subdivision offices of BMAZ, all Divisions, Circles, Zonal offices and 5 Subdivisions of BRAZ of BESCO are provided with 256 Kbps Internet connectivity through Broad Band.
3. **Website:** BESCO's website ([www.besco.org](http://www.besco.org)) has been running successfully since 2003. Information to public is available on this Website. The Tariff details, major initiatives of BESCO, statistical details, HRD details, RTI details are available. A link is provided for the consumer to register his complaints also.
4. **Any Time Payment counters (ATP):** Any Time Payment counters of 50 numbers in BMAZ, 13 numbers in BRAZ and 6 numbers in CTDZ have been installed to make electricity bill payment through Cash, DD and Cheque.  
BESCO has made arrangements for electricity bill payment in 17 centers of Bangalore One. SBI and SBM have provided for their ATM card users to make their bill payment through ATM Centers. BESCO has made arrangements with Bill Desk/Bill Junction/Easy Bill to collect Electricity Bills.
5. **Interactive Voice Response System (IVRS):** Interactive Voice Response System has been installed, which facilitates customers across BESCO area seeking billing information or for lodging complaints regarding power supply interruptions and to get the status of complaint lodged at Central Consumer Complaints Division.
6. **e-Tendering:** As a part of e-governance, e-Tendering system is put in place under the link "Tenders" of BESCO website.
7. **Real time Remote Automatic Meter Reader (RRAMR):** All HT installations of BESCO & some LT installations of 40 HP and above in Bangalore City are being read through Real time Remote Automatic Meter Reading system to ensure centralized HT billing, to get surveillance.

8. **Transformer Management System (TMS):** Transformer Management System software has been running since 2004 in all Divisions of BESCO and is being used to monitor the entire life cycle of Distribution Transformer.
9. **Cash Management System (CMS):** BESCO has launched Cash Management System – Online (CMS). This has facilitated BESCO to network with banks and its sub-divisions so as to ascertain its cash flow and also reduce the floats with the banks.
10. **Works Management System (WMS):** In order to ensure proper utilization of funds for various capital works programme so as to reduce and also eliminate cost and time overrun, BESCO has implemented Works Management System (WMS). BESCO is now in a position to monitor its works effectively.
11. **Management Information System (MIS):** Management information System is implemented through the Web which enables information interchange on real time basis between Divisions and Corporate office.
12. **HR & Pay Roll:** HR & Pay Roll System has been installed in Corporate office and other pay drawing offices of BESCO. Final testing of the system is in progress.
13. **Financial Accounting Software (FAS)** Financial accounting software is being implemented to monitor and maintain the entire accounts of BESCO and to furnish monthly and yearly returns.
14. **Geographical Information System (GIS):** Geographical Information System is under implementation to ensure geographical mapping, documentation of network/ asset indexing and consumer indexing of Bangalore City. This is under progress.
15. **Audit and Inspection Software:** Audit and Inspection Software has been implemented in BESCO to computerize Internal Audit activities.

#### **XXI. JAN SAMPARKA SABHA :**

Weekly meetings with Grama Panchayaths by the Sub-Divisional officers introduced. This is done to redress their grievances and to bring in awareness in them about new initiatives undertaken by BESCO.

Each Sub-Division is conducting at least one such sabha per week.

#### **XXII. GRAMA VIDYUT PRATINIDHIs :**

Nearly 831 GVP's work with BESCO to improve the rural revenue collection by carrying out various activities such as:-

- Meter reading, bill distribution and revenue collection.
- Depositing the collections with the utility.
- Registering complaints and forwarding to utility.
- Facilitating the utility in attending the grievances of low tension consumers viz. Domestic, AEH, commercial, small and medium industries upto 40H.P. (excluding water supply and streetlight.)
- Giving feed back about field realities to the utility on regular basis.
- Total Grama Panchayaths (Excluding BMAZ)=1308

- No. of MFF's Working = 831
- Total Baseline Target in March 2007 = 490.36 Lacs
- Total revenue collection in March 2007 = 704.99 Lacs
- Percentage above Baseline Target = 44%

XXIII. Power supply to rural areas was ensured to be as per the directions of the State Government.

The following schedule of power supply to Rural areas is implemented in.

Batch A		Batch B	
0700-1000 Hours	No Supply	0700-1100 Hours	3 Phase Supply
1000-1500 Hours	3 Phase Supply	1100-1800 Hours	No Supply
1500-1800 Hours	No Supply	1800-0300 Hours Next day	S. Phase Supply
1800-2200 Hours	S. Phase Supply	0300-0700 Hours	3 Phase Supply
2200-0200 Hours Next day	3 Phase Supply		
0200-0700 Hours	S. Phase Supply		

#### XXIV. CONSTITUTION OF CONSUMER GRIEVANCE REDRESSAL FORUM :

BESCOM has constituted a Consumer Grievance Redressal Forum as per Clause 3.1 of KERC Consumer Grievance Redressal Forum & Ombudsman Regulation – 2004. The forum consists of Chairman and two other members. The General Manager (Corporate Planning) is ex-officio convener of the forum and serves full time. Another member is a Representative of Public Affairs Center. The head quarters of the forum is presently situated at CSD compound, Rajajinagar, Bangalore. The following are the member functionaries.

Sri. Kumaraiah, Chief Engineer(Retd.),KPTCL	-	Chairman
Sri. N.Gnana Murthy, General Manager (Corporate Planning)	-	Convener
Representative of Public Affairs Center	-	Member

Consumers not satisfied with the services rendered by Jurisdictional field officers, can represent to "Consumer Grievance Redressal Forum" in the prescribed application Form 'A' (Available in all BESCOM offices & Consumer Grievance Redressal Forum) within 30 days from the date of lodging complaint to the jurisdictional field officers. Application Forms completed in all respects shall be submitted in person or through post to General Manager, (Corporate Planning), Corporate office, BESCOM, K.R.Circle, Bangalore – 560 001.

#### XXV. CORPORATE GOVERNANCE :

The Board of BESCOM believes and supports Corporate Governance practices of a high standard, ensuring observance of these principles in all its dealings. All the Directors take active part in the proceedings of Board and Sub-Committee meetings which add value in the decision making process. The non functional directors receive sitting fees for Board/ Sub-committee meetings attended by them.



**a. Board Meetings**

The meetings of the Board of Directors are scheduled in advance for which notice is given to each Director in writing. The agenda and other relevant notes are circulated to the Directors in advance.

During 2006-07 a total number of five Board meetings took place as follows:

Sl.No.	Meeting No.	Held on
1	18 <sup>th</sup> Meeting	03.05.2006
2	19 <sup>th</sup> Meeting	29.07.2006
3	20 <sup>th</sup> Meeting	18.12.2006
4	21 <sup>st</sup> Meeting	16.03.2007
5	22 <sup>nd</sup> Meeting	23.03.2007

The following are the Directors of BESCO as on the date of AGM:

1	Sri. Bharat Lal	Chairman
2	Sri. V.M. Chandre Gowda	Managing Director
3	Smt. Aditi Raja	Director
4	Sri. Darpan Jain	Director
5	Sri. Pratap Kumar	Director
6	Sri. C. Manjunath	Director
7	Sri. Iqbal Ali Khan	Director
8	Smt. Parvathy Keshavachar	Director

**b. Board Sub-Committees**

The Sub-Committees of the Board were constituted to give more focused attention on important issues.

**c. Central Purchases Committee**

Central Purchases Committee was formed to consider all cases of purchases whether for Projects or award of Station/Line works or any other works and all matters relating to such purchases which are beyond the powers delegated to the Chief Engineers, Electy.,

The composition of the Central Purchases Committee as on date of AGM

1	Managing Director, BESCO	Chairman
2	Director (Technical), BESCO	Member
3	Sri Iqbal Ali Khan, Director, BESCO	Member
4	Sri C. Manjunath, Director, BESCO	Member

During 2006-07 a total number of four CPC meetings took place the details of which are as follows.

Sl.No.	Meeting No.	Held on
1	24 <sup>th</sup> Meeting	08.06.2006
2	25 <sup>th</sup> Meeting	11.09.2006
3	26 <sup>th</sup> Meeting	13.10.2006
4	27 <sup>th</sup> Meeting	22.01.2007

**d. Borrowings Sub Committee**

The Borrowing Sub-Committee was constituted to borrow long term loans from Banks/Financial Institutions on behalf of the Board from time to time. The sub-committee consist of the following members:

- (a) Managing Director, BESCO
- (b) Director (Technical), BESCO
- (c) Director(Finance), KPTCL

**e. Audit Committee**

An Audit Committee was formed on 21<sup>st</sup> April 2005 in accordance with the provisions of the Companies Act. During the year under report four meetings of the Audit Committee were held as follows.

Sl.No.	Meeting No.	Held on
1	04 <sup>th</sup> Meeting	06.06.2006
2	05 <sup>th</sup> Meeting	16.09.2006
3	06 <sup>th</sup> Meeting	17.10.2006
4	07 <sup>th</sup> Meeting	15.03.2007

The Audit Committee has adequate powers and Terms of Reference to play an effective role as mentioned in Companies Act which includes:

1. Discussions with the Auditors periodically about internal control system and the scope of audit including observations of the auditors.
2. Review of the half-yearly and Annual Financial statements before submission to the Board.
3. Ensure compliance of internal control systems.
4. Investigation into any of the matters as may be referred to by the Board.
5. Financial and Risk Management Policies and Fraud and Fraudulent Risks
6. Any other matters as may be referred to by the Board.

The Audit Committee considers and recommends the Financial results to the Board. The Statutory Auditors are invited to attend the meeting. The committee also invites the Chief General Manager(F&C) and Controller(RTA) to be present at the meeting.



## XXVI. AUDITORS :

M/s P. Rangaswamy & Company is the Statutory Auditors of BESCO for the year 2006-07.

## XXVII. PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) :

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

## XXVIII. 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:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) 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 the period.
- c) 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 annual accounts have been prepared on a going concern basis.

## XXIX. GENERAL :

The Board would like to place on record its appreciation for all the assistance and guidance extended by the Government of Karnataka, Govt. of India, Karnataka Power Transmission Corporation Limited, other ESCOMs, KERC, CERC, State Bank of India, Canara Bank, Corporation Bank, Syndicate Bank, State Bank of Mysore, Vijaya Bank, Bank of India, Power Finance Corporation Ltd., Rural Electrification Corporation Ltd., Ministry of Company Affairs, Registrar of Companies and its Consumers for their Co-operation and active support to BESCO 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 and co-operation extended by the Union / Associations.

For & on behalf of the Board of Directors

**CHAIRMAN**

# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Pursuant to Part-IV of Schedule-VI of the Companies Act 1956)

<b>I. Registration Details</b>			
Registration No.	CIN - U04010KA2002PLC030438	State code	08
Balance Sheet Date	31-03-2007		
<b>II. Capital Raised during the year (Amount in Rs. Thousands)</b>			
Public Issue	nil	Right Issue	nil
Bonds Issue	nil	Private Placement	nil
<b>III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)</b>			
<b>Total liabilities</b>	2,97,49,058	<b>Total Assets</b>	2,97,49,058
<b>Source of Funds</b>			
Paid up Capital	20,59,500	Reserves & Surplus	68,43,754
Share Deposit	151	Unsecured loans	9,74,556
Share Deposit Adj A/c	-		
Service line & security deposits	1,37,34,862		
Secured loans	61,36,235		
<b>Application of Funds</b>			
Net Fixed Assets	1,54,18,356	Capital works in progress	7,70,998
Net Current Assets	1,35,59,704		
Accumulated losses	-		
<b>IV. Performance of Company (Amount in Rs Thousands)</b>			
Turn Over	5,38,49,787	Total Expenditure	5,33,46,709
Profit Before Tax	5,71,426	Profit After Tax	5,03,078
Earnings per Share in Rs.	--	Dividend	-
<b>V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)</b>			
Item Code No.(ITC Code)	:		
Product Description	:	Electricity distribution	

Sd/-  
(V.G. Pandit)  
Financial Advisor

Sd/-  
(Iqbal Ali Khan)  
Director

Sd/-  
(V.M.Chandregowda)  
Managing Director

As per our Report annexed

Sd/-

(N. R. TIRUMAL)

for & on behalf of P.Rangaswamy & Company  
Chartered Accountants

Place : Bangalore  
Date : 21-09-2007



Bangalore Electricity Supply Company Limited

**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 2007.**

The preparation of financial statements of Bangalore Electricity Supply Company Limited, Bangalore for the year ended 31 March 2007 in accordance with the financial reporting framework prescribed under Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 21 September 2007.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit, under section 619(3)(b) of the Companies Act, 1956 of the financial statements of "Bangalore Electricity Supply Company Limited, BANGALORE" for the year ended 31 March 2007. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. In view of the revisions made in the financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the Note No.27 of the Notes forming part of Accounts (Schedule No.24), I have no further comments to offer upon or supplement to the Statutory Auditors' Report under section 619(4) of the Companies Act, 1956.

For and on behalf of the  
Comptroller & Auditor General of India

Sd/-

(C. GOPINATHAN)  
ACCOUNTANT GENERAL  
(CIVIL & COMMERCIAL AUDIT)  
KARNATAKA, BANGALORE

Bangalore  
Dated : 24 September 2007

## **AUDITORS' REPORT**

### **AUDITORS' REPORT (REVISED) U/S 619(4) OF COMPANIES ACT 1956 TO THE MEMBERS OF THE BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED K.R.CIRCLE BANGALORE 31.3.2007**

We have audited the attached Balance Sheet of **M/S BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED**, as at 31st March 2007 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date and submitted our report dated 17.8.2007. Subsequently, the accounts have undergone revision in the light of observations of the Controller and Auditor General of India. We have audited the attached revised Balance Sheet of the Company as on 31.3.2007 and revised Profit and 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.

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 Mis-statements. 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.

