

BESCOM

6ನೇ ವಾರ್ಷಿಕ ವರದಿ  
6th Annual Report  
2007-08

ಬೆವಿಕಂ



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

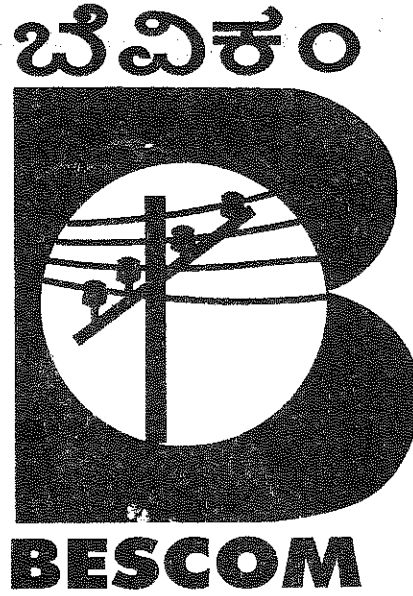
**Bangalore Electricity Supply Company Limited**

(Wholly owned Government of Karnataka Undertaking)

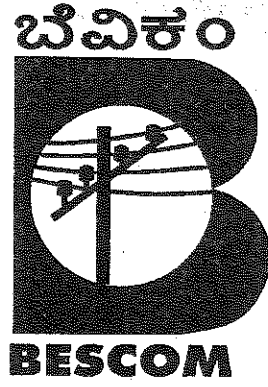
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**6<sup>th</sup> Annual Report**  
**2007 - 2008**



**Bangalore Electricity Supply  
Company Limited**



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## **DIRECTORS' REPORT**

Dear Members,

The Board of Directors have pleasure in presenting the Sixth 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> 2008.

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 2007-08 was the Sixth 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**

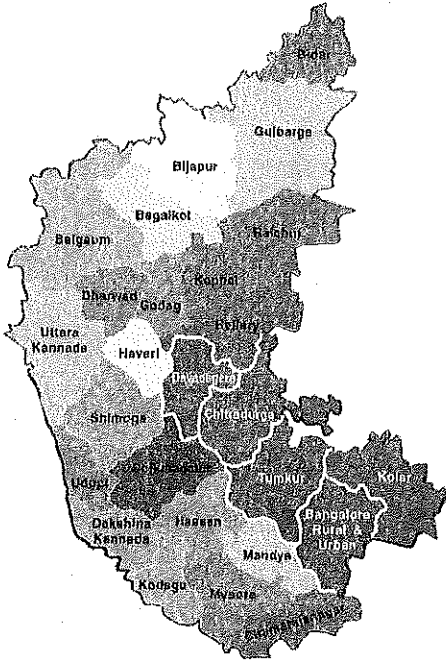
The vision of BESCO is to be the best Electricity Distribution Company in India. In order to achieve this vision, the Company has drawn up a strategy with focus on customer satisfaction, Regulatory compliance, meeting stakeholder expectations etc.

### **II. MISSION**

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

### III. PERSPECTIVE :

BESCOM covers a contiguous area of 41,092 sq Kms with a population of over 168 lakhs and serves more than 65 lakhs customers. The total asset is worth Rs. 3224.79 Crores as on 31st March 2008.



■ BESCOM Area

Area	: 41,092 Sq.Kms
District	: 8
Population	: 16.8 Million
Consumers	: 6.53 Million
No of 33/11 s/s	: Nil
No of DTCs	: 112745
HT Line length	: 62941.86 Ckt.Kms
LT line length	: 140066.60 Ckt.Kms
Employee Strength	
Sanctioned	: 16818
Working	: 10369
Total Assets	: 3224.79 Crores.

#### a) Consumer Population :

Consumer population served by BESCOM is steadily increasing and recorded an increase of 10.37% in FY-08 over previous year. The number of consumers existing as on 31-03-08 stands at 6534547. Category wise installations are furnished below :

Sl. No.	Category	As on 31-03-2007	As on 31-03-2008
1	Bhagya Jyothi	4,47,553	6,02,697
2	Domestic Lighting and AEH	41,98,941	44,83,613
3	Commercial Lighting	5,32,060	5,77,533
4	LT Power	1,20,458	1,27,888
5	HT Power	5,193	5,914
6	Irrigation Pump sets	5,14,141	6,16,733
7	Street Light & Others	62,201	67,748
8	Temporary Power	40,289	52,421
TOTAL		59,20,836	65,34,547

b) Category wise number of consumers as on 31-03-07

CATE-GORY	LT1	LT2	LT3	LT4	LT5	LT6	LT7	HT1	HT2A	HT2B	HT3	HT4	Total
NO. OF CONSUMERS	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%

c) Category wise number of consumers as on 31-03-08

CATE-GORY	LT1	LT2	LT3	LT4	LT5	LT6	LT7	HT1	HT2A	HT2B	HT3	HT4	Total
NO. OF CONSUMERS	6,02,697	44,83,613	5,77,533	6,16,733	1,27,888	67,748	52,421	97	3,047	2,600	19	151	65,34,547
% OF TOTAL	9.22%	68.61%	8.84%	9.44%	1.96%	1.04%	0.80%	(	0.09%	)			100%

#### IV. FINANCIAL

The financial performance of BESCO is as follows :

Sl. No.	Particulars	For FY 2006-07 Amount Rs. (in Crores)	For FY 2007-08 Amount Rs. (in Crores)
<b>I</b>	<b>INCOME</b>		
1	Revenue from sale of power	5,266.10	5,806.69
2	Other Income	59.22	109.79
	<b>TOTAL</b>	<b>5,325.32</b>	<b>5,916.48</b>
<b>II</b>	<b>EXPENDITURE</b>		
1	Purchase of Power	4,580.58	4,939.99
2	Repairs and Maintenance	39.55	43.45
3	Employee Costs	263.05	347.02
4	Administrative and Other Expenses	63.55	67.81
5	Other Charges (Debits)	232.80	230.44
	<b>TOTAL</b>	<b>5,179.53</b>	<b>5,628.72</b>
<b>III</b>	<b>Profit before Depreciation and Interest</b>	145.79	287.76
	Depreciation (Net)	10.63	48.07
<b>IV</b>	<b>Profit before Interest and Taxes</b>	135.17	239.69
	Interest and other Charges	136.84	172.08
<b>V</b>	<b>Profit before prior period charges or credits</b>	(1.67)	67.62
	Prior period charges (+) or credits (-)	58.82	(52.68)
<b>VI</b>	<b>Profit before Reserve &amp; Taxation</b>	57.14	14.93
<b>VII</b>	<b>Profit before Taxation</b>	57.14	14.93
	Provision for Taxation	6.83	2.36
<b>VIII</b>	<b>Profit after Taxation</b>	50.31	12.57

## V DEMAND SIDE MANAGEMENT :

### a) KPTCL Power Purchase in BESCOM :

KPTCL is supplying energy to BESCOM through following Transmission Network & Electrical Substations

Voltage class of stations	No. of Substations
400 Kv	3
220 Kv	27
110 Kv	21
66 Kv	269
33 Kv	0
Total	320

### b) Bulk Power Purchase in BESCOM :

BESCOM is purchasing power from power generators as per Government of Karnataka order No EN 131 PSR 2003 dated 10.5.05 w.e.f 10.6.2005. The purchase of power from various sources such as Hydel, Thermal, Diesel biomass, Co-generation wind etc. is recognized by Government of Karnataka Notifications issued on 6.7.2005, 31.8.2005, 7.10.2005, 28.12.2005, 15.2.2006 and 22.4.2006. The capacity of various sources allocated to BESCOM for 2007-08 is as furnished below.

Source	Capacity in MW
Hydel	1452.36
Thermal	1430.52
Diesel and Major IPPS	396.39
Atomic	72.41

c) The share of allocation for various power projects as per Government of Karnataka notifications and average power purchase cost per kwh are as follows.

Sl. No.	Source	Share of allocation	Av. Power Purchase Cost/ kwh in paise
1.	<b>KPCL Hydel:</b>		55.52
	a. Sharavathy	35.671%	
	Other stations	45.9492%	
	b. KPCL Thermal:		242.29
	RTPS 1 to 2	45.95%	
	RTPS 3	68.46%	
	RTPS 4	92.12%	
	RTPS 5 & 6	49.01%	
	RTPS 7	45.9492%	
	c. KPC Hydel (VVNL)	45.9492%	88.73
	d. KPC Diesel plant (VVNL)	100%	758.60



2.	<b>Central Generating Stations:</b>		
	(a) NTPC	45.9492%	159.90
	(b) NLC	45.9492%	196.75
	(c) <b>Atomic Projects</b> Kaiga and Maps	45.9492%	244.66
3.	<b>Major IPPS</b>		
	(a) GMR	81.5768%	1447.86
	(b) Tata Company	81.5768%	835.99
	(c) Rayalaseema	81.5768%	948.40
4.	<b>NCE (Minor IPP) Projects</b>		
	(a) Co-Generation	Based on Geographical area	346.88
	(b) Biomass	Based on Geographical area	393.45
	(c) Mini Hydel	Based on Geographical area	300.37
	(d) Wind	Based on Geographical area	342.06
5.	<b>Bilateral (UI)</b>	45.9492%	408.32

**d) Transmission Charges :**

BESCOM is making payment of transmission Charges to KPTCL and PGCIL. The transmission Charges being paid to KPTCL is provisionally at 19.42 P/kwh and average transmission charges paid to KPTCL is at Rs.30 Crores per month. The transmission charges is paid for energy drawn at IF points. The IF points are EHT consumers, 33KV/11KV banks.

The transmission charges being paid to PGCIL is Rs.8 Crores per month. The tariff of PGCIL transmission charges is as approved by Central Electricity Regulatory Commission.

The total energy purchased at generation point, energy drawn at IF point and cost thereon, are as follows.

Total Energy purchased in MUs	Total Energy drawn at IF points in MU	Power Purchase cost	Average Power Purchase Cost	
			At Gen. Point	At I.P IF.
19834.44	18654.22	4939.99	2.50	2.65

For prompt and early payments, BESCOM has availed rebate of Rs 39.46 Crores as per rebate clause in PPA and CERC order for the year 2007-08 from Major IPPS, Central Generating Stations and PGCIL. BESCOM has drawn 384.68 MU under UI mechanism and paid Rs 155.18 Crores. To meet the shortage of power during December 2007, BESCOM has drawn 20.42 MU from North Delhi Power Ltd., through trader M/s Kalyani Power Ltd., during February 08 and March 08 subject to return of this energy during September 2008 on barter basis. For this transaction BESCOM has paid Rs 0.57 Crores.

e) BESCOM has banked the following quantum of energy with other states through trader M/s. Lanco Electric Utility Ltd., subject to returning that energy to BESCOM during April 08 and May 08.

1.	PSEB	175.123475 MU
2.	MPPTCL	165.07780 MU
3.	TPC	23.6410 MU

The following number of power purchase Agreements have been signed by BESCOM and approved by KERC during 2007-08.

1.	Wind Mills	12
2.	Mini hydel	1
3.	Biomass	2

f) The statement showing the details of source-wise power purchased and power purchase cost during 2007-08 is enclosed as 'Annexure-1'.

The statement showing the power purchased at Generation point, power drawn at IF point, power purchase cost, average power purchase cost etc is enclosed as 'Annexure-2'.

The UI rate applicable w.e.f 7.1.2008 is enclosed as 'Annexure-3'.

### Annexure-1

Statement showing the details of source-wise power purchase cost during 2007-08

Sl. No.	Power Purchase	CONSUMPTION IN MUS For FY 2006-07	AMOUNT IN CRORES For FY 2006-07	CONSUMPTION IN MUS For FY 2007-08	AMOUNT IN CRORES For FY 2007-08
1	Hydel Power	6548.35	455.16	6395.82	465.38
2	Thermal Power	8897.88	1793.69	8798.53	1837.88
3	Lignite Power	1160.52	214.58	1269.60	248.55
4	Atomic Energy	379.30	113.11	327.95	92.07
5	Conventional Energy	745.25	805.25	662.40	816.08
6	Non-Conventional Energy	1744.07	603.31	457.30	164.54
7	Wind Mill Energy	-	-	1292.72	441.82
8	UI CHARGES	300.96	114.87	423.71	230.25
9	Diesel Generating	-	-	206.41	156.58
10	Transmission Charges & Administrative Charges	-	480.61	-	486.84
<b>TOTAL</b>		<b>19776.33</b>	<b>4580.58</b>	<b>19834.44</b>	<b>4939.99</b>

## Annexure-2

Statement showing the Monthwise Power Purchase Cost for the year 2007-08

Month	ENERGY IN MU'S AT GENERATION POINT	ENERGY IN MU'S AT INTERFACE POINT	COST OF POWER PURCHASED IN CRS.	POWER PURCHASE COST IN RS./UNIT	ENERGY FROM NCE'S IN MUS	REBATE IN CRORES
Apr-07	1703.65	1581.66	415.99	2.44	89.10	4.21
May-07	1700.80	1601.87	395.39	2.32	172.47	2.92
Jun-07	1445.86	1414.51	358.58	2.48	210.14	2.25
Jul-07	1509.38	1484.07	318.11	2.11	291.03	2.33
Aug-07	1574.35	1487.92	355.66	2.26	309.23	2.10
Sep-07	1400.02	1371.66	320.53	2.29	258.39	2.16
Oct-07	1582.90	1498.44	350.30	2.21	168.17	2.16
Nov-07	1629.21	1496.46	351.95	2.16	156.25	3.93
Dec-07	1824.83	1625.50	476.72	2.61	168.97	3.15
Jan-08	1940.65	1752.34	514.00	2.65	119.98	5.01
Feb-08	1782.10	1665.17	456.38	2.56	79.01	4.75
Mar-08	1740.69	1674.62	626.38	3.60	118.95	4.49
<b>TOTAL</b>	<b>19834.44</b>	<b>18654.22</b>	<b>4939.99</b>	<b>2.46</b>	<b>2141.67</b>	<b>39.46</b>

## Annexure-3

### g) Inter state ABT regime :

- Inter State ABT regime is already implemented from 1<sup>st</sup> January 2003. This has brought grid disciplines 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 rates of U.I Charges are furnished below.

