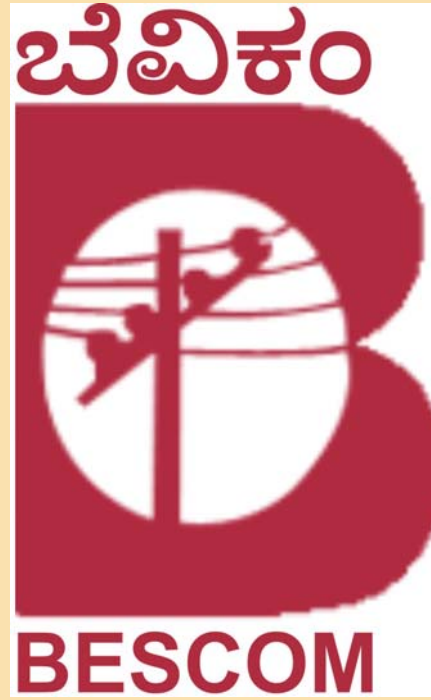


10th Annual Report
2011 - 2012



**Bangalore Electricity Supply
Company Limited**



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DIRECTORS' REPORT

Dear Members,

The Board of Directors of Bangalore Electricity Supply Company Limited (BESCOM) have pleasure in presenting the “Tenth” Annual Report for the year 2011-12 and the Audited Accounts of the Company for the year ended March 31, 2012.

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

The Company has successfully completed ten years in the distribution of electricity. The Company having its headquarters at Bangalore city has its jurisdiction comprising the districts of Bangalore Urban, Bangalore Rural, Kolar, Ramanagara, Chikkaballapura, Tumkur, Davanagere and Chitradurga.

During the year 2011-12, the Company took various initiatives for rendering better services in line with the Government objectives and policies. The Company had set its agenda for quality service in distribution of electricity to its consumers by strengthening the network system and improved efficiency measures in the field of Information Technology.

BESCOM continued its pursuit of higher goals in the direction of increased metered Sales, increased revenue collection, meaningful energy audit at 11 KV and below, increased customer care activities using Information Technology by reducing human intervention etc. All these have been ably supported by the employees and the result is reflected in present improved position of the Company.

BESCOM aspires to be number one on consumer satisfaction in South Asia in power distribution in the coming years. The progress of the Company on different counts is enumerated hereunder.

I. STRATEGY AND VISION OF THE COMPANY

The vision of BESCOM is to become number one in consumer satisfaction in South Asia in power distribution. In order to achieve this vision, the Company has drawn up a strategy with focus on customer satisfaction, Regulatory compliance and meeting stakeholder expectations etc.

II. MISSION

The Mission of BESCOM is to ensure absolute consumer satisfaction and continuous profit in business by

- a) Ensuring total employee satisfaction.
- b) By developing infrastructure commensurate with growth, thus ensuring reliable and quality power supply.
- c) By using best technology in communication and best practices in power sector.

III. PERSPECTIVE

BESCOM covers a contiguous area of 41,092 Sq. Kms with a population of 207 lakhs and serves more than 79.65 lakhs customers. The total asset is worth Rs.8596.07 Crores as on 31st March 2012.

Area	41,092 Sq.Kms
District	8
Population	20.7 Million
Consumers	7.96 Million
No of DTCs	161905
HT Line length	75074 Ckt.Kms
LT line length	150105 Ckt.Kms
Employee Strength	
Sanctioned	16902
Working	10574
Total Assets	Rs. 8596.07Crores

a) Consumer Population

Consumer population served by BESCOM is steadily increasing and recorded an increase of 4.39% in FY-12 over previous year. The number of consumers existing as on 31-03-12 stands at 79,65,450.

Category wise consumers are furnished below .

Sl.No.	Category	As on 31-03-2011	As on 31-03-2012	% of Increase
1	Bhagya Jyothi	7,00,912	7,11,389	1.49
2	Domestic Lighting and AEH	52,18,900	54,35,709	4.15
3	Commercial Lighting	6,96,410	7,35,130	5.56
4	LT Power	1,46,293	1,53,225	4.74
5	HT Power	7,979	8,726	9.36
6	Irrigation Pump sets	6,03,005	6,28,192	4.18
7	Street Light & Others	87,818	92,939	5.83
8	Temporary Power	1,17,147	1,49,658	27.75
9	Defunt IP Installations	52,333	50,482	-3.54
	TOTAL	76,30,797	79,65,450	4.39

b) Tariff wise number of consumers and its proportion to the total as on 31-03-11

Tariff	LT1	LT2	LT3	LT4	LT5	LT6	LT7	Defunt
Number of Customers	700912	5218900	696410	603005	146293	87818	117147	52333
% to Total	9.19	68.39	9.12	7.90	1.92	1.15	1.54	0.69

Tariff	HT1	HT2A	HT2B	HT3	HT4	Total
Number of Customers	120	3932	3731	20	176	76,30,797
% to Total	0.10					100.00%

c) Tariff wise number of consumers and its proportion to the total as on 31-03-12

Tariff	LT1	LT2	LT3	LT4	LT5	LT6	LT7	Defunt
Number of Customers	711389	5435709	735130	628192	153225	92939	149658	50482
% to Total	8.93	68.24	9.23	7.89	1.92	1.17	1.88	0.63

Tariff	HT1	HT2A	HT2B	HT3	HT4	Total
Number of Customers	133	4283	4094	25	191	79,65,450
% to Total	0.11					100.00%

IV. FINANCIALS :

The financial performance of the Company during the Financial Year 2011-12 is highlighted as below:

Sl. No.	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
1	Revenue from Operations	9405 38 14 428	8155 93 74 054
2	Other Income	265 07 34 341	293 37 87 154
	TOTAL REVENUE	9670 45 48 769	8449 31 61 208
3	Expenses		
	Purchase of Power	8559 74 78 386	7503 00 56 195
	Other operating expenses	45 13 13 388	37 46 71 152
	Employee Benefits expenses	649 89 18 008	542 17 21 014
	Other expenses	221 19 34 021	197 38 64 117
	Finance costs	130 56 84 594	83 40 27 268
	TOTAL EXPENSES	9606 53 28 397	8363 43 39 746
4	Profits before Depreciation , Prior period items, exceptional items, extraordinary items, Income Tax (1+2-3)	63 92 20 372	85 88 21 462
5	Depreciation	198 38 96 832	214 79 47 208
6	Profit / (Loss) before Prior period items, exceptional and extraordinary items and Income Tax (4-5)	-134 46 76 460	-128 91 25 746
7	Exceptional items	-50 49 04 787	64 03 63 447
8	Profit / (Loss) before Prior period items, extraordinary items and Tax (6-7)	-83 97 71 673	-192 94 89 193
9	Prior period Expenses (+) / Income (-)	102 17 81 280	155 24 83 025
10	Extraordinary & Prior period items	105 99 98 889	39 91 00 000
11	Profit / (Loss) before Tax (8-9)	124 20 08 496	2 20 93 832

Sl. No.	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
12	Income Tax Expense:		
	(a) Current tax expense	-	37 44 905
	(b) <u>Less:</u> MAT credit		
	(c) Deferred tax		
	(d) Tax expenses relating to prior years	6 05 99 565	1 63 12 913
13	Profit / (Loss) from continuing operations (10-11)	118 14 08 931	20 36 014
14	Profit / (Loss) from discontinuing operations		
15	Profit / (Loss) for the year (12+13)	118 14 08 931	20 36 014
16	Earnings per equity share of Rs. 10 each.		
	(1) Basic	5.61	0.01
	(2) Diluted	5.61	0.01
	General note (Note No.30) form an integral part of these financial statements		

V. SUB STATIONS:

BESCOM is receiving energy through the following Transmission Network & Electrical Sub stations.

Voltage Class of Stations	No. of Sub Stations
400 Kv	3
220 Kv	38
110 Kv	21
66 Kv	348
Total	410

VI. POWER PURCHASE:

1. BESCOM is purchasing power from power generators as per Government of Karnataka Order No. EN 131 PSR 2003 dated 10.5.2005 w.e.f., 10.6.2005. The purchase of power from various sources such as Hydel, Thermal, Diesel, Biomass, Co-generation, Wind etc., is allocated by the Government of Karnataka vide its order dated 12.10.2011.

The power is procured from:

- (a) Central generating stations like NPTC, NLC, Kaiga and MAPs.
- (b) State owned generating stations of KPCL Hydel, Thermal, DG Plant, Solar and Wind.
- (c) Independent power producers like Tata, Rayalaseema and Udupi Power.
- (d) Independent power producers Non-conventional energy sources like Wind, Biomass, Co-generation and Minihydel.

The firm capacity available from various sources is as below.

Sources	Capacity in MW.
Hydel	1513.47
Thermal	2252.94
Atomic	143.49
Non-Conventional Projects	<u>1351.00</u>
Total	<u>5260.90</u>

2. 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 in paise/Kwh.
1 (a)	<u>KPCL Hydel:</u>		
i	Sharavathy	41.58%	51.00
ii	Other Stations	41.58%	
(b)	<u>KPCL Thermal:</u>		

Sl. No.	Source	Share of allocation	Av. Power Purchase Cost in paise/Kwh.
	RTPS 1 to 7	49.62%	304.30
(c)	KPC Diesel Plant	100%	1229.51
2.	<u>Central Generating Stations:</u>		
(a)	NTPC	49.62%	287.94
(b)	NLC	49.62%	251.51
(c)	PGCIL	49.62%	299.68
3.	<u>Major IPPS</u>		
	Tata Power	81.5768%	1324.5
	Rayalaseema Alkalies	81.5768%	1498.55
	Udupi Power	49.62%	312.7
4.	<u>Minor IPPS (NCE Projects)</u>		
	Co-Generation	100%	385.12
	Biomass	100%	511.72
	Mini Hydel	100%	311.49
	Wind	100%	354.66
	UI	49.62%	188.04
	Short Term	49.62%	473.69
	Sec 11	49.62%	535.07

3. Transmission Charges:

BESCOM is making payment of transmission charges to KPTCL and PGCIL. The transmission charges being paid to KPTCL is on MW basis and for PGCIL based on the cost of lines / stations as approved by KERC.

4. Energy Charges:

- (a) 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 in Rs. Crore	Average Power Purchase cost in Rs /unit	
			At Gen. point	At I.P. IF.
25657.71	24584.20	8559.74	3.34	3.48

(b) Comparison of Source-wise power purchase cost during 2011-12 and 2010-11

Sl. No.	SOURCE	2011-12		2010-11	
		ENERGY PURCHASED IN MUS	AMOUNT IN CRORES	CONSUMPTION IN MUS	AMOUNT IN CRORES
1	Hydel Power	6484.82	450.31	4170.65	630.14
2	Thermal Power	11636.60	3630.48	9894.19	2779.49
3	Lignite Power	1380.59	342.21	1401.78	410.45
4	Atomic Energy	741.49	223.88	577.84	188.02
5	Major IPPS	175.46	236.51	335.47	325.81
6	Non-conventional Energy	473.51	234.79	423.10	209.71
7	Wind Mill Energy	2396.37	849.14	1979.53	733.23
8	Diesel Generating	375.72	461.96	495.47	458.55
9	Unscheduled Inter Change Charges	70.04	13.24	342.18	70.67
10	Short Term Purchase	3165.33	1499.39	3776.38	1951.43
11	Tr. Charges (KPTCL/{GCIL)	-	970.22	-	-
12	POSO CO Charges	-	1.39	-	-
13	SLDC O&M Expenses	-	7.78	-	-
14	Cost of Banked Energy	-	1.85	-	-
15	Miscellaneous	-	0.02	-	-
16	PCKL Rev. Expenses	-	1.01	-	-
17	Energy Balancing	-1242.22	-430.89	-	-
18	Others	-	66.44	-	-
	TOTAL	25657.71	8559.74	23396.59	7757.50

(c) Statement showing the details of power purchased, power purchase cost and cost per unit from various sources and transmission charges and other charges for the year 2011-12.

Sl. No.	NAME OF THE COMPANY	CONS IN MUs	AMOUNT BILLED (Rs./crores)	P.P COST (Rs./Kwh)
1	Central projects			
	CGS	5588.23	1435.69	2.57
	UI CHARGES	70.04	13.24	1.89

Sl. No.	NAME OF THE COMPANY	CONS IN MUs	AMOUNT BILLED (Rs./crores)	P.P COST (Rs./Kwh)
2	Short term purchases			
	M/S LEUL Open access	199.45	89.88	4.51
	M/s JSW	2195.34	1040.10	4.74
	M/s IEX & PEX	125.38	57.38	4.58
	M/s.NTPC-VVNL	65.10	37.84	5.81
	M/s.PTCIL	422.07	196.00	4.64
	M/s TATA Power	66.96	37.54	5.61
	M/s BMM Ispat	48.20	17.63	3.66
	M/s Harekrishna	18.22	9.96	5.47
	M/s NSL Tungabhadra	24.60	13.03	5.30
	SEC-11	295.84	158.29	4.51
3	State Projects			
	KPCL-VVNL HYDEL	287.28	25.84	0.90
	KPCL-DG	375.72	461.96	12.30
	KPCL-HYDEL	5564.85	232.14	0.42
	KPCL-THERMAL	6601.69	2029.34	3.07
	KPCL-WIND	13.23	4.28	3.24
	KPCL-SOLAR	3.94	2.36	5.99
4	Private Producers			
	Royalaseema	23.56	35.30	14.98
	Tata Power	151.91	201.20	13.24
	UPCL	1586.03	732.38	4.62
5	NCE Projects			
	Co-Generation	96.96	37.34	3.85
	Bio-Mass	63.53	32.51	5.12
	Mini-Hydel	615.42	191.46	3.11
	Wind	2396.38	849.17	3.54
	SUB-TOTAL(I)	26899.93	7941.92	2.95
6	Transmission Charges			
	PGCIL Tr.Charges		218.91	
	KPTCL Tr. Charges		751.31	
	SUB-TOTAL(II)	0.00	970.22	0.00
7	Other Charges			
	INTER ESCOM-GESCOM		0.00	
	INTER ESCOM-HESCOM		0.00	
	Cost of Banked Energy		1.85	

Sl. No.	NAME OF THE COMPANY	CONS IN MUs	AMOUNT BILLED (Rs./crores)	P.P COST (Rs./Kwh)
	SLDC O&M EXP		7.78	
	POSOCO charges		1.39	
	Miscellaneous		0.02	
	PCKL Rev. Expenses		1.01	
	Energy Balancing-CESC	-188.99	-77.59	
	Energy Balancing-GESCOM	-163.24	-54.76	
	Energy Balancing-HESCOM	-889.99	-298.54	
	Others		66.44	
	SUB-TOTAL(III)	-1242.22	-352.40	0.00
	GRAND TOTAL	25657.71	8559.74	3.34

- (d) There was shortage of power during peak months of this year i.e., from September-2011 to March-2012. BESCOM has drawn power from various short term/medium term customers such as M/s JSW, M/s PTCIL, Indian Energy Exchange, Power Exchange and NTPC, VVNL. Sec 11 of Electricity Act 2003 was invoked by GoK during the months from Feb-2012 to May-2012 for maximizing generation from co-generation, biomass plants and Captive plants of non-PPA holders. The quantum of energy purchased and amount paid for short term contracts is brought as below:

Statement showing the details of energy purchased and amount paid for short term contracts in 2011-12			
	ENERGY (in MU)	Rate (Rs./unit)	AMOUNT (Rs./crore)
M/S LEUL Open access	199.45	4.51	89.88
M/s JSW	2195.35	4.74	1040.14
M/s IEX & PEX	125.38	4.58	57.38
M/s.NTPC-VVNL	65.10	5.81	37.84
M/s.PTCIL	422.07	4.64	196.00
M/s TATA Power	66.96	5.61	37.54
M/s BMM Ispat	48.20	3.66	17.63
M/s Harekrishna	18.22	5.47	9.96
M/s NSL Tungabhadra	24.60	5.30	13.03
SEC-11	295.84	5.35	158.29
TOTAL	3461.17	4.70	1657.69

(e) The following number of Power Purchase Agreements have been signed by BESCOM which were approved by KERC during 2011-12.

1. Wind Mills-4 27.25 MW
2. Mini Hydrel-2 30.75 MW

5. Peak Load:-

The details of peak load, wheeled energy and energy input of BESCOM for year 2011-12 is furnished below:

Month	Maximum	Minimum	Wheeled Energy in MU	Input Energy of BESCOM in MU
	BESCOM (in MW)	BESCOM (in MW)		
Apr-11	3702	2554	23.8	2063.40
May-11	3645	2665	22.2	2020.70
Jun-11	3509	2625	44.5	1869.30
Jul-11	3559	2682	45.8	1941.80
Aug-11	3571	2620	44.2	1915.70
Sep-11	3596	2941	44.9	1954.90
Oct-11	3311	2651	30.6	1874.40
Nov-11	3649	2623	37.5	1911.50
Dec-11	3804	3047	39.1	2141.80
Jan-12	3804	2554	35.9	2224.00
Feb-12	3919	3357	37.1	2214.80
Mar-12	3953	3342	43.3	2451.90
Total	44022	33661	448.9	24584.20

6. Energy at IF points:-

The total energy drawn at IF points 24584.20 MU. The energy drawn at IF point during previous years, percentage of increase in each year, energy sales, percentage of increase in each year and distribution loss are as follows.

Sl. No.	Year	Energy MU at IF points	% increase over previous year	Energy available for sale(MU)	% increase over previous year	Distribution Loss(%)	AT & C Loss
1	FY 2006	15321	4.55	11613.69	5.15	24.20	34.25
2	FY 2007	18522	20.89	14126.45	21.64	23.73	26.55
3	FY 2008	18665	0.77	14933.57	5.71	19.99	26.15
4	FY 2009	19566	4.83	16310.48	9.22	16.64	17.42

Sl. No.	Year	Energy MU at IF points	% increase over previous year	Energy available for sale(MU)	% increase over previous year	Distribution Loss(%)	AT & C Loss
5	FY 2010	20329	3.9	17251.6	5.77	15.14	17.54
6	FY 2011	21909	7.77	18736.12	8.6	14.48	18.54
7	FY 2012	24584	10.88	21029.95	12.24	14.46	19.50

VII. METERED CONSUMPTION:

Year	Energy Input (MU)	Consumption by Metered Category	% Increase over previous year
FY-06	15321	8307.06	15.58
FY-07	18522	9717.36	16.98
FY-08	18665	11283.82	16.12
FY-09	19566	12205.78	8.07
FY-10	20329	12940.32	6.02
FY-11	21909	14263.20	10.23
FY-12	24584	15675.92	9.90

VIII. SALE OF ENERGY:

During FY-12, 21029.95 MUs were sold to various categories of consumers, out of which 15675.92 MUs (Including Inter Escoms) were under metered category and the balance of 5354.03 MUs was accounted under un metered category. The distribution loss for the year is assessed at 14.46 %.

a) Metered Energy Sales:

Sl. No.	Category	In Mus
1	Bhagya Jyothi	114.84
2	Domestic Lighting. incl. AEH	4558.27
3	Commercial Lighting	1333.28
4	IP set (Metered)	10.51
5	L.T. Power	1044.08
6	H.T.	7626.45
7	Water Works / Public Lighting	861.86
8	Temporary installations	126.63
9	Inter ESCOM sales	0
	TOTAL	15675.92

b) Un-Metered Energy Sales:

Sl. No.	Category	In MUs
1	Irrigation Pump Sets	5352.67
2	BJ/KJ	1.36
	TOTAL	5354.03

c) Category wise energy sold 2011-12:

Tariff	LT1a	LT2	LT3	LT4	LT5	LT6	LT7	HT		TOTAL
Category	BJ	Domestic Lighting & Heating	Commml	IP Set	Indus-tries	Water Works & Street Light	Temp		Inter ESCOM	
Energy Sold in MUs	116.20	4558.27	1333.28	5363.18	1044.08	861.86	126.63	7626.45	0	21029.95

d) Break up of HT sales:

HT1	HT2A	HT2B	HT3	HT4	TOTAL
Water Supply	Industrial	Commercial	Lift Irrigation	Residential Apartments	
491.36	4363.47	2647.03	6.37	118.22	7626.45

IX. REVENUE DEMAND AND COLLECTION:**a) Revenue Demand**

The revenue demand consequent to the growth in consumers and tariff has increased over the years as follows:

- Demand FY 07: Rs. 4951 Cr.
- Demand FY08:Rs.5807 Cr.
- Demand FY 09: Rs. 6190 Cr.
- Demand FY 10 :Rs. 6792 Cr.
- Demand FY 11: Rs. 8246 Cr.
- Demand FY 12: Rs. 9405 Cr.

b) Revenue Collection

The revenue collections have also increased over the years as follows:

- Collection FY 07 : Rs.4768 Cr.
- Collection FY 08 : Rs.5360 Cr.