In accordance with the provisions of section 227(2) the Companies Act, 1956, we report that ; As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India under sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order and

## **Subject to the following**

1. The Company's some inventories and stores at some locations are either are old and/ or exposed to the vagaries of nature . The usefulness and serviceability of such inventories is also subject to identification and inspection in individual case . It would not be possible to quantify the effect of obsolescence on the profitability of the company for the year since there is no case to case identification is made, but the same would have a material impact on the profitability of future years as well or in the year in which such identification and provision is made. The value of inventory also includes the value of items usable by the company but also usable by K P T C L as well, especially in case of inventories at shared assets. Quantification of such inventories is not possible in the absence of proper classification
2. The Inventories, stores and spares include the value of scrapped, faulty and dismantled assets for reuse which have been valued , by deducting 20% from the value across the board without ascertaining the actual physical usability or serviceability condition of the concerned inventories and stores, which is not a proper classification as per Accounting Standard-2- Valuation Of Inventories, since it can distort the profit or loss figure of the company. The value of such inventories and stores should be made on case to case basis to arrive at the correct profit or loss position..
3. As per the accounting method and procedure followed by the Company the stock of Materials and stores are valued At Standard rate computed by the company from time to time based on the information derived from the latest purchases made. The valuation of inventory is not carried out at the **cost or market value whichever is lower** and hence is not in consonance with Accounting Standard – 2: Valuation of inventories. The difference in the value if any is not ascertained and quantified.
4. Under the Standard rates cost method adopted by the Company 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.
5. 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 liabilities are not yet transferred in the name of the Company as is evident from the notes at the end of Schedules 3 and 4. 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 and UCO Bank based on the advice of KPTCL.
6. The Company has carried forward the balance provision for Bad And Doubtful Debts to the extent of Rs.157.51crores on Sundry Debtors as part of the Transfer Scheme opening balances as on 1.6.2002.

7. None of the balances of Sundry Debtors, Receivables, Payables, Sundry Creditors and Loans and Advances, Deposits either payable or receivable have been confirmed.
8. The insurance policies on the Company's Fixed Assets, inventories, Cash Balances, losses on account of misappropriation /theft/embezzlement, cash found short, damage to inventory, has expired on 31.12.2006 and the same have not been renewed. The insurance claims to the extent of Rs.14,81,284 and Rs.4,88,79,230 are pending settlement from two insurance companies.
9. The details for the opening and closing balances under the heads such as Deposits received from consumers, Deposit against Burnt Meters, Revenue suspense Accounts, Advances and deposits made and similar account heads are not entirely supported by details and therefore it is not possible to arrive at the correct heads for presentation while preparing the Financial Statements and such details when made available may have an impact on the profit or loss of the company at that time.
10. In our opinion, the company is exposed to certain Data Security and allied Risk/s in view of the absence of Rights Of Ownership With The Company on the monthly Billing Software such as Zygox and other softwares.
11. The company continues to account Financials of MRT Division which has shared assets with KPTCL and this has effect on the profit or loss of the company and its assets and dues to and dues from KPTCL, which is not quantified due to lack of classified data.
12. Sundry receivables from as shown in the financial statements from KPTCL are yet to be reconciled.
13. As per the accounts before revision the company carried certain adverse balances in various account heads, which were not reconciled for a long time. The same have been now reconciled in the revised accounts and there are no such adverse balances now.
14.
  - a. The Provision for Pension and Gratuity is made as per the rates in the order NO.KPTCL & ESCOMs P&G TRUSTS / SA-1/18/2002-03 DATED 11.6.07 issued by KPTCL & ESCOMs PENSION & GRATUITY TRUSTS. As per this order the Actuarial Valuation has been done on 31.3.2006 and the earlier Actuarial Valuation was done on 27.1.03. It is not known whether there has been a change in the method of actuarial valuation conducted on 27.1.03 and the one conducted on 31.3.2006 and its impact on the profit or loss of the company.
  - b. The same is in variance with AS -15 requirements
  - c. The Company has provided for leave encashment provision on estimate.
  - d. An amount of Rs.63,00,00,000 is shown as due from KPTCL&ESCOMs PENSION AND GRATUITY TRUSTS under the Schedule No.11. This is continuing as opening balance
15. The company has not provided for Deferred tax liability/asset as per the AS 22 - ACCOUNTING FOR TAXES ON INCOME. The company is entitled to the exemption under section 80IA for ten years from its

inception and it is liable to pay tax under MAT. Further there is a difference between the rates of depreciation adopted by the company while finalising the accounts and the rates of depreciation adopted while filing the return of income. Under this background the company has to arrive at the Deferred Tax Liability/asset as per the AS 22 giving weightage to timing difference. The same is not quantified.

16. No wealth tax provision has been made by the Company in respect of vacant lands and Motor Cars in view of the exemptions available under the provisions contained under section 2(ea) of The Wealth Tax Act 1957. This is subject to the final assessment by the concerned authorities. The company has yet to identify the vacant lands and the market values of such lands as on 31.3.2007 and the total market value of cars.
17. 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 Valuation Of Inventories, As -10 Accounting for Fixed Assets and AS-22 of Accounting for Taxes on income.
18. There are various Lands And Buildings which have come to the company by virtue of Transfer Scheme on 1.6.2002 among other movables, majority of whose title deeds are under the process of transfer to the Company's name. There is an existing liability to pay the Coporation /Municipal taxes and probable interests and penalties for the last several years, whose amount is not quantified and there is no provision made in this regard in the accounts though the values of the immovable assets are displayed in the Balance Sheet and depreciation provided on building values.
19. The cash balance includes the following amounts which are not cash or cash equivalents as per AS- 3:

#	DESCRIPTION	AMOUNT RS.	REMARKS
1	2	3	4
1	INTEREST ACCRUED BUT NOT DUE ON DEPOSITS	31,66,275	NOT ENCASHABLE WITHIN 3 MONTHS
2	STAMPS ON HAND-NON JUDICIARY	6,78,973	NOT ENCASHABLE WITHIN 3 MONTHS
TOTAL		38,45,248	

This is in violation of the provisions under AS 3.

20. In the absence of any clear guidelines in the Transfer scheme as to the responsibility for the liability on account of contingent Liabilities arising out of the transactions taken place before the Trasfer scheme dated 1.6.2002, it is felt that the Company is liable for any contingent liabilities that may crystallize in future and to that extent the company is financially vulnerable.

21. Contingent Liabilities arising out of the suits for claims filed at various courts by the customers etc. at various divisions ETC and contested by the Company has not been disclosed.
22. Advance Income tax for the year ending 31.3.2007 has been paid on the computation of the profit based on ROE at 14% before the change in the subsidy computation method was communicated to it by Government.
23. In our opinion " Reserve For Contingencies "to the extent of Rs. 3,19,74,354 carried forward under the head Reserves and Surplus for the last several years needs to be transferred to Profit and Loss account since there is no specific earmarked asset representing the reserve and no specific contingency is envisaged.
24. There is a provision made for the Bad and Doubtful debts to the extent of Rs. 34.30 crores under the head LONG DISCONNECTED INSTALLATIONS in the accounts in the past .As per the information given these debtors are said to be identified after taking all actions for recovery, the perusal of the concerned records and the internal auditors' reports in this regard ,these appear to be irrecoverable due to various events and circumstances beyond control of the Company and are explained to be very old and sticky. Considering the explanations given, records produced and the quantum of the amount involved we feel that the above amount of Rs.34.30 crores may be written off from the accounts after getting the approvals at the proper forums and from the relevant authorities. The continuous display of debtors which are known to be irrecoverable ,in the Balance Sheet does not give a proper view of the financial position of the company
25. There is an unreconciled difference figure of Rs.18,72,649 between Bank Reconciliation Statement and the Trial Balance figure as on 31.3.2007 in respect of Corporation Bank account operated at Additional South Division of the Company
26. An amount of Rs. 2,23,85,371 under the head " Freight and other material related expenses" are displayed under the main head "Administrative and other expenses".This should be displayed under the head "Repairs and Maintenance"
27. Withdrawal of Revenue demand to the extent of Rs.94,64,70,807 has been displayed in Profit and Loss account under the head Prior Period Credits on the credit side.. As per the CARO 2003 which refers to ( Schedule VI Part II Of the Companies Act 1956) this should have been shown as a deduction from the Sale of Energy amount .

Further to our comments in the Annexure referred to in paragraph 1 above and subject to the remarks in the preceding paragraphs 1 to 27, 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 accounts 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 and Loss account and Cash Flow Statement referred to in the report are in agreement with the Books of Accounts
- [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.
- [e] Government of India vide a General Circular No.8/2002 dated 22.3.2002 has exempted the Directors of Government Companies from the provisions of Disqualification. Bangalore Electricity Supply Company Limited being 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] In our opinion and to the best of our information and according to the explanations 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 in conformity with the accounting principles generally accepted in India:
- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2007.
- (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 during the year ended on that date.

BANGALORE  
DATED 21.9.2007

Sd/-  
**(N.R.TIRUMAL)**  
PROPRIETOR  
MEMBERSHIP # FCA 9849  
FOR & ON BEHALF OF  
P.RANGASWAMY AND COMPANY  
CHARTERED ACCOUNTANTS

# ANNEXURE TO THE AUDITORS' REPORT (REVISED)

UNDER SUB SECTION (4A) OF SECTION 227 OF THE COMPANIES ACT 1956

STATEMENT ON MATTERS UNDER PARA 4 & 5 OF THE COMPANIES

(AUDITOR'S REPORT) ORDER, 2003

(REFERRED TO IN THE PARAGRAPH 1 OF OUR REPORT OF EVEN DATE)

(THIS REPORT CONTAINS 11 PAGES)

4(i)(a)(i) to (xiv) The Company has maintained records to show particulars of Fixed Assets but are not updated in all its aspects and does not include quantitative details and situation of all Fixed Assets and all the details and particulars required under clauses from (i) to (xiv). As per the information and explanation given to us some lands/assets which have been received as gifts without assigning any value whatsoever to the company do not find a place in the registers and accounts of the company. The Company is yet to obtain title deeds of the Lands/buildings owned by it in its name and shown as owned under full title and is still in the process of getting the khathas and the vehicles transferred in its name.

(b) As per the information and explanations given to us all the Fixed Assets of the Company have not been physically verified by the management and any discrepancies in the quantities between the book records and physical verification may have a bearing on the Financials of the company. 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 and KPTCL as per transfer scheme erroneously grouped under the Assets of the Company. The process of identification is still in progress and difference/s arising on this account would have repercussions on the Fixed Assets in number and value and the income of the company on such identification.

(c) As per the information and explanations given to us, in our opinion no substantial part of Fixed Assets has been disposed off by the company so as to affect its going concern status.

4(ii)(a) As per the information given to us the inventory has been physically verified during the year by the Management. In our opinion, the frequency of physical verification of stocks and its scope followed by the management needs to be widened.

(b) As per the information given to us 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. The discrepancies in the quantities found on physical verification either shortages or excesses are credited or debited separately under proper heading as under investigation. But the discrepancies are not traced and resolved within reasonable time frame and they are being carried forward.

(c) On the basis of our examination of records of inventory and explanations given to us, 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 with in the Books of Accounts.

4 (iii)(a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(b),(c) and (d) of the Order are not applicable.

4 (iii)(e) According to the information and explanations given to us, the company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii)(f) and (g) of the Order are not applicable.

4 (iv) In our opinion, the internal control system needs to be strengthened to be commensurate with the size of the company, scope and the nature of its business, for purchase of Fixed Assets, Stores and Consumables and for the sale of energy. The shortage/excesses noticed in stock of Materials, carry forward of cash embezzlement cases, cash found short pending investigation, carrying balances in unreconciled IUA Accounts, no evidences for Bank balances inherited under transfer schemes, Certain Bank Accounts reconciliation statements containing adjustable items such as stale cheques, dishonoured cheques not reconciled for longer periods, wrong classification of expenditure either revenue or capital, non renewal of insurance coverage on the assets of the company, highly inadequate internal audit function, to name a few are pointers towards the lack of inadequate internal controls. The above weaknesses and failure in the internal control system are continuing as in the past years.

4(v)(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 in respect of Karnataka Power Transmission Corporation Limited (KPTCL) and other ESCOMS during the year.

4(v)(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 entirely based on terms of agreement and on "delivered energy at delivery point" basis.

4(vi) The Company has not accepted any deposit/s from the public hence the contents under paragraph 4 (vi) are inapplicable.

4(vii) 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 in vogue in the company is highly inadequate and needs to be widened and strengthened in view of the various lapses noticed and narrated under 4(iv) among others.

4(viii) The provisions contained under section 209 (1) (d) of the Companies Act, 1956 in regard to the maintenance of cost records are not applicable to the Company since it is a service company.

4(ix)(a) We have been informed that the provisions of the Provident Fund Act are applicable to the Company for the Contract Employees and we observe the company is regular in remitting the PF and other Dues during the year. There are no undisputed and outstanding amounts payable in respect of Provident Fund, Income-tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess or any other applicable taxes, Duties or Levies Applicable to the company and its business, which have remained outstanding as at 31<sup>st</sup> March 2007, for a period of more than six months from the date they became payable. In respect of Wealth Tax Dues, the company is yet to arrive at the Tax Liability if any considering the various exemptions available to it, as at 31.03.2007.

4(ix)( b). According to information and explanation given to us, the Company does not have any disputed dues of Sales Tax/Service Tax/Custom duty/Wealth Tax /Excise Duty/Cess. In respect of Income Tax, the Company has not deposited the disputed demand of Rs.37,18,978 for the Asst. year 2003-04 and the matter is lying before the Income Tax Appellate Tribunal Bangalore for judgment. The company has received a demand notice in Form No.6 from Deputy Commissioner of Commercial Taxes (TRANSITION-13) Bangalore dated 7.7.2007 on 13.7.07 for the payment of Rs.7,81,820 as KST and Rs.21,17,369 as CST. Further an amount of Rs.1,06,826 is forfeited under section 18-AA (3) OF THE KST ACT 1957 as excess collected and payable.

4(x)The Company has completed its existence for more than 5 years only on 30.4.2007 and does not have accumulated losses at the end of the Financial Year and has not incurred any cash losses in the current or in the immediately preceding financial year.

4(xi)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 Financial Institutions or Banks 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 of defaults on such loans, if any, are not available to us.

4(xii)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.

4(xiii) The provisions of any special statute applicable to Chit Funds /Nidhi/Mutual Benefits Funds/ Society do not apply to the company hence not applicable.

4(xiv) 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.

4(xv) According to the information and explanations given to us and based on the representations made by the management, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.

4(xvi) 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.

4(xvii) According to information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no short Term Funds have been used for Long-Term investment.

4(xviii) 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.

4(xix) The Company has not issued any debentures Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the company.

4(xx) The Company has not raised any money through a public issue during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the company.

