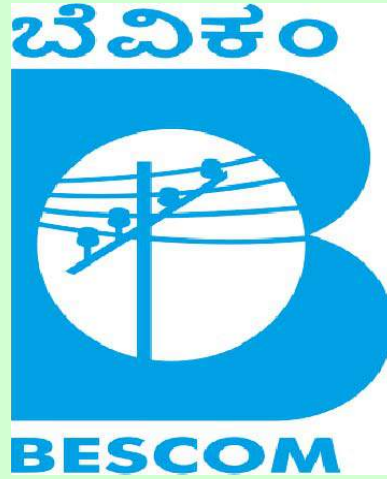
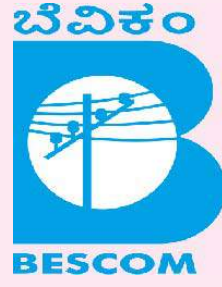


**11<sup>th</sup> Annual Report**  
**2012 - 13**



**Bangalore Electricity Supply Company Ltd.**





## *Table of Contents*

1.	Director's Report .....	3
2.	Comments of C & AG of India .....	25
3.	Auditor's Report and Replies .....	26
4.	Addendum to Director's Report .....	33
5.	Balance Sheet .....	43
6.	Profit and Loss Account .....	44
7.	Cash Flow .....	45
8.	Notes .....	46





# Directors' Report

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Dear Members,

Board of Directors of Bangalore Electricity Supply Company Limited (BESCOM) have pleasure in presenting the Eleventh Annual Report for the year 2012-13 and the Audited Accounts of the Company for the year ended March 31<sup>st</sup>, 2013.

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

The Company has successfully completed eleven 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 2012-13, the Company took various initiatives for rendering better services in line with 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 & below and 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.

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 customer 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) Developing infrastructure commensurate with growth, thus ensuring reliable and quality power supply.
- c) 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 83.55 lakhs customers. The total asset is worth Rs.10370.77 Crores as on 31<sup>st</sup> March 2013.

1	Area	41,092 Sq.Kms
2	District	8
3	Population	20.7 Million
4	Consumers	8.35 Million
5	No. of DTCs	176952
6	HT Line length	80187.56 Ckt. Kms
7	LT line length	155072.43 Ckt. Kms
<b>8</b>	<b>Employee Strength</b>	
9	Sanctioned	17501
10	Working	12308
11	Total Assets	Rs. 10370.77 Crores

**a) Consumer Population**

Consumer population served by BESCOM is steadily increasing and recorded an increase of 4.90% in FY-13 over previous year. The number of consumers existing as on 31-03-13 stands at 83,55,820.

Category wise consumers are furnished below.

Sl. No.	Category	As on 31-03-2012	As on 31-03-2013	% of Increase
1	Bhagya Jyothi	7,11,389	<b>7,14,936</b>	0.50
2	Domestic Lighting and AEH	54,35,709	<b>57,20,295</b>	5.24
3	Commercial Lighting	7,35,130	<b>7,73,879</b>	5.27
4	LT Power	1,53,225	<b>1,59,310</b>	3.97
5	HT Power	8,726	<b>9,515</b>	9.04
6	Irrigation Pump sets	6,28,192	<b>6,53,765</b>	4.07
7	Street Light & Others	92,939	<b>99,540</b>	7.10
8	Temporary Power	1,49,658	<b>1,75,907</b>	17.54
9	Defunct IP Installations	50,482	<b>48,673</b>	-3.58
<b>TOTAL</b>		<b>79,65,450</b>	<b>83,55,820</b>	<b>4.90</b>

**b) Tariff wise number of consumers and its proportion to the total as on 31-03-13**

Tariff	LT1	LT2	LT3	LT4	LT5	LT6	LT7	Defunct
<b>Number of consumers</b>	714936	5720295	773879	653765	159310	99540	175907	48673
<b>% to Total</b>	8.56	68.46	9.26	7.82	1.91	1.19	2.11	0.58

Tariff	HT1	HT2A	HT2B	HT3	HT4	HT5	Total
<b>Number of consumers</b>	145	4592	4462	24	217	75	83,55,820
<b>% to Total</b>	0.11						100.00%



#### IV. FINANCIAL PERFORMANCE

The financial performance of the Company during the Financial Year 2012-13 is highlighted as below:

Sl. No.	Category	For the year ended 31 March, 2013 Rs.	For the year ended 31 March, 2012 Rs.
1	Revenue from operations	10783 62 38 280	9393 18 90 359
2	Other Income	315 83 25 200	191 27 63 639
	<b>TOTAL REVENUE</b>	<b>11099 45 63480</b>	<b>9584 46 53 998</b>
3	<b>Expenses</b>		
	Purchase of Power	10787 24 66 281	8559 74 78 386
	Other operating expenses	44 27 14 679	32 93 89 319
	Employee Benefits Expenses	739 12 03 608	649 89 18 008
	Other expenses	348 69 12 897	221 19 34 021
	Finance costs	208 62 65 546	130 56 84 594
	<b>TOTAL EXPENSES</b>	<b>12127 95 63 011</b>	<b>9594 34 04 328</b>
4	<b>Profits before Depreciation, Prior period items, exceptional items, extraordinary items, Income Tax (1+2-3)</b>	<b>-1028 49 99 531</b>	<b>-9 87 50 330</b>
5	Depreciation	118 77 38 624	124 59 26 130
6	<b>Profit / (Loss) before Prior period items, exceptional and extraordinary items and Income Tax (4-5)</b>	<b>-1147 27 38 155</b>	<b>-134 46 76 460</b>
7	Exceptional items	-116 16 99 618	-50 49 04 787
8	<b>Profit / (Loss) before Prior period items, extraordinary items and Tax (6-7)</b>	<b>-1031 10 38 537</b>	<b>-83 97 71 673</b>
9	Prior period Expenses (+) / Income (-)	17 52 47 529	102 17 81 280
10	Extraordinary & Prior period items	580 81 06 084	105 99 98 889
11	<b>Profit / (Loss) before Tax (8-9)</b>	<b>-432 76 84 924</b>	<b>124 20 08 496</b>
12	<b>Income Tax Expenses:</b>		
	(a) Current tax expenses	-	-
	(b) Less: MAT credit		
	(c) Deferred tax		
	(d) Tax expenses relating to prior years		6 05 99 565
13	<b>Profit / (Loss) from continuing operations (10-11)</b>	<b>-432 76 84 924</b>	<b>118 14 08 931</b>
14	<b>Profit / (Loss) from discontinuing operations</b>		
15	<b>Profit / (Loss) for the year (12+13)</b>	<b>-432 76 84 924</b>	<b>118 14 08 931</b>
16	<b>Earnings per equity share of Rs. 10 each.</b>		
	(1) Basic	(7.91)	5.61
	(2) Diluted	-	5.61

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	22
66 Kv	356
<b>Total</b>	<b>419</b>

## VI. POWER PURCHASE

- 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 23.04.2012.

The power is procured from:

- Central Generating Stations like NPTC, NLC, Kaiga and MAPS.
- State owned generating stations of KPCL- Hydel, Thermal, DG Plant, Solar and Wind.
- Independent power producers like Tata, Rayalaseema and Udipi Power company Ltd.
- Independent power producers Non-conventional energy sources like Wind, Biomass, Co-generation and Mini-hydel.

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	1366.79
<b>Total</b>	<b>5276.69</b>

- 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)	<b>KPCL Hydel:</b>		
i	Sharavathy	16.97%	78.00
ii	Other Stations	41.58%	
(b)	<b>KPCL Thermal:</b>		
	RTPS 1 to 7	49.62%	363.10
	BTPS	49.62%	268.70
(c)	KPC Diesel Plant	100%	1401.06

Sl. No.	Source	Share of allocation	Av. Power Purchase Cost in paise/Kwh.
2	<b>Central Generating Stations:</b>		
(a)	NTPC	49.62%	265.73
(b)	NLC	49.62%	274.63
(c)	PGCIL	49.62%	299.68
3	<b>Major IPPs</b>		
	Tata Power	49.62%	1287.04
	Rayalaseema Alkalies	49.62%	1286.94
	Udupi Power Company Ltd.	49.62%	425.91
4	<b>Minor IPPs (NCE Projects)</b>		
	Co-Generation	100%	371.53
	Biomass	100%	543.09
	Mini Hydel	100%	311.76
	Wind	100%	324.163
	UI	49.62%	
	Short Term	49.62%	421.88
	Sec 11	49.62%	530.00

### 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 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 MUs	Power Purchase cost (Rs. in Crores)	Average Power Purchase cost (Rs /unit)	
			At Gen. point	At I.P. IF.
27834.39	26568.77	10787.24	3.88	4.04

(b) Comparison of Source-wise power purchase cost during 2012-13 and 2011-12

Sl. No.	Source	2012-13		2011-12	
		ENERGY PURCHASED IN MUs	AMOUNT IN CRORES	ENERGY PURCHASED IN MUs	AMOUNT IN CRORES
1	Hydel Power	3383.76	345.66	6484.82	450.31
2	Thermal Power	12924.07	4373.85	11636.60	3630.49
3	Lignite Power	1412.41	387.89	1380.59	342.21
4	Atomic Energy	783.67	223.85	741.49	223.88
5	Major IPPs	43.03	83.58	175.46	236.51
6	Non-conventional Energy	505.85	265.22	473.51	234.79
7	Wind Mill Energy	2436.05	850.03	2396.37	849.14
8	Diesel Generating	201.30	282.03	375.72	461.96

9	Unscheduled Inter Change Charges	-75.46	-30.32	70.04	13.24
10	Short Term Purchase	7243.55	3055.94	3165.33	1499.39
11	Tr. Charges(KPTCL/{GCIL)	-	1163.25	-	970.22
12	POSOCO Charges	-	1.86	-	1.39
13	SLDC O&M Expenses	-	9.33	-	7.78
14	Cost of Banked Energy	-	6.22	-	1.85
15	Miscellaneous	-	-	-	0.02
16	PCKL Rev. Expenses	-	1.95	-	1.01
17	Energy Balancing Inter ESCOM	-1044.80 20.96	-377.18 7.82	-1242.22	-430.89
18	Short Term Share Diff.	-	-	-	66.44
19	Energy Balancing (Prior period expenses)		136.26		
<b>TOTAL</b>		<b>27834.39</b>	<b>10787.24</b>	<b>25657.71</b>	<b>8559.74</b>

(c) Statement showing the details of power purchased, power purchase cost (P.P. Cost) and cost per unit from various sources and transmission charges and other charges for the year 2012-13.

SL. NO.	NAME OF THE COMPANY	CONSUMPTION IN MUs	AMOUNT BILLED (Rs. In crores)	P.P COST (Rs/Kwh)
1	<b>Central projects</b>			
	CGS	5853.11	1592.10	2.69
	UI CHARGES	-75.46	-30.32	-
2	<b>Short term Purchases</b>			
	M/s NETS	1289.03	533.91	4.14
	M/s JSW	3096.25	1338.66	4.32
	M/s IEX & PEX	-	-	
	M/s.NTPC-VVNL	-	-	
	M/s.PTCIL	67.41	36.34	5.39
	M/s TATA Power	33.54	18.84	5.62
	M/s BMM Ispat	164.84	61.11	3.71
	M/s Harekrishna	12.24	6.30	5.15
	M/s NSL Tungabhadra	18.89	10.01	5.30
	M/s GUVNL	2561.37	1050.77	4.10
	SEC-11 Energy	393.54	208.69	5.30
3	<b>State Projects</b>			
	KPCL- HYDEL	3021.26	235.61	0.78
	KPCL-DG	201.30	282.03	14.01
	KPCL-THERMAL	6271.52	2110.94	3.37
	KPCL-WIND	13.07	4.24	3.24
	KPCL-SOLAR	4.36	2.61	5.99
4	<b>Private Producers</b>			
	Rayalaseema	5.25	6.76	12.87
	Tata Power	37.78	76.83	10.23
	UPCL	2984.89	1271.29	4.26

SL. NO.	NAME OF THE COMPANY	CONSUMPTION IN MUs	AMOUNT BILLED (Rs. In crores)	P.P COST (Rs/Kwh)
5	<b>NCE Projects</b>			
	Co-Generation	52.08	19.35	3.72
	Bio-Mass	55.87	30.34	5.43
	Mini-Hydel	349.70	109.02	3.12
	Wind	2446.35	862.30	3.52
	<b>SUB-TOTAL(I)</b>	<b>28858.19</b>	<b>9837.73</b>	
6	<b>Transmission Charges</b>			
	PGCIL Tr.Charges	-	213.80	
	KPTCL Tr. Charges	-	949.45	
	<b>SUB-TOTAL(II)</b>	-	<b>1163.25</b>	
7	<b>Other Charges</b>			
	INTER ESCOM-GESCOM	2.72	1.02	
	INTER ESCOM-MESCOM	-5.48	-2.05	
	INTER ESCOM-HESCOM	27.83	10.38	
	INTER ESCOM-CESC	-4.10	-1.53	
	Cost of Banked Energy		6.22	
	SLDC O&M EXP		9.33	
	POSOCO charges		1.86	
	Miscellaneous		0.00	
	PCKL Rev. Expenses		1.95	
	Energy Balancing-MESCOM	-	-	
	Energy Balancing-CESC	-11.50	-4.15	
	Energy Balancing-GESCOM	-500.54	-180.70	
	Energy Balancing-HESCOM	-532.73	-192.33	
	<b>SUB-TOTAL(III)</b>		<b>-350.00</b>	
	Energy Balancing (Prior period expenses)		136.26	
	<b>GRAND TOTAL</b>	<b>27834.39</b>	<b>10787.24</b>	<b>3.875</b>

- (d) There was severe shortage of power during peak months of this year i.e., April-2012 and May-2012, Dec-2012 to March-2013. BESCOM has purchased power through various short term/ medium term contractors they are M/s. NETS, M/s. JSW, M/s. PTCIL, M/s. TATA POWER, M/s. NTPC, M/s. VVNL, M/s. BMM ISPAT, M/s. Harikrishna, M/s. NSL Tungabhadra, M/s. GUVNL. Section 11 of Electricity Act 2003 was invoked by GOK during the period from April-2012 to May-2012 for maximizing the generation from co-generation and biomass plants having no PPA with ESCOMs. The quantum of energy purchased and amount paid for short term contracts is as below:





## 6. Energy at IF points :

The total energy drawn at IF points 26568.77 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
5	FY 2010	20329	3.90	17251.60	5.77	15.14	17.54
6	FY 2011	21909	7.77	18736.12	8.60	14.48	18.54
7	FY 2012	24584	10.88	21029.95	12.24	14.46	19.50
8	FY 2013	26569	8.07	22796.00	8.40	14.20	19.22

## VII. METERED CONSUMPTION :

Sl. No.	Year	Energy Input (MU)	Consumption by Metered Category	% Increase over previous year
1	FY-06	15321	8307.06	15.58
2	FY-07	18522	9717.36	16.98
3	FY-08	18665	11283.82	16.12
4	FY-09	19566	12205.78	8.07
5	FY-10	20329	12940.32	6.02
6	FY-11	21909	14263.20	10.23
7	FY-12	24584	15675.92	9.90
8	FY-13	26569	17069.13	8.89

## VIII. SALE OF ENERGY:

During FY-13, 22796 MUs were sold to various categories of consumers, out of which 17069.13 MUs (Including Inter Escoms) were under metered category and the balance of 5726.87 MUs was accounted under un metered category. The distribution loss for the year is assessed at 14.20% and AT & C loss is assessed at 19.22%.

### a) Metered Energy Sales :

Sl. No.	Category	In Mus
1	Bhagya Jyothi	124.48
2	Domestic Lighting. incl. AEH	4959.64
3	Commercial Lighting	1472.84
4	IP set (Metered)	10.28
5	L.T. Power	1124.16
6	H.T.	8368.80
7	Water Works / Public Lighting	869.11
8	Temporary installations	139.82
<b>TOTAL</b>		<b>17069.13</b>

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

Sl. No.	Category	In Mus
1	Irrigation Pump Sets	5725.73
2	BJ/KJ	1.14
<b>TOTAL</b>		<b>5726.87</b>

**c) Category wise energy sold :**

Tariff	LT1a	LT2	LT3	LT4	LT5	LT6	LT7	HT	TOTAL
Category	BJ	Domestic Lighting & Heating	Comml	IP Set	Indust ries	Water Works & Street Light	Temp	All HT	
Energy Sold in MUs	125.62	4959.64	1472.84	5736.01	1124.16	869.11	139.82	8368.80	22796.00

**d) Break up of HT sales:**

HT1	HT2A	HT2B	HT3	HT4	HT5	TOTAL
Water Supply	Industrial	Commercial	Lift Irrigation	Residential Apartments	Temporary	
523.30	4784.76	2908.68	11.68	120.22	20.16	8368.80

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

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

- 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.9348 Cr.
- Demand FY 13 : Rs.10724Cr.

**b) Revenue Collection :**

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

- Collection FY08 : Rs.5360 Cr.
- Collection FY09 : Rs.6132 Cr.
- Collection FY10 : Rs.6600 Cr.
- Collection FY11 : Rs.7855 Cr.
- Collection FY12 : Rs.8794 Cr.
- Collection FY13 : Rs.10096 Cr.

