

**15<sup>th</sup> Annual Report**  
**2016 - 17**



**Bangalore Electricity Supply Company Ltd.**



## *Table of Contents*

1. Board of Directors' .....	3
2. 15th AGM Notice .....	4
3. Appointing Proxy .....	7
4. Chairman's Message .....	8
5. Director's Report .....	11
6. Comments of C & AG of India .....	64
7. Secretarial Auditors' Report .....	65
8. Independent Auditors' Report .....	69
9. Addendum to Director's Report .....	74
10. Accounting Policies for BESCOM (Ind AS based) .....	87
11. Balance Sheet .....	96
12. Profit and Loss Account .....	97
13. Cash Flow .....	98
14. Statement of Changes in Equity .....	99
15. Notes .....	100
16. Consolidated Financial Statements .....	155

## BOARD OF DIRECTORS & COMPANY SECRETARY

(As on the date of AGM)

Sl. No.	Sriyuths/Smt	BOARD
1	D.K.Shivakumar	Chairman
2	P. Ravi Kumar	Additional Chief Secretary
3	P. Rajendra Cholan	Managing Director
4	Dr. R.C.Chetan	CFO & Director (Finance)
5	K.Siddaraju	Director (Technical)
6	Jawaid Akhtar	Director
7	B.Sindhu	Director
8	G.R. Chandrasekharaiah	Director
9	T.R.Ramakrishnaiah	Director
10	A.N.Jayaraj	Director
11	J.Gangadhara Murthy	Director
12	Mohammed Zakaulla	Director
13	Venkatesh. T	Director
14	M. Venkatesh	Director
15	K. Narasinga Rao	Director
16	V. Venkatesh	Director
17	B.S.Vasantha Kumar	Director
18	B.V. Jayaramu	Director
19	Sabdar Hussain	Director
20	L. Jayaramaiah	Director
21	K.T. Hiriyanna	Company Secretary

### STATUTORY AUDITORS

**M/s. Vaithisvaran & Co.,**  
Chartered Accountant, Bengaluru.

### COST AUDITORS

**M/s. Murthy & Co., LLP.,**  
Cost Accounts, Bengaluru.

### SECRETARIAL AUDITORS

**M/s. P.K.PANDE & ASSOCIATES.,**  
Practicing Company Secretaries, Bengaluru.

Registered Office: Corporate Office, K.R.Circle, Bengaluru-560 001, Karnataka



## Bangalore Electricity Supply Company Limited

(Wholly owned Government of Karnataka Undertaking)

(CIN- U04010KA2002SGC030438)

Registered Office : Corporate Office, K.R.Circle, Bengaluru – 560 001

Telephone No. : 080-22266011 / 22266033, Fax No. 080-22354925

Website:www.bescom.org E-mail : cs@bescom.co.in

Ref No.BESCOM/BC-04/CS/AGM/2017-18/F-22/1044-1066

Date : 15-12-2017

Encl: (1) Blank Shorter consent Notice. (2) Blank Proxy form

### NOTICE

**NOTICE** is hereby given that the 15th Annual General Meeting of the Members of Bangalore Electricity Supply Company Limited **will be held on Wednesday the 20th December 2017 @ 4.00 pm** at Registered Office of the Company, K.R.Circle, Bengaluru– 560 001 **(at a shorter notice)** to transact the following business :-

#### ORDINARY BUSINESS:

- (1) **Item No.1: Consideration of financial statements (including CFS), and the reports of the Board of Directors and auditors.**

To receive, consider and adopt the financial statement of the Company for the year ended 31st March 2017 including the audited Balance Sheet as at 31st March 2017, the statement of Profit & Loss for the year ended on that date and report of the Board of Directors and Auditors report together with the comments received from the Comptroller & Auditor General of India under Section 146 (6) of the Companies Act, 2013.

- (2) **Item No.2: To declare a dividend on equity shares / any other decision if thought fit as per section 123 of Companies Act 2013.**

- (3) **Item No.3 (a): To consider appointment of Statutory Auditors and to fix their remuneration and in this regard to consider, if thought fit, to pass with or without modification(s), the following resolution:-**

“**RESOLVED THAT**, pursuant to the provisions of section 139 (5) of the Companies Act, 2013 and pursuant to the recommendations of Comptroller and Auditor General of India, the appointment of M/s. Vaithisvaran & Co., Chartered Accountants, (MD0056), 308 Shree Complex, 3rd Floor, 73, St.Johns Road, Bengaluru – 560 042 be and is hereby approved as the Statutory Auditors of the Company, for the FY 2017-18, to hold the office from the conclusion of 15th Annual General Meeting (AGM) till the conclusion of next AGM at the remuneration, as recommended by the Board, total Rs.12.00 lakhs ( Rupees twelve lakhs only) as Statutory Audit fees plus applicable service tax plus re-imbusement of reasonable out of pocket expenses.”

**Item No.3 (b): To consider appointment of Cost Auditors appointed by the Board pursuant to section 148 (3) of Companies Act 2013 read with relevant rules thereunder and in this regard to pass following resolution, if through fit, with or without modification:-**

**“RESOLVED THAT,** as required under Rule 14(a) (ii) of the Companies (Audit and Auditors) Rules 2014, the appointment of M/s.Murthy & Company, LLP, No.8, Bascomane Road, Chamarajapet, Bengaluru – 560 018 as Cost Auditors for the financial year 2017-18 at a remuneration of Rs.55,000/- (Rupees fifty five thousand only) +applicable GST + validity & properly incurred out of pocket expenses + applicable service tax, if any, to be allowed at prevailing rates as specified in the service tax rules, as approved by the Board of Directors at 83rd Board of Directors meeting on the recommendation of Audit Committee be and is hereby “noted and ratified”.

**(4) Item No.4: To approve appointment of Independent Directors on the Board of BESCOM.**

By order of the Board  
For **Bangalore Electricity Supply Company Limited**

**(K.T. HIRIYANNA, FCS)**  
M.No.F5279  
Company Secretary

To:

1. All the Members (Shareholders)- by name
2. All the Directors – by name
3. The Statutory Auditor – by name.
4. The Secretarial Auditor – by name.



Bangalore Electricity Supply Company Ltd.

## **Bangalore Electricity Supply Company Limited**

(Wholly owned Government of Karnataka Undertaking)

(CIN- U04010KA2002SGC030438)

Registered Office : Corporate Office, K.R.Circle, Bengaluru – 560 001

Telephone No. : 080-22266011 / 22266033, Fax No. 080-22354925

Website:www.bescom.org E-mail : cs@bescom.co.in

### **NOTES**

- (1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
- (2) The Company being a Government Company, the Comptroller & Auditors General of India has appointed the Auditors of the Company for the year 2017-18 under section 139 (5) of the Companies Act 2013 vide appointment Order No.CA V/COY/KARNATAKA/BESCOM (1)/1 dated 21.07.2017.
- (3) The Company being a Govt. Company, the aspect of declaration of dividend will be in accordance with the recommendation of the Board, decisions of shareholders, GOK directions, as deem fit and in accordance with the provisions of Companies Act, 2013.

By order of the Board  
For **Bangalore Electricity Supply Company Limited**

**(K.T. HIRIYANNA, FCS)**

M.No.F5279

Company Secretary

Place : Bengaluru

Date : 15-12-2017

To:

1. All the Members (Shareholders)- by name
2. All the Directors – by name
3. The Statutory Auditor – by name.
4. The Secretarial Auditor – by name.



## Bangalore Electricity Supply Company Limited

(Wholly owned Government of Karnataka Undertaking)

(CIN- U04010KA2002SGC030438)

### FORM OF PROXY

I/We ..... being a member/members of the above mentioned Company hereby appoint ..... as my/our proxy to vote for me/us on my/our behalf at the 15th Annual General Meeting to be held on 20.12.2017 the and at any adjournment thereof.

Signed this ..... day of December, 2017.

Signature  
[Shareholder]

#### Note:

- (1) This instrument of proxy shall be deposited at the Regd. Office of the Company not less than 48(Forty Eight) hours before the time of holding the aforeside meeting.
- (2) A Proxy need not be a member of the Company.

## CHAIRMAN'S MESSAGE

Dear Shareholders,

Welcome to 15th Annual General Meeting of the Company.

Power sector is a complex service sector contributing substantially for growth of an economy. The availability of reliable, quality and affordable power is vital for rapid growth in agriculture, industry and for overall economic development of a state. For this an efficient, robust and financially healthy power sector is an essential requirement for growth of a state and economic empowerment of the common man.

Under the Indian Constitution, electricity is a concurrent subject. As per Electricity Act 2003, it is the duty of a distribution licensee to develop and maintain an efficient, co-ordinated and reliable distribution system in the mandated area of supply as well as to supply electricity in accordance with the provisions contained in the Act. The State Electricity Regulatory Commission (SERC), as per the provisions of the act, specifies and enforces the standards with respect to quality and reliability of supply by licensees and also monitors the performance of distribution companies (Licensees) on the basis of notified performance standards. The 24x7 Power for All (24x7 PFA) is the Initiative of Government of Karnataka (GoK) with the objective to make 24x7 power available to all households, industry, commercial businesses, public needs, any other electricity consuming entity and adequate power to agricultural sector. Towards this goal the 24x7 PFA adequate initiative to be taken by the distribution entity, BESCOM.

- (1) Ensure reliable 24x7 supply to consumers within the area of operation. The hours of supply for agriculture consumers will be decided by the state government as per requirement from time to time.
- (2) Ensure that all unconnected households are provided access to electricity in a time bound manner in the next one year i.e., by end of FY 2018.
- (3) Ensure adequate capacity addition planning and tie ups for power from various sources at affordable price to meet the projected power demand in future. However, we have expected 100% self-sufficiency by next one year.
- (4) Strengthen the transmission and distribution network to cater to the expected growth in demand of existing as well as future consumers.
- (5) Assess the financial measures including optimizing investments and undertaking necessary balance sheet restructuring measures to ensure liquidity in the finances of the utility.
- (6) Put in place a strategy to ensure a reduction of AT & C losses as per the agreed loss reduction trajectory and methodology and steps required to be taken at every level of distribution.
- (7) Identify the steps for implementation and adoption of modern technologies to monitor reliability of supply.
- (8) Identify steps for monitoring timely commissioning of various generating plants and transmission and distribution infrastructure to meet the expected growth in demand.
- (9) To take measures for meeting the performance standards as laid down by KERC.



A detailed plan need to be drawn to achieve the above aims and objectives. The plan shall be executed by the Government of Karnataka and BESCOM with the support of Government of India, wherever necessary, as per their approved plans, schemes and policies. BESCOM has taken up many new initiatives to serve the consumers to achieve our vision to become No.1 in Customer Satisfaction in South Asia in Power Distribution. BESCOM has implemented new fast track connection project for arranging Power Supply, Name transfer & tariff change with minimum documentation with both Online & Offline(Consumer Counters at our Sub-Divisions) facility. The simplified application forms (with minimal fields) and Consumer friendly staff to assist general public is made available at Sub –Divisional Customer care centres. New fast track connection software shall be deployed on pilot basis at Model Sub-Divisions and later on, this will be implemented throughout BESCOM. BESCOM has operationalized more than 215 ATP counters across BESCOMs jurisdiction for the benefit of its consumers, who can pay in any ATP counters (Supports AWP- Anywhere payment). BESCOM has taken priority steps for implementation of Model Sub-Divisions concept. The project aims to provide Quality & Reliable Power Supply by reducing the technical and commercial losses and also to achieve 100% Billing & Collection. These objectives can be accomplished by replacing Overhead HT/LT conductor by UG Cables; Installing 5 Star rated Distribution Transformers; Installing active filters for reactive power compensation and installation of Smart Meters. BESCOM has implemented Bluetooth based advanced keypad technology for Pre-paid meters for temporary installations (LT consumers). This is the first time in India for nearly 70,000 to 80,000 Pre-Paid meters will be used for all temporary installations under the utility. Government of Karnataka is working towards framing its own EV policy to rationalize the environmental Clearances & Labour Legislations to promote Electrical Vehicles. BESCOM is also preparing the Roadmap for EV infrastructure creation, framing of Regulatory policy for EVs and Electrical system strengthening for meeting the changing requirement.

At this point of time, I advise all our field Officers to concentrate on adopting themselves to modern technological updates and work effectively to provide best services to our consumers and to improve the strength of the utility to compete globally in this competitive environment. Going forward, GoK is focussing on introducing regulations to manage the increasing share of renewables in the state grid consequent to injecting power by IPPs. Moreover currently around 600 MW solar power is added to the grid through Pawagada Solar Power park. Around 1400 MW will be added in the subsequent stages which is being developed in Pawagada Solar park in Tumkur District under the solar policy of the state. Overall, GoK and BESCOM have taken adequate initiatives to help the state to meet its targets under various Govt. programmes, expand renewable energy capacity and to improve overall development of the state and to achieve its vision and mission.

Date : 20.12.2017  
Place : Bengaluru

**D.K.SHIVAKUMAR**  
Chairman



## DIRECTORS' REPORT

Dear Members,

Board of Directors of Bangalore Electricity Supply Company Limited (BESCOM) has pleasure in presenting the Fifteenth Annual Report, for the year 2016-17 and the audited financial statements of the Company for the year ended March 31st , 2017 pursuant to Section 134 of Companies Act 2013.

- (1) Bangalore Electricity Supply Company Limited was incorporated on 30th April 2002 under the Companies Act, 1956 and commenced its operations with effect from 1st June 2002.
- (2) The Company has successfully completed fifteen 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.
- (3) During the year 2016-17, the Company took various initiatives for rendering better services in line with Government's 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 also.
- (4) 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 parameters 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 compliances and meeting stakeholders 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 106.96 lakhs customers. The total asset is worth Rs.20160.09 Crores as on 31st March 2017.

1	Area	41,092 Sq.Kms
2	District	8
3	Population	20.7 Million
4	Consumers	10.69 Million
5	No. of DTCs	266186
6	HT Line length	93527.49 Ckt. Kms
7	LT line length	165246.52 Ckt.Kms
8	<b>Employee Strength</b>	
	Sanctioned	22339
	Working	13968
9	Total Assets	Rs. 20160.09 Crores

#### (a) Consumer Population:

Consumer population served by BESCOM is steadily increasing and recorded an increase of 5.42% in FY-17 over previous year. The number of consumers existing as on 31-03-2017 stands at 1,06,96,029.