4(xxi) There are cases of frauds committed on the Company during the past years. The Management of the company has in place a continuous process of collecting the details of fraud on or by the company and the action for recovery proceedings is also in place simultaneously. However, we observe that the process of investigation and fixing the responsibility and also taking the necessary recovery/ punitive action is taking a LONG TIME. It is also explained that some persons who have committed the fraud are not alive We are unable to comment on the nature and the quantum of the amount involved pending investigation by the company and the judgment of the courts before whom the cases are pending and the recoverability of the amount involved

BANGALORE  
DATED 21.9.2007

(N.R.TIRUMAL)  
PROPRIETOR  
MEMBERSHIP # FCA 9849

FOR & ON BEHALF OF  
**P.RANGASWAMY & COMPANY**  
CHARTERED ACCOUNTANTS

# ADDENDUM TO DIRECTORS' REPORT for the year ended 31<sup>st</sup> March 2007

Replies offered on the Observation/comments of the Statutory Auditors on the accounts of the Company for the year 2006-07 are as follows.

Sl. No.	SA No.	Observations of Statutory Auditors	Management's Reply
1	1	The Company's some inventories and stores at some locations are either are old and/ or exposed to the vagaries of nature . The usefulness and serviceability of such inventories is also subject to identification and inspection in individual case . It would not be possible to quantify the effect of obsolescence on the profitability of the company for the year since there is no case to case identification is made, but the same would have a material impact on the profitability of future years as well or in the year in which such identification and provision is made. The value of inventory also includes the value of items usable by the company but also usable by K P T C L as well, especially in case of inventories at shared assets. Quantification of such inventories is not possible in the absence of proper classification.	Company is having the practice of identifying obsolete, unserviceable and scrap assets. After examining the issues in detail, proper treatment would be considered at appropriate time.
2	2	The Inventories, stores and spares include the value of scrapped, faulty and dismantled assets for reuse which have been valued , by deducting 20% from the value across the board without ascertaining the actual physical usability or serviceability condition of the concerned inventories and stores, which is not a proper classification as per Accounting Standard-2- Valuation Of Inventories, since it can distort the profit or loss figure of the company The value of such inventories and stores should be made on case to case basis to arrive at the correct profit or loss position.	<p>Estimation is made according to the views of technical experts and accordingly accounted.</p> <p>Efforts are being made to identify the value of scrap/dismantling assets. Effect on this would also be accounted on such identification.</p> <p>The Company is making efforts to constitute a committee to examine this in detail.</p> <p>On evaluation of inventories proper treatment will be given.</p>
3	3	As per the accounting method and procedure followed by the Company the stock of Materials and stores are valued At Standard rate computed by	Due to complexity of situation, the existing procedure followed by the erstwhile KPTCL has been

Sl. No.	SA No.	Observations of Statutory Auditors	Management's Reply
		the company from time to time based on the information derived from the latest purchases made. The valuation of inventory is not carried out at the cost or market value whichever is lower and hence is not in consonance with Accounting Standard – 2: Valuation of inventories. The difference in the value if any is not ascertained and quantified.	continued. However, efforts would be made to comply with the Accounting Standards-2 in future.
4	4	Under the Standard rates cost method adopted by the Company 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.
5	8	The insurance policies on the Company's Fixed Assets, inventories, Cash Balances, losses on account of misappropriation /theft/embezzlement, cash found short, damage to inventory, has expired on 31.12.2006 and the same have not been renewed. The insurance claims to the extent of Rs.14,81,284=00 and Rs.4,88,79,230=00 are pending settlement from two insurance companies.	In view of poor services and non settlement of Insurance claims to the extent of Rs. 14,81,284.=00 from M/s. Oriental insurance Company and Rs. 4,88,79,230=00 from M/s. National Insurance company, it has been decided not to take the policy for time being till our claim are settled in full.
6	9	The details for the opening and closing balances under the heads such as Deposits received from consumers, Deposit against Burnt Meters, Revenue suspense Accounts, Advances and deposits made	The Company is having the practice of identifying the deposits, credits to Revenue suspense account etc., as followed by

Sl. No.	SA No.	Observations of Statutory Auditors	Management's Reply
		and similar account heads are not entirely supported by details and therefore it is not possible to arrive at the correct heads for presentation while preparing the Financial Statements and such details when made available may have an impact on the profit or loss of the company at that time.	KPTCL. The deposits and credits to Revenue suspense account are transferred to Miscellaneous Income account of the Company after 3 years when the identification is not possible within 3 years.
7	10	In our opinion, the Company is exposed to certain Data Security and allied Risk/s in view of the absence of Rights Of Ownership with the Company on the monthly Billing Software such as Zygox and other softwares.	The Billing software and Hardware operated in BMAZ area is owned by BESCO. Only the maintenance of Spot billing machines and server has been entrusted to M/s. Zygox. In other sub division the billing activity has been outsourced to TRM agencies. Presently the bill data for every 15 days is being obtained from the agency and stores in central server at Corporate office. The implementation of BESCO owned billing software in other subdivision is under progress.
8	14	<p>(a) The provision for Pension and Gratuity is made as per the rates in the order No.KPTCL &amp; ESCOMs P&amp;G TRUSTS / SA-1/18/2002-03 Dated 11.6.07 issued by KPTCL &amp; ESCOMs PENSION &amp; GRATUITY TRUSTS. As per this order, the Actuarial Valuation has been done on 31.3.2006 and the earlier Actuarial Valuation was done on 27.1.03. It is not known whether there has been a change in the method of actuarial valuation conducted on 27.1.03 and the one conducted on 31.3.2006 and its impact on the profit or loss of the company.</p> <p>(b) The same is in variance with AS -15 requirements</p> <p>(c) The Company has provided for leave encashment provision on estimate.</p>	All the employees of BESCO are on deputation from KPTCL. The Government has formed the KPTCL/ESCOM's Pension/ Gratuity Trust. The Actuarial Valuation has been done by KPTCL & ESCOM's Pension & Gratuity Trust as at 31.03.2006 and the same has been intimated to the Company vide its Letter No.KPTCL & ESCOM's P&G Trusts/SA-1/18/ 2002-03 dated 11.06.2007. The provision has been made as per the rates intimated by P&G Trust. It is ascertained from the Trust that there has been no change in the method of Actuarial Valuation



Sl. No.	SA No.	Observations of Statutory Auditors	Management's Reply
		(d) An amount of Rs.63,00,00,000 is shown as due from <b>KPTCL&amp;ESCOMS PENSION AND GRATUITY TRUSTS</b> under the Schedule No.11.This is continuing as opening balance.	conducted on 27.01.2003 and the one conducted on 31.03.2006.  Factual.
9	15	The Company has not provided for Deferred tax liability/asset as per the AS 22 - ACCOUNTING FOR TAXES ON INCOME. The Company is entitled to the exemption under section 80IA for ten years from its inception and it is liable to pay tax under MAT. Further, there is a difference between the rates of depreciation adopted by the Company while finalising the accounts and the rates of depreciation adopted while filing the returns of income. Under this background, the Company has to arrive at the Deferred Tax Liability/asset as per the AS 22 giving weightage to timing difference. The same is not quantified.	Individual year-wise, item-wise details from KPTCL are required to assess exact deferred tax liability/asset. Since past five years no liability/asset have been claimed by KPTCL, no provision has been made. However, the issue would be reviewed to comply with Accounting Standards in future.
10	17	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 Valuation Of Inventories, AS-10 Accounting for Fixed Assets and AS-22 of Accounting for Taxes on income.	Consequent to unbundling of the Transmission and Distribution activities and subsequent notification of the transfer scheme, BESCO was incorporated on 30-04-2002 under the Companies Act, 1956. The Company commenced its operation from 01-06-2002. 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, and Electricity (supply) Annual Accounts Rules, 1985. However, the Company would

Sl. No.	SA No.	Observations of Statutory Auditors	Management's Reply																				
			review in future to comply with the Accounting Standards/ Electricity Act 2003.																				
11	18	There are various Lands And Buildings which have come to the Company by virtue of Transfer Scheme on 1.6.2002. Among other movables , majority of whose title deeds are under the process of transfer to the Company's name .There is an existing liability to pay the Corporation /Municipal taxes and probable interests and penalties for the last several years whose amount is not quantified and there is no provision made in this regard in the accounts though the values of the immovable assets are displayed in the Balance Sheet and depreciation provided on building values.	Factual.  Since the title deeds have not been finally transferred in the name of BESCO, it is not possible to arrive at the quantum of existing liability on account of Municipal taxes .																				
12	19	The Cash balance includes the following amounts which are not cash or cash equivalents as per AS- 3: <table border="1" data-bbox="349 1018 987 1528"> <thead> <tr> <th>#</th> <th>DESCRIPTION</th> <th>AMOUNT RS.</th> <th>REMARKS</th> </tr> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>INTEREST ACCRUED BUT NOT DUE ON DEPOSITS</td> <td>31,66,275</td> <td>NOT ENCASHABLE WITHIN THREE MONTHS</td> </tr> <tr> <td>2</td> <td>STAMPS ON HAND-NON JUDICIARY</td> <td>6,78,973</td> <td>NOT ENCASHABLE WITHIN THREE MONTHS</td> </tr> <tr> <td colspan="2">TOTAL</td> <td>38,45,248</td> <td></td> </tr> </tbody> </table> <p>This is in violation of the provisions under AS-3</p>	#	DESCRIPTION	AMOUNT RS.	REMARKS	1	2	3	4	1	INTEREST ACCRUED BUT NOT DUE ON DEPOSITS	31,66,275	NOT ENCASHABLE WITHIN THREE MONTHS	2	STAMPS ON HAND-NON JUDICIARY	6,78,973	NOT ENCASHABLE WITHIN THREE MONTHS	TOTAL		38,45,248		This is in compliance with the provisions contained under Electricity (Supply) Annual Accounts Rules 1985 which is followed by the Company till date.
#	DESCRIPTION	AMOUNT RS.	REMARKS																				
1	2	3	4																				
1	INTEREST ACCRUED BUT NOT DUE ON DEPOSITS	31,66,275	NOT ENCASHABLE WITHIN THREE MONTHS																				
2	STAMPS ON HAND-NON JUDICIARY	6,78,973	NOT ENCASHABLE WITHIN THREE MONTHS																				
TOTAL		38,45,248																					
13	20	In the absence of any clear guidelines in the Transfer scheme as to the responsibility for the liability on account of Contingent Liabilities arising out of the transactions taken place before the Transfer scheme dated 1.6.2002, it is felt that the Company is liable	Factual.  So far no such liability has arisen and the Company has no knowledge of existence of any such liability .																				

Sl. No.	SA No.	Observations of Statutory Auditors	Management's Reply
		for any contingent liabilities that may crystallize in future and to that extent the Company is financially vulnerable.	
14	21	Contingent Liabilities arising out of the suits for claims filed at various courts by the customers etc. at various divisions ETC and contested by the Company has not been disclosed .	Necessary note has been made in the "Notes on Accounts" in this regard.
15	25	There is an un reconciled difference figure of Rs.18,72,649=00 between Bank Reconciliation Statement and the Trial Balance figure as on 31.3.2007 in respect of Corporation Bank account operated at Additional South Division of the Company.	The reconciliation of remittance to Head Office between Cash Management Section and Additional South division is under progress. This will be reconciled during FY 2007-08.
16	4(i)(a) (i) to (xiv)	The Company has maintained records to show particulars of Fixed Assets but are not updated in all its aspects and does not include quantitative details and situation of all Fixed Assets and all the details and particulars required under clauses from (i) to (xiv). As per the information and explanation given to us some lands/assets which have been received as gifts without assigning any value whatsoever to the company do not find a place in the registers and accounts of the company. The Company is yet to obtain title deeds of the Lands/ buildings owned by it in its name and shown as owned under full title and is still in the process of getting the khathas and the vehicles transferred in its name.	Factual

Sl. No.	SA No.	Observations of Statutory Auditors	Management's Reply
17	4(i)(b)	As per the information and explanations given to us all the Fixed Assets of the Company have not been physically verified by the management and any discrepancies in the quantities between the book records and physical verification may have a bearing on the Financials of the company. 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 and KPTCL as per transfer scheme erroneously grouped under the Assets of the Company. The process of identification is still in progress and difference/s arising on this account would have repercussions on the Fixed Assets in number and value and the income of the company on such identification.	Factual
18	4(ii) a	As per the information given to us the inventory has been physically verified during the year by the Management. In our opinion, the frequency of physical verification of stocks and its scope followed by the management needs to be widened.	Physical verification of stock is being done as per the exiting practice followed, commensurate with the nature of materials handled.
19	4(ii) b	As per the information given to us 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. The discrepancies in the quantities found on physical verification either shortages or excesses are credited or debited separately under proper heading as under investigation .But the discrepancies are not traced and resolved within reasonable time frame and they are being carried forward.	Suitable procedures and methods are in place to handle such situation, commensurate with the nature of materials handled.
20	4(iv)	In our opinion, the internal control system needs to be strengthened to be commensurate with the size of the company, scope and the nature of its	All efforts are made to strengthen the internal control system existing.

Sl. No.	SA No.	Observations of Statutory Auditors	Management's Reply
		business, for purchase of Fixed Assets, Stores and Consumables and for the sale of energy. The shortage/excesses noticed in stock of Materials, carry forward of cash embezzlement cases, cash found short pending investigation, carrying balances in unreconciled IUA Accounts, no evidences for Bank balances inherited under transfer schemes, Certain Bank Accounts reconciliation statements containing adjustable items such as stale cheques, dishonoured cheques not reconciled for longer periods, wrong classification of expenditure either revenue or capital, non renewal of insurance coverage on the assets of the company, highly inadequate internal audit function, to name a few are pointers towards the lack of inadequate internal controls. The above weaknesses and failure in the internal control system are continuing as in the past years.	
21	4(v) 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 entirely based on terms of agreement and on <u>"delivered energy at delivery point"</u> basis.	This is as per the pricing policy followed by the Company as detailed in the accounting manuals and the terms enunciated in the Power Purchase Agreements respectively.
22	4(vii)	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 in vogue in the Company is highly inadequate and needs to be widened and strengthened in view of the various lapses noticed and narrated under 4(iv) among others.	Noted
23	4(ix) (b)	According to information and explanation given to us, the Company does not have any disputed dues of Sales Tax/Service Tax/Custom duty/Wealth Tax / Excise Duty/Cess. In respect of Income Tax, the Company has not deposited the disputed demand	Already disclosed under "Notes on Accounts".