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

As a consumer friendly measure, BESCOM has initiated a number of actions intended to increase consumers comfort while dealing with BESCOM. As a part of this a number of payment channels/ mechanisms are provided to them, viz:-

**1) Bangalore Metropolitan area Zone :**

- a. Electronic Clearance Scheme(Direct debit from the bank a/c – initiated by RBI)
- b. Bill Junction(ECS mandate & online)
- c. Easy Bills (Counters)
- d. Bangalore One (Centers)
- e. City Union Bank (Counters)
- f. IDBI Bank (Bescom website)
- g. 3 five 8 technologies (Third party vendor online)
- h. Pay u mobiles (mobile application online)
- i. Suvidha (counters)
- j. Indus Ind Bank (online)
- k. Bill Desk (online & electronic bill presentment)
- l. Online payments (Bescom Web site)
- m. Any time/Any where payment- Kiosks
- n. BESCOM Cash Counters
- o. Cheque Drop Boxes

**2) RAPDRP Towns :**

- a. Online payments (Bescom Web site)
- b. Any time/Any where payment- Kiosks
- c. BESCOM Cash Counters
- d. Cheque Drop Boxes

**3) Non RAPDRP Areas :**

- a. Online payment (Bescom Web site)
- b. BESCOM Cash Counters
- c. Cheque Drop Boxes
- d. Micro Feeder Franchise
- e. Davanagere One
- f. Tumkur One

## X. DEMAND SIDE MANAGEMENT (DSM) MEASURES :

The following DSM measures are adopted in BESCOM to save energy:

### a. Agriculture Demand Side Management, WENEXA-USAID :

- On 06.07.2009, BESCOM launched Distribution Reform Upgrades Management (DRUM) project and Water and Energy Nexus Activity phase II (WENEXA II) both conducted under the aegis of India's Ministry of Power (MoP) and United States International Development Agency (USAID) / India. The DRUM project established a pilot site at Doddaballapura to help BESCOM. Creation of Excellency which will serve as a model to be scaled up and replicated elsewhere.
- Result of which planned an initiative for replacing about 277 inefficient irrigation pump sets by high efficient pump sets on HVDS feeders at Doddaballapura sub-division as a pilot project.
- BESCOM was able to successfully establish a system of appointing ESCO, M/s Enzen Global Solutions and has been awarded with "**National Power Award-2009**" under category "ENERGY EFFICIENCY, CONSERVATION AND DEMAND SIDE MANAGEMENT" for Agriculture Demand Side Management initiative in Doddaballapura.
- Energy Savings:17,68,559 units from April-2012 to March-2013.

Sl. No.	Month	Trued up Consumption (kWh)	Actual Energy Consumption (kWh)	Energy Savings (kWh)	% of Energy Savings
1	Apr-12	483270	338506	144764	30%
2	May-12	448238	288655	159584	36%
3	Jun-12	427575	284991	142584	33%
4	Jul-12	382650	241505	141145	37%
5	Aug-12	319760	211686	108075	34%
6	Sep-12	296595	185775	110820	37%
7	Oct-12	355391	222017	133375	38%
8	Nov-12	327019	232264	94755	29%
9	Dec-12	475678	301937	173741	37%
10	Jan-13	504279	327306	176973	35%
11	Feb-13	444399	275636	168763	38%
12	Mar-13	483339	269359	213980	44%
<b>TOTAL</b>		<b>4948193</b>	<b>3179637</b>	<b>1768559</b>	<b>36%</b>

### b. Implementation of Mandatory use of Solar Water Heaters:

- The public are being enlightened on this in various forums especially in Janasamparka Sabhas, Customer interaction meets etc. We have also instructed the Meter Readers and the Linemen who are visiting the customer premises during the meter readings and while attending to the customer complaints to explain about the advantages of Solar Water Heating systems in the form of saving energy and consequential reduction in the electricity bills.
- We have issued strict directions to the field officers to adhere to the notifications issued regarding mandatory use of Solar Water Heating systems by the customers as per the guidelines of Government of Karnataka.
- A rebate of 50 paise per unit of electricity consumed subject to a maximum of Rs.50/- per installation per month will be allowed to Tariff schedule LT 2(a), if solar water heater are installed and used. Where bulk solar water heating system is installed, solar water heater rebate shall be

allowed to each of the individual installations, provided that, the capacity of solar water heater in such apartment/group housing shall be a minimum capacity of 100 Ltr. Per household.

- Regarding the installation of Solar Water Heaters, the following directions are issued as per Circular No: BESCO/BC-9/1554/2010-11, Dated: 20.08.2010.

Sl. No.	Area of the Rooftop in Sq.ft	Recommended capacity of Solar Water Heater in Ltrs.
1	1200 Sq.ft-1500 Sq.ft	200 Ltrs.
2	1501 Sq.ft-2400 Sq.ft	300 Ltrs.
3	2401 Sq.ft and above(Dwelling unit)	100 Ltrs. per one house (can be installed in Bulk)

- No. of Solar Water Heating Systems installed during 2012-13 in BESCO jurisdiction are 95,819.

#### c. Providing advertisements on energy savings through Digital Display Infotainment System (DDIS) at railway reservation counters:

Digital Display Infotainment System (DDIS) is the new innovative outdoor advertising medium to create awareness about energy conservation amongst the public by displaying the advertisements on unique digital screens placed at the railway ticket booking counters. A work award was issued vide No. BESCO/BC-51/2011-12, dated 16.05.2012 to M/s. MC&A, Bangalore for displaying the advertisements for 6 months i.e., from June-2012 to November-2012 at a cost of Rs. 29,09,459/- (including all taxes) at 18 railway stations at 111 counters i.e., Bangalore, Tumkur and Davanagere, in order to undertake a massive communication campaign to promote DSM measures in order to bring awareness among customers / public in saving of energy. The total slots/day was 23,976 of 10 seconds duration. The work award was again extended for the duration of another 6 months from Feb-2013 to July-2013 vide order No. BESCO/BC-51/3574/2012-13/206-10, dated 18.01.2013 at a cost of Rs. 25,89,408/- (including all taxes).

#### d. Usage of LED lamps in Corporate Office, BESCO:

BESCO undertook replacement of existing tube lights and CFLs vide order No. BESCO/BC-51/3410/11-12/2135, dated 22.03.2012 amounting for Rs.5,35,344/- as follows:

Sl. No.	Description of the work	Qty	Unit Rate in Rs.	Amount in Rs
1	18W LED Tube Light in place of 36W/T-8/28W T5 cool white light Retrofit at existing 4 feet fixture with SMD LEDs. Lumen Output: 1600 Lumens	47 Nos.	3,440/-	1,61,680/-
2	2X18 W LED Light in place of 2X36 W CFL in 2'x2'fixture with Milky Acrylic sheet for Recess mount with SMD LEDs. Lumen output: 3000 Lumens	28 Nos.	7,200/-	2,01,600/-
3	9 W LED Tube Light in place of 18 W T8/14W-T5 cool white light Retrofit at existing 2 feet fixture with SMD LEDs. Lumen output: 800 Lumens	44 Nos.	1,500/-	66,000/-
4	2.5 W LED Light in place of 10-14 W CFL cool white light in the down light fixture. Lumen output: 400 Lumens	32 Nos.	1,260/-	40,320/-
	<b>Sub-Total</b>			4,69,600/-
	<b>VAT 14%</b>			65,744/-
<b>Total Rs.</b>				<b>5,35,344/-</b>

**e. Earth Hour :**

Earth Hour was observed by all the employees of BESCOM in offices and their residences. Public were also requested to participate. Earth Hour was observed on 23<sup>rd</sup> March 2013 from 8.30 PM to 9.30 PM by switching off all the unnecessary and extra lights. The energy savings from Earth Hour is about 75 MW Peak.

**f. Energy Savings Awareness Program conducted by utilizing the Communication Modes like:**

- i) Advertisements in Newspapers, Magazines, Souvenir etc.
- ii) Through stalls and banners.
- iii) On Hoardings, Bus shelters.
- iv) Posters, Pamphlets, Brochures, Car Stickers etc.

**g. 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).

**h. Implementation of HVDS :**

In order to reduce distribution losses, BESCOM has selected Tumkur Rural Sub-division-2 has been selected for implementation of HVDS as a polit. 8 Nos. of Feeders has been selected from Heggere 66/11KV MUSS and estimated cost of Rs.4723 lakhs. The project will be taken up for execution in FY-14.

**XI. IMPORTANT PROJECTS :**

**(A) BANGALORE DISTRIBUTION UPGRADATION (DAS) PROJECT :**

BESCOM has embarked upon Bangalore Distribution Up-gradation (DAS) project to automate the Distribution network for monitoring, control and operation of the 11 KV network in the Bangalore City at an 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 **which are 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/or 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 Center 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.

The Expenditure booked under DAS project for FY 2012-13 is Rs. 98.97 crores Physical progress of DAS as on 31-03-2013

Pkg. No.	Contract Package –All turnkey	Physical progress of DAS as on 31-03-2013
I	DAS System: DAS System, Communication & Control Center Facilities	Configuration and Development System demonstration and Communication System (UDMBS) factory acceptance test(FAT) completed. C&DS equipments installed in BESCO corporate. DAS system design is in progress.
II	Remote Terminal Units for RUMs (IIA, IIB & IIC)	Delivered : 1295 Nos. Installed: 67 Nos. Remarks: The installation of RTUs depends on commissioning of RMUS
III	Sectionalizes & Reclosers (IIIA & IIIB)	Delivered : 795LRBs & 745 LBS Installed : 380 LRC & 498 LBS
IV	New Ring Main Units (IVA, IVB & IVC)	Delivered : 790 Nos. Installed : 656 Nos.
V	New Ring Main Units in place of retrofitting VA & VB)	Delivered : 175Nos. Installed : 16 Nos.
VI	Construction of Overhead Distribution Lines	Stringing of 554.5 KM coyote conductor and 192.5KM AB cable completed
VII	Construction of Underground Distribution Lines	181KM cable laid

## (B) STRENGTHENING OF THE NETWORK SYSTEM

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

Particulars	Added during the year OH (KMs)	Added during the year UG (KMs)	Total added during the year 2012-13 (in KMs)	As on 31-03-13		Total (in Ckt. KMs)
				OH (KMs)	UG (KMs)	
HT line	4915.91	197.35	5113.26	76750.17	3437.39	80187.56
LT line	4774.58	192.30	4966.88	153514.02	1558.41	155072.43



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

Particulars	25KVA	50/63 KVA	63 / 100KVA	160 / 200 / 250KVA	300 / 400 / 500 /1000 KVA	Compact Sub -Stations			Total
						500 KVA	750 KVA	990 KVA	
<b>Added during FY-12-13</b>	9464	2401	2025	1043	115	13	5	-19	<b>15047</b>
<b>Existing in the system as at the end of 31-03-2013</b>	67983	45627	42088	17437	3628	19	66	104	<b>176952</b>

- (c) Details of category wise No. of distribution transformer failed during 2012-13

10/15/25 KVA	50/63/75 KVA	100/160 KVA	200/250 KVA	300/400/500 KVA	Total	% Failure
<b>3345</b>	<b>5694</b>	<b>4152</b>	<b>91</b>	<b>19</b>	<b>13301</b>	<b>7.52</b>

- (d) GoK sponsored programme:

- i) Ganga Kalyana electrified : 5694 Installations
- ii) Energization of General IP sets : 2043 Nos.
- iii) Regularization of Unauthorised IP sets : 9837 Nos.
- iv) Drinking water supply energized : 6670 Nos.

Statement Showing the Amount released for creation of Infrastructure for regularization of unauthorized IP Sets (GO.No. EN 09 PSR 2011 dated 11.03.2011).

Sl. No.	Govt. Order No. Date	Account Head	Amount Released	Remarks
1	EN 09 PSR 2011/ 09.09.2011	4801-01-190-0-09-211 (Plan)	35.00 Crores	2011-12
2	EAN 67 PSR 2012/ 06.09.2012	4801-01-190-0-09-211 (Plan)	20 .00 Crores	2012-13
3	EAN 67 PSR 2012/ 18.10.2012	4801-01-190-09-211 (Plan)	4.00 Crores	2012-13
<b>Total</b>			<b>59.00 Crores</b>	

### (C) Restructured Accelerated Power Development and Reforms Programme (R-APDRP) IN KARNATAKA

The Govt. of India has proposed to continue R-APDRP during the XI Plan with revised terms and conditions as a Central Sector Scheme. The focus of the programme shall be on actual, demonstrable performance in terms of sustained loss reduction. Establishment of reliable and automated systems for sustained collection of accurate base line data, and the adoption of Information Technology in the areas of energy accounting will be essential before taking up the regular distribution strengthening projects.



## Programme Coverage:

It is proposed to cover urban areas, towns and cities with population of more than 30,000 as per the 2001 Census.

## Salient features of R-APDRP:

- Bring about commercial viability
- Reduce outages & interruptions
- Increase consumer satisfaction

## Proposed Scheme:

Projects under the scheme is taken up in Two Parts.

Part-A shall includes the projects for establishment of base line data and IT applications for energy accounting / auditing & IT based consumer service centers.

Part-B shall includes distribution strengthening projects.

## PART -A

**Part –A** Aims at establishment base line data for accurate measurement of losses at various levels and improving customer services for the utilities.

IT initiatives to convert ESCOMs into a modern dynamic entity which uses IT for detection of thefts through auditing, reduction of operational losses by properly monitoring the assets.

Customer relationship management through computerization and improvement in billing efficiency.

## Part- A of the Schemes covers

- Consumer Indexing
- GIS Mapping
- Asset Mapping of the entire distribution network
- AMR on Distribution Transformers and Feeders
- Adoption of IT for meter reading, billing & collection
- MIS
- Redressal of consumer grievances & establishment of IT enabled consumer service centers etc.

The Ministry of Power had sanctioned projects amounting to DPR cost of Rs. 469.60 crores covering 100 towns of Karnataka. The PFC has sanctioned Rs.391.70 Crores as loan as on 27.02.2009 and BESCOs cost is Rs. 77.91 Crores.

## Details of the Sanctioned Projects in BESCOM :

(Rs. In Crores)

No. of Towns	Loan Sanctioned (Convertible to Grant)	BESCOM Cost	Total Project Cost
25	261.37	20.80	282.17

**Milestones achieved under R-APDRP PART –A Karnataka :** Selection / Appointment of I.T. Consultant and Implementation Agency.

- **IT Consultant:** M/s Reliance Infrastructure Limited.
- **IT Implementation Agency:** M/s Infosys Technologies Limited
- **Co-Hosting of Data Centre:** M/s Sify Technologies
- **Co- Hosting of Disaster Recovery Centre:** M/s Bharti Airtel Ltd
- **Customer Call Centre:** At each ESCOMs.

**Financial progress under R-APDRP PART –A as at the end of 31st March 2013**

(Rs. In Crores)

ESCOM	No. of Towns	Loan Sanctioned (Convertible to Grant)	Total Project Cost	PFC Disbursement Details	Expenditure incurred (ITC & ITIA payments)
BESCOM	25	282.70	261.37	78.41	68.24

**PART-B**

**Part-B includes regular distribution strengthening projects for reduction of AT & C losses less than 15%.**

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	DPR Approved Cost (Rs. in Crore)	Loan sanctioned from M/s. PFC/GOI (Rs. in Crore)	Loan released from M/s. PFC/GOI (Rs. in Crore)
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	19	23
b	No. of Villages covered	4419	4578
c	Cost in Rs. Crores	355.85	385.71
d	Number of Feeders	261	289

In Phase-I during FY 2011-12 out of 261 feeders 257 feeders are completed and 144 feeders are commissioned and in Phase-II, 15 feeders have completed and 1 feeder commissioned.

**(E) Various Consumer Initiatives were taken during this financial year. The details are:****1. 24x7 SMS Facility**

Consumers can send SMS to 9243150000 to register their complaints. Once the SMS is received, consumer gets back the acknowledgement message along with ticket number.

**2. 24x7 Online PGRS Application**

Consumers can directly log on to Online Public Grievance Redressal Application to register and track their complaints. This can be accessed via web link [www.bescompgrs.com](http://www.bescompgrs.com).

**3. 24x7 Helpline ( 080 – 22873333)**

To attend to all consumer complaints/grievances. We have established a 30 seater Helpline in the premises of Corporate Office, K.R.Circle, Bangalore. In addition to this, there is a 15 seater Helpline located at premises of M/s. Vindya Info media at Rajajinagar. There are 5 seater circle control rooms established at North, East, South, West and Bangalore Rural Circle.

#### 4. Customer Interaction Meeting (CIM)

For better consumer service and timely disposal of consumer complaints, Customer Interaction Meeting is held once in a month in all the Sub Divisions to resolve and redress the complaints of consumers. Meeting venue, date and time will be published well in advance by the Sub Divisional Office through local news papers, hand bills, notice board and electronic media.

#### 5. Face Book:

BESCOM has initiated use of Face book to reach to its Consumers, Employees & Citizens. Face book is used as a platform to disseminate information about new initiatives, Power Interruptions, Consumer Interaction Meetings, issues related to Electricity Supply, important Circulars, Meeting Notices, Proceedings, Tender notifications are being posted on Face book.

#### 6. Consumer Hand Book:

A Consumer friendly Hand book has been designed for the reference of the consumers to know their rights, participation, and BESCOM initiatives. Consumer can visit [www.bescom.org](http://www.bescom.org) to view this book.

#### 7. Public Affairs Center (PAC) Report:

Public Affairs Center (PAC) was entrusted to carry out Systematic assessment of quality, responsiveness and outcomes of the basic services provided by BESCOM.

PAC has submitted the report and some of the recommendations of the study are being examined and will be taken up for the improvement of the system and services.

#### 8. Awareness among the Rural electricity consumers:

To educate and to create awareness among the electricity consumers about their rights and responsibilities as electricity users and also the initiatives taken by BESCOM to improve the quality of service, we have conducted workshops in different areas of BESCOM in particular rural areas through an agency by name M/s. CREAT. The object of these workshops are to inform, educate and empower consumers to seek better service from BESCOM and also to assist in its projects.