- Collection FY 09 : Rs.6132 Cr.
- Collection FY 10 : Rs.6600 Cr.
- Collection FY 11 : Rs.7855 Cr.
- Collection FY 12 : Rs.8851 Cr.

(c) **Revenue from the consumers is being collected through the following systems.**

Sl. No.	Name of the Bank	Sl. No.	Name of the Bank
1	BESCOM Cash Counters	7	Electronic Clearing System
2	Any Time/Anywhere Payment - KIOSKS	8	Payment through SBI ATMs
3	Cheque Drop Boxes	9	Bill Junction and Bill Desk
4	Bangalore One	10	Easy Bill
5	Tumkur One	11	Micro Feeder Franchise
6	Davanagere One	12	Online payment through Debit/Credit cards.

X. DEMAND SIDE MANAGEMENT (DSM) MEASURES

The following DSM measures have been initiated in BESCOM during the year 2011-12.

a) Time of the Day Tariff

TOD tariff is made mandatory to all HT installations of 500KVA and above under HT2(a) and HT2(b) tariff w.e.f. 01-09-2012. This is optional in respect of consumers under LT5 Industrial category (where trivector meter is fixed).

b) Observation of Earth Hour

BESCOM is propagating to observe Earth Hour since 2010. The Earth Hour was observed on the 31st of March 2012 between 8.30pm to 9.30pm. The Energy savings from Earth hour is about 60MW Peak.

c) Implementation of HVDS

In order to reduce distribution losses of the BESCOM, a pilot project has been taken up, one of the feeders namely Kodambally feeder (F3) in Ramanagar Division which has



159 Nos. of DTCs has been selected and it is proposed to install 869 Nos. of DTCs at an estimated cost of Rs. 700 lakhs. The project will be taken up for execution in FY-13.

d) Conservation of energy in irrigation

1. BESCOM has successfully implemented WENEXA project.
2. Now, supported by GoI initiative on such projects, BESCOM is planning to take up similar projects in the rest 3 circles. The taluks are identified as below.
 - 1) Harihara
 - 2) Tumkur
 - 3) Devanahalli

XI. IMPORTANT PROJECTS

A) BANGALORE DISTRIBUTION UPGRADATION (DAS) PROJECTS

BESCOM has embarked upon Bangalore Distribution Up-gradation (DAS) projects to automate the Distribution network for monitoring, control and operation of the 11 KV network in the Bangalore City at a project cost of Rs. 563.70 crores, out of which Rs. 416.65 crores financed by JICA, Japan.

The reliability of power supply at 11KV feeder level in Bangalore City is 99.98%. The reliability in terms of actual interruption per consumer is 86.22 hours per annum. This is much more compared with world-class cities which is in the range of few minutes. This is due to the fact that the distribution system in Bangalore city is operated manually and substantial amount of time is lost for fault location and restoration.

The implementation of Distribution Automation in the Bangalore City will enhance the reliability and quality of power supply. The revenue realization will improve due to the reduction in the down time and the quick restoration achieved through the Distribution Automation which is first of its kind in the entire country.

The objective is to be achieved by upgrading and replacing existing overhead lines and underground cables, constructing additional feeder segments, and deploying SCADA-ready switches in the form of Line Reclosers (LRCs), Load Break Switches (LBSs), and Ring Main Units (RMUs), including both new and retro-fitted RMUs, that will be monitored and controlled from a Distribution Automation System (DAS). The DAS and the

Communications System and Remote Terminal Units (RTUs) that will enable the DAS to interoperate with the switches are also a part of the project.

Project implementation is based on the following separate, but interrelated construction packages.

1. Package I: Distribution Automation System (DAS) Master Stations, Communications System, and Control Centre Facilities.
2. Package II: Remote Terminal and Units for Existing and New Ring Main Units.
3. Package III: Line Reclosers and Load Break Switches.
4. Package IV: New Ring Main Units.
5. Package V: Retro-Fitting of Existing Ring Main Units.
6. Package VI: Construction of Overhead Lines.
7. Package VII: Construction of Underground Cables.

B) STRENGTHENING OF THE NETWORK SYSTEM

(a) The strengthening of the distribution Network is a continuous process. During the year, HT and LT lines as follows were added to the system.

Particulars	OH (KMs)	UG (KMs)	Total added during Year 2011-12 (in KMs)	As on 31-03-12		Total(in KMs)
				OH (KMs)	UG (KMs)	
HT line	2695.73	153.99	2849.72	71834.26	3240.04	75074.30
LT line	1317.78	71.49	1389.27	148739.44	1366.11	150105.55

(b) The number of Distribution Transformers added during the year and the cumulative number available in the system.

Particulars	25 KVA	50/63 KVA	63 to 100 KVA	160 to 250 KVA	300 to 1000 KVA	Compact Sub - Stations			Total
						500 KVA	750 KVA	990 KVA	
Added during FY-11-12	4572	1742	1521	585	136	-	-	-	8556
Existing in the system as at the end of 31-03-2012	58519	43226	40063	16394	3513	6	61	123	161095

(c) GoK sponsored programme:

- i) Drinking water supply electrified : 3380 Installations.
ii) Ganga Kalyana electrified : 2867 Installations.
iii) I P Energized : 35517 Nos.

(C) Restructured Accelerated Power Development and Reforms Programme (R-APDRP) in Karnataka

The Govt. of India proposed to continue R-APDRP during the XI Plan with revised terms and conditions as a Central Sector Scheme.

Part – A Physical progress and milestones completed.

- M/s. RIL were appointed as a common IT Consultant for all the ESCOMs of Karnataka on 29th June 2009 at a total cost of Rs. 2.5 crores.
- M/s. Infosys Technologies Ltd., was appointed as a common IT Implementation Agency by all the ESCOMS of Karnataka at a total cost of Rs. 386.68 crores in December 2009.
- Co-hosted the Data centre at Bangalore – M/s. SIFY Technologies on 23.10.2010 at a total cost of Rs. 4.13 crores to be shared between ESCOMs.
- Co-hosted the Disaster Recovery Centre at Chennai- M/s. Bharathi Airtel on 04.06.211 at a total cost of Rs.3.09 crores to be shared between ESCOMs.
- Establishment of Customer Call Centre at each of the ESCOMs completed.
- The implementation of the project and the establishment of an IT enabled system across all the identified towns is under progress.

ESCOM	No. of Towns	Total Project Cost(DPR)	Loan Sanctioned(Convertible toGrant)	PFC Disbursement Details(till date)	Expenditure incurred (ITC & ITIA payments)
BESCOM	25	282.7	261.36	78.17	53.18

Part-B Includes regular distribution strengthening projects for reduction of AT & C losses less than15%.

BESCOM has prepared DPRs for 24 towns amounting to Rs. 290.28 crores(sanctioned by M/s. PFC, New Delhi) Tenders were invited in 7 packages(District wise) on Total Turnkey basis as per the directions of Steering committee, MOP and the total amount put to tender is Rs. 243.15 crores.

UTILITY	No. of eligible Towns (Part-B)	DPR Approved Cost (Rs in Crores)	Loan sanctioned from M/s PFC/GOI (Rs in Crores)	Loan released from M/s PFC/GOI (Rs. In Crores)
BESCOM	24	290.28	72.57	43.542

(D) Niranthara Jyothi Scheme

Bifurcation of Agricultural loads from existing 11KV feeders

BESCOM has taken up Niranthara Jyothi scheme for segregating agricultural loads from the existing 11kV feeders, a scheme to provide 24X7 uninterrupted power supply to non-agricultural loads in rural areas in 2 phases as follows:

Sl. No.	Details	I Phase	II Phase
a	No. of Taluks covered	20	20
b	No. of Villages covered	4750	4204
c	Cost in Rs. Crores	382	353
d	Number of Feeders	292	248

During the year in Phase-I works in respect of 257 feeders have completed and 144 feeders are commissioned.

(E) Important Consumer Oriented Initiatives taken during the year

- SMS based Complaint Management System through which Consumers can register their complaint. SMS number is 9243150000.

Ex: BESCOM <Sub-division code >< Nature of complaint > Ex: BESCOM N2

No power supply since one hour.



- 24x7 helpline for redressal of consumers' grievances, which will be pursued till finality. 120 numbers of Customer Support Executives including Team Leaders, Team Managers with supporting staff are functioning in the Customer Care Centre to facilitate redressal of consumers' grievances.
- Customer Interaction Meeting will be held once in a month at all Sub divisions for better servicing consumers.

XII. 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 of Directors

Following are the Directors of BESCOM as on the date of AGM:

1	D.N.Narasimha Raju, I.A.S	Chairman
2	P.Manivannan, I.A.S	Managing Director
3	S. Selva Kumar, I.A.S	Director
4	M.Maheshwar Rao, I.A.S	Director
5	Manoj Kumar Meena, I.A.S	Director
6	P.K.Garg, I.P.S	Director
7	K.N. Ramesh, K.A.S.	Director
8	Dr. W.M Sivakumar	Director (Technical)
9	Dr. Manoj Kumar H Poojar	Director
10	S.Shivamallu	Director
11	Venkatasiva Reddy	Director
12	M.Nagaraju	Director

During 2011-12 four Board meeting took place as detailed below.

Sl.No.	Meeting No.	Held on
1	48th	30.06.2011
2	49th	29.09.2011
3	50 th	29.12.2011
4	51st	26.03.2012

(b) Board Sub-Committees

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

1. Central Purchases Sub Committee

Central Purchases Committee formed to consider and approve procurement of materials and award of works, beyond the powers of the field officers consists of the following members.

1. Managing Director, BESCOM	: Chairman
2. Director (Technical), BESCOM	: Member
3. Dr. Manoj Kumar H Poojar, Director, BESCOM	: Member

During 2011-12, the CPC met on the following dates.

Sl.No.	Meeting No.	Held on
1	59th	25.04.2011
2	60th	28.06.2011
3	61st	02.09.2011

2. Borrowing Sub Committee

The Borrowings Sub-Committee has been delegated with specific powers to borrow Long Term Loans from Banks/financial institutions on behalf of the Board from time to time subject to ceiling approved by the Share holder at the General Meeting.

The sub-committee consists of the following members:

1	Managing Director, BESCOM	Chairman
2	Director (Technical), BESCOM	Member
3	Nominee from Dept. of Public Enterprises, GoK	Member

3. Audit Committee

An audit Committee was formed on 21st April 2005 in accordance with the provisions of the companies Act.

The composition of the Audit Committee as on date of AGM is as below:

1	Sri. P.Selva Kumar, I.A.S.,	Chairman
2	Sri. S.Shivamallu	Member
3	Director(Technical)	Member

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

The Audit Committee has adequate powers and Terms of Reference to play effective role as mandated by Companies Act,1956 which includes:

1. Discussions with the Auditors periodically about Internal Control and the scope of audit including observations of the Auditors.
2. Review of the Annual Financial statements before submission to the Board.
3. Ensure compliance of inter 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. Review of annual capital, revenue and store budgets being placed before the Board and approval.
7. Review programmes of finalization of annual accounts for time completion of audit and approvals.
8. Review of adequacy of internal controls to review reports on inventory, completion reports of capital works, standards and specifications wherever applicable.
9. Review of Internal Audit paras.
10. Review of AG Audit paras.
11. Review of disciplinary cases.
12. Review of Vigilance activities, MRT, TAQC Wings and write offs.
13. Review of power purchase cost.
14. Review of borrowings.
15. Discussions with Statutory Auditors and Cost Auditors regarding their reports.
16. Any other matter as may be referred to by the Board.

During 2011-12 the Audit Committee met twice below:

Sl.No.	Meeting No.	Held on
1	16th	04.08.2011
2	17th	17.09.2011

XIV. STATUTORY AUDITORS

M/s. MSSV & Company were appointed by C&AG of India, New Delhi as Statutory Auditors of BESCOM for the year 2011-12.

XV. COST AUDITORS

The Ministry of Corporate Affairs, Government of India have appointed M/s.GNV& Associates, Bangalore as Cost Auditors for auditing the Cost Accounting records of BESCOM for the Financial Year 2011-12.

XVI. 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.

XVII. 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 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 judgements 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.

XVIII. GENERAL

The Board would like to place on record its appreciation for all the assistance and guidance extended by the Government of India, Government of Karnataka, Karnataka Power Transmission Corporation Limited, CERC, KERC, Ministry of Company Affairs, Registrar of Companies, Karnataka and Consumers of BESCOM for their Co-operation and support to BESCOM in its 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 and Associations.

For & on behalf of the Board of Directors

**Sd/-
CHAIRMAN**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS
OF BANGALORE ELECTICITY SUPPLY COMPANY LIMITED, BANGALORE,
FOR THE YEAR ENDED 31 MARCH 2012.**

The preparation of financial statements of **Bangalore Electricity Supply Company Limited, Bangalore** for the year ended **31 March 2012** 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 standard 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 16th October 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit, under section 619(3) (b) of the Companies Act, 1956, of the financial statements of **Bangalore Electricity supply Company Limited, Bangalore** for the year ended **31 March 2012**. 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 statement by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the **Note no. 30.25** forming part of accounts, I have no further comments to offer upon or supplement to the statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

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

Sd/-
ANITA PATTANAYAK
PR. ACCOUNTANT GENERAL
(ECONOMIC & REVENUE SECTOR AUDIT)
KARNATAKA, BANGALORE

BANGALROE
DATED: 22nd October 2012.



AUDITORS' REPORT

To the Members of BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

Pursuant to the observations made by Comptroller & Auditor General of India under section 619(4) of the Companies Act, 1956, the accounts approved by the Board of Directors on 31st August 2012 have been revised. This report supersedes our earlier Report dated 31st August 2012. The report is revised to incorporate the observations made by the Comptroller & Auditor General of India on the financial statements and books of account of the company. The impact of the revision in the accounts of the company is stated in Note No. 30.25.

1. We have audited the attached Balance Sheet of **M/s Bangalore Electricity Supply Company Limited, Bangalore (herein after referred to as 'BESCOM' or 'the company')**, as at March 31, 2012 and also the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto. 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 conducted our audit in accordance with the 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 of material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose, in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Without qualifying our report, we draw attention to:
- 4.1 Note no. 30.2.1 regarding certain loans availed by KPTCL transferred to BESCOM and reflected as loans in the books of the company.
 - 4.2 Note no. 30.3.5 regarding non-provisioning of expenses relating to transfer of titles of certain assets transferred by KPTCL.
 - 4.3 Note no. 30.4.1 regarding transfer of provision for bad and doubtful debts from KPTCL to the extent of Rs 254.21 crore, for which no details are available, carried since inception and Rs 34.30 crore (towards permanently disconnected consumers) carried since financial year 2004-05.
 - 4.4 Note no. 30.3.7 regarding ad-hoc provision of 20 percent on the written-down value of dismantled assets (Assets not-in-use).
 - 4.5 Note no. 30.5.2 regarding accounting of excesses and shortages found on physical verification of inventories pending final investigation.
 - 4.6 Note no. 30.16 regarding non-disclosure of payables to SMEs, if any.
 - 4.7 Cheques issued by the company but have not been presented by the payee to the bank for a period exceeding six months; accounted as stale cheques amounting to Rs 59.28 lac [See note no.8 under other current liabilities (PY Rs 95.78 lac)] instead of reversing it to the respective accounts.

5. **QUALIFICATIONS**

5.1 **Accrual System:**

Significant Accounting Policy No. 2 states that the company accounts transactions pertaining to grants and subsidies from the Government in respect of capital assets, true up additional subsidy and insurance claims on receipt basis, which is contrary to the accrual system of accounting as required under section 209 of the Companies Act, 1956. As a result of such deviation, the impact on the financial statements are stated in para 5.2 and 5.8.2.3.

5.2 **Government Grants:**

Significant Accounting Policy No. 2 states that grants and subsidies from the government in respect of capital assets are recognized on receipt basis. However, during the financial year under audit, the company has accounted

a sum of Rs. 107 crore as receivable from KPTCL (which is a nodal agency for distribution of grants from the GoK) as Grants even though such sum is actually not received as at the end of the year. This is against the accounting policy of the company. The impact of such deviation is that the capital reserves and other current assets are overstated to the extent of Rs. 107 crore.

5.3 Inter Unit Accounts (IUAs):

The company is carrying a sum of Rs. 425.91 lac under other current assets [see note no.18 (P.Y. Rs. 712.84 lac under other current liabilities vide Note No. 8)] which represents the un-reconciled balances among its units. The impact of the above mentioned un-reconciled inter-unit balances on the financial statement is an overstatement of other current assets to the extent of Rs. 425.91 lac and its contra effect is not readily ascertainable.

5.4 Excess Credit under reconciliation with bank:

The company is carrying a sum of Rs. 105.70 lac credit under other current liabilities [See Note No. 8 (P.Y. Rs. 87.59 lac)]. The impact of such excess credit on the financial statement is an overstatement of other current liabilities to the extent of Rs 105.70 lac and its contra effect is not readily ascertainable.

5.5 Bank Accounts:

The company had closed two bank accounts, namely one pertaining to Additional South Division – Rs. 18.48 lac and HSR Layout Division – Rs. 0.20 lac, in the financial year 2008-09. However, the company continues to carry such balances in its books of account under cash and cash equivalents (See Note No. 16). The bank balances has been overstated to the extent of Rs. 18.68 lac and its contra effect is not readily ascertainable.

5.6 Remittances and transfers to/from head office:

The company is carrying a sum of Rs 50.86 lac (net debit) as Remittances and transfers to/from head office under other current assets (See Note No.

18) (P.Y. Rs 34.30 lac net debit). The impact of such un-reconciled balances on the financial statement is an overstatement of other current assets to the extent of Rs. 50.86 lac and its contra effect is not readily ascertainable.