Category wise consumers are furnished below.

Sl. No.	Category	As on 31-03-2016	As on 31-03-2017	% of Increase
1	BhagyaJyothi	7,72,458	8,03,689	4.04
2	Domestic Lighting and AEH	68,08,445	71,64,058	5.22
3	Commercial Lighting	9,44,611	9,93,075	5.13
4	LT Power	1,89,452	1,94,622	2.73
5	HT Power	13,624	13,841	1.59
6	Irrigation Pump sets	8,11,331	8,43,045	3.91
7	Street Light & Others	1,21,505	1,28,427	5.70
8	Temporary Power	4,85,141	5,55,272	14.46
<b>TOTAL</b>		<b>1,01,46,567</b>	<b>1,06,96,029</b>	<b>5.42</b>

#### (b) Tariff wise number of consumers and its proportion to the total as on 31-03-2017

Tariff	LT1	LT2	LT3	LT4	LT5	LT6	LT7
<b>Number of consumers</b>	803689	7164058	993075	843045	194622	128427	555272
<b>% to Total</b>	7.51	66.98	9.29	7.88	1.82	1.20	5.19

Tariff	HT1	HT2A	HT2B	HT2C	HT3	HT4	HT5	Total
<b>Number of consumers</b>	203	6303	5709	606	38	223	759	10696029
<b>% to Total</b>	0.13							<b>100.00%</b>

#### IV. FINANCIAL PERFORMANCE :

The financial performance of the Company during the Financial Year 2016-17 is highlighted as below:

##### Statement of Profit and Loss for the period ended 31st March 2017

Sl. No.	Particulars	Note No.	Year Ended on 31st March 2017 (Ind AS) Rs.	Year Ended on 31st March 2016 (Ind AS) Rs.
<b>I</b>	<b>Income</b>			
	Revenue from operations	2.28	15,861.17	14,148.23
	Other Income	2.29	215.32	167.21
	<b>Total Income</b>		<b>16,076.49</b>	<b>14,315.44</b>
<b>II</b>	<b>Expenses</b>			
	Purchase of Power	2.30	13,700.83	12,601.01
	Other Operating expenses	2.31	74.84	83.37
	Employee benefits expense	2.32	871.93	874.71
	Finance costs	2.33	638.03	454.51
	Depreciation and amortisation expense	2.34	374.71	290.60
	Other Expenses	2.35	613.26	483.34
	<b>Total Expenses</b>		<b>16,273.60</b>	<b>14,787.54</b>
<b>III</b>	<b>Profit/loss before exceptional items</b>		(197.11)	(472.10)
	Exceptional Items	2.36	(51.55)	(54.77)
<b>IV</b>	<b>Profit/loss before tax</b>		<b>(145.56)</b>	<b>(417.31)</b>
<b>V</b>	<b>Tax expenses</b>			
	Current Tax			24.51
<b>VI</b>	<b>Profit for the period before movement in Regulatory deferral account balance</b>		(145.56)	(441.84)
	Net Movement in Regulatory deferral account balances related to profit or loss	2.37	230.33	541.98
	<b>Profit for the period and movement in Regulatory deferral account balance</b>		84.77	100.14
	<b>Attributable to:</b>			
	<b>Equity holders of the Parent</b>		84.77	100.14
	Non-controlling interests			
	<b>Other comprehensive income:</b>			
	Items that will not be reclassified subsequently to profit or loss :			
	Remeasurement of the net defined benefit liability			19.44
<b>VII</b>	<b>Total Other comprehensive income / (loss) for the period, net of tax</b>			19.44
<b>VIII</b>	<b>Total Comprehensive income for the period</b>		84.77	119.58
<b>IX</b>	<b>Earnings per share excluding net movement of Regulatory deferral Account (In Rupees)</b>			
	Basic		(2.66)	(8.08)
	Diluted			
<b>X</b>	<b>Earnings per share (In Rupees)</b>			
	Basic		1.55	1.83
	Diluted			

## V. SUB STATIONS:

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

Voltage Class of Stations	No. of Substations
400 KV	7
220 KV	41
110 KV	29
66 KV	372
<b>Total</b>	<b>449</b>

## VI. POWER PURCHASE:

- (1) BESCOM is purchasing power from power generators as per Government of Karnataka Order No. EN 131 PSR 2003 dated 10.5.2005 w.e.f., 10.6.2005 subsequent orders issued from time to time. The purchase of power from various sources such as Hydel, Thermal, Biomass, Wind, Solar etc., is allocated by the Government of Karnataka vide its order dated 26.02.2015.

The power is procured from:

- Central Generating Stations like NPTC, NLC, NTECL, Kaiga, Kudankulam, MAPS, NTPL and DVC.
- State owned generating stations of KPCL- Hydel, Thermal, Solar and Wind.
- Independent power producer - Udupi Power Corporation Ltd.
- Independent power producers Non-conventional energy sources like Wind, Cogeneration, Biomass, Solar and Mini-hydel.

The capacity available from various sources is as below.

Sources	Capacity in MW.
Hydel	1180.60
Thermal	3422.63
Atomic	177.67
Non-Conventional Projects	1974.05
<b>Total</b>	<b>6754.95</b>

- (2) The share of allocation for various power projects as per Government of Karnataka notifications and average power purchase cost per Kwh are as follows.

Sl. No.	Source	Share of allocation	Av. Power Purchase Cost in paise/Kwh.
<b>1(a)</b>	<b>KPCL Hydel</b>	12.5889%/47.7879%	92.38
<b>(b)</b>	<b>KPCL Thermal:</b>		
	RTPS 1 to 7	67.4136%	406.59
	RTPS VIII	47.7879%	466.58
	BTPS Unit I	47.7879%	441.65
	BTPS Unit II	47.7879%	541.22

Sl. No.	Source	Share of allocation	Av. Power Purchase Cost in paise/Kwh.
<b>2.</b>	<b>Central Generating Stations:</b>		
(a)	NTPC	47.7879%	313.60
(b)	NLC	47.7879%	435.00
(c)	Kaiga	47.7879%	312.53
(d)	MAPS	47.7879%	215.89
<b>3.</b>	<b>Major IPPs:</b>		
	Udupi Power Corporation Ltd.	47.7879%	410.63
<b>4.</b>	<b>Minor IPPs (NCE Projects):</b>		
	Cogeneration	47.7879%	3.67
	Biomass	100%	534.64
	Mini Hydel	100%	317.06
	Wind	100%	355.59
	Solar	100%	671.51
	UI	47.7879%	268.63
	Medium Term(Global Energy)	100%	485.00
	Short Term	50%/47.7879%	415/508.00
	Sec 11	47.7879%	467.00

### (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 and for PGCIL, it is as approved by CERC.

### (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 IF point
31487.89	30227.64	13700.83	4.35	4.53

(b) Comparison of Source-wise power purchase cost during 2016-17 and 2015-16

Sl. No.	Source	2016-17		2015-16	
		ENERGY PURCHASED IN MUs	AMOUNT IN CRORES	ENERGY PURCHASED IN MUs	AMOUNT IN CRORES
1	Hydel Power	2518.44	320.96	2413.39	351.36
2	Thermal Power	20490.01	8073.51	19103.60	7431.13
3	Lignite Power	1835.82	798.70	1500.98	491.57
4	Atomic Energy	1884.42	591.72	1376.62	434.71
5	Non-conventional Energy	701.67	402.96	1277.50	696.64
6	Wind Mill Energy	2381.71	846.16	2168.52	776.50

Sl. No.	Source	2016-17		2015-16	
		ENERGY PURCHASED IN MUs	AMOUNT IN CRORES	ENERGY PURCHASED IN MUs	AMOUNT IN CRORES
7	Diesel Generating		-0.53		-0.53
8	Unscheduled Inter Change Charges	270.52	72.67	319.74	94.87
9	Short Term Purchase(excluding RE purchase)	2567.08	1110.24	3817.65	1866.96
10	Tr. Charges(KPTCL/{GCIL)	-	2247.15	-	1717.07
11	Other Expenses				
i.	POSOCO Charges	-	1.52	-	1.34
ii.	SLDC O&M Expenses	-	9.17	-	10.53
iii.	Cost of Banked Energy	-		-	
iv.	PCKL Rev. Expenses	-	2.71	-	2.39
12	Energy Balancing	-1209.14	-498.01	-2834.37	-1102.56
13	Inter ESCOM	29.60	11.19	18.04	7.01
14	Tangendco	-	0.25	-	0.24
15	Legal Expenses		-		0.25
16	Prior period expenses	-	98.38	-	269.77
17	Excess Provision during prior period		-399.50		-448.72
18	Solar Rooftop	17.76	11.58	-	-
<b>TOTAL</b>		<b>31487.89</b>	<b>13700.83</b>	<b>29161.67</b>	<b>12600.53</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 2016-17.

SL. NO.	NAME OF THE COMPANY	CONS IN MUs	AMOUNT BILLED (Rs. In crores)	P.P. COST (Rs./ Kwh)
1	<b>Central projects</b>			
	NTPC	4188.39	1313.49	2.80
	NLC	1835.82	798.70	4.35
	MAPS	108.52	23.43	2.16
	KAIGA	906.79	283.40	3.13
	VALLUR	511.87	222.99	4.36
	KUDANKULAM	869.12	284.89	3.28
	DVC	1594.07	581.53	3.65
	NTPL	676.45	284.24	4.20
	NTPC BUNDLED POWER(Coal)	236.04	79.98	3.39
	<b>CGS Total</b>	<b>10927.07</b>	<b>3872.65</b>	<b>3.54</b>
	UI CHARGES	270.52	72.67	2.69
	TBHE	6.38	0.69	1.08
	Jurala	56.92	28.17	4.95
	<b>Total</b>	<b>333.82</b>	<b>101.53</b>	



SL. NO.	NAME OF THE COMPANY	CONS IN MUs	AMOUNT BILLED (Rs. In crores)	P.P. COST (Rs./ Kwh)
<b>2</b>	<b>Medium term Purchases</b>			
	M/s.Global Energy	<b>643.99</b>	<b>318.89</b>	<b>4.85</b>
<b>3</b>	<b>Short term Purchases</b>			
	NTPC VVNL	10.65	4.16	3.91
	PTCIL	299.20	124.50	4.15
	MSEDCL	324.20	117.39	3.62
	JSW	761.93	319.29	4.18
	Mittal Processors	10.14	5.15	5.08
	BMM ISPAT	69.96	35.54	5.08
	Tata Power	21.64	6.77	5.08
	IEX	167.70	64.04	3.82
	<b>Short term &amp; Medium Total</b>	<b>2309.41</b>	<b>995.73</b>	<b>4.31</b>
<b>4</b>	<b>SEC-11 Energy</b>	<b>257.66</b>	<b>114.24</b>	<b>4.67</b>
<b>5</b>	<b>State Projects</b>			
	KPCL- HYDEL	2164.44	199.93	0.92
	KPCL-DG		-0.53	
	KPCL-THERMAL	9742.92	4137.80	4.25
<b>6</b>	<b>Private Producers</b>			
	UPCL	3540.28	1453.73	4.28
<b>7</b>	<b>NCE Projects</b>			
<b>a</b>	<b>Non Solar</b>			
	Co generation	157.76	48.09	3.67
	Bio-Mass	64.62	34.55	5.35
	Mini-Hydel	290.71	92.17	3.17
	Wind	2373.95	849.88	3.58
	KPCL Wind	7.76	2.72	3.51
	Short Term(RE Source)	83.04	42.18	5.08
	Section 11(RE Source)	87.31	40.77	4.67
<b>b</b>	<b>Solar</b>			
	Solar other than KPCL	247.48	167.86	6.78
	KPCL-Solar	4.15	2.26	6.00
	NTPC BUNDLED POWER (Solar)	57.31	60.80	10.61
	Solar Rooftop	17.74	11.60	
	<b>SUB-TOTAL (I)</b>	<b>32667.43</b>	<b>12227.96</b>	<b>3.74</b>

SL. NO.	NAME OF THE COMPANY	CONS IN MUs	AMOUNT BILLED (Rs. In crores)	P.P. COST (Rs./ Kwh)
<b>8</b>	<b>Transmission Charges</b>			
	PGCIL Tr. Charges	-	751.65	
	KPTCL Tr. Charges	-	1495.51	
	<b>SUB-TOTAL (II)</b>	<b>-</b>	<b>2247.16</b>	
<b>9</b>	<b>INTER ESCOM EXCHANGE POWER</b>			
	GESCOM	2.68	0.96	
	MESCOM	-2.20	-0.90	
	HESCOM	36.17	14.03	
	CESC	-7.05	-2.90	
<b>10</b>	<b>ENERGY BALANCING CHARGES</b>			
	GESCOM	-270.84	-112.08	
	MESCOM	-216.66	-89.05	
	HESCOM	-246.57	-101.63	
	CESC	-475.07	-195.25	
	OTHER CHARGES			
	Cost of Banked Energy			
	SLDC O&M Expenses		9.17	
	POSOCO charges		1.52	
	Tangendco		0.25	
	PCKL Rev. Expenses		2.71	
	Legal Expenses			
	<b>SUB-TOTAL(III)</b>	<b>-1179.54</b>	<b>-473.17</b>	
	Prior period Expenses		98.38	
Prior period Income		-399.50		
<b>GRAND TOTAL</b>		<b>31487.89</b>	<b>13700.83</b>	<b>4.35</b>

- (d) BESCOM has purchased power from various short term and medium term contractors to mitigate power shortage situation. The medium term trader is M/s. Global Energy. The short term contractors are M/s. JSW, M/s. PTCIL, M/s. NTPC, M/s.VVNL, M/s. TATA, M/s. NSL, M/s. BMM Ispat, M/s. MSDECL, M/s. Satish Sugars, M/s. Nirani Sugars. and M/s. Mittal Processor. Power is purchased through IEX also. Section 11 of Electricity Act, 2003 was invoked by GOK from 15.09.2015 for maximizing generation from co-generation and biomass plants having no PPAs. The quantum of energy purchased and amount paid for Medium/short term contracts is furnished as below:

**Statement showing the details of energy purchased and amount paid  
for Short term/ Medium term contracts in 2016-17**

	ENERGY (in MUs)	Rate (Rs./Unit)	AMOUNT (Rs./crore)
<b>MEDIUM TERM</b>			
M/s. Global Energy	643.99	4.95	318.89
<b>Total</b>	<b>643.99</b>		<b>318.89</b>
<b>SHORT TERM</b>			
NTPC VVNL	10.65	3.91	4.16
PTCIL	307.19	4.10	125.97
MSEDCL	324.20	3.62	117.39
JSW	761.93	4.20	319.29
NSL Tunga	4.68	5.08	2.38
NSL Koppa	2.15	5.08	1.09
Mittal Processor	21.08	5.08	10.42
BMM Ispat	69.96	5.08	35.54
Tata Power	68.43	5.08	34.42
Satish Sugars	5.54	5.08	2.47
Nirani Sugars	4.95	5.08	2.11
IEX	167.70	3.82	64.04
<b>Short term Total</b>	<b>1748.46</b>	<b>4.11</b>	<b>719.28</b>
SEC-11	344.97	4.67	155.01
<b>TOTAL</b>	<b>2737.42</b>	<b>4.36</b>	<b>1193.18</b>

- (e) The following Power Purchase Agreement have been signed by BESCOM which is approved by KERC during 2016-17.