## XII. CORPORATE GOVERNANCE :

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 Board of Directors of BESCOM as on the date of AGM:

1	Dr. Amita Prasad, I.A.S	Chairperson
2	Pankaj Kumar Pandey, I.A.S	Managing Director
3	G. Kumar Naik, I.A.S	Director
4	P.K. Garg, I.P.S	Director
5	M. Maheshwar Rao, I.A.S	Director
6	S. Naveen Kumar Raju, K.A.S	Director
7	B.L. Guruprasad, I.R.S	Director (Finance)
8	H. Nagesh	Director (Technical)
9	S.V. Govindaraju	Director
10	Venkatasiva Reddy	Director
11	M. Nagaraju	Director

During 2012-13 seven Board meetings took place as detailed below:

Sl.No.	Meeting No.	Held on
1	52 <sup>nd</sup>	05-05-2012
2	53 <sup>rd</sup>	05-07-2012
3	54 <sup>th</sup>	24-09-2012
4	55 <sup>th</sup>	26-10-2012
5	56 <sup>th</sup>	28-11-2012
6	57 <sup>th</sup>	02-01-2013
7	58 <sup>th</sup>	02-03-2013

**(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 as on the date of AGM.

1	Managing Director, BESCO	:	Chairman
2	Director (Technical), BESCO	:	Member
3	Director (Finance), BESCO	:	Member
4	Sri S.V.Govindaraju*	:	Member
	Authorised Signatory, BESCO	:	Convener

Note: Membership at Sl.No. 4 is coterminous with his Directorship on the Board of BESCO.

During 2012-13, CPC met on the following dates:

Sl.No.	Meeting No.	Held on
1	62 <sup>nd</sup>	10-08-2012
2	63 <sup>rd</sup>	15-09-2012
3	64 <sup>th</sup>	12-10-2012
4	65 <sup>th</sup>	26-11-2012
5	66 <sup>th</sup>	28-12-2012
6	67 <sup>th</sup>	31-01-2013

**2. Borrowings Sub Committee:**

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 Shareholder at the Annual General Meeting.

Borrowings Sub-Committee consists of the following members as on the date of AGM.

1	Managing Director, BESCO	:	Chairman
2	Director (Finance), BESCO	:	Member
3	Sri S.V.Govindaraju*	:	Member
	Authorised Signatory, BESCO	:	Convener

Note : Membership at Sl.No. 3 is coterminous with his Directorship on the Board of BESCO.

### 3. Audit Committee:

An Audit Committee was formed on 21<sup>st</sup> April 2005 in accordance with the provisions of the Companies Act.

Audit Committee consists of the following members:

1	Managing Director, KPTCL (By name)	:	Chairman
2	Managing Director, PCKL (By name)	:	Member
3	Sri S.V. Govindaraju*	:	Member
	Authorised Signatory, BESCOM	:	Convener

Note: Membership at Sl.No. 3 is coterminous with his Directorship on the Board of BESCOM.

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 Director (Finance), Chief General Manager (F&C), General Manager (I/A) and General Manager (F&T) to be present at the meeting.

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, TA&QC 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 2012-13, Audit Committee met on the following dates:

Sl.No.	Meeting No.	Held on
1	18 <sup>th</sup>	21-08-2012
2	19 <sup>th</sup>	30-08-2012
3	20 <sup>th</sup>	09-10-2012

### **XIII. STATUTORY AUDITORS:**

M/s. V.K.Niranjan & Company were appointed by C&AG of India, New Delhi as Statutory Auditors of BESCO for the year 2012-13.

### **XIV. 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 BESCO for the Financial Year 2012-13.

### **XV. 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.

### **XVI. 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 judgments and estimates are made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and 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.

### **XVII. GENERAL:**

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 Corporate Affairs, Registrar of Companies, Karnataka and Consumers of BESCO for their Co-operation and support to BESCO in its endeavor to serve the public. 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/-  
CHAIRPERSON



**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 2013.**

The preparation of financial statements of “ **Bangalore Electricity Supply Company Limited, Bangalore**” for the year ended **31 March 2013** in accordance with the financial reporting framework prescribed under Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated **6 December 2013**.

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 2013**. 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. 30.27 forming part of accounts, I have no 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)**  
PRINCIPAL ACCOUNTANT GENERAL  
(ECONOMIC & REVENUE SECTOR AUDIT)  
KARNATAKA, BANGALORE

BANGALROE

DATED: 10 December 2013.



# *Independent Auditor's Report*

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## **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 2<sup>nd</sup> August 2013 have been revised. This report supersedes our earlier Report dated 5<sup>th</sup> August 2013. 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. 30.27.

### **Report on the Financial Statements;**

We have audited the accompanying financial statements of **BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for Qualified Opinion**

1. **Other Income;** As per Para 416(A)(5) of K.E.B Account Volume-II Part 'A', the Earnest Money Deposits and Security Deposits shall be recognized as miscellaneous recoveries on





completion of three years from the date of satisfactory completion of work/supplies. The company has been following a system of recognizing as miscellaneous recoveries on completion of three years from the date of receipts. As a result the other income is overstated to the extent of Rs 1.65 crores.

**2. Remittances and transfers from/to head office:** The Company is showing balances of Rs. 44.63 lacs (P.Y. Rs 50.86 lac) under other current assets as remittances-in-transit. The impact of above stated balance on the financial statement is an overstatement of other current assets and its contra effect is not readily ascertainable.

**3. Accrual system:** As per section 209(3) of the Companies Act, 1956, proper books of account shall not be deemed to be kept if such books are not kept on accrual basis and according to the double entry system of accounting. As stated in Significant accounting policy no.2, the company recognizes the transactions pertaining to grants and subsidies from the Government in respect of capital assets and true up additional subsidy on receipt basis, which is contrary to the accrual system of accounting as essential under section 209 of the Companies Act, 1956.

**4. Deviations from Accounting Standards:**

a. Accounting Standard 2 in relation to Valuation of Inventory: The Company is required to value its 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.

b. Accounting Standard 5 in relation to Prior period items : During the year the company has recognized Rs.15 crs. as other income against the bank guarantee realized in the month of June 2009. The above mentioned amount is not disclosed under prior period item, to that extent other income is overstated.

c. Accounting standard 6 in relation to Depreciation accounting : The Company has charged depreciation as per KERC/CERC rules, i.e., for full month in which assets were put to use. As per accounting standard 6, the statute governing an enterprise may provide the basis for computation of the depreciation. As per companies Act 1956, the depreciation shall be calculated on a prorate basis from the date of such addition. The impact of the above deviation from the accounting standard is not readily ascertainable.

d. Accounting Standard 15 in relation to Employee Benefits: The Company has provided provision for retirement benefits as per actuarial valuation made on 31.03.2012 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.

e. Accounting Standard – 22 in relation to 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. Balance Confirmation:

- a. The Company has not obtained confirmation and reconciled the balances as on 31.03.2013 from/to KPTCL, KPCL, and PCKL, sundry debtors, sundry creditors, advances, deposits from/to suppliers / contractors / government authorities/consumers/ employees, loans and other receivables from various parties.
  - b. The company has reconciled the bank balances with bank confirmations as on 31<sup>st</sup> March 2013, except the bank balances of Chandapur division to the extent of Rs.14.06 lac (net) which consists of Rs. 24.22 lac (i.e., excess in books as against ICICI bank and Syndicate bank balances) and Rs.10.16 lac (i.e., Shortfall in books as against Canara bank balance). The impact of the above on financial statement is not readily ascertainable.
6. An Abstract of monetary effect of the above mentioned qualifications (to the extent quantifiable) on the financial statements of the company are as follows:

(Amount in lakhs)

Category	Overstated/(understated)
A. Net loss	(165)
B. Current Asset	14.06
C. Current Liabilities	(150)

## Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to the following notes to the financial statements and our opinion is not qualified in respect of following matters.

- a. Note 8 regarding excess debit of Rs.16.93 lac under reconciliation with bank shown as Excess credit under current liabilities (P.Y Excess credit Rs.105.70 lac).
- b. Note 30.8 regarding Inter Unit Accounts are subject to reconciliation/adjustments to the extent of Rs.11.19 Crs (Debit) [PY Rs 4.26 crs, DEBIT].
- c. Note no. 30.2.1 regarding certain loans availed by KPTCL transferred to BESCOM and reflected as loans in the books of the company.
- d. Note no. 30.3.5 regarding non-provisioning of expenses relating to transfer of titles of certain assets transferred by KPTCL.

- e. Note no. 30.3.7 regarding ad-hoc provision of 20 percent on the written-down value of dismantled assets
- f. Note no. 30.3.9 regarding provision of Rs.57.58 crs to withdraw from value of spoiled assets.
- g. Note no. 30.5.2 regarding accounting of excess or shortages found on physical verification of inventories pending final investigation.
- h. Note no. 30.16 regarding non-disclosure of payables to SMEs, if any
- i. Note no. 30.23 regarding GOK order to write-off accumulated balance of BJ/KJ installations.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. ***Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;***
  - e. Government of India vide a general circular no.2/2002 dated 22.03.2002 has exempted the directors of government companies from the provisions of disqualification. Hence the provisions for disqualifications of directors of the companies under section 274(1)(g) of the companies Act 1956 are not applicable.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **V.K Niranjana and Co.**  
Chartered Accountants  
Firm's Registration No. 02468S

**Sd/-**  
**(CA Niranjana.V.K)**  
Partner  
Membership No.021432

Bangalore  
06/12/2013

## ***Annexure to the Auditors Report***

The Annexure referred to in our report to the members of **BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED** (“the Company”) for the year ended 31<sup>st</sup> March 2013, We report that;

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

- a) The company has maintained records, ***but particulars like quantity and situation of all the fixed assets are not maintained. The Company is yet to obtain title deeds/relevant documents of certain lands/buildings reflected in the note 10 in relation to fixed assets. Attention is invited to ‘Para C’ of “Emphasis of Matter” in our audit report.***
- 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.2.69 crore and a shortfall of Rs.2.46 crore – net being excess Rs.0.23 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 inventories, 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 existing internal audit system is not commensurate with the size of the company and the nature of its business with regard to the understaffed department, qualification and grade of personnel who heading the department, to the reporting authority, inadequacy of coverage.**

**The scope should cover areas like inter unit reconciliation, bank reconciliation, WIP capitalization, 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 regularly deposited with the appropriate authorities. **However, there are some short deductions and delays in remitting the tax deducted at source to the concerned authorities.**

**Further, since the Central Government till date has not 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:

Name of the Statute	Nature of the dues	Amount of tax involved (Rs. in crore)	Period to which the amount relates	Forum of dispute
Karnataka Electricity (Taxation on Consumption) Act 1959	Electricity tax	9.63	2008-09	Chief Electrical Inspector to Government (CEIG), Bangalore
Income tax Act, 1961	Income tax	(7.52 c/f loss)	AY 2009-10	CIT, Appeals (I), Bangalore
Income tax Act, 1961	Income Tax	17.52	AY 2010-11	CIT, Appeals(I), Bangalore

- 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 incurred cash losses in the financial year under audit. However the company has not incurred cash losses in 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 institutions 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 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 any 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 V.K Niranjana and Co.  
Chartered Accountants  
Firm's Registration No. 02468S

Sd/-  
C A Niranjana V K  
Partner  
Membership  
No.021432

Bangalore  
06/12/2013





## Addendum to Director's Report for the year ended 31st March 2013

### Replies offered on the observation/ comments of the Statutory Auditors on the accounts of the company for the year 2012-13 are as follows.

SI No	SA No.	Observations of the Statutory Auditors	Management's Reply
1	1	<p>Basis for Qualified opinion</p> <p><u>Other Income:</u> As per Para 416(A)(5) of K.E.B Account Volume-II Part 'A', the Earnest Money Deposits and Security Deposits shall be recognized as miscellaneous recoveries on completion of three years from the date of satisfactory completion of work/supplies. The company has been following a system of recognizing as miscellaneous recoveries on completion of three years from the date of receipts. As a result the other income is overstated to the extent of Rs.1.65 crores.</p>	Factual
2	2	<p><u>Remittances and transfers from/to head office:</u> The Company is showing balances of Rs.44.63 lacs (P.Y. Rs.50.86 lac) under other current assets as remittances-in-transit. The impact of above stated balance on the financial statement is an overstatement of other current assets and its contra effect is not readily ascertainable.</p>	Factual
3	3	<p><b>Accrual system:</b> As per section 209(3) of the Companies Act, 1956, proper books of account shall not be deemed to be kept if such books are not kept on accrual basis and according to the double entry system of accounting. As stated in Significant accounting policy no.2, the company recognizes the transactions pertaining to grants and subsidies from the Government in respect of capital assets and true up additional subsidy on receipt basis, which is contrary to the accrual system of accounting as essential under section 209 of the Companies Act, 1956.</p>	<p>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.</p>
4	4 4a	<p><b>Deviations from Accounting Standards:</b></p> <p><u>Accounting Standard 2 in relation to Valuation of Inventory:</u> The Company is required to value its inventories at lower of cost or net realizable value. However, the company values its inventories at standard</p>	<p>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</p>

SI No	SA No.	Observations of the Statutory Auditors	Management's Reply
		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.	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 received 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, implementaion of AS 2 may not be possible due to volume of work involved in day to day receipt and issue which is very high and also involves individual items of the nature of bolt, nut to Transformers.
5	4b	<u>Accounting Standard 5 in relation to Prior period items:</u> During the year the company has recognized Rs.15 crs as other income against the bank guarantee realized in the month of June 2009.The above mentioned amount is not disclosed under prior period item, to that extent other income is overstated.	Factual- As per prudent practice, the said amount was transferred to Deposit account in the year it was realised and continued in deposit account anticipating claim/correctness of realisation of bank gurantee. Further, on expiry of three years period ( Current year) it was recognised and treated as other income.
6	4c	<u>Accounting Standard 6 in relation to Depreciation accounting:</u> The Company has charged depreciation as per KERC/CERC rules, i.e., for full month in which assets were put to use. As per accounting standard 6, the statute governing an enterprise may provide the basis for computation of the depreciation. As per Companies Act 1956, the depreciation shall be calculated on a prorata basis from the date of such addition. The impact of the above deviation from the accounting standard is not readily ascertainable.	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 Company will take up the issue with CERC for further guidelines in this matter.
7	4d	<u>Accounting Standard 15 in relation to Employee Benefits:</u> The Company has provided provision for retirement benefits as per actuarial valuation made on 31.03.2012 and leave encashment on accrual basis is	The Company has written to KPTCL & Escoms P&G trust for arrival of Actuarial Valuation with regard to employee benefit.The trust has appointed professional agency for the purpose and



SI No	SA No.	Observations of the Statutory Auditors	Management's Reply
		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 will provide the employee benefits as per its communication from the next financial year.
8	4e	<u>Accounting Standard – 22 in relation to Accounting for Taxes on Income:</u> 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 has not provided for deferred tax asset/liability on account of timing differences that would reverse after the tax holiday period. However, the Company will provide for deferred tax subsequent to its tax holiday period. Also, the quantum of such non-provisioning for deferred tax is not readily ascertainable and hence not provided in our books of accounts.
	5	Balance Confirmation:	
9	5a	The Company has not obtained confirmation and reconciled the balances as on 31.03.2013 from/to KPTCL, KPCL, and PCKL, sundry debtors, sundry creditors, advances, deposits from/to suppliers / contractors / government authorities/consumers/ employees, loans and other receivables from various parties.	Transactions pertaining to ESCOMS, KPTCL, PCKL are taken to the books by the Company as a prudent practise based on notifications, orders and letters from notified authorities for the said purposes. Obtaining of confirmation for all the transactions involves certain things that are clearly outside the control of the Company. However, the Company is making consistent effort to obtain the confirmation. 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. 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

SI No	SA No.	Observations of the Statutory Auditors	Management's Reply
			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 transactions as it involves largeness in its volume.
10	5b	The company has reconciled the bank balances with bank confirmations as on 31 <sup>st</sup> March 2013, except the bank balances of Chandapur division to the extent of Rs.14.06 lac (net) which consists of Rs.24.22 lac (i.e., excess in books as against ICICI bank and Syndicate bank balances) and Rs. 10.16 lac (i.e., Shortfall in books as against Canara bank balance). The impact of the above on financial statement is not readily ascertainable.	Factual
11	6	An Abstract of monetary effect of the above mentioned qualifications (to the extent quantifiable) on the financial statements of the company are as follows:	It is the combined effect on observations of statutory auditors for which specific replies provided as above.

(Amount in lakhs)

	Category	Overstated/(understated)
	A. Net loss	-165
	B. Current Asset	14.06
	C. Current Liabilities	-150

Sd/-  
Managing Director  
BESCOM

# *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 30<sup>th</sup> April, 2002 and commenced its operations from 1<sup>st</sup> 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 30<sup>th</sup> sep 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 10<sup>th</sup> June 2004.

The Government of Karnataka published vide their order No. DE 14 PSR 2002 dated 31-05-2002, the 2<sup>nd</sup> Transfer Scheme called Karnataka Electricity Reform (transfer of undertakings of KPTCL and its personnel to electricity distribution and retail supply Companies Rules, 2002) giving effect to the approval of distribution undertakings, assets and liabilities and provisional opening Balance Sheet of KPTCL and BESCOM based on the Annual Accounts of KPTCL as on 31-03-2001. As per the provisions of 2<sup>nd</sup> Transfer Scheme, after the stipulated period of one year i.e., by 31-05-2003, the same became final. Opening Balance Sheet earlier approved and published vide G.O. and Government notification dated 31-05-2002 read above were provisional and thereafter Government had approved and issued final opening Balance Sheet of BESCOM as at 01-06-2002 vide their order No. DE 48 PSR 2003 dated 31-05-2003/No.DE 48 PSR 2003, dated 07-10-2004. This has been notified and published as final. The changes effected after the audit by KPTCL in the "transfer scheme" have been incorporated in the accounts of the Company as per Annexure – 2 to Government Order NO.DE48 PSR 2003 dated 07-10-2004.

## **2 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 thereunder 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 Assets :

- 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 asset's 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 in percentage :

As per Schedule XIV of Companies Act, 1956	% of Depreciation	As per CERC (Notification No. L-7/145/160/2008-CERC Dated 19/01/2009)	% of Depreciation
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, Sewerage, 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	5.28	Plant & Machinery	5.28
a) Continuous process plant, other than those for which no special rate are prescribed		a) Transformers of 100 KVA above & Below	
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/ KCO123/P7/2011-12/CYS07 dated 27<sup>TH</sup> May-13 which is based on Actuarial Valuation as on 31-03-2012. The rate of contribution is 30.00% of basic and D.A. in the case of pension and 6.01% of basic in the case of Gratuity with effect from 01/04/2011.
- 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 10<sup>th</sup> 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/assignment 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.