Sl. No.	Frequency Hz	U.I.Charges Rate / Unit in
1.	49.00 & below	10.00
2.	49.10	9.10
3.	49.20	8.20
4.	49.30	7.30
5.	49.40	6.40
6.	49.50	5.50
7.	49.60	4.60
8.	49.70	3.70
9.	49.80	2.80
10.	49.90	2.40
11.	50.00	2.00
12.	50.10	1.60
13.	50.20	1.20
14.	50.30	0.80
15.	50.40	0.40
16.	50.50	0.00

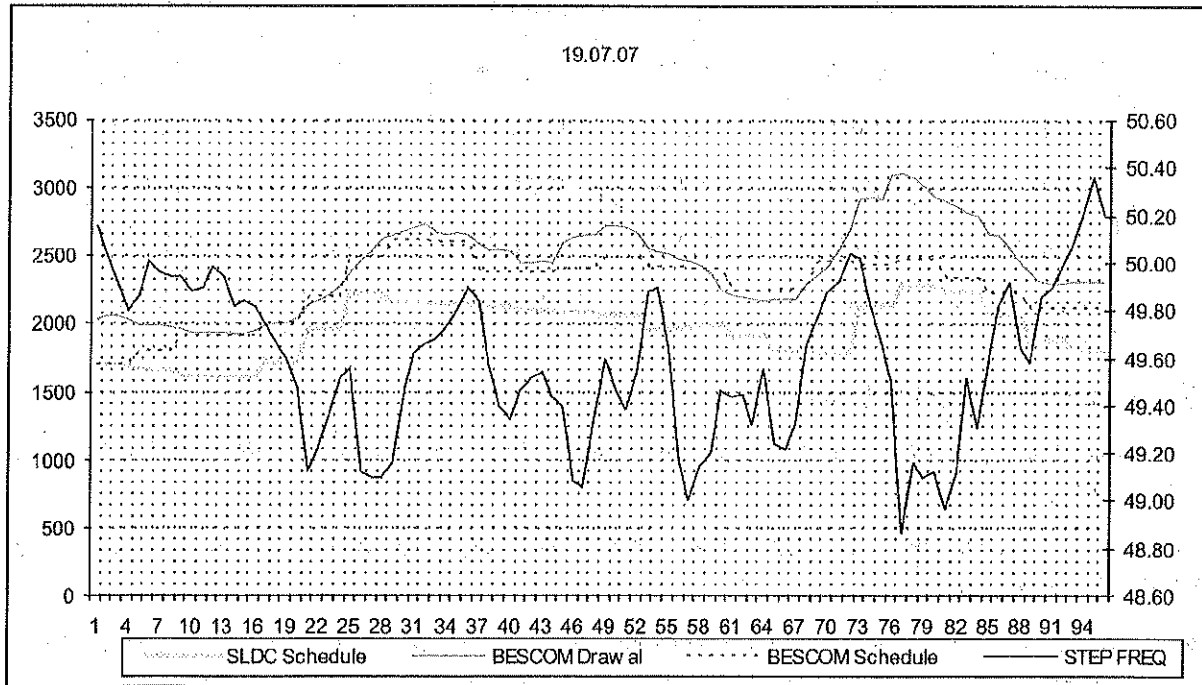
2. Inter state drawal is controlled by SLDC by regulating the generation of the state generating plants subject to availability and merit order dispatch.

**h) 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 complaint 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 complaint meters of EHT consumer points have to be provided by BESCO i.e., in 43 such cases.
7. Intrastate ABT regime is being introduced stage by stage. An exclusive communication between SLDC and 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 220KV 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 AND 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 interstate 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.

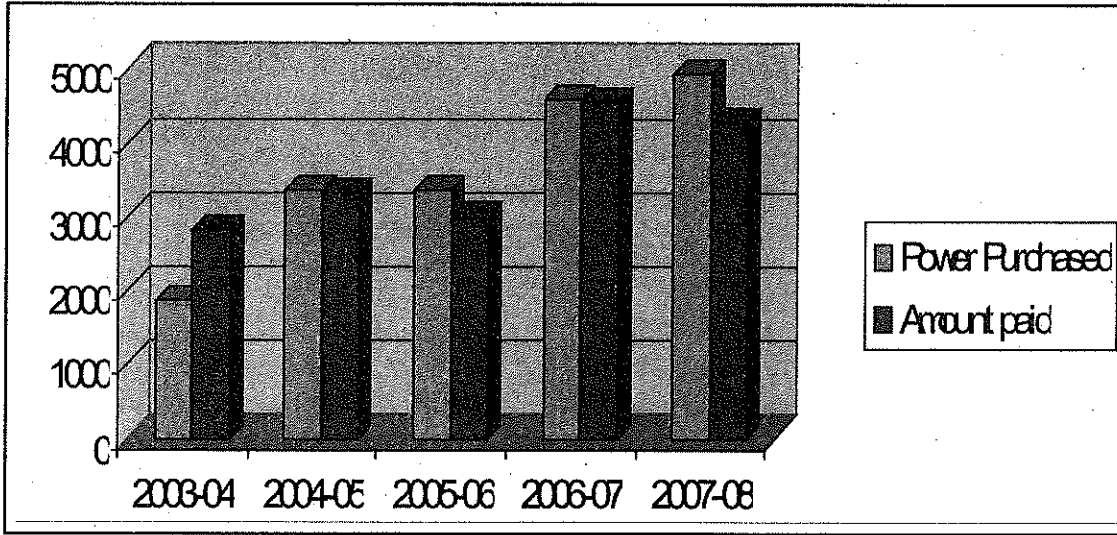
i) STATEMENT SHOWING PEAK LOAD OF STATE AND BESCOM AND ENERGY INPUT FOR THE FY 2007-08

Month	Maximum		Minimum		WHEELED ENERGY (IN MU)	CONSUMPTION AT 11KV IF POINT (IN MU)
	State	Bescom	State	Bescom		
Apr-07	5644	2679	3151	1089	13.81	1580.40
May-07	5704	3087	2957	1294	17.73	1602.61
Jun-07	5086	2828	1363	1016	11.81	1414.33
Jul-07	4849	3109	1956	1215	13.53	1483.59
Aug-07	5023	2960	1982	1408	18.66	1485.88
Sep-07	4777	2652	1978	1181	18.89	1370.17
Oct-07	5462	2882	2397	1159	18.15	1496.21
Nov-07	5200	2598	2630	1762	16.91	1495.79
Dec-07	5441	2720	3016	1402	18.06	1623.77
Jan-08	5646	2915	3355	1730	19.15	1756.36
Feb-08	5658	2649	3654	1493	16.79	1662.52
Mar-08	5715	2801	2356	1174	17.35	1673.37
<b>TOTAL</b>					<b>200.82</b>	<b>18645.00</b>



## j) Power Purchase :

During the year FY 08, Power Purchase cost was Rs. 4939.99 Crores and the payment made during the year was Rs. 4281.63 Crores.



## VI. ENERGY INPUT :

During FY 08 total energy at Interface point for sales is 18665.33 MU as against 18522 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	24.2
FY-07	18522	20.89	14126.45	21.64	23.73
FY-08	18665	0.77	14933.57	5.71	19.99

## VII. ERC Filing and Tariff Revision :

BESCOM 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 07/06/07 requesting a hike of 90 paise to all categories except IP & BJ/KJ installations.

KERC passed the Tariff Order for FY-08 by reducing the Tariff rates by 6.66% across all the Tariffs as on 11.01.08. The orders passed by the KERC on 11.01.2008 is challenged by BESCOM before the ATE, New Delhi, vide Appeal No. IA 38 of 2008. The verdict is awaited.

## VIII. METERED CONSUMPTION :

Year	Energy Input (MU)	Consumption by Metered Category	% 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
FY-08	18665	11283.82	16.12

## IX. SALE OF ENERGY:

During FY-08, 14933.57MUs were sold to various categories of consumers, out of which 11283.82 MUs were under metered category and the balance of 3649.75MUs was accounted under un metered category. The distribution loss for the year is assessed at 19.99 %. 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	3358.71
2	Commercial Lighting	879.13
3	IP set (Metered)	5.68
4	L.T. Power	957.38
5	H.T.	5415.42
6	Water Works / Public Lighting	542.26
7	Temporary installations	107.53
8	Inter ESCOM sales	17.71
	<b>TOTAL</b>	<b>11283.82</b>

**Note :** Total metered energy sales of 11283.82 MU includes 10.82MU of Auxilliary consumption.

### b) Un-Metered Energy Sales :

Sl. No.	Category	In MUs
1.	Irrigation Pump Sets	3606.94
2.	Public Lighting	0
3.	BJ/KJ	42.81
	<b>TOTAL</b>	<b>3649.75</b>

c) Category wise energy sold 2007-08

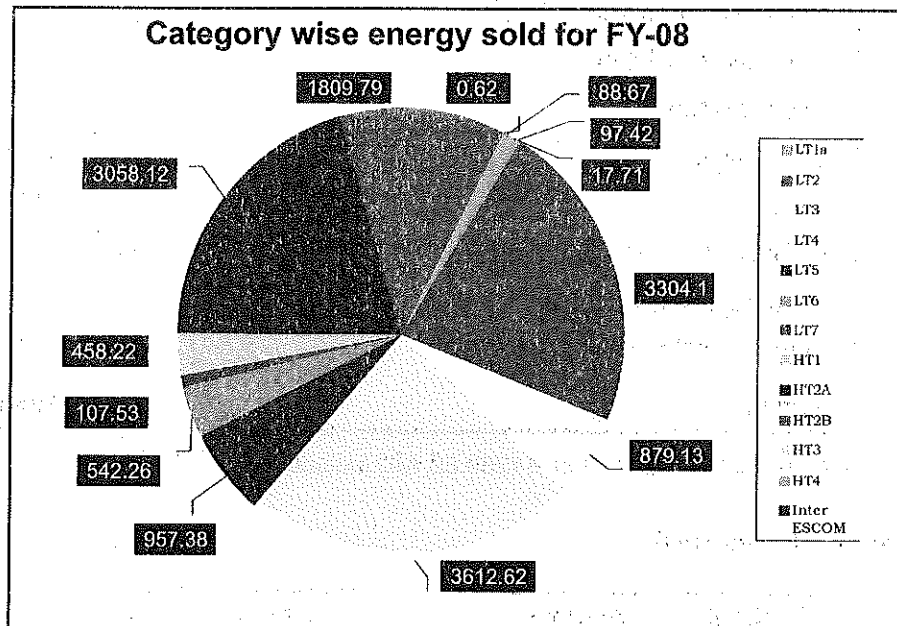
Tariff	LT1a	LT2	LT3	LT4	LT5	LT6	LT7	HT		TOTAL
Category	BJ	Domestic Lighting & Heating	Commercial	IP Set	Power	Water Works & Street Light	Temp	HT Power	Inter ESCOM	
Energy Sold in Mus	97.42	3304.10	879.13*	3612.62	957.38	542.26	107.53	5415.42	17.71	14933.57

This includes auxiliary consumption of 10.82 MU.

d) HT Break up:

HT1	HT2A	HT2B	HT3	HT4	TOTAL
Water Supply	Industrial	Commercial	Lift Irrigation	Residential Apartments	
458.22	3058.12*	1809.79	0.62	88.67	5415.42

\*This includes auxiliary consumption of 0.03MU



X. The Capital Expenditure :

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 :2616.31 KMs
2. LT line added:3532.93 KMs



	During the year 2007-08	Total Existing at the end of 31-03-2008		
		OH	UG	Total (in KMs)
HT line added	2616.31	60519.54	2422.32	62941.86
LT line added	3532.93	139203.26	863.33	140066.59

3. The number of Distribution Transformers added 8676

Capacity	10/15/25KVA	50/63 KVA	100KVA	160/200/250KVA	300/400/500KVA	750KVA	1000/1600KVA	Total
During FY-08	5184	1163	1489	660	180	0	0	8676
Cumulative	31916	34281	30159	13529	2843	14	3	112745

4. No. of HB/JC/Thandas/AC Electrified : 368
5. IP sets energized : 2714
- BJ/KJ electrified : 91936
- Drinking water supply electrified : 1083
- Ganga kalyana electrified : 1281
6. The budget for capital works was Rs : 1294.34 Crs

XI. 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 DTCs existing	No. of DTCs Failed	% of failure
FY-04	72243	9376	12.98%
FY-05	82940	11003	13.27%
FY-06	92024	11744	12.76%
FY-07	104069	9769	9.39%
FY-08	112745	9532	8.45%

The failure of transformers in Bangalore area is ZERO.

## XII. APDRP Works

A cell was set up to monitor the projects sanctioned by Ministry of Power, Government of India. The Ministry of Power, Government of India 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 (Robertsonpet)	7.76
Tumkur	16.22
Davanagere	9.93
	<b>372.21</b>

The Ministry of Power, Government of India have further sanctioned the following projects under APDRP for BESCOM in October-2004

SI 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 work is as under

Name of the town	Financial Progress (in Rs Crores)	Physical Progress(%)
Anekal	6.89	100
Chandapura	8.902	100
Channapatna	1.42	100
Doddaballapura	6.14	12
Ramanagara	0.28	100
Harihara	3.63	100
Chitradurga	0.91	100
Bangarpet	2.59	100
Chikkaballapura	1.91	100
Chintamani	2.95	100
<b>TOTAL</b>	<b>35.62</b>	

### 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-08 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.
- Demand FY08 : Rs.5807 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 FY 08 : Rs.5360 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%
FY 08	98.75%	92.39%

### 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	10,000	6,000	4,000	To be given by the Managing Director
2.	Sub-Divisions in each Circle	6,000	4,000	2,000	To be given by the respective Chief General Manager (Ele.) Certificate to be signed by Managing Director
3.	O&M Sections in each Divisions	4,000	2,000	1,000	To be given by the respective Superintending Engineer El. Certificate to be signed by Chief General Manager (Ele)
4.	Vigilance Police Stations	6,000	4,000	2,000	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.	Upto 500 KVA	Jurisdictional O&M Divisions, Exe. Engineer(EI).
2.	Above 500 KVA & upto 1000 KVA	Jurisdictional O&M Circles, General Manager (EI).
3.	Above 1000 KVA & upto 2000 KVA	Zonal Chief General Manager (EI)
4.	Above 2000 KVA	Corporate Office.

Demand for power both new and additional have shown an increasing trend over the years. Power supply sanctions were accorded in respect of 680 new HT installations with an aggregate Contract Demand of 2,46,260 KVA, out of which 46 installations were having more than 1000 KVA Contract Demand, adding to a total Contract Demand of 1,11,965 KVA.

#### XVI. CUSTOMER CARE :

1. Vision of BESCO 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 Bangalore. BSNL (VPN) is provided to all other field officers in other O&M zones. These have enabled the customers to contact them instantly in the event of interruption of power supply and during other emergency times for immediate communication and Redressal of grievances.
- 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 2008, 58,678 numbers of consumers are using this scheme.
- IV. Computerization of billing in all 104 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.
- VI. System has been continued to attend to customer's complaints quickly and there is a speedy response to customer's 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 customers 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.
- VIII. All meter readers have been provided with uniform and identity cards, to make it easier for customers to identify them.
- 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 El., and Assistant Executive Engineer El., are available throughout the day in their offices. BESCO is participating in 'Bangalore-1' Programme. By this, the consumers in Bangalore can pay their Electricity bills in common KIOSKS of five utilities like BDA, BSNL, BWSSB, BMP. Now 15 locations are identified and this is likely to grow further. They can get their grievance redressed, seek technical advice on power supply connections to their new/old installations etc.,.
- XV Any time payment :
- BESCO in association with Can Bank Computer Services Ltd., a subsidiary of Corporation Bank, have installed 58 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, Hiriyur 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 BERP 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) (ICPC) and implemented by International Institute for Energy Conservation (IIEC). Under the scheme, EFFICIENT IRRIGATION PUMPSETS of the short listed firms are being promoted for saving the energy in agricultural sector.

BESCOM called tenders from reputed pump manufactures and short listed three manufactures namely 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 set. They offer 18 months warranty for 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 Pump sets 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 BESCOB 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 AIR channels every Thursdays.
- 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 BESCOB.
- Mobile telephone numbers of sub-divisional officers of BMAZ have been published in all leading newspapers to make the customers easy to contact them during emergencies.
- Publication of monthly in-house magazine called BESCOB BELAKU to bring in awareness among the Officers / Employees on day-to-day happenings in BESCOB.
- Vidyut 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 104 sub divisions in BESCOB, 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. Focus on IT for Business Solutions :

### a) Communication:

#### i) Interactive WEB-SITE System:

- 1) Interactive Website launched with address [www.bescom.org](http://www.bescom.org).
- 2) Consumers can know more about BESCOB's services and activities.