5.7 **Balance Confirmation:**

The company has not obtained confirmation and reconciled the balances as on 31.03.2012 from/to other ESCOMS, KPTCL, KPCL, PCKL, sundry debtors, sundry creditors, advances, deposits from/to suppliers/ contractors/ government authorities/consumers/employees, loans and other receivables from various parties.

5.8 **Deviations from Accounting Standards prescribed under the Companies Act, 1956:**

5.8.1 **Disclosure Deviations:**

5.8.1.1 The company has disclosed land rights at its written-down value. This is not in accordance with Accounting Standard – 10 Accounting for Fixed Assets and Accounting Standard – 6 Depreciation Accounting which require the company to disclose the original cost, accumulated depreciation and the unamortized depreciation amount. However, there is no impact on the financial statement of the company.

5.8.1.2 Accounting Standard – 19 regarding Leases, wherein the company is unable to quantify with regard to the minimum lease rentals, their present value, etc as required by the said accounting standard.

5.8.2 **Recognition Deviations:**

5.8.2.1 Accounting Standard – 2 regarding Valuation of Inventory wherein the company is required to value inventories at lower of cost or net realizable value. However, the company values its inventories at standard rates. The company does not consider the net realizable value of its inventories. The impact

of such deviation from the accounting standard is not ascertainable.

5.8.2.2 Significant Accounting Policy no. 8.4 regarding provision of depreciation whenever there is a change in the rate, is not in accordance with Accounting Standard – 6 Depreciation Accounting. In our opinion, based on the revised rates, the remaining useful life of the asset should be re-determined and the depreciation should be charged accordingly. The impact of such erroneous charging of depreciation by the company on its financial statement is not readily ascertainable.

5.8.2.3 The Accounting Policy No. 2 with regard to Government Grants in respect of capital assets and true up subsidy are not in accordance with Accounting Standard – 12 - Accounting for Government Grants(AS-12). AS – 12 requires that such grant should be accounted when there a reasonable assurance that the company will comply with the conditions attached to them and grants will be received. The company has accounted as income only to the extent of Rs. 145.91 crore (Rs. 39.91 crore in the financial year 2010-11 and Rs. 106 crore in the financial year 2011-12) as income as compared to Rs. 726.65 crore being receivable from the GoK in the financial year 2009-10; thereby leading to an overstatement of carry forward losses/understatement of free reserves of income to the extent of Rs 580.74 crore in the books of account of the company.

5.8.2.4 Accounting Policy No. 11 regarding retirement benefits being provided on the rates mentioned in the actuarial valuation made on 31.03.2009 and leave encashment on accrual basis is contrary to Accounting Standard – 15 - Employee Benefits, which requires the actuarial valuation to be made every year. The impact of the above deviation from the accounting standard is not readily ascertainable.

5.8.2.5 Accounting Standard – 22 regarding Accounting for Taxes on Income, the company has not provided for deferred tax asset/liability. The company has neither provided for deferred tax asset/liability on account of timing differences which would reverse after the expiry of tax holiday period. The impact of such non-provisioning of the timing differences mentioned above on the financial statement of the company is not ascertainable.

5.9 Cumulative effect of the above mentioned qualifications (to the extent quantifiable) on the financial statements of the company are as follows:

(Amount in lac of Rs)

Category	Overstated	Understated
A. Assets		
- Current Assets	11195.45	
B. Liabilities		
- Reserves and Surplus		
- Capital Reserve	10700.00	
- b/f loss as at 31.03.2011	58074.00	
- c/f loss as at 31.03.2012		58074.00
- Current liabilities	105.70	

6. Further to our comments, we report that:

- 6.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit;
- 6.2 In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- 6.3 The Balance Sheet, Statement of Profit and Loss and the Cash Flow statement dealt with by this report are in agreement with the books of accounts;
- 6.4 In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the mandatory accounting

standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, *except the deviations stated in para 5.8 above*;

6.5 Section 274 (1) (g) of the Companies Act, 1956 is not applicable to a Government Company. Hence, reporting on any Director being disqualified to be appointed as a Director u/s 274 (1) (g) of the Companies Act, 1956 does not arise.

7. Further to *comments in paragraph 3 and subject to observations in paragraph 5* above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes on accounts give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India;
- a) in so far as it relates to the Balance Sheet, of the state of affairs of the company as at March 31, 2012;
 - b) in so far it relates to the Statement of Profit and Loss, of the *profit* of the company for the year ended on that date; and
 - c) in so far as it relates to the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

**for MSSV & Co.,
Chartered Accountants
FRN: 001987S**

**Sd/-
D R Venkatesh
Partner
Membership No: 25087**

**Place: Bangalore
Date: 16-10-2012**

ANNEXURE TO THE AUDITORS' REPORT

**Annexure to the Auditor's Report to the members of
M/s Bangalore Electricity Supply Company Limited
for the year ended March 31, 2012**

Referred to in paragraph 3 of our report of even date

Based upon the information and explanations furnished to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that:

(i) **In respect of Fixed Assets:**

- a) The company *has maintained records, but full particulars of all the fixed assets are not maintained.*
- b) *As explained to us, the company has physically verified items falling under category of Office Equipments, T&P materials (Almairhas, Chairs, Tables etc), Computer and Peripherals, Vehicles, Buildings and Civil works at regular intervals. Based on the information and explanations given to us by the company, they have not noticed any material discrepancies on such verification as compared with the limited records available.*

However, the company has not conducted a physical verification in respect of plant & machinery and lines & cables during the year. Hence we are unable to comment on the adequacy or otherwise of the regularity of physical verification of such assets.

- c) The company has not disposed off substantial part of fixed assets during the year and hence commenting on the going concern assumption in this regard does not arise.

(ii) **In respect of its inventories:**

- a) As explained to us, inventories lying in the stores of the company have been physically verified by the management during the year. In our opinion, frequency of verification is reasonable.

- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The Company is maintaining proper records of inventory situated at company's premises. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to the book records. However, the minor discrepancies of inventories are accounted for in the books of account (Excess stock of Rs 3.15 crore and a shortfall of Rs 2.44 crore – net being excess Rs 0.71 crore).
- (iii) As informed to us, there are no transactions coming within the preview of Section 297 or 299 and required to be entered in the register maintained under section 301 of the Companies Act, 1956. Hence commenting on Paragraph 3(a) to 3(g) of Companies (Auditors Report) Order 2003 (as amended) does not arise.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and rendering of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) The company has no transactions covered under section 301 of the Companies Act, 1956. Hence commenting on the entry in the register maintained under section 301 and its prices being reasonable having regard to prevailing market prices at the relevant time does not arise.
- (vi) **According to information and explanation given to us, the company has not accepted any deposits under the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under.**
- (vii) The company has its in-house internal audit department which is concurrent and it submits its reports on regular/need basis. ***In our opinion, the scope of internal audit is inadequate compared to the size and operations of the company. The scope should cover areas like inter unit reconciliation, bank reconciliation, statutory compliance, etc and its functions need to be strengthened.***

(viii) Based on the information and explanations provided to us, maintenance of cost records has been prescribed by the Central Government for the company. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained.

(ix) In respect of statutory dues:

a) According to the records of the Company, undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service Tax, Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. *However, there are some delays in remitting the tax deducted at source to the concerned authorities.*

Further, since the Central Government has not till date prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

b) *According to the information and explanations given to us, the company has an undisputed outstanding demand of electricity tax to the extent of Rs 9.63 crore (the quantum is disputed) at the year-end which is due for a period more than six months (i.e. since June 2010).*

c) According to the information and explanations given to us, the company has not deposited the following statutory dues on account of disputes:

<i>Name of the Statute</i>	<i>Nature of the dues</i>	<i>Amount of tax involved (in crore Rs)</i>	<i>Period to which the amount relates</i>	<i>Forum of dispute</i>
<i>Income tax Act, 1961</i>	<i>Income tax</i>	- (7.52 c/f loss)	<i>AY 2009-10</i>	<i>CIT, Appeals (I), Bangalore</i>
<i>Karnataka Electricity (Taxation on Consumption) Act 1959</i>	<i>Electricity tax</i>	9.63	2008-09	<i>Chief Electrical Inspector to Government (CEIG), Bangalore</i>

- (x) *The company's accumulated losses at the end of the financial year (without giving effect to the qualifications as stated in our report) exceed 50 percent of its net worth. The company has not incurred cash losses in the financial year under audit or the immediately preceding financial year.*
- (xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution or banks.
- (xii) According to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore the provisions of Paragraph 4 (xiii) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) The company is not dealing in or trading in shares, securities or other investments. Hence commenting on Paragraph 4(xiv) of the Companies (Auditor's Report) Order 2003 (as amended) does not arise.
- (xv) According to information and explanation given to us, the company has not given the guarantee for the loans taken by others from banks or financial institutions.
- (xvi) According to information and explanation given to us, during the financial year covered by our audit, the term loans availed by the company have been applied for the purposes for which such loans are availed.
- (xvii) According to the information and explanations given to us and overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.

Hence commenting on the prejudicial of issue price to the interest of the company does not arise.

- (xix) During the year, the Company has not issued any Debentures. Hence commenting on the creation of security does not arise.
- (xx) The Company has not raised any money by way of public issue during the year. Hence verification of the end use of the same does not arise.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no major fraud on or by the company has been noticed during the year. However, there are cases of fraud noticed in the earlier years and are in the process of investigation/inquiry.

for **MSSV & Co.,**
Chartered Accountants
FRN: 001987S

Sd/-
D R Venkatesh
Partner
Membership No: 25087

Place : Bangalore
Date : 16-10-2012



**Addendum to Directors' Report
for the year ended 31st March 2012**

**Replies offered on the observation/comments of the Statutory Auditors
on the accounts of the company for the year 2011-12 are as follows.**

Sl. No	SA No.	Observations of the Statutory Auditors	Management's Reply
1	4.1	Note no. 30.2.1 regarding certain loans availed by KPTCL transferred to BESCOM and reflected as loans in the books of the company.	Loans availed by KPTCL have been shared with all Escoms and KPTCL at the time of formation of Escoms. Payments are being made on back to back arrangements. The loans allotted to BESCOM are being depicted in the books of accounts of BESCOM. Documents have not been transferred as the Financial institutions have not agreed to have multipartite agreements with KPTCL and Escoms.
2	4.2	Note no. 30.3.5 regarding non-provisioning of expenses relating to transfer of titles of certain assets transferred by KPTCL.	In certain areas where approvals, details and concurrence are to be provided by an external parties, the Company intend to procure the required documents and titles to carry a clean title of its assets. However, there are certain things that are clearly outside the control of the Company. The Company has been doing its efforts in procuring details like the survey no, period of lease, etc. Hence, the provision for expenses for transfer of assets may not arise.

Sl. No	SA No.	Observations of the Statutory Auditors	Management's Reply
3	4.3	<p>Note no. 30.4.1 regarding transfer of provision for bad and doubtful debts from KPTCL to the extent of Rs 254.21 crore, for which no details are available, carried since inception and Rs 34.30 crore (towards permanently disconnected consumers) carried since financial year 2004-05.</p>	<p>The provision for bad and doubtful debts of Rs 254.21 crore is the transfer of opening balance at the time of formation which has been kept as it is in the books of Accounts of BESCOM for adjustments against any deferred tax liabilities/assets which may arise in future. Regarding Rs. 34.30 crores towards permanently disconnected consumers carried since financial year 2004-05, the Company is in the process of identifying the quantum & details of long disconnected installations considered doubtful of realization in full. Appropriate provision for bad and doubtful debts will be made/reversed thereon.</p>
4	4.4	<p>Note no. 30.3.7 regarding ad-hoc provision of 20 percent on the written-down value of dismantled assets (Assets not-in-use).</p>	<p>The Company has provided 20 % on WDV as erosion in the value as per the prudent practice being done in earlier years. In respect of dismantled Assets which are exposed to weathering and after dismantling, they get depreciated due to rust, obsolescence etc., and as such a provision of 20% is being made. The Company will undertake measures to charge value of erosion at the rate equivalent to percentage (%) notified for the class of assets it belongs as depreciation charges from next financial year .</p>

Sl. No	SA No.	Observations of the Statutory Auditors	Management's Reply
5	4.5	Note no. 30.5.2 regarding accounting of excesses and shortages found on physical verification of inventories pending final investigation.	The annual counting of store is done for physical verification of all items stocked in the Store House. Materials lying inhouse and in open yard counted in relation to Bin balance maintained in the books prescribed for the purpose is also cross verified thoroughly. Receipt Voucher Register, Issue Invoice, Return Invoice, Gate Pass & Stock ledger are verified by the Officers nominated for store counting The Company, as per consistant practice, will value the excesses or shortages and booked against the errant personnel and on detailed enquiry, based on its outcome, suitable accounting treatment will be given in the books as per set proceedure laid down.
6	4.6	Note no. 30.16 regarding non-disclosure of payables to SMEs, if any.	Amount due to Small and Medium Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 are not ascertained due to lack of information. The Company has not received any confirmation from the registered suppliers as on date, in respect of which disclosures are required to be made under the said Act. The Company will make arrangements to obtain the information for effecting suitable disclosures of payables to Small and Medium Enterprises if any.

Sl. No	SA No.	Observations of the Statutory Auditors	Management's Reply
7	4.7	Cheques issued by the company but have not been presented by the payee to the bank for a period exceeding six months; accounted as stale cheques amounting to Rs 59.28 lac [See note no.8 under other current liabilities (PY Rs 95.78 lac)] instead of reversing it to the respective accounts.	As per the prudent practice, the Company accounts the returned cheques which are issued but not presented by the payee to the Bank for a period exceeding six months under an exclusive account maintained for the purpose. The cheques that are not presented due to various unknown reasons which is not under the control of Company are returned. Hence, it is kept under distinct account code to enable the Company to reissue the cheque as and when demanded instead of reversing it to the respective accounts.
	5.	QUALIFICATIONS	
8	5.1	Accrual System: Significant Accounting Policy no. 2 states that the company accounts transactions pertaining to grants and subsidies from the Government in respect of capital assets, true up additional subsidy and insurance claims on receipt basis, which is contrary to the accrual system of accounting as required under section 209 of the Companies Act, 1956. As a result of such deviation, the impact on the financial statements are stated in para 5.2 and 5.8.2.3.	As per the policy and consistent practice, Company since inception accounting the Capital Grant and Additional True up Subsidy on receipt basis only. As accounting of Capital grant in the books is based on the notification of release of grants by Government on ad-hoc basis, accrual of such instances may not arise. Hence, it is on receipt basis only. As on date, the Company is not having tieup with any of the Insurance agency, accrual of insurance claim will not arise. With regard to True up Subsidy, please refer to the reply given to Auditor's observation at para 5.8.2.3 in Sl.No. 18.

Sl. No	SA No.	Observations of the Statutory Auditors	Management's Reply
9	5.2	<p>Government Grants:</p> <p>Significant Accounting Policy No. 2 states that grants and subsidies from the government in respect of capital assets are recognized on receipt basis. However, during the financial year under audit, the company has accounted a sum of Rs 107 crore as receivable from KPTCL (which is a nodal agency for distribution of grants from the GoK) as Grants even though such sum is actually not received as at the end of the year. This is against the accounting policy of the company. The impact of such deviation is that the capital reserves and other current assets are overstated to the extent of Rs 107 crore.</p>	<p>KPTCL is one of the central nodal agency for all Escoms. Government releases grants on behalf of all Escoms to KPTCL for administrative control, and consequently KPTCL will transfer the amount to respective Escoms. Hence, the Company is in consistent practice of accounting such items in its books for cross reconciliation and confirmation of all amounts for current financial year between BESCOM and Government of Karnataka.</p>
10	5.3	<p>Inter unit Accounts:</p> <p>The company is carrying a sum of Rs 425.91 lakh under other current assests (see note no.18 (P.Y Rs 712.84 lakh under other current liabilities vide Note No.8) which represents the un-reconciled balances among its units. The impact of the above mentioned un-reconciled inter-unit balances on the financial statement is an overstatement of</p>	<p>Inter Unit Accounting transactions represents the intra Office transaction arising out the following:</p> <ol style="list-style-type: none"> 1) Store housed in a jurisdiction of particular division will also cater to one or more adjoining divisions on regular basis and store transfer across the Accounting Units of the Company will take place on occasional basis. 2) Inter transfer of Personnel: Inter Unit transfer of Accounting of pay and allowance, advances to staff

Sl. No	SA No.	Observations of the Statutory Auditors	Management's Reply
		<p>other current assests to the extent of Rs 425.91 lac and its contra effect is not readily ascertainable.</p>	<p>against expenses, Medical reimbursement, etc., are paid/deducted in a particular division to another Accounting Unit consequent to transfer of personnel.</p> <p>3) Transfer of any other Assets or liability of the nature arising out of some of the Centralised Activity Centres like Cable & Works Division (Master Plan Division), Bescom Store Division, Establishment & Services Section catering to deduction of FBF, Contributory Pension Schemes, PF payments, payment to other departments etc.</p> <p>All the above transactions are dynamic and continuous in nature. The Company has a robust system of accounting of such transaction through Advice of transfer (ATs) from one division to another division. On issue of Advice of transfer, Accounting Unit sending the AT will account under a control account based on the nature. Accounting Unit receiving the AT will account under specific control account and send Acceptance to the parent Unit for neutralizing the transaction. As the process is laborious for accounting this type of transactions , un- reconciled balance remains for transit status of either Advice of transfer or acceptance is in the process of non completion due to administrative delay .</p>

Sl. No	SA No.	Observations of the Statutory Auditors	Management's Reply
			<p>Based on the nature of transaction, control account is placed under respective notes in Balance Sheet side of the Accounts giving suitable treatment i.e., debit or credit in the Balance Sheet. The impact of such un-reconciled accounts on the profit and loss account is not ascertainable but it is negligible and disclosure is made in general notes.</p> <p>Suitable reconciliation and monitoring mechanism will be initiated at circle level/Head office level for clearance of the same and will be adhered to keep this account at bearest minimum level.</p>
11	5.4	<p>Excess Credit under reconciliation with bank:</p> <p>The company is carrying a sum of Rs 105.70 lac credit under other current liabilities [See note no. 8 (P.Y. Rs 87.59 lac)]. The impact of such excess credit on the financial statement is an overstatement of other current liabilities to the extent of Rs 105.70 lac and its contra effect is not readily ascertainable.</p>	<p>Factual - Communication is sent to the concerned Accounting Units which in turn have made correspondence with respective banks for confirmation of transaction and its nature. On ascertaining the fact, appropriate accounting treatment will be given in the next financial year.</p>