**Balance Sheet as at 31 March, 2013**

Sl. No.	Particulars	Note No.	As at 31 March, 2013	As at 31 March, 2012
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share capital	1	546 91 51 000	546 91 51 000
	(b) Reserves and surplus	2		
	(A) Capital Reserve		1275 58 87 839	1268 85 86 785
	(B) Others		97 50 00 000	
	(C) Profit/(Loss)		-665 31 19 320	-232 54 34 396
	<b>Sub Total (b)</b>		<b>707 77 68 519</b>	<b>1036 31 52 389</b>
		<b>A</b>	<b>1254 69 19 519</b>	<b>1583 23 03 389</b>
<b>2</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	3	1093 65 28 689	985 07 82 126
	(b) Deferred tax liabilities (net)			
	(c) Other long-term liabilities	4	2347 98 14 860	2110 30 86 265
	(d) Long-term provisions	5	72 37 91 677	101 53 73 510
		<b>B</b>	<b>3514 01 35 226</b>	<b>3196 92 41 901</b>
<b>3</b>	<b>Current liabilities</b>			
	(a) Short-term borrowings	6	2231 22 53 785	1298 36 94 675
	(b) Trade payables	7	2910 07 66 094	2152 95 49 638
	(c) Other current liabilities	8	455 05 19 461	356 83 38 581
	(d) Short-term provisions	9	5 71 60 896	7 76 48 820
		<b>C</b>	<b>5602 07 00 236</b>	<b>3815 92 31 714</b>
	<b>TOTAL</b>	<b>(A+B+C)</b>	<b>10370 77 54 981</b>	<b>8596 07 77 004</b>
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	10	3223 41 30 822	2904 20 57 897
	(ii) Intangible assets	10	2 12 01 074	2 05 10 387
	(iii) Capital work-in-progress	11	1004 41 00 884	722 23 03 416
	(iv) Intangible assets under development		-	-
	(v) Fixed assets held for sale		-	-
	(b) Non-current investments	12	10 01 00 000	10 01 00 000
	(c) Deferred tax assets (net)		-	-
	(d) Long-term loans and advances	13	426 62 30 778	283 51 96 421
	(e) Other non-current assets			
		<b>A</b>	<b>4666 57 63 558</b>	<b>3922 01 68 121</b>
<b>2</b>	<b>Current assets</b>			
	(a) Current investments		-	-
	(b) Inventories	14	90 27 63 608	75 72 98 914
	(c) Trade receivables	15	4727 99 53 724	3754 49 97 871
	(d) Cash and cash equivalents	16	281 84 48 607	96 63 50 760
	(e) Short-term loans and advances	17	29 41 20 370	19 18 99 358
	(f) Other current assets	18	574 67 05 114	728 00 61 980
		<b>B</b>	<b>5704 19 91 423</b>	<b>4674 06 08 883</b>
	<b>TOTAL</b>	<b>(A+B)</b>	<b>10370 77 54 981</b>	<b>8596 07 77 004</b>

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

This is the Balance sheet referred to in our report dated 06-12-2013

**For V.K.Niranjan & Co.**  
Chartered Accountants  
FRN: 2468S

For and on behalf of the Board of Directors

Sd/-  
**(Guruprasad.B.L)**  
Director (Finance)

Sd/-  
**(Pankaj Kumar Pandey)**  
Managing Director

Sd/-  
**(CA Niranjan. V.K)**  
Partner  
M.No: 21432

Place : Bangalore  
Date : 05-12-2013

Place : Bangalore  
Date : 06-12-2013

### Statement of Profit and Loss

Sl. No.	Particulars	Note No.	For the year ended 31 March, 2013	For the year ended 31 March, 2012
1	Revenue from operations	19	10783 62 38 280	9393 18 90 359
2	Other Income	20	315 83 25 200	191 27 63 639
	<b>TOTAL REVENUE</b>		<b>11099 45 63 480</b>	<b>9584 46 53 998</b>
3	<b>Expenses</b>			
	Purchase of Power	21	10787 24 66 281	8559 74 78 386
	Other operating expenses	22	44 27 14 679	32 93 89 319
	Employee Benefits Expense	23	739 12 03 608	649 89 18 008
	Other expenses	24	348 69 12 897	221 19 34 021
	Finance costs	25	208 62 65 546	130 56 84 594
	<b>TOTAL EXPENSES</b>		<b>12127 95 63 011</b>	<b>9594 34 04 328</b>
4	<b>Profits before Depreciation, Prior period items, exceptional items, extraordinary items, Income Tax (1+2-3)</b>		<b>-1028 49 99 531</b>	<b>-9 87 50 330</b>
5	Depreciation	10&26	118 77 38 624	124 59 26 130
6	<b>Profit / (Loss) before Prior period items, exceptional and extraordinary items and Income Tax (4-5)</b>		<b>-1147 27 38 155</b>	<b>-134 46 76 460</b>
7	Exceptional items {Expenses(+)/Income(-)}	27	-116 16 99 618	-50 49 04 787
8	<b>Profit / (Loss) before Prior period items, extraordinary items and Tax (6-7)</b>		<b>-1031 10 38 537</b>	<b>-83 97 71 673</b>
9	Prior period Items - {Expenses (+) / Income (-)}	28	17 52 47 529	102 17 81 280
10	Extraordinary & Prior period items {Expenses (+) / Income (-)}	29	580 81 06 084	105 99 98 889
11	<b>Profit / (Loss) before Tax (8-9)</b>		<b>-432 76 84 924</b>	<b>124 20 08 496</b>
12	<b>Income Tax Expense:</b>			
	(a) Current tax expense		-	
	(b) <u>Less:</u> MAT credit			
	(c) Deferred tax			
	(d) Tax expenses relating to prior years			6 05 99 565
13	<b>Profit/(Loss) from continuing operations (10-11)</b>		<b>-432 76 84 924</b>	<b>118 14 08 931</b>
14	<b>Profit / (Loss) from discontinuing operations</b>			
15	<b>Profit / (Loss) for the year (12+13)</b>		<b>-432 76 84 924</b>	<b>118 14 08 931</b>
16	<b>Earnings per equity share of Rs. 10 each.</b>			
	(1) Basic		(7.91)	5.61
	(2) Diluted		-	5.61

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

This is the Balance sheet referred to in our report dated 06-12-2013

**For V.K.Niranjan & Co.**  
Chartered Accountants  
FRN: 2468S

For and on behalf of the Board of Directors

Sd/-  
**(Guruprasad.B.L)**  
Director (Finance)

Sd/-  
**(Pankaj Kumar Pandey)**  
Managing Director

Sd/-  
**(CA Niranjan. V.K)**  
Partner  
M.No: 21432

Place : Bangalore  
Date : 05-12-2013

Place : Bangalore  
Date : 06-12-2013



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

Sl.No.	Particulars	Current Year 2012-13	Previous Year 2011-12
<b>A</b>	<b>Cash Flow from Operating Activities</b>		
	<i>Net Profit before Tax</i>	-432 76 84 924	124 20 08 496
	<b>Adjustments for:</b>		
	Depreciation	118 77 38 624	198 38 96 832
	Finance cost	208 62 65 546	130 56 84 594
	Extraordinary items- Trueup Subsidy	580 81 06 084	105 99 98 889
	Change in Provision for Debtors	-122 99 57 168	-74 48 05 626
	Change in Provision for Employee advances	-	6 11 43 690
	Change in Provision for Dismantled Assets	86 76 944	3 56 64 795
	Reversal of Depreciation on Grants Asset (Other Income )	-95 61 56 329	-73 79 70 702
	Prior period charges(+) or credits(-)	17 52 47 529	102 17 81 279
	Income Tax	-	-6 05 99 565
	<b>Operating Profit before working capital changes</b>	<b>275 22 36 306</b>	<b>516 68 02 682</b>
	<b>Adjustments for</b>		
	Changes in Inventories	-14 54 64 694	2 60 897
	Changes in Sundry Debtors	-850 49 98 686	-897 22 07 070
	Changes in Short term Loans and Advances	-10 22 21 012	20 61 03 566
	Changes in Long term Loans and Advances	-143 10 34 357	-31 96 16 846
	Changes in Other Current Assets	153 33 56 866	-411 26 12 917
	Changes in Current Liabilities	-	-
	Trade Payable	757 12 16 456	524 10 60 886
	Other current liabilities	47 82 64 580	60 11 13 685
	Changes in Short term Provisions	-2 04 87 924	-8 17 63 023
	Changes in Long term Provisions	-29 15 81 833	59 21 59 122
	Changes in Other Long-Term Liabilities	237 67 28 595	147 09 34 320
	<b>Operating Profit after working capital changes</b>	<b>421 60 14 297</b>	<b>-20 77 64 698</b>
	Prior period charges(+) or credits(-)	-17 52 47 529	-102 17 81 279
	Extraordinary items- Trueup Subsidy	-580 81 06 084	-105 99 98 889
	<b>Net Cash inflow from Operating Activities</b>	<b>-176 73 39 316</b>	<b>-228 95 44 866</b>
<b>B</b>	<b>Cash Flow from Investment Activities</b>		
	Changes in Fixed Assets (Net )	-438 05 02 236	-261 95 34 266
	Changes in Capital Work in Progress Investments	-283 04 74 412	-310 34 10 122
			-10 00 00 000
	<b>Net Cash Outflow from Investment Activities</b>	<b>-721 09 76 648</b>	<b>-582 29 44 388</b>
<b>C</b>	<b>Cash Flow from Financing Activities</b>		
	Changes in Capital/Share Deposit Account	97 50 00 000	42 49 99 647
	Changes in Secured Loans		
	Changes in Unsecured Loans		
	Changes in Long-Term Borrowings	108 57 46 563	232 65 33 170
	Changes in Short-Term Borrowings	932 85 59 110	356 60 97 583
	<b>Change in Current maturities of long term debts/Current liabilities</b>	<b>50 39 16 300</b>	<b>-26 71 64 881</b>
	Finance cost	-208 62 65 546	-130 56 84 594
	Contributions from Consumers/Reversal of Depreciation on Grants Asset (Other Income )	102 34 57 383	297 30 50 304
	Other Income		
	<b>Net Cash available from Financing Activities</b>	<b>1083 04 13 811</b>	<b>771 78 31 229</b>
<b>D</b>	<b>Net Change in Cash and Cash equivalents - Surplus Cash [(A) + (B) + (C)]</b>	<b>185 20 97 846</b>	<b>-39 46 58 025</b>
	Add: Opening Cash and Cash equivalents	96 63 50 760	136 10 08 785
		<b>281 84 48 606</b>	<b>96 63 50 760</b>
<b>E</b>	<b>Closing Cash and Cash equivalent :</b>	<b>281 84 48 606</b>	<b>96 63 50 760</b>

This is the Balance sheet referred to in our report dated 06-12-2013

**For V.K.Niranjan & Co.**  
Chartered Accountants  
FRN: 2468S

For and on behalf of the Board of Directors

Sd/-  
**(Guruprasad.B.L)**  
Director (Finance)

Sd/-  
**(Pankaj Kumar Pandey)**  
Managing Director

Sd/-  
**(CA Niranjan. V.K)**  
Partner

Place : Bangalore  
Date : 05-12-2013

M.No: 21432  
Place : Bangalore  
Date : 06-12-2013

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1A : Share Capital

Sl. No.	Particulars	A/c CODE	As at 31 March, 2013		As at 31 March, 2012	
			Number of shares		Number of shares	
<b>A</b>	<b>Authorised Share Capital</b> Equity Shares of Rs.10/- each		100 00 00 000	1000 00 00 000	100 00 00 000	1000 00 00 000
<b>B</b>	<b>Issued Capital</b> Equity shares of Rs.10/- each		54 69 15 100	546 91 51 000	54 69 15 100	546 91 51 000
<b>C</b>	<b>Subscribed Capital</b> Equity shares of Rs.10/- each		54 69 15 100	546 91 51 000	54 69 15 100	546 91 51 000
<b>D</b>	<b>Paid Up Capital*</b> Equity shares of Rs.10/- each	52.301	54 69 15 100	546 91 51 000	54 69 15 100	546 91 51 000
<b>TOTAL</b>			<b>54 69 15 100</b>	<b>546 91 51 000</b>	<b>54 69 15 100</b>	<b>546 91 51 000</b>

### Note 1B : Reconciliation

Sl. No.	Particulars	A/c CODE	As at 31 March, 2013		As at 31 March, 2012	
			Number of shares		Number of shares	
<b>A</b>	<b>Equity Shares of Rs 10 each</b>					
	Opening Balance		54 69 15 100	546 91 51 000	20 59 50 000	205 95 00 000
	Add: Fresh Issue				34 09 65 100	340 96 51 000
<b>Closing Balance</b>			<b>54 69 15 100</b>	<b>546 91 51 000</b>	<b>54 69 15 100</b>	<b>546 91 51 000</b>

### Note 1C : Percentage of Holding

Sl. No.	Particulars	A/c CODE	As at 31 March, 2013		As at 31 March, 2012	
			Number of shares		Number of shares	
1	Hon'ble Governor, State of Karantaka		54 68 65 100	99.99	546,865,100	99.99
2	Principal Secretary Energy Department, GoK		-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### Note 2 - Reserves & Surplus

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
<b>A</b>	<b>Capital Reserve</b>					
1	<u>Contributions and grants towards cost of Capital assets</u>	55.1				
	Opening Balance		918 80 61 524		822 59 75 446	
	Add: Additions during the year		185 34 57 383		153 74 13 305	
			1104 15 18 907		976 33 88 751	
	Less: Reversal of depreciation		75 85 12 853		57 53 27 227	
	<b>Closing Balance</b>		1028 30 06 054	1028 30 06 054	918 80 61 524	918 80 61 524
2	<u>Subsidies received from REC towards RGGVY scheme</u>	55.210				
	Opening Balance		116 05 45 150		121 86 19 681	
	Add: Additions during the year		116 05 45 150		121 86 19 681	
	Less: Reversal of depreciation		5 80 74 532		5 80 74 531	
	<b>Closing Balance</b>		110 24 70 618	110 24 70 618	116 05 45 150	116 05 45 150
3	<u>Grants towards cost of Capital Assets/regularisation of unauthorised IP set installations received from Government</u>	55.3				
	Opening Balance		233 99 80 111		100 89 12 055	
	Add: Additions during the year		24 00 00 000		143 56 37 000	
	Less: Reversal of GoK Order		-107 00 00 000			
			150 99 80 111		244 45 49 055	
	Less: Reversal of depreciation		13 95 68 944		10 45 68 944	
	<b>Closing Balance</b>		137 04 11 167	137 04 11 167	233 99 80 111	233 99 80 111
	<b>Total Capital Reserves</b>			1275 58 87 839		1268 85 86 785
<b>B</b>	<b>Others</b>					
1	<u>Share deposit</u>					
	Opening Balance		-		298 46 51 353	
	Add: Additions during the year		97 50 00 000		42 50 00 000	
			97 50 00 000		340 96 51 353	
	Less: Fresh issue of equity shares				340 96 51 000	
	Less: Excess transferred to income				353	
	<b>Closing Balance</b>		97 50 00 000	97 50 00 000	-	-
<b>C</b>	<b>Surplus/(Deficit) in Statement of Profit and Loss</b>					
	Opening Balance		-232 54 34 396		-350 68 43 327	
	Add/(Less): Net Profit/(Net Loss) for the year		-432 76 84 924		118 14 08 931	
	<b>Closing Balance</b>			-665 31 19 320		-232 54 34 396
	<b>TOTAL</b>			<b>707 77 68 519</b>		<b>1036 31 52 389</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 3 - Long-Term Borrowings

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
<b>A</b>	<b>SECURED LOANS</b>					
	<b>Term Loans From</b>					
	-Banks (Refer Note 3A below)		666 39 93 016		607 17 75 076	
	-Others (Refer Note 3A below)		373 93 69 124		317 96 09 208	
	<b>SUB-TOTAL</b>			<b>1040 33 62 140</b>		<b>925 13 84 284</b>
<b>B</b>	<b>UNSECURED LOANS</b>					
	<b>Term Loans From</b>					
	-Banks (Refer Note 3B below)					
	-Others (Refer Note 3B below)		53 31 66 549		59 93 97 842	
	<b>Sub-Total</b>			<b>53 31 66 549</b>		<b>59 93 97 842</b>
<b>TOTAL</b>				<b>1093 65 28 689</b>		<b>985 07 82 126</b>

### Note 3 A : Secured Loans

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
<b>A</b>	<b>Term Loans from Banks</b>					
	<b>1 State Bank of India loan</b>					
	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%) <b>Repayment Due begun in Sept-2006</b>	53,500		-	7 17 82 060	
<b>2</b>	<b>Bank of India</b>					
	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) <b>First instalment will be due on 30.06.2013</b>	53,500	171 40 00 000		200 00 00 000	

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
3	<b>Canara Bank</b> 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) & ROI for Rs.200 crs. baserate +0.1% p.a. (floating without spread reset) Hypothecation of fixed assets of the company valued at Rs.457.62 Crs as per companys ABS2008. <b>First instalment due on 23.12.2013</b>	53.500	369 99 93 016		399 99 93 016	
4	<b>Bank of Maharashtra</b> The term of repayment in 28 quarter, 27 quarterly instalment of Rs.4.47 crs. per quarter and Rs.4.31 crs. in 28th quarter after initial moratourium period.  Hyphothecation of Fixed assets of the company valued Rs.139 crs.	53.500	125 00 00 000		-	
	<b>SUB TOTAL</b>			<b>666 39 93 016</b>		<b>607 17 75 076</b>