Sl.No.	Source	No.
1	Solar PV Plants (allotted in talukwise)	31

**(5) Peak Load:**

The details of peak load of BESCOM and energy input for year 2016-17 is furnished below:

Month	Maximum	Minimum	Wheeled Energy in kwh MUs	Input Energy of BESCOM in MUs
	BESCOM (in MW)	BESCOM (in MW)		
Apr-16	4903	3266	107.14	2898.42
May-16	4905	2134	125.47	2638.70
Jun-16	4456	2257	149.12	2151.08
Jul-16	4491	2058	153.05	2176.04
Aug-16	4808	2109	155.36	2460.56
Sep-16	4734	2427	154.70	2399.13
Oct-16	4845	2797	155.05	2594.30
Nov-16	4811	2894	154.59	2595.69
Dec-16	4445	1947	146.83	2455.17
Jan-17	4481	2960	152.15	2599.09
Feb-17	4829	3026	149.76	2452.28
Mar-17	4973	3026	211.53	2807.18
<b>Total</b>			<b>1814.75</b>	<b>30227.64</b>

**(6) Energy at IF points:**

The total energy drawn at IF points 30227.64 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	3.9	17251.6	5.77	15.14	17.54
6	FY 2011	21909	7.77	18736.12	8.6	14.48	18.54
7	FY 2012	24584	10.88	21029.95	12.24	14.46	19.50
8	FY 2013	26568	8.07	22796.00	8.40	14.20	19.22
9	FY 2014	26786	0.94	23065.37	1.18	13.89	16.97
10	FY 2015	28256	5.49	24436.08	5.94	13.52	16.76
11	FY 2016	27893	-1.30	24538.19	0.42	12.03	13.07*
12	FY 2017	30227.64	8.37	26239.25	6.93	13.19	14.81**
		30227.64	8.37	26239.25	6.93	13.19	14.88***

**Note:**

(\*\*) AT & C loss calculation as per prudent practice of considering only collection efficiency without having bearing of movement in closing balance.

(\*\*\*) AT & C Loss calculation as per CEA guidelines issued vide CEA/DPD/AT&C losses/2017/677-757 dtd 02.06.2017 and details furnished in the table (6A)

**Explanatory Note on IP assed sales – Distribution loss: FY-16**

(\*) Sales to Irrigation Pump sets (IP) are based on the assessments as these installations are unmetered. This sales contributes to 24% of the total sales.

Any small change in the computation of assessment has significant impact on Distribution Loss of the Company. Assessment of IP consumption was computed at the field level considering Agricultural feeders and distribution loss at 11 KV feeder level at 10%. This assessed consumption is considered for the purpose of accounting sales and to claim the subsidy from the government. Annual Accounts of FY-16 are drawn on same lines. Audited accounts of FY-16 was published with due statutory requirement.

Karnataka Regulatory Commission while scrutinizing truing up of Accounts for FY-16 observed that distribution loss considered at 11KV line in energy flow diagram for FY-16 is at 12.44%, whereas for computation of loss for IP assess consumption, loss levels considered at 10% and suspect the assessment of IP sales. For this query, BESCOM technical section replied the Commission that IP consumption assessment will be reworked by considering distribution loss at 11 KV line for NJY Agricultural feeders at 13.34%. This has resulted in reduction in sales of FY-16 to the extent of 412 Mu.

On this reply, Karnataka Regulatory Commission trued up the FY-16 accounts on 11th April 2017 duly reducing the assessed sales of IP sets by 412 Mu and reduced the revenue from sale of power by 98 Crs. Distribution loss was reworked and approved at 13.51% as against 12.03% declared by the BESCOM in its Annual Accounts for FY-16.

The Subject for revision of accounts for FY-16 which was already published by BESCOM was discussed. The issue of revision of accounts for FY-16 was placed before the 81st BESCOM Board of Directors meeting. BESCOM Board of Directors approved to re look the issue by constituting a committee under the chairmanship of Prof.Khincha, Ex-V.C; VTU and Technical Adviser BESCOM to study and to come out with a suitable proposal for assessment of IP Sets. The Committee report was placed before the 84th BESCOM Board of Directors meeting. Committee opined that, Energy loss calculation/assessment/estimation in Power system, especially in distribution system has been in practice for many decades, in respect of IP set consumption but there is on-going debate on its assessment where proper measurements are not available at critical locations. Energy loss estimates in utilities depends on a number of factors including but not limited to, the quantum of energy handled, accuracy of meters, rainfall and drought conditions affecting the irrigation pump set consumption, distribution transformers increases, energy availabilities etc., Basis of allowed losses in calculation (either by KERC or by BESCOM circulars) have changed over the last two years giving different numbers for the loss calculations. In general, it is prescribed that with increase in capital investment, the loss profile would come down. However, this depends also on the pattern of these investments. For eg(1) The loss level may increase with addition of more distribution transformers in the utility (beyond and optimal number) as the fixed losses may outweigh the probable reduction in network issues. (2) The investment in improving power supply to consumers or for new services may not result in reduction of losses. (3) The investment in improving the reliability indices of power supply many not necessarily result in reduction of losses. (4) The investment in upkeep of assets or replacement of the same may not entail loss reduction”.

Committee recommended for detail technical analysis by a consultant using representatives of BESCOM and appropriate statistical method considering number of urban, rural and mixed feeders with computer stimulation for estimation of the energy losses and this process be followed consistently with revised data on yearly basis. As per the opinion of the Committee, a detail technical analysis will be done by a consultant using appropriate statistical methods with computer stimulation for estimation of energy losses at different voltage class levels and same will be incorporated in the accounts of the future years. Under the above said circumstances, computation /assessment of unmetered sales is shown by adoption of method of assessing 11 KV line loss at 10% 6189.80 Mu, which has led to consequential decrease in distribution loss for FY-16 at 12.03%. The Committee further opined that any revision of financial figures shall be made in subsequent year without going for revision of FY 2015-16, as prior period expenditure since lot of lengthy procedural aspects to be followed under Companies Act 2013, to revise the financial figures of past years. An explanatory note may be given in directors report (The committee report is appended).

**COMMITTEE REPORT - ON REVISION OF UNMETERED SALE OF ENERGY FIGURE INCORPORATED IN THE ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015-16 (YEAR ENDED ON 31.3.2016)**

**(A) PREAMBLE :**

- (1) Revenue from sale of energy is one of the components in the financial statements of Bangalore Electricity Supply Company Ltd. The revenue figure comprises both metered sale of energy as well as unmetered sale of energy in respect of installations of irrigation pumpsets running in the jurisdiction of BESCOM. The metered sale of energy is depicted in the financial statements undoubtedly on actual recording. However in respect of unmetered installations, the consumption/sales figure were computed or estimated on the basis of generally accepted method on random selection of installations(Predominantly feeding feeders of substations) and on the basis of extrapolation to all the installations of irrigation pumpsets which were not metered.

- (2) By adopting the aforesaid method of estimation of unmetered energy sales, the distribution losses figures were kept on record of BESCOM as below:

Sl.No	Year	T&D loss
1	2011-12	14.46%
2	2012-13	14.20%
3	2013-14	13.39%
4	2014-15	13.53%
5	2015-16	12.03%

- (3) The distribution loss of BESCOM was arrived at based on Demand, Collection and Balance statement (DCB) at the end of the financial year which was as below:

Year	Input	%Increase/ Decrease	Metered Sales	%Metered Sales w.r.t Input	Unmetered Sales	%Un-Metered Sales w.r.t Input
FY-10	20328.53	7.77	12940.31	63.66	4311.28	21.21
FY-11	21909.00	12.21	14263.16	65.10	4472.96	20.42
FY-12	24584.00	8.07	15675.84	63.76	5354.11	21.78
FY-13	26569.00	0.82	16906.27	63.63	5889.73	22.17
FY-14	26786.00	5.51	17429.69	65.07	5635.68	21.04
FY-15	28261.00	-1.30	18676.88	66.09	5759.12	20.38
FY-16	27893.03	-	18348.39	65.78	6190.00	22.19

- (4) Consequent to arriving at the estimated figure of 6190 million units during the financial year 2015-16, the sales figure was appeared in the profit & loss account as Rs.141.48 crores and distribution loss figure of 12.03%. These figures were passed to all concerned authorities for records of BESCOM viz., Govt. of India, Govt. of Karnataka and all stake holders. The statutory compliances as required under Companies Act 2013, Income Tax Act 1961 etc., were made for the financial year as prescribed under various enactments.
- (5) Question arose when new General Manager (Meters & Commercial) assumed charge and analysis of variations during FY 2015-16. It was observed that during FY 2015-16 there is a decrease in input energy and metered sales and increase in unmetered sales, resulted in reduced T&D loss to an extent 1.51% which is not realistic figure as per the view of the General Manager (M&C). As per the assessment of the GM (M&C), the following is the distribution loss for the FY 2015-16.

Input in MU	Metered Sales in MU	Unmetered Sales in MU	Total Sales in MU	Distribution Loss in %
27893.03	18348.39	5777.77	24126.16	13.50

- (6) In the 81st Board of directors meeting held on 9th Feb 2017 a committee was formed to look into the issue and submit a report to the Board without hindrance to finalize the financial statements of current year(i.e., FY 2016-17).
- (7) The Committee was formed comprising the following officers under the chairmanship of Prof.H.P.Khincha, Vice Chancellor (Rtd), VTU and Technical Advisor to BESCOM vide O.M.No.GM(A&RT)/BC-43/2041/ FY 2017-18/1600-06 dtd 21.3.2017.

Sl.No	Name of the member	Designation
1	Prof.H.P.Khincha Ex. Vice Chancellor of Visvesvaraya Technological University, Belgaum.	Chairman
2	Sri.N.Murugesan Ex. Director General, CPRI	Member
3	Sri.K.T.Hiriyanna Company Secretary, BESCOM	Convener
4	Sri.Vaidhyanathan, Chartered Accountant Present Statutory Auditor for BESCOM for FY 2017	Member
5	Sri.V.K.Niranjan, Chartered Accountant Statutory Auditor for BESCOM for FY 2016	Member

#### (B) OBSERVATIONS OF THE COMMITTEE:

The committee met twice (a) on 4.4.2017 and (b) on 19.4.2017 and held detailed discussion with the BESCOM officials afterwards and observed as below:

- (a) Company Secretary apprised that, Committee met to discuss on the issue and was further informed that, if at all revision is to be made, legal provisions have to be taken care and then only revision may be proposed by the committee if it is found appropriate since lot of procedural aspects are involved under section 131 of Companies Act 2013 for revision of financial statements for the past years.
- (b) The Committee was apprised, the details by the GM (Commercial), how the sales figure of IP sets (both unmetered and metered) was computed to incorporate the same in the financial statements. She further explained, unmetered sales figure were extrapolated to all the feeders and total assessed consumption is arrived at.
- (c) The committee was apprised about the capital expenditure incurred during FY 2016-17 and possible distribution loss for the year 2016-17 which may be above 13.00% even after incurring about Rs. 2500 crores capital expenditure. Keeping in mind, this aspect, Board of BESCOM has taken decision to assess the exact realistic figure of sale of unmetered energy (which was assessed on a particular basis/method).
- (d) Committee went through the facts and explanation & views given by the members and invitees present, analyzed the pros & cons of the issue for the FY 2016-17, if not revised/ if revised. The committee felt that, issue certainly effects the finalization of annual report for the FY 2016-17, in case the issue is decided to revise, after filing application with National Company Law Tribunal which is the Statutory Authority to pass the order for revision.
- (e) The Committee further discussed about any other alternative option without going for 'revision'. The statutory auditors (past & present) who were present, expressed that without revision it can be rectified in the current year as a prior period expenditure and can be disclosed transparently in the annual report for the FY 2016-17.
- (f) However, Committee felt that, it is appropriate to see the complete analysis and method which was adopted to arrive at 'unmetered sale of energy' for the past three financial

years: viz., FY 2013-14, FY 2014-15, FY 2015-16. Accordingly directed GM (Commercial) to show the complete facts/data with a detailed power point presentation in the next meeting of the committee. Accordingly 2nd meeting was convened on 19.4.2017 and committee discussed in detail the various aspects of the issue. Energy loss calculation in Power system, especially in distribution system has been in vogue for many decades, but there is ongoing debate on its assessment where proper measurements are not available at critical locations or they are not to expected accuracies. In general, loss determination seems to be simple – energy input to the system minus the energy delivered to consumers provided the measurements are available at both levels with sufficient accuracy. However, in practice, because of lack of sufficient data and inaccuracy, it is not always easy. These problems are partly overcome by use of models, estimates and computer simulations. The usage of these methods call for consistency in approach over a period of time and deviations are generally not acceptable without sufficient reasons. Also the energy loss estimate in utilities depends on a number of factors including but not limited to, the quantum of energy handled, modification of circuit parameters, accuracy of meters, rainfall and drought conditions affecting the irrigation pumpset consumption, street light installations, improvement in voltage profile, number of distribution transformers, energy availabilities etc. Even in BESCOM with the reconfiguration of feeders, HVDS introduction, number of distribution transformers increases, Nirantara Jyoti Scheme and segregation of feeders condition have changed in system over past few years. Also the basis of allowed losses in calculation (either by KERC or by BESCOM circulars) has changed over the last two years giving different numbers for the loss calculations. Also, in general, it is prescribed that with increase in capital investment, the loss profile would come down. However, this depends also on the pattern of these investments. For eg: (1) The loss level may increase with addition of more distribution transformers in the utility (beyond and optimal number) as the fixed losses may outweigh the probable reduction in network issues. (2) The investment in improving power supply to consumers or for new services may not result in reduction of losses. (3) The investment in improving the reliability indices of power supply may not necessarily result in reduction of losses. (4) The investment in upkeep of assets or replacement of the same may not entail loss reduction.