- 3) Consumers can send their grievances online to the concerned officers.
- 4) Detailed rules, regulations and procedures information available online.
- 5) Consumers can check billing details, account history.
- 6) Site is Bi-lingual, with full information available in Kannada / English.
- 7) Directory service contains contact information of BESCOM offices, persons and Departments.

**ii) Interactive Voice Response System (IVRS)**

- 1) Improved Consumer care and immediate access to information and efficient response addressed.
- 2) This system is effective, affordable and consumer-friendly.
- 3) Accessible from any phone by five digit number 12660.(TOLL FREE)
- 4) Consumer can get billing information and can lodge their complaints and suggestions.
- 5) Schedule of planned outages & important announcements informed through this system.

**b). Video Conferencing**

Video Conferencing has been introduced for faster communication. To conduct online teleconferences thereby saving time and man-hours. This has increased the productivity and efficiency. The videoconferencing equipments have been installed in all the SE offices of BESCOM.

**c). Business Process Management:**

**i). E-CRM System: Electronic Customer Relationship Management (e-CRM)**

Ways to identify, acquire, and retain customers - a business' greatest asset. By providing the means to manage and coordinate customer interactions, e-CRM helps to maximize the value of every customer interaction and in turn improve corporate performance.

**ii). Centralised Consumer Billing Information**

Centralised data storage of consumers account/billing information. Purging consumer's information and billing data for all sub divisions. Quick access and retrieval of customer information. Fine tuning consumer billing system for accuracy. Consumers can pay their bills anywhere.

**d). Spot Billing in all 104 Sub Divisions**

Spot billing in entire Bangalore Urban is carried out by M/s. Zygox who have upgraded the BNC billing software and are maintaining the same. Currently the task of implementing this Billing Software in entire BESCOM has been awarded to this firm and the same is under progress. 600+ Nos. of Hand Held Meter Reading Instruments are ordered on hire basis to take spot bills

**e). Anywhere Payment**

Now the Consumers can pay the bills at any counter and not necessarily in the BESCOM payment counter of the area to which they belong. This scheme of anywhere payment has



made the payment of bills easy for the consumers. Banks (Corporation, SBI etc) have come forward to collect the payments of our consumers in their ATM counters. Consumers can make payment of their electricity bills in their designated branches.

**f) E-tendering**

E-tendering provides automation of complete tendering process in BESCO. As a part of e-governance, e-Tendering system is put in place under the link "Tenders" of BESCO website.

**g) Information System Management:**

**i) Information System Management:**

- 1) The MIS is built over a robust online communication system incorporating administrative and e-CRM workflows.
- 2) Secured access for divisions & sub divisions to current and archived data for better decision making.
- 3) Add/View/Update Technical & Financial parameters, DCB.
- 4) Interface to existing and future databases.
- 5) Online Report Manager to generate reports, graphs & charts.
- 6) User-friendly interface and icon based easy navigation.

**ii) Cash Management System (CMS):**

- 1) Secured access for divisions & sub divisions.
- 2) Daily reports on Collection & Remittance
- 3) Divisions can submit online requisitions for electronic clearing and payment approval.
- 4) Bank remittance statement generated & compared.
- 5) Requisition processing and Multi-tier authentication.
- 6) Analytical graphs and reports, about cash flows.
- 7) Disbursing & payment.

**iii) Works Management System (WMS):**

- 1) Effective review and monitoring possible.
- 2) Secured access for Divisions & Sub Divisions.
- 3) All works entered online.
- 4) Online progress enabled for each work.
- 5) Progress graph generation.
- 6) Summary report for all works

**h) HR & Pay Roll:**

HR & Pay Roll System has been installed in Corporate office and other pay drawing offices of BESCO.

**i) Networking :**

**i) BESCOM Wide Area Networking**

- 1) All divisions and sub divisions inter-connected with a dedicated network.
- 2) Validation of data between Head Office and all divisions.
- 3) 24 x 7 x 365 high bandwidth connectivity.
- 4) Redundant and backup systems to minimize downtimes.
- 5) Secured network access.
- 6) For rural areas V-LAN network has been taken from M/s. BSNL

**ii) Connectivity to Rural Divisions**

The leased line connectivity to the rural divisions is under progress as per the requirements. Currently 4 divisions are connected to BESCOM network Anekal, Doddaballapura, Nelamangala, Ramanagar.

**j) Major Breakthrough :**

**i) Automatic Meter Reading**

- 1) The project for AMR has been entrusted to M/s. Yokogawa to read data for 10000 installations. Remote reading of about 4000 HT installations, LT>40hp. Surveillance of these installations is also done to check any theft/abnormality etc., Installation of hardware in 9000 locations is completed
- 2) Real time automatic Meter Reading of about 10,000 high value consumers having electronic trivector meters entrusted.
- 3) These installations fetch revenue of about 40% of the total collection in BESCOM. This is a unique system adopted in BESCOM, which is not available anywhere in India.

**ii) GIS (Geographical Information System)**

- 1) The digitized consumer indexing in Bangalore city depicting all service lines, Distribution Transformers, overhead lines U.G. Cable Poles etc. is being finalized. The database will be linked to the billing software. Consumer indexing has already been done in BESCOM.
- 2) 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.

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

## XXII. GRAMA VIDYUT PRATINIDHIs.

Nearly 954 GVP's work with BESCOM 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.)
- Total Grama Panchayaths (Excluding BMAZ)= 1332
- No. of MFF's working = 954

## XXIII. 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 chairperson and two other members. The head quarters of the forum is presently situated at CSD compound, Rajajinagar, Bangalore. The following are the member functionaries.

Ex-Officio Chief General Manager (C O&M, BMAZ)	- Chairman
Ex-Officio General Manager (Corporate Planning)	- Member
Sri M.G.Prabhakar, Chairman, Energy Committee Federation of Karnataka Chamber of Commerce and Industry	- 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.

## XXIV. 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 2007-08 a total number of Five Board meetings took place as follows:

Sl.No.	Meeting No.	Held on
1	24 <sup>th</sup> Meeting	28.09.2007
2	25 <sup>th</sup> Meeting	24.11.2007
3	26 <sup>th</sup> Meeting	19.12.2007
4	27 <sup>th</sup> Meeting	31.01.2008
5	28 <sup>st</sup> Meeting	08.02.2008

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

1	Sri. K.Jairaj, I.A.S	Chairman
2	Sri. Tushar Girinath, I.A.S	Managing Director
3	Sri.H.Nagesh	Director (Technical)
4	Smt. Parvathy Keshvachar	Director
5	Sri. C.S.Ganesh	Director
6	Alok Mohan	Director
7	L. Ravi	Director
8	Gangaram Baderia	Director
9	A.K. Monnappa	Director
10	S. Sumanth	Director

## b. Board Sub-Committees

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

### 1. 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	Smt.Parvathy Keshavachar	Member

During 2007-08 a total number of **four** CPC meetings took place the details of which are as follows.

Sl.No.	Meeting No.	Held on
1	28 <sup>th</sup> Meeting	28.04.2007
2	29 <sup>th</sup> Meeting	16.07.2007
3	30 <sup>th</sup> Meeting	12.09.2007
4	31 <sup>st</sup> Meeting	12.03.2008

## 2. 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 Two meetings of the Audit Committee were held as follows.

Sl.No.	Meeting No.	Held on
1	08 <sup>th</sup> Meeting	29.05.2007
2	09 <sup>th</sup> Meeting	16.08.2007

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.

## XXV. AUDITORS :

- (a) M/s R. Subramanian & Company are appointed by C&AG of India, New Delhi as the Statutory Auditors of BESCOM for the year 2007-08.
- (b) The Ministry of Corporate Affairs, Government of India appointed M/s.G.N.V. & Associates as Cost Auditors for Auditing the cost accounts of BESCOM for the Financial Year 2007-08.

## XXVI. 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.

## XXVII. 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.

## XXVIII. 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	31-03-2008		
<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>	3,22,47,877	<b>Total Assets</b>	3,22,47,877
<b>Source of Funds</b>			
Paid up Capital	20,59,500	Reserves & Surplus	93,19,636
Share Deposit	151		
Service line & security deposits	1,57,01,371		
Secured loans	42,46,550	Unsecured loans	9,20,669
<b>Application of Funds</b>			
Net Fixed Assets	1,93,34,871	Capital works in progress	17,55,278
Net Current Assets	1,11,57,728		
Accumulated losses	--		
<b>IV. Performance of Company (Amount in Rs Thousands)</b>			
Turn Over	5,91,64,758	Total Expenditure	5,90,39,054
Profit Before Tax	1,49,344	Profit After Tax	1,25,704
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)	NIL		
Product Description	Electricity distribution		

Sd/-  
(S.O. Earanna)  
General Manager (A & I)

Sd/-  
(Tushar Giri Nath)  
Managing Director

**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 31<sup>st</sup> MARCH 2008.**

The preparation of financial statements of **BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED, BANGALORE** for the year ended 31<sup>st</sup> March 2008 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 23<sup>rd</sup> September 2008.

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<sup>st</sup> March 2008. 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.32 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/-

**(USHA SANKAR)**  
PRINCIPAL ACCOUNTANT GENERAL  
(CIVIL & COMMERCIAL AUDIT)  
KARNATAKA, BANGALORE

Bangalore  
Dated : 25<sup>th</sup> September 2008

## AUDITORS' REPORT

- 1) We have audited the attached Balance Sheet of M/s. **BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED**, as at 31<sup>st</sup> March 2008 and also the Profit and Loss Account and the Cash Flow statement for the year ended on that date and submitted our report dated 18-08-2008. Subsequently, the accounts have undergone revision in the light of observations of the Comptroller and Auditor General of India. We have audited the attached revised Balance Sheet of the Company as on 31-03-2008 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.
- 2) 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 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.
- 3) In accordance with the provisions of section 227 (2) of the Companies Act, 1956, we report that as required by the Companies (Auditor's 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 paragraphs 4 and 5 of the said order.
- 4) Attention is invited to the following:
  - I.a. The Company has not accounted for the Energy Balancing Charges for the year 2006-07, amounting to Rs.251.71 Crores and Rs.269 Crores for the year 2007-08 as determined by PCKL (Power Company of Karnataka Limited) to be recovered from other ESCOMs, in view of pending final direction from the Energy Department, Government of Karnataka.

- I.b. Subsequent to our report dated 18<sup>th</sup> August 2008, the Government of Karnataka has revised the tariff subsidy for the year 2007-08, which has resulted in reduction of profit by Rs.46.11 Crores, as stated in Note No.30 of the Notes to the Accounts.
- II) We are unable to express our opinion in regard to the impact of the following in the financial statements:
- a. The Company has implemented the tariff order dated 27<sup>th</sup> September 2005 issued by KERC (Karnataka Electricity Regulation Commission). The Company has not implemented the tariff orders released for 2006 dated 7<sup>th</sup> April and 16<sup>th</sup> April 2006 and tariff order for 2008 since the company has contested the same before Appellate Tribunal for Electricity.
  - b. As approved by Government of Karnataka, the Company is vested with Fixed Assets such as Land and Buildings and vehicles by virtue of the transfer scheme on 01.06.2002, titles in respect of such assets have not yet been transferred in the case of the Company.
  - c. The Company's inventories at various locations including shared assets with KPTCL are old, their usefulness and serviceability are subject to identification, reclassification and inspection. It is not possible to quantify the effect of obsolescence and the amount of provision required thereof.
  - d. The inventories of Stores and Spares include the value of scrapped, faulty and dismantled assets for reuse, which have been valued, by deducting lumpsum of 20% from the stated value without ascertaining the realistic physical usability or serviceability condition of the concerned inventories, notwithstanding that the valuation to be carried out in accordance with the prescribed Accounting standards.
  - e. Materials / inventories are valued at Standard Cost or Purchase cost and the valuation of inventories is not carried out at the lower of cost or net realizable value. Accordingly the valuation of such is not in accordance with the prescribed Accounting Standard.
  - f. Materials purchases are accounted on the basis of predetermined standard rates and not as per supporting documents reflecting the actual cost. The material cost variance is accounted by the Company at the time of giving credit to suppliers on the basis of suppliers' Invoices / Bills. This has resulted in not accounting the cost variances in respect of unpaid materials and stocks held. Accordingly the valuation is not in accordance with the prescribed Accounting Standard.
  - g. Refer to Note No.5.6 of Part B-Notes on accounts regarding non receipt of confirmation of balances of Creditors, contractors, loans and advances and balances held with other ESCOMs (and reconciliation pending in respect of dues payable to or receivable from KPTCL). Adjustments that may arise to receipt of confirmation and completion of reconciliation and likely impact of such adjustments, if any on the financial statements are not ascertainable at this stage.
  - h. The details and supportive documents relating to the opening and closing balances reflected in certain accounts, viz; Deposits received from Consumers, Deposit against Burnt Meters, Revenue suspense Accounts, Advances and Deposits are not available for scrutiny and to carry out requisite adjustments. Accordingly we are unable to comment on the correctness of the classification of such accounts reflected in the financial statements and the impact of adjustments if any that may arise subsequently.

- i. 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, its assets, and dues to and dues from KPTCL, which are not quantifiable at this stage.
  - j. 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.
  - k. The Company has continue to charge depreciation on all assets at the rates notified by the KERC. The Company has not worked out depreciation at the rates prescribed under schedule XIV of the Companies Act 1956. Hence the difference between depreciation to be provided as per Schedule XIV rates and the depreciation actually provided as per KERC notified rates is not ascertainable.
- III. By the virtue of the Government Order No.DE 48 PSR 2003 dated 31.05.2003 a certain portion of the loans availed by KPTCL from various institutions have been transferred and are reflected in the books of BESCOM, the Company is accounting the Interest, Guarantee Commission to Government of Karnataka in respect of loans from REC, PFC and UCO Bank, based on the advise of KPTCL though the respective liabilities have not been transferred / documented in the name of the Company while the liabilities are reflected in the books of accounts.
  - IV. The Company has carried forward the provision for Bad and Doubtful Debts to the extent of Rs.254.21 Crores on Sundry Debtors as part of the Transfer Scheme as on 01.06.2002. We are unable to comment on the realisability of sundry debtors transferred and carried forward and also the adequacy of provision thereof.
  - V) In our opinion, the Company is exposed to certain Data Security and allied Risks in view of the absence of Rights of Ownership with the Company on the monthly Billing Software such as Zygox and other softwares.
  - VI) The Company has not provided for Deferred Tax Liability / Assets as per the AS-22-ACCOUNTING FOR TAXES ON INCOME as the Company is advised that it is entitled to the benefit of exemption u/s 80IA of the Income Tax Act for ten years commencing from assessment year 2005-06 and accordingly liable for Minimum Alternate Tax (MAT) under the provisions of Income Tax Act. However, the Company's claim under section 80IA of Income Tax has not been accepted by the Assessing Officer and the matter is under appeal.
  - VII) There are various Lands and Buildings which have been brought to the books of the Company by virtue of Transfer Scheme on 01.06.2002 among other movables, majority of whose title deeds are under the process of transfer to the Company's name. No provision is made in regard to liability towards property and other related taxes / levies due together with interest / penalty remaining unpaid and the amount of which is unascertainable at this stage.
  - VIII) In the absence of any clear guidelines in the transfer scheme in regard to accountability and financial commitments towards contingent Liabilities arising out of the transactions prior to Transfer scheme dated 01.06.2002, the company has not made adequate disclosure of such contingent liabilities and accordingly the provision if any required, on review of the present status of such liability has been made as the quantum is not ascertainable.
  - IX) Refer to part B of Notes on accounts Para 1.2 regarding the renewal of license subsequent to 29.01.2008 pending before the authorities.
  - X) Refer to para 14.1 (Part B) regarding non-availability of reconciliation of Inter Unit accounts.