Sl. No	SA No.	Observations of the Statutory Auditors	Management's Reply
12	5.5	<p>Bank Accounts:</p> <p>The company had closed two bank accounts, namely one pertaining to Additional South Division – Rs 18.48 lac and HSR Layout Division – Rs 0.20 lac, in the financial year 2008-09. However, the Company continues to carry such balances in its books of account under cash and cash equivalents (see note no. 16). The bank balances has been overstated to the extent of Rs 18.68 lac and its contra effect is not readily ascertainable.</p>	<p>Factual - HSR Division is carved out of Additional South Division and correspondence is made with respective banks for reconciliaion of balances. Appropriate action will be initiated in the financial year 2012-13 .</p>
13	5.6	<p>Remittances and transfers to/from head office: The Company is carrying a sum of Rs. 50.86 lac (net debit) as Remittances and transfers to/from head office under other current assets (see not no. 18) (P.Y> Rs.34.30 lac net debit). The impact of such un-reconciled balances on the financial statement is an overstatement of other current assets to the extent of Rs. 50.86 lac and its contra effect is not readily ascertainable.</p>	<p>Factual - The Company will look into the matter in detail for unreconciled balance. On confirmation of correctness of transaction and its nature, appropriate accounting treatment will be given in the next financial year.</p>

Sl. No	SA No.	Observations of the Statutory Auditors	Management's Reply
14	5.7	<p>Balance Confirmation:</p> <p>The company has not obtained confirmation and reconciled the balances as on 31.03.2012 from/to other ESCOMES, KPTCL, KPCL, PCKL, sundry debtors, sundry creditors, advances, deposits from/to suppliers / contractors / government authorities / consumers / employees, loans and other receivable from various parties.</p>	<p>Company as a prudent practice, transactions pertaining to ESCOMS, KPTCL, PCKL are taken to the books of the Company based on notifications, orders and letters from notified authorities for the purpose. Obtaining of confirmation for all the transactions involves certain things that are clearly outside the control of the Company. The Company is making consistent effort to obtain the confirmation.</p> <p>As far as confirmation of Sundry Debtors is concerned, acceptance of bills preferred and served as per tariff order in force is construed as confirmation.</p> <p>In relation to others i.e., sundry creditors, advances, deposits from/to suppliers/contractors/government authorities/consumers/employees, loans and other receivables from various parties, transactions are taken to books based on orders, awards, notification for which correctness is authenticated, checked and counter checked by all the competent authorities. Also it may not be physically possible to obtain the confirmation for such transaction, as it involves largeness in volume of transactions.</p>

Sl. No	SA No.	Observations of the Statutory Auditors	Management's Reply
15	5.8	<i>Deviations from Accounting Standards</i> prescribed under the Companies Act, 1956:	
	5.8.1	<u>Disclosure Deviations:</u>	
	5.8.1.1	The company has disclosed land rights at its written-down value. This is not in accordance with Accounting Standard – 10 Accounting for Fixed Assets and Accounting Standard – 6 Depreciation Accounting which require the company to disclose the original cost, accumulated depreciation and the unamortized depreciation amount. However, there is no impact on the financial statement of the company.	Factual - As per AS 10, the Company has retained the Original Value of land rights and shown the amortized amount separately for the Current FY-11-12. The Company will identify the original value for prior periods (from the year of inception 2002-03) and restore the amortized amount and depict as per the AS12 from the next financial year by giving appropriate accounting treatment in the books.
5.8.1.2	Accounting Standard – 19 regarding Leases, wherein the company is unable to quantify with regard to the minimum lease rentals, their present value, etc., as required by the said accounting standard.	Factual - The Company has certain Leases which were takeover from KPTCL. Relevent records are not transferred but only in possession of Land/Building physically. In the absence of information and non availability of details of lease period, lease rentals etc., from either KPTCL or concerned civil authorities, it is not possible to ascertain or quantify. It also involves external agency of KPTCL and various civil authorities who have to provide us with information. The Company has taken up correspondence with KPTCL and other Revenue authorities in this	

Sl. No	SA No.	Observations of the Statutory Auditors	Management's Reply
			regard. The Company will make efforts to obtain the information and quantify the same.
16	5.8.2	<u>Recognition Deviations:</u>	
	5.8.2.1	Accounting Standard – 2 regarding Valuation of Inventory wherein the company is required to value inventories at lower of cost or net realizable value. However, the company values its inventories at standard rates. The company does not consider the net realizable value of its inventories. The impact of such deviation from the accounting standard is not ascertainable.	As per prudent practice, the Company values its inventory as per Standard rate arrived by taking present market rate and Standard rates are revised periodically on regular basis. The required accounting treatment for the difference in purchase value and Standard value is dealt in the Books (Material Cost Variance) as per stipulated procedure. Net realizable value of each item cannot be arrived due to largeness of volume of items receipted and issued in the store house. The Company is having a robust system of accounting of difference of Purchase and Standard rate in the books of accounts. Hence, implementation of AS 2 may not be possible due to volume involved in day to day receipt and issue is very high and also involves items - individual item of the nature of bolt, nut to transformers.
17	5.8.2.2	Significant Accounting Policy no. 8.4 regarding provision of depreciation whenever there is a change in the rate, is not in accordance with Accounting Standard – 6 Depreciation Accounting. In our opinion, based on the revised rates, the remaining useful life of the asset	The Company is following the CERC guidelines for Depreciation provision since inception and KERC has approved the same while approving the tariff orders regularly and the Company will take up the issue with CERC for further guidelines in this matter.

Sl. No	SA No.	Observations of the Statutory Auditors	Management's Reply
		should be re-determined and the depreciation should be charged accordingly. The impact of such erroneous charging of depreciation by the company on its financial statement is not readily ascertainable.	
18	5.8.2.3	<p>The Accounting Policy no. 2 with regard to Government Grants in respect of capital assets and true up subsidy are not in accordance with Accounting Standard – 12 - Accounting for Government Grants(AS-12). AS – 12 requires that such grant should be accounted when there is a reasonable assurance that the company will comply with the conditions attached to them and grants will be received. The company has accounted as income only to the extent of Rs 145.91 crore (Rs 39.91 crore in the financial year 2010-11 and Rs 106 crore in the financial year 2011-12) as income as compared to Rs 726.65 crore being receivable from the GoK in the financial year 2009-10; thereby leading to an overstatement of carry forward losses/ understatement of free reserves of income to the extent of Rs 580.74 crore in the books of account of the company.</p>	<p>Extract of Accounting Standard 12 para (6) is as under: "6. Recognition of Government Grants 6.1 Government grants available to the enterprise are considered for inclusion in accounts: (i) where there is reasonable assurance that the enterprise will comply with the conditions attached to them; and (ii) where such benefits have been earned by the enterprise and it is reasonably certain that the ultimate collection will be made. Mere receipt of a grant is not necessarily a conclusive evidence that conditions attaching to the grant have been or will be fulfilled".</p> <p>In this background, out of Rs 726.65 Crores additional true up subsidy, GoK has released a part amount of Rs 145.91 Crores only. Apart from the fact that certainty of release of trueup subsidy is depending on Government orders and mere receipt of a part amount may not necessarily be the evidence to account it fully. Further, certain conditions governing it is also</p>

Sl. No	SA No.	Observations of the Statutory Auditors	Management's Reply
			not fulfilled by GoK for the reasons beyond the Company's control. Hence, it is appropriate to account on receipt basis as per the formulated policy of the Company with regard to subsidy accountal instead of accruals. As such, the Company based on release, accounted the subsidy releases in the books from FY10-11 and FY 11-12.
19	5.8.2.4	Accounting Policy no. 11 regarding retirement benefits being provided on the rates mentioned in the actuarial valuation made on 31.03.2009 and leave encashment on accrual basis is contrary to Accounting Standard – 15 - Employee Benefits, which requires the actuarial valuation to be made every year. The impact of the above deviation from the accounting standard is not readily ascertainable.	The Company has written to KPTCL & Escoms P&G trust for arrival of Acturial valuation with regard to employee benefit. The trust has appointed professional agency for the purpose. The Company will provide the employee benefits as per its communication from the next financial year.

Sl. No	SA No.	Observations of the Statutory Auditors	Management's Reply
20	5.8.2.5	Accounting Standard – 22 regarding Accounting for Taxes on Income, the company has not provided for deferred tax asset/liability. The company has neither provided for deferred tax asset/liability on account of timing differences which would reverse after the expiry of tax holiday period. The impact of such non-provisioning of the timing differences mentioned above on the financial statement of the company is not ascertainable.	The Company has not recognized any deferred tax asset/liability, as its income is exempt from tax under Section 80IA of the Income Tax Act, 1961. The Company neither provides timing differences that would reverse after the tax holiday period. However, the Company will provide for deferred tax subsequent to its tax holiday period. The quantum of such non-provisioning for deferred tax is not readily ascertainable and hence, not provided for in the books of accounts.
21	5.9	<i>Cumulative effect of the above mentioned qualifications (to the extent quantifiable) on the financial statements of the company are as follows:</i>	It is the combined effect on certain observations of Statutory Auditors for which specific replies provided as above.

(Amount in lac of Rs)

Category	Overstated	Understated
A. Assets		
- Current Assets	11195.45	
B. Liabilities		
- Reserves and Surplus		
- Capital Reserve	10700	
- b/f loss as at 31.03.2011	58074	
- c/f loss as at 31.03.2012		58074
- Current liabilities	105.7	

Sd/-
Managing Director
BESCOM





Bangalore Electricity Supply Company Limited
(Wholly owned Government of Karnataka Enterprise)

SIGNIFICANT ACCOUNTING POLICIES

1. Company overview

Bangalore Electricity Supply Company Limited ('BESCOM' or 'the company') is a company registered under the Companies Act, 1956 incorporated on 30th April, 2002 and commenced its operations from 1st June, 2002. BESCOM is responsible for power distribution in eight districts of Karnataka (namely Bangalore Urban, Bangalore Rural, Ramanagara, Chickaballapura, Kolar, Tumkur, Chitradurga and Davanagere).

The KERC vide letter dated 30th September 2008 has intimated that as per first provision of section 14 of the Electricity Act 2003, BESCOM has become a Deemed Licensee valid for a period of 25 years from 10th June 2004.

The Government of Karnataka published vide their order No. DE 14 PSR 2002 dated 31-05-2002, the 2nd Transfer Scheme called Karnataka Electricity Reform (transfer of undertakings of KPTCL and its personnel to electricity distribution and retail supply Companies Rules, 2002) 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 2nd 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 Basis of preparation

The financial statements are prepared on accrual basis of accounting (except in cases as stated below) under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the revised Schedule VI of Companies Act, 1956 including accounting standards notified there under and also in accordance with the provisions of Electricity (Supply) Act, 1948/ Electricity Act, 2003 where ever they are applicable to the company.

All items having a material bearing on the financial statements are recognized on accrual basis except the following, which are accounted on receipt basis:

- Grants and subsidies from Government in respect of capital assets
- True up Additional Subsidy
- Insurance claims

3 Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue & expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognized in the period in which the results are crystallized.

Accounting estimates could change from period to period. The management reviews its estimates and assumptions periodically and appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates.

4 Grants and Subsidies

4.1 Grants/subsidies received from the government or other authorities towards capital expenditure as well as consumers' contribution to capital works are treated initially as capital reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of the grants.

- 4.2 Revenue grants/Tariff subsidies from the government and other agencies are recognized as income only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received, except in the case of True-up additional subsidy which is accounted on actual receipts.

5 Fixed assets and capital work-in-progress

A. Tangible

- 5.1 Fixed assets are carried at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. All costs, including finance charges, foreign currency fluctuations till commencement of commercial production/intended use attributable to fixed assets are capitalized.
- 5.2 Expenditure on renovation and modernization of fixed assets resulting in increased life and/or efficiency of an existing asset is added to the cost of related assets.
- 5.3 Released assets are accounted on withdrawal/capitalization at written-down value (WDV).

B . Intangible assets

- 5.4 Intangible assets are recorded at the consideration paid/incurred for acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

5.5 Impairment of Fixed Assets

An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use.

5.6 Capital work-in-progress

- (a) Materials issued to capital works-in-progress are accounted at cost of purchase or scheduled standard rates (standard rates are determined on the basis of previous purchases and prevailing market rates).

- (b) Administrative and general overhead expenses attributable to construction of fixed assets incurred till they are ready for their intended use are identified and allocated on a systematic basis to the cost of the related assets.
- (c) Contracts at divisions are capitalized only on receipt of final completion/technical/commissioning reports.
- (d) The diminution in the value of dismantled assets (re-usable and released assets) is ascertained on review and provided for.

6. Foreign currency transactions and translations

- 6.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- 6.2 At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.
- 6.3 Exchange differences arising from translation of foreign currency loans relating to fixed assets/capital work-in-progress to the extent regarded as an adjustment to interest cost are treated as borrowing cost.

7 Borrowing costs

Borrowing costs relating to acquisition/construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs not eligible for capitalization are charged to revenue.

8 Depreciation

- 8.1 KERC first amended the tariff regulation in respect of depreciation as per Notification No. 13/01/2006 dated 31/05/2006.
- 8.2 Depreciation is charged on straight line method at the rates prescribed and notified by the Central Electricity Regulatory Commission (CERC). The company does not

charge depreciation as per the rates prescribed under Schedule XIV of the Companies Act, 1956. The rates notified by the CERC are generally similar to that prescribed in the Companies Act, 1956.

8.3 Table below Show the rate of Depreciation

As per Schedule XIV of Companies Act,1956		As per CERC (Notification No. L-7/145/160/2008-CERC Dated 19/01/2009)	
Land & Rights	Nil		Nil
Buildings		Buildings	
a) Buildings other than Factory Buildings	1.63	a) Hydro Electric/ Stream Electric/Diesel /Dams/Cooling towers.	5.28
b) Factory Buildings	3.34	b) Offices & Show Rooms	3.34
Civil Works (Pipeline, Sewage, Drainage, Water supply)	3.34	Civil Works (Pipeline, Sewage, Drainage, Water supply)	3.34
Other Civil Works	5.28	Other Civil Works	5.28
Plant & Machinery		Plant & Machinery	
a) Continuous process plant, other than those for which no special rate are prescribed	5.28	a) Transformers of 100 KVA above & Below	5.28
b) Computers (Grouped under Furnishers and Fittings)	6.33	b) Communication Equipment\	6.33
		c) Computers	15.00
Lines Cable Networks	Not notified	Lines Cable Networks	5.28
Vehicles	9.50	Vehicles	9.50
Furniture & Fixtures	6.33	Furniture & Fixtures	6.33
Office Equipments	6.33	Office Equipments	6.33

- 8.4 In case there is a revision in the rates prescribed and notified by the CERC, the company applies the revised rates prospectively from the date of change notified by the CERC without considering the revised useful life of the assets concerned.
- 8.5 Depreciation on leasehold land is amortized over the period of lease.
- 8.6 The residual value of all the assets is 10 %.
- 8.7 Assets costing Rs. 500/- or below individually (as against Rs. 5,000/- as per the Companies Act, 1956) are fully depreciated in the year of acquisition.
- 8.8 Released assets are depreciated upto the date of dismantling.
- 8.9 Any addition to the asset base or deletion to the asset base, depreciation is charged in proportion to month of addition or deletion
- 8.10 Where the life and/or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with the unamortized depreciable amount is charged prospectively over the remaining useful life of the asset.

9 Inventories

- 9.1 Stores, spares and loose tools are valued at scheduled standard rates (standard rates are determined on the basis of previous purchases and prevailing market rates)

10 Investments

- 10.1 Current investments are valued at lower of cost and fair market value determined on an individual investment basis.
- 10.2 Long-term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.

11 Retirement benefits

- 11.1 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/Ltr.No.CA (P>) SA-1/1764 dated 03.03.2010 which is based on Actuarial Valuation as on 31-03-2009. The rate of contribution is

26.13% of basic and D.A. in the case of pension and 2.24% of basic in the case of Gratuity.

11.2 Leave encashment is provided on the basis of estimates/accrual made by the company and not on the basis of actuarial valuation.

12 Provision for bad and doubtful debts

12.1 The provision for bad & doubtful debts is maintained at 4% on the balance of sundry debtors (exclusive of receivables from BJ/KJ installations and IP sets) for sale of power of LT category outstanding as at the year-end and on HT consumers specifically identified on a case-to-case basis.

12.2 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

13 Taxes on income

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income tax Act, 1961.

Minimum Alternate Tax (MAT) is considered as an asset if there is convincing evidence that the company will pay normal income tax. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow into the company.

14 Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on

the best estimate required to settle the obligation at the balance sheet date. Contingent liabilities are disclosed on the basis of judgement of the management. These are reviewed at each balance sheet date and are adjusted to reflect the current estimate of the management.

15 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

16 Revenue recognition

Revenue from Operations:

16.1 Sale of power is accounted on accrual basis at the tariff rates approved by the Karnataka Electricity Regulatory Commission (KERC). Revenue dues from consumers whose ledger accounts are yet to be opened are accounted on an estimated basis. The company accounts/discloses revenues net off electricity taxes in its statement of profit and loss.

16.2 Revenue for the year is adjusted by estimating un-billed revenue demand for sale of power to HT category on actual basis and a specified % on LT category for the current year.

Other Incomes :

16.3 Income from services rendered is accounted based on the agreements/arrangements with the concerned parties.

16.4 Cash discounts on Power Purchases prompt payments, Interest portion of loan repayments and Electricity tax remittances are accounted as and when the related dues are settled.



16.5 Interest income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.

16.6 Revenue grants and subsidies are accounted as stated in para 4.2 above.

17 Leases

Operating lease rentals are recognized as an expense in the statement of profit and loss on accrual basis over the lease term.

18 Purchase of power

18.1 The Power Purchase cost is recognized based on the Government of Karnataka Order No. EN 131 PSR 2003 Dated 10th May 2005 and subsequent orders issued from time to time for accounting the cost of power based on the billings made by Power Generators Pool allocated to BESCOM by the Government of Karnataka. The Company recognizes the quantum of power exported at the generating plant as per allocation given by Government of Karnataka as per its latest Order dated 24.03.2010.

18.2 The Transmission cost on power purchase is recognized on the basis of total generating capacity allocated to BESCOM as per Government of Karnataka order dated 24.03.2010.

18.3 The Company has recognized the following as interface points for transmission of power:

18.3.1 For EHT consumers, consumption recorded at EHT consumer installations (66KV and above).

18.3.2 Readings recorded at 11 KV banks (interface points) existing in various sub-stations.

- 18.4 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.
- 18.5 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.
- 18.6 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 and subsequent orders issued from time to time. The rates followed for the allocated/assigned power purchases are based on the commercial rates/predetermined rates as approved by PPA/CERC/KERC/Government of Karnataka.
- 18.7 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 provided by PCKL / SLDC, KPTCL based on the proportionate energy consumed. This is as per the said Government order.