Based on the above explanations, the committee recommends that:

- (a) A detailed technical analysis is to be done by a consultant using representatives and appropriate statistical number of urban, rural and mixed feeders with computer simulation for estimation of the energy losses and this process be followed consistently with revised data on a yearly basis.
- (b) An explanatory note, on the reasons for variation in T&D losses in different years may be given if required, in the directors report, as a part of the annual report of the Company.

#### **Renewable Purchase Obligation (RPO):**

Bescom has to procure 11% of Non-Solar renewable energy and 0.75% of solar energy out of total energy procured from various sources as per KERC (procurement of power from Renewable Sources) Regulations 2015, for the financial year 2016-17.

The details of total energy procured, RPO actually achieved against targets set by KERC, as finalized by SLDC after reconciliation among ESCOMs are as furnished below.



	Non-Solar Energy in MUs)	Solar Energy in MUs)	Remarks
Total Energy	31487.89	31487.89	-
Target RPO (11% for Non-Solar 0.75% for Solar)	3463.67		-
Actuals (Non-Solar- 9.72%, Solar- 1.04%)	3055.90	311.44 15.24	15.24 MU is from Solar roof top not considered by SLDC
Shortage Non-Solar/ Excess in Solar	(-) 407.77	90.84	
As per KERC order the excess in Solar will be adjusted against shortage in Non-Solar RPO	(+) 90.84		
Net Shortage in Non-Solar RPO (0.99%)	(-) 316.93		

GoK vide order No. EN 43 PSR 2017 dated 26.09.2017 had ordered to adjust the surplus Non-Solar energy of 236.65 MU and 21.81 MU available in HESCOM and GESCOM respectively against the shortage in achievement of Non-Solar RPO of BESCOM, as per the request of BESCOM and other ESCOMs facing shortage. After adjustment of the Non-Solar power as per GoK order, the revised Non-Solar RPO is below.

Total Energy	31487.89
Actual Non-Solar	3055.90
Adjustment Solar RPO	90.84
Adjustment as per GoK order from HESCOM & GESCOM	258.46
<b>Total</b>	<b>3405.22</b>
<b>Target</b>	<b>3460.40</b>
<b>Still Shortage</b>	<b>55.19</b>

BESCOM will request the Statement Commission to carry forward and shortage of 55.19 MU (0.17%) to next year.

Further, as per GoK order, BESCOM has to transfer the energy from other sources for energy taken from NCE sources of HESCOM and GESCOM at the same rate for the Non-Solar power procured from HESCOM and GESCOM. If any difference in rates, the ESCOMs have to settle among themselves.

(6A) Quantitative details of Power purchase, Distribution Loss & Transmission Loss (As complied and certified by the Management)

**Distribution Loss :**

In Mus

Sl.No.	Particulars	FY 2016-17
1	Total Energy at Interface Point (From 1-04-2016 to 31-03-2017)	30227.64
2	Total metered sales	18953.78
3	Total un-metered sales*	7285.47
4	Total Sales (2+3)	26239.25
5	Distribution loss (1-4)	3988.39
6	Percentage of Distribution Loss (5/1)	13.19

**Transmission Loss:**

In Mus

Sl.No.	Particulars	FY 2016-17
1	Total Energy purchased at Generation Point (From 1-04-2016 to 31-03-2017)	31487.89
2	Total Energy at Interface Point (From 1-04-2016 to 31-03-2017)	30227.64
3	Transmission Loss (1-2)	1260.25
4	Percentage of Transmission Loss (3/1)	4.00

**AT&C loss for FY17 as per Central Electricity Authority prescribed Methodology**

Sl. No.	VENDORS	AREA OPERATED	AMOUNTS (in crores)
A	Input Energy (Mu)( MkWh)	Energy Generated-Auxiliary consumption+Energy purchased-Energy traded/Inter state sales	31487.89
B	Transmission Loss (Mu)( MkWh)		1260.25
C	Net Input Energy ( (Mu)( MkWh))	<b>A-B</b>	<b>30227.64</b>
D	Energy Sold (Mu)( MkWh)	Energy sold to all categorise of consumers excluding units of energy Traded/inter-state sales	26239.25
E	Revenue from sale of Energy (Rs. Crs.)	Revenue from sale of energy to all categories of consumers(including subsidy booked) but excluding Revenue from energy traded/inter-state sales	15861.17
F	Adjusted Revenue from Sale of Energy on Subsidy received basis (Rs. Crs.)	Revenue from sale of energy( same as E above) minus subsidy booked plus subsidy received against subsidy booked during the year	15671.61

Sl. No.	VENDORS	AREA OPERATED	AMOUNTS (in crores)
G	Opening Debtors for sale of Energy (Rs. Crs)	Opening debtors for sale of energy as shown in Receivable schedule (without deducting provisions for doubtful debtors). Unbilled Revenue shall not be considered as Debtors	4417.45
H	Closing Debtors for sale of Energy (Rs. in Crs)	i) Closing debtors for sale of energy as shown in Receivable schedule (without deducting provisions for doubtful debts). Unbilled Revenue shall not be considered as debtors.  (ii) Any amount written of during the year directly from (i)	4535.32
I	Adjusted Closing Debtors for sale of Energy (Rs. Crs)	<b>H(i+ii)</b>	<b>4535.32</b>
J	Collection efficiency (%)	<b>(F+G-I)/E*100</b>	98.06
K	units realized Mu= [ Energy sold* collection efficiency	<b>D*j/100</b>	<b>25730.67</b>
L	Units unrealized ( Mu)=[Net Input Energy-units realized]	<b>C-K</b>	<b>4496.97</b>
	Distribution Loss	<b>C-D/C</b>	<b>13.19%</b>
M	AT&C Loss 95)=[{Units unrealized/ Net input Energy}*100]	<b>L/C*100</b>	<b>14.48</b>

### VII. METERED CONSUMPTION:

Year	Energy Input (MU)	Consumption by Metered Category(MUs)	% Increase over previous year
FY-06	15321	8307.06	15.58
FY-07	18522	9717.36	16.98
FY-08	18665	11283.82	16.12
FY-09	19566	12205.78	8.07
FY-10	20329	12940.32	6.02
FY-11	21909	14263.20	10.23
FY-12	24584	15675.92	9.90
FY-13	26568	17069.13	8.89
FY-14	26786	17827.25	4.44
FY-15	28256	18676.96	4.77
FY-16	27893	18348.38	-1.76
FY-17	30228	18953.78	3.30

### VIII. SALE OF ENERGY:

During FY-17, 26239.25 MUs were sold to various categories of consumers, out of which 18953.78 MUs (Including Inter Escoms ) were under metered category and the balance of 7285.47 MUs was accounted under un metered category. The distribution loss for the year is assessed at 13.19% and AT & C loss is assessed at 14.88%

#### a) Metered Energy Sales :

Sl. No.	Category	In Mus
1	BhagyaJyothi	128.84
2	Domestic Lighting. incl. AEH	6415.97
3	Commercial Lighting	1879.29
4	IP set (Metered)	7.09
5	L.T. Power	1163.21
6	H.T.	8231.38
7	Water Works / Public Lighting	969.32
8	Temporary installations	158.68
<b>TOTAL</b>		<b>18953.78</b>

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

Sl. No.	Category	In Mus
1	Irrigation Pump Sets	7285.47
<b>TOTAL</b>		<b>7285.47</b>

#### c) Category wise energy sold 2016-17 :

Tariff	LT1a	LT2	LT3	LT4	LT5	LT6	LT7	HT	TOTAL
Category	BJ	Domestic Lighting & Heating	Commercial	IP Set	Industries	Water Works & Street Light	Temporary	All	
Energy Sold in MUs	128.84	6515.97	1879.29	7292.56	1163.21	969.32	158.68	8231.38	<b>26239.25</b>

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

HT1	HT2A	HT2B	HT2C	HT3	HT4	HT5	TOTAL
Water Supply	Industrial	Commercial	Hospital	Lift Irrigation	Residential Apartments	Temporary	
681.56	4456.17	2619.62	270.05	15.07	106.41	82.49	<b>8231.38</b>

## IX. REVENUE DEMAND AND COLLECTION:

### (a) Revenue Demand :

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

Financial Year	Demand (Rs.in crores)	Collection (Rs.in crores)
2010-11	8246 Crs.	7855 Crs.
2011-12	9348 Crs.	8794 Crs.
2012-13	10724 Crs.	10096 Crs.
2013-14	11560 Crs.	11147 Crs.
2014-15	13385 Crs.	12884 Crs.
2015-16	14218 Crs.	14049 Crs.
2016-17	15838 Crs.	15543 Crs.

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

The following are the details of various modes of payment provided to the consumers by BESCOM and its total collection for the financial year 2016-2017

Sl. No.	VENDORS	AREA OPERATED	TOTAL NO.OF CONSUMERS	AMOUNTS (in crores)
1	National Automated clearance house(direct debit from consumers)	BMAZ/RAPDRP TOWNS/ NON RAPDRP AREA	925086	461.95
2	Khajane 2 (Govt installations)	BMAZ/RAPDRP TOWNS/NON RAPDRP AREA	1574	4.38
3	BILL DESK (EBP & Online)	BMAZ/RAPDRP TOWNS/ NON RAPDRP AREA	7040188	3427.79
4	IDBI BANK (BESCOM WEBSITE)	BMAZ / RAPDRP TOWNS	188404	26.15
5	NEFT/RTGS	BMAZ/RAPDRP TOWNS/ NON RAPDRP AREA	24184	2294.55
6	BANGALORE ONE (centers)	BMAZ	17072290	1454.78
7	EASY BILL (Counters)	BMAZ/RAPDRP TOWNS/ NON RAPDRP AREA	378826	22.59
8	PAY U (Moblie Applications online)	BMAZ / RAPDRP TOWNS	394817	36.97
9	PAY TM (Mobile Applications & Online)	BMAZ/RAPDRP TOWNS/ NON RAPDRP AREA	2919645	277.66
10	POST OFFICE (Counters)	BMAZ / RAPDRP TOWNS	1149738	71.79
11	IMI (Mobile Applications)	BMAZ / RAPDRP TOWNS	113854	10.98
12	BILL JUNCTION (ECS & Online )	BMAZ	76216	10.89

Sl. No.	VENDORS	AREA OPERATED	TOTAL NO.OF CONSUMERS	AMOUNTS (in crores)
13	CITY UNION BANK (counters)	BMAZ	72	0.02
14	Davanagere One (Counters)	NON RAPDRP AREA	133339	8.28
15	Tumkur One (counters)	NON RAPDRP AREA	180076	8.69
<b>TOTAL COLLECTION</b>			<b>30598309</b>	<b>8117.47</b>

- Note :**
1. NEFT/ RTGS and Khajane 2 are the new initiatives provided for the convenience of the HT and Government consumers during the financial year 2016-2017 for payment of Electricity bills.
  2. BESCOM cash counters will also collect the payments from consumers in all areas besides the above modes.

#### **X. DEMAND SIDE MANAGEMENT (DSM) / ENERGY CONSERVATION MEASURES:**

The following DSM measures were adopted in the year 2016-17 in BESCOM to save energy:

##### **1. Implementation of Solar Rooftop system in BESCOM:**

- The Government of Karnataka has announced the Solar Policy 2014-21 for grid connected solar rooftop system under net-metering basis on 22.05.2014 with revised target of 2400MW to be achieved by 2022.
- Further, KERC has issued revised tariff vide notification dated: 02.05.2016 and introduced Gross Metering. The Residential, Hospital & Education institutions can opt for one time irrevocable either net metering or Gross metering and Net metering for other tariff consumers.
- The applications are invited from all the consumers of BESCOM with proposed capacity from 1 KW to 1MW.
- BESCOM online application for grid connectivity, KERC approved guidelines, timelines and standard format of application, power purchase agreement and other formats for SRTPV plants are made available in the BESCOM website.
- The programme encourages installation of rooftop solar photovoltaic power generation plant for self-consumption as well as supply/sale of electricity to the grid.
- Mandatory use of BESCOM empanelled grid tied inverters and bi-directional meters
- Empanelment of Grid tied inverters manufactures and facilitators for the benefits of consumers and are as follows;
  - Empanelled Grid tied inverter manufacturers -27 nos.
  - Empanelled Facilitators-07 nos.
- Under Integrated Power Development Scheme (IPDS) it is proposed to install Solar RTPV on BESCOM owned buildings with a total capacity is 1.12 MW.
- Under the funds allotted by GoI the 13th Finance Commission it is proposed to install Solar on Government buildings with a total capacity of 8MW.

- The commissioned installations from 07.11.2014 to 31.03.2017, 750 nos. of Solar rooftop installations are serviced with a total capacity of 52MW.