- XI) Refer to Part-B Notes on Accounts, paras 7.2, 7.3 and 7.4 regarding not providing / covering gratuity pension and leave encashment liabilities as per Accounting Standard-15.
- 5) Subject to the foregoing observations under para 4 above, we report that
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion proper books of accounts as required by law have been kept.
- (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement referred to in the report are in agreement with the books of Accounts.
- (d) 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 save and except the departure of accounting policies of the Company in relation to :
- a. AS-2 Valuation of Inventories
- b. AS-10 Accounting of Fixed Assets
- c. AS-15 Employee Benefits and
- d. AS-22 Accounting for taxes on income  
as set out appropriately.
- (e) Government of India vide a General Circular No.2/2002 dated 22.03.2002 has exempted the Directors of Government Companies from the provisions of disqualification. Hence the provisions for disqualifications of directors of the Companies 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 and Loss Account and the Cash Flow Statement read together with the Schedules and Notes thereon and subject to our observations stated under para 4 above, give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) In the case of Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March 2008.
- (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.

**R. SUBRAMANIAN AND COMPANY**  
Chartered Accountants

Sd/-  
**(N. KRISHNAMURTHY)**  
Partner  
Membership No.19939

Place : Bangalore  
Date : 23-09-2008



# ANNEXURE TO THE AUDITORS' REPORT

- (i) 4(i) (a) (i) to (xiv), the Company has maintained records for Fixed Assets but not updated in all its aspects and does not include quantitative details and situation of all Fixed Assets and other relevant particulars required to be recorded., As per the information and explanations given to us, some lands / assets that have been received as gifts without assigning any value whatsoever to the company. These items do not find a place in the registers and accounts of the company. The company is yet to obtain title deeds / relevant documents of certain lands / buildings reflected in the fixed schedules. Attention is invited to our observations in para 4 II b of Audit Report.
- (ii) 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 if any ascertain 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 impact of adjustment that may arise in respect of quantity and value, on completion of the identification exercise, is not ascertainable at this stage.
- (iii) 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 made available to us, the inventory of stores and materials have been physically verified by the management during the year. In our opinion, the frequency of physical verification of stocks, its scope and coverage to be adequately strengthened having regard to the size of the company and nature of its business.

(b) As per information made available to us, the procedures of physical verification of stocks followed by the Management need to be significantly 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 carried in the books separately pending completion of investigation. However, the discrepancies are not traced and resolved within reasonable time frame and accordingly no adjustments arising out of the same is carried out.

(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 stock to the extent carried out as compared to book records have been dealt with as set out in para (b) above.

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.

- 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.
- 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. Weakness and inadequacy of internal control is noticed on continuing basis from past period in several areas, which amongst others include, unadjusted shortage / excess in stock of materials, carry forward of balances under cash embezzlement, cash shortages pending investigation, carrying balances in unreconciled IUA Accounts, absence of evidence for Bank balances inherited under transfer scheme, certain wrong classification of expenditure relating to revenue or capital, non renewal of insurance coverage on the assets of the Company. Significant inadequacy of internal audit function.
- 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 "delivery point" basis.
- 4(vi) The Company has not accepted any deposits from the public. Hence the contents under para 4(vi) are not applicable.
- 4 (vii) The Company has an internal audit system of its own and presently it is carried out by the staff of the company. In our opinion, as stated in earlier reports, the Internal Audit system in the company is not adequate and needs to be strengthened keeping in view the size of the operations and nature of business.
- 4(viii) The provisions contained under section 209 (1) (d) of the Companies Act, 1956 in regard to the maintenance of cost records have been made applicable to the Company from FY 2007-08. As the Company has to maintain cost records as required and as such we are unable to carry out any review of the same.
- 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 that 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 2008, 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 31.03.2008 and hence no provision has been made towards wealth tax liability, if any payable by the Company.



4 (ix)(b) According to information and explanation given to us, the Company does not have any disputed dues of Sales Tax / Service Tax / Customer Duty / Excise Duty / Cess outstanding for payment except the following :

Name of the Statute	Nature of Dues	Amount (Rs. In Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	3032.99	2005-06	CIT (Appeals)
Sales Tax Law	KST	7.82	2004-05	Appeal
Sales Tax Law	CST	21.17	2004-05	Appeal
Sales Tax Law	-	1.07	2004-05	Appeal
Sales Tax Law	CST	11.63	2002-03	Appeal
Sales Tax Law	KST	2.78	2002-03	Appeal
Sales Tax Law	KST	0.78	2003-04	Appeal
Sales Tax Law	KST	0.07	2003-04	Appeal
Sales Tax Law	KTEG	---	---	Amount not ascertainable

- 4(x) The Company 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 explanations 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 made 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 Benefit Funds / Societies are not applicable to the Company.
- 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 explanations given to us, and based on our observations during the audit, the company has applied the terms 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 during the year and hence provisions of clause 19 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.
- 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 are in place simultaneously. However, we observe that the process of investigation and fixing the responsibility and taking the requisite recovery / punitive action need to be speeded up, considering the delay / time consuming process. We are unable to comment on the nature and the quantum of the amount to be provided in the accounts at this stage pending investigation by the Company and the judgment of the courts before whom the cases are pending in regard to the recoverability of the amounts involved.

**R. SUBRAMANIAN AND COMPANY**  
Chartered Accountants

Sd/-  
**(N. KRISHNAMURTHY)**  
Partner  
Membership No.19939

Place: Bangalore  
Date : 23-09-2008

# ADDENDUM TO DIRECTORS' REPORT for the year ended 31<sup>st</sup> March 2008

**Replies offered on the observation/comments of the Statutory Auditors  
on the accounts of the Company for the year 2007-08 are as follows.**

Sl. No.	SA No.	Observations of Statutory Auditors	Management's Reply
1	4 I(a)	The Company has not accounted for the Energy Balancing Charges for the year 2006-07, amounting to Rs.251.71 Crores and Rs.269 Crores for the year 2007-08 as determined by PCKL (Power Company of Karnataka Limited) to be recovered from other ESCOMs, in view of pending final direction from the Energy Department, Government of Karnataka.	After obtaining direction from GoK necessary action will be taken
2	4 I(b)	Subsequent to our report dated 18 <sup>th</sup> August 2008, the Government of Karnataka has revised the tariff subsidy for the year 2007-08, which has resulted in reduction of profit by Rs.46.11 Crores, as stated in Note No 30 of the Notes to the Accounts.	Factual
3	4 II(a)	The Company has implemented the tariff order dated 27 <sup>th</sup> September 2005 issued by KERC (Karnataka Electricity Regulatory Commission). The Company has not implemented the tariff orders released for 2006 dated 7 <sup>th</sup> April and 16 <sup>th</sup> April 2006 and tariff order for 2008 since the company has contested the same before Appellate Tribunal for Electricity.	Factual
4	4 II(b)	As approved by Government of Karnataka, the Company is vested with Fixed Assets such as Land and Buildings and vehicles by virtue of the transfer scheme on 01.06.2002, titles in respect of such assets have not yet been transferred in the case of the Company.	Factual, In majority of the cases Land & Building title have been transferred in favour of BESCOM. In other cases the process of transfer of title deeds are under progress.
5	4 II(c)	The Company's inventories at various locations including shared assets with KPTCL are old, their usefulness and serviceability are subject to identification, reclassification and inspection. It is not possible to quantify the effect of obsolescence and the amount of provision required thereof.	Factual, Efforts are being made to identify the usefulness & serviceability of the inventories at various locations.

Sl. No.	SA No.	Observations of Statutory Auditors	Management's Reply
6	4 II(d)	The inventories of Stores and Spares include the value of scrapped, faulty and dismantled assets for reuse, which have been valued, by deducting lumpsum of 20% from the stated value without ascertaining the realistic physical usability or serviceability condition of the concerned inventories, notwithstanding that the valuation to be carried out in accordance with the prescribed Accounting standards.	Factual. The company is making efforts to constitute a committee to examine this in detail.
7	4 II (e)	Materials/inventories are valued at Standard Cost or Purchase cost and the valuation of inventories is not carried out at the lower of cost or net realizable value. Accordingly the valuation of such is not in accordance with the prescribed Accounting Standard.	Due to complexity of situation, the existing procedure followed by the erstwhile KPTCL has been continued. However, efforts would be made to comply with the Accounting Standards-2 in future.
8	4 II (f)	Materials purchases are accounted on the basis of predetermined standard rates and not as per supporting documents reflecting the actual cost. The material cost variance is accounted by the Company at the time of giving credit to suppliers on the basis of suppliers' Invoices / Bills. This has resulted in not accounting the cost variances in respect of unpaid materials and stocks held. Accordingly the valuation is not in accordance with the prescribed Accounting Standard.	Practice followed earlier in KPTCL is adopted. In company's opinion, value may not be significant. However, the issue would be examined in future.
9	4 II (g)	Refer to Note No.5.6 of Part B-Notes on accounts regarding non receipt of confirmation of balances of Creditors, contractors, loans and advances and balances held with other ESCOMs (and reconciliation pending in respect of dues payable to or receivable from KPTCL).  Adjustments that may arise to receipt of confirmation / reconciliation and likely impact of such adjustments, if any on the financial statements are not ascertainable at this stage.	The reconciliation and confirmation of balances with KPCL has been obtained. Where as in other cases there are about 200 & odd parties from whom confirmation is awaited.  In case of receivables & payables subject to confirmation from KPTCL, all other ESCOM's have reconciled and confirmed.
10	4 II (h)	The details and supportive documents relating to the opening and closing balances reflected in certain	The company is having the practice of identifying the deposits,

Sl. No.	SA No.	Observations of Statutory Auditors	Management's Reply
		accounts, viz; Deposits received from Consumers, Deposit against Burnt Meters, Revenue suspense Accounts, Advances and Deposits are not available for scrutiny and to carry out requisite adjustments. Accordingly we are unable to comment on the correctness of the classification of such accounts reflected in the financial statements and the impact of adjustments if any that may arise subsequently.	credits to Revenue suspense account etc., as followed by KPTCL. The deposits and credits to Revenue suspense account are transferred to Miscellaneous Income account of the Company after three years when the identification is not possible within three years.
11	4 II (i)	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 are not quantifiable at this stage.	Bifurcation of MRT in respect of shared assets, liabilities, profit and loss is under process and on finalization, necessary action will be taken.
12	4 II (j)	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 notes has been made in the "Notes on accounts " under Note No.8.
13	4 II (k)	The company has continued to charge depreciation on all Assets at the rates notified by the KERC. The company has not worked out depreciation at the rates prescribed under schedule XIV of the Companies Act 1956. Hence the difference between depreciation to be provided as per schedule XIV rates and the depreciation actually provided as per KERC notified rates is not ascertainable.	Factual.
14	4 III	By the virtue of the Government Order No.DE 48 PSR 2003 dated 31.05.2003 a certain Portion of the loans availed by KPTCL from various institutions have been transferred and are reflected in the books of BESCOM. The Company is accounting the Interest, Guarantee Commission to Government of Karnataka in respect of loans from REC, PFC and UCO Bank, based on the advise of KPTCL though the respective liabilities have not been transferred / documented in the name of the Company while the liabilities are reflected in the books of accounts.	Factual.

Sl. No.	SA No.	Observations of Statutory Auditors	Management's Reply
15	4 IV	The Company has carried forward the provision for Bad and Doubtful Debts to the extent of Rs.254.21 Crores on Sundry Debtors as part of the Transfer Scheme as on 01.06.2002. We are unable to comment on the realisability of sundry debtors transferred and carried forward and also the adequacy of provision thereof.	Factual.
16	4 V	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 & 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 divisions 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 sub divisions is under progress.
17	4 VI	The Company has not provided for Deferred Tax Liability / Assets as per the AS - 22 – ACCOUNTING FOR TAXES ON INCOME as the Company is advised that it is entitled to the benefit of exemption u/s 80IA of the Income Tax Act for ten years commencing from assessment year 2005-06 and accordingly liable for Minimum Alternate Tax (MAT) under the provisions of Income Tax Act. However, the Company's claim under section 80IA of Income Tax has not been accepted by the Assessing Officer and the matter is under appeal.	Since from past 6 years no liability/asset have been claimed by KPTCL, no provision has been made. However, the issue would be reviewed to comply with Accounting Standard in future.
18	4 VII	There are various Lands and Buildings which have been brought to the books of the Company by virtue of Transfer Scheme on 01.06.2002 among other movables, majority of whose title deeds are under the process of transfer to the Company's name. No provision is made in regard to liability towards property and other related taxes / levies due together with	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.