19 Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
BALANCE SHEET AS AT 31ST MARCH 2012

Sl. No.	Particulars	Note No.	As at 31 March 2012	As at 31 March 2011
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	546 91 51 000	205 95 00 000
	(b) Reserves and surplus	2		
	(A) Capital Reserve		1268 85 86 785	1045 35 07 182
	(B) Others		-	298 46 51 353
	(C) Profit/(Loss)		-232 54 34 396	-350 68 43 327
	Sub Total (b)		1036 31 52 389	993 13 15 208
		A	1583 23 03 389	1199 08 15 208
2	Non-current liabilities			
	(a) Long-term borrowings	3	985 07 82 126	752 42 48 956
	(b) Deferred tax liabilities (net)			
	(c) Other long-term liabilities	4	2110 30 86 265	1963 21 51 945
	(d) Long-term provisions	5	101 53 73 510	42 32 14 387
		B	3196 92 41 901	2757 96 15 288
3	Current liabilities			
	(a) Short-term borrowings	6	1298 36 94 675	941 75 97 092
	(b) Trade payables	7	2152 95 49 638	1628 84 88 752
	(c) Other current liabilities	8	356 83 38 581	323 43 89 777
	(d) Short-term provisions	9	7 76 48 820	15 94 11 843
		C	3815 92 31 714	2909 98 87 464
	TOTAL	(A+B+C)	8596 07 77 004	6867 03 17 960
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	10	2904 20 57 897	2840 63 76 094
	(ii) Intangible assets	10	2 05 10 387	2 05 54 757
	(iii) Capital work-in-progress	11	722 23 03 416	415 45 58 089
	(iv) Intangible assets under development		-	-
	(v) Fixed assets held for sale		-	-
	(b) Non-current investments	12	10 01 00 000	1 00 000
	(c) Deferred tax assets (net)			
	(d) Long-term loans and advances	13	283 51 96 421	251 55 79 575
	(e) Other non-current assets			
		A	39 22 01 68 121	35 09 31 68 515
2	Current assets			
	(a) Current investments			
	(b) Inventories	14	75 72 98 914	75 75 59 810
	(c) Trade receivables	15	3754 49 97 871	2782 79 85 175
	(d) Cash and cash equivalents	16	96 63 50 760	136 10 08 785
	(e) Short-term loans and advances	17	19 18 99 358	45 91 46 612
	(f) Other current assets	18	728 00 61 980	316 74 49 063
		B	4674 06 08 883	3357 31 49 445
	TOTAL	(A+B)	8596 07 77 004	6867 03 17 960

General note (Note No.30) form an integral part of these financial statements

This is the Balance sheet referred to in our report dated: 16.10.2012

For MSSV & Co.

For and on behalf of the Board of Directors

Chartered Accountants

FRN: 01987S

Sd/-

D.R.Venkatesh

Partner

M.No: 25087

Sd/-

(Dr. W.M Shivakumar)

Director (Technical)

Sd/-

(P.Manivannan)

Managing Director

Place : Bangalore

Date : 16-10-2012

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
Statement of Profit and Loss

Sl. No.	Particulars	Note No.	For the year ended 31 March, 2012	For the year ended 31 March, 2011
1	Revenue from operations	19	9405 38 14 428	8155 93 74 054
2	Other Income	20	265 07 34 341	293 37 87 154
	TOTAL REVENUE		9670 45 48 769	8449 31 61 208
3	Expenses			
	Purchase of Power	21	8559 74 78 386	7503 00 56 195
	Other operating expenses	22	45 13 13 388	37 46 71 152
	Employee Benefits Expense	23	649 89 18 008	542 17 21 014
	Other expenses	24	221 19 34 021	197 38 64 117
	Finance costs	25	130 56 84 594	83 40 27 268
	TOTAL EXPENSES		9606 53 28 397	8363 43 39 746
4	Profits before Depreciation , Prior period items, exceptional items, extraordinary items, Income Tax (1+2-3)		63 92 20 372	85 88 21 462
5	Depreciation	10&26	198 38 96 832	214 79 47 208
6	Profit / (Loss) before Prior period items, exceptional and extraordinary items and Income Tax (4-5)		-134 46 76 460	-128 91 25 746
7	Exceptional items {Expenses(+)/Income(-)}	27	-50 49 04 787	64 03 63 447
8	Profit / (Loss) before Prior period items, extraordinary items and Tax (6-7)		-83 97 71 673	-192 94 89 193
9	Prior period Items - {Expenses (+) / Income (-)}	28	102 17 81 280	155 24 83 025
10	Extraordinary & Prior period items {Expenses (+) / Income (-)}	29	105 99 98 889	39 91 00 000
11	Profit / (Loss) before Tax (8-9)		124 20 08 496	2 20 93 832
12	Income Tax Expense:			
	(a) Current tax expense		-	37 44 905
	(b) Less: MAT credit			
	(c) Deferred tax			
	(d) Tax expenses relating to prior years		6 05 99 565	1 63 12 913
13	Profit / (Loss) from continuing operations (10-11)		118 14 08 931	20 36 014
14	Profit / (Loss) from discontinuing operations			
15	Profit / (Loss) for the year (12+13)		118 14 08 931	20 36 014
16	Earnings per equity share of Rs. 10 each.			
	(1) Basic		5.61	0.01
	(2) Diluted		5.61	0.01
General note (Note No.30) form an integral part of these financial statements				

This is the Profit & Loss account referred to in our report dated: 16-10-2012

For MSSV & Co.
Chartered Accountants
FRN: 01987S

Sd/-
D.R.Venkatesh
Partner
M.No: 25087

For and on behalf of the Board of Directors

Sd/-
(Dr. W.M Shivakumar)
Director (Technical)

Sd/-
(P.Manivannan)
Managing Director

Place : Bangalore
Date : 16-10-2012



Bangalore Electricity Supply Company Limited

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

Amount in Rs.

Sl. No.	Particulars	Current Year 2011-2012		Previous Year 2010-2011	
A	Cash Flow from Operating Activities				
	<i>Net Profit before Tax</i>	124 20 08 496		2 20 93 832	
	Adjustments for:				
	Depreciation	198 38 96 832		145 55 06 601	
	Finance cost	130 56 84 594		199 44 66 311	
	Extraordinary items- Trueup Subsidy	105 99 98 889			
	Change in Provision for Debtors	-74 48 05 626			
	Change in Provision for Employee advances	6 11 43 690			
	Change in Provision for Dismantled Assets	3 56 64 795			
	Reversal of Depreciation on Grants Asset (Other Income)	-73 79 70 702			
	Other Income	-		-178 58 47 497	
	Prior period charges(+) or credits(-)	102 17 81 279		400 06 33 404	
	Income Tax	-6 05 99 565		-2 00 57 818	
	Operating Profit before working capital changes	516 68 02 682		566 67 94 833	
	Adjustments for				
	Changes in Inventories	2 60 897		17 04 55 878	
	Changes in Sundry Debtors	-897 22 07 070		-902 59 92 194	
	Changes in Short term Loans and Advances	20 61 03 566		-85 73 04 662	
	Changes in Long term Loans and Advances	-31 96 16 846		23 52 80 284	
	Changes in Other Current Assets	-411 26 12 917			
	Changes in Current Liabilities				
	Trade Payable	524 10 60 886		166 02 87 778	
	Other current liabilities	60 11 13 685			
	Changes in Short term Provisions	-8 17 63 023		-9 87 88 895	
	Changes in Long term Provisions	59 21 59 122			
	Changes in Other Long-Term Liabilities	147 09 34 320		130 70 79 544	
	Operating Profit after working capital changes	-20 77 64 698		-94 21 87 434	
	Prior period charges(+) or credits(-)	-102 17 81 279		-400 06 33 404	
	Extraordinary items- Trueup Subsidy	-105 99 98 889			
	Net Cash inflow from Operating Activities		-228 95 44 866		-494 28 20 838
B	Cash Flow from Investment Activities				
	Changes in Fixed Assets (Net)	-261 95 34 266		-167 44 33 660	
	Changes in Capital Work in Progress Investments	-310 34 10 122		-224 27 16 562	
		-10 00 00 000			
	Net Cash Outflow from Investment Activities		-582 29 44 388		-391 71 50 222
C	Cash Flow from Financing Activities				
	Changes in Capital/Share Deposit Account	42 49 99 647		88 45 00 000	
	Changes in Secured Loans			417 12 83 278	
	Changes in Unsecured Loans			369 87 77 898	
	Changes in Long-Term Borrowings	232 65 33 170			
	Changes in Short-Term Borrowings	356 60 97 583			
	Change in Current maturities of long term debts/Current liabilities	-26 71 64 881			
	Finance cost	-130 56 84 594		-199 44 66 311	
	Contributions from Consumers/Reversal of Depreciation on Grants Asset (Other Income)	297 30 50 304		59 46 36 389	
	Other Income			178 58 47 497	
	Net Cash available from Financing Activities		771 78 31 229		914 05 78 751
D	Net Change in Cash and Cash equivalents - Surplus Cash [(A) + (B) + (C)]		-39 46 58 025		28 06 07 691
	Add: Opening Cash and Cash equivalents		136 10 08 785		108 04 01 094
			96 63 50 760		136 10 08 785
E	Closing Cash and Cash equivalent :		96 63 50 760		136 10 08 785

NOTE: Cash flow for previous year is not regrouped as per Revised Schedule VI of Companies Act of 1956 as the changes due to movement for FY 2009-10 & FY 10-11 is not readily ascertainable

This is the Balance sheet referred to in our report dated: 16-10-2012

For MSSV & Co.
Chartered Accountants
FRN: 01987S

For and on behalf of the Board of Directors

Sd/-
D.R.Venkatesh
Partner
M.No: 25087

Sd/-
(Dr. W.M Shivakumar)
Director (Technical)

Sd/-
(P.Manivannan)
Managing Director

Place : Bangalore
Date : 16-10-2012

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 1A - Share Capital

Sl. No.	Particulars	ACCOUNT CODE	As at 31 March, 2012		As at 31 March, 2011	
			Number of shares	₹	Number of shares	₹
A	Authorised Share Capital Equity Shares of Rs.10/- each		100 00 00 000	1000 00 00 000	25 00 00 000	250 00 00 000
B	Issued Capital Equity shares of Rs.10/- each		54 69 15 100	546 91 51 000	20 59 50 000	205 95 00 000
C	Subscribed Capital Equity shares of Rs.10/- each		54 69 15 100	546 91 51 000	20 59 50 000	205 95 00 000
D	Paid Up Capital* Equity shares of Rs.10/- each	52.301	54 69 15 100	546 91 51 000	20 59 50 000	205 95 00 000
	Total		54 69 15 100	546 91 51 000	20 59 50 000	205 95 00 000

Note 1B - Reconciliation

Sl. No	Particulars	ACCOUNT CODE	As at 31 March, 2012		As at 31 March, 2011	
			Number of shares	₹	Number of shares	₹
A	<u>Equity Shares of Rs 10 each</u>					
	Opening Balance		20 59 50 000	205 95 00 000	20 59 50 000	205 95 00 000
	Add: Fresh Issue		34 09 65 100	340 96 51 000	-	-
	Closing Balance		54 69 15 100	546 91 51 000	20 59 50 000	205 95 00 000

Note 1C - Percentage of Holding

Sl. No	Particulars	ACCOUNT CODE	As at 31 March, 2012		As at 31 March, 2011	
			Number of shares	Percentage	Number of shares	Percentage
1	Hon'ble Governor, State of Karantaka		54 68 65 100	99.99	-	-
2	Principal Secretary Energy Department, GoK		-	-	20 59 49 994	99.99

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 2 - Reserves & Surplus

SL. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
A	Capital Reserve					
1	<u>Contributions and grants towards cost of Capital assets</u>	55.100				
	Opening Balance		822 59 75 446		738 55 93 273	
	Add: Additions during the year		153 74 13 305		126 24 73 196	
			976 33 88 751		864 80 66 469	
	Less: Reversal of depreciation		57 53 27 227		42 20 91 023	
	Closing Balance		918 80 61 524	918 80 61 524	822 59 75 446	822 59 75 446
2	<u>Subsidies received from REC towards RGGVY scheme</u>	55.210				
	Opening Balance		121 86 19 681		127 66 94 212	
	Add: Additions during the year					
			121 86 19 681		127 66 94 212	
	Less: Reversal of depreciation		5 80 74 531		5 80 74 531	
	Closing Balance		116 05 45 150	116 05 45 150	121 86 19 681	121 86 19 681
3	<u>Grants towards cost of Capital Assets/regularisation of unauthorised IP set installations received from Government</u>	55.3				
	Opening Balance		100 89 12 055		119 65 83 307	
	Add: Additions during the year		143 56 37 000		2 46 03 800	
			244 45 49 055		122 11 87 107	
	Less: Reversal of depreciation		10 45 68 944		21 22 75 052	
	Closing Balance		233 99 80 111	233 99 80 111	100 89 12 055	100 89 12 055
	Total Capital Reserves			1268 85 86 785		1045 35 07 182
B	Others					
1	<u>Share deposit</u>					
	Opening Balance		298 46 51 353		210 01 51 353	
	Add: Additions during the year		42 50 00 000		88 45 00 000	
			340 96 51 353		298 46 51 353	
	Less: Fresh issue of equity shares		340 96 51 000		-	
	Less: Excess transferred to income		353		-	
	Closing Balance		-		298 46 51 353	298 46 51 353
C	Surplus/(Deficit) in Statement of Profit and Loss					
	Opening Balance		-350 68 43 327		-350 88 79 341	
	Add/(Less): Net Profit / (Net Loss) for the year		118 14 08 931		20 36 014	
	Closing Balance			-232 54 34 396		-350 68 43 327
	Total			1036 31 52 389		993 13 15 208

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 3 - Long-Term Borrowings

SL. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
A	SECURED LOANS					
	Term Loans From					
	-Banks (Refer Note 3A below)		607 17 75 076		421 45 75 076	
	-Others (Refer Note 3A below)		317 96 09 208		263 29 78 984	
	Sub-Total			925 13 84 284		684 75 54 060
B	UNSECURED LOANS					
	Term Loans From					
	-Banks (Refer Note 3B below)				67 66 94 896	
	-Others (Refer Note 3B below)		59 93 97 842			
	Sub-Total			59 93 97 842		67 66 94 896
	Total			985 07 82 126		752 42 48 956

Note 3A - Secured Loans

SL. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
A	Term Loans from Banks					
1	State Bank of India loan 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 . (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 at the rate of PLR-3.35%) Repayment Due begun in Sept-2006	53.500	7 17 82 060		21 45 82 060	
2	Oriental Bank of Commerce: Secured by way of hypothecation of all existing & unencumbered present & future goods , book debts and all other movable assets of the Borrower including documens of the title to the goods, outstanding moneys , receivables including receivables by way of cash assistance and / or cash incentive under the Cash Incentive Scheme or any other Scheme claims including claims by way of refund of customs/excise duties under the duty drawback credit scheme or any other scheme, bills invoices, documents, contracts, insurance policies, guarantees, engagements, securities, investments and rights and the present machinery listed in the schedule hereunto and all future machinery belonging to or in the possession or under the control of the borrower wherever lying stored (including all such goods, other movable assets as may be in course of shipment transit or delivery) by way of first charge (subject , however to any charge in favour of any third party which may have been notified by the borrower & accepted by the Bank as having priority over its own charge) as security. Interest @ 7% per annum. (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)	53.500	-		-	

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

3	<p>Corporation Bank 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, guarantees, engagements, securities, investments and rights and the present machinery listed in the schedule hereunto and all future machinery belonging to or in the possession or under the control of the borrower wherever lying stored (including all such goods, other movable assets as may be in course of shipment transit or delivery) by way of first charge (subject, however to any charge in favour of any third party which may have been notified by the borrower & accepted by the Bank as having priority over its own charge) as security. Interest @ 9% per annum. (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	-	-	-
4	<p>Bank of India In 28 Quarters, 27 quarterly installments of Rs.7.15 Crore per quarter commencing from 3 years from the date of first disbursement . 28th Instalment will be of Rs.6.95 Crores. Interest to be serviced monthly. ROI 3% below BPLR. Secured by way of hypothecation of assets financed by the Bank (218.11 Crs)First instalment will be due on 09.09.2013</p>	53.500	200 00 00 000	-	200 00 00 000
5	<p>Canara Bank Repayment within 13 years (including moratorium period of three years) payable in 40 quarterly instalment of Rs. 10 Crore each. Interest to be paid as & when due. ROI base rate + 0.5%pa (floating without spread reset. Hypothecation of fixed assets of the company valued at Rs.457.62 Crs as per companys ABS2008.First instalment due on 23.12.2013</p>	53.500	399 99 93 016	-	199 99 93 016
Sub-Total				607 17 75 076	421 45 75 076

B Term Loans from Others						
1	Loans from Rural Electrification Corporation Limited, New Delhi. - APDRP Counter part funding (Secured by Hypothecation of all existing unencumbered moveable properties including machinery, equipments, machinery spares, tools, implements, and accessories installed / created / erected and all future moveable including machinery, equipments, machinery spares, tools, implements, and accessories installed / created / erected in future and its stock of materials equipments bought or to be bought out of the loan amount at 8.5% & 11.70% interest rates.)	53.3327	81 06 47 270		100 72 71 660	
2	PFC - RAPDRP (Part A) The tenure of loan will be 10 years from the date of disbursement including moratorium period of 3 years for both Principal and interest. Interest to be paid as notified by Ministry of Finance from time to time. 'Secured by way of hypothecation on the newly financed assests under the project as securities for loan. First instalment due on 19.07.2012	53.347	78 40 80 900		78 40 80 900	
3	RAPDRP PFC (B) The tenure of loan will be 20 years including moratorium period of 5 years. The interest and interest tax on the said loan shall be borne by the Utility and shall begin to accrue from the date of release of loan by Ministry of Power . 'Secured by way of hypothecation on the newly financed assests under the project as securities for loan. First instalment falls due in the month of July-2015	53.347	43 54 20 000		43 54 20 000	
4	PFC DRUM PROJECT The Loan shall be repaid by the Disribution Company in 40 equal quarterly instalments. The first instalment will become due on 15th day of April 2008 Interest on the said loan at the rate of interest prevailing on the date of each disbursement. 'Secured by way of hypothecation of all assets created under the loan. Repayment due: The first instalment will become due on 15th day of April 2008	53.337	10 26 64 366		10 06 61 738	
5	JICA (Japan International Co-Operative Agency) The bank agrees to lend the company an amount not exceeding YEN 10643000000 as Principal for DAS under relavance laws & Regulation of Japan.The Company repay principal amount in accordance with amortization schedule setforth in the agreement.The Company shall pay the interest semiannuallyat the rate of three- fourth of one percent (0.75%)p.a Sub-Total	53.340	104 67 96 672	317 96 09 208	30 55 44 686	263 29 78 984
Total				925 13 84 284		684 75 54 060

Note 3B - Un-Secured Loans

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
1	Loan from Government Loans from Government - PMGY (The repayments to be made in 20 annual equal instalments together with interest at the rate 12% on the outstanding balance commencing from 2002-2003 pertaining to Rs.45,33,130 and commencing from 2005-06 pertaining to Rs.87,50,000. However, 50% of loan Repayment commenced from 2002-03 & 2005-06 for Rs 4533130 & Rs 8750000 respectively)	53.3077	99 22 670		1 10 25 190	
2	Loans from Government - APDRP (The repayments to be made in 20 annual equal instalments together with interest at the rate 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.) Repayment as begun 2003-04	53.3317	41 70 86 264		45 87 94 891	
3	GOK Interest free Loan Government of Karnataka has released interest free loan to BESCOM towards payment to power suppliers for supply of power to State Grid during 2008-09. Repayment :No terms & Condition given	53.3317	94 09 719		94 09 719	
4	Loan from Government (through REC) - RGGVY (The Total repayment period will be 15 years inclusive of 5years moratorium period together with interest @ 5% - 12.25% with quarterly interest) Repyment begun from 15/03/2012.	53.3357	13 93 99 189		15 59 39 335	