<b>B</b>	<b>Term Loans from Others</b>					
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	61 40 22 880		81 06 47 270	
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. <b>First instalment due on 19.07.2012.</b>	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 assets under the project as securities for loan. <b>First instalment falls due in the month of July-2015</b>	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. <b>Repayment due :The first instalment will become due on 15th day of April 2008</b>	53.337	8 21 31 492			10 26 64 366
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 prinicipal amount in accordance with amortization schedule setforth in the agreement.The Company shall pay the interest semiannually at the rate of three-fourth of one percent (0.75%)p.a	53.340	182 37 13 852			104 67 96 672
<b>SUB-TOTAL</b>				<b>373 93 69 124</b>		<b>317 96 09 208</b>
<b>TOTAL</b>				<b>1040 33 62 140</b>		<b>925 13 84 284</b>

### Note 3B : Un-Secured Loans

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	<b>Loan from Government</b> 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 <b>Repayment commenced from 2002-03 &amp; 2005-06 for Rs.45,33,130 &amp; Rs. 87,50,000 respectively</b>	53.3077	88 20 150		99 22 670	



Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
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.) <b>Repayment as begun 2003-04</b>	53.3317	37 53 77 637		41 70 86 264	
3	GOK Interest free Loan Government of Karnataka has released interest free loan to BESCO towards payment to power suppliers for supply of power to State Grid during 2008-09. <b>Repayment : No terms &amp; Condition given.</b>	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) <b>Repayment begun from 15/03/2012.</b>	53.3357	12 28 59 043		13 93 99 189	
5	Loan from GoK for Power Sector Automation Loan for a period of ten years at the rate of 9% p.a. No specific Terms & Conditions Given However as per GO No FD 01BLA 2002 dated 10.07.2003 Loan for a period of ten years & <b>first instalment begun in the month of March-2009 at the rate of 9% p.a.</b>	53.3417	58 80 000		73 50 000	
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. <b>Repayment begun in 2007-08.</b>	53.3367	1 08 20 000		1 62 30 000	
<b>TOTAL</b>			<b>53 31 66 549</b>		<b>59 93 97 842</b>	

## NOTES TO THE FINANCIAL STATEMENTS

### Note 4 - Other Long-Term Liabilities

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
<b>A</b>	<b>Service Line and Security Deposits</b>					
1	i) Deposit Contribution Work	47.301 to 47.303, 47.305, 47.307 to 47.317, 47.321,	119 59 89 753		100 90 35 858	
	ii) Deposit Works	47.306	3 39 17 339		2 54 80 703	
	(a) Deposit Contribution Work	47		122 99 07 092		103 45 16 561
2	Other Deposits from Consumers	47.6	75 19 49 673		73 13 69 825	
3	Security Deposit from consumers:	48.1+ 48.2+ 48.3	2149 79 58 095		1933 71 99 880	
	(b) Security Deposit from consumers			2224 99 07 768		2006 85 69 704
<b>TOTAL</b>				<b>2347 98 14 860</b>		<b>2110 30 86 265</b>

### Note 5 - Long Term Provisions

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	<b>Provision for Employee Benefits</b>					
	Provision for Gratuity, Pension, Leave encashment, PF & Family Benefit Fund	44.122, 130,140 to 142	72 37 91 677		101 53 73 510	
<b>TOTAL</b>				<b>72 37 91 677</b>		<b>101 53 73 510</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 6 - Short-Term Borrowings

Sl. No.	Particulars	A/c CODE	Current Year 2012-13	Previous Year 2011-12
<b>A</b>	<b>Unsecured</b>			
<b>1</b>	<b>Short term loan</b>			
1.1	<b>South Indian Bank</b> (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) <b>Repayment due on 07.05.2012</b>	53.5007	200 00 00 000	149 99 94 965
1.2	<b>Vijaya Bank</b> '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 10.45% 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. <b>Repayment due starts on 13/06/2012.</b>  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 10.70% 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..	53.500	350 00 00 000	350 00 00 000
1.3	<b>Corporation Bank</b> Line of Credit to meet mismatch in cashflow for working capital (security Nil) interest to be specified at the each availment present rate is 10.25% p.a. Present loan amount of Rs.75 Crs. to be repayed on 05.06.2012 and Rs. 125 Crs. <b>to be repayed on 06.05.2012</b>	53.500	200 00 00 000	200 00 00 000
1.4	<b>State Bank of Mysore</b> STL for a period of 1 year and to be closed by the end of 1 year from the date of drawal and interest to be serviced as and when debited at 10.60% p.a. (Floating) i.e., base rate +0.10% . <b>Securities</b> : Floating charge on debts of the Company with 10% Margin.	53.500	250 00 00 000	
1.5	<b>Bank of Maharastra</b> STL for a period of 1 year to be repaid 12 monthly installment interest to be serviced as and when debited at 10.25% p.a. i.e., base rate (floating). <b>Securities</b> : Floating charge on Book debts of the Company with 10% Margin	53.500	75 00 00 000	
1.6	<b>Loan from REC (STL)</b> The repayment to be made in 12 monthly equal installment together with interest at the rate 12.75% in the outstanding balance.	53.3357	300 00 00 000	
<b>2</b>	<b>Overdrafts</b>			
2.1	Bank of Baroda - OD limit Rs. 150 crore	24.420	99 42 13 142	141 69 76 694
2.2	Vijaya Bank - OD limit Rs. 300 crore	24.409	291 84 18 735	234 26 63 972
2.3	Canara Bank - OD limit Rs. 200 crore	24.414	213 81 19 788	173 03 31 946
2.4	Syndicate Bank - OD limit Rs. 100 crore	24.415	150 97 80 202	32 07 11 133
2.5	Bank of India - OD limit Rs. 100 crore	24.428	100 17 21 918	17 30 15 965
<b>TOTAL</b>			<b>2231 22 53 785</b>	<b>1298 36 94 675</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 7 : Trade Payables

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
<b>A</b>	<b>Payable for Purchases</b>					
1	<b>Sundry Creditors for Purchase of Power</b>	41 Series		2343 88 16 937		1708 80 98 651
2	Inter ESCOM, Cost of Banked Energy, SLDC Charges & PCKL Revenue Expenditure					
3	<b>Creditors/Liabilities for supplies / works</b>	42.1 to 42.5,42.6		475 95 29 631		293 27 90 995
<b>B</b>	<b>Payable for other services</b>					
1	Levies / fees payable to GoK	46.300+ 46.301+ 46.441		22 17 10 261		86 02 37 929
2	Outstanding Liability - for Expenses	46.103, 410,470, 46.929		65 17 32 388		64 45 47 877
3	Payable to other ESCOMs	42.231+ 42.232+ 42.272+ 42.243+ 42.273		2 89 76 877		38 74 186
<b>TOTAL</b>				<b>2910 07 66 094</b>		<b>2152 95 49 638</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 8 : Other Current Liabilities

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	<b>Current maturities of long term debts</b>		94 11 70 616	94 11 70 616		43 72 54 316
2	<b>Interest accrued but not due on loans</b>	46.710		3 76 43 113		2 90 46 194
3	<b>Deposits from Suppliers, Contractors Etc.</b>					
	Security Deposits in cash from Suppliers / Contractors	46.101	35 63 61 544		39 96 14 322	
	Security deposit other than in cash from suppliers / contractors	46.102	1 23 71 546		3 63 12 804	
	<b>Sub-Total</b>			36 87 33 090		43 59 27 126
4	Advance consumption charges LT & HT	23.181 & 23.293	134 11 65 239	134 11 65 239	104 95 27 054	104 95 27 054
5	<b>Other Payables</b>					
	Stale Cheques	46.910	64 14 230		59 27 602	
	Retention Money - Bill amount retained	46.104	48 60 32 870		29 60 00 833	
	Other ESCOM - CESC	46.282	100 88 00 000		100 88 00 000	
	Excess credit under reconciliation with Bank	46.972, 976,977	- 16 93 781		1 05 69 762	
	Draught relief fund.	46.978	67 49 293		-	
	Miscellaneous Deposits/Other liabilities	46.966, 46.9	35 47 54 791	186 10 57 403	27 26 36 400	159 39 34 597
	Amount withheld from employees against recoverables	28	-	-		44 72 499
	Contribution received by BESCO against compensation to the victims of Electrical accidents .	47.323	7 50 000	7 50 000	-	
6	Advance Retention Money (Delay condon)	28.105	-	-		1 81 76 795
	<b>TOTAL</b>			<b>455 05 19 461</b>		<b>356 83 38 581</b>

### Note 9 : Short-Term Provisions

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	Provision for Employee Benefits			5 71 60 896		7 76 48 820
	Unpaid Salaries	44.210	3 56 157		7 28 191	
	Unpaid Bonus	44.220	69 951		37 560	
	Salary payable	44.310	1 79 52 054		3 50 42 144	
	Bonus payable	44.320	31 30 543		50 35 233	
	Ex-gratia payable	44.330	3 56 52 191		3 68 05 692	
2	Provision for Income-Tax & Fringe Benefit Tax	46.800		-		-
	<b>TOTAL</b>			<b>5 71 60 896</b>		<b>7 76 48 820</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 10 - Tangible / Intangible Assets**

Particulars		Fixed Assets			
Asset Group	A/c Code	Opening Balance as at 1-4-2012	Additions	Deductions	Closing Balance as at 31-3-2013
<b>TANGIBLE ASSETS</b>					
Land & Rights	10.1	7 13 27 448	9 66 977	-	7 22 94 425
Buildings	10.2	45 52 94 249	4 95 97 799	-	50 48 92 048
Civil Works (Pipeline, Sewage, Drainage, Water supply)	10.3	2 86 74 058	6 73 126	-	2 93 47 184
Other Civil Works	10.4	51 29 460	-	-	51 29 460
Plant & Machinery	10.5	905 58 02 113	243 72 31 568	160 63 90 279	988 66 43 402
Lines Cable Networks	10.6	3339 23 54 753	424 26 92 228	52 01 68 965	3711 48 78 016
Vehicles	10.7	15 35 83 713	3 05 42 845	17 30 517	18 23 96 041
Furniture & Fixtures	10.8	7 67 02 442	1 86 11 955	7 66 469	9 45 47 929
Office Equipments	10.9	5 05 89 949	2 10 14 592	2 50 364	7 13 54 177
<b>Current Year Total</b>		<b>4328 94 58 185</b>	<b>680 13 31 090</b>	<b>212 93 06 594</b>	<b>4796 14 82 682</b>
<b>Previous Year Total</b>		<b>4120 03 23 842</b>	<b>333 24 34 260</b>	<b>124 32 99 917</b>	<b>4328 94 58 185</b>

Particulars	Depreciation							Net Block	
	A/c Code	Opening Balance As at 1-4-2012	Additions	Deductions	Short depreciation provided	Excess depreciation withdrawn	Closing Balance As at 31-3-2013	As at 31-3-2013	As at 31-3-2012
<b>TANGIBLE ASSETS</b>									
Land & Rights	12.1							7 22 94 425	7 13 27 448
Buildings	12.2	11 84 86 965	1 58 57 489		5 78 637	50 04 556	12 99 18 535	37 49 73 514	33 68 07 284
Civil Works (Pipeline, Sewage, Drainage, Water supply)	12.3	89 00 227	15 38 456		47 221	2 22 847	1 02 63 057	1 90 84 127	1 97 73 831
Other Civil Works	12.4	15 87 449	1 70 519		5 050	19 473	17 43 545	33 85 915	35 42 012
Plant & Machinery	12.5	250 93 22 220	50 42 95 765	34 73 81 375	1 91 79 298	2 09 98 649	266 44 17 259	722 22 26 143	654 64 79 893
Lines Cable Networks	12.6	1144 70 77 912	160 65 68 114	39 23 53 320	11 24 10 841	2 77 16 954	1274 59 86 593	2436 88 91 423	2194 52 76 641
Vehicles	12.7	9 70 18 155	89 39 717	25 45 519	3 39 029	2 91 748	10 34 59 634	7 89 36 407	5 65 65 558
Furniture & Fixtures	12.8	4 28 09 526	38 03 016	5 90 556	7 43 824	78 206	4 66 87 604	4 78 60 325	3 38 92 915
Office Equipments	12.9	2 21 97 835	26 77 507	1 40 171	2 90 378	1 49 915	2 48 75 634	4 64 78 543	2 83 92 114
<b>Current Year Total</b>		<b>1424 74 00 289</b>	<b>214 38 50 583</b>	<b>74 30 10 941</b>	<b>13 35 94 278</b>	<b>5 44 82 348</b>	<b>1572 73 51 861</b>	<b>3223 41 30 822</b>	<b>2904 20 57 897</b>
<b>Previous Year Total</b>		<b>1279 39 47 749</b>	<b>198 38 52 462</b>	<b>32 82 07 704</b>	<b>8 05 60 298</b>	<b>28 27 52 517</b>	<b>1424 74 00 289</b>	<b>2904 20 57 897</b>	<b>2840 63 76 094</b>

Particulars	Depreciation				
	A/c Code	Opening Balance As at 1-4-2012	Additions	Deductions	Closing Balance As at 31-3-2013
<b>INTANGIBLE ASSETS</b>					
Land & Rights	10.1	2 05 54 757			2 05 54 757
Software & Software Rights	18.1		7 35 057		7 35 057
<b>Current Year Total</b>		<b>2 05 54 757</b>	<b>7 35 057</b>		<b>2 12 89 814</b>
<b>Previous Year Total</b>		<b>2 05 54 757</b>			<b>2 05 54 757</b>

Particulars	Depreciation					Net Block		
	A/c Code	Opening Balance As at 1-4-2012	Additions	Deductions	Short depreciation provided	Excess depreciation withdrawn	Closing Balance As at 31-3-2013	As at 31-3-2012
<b>INTANGIBLE ASSETS</b>								
Land & Rights	12.1	44 370	44 370				88 740	2 04 66 017
Software & Software Rights	18.1							7 35 057
<b>Current Year Total</b>		<b>44 370</b>	<b>44 370</b>				<b>88 740</b>	<b>2 12 01 074</b>
<b>Previous Year Total</b>			<b>44 370</b>				<b>44 370</b>	<b>2 05 10 387</b>

**NOTE:**

- Buildings includes shared assets as per KPCL's intimation
- Addition includes released assets after reconditioning
- Deduction includes transfer of assets for reconditioning
- Additions / deletions of assets and depreciation thereon include:
  - Items pending reconciliation relating to inter unit transfers and
  - Prior period adjustments.
- The Value Lease hold Land is Rs.2 09 54 087 amortised cumulative value is Rs.4 88 070 as at the end of 31st March 2013



## NOTES TO THE FINANCIAL STATEMENTS

### Note 11 : Capital Work-in-Progress

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	Capital Work in Progress	14	905 33 78 696		657 51 37 192	
2	Contracts in Progress	15.128	1 19 47 973		1 47 90 876	
	<b>Capital Work in Progress</b>	14 series		906 53 26 669		658 99 28 068
3	Provision for works.	15.500		57 63 71 828		26 46 80 740
4	<b>Dismantled assets for reuse (valued at WDV)</b>					
	a) Value of scraped assets		7 46 88 721		2 96 15 075	
	<u>Less</u> : 20% Provision estimated/possible erosion in value	16.1	1 49 37 744		59 23 015	
				5 97 50 977		2 36 92 060
	b) Value of Faulty and Dismantled assets for reuse		42 83 14 262		43 00 03 184	
	<u>Less</u> : 20% Provision estimated/possible erosion in value	16.2	8 56 62 852		8 60 00 637	
				34 26 51 410		34 40 02 548
<b>TOTAL</b>				<b>1004 41 00 884</b>		<b>722 23 03 416</b>

### Note 12 : Non-Current Investments

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	<b>Trade Investments</b>					
	Investment in equity instruments					
2	<b>Non-Trade Investments</b>					
	Investment in equity instruments	20.25	10 01 00 000		10 01 00 000	
	Company is having a share of 100100 No of 1000 Rupees face value as investment made to PCKL					
<b>TOTAL</b>			<b>10 01 00 000</b>		<b>10 01 00 000</b>	

## NOTES TO THE FINANCIAL STATEMENTS

### Note 13 : Long-Term Loans & Advances

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
<b>A</b>	<b>CAPITAL ADVANCES</b>					
1	Advances to Suppliers	25.1 to 25.5, 27.106	42 27 33 786		28 90 30 206	
2	Advances to Contractors	26.6	182 04 25 550		112 45 80 097	
3	Loans and Advances - Others	27.8 47.308, 309,310, 311	173 90 85 985		111 93 92 463	
				398 22 45 321		253 30 02 765
<b>B</b>	<b>DEPOSITS</b>					
	a) Security Deposits with Railways and Others	28.9	28 12 50 140		27 41 30 925	
	b) Security Deposit from Suppliers & Contractors other than cash.	28.930	27 35 317		2 80 62 731	
				28 39 85 457		30 21 93 656
	<b>TOTAL</b>			<b>426 62 30 778</b>		<b>283 51 96 421</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 14 : Inventories, Stores & Spares

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	<b>Stores, spares and loose tools</b> (Stocks are valued at standard cost )					
	a) Material Stock Account	22.610	88 21 02 266		74 75 17 046	
	Less :Excess /Shortage	22.810- 22.820	- 23 13 764	87 97 88 502	- 70 71 532	74 04 45 514
	b) Mateterial imprest Account	22.641		45 24 478		38 04 880
	c) Other Material Account	22.700		1 84 50 628		1 30 48 520
	<b>TOTAL 1 + 2</b>			<b>90 27 63 608</b>		<b>75 72 98 914</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 15 : Trade Receivables