Sl. No.	SA No.	Observations of Statutory Auditors	Management's Reply
		interest / penalty remaining unpaid and the amount of which is unascertainable at this stage.	
19	4 VIII	In the absence of any clear guidelines in the transfer scheme in regard to accountability and financial commitments towards contingent Liabilities arising out of the transactions prior to Transfer scheme dated 01.06.2002, the company has not made adequate disclosure of such contingent liabilities and accordingly the provision if any required, on review of the present status of such liability has been made as the quantum is not ascertainable.	Factual. So far no such liability has arisen and the Company has no knowledge of existence of any such liability.
20	4 IX	Refer to part B of Notes on accounts Para 1.2 regarding the renewal of license subsequent to 29.01.2008 pending before the authorities.	Factual. Up to date license renewable fee has been paid but renewal of license has not been received from KERC.
21	4 X	Refer to para 14.1 (Part B) regarding non-availability of reconciliation of Inter Unit accounts.	Factual will be completed at the earliest.
22	4 XI	Refer to Part – B - Notes on Account, Paras 7.2, 7.3 & 7.4 regarding not providing / covering gratuity pension and leave encashment liabilities as per Accounting Standard - 15	Factual. Actuarial valuation will be made during 2008-09

Sd/-  
Managing Director

# BALANCE SHEET AS AT 31ST MARCH 2008

Amount in Rupees

Sl. No.	Particulars	Sch. No.	Current Year 2007-08		Previous Year 2006-07	
<b>I</b>	<b>SOURCES OF FUNDS :</b>					
1	<b>Share holders' Funds</b>					
	Share Capital	1	205,95,00,000		205,95,00,000	
	Share Deposit	1A	1,51,353		1,51,353	
	Reserves and Surplus	2	931,96,35,925		684,37,54,203	
2	<b>Loans Funds</b>			1137,92,87,278		899,34,05,556
	Secured Loans	3	424,65,50,064		613,62,34,685	
	Unsecured Loans	4	92,06,69,199		102,86,55,668	
3	<b>Other Funds</b>			516,72,19,263		716,48,90,353
	Service Line and Security Deposits	5		1570,13,70,568		1354,86,91,453
	<b>TOTAL - I</b>			<b>3224,78,77,109</b>		<b>2961,69,87,362</b>
<b>II</b>	<b>APPLICATION OF FUNDS :</b>					
1	<b>Fixed Assets</b>					
	(a) Gross Block	6	2792,46,00,692		23,23,52,31,040	
	(b) Less: Depreciation		858,97,29,370		781,68,75,281	
	(c) Net Block			1933,48,71,322		1541,83,55,759
	(d) Capital Work in Progress	7		175,52,77,720		77,09,98,164
				<b>2109,01,49,042</b>		<b>1618,93,53,923</b>
2	<b>Current Assets, Loans and Advances</b>					
	(a) Inventories, Stores & Spares	8	112,72,15,226		117,19,35,743	
	(b) Sundry Debtors	9	1484,99,25,222		1536,53,99,305	
	(c) Cash and Bank Balances	10	406,75,01,102		273,08,23,509	
	(d) Loans, Advances and Deposits	11	279,10,67,205		276,07,78,735	
	(e) Other Current Assets	12	348,96,53,526		180,97,09,400	
	<b>Total- 2</b>		<b>2632,53,62,281</b>		<b>2383,86,46,692</b>	
	<b>Less:</b>					
	Current Liabilities & Provisions	13	1516,76,34,214		1041,10,13,253	
	Net Current Assets			1115,77,28,067		1342,76,33,439
	Significant Accounting Policies and Notes on Accounts	24				
	<b>TOTAL - II</b>			<b>3224,78,77,109</b>		<b>2961,69,87,362</b>

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

Sd/-  
(S.O. Earanna)  
General Manager (A & I)

Sd/-  
(H.Nagesh)  
Director (Technical)

Sd/-  
(Tushar Giri Nath)  
Managing Director

Vide our report of even date attached  
for **R SUBRAMANIAN AND COMPANY**  
Chartered Accountants

Place : Bangalore  
Date : 20-09-2008

Sd/-  
(N. KRISHNAMURTHY)  
Partner





# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

Amount in Rupees

Sl. No.	Particulars	Sch. No.	Current Year 2007-08		Previous Year 2006-07	
<b>I</b>	<b>INCOME</b>					
1	Revenue from sale of power	14	5806,68,84,560		5266,10,32,621	
2	Other Income	15	109,78,73,658		59,21,56,623	
	<b>TOTAL</b>			<b>5916,47,58,218</b>		<b>5325,31,89,244</b>
<b>II</b>	<b>EXPENDITURE</b>					
1	Purchase of power	16	4939,99,23,587		4580,58,21,294	
2	Repairs and Maintenance	17	43,45,21,001		39,54,58,621	
3	Employee Costs	18	347,02,05,274		263,05,20,522	
4	Administrative and Other Expenses	19	67,80,89,376		63,54,60,295	
5	Other Charges (Debits)	20	230,44,13,649		232,80,03,289	
	<b>TOTAL</b>			<b>5628,71,52,887</b>		<b>5179,52,64,021</b>
<b>III</b>	<b>Profit before Depreciation and Interest</b>			<b>287,76,05,331</b>		<b>145,79,25,223</b>
	Depreciation (Net)	21	48,06,76,057		10,62,67,723	
<b>IV</b>	<b>Profit / (Loss) before Interest and Taxes</b>			<b>239,69,29,274</b>		<b>135,16,57,500</b>
	Interest and other Charges	22	172,07,67,302		136,83,85,637	
<b>V</b>	<b>Profit / (Loss) before prior period charges or credits</b>			<b>67,61,61,972</b>		<b>(1,67,28,137)</b>
	Prior period credits(+) / charges(-)	23	(52,68,17,512)		58,81,54,558	
<b>VI</b>	<b>Profit before Reserve &amp; Taxation</b>			<b>14,93,44,460</b>		<b>57,14,26,421</b>
<b>VII</b>	<b>Profit before Taxation</b>			<b>14,93,44,460</b>		<b>57,14,26,421</b>
	Provision for Income Tax		1,68,19,773		6,49,90,000	
	Provision for Fringe Benefit Tax		68,20,318		33,58,347	
<b>VIII</b>	<b>Net Profit after Taxation</b>			<b>12,57,04,369</b>		<b>50,30,78,074</b>
<b>IX</b>	<b>Add: Balance of Surplus brought over from previous year</b>		<b>213,19,52,021</b>		<b>162,88,73,947</b>	
	<b>Balance carried to Balance Sheet</b>			<b>225,76,56,390</b>		<b>213,19,52,021</b>
<b>X</b>	<b>Appropriations</b>					
	Balance surplus carried to Balance Sheet			<b>225,76,56,390</b>		<b>213,19,52,021</b>
<b>XI</b>	Significant Accounting Policies and Notes on Accounts	24				

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

Sd/-  
(S.O. Earanna)  
General Manager (A & I)

Sd/-  
(H.Nagesh)  
Director (Technical)

Sd/-  
(Tushar Giri Nath)  
Managing Director

Vide our report of even date attached  
for **R SUBRAMANIAN AND COMPANY**  
Chartered Accountants

Sd/-  
(N. KRISHNAMURTHY)  
Partner

Place : Bangalore  
Date : 20-09-2008

**SCHEDULE : 01 SHARE CAPITAL**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08	Previous Year 2006-07
1	<b>Authorised Capital</b> 25,00,00,000 Equity shares of Rs. 10/- each		250,00,00,000	250,00,00,000
2	<b>Issued, Subscribed and Paid up capital</b>			
a	Issued Capital 20,59,50,000 Equity shares of Rs.10/- each		205,95,00,000	205,95,00,000
b	Subscribed Capital 20,59,50,000 Equity shares of Rs.10/- each		205,95,00,000	205,95,00,000
c	Paid Up Capital 20,59,50,000 Equity shares of Rs.10/- each Fully paid up	52.301	205,95,00,000	205,95,00,000
<b>Total</b>			<b>205,95,00,000</b>	<b>205,95,00,000</b>

**SCHEDULE : 1A SHARE DEPOSIT**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08	Previous Year 2006-07
1	Share Deposit (as per GoK Letter No.DE48 PSR 2003/424 dated 15:06:2004 )	52.302	1,51,353	1,51,353
<b>Total</b>			<b>1,51,353</b>	<b>1,51,353</b>

**SCHEDULE : 02 RESERVES AND SURPLUS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08	Previous Year 2006-07
1	Contributions, grants and subsidies towards cost of Capital assets	55.100	496,40,18,372	358,36,23,248
2	Subsidies received from REC towards RGGVY scheme	55.210	127,05,06,308	24,78,25,240
3	Grants towards cost of Capital Assets received from GOI	55.3,55.303 +55.309	69,54,80,501	74,83,79,340
4	GOK grant towards regularisation of unauthorised IP set installations	55.308	10,00,00,000	10,00,00,000
5	Reserve for Contingencies	56.640	3,19,74,354	3,19,74,354
6	Surplus in Profit and Loss Account		225,76,56,390	213,19,52,021
<b>Total</b>			<b>931,96,35,925</b>	<b>684,37,54,203</b>

**SCHEDULE : 03 SECURED LOANS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08	Previous Year 2006-07
1	Loans from Rural Electrification Corporation Limited, New Delhi.	53.30+ 53.312	21,41,78,037	131,37,99,454
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	170,32,59,232	187,11,52,002
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 avaiement @ 9.10% interest. Interest servicing is to be carried out on monthly basis)	53.5007	10,72,78,362	16,09,17,544
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	151,40,80,280	190,81,74,547

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

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08	Previous Year 2006-07
	<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 documents 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	31,22,69,300	39,57,21,991

**SCHEDULE : 03 SECURED LOANS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08	Previous Year 2006-07
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. Ineterest 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>	53.500	39,54,84,853	47,90,36,091
	Interest accrued and due on loans	51.246+51.2	-	
	Loan From GoK APDRP	51.238,139 138	-	74,33,056
<b>TOTAL</b>			<b>424,65,50,064</b>	<b>613,62,34,685</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 2007-08	Previous Year 2006-07
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	1,65,37,790
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	62,56,01,776	64,42,74,153
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	4,43,28,173	5,17,62,465
4	Loan from Government (through REC) - RGGVY  (The Total repayment period will be 15 years inclusive of 5 years moratorium period together with interest @ 5% with quarterly interest)	53.3357	16,54,01,460	26,19,81,260
5.	Loan from GoK for Power Sector Automation	53.3417	1,47,00,000	
6.	Loan from GoK Ganga Kalyana	53.3367	5,41,00,000	5,41,00,000
<b>TOTAL</b>			<b>92,06,69,199</b>	<b>102,86,55,668</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 2007-08	Previous Year 2006-07
1	i) Deposit Contribution Work	47.301 to 47.303, 47.305, 47.307 to 47.317	21,51,74,466	23,04,84,616
	ii) Deposit Works	47.306	2,12,49,273	1,82,70,266
2	Other Deposits from Consumers	47.6	60,70,50,732	54,12,22,862
3	Security Deposit from consumers:	48.1+48.2+48.3	1485,78,96,097	1275,87,13,709
<b>Total</b>			<b>1570,13,70,568</b>	<b>1354,86,91,453</b>



**SCHEDULES 1 TO 13 FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2008**  
**SCHEDULE : 06 FIXED ASSETS**

Particulars	Fixed Assets				Depreciation			Net Block		
	Opening Balance As at 1-4-2007	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance As at 31-3-2008	Opening Balance As at 1-4-2007	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance As at 31-3-08	As at 31-4-2007	As at 31-3-2008
Land & Rights	8,66,25,551	1,77,05,420	1,71,40,030	8,71,90,941	0	0	0	0	8,66,25,551	8,71,90,941
Buildings	25,91,04,243	3,82,00,961	0	29,73,05,204	7,31,65,889	67,70,965	36,56,709	7,62,80,145	18,59,38,354	22,10,25,059
Civil Works (Pipeline, Sewage, Drainage, Water supply)	2,13,17,072	9,40,727	0	2,22,57,799	38,58,039	3,91,184	1,48,150	41,01,073	1,74,59,033	1,81,56,726
Other Civil Works	42,86,605	0	0	42,86,605	9,61,973	88,349	66,932	9,83,390	33,24,632	33,03,215
Plant & Machinery	505,23,24,182	133,46,95,233	42,08,05,332	596,62,14,083	146,22,78,927	21,14,81,554	9,71,91,784	157,65,68,707	359,00,45,255	438,96,45,376
Lines Cable										
Networks	1763,40,01,476	482,21,13,220	110,13,74,135	2135,47,40,561	615,70,63,153	77,23,48,407	12,19,59,058	680,74,52,502	1147,69,38,323	1454,72,88,061
Vehicles	9,73,19,561	35,26,408	24,72,056	9,83,73,913	7,57,86,713	36,09,840	20,72,754	7,73,23,799	2,15,32,848	2,10,50,114
Furniture & Fixtures	5,60,85,597	57,24,821	15,64,863	6,02,45,555	2,87,25,290	28,85,874	95,090	3,15,16,074	2,73,60,307	2,87,29,480
Office Equipments	2,41,66,753	1,01,51,126	3,31,849	3,39,86,030	1,50,35,297	11,33,422	6,65,040	1,55,03,679	91,31,456	1,84,82,351
<b>Current Year Total</b>	<b>2323,52,31,040</b>	<b>623,30,57,916</b>	<b>154,36,88,265</b>	<b>2792,46,00,692</b>	<b>781,68,75,281</b>	<b>99,87,09,605</b>	<b>22,58,55,517</b>	<b>858,97,29,369</b>	<b>1541,83,55,759</b>	<b>1833,48,71,322</b>
<b>Previous 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>788,99,19,408</b>	<b>76,06,62,841</b>	<b>83,37,06,968</b>	<b>781,68,75,281</b>	<b>1226,56,83,331</b>	<b>1541,83,55,759</b>

NOTE :

1. Buildings includes shared assets as per KPTCL's intimation
2. Addition includes released assets after reconditioning
3. Deduction includes transfer of assets for reconditioning and Shared assets to KPTCL
4. Additions / deletions of assets and depreciation thereon include:
  - a) Items pending reconciliation relating to inter unit transfers and
  - b) Prior period adjustments.

**SCHEDULE : 07 CAPITAL WORKS IN PROGRESS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08	Previous Year 2006-07
1	Capital Work in Progress	14	100,77,84,938	58,01,45,665
	Interest during implementation period		2,13,40,961	7,97,19,979
2	Contracts in Progress	15.12	60,04,631	55,42,700
3	Provision for works.	15.500	72,01,47,189	10,55,89,820
<b>Total</b>			<b>175,52,77,720</b>	<b>77,09,98,164</b>

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

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08		Previous Year 2006-07	
1	<b>Assets not in use (valued at WDV)</b>					
	a) Value of scraped assets		15,47,47,377		12,26,26,444	
	Less : 20% Provision estimated/ possible erosion in value	16.1	3,09,49,475		2,45,25,289	
				12,37,97,902		9,81,01,155
	b) Value of Faulty and Dismantled assets for reuse		15,55,51,404		9,46,04,696	
	Less: 20% Provision estimated/ possible erosion in value	16.2	3,11,10,281		1,89,20,939	
			12,44,41,123		7,56,83,757	
	<b>Total-1</b>			<b>24,82,39,025</b>		<b>17,37,84,912</b>
2	<b>Materials Stock</b>					
	a) Material Stock Account	31,22.610- 22.450, 22.810- 22.820	83,60,62,594		97,47,86,767	
	b) Mateterial imprest Account	22.641	53,33,832		61,85,770	
	c) Other Material Account	22.700	3,75,79,775		1,71,78,294	
	<b>Total-2</b>			<b>87,89,76,201</b>		<b>99,81,50,831</b>
<b>TOTAL 1 + 2</b>				<b>112,72,15,226</b>		<b>117,19,35,743</b>

**SCHEDULE : 9 SUNDRY DEBTORS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08		Previous Year 2006-07	
<b>1</b>	<b>(a) Sundry Debtors - Supply of Power</b>					
	1. Sundry Debtors for sale of Power – LT	23.1	20,30,87,86,234		1568,78,81,824	
	2. Unbilled Revenue - LT	23.4	101,62,18,489		92,92,29,894	
	3. Sundry Debtors for sale of Power - HT	23.2	46,73,14,719		40,25,60,871	
	4. Unbilled Revenue - HT	23.4	247,57,90,328		214,76,69,623	
	5. Dues from Permanently disconnected installations	23.5	11,19,30,687		58,40,49,951	
	6. Inter ESCOMs Energy balancing & Energy charges at IF point	23.6	16,90,83,407		16,18,35,081	
	<b>Total (a)</b>			<b>2454,91,23,864</b>		<b>1991,32,27,244</b>
	<b>(b) Sundry Debtors - miscellaneous receipts from consumers</b>	23.7		<b>28,635</b>		<b>29,035</b>
	<b>Sub total - (1)</b>			<b>2454,91,52,499</b>		<b>1991,32,56,279</b>
<b>2</b>	<b>Less :</b>					
	a) Revenue Suspense Account	47.6	2,52,23,346		5,46,80,155	
	b) Provision for withdrawal of Revenue demand	23.8	69,87,70,611		63,14,27,831	
	c) Provision for Doubtful Dues from consumers	23.9	955,92,75,753		635,47,76,981	
	<b>Sub total - 2</b>			<b>1028,32,69,710</b>		<b>704,08,84,967</b>
<b>3</b>	<b>Net Receivables against Supply of Power</b>			<b>1426,58,82,788</b>		<b>1287,23,71,312</b>
<b>4</b>	<b>Sundry Receivables from KPTCL</b>	28.826, 831,836, 841	<b>180,96,91,219</b>			<b>310,34,56,799</b>