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
5	Loan from GoK for Power Sector Automation Loan for a period of ten years at the rate of 9% p.a.No specific Term & Conditions Given However as per GO No FD 01BLA 2002 dated:10.07.2003 Loan for a period of ten years & first instalment begun in the month of mar-2009 at the rate of 9% p.a	53.3417	73 50 000		88 20 000	
6	Loan from GoK Ganga Kalyana. Loan to be repaid in 10 annual instalments commencing from FY 2007-08 carrying interest rate of 11% per annum. Repayment begun in 2007-08	53.3367	1 62 30 000		2 16 40 000	
7	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. Interest varies from 10.75% - 11%)	53.960	-		1 10 65 761	
	Sub-Total			59 93 97 842		67 66 94 896
	Total			59 93 97 842		67 66 94 896

Note 4 - Other Long-Term Liabilities

SL. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12	Previous Year 2010-11
			₹	₹
1	Others			
A	Service Line and Security Deposits			
	(a) Deposit Contribution Work	47	103 45 16 561	72 70 48 962
	(b) Security Deposit from consumers		2006 85 69 704	1890 51 02 983
	Total		2110 30 86 265	1963 21 51 945

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 5 - Long Term Provisions

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12	Previous Year 2010-11
			₹	₹
1	Provision for Employee Benefits Provision for Gratuity, Pension, Leave encashment, PF & Family Benefit Fund	44.122,130,140 to 142	101 53 73 510	42 32 14 387
Total			101 53 73 510	42 32 14 387

Note 6 - Short-Term Borrowings

SL. NO.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12	Previous Year 2010-11
			₹	₹
A	Unsecured			
1	Short term loan			
1.1	South Indian Bank (Bullet payment of Rs.100 Crores within one year with the option to repay instalment also, Monthly interest to be serviced regularly at BR+.15% presently 10.65% P.A) Repayment due on 07.05.2012	53.5007	149 99 94 965	99 99 94 965
	(Bullet payment of Rs.50 Crores within 90 days from the date of release, Monthly interest to be serviced regularly at BR+.20% presently 10.70% P.A) Repayment due on 14.05.2012			
1.2	Vijaya Bank 'STL for a period of 270days. To be repayed on 271st day of first drawal and interest to be serviced as and when debited at 10.65% p.a(floating) i.e., base rate of the bank. Securities: Floating charge on Book debts of the Company with 10% Margin for 150 Crs. Repayment due starts on 13/06/2012	53.500	350 00 00 000	150 00 00 000
	STL for a period of 6 Months & tenure for repayment is to be closed of six month from the date of first disbursement that is repaid on 04/08/2012, Interest to be serviced as and when debited at 10.65% p.a(floating) i.e., base rate of the bank. Securities: Floating charge on Book debts of the Company with 10% Margin for 200 Crs..			
1.3	Corporation Bank Line of Credit to meet mismatch in cashflow for working capital (security Nil) interest to be specified at the each availment present rate is 10.80% p.a Present loan amount of Rs75Crs to be repayed on 05.06.2012 and Rs 125Crs to be repayed on 06.05.2012	53.500	200 00 00 000	125 00 00 000
2	Overdrafts			
2.1	Bank of Baroda - OD limit Rs 150 crore	24.420	141 69 76 694	51 99 33 902
2.2	Vijaya Bank - OD limit Rs 300 crore	24.409	234 26 63 972	267 30 40 097
2.3	Canara Bank - OD limit Rs 200 crore	24.414	173 03 31 946	206 66 05 934
2.4	Syndicate Bank - OD limit Rs 100 crore	24.415	32 07 11 133	29 60 54 189
2.5	Bank of India - OD limit Rs 100 crore	24.428	17 30 15 965	11 19 68 005
Total			1298 36 94 675	941 75 97 092

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 7 - Trade Payables

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
A	Payable for Purchases					
1	Sundry Creditors for Purchase of Power	41 Series		1708 80 98 651		1234 58 65 671
2	Inter ESCOM, Cost of Banked Energy, SLDC Charges & PCKL Revenue Expenditure					77 89 22 284
3	Creditors/Liabilities for supplies / works	42.1 to 42.5, 42.6		293 27 90 995		172 17 52 253
B	Payable for other services					
1	Levies / fees payable to GoK	46.300+46.301+46.441		86 02 37 929		51 75 23 630
2	Outstanding Liability - for Expenses	46.103,410, 470,46.929		64 45 47 877		92 25 49 185
3	Payable to other ESCOMs	42.231+ 42.232+ 42.272+ 42.243+ 42.273		38 74 186		18 75 729
	Total			2152 95 49 638		1628 84 88 752

Note 8 - Other Current Liabilities

Sl. No.	PARTICULARS	ACCOU NT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
1	Current maturities of long term debts	53 series		43 72 54 316		70 44 19 197
2	Interest accrued but not due on loans	46.710		2 90 46 194		1 26 75 566
3	Deposits from Suppliers, Contractors Etc.					
	Security Deposits in cash from Suppliers / Contractors	46.101	39 96 14 322		39 87 96 986	
	Security deposit other than in cash from suppliers / contractors	46.102	3 63 12 804		2 98 00 185	
	Sub-Total			43 59 27 126		42 85 97 171
4	Advance consumption charges	23.181	104 95 27 054	104 95 27 054	80 07 13 070	80 07 13 070
5	Other Payables					
	Stale Cheques	46.910	59 27 602		95 78 399	
	Retention Money - Bill amount retained	46.104	29 60 00 833		1 55 21 388	
	Other ESCOM - CESC		100 88 00 000		100 88 00 000	
	Excess credit under reconciliation with Bank		1 05 69 762		87 58 679	
	Miscellaneous Deposits/Other liabilities	46.966, 46.9	27 26 36 400	159 39 34 597	17 40 42 745	121 67 01 211
	Amount withheld from employees against recoverables	28.4		44 72 499		
	Inter Unit Accounts					7 12 83 562
6	Advance Retention Money (Delay condon)	28.105		1 81 76 795		
	TOTAL			356 83 38 581		323 43 89 777

Note 9 - Short-Term Provisions

Sl. No.	PARTICULARS	ACCOU NT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
1	Provision for Employee Benefits	44.210, 220,310, 311,320, 330		7 76 48 820		4 64 58 882
2	Provision for Income-Tax & Fringe Benefit Tax	46.800		-		11 29 52 961
	TOTAL			7 76 48 820		15 94 11 843



Note 10 - Tangible / Intangible Assets
Particulars

Asset Group	A/c Code	Fixed Assets			
		Opening Balance As at 1-4-2011	Additions	Deductions	Closing Balance As at 31-3-2012
TANGIBLE ASSETS					
Land & Rights	10.1	71325703	1745		7 13 27 448
Buildings	10.2	42 13 07 617	3 56 13 974	16 27 342	45 52 94 249
Civil Works (Pipeline, Sewage, Drainage, Water supply)	10.3	2 75 01 581	12 31 330	58 853	2 86 74 058
Other Civil Works	10.4	51 29 460			51 29 460
Plant & Machinery	10.5	887 97 58 995	121 88 41 197	104 27 98 079	905 58 02 113
Lines Cable Networks	10.6	3152 72 28 083	205 93 58 776	19 42 32 106	3339 23 54 753
Vehicles	10.7	15 19 81 329	56 90 335	40 87 951	15 35 83 713
Furniture & Fixtures	10.8	7 27 98 715	42 21 489	3 17 762	7 67 02 442
Office Equipments	10.9	4 32 92 359	74 75 414	1 77 824	5 05 89 949
Current Year Total		4120 03 23 842	333 24 34 260	124 32 99 917	4328 94 58 185
Previous Year Total		3908 23 82 730	317 44 56 371	103 59 60 502	4122 08 78 600

Particulars	A/c Code	Opening Balance As at 1-4-2011	Depreciation			Net Block			
			Additions	Deductions	Short depreciation provided	Excess depreciation withdrawn	Closing Balance As at 31-3-2012	As at 31-3-2012	As at 31-3-2011
TANGIBLE ASSETS									
Land & Rights	12.1								7 13 27 448
Buildings	12.2	12 50 84 489	1 53 19 133	828	11 476	2 19 27 305	11 84 86 965	33 68 07 284	29 62 23 129
Civil Works (Pipeline, Sewage, Drainage, Water supply)	12.3	74 59 526	14 47 583	12 324	23 258	17 817	89 00 227	1 97 73 831	2 00 42 055
Other Civil Works	12.4	14 16 743	1 70 726			20	15 87 449	35 42 012	37 12 717
Plant & Machinery	12.5	226 57 16 207	46 82 69 661	20 33 63 112	2 63 43 389	4 76 43 926	250 93 22 220	654 64 79 893	661 40 42 788
Lines Cable Networks	12.6	1021 46 04 350	148 51 59 026	12 07 04 962	5 34 41 760	18 54 22 262	1144 70 77 912	2194 52 76 841	2131 26 23 733
Vehicles	12.7	9 23 59 163	81 39 096	36 79 157	5 41 850	3 42 797	9 70 18 155	5 65 65 558	5 96 22 166
Furniture & Fixtures	12.8	6 23 58 583	32 89 924	3 50 988	1 95 497	2 26 83 490	4 28 09 526	3 38 92 915	1 04 40 132
Office Equipments	12.9	2 49 48 688	20 57 313	96 333	3 068	47 14 900	2 21 97 835	2 83 92 114	1 83 43 671
Current Year Total		1279 39 47 749	198 38 52 462	32 82 07 704	8 05 60 298	28 27 52 517	1424 74 00 289	2904 20 57 897	2840 63 76 094
Previous Year Total		1087 43 78 938	272 62 39 111	80 66 70 301			1279 39 47 749	2842 69 30 851	2820 80 03 793

Particulars		Fixed Assets				Net Block	
Asset Group	A/c Code	Opening Balance As at 1-4-2011	Additions	Deductions	Closing Balance As at 31-3-2012	As at 31-3- 2012	As at 31-3- 2011
INTANGIBLE ASSETS							
Land & Rights	10.1	2 05 54 757			2 05 54 757		
		Depreciation					
Particulars	A/c Code	Opening Balance As at 1-4-2011	Additions	Deductions	Short depreciation provided	Excess depreciation withdrawn	Closing Balance As at 31-3-2012
INTANGIBLE ASSETS							
Land & Rights	12.1		44 370				44 370
							2 05 10 387
							2 05 54 757

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.
4. Additions / deletions of assets and depreciation thereon include:
 - a) Items pending reconciliation relating to inter unit transfers and
 - b) Prior period adjustments.

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 11 - Capital Work-in-Progress

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
1	Capital Work in Progress	14 series		658 99 28 068		362 99 35 273
2	Provision for works.	15.500		26 46 80 740		24 75 49 765
3	Dismantled assets for reuse (valued at WDV)					
	Value of released good ,dismantled assets for reuse & obsolete materials	16.1 & 16.2	45 96 18 260		33 33 31 908	
	<u>Less: 20% Provision estimated/possible erosion in value</u>		9 19 23 652		5 62 58 857	
	Sub-Total			36 76 94 608		27 70 73 051
	TOTAL			722 23 03 416		415 45 58 089

Note 12 - Non-Current Investments

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
1	Trade Investments Investment in equity instruments					
2	Non-Trade Investments Investment in equity instruments Company is having a share of 100100 No of 1000 Rupees face value as investment made to PCKL	20.25		10 01 00 000		1 00 000
	Total			10 01 00 000		1 00 000

Note 13 - Long-Term Loans & Advances

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
A	CAPITAL ADVANCES	25.101, 501,27.101, 102, 26.601, 602, 603, 604,27.800, 47.308, 322, 309, 310		253 30 02 765		224 55 31 113
B	DEPOSITS					
	a) Security Deposits with Railways and Others	28.9	27 41 30 925		24 85 28 286	
	b) Security Deposit from Suppliers & Contractors other than cash.	28.930	2 80 62 731		2 15 20 176	
				30 21 93 656		27 00 48 462
	Total			283 51 96 421		251 55 79 575

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 14- Inventories, Stores & Spares

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
1	Stores, spares and loose tools (Stocks are valued at standard cost)					
	a) Material Stock Account	22.610	74 75 17 046		74 81 65 473	
	Less :Excess /Shortage	22.810-	- 70 71 532	74 04 45 514	- 61 02 174	74 20 63 299
	b) Mateterial imprest Account	22.641		38 04 880		7 43 201
	c) Other Material Account	22.700		1 30 48 520		1 47 53 310
	TOTAL			75 72 98 914		75 75 59 810

Note 15 - Trade Receivables

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
A 1	Trade receivables outstanding for a period exceeding 6 months from a date they were due for payment - Sundry debtors for sale of Power Secured	23				
	Unsecured		3678 76 08 981		3284 82 12 749	
	Total - A1			3678 76 08 981		3284 82 12 749
A2	Other trade receivables Secured					
	Unsecured		493 43 05 327		320 14 64 181	
	Total - A2			493 43 05 327		320 14 64 181
B1	Trade receivables outstanding for a period exceeding 6 months from a date they were due for payment - Inter-ESCOM allocation . Secured	23				
	Unsecured		377 65 63 912		21 07 04 507	
	Total - B1			377 65 63 912		21 07 04 507
B2	Other trade receivables Secured					
	Unsecured		369 29 58 993		356 58 59 405	
	Total - B2			369 29 58 993		356 58 59 405
C1	Trade receivables outstanding for a period exceeding 6 months from a date they were due for payment -Others. Secured	28				
	Unsecured		95 57 42 587		142 76 11 561	
	Total - C1			95 57 42 587		142 76 11 561
C2	Other trade receivables Secured					
	Unsecured		75 01 85 413		67 13 05 740	
	Total - C2			75 01 85 413		67 13 05 740
	Total (A to C)			5089 73 65 212		4192 51 58 143
	Less : Provision for doubtful trade receivables			1321 98 18 242		1402 17 08 978
	Less : Provision for Withdrawal of revenue demand			13 25 49 100		7 54 63 990
	Grand Total			3754 49 97 871		2782 79 85 175



BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 16- Cash & Cash Equivalents

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
1	Cash on hand	24.110+24.2	22 10 37 938	22 10 37 938	17 28 06 791	17 28 06 791
2	Cheques, drafts on hand	10				
3	Balances with Banks:					
	(i) in current accounts					
	(a) Operative Accounts with scheduled banks	24.400	16 08 43 850		41 26 844	
	(b) Non-Operative Accounts with scheduled banks	24.300	28 42 72 194	44 51 16 044	21 34 42 618	21 75 69 462
	(ii) in deposit accounts *	20.2	30 00 00 000	30 00 00 000	97 04 49 870	97 04 49 870
4	Stamps on Hand	24.120,24.13 0,24.140		1 96 778		1 82 662
	TOTAL			96 63 50 760		136 10 08 785

** Deposit is margin money serving as security against LC for Central Government Stations (Power Generators)

Note 17 - Short Term Loans & Advances

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
1	Advance to Suppliers					
2	Deposits					
3	Advance Tax (Net of Provision for Tax)					
a	Tax deducted at source - (income Tax)	28.850		92 75 756		35 68 189
b	Income Tax including Advance Tax	28.821		39 00 000		
c	Income tax of earlier years					25 90 52 907
d	Income tax refund to be received	28.821		3 49 43 050		
4	Advances Recoverable in cash or in kind or for value to be received.					
5	Others.					
a	Amounts recoverable from current employees	28.4	9 26 23 219			13 87 88 298
b	Amounts recoverable from ex-employees	28.402	6 22 67 691			
c	Less : Provision for Doubtful of recovery from ex-employees	28.899	6 11 43 690	9 37 47 220		-
6	Loans and Advances to Staff - Interest free	27.2		5 00 33 332		5 77 37 218
	Total			19 18 99 358		45 91 46 612

Note 18 -Other Current Assets

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
				₹	₹	₹
A	Other Current Assets					
1	Remittance to Head Office - Transit Account	24.5	- 15 48 191		- 12 31 570	
2	Transfers from Head Office In Transit Account	24.6	66 33 693	50 85 502	46 61 545	34 29 975
3	Amount paid to IT under protest	28.821		74 03 53 607		74 03 53 607
4	Other Receivables	28.72, 28.74		2 00 73 513		1 86 22 962
5	Receivables from Pension / Gratuity Trust	28.9		9 38 45 752		8 19 11 673
6	Cash Receivables from Associates - KPTCL / ESCOMS	28.9		636 98 08 624		230 95 47 666
7	Receivable from GOK refund of meterequipment security deposit	28.71		2 30 454		1 61 966
8	Interest accrued but not due on deposits (including Bank Deposits)	28.2		69 45 561		1 33 82 597
9	Prepaid expenses	28.820		11 27 605		38 617
10	Inter Unit Accounts			4 25 91 362		
	Total			728 00 61 980		316 74 49 063

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 19 - Revenue from Operations

Sl. No.	Particulars	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
I	Sale of Power L T category			4697 01 11 543		4162 30 48 343
II	Sale of Power HT category			4651 62 15 350		3949 07 74 571
	Total LT+HT			9348 63 26 893		8111 38 22 914
III	Other - Operating revenues					
	Public Lighting		-		4 500	
	Maintenance Charges	61.903			21 06 28 998	
	Service Connection	61.904	26 96 79 848			
	Other Receipts from consumers	61.906	27 98 55 656		23 46 65 334	
	Recoveries for theft of power	61.710	9 95 886		2 52 308	
	Calibration	62.917a	1 69 56 145		-	
				56 74 87 535		44 55 51 140
	TOTAL			9405 38 14 428		8155 93 74 054

Note 20 - Other Income

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
1	Interest Income : Other non operating	62.270, 62.222, 62.260		4 18 94 990		9 46 97 506
2	income					
	Profit on sale of stores	62.330	49 17 922		56 13 842	
	Rent	62.901	1 52 63 419		1 12 99 844	
	Incentives received	62.907+62.361+62.911+62.922+92+923+62.361+62.918	145 80 80 756		90 29 33 687	
	Excess provision made in prior period which is no longer required	62.325			56 44 64 525	
	Value of materials found excess during physical verification	62.905	41 13 789		7 05 442	
	Rate fluctuation - power purchase	65.900	9 98 54 579			
	Depreciation Withdrawn from contributions / subsidies as per AS - 12	62.363	73 79 70 702		69 24 40 607	
	Miscellaneous	62.917	15 91 40 771		17 66 96 743	
	Rebate at 0.5% for collection of Electricity Duty	62.916	2 01 85 413		1 76 88 488	
	Subsidy received from G.O.K	61.122	10 93 12 000		46 72 46 470	
				260 88 39 351		283 90 89 648
	Total			265 07 34 341		293 37 87 154

Note 21 - Purchase of Power

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
I	Power Purchase Cost	70		9201 09 51 662		7757 49 82 876
Less	Energy balancing between ESCOMs	61.3		707 78 59 613		384 51 75 412
	Total			8493 30 92 049		7372 98 07 464
Add	Short provision for power purchased in previous years	83.100		66 43 86 337		130 02 48 731
	Grand Total			8559 74 78 386		7503 00 56 195



BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 22 - Other Operating Expenses