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
<b>1</b>	<b>Sundry Debtors - Supply of Power</b>					
	a) Sundry Debtors for sale of Power – LT	23.1	3152 02 66 275		2733 82 08 864	
	b) Sundry Debtors for sale of Power - HT	23.2	72 89 26 743	3224 91 93 018	39 90 15 834	2773 72 24 698
	c) Amounts Receivable from GoK towards Free Power Supply to IP sets upto 10HP	28.627	601 32 32 956		478 28 16 868	
	d) Tariff subsidy Receivable from GOK towards BJ/KJ installation	28.626	7 89 91 947	609 22 24 903	3 22 83 050	481 50 99 918
	1. Unbilled Revenue - LT	23.4	351 33 72 761		314 44 29 902	
	2. Unbilled Revenue - HT	23.4	469 35 54 870		438 88 72 361	
	3. Dues from Permanently disconnected installations	23.5	161 91 56 793		160 44 05 706	
	<b>4. Sundry Debtors - miscellaneous receipts from consumers</b>	23.7	28 635		- 2 72 826	
	5. Provision for withdrawal of Revenue demand	23.8	-10 69 66 434		-13 25 49 100	
	6. Revenue Suspense Account & Anywhere payment	47.607, 37,501, 502,503, 504	-25 78 55 847	946 12 90 778	-8 82 92 588	891 65 93 455
	<b>Total - 1</b>			<b>4780 27 08 699</b>		<b>4146 89 18 071</b>
<b>2</b>	Inter ESCOMs Energy balancing & Energy charges at IF point	23.6	1025 77 99 261	1025 77 99 261	746 95 22 905	746 95 22 905
	<b>Grand Total - (1+2)</b>			<b>5806 05 07 960</b>		<b>4893 84 40 976</b>
<b>3</b>	<b>Less :</b>					
	Provision for Doubtful Dues from consumers	23.9	1201 54 43 740		1321 98 18 242	
	<b>Total - 3</b>			1201 54 43 740		1321 98 18 242
<b>4</b>	<b>Net Receivables against Supply of Power (2 -3)</b>			<b>4604 50 64 220</b>		<b>3571 86 22 734</b>
<b>5</b>	<b>Sundry Receivables from</b>					
A	KPTCL	28.826, 831,836, 841	32 25 86 887		32 92 62 310	
	<b>Less : Payable to KPTCL</b>					
a	On accounts of funds received	46.106				
b	On accounts of funds received and adjusted to receivable from KPTCL	28.881				
c	On account of Materials, Released Assets, Personnel and others (Cash transactions)	42,276, 277,278, 52,308	10 89 41 122		11 03 50 878	
	<b>Net receivable from KPTCL</b>		<b>21 36 45 765</b>		21 89 11 432	

## NOTES TO THE FINANCIAL STATEMENTS

### Note 15 : Trade Receivables

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
B	MESCOM	28.828, 833,838, 28.927	1 59 54 756		1 59 54 756	
C	GESCOM	28.830, 835,840, 928	2 55 79 993		2 55 79 993	
D	HESCOM	28.829, 834,839, 929	4 16 06 575		4 16 06 575	
	<b>KPTCL &amp; Other ESCOMS</b>	<b>28.8</b>		29 67 87 089		30 20 52 756
	Other Receivables-suppliers/Contractors	28.8	- 52 55 893		58 04 930	
	Government and other local bodies receivables	28.1	81 81 77 394		139 80 70 315	
	<b>Sub Total</b>		81 29 21 501	81 29 21 501	140 38 75 245	140 38 75 245
	<b>Total - 5</b>			110 97 08 590		170 59 28 001
6	Sundry Debtors for Electricity Tax	23.3		12 51 80 914		12 04 47 136
<b>TOTAL 4+5+6</b>				<b>4727 99 53 724</b>		<b>3754 49 97 871</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 16 : Cash & Cash Equivalents

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	Cash on hand	24.110+ 24.210	27 52 17 151	27 52 17 151	22 10 37 938	22 10 37 938
2	Cheques, drafts on hand					
3	Balances with Banks:					
	(i) In current accounts					
	(a) Operative Accounts with scheduled banks	24.400	13 80 84 499		16 08 43 850	
	(b) Non-Operative Accounts with scheduled banks	24.300	39 97 03 504	53 77 88 003	28 42 72 194	44 51 16 044
	(ii) In deposit accounts *	20.2	200 52 45 000	200 52 45 000	30 00 00 000	30 00 00 000
4	Stamps on Hand	24.120, 24.130, 24.140		1 98 453		1 96 778
<b>TOTAL</b>				<b>281 84 48 607</b>		<b>96 63 50 760</b>

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

### Note 17 : Short Term Loans & Advances

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	<b>Advance to Suppliers</b>					
2	<b>Deposits</b>					
3	<b>Advance Tax (Net of Provision for Tax)</b>					
a	Tax deducted at source - (income Tax)	28.850		92 75 756		92 75 756
b	Income Tax including Advance Tax	28.821		7 76 15 299		39 00 000
c	Income tax of earlier years					
d	Income tax refund to be received	28.821		73 38 842		3 49 43 050
4	<b>Advances Recoverable in cash or in kind or for value to be received.</b>					
5	<b>Others.</b>					
a	Amounts recoverable from current employees	28.4	12 42 20 231		9 26 23 219	
b	Amounts recoverable from ex-employees	28.402	2 51 41 647		6 22 67 691	
c	Less : Provision for Doubtful of recovery from ex-employees	28.899	6 11 43 690	8 82 18 188	6 11 43 690	9 37 47 220
6	Loans and Advances to Staff - Interest free	27.2		11 16 72 285		5 00 33 332
<b>TOTAL</b>				<b>29 41 20 370</b>		<b>19 18 99 358</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 18 : Other Current Assets

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
<b>A</b>	<b>Other Current Assets</b>					
1	Remittance to Head Office -Transit Account	24.5	42 65 807		- 15 48 191	
2	Transfers from Head Office In Transit Account	24.6	1 97 199	44 63 006	66 33 693	50 85 502
3	Amount paid to IT under protest	28.821		73 79 33 607		74 03 53 607
4	Other Receivables	28.72, 28.74		1 63 56 767		2 00 73 513
5	Receivables from Pension / Gratuity Trust	28.9		3 93 27 876		9 38 45 752
6	Cash Receivables from Associates - KPTCL / ESCOMS	28.9		466 19 94 354		636 98 08 624
7	Receivable from GOK refund of meter equipment security deposit	28.71				2 30 454
8	Interest accrued but not due on deposits (including Bank Deposits)	28.2 & 3		14 61 11 861		69 45 561
9	Prepaid expenses  Preliminary expenses to the extent not written off	28.820		8 22 862		11 27 605
<b>1</b>	<b>Inter Unit Accounts- Materials</b>	31	23 52 81 595		- 22 69 509	
2	IUA - CWIP, Fixed Assets, depreciation provision / obsolete and released assets	32	7 10 84 883		11 96 18 420	
3	Inter Unit Accounts - (1993) Personnel	36	1 56 02 691		-5 57 57 767	
4	IUA - Other transactions / adjustments	37	-18 23 00 759		-1 90 67 111	
5	IUA-Remittances to HO	33	26 371		67 329	
	IUA-Transfer from HO	34				
10	Inter Unit Accounts			13 96 94 781		4 25 91 362
<b>TOTAL (A + B)</b>				<b>574 67 05 114</b>		<b>728 00 61 980</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 19 : Revenue from Operations

Sl. No.	Particulars	A/c CODE	Current Year 2012-13	Previous Year 2011-12
1	LT 1(a) I BJ/KJ Up To 18 Units Metered installations	61.101	35 01 28 787	30 48 73 291
2	LT 1(a) I BJ/KJ Up To 18 Units Un Metered installations	61.102	53 34 046	61 53 398
3	LT 1 II BJ/KJ Above 18 Units having more than one outlet	61.103	25 39 73 479	22 26 70 193
4	LT 2A I Lighting/combined lighting, heating & motive power installations BBMP (Urban) - LT 2(a)I	61.111	1931 82 70 973	1662 63 59 742
5	LT 2A II Lighting/combined lighting, heating & motive power installations (Urban Local Bodis other than LT 2(a)i - LT2 (a)ii	61.112	143 05 68 713	119 78 17 608
6	LT 2A III Lighting/combined lighting, heating & motive power installations (Village Panchayats) - LT 2(a)iii	61.113	-	-
7	LT 2A FL Lighting/combined lighting, heating & motive power installations (Free Lighting)	61.114	6 58 18 532	6 61 39 872
8	LT 2B I Lighting/combined lighting, heating & motive power installations of Pvt. Professional including aided educational institutions under Urban Local Bodies including City Corporations LT 2 (B)i	61.115	19 45 25 352	18 66 88 240
9	LT 2B II Lighting/combined lighting, heating & motive power installations of Pvt. Professional including aided educational institutions under VPs -LT2(b)ii	61.116	2 99 84 457	2 64 56 091
10	LT 3 I Commercial Lighting, heating & motive power installations of ULBs including City Corporations	61.131	1048 63 84 601	915 68 44 546
11	LT 3 II Commercial Lighting, heating & motive power installations VPs - LT3 (ii)	61.132	73 78 29 440	60 83 24 892
12	LT 3 FL Commercial Lighting, heating & motive power installations - Office Lighting	61.133	2 21 38 990	2 47 52 546
13	Revenue from sale of power- commercial -applicable to Areas coming under Village Panchayats- LT3(iii)	61.135	-	-
14	LT 4A IPsets upto and inclusive of 10HP- Unmetered installations till such time, meters are fixed-Rural feeders-LT4(a)i- Free power-Unmetered	61.141	756 49 93 255	717 40 53 811
15	IPsets upto and inclusive of 10HP-where meters are fixed-Rural feeders-LT4(a)i- Free power-Metered	61.142	-	-

Sl. No.	Particulars	A/c CODE	Current Year 2012-13	Previous Year 2011-12
16	IP Sets upto and inclusive of 10HP-Urban feeders metered-LT4(a)ii-Free power-metered	61.143	-	-
17	LT 4B I.P.Sets above 10HP-LT4(b)	61.144	1 14 75 468	1 02 73 864
18	LT 4C IP sets Pvt. Hortl, Nurseries, Coffee & Tea Plantations irrespective of sanctioned load - LT4( c)	61.145	89 06 312	87 16 149
19	IP Sets upto and inclusive of 10HP-Urban feeders Unmetered-LT4(a)ii-Free power-Unmetered	61.146	-	-
20	Revenue from sale of power - IP sets - hor. Nur. Coffee & Tea above 10HP- LT 4 C(ii)	61.147	63 622	19 362
21	LT 5A Heating & motive power (including lighting) of BBMP area upto & below 5HP - LT5(a)i	61.151	47 55 83 073	42 25 02 246
22	Heating & motive power (including lighting) of Bangalore Metropolitan area for above 5HP & below 40HP (including demand based tariff) - LT 5(a)ii	61.152	152 78 88 425	138 80 16 813
23	Heating & motive power (including lighting) of BBMP area for 40HP & above but below 67HP (including demand based tariff) - LT 5(a)iii	61.153	178 1 7 54 226	157 71 48 192
24	Heating & motive power (including lighting)-BBMP area for 67HP & above (including demand based tariff) - LT 5(a)iv	61.154	49 10 43 569	51 37 43 519
25	LT 5B Heating & motive power (including lighting) of other than BBMP area upto and below 5HP - LT 5(b)i	61.155	35 65 08 661	17 54 55 507
26	Heating & motive power (including lighting) of other than BBMP area for above 5HP & below 40HP (including demand based tariff )- LT 5(b)ii	61.156	89 51 39 763	69 92 89 587
27	Heating & motive power (including lighting) of other than BBMP area for above 40HP & below 67HP (including demand based tariff )- LT 5(b)iii	61.157	81 07 85 280	70 41 60 217
28	Heating & motive power (including lighting) other than BBMP area for 67HP and above (including demand based tariff )- LT 5(b)iv	61.158	12 31 62 773	131,474,076
29	LT 6B I Water supply installations of VPs/TP's and TMC/CMCs - LT 6	61.171	278 02 61 627	251 21 50 570
30	LT 6B II Public Lighting installations of VPs / TP's and TMC/CMCs - LT 6	61.172	228 43 94 646	196 88 18 539
31	LT 7 Temporary Power Supply - LT installations - LT7	61.181	147 94 93 054	125 72 08 673
<b>I</b>	<b>Sale of Power L T category</b>		<b>5348 64 11 124</b>	<b>4697 01 11 543</b>



Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
32	HT 1 Drainage/Sewerage BWSSB & Local bodies/KUWS & SB - Water supply installations -HT 1	61.250	222 89 15 321		209 34 94 034	
33	HT 2A I Industries in BBMP area-HT 2(a)i	61.260	1457 74 97 032		1335 72 85 964	
34	HT 2A II Industries in areas other than BBMP area - HT 2(a)ii	61.261	1374 14 51 482		1123 12 66 166	
35	HT 2B I HT Commercial applicable to BBMP area - HT2(b)i	61.27	2092 49 17 091		1796 75 35 060	
36	HT 2B II HT Commercial applicable to areas other than BBMP area - HT2(b)ii	61.273	143 59 48 145		129 68 87 097	
37	HT 3A I Lift Irrigation Schemes-Govt Dept & Govt owned Corporations - HT3(a)i	61.280	1 86 41 144		1 25 54 113	
38	HT 3A II Lift irrigation Schemes - Pvt LI Schemes and LI societies HT 3 a (ii)	61.281	11 47 961		6 52 947	
39	HT 3B Lift irrigation Govt Horticulture, , Coffee Tea, coconut, Areconut, etc., Agricultural farms HT 3 b	61.282	4 48 053		15 47 338	
40	HT 4A Residential apartments and colonies of BBMP Area HT 4 (a)	61.29	61 41 21 480		50 69 12 514	
41	HT 4B Residential apartments and colonies Urban Local Bodies other than HT 4 (a) - HT 4 (b)	61.291	63 61 866		4 80 80 117	
42	HT 4C Residential apartments and colonies of VPs - HT 4 ( c )	61.292				
43	HT 5 Temporary Power Supply - HT installations - HT5	61.293	20 24 98 256			
<b>II</b>	<b>Sale of Power HT category</b>			<b>5375 19 47 831</b>		<b>4651 62 15 350</b>
	<b>TOTAL LT+HT</b>			<b>10723 83 58 955</b>		<b>9348 63 26 893</b>
<b>III</b>	<b>Other - Operating revenues</b>					
1	Service Connection	61.904	34 49 50 069		26 96 79 848	
2	Other Receipts from consumers	61.906	29 70 66 959		27 98 55 656	
3	Recoveries for theft of power	61.710			9 95 886	
4	Calibration	62.917a			1 69 56 145	
				64 20 17 028		56 74 87 535
5	Less : Provision for withdrawal of Revenue Demand	83.8		4 41 37 703		12 19 24 069
	<b>TOTAL</b>			<b>10783 62 38 280</b>		<b>9393 18 90 359</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 20 : Other Income

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
	Interest on Bank Fixed Deposits	62.222, 260,270, 240	17 83 42 524		1 94 69 061	
	Interest - Others	62.260	3 50 67 351		2 24 25 929	
<b>1</b>	<b>Interest Income :</b>			<b>21 34 09 875</b>		<b>4 18 94 990</b>
<b>2</b>	<b>Other non operating income</b>					
	Profit on sale of stores	62.330 - 79.573	1 18 44 828		49 17 922	
	Rent	62.901	2 17 90 144		1 52 63 419	
	Incentives received	62.907 +62.361 +62.911 +62.922 +92+923 +62.361 +62.918	145 47 64 313		145 80 80 756	
	Excess provision made in prior period which is no longer required	62.325				
	Value of materials found excess during physical verification	62.905	64 95 078		41 13 789	
	Rate fluctuation - power purchase	65.900	83 96 69 613		9 98 54 579	
	Miscellaneous	62.917	48 28 92 086		15 91 40 771	
	Rebate at 0.5% for collection of Electricity Duty	62.916	2 35 99 660		2 01 85 413	
	Subsidy received from G.O.K	61.122	10 38 59 603		10 93 12 000	
				<b>294 49 15 325</b>		<b>187 08 68 649</b>
	<b>TOTAL</b>			<b>315 83 25 200</b>		<b>191 27 63 639</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 21 : Purchase of Power

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	Power Purchase Cost	70		11132 12 55 243		9201 09 51 662
1	Revenue from sale of power - HESCOM -Energy balancing at IF point and above 33KV	61.310	192 33 00 000		540 43 11 455	
2	Revenue from sale of power - GESCOM - Energy balancing at IF point and above 33KV	61.311	180 70 00 000		54 75 79 021	
3	Revenue from sale of power - CESC -Energy balancing at IF point and above 33KV	61.313	4 15 00 000		112 59 69 137	
4	Revenue from Inter Escom exchange of energy charges 11KV - LT - HESCOM	61.314				
5	Revenue from Inter Escom exchange of energy charges 11KV - LT - GESCOM	61.315				
6	Revenue from Inter Escom exchange of energy charges 11KV - LT - MESCOM	61.316	2 04 53 623			
7	Revenue from Inter-ESCOM exchange of energy charges 11KV & LT - CESC	61.317	1 52 85 432			
	Less : Energy balancing between ESCOMs	61.3		380 75 39 055		707 78 59 613
	<b>TOTAL</b>			10751 37 16 188		8493 30 92 049
	Add : Short provision for power purchased in previous years	83.100		35 87 50 093		66 43 86 337
	<b>GRAND TOTAL</b>			<b>10787 24 66 281</b>		<b>8559 74 78 386</b>

### Note 22 : Other Operating Expenses

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	Repairs and maintenance - plant and machinery	74.1		29 48 94 251		20 76 53 378
	Buildings	74.2	1 48 71 226		1 98 37 051	
	Civil works (Pipeline, Seweage, drainage and water supply)	74.3	23 03 510		28 37 074	
2	Repairs and maintenance - buildings	74.2 & 3		1 71 74 736		2 26 74 125
3	Lines, Cable Net Work Etc.	74.5	12 05 32 852		8 44 68 132	
	Vehicles	74.6	57 88 719		58 81 615	
	Furniture and Fixtures	74.7	53 863		58 042	
4	Office Equipments.	74.8	41 02 397		38 62 380	
5	R & M charged to Capital Works (Credit account)	74.9	- 45 275		- 35 062	
6	Repairs and maintenance - others	74.3 to 74.8		13 04 32 556		9 42 35 107
7	Computer Rentals/maintenance charges	77.611		2 13 136		48 26 709
				<b>44 27 14 679</b>		<b>32 93 89 319</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 23 : Employee Benefits