Sl. No.	SA No.	Observations of Statutory Auditors	Management's Reply
		of Rs.37,18,978 for the Asst. year 2003-04 and the matter is lying before the Income Tax Appellate Tribunal Bangalore for judgment. The company has received a demand notice in Form No.6 from Deputy Commissioner of Commercial Taxes (TRANSITION-13) Bangalore dated 7.7.2007 on 13.7.07 for the payment of Rs.7,81,820 as KST and Rs.21,17,369 as CST. Further an amount of Rs.1,06,826 is forfeited under section 18-AA (3) OF THE KST ACT 1957 as excess collected and payable.	
24	4(xxi)	There are cases of frauds committed on the Company during the past years. The Management of the Company has in place a continuous process of collecting the details of fraud on or by the Company and the action for recovery proceedings is also in place simultaneously. However, we observe that the process of investigation and fixing the responsibility and also taking the necessary recovery/ punitive action is taking a LONG TIME. It is also explained that some persons who have committed the fraud are not alive We are unable to comment on the nature and the quantum of the amount involved pending investigation by the company and the judgment of the courts before whom the cases are pending and the recoverability of the amount involved	Recovery proceedings are going on.

Sd/-  
Managing Director

# BALANCE SHEET AS AT 31ST MARCH 2007

Amount in Rupees

Sl. No.	Particulars	Sch. No.	Current Year 2006-07		Previous Year 2005-06	
I	<b>SOURCES OF FUNDS :</b>					
1	Share holders' Funds					
	Share Capital	1	205,95,00,000	205,95,00,000 4,76,53,783 - 511,67,41,184 890,34,05,556 432,86,61,152 76,12,55,152 711,07,90,353 1373,48,62,463 2974,90,58,372	205,95,00,000	
	Share Deposit	1A	1,51,353		4,76,53,783	
	Share Deposit Adjustment account	1B	-		-	
	Reserves and Surplus	2	684,37,54,203		511,67,41,184	
						722,38,94,967
2	<b>Loans / Funds</b>					
	Secured Loans	3	613,62,34,685		432,86,61,152	
	Unsecured Loans	4	97,45,55,668		76,12,55,152	
						508,99,16,304
3	<b>Other Funds</b>					
	Service Line and Security Deposits	5		1373,48,62,463		1196,41,52,754
	<b>TOTAL - I</b>			<b>2974,90,58,372</b>		<b>2427,79,64,025</b>
II	<b>APPLICATION OF FUNDS :</b>					
1	Fixed Assets					
	(a) Gross Block	6	2323,52,31,040		2015,56,02,739	
	(b) Less : Depreciation		781,68,75,281		788,99,19,408	
	(c) Net Block			1541,83,55,759		1226,56,83,331
	(d) Capital Work in Progress	7		77,09,98,164		53,42,76,460
				1618,93,53,923		1279,99,59,791
2	<b>Current Assets, Loans and Advances</b>					
	(a) Inventories, Stores & Spares	8	117,19,35,743		75,40,36,699	
	(b) Sundry Debtors	9	1884,40,65,506		1858,64,74,003	
	(c) Cash and Bank Balances	10	273,08,23,509		200,86,11,604	
	(d) Loans, Advances and Deposits	11	276,07,78,735		143,99,84,858	
	(e) Other Current Assets	12	180,97,09,400		162,09,62,342	
	Total - 2		2731,73,12,893		2441,00,69,507	
	<b>Less :</b>					
	Current Liabilities & Provisions	13	1375,76,08,444		1293,20,65,273	
	Net Current Assets			1355,97,04,449		1147,80,04,234
	Significant Accounting Policies and Notes on Accounts	24				
	<b>TOTAL - II</b>			<b>2974,90,58,372</b>		<b>2427,79,64,025</b>

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

Sd/-  
(V.G. Pandit)  
Financial Advisor

Sd/-  
(Iqbal Ali Khan)  
Director

Sd/-  
(V.M.Chandregowda)  
Managing Director

As per our Report annexed

Sd/-  
(N. R. Tirumal)  
for & on behalf of P.Rangaswamy & Company  
Chartered Accountants

Place : Bangalore  
Date : 21-09-2007

# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007

Amount in Rupees

Sl. No.	Particulars	Sch. No.	Current Year 2006-07		Previous Year 2005-06	
I	<b>INCOME</b>					
1	Revenue from sale of power	14	5266,10,32,621		4282,34,82,792	
2	Other Income	15	118,87,54,535		51,44,14,574	
	<b>TOTAL</b>			5384,97,87,156		4333,78,97,366
II	<b>EXPENDITURE</b>					
1	Purchase of power	16	4580,58,21,294		3359,61,78,108	
2	Repairs and Maintenance	17	39,54,58,621		39,71,26,605	
3	Employee Costs	18	263,05,20,522		286,57,45,574	
4	Administrative and Other Expenses	19	63,54,60,295		55,46,36,395	
5	Other Charges (Debits)	20	232,80,03,289		243,19,79,116	
	<b>TOTAL</b>			5179,52,64,021		3984,56,65,798
III	<b>Profit before Depreciation and Interest</b>			205,45,23,135		349,22,31,568
	Depreciation (Net)	21	70,28,65,635		110,88,09,234	
IV	<b>Profit / (Loss) before Interest and Taxes</b>			135,16,57,500		238,34,22,334
	Interest and other Charges	22	136,83,85,637		103,13,81,670	
	<b>Profit/(Loss) before prior period charges or credits</b>			(1,67,28,137)		135,20,40,664
V	Prior period credits(+) / charges(-)	23	58,81,54,558		(66,80,58,466)	
VI	<b>Profit before Reserve &amp; Taxation</b>			57,14,26,421		68,39,82,198
VII	<b>Profit before Taxation</b>			57,14,26,421		68,39,82,198
	Provision for Income Tax		6,49,90,000		6,20,00,000	
	Provision for Fringe Benefit Tax		33,58,347		10,87,00,000	
VIII	<b>Net Profit after Taxation</b>			50,30,78,074		51,32,82,198
IX	<b>Add: Balance of Surplus brought over from previous year</b>		162,88,73,947		111,55,91,749	-
	<b>Balance carried to Balance Sheet</b>			213,19,52,021		162,88,73,947
X	<b>Appropriations</b>					-
	Balance surplus carried to Balance Sheet			213,19,52,021		162,88,73,947
XI	Significant Accounting Policies and Notes on Accounts	24				

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

Sd/-  
(V.G. Pandit)  
Financial Advisor

Sd/-  
(Iqbal Ali Khan)  
Director

Sd/-  
(V.M.Chandregowda)  
Managing Director

As per our Report annexed

Sd/-  
(N. R. Tirumal)  
for & on behalf of **P.Rangaswamy & Company**  
Chartered Accountants

Place : Bangalore  
Date : 21-09-2007



**Bangalore Electricity Supply Company Limited**



**SCHEDULE : 01 SHARE CAPITAL**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07	Previous Year 2005-06
1	<b>Authorised Capital</b> 25,00,00,000 Equity shares of Rs. 10/- each		<b>250,00,00,000</b>	250,00,00,000
2	<b>Issued, Subscribed and Paid up</b>			
a	Issued Capital 20,59,50,000 Equity shares of Rs.10/- each		<b>205,95,00,000</b>	205,95,00,000
b	Subscribed Capital 20,59,50,000 Equity shares of Rs.10/- each		<b>205,95,00,000</b>	205,95,00,000
c	Paid Up Capital 20,59,50,000 Equity shares of Rs.10/- each Fully paid up	52.301	<b>205,95,00,000</b>	205,95,00,000
<b>TOTAL</b>			<b>205,95,00,000</b>	205,95,00,000

**SCHEDULE : 1A SHARE DEPOSIT**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07	Previous Year 2005-06
1	Share Deposit (as per GoK Notification )	52.302	<b>1,51,353</b>	1,51,353
2	Net worth	52.303	-	4,75,02,430
<b>TOTAL</b>			<b>1,51,353</b>	4,76,53,783

**SCHEDULE : 1B SHARE DEPOSIT ADJUSTMENT ACCOUNT**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07	Previous Year 2005-06
1	Opening Balance	52.402	-	(71,44,378)
	Less : current year adjustment (after obtaining GOK approval)		-	71,44,378
<b>TOTAL</b>				-

**SCHEDULE : 02 RESERVES AND SURPLUS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07	Previous Year 2005-06
1	Contributions, grants and subsidies towards cost of Capital Assets	55.100	<b>358,36,23,248</b>	248,68,36,710
2	Subsidies received from REC towards RGGVY scheme	55.210	<b>24,78,25,240</b>	14,74,00,900
3	Grants towards cost of Capital Assets received from GOI	55.3, 55.303	<b>74,83,79,340</b>	72,16,55,270
4	GOK grant towards regularisation of unauthorised IP set installations	55.308	<b>10,00,00,000</b>	-
5	Special grants towards Capital Works under APDP	55.500	-	10,00,00,000
6	Reserve for Contingencies	56.640	<b>3,19,74,354</b>	3,19,74,354
7	Surplus in Profit and Loss Account		<b>213,19,52,021</b>	162,88,73,950
<b>TOTAL</b>			<b>684,37,54,203</b>	511,67,41,184

**SCHEDULE : 03 SECURED LOANS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07	Previous Year 2005-06
1	Loans from Rural Electrification Corporation Limited, New Delhi.	53.30+ 53.312	132,12,32,510	51,42,57,366
2	Loans from Rural Electrification Corporation Limited, New Delhi. -APDRP Counter part funding  (Secured by Hypothecation of all existing unencumbered moveable properties including machinery, equipments, machinery spares, tools, implements, and accessories installed / created / erected and all future moveable including machinery, equipments, machinery spares, tools, implements, and accessories installed / created / erected in future and its stock of materials equipments bought or to be bought out of the loan amount at 9.5% & 11.25% interest rates. )	53.3327	187,11,52,002	159,17,53,636
3	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 disbursement of the loan availment @ 9.10% interest. Interest servicing is to be carried out on monthly basis)	53.5007	16,09,17,544	21,45,56,726
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 documents of the title to the goods, outstanding money, 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,	53.500	190,81,74,547	147,89,44,049

**SCHEDULE : 03 SECURED LOANS (... continued)**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07	Previous Year 2005-06
	<p>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 &amp; accepted by the Bank as having priority over its own charge) as security. At various rate of interest.</p> <p>(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)</p>			
c)	<p>Oriental Bank of Commerce:</p> <p>Secured by way of hypothecation of all existing &amp; unencumbered present &amp; 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 &amp; accepted by the Bank as having priority over its own charge) as security. Interest @ 7% per annum.</p>	53.500	<b>39,57,21,991</b>	47,91,49,375

**SCHEDULE : 03 SECURED LOANS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07	Previous Year 2005-06
d)	<p>(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. In interest servicing is to be carried out on monthly basis)</p> <p>Corporation Bank</p> <p>Secured by way of hypothecation of all existing &amp; unencumbered present &amp; future goods, book debts and all other movable assets of the Borrower including documents of the title to the goods, outstanding money, 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 &amp; accepted by the Bank as having priority over its own charge) as security. Interest @ 9% per annum.</p> <p>(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)</p>		47,90,36,091	5,00,00,000
	<b>TOTAL</b>		<b>613,62,34,685</b>	<b>432,86,61,152</b>

Note: The loan accounts of REC, UCO Bank are as per confirmation received from KPTCL.

**SCHEDULE : 04 UNSECURED LOANS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07	Previous Year 2005-06
1	Loans from Government - PMGY  (The repayments to be made in 20 annual equal instalments together with interest at the rate of 12% on the outstanding balance commencing from 2002-2003 pertaining to Rs.45,33,130 and commencing from 2005-06 pertaining to Rs.87,50,000. 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.)	53.3077	1,65,37,790	1,70,53,131
2	Loans from Government - APDRP  (The repayments to be made in 20 annual equal instalments together with interest at the rate of 12% on the outstanding balance commencing from 2003-2004. 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.)	53.3317	64,42,74,153	66,29,46,530
3	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 )	53.960	5,17,62,465	5,97,93,291
4	Loan from Government (through REC) - RGGVY  (The Total repayment period will be 15 years inclusive of 5years moratorium period together with interest @ 5% with quarterly interest)	53.3357	26,19,81,260	2,14,62,200
<b>TOTAL</b>			<b>97,45,55,668</b>	<b>76,12,55,152</b>

Note : The above loan accounts are as per confirmation received from KPTCL.



**SCHEDULE : 05 SERVICE LINE AND SECURITY DEPOSITS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07	Previous Year 2005-06
1	i) Deposit Contribution Work	47.301 to 47.303, 47.305, 47.307 to 47.317	<b>28,45,84,616</b>	49,83,95,504
	ii) Deposit Works	47.306	<b>1,82,70,266</b>	1,62,26,339
2	Other Deposits from Consumers	47.6	<b>54,12,22,862</b>	52,00,07,454
3	Security Deposit from consumers:	48.1+48.2+48.3	<b>1289,07,84,719</b>	1092,95,23,456
<b>TOTAL</b>			<b>1373,48,62,463</b>	1196,41,52,754

SCHEDULES 1 TO 13 FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2007  
**SCHEDULE : 06 FIXED ASSETS**

Amount in Rupees

Asset Group	Fixed Assets					Depreciation			Net Block	
	Opening Balance As at 1-4-2006	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance As at 31-3-2007	Opening Balance As at 1-4-2006	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance As at 31-3-07	As at 31-3-2006	As at 31-3-2007
Land & Rights	9,28,84,630	16,10,866	78,69,935	8,66,25,551	0	0	0	0	9,28,84,630	8,66,25,551
Buildings	24,45,12,520	2,29,54,565	83,62,842	25,91,04,243	7,21,81,998	54,07,110	44,23,219	7,31,65,889	17,23,30,522	18,59,38,354
Civil Works (Pipeline, Sewage, Drainage, Water supply)	2,04,24,001	14,30,374	5,37,303	2,13,17,072	36,61,896	4,29,691	2,33,548	38,58,039	1,67,62,105	1,74,59,033
Other Civil Works	42,86,605	0	0	42,86,605	9,01,166	74,974	14,167	9,61,973	33,85,439	33,24,632
Plant & Machinery	402,06,90,167	140,80,38,849	37,64,04,834	505,23,24,182	144,91,21,217	15,93,27,827	14,61,70,117	146,22,78,927	257,15,68,950	359,00,45,255
Lines Cable Networks	1560,80,77,732	309,02,19,615	106,42,95,871	1763,40,01,476	624,81,13,528	58,24,12,069	67,34,62,444	615,70,63,153	935,99,64,204	1147,69,38,323
Vehicles	8,88,44,817	194,21,980	1,09,47,236	9,73,19,561	7,46,47,989	95,98,347	84,59,623	7,57,86,713	1,41,96,828	2,15,32,848
Furniture & Fixtures	5,26,61,799	36,04,866	1,81,068	5,60,85,597	2,68,88,400	24,25,392	5,88,502	2,87,25,290	2,57,73,399	2,73,60,307
Office Equipments	2,32,20,468	13,61,764	4,15,479	2,41,66,753	1,44,03,214	9,87,431	3,55,348	1,50,35,297	88,17,254	91,31,456
<b>Current Year Total</b>	<b>2015,56,02,739</b>	<b>454,86,42,869</b>	<b>146,90,14,568</b>	<b>2323,52,31,040</b>	<b>7,88,99,19,408</b>	<b>76,06,62,841</b>	<b>83,37,06,968</b>	<b>781,88,75,281</b>	<b>1226,56,83,331</b>	<b>1541,83,55,759</b>
<b>Previous Year Total</b>	<b>1585,78,01,510</b>	<b>485,35,19,760</b>	<b>55,57,18,531</b>	<b>2015,56,02,739</b>	<b>6,89,46,68,724</b>	<b>127,21,77,662</b>	<b>27,69,26,978</b>	<b>788,99,19,408</b>	<b>896,31,32,766</b>	<b>1226,56,83,331</b>