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹		₹	
1	Repairs and maintenance - plant and machinery	74.1		20 76 53 378		19 20 37 464
2	Repairs and maintenance - buildings	74.2		2 26 74 125		1 65 22 503
3	Repairs and maintenance - others	74.3 to 74.8		9 42 35 107		9 83 05 412
4	Computer Rentals/maintenance charges	77.611		48 26 709		20 75 291
5	Provision for withdrawal of Revenue Demand	83.8		12 19 24 069		6 57 30 482
Total				45 13 13 388		37 46 71 152

Note 23 - Employee Benefits

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
1	Salaries and Wages	75.1 to 75.4		470 03 07 715		408 38 48 080
2	Bonus	75.5		4 72 17 934		4 88 36 487
3	Terminal Benefits	75.8		121 06 23 835		84 88 02 901
4	Staff Welfare			51 69 94 270		41 84 10 958
5	Workmen compensation			2 37 74 254		2 18 22 587
TOTAL				649 89 18 008		542 17 21 014

Note 24 - Other Expenses

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹		₹	
1	Rent	76.101		8 44 37 726		6 51 92 779
2	Stamp duty for increase in authorized capital	78.861		1 28 53 826		-
3	Postage stamps & Telephone charges	76.111,112,1 13,115		2 67 11 506		2 72 15 200
4	Remuneration to contract agencies	76.116+76.1 26+127+128 +129+ 130		27 15 49 406		23 58 10 920
5	Professional, legal and consultancy	76.122+123+ 124+125		81 47 575		72 47 452
6	Conveyance & Travel expenses	76.131,135,1 37 to 139,		15 71 83 549		13 45 50 561
7	Vehicle running expenses	76.136		2 44 46 298		2 20 09 575
8	Fees & Subscriptions	76.151		6 12 05 436		2 41 71 594
9	Printing & Stationery	76.152				
10	Advertisement Expenses	76.153 76.155, 76.260		2 74 01 878		1 38 38 210
11	Computer stationary and floppies	76.156		3 02 73 109		1 66 14 207
12	Contributions	76.157		41 45 018		38 32 760
13	Electricity Charges	76.158		52 02 566		52 02 566
14	Freight & other material related expenses	76.158		2 58 30 480		2 31 85 103
15	Bank charges	76.201 to 76.282 78.820 to 78.890		82 19 205 5 78 48 867		18 46 068 4 24 92 704
16	Interest to Consumers	78.600		105 86 72 416		102 52 37 543
17	Interest on belated payment for power Purchase	80.102 - 149		3 52 21 748		9 27 08 796
18	Provision Against ex-employee recoverable	79.480		6 11 43 690		
19	Material cost variance	79.110		17 28 70 596		17 99 78 392
20	Miscellaneous			4 34 63 208		4 66 21 964
21	Bad Debts written off	79.410 & 79.430		15 07 975		9 80 459
22	Loss of materials by pilferage, etc.,	79.511		7 33 679		4 340
23	Provision for Loss on obsolescence of stores, etc in stock	79.561		3 73 02 330		43 57 924
24	Details of Payments to Auditors (including legal & Professional charges)					
	a) Audit Fees					
	- Statutory Audit Fees			5 50 000		5 50 000
	- Tax Audit Fees			1 00 000		1 00 000
	b) For Re-imburement of expenses			40 000		40 000
	c) For Service Tax			75 000		75 000
TOTAL				221 19 34 021		197 38 64 117

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 25 - Finance Costs

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12	Previous Year 2010-11
			₹	₹
1	Interest on Loans	78.1+78.54 0+78.546	130 56 01 032	83 36 58 207
2	Guarantee Commission to GoK	78.868	83 562	3 69 061
Total			130 56 84 594	83 40 27 268

Note 26 - Depreciation

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12	Previous Year 2010-11
1	Depreciation on Buildings	77.110+77. 120	1 53 63 503	1 54 40 557
2	Depreciation on Civil works (pipeline, sewerage, drainage, water supply etc.,)	77.130	14 47 583	15 28 239
3	Depreciation on other Civil Works	77.140	1 70 726	1 60 850
4	Depreciation on Plant and Machinery	77.150+151	46 82 69 661	49 11 08 606
5	Depreciation on lines, cable, network etc.,	77.160+161	148 51 59 026	162 66 36 481
6	Depreciation on Vehicles	77.170+171	81 39 096	79 14 466
7	Depreciation on furniture, fixtures	77.180	32 89 924	32 88 892
8	Depreciation on Office equipments	77.190+191	20 57 313	18 69 117
			198 38 96 832	214 79 47 208
Total			198 38 96 832	214 79 47 208

Note 27- Exceptional Items

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
1	Losses/gain relating to Fixed Assets	77.7-62.4		4 45 05 950		5 62 58 691
2	Impairment of Assets	77.58		25 24 80 000		-
3	Provision for Bad & doubtful debts	79.460		-80 18 90 737		58 41 04 756
TOTAL				-50 49 04 787		64 03 63 447

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 28 - Prior Period Expenses (+) / Income (-)

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12		Previous Year 2010-11	
			₹	₹	₹	₹
A	Credits relating to earlier years :					
	1. Other income relating to prior period	65.900	-		-	
	2. Excess provision for Depreciation in prior period	65.600	28 27 52 518		44 03 21 690	
	3. Excess/short provision for Interest & Finance charges	65.700-83.700	-		4 65 57 255	
	4. Other excess provision in prior period	65.800	97 72 16 652		165 83 03 703	
				125 99 69 170		214 51 82 648
B	Debits relating to earlier years :					
	1. Employee costs relating to previous year	83.500	8 20 28 418		88 75 237	
	2. Depreciation under provided in previous period	83.600	8 05 60 298		51 23 62 502	
	3. Administrative expenses of previous period	83.820	6 09 209		54 85 385	
	4. Other expenses relating to prior periods	83.850	7 49 89 966		6 59 76 499	
	5. Operating expenses of previous year	83.300	-		-	
	Sub-Total			23 81 87 891		59 26 99 623
C.	Net prior period represent - (Credits) / Expenses (A-B)			102 17 81 279		155 24 83 025

Note 29 - Extraordinary Items

Sl. No.	PARTICULARS	ACCOUNT CODE	Current Year 2011-12	Previous Year 2010-11
1	Additional Tariff subsidy (Trueup) from GOK as per KERC orders	61.122	105 99 98 889	39 91 00 000
	TOTAL		105 99 98 889	39 91 00 000

Note 30 : GENERAL NOTES

30.1 Share Capital

30.1.1 Government of Karnataka has disbursed Rs.340.96 crore during the period from 2009-10 to 2011-12 as detailed below which was held as Share Deposit till the time it was converted to Share capital in FY 2011-12:

Year	Amount (in crore)	Reference
2004-05	0.01	GO DE 48 PSR 2003/424 dated 15/06/2004
2009-10	32.00	GO EN 95 PSR 2008 Dated 01/09/2009
2009-10	118.00	GO EN 67 PSR 2009 Dated 01/03/2010
2009-10	60.00	GO EN 67 PSR 2009 Dated 31/03/2010
2010-11	25.00	GO EN 13 PSR 2010 Dated 22/12/2010
2010-11	63.45	GO EN 13 PSR 2010 Dated 30/03/2011
2011-12	22.50	GO EN 20 PSR 2011 Dated 21/09/2011 (P3 Part I)
2011-12	20.00	GO EN 20 PSR 2011 Dated 21/09/2011(P3 Part II)
Total	340.96	

30.2 Loans

30.2.1 Certain secured/unsecured loans received in the earlier years have been accounted based on the intimations received from the KPTCL. The loans are not availed in the name of the company, instead a certain portion of the loans availed by KPTCL from various institutions have been transferred to

BESCOM and are reflected in the books of the company. The interests on such loans are also accounted based on intimation by KPTCL except certain loans directly borrowed by the Company.

30.3 Fixed Assets & Depreciation

- 30.3.1 The fixed assets are accounted vide Government of Karnataka Notification mentioned in the company overview at cost of assets in Gross Block and accumulated depreciation on such assets till the date of transfer and the depreciation has been provided accordingly.
- 30.3.2 The company does not consider the period of fixed assets utilized by KPTCL for computing the remaining useful life of the fixed assets transferred from KPTCL.
- 30.3.3 The company has not reassessed the revised useful life of the assets based on the notification of the CERC (Notification no. L-7/145/160/2008-CERC dt. 19.01.2009) stipulating the revised depreciation rates. The company charges depreciation based on the rates notified by the CERC prospectively.
- 30.3.4 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.
- 30.3.5 The assets have been recorded as assigned specifically by KPTCL. In case of certain buildings title deeds relating to land (Including Lease Hold) are not available/ transferred in favour of the company. Further, the related costs that the company may incur with regard to such transfer of titles are not ascertainable and hence not provided for by the company.
- 30.3.6 Income/expenditure arising out of maintenance cost and payment of rent in respect of assets (land and buildings) of common use is as per Arms length arrangement between KPTCL and the company.
- 30.3.7 An ad-hoc provision at the rate of 20% on the value of Assets not-in-use is maintained and is charged to Statement of Profit and Loss.

30.3.8 Break-up of capitalization of expenses during the financial year:

Sl. No.	Nature of Expenses	Capitalised (In Rupees)	Previous year (In Rupees)
1	Repairs and Maintenance Charges	35,062.00	1,55,224.00
2	Employee Cost	1,73,22,948.00	1,10,82,091.00
3	Administrative & General Expenses	4,62,19,787.00	38,27,704.00
4	Interest and Other Charges	30,08,043.00	42,12,67,792.00

30.3.9 During the year an amount of Rs. 73,79,70,702.00 representing the amount of depreciation computed on the cost of assets funded through contribution/ from Consumers is adjusted

30.4 Sundry Debtors:

30.4.1 The break-up of the provision for bad and doubtful debts as against the total receivables as on 31-03-2012 is as under:

Rs. in Crore

Sl. No.	Particulars	2011-12	2010-11
1	Opening Balance 01-06-2002. (As per Government of Karnataka order)	254.21	254.21
2	(a) On account of 4% provisioning as per Accounting Policy – LT category and others.	59.92	58.55
	(b) Provision on account of identified HT - consumers.	-----	-----
3	On account of Long Disconnected Installations	34.30	34.30
4	On account of arrears of BJ/KJ and IP set installations.	973.56	1055.11
Total		1321.99	1402.17

The provision for bad and doubtful debts provision of Rs 254.21 crore (transfer of opening balance at the time of formation) & Rs 34.30 crore carried since financial year 2004-05, company is in the process of identifying the quantum of long disconnected installations considered doubtful of realization in full and appropriate provision as bad and doubtful debts shall be made/reversed thereon.

30.5 Inventories, Stores and Spares

- 30.5.1 In case of purchase of inventories, if standard rates are adopted, the differences between the purchase rates and standard rates of materials are debited or credited to material cost variance account, which is charged/credited to Statement of Profit and Loss at the end of the year.
- 30.5.2 The Company has accounted separately excesses/shortages found on physical verification of inventories which is pending final investigation and adjustments are yet to be carried out by the company.

30.6 Pension, Gratuity and Leave Encashment

- 30.6.1 All the employees of the Company are on deputation from KPTCL.
- 30.6.2 As per 'KPTCL and ESCOM's Pension & Gratuity Trusts' Order No. CA(P>) SA1/18/2002-03/1687-1709 dated 15.02.2010, provision towards Pension has been calculated at 26.13% of Basic + DP and D.A. and provision towards gratuity has been calculated at 2.24% of Basic + DP for FY 2011-12 based on actuarial valuation made as at 31.03.2009. However, no actuarial valuation has been made for the year ended 31.03.2012.
- 30.6.3 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.

30.6.4 No actuarial valuation has been made in respect of any employee benefits for the financial year 2011-12.

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

30.7 Contingent Liability/Asset

30.7.1 The company is unable to ascertain the estimated amount of contracts remaining to be executed on capital works due to the large volume of transactions of the company.

30.7.2 Income tax demand disputed in appeals is Rs.73.63 Crs is shown as under:
(Previous year ; Rs.73.63 Crs)

Sl No	Amount (In Crs)	Pending Before	Period
1	12.56	CIT, Appeals(I), Bangalore	AY 2004-05
2	61.07	Tribunal order issued in favor of IT Department, approaching Honble High Court of Karnataka against the Tribunal Order	AY 2005-06
3	-	CIT, Appeals(I), Bangalore for Dis-allowance of expenses of Rs. 7.52 Crs.	AY 2009-10

30.7.3 The KPTCL vide its circular letter. No. FA (A&R)/C (AP&A)/DC (A&C)/AAO-I/CYS-104/dt.15.03.2007 has communicated to BESCO to provide for an amount of Rs 330.21 crore towards the additional fixed cost paid by the KPTCL for supply of power by Thannir Bhavi Power Corporation Limited (TBPCL) as Regulatory Assets & Liabilities. The amount is to be passed on to the consumers through tariff approval from KERC and the amount collected from the consumers is to be passed on to KPTCL. The Hon'ble KERC is yet to approve this matter. In view of the above facts, the company has treated this as contingent and thus not

recognized the Regulatory Assets and Liabilities of Rs. 330.21 Crore in the books of accounts.

- 30.7.4 The tariff rates of power purchases from BTPS 3 & 4 and RTPS – 8th Unit of KPCL has been provided based on the Power Purchase Agreement (PPA) which is pending for approval by the KERC. Additional liability, if any, shall be accounted on final approval from the KERC.
- 30.7.5 The power purchase from Udipi Power Corporation Ltd (UPCL) has been paid and accounted as per provisional rates approved by Government of Karnataka and based on prevailing CERC regulations. UPCL has filed petition before CERC for approval of tariff rates. The difference in bills submitted by UPCL and admitted by BESCOM at GoK tariff rate of Rs 3.12 per unit amounting to Rs 250 Crore has been accounted which is subject to changes due to amendment of existing PPA and approval of tariff rates by CERC.
- 30.7.6 Vigilance cases are pending in respect of customers installations in various forums and the amount is not ascertainable at this stage.
- 30.7.7 Interest claimed by KPCL on belated payments up to FY 2011-12 is under dispute and hence not provided for Rs. 172 Crore (Previous year Rs.122.93 crore)
- 30.7.8 The Amount of Rs. 3,93,15,720.00 is deducted as penalty amount from the March 2012 bill of BMM ISPAT Ltd. towards short supply of energy. The firm has disputed the recovery of penalty, which is pending in KERC.
- 30.7.9 Letter of Credits given in favour of power generators is Rs 250.00 Crores (Previous year 192.87 Crore)

30.7.10 The Details of zone-wise appeal cases pending as at 31-3-2012 are as follows:

Sl. No.	Particulars	BMAZ	BRAZ	CZ	Total
	CURRENT YEAR				
1	No. of Appeal cases pending as on 31-03-2012	370	111	46	527
2	Amount involved (Rs. in Lakhs)	623.64	283.16	36.44	943.24
	PREVIOUS YEAR				
3	No. of Appeal cases pending as on 31-03-2011	221	128	45	394
4	Amount involved (Rs. in Lakhs)	301.42	298.29	35.88	635.59

30.7.11 Transmission Charges payable to KPTCL for FY 2006-07 has been recognized at 19.42 paise per KWH. KPTCL had initially claimed transmission charges at 26.23 paise per KWH and the company had also paid the transmission charges at 26.23 paise. However, KERC has challenged the rights of KPTCL to charge any sum exceeding 19.42 paise towards transmission charges and the matter is pending before the Hon'ble Supreme Court in an appeal filed by KERC against the order of ATE New Delhi. Currently, the company has accounted such excess sum paid to KPTCL of Rs 125 crore as receivables from KPTCL under other current assets pending the decision of the Hon'ble Supreme Court in this regard.

30.8 Inter Unit Accounts (IUA)

Inter unit accounts are subject to reconciliation/adjustments to the extent of Rs 4.26 crore (Debit) (previous year Rs 7.13 crore (Credit)). The exact impact distinctively on the Statement of Profit and Loss and Balance Sheet is not readily ascertainable.

30.9 Free Lighting

Difference between power purchase cost and subsidized rate on free lighting provided to the employees of KPTCL, including employees on deputation to

BESCOM in the service area of the Company is treated as expenditure in the books of the Company.

30.10 Electricity consumption of Company's offices

Self consumption in respect of company offices are accounted as Revenue at retail tariff rates and the same is treated as expense, except to the extent of unbilled revenue.

30.11 Rebate for having collected electricity tax from consumers amounting to Rs 2.02 crore (previous year Rs. 1.77 crore) at 0.5% with effect from 01.01.2010 as per G.O No. EN 06 PSR 2009 dated 22.02.2010 has been accounted in Other Non operating Income, which is to be received from Government of Karnataka.

30.12 Managerial Remuneration

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

Expenses	For the year 2011-12		For the year 2010-11	
	Managing Directors (Rs)	Director (Technical) (Rs)	Managing Directors (Rs)	Director (Technical) (Rs)
Salaries and allowances	11,07,213	12,04,497	10,30,237	7,81,232
Ex-Gratia	3,500	3,500	3,500	3,500
Others (House Orderly Allowances)	1,97,759	19,05,88	1,00,346	2,97,354
Children's Education Allowances			20,250	-
TOTAL	13,08,472	13,98,585	11,54,333	10,82,086

30.13 Expenditure in foreign currency:

Foreign exchange expenses	Current year	Previous year
	NIL	NIL

30.14 Additional Information

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 **2011-12 (April-11 to March -12)** are as follows:

Energy in MU

Distribution Loss

Sl. No.	Particulars	Current year	Previous year
1	Total Energy at Interface Point ((From 1-04-2011 to 31-03-2012)	24584.30	21909.37
2	Total metered sales	15675.90	14264.63
3	Total un-metered sales *	5354.04	4471.49
4	Total Sales (2+3)	21029.95	18736.12
5	Distribution loss (1-4)	3554.35	3173.25
6	Percentage of Distribution Loss (5/1)	14.46	14.48

* 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%.

Transmission Loss :

Sl. No.	Particulars	Current year	Previous year
1	Total Energy purchased at Generation Point (From 1-04-2011 to 31-03-2012)	25657.71	23396.59
2	Total Energy at Interface Point (From 1-04-2011 to 31-03-2012)	24584.30	21909.37
3	Transmission Loss (1-2)	1073.41	1487.22
4	Percentage of Transmission Loss (2/1)	4.18	6.36

30.15 Related Party Transactions

There are no transactions during the year with related parties (other than the transactions between state-controlled enterprises which is under the control of the Central Government and/or the any State Government(s))

30.16 Small and Medium Enterprises

Amount due to Small and Medium Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 are not ascertained due to lack of information. The company has not received any confirmation from registered suppliers as of date, in respect of which disclosures are required to be made under the said Act. Thus, the company has not provided for any interest pertaining to sums that may be payable to SMEs, if any.

30.17 Segment Reporting

The company neither has more than one business segment nor more than one geographical segment, hence segment reporting as required under AS – 17 is not applicable for the company.

30.18 Deferred Tax

The company has not recognized any deferred tax asset/liability as its income is exempt from tax under sec. 80IA of the Income Tax Act, 1961. The company neither provides timing differences that would reverse after the tax holiday period. However, the company shall provide for deferred tax subsequent to its tax holiday period. The quantum of such non-provisioning for deferred tax is not readily ascertainable.

30.19 The revenue from retail consumers are recognized based on KERC Tariff order 2010 dated 7.12.2010 applicable w.e.f 7.1.2010. KERC has followed the directions of ATE in issuing the Tariff order 2010.