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	Salaries and Wages	75.1 to 75.4				
	Salaries	75.1	399 02 76 798		239 86 86 335	
	Over Time	75.2	11 57 67 216		8 50 59 507	
	Dearness Allowance	75.3	25 89 97 680		175 14 89 551	
	Other Allowances	75.4	79 81 51 521	516 31 93 215	48 12 34 277	471 64 69 669
2	Bonus	75.5	4 63 51 857	4 63 51 857	4 72 17 934	4 72 17 934
3	Terminal Benefits	75.8	164 05 99 029	164 05 99 029	121 10 97 933	121 10 97 933
4	Staff Welfare					
	Medical Expenses reimbursement	75.611	7 11 60 226		6 54 13 027	
	Leave travel assistance	75.612	14 592		41 343	
	Earned Leave Encashment - For employees covered under Contributory Pension Scheme.	75.616	5 22 68 776		3 57 17 001	
	Earned leave encashment	75.617	21 94 38 911		22 29 70 826	
	E.L.Encashment - Retirement / Deceased Employees	75.618	11 48 90 180		10 83 31 660	
	Staff Welfare expenses	75.700	6 93 38 039		8 47 19 730	
	Compensation for injuries, death and damages – Staff	79.53	15 01 427	52 86 12 151	4 87 579	51 76 81 166
5	Workmen compensation					
	Payment under workmens compensation Act	75.629	56 50 994		16 47 600	
	Payment to helpers/employees of Monsoon gang	75.630	1 94 28 229	2 50 79 223	2 21 26 654	2 37 74 254
	<b>Sub total - 3</b>					
6	Employees cost charged to capital works (Credit Account)	75.9		-1 26 31 867		-1 73 22 948
	<b>TOTAL</b>			<b>739 12 03 608</b>		<b>649 89 18 008</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 24 : Other Expenses

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	Rent	76.101		10 27 13 428		8 44 37 726
2	Stamp duty	78.861		27 000		1 28 53 826
3	Postage stamps & Telephone charges	76.111, 112,113, 115		4 24 01 384		2 69 19 095
4	Remuneration to contract agencies	76.116+ 76.126+ 127+ 128+ 129+130		50 71 04 143		31 26 06 514
5	Professional, legal and consultancy	76.122+ 123+ 124+125		2 27 60 422		82 26 293
6	Conveyance & Travel expenses	76.131, 135,137 to 139,		22 28 35 267		16 06 49 862
7	Vehicle running expenses	76.136		2 69 33 000		2 44 46 298
8	Fees & Subscriptions	76.151		3 49 88 472		6 12 05 436
9	Printing & Stationery	76.152 76.153		2 34 96 692		2 75 66 332
10	Advertisement Expenses	76.155, 76.260		2 03 13 352		3 03 86 192
11	Computer stationary and Floppies	76.156		54 61 022		41 45 018
12	Contributions	76.157		2 08 68 705		
13	Electricity Charges	76.158		2 70 05 717		2 58 30 480
14	Freight & other material related expenses	76.201to 76.282		1 04 39 536		88 39 625
15	Bank charges	78.820to 78.890		11 17 36 115		5 78 48 867
16	Interest to Consumers	78.600		187 65 75 552		105 86 72 416
17	Interest on belated payment for power Purchase	80.102 to 80.149		11 54 946		3 52 21 248
18	Provision Against ex-employee recoverable	79.480				6 11 43 690
19	Material cost variance	79.110		-24 45 71 493		17 28 70 596
20	Miscellaneous					
	Rates & Taxes	76.102	64 86 567		53 26 915	
	Insurance/fee	76.104, 105,106, 103	15 592		59 918	

## NOTES TO THE FINANCIAL STATEMENTS

### Note 24 : Other Expenses

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
	Security Charges	76.103			4 79 047	
	Water Charges	76.160	25 18 490		23 23 623	
	DSM Expenses	76.193	4 76 31 463		1 08 767	
	License Fees	76.154	44 43 658		7 26 650	
	Miscellaneous expenses	76.152, 162,164, 190,191, 192,79.2	3 30 52 249		1 97 33 750	
	Small & Low value items Written off	77.610	13 71 481		38 41 884	
	Asset decommissioning cost	77.5	7 00 139		3 92 873	
	Miscellaneous losses and Write offs including provisions	79.5	59 63 55 711	69 25 75 350	1 09 81 893	4 39 75 320
21	Bad Debts written off	79.410 & 79.430		8 65 784		15 07 975
22	Loss of materials by pilferage, etc.,	79.511		33 21 116		7 33 679
23	Provision for Loss on obsolescence of stores, etc., in stock	79.561		1 10 81 766		3 73 02 330
24	Expenses towards CSR- (Corporate Social Responsibilities)	76.194		27 60 693		
25	Other Expenses charged to capital works (Credit Account)	76.900		-3 67 00 072		-4 62 19 797
26	<b>Details of Payments to Auditors (including legal &amp; Professional charges)</b>					
	a) Audit Fees					
	- Statutory Audit Fees			5 50 000		5 50 000
	- Tax Audit Fees			1 00 000		1 00 000
	b) For Re-imbusement of expenses			40 000		40 000
	c) For Service Tax			75 000		75 000
	<b>TOTAL</b>			<b>348 69 12 897</b>		<b>221 19 34 021</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 25 : Finance Costs

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	Interest on Loans	78.1+ 78.540+ 78.546		256 69 99 430		192 25 65 626
2	Guarantee Commission to GoK	78.868		6 916		83 562
3	Interest capitalised on capital borrowings	78.900		-48 07 40 800		-61 69 64 594
<b>TOTAL</b>				<b>208 62 65 546</b>		<b>130 56 84 594</b>

### Note 26 : Depreciation

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	Depreciation on Buildings	77.110+ 77.120		1 59 01 859		1 53 63 503
2	Depreciation on Civil works (pipeline, sewage, drainage, water supply etc.,)	77.130		15 38 456		14 47 583
3	Depreciation on other Civil Works	77.140		1 70 519		1 70 726
4	Depreciation on Plant and Machinery	77.150+ 151		50 42 95 765		46 82 69 661
5	Depreciation on lines, cable, network etc.,	77.160+ 161		160 65 68 114		148 51 59 026
6	Depreciation on Vehicles	77.170+ 171		89 39 717		81 39 096
7	Depreciation on furniture, fixtures	77.180		38 03 016		32 89 924
8	Depreciation on Office equipments	77.190+ 191		26 77 507		20 57 313
	<b>Total (1 to 8)</b>			<b>214 38 94 953</b>		<b>198 38 96 832</b>
9	Less: Depreciation Withdrawn from contributions / subsidies as per AS - 12	62.363		95 61 56 329		73 79 70 702
<b>Depreciation for the year</b>		Total (1to8)-9		<b>118 77 38 624</b>		<b>124 59 26 130</b>

### Note 27 : Exceptional Items

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	Losses/gain relating to Fixed Assets	77.7-62.4		4 43 45 878		4 45 05 950
2	Impairment of Assets	77.58				25 24 80 000
3	Provision for Bad & doubtful debts	79.460, 62.325		-120 60 45 496		-80 18 90 737
<b>TOTAL</b>				<b>-116 16 99 618</b>		<b>-50 49 04 787</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
<b>A</b>	<b>Credits relating to earlier years :</b>					
1	Other income relating to prior period	65.900				
2	Excess provision for Depreciation in prior period	65.600	5 44 82 349		28 27 52 518	
3	Excess/short provision for Interest & Finance charges	65.700-83.700	-			
4	Other excess provision in prior period	65.800	29 03 59 128		97 72 16 652	
				<b>34 48 41 477</b>		<b>125 99 69 170</b>
<b>B</b>	<b>Debits relating to earlier years :</b>					
1	Employee costs relating to previous year	83.500	99 16 213		8 20 28 418	
2	Depreciation under provided in previous period	83.600	13 35 94 279		8 05 60 298	
		83.700	1 12 41 716			
3	Administrative expenses of previous period	83.820			6 09 209	
4	Other expenses relating to prior periods	83.850	1 48 41 740		7 49 89 966	
5	Operating expenses of previous year	83.300	-		-	
	<b>Sub-Total</b>			<b>16 95 93 948</b>		<b>23 81 87 891</b>
<b>C.</b>	<b>Net prior period represent - (Credits) / Expenses (A-B)</b>			<b>17 52 47 529</b>		<b>102 17 81 279</b>

### Note 29 : Extraordinary Items

Sl. No.	Particulars	A/c CODE	Current Year 2012-13		Previous Year 2011-12	
1	Additional Tariff subsidy (Trueup) from GOK as per KERC orders	61.122		580 81 06 084		105 99 98 889
	<b>TOTAL</b>			<b>580 81 06 084</b>		<b>105 99 98 889</b>



## 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 DE48 PSR 2003/424 dated 15/06/2004
2009-10	32.00	GO EN95 PSR 2008 Dated 01/09/2009
2009-10	118.00	GO EN67 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)

30.1.2 Government of Karnataka has disbursed Rs. 97.50 crore for FY 12-13 towards equity investment which is kept under Share Deposit which will be converted to Share Capital on completion of procedure. The details of Share Deposit received in FY 12-13 is as under:

(Amount in Crores)

2012-13 (Under share deposit Account)	37.50	GO EN 30 PSR 2012 Dated 16/07/2012
	20.00	GO EN 22 PSR 2012 Dated 29/01/2013
	40.00	GO EN 17 PSR 2012 Dated 30/03/2013
Total	97.50	

### 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 BESCO 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 every year.

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 still 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 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 During the year an amount of Rs. 95,61,56,329.00 representing the amount of depreciation computed on the cost of assets funded through contribution/ from Consumers is adjusted.
- 30.3.9 Rs.73 crs. is withdrawn provisionally from Gross Asset block towards the value of spoiled PLC boxes of RLMS works and out of which Rs.15.42 crs. from Accumulated Depreciation and balance of Rs.57.58 crs. is provisionally passed on as expenses subject to reversal and examine the entire issue in subsequent year (FY 2013-14).

#### 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 31-03-2013 is as under:

Rs. in Crore				
Sl. No.	Particulars	2012-13	Particulars	2011-12
1	Provision against permanently disconnected installations	161.91	Opening Balance 01-06-2002. (As per Government of Karnataka order)	254.21
2	On account of 4% provisioning as per Accounting Policy – LT category and others.	66.07	On account of 4% provisioning as per Accounting Policy – LT category and others.	59.92
3	Provision on account of identified HT -consumers.- Long disconnected installations	—	Provision on account of identified HT - consumers.-Long disconnected installations	34.30
4	On account of arrears of IP set installations.	973.56	On account of arrears of BJ/KJ and IP set installations.	973.56
<b>Total</b>		<b>1201.54</b>		<b>1321.99</b>

Company has identified the quantum of long disconnected installations considered doubtful of realization in full and Provision for Bad and doubtful debts is provided accordingly.

### 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 excess/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. KPTCL & ESCOMs P&G TRUSTS/KCO123/P7/2011-12/CYS07 dated 27<sup>TH</sup> May-13, provision towards Pension has been calculated at 30.00% of Basic + DP and D.A. and provision towards gratuity has been calculated at 6.01% of Basic + DP for FY 2012-13 based on actuarial valuation made as at 31.03.2012. However, no actuarial valuation has been made for the year ended 31.03.2013.
- 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 2012-13.
- 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. 91.15 Crs. is shown as under: (Previous year Rs. 73.63 Crs.)

Sl. No.	Pending Before	Period	Amount (In Crs)
1	CIT, Appeals(I), Bangalore	AY2004-05	12.56
2	Tribunal order issued in favor of IT Department. The company has filed a Writ Petition in the Honble High Court of Karnataka against the Tribunal Order	AY 2005-06	61.07
3	CIT, Appeals(I), Bangalore for Dis-allowance of expenses of Rs. 7.52 Crs.	AY 2009-10	—
4	CIT, Appeals(I), Bangalore	AY2010-11	17.52
<b>TOTAL</b>			<b>91.15</b>

- 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 BESCOM 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 – 8<sup>th</sup> 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 Udupi 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. 344 Crore has been accounted which is subject to changes due to amendment of existing PPA and approval of tariff rates by CERC. Further, there is no provision for payment of delayed charges (Interest) for projects commissioned after 01.04.2009 under CERC Regulations 2009, till CERC approves the Tariff.
- 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 2012-13 is under dispute and hence not provided for Rs. 330 Crore (Previous year Rs.172 crore)
- 30.7.8 Letter of Credits given in favor of power generators is Rs.562.00 Crores (Previous year Rs. 250.00 Crore)
- 30.7.9 The Details of zone-wise appeal cases pending as at 31-3-2013 are as follows:

**A. Revenue Appeals**

Sl. No.	Particulars	BMAZ	BRAZ	CZ	Total
1	<b>CURRENT YEAR</b> No. of Appeal cases pending as on 31-03-2013	244	107	36	387
2	Amount involved (Rs. in Lakhs)	458.12	90.97	40.21	589.30
3	<b>PREVIOUS YEAR</b> No. of Appeal cases pending as on 31-03-2012	370	111	46	527
4	Amount involved (Rs. in Lakhs)	623.64	283.16	36.44	943.24

**B. Others (Contractors/Suppliers) Court cases**

Sl. No.	Particulars	
1	<b>CURRENT YEAR</b> No. of court cases pending as on 31-03-2013	22
2	<b>Amount involved (Rs. in Lakhs)</b>	181.10
1	<b>PREVIOUS YEAR</b> No. of court cases pending as on 31-03-2012	–
2	<b>Amount involved (Rs. in Lakhs)</b>	–

30.7.10 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. 11.19 crore (Debit) Previous year (Rs. 4.26 crore (Debit)). 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. 2.36 crore (previous year Rs. 2.02 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:

(Amount in Rs.)

Expenses	For the year 2012-13			For the year 2011-12	
	Managing Director	Director (Technical)	Director (Finance)	Managing Director	Director (Technical)
Salaries and allowances	1241501	1334630	105246 (2 month)	1107213	781232
Ex-Gratia	3500	3500	-	3500	3500
Others (House Orderly Allowances)	228002	154989	-	197759	297354
Medical & Other Allowances			89032		-
<b>TOTAL</b>	<b>1473003</b>	<b>1493119</b>	<b>194278</b>	<b>1308472</b>	<b>1398585</b>

### 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 **2012-13 (April-12 to March -13)** are as follows:

#### Distribution Loss :

(In MUs)

Sl.No.	Particulars	Current year	Previous year
1	Total Energy at Interface Point (From 1-04-2012 to 31-03-2013)	26568.77	24584.30
2	Total metered sales	17069.13	15675.90
3	Total un-metered sales*	5726.87	5354.04
4	Total Sales (2+3)	22796.00	21029.95
5	Distribution loss (1-4)	3772.77	3554.35
6	Percentage of Distribution Loss (5/1)	14.20%	14.46%

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

- IP sets consumption assessment is based on sample readings recorded at Distribution Transformer Centers taking secondary line loss at 10%.

#### Transmission Loss :

(In MUs)

Sl.No.	Particulars	Current year	Previous year
1	Total Energy purchased at Generation Point (From 1-04-2012 to 31-03-2013)	27834.39	25657.71
2	Total Energy at Interface Point (From 1-04-2012 to 31-03-2013)	26568.77	24584.30
3	Transmission Loss (1-2)	1265.62	1073.41
4	Percentage of Transmission Loss (2/1)	4.55%	4.18%

### 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 exempted 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 2013 dated 30.04.2012. KERC has followed the directions of ATE in issuing the Tariff order 2013.

### 30.20 True-up Tariff Subsidy

The company has accounted a sum of Rs. 580.81Cr. (Rs. 106 Cr. 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.

30.21 (A) The company has not obtained confirmation of balances as on 31.03.2013 from other ESCOMS, 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.

(B) Reconciliation of Balances between KPTCL & BESCOM is under progress.

30.22 The income Recognition of KGF Division is based on interim reports generated by ITIA (Infosys Ltd). In the event of under/over recognition is noticed upon receipt of final MIS reports of DCB, suitable accounting treatment will be dealt in FY 2013-14.

30.23 The balance outstanding against BJ/KJ as on 13.05.2013 amounting to Rs. 84.60 crores is ordered for write-off as per GoK's Notification No. EN 34 PSR 2013 dated 17.05.2013. Decision is pending on reimbursement from GoK. Based on the orders of GoK accounting treatment will be dealt in FY 2013-14.

### 30.24 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.

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

### 30.26 Earnings per Share

Particulars	Current Year	Previous Year
Net Profit /Loss after tax ( In Rupees)	(-) 432 76 84 925	118 14 08 931
Weighted average no. of equity shares	546915100	210607993
Basic Earnings per Share (In Rupees)	(-) 7.91	5.61
Diluted Earnings per Share (In Rupees)		5.61

**30.27** 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 2nd August 2013 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.