**SCHEDULE : 9 SUNDRY DEBTORS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08		Previous Year 2006-07	
	<b>Less : Payable to KPTCL</b>					
a	On accounts of funds received	46.106	<b>12,47,07,474</b>		12,47,07,474	
b	On accounts of funds received and adjusted to receivable from KPTCL	28.881	<b>77,89,47,720</b>		181,73,35,484	
c	On account of Materials, Released Assets, Personnel and others	42.200	<b>72,68,18,859</b>		153,66,23,243	
	<b>Net receivable from KPTCL</b>		<b>17,92,17,166</b>		(37,52,09,402)	
d	MESCOM	28.828, 833,838	<b>5,77,46,650</b>		5,77,46,650	
e	GESCOM	28.830, 835,840	<b>2,55,79,993</b>		2,55,79,993	
f	HESCOM	28.829, 834,839	<b>4,02,22,070</b>		4,02,22,070	
g	Others	28.1	<b>19,81,68,008</b>		15,77,37,100	
	<b>Sub total - 4</b>			<b>50,09,33,887</b>		(9,39,23,589)
5	Receivable from GoK towards IP set dues waived off	28.1		-		226,40,18,976
6	Receivable from GoK towards BJ dues waived off	28.1		-		25,12,34,443
7	Sundry Debtors for Electricity Tax	23.3		<b>8,31,08,546</b>		7,16,98,163
	<b>Total 3+4+5+6+7</b>			<b>1484,99,25,222</b>		1536,53,99,305

Note: A) Secured - Nil -

B) Un Secured :

- 1) Receivables on sale of power are unsecured but considered good except to an extent of provision for bad debts of Rs.1025,80,46,364/- (i.e. total of Sl.No.2(b)+2©)
- 2) Rs. 529,96,53,637/- 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 2007-08		Previous Year 2006-07
1	Cash, Cheques/DDs on Hand	24.110 +24.210		19,53,60,339	18,86,49,985
2	Cash at Bank - Operative Accounts with scheduled banks	24.400	34,81,52,642		152,94,01,950
3	Cash at Bank - Non-Operative Accounts with scheduled banks	24.300	22,81,51,986		25,51,87,984
4	Fixed Deposits with Banks	20.2	318,03,74,758	57,63,04,628	178,45,89,934
5	Interest Accrued but not due on deposits	28.2	1,19,98,968		59,87,83,230
				319,23,73,726	60,19,49,505
6	Stamps on Hand	24.120, 24.130, 24.140		6,49,455	6,78,973
7	Remittance to Head Office -Transit Account	24.5	9,57,08,481		3,10,221
8	Transfers from Head Office In Transit Account	24.6	71,04,473		15,46,44,891
				10,28,12,954	15,49,55,112
<b>TOTAL</b>				<b>406,75,01,102</b>	<b>273,08,23,509</b>

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

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08		Previous Year 2006-07
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	14,58,71,093		17,75,56,075
	b) Advances to Contractors	26.6	178,72,63,324		178,59,96,231
	c) Loans and Advances to Staff - Interest free	27.2	2,99,95,543		3,39,62,959
	d) Loans and Advances - Others	27.8	63,00,00,000		63,00,00,000
	e) Advance to PCKL	27.8	10,99,00,000		
	<b>Sub total (a+b+c+d+e)</b>			<b>270,30,29,960</b>	262,75,15,265
2	<b>DEPOSITS</b>				
	a) Security Deposits received in Cash from contractors.	28.9		<b>8,80,37,245</b>	13,32,63,470
	<b>Total</b>			<b>279,10,67,205</b>	276,07,78,735

**SCHEDULE 12 : OTHER CURRENT ASSETS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08		Previous Year 2006-07
<b>A</b>	<b>Other Current Assets</b>				
1	Amounts Recoverable from Employees	28.4+36	25,51,32,307		28,53,18,501
2	Tariff subsidy Receivable from GOK towards IP set installation	28.625	100,55,95,065		37,17,00,097
3	Tariff subsidy Receivable from GOK towards BJ/KJ installation	28.626	-		38,96,65,420
4	Fringe Benefit Tax paid	28.819	-		-
5	Income Tax including Advance Tax	28.821	37,19,91,109		4,93,61,893
6	Tax deducted at source - (income Tax)	28.850	24,11,940		9,555
7	Other Claims Receivables	28.72, 28.74	1,87,82,749		1,84,64,328
8	Receivables from Pension/Gratuity Trust	28.846	37,57,70,267		44,40,92,356
9	Cash Receivables from Associates - KPTCL / ESCOMS	28.9	138,92,40,483		24,03,29,238
10	Receivable from GOK refund of meter equipment security deposit	28.71	4,15,293		7,33,402
11	Excess credit under reconciliation	46.971 to 46.978			7,31,748
	<b>Sub-total A</b>			<b>341,93,39,213</b>	<b>180,04,06,538</b>
<b>B</b>	<b>Inter Unit Accounts :</b>				
1	IUA - CWIP, Fixed Assets, depreciation provision / obsolete and released assets	32	7,03,14,313		93,02,862
2	IUA-Remittances to HO	33	0		-
	<b>Sub-total B</b>			<b>7,03,14,313</b>	<b>93,02,862</b>
<b>C</b>	<b>Total (A + B)</b>			<b>348,96,53,526</b>	<b>180,97,09,400</b>



**SCHEDULE 13 : CURRENT LIABILITIES & PROVISIONS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08		Previous Year 2006-07	
<b>1</b>	<b>Sundry Creditors for Purchase of Power</b>					
	a) Hydel Power		56,35,54,436		3,07,96,351	
	b) Thermal Power		283,11,76,995		160,66,13,128	
	c) Lignite Power		18,44,16,491		20,02,37,466	
	d) Atomic Energy		5,16,72,095		8,51,90,110	
	e) Conventional Energy		26,84,55,864		153,27,32,625	
	f) Non Conventional Energy		14,08,13,035		13,40,94,331	
	g) Wind Mill Energy		21,35,30,159		12,64,66,609	
	h) U I Transmission & administrative charges and provision for PP Liability		429,16,94,033		190,33,63,258	
	l) Diesel Generating power		35,22,29,197	889,75,42,305		561,94,93,878
<b>2</b>	<b>Liabilities for supplies / works</b>	42.1 to 42.5, 42.6	133,52,32,516	133,52,32,516	89,98,51,125	89,98,51,125
<b>3</b>	<b>Staff Related Liabilities</b>					
	Unpaid Salaries	44.210	10,69,363		2,50,168	
	Unpaid Bonus	44.220	31,315		18,733	
	Salary payable	44.310	23,07,28,852		15,70,45,668	
	Bonus payable	44.320	79,23,339		53,76,924	
	Ex-gratia payable	44.330	4,00,42,618		2,48,72,368	
				27,97,95,487		18,75,63,861
<b>4</b>	<b>Payable to other ESCOMs</b>	42.200	100,94,86,104	100,94,86,104	100,89,00,025	100,89,00,025
<b>5</b>	<b>Other Liabilities</b>					
	Other Receivables-suppliers/ Contractors	28.8	6,60,45,795		7,49,34,022	
	Security Deposits in cash from Suppliers / Contractors	46.101	22,16,03,262		26,25,88,880	
	Security deposit other than in cash from suppliers / contractors	46.102	41,31,300		-	

**SCHEDULE 13 : CURRENT LIABILITIES & PROVISIONS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08		Previous Year 2006-07	
	Retention Money - Bill amount retained	46.104, 105, 206	3,49,92,377		3,37,87,278	
	Stale Cheques	46.910	44,06,895		33,79,913	
	Payable to GOK BRP II arrears recovered from consumer	46.202	62,94,994		75,48,930	
	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	3,29,28,229		2,63,25,253	
	Excess credit under reconciliation	46.971 to 46.978	99,63,456		-	
	Levies / fees payable to GoK	46.300+ 46.301+ 46.104	47,08,04,372		43,22,27,050	
	Inter Unit Accounts - Other transactions / adjustments & AWP	37	92,28,90,472		47,29,36,721	
	IUA -Funds Transfer	34	0	177,66,83,137	0	131,63,50,032
<b>6</b>	<b>Outstanding Liability</b>					
	- for Expenses	46.103, 410,470, 46.929	152,19,45,771		116,17,93,131	
	- interest accrued but not due on loans	46.71	75,31,334	152,94,77,105	1,10,58,379	117,28,51,510
<b>7</b>	<b>Provisions for other liabilities</b>					
	Provision for Gratuity,Pension, Leave encashment, PF & Family Benefit Fund	44.122, 130,140 to 142	25,93,99,118		14,76,46,822	
	Provision for Income-Tax & Fringe Benefit Tax	46.800	8,00,18,443		5,83,56,000	
				33,94,17,561		20,60,02,822
	<b>TOTAL</b>			1516,76,34,214		1041,10,13,253

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

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08	Previous Year 2006-07
<b>1</b>	<b>Revenue from Sale of Power – LT</b>			
	Bhagya jyothi Scheme.	61.101	10,69,94,821	28,40,01,931
	BJ/KJ Tariff Subsidy Receivable from GoK	61.102	27,34,09,413	
	Non-Commercial Lights and Fans Non-Domestic and Non-commercial lighting installations.			
	Domestic combined lighting, heating and motive power Private, Professional and unaided educational institutions.	61.110+ 61.111	1145,48,38,043	1034,61,19,717
	Commercial and Non-Industrial Lights and Fans.	61.115	566,69,87,653	493,78,62,388
	Irrigation Pump Sets (10 HP & below)/ Water Lifting.	61.119+ 61.120	329,84,13,371	288,74,26,167
	Irrigation Pump sets (above 10 HP)/Water Lifting.	61.121	31,21,616	43,53,559
	IP set Tariff Subsidy Receivable from GoK	61.122	196,26,20,135	298,78,73,821
	Water supply-Village Panchayats and Town Panchayats.	61.125	81,26,33,983	72,31,26,067
	Water supply - Others.	61.126	48,41,25,468	44,75,31,078
	Private Horticultural Nurseries, Coffee, Tea, Coconut and Areca nut Plantations.	61.128	48,67,702	33,24,136
	Industrial, Non-Industrial, Heating and Motive Power including Lighting	61.129to 61.133	443,15,20,876	434,07,02,290
	Public Lighting/Village and Town Panchayats.	61.140	37,29,06,586	45,29,44,443

**SCHEDULE : 14 (continued)**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08		Previous Year 2006-07	
	Public Lighting - Others.	61.141, 61.143	69,26,32,433		62,95,74,022	
	Temporary Power Supply - Non-commercial lights and fans and other small appliances	61.145	88,79,46,955		75,46,25,601	
				3045,30,19,055		2879,94,65,220
<b>2</b>	<b>Revenue from Sale of Power – HT</b>					
	Public Water Supply & Sewerage Pumping	61.250	163,40,87,961		167,72,30,984	
	Industrial, Non-industrial and Commercial purposes & Railway Traction	61.255	1457,34,29,820		1262,33,86,768	
	Commercial.	61.256	1079,44,45,464		863,08,77,778	
	Irrigation and Agricultural Farms. Lift Irrigation Societies, Lift Irrigation Schemes and Govt., Horticultural Farms	61.260	71,85,993		47,30,774	
	Private Horticultural Nurseries coffee & Tea Plantation	61.261	5,93,075		14,44,021	
	Rural Electric Co - Operative Societies	61.265	33,09,90,606		30,71,28,399	
	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		2,33,87,034

**SCHEDULE : 14 (continued)**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08		Previous Year 2006-07	
	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	1,07,94,303		99,14,085	
	Recoveries for theft of power	61.710	13,919		2,889	
				2737,49,28,175		2340,66,36,694
3	<b>Miscellaneous recoveries from Consumers.</b>					
	Reconnection Fee (D & R)	61.902	13,20,324		-	
	Public Lighting Maintenance Charges	61.903	1,350		2,475	
	Service Connection	61.904	24,68,62,770		20,77,82,729	
	Delayed payment charges from consumers.	61.905	56,980		3,04,216	
	Other Receipts from consumers	61.906	15,46,63,804		24,68,41,287	
				40,29,05,228		45,49,30,707
	<b>Gross Revenue from Sale of Power (Total)</b>			5823,08,52,457		5266,10,32,621
	<b>Less : Withdrawal of Revenue Demand</b>	83.8	16,39,67,898			
	<b>TOTAL</b>			5806,68,84,560		5266,10,32,621

**SCHEDULE : 15 OTHER INCOME**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08		Previous Year 2006-07	
<b>1</b>	<b>Income from Investments</b>					
	Interest on Bank Fixed Deposits	62.222, 260, 270	<b>39,69,14,830</b>			1,05,71,992
	<b>Sub total - 1</b>			<b>39,69,14,830</b>		1,05,71,992
<b>2</b>	<b>Other Income</b>					
	Profit on sale of stores	62.330	<b>49,98,067</b>		30,98,146	
	Sale of scrap	62.340	<b>90,222</b>		2,28,572	
	Other Miscellaneous receipts	62.360	<b>29,04,551</b>		45,05,728	
	Other Income	62.325	<b>2,80,108</b>		75,85,378	
	Material Cost Variance	62.630+ 62.904+ 79.110	<b>11,77,63,867</b>		-	
	Rental from Staff Quarters	62.901	<b>1,07,06,114</b>		68,55,760	
	Rental from others	62.902	<b>4,41,073</b>		57,685	
	Value of materials & fixed assets found excess during physical verification	62.905	<b>53,06,901</b>		1,197,374	
	Commission at 1.5% for collection of Electricity Duty.	62.916	<b>3,73,56,013</b>		3,37,90,333	
	Incentives received	62.917, 62.918	<b>13,75,17,327</b>		21,06,39,713	
	Miscellaneous Recoveries.	62.907+ 62.361+ 62.911+ 62.922+ 92+923+ 62.361	<b>38,35,94,586</b>		31,30,59,942	
	Extraordinary Credits	63.200			5,66,000	
	<b>Sub total - 2</b>			<b>70,09,58,829</b>		58,15,84,631
	<b>Total</b>			<b>109,78,73,658</b>		59,21,56,623

**SCHEDULE : 16 PURCHASE OF POWER**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08	Previous Year 2006-07
A	<b>Power Purchase Cost</b>			
	a) Hydel Power		465,38,01,542	435,46,75,767
	b) Thermal Power		1837,87,68,535	1813,38,25,795
	c) Lignite Power		248,54,97,486	214,58,12,023
	d) Atomic Energy		92,06,90,120	113,10,91,613
	e) Conventional Energy		816,07,94,874	805,25,27,434
	f) Non Conventional Energy		164,53,93,159	177,39,62,359
	g) Wind Mill Energy		441,81,59,319	425,91,34,646
	h) Diesel generating		156,58,27,702	
B	<b>UI, Transmission and Administrative charges</b>		717,09,90,850	595,47,91,657
<b>TOTAL</b>			<b>4939,99,23,587</b>	<b>4580,58,21,294</b>