## 2. Surya Raitha Scheme:

A pilot project, which is first of its kind in India where farmers irrigate through Solar powered IP sets under net metering concept. The pilot project is taken up for 310 no. of IP sets on Harobele 11KV feeder of Kanakapura sub-division by replacing existing inefficient IP sets with efficient pump sets and energizing these IP sets with solar power and feed in excess energy to the grid on net-metering concept.

The project promotes replacing existing inefficient IP sets with efficient pump sets the excess energy fed into the grid will be paid back to the farmers as per tariff fixed by KERC resulting in additional income to the farmers apart from the income earned through crops. The cost of the project is Rs.24 Crores.

The scheme will be financed by a combination of farmer investment, GoK subsidy, MNRE subsidy and BESCOM investment through soft loans to the farmers that will be repaid by the farmer through his net metering tariff revenues in initial years. The net metering revenues will be deposited into an escrow account and will be diverted first to the loan account and, if in surplus, to the farmer's account.

**As on March-2017, 113 systems are commissioned and connected to the grid.**

### Benefits from Surya Raitha scheme:

- To Govt. of Karnataka:-
- Permanent stoppage of subsidized energy to agricultural customers with opportunity to deploy in other revenue generating segments.
- Energy saved from agricultural customers and delivered from net-metering can be used to bridge energy deficit in the state.
- Improved ground water ecology and agricultural output.

### To BESCOM:-

- Reduction in demand and energy consumption.
- Reduction of technical loss.
- Savings on infrastructure cost.
- Reduction in failure of DTCs.
- Savings on high cost energy.

### To Farmers:-

- Enhance quality of irrigation.
- Assured day time power supply.
- Steady income from solar generation.
- Source of income during drought years.

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

BESCOM has initiated to advertise DSM measures through DDIS system coming under jurisdiction of BESCOM at Railway reservation/ticketing counters through LED TV screen spread in all the major passenger reservation systems (PRS) and un-reserved ticketing systems (UTS) Railway stations for a period of two years. Work award has been issued to M/s. Vyoma Technologies. Advertisement is displaying successfully at all 120 nos. of railway reservation centers in BESCOM area from 01.11.2015. Total cost the project is Rs.79,47,072/-

#### 4. Domestic Efficient Lighting Programme (DELP):

BESCOM has started an action to promote the latest and more efficient technology of Light Emitting Diode based LED bulb and tube light among the consumers of BESCOM under “Hosa Belaku” programme in Phase-I and Phase-II. Widespread use of these may lead towards realizing one of the load management objectives of reducing the peak demand. The programme is implemented through M/s. Energy Efficiency Services Limited (EESL).

##### ● Phase-I - LED bulb:

This programme enables distribution of high quality LED bulbs at a cost much lower than the market price as replacement for Incandescent Lamps (ICLs) and Compact Fluorescent Lamps (CFLs) for energy savings. Consumers can purchase the LED bulbs at a cost of Rs.65/- based on their sanctioned load i.e., upto 2 KW, 5 nos. and more than 2 KW, 10 nos.

38,09,525 no. of LED bulbs were sold during FY-17. Estimated reduction in peak demand is around 70MW and the annual savings is 89MUs.

##### ● Phase-II - LED tube light:

BESCOM under Phase-2 of Hosa Belaku is distributing 20W LED tube light at a unit cost of Rs.230/- on upfront basis to the consumers in BESCOM jurisdiction. 38133 no. of 20W LED tube lights are distributed from January-2017 to March-2017.

#### Warranty:

Three years warranty at free of cost commencing from the date of distribution of LED bulb & LED tube lights to the consumer for replacement of the faulty bulb/tube lights due to technical defects (excludes physical damage, outdoor applications etc).

#### Benefits of the programme:

- To bring down the evening peak load
- To mitigate the power deficit
- Reduction in power purchase cost
- Reduction in power consumption of domestic consumers

#### 5. Solar DC inverterless system:

A pilot project implemented to provide grid connected Solar Inverterless DC system for 215 households in Belagavadi Village, Magadi Taluk, Ramanagara District with IIT-Madras, Chennai under CSR funds (Funded by M/s. Sasken communications).

The project promotes Solar DC inverterless system which integrates DC power from solar, AC power from the grid, DC power from the battery and provide output power at 48V DC for dedicated circuit.



Each beneficiary has been provided with one BLDC fan, one DC tube light, two LED bulbs and two DC points for mobile charger & TV with remote for controlling of tube light & fan.

#### 6. Automated Demand Side Management Programme:

BESCOM through M/s. Innovari and USAID have taken up a pilot project "Automated Demand Side Management (ADSM)", in Bengaluru city to reduce peak demand to an extent of 5 MW through Interactive Energy Platform (IEP) solution.

#### Benefits of the project:

- Avoid peak power purchase cost
- Enhances system capability
- Reduction in technical losses
- Environmental benefits

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

As a Demand Side Management programme, BESCOM has made mandatory use of Solar Water Heaters. Total No. of Solar Water Heaters installed during 2016-17 in BESCOM is 64,098.

Energy savings	
Annual Energy savings for 64,098 no.s of SWH	0.26 MU
Per day Energy savings for 64,098 no.s of SWH	84.61 MU

\* By considering average 2 KW for 2 hours per day per SWH for 330 days.

#### 8. Providing timer switches to the street light installations

BESCOM has requested BBMP and other local municipalities to install timer switches to street lights resulting in energy savings and reduces evening peak hour load on grid.

The status of timer switches provided to street lights in BESCOM area is as follows:

Sl. No.	Zone	No. of Street light Ckt. existing as on Mar-17	No. of timer switches fixed as on Mar-17	No. of timer switches in working condition as on Mar-17	No. of timer switches not in working condition as on Mar-17	Balance no. of timer switches to be fixed as on Mar-17
1	BMAZ	19701	15330	12481	2849	7220
2	BRAZ	18603	677	376	301	18227
3	CTAZ	14586	123	57	66	14529
<b>Grand Total</b>		<b>52890</b>	<b>16130</b>	<b>12914</b>	<b>3216</b>	<b>39976</b>

#### 9. Solar off-grid pump set programme through KREDL:

GoK has initiated to provide Solar off-grid pump sets to farmers. The work involves supply, installation, commissioning of IP sets along with the maintenance of 5 years. KREDL is the nodal agency and BESCOM is the implementing agency. Maximum capacity of the pumpset shall be 5HP. KREDL has allotted 234 and 410 Solar off-grid pump sets in Phase-I and Phase-II respectively for the following Taluks:

Sl. No.	Taluk	General	SC	ST	Total
1	Kanakapura	26	4	2	32
2	Harihara	40	9	1	50
3	Davanagere	80	15	5	100
4	Pavagada	20	1	4	25
5	Kunigal	21	4	1	26
6	Pilot	1	0	0	1
<b>Total</b>		<b>188</b>	<b>33</b>	<b>13</b>	<b>234</b>

### Phase-II

Sl. No.	Taluk	General	SC	ST	Total
1	Doddaballapura	24	4	2	30
2	Magadi	41	6	3	50
3	Gowribidanur	24	4	2	30
4	Kunigal	24	4	2	30
5	Madhugiri	24	4	2	30
6	Sira	24	4	2	30
7	Koratagere	24	4	2	30
8	Tiptur	24	4	2	30
9	Challakere	24	4	2	30
10	Hiriyur	24	4	2	30
11	Hosadurga	24	4	2	30
12	Honnali	24	4	2	30
13	Jagalur	24	4	2	30
<b>Total</b>		<b>329</b>	<b>54</b>	<b>27</b>	<b>410</b>

BESCOM has identified 195 and 23 beneficiaries in Phase-I and Phase-II. Identification of remaining beneficiaries is under progress.

### 10. Energy Awareness Program:

Communication Modes utilized through:

- Advertisements in News papers, Magazines, Souvenir etc.
- Through stalls
- On Hoardings
- Jingles in Doordarshan, AIR, Big FM etc.
- Posters, Pamphlets, Brochures, etc.
- Through Customer Interaction Meetings by Section Officers/Sub Division officers with Grama Panchayath and Zilla Parishat offices.
- Through Interaction meetings at Taluk development/District development meetings.

## XI. IMPORTANT PROJECTS/ TECHNOLOGY ABSORPTION:

### Distribution Automation System under Bangalore Distribution Upgradation Project

Bangalore Electricity Supply Company Limited (BESCOM) is implementing Distribution Automation System for 11KV distribution network in Bengaluru Metropolitan Area Zone under the Bangalore Distribution Up-gradation project for efficient monitoring, control and operation of the network by providing suitable control and communication equipment, to provide assured quality and reliability of power supply in Bangalore City (BMAZ area).

The total cost of the project is Rs. 563.70 crs. The project is being funded by JICA (Japan International Cooperation Agency – Govt. of Japan) to an extent of Rs. 417.10 crores and balance from BESCOM funding.

The project envisages two integrated remote monitoring and automation operation control centers for 11KV distribution network in Bengaluru, BMAZ area facilitated with distribution automation system presently covering more than 90 nos. sub stations, 1400 nos. 11KV feeders. DAS system includes following advanced DMS application along with distribution SCADA:

- Outage Management System (OMS)
- Fault Detection, Isolation and Restoration (FDIR)
- Switching Management System(SMS)
- Distribution State Estimation(DSE)
- Distribution Load Forecasting
- Crew Management
- Optimum Feeder Reconfiguration

### The scope of the subject includes:

- Upgrading and/or replacing existing 11KV overhead lines and underground cables of 11KV distribution network.
- Providing 1590 nos. of RMU's at various location in BMAZ and Remote Terminal Units(RTU) with communication facility at all RMU locations.
- Providing 1590 nos. Line Recloser units and 745 nos. Load Break Switches.
- Providing communication facility and required hardware and software supporting DAS system.

### Objectives:

- To automate the Distribution network for monitoring supervisory control and operation of the 11KV network in the Bangalore City.
- To ensure uninterrupted power supply to consumers.
- To avoid loss of time for fault location and restoration due to manual operation.
- Providing assured quality and reliability of power supply.
- To improve Network Control management.

### Benefits of Distribution Automation System:

- Real time control over the costly energy sold.
- Improved efficiency in operation.
- Better reliability in power supply, planned control actions.
- Enables online energy audit which is now receiving the focused attention of all utilities.
- Optimum power factor.

**Status of the Project:**

- Two control centres with all hardware/software equipment for remote monitoring and automation operation of 11KV distribution network are established.
- Communication network dedicated for DAS operation has been established (comprising of 11 Communication towers installed at various locations in BMAZ area, and 2176 out of 2140 remote radios installed) and integration testing between remote radios and DAS system is in progress.
- Distribution network upgraded with 11KV Overhead lines with coyote conductor 698.60 Kms. AB cable 254.60 Kms. And Underground cable 228 Kms.
- DAS field equipment LRC and LBS total 795 nos. and 745 nos. respectively are charged and RMS's total 1590 nos. are commissioned, RTUs 1577 nos. out of 1590 Nos. are installed. Integration testing of these fields equipment with DAS system in control centre is in progress.

**(B) STRENGTHENING OF THE NETWORK SYSTEM:**

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

Particulars	Added during year 2016-17 OH (KMs)	Added during year 2016-17 UG (KMs)	Total added during year 2016-17 (in KMs)	As on 31-03-2017		Total (in KMs)
				OH (KMs)	UG (KMs)	
HT line	3881.99	358.31	4240.30	87874.56	5652.93	<b>93527.49</b>
LT line	1953.59	173.03	2126.62	162462.75	2783.77	<b>165246.52</b>

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

Particulars	25 KVA	50/63 KVA	100 KVA	160 to 250 KVA	300 to 1000 KVA	Compact Sub -Stations			Total
						500 KVA	750 KVA	990 KVA	
Added during FY-16-17	22401	2524	2442	1062	383	1	2	16	28831
Existing in the system as at the end of 31-03-2017	128002	57133	53250	22610	4872	24	93	202	266186

- (c) Details of category wise distribution transformer failed during 2015-16

10/15/25/50/63 KVA	200/250 KVA	Above 500KVA	Total	% Failure
19900	398	2	20300	7.626

**(d) GoK sponsored programme:****➤ GANGA KALYANA SCHEME:**

- Ganga Kalyana Scheme started during 1983. Ganga Kalyana scheme is one of the social responsibility of Government of Karnataka in which IP set of farmers belonging to SC, ST, Backward class & Minority category are energized.
- During the year 2016-17 BESCOM has energized 5162 Nos. IP sets under Ganga Kalyana Scheme as against target of 4091 Nos. BESCOM has setup a target of energizing 6000 Nos. of IP sets in 2017-18.

**➤ SPECIAL COMPONENT PLANS:**

During the year 2016-17 BESCOM has energized 2702 Nos. IP sets under Ganga Kalyana scheme as against the target of 1878 Nos. BESCOM has setup a target of energizing 2859 Nos. of IP sets as against 6000 Nos. in 2017-18 under SCP.

**➤ TRIBAL SUB PLANS:**

During the year 2016-17 BESCOM has energized 1284 Nos. IP sets under Ganga Kalyana Scheme as against the target of 611 Nos. BESCOM has setup a target of energizing 894 Nos. IP sets as against 6000 Nos. in 2017-18 under TSP

**➤ DRINKING WATER SUPPLY:**

During the year 2016-17 (upto March 17) BESCOM has energized 4288 Nos. of Drinking Water Supply installations as against the target of 2454 Nos. which is a remarkable achievement. BESCOM has setup a target of energizing 2945 Nos. of Drinking water Supply installation in 2017-18.

**(C) Restructured Accelerated Power Development and Reforms Programme (R-APDRP) IN KARNATAKA****XII. R-APDRP Part A****Introduction:**

Restructured Accelerated Power Development and Reforms Programme (R-APDRP) is a flagship distribution strengthening programme of Ministry of power, Govt. of India launched in July 2008 by MoP during XI Five Year Plan (2007-12)

**The focus of the programme shall be on:**

1. Actual, demonstrable performance in terms of sustained loss reduction.
2. Establishment of reliable and automated systems for sustained collection of accurate base line data
3. 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.

**Proposed Scheme:**

Projects under the scheme shall be taken up in Two Parts.

**Part-A** shall include the projects for establishment of baseline data and IT applications for energy accounting/auditing & IT based consumer service centers.