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	Account Code	Current Year 2006-07	Previous Year 2005-06
1	Capital Work in Progress	14	58,01,45,665	34,07,55,992
	Interest during implementation period		7,97,19,979	12,40,19,733
2	Contracts in Progress	15.12	55,42,700	32,80,850
3	Provision for works.	15.500	10,55,89,820	6,62,19,885
<b>TOTAL</b>			<b>77,09,98,164</b>	<b>53,42,76,460</b>

**SCHEDULE : 8 INVENTORIES, STORES AND SPARES**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07		Previous Year 2005-06	
1	<b>Assets not in use (valued at WDV)</b>					
a)	Value of scrapped assets Less : 20% Provision estimated / considered as not realisable	16.1	12,26,26,444		8,59,90,995	
			2,45,25,289		1,71,98,199	
				9,81,01,155		6,87,92,796
b)	Value of Faulty and Dismantled assets for reuse  Less: 20% Provision estimated / considered as not realisable		9,46,04,696		7,52,18,427	
			1,89,20,939		1,57,23,109	
		16.2		7,56,83,757		5,94,95,318
	<b>Total-1</b>			17,37,84,912		12,82,88,114
2	<b>Materials Stock</b> (Stocks are valued as per the Accounting Policy followed by the company and certified by the Management)					
a)	Material Stock Account	31,22.610- 22.450, 22.810- 22.820	97,47,86,767		59,10,52,843	
b)	Material imprest Account	22.641	61,85,770		81,20,421	
c)	Material pending inspection	22.660	-		-	
d)	Other Material Account	22.700	1,71,78,294		2,65,75,321	
	<b>Total-2</b>			99,81,50,831		62,57,48,585
	<b>TOTAL 1 + 2</b>			117,19,35,743		75,40,36,699

**SCHEDULE : 9 SUNDRY DEBTORS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07		Previous Year 2005-06	
<b>1</b>	<b>(a) Sundry Debtors - Supply of Power</b>					
	1. Sundry Debtors for sale of Power - LT	23.1	1568,78,81,824		1460,04,48,061	
	2. Unbilled Revenue - LT	23.4	92,92,29,894		82,53,36,382	
	3. Sundry Debtors for sale of Power - HT	23.2	40,25,60,871		66,33,25,109	
	4. Unbilled Revenue - HT	23.4	214,76,69,623		179,53,11,691	
	5. Dues from Permanently disconnected installations	23.5	58,40,49,951		-	
	6. Inter ESCOMs Energy balancing & Energy charges at IF point	23.6	16,18,35,081		-	
	<b>Total (a)</b>			<b>1991,32,27,244</b>		<b>1788,44,21,243</b>
	<b>(b) Sundry Debtors - miscellaneous receipts from consumers</b>	23.7		<b>29,035</b>		<b>24,103</b>
	<b>Sub total - (1)</b>			<b>1991,32,56,279</b>		<b>1788,44,45,346</b>
<b>2</b>	<b>Less :</b>					
	a) Revenue Suspense Account	47.6	5,46,80,155		12,83,67,236	
	b) Provision for withdrawal of Revenue demand	23.8	63,14,27,831		58,47,98,361	
	c) Provision for Doubtful Dues from consumers	23.9	635,47,76,981		550,13,22,605	
	<b>Sub total - 2</b>			<b>704,08,84,967</b>		<b>621,44,88,202</b>
<b>3</b>	<b>Net Receivables against Supply of Power</b>			<b>12,87,23,71,312</b>		<b>1166,99,57,144</b>

**SCHEDULE : 9 SUNDRY DEBTORS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07		Previous Year 2005-06	
4	<b>Sundry Receivables from</b>					
	KPTCL	28.826,831, 836,841		310,34,56,799		180,28,93,801
	MESCOM	28.828, 833,838		5,77,46,650		5,77,46,650
	GESCOM	28.830, 835,840		2,55,79,993		2,55,79,993
	HESCOM	28.829, 834,839		4,02,22,070		4,81,07,657
	Others	28.1		15,77,37,100		9,37,42,282
	<b>Sub Total - 4</b>			<b>338,47,42,612</b>		<b>202,80,70,383</b>
5	Receivable from GoK towards IP set dues waived off	28.1		<b>226,40,18,976</b>		423,84,87,196
6	Receivable from GoK towards BJ dues waived off	28.1		<b>25,12,34,443</b>		53,71,75,896
7	Sundry Debtors for Electricity Tax	23.3		<b>7,16,98,163</b>		11,27,83,384
<b>Total 3+4+5+6+7</b>				<b>1884,40,65,506</b>		<b>1858,64,74,003</b>

Note : A) Secured - Nil -

B) Un Secured :

Receivables on sale of power are unsecured but considered good except to an extent of provision for bad debts of Rs.635,47,76,981/-.

Rs. 44,87,05,225.78/- is less than 6 months old out of the total receivables.

**SCHEDULE 10 : CASH AND BANK BALANCES**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07		Previous Year 2005-06
1	Cash on Hand	24.110+ 24.210		<b>18,86,49,985</b>	10,19,98,100
2	Cash at Bank - Operative Accounts with scheduled banks	24.400	<b>152,94,01,950</b>		103,88,13,682
3	Cash at Bank - Non-Operative Accounts with scheduled banks	24.300	<b>25,51,87,984</b>		19,68,72,322
4	Fixed Deposits with Banks	20.2	<b>59,87,83,230</b>	<b>178,45,89,934</b>	123,56,86,004
5	Margin money deposit under Bank Guarantee with BoB	28.935	-		68,17,000
6	Interest Accrued but not due on deposits	28.2	<b>31,66,275</b>		32,37,506
7	Stamps on Hand	24.120, 24.130, 24.140		<b>60,19,49,505</b>	63,18,65,902
8	Remittance to Head Office - Transit Account	24.5	<b>3,10,221</b>	<b>6,78,973</b>	74,202
9	Transfers from Head Office In Transit Account	24.6	<b>1546,44,891</b>		3,62,20,060
				<b>15,49,55,112</b>	3,89,87,397
<b>TOTAL</b>				<b>273,08,23,509</b>	200,86,11,604

**SCHEDULE 11 : LOANS, ADVANCES and DEPOSITS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07		Previous Year 2005-06
1	<b>LOANS AND ADVANCES</b>  (Unsecured, considered good recoverable in cash or in kind for the value to be received )				
	a) Advances to Suppliers	25.1 to 25.5, 27.106	<b>17,75,56,075</b>		3,83,78,902
	b) Advances to Contractors	26.6	<b>178,59,96,231</b>		66,31,82,155
	c) Loans and Advances to Staff - Interest free	27.2	<b>3,39,62,959</b>		3,51,92,295
	d) Loans and Advances - Others	27.8	<b>63,00,00,000</b>		63,00,00,000
	<b>Sub total (a+b+c+d)</b>			<b>262,75,15,265</b>	136,67,53,352
2	<b>DEPOSITS</b>				
	a) Security Deposits received in Cash from contractors.	28.9	<b>13,32,63,470</b>		2,51,21,360
	b) Guarantees received from contractors	28.930	-		481,10,146
<b>TOTAL</b>			<b>276,07,78,735</b>		143,99,84,858

**SCHEDULE 12 : OTHER CURRENT ASSETS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07		Previous Year 2005-06
<b>A</b>	<b>Other Current Assets</b>				
1	Amounts Recoverable from Employees	28.4+36	<b>28,53,18,501</b>		27,29,17,420
2	R.E Subsidy receivable from Government of Karnataka	28.6	-		46,95,26,276
3	Tariff subsidy Receivable from GOK towards IP set installation	28.625	<b>37,17,00,097</b>		-
4	Tariff subsidy Receivable from GOK towards BJ/KJ installation	28.626	<b>38,96,65,420</b>		-
5	Power Loom subsidy receivable from Government	28.122	-		5,05,53,914
6	Other Receivables-suppliers/Contractors	28.8	-		(17,77,49,512)
7	Fringe Benefit Tax paid	28.819	-		9,99,55,661
8	Income Tax including Advance Tax	28.821	<b>4,93,61,893</b>		13,39,81,413
9	Tax deducted at source - received	28.850	<b>9,555</b>		16,65,037
10	Loan amount receivable from KPTCL	28.842	-		26,23,97,806
11	Other Claims Receivables	28.72, 28.74	<b>1,84,64,328</b>		95,52,597
12	Receivables from Pension / Gratuity Trust	28.846	<b>44,40,92,356</b>		34,42,32,463
13	Cash Receivables from KPTCL/ESCOMS	28.9	<b>24,03,29,238</b>		11,00,50,566
14	Receivable from GOK refund of meter equipment security deposit	28.71	<b>7,33,402</b>		4,62,033
15	Excess credit under reconciliation	46.971 to 46.978	<b>7,31,748</b>		-
	<b>Sub Total A</b>			<b>180,04,06,538</b>	157,75,45,674
<b>B</b>	<b>Inter Unit Accounts :</b>				
1	IUA - CWIP, Fixed Assets, depreciation provision / obsolete and released assets	32	<b>93,02,862</b>		4,34,16,668
2	IUA-Remittances to HO	33	-		-
	<b>Sub Total B</b>			<b>93,02,862</b>	4,34,16,668
<b>C</b>	<b>Total (A + B)</b>			<b>180,97,09,400</b>	162,09,62,342

**SCHEDULE 13 : CURRENT LIABILITIES & PROVISIONS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07		Previous Year 2005-06	
1	<b>Power Purchase Liability</b>					
	<b>Sundry Creditors for Purchase of Power</b>	41				
	a) Hydel Power		3,07,96,351		107,16,83,084	
	b) Thermal Power		160,66,13,128		11,02,73,280	
	c) Lignite Power		20,02,37,466		14,33,31,142	
	d) Atomic Energy		8,51,90,110		16,08,79,873	
	e) Conventional Energy		153,27,32,625		105,24,20,247	
	f) Non Conventional Energy		13,40,94,331		42,24,24,930	
	g) Wind Mill Energy		12,64,66,609		183,76,23,334	
	h) U I Transmission & administrative charges and provision for PP Liability		190,33,63,258		-	
				561,94,93,878		479,86,35,890
2	<b>Liabilities for supplies / works</b>	42.1 to 42.5	89,98,51,125	89,98,51,125	69,27,94,585	69,27,94,585
3	<b>Staff Related Liabilities</b>					
	Unpaid Salaries	44.210	2,50,168		29,71,230	
	Unpaid Bonus	44.220	18,733		71,399	
	Salary payable	44.310	15,70,45,668		91,41,22,668	
	Bonus payable	44.320	53,76,924		53,38,283	
	Ex-gratia payable	44.330	2,48,72,368		2,70,93,303	
				18,75,63,861		94,95,96,883
4	<b>Payables to KPTCL</b>					
	On accounts of funds received	46.106	12,47,07,474		11,40,45,744	
	On accounts of funds received and adjusted to receivable from KPTCL	28.881	181,73,35,484		182,58,37,001	
	On account of Materials, Released Assets, Personnel and others	42.200	153,66,23,243		86,02,15,825	
				347,86,66,201		280,00,98,570
5	<b>Payable to other ESCOMs</b>	42.200	100,89,00,025	100,89,00,025	101,67,85,612	101,67,85,612
6	<b>Other Liabilities</b>					
	Other Receivables-suppliers/ Contractors	28.8	7,49,34,022		-	
	Security Deposits in cash from Suppliers / Contractors	46.101	26,25,88,880		31,46,08,788	



**SCHEDULE 13 : CURRENT LIABILITIES & PROVISIONS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07		Previous Year 2005-06	
	Security deposit other than in cash from suppliers / contractors	46.102	-		85,17,496	
	Retention Money - Bill amount retained	46.104, 105,206	3,37,87,278		-	
	Power loom subsidy pending allocation to consumers	28.122	-		-	
	Stale Cheques	46.910	33,79,913		21,99,522	
	Payable to GOK BRP II arrears recovered from consumer	46.202	75,48,930		62,94,994	
	Payable to GOK BRP II arrears recovered from consumer	46.204	6,78,713		6,78,713	
	Payable to GOK BRP II arrears recovered from consumer	46.205	19,43,272		19,43,272	
	Miscellaneous Deposits	46.966, 46.9	2,63,25,253		-	
	Excess credit under reconciliation	46.971 to 46.978	-		8,01,042	
	Levies / fees payable to GoK	46.300+ 46.301+ 46.104	43,22,27,050		13,18,78,798	
	Inter Unit Accounts - Other transactions / adjustments & AWP	37	47,29,36,721		142,53,97,046	
	IUA -Funds Transfer	34	0		0	
7	<b>Outstanding Liability</b>			<b>131,63,50,032</b>		<b>189,23,19,671</b>
	- for Expenses	46.103, 410,470, 46.929	102,97,22,121		48,98,66,318	
	- interest accrued but not due on loans	46.71	1,10,58,379		80,12,070	
8	<b>Provisions for other liabilities</b>	44.122,		<b>104,07,80,500</b>		<b>49,78,78,388</b>
	Provision for Gratuity, Pension, Leave encashment, PF & Family Benefit Fund	130,140 to 142	14,76,46,822		9,09,70,164	
	Provision for Income-Tax & Fringe Benefit Tax	46.800	5,83,56,000		17,07,00,000	
	Miscellaneous Provisions		-		-	
				<b>20,60,02,822</b>		<b>26,16,70,164</b>
	<b>TOTAL</b>			<b>1375,76,08,444</b>		<b>1293,20,65,273</b>