**Net impact of revision on the accounts**

Sl.No.	Particulars	Amount (Rs.in lakh)	
		Debit	Credit
	<b>P &amp; L Statement</b>		
1	Increase in expenditure/Decrease in Income	10478.58	
2	Decrease in expenditure/Increase in Income		1075.41
3	<b>Total</b>	<b>10478.58</b>	<b>1075.41</b>
	<b>Balance Sheet</b>		
4	Net increase in Loss (1-2)	9403.17	
5	Increase in liability		6029.38
6	Decrease in liability	2421.37	
7	Increase in assets	1616.23	
8	Decrease in assets		7411.39
<b>TOTAL (4 to 9)</b>		<b>13440.77</b>	<b>13440.77</b>

**For V.K.Niranjan & Co.**  
Chartered Accountants  
FRN: 2468S

For and on behalf of the Board of Directors

Sd/-  
**(Guruprasad.B.L)**  
Director (Finance)

Sd/-  
**(Pankaj Kumar Pandey)**  
Managing Director

Sd/-  
**(CA Niranjan. V.K)**  
Partner  
M.No: 21432

Place : Bangalore  
Date : 06-12-2013



## STATEMENT SHOWING CAPITAL WORKS IN PROGRESS FOR THE YEAR 2012-13

ACCOUNT CODE	DESCRIPTION	O.B on 1-4-2012	INCURRED	CATEGORIZED	CB 31.03.2013
14.1107	CWIP - Transmission Lines - (GP)	53280429.99	42351755.97	67966493.86	27665692.10
14.1407	CWIP - Transmission Lines, Transformers etc., Extension - (GP)	6317743.60	315583.00	0.00	6633326.60
14.1427	CWIP - Promoter Vanished Layouts - 11KV Lines, Transformers, LT lines/S.C.etc., (GP)	1912267.54	2199434.59	2017348.00	2094354.13
14.1437	CWIP- 11KV & below distribution works under APDP works	13886934.13	12204686.50	12325184.46	13766436.17
14.1447	CWIP- Providing additional DTC's enhancement of DTC's	225208197.31	763884449.92	531891047.57	457201599.66
14.1457	CWIP-Reconductoring of LT lines & strengthening of UG cable network	50061774.49	31948522.69	36755045.64	45255251.54
14.1467	CWIP- Providing of ABB cable	0.00	329125.15	0.00	329125.15
14.1507	CWIP - Transmission lines, Transformers etc., Improvement (GP)	636018690.04	533515455.30	635958037.41	778906586.93
	Capitalisation of interest on Borrowing		245330479.00		
14.1517	CWIP - Transmission lines, Transformers etc., Improvement - Non plan	49140891.95	62781905.04	45099875.07	66822921.92
14.1547	CWIP - Urban distribution improvement scheme ADB	20687.00	0.00	0.00	20687.00
14.1557	CWIP - Addl. Street lights / Street Lights in Cities / Towns / Villages	2824404.45	1002234.03	78270.00	3748368.48
14.1587	CWIP - Metering of Existing Street Lights installation	2092888.00	-341677.00	0.00	1751211.00
14.1597	CWIP- Metering of DTC's	27683.00	3099133.00	27683.00	3099133.00
14.1607	CWIP - Reduction of Losses in Lines	100189141.91	119678997.21	68514399.69	151353739.43
14.1667	CWIP - DSLM works	1480.00	-1480.00	0.00	0.00
14.1707	CWIP - Replacement of Distribution Transformers by Similar Capacities	43526704.84	680841914.06	678064849.04	46303769.86
14.1717	CWIP - Drum Project at Doddaballapura	7420848.00	-57470.00	3192151.00	4171227.00
14.1727	Construction of feeder through 11 kv feeders from newly formed MUSS	119688732.32	237582107.00	246637734.00	110633105.32
14.1737	Developing/Improving the capacity of UG cables along with RMU's	15965131.18	82642270.00	75207408.99	23399992.19

ACCOUNT CODE	DESCRIPTION	O.B on 1-4-2012	INCURRED	CATEGORIZED	CB 31.03.2013
14.1757	All applicable Civil works pertains to restoration.	380709.00	15150010.00	446078.00	15084641.00
14.1767	CWIP - R APDRP	39698119.03	31590363.31	0.00	71288482.34
14.1777	CWIP- Replacement of existing electro mechanical meters/faulty meters by Electro static meters.	32463013.23	201990302.43	164886286.51	69567029.15
14.1787	CWIP- Expenditure incurred on PFC loan for RAPDRP (IT implementation) works - Part -A	1401616646.27	525129770.67	4834116.00	1921912300.94
14.1797	CWIP - Expenditure incurred on PFC Loan for RAPDRP (System Improvement) - Part-B	578950639.59	706966432.73	0.00	1285917072.32
14.1807	CWIP - Emergency Restoration of Power Supply- Calamity.	4381750.91	3252891.53	4675552.26	2959090.18
14.2007	CWIP - REC Plan Schemes	31680.00	112639.16	14317.00	130002.16
14.2107	CWIP - RGGVY Scheme	1859954359.17	-5619011.00	0.00	1854335348.17
14.2157	CWIP - RLMS Works-M/s.ABB	2449870616.79	124310.00	0.00	2449994926.79
14.2167	CWIP - Niranthara Jyothi Yojane	2358919806.09	1004357939.44	0.00	3597990072.53
	Capitalisation of interest on Borrowing		234712327.00		
14.2177	CWIP - Bangalore Distribution Up gradation Project (DAS) works	1229031290.87	1162112659.58	0.00	2391143950.45
14.2207	CWIP - SPA Schemes	842981.47	25459.00	1365.00	867075.47
14.2407	CWIP - System Improvement (REC)	2567744.20	0.00	0.00	2567744.20
14.3007	CWIP - Village Electrification (GP)	1567588.84	36080.00	11778.00	1591890.84
14.3207	CWIP - Power Supply to IP sets (GP)	43805859.10	76155138.05	74331336.32	45629660.83
14.3217	CWIP - Power Supply to IP sets under self Financing scheme	5394640.55	7428794.78	10202733.00	2620702.33
14.3227	CWIP - P/S to new IP sets submerged IP sets of same consumers under UKP rehabilitaion programme	7932389.08	17318958.35	20938901.00	4312446.43
14.3257	CWIP - Power Supply to New IP sets under "Own your Transformer (OYT) Scheme" ADRP works.	2683327.62	-1126134.00	389786.70	1167406.92

ACCOUNT CODE	DESCRIPTION	O.B on 1-4-2012	INCURRED	CATEGORIZED	CB 31.03.2013
14.3267	CWIP -Power Supply to IP set regularization of unauthorised IP set installation under "Own your Transformers (OYT)" Scheme APDRP works	1437329.75	131951513.25	49909496.11	83479346.89
14.3277	CWIP - P/S to Existing IP Consumers for installing Transformers under "One your Transformers Scheme (OYT) "	2698495.44	-588988.57	17505.00	2092001.87
14.3287	CWIP-IP set under Dr.Devaraj Urs backward development corporation	5048343.35	43542.78	33481.00	5058405.13
14.3297	CWIP-Energisation of IP sets (Karnataka Minority development corporation	190415.27	-9201.00	0.00	181214.27
14.3307	CWIP- Energisation of IP set under Dr. B.R.Ambedkar Dev.Corp	4294038.87	210759.00	74889.00	4429908.87
14.3407	CWIP - Tribal Area Electrification (GP)	9153671.74	8864892.13	14261064.00	3757499.87
14.3417	CWIP-Energisation of IP set under Karnataka Tribal Dev.Corp.(Ganga kalyana) (TSP)	23956735.38	92376200.79	46439430.33	69893505.84
14.3507	CWIP - Bhagya Jyothi Scheme	28241.00	85200.00	113441.00	0.00
14.3517	CWIP - Metering of Existing BJ installations	14555779.81	6422598.00	0.00	20978377.81
14.3607	CWIP - Kutir Jyothi Scheme	1373164.42	146986.00	158709.00	1361441.42
14.3517	CWIP - Metering of Existing BJ installations	14555779.81	6422598.00	0.00	20978377.81
14.3607	CWIP - Kutir Jyothi Scheme	1373164.42	146986.00	158709.00	1361441.42
14.3617	CWIP - Metering of Existing KJ Installations	11326200.00	966258.00	2600342.00	9692116.00
14.3657	CWIP - Harijana Basthi /Dalith basthi/ Janatha colonies - Pradhana Manthri Gramodaya Yojana works	99913.00	0.00	0.00	99913.00
14.3667	CWIP - KJ Scheme State Govt. RGRHCL Ashraya Ambedkar & EWS schemes under GOI's KJ schemes	1419080.52	-10430.52	0.00	1408650.00
14.3707	CWIP - Border Area Development Programme	0.00	0.00	0.00	0.00
14.4007	CWIP - Service Connections	202250882.11	723376616.32	573202594.74	352424903.69
14.4017	CWIP - Metering of IP sets of 10HP & below	0.00	0.00	0.00	0.00
14.4057	CWIP - Metering of IP sets of 10HP & below	0.00	0.00	0.00	0.00
14.5027	CWIP - Buildings	15484826.00	112930010.00	55132237.00	73282599.00
14.6077	CWIP - Vehicles	0.00	27428573.97	27415319.45	13254.52

ACCOUNT CODE	DESCRIPTION	O.B on 1-4-2012	INCURRED	CATEGORIZED	CB 31.03.2013
14.7087	CWIP - Furniture & Fixtures	2736501.02	10974891.96	12899318.67	812074.31
14.8097	CWIP - Office equipment	6574473.69	78706946.90	79381596.29	5899824.30
14.8107	CWIP- Tools & Tackles	15830437.59	97159250.94	89198148.42	23791540.11
14.8117	CWIP - Mobile Phones	125533.50	6622811.80	6748345.30	0.00
14.8127	CWIP-Safety measures fund	606325.30	25346964.66	8740251.26	17213038.70
14.9107	CWIP Categorized - RGGVY Scheme	-1809797072.09	0.00	0.00	-1809797072.09
14.9157	CWIP Categorized - RLMS Works	-2449870615.79	0.00	124310.00	-2449994925.79
14.9167	CWIP Categorized- Niranthara Jyothi Yojane	-626647058.46	0.00	1371884956.54	-1998532015.00
14.9177	Capital expenditure categorized for Bangalore Distribution Up gradation Project (DAS) Works	-3218194.00	0.00	1175254.00	-4393448.00
14.9767	Capital expenditure categorized RAPDRA Works.	-9339947.74	0.00	42448397.15	-51788344.89
14.9787	Capital expenditure categorized for expenditure incurred on PFC Loan for RAPDRP (IT implementation)	-147349957.12	0.00	123930472.59	-271280429.71
14.9797	Capital expenditure categorized for PFC Loan for RAPDRP (System Improvement)- Part -B	-45508142.00	0.00	453432912.62	-498941054.62
<b>SUB -TOTAL -1</b>		<b>6575137192.12</b>	<b>8122031752.90</b>	<b>5643790248.99</b>	<b>9053378696.03</b>

### Statement showing the details of Ganga Kalyana expenditure incurred for FY 2012-13

ACCOUNT CODE	DESCRIPTION	O.B on 1-4-2012	INCURRED	CB 31.03.2013
47.3087	Ganga Kalyana Scheme - Dr.Devaraj Urs Backward Development Corporation	189161352.44	96543593.36	285704945.80
47.3097	Ganga Kalyana Scheme - Karnataka Minority Development Corporation	72282939.06	19527189.34	91810128.40
47.3107	Ganga Kalyana Scheme - Dr.B.R.Ambedkar Development Corporation	487041157.64	280977785.90	768018943.54
<b>SUB TOTAL -2</b>		<b>748485449.14</b>	<b>397048568.60</b>	<b>1145534017.74</b>
<b>GRAND TOTAL</b>		<b>7323622641.26</b>	<b>8519080321.50</b>	<b>10198912713.77</b>

### AVERAGE REALISATION RATE FROM SALE OF POWER FOR FY 2012-2013

Amount in Rupees & Consumption in units (KWH)

DESCRIPTION	TARIFF	No. of Consumers	UNITS SOLD		Average Realisation Rate Per Unit (In `)	Opening Balance	Revenue Demand	Revenue Collection	Withdrawals	HO Adjustments	Closing Balance
			Units (in KWH)	% of Units							
B/J/K/J ( Upto 18 Units )	LT 1	529294	62 09 19 03	0.27%	5.72	32283050.00	310000000.00	-1246064.00	78991947.00		
B/J/K/J ( Above 18 Units )		185642	63 52 91 79	0.28%		572305064.48	92502723.48	966721.00	732657891.00		
Lighting and AEH	LT 2	5720295	4959 64 46 78	21.76%	4.24	1187246942.60	20644051155.60	3270733.00	1494008920.00		
Commercial Lighting	LT 3	773492	1458 31 08 04	6.40%	7.64	103598364.68	11025942681.68	4767556.00	215131690.00		
Commercial Lighting (Auxiliary Cons)		387	14 52 59 96	0.06%			53737829.00				
IP Sets (10HP & BELOW) FREE LIGHTING From 01-08-2008	LT 4A	652209	5725 72 92 92	25.12%	1.32	4782 81 68 67	6153000000.00	178107967.00	6013140000.00		
IP Sets (10HP & BELOW) FREEZED BALANCE Upto 31-07-2008				0.00%	0.00	12980768684.74	262816663.74	16 23 10	12967799844.00		
I.P.Sets (10HP & Above )	LT 4B	479	5 82 45 87	0.03%	1.97	51109829.10	1441974.10	585724.00	60657599.00		
Pvt. Hortli, Nuris, Coffee & Tea Plant	LT 4C	1077	4 45 83 69	0.02%	2.01	14425320.96	5834830.96	178789.00	17381635.00		
LT Industries	LT 5	159310	1124 15 59 01	4.93%	5.75	109562965.76	6112548796.52	39038250.00	413811870.24		
Water Supply	LT 6	47554	464 18 07 97	2.04%	5.99	7867779378.03	648507069.03	11205889.00	9988328047.00		
Street lights	LT 6 I	51986	404 92 80 74	1.78%	5.64	4451412313.49	1091573128.67	10936068.00	5633297762.82		
Temporary Supply	LT7	175905	139 61 91 91	0.61%	9.93	-1051900243.90	1724533136.10	6878571.00	-1310915496.00		
Temporary Supply (Auxiliary)		2	21 00 00	0.00%		2373190.00	9318802.00		0.00		
<b>LT TOTAL</b>	<b>I</b>	<b>8297632</b>	<b>14427208771</b>	<b>63.29%</b>	<b>3.71</b>	<b>31103781726.94</b>	<b>47899273790.88</b>	<b>14532613.00</b>	<b>372194737.00</b>	<b>36304191710.06</b>	

## AVERAGE REALISATION RATE FROM SALE OF POWER FOR FY 2012-2013

Annual Report 2012-13

Amount in Rupees & Consumption in units (KWH)

DESCRIPTION	TARIFF	No. of Consumers	UNITS SOLD		Average Realisation Rate Per Unit (in ₹)	Opening Balance	Revenue Demand	Revenue Collection	Withdrawals	HO Adjustments	Closing Balance
			Units (in KWH)	% of Units							
Water Supply & Sewerage Pumping	HT 1	145	523 29 74 58	2.30%	4.26	189943574.24	2100637789.24	20246816.00			297974290.00
HT Industries	HT 2A	4580	4782 71 93 52	20.98%	5.92	141606537.00	27886243863.00	205874290.00	67198667.00		286508365.00
HT Industries (Auxiliary Cons)		12	2 03 66 75	0.01%		5913547.00	15123109.00				5520304.00
HT Commercial	HT 2B	4462	2908 67 57 22	12.76%	7.69	46373767.87	22204561388.87	86259946.00	5495879.00		110921790.00
HT Lift Irrlgth Societies	HT 3A	21	11 48 31 00	0.05%	1.72	8370265.00	19166943.00	99706.00			8892721.00
HT Lift Irrig Schemes & Govt Hort.	HT 3B	3	19 21 15	0.00%	2.33	-1462.00	726594.00	-280003.00			0.00
HT Residential Apartment	HT 4	217	120 21 88 05	0.53%	5.16	6809605.00	604325453.00	3658225.00			19109273.00
HT Temporary	HT 5	75	20 17 19 55	0.09%	10.04		231301541.00	1242800.00	203658.00		-30249743.00
<b>HT TOTAL</b>	<b>II</b>	<b>9515</b>	<b>8368795182</b>	<b>36.71%</b>	<b>6.42</b>	<b>399015834.11</b>	<b>53751947831.00</b>	<b>53062086681.11</b>	<b>72898204.00</b>	<b>317301780.00</b>	<b>696677000.00</b>
IP SET DEFUNCT INSTALLATIONS		48673				0.00		3842173.00			0.00
<b>LT + HT</b>	<b>III</b>	<b>8355820</b>	<b>22796003953</b>	<b>100%</b>	<b>4.70</b>	<b>31502797561.05</b>	<b>100965202644.99</b>	<b>685654344.00</b>	<b>87430817.00</b>	<b>685654344.00</b>	<b>37002868710.06</b>
Miscellaneous Income	IV					-272826.00	641715567.00				28635.00
Less : Withdrawal of Demand							-44137703.00				
<b>GRAND TOTAL</b>	<b>V</b>	<b>8355820</b>	<b>22796 00 39 53</b>	<b>100%</b>	<b>4.70</b>	<b>31502524735.05</b>	<b>107836238280.00</b>	<b>101606918211.99</b>	<b>87430817.00</b>	<b>685654344.00</b>	<b>36958759642.06</b>

**Subsidy / Reimbursement received from GOK in 2012-13 towards power supply to IP Sets upto 10 HP and to BJ / KJ upto 18 units per month**

Sl. No.	Particulars	No. of Installations			Consumption - (In Mus)			Demand (Principal Portion Only) (Rs in Crs)			Subsidy Released for 2012-13 (Rs in Crs)
		Metered	Un Metered	Total	Metered	Un Metered	Total	Metered	Un Metered	Total	
1	IP Sets Upto 10 HP	10690	641519	652209	145.19	5580.54	5725.73	18.80	719.54	738.34	615.30
2	BJ / KJ upto 18 units per month per installation	528630	664	529294	60.95	1.14	62.09	35.11	0.57	35.68	31.00
<b>TOTAL</b>		<b>539320</b>	<b>642183</b>	<b>1181503</b>	<b>206.14</b>	<b>5581.68</b>	<b>5787.82</b>	<b>53.91</b>	<b>720.11</b>	<b>774.02</b>	<b>646.30</b>

**Progressive Details of IP Sets & BJ / KJ Reimbursement by GOK :**

Amount in Crores

Sl. No.	Year	Demand		Reimbursement		Balance	
		I.P	B.J	I.P	B.J	I.P	B.J
1	2008-09	169.21	-	94.62	-	74.59	-
2	2009-10	346.44	-	214.39	-	206.64	-
3	2010-11	705.28	28.58	569.78	22.06	342.14	6.52
4	2011-12	709.22	30.70	573.09	34.00	478.28	3.22
5	2012-13	738.34	35.68	615.30	31.00	601.32	7.90