**Part-B** shall include distribution strengthening projects

### **Project Timeline:**

BESCOM on behalf of all ESCOMs had requested PFC to extend the project completion timeline till 30.09.2017 vide letter D.O No.EN 72 VCS 2017 dated 21.04.2017 owing to pending activities of TPIEA-IT and PFC vide letter ref. No. 02:10: R-APDRP(P-A): I 2009: KARNATAKA/BESCOM/49467 dated 07.07.2017 has approved the project completion timeline till 30.09.2017 with loan closing date as 31.03.2018.

### **Stake holders**

- State Utilities – BESCOM, CESC, HESCOM, GESCOM, & MESCOM
- IT Consultant -M/s. RIL (Reliance Infrastructure Ltd.) were appointed as a common IT Consultant for all the ESCOMs of Karnataka on 29th June 2009 at a total cost of Rs. 2.5 crores for a contract period of 4 years. M/s. RIL have drafted the RFP for appointment of IT Implementation agency for all ESCOMs in Karnataka based on the surveyed quantities which are different from the quantities in DPR.
- M/s. Ernst & Young LLP are appointed as new IT Consultant for a contract period of 2 years from April 2015 till April 2017 at a total cost of Rs. 3.92 Crores to be shared between ESCOM's. The contract is extended for 6 months i.e., till October 2017 owing to pending activities of TPIEA-IT
- IT Implementation Agency - M/s. Infosys Technologies Ltd., were appointed as a common IT Implementation Agency for all the ESCOMs of Karnataka during Dec.2009 at a total cost of Rs. 386.68 crores with scope and quantities as per the RFP.
- TPIEA-IT – M/s. PGCIL have been appointed as the Third Party Independent Evaluation agency (TPIEA-IT) for all ESCOMs in Karnataka by PFC for verification and certification of completion of project implementation.

### **Status of RAPDRP Part A project across all ESCOMs in Karnataka**

1. RAPDRP-Part-A project has been implemented in all the 98 towns across all ESCOMs in Karnataka and are declared Enterprise “Go-Live” as on 23.03.2016 to PFC.
2. System Requirement Specification (SRS) compliance is 97.00% and User Acceptance testing (UAT) is 97.92% completed for all the modules and remaining items are proposed to be completed as part of Release management process for which BESCOM, ITIA and ITC have agreed and signed the Release Management Policy document.
3. System is in place for generation of Energy Audit reports at Town level, Feeder level and DT level. Updating incremental data of assets and consumers in GIS on continuous basis, meters/ modem communications levels are monitored regularly for achieving acceptable AT & C loss levels.
4. Project was proposed for Closure in SLDRC meeting held on 21.02.2017 and the same is approved.
5. M/s. PGCIL started the verification process in Karnataka with inspection of Data Centre(DC) in Bangalore during first week of Feb. 2017 and later Customer Care Centres (CCC) of all ESCOMs and Disaster Recovery Centre(DRC), Chennai were also inspected. Verification

of both hardware infrastructure and software application w.r.to DC, DRC and CCC is completed. Finalisation of reports is under progress.

6. Verification with reference to towns was started on 29.05.2017 and is completed in all 98 towns of all 5 ESCOMs of Karnataka as on 20.07.2017. The verification reports are being prepared and are to be submitted to PFC by M/s. PGCIL after finalisation.

ESCOM	Number of Towns	Start Date	Completion date	No.of towns where verification is completed	Finalisation of reports	Remarks
BESCOM	25	02.06.2017	20.07.2017	25	1	Finalised reports of 12 towns of CESC have been submitted by PGCIL to PFC and there are few observations which are being addressed. Finalisation of reports of other towns are in progress
CESC	12	29.05.2017	15.06.2017	12	12	
HESCOM	29	29.05.2017	21.06.2017	29	29	
MESCOM	11	21.06.2017	05.07.2017	11	11	
GESCOM	21	27.06.2017	13.07.2017	21	1	
<b>Total</b>	<b>98</b>	<b>-</b>		<b>98</b>		

#### Financial progress under R-APDRP PART-A

Escom	No. of Towns	Total Project Cost	Loan Sanctioned (Convertible To Grant)	PFC Disbursement Details	Total Expenditure Incurred		
					From PFC Funds	From Own Funds	Total
BESCOM	25	272.80	252.00	202.25	202.25	29.17	231.42

1. BESCOM is setting up own Data Center on behalf of all ESCOMs at BESCOM INTEGRATED CONTROL CENTER, HSR Layout Bengaluru to cater to RAPDRP, IPDS and Non-RAPDRP requirements by hosting servers. The Detailed Work Award has been issued to M/s. Nxta Data Ltd., and the Data Center will be commissioned by February 2018.
2. BESCOM is also planning to setup own Disaster Recovery Center in HESCOM jurisdiction and identification of place for feasibility has to be made.

#### IT Enablement under Integrated Power Development Scheme

##### Introduction

IT Enablement under Integrated Power Development Scheme is a priority programme of Govt. of India. The scheme of R-APDRP as approved by CCEA for continuation in 12th and 13th Plans will get subsumed in this scheme and will be continued as a separate component of IPDS for IT enablement of distribution section (Part-A IT & SCADA projects under RAPDRP) and strengthening of distribution network (Part-B projects under RAPDRP) in the urban area.

##### Key Objectives:

IT enablement of distribution sector and strengthening of distribution network, as per CCEA approval dated 21.06.2013 for completion of the targets laid down under R-APDRP for 12th and 13th Plans by subsuming R-APDRP in IPDS and carrying forward the approved outlay for RAPDRP to IPDS.

### Outcomes:

IT enablement in IPDS towns will enable improvement in consumer satisfaction and power supply reliability and ultimate reduction of AT & C losses with the help of accurate measurement and proper Energy Accounting and Auditing. This is also required in view of the proposed monitoring of all 11KV Feeders in the country through National Power Portion (NPP).

### Programme Coverage

The Proposal of IT enablement under Integrated Power Development Scheme (IPDS) will covers 20 towns spread across 5 circles of BESOM.

Sl.No.	Circle	Towns
1.	Bangalore Rural Circle	Devanahalli, Vijayapura, Nelamangala
2.	Davanagere	Channagiri, Jagalur, Honnali, Hosadurga, Holalkere, Molakalmuru
3.	Tumkur	Chiknayakanahalli, Turuvekere, Gubbi, Madhugiri, Korategere, Pavagada
4.	Kolar	Bagepalli, Gudibande, Malur, Srinivasapur
5.	Ramanagara	Magadi

### Project Timeline

The timeline of the proposed programme is as follows:

Sl.No.	Name of the Activity	Timelines to start the activities
1	NIT, Bid Evaluation & Award by Utility	12 weeks from sanction
2	Mobilization at site with establishment of site office, requisite resource deployment etc.	2 weeks from LOA
3	System design (Pre-Implementation plan, sub-vendor approval, testing & development plan) and approval the owner	4 weeks from LOA
4	Placement of order for materials such as Router, UPS, Work station PCs, Printers, Modems, DCU etc.	6 weeks from LOA
5	Pre-despatch inspection and dispatch of materials/Components	14 weeks from LOA
6	Receipt and storage of materials/components at site	15 weeks from LOA
7	Installation, testing and commissioning of networking equipment and hardware with operating systems, antivirus including of UTP cables at utility offices	16 weeks from LOA
8	Data Migration of town's data within the existing applications	12 weeks from LOA
9	Development and customization of new MDAS software, if any	20 weeks from LOA
10	WAN Connectivity at Utility officer and GPRS SIMs for modems/ DCUs to be arrange by utility	20 weeks from LOA
11	Integration of town with DC/DR/CCC to access the existing RAPDRP application hosted at data centre and running of town business process through IT platform	20 weeks from LOA



Sl.No.	Name of the Activity	Timelines to start the activities
12	Installation, testing and commissioning of AMR system for Boundary points and Feeder Meters at Sub Stations along with associated hardware (Modem/DCU etc.) meters to be installed by Utility	24 weeks from LOA
13	Preparation of feeder and town wise consumer data base for calculation of Feeder wise and Town wise AT&C loss(Feeder and Town wise consumer list to be provided by utility)	24 weeks from LOA
14	Development of System for automated daily calculation of reliability indices (SAIDI.SAIFI)	24 weeks from LOA
15	Integration of Feeder data and Customer care data with national power portal	24 weeks from LOA
<b>Total time required to complete Phase-I activities</b>		9 months from sanction

Project Implementation plan of all other items/ activities (Phase-II) related completion of project is as follows:

Sl.No.	Name of the Activity	Timelines to start the activities
1	Procurement of satellite imagery of 2.5 m resolution	6-24 months from sanction
2	Field survey of asset mapping and its approval by utility	
3	Digitization of assets in the GIS application	
4	Placement of order for additional materials required for DC/DR/CCC upgradation such as servers, RAM, CPU, storage disks, software licenses, UPS etc.	
5	Pre-dispatch inspection and dispatch of materials/ components	
6	Receipt and storage of materials/ components at site	
7	Installation, testing and commissioning of additional materials required for DC/DR/CCC up-gradation	
8	AMR for distribution transformers as per requirement of utility	
9	Installation, testing and commissioning of AMR system for DT meters and DT wise energy audit reports	
10	Any other works as per the scope of work	
11	Verification of completion by TIPCEA	24-30 months from sanction
<b>Total time required to complete Phase-II activities</b>		30 months from sanction

### Funding :

The project cost will be shared amount GOI, ESCOM & financial institutions in the following ratio.

GOI	Financial Institutions	ESCOM
60%	30%	10%

\*FMS and Network bandwidth charges are not included in funds provided by IPDS

### Status of the project:

The detailed project report (DPR) has been submitted to M/s PFC for Rs. 71.79 Crores. Subsequently, Approval has provided by IPDS Monitoring Committee of MoP/Gol for a total cost of Rs. 33.92 Crores.

### XIII. Niranthara Jyothi Scheme :

Bifurcation of Agriculture Loads from existing 11 KV feeders:-

BESCOM has taken up Niranthara Jyothi scheme for segregating agricultural loads from the existing 11 KV feeders, a scheme to provide 24x7 un-interrupted power supply to non-agricultural loads in rural areas in Phases as follows:

Sl.No.	Details	Phase-I	Phase-II	Phase-III
a	No.of Taluks Covered	20	24	41
b	No. of villages Covered	4691	4607	4995
c	Cost Rs. in Crores	349.66	633.18	848.68
d	No. of feeders	271	281	380

Phase -I: 271 Feeders proposed.

- During the FY 14-15, 271 feeders are completed and commissioned.

Phase -II: 281 Feeders proposed.

- During the FY 16-17, 281 feeders are completed and commissioned.

Phase -III: 380 Feeders proposed.

- During the FY 16-17, Phase-III works are under progress. Out of the proposed 380 feeders, 304 Nos. of 11 KV feeders works are completed and 222 feeders are commissioned and remaining feeders will be completed by the end of October 2017.

The financial progress achieved up to 31.03.2017 is Rs. 427.85 Crores

### XIV. Integrated Power Development Scheme(IPDS):

Government of India, Ministry of Power, have sanctioned the IPDS for implementation of the scheme for strengthening of Distribution Network in Urban areas in the interest of Supplying good quality of Power to the consumers of Urban area.

### Objectives are:

1. Providing reliable and quality power supply in an efficient manner in urban areas.
2. Efficient management of Distribution sector with adequate metering arrangements in urban areas.
3. AT & C loss reduction as per trajectory finalized by MOP.

**Scope of works:**

- Strengthening of distribution networks in the urban areas.
- Metering of feeders, DTC & all category consumers in the urban areas.
- Providing Solar roof top on the Government buildings.

**Financing:**

The Central Government is funding 60% of the total sanctioned project cost as grant, 30% of the total sanctioned cost as loan from financial Institutions and remaining 10% of the total sanctioned cost from BESCOM own funds. The details as below.

Agency	Nature of support	Quantum of support (Percentage of project cost)
		Other than Special Category States
Govt. of India	Grant	60%
Discom Contribution	Own Fund	10%
Lender (REC/FIs/Banks)/ Discom's own fund	Loan	30%
<b>Additional Grant</b> from GOI on achievement of prescribed milestones	Grant	50% of total loan component (30%) i.e., 15%
<b>Maximum Grant by GOI (including additional grant) on achievement of prescribed mile stones)</b>	Grant	75%

**Time Schedule:**

The time target fixed for completion of the project is 24 months from the date of issue of Letter of Intent.

## Circle/Zone wise details

Zone	Circle	System Strengthening	Solar roof top	Metering	Total
BMAZ	East	187.2	4.0	8.83	200.03
	North				
	South				
	West				
	<b>Total</b>	<b>187.2</b>	<b>4.0</b>	<b>8.83</b>	
BRAZ	Kolar	42.29	1.0	8.73	52.02
	BRC	7.42	0.72	1.87	10.01
	Ramanagara	40.62	1.0	0.37	41.99
CTAZ	Davanagere	97.44	1.1	3.57	102.11
	Tumkur	45.13	1.0	4.87	51
	<b>Total</b>	<b>420.1</b>	<b>8.82</b>	<b>28.23</b>	<b>457.16</b>

- The Tenders for system strengthening works for all 5 Circles(Bangalore Rural, Kolar, Davanagere, Tumkur & Ramanagara) and BMAZ area for an amount of Rs.420.10 crores were invited and the works were awarded to all responsive bidders and works are under progress.

- In respect of solar Roof Top , the tenders were invited for an amount of Rs. 8.82 Crores, the Lol has been issued and issuance of DWA is under process.
- In respect of Metering works the tenders for an amount of Rs. 28.23 crores are under process.