**SCHEDULE : 14 REVENUE FROM SALE OF POWER**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07		Previous Year 2005-06	
1	<b>Revenue from Sale of Power – LT</b>					
	Bhagya jyothi Scheme.	61.102	28,40,01,931	LT102	15,77,48,330	
	Non-Commercial Lights and Fans Non-Domestic and Non-commercial lighting installations.	61.110+ 61.111	1034,61,19,717	LT2080	937,09,93,053	
	Domestic combined lighting, heating and motive power Private, Professional and unaided educational institutions.					
	Commercial and Non-Industrial Lights and Fans.	61.115	493,78,62,388	LT3	426,87,12,599	
	Irrigation Pump Sets (10 HP & below)/ Water Lifting.	61.119+ 61.120	288,74,26,167	LT40	253,64,73,607	
	Irrigation Pump sets (above 10 HP)/Water Lifting.	61.121	43,53,559	LT43	53,79,949	
	IP set Tariff Subsidy Receivable from GoK	61.122	298,78,73,821	LT	-	
	Water supply-Village Panchayats and Town Panchayats.	61.125	72,31,26,067	LT6A2	73,30,83,432	
	Water supply - Others.	61.126	44,75,31,078	LT6B2	43,41,42,597	
	Private Horticultural Nurseries, Coffee, Tea, Coconut and Areca nut Plantations.	61.128	33,24,136	LT6C	34,98,554	
	Industrial, Non-Industrial, Heating and Motive Power including Lighting	61.129 to 61.133	434,07,02,290	LT5	422,20,28,958	
	Public Lighting - Village and Town Panchayats	61.140	45,29,44,443	LT602	62,49,33,248	
	Public Lighting - Others.	61.141, 61.143	62,95,74,022	LT602	69,00,85,630	
	Temporary Power Supply - Non-commercial lights and fans and other small appliances	61.145	75,46,25,601	LT7	58,53,42,346	
				2879,94,65,220		2363,24,22,303

**SCHEDULE : 14 (Continued)**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07		Previous Year 2005-06	
2	<b>Revenue from Sale of Power – HT</b>					
	Public Water Supply & Sewerage Pumping	61.250	167,72,30,984		162,04,42,878	
	Industrial, Non-industrial and Commercial purposes & Railway Traction	61.255	1262,33,86,768		1055,93,04,274	
	Commercial.	61.256	863,08,77,778		628,23,65,339	
	Irrigation and Agricultural Farms. Lift Irrigation Societies, Lift Irrigation Schemes and Govt., Horticultural Farms	61.260	47,30,774		78,07,520	
	Private Horticultural Nurseries coffee & Tea Plantation	61.261	14,44,021		2,15,883	
	Rural Electric Co - Operative Societies	61.265	30,71,28,399		27,24,70,179	
	Residential apartments and colonies availing power supply independently.	61.271	-		33,62,403	
	Revenue from sale of power - HESCOM -Energy balancing at IF point and above 33KV	61.310	7,96,99,928		-	
	Revenue from sale of power - MESCOM -Energy balancing at IF point and above 33KV	61.312	2,33,87,034		-	
	Revenue from sale of power - CESC -Energy balancing at IF point and above 33KV	61.313	4,88,34,034		-	
	Revenue from Inter-ESCOM exchange of energy charges 11KV & LT - CESC	61.317	99,14,085		-	
	Recoveries for theft of power	61.710	2,889		1,53,259	
				2340,66,36,694		1874,61,21,735

**SCHEDULE : 14 (Continued)**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07		Previous Year 2005-06	
3	<b>Miscellaneous recoveries from Consumers</b>					
	Fuse charges	61.901	-		5,93,933	
	Reconnection Fee (D & R)	61.902	-		11,53,027	
	Public Lighting Maintenance Charges	61.903	2,475		56,57,823	
	Service Connection	61.904	20,77,82,729		20,25,39,492	
	Delayed payment charges from consumers.	61.905	3,04,216		3,41,00,245	
	Other Receipts from consumers	61.906	24,68,41,287		20,08,94,234	
				<b>45,49,30,707</b>		<b>44,49,38,754</b>
	<b>TOTAL</b>			<b>5266,10,32,621</b>		<b>4282,34,82,792</b>

**SCHEDULE : 15 OTHER INCOME**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07		Previous Year 2005-06	
<b>1</b>	<b>Income from Investments</b>					
	Interest on Bank Fixed Deposits	62.222, 270	<b>1,05,71,992</b>		<b>3,77,15,739</b>	
	<b>Sub Total - 1</b>			<b>1,05,71,992</b>		<b>3,77,15,739</b>
<b>2</b>	<b>Other Income</b>					
	Profit on sale of stores	62.330	<b>30,98,146</b>		<b>1,85,61,963</b>	
	Sale of scrap	62.340	<b>2,28,572</b>		<b>1,26,310</b>	
	Other Miscellaneous receipts	62.360	<b>45,05,728</b>		<b>7,45,789</b>	
	Matching contribution of depreciation as per AS 12	62.363	<b>59,65,97,912</b>		<b>-</b>	
	Other Income	62.625	<b>75,85,378</b>		<b>24,27,638</b>	
	Material Cost Variance	62.630+ 62.904+ 79.110	<b>-</b>		<b>6,31,56,585</b>	
	Rental from Staff Quarters	62.901	<b>68,55,760</b>		<b>73,33,844</b>	
	Rental from others	62.902	<b>57,685</b>		<b>76,944</b>	
	Value of materials & fixed assets found excess during physical verification	62.905	<b>11,97,374</b>		<b>45,50,517</b>	
	Commission at 1.5% for collection of Electricity Duty.	62.916	<b>3,37,90,333</b>		<b>2,75,06,041</b>	
	Incentives received	62.917, 62.918	<b>21,06,39,713</b>		<b>18,30,99,680</b>	
	Provision for Bad debt withdrawn (to the extent bad debt written off)		<b>-</b>		<b>3,91,53,180</b>	
	Miscellaneous Recoveries.	62.917+ 62.907+ 62.361+ 62.362	<b>31,30,59,942</b>		<b>12,69,60,344</b>	
	Extraordinary Credits	63.200	<b>5,66,000</b>		<b>30,00,000</b>	
	<b>Sub Total - 2</b>			<b>117,81,82,543</b>		<b>47,66,98,835</b>
	<b>TOTAL</b>			<b>118,87,54,535</b>		<b>51,44,14,574</b>

**SCHEDULE : 16 PURCHASE OF POWER**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07	Previous Year 2005-06
A	<b>Power Purchase Cost</b>	70		
	a) Hydel Power		<b>435,46,75,767</b>	347,66,95,698
	b) Thermal Power		<b>1813,38,25,795</b>	1064,59,59,355
	c) Lignite Power		<b>214,58,12,023</b>	181,83,01,352
	d) Atomic Energy		<b>113,10,91,613</b>	89,44,75,977
	e) Conventional Energy		<b>805,25,27,434</b>	414,20,82,456
	f) Non Conventional Energy		<b>177,39,62,359</b>	154,85,21,385
	g) Wind Mill Energy		<b>425,91,34,646</b>	231,76,00,338
B	UI, Transmission and Administrative charges		<b>595,47,91,657</b>	875,25,41,547
<b>TOTAL</b>			<b>4580,58,21,294</b>	<b>3359,61,78,108</b>

**SCHEDULE : 17 REPAIRS AND MAINTENANCE**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07	Previous Year 2005-06
1	Plant and Machinery	74.1	13,24,96,703	18,35,20,381
2	Buildings	74.2	1,18,26,678	1,01,31,518
3	Civil works (Pipeline, Seweage, drainage and water supply)	74.3	56,41,466	32,68,548
4	Lines, Cable Net Work Etc.	74.5	23,62,06,348	19,13,96,937
5	Vehicles	74.600	59,34,386	61,17,145
6	Furniture and Fixtures	74.700	43,401	1,23,998
7	Office Equipments.	74.8	33,09,639	25,68,078
<b>TOTAL</b>			<b>39,54,58,621</b>	<b>39,71,26,605</b>

**SCHEDULE : 18 EMPLOYEE COSTS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07		Previous Year 2005-06	
1	<b>Salaries and allowances</b>					
	Salaries	75.1	76,79,67,676		130,77,44,533	
	Over Time	75.2	3,91,91,565		4,16,99,052	
	Dearness Allowance	75.3	85,63,56,541		66,80,27,155	
	Other Allowances	75.4	23,62,49,566		14,23,70,490	
	Bonus	75.5	3,23,83,887		3,51,52,708	
	<b>Sub total - 1</b>			<b>193,21,49,235</b>		<b>219,49,93,937</b>
2	<b>Other Benefits</b>					
	Medical Expenses reimbursement	75.611	3,24,92,337		2,96,51,638	
	Leave travel assistance	75.612	64,584		54,556	
	Earned leave encashment	75.617	7,87,41,560		14,98,58,770	
	E.L.Encashment - Retirement / Deceased Employees	75.618	4,18,15,217		3,51,43,749	
	Staff Welfare expenses	75.7	7,28,53,862		6,74,76,098	
	Payment towards Provident Fund	75.7	27,86,490		27,86,490	
	Terminal Benefits	75.8	43,05,53,452		35,06,79,917	
		<b>Sub total - 2</b>			<b>65,93,07,502</b>	
3	<b>Others</b>					
	Payment under workmens compensation Act	75.629	17,98,866		26,22,395	
	Payment to helpers/employees of Monsoon gang	75.630	3,72,64,919		3,24,78,024	
	<b>Sub total - 3</b>			<b>3,90,63,785</b>		<b>3,51,00,419</b>
<b>TOTAL</b>				<b>263,05,20,522</b>		<b>286,57,45,574</b>



**SCHEDULE : 19 ADMINISTRATIVE AND OTHER EXPENSES**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07	Previous Year 2005-06
1	Rent	76.101	6,19,78,368	3,85,01,998
2	Rates & Taxes	76.102	11,89,558	7,85,744
3	Insurance/fee	76.104,105, 106	1,23,82,438	68,47,233
4	Security Charges	76.103	49,91,393	48,83,225
5	Postage stamps & Telephone charges	76.111,112, 113,115	3,46,58,231	3,87,65,225
6	Remuneration to contract agencies/professional & consultancy charges	76.122,123, 124,125 to 76.130	23,72,78,966	23,11,83,160
7	Legal charges	76.121	13,07,855	7,91,838
8	Conveyance & Travel expenses	76.131,135, 137 to 139,	11,07,32,992	8,80,26,891
9	Vehicle running expenses	76.136	2,71,40,892	2,40,99,481
10	Statutory Auditors' Remuneration			
	- as Statutory Audit fee		350,000	2,25,000
	- as Tax Audit fee		50,000	50,000
	- as Expenses		20,000	20,000
	- as Service tax		-	27,638
11	Fees & Subscriptions	76.151	1,36,85,203	1,26,53,863
12	Printing & Stationery	76.152 76.153	4,23,35,671	2,81,67,629
13	Advertisement Expenses	76.155	4,600	31,88,109
14	Computer Stationeries & floppies	76.156	53,08,544	62,95,226
15	Contributions	76.157	1,37,20,785	1,00,00,000
16	Electricity Charges	76.158	-	1,68,50,240
17	Water Charges	76.160	1,69,46,451	13,57,218
18	Miscellaneous expenses	76.152,154, 162,164,190, 191,192,79.2	2,89,92,977	1,48,42,293
19	Freight & other material related expenses	76.201 to 76.282	2,23,85,371	2,70,74,383
<b>TOTAL</b>			<b>63,54,60,295</b>	<b>55,46,36,395</b>

**SCHEDULE : 20 OTHER CHARGES (DEBITS)**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07	Previous Year 2005-06
1	<b>Other Expenses :</b>			
	Small & Low value items Written off	77.610	3,97,864	3,57,924
	Computer Rentals/maintenance charges	77.611	16,97,988	64,93,885
	Losses/gain relating to Fixed Assets	77.7-62.4	28,43,41,231	81,41,748
	Asset decommissioning cost	77.5	2,35,416	8,46,047
	Bad Debts written off	79.410	1,14,92,094	3,91,53,180
	Provision for Bad & doubtful debts	79.460	182,04,54,376	236,07,16,637
	Miscellaneous losses and Write offs	79.5	8,10,24,954	1,62,69,696
	Material cost variance	79.110	12,83,59,366	-
	<b>TOTAL</b>		<b>232,80,03,289</b>	<b>243,19,79,116</b>

**SCHEDULE : 21 DEPRECIATION**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07	Previous Year 2005-06
1	Depreciation on Buildings	77.120	50,91,818	83,05,753
2	Depreciation on Civil works (pipeline, sewerage, drainage, water supply etc.,)	77.130	3,76,581	5,80,307
3	Depreciation on other Civil Works	77.140	74,974	1,25,469
4	Depreciation on Plant and Machinery	77.150+151	14,92,85,640	27,63,09,757
5	Depreciation on lines, cable, network etc.,	77.160+161	54,18,54,407	81,59,97,471
6	Depreciation on Vehicles	77.170+171	27,86,424	10,84,364
7	Depreciation on furniture, fixtures	77.180	24,55,941	49,54,531
8	Depreciation on Office equipments	77.190+191	9,39,850	14,51,581
<b>TOTAL</b>			<b>70,28,65,635</b>	<b>110,88,09,234</b>

**SCHEDULE : 22 INTEREST AND OTHER CHARGES**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2006-07	Previous Year 2005-06
1	Interest on Loans	78.1+78.540	44,57,54,939	32,47,59,871
2	Guarantee Commission to GoK	78.868	37,12,446	52,00,000
3	Other Interest and Finance Charges	78.820 to 78.890	277,44,159	1,66,69,567
4	Interest to Consumers	78.600	71,37,82,934	58,27,82,772
5	Interest on belated payment for power Purchase	80.102 to 80.149	17,73,91,159	10,19,69,460
<b>TOTAL</b>			<b>136,83,85,637</b>	<b>103,13,81,670</b>