**SCHEDULE : 17 REPAIRS AND MAINTENANCE**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08	Previous Year 2006-07
1	Plant and Machinery	74.1	18,97,58,666	13,24,96,703
2	Buildings	74.2	1,10,65,391	1,18,26,678
3	Civil works (Pipeline, Seweage, drainage and water supply)	74.3	53,04,072	56,41,466
4	Lines, Cable Net Work Etc.	74.5	21,96,43,491	23,62,06,348
5	Vehicles	74.600	62,15,476	59,34,386
6	Furniture and Fixtures	74.700	30,771	43,401
7	Office Equipments.	74.8	25,03,134	33,09,639
<b>TOTAL</b>			<b>43,45,21,001</b>	<b>39,54,58,621</b>



**SCHEDULE : 18 EMPLOYEE COSTS**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08		Previous Year 2006-07	
1	<b>Salaries and allowances</b>					
	Salaries	75.1	146,88,03,644		76,79,67,676	
	Over Time	75.2	5,67,15,888		3,91,91,565	
	Dearness Allowance	75.3	78,97,69,379		85,63,56,541	
	Other Allowances	75.4	21,38,59,146		23,62,49,566	
	Bonus	75.5	4,95,89,625		3,23,83,887	
	<b>Sub total - 1</b>			<b>257,87,37,682</b>		<b>193,21,49,235</b>
2	<b>Other Benefits</b>					
	Medical Expenses reimbursement	75.611	3,07,15,834		3,24,92,337	
	Leave travel assistance	75.612	47,890		64,584	
	Earned leave encashment	75.617	18,74,33,360		7,87,41,560	
	E.L.Encashment - Retirement / Deceased Employees	75.618	6,45,28,850		4,18,15,217	
	Staff Welfare expenses	75.7	6,66,53,712		7,28,53,862	
	Payment towards Provident Fund	75.7	27,86,490		27,86,490	
	Terminal Benefits	75.8	47,42,65,408		43,05,53,452	
	<b>Sub total - 2</b>			<b>82,64,31,544</b>		<b>65,93,07,502</b>
3	<b>Others</b>					
	Payment under workmens compensation Act	75.629	25,700		17,98,866	
	Payment to helpers/employees of Monsoon gang	75.630	6,50,10,349		3,72,64,919	
	<b>Sub total - 3</b>			<b>6,50,36,049</b>		<b>3,90,63,785</b>
<b>TOTAL</b>				<b>347,02,05,274</b>		<b>263,05,20,522</b>

**SCHEDULE : 19 ADMINISTRATIVE AND OTHER EXPENSES**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08	Previous Year 2006-07
1	Rent	76.101	5,61,22,685	6,19,78,368
2	Rates & Taxes	76.102	23,07,477	11,89,558
3	Insurance/fee	76.104,105, 106	1,34,618	1,23,82,438
4	Security Charges	76.103	45,84,350	49,91,393
5	Postage stamps & Telephone charges	76.111,112, 113,115	3,07,97,783	3,46,58,231
6	Remuneration to contract agencies/ professional & consultancy charges	76.122,123, 124, 125 to 130	28,94,50,375	23,72,78,966
7	Legal charges	76.121	18,91,118	13,07,855
8	Conveyance & Travel expenses	76.131,135, 137 to 139,	10,80,73,609	11,07,32,992
9	Vehicle running expenses	76.136	2,47,43,965	2,71,40,892
10	Statutory Auditors' Remuneration			
	- as Statutory Audit fee		4,00,000	3,50,000
	- as Tax Audit fee		75,000	50,000
	- as Expenses		20,000	20,000
	- as Service tax		49,440	-
11	Fees & Subscriptions	76.151	1,85,11,172	1,36,85,203
12	Printing & Stationery	76.152, 153	5,24,02,419	4,23,35,671
13	Advertisement Expenses	76.154	4,600	4,600
14	Computer Stationeries & floopies	76.155	64,40,266	53,08,544
15	Contributions	76.156	1,52,42,159	1,37,20,785
16	Electricity Charges	76.158	1,77,93,944	-
17	Water Charges	76.160	12,82,636	1,69,46,451
18	Miscellaneous expenses	162,164,190, 191,192,79.2	2,17,87,310	2,89,92,977
19	Freight & other material related expenses	76.201 to 76.282	2,59,74,451	2,23,85,371
<b>TOTAL</b>			<b>67,80,89,376</b>	<b>63,54,60,295</b>

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

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08	Previous Year 2006-07
1	<b>Other Expenses :</b>			
	Small & Low value items Written off	77.610	2,66,794	3,97,864
	Computer Rentals/maintenance charges	77.611	18,77,858	16,97,988
	Losses/gain relating to Fixed Assets	77.7-62.4	1,44,43,504	28,43,41,231
	Asset decommissioning cost	77.5	5,24,098	2,35,416
	Bad Debts written off	79.410	1,09,51,905	1,14,92,094
	Provision for Bad & doubtful debts	79.460	224,27,04,680	182,04,54,376
	Miscellaneous losses and Write offs	79.5	3,36,44,810	8,10,24,954
	Material cost variance	79.110		12,83,59,366
<b>TOTAL</b>			<b>230,44,13,649</b>	<b>232,80,03,289</b>

**SCHEDULE : 21 DEPRECIATION**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08	Previous Year 2006-07
1	Depreciation on Buildings	77.120	52,91,666	50,91,818
2	Depreciation on Civil works (pipeline, sewerage, drainage, water supply etc.,)	77.130	3,91,172	3,76,581
3	Depreciation on other Civil Works	77.140	77,161	74,974
4	Depreciation on Plant and Machinery	77.150+151	18,86,15,031	14,92,85,640
5	Depreciation on lines, cable, network etc.,	77.160+161	63,51,48,107	54,18,54,407
6	Depreciation on Vehicles	77.170+171	32,45,423	27,86,424
7	Depreciation on furniture, fixtures	77.180	28,20,034	24,55,941
8	Depreciation on Office equipments	77.190+191	10,99,934	9,39,850
<b>Total (1 to 8)</b>			<b>83,66,88,528</b>	<b>70,28,65,635</b>
<b>Less : Depreciation Withdrawn from contributions / subsidies</b>			<b>35,60,12,471</b>	<b>59,65,97,912</b>
<b>Depreciation for the year</b>			<b>48,06,76,057</b>	<b>10,62,67,723</b>

**SCHEDULE : 22 INTEREST AND OTHER CHARGES**

Amount in Rupees

Sl. No.	Particulars	Account Code	Current Year 2007-08	Previous Year 2006-07
1	Interest on Loans	78.1+78.540 +78.546	<b>60,36,67,005</b>	44,57,54,939
2	Guarantee Commission to GoK	78.868	<b>26,92,420</b>	37,12,446
3	Other Interest and Finance Charges	78.820 to 78.890	<b>70,75,022</b>	2,77,44,159
4	Interest to Consumers	78.600	<b>91,76,55,875</b>	71,37,82,934
5	Interest on belated payment for power Purchase	80.102 to 80.149	<b>18,96,76,980</b>	17,73,91,159
<b>Total</b>			<b>172,07,67,302</b>	136,83,85,637

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

Amount in Rupees

Sl. No.	Particulars	Account Code		Current Year 2007-08	Previous Year 2006-07
<b>A</b>	<b>Income relating to previous years :</b>				
1.	Excess provision for Depreciation in prior period	65.600	8,07,78,683		25,10,87,536
2.	Excess provision for Interest & Finance charges	65.700	1,81,40,338		5,81,69,297
3.	Other excess provision in prior period	65.800	17,54,83,382		115,71,33,296
4.	Other income relating to prior period	65.900	76,70,756		2,77,31,390
5.	Receipts from Consumers Relating to Prior period	65.200	2,64,53,771		6,89,23,950
6.	Operating expenses of previous year	83.300	-		3,51,703
				<b>30,85,26,930</b>	<b>156,33,97,172</b>
<b>B</b>	<b>Prior period expenses / losses :</b>				
1.	Employee costs relating to previous year	83.500	26,30,657		1,05,99,109
2.	Depreciation under provided in previous period	83.600	16,55,04,461		7,25,51,394
3.	Administrative expenses of previous period	83.820	1,01,04,737		1,52,78,309
4.	Interest & other finance charges of previous year	83.700	3,75,80,380		15,14,576
5.	Material related expenses of previous period	83.840	-		268,354
6.	Other expenses relating to prior periods	83.850	2,09,90,368		33,17,89,069
7.	Withdrawal of Revenue Demand	83.800	-		45,07,52,052
8.	Short provision for power purchased in previous years	83.100	59,85,33,839		9,24,89,751
				<b>83,53,44,442</b>	<b>97,52,42,614</b>
<b>C.</b>	<b>Net prior period credits/(charges) (A-B)</b>			<b>(52,68,17,512)</b>	<b>58,81,54,558</b>

## SCHEDULE : 24

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ANNUAL ACCOUNTS As at 31<sup>st</sup> MARCH 2008

#### PART-A : SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (Paras 1 to 12)

##### 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 are applicable and also in accordance with the provisions of Electricity (Supply) Act, 1948/ Electricity Act, 2003 wherever they are applicable to the company.
- 1.2. a) All items of Income and Expenditure having a material bearing on the Financial Statements are recognized on accrual basis except the following, which are accounted on receipt basis:
  - i. Grants and subsidies from Government in respect of capital assets.
  - ii. Insurance claims as and when settled by insurance company.
- b) Revenue Recognition
  - i. Revenue from sale of energy is accounted on accrual basis.
  - ii. Revenue dues from consumers whose ledger accounts are yet to be opened is estimated and accounted.
  - iii. The sale of energy is as per the tariff fixed by Karnataka Electricity Regulatory Commission (KERC).
  - iv. Revenue for the year is also adjusted by estimating un-billed revenue of previous year and current year.

##### 2. FIXED ASSETS :

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

An impairment loss is recognized when the carrying amount of an asset exceeds greater of the net selling price or value in use.

##### 3. DEPRECIATION :

- a. KERC has amended the tariff regulation in respect of depreciation as per Notification No.D/01/06 dated 31.05.2006

- b. During the year, the Company has continued to provide depreciation at the rates notified by CERC under Notification No.L-7/25 (5) / 2003 – CERC dated 26.03.2004 which are different from the rates specified under the Companies Act.
  - c. The Company is not charging depreciation as per rates prescribed under schedule XIV of the Companies Act 1956. The difference in calculation of depreciation between KERC notified rates and Companies Act Schedule XIV rates has not been ascertained.
- 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 2006-07 onwards. 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.

#### 4. CAPITAL WORK IN PROGRESS :

- 4.1. Materials issued to Capital Work 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.
- 4.3. The various contracts at divisions are capitalized only after the receipt of final completion reports issued.

#### 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 :

- 6.1 The Tariff subsidy is determined by duly maintaining a minimum of 3% Return on Equity for FY 2007-08 in view of the revised subsidy allocation received from the GOK vide Letter No. EN 54 PSR 2007/ P1 dated 18:09:2008.



## 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 rate of contribution is 21% of basic and D.A. in the case of pension and 1.77% of basic in the case of Gratuity. Actuarial valuation is made as on 31.03.2006. The above rates have been continued for F.Y.2007-08. There has been no further actuarial valuation after 31.03.2006.
- 7.2. Leave encashment is provided on the basis of estimate made by the company and not on the basis of actuarial valuation.

## 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.35,60,12,471/-, representing an amount of depreciation computed on the cost of assets funded through contributions / subsidy remains adjusted.

## 10. TAXES ON INCOME :

- 10.1 Current tax is determined as the amount of tax payable in respect of taxable income for the year is computed in accordance with the provisions of the I.T. Act 1961.

## 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 BESCO 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 2.86 Crores (previous year Rs 11.99 Crores)

## 12. Contingent Liabilities :

All known liabilities are provided for in the accounts except liabilities of a contingent nature, which have been adequately disclosed in the accounts.

## PART-B : NOTES ON ACCOUNTS (Paras I to 33)

- 1.1 Financial statements have been prepared for the year commencing from 01.04.2007 to 31.03.2008. (Previous year for the period commencing from 01.04.2006 to 31.03.2007)
- 1.2 The KERC vide order dated 28.01.2003 has issued a regular distribution license and retail supply license for a period of five years effective from that date. The Company is in the process

of submitting necessary application to KERC for renewal of license from 29.01.2008. The company has paid the license fees upto 31.03.2008 and also for further one year period upto 31.03.2009.

1.3 The company has a service area comprising of following districts:

Bangalore Urban, Bangalore Rural, Ramanagara, Chickaballapura, Kolar, Tumkur, Chitradurga and Davanagere.

1.4 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 BESCOM 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 BESCOM 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 :

2.1 By virtue of transfer scheme of transfer of assets and liabilities as on 31-05-2002 between KPTCL and the Company, the net difference of assets and liabilities is arrived as 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 Certain Secured and Unsecured Loans are determined subject to receipt of consent based on 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 certain 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 arm length agreements between KPTCL and the Company regardless of the ownership of the assets both KPTCL and the Company are using the assets. The income / expenditure which may arise has not been recognized in the accounts.
- 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.2,13,40,961(Previous year Rs.7,97,19,979)

## 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 respect of provision for Bad & Doubtful Debts on IP sets, BJ/KJ installations dues, the Company has made a separate provision to the extent of Rs.656.07Crores for FY 2007-08 (Previous year Rs.433.08crores).
- 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. The above provision is continued to be held under provision for bad and doubtful debts account as at 31.03.2008 regardless of the outstandings.
- 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, and 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 is continuing and confirmation from other ESCOMs is yet to be received.
- 5.7 The Breakup of the provision for Bad and Doubtful Debts maintained as against the total Receivables as on 31-03-2008 is as under :

(Rs. in Crores)

Sl. No.	Particulars	2007-08	2006-07
1	Opening Balance 01-06-2002. (As per Government of Karnataka order)	254.21	157.51
2	On account of 4% provisioning as per Accounting Policy – LT category and others.	11.35	10.59
3	On account of Long Disconnected Installations	34.30	34.30
4	On account of arrears of BJ/KJ and IP set installations.	656.07	433.08
<b>Total</b>		<b>955.93</b>	<b>635.48</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 adopted, the difference between the purchase rates and standard rates of materials are 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.
- 6.3 The company has grouped the excesses/shortages between the physical stocks and the book stocks with inventories pending final investigation and adjustments to be carried out by the company.

## 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, provision towards Pension has been

calculated at 21% of Basic and D.A. and provision towards gratuity has been calculated at 1.77% of Basic Pay for FY 2007-08. However, no actuarial valuation has been made for the year 31.03.2008.

7.3 In case of leave encashment, the Company has estimated the earned leave encashment of eligible employees and the same has been provided in the books of accounts. However, no actuarial valuation has been made for the year 31.03.2008.

7.4 The amounts provided in respect of Pension, Gratuity and leave encashment have not been fully funded during the year.

## 8. Contingent Liability/Asset :

8.1 Estimated amount of contracts remaining to be executed on Capital Account is not ascertained due to the large volume.

8.2 Income tax demand disputed Rs 61.07 Crores In appeal for A.Y.2005-06 (Rs.31.04 Crore paid under protest upto June 2008 against the above demand)

8.3 The claims made by the Company with Oriental Insurance Company to the extent of Rs.14,81,284/- against the failed distribution transformers is pending settlement. Also the claims made by BESCOM with National Insurance Company against the failed distribution transformers is finally settled for Rs.2,13,31,035/-.