#### XV. HIGH VOLTAGE DISTRIBUTION SYSTEM (HVDS):

- The Karnataka Electricity Regulatory Commission has issued various directives to reduce high levels of technical and commercial losses in the distribution system. Implementation of High Voltage Distribution System is one such important directive.
- Government of Karnataka is to provide 25% equity for one pilot project as per G.O No EN 53 PSR 2013, Dated: 03.10.2013
- BESCOM issued DWAs for implementation of HVDS in following taluks:
  - Tumkur RSD-1:- 17 Feeders.
  - Tumkur RSD-2:- 8 Feeders.
  - Chikkaballapura sub-division:- 6 Feeders.
  - Doddaballapura sub-division:- 31 Feeders.
  - Kengeri sub-division:- 6 Feeders.
- Out of the above, Tumkur RSD-2 (i.e., Tumkur Taluk) was decided to be taken as pilot.
- Rate contracts issued in respect of Doddaballapura sub division for 22 feeders have been short closed and 6 feeders of Kengeri has been terminated and re-designated to Tumkur Taluk.
- HVDS schemes in Tumkur RSD-1 (25 feeders) RSD-2 (23 feeders) and Kyathasandra (5 feeders) at a cost of Rs.537. 15 crores, Doddaballapura (9 feeders) at a cost of Rs. 87.64 crores and Chikkaballapura (6 feeders) at a cost of Rs. 74.62 crores, Works for 68 feeders have been completed and commissioned.
- DWA is issued to M/s. N Arc consulting, New Delhi for Third Party Inspection Agency (TPIA) to carry out Pre and Post Analysis for completed feeders in Tumkur, Nelamangala & Chikkaballapura divisions.

#### Physical & Financial Progress of HVDS works, Phase-I awarded on TTK basis under Rate Contract (As on June-2017).

Sl. No.	Name of the Sub Division	Name of the Firm	Project Cost of LOI in Cr.	No. of feeders Proposed for HVDS originally	Re-designated feeders from D.B pura & Kengeri	No. of Feeders Revised	Revised Project Cost as per RC (Rs.in Cr)	No. of feeders Completed & Commissioned	Expenditure incurred in crores
1	Tumkur RSD-1	M/s Asian Fab Tech. Bangalore	99.02	17	8	25	537.15	25	437.36
2	Tumkur RSD-2		47.23	8	15	23		23	
3	Kyathasandra		0	0	5	5		5	
4	Chikka ballapura		34.8	6	-	6	74.62	6	52.17
5	Dodda ballapura		193	31	-22	9	87.64	9	87.64
6	Kengeri		34.8	6	-6	0	0	-	-
<b>Total</b>			<b>408.85</b>	<b>68</b>	<b>0</b>	<b>68</b>	<b>699.41</b>	<b>68</b>	<b>577.17</b>

- In addition, Government of Karnataka has directed to take up HVDS work in Kanakapura Division.
- DPRs prepared for HVDS work in Kanakapura division the total cost of implementation of HVDS scheme for 49 feeders is Rs.136.88 Crs.
- DPRs prepared for HVDS work in Huliurdurga Hobli in Kunigal RSD, Tumkur division the total cost of implementation of HVDS scheme for 12 feeders is Rs.25.90 Crs.
- M/s. CPRI, Bangalore has carried out vetting and validation for all the DPR's.
- DWA have been issued for HVDS work in Kanakapura urban, Kanakapura Rural, Harohally, Sathanur of Kanakapura Taluk & Huliurdurga Hobli in Kunigal taluk and the works are under progress.
- The target date fixed for completion of the project is 12 months from the date of issue of DWA. Further, the completion period is extended up to 6 months & works are still under progress. The works are being delayed due to delay in supply of 25 KVA Distribution Transformers, as it is Partial turnkey contract & 25 KVA DTC will be supplied by BESCOM.

**Physical & Financial Progress of HVDS works, Phase-II awarded on PTK basis.  
(As on June-2017)**

Sl. No.	Name of the Sub Division	Name of the Firm	Project Cost (Rs. in Crores)			DWA issued on	No. of feeders Proposed	No. of Feeders Completed & Commissioned	No. of feeders work under progress	Expenditure Incurred (Rs. in Crores)		
			BES-COM portion	DWA Cost (Agency)	Total					BES-COM portion	Agency Portion	Total
1	Kanaka pura Urban	M/s. SPR Construction, Hyderabad	20.44	24.14	44.58	04.12.2015	14	9	4	13.23	15.70	28.93
2	Kanaka pura Rural	M/s. Raja Electricals, Tumkur	15.64	20.37	36.01	20.11.2015	10	6	4	9.13	10.67	19.80
3	Harohally	M/s. Shivachetana Electricals, Sindhanur	14.68	20.03	34.71	06.10.2015	14	4	6	4.56	7.98	12.54
4	Sathanur	M/s. Sri Manju Electricals, Tumkur	12.28	17.05	29.33	06.10.2015	11	1	5	3.53	3.64	7.17
5	Huliurdurga	M/s. Sri. Lakshmi narasimha Electricals, Tumkur	10.48	16.65	27.13	06.10.2015	12	4	6	8.33	6.06	14.39
<b>TOTAL</b>		<b>73.52</b>	<b>98.24</b>	<b>171.76</b>			<b>61</b>	<b>24</b>	<b>25</b>	<b>38.78</b>	<b>44.05</b>	<b>82.83</b>

- DWA is issued to M/s. CPRI, Bangalore for Third Party Inspection Agency (TPIA) for Evaluation of HVDS (High Voltage Distribution System) schemes in Kanakapura Division (49 feeders) and Huliurdurga sub division, Tumkur division(12 feeders).
- Tenders are invited for implementation of HVDS scheme in Ramanagara Rural, Channapatna Rural, Channapatna Urban and Bidadi sub divisions in Ramanagara circle, Lol has been issued and issuance of DWA is under process.

- Tendering for “Engaging TPIA for Monitoring, Concurrent Evaluation and post work evaluation of HVDS schemes in Channapatna Rural, Ramanagara Rural, Channapatna Urban and Bidadi sub divisions of Ramanagara division BESCOM” is under process.

### **XVI. Rajiv Gandhi Grameena Vidyuthikarana Yojana (RGGVY) XII plan:**

This is a central government scheme for rural electrification where in electrification of BPL households (free of cost) is carried out by creating infrastructure like extension of HT/LT lines, installation DTC. M/s. REC, New Delhi is the nodal agency for the scheme. The execution of the project has to be completed within a period of 24 months from the date of issue of LOA from the agency.

#### **Objective:**

1. To complete spillover works of projects sanctioned in X and XI Plans.
2. Providing free electricity connections to remaining Below Poverty Line (BPL) households and providing access to electricity to rural households.
3. Under XII plan, only those habitations having population 100 and above are eligible to be covered.
4. Access to electricity to un-electrified public places like Schools, Panchayath Offices, Community Centres, Govt. Health Centres/ Dispensaries etc.,

#### **Scope of work:**

Electrification of rural BPL households by extending HT / LT lines and installation of distribution transformers centers.

#### **Financing:**

The Central Government is funding 90% of the total sanctioned project cost as grant and remaining 10% amount has to be borne by the utility/ESCOMs.

The amount sanctioned to BESCOM for execution of the project is Rs.52.55 crores.

#### **Time Period:**

The time target fixed for completion of the project is 24 months from the date of issue of Detailed Work Award.

#### **Physical progress:**

Sl. No.	Name of the work	Unit	Qty. as per DWA	Qty. as per Survey	Cumulative Progress	% Physical progress against Survey Qty.
1	11 KV 3 phase overhead Line	KM's	269.80	72.75	64.99	89.33%
2	LT single phase 3 wire overhead Line	KM's	422.55	305.15	290.25	95.12%
3	Erection New DTC 25kVA	No's	961	612	586	95.75%
4	Erection New DTC 63kVA	No's	23	0	0	0.00%
5	DP Structure	No's	589	0	0	0.00%
6	Servicing of BPL Households	No's	60531	99171	97264	98.08%

**Financial Progress:**

(Amount in Rs.Crores)

Sl. No.	Name of the district	REC Sanctioned Amount	DWA Amount	REC Released Amount	Name of Division	Expenditure booked	% Financial progress against DWA Cost	% Financial progress against REC Released Amount
1	2	3	4	5	6	7	8=7-4	9=7-5
1	Davanagere	11.9612	15.745	4.97	Davanagere Harihara	1.4427 5.7825	45.89%	145.38%
					<b>SUB TOTAL</b>	<b>7.2252</b>		
2	Chikka-ballapura	12.2764	15.742	5.75	Chikkaballapura Chintamani	8.1560 2.0916	65.10%	178.22%
					<b>SUB TOTAL</b>	<b>10.2477</b>		
3	Bangalore Rural	4.0048	5.1941	1.83	Nelamangala Hosakote	0.8966 0.5804	28.44%	80.71%
					<b>SUB TOTAL</b>	<b>1.4770</b>		
4	Ramanagara	11.2406	13.8937	5.35	Ramanagara Kanakapura	3.9864 1.9107	42.45%	110.23%
					<b>SUB TOTAL</b>	<b>5.8971</b>		
5	Kolar	13.0726	16.5542	6.13	Kolar K.G.F	2.0510 1.2383	19.87%	53.66%
					<b>SUB TOTAL</b>	<b>3.2893</b>		
<b>Total</b>		<b>52.5556</b>	<b>67.129</b>	<b>24.03</b>		<b>28.1363</b>	<b>41.91%</b>	<b>117.09%</b>

**NOTE:**

- 1) Expenditure incurred is exclusive of Rs. 148.94 Lakhs paid to M/s. REC PDCL towards charges for preparation & submission of DPR pertaining to RGGVY XII plan & Rs. 11.07 Lakhs and Rs. 22.15 Lakhs paid to M/s. RECPDCL towards TPIA charges.

**XVII. Deena Dayal Upadhyaya Grama Jyothi Yojana (DDUGJY):**

Central government has introduced new scheme DDUGJY for rural electrification. The main objective of the scheme is as follows:

1. Providing access to all.
2. 24 x 7 power for all.
3. AT & C loss reduction as per trajectory finalized by MoP.

The main objective is electrification of rural households by creating infrastructure (like extension of HT/LT lines, installation of new DTCs). The other work includes feeder separation, system strengthening and metering.

**Scope of works:**

- a) Strengthening of sub-transmission and distribution system.
- b) Rural electrification - Already sanctioned projects under RGGVY to be completed.
- c) All the works under SansadAdarshGramaYojana (SAGY).
- d) Metering.

**Financing:**

The central Government is funding 60% of the total sanctioned project cost as grant and remaining 40% amount has to be borne by the utility/ESCOMs.

Additional Grant 50% of total loan component (30%) i.e., 15% from Gol on achievement of prescribed milestones.

**Time Period:**

The time target fixed for completion of the project is 24 months from the date of issue of Detailed Work Award.

The Hon'ble Additional Chief Secretary, Energy Department, GoK has allocated **Rs.235.36 crores** to BESCOM out of **Rs.1754.32 crores** allocated to Karnataka state by monitoring committee of MoP.

The district wise and component wise amount allocated is as follows:

(Amount in Rupees Crores)

Sl. No.	Name of the District	Name of the Works				Total
		Rural Electrification (With Infrastructure)	System strengthening	SAGY	Metering	
1	Anekal (Bangalore Urban)	4.45	4.00	6.99	2.82	18.26
2	Bangalore Rural	4.21	10.00	4.22	2.06	20.49
3	Ramanagara	5.11	12.00	6.97	2.64	26.72
4	Kolar	4.68	11.79	5.08	1.22	22.77
5	Chikkaballapur	2.24	11.00	0.00	0.69	13.93
6	Tumkur	46.45	13.00	10.10	1.85	71.40
7	Davanagere	2.05	12.00	2.68	1.82	18.55
8	Chitradurga	26.75	13.00	2.47	1.02	43.24
<b>TOTAL</b>		<b>95.94</b>	<b>86.79</b>	<b>38.51</b>	<b>14.12</b>	<b>235.36</b>

**Present Status in BESCOM:**

For implementing DDUGJY scheme in 8 districts of BESCOM M/s. REC, New Delhi have allocated and approved **Rs.235.36 crores**. In the jurisdiction of BESCOM 119659 nos of un-electrified BPL households are identified for electrification. For implementing the scheme tendering process is completed and Detailed Work Award is issued to qualified agencies and works are under progress.

**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	EN 67 PSR 2012 06.09.2012	4801-01-190-0-09-211 (Plan)	20.00 Crores	2012-13
3	EN 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>	



### **XVIII. Various Consumer Initiatives were taken during this financial year. The details are:**

#### **Integrated 24 X 7 Helpline and Public Grievance Redressal System**

To facilitate consumers, BESCOM has established a well-integrated 24x7 Customer Helpline through the latest technology & software developments along with in-built automatic call transfer system. Consumers can call on the Customer Help Line Number 1912 which has 30 concurrent lines with Multi Channel Complaint Registration Facility (Phone, SMS, Online, E-mail, Facebook and Twitter)

All the consumer complaints are being registered in the Web enabled IPGRS (Integrated Public Grievance Redressal System) application. Whenever any consumer registers complaint, they will be provided with the Docket Number, using which they can track their complaint status through Help Line or BESCOM Website. For the speedy redressal of complaints, BESCOM has established Circle control rooms in all the Circles. In Circle Control Rooms, the executives makes follow up of complaints pertaining to their Circle till resolution.