30.20 True-up Tariff Subsidy

The company has accounted a sum of Rs. 106 crore (Rs 39.91 crore for the previous year) as income on account of true-up subsidy received in the financial year from the

Government of Karnataka towards additional true up tariff subsidy relating to the financial years 2007-08, 2008-09 and 2009-10 as per the order of the KERC. The subsidy receivable from the Government of Karnataka towards the additional tariff subsidy for the above mentioned financial years is Rs 580.74 crore. (Rs 635.05 Crs for previous year) has not been accounted pending actual receipt from GoK.

30.21 The company has not obtained confirmation of balances as on 31.03.2012 from other ESCOMS, KPTCL, KPCL, PCKL, sundry debtors, sundry creditors, deposits from suppliers/contractors/government authorities, etc, advances to contractors/suppliers, deposits and advances from consumers, loans and advances to employees (past and current employees), and other receivables from various parties and are subject to reconciliation/adjustments, if any.

30.22 Prior period income

Certain items grouped under prior period items in the previous year which did not involve an act of error or omission are regrouped under other appropriate heads.

30.23 Previous year figures have been regrouped /rearranged wherever necessary to meet the requirement of revised schedule VI of the Companies Act, 1956.

30.24 Earnings per Share

Particulars	Current Year	Previous Year
Net Profit after tax (In Rupees)	118 14 08 931	20 36 018
Weighted average no. of equity shares	21 06 07 993	20 59 50 000
Basic Earnings per Share (In Rupees)	5.61	0.01
Diluted Earnings per Share (In Rupees)	5.61	0.01

30.25 Pursuant to the observations made by Comptroller & Auditor General of India under section 619(4) of the Companies Act, 1956, the accounts approved by the Board of Directors on 31st August 2012 have been revised. The Accounts are revised to incorporate the observations made by the Comptroller & Auditor General of India on the financial statements and books of account of the company. The impact of the revision in the accounts of the company is stated below.

(In Crores)

Particulars		Revised Accounts Approved on 16-10-2012	Draft Accounts Approved on 31/08/2012	Increase/ (Decrease)
P&L Statement				
Add	Income	9670.45	9668.99	1.46
Less	Expenses	9606.53	9600.55	5.98
Less	Depriciation	198.39	198.37	0.02
Add	Prior Period, Exceptional & Extraordinary items	258.67	283.92	-25.25
Less	Provision for Taxation	6.06	9.76	-3.70
Total	Profit/Loss Account	118.14	144.23	-26.09
Balance Sheet				
A	Shareholders' funds	1583.23	1609.32	-26.09
B	Non-current liabilities	3196.92	3205.04	-8.12
C	Current liabilities	3815.92	3810.41	5.51
EQUITY AND LIABILITIES		8596.08	8624.77	-28.69
A	Non-current assets	3922.02	3948.15	-26.13
B	Current assets	4674.06	4676.62	-2.56
ASSETS		8596.08	8624.77	-28.69

As per our report even date
FOR MSSV & Co.
CHARTERED ACCOUNTANTS
FRN: 001987S

For & on behalf of the Board of Directors

Sd/-
D.R.Venkatesh
Partner
M.No: 25087

Sd/-
(Dr. W.M Shivakumar)
Director (Technical)

Sd/-
(P.Manivannan)
Managing Director

Place : Bangalore
Date : 16-10-2012

STATEMENT SHOWING CAPITAL WORKS IN PROGRESS FOR THE YEAR 2011- 12

ACCOUNT CODE	DESCRIPTION	O.B on 1-4-2011	INCURRED	CATEGORIZED	CB 31.03.2012
14.1107	CWIP - Transmission Lines - (GP)	61363029.59	129035937.08	137118536.68	53280429.99
14.1407	CWIP - Transmission Lines, Transformers etc., Extension - (GP)	6611730.56	-106167.66	187819.30	6317743.60
14.1427	CWIP - Promoter Vanished Layouts - 11KV Lines, Transformers, LT lines/S.C.etc., (GP)	1547806.60	3586646.17	3222185.23	1912267.54
14.1437	CWIP- 11KV & below distributions works under APDP works	539906.80	13347027.33	0.00	13886934.13
14.1447	CWIP- Providing additional DTC's enhancement of DTC's	75994334.61	365153783.39	215939920.69	225208197.31
14.1457	CWIP-Reconductoring of LT lines & strengthening of UG cable network	12190711.77	59107575.91	21236513.19	50061774.49
14.1467	CWIP- Providing of ABB cable	0.00	0.00	0.00	0.00
14.1507	CWIP - Trasmissons lines, Trasformers etc., Improvement (GP)	276770856.52	279444953.83	299276957.32	636018690.03
	Capitalisation of interest on Borrowing		379079837.00		
14.1517	CWIP - Trasmissons lines, Trasformers etc., Improvement - Non plan	42243887.14	45811174.94	38914170.13	49140891.95
14.1537	CWIP - Improvement Distribution system under APDRP works lines - Trasformers	0.00	0.00	0.00	0.00
14.1547	CWIP - Urban distributions improvement scheme ADB	20687.00	0.00	0.00	20687.00
14.1557	CWIP - Addl. Street lights / Street Lights in Cities / Towns / Villages	2659630.44	264050.76	99276.75	2824404.45
14.1567	CWIP-Improvement distribution system under APDRP works ETV meters	165404.00	-165404.00	0.00	0.00
14.1577	CWIP-Improvement distribution system under APDRP works Ring main unit & U.G.Cable	761722.00	0.00	761722.00	0.00
14.1587	CWIP - Metering of Existing Street Lights installation	2667030.20	60474.00	634616.20	2092888.00
14.1597	CWIP- Metering of DTC's	29690.00	0.00	2007.00	27683.00
14.1607	CWIP - Reduction of Losses in Lines	125210240.19	80865183.39	105886281.67	100189141.91
14.1667	CWIP - DSLM works	7168.00	-5688.00	0.00	1480.00
14.1707	CWIP - Replacement of Distribution Transformers by Similar Capacities	25722516.35	479308257.09	461504068.60	43526704.84

ACCOUNT CODE	DESCRIPTION	O.B on 1-4-2011	INCURRED	CATEGORIZED	CB 31.03.2012
14.1717	CWIP - Drum Project at Doddaballapura	12647671.00	34940712.00	40167535.00	7420848.00
14.1727	Construction of feeder through 11 kv feeders from newly formed MUSS	122642896.72	140018133.87	142972298.27	119688732.32
14.1737	Developing/Improving the capacity of UG cables along with RMU's	34962517.17	906711.98	19904097.97	15965131.18
14.1747	Compact Sub Station	99380.00	0.00	99380.00	0.00
14.1757	All applicable Civil works pertains to restoration.	5806006.00	-3012471.00	2412826.00	380709.00
14.1767	CWIP - R APDRP	8833614.81	31116833.22	252329.00	39698119.03
14.1777	CWIP- Replacement of existing electro mechanical meters/faulty meters by Electro static meters.	18968185.40	31177585.97	17682758.14	32463013.23
14.1787	CWIP- Expenditure incurred on PFC loan for RAPDRP (IT implementation) works - Part -A	1100737916.76	301503703.51	624974.00	1401616646.27
14.1797	CWIP - Expenditure incurred on PFC Loan for RAPDRP (System Improvement) - Part-B	0.00	578950639.59	0.00	578950639.59
14.1807	CWIP - Emergency Restoration of Power Supply- Calamity.	3051488.19	7438173.20	6107910.48	4381750.91
14.2007	CWIP - REC Plan Schemes	108806.50	145285.00	222411.50	31680.00
14.2107	CWIP - RGGVY Scheme	1815591144.45	44363214.72	0.00	1859954359.17
14.2157	CWIP - RLMS Works-M/s.ABB	2437524511.79	12346105.00	0.00	2449870616.79
14.2167	CWIP - Niranthara Jyothi Yojane	1562894859.61	561148232.48	0.00	2358919806.09
	Capitalisation of Interest on Borrowing		234876714.00		
14.2177	CWIP - Bangalore Distribution Up gradation Project(DAS) works	119120558.00	1106902689.87	0.00	1229031290.87
	Capitalisation of Other Bank charge charged by DOI Tokyo for DAS Project		3008043.00		
14.2207	CWIP - SPA Schemes	1144382.42	-42489.00	258911.95	842981.47
14.2407	CWIP - System Improvement (REC)	2567744.20	0.00	0.00	2567744.20
14.3007	CWIP - Village Electrification (GP)	1533603.84	84339.00	50354.00	1567588.84
14.3207	CWIP - Power Supply to IP sets (GP)	36728972.51	43588078.50	36511191.91	43805859.10
14.3217	CWIP - Power Supply to IP sets under self Financing scheme	1538064.56	4055393.71	198817.72	5394640.55
14.3227	CWIP - P/S to new IP sets submerged IP sets of same consumers under UKP rehabilitaion programme	4460486.47	17236571.31	13764668.70	7932389.08

ACCOUNT CODE	DESCRIPTION	O.B on 1-4-2011	INCURRED	CATEGORIZED	CB 31.03.2012
14.3257	CWIP - Power Supply to New IP sets under "Own your Transformer (OYT) Scheme" ADRP works.	3682349.95	674324.99	1673347.32	2683327.62
14.3267	CWIP - Power Supply to IP set regularation of unauthorised IP set installation under " Own your Transformers (OYT)" Scheme APDRP works	2626590.77	1641333.77	2830594.79	1437329.75
14.3277	CWIP - P/S to Existing IP Consumers for installing Trasformers under "One your Transformers Scheme (OYT) "	4233422.99	554152.58	2089080.13	2698495.44
14.3287	CWIP-IP set under Dr.Devaraj Urs backward development corporation	4979070.15	267690.33	198417.13	5048343.35
14.3297	CWIP-Energisation of IPsets (Karnataka Minority development corporation	182558.27	7857.00	0.00	190415.27
14.3307	CWIP- Energisation of IP set under Dr.b.R.Ambedkar Dev.Corp	4259825.87	34213.00	0.00	4294038.87
14.3407	CWIP - Tribal Area Electrification (GP)	5179814.68	14982122.06	11008265.00	9153671.74
14.3417	CWIP-Energisation of IP set under Karnataka Tribal Dev.Corp.(Ganga kalyana) (TSP)	17875568.04	22112183.34	16031016.00	23956735.38
14.3507	CWIP - Bhagya Jyothi Scheme	28241.00	0.00	0.00	28241.00
14.3517	CWIP - Metering of Existing BJ installations	6142450.81	8413329.00	0.00	14555779.81
14.3607	CWIP - Kutir Jyothi Scheme	1409256.00	93713.42	129805.00	1373164.42
14.3617	CWIP - Metering of Existing KJ Installations	13671515.00	1455536.00	3800851.00	11326200.00
14.3657	CWIP - Harijana Basthi /Dalith basthi/ Janatha colonies - Pradhana manthri Gramodaya Yojana works	187789.00	-87876.00	0.00	99913.00
14.3667	CWIP - KJ Scheme State Govt. RGRHCL Ashraya Ambedkar & EWS schemes under GOI's KJ schemes	1409378.52	9702.00	0.00	1419080.52
14.4007	CWIP - Service Connections	125166088.51	411128054.36	334043260.76	202250882.11
14.4017	CWIP - Metering of IP sets of 10HP & below	699044.13	-621891.13	77153.00	0.00
14.5027	CWIP - Buildings	10023696.00	42623363.00	37162233.00	15484826.00
14.6077	CWIP - Vehicals	0.00	3230335.00	3230335.00	0.00
14.7087	CWIP - Furniture & Fixtures	75445.58	6176708.82	3515653.38	2736501.02
14.8097	CWIP - Office equipment	1784140.28	34706607.52	29916274.11	6574473.69
14.8107	CWIP- Tools & Tackles	4038001.00	39227925.59	27435489.00	15830437.59



ACCOUNT CODE	DESCRIPTION	O.B on 1-4-2011	INCURRED	CATEGORIZED	CB 31.03.2012
14.8117	CWIP - Mobile Phones	125533.50	836482.50	836482.50	125533.50
14.8127	CWIP-Safety measures fund	0.00	3828373.82	3222048.52	606325.30
14.9107	CWIP Categorised - RGGVY Scheme	-1777367833.37	0.00	32429238.72	-1809797072.09
14.9157	CWIP Categorised - RLMS Works	-2437524510.79	0.00	12346105.00	-2449870615.79
14.9167	CWIP Categorised- Niranthara Jyothi Yojane	-280827154.94	0.00	345819903.52	-626647058.46
14.9177	Capital expenditure categorized for Bangalore Distribution Up gradation Project (DAS) Works	0.00	0.00	3218194.00	-3218194.00
14.9767	Capital expenditure categorized RAPDRA Works.	-7594168.93	0.00	1745778.81	-9339947.74
14.9787	Capital expenditure categorized for expenditure incurred on PFC Loan for RAPDRP (IT implementation)	0.00	0.00	147349957.12	-147349957.12
14.9797	Capital expenditure categorized for PFC Loan for RAPDRP (System Improvement)- Part -B	0.00	0.00	45508142.00	-45508142.00
GRAND TOTAL		3629935274.19	5576834082.13	2631632164.21	6575137192.11

Note: Capitalisation towards interest on Borrowings amounting to Rs. 61.69 crores is shown under the respective Head of Accounts.

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
AVERAGE REALISATION RATE FROM SALE OF POWER FOR FY 2011-2012

DESCRIPTION	TARIFF	No of Consumers	UNITS SOLD			Average Realisation Rate Per Unit (In ₹)	Opening Balance	Revenue Demand	Revenue Collection	With draws	HO Adjustments	Amount in Rupees & Consumption in KWH	
			Units (in KWH)	% of Units	5							6-(8/4)*100	10
1	2	3	4	5	6-(8/4)*100	7	8	9	10	11	12=7+8-9+10-11		
BU/KJ (Upto 18 Units)	LT 1	505943	55 06 58 91	0.26%	5.65	65259859.00	311026689.00	340000000.00	0.00	4003498.00	322830500.00		
BU/KJ (Above 18 Units)	LT 2	205446	61 13 42 01	0.29%	3.97	441999601.48	222670193.00	92070721.00	20330.00	273679.00	572305064.48		
Lighting and AEH	LT 3	5435709	4558 27 48 20	21.66%	7.34	1151112234.80	18103461553.00	17822922854.20	7406408.00	236997583.00	1187246942.60		
Commercial Lighting	LT 4	734719	1319 22 73 98	6.27%	1.34	95753166.68	9744466183.00	9826984284.00	1905781.00	107730920.00	103598364.68		
Commercial Lighting (Auxiliary Cons)		411	14 04 97 62	0.07%	0.00%		45455801.00						
IP Sets (10HP & BELOW)		628825	5352 67 48 87	25.45%	1.56	3421 43 59 04	7174053811.00	57309000000.00		81772848.00	4782 81 68 67		
FREE LIGHTING From 01-08-2008	LT 4A				0.00%	12980066694.63	0.00	26763852.89		-27465843.00	12980768684.74		
IP Sets (10HP & BELOW) FREEZED BALANCE Upto 31-07-2008	LT 4B	473	6 59 52 90	0.03%	2.23	42381327.10	10273864.00	1701508.00		-156146.00	51109829.10		
Pvt. Horti, Nuris, Coffee & Tea Plant	LT 4C	894	3 91 95 10	0.02%	5.37	10022929.96	8735511.00	3977165.00		355955.00	14425320.96		
LT Industries	LT 5	153225	1044 08 05 94	4.98%	5.46	10497857.63	5611790156.00	5663064309.87	2396694.00	41744044.00	109562966.76		
Water Supply	LT 6	43143	460 40 80 97	2.19%	4.90	6030132875.03	2512150570.00	681793889.00	1652987.00	-8942809.00	786779378.03		
Street lights	LT 6I	49796	401 45 37 73	1.91%	9.93	336422387.51	1968818539.00	865950801.02	94105.00	15585137.00	4451412313.49		
Temporary Supply	LT7	149642	126 54 25 20	0.60%	3.50	-803479969.90	1255510839.00	1516223904.00	42773.00	-12335564.00	-1051900243.90		
Temporary Supply(Auxiliary)		16	9 24 00	0.00%	4.26	2766900.00	1697834.00	2091544.00			2373190.00		
LT TOTAL	I	7906242	13403 51 91 43	63.74%	5.64	26906653197.92	46970111543.00	42319900633.98	13519078.00	439563302.00	31103781726.94		
Water Supply & Sewerage Pumping	HT 1	133	491 35 52 47	2.34%	4.70	106277598.24	2091080092.00	1998112624.00		9301492.00	189943574.24		
HT Industries	HT 2A	4276	4362 17 75 71	20.74%	6.10	48600737.00	24581710824.00	24118529752.00	23158605.00	347016667.00	141606537.00		
HT Industries (Auxiliary Cons)		7	1 28 89 41	0.01%	7.28	886068.00	9255248.00	4227769.00			5913547.00		
HT Commercial	HT 2B	4094	2647 02 85 42	12.59%	2.18	59153261.87	19264422157.00	18936790526.00	23106139.00	317304986.00	46373767.87		
HT Lift Irrigin Societies	HT 3A	21	6 05 46 91	0.03%	4.87	5450088.00	13207060.00	9266314.00		1020569.00	8370265.00		
HT Lift Irrig Schemes & Govt Hort.	HT 3B	4	31 74 21	0.00%	4.70	-913533.00	1547338.00	403703.00		231564.00	-1462.00		
HT Residential Apartment	HT 4	191	118 20 59 44	0.58%	6.10	6433107.00	554992631.00	550662738.00	81159.00	3141804.00	6809005.00		
HT TOTAL	II	8726	7626 42 83 57	36.26%	4.45	225887327.11	46516215350.00	45617993426.00	47076335.00	678017082.00	399015834.11		
IP SET DEFUNT INSTALLATIONS	III	50482			4.45	593775077.00		4986243.00		588788834.00	0.00		
LT + HT	IV	7965450	21029 94 75 00	100%	4.45	27726315602.03	93486326893.00	87942880302.98	60595413.00	1706369218.00	31502797561.05		
Miscellaneous Income	V				4.45	28635.00	567487535.00	567788996.00			-272826.00		
Grand Total		7965450	21029 94 75 00	100%	4.45	27726344237.03	94053814428.00	88510669298.98	60595413.00	1706369218.00	31502524735.05		

BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

Subsidy received from GOK in 2011-12 towards power supply to IP set upto 10 HP and to BJ / KJ upto 18 units Per KWH per month

Rs In Crores

SI No	Particulars	No of Installations			Consumption In Mus			Demand (Principal Portion Only)			Subsidy Released for 2011-12
		Metered	Un Metered	Total	Metered	Un Metered	Total	Metered	Un Metered	Total	
1	Power Supply to IP sets of upto 10 HP	14627	612198	626825	110.88	5241.79	5352.67	14.79	694.44	709.23	573.10
2	Power supply to BJ/ KJ upto 18 units per month per installation	500038	5905	505943	53.71	1.36	55.07	30.09	0.62	30.70	34.00
3	Total	514665	618103	1132768	164.59	5243.15	5407.74	44.87	695.06	739.93	607.10