**SCHEDULE : 23 PRIOR PERIOD CREDITS / CHARGES**

Amount in Rupees

Sl. No.	Particulars	Account Code		Current Year 2006-07	Previous Year 2005-06
<b>A</b>	<b>Income relating to previous years :</b>				
1.	Excess provision for Depreciation in prior period	65.600	25,10,87,536		7,08,97,472
2.	Excess provision for Interest & Finance charges	65.700	5,81,69,297		-
3.	Other excess provision in prior period	65.800	115,71,33,296		1,16,58,919
4.	Other income relating to prior period	65.900	2,77,31,390		1,89,24,243
5.	Receipts from Consumers Relating to Prior period	65.200	6,89,23,950		15,00,000
6.	Excess Provisions- Prior Period Administrative expenses	83.820	-		1,21,81,862
7.	Operating expenses of previous year	83.300	3,51,703		-
				<b>156,33,97,172</b>	<b>11,51,62,495</b>
<b>B</b>	<b>Prior period expenses / losses :</b>				
1.	Operating expenses of previous year	83.300	-		31,00,262
2.	Employee costs relating to previous year	83.500	1,05,99,109		60,11,42,369
3.	Depreciation under provided in previous period	83.600	7,25,51,394		7,88,36,762
4.	Administrative expenses of previous period	83.820	1,52,78,309		-
5.	Lease Rentals - prior period	83.700	15,14,576		-
6.	Material related expenses of previous period	83.840	2,68,354		14,44,985
7.	Other expenses relating to prior periods	83.850	33,17,89,069		3,26,26,944
8.	Withdrawal of Revenue Demand	83.800	45,07,52,052		3,82,61,657
9.	Short provision for power purchased in previous years	83.100	9,24,89,751		2,78,07,982
				<b>97,52,42,614</b>	<b>78,32,20,961</b>
<b>C.</b>	<b>Net prior period credits / (charges) (A-B)</b>			<b>58,81,54,558</b>	<b>(66,80,58,466)</b>

**SIGNIFICANT ACCOUNTING POLICIES AND  
NOTES FORMING PART OF THE ANNUAL ACCOUNTS  
As at 31<sup>st</sup> MARCH 2007**

**PART A: SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (Paras 1 to 11)**

**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:
- Grants and subsidies from Government in respect of capital assets.
  - Interest on House building advance, House purchase advance, Vehicle advance and Computer advance to employees.
- b) Revenue Recognition
- Revenue from sale of energy is accounted on accrual basis.
  - Revenue dues from consumers whose ledger accounts are yet to be opened is estimated and accounted.
  - The sale of energy is as per the tariff fixed by Karnataka Electricity Regulatory Commission (KERC).
  - Revenue for the year is also adjusted by estimating un-billed revenue of previous year and current year.
  - The provision for un metered Street Lights and Public Lighting has been made on the basis of assessed energy.

**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. KERC has amended the Tariff Regulation in respect of Depreciation as per Notification No.D/01/06 dated 31.05.2006. As per KERC Tariff (Amendment) Regulation 2006, the Rates of Depreciation

as notified by CERC in Notification No.L-7/25(5)/2003-CERC dated 26:03:2004 has been adopted with effect from 01:04:2006.

- 3.2. Depreciation is calculated annually based on straight-line method over the useful life of the asset under historical cost.
- 3.3. Depreciation on leasehold land is provided at the years' amortization rate arrived at on the basis of lease period.
- 3.4. The residual value of all the assets is 10%.
- 3.5. 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.
- 3.6. Depreciation is charged from the first year of operation from this year. In case of operation of the assets for part of the year, depreciation is charged on **prorata basis**.
- 3.7. In respect of released assets depreciation is charged up to the date of dismantling and not for the whole year as was done in the earlier years.
- 3.8. During the year, there is a change in depreciation rates with effect from 1-4-06 in the assets. As a result of this change in rates, the profit is shown more to the extent of Rs.40.74 Crores.

#### **4. CAPITAL WORK 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. Recognition of Revenue Surplus :**

There is a change in accounting policy regarding accounting of subsidies in as much as the subsidy amount is restricted to the difference between the tariff subsidy reallocated and the loss incurred as per P&L account after excluding the subsidy. During the previous years, the subsidy amount was determined at 14% R.O.E.

## 7. RETIREMENT BENEFITS

- 7.1. Pension & Gratuity are provided based on the revised rates prescribed by 'KPTCL & ESCOMs Pension & Gratuity Trusts' as per Order No.KPTCL & ESCOMs P&G TRUSTS/SA-1/18/2002-03/198-222 dated 11-06-2007 which is based on Actuarial Valuation as on 31-03-2006. The last Actuarial Valuation was made on 27-01-03. There is an increase in the rate of contribution to 21% in the case of pension as against 19.06% until last year and decrease in the in the rate of contribution to 1.77% in the case of Gratuity as against 2.36% until last year. The net effect on the loss of this year due to these changes is Rs.4,03,27,456=00
- 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 The provision for bad & doubtful debts is maintained at 4% on the net balance of sundry debtors (exclusive of Government and Local Bodies/Authorities, BJ/KJ installations and IP sets) for sale of power of LT and HT category outstanding as at the year-end and on specifically identified HT consumers on a case-to-case basis.
- 8.2 The provision for Bad and Doubtful debts in respect of arrears of IP sets and BJ/KJ installations is maintained in the following pattern.
- |  |   |     |
|--|---|-----|
| a. Dues outstanding for 2 years and above      | - | 75% |
| b. Dues outstanding between 1 year and 2 years | - | 50% |
| c. Dues outstanding less than 1 year           | - | Nil |

## 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.
- 9.3 Other Revenue grants are credited to the Profit & Loss Account.
- 9.4 During the year, an amount of Rs.59,87,76,609=00 representing the amount of depreciation computed as per the provisions under Accounting Standard – 12 is credited to Profit and Loss Account. This amount includes the depreciation pertaining to previous years as well. However, since this accounting policy is decided during this year, the entire amount is shown as income of this year as per Accounting Standard – 5.

## 10. TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year.





## 11. POWER PURCHASE

- 11.1 The Power Purchase cost is recognized based on the Government of Karnataka Order No. EN 131 PSR 2003 Dated 10<sup>th</sup> May 2005 for accounting the cost of power based on the billings made by Power Generators Pool allocated to BESCOM by the Government of Karnataka. The Company recognizes the readings at interface point of each power generator allocated to it.
- 11.2 The Transmission cost on power purchase is recognized on the basis of readings at the interface points between KPTCL and the Company
- 11.3 The Company has recognized the following as interface points for transmission of power:
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.
- 11.4 As per policy decision of the Government and in terms of Power Purchase Agreement, KERC and CERC tariff order, the related power purchase cost figures including interest for belated payments, publication charges and income tax paid are shown on the basis of billing on "Delivered Energy" basis.
- 11.5 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 in its books on purchase from KPTCL.
- 11.6 The Company accounts the power purchase from 10-6-2005 directly from Power Generators Pool Account as per the energy allocation/assigned by the Government of Karnataka as per the Government order No. EN 131 PSR 2003 dated 10.05.2005. The rates followed for the allocated/assigned power purchase are based on the commercial rates/predetermined rates as approved by the PPA/ KERC/Government of Karnataka.
- 11.7 The Transmission losses arising on account of Power Purchase from Generation Point till interface point of Transmission are accounted by the Company as per the information given by State Power Procurement Co-ordination Centre (SPPCC) based on the proportionate energy consumed. This is as per the said Government order.
- 11.8 The Company accounts the import/export of energy among ESCOMs as net energy either as a sale/purchase.
- 11.9 The Company has fully recognized the cost of power purchase including the provision on account of cases pending before KERC of Rs.11.99 Crores.

## PART – B: NOTES ON ACCOUNTS ( Paras 1 to 27)

1. 1.1 Financial statements are drawn for the year commencing from 01.04.2006 to 31.03.2007. (Previous year for the period commencing from 01.04.2005 to 31.03.2006)
- 1.2 The KERC has issued a regular distribution license and retail supply license 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 2<sup>nd</sup> 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 Sheet of KPTCL and BESCO based on the Annual Accounts of KPTCL as on 31-03-2001. As per the provisions of 2<sup>nd</sup> Transfer Scheme, after the stipulated period of one year i.e., by 31-05-2003, the same became final. Opening Balance Sheet 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 Sheet of BESCO as at 01-06-2002 vide their order No. DE 48 PSR 2003 dated 31-05-2003/No.DE 48 PSR 2003, dated 07-10-2004. This has been notified and published as Final. The changes effected after the audit by KPTCL in the "transfer scheme" have been incorporated in the accounts of the Company as per Annexure – 2 to Government Order NO.DE48 PSR 2003 dated 07-10-2004.

### 2. Share Capital

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 the opening balance of share capital account as on 01-06-2002. Out of the same, during the year 2004-05, the company has issued 20,59,50,000 equity shares of Rs.10/- each and the same has been totally subscribed and are fully paid up.

### 3. Loans

- 3.1 The Secured Loans and Unsecured Loans are determined subject to receipt of consent based on the KPTCL's intimation to various lending institutions. The specific details of the loan, scheme wise and the terms and conditions of such loans are yet to be received from KPTCL except the loans directly borrowed by the Company.
- 3.2 The repayments towards principal and interest are being routed through KPTCL. The interests on such loans are also accounted based on intimation by KPTCL except the loans directly borrowed by the Company.



#### 4. Fixed Assets

- 4.1 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.
- 4.2 The Company is in the process of obtaining details of the identification, location, situation, description and the extent of transfer of titles in its favour in respect of movable, immovable and leased assets.
- 4.3 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.
- 4.4 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.
- 4.5 The Company accounts**
- a) The released assets when issued for Capital works are categorized on completion of such works at written down value.
- b) The released assets that are not in usable condition and obsolete assets at written down value are included in inventories.
- 4.6 During the current year, on the borrowals from State Bank of India and Corporation Bank for carrying out common Capital works and also from Rural Electrification Corporation Ltd., (REC) and Government of Karnataka for carrying out Accelerated Power Development Reforms Project (APDRP) Capital works, the interest portion is capitalised and added to Capital Works in Progress (CWIP) pending identification of each asset. Such interest amounts to Rs.7,72,73,804=00.
- 4.7 The Company during the last two years has taken up major works under APDRP scheme for replacement of U.G. cables and other distribution network. The process of identifying the assets rendered surplus/not in use is completed and the loss of Rs.27,13,72,397=00 is transferred to revenue expenditure during FY 2006-07 as per the recommendations made by the technical committee.

#### 5. Sundry Debtors

- 5.1 An amount of Rs.423.85 Crores towards IP Sets waiver as on 31-03-2003 was due from the Government. As against this, the Company has received from Government of Karnataka Rs. 225.62 Crores in FY 2006-07 and Rs.198.23 Crores in FY 2007-08
- 5.2 As per Government of Karnataka Order bearing No. EN 145 PSR 2004, Bangalore dated 15-03-2005, the BJ/KJ dues as on 31-12-2004 has been waived off by Government of Karnataka. Out of Rs.53.72 Crores receivable from Government of Karnataka towards BJ/KJ dues waive off, an amount of Rs.28.59 Crores has been received in FY 06-07 and Rs.25.13 in FY 07-08 from the Government.

- 5.3 In case of IP sets and BJ/KJ, as per the change in Accounting Policy for making a provision for Bad & Doubtful Debts on IP sets, BJ/KJ installations dues, the Company has made a separate provision of Rs. 433.08 Crores for FY 2006-07 (Previous year Rs.251.22crores).
- 5.4 The Company has identified arrears in respect of long permanently disconnected installations amounting to Rs. 34.30 Crores and has made provision during the year 2004-05 and the same has been held under the provision for bad and doubtful debts account as at 31-3-2007. Considering the facts and circumstances, it is proposed to write off this amount after obtaining necessary approval from the concerned authorities.
- 5.5 The Company is continuing the process of identifying the erroneous demands made on account of institution of computerized billing system for which a provision was made already in the accounts upto 31-3-2005 to the extent of Rs. 49.12 Crores (Net). The factors and circumstances leading to such erroneous demand have been taken up for a detailed scrutiny at sub division level.
- 5.6 The balances with KPTCL and dues from Contractors, Sundry Creditors, Advances to suppliers, fabricators holding materials and deposits with various parties are subject to confirmation/reconciliation. The process of reconciliation of receivables and payables in respect of ESCOM's has been completed/confirmed and the demand bill for the same has already been sent to the concerned ESCOMS for payment. However, the amount is yet to be received from the ESCOMS.
- 5.7 The Breakup of the provision for Bad and Doubtful Debts maintained as against the total Receivables as on 31-03-2007 is as under :

Sl. No.	Particulars	Rs. in Crores	
		2006-07	2005-06
1	Opening Balance 01-06-2002. (As per Government of Karnataka order)	157.51	254.21
2	On account of 4% provisioning as per Accounting Policy – LT category and others.	10.59	10.40
3	On account of Long Disconnected Installations	34.30	34.30
4	On account of arrears of BJ/KJ and IP set installations.	433.08	251.22
<b>Total</b>		<b>635.48</b>	<b>550.13</b>

## 6. Inventories Stores and Spares

- 6.1 Inventories, stores and spares are valued at the cost of purchase or at scheduled standard rates. 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.
- 6.2 A provision at the rate of 20% on the value of scrapped and dismantled assets is maintained and is charged to Profit and Loss Account.

## 7. Pension, Gratuity and Leave Encashment

- 7.1 All the employees of the Company are on deputation from KPTCL.
- 7.2 As per 'KPTCL and ESCOM's Pension & Gratuity Trusts' Order No.KPTCL & ESCOMs P&G TRUSTS/ SA-1/18/2002-03/198-222 dated 11<sup>th</sup> June 2007, the contribution towards Pension has been remitted to trust at the rate of 21% of Basic Pay and D.A. and 1.77% of Basic Pay as Gratuity Contribution for FY 2006-07.
- 7.3 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.