8.4 Fixed Deposits of Rs.16,00,000=00 are held as Security Deposit 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.

8.7 Additional liability if any, in respect of power purchases from KPCL for RTPS unit 1 – 7 and VVNL mini hydel and DG plant Yelahanka are not provided in books pending disposal of court cases filed by KPCL.

8.8 Vigilance cases are pending in respect of customers installations are pending in various forums and the amount is not ascertainable at this stage.

9. The Details of zone-wise appeal cases pending as at 31-3-2008 are as follows :

Sl. No.	Particulars	BMAZ	BRAZ	CZ	Total
1	CURRENT YEAR No. of Appeal cases pending as on 31-3-08	148	122	22	292
2	Amount involved (Rs. in Lakhs)	287.77	113.00	8.47	409.24
3	PREVIOUS YEAR No. of Appeal cases pending as on 31-3-07	237	194	23	454
4	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 treated as expenditure in the books of the Company.

**11. Electricity consumption of Company's offices**

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

**12. RENT**

12.1 Rent recovered from employees is accounted as income.

**13. SUBSIDY**

13.1 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)**

14.1 The Inter Unit Accounts on account of Assets/Liabilities/CWIP and material transfers within the Company's divisions / accounting units are pending reconciliation/adjustments.

**15. Electricity Tax**

15.1 BESCO has paid Electricity tax of Rs. 249.04 Crores (Previous year 225.50 Crores) collected from consumers for the year 2007-08 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 :

16.1 Commission for having collected electricity tax from consumers amounting to Rs. 3.74 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 have 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 has not been made.

## 18. Managerial Remuneration :

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

Expenses	For the year 2007-08		For the year 2006-07	
	Managing Director (Rs)	Director (Technical) (Rs)	Managing Director (Rs)	Director (Technical) (Rs)
Salaries and other allowances	1,05,354*	2,65,381**	4,23,337	10,59,160
Ex-Gratia	2,234	2,500	2500	2500
Traveling expenses	2,10,135	26,550	3,17,757	72,035
House Rent	-	-	85,800	-
Others (House Orderly Allowances)	30,000	7,155	30,000	30,000

\*From 11:05:2007 to 10:02:2008, Director (Technical) KPTCL was incharge of Managing Director of BESCO.

\*\*Director (Technical) post was vacant from May 2007 to January 2008.

## 19. Expenditure in foreign currency :

	Current year	Previous year
Foreign exchange expenses	3,525.00 US dollars (Foreign tour expenses)	16,036.00 US dollars (Only Fare to USA)

## 20. Additional Information :

20.1 Quantitative details of power purchase, distribution loss and sales (as compiled / certified by the Management):



Details of sale of energy and Distribution Loss for the year 2007-08 (April-07 to March -08) are as follows:

Energy in MU

Sl No.	Particulars	Current year	Previous year
1	Total Energy purchased at Generation Point (From 1-04-2007 to 31-03-2008)	19798.94	19776.33
2	Less Transmission Loss	1133.63	1254.69
3	Total Energy at Interface Point	18665.31	18521.64
4	Transmission Loss	5.73%	6.77%
5	Total Energy at Interface Point for sale	18665.31	18521.64
6	Total metered sales	11283.82	9717.36
7	Total un-metered sales *	3649.75	4409.09
8	Total Sales (6+7)	14933.57	14126.45
9	Distribution loss (5-8)	3731.74	4395.19
10	Overall loss (2+9)	4865.37	5649.88
11	Percentage of Distribution Loss (9/5)	19.99	23.73
12	Percentage of Transmission Loss (2/1)	5.73	6.77
13	Percentage of Overall Loss (10/3)	26.07	30.50

\* In respect of 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%.

21. BESCOM has banked energy with PSEB, TPCL and MPPTCL through trader M/s Lanco Electric Utility Ltd to the extent of 362.887 MU from July 07 to December 2007 on day ahead basis as per terms and conditions in the letter of intent. The energy so banked has to be returned by the utility during April 08 and May 2008 to BESCOM through the trader M/s Lanco. The energy banked by BESCOM has been purchased from various generators and the cost of power purchased has been accounted in respective months. The process of returning of energy commences during the year 2008-09.

22. As the Company deals with numerous items of stores and spares for maintenance and capital works, the quantitative information with respect to opening stock, purchases, consumption and closing stock are not furnished.

### 23. Income Tax Provision

#### 23.1 Current Tax

The Company has claimed Income Tax Benefit at 100% income derived from power distribution activities from the Assessment Year 2005-06 onwards under section 80IA of the Income Tax Act, 1961. Hence the company is liable to pay income tax under the provisions of Minimum Alternate Tax (MAT) under section 115JB Act and accordingly the provision for income tax has been made.

#### 23.2 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 not filing the Wealth Tax returns.

24. There are no transactions during the year with related parties as stipulated under Accounting Standard(AS)-18. Hence no disclosure is made.

24(a) 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. The company has not received any confirmations from registered suppliers as of date, in respect of whom disclosures are required to be made under the said Act.

25. Since the company deals with only one segment viz purchase and distribution of electricity, there are no reportable segments as required under Accounting standard AS-17 and hence no disclosure is made in this regard.

26. Considering the principles permanent timing differences due to tax benefits as per AS-22, the Company has not recognized the deferred tax liability / assets for the period under review.

#### 27. Earnings per Share:

a) Net profit after Tax	.....	Rs. 1257.04 lakhs
b) Weighted average number of equity shares	.....	20,59,50,000
c) Nominal value of shares	.....	Rs.10/-
d) Basic and diluted earnings per share	.....	Rs.0.61

28. The company under a settlement with employees has provided for 2% increase in the basic pay for the period from 01.04.2003 onwards upto 31.03:2008 and accounted the same during the year.

29. The revenue from retail consumers are recognized based on KERC order dated 27th September 2005, which has been effective from 10<sup>th</sup> October 2005. However, the KERC orders issued subsequently have been contested by the company are in appeals and hence the same have not been given effect to.

30. The policy on tariff subsidy towards recognition of revenue surplus has been changed from 14% ROE to 3% ROE for the year 2007-08. The change in accounting policy has resulted in reduction of revenue and profit for the year 2007-08 by Rs.46.11 crores.
31. BESCOM had levied in December 2007 a penalty of Rs.2262.34 lakhs along with interest of Rs.38.18 lakh as per the terms of PPA on KPCL due to non supply of power by DG Plant, Yelahanka for 15 days from 19:11:2007 to 03:12:2007. KPCL is yet to settle this issue.
32. The Accounts approved by the Board on 18:08:2008 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 due to revision in the policy on tariff subsidy vide letter No.EN 54 PSR 2007-08/18:09:2008. The Board has approved the revised accounts on 20:09:2008. Accordingly, the revision has resulted in (a) Decrease in Net Profit by Rs.46.10 crores (b) Decrease in total assets by Rs.20.67 crores and (c) Increase in liabilities by Rs.25.43 crores
33. a) Previous years figures have been regrouped /rearranged wherever necessary. Paise have been rounded off to the nearest rupee.  
b) Schedules 1 to 24 form an integral part of accounts.

Sd/-  
**(S.O. Earanna)**  
General Manager (A & I)

Sd/-  
**(H.Nagesh)**  
Director (Technical)

Sd/-  
**(Tushar Giri Nath)**  
Managing Director

As per our report of even date  
For and on Behalf of  
**R SUBRAMANIAN AND COMPANY**  
Chartered Accountants

Sd/-  
**(N. KRISHNAMURTHY)**  
PARTNER  
Membership No.19939

Place : Bangalore  
Date : 20-09-2008

# CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2008

Amount in Rupees

Sl. No.	Particulars	Current Year 2007-08		Previous Year 2006-07	
<b>A</b>	<b>Cash Flow from Operating Activities</b>				
	Net Profit before Tax	66,87,26,290		57,14,26,421	
	Adjustments for:				
	Depreciation	48,06,76,057		70,28,65,635	
	Interest & Other Charges	172,07,67,302		136,83,85,637	
	Interest Income on Investment	0		0	
	Contingency Reserve	0		0	
	Other Income	(109,78,73,658)		(118,87,54,535)	
	Prior period charges(+) or credits(-)	52,68,17,512		(58,81,54,558)	
	Income Tax	(8,19,01,816)		(6,83,48,347)	
	<b>Operating Profit before working capital</b>	<b>221,72,11,687</b>		<b>79,74,20,253</b>	
	Adjustments for				
	Changes in Inventories	4,47,20,517		(41,78,99,044)	
	Changes in Sundry Debtors	51,54,74,083		(25,75,91,503)	
	Changes in Loans and Advances	(3,02,88,470)		(132,07,93,877)	
	Changes in Other Current Assets	(177,23,54,390)		(18,87,47,059)	
	Changes in Current Liabilities	419,62,34,657		88,12,10,512	
	Changes in Provisions	19,16,76,464		(5,56,67,342)	
	<b>Operating Profit after working capital changes</b>	<b>5,36,26,74,547</b>		<b>(56,20,68,060)</b>	
	Prior period charges(+) or credits(-)	(52,68,17,512)		58,81,54,558	
	Extraordinary items-Contributions from Consumers	235,01,77,352		122,39,34,947	
	<b>Net Cash inflow from Operating Activities</b>		<b>718,60,34,387</b>		<b>125,00,21,445</b>
<b>B</b>	<b>Cash Flow from Investment Activities</b>				
	Changes in Fixed Assets (Net )	(439,71,91,620)		(385,55,38,063)	
	Changes in Capital Work in Progress	(98,42,79,556)		(23,67,21,704)	
	<b>Net Cash Outflow from Investment Activities</b>		<b>(538,14,71,176)</b>		<b>(409,22,59,767)</b>

Sl. No.	Particulars	Current Year 2007-08		Previous Year 2006-07	
<b>C</b>	<b>Cash Flow from Financing Activities</b>				
	Changes in Capital/Share Deposit Account	0		(475,02,430)	
	Changes in Secured Loans	(188,96,84,621)		180,75,73,533	
	Changes in Unsecured Loans	(10,79,86,469)		21,33,00,516	
	Service Line and Security Deposit	215,26,79,115		177,07,09,709	
	Interest & Other Charges	(172,07,67,302)		(136,83,85,636)	
	Other Income	109,78,73,658		118,87,54,535	
	Net Cash available from Financing Activities		(46,78,85,618)		356,44,50,227
<b>D</b>	<b>Net Change in Cash and Cash equivalents -</b>		<b>133,66,77,593</b>		<b>72,22,11,905</b>
	Surplus Cash [(A) + (B) + (C)]				
	Add: Opening Cash and Cash equivalents		273,08,23,509		200,86,11,604
			406,75,01,102		273,08,23,509
<b>E</b>	<b>Closing Cash and Cash equivalent :</b>		<b>406,75,01,102</b>		<b>273,08,23,509</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/-  
(S.O. Earanna)  
General Manager (A & I)

Sd/-  
(Tushar Giri Nath)  
Managing Director

As per our report of even date  
For and on Behalf of  
**R SUBRAMANIAN AND COMPANY**  
Chartered Accountants

Sd/-  
(N. KRISHNAMURTHY)  
PARTNER  
Membership No.19939

Place : Bangalore  
Date : 20-09-2008

**AVERAGE REALISATION RATE FROM SALE OF POWER FOR FY 2007-2008**

**FOR THE FY 2007-08**

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	6,02,697	97,424,389	0.65	*390.46	38,04,04,234	22,16,77,452
Lighting and AEH	LT2 (a&b)	44,83,613	330,40,91,555	22.15	346.69	1145,48,38,043	188,95,28,792
Commercial Lighting	LT3	5,77,208	86,83,09,549	5.82	649.64	564,08,75,942	28,13,15,243
Commercial Lighting (Auxiliary Cons)		325	1,08,24,471	0.07	241.23	2,61,11,711	0
IPSets (10HP & BELOW)	LT4(a)	6,15,774	360,69,38,335	24.18	91.45	329,84,13,371	1264,93,29,764
IPSets (ABOVE 10HP)	LT4b	415	34,68,857	0.02	89.99	31,21,616	1,14,22,997.39
Pvt. Horticulture	LT4c	544	22,11,492	0.01	220.11	48,67,702	70,17,304
LT Industrial	LT5	1,27,888	95,73,83,723	6.42	462.88	443,15,20,877	25,71,79,128
Water Supply-VPs/TPs	LT6 A1	20,711	17,23,90,451	1.16	471.39	81,26,33,983	252,03,14,111
Water Supply-/TMCs./CMCs	LT6 B1	11,203	11,20,95,508	0.75	431.89	48,41,25,468	46,22,31,851
Public lighting-VPs/TPs & TMCs/CMCs	LT6 A2 + B2 LT-6(ii)	35,834	25,77,65,727	1.73	413.37	106,55,39,019	249,44,99,577.57
Temporary Supply	LT7	52,421	10,75,30,579	0.72	825.76	88,79,46,955	-48,57,29,986.26
<b>TOTAL (LT)</b>	<b>I</b>	<b>65,28,633</b>	<b>950,04,34,636</b>	<b>63.69</b>	<b>299.89</b>	<b>2849,03,98,921</b>	<b>2030,87,86,234</b>
Water Supply	HT1	97	45,82,24,111	3.07	356.61	163,40,87,961	3,86,59,784
HT Industrial.	HT2(a)	3,046	305,80,85,454	20.50	476.55	1457,32,41,213	39,41,19,991
Auxiliary Consumption		1	28,607	0.00	659.30	1,88,607	1,46,829
Commercial	HT2(b)	2,600	180,97,87,661	12.13	596.45	1079,44,45,464	2,39,60,262
Lift Irrgtn Societies	HT3 (a)	18	5,16,476	0.00	139135	71,85,993	81,55,735
Lift Irrig Schemes & Govt Hort.	HT3 (b)	1	1,07,244	0.00	553.01	5,93,075	4,34,936
Residential Apartment	HT4	151	8,86,68,189	0.59	337.29	33,09,90,606	18,37,183
<b>TOTAL (HT)</b>	<b>II</b>	<b>5,914</b>	<b>541,54,17,742</b>	<b>36.31</b>	<b>504.87</b>	<b>2734,07,32,919</b>	<b>46,73,14,719</b>
<b>TOTAL (LT + HT)</b>	<b>III</b>	<b>65,34,547</b>	<b>1491,58,52,378</b>	<b>100.00</b>	<b>374.31</b>	<b>5583,11,31,840</b>	<b>2077,61,00,954</b>
Misc receipts from Consumers						40,29,05,228	
BPPC (INTER ESCOM)			1,77,12,164			3,41,81,337	16,90,83,407
<b>GRAND TOTAL</b>			<b>1,77,12,164</b>			<b>56,268,218,405</b>	<b>2094,51,84,361</b>
Recoveries From Power Theft						13,919	
Withdrawal of Revenue Demand						-16,39,67,898	
IP Tariff Subsidy						196,26,20,135	
<b>NET TOTAL</b>		<b>65,34,547</b>	<b>1493,35,64,542</b>		<b>347.31</b>	<b>5806,68,84,561</b>	<b>2094,51,84,361</b>





# Bangalore Electricity Supply Company Limited

(Wholly owned Government of Karnataka Undertaking)  
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