## 8. Contingent Liability/Asset

- 8.1 Estimated amount of contract remaining to be executed on Capital Account is not ascertained due to the large volume.
- 8.2 The Company has received Scrutiny Assessment Order under section 143 (3) of the Income Tax Act for the Assessment Year 2003-04 with a demand of Rs.76,33,669=00. 50% of the demanded amount has been remitted to the Income Tax department. The Company has preferred an appeal to the Appellate Tribunal and the same is under judgement.
- 8.3 The claims made by the Company with Oriental Insurance Company to the extent of Rs.14,81,284=00 and also National Insurance Company to the extent of Rs.4,88,79,230=00 against the failed distribution transformers are pending settlement.
- 8.4 The Fixed Deposits worth Rs.16,00,000=00 has been kept as Security against the performance of contractors.
- 8.5 The Company has received a demand notice in Form 6 from Deputy Commissioner of Commercial Taxes (TRANSITION-13) Bangalore dated 07-07-2007 on 13-07-2007 for payment of Rs.7,81,820/- as KST & Rs. 21,17,369/- as CST. Further, an amount of Rs.1,06,820/- is forfeited under Section 18-AA(3) of the KST ACT 1957 as excess collected and paid.
- 8.6 The KPTCL in their circular letter.No. FA(A&R)/C(AP&A)/DC(A&C)/AAO-I/CYS-104/Dtd.15.03.2007 have requested to account an amount of Rs. 330.21 Crores towards the Additional fixed cost paid

by the KPTCL for supply of power by Thannir Bhavi Power Corporation Limited (TBPCL) as Regulatory Assets & Liabilities in the books of accounts. The amount is to be passed on to the consumers through the tariff approval from the KERC and the amount collected from the consumers be passed on to KPTCL. The Hon'ble KERC has not yet approved this. In view of this, the Company has treated this as contingent and thus not recognized the Regulatory Assets and liabilities of Rs. 330.21 Crores in the current year Accounts.

9. The Details of zone-wise appeal cases pending as at 31-3-2007 are as follows :

Sl. No.	Particulars	BMAZ	BRAZ	CZ	Total
1	No. of Appeal cases pending as on 31-3-07	237	194	23	454
2	Amount involved (Rs. in Lakhs)	419.39	169.13	31.13	619.65

At the time of filing the appeals, a total amount of Rs.12,58,196=00 is deposited in the court subject to the final outcome of the appeals.

#### 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 BESCO 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 offices are accounted both as Revenue at retail tariff rates and the same is treated as expense.

#### 12. RENT

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

#### 13. SUBSIDY

From 10-10-2005 as per KERC tariff order 2005, demand on IP sets is being made. The subsidized portion from the Government of Karnataka on IP sets energy sales is not recognised in the books as per Government of Karnataka Letter No. EN 102 PSR 2005/6296/470 dated 16/19-12-2005.

#### 14. INTER UNIT ACCOUNTS (IUA)

The Inter Unit Accounts on account of Assets/Liabilities/CWIP and material transfer are subject to reconciliation, within the Company's divisions / accounting units.

## 15. Electricity Tax

BESCOM has paid Electricity tax of Rs. 225.50 Crores collected from consumers for the year 2006-07 as per the directions given by the Government on cash basis and has not adjusted towards subsidy receivables from Government of Karnataka.

## 16. Rebate / Commission

Commission for having collected electricity tax from consumers amounting to Rs. 3.38 Crores at 1.5% has been accounted as Miscellaneous Revenue which is to be received from Government of Karnataka.

17. The Company being a distribution licensee, the transactions pertaining to Meter Testing activity only has to be accounted. However, transactions pertaining to MT & RT (MRT division) for the current year have been reflected in the books of Company and bifurcation between Meter Testing and Relay Testing division is under process.

## 18. 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	4,23,337=00	10,59,160=00	-
Ex-Gratia	2500=00	2500=00	-
Traveling expenses	3,17,757=00	72,035=00	-
Sitting Fees	-	-	-
a. House Rent	85,800=00	-	-
b. Others (House Orderly Allowances	30,000=00	30,000=00	-

19. Foreign exchange earnings : - - -  
Foreign exchange expenses : 16,036=00 dollars - -  
(Only Fare to USA)

## 20. Additional Information

Quantitative details of power purchase, distribution loss and sales:

Details of sale of energy and Distribution Loss for the year 2006-07 (April-06 to March -07) are as follows:

Energy in MU

SI No.	Particulars	Current year	Previous year
1	Total Energy purchased at Generation Point (From 1-04-2006 to 31-03-2007)	19776.33	12888.93
2	Less Transmission Loss	1254.69	509.65
3	Total Energy at Interface Point	18521.64	12379.28
4	Transmission Loss	6.77%	4.11%
5	Total Energy purchased at Interface Point (From 01-04-2005 to 9-06-2005)	-	2941.67
6	Total Energy Purchased	-	15830.60
7	Total Energy at Interface Point for sale (3+5)	18521.64	15320.95
8	Total metered sales	9717.36	8300.31
9	Total un-metered sales *	4409.09	3313.38 *
10	Total Sales (8+9)	14126.45	11613.69
11	Distribution Loss	4395.19	3707.26
12	Overall Loss	5649.88	4216.91
13	Percentage of Distribution Loss (11/7)	23.73	24.20
14	Percentage of Transmission Loss (2/3)	6.77	4.12
15	Percentage of Overall Loss (12/6)	30.50	26.64

\* Un-metered category of installations, Energy consumed has been assessed as follows:

- BJ / KJ installations: KERC has approved to assess the units consumed by BJ/KJ 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 at 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).

21. 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 provided.



## 22. Income Tax Provision

### 22.1 Current Tax

The Company is eligible to have income tax benefit at 100% for the income derived from power distribution activities from the Assessment Year 2005-06 onwards under section 80(IA) of the Income tax Act. However, the Company is liable to pay income tax under the provisions of Minimum Alternative Tax (MAT) of the Act and accordingly the provision for Income Tax has been made.

### 22.2 Wealth Tax

All the assets of the Company are exempted under Section 2(e)(a) of the Wealth Tax Act 1957. However, the Company is filing the Wealth Tax returns claiming exemption.

23. There are no transactions between related parties as stipulated in Accounting Standard-18 during the year.
24. Amount due to Small Scale Industries (SSI) units and Small and Medium Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 are not ascertained due to lack of information about their identity.
25. It is required to disclose segmental activities as per Accounting Standard - 17. But, since the Company deals with only distribution of Electricity, the provisions under this Accounting Standard are not attracted. Hence, the Accounts are finalized accordingly.
26. **The Statutory Auditors remuneration:** A provision for Rs. 3,50,000/- (previous year Rs.2,25,000.00 plus service tax) has been made towards Audit Fees for the year ending 31-03-2007. Further, a sum of Rs.50,000/= is provided on account of Tax Audit.
27. The Accounts approved by the Board on 16.08.2007 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 and the Board has approved the revised accounts on 21/09/2007. Accordingly, the revision has resulted in (a) Increase in Net Profit by Rs.44.67crores (b) Decrease in total assets by Rs.16.21crores and Decrease in liabilities by Rs. 60.88 crores
28. Previous years figures have been grouped/regrouped wherever necessary.  
Paise have been rounded off to the nearest rupee.

Sd/-  
(V.G.PANDIT)  
Financial Advisor

Sd/-  
(IQBAL ALI KHAN)  
Director

Sd/-  
(V.M.CHANDREGOWDA)  
Managing Director

As per our Report annexed

Sd/-  
(N. R. TIRUMAL)

for & on behalf of **P. Rangaswamy & Company**  
Chartered Accountants

Place : Bangalore  
Date : 21-09-2007

# CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2007

Amount in Rupees

Sl. No.	Particulars	Current Year 2006-07		Previous Year 2005-06	
<b>A</b>	<b>Cash Flow from Operating Activities</b>				
	Net Profit before Tax	57,14,26,421		68,39,82,198	
	<b>Adjustments for:</b>				
	Depreciation	70,28,65,635		110,88,09,234	
	Interest & Other Charges	136,83,85,637		103,13,81,670	
	Interest Income on Investment	-		-	
	Contingency Reserve	-		-	
	Other Income	(118,87,54,535)		(51,44,14,574)	
	Prior period charges(+) or credits(-)	(58,81,54,558)		66,80,58,466	
	Income Tax	(6,83,48,347)		(17,07,00,000)	
	Operating Profit before working capital changes	79,74,20,253		280,71,16,994	
	<b>Adjustments for :</b>				
	Changes in Inventories	(41,78,99,044)		(23,07,31,289)	
	Changes in Sundry Debtors	(25,75,91,503)		(302,91,20,096)	
	Changes in Loans and Advances	(132,07,93,877)		71,40,42,595	
	Changes in Other Current Assets	(18,87,47,059)		(60,11,22,005)	
	Changes in Current Liabilities	88,12,10,512		285,64,76,850	
	Changes in Provisions	(5,56,67,342)		5,87,43,434	
	Operating Profit after working capital changes	(56,20,68,060)		257,54,06,483	
	Prior period charges(+) or credits(-)	58,81,54,558		(66,80,58,466)	
	Extraordinary items-Contributions from Consumers	122,39,34,947		103,73,38,982	
	Net Cash inflow from Operating Activities		125,00,21,445		294,46,86,999
<b>B</b>	<b>Cash Flow from Investment Activities</b>				
	Changes in Fixed Assets (Net )	(385,55,38,063)		(441,13,59,778)	
	Changes in Capital Work in Progress	(23,67,21,704)		104,67,53,073	
	Net Cash Outflow from Investment Activities		(409,22,59,767)		(336,46,06,705)

Sl. No.	Particulars	Current Year 2006-07		Previous Year 2005-06	
<b>C</b>	<b>Cash Flow from Financing Activities</b>				
	Changes in Capital/Share Deposit Account	(4,75,02,430)		2,40,25,989	
	Changes in Secured Loans	180,75,73,533		42,60,23,712	
	Changes in Unsecured Loans	21,33,00,516		(1,18,86,015)	
	Service Line and Security Deposit	177,07,09,709		195,92,85,265	
	Interest & Other Charges	(136,83,85,636)		(103,13,81,670)	
	Other Income	118,87,54,535		51,44,14,574	
	<b>Net Cash available from Financing Activities</b>		<b>356,44,50,227</b>		<b>188,04,81,855</b>
<b>D</b>	<b>Net Change in Cash and Cash equivalents -Surplus Cash [(A) + (B) + (C)]</b>		<b>72,22,11,905</b>		<b>146,05,62,149</b>
	Add: Opening Cash and Cash equivalents		<b>200,86,11,604</b>		<b>54,80,49,455</b>
			<b>273,08,23,509</b>		<b>200,86,11,604</b>
<b>E</b>	<b>Closing Cash and Cash equivalent :</b>		<b>273,08,23,509</b>		<b>200,86,11,604</b>

- 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/-  
**(V.G.PANDIT)**  
Financial Advisor

Sd/-  
**(IQBAL ALI KHAN)**  
Director

Sd/-  
**(V.M.CHANDREGOWDA)**  
Managing Director

As per our Report annexed

Sd/-  
**(N. R. TIRUMAL)**  
for & on behalf of **P.Rangaswamy & Company**  
Chartered Accountants

Place : Bangalore

Date : 21-09-2007

**AVERAGE REALISATION RATE FROM SALE OF POWER FOR FY 2006-2007**

FOR THE FY 2006-07							
DESCRIPTION	TARIFF	No of Consumers	UNITS SOLD		Average Realisation Rate Per Unit (Ps.)	Revenue Demand (Rs.)	Closing Balance
			Units (in kwh)	% of Units			
BJ/KJ	LT1 a	447,553	81,895,074	0.58	346.79	284,001,931	82,359,389
Lighting and AEH	LT2 (a&b)	4,198,941	2,997,003,226	21.22	345.22	10,346,119,717	1,895,932,852
Commercial Lighting	LT3	531,770	761,072,786	5.39	645.61	4,913,532,191	309,623,170
Commercial Lighting (Auxiliary Cons)		290	9,780,258	0.07	248.77	24,330,197	
IP Sets (10HP & BELOW)	LT4(a) & (b)	513,174	3,976,790,000	28.16	72.61	2,887,426,167	9,177,778,306
IP Sets (ABOVE 10HP)	LT4c	418	1,372,633	0.01	317.17	4,353,559	-44409975.25
Pvt. Horticulture	LT4d	549	1,372,648	0.01	242.17	3,324,136	4,702,453
LT Industrial	LT5	120,458	937,853,435	6.64	462.83	4,340,702,291	275,885,444
Water Supply-VPs/TPs	LT6 A1	19,439	157,053,556	1.11	460.43	723,126,067	2,021,744,059
Water Supply-TMCs./CMCs	LT6 B1	10,449	97,328,342	0.69	459.82	447,531,078	327,292,338
Public lighting-VPs/TPs & TMCs/CMCs	LT6 A2 + B2 LT-6(ii)	32,313	350,399,997	2.48	308.94	1,082,518,464	2053835029.67
Temporary Supply	LT7	40,289	90,821,697	0.64	830.89	754,625,601	-416861241.20
<b>TOTAL (LT)</b>	<b>I</b>	<b>5,915,643</b>	<b>9,462,743,652</b>	<b>67.00</b>	<b>272.77</b>	<b>25,811,591,399</b>	<b>15,687,881,824</b>
Water Supply	HT1	99	471,231,793	3.34	355.92	1,677,230,985	47,899,783
HT Industrial	HT2(a)	2,724	2,652,886,574	18.78	475.75	12,621,190,103	336,909,006
Auxiliary Consumption		1	402,500	0.00	545.76	2,196,665	0
Commercial	HT2(b)	2,207	1,443,603,703	10.22	597.87	8,630,877,779	6,703,979
Lift Irrgtn Societies	HT3 (a)	17	492,873	0.00	959.84	4,730,774	8,758,961
Lift Irrig Schemes & Govt Hort.	HT3 (b)	1	189,834		760.68	1,444,021	574,775
Residential Apartment	HT4	144	90,977,347	0.64	337.59	307,128,399	1,714,367
<b>TOTAL (HT)</b>	<b>II</b>	<b>5,193</b>	<b>4,659,784,624</b>	<b>33.00</b>	<b>498.84</b>	<b>23,244,798,725</b>	<b>402,560,871</b>
<b>TOTAL (LT + HT)</b>	<b>III</b>	<b>5,920,836</b>	<b>14,122,528,276</b>	<b>100.00</b>	<b>347.36</b>	<b>49,056,390,124</b>	<b>16,090,442,696</b>
Misc receipts from Consumers						454,930,707	
IP Sets Tariff Subsidy from GOK						2,987,873,821	
BPPC (INTER ESCOM)			3919679			161,835,081	161835081
<b>GRAND TOTAL</b>			3919679			52,661,029,733	16,252,277,777
Recoveries From Power Theft						2,889	
<b>NET TOTAL</b>		<b>5,920,836</b>	<b>14,126,447,955</b>		<b>347.36</b>	<b>52,661,032,622</b>	<b>16,252,277,777</b>





## Bangalore Electricity Supply Company Limited

(Wholly owned Government of Karnataka Undertaking)  
Visit us at: [www.bescom.org](http://www.bescom.org)

*Lighting up your life*