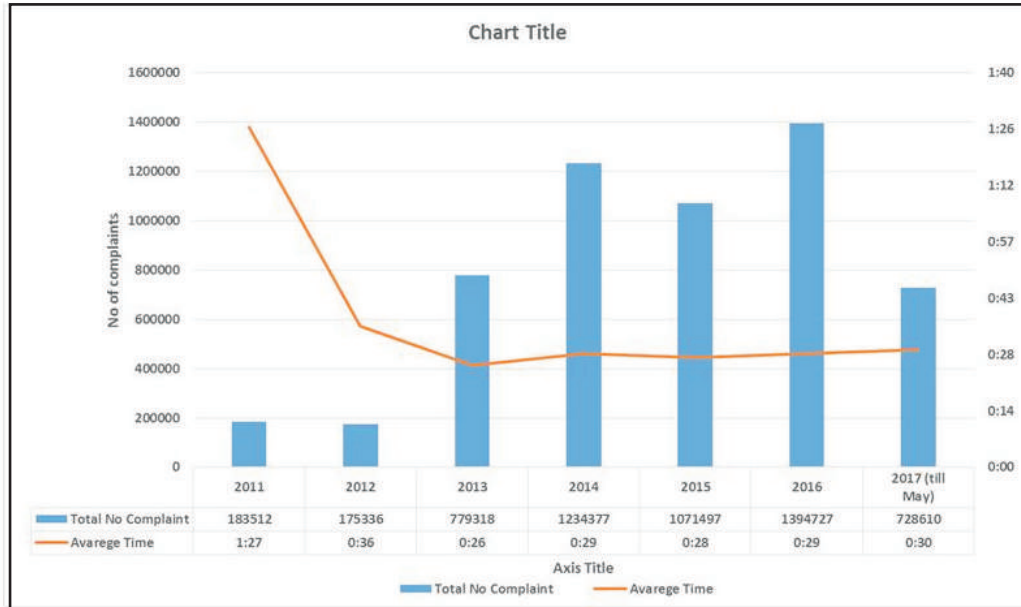
In order to facilitate consumers to register their complaints through SMS, BESCOM has developed and deployed a SMS Complaint Management System. Consumer can send SMS to 58888 to register their complaints. Once the SMS is received, consumer gets back the acknowledgment message along with docket number. The application forwards complaint message to the concerned Sub-Divisional AEE, AE for necessary action. After resolving the complaints the concerned field staff will inform the circle control room to close the complaint docket. The executives at circle control rooms confirm with the complainant and then only they will close the docket.

The well Customized IPGRS application generates various MIS reports indicating the number of complaints, nature of complaints received, complaints attended, complaint pending and reasons for not attending the complaints. The IPGRS application also includes Escalation Matrix, Technical Dash Board & SMS Gateway Facility.

#### **Social Media Network:**

The official Face book page “BESCOM” and twitter handle “Namma Bescom” has been linked followed by many consumers. The increase in Social media presence has also helped BESCOM to address the consumer base which is actively using online mode.

**Graph showing Average time taken to attend complaints:**



Note: Only Category “A” Complaints have been taken (till May-2017)

**Customer Interaction Meeting**

**1) Conducting Consumer Interaction Meetings in the O&M sub division for redressal of consumer complaints:**

BESCOM has initiated Consumer Interaction Meetings during the year 2012 as per the directives of Hon’ble KERC and the aforesaid meetings are being conducted at all the Sub Divisions as per the monthly schedule specified by BESCOM. CIMs are being monitored closely by Customer Relations Section, Corporate Office, BESCOM. The Proceedings of the Meetings are being uploaded in the BESCOM Website.

Recently, management has taken decision to conduct Consumer Interaction Meetings on every third Saturday of every month at all the Sub Divisions with all proper preparations.



## 2) Implementation of Standards of Performance

BESCOM has prescribed minimum Standard of service as per the directives from Hon'ble KERC with reference to quality, continuity and reliability of Services. BESCOM is always meticulous in delivering better services to its consumers.

Standards of Performance specified in Schedule-I relates to Standards of Performance for which consumers are eligible for payment of an amount in the manner provided in the Schedule-I in case, BESCOM fails to achieve the Standards of Performance. The SoP parameters have been displayed in all the Sub Divisions and O&M sections. The details are:

Implementation of Standards of Performance (SoP)			
No. of Sub Divisions	No. of Sub Divisions where SoP is displayed	No. of O&M Sections	No. of O&M Sections where SoP is displayed
121	121	460	460

### Web enabled Line Clear System:

Earlier all the LC requests of KPTCL were made through e-mail, letter correspondence and fax. Most of the LC requests sent were in haphazard manner without complete information and giving short notice for taking decision. As a result, we were not able to reach consumers well in advance. To solve this problem, a Web enabled LC Application was developed and implemented for the process of LC concurrence from BESCOM to all KPTCL Station or Line works.

In this application, the concerned Superintending Engineers of KPTCL will log in to the application ([www.bescom.org/lcr\\_new](http://www.bescom.org/lcr_new)) and will upload the LC request with all the details before 15 days in advance. These LC requests will be forwarded to concerned Chief Engineer of the Zone, BESCOM for further updation of the required data. Then the Application forwards the completed LC request to CGM (Operations) for initial Approval and GM(CR) for verification and will then be further forwarded to MD BESCOM for Final Approval. Finally, decision will be taken by MD BESCOM to approve or decline the LC requests. The details of approved Line Clears are linked to BESCOM Website and will be available online.

### BESCOM Website:

Website is an excellent medium to reach out our consumers, to interact with them, to explain them how BESCOM works for consumers, the initiatives taken up by BESCOM etc. In view of this, BESCOM has re-designed its website to make it consumer friendly and to provide maximum information to the consumers through the website.

### BESCOM Technology Innovation Centre:

BESCOM, in its quest to be a leading Power distribution utility has carved out Technology Innovation Centre (TIC). This centre is formed to implement the latest innovation activities under the guidance of Technology Innovation Council, backed by a group of experts for improving the overall performance of the company.

### The following are the core activities of this Centre:

1. Identify the areas of innovation.
2. Interact with industry experts & academicians for solutions.

3. Customization of solution as per BESCOM requirement.
4. Prototype creation & evaluation.
5. Arriving at a Workable, technically feasible & economically viable model.
6. Technology Seminar Series – An initiative to impart technical knowledge in the officers of BESCOM.
7. Technical Discussion Forum – A platform to debate on technical matters.
8. Creation of Patent filing policy for BESCOM.

The following projects are initiated under the valuable guidance rendered by the experts of Technology Innovation Council in conjunction with TIC and the concerned sections of BESCOM. These projects are handed over to the respective sections for further implementation.

1. Implementation of Solar DC Inverterless system.
2. Innovative Structural Design of Distribution Transformer Centre.
3. Automated Demand Side Management.
4. Modification of 11KV GOS operating mechanism in BMAZ.
5. Comprehensive Consumer Analytics in one division and providing mobile application for consumers of BESCOM.

In this direction, the first project taken up by TIC is Comprehensive Consumer Analytics covering Technical, Corporate and Consumer Engagement using analytical platform for One Division and mobile application for Consumers in BESCOM.

**Here is a brief description of the project:**

**Comprehensive Consumer Analytics covering Technical,  
Corporate and Consumer Engagement using analytical platform for  
One Division and mobile application for Consumers in BESCOM**

BESCOM caters to more than one crore consumers and consumer satisfaction is the top most priority. In order to accomplish a good Consumer relationship it becomes important to create consumer awareness program that makes the consumers aware of their individual energy consumption and ways to control the consumption thereby achieving better consumer satisfaction.

**Objective:**

This project mainly focuses on providing an Analytical platform hosted on cloud to derive insights to the consumer data provided by BESCOM and providing a mobile APP to the consumers of BESCOM.

**Scope of work:**

- Providing Analytical platform hosted on cloud.
- Development of consumer analytics.
- Providing Mobile application for the consumers of BESCOM.

**Features:**

- a. Monthly MIS reports regarding the Insights via Dashboards.
- b. Consumer segmentation based on factors like usage, billing etc.

- c. Time series pattern, QoQ, MoM percent changes of complaints, billing, collection.
- d. Provision to access the data pertaining to the power outages, history of energy consumption, billing, payments.
- e. Generic information about BESCOM, electricity safety measures, tariff, FAQs.
- f. Option to publish BESCOM policies for the consumers, to take feedback/ suggestion and to conduct survey on the initiative by BESCOM.
- g. Online bill payment, payment due alerts.
- h. Option for the consumer to file a complaint along with GPS based tracking system

**Further this mobile Application will be helpful for the BESCOM staff in viewing:**

- a. RR no. wise list of payment dues.
- b. Scheduled and un-scheduled Outage information.
- c. Complaint tracking.
- d. Important message and notice from BESCOM.
- e. GPS based tracking system on the restoration team.

**XIX. QUALITY & SAFETY:**

BESCOM is committed safety of workmen working in the organization. BESCOM is providing all the safety equipment's to its maintenance staff viz., Safety rubber hand gloves, safety belts, safety eye wear, safety helmets with electronic induction testers, reflective jackets, rainwear, telescopic earthing rods etc., to enable the maintenance staff to perform their duties with confidence. A toolkit is also being procured for every linemen of BESCOM.

**XX. HRD WING:**

**(a) Recruitment in BESCOM during FY 2016-17:**

Sl. No.	Cadre	No. of Posts		Remarks
		NHK	HK	
1	Junior Lineman	2523	27	Recruitment under progress
2	Assistant Executive Engineer (Ele.,)	-	4	
3	Assistant Engineer (Ele.,)	80	-	
4	Assistant Engineer (Civil)	8	-	
5	Assistant Accounts Officer	100	-	
<b>Total</b>		<b>2711</b>	<b>31</b>	

**(b) Human Resource Development Centre:**

Many programmes were scheduled in regard to human resource development in the Company in order to develop the skill of the employees to cope up with the current trends in the power sector for upgradation of their skills and for adoption of latest technology prevailing in the power sector globally.

**DETAILS OF TRAINING PROGRAMS CONDUCTED BY AND AT HRD CENTRE DURING 2016 - 17**

Sl. No	Code No.	Name of the Training Programme	Cadre	Apr.16	May.16	Jun.16	Jul.16	Aug.16	Sep.16	Oct.16	Nov.16	Dec.16	Jan.17	Feb.17	Mar.17	Total
1	B-3 (3 Days)	CPRI Training on "Enhancement of O&M Skills"	AEEs, AEs & JEs	20	25	-	-	-	-	-	-	-	-	-	-	45
2	B-4 (30 working Days)	Pre-promotional training for Linemen	Linemen	-	-	-	-	-	-	-	-	-	42 (Jan to Feb)	40 (Feb to Mar)	-	82
3	B-5 (30 working Days)	Pre-promotional training for Meter readers	Meter Readers	-	-	-	-	-	-	-	-	-	46 (Jan to Feb)	45 (Feb to Mar)	-	91
4	B-11 (30 working Days)	Pre employment Readers training for JMRS	Junior Meter Readers	-	-	-	-	-	-	-	-	-	-	-	15 (Mar to Apr)	15
5	B-13 (3 Days)	Safety training for Newly Recruited JLMs	Junior Linemen	-	-	269	381	-	-	-	-	-	-	-	-	650
6	B15 (1 Year)	Apprenticeship Training	Graduates	-	-	-	-	-	-	-	132	-	-	-	-	132
7	B-16 (1 Year)	Apprenticeship Training	Diploma	-	-	-	-	-	-	-	19	-	-	-	-	19
8	B-17 (30 Working Days)	Pre employment training for Jr. Assistants	Jr. Assistants	-	-	-	-	-	86 (Sep to Oct)	84 (Oct to Nov)	-	72 (Dec to Jan.17)	-	-	-	242
9	B-18 (45 Working Days)	Pre employment training for Assistants	Assistants	82 (Apr to Jun)	-	-	84 (Jul to Aug)	-	-	-	-	-	42 (Jan to Mar)	-	-	208
		<b>Total (A)</b>	<b>102</b>	<b>25</b>	<b>0</b>	<b>353</b>	<b>381</b>	<b>86</b>	<b>84</b>	<b>151</b>	<b>72</b>	<b>130</b>	<b>85</b>	<b>15</b>	<b>1484</b>	
1		Outside Deputation Trainings Workshop on "Understanding self, Interpersonal relationships and self esteem"	For BESCOM Officers & Employees	24	19	11	-	36	-	-	-	-	-	-	-	90

Sl. No	Code No.	Name of the Training Programme	Cadre	Apr.16	May.16	Jun.16	Jul.16	Aug.16	Sep.16	Oct.16	Nov.16	Dec.16	Jan.17	Feb.17	Mar.17	Total
2		"Leadership and Team Building"	For BESCOM Officers & Employees	-	-	-	-	37	-	-	-	-	-	-	-	37
3		"Analysis of Financial State-ments" by FPI	For BESCOM Officers & Employees	-	6	-	-	-	-	-	-	-	-	-	-	6
4		"Role of CMA's in Socio-Economic growth"	For BESCOM Officers & Employees	2	-	-	-	-	-	-	-	-	-	-	-	2
5		"Regional Training Program for Utilities on Solar Rooftop Implementation"	For BESCOM Officers & Employees	2	-	-	-	-	-	-	-	-	-	-	-	2
6		"Right to Information Act-2005"	For BESCOM Officers & Employees	-	3	-	-	-	-	-	-	-	-	-	-	3
7		"Conference on metering in India"	For BESCOM Officers & Employees	-	-	1	-	-	-	-	-	-	-	-	-	1
8		"Training of Trainers (ToT) under the National Certification Programme for Rooftop Solar Photovoltaic Installer"	For BESCOM Officers	-	-	2	-	-	-	-	-	-	-	-	-	2
9		Pre-Dispatch Inspection 3ph 4 wire/ single phase electronic reference standard Accuchecks	For BESCOM Officers	-	-	-	-	1	-	-	-	-	-	-	-	1
10		"Goods and Service Tax"	For BESCOM Officers	-	-	-	-	2	5	-	-	-	-	-	-	7

Sl. No	Code No.	Name of the Training Programme	Cadre	Apr.16	May.16	Jun.16	Jul.16	Aug.16	Sep.16	Oct.16	Nov.16	Dec.16	Jan.17	Feb.17	Mar.17	Total
11		Design & Testing Requirements of Power/Distribution Transformers	For BESCOM Officers	-	-	-	-	-	5	-	-	-	-	-	-	5
12		"Commercial aspects of Power sector operations" by FPI	For BESCOM Officers	-	-	7	-	-	-	-	-	8	-	-	-	15
13		International Symposium "On smart Grid Technologies"	For BESCOM Officers	-	-	-	-	-	-	-	-	-	11	-	-	11
14		"New trends in Distribution Lines maintenance"	For BESCOM Officers	-	-	-	-	-	-	-	-	-	-	-	10	10
15		"Efficiency improvement measures in Distribution System"	For BESCOM Officers	-	-	-	-	-	-	-	-	-	-	-	10	10
<b>Total (B)</b>				28	28	21	0	76	10	0	0	8	11	0	20	202
<b>Grand Total (A)+(B)</b>				130	53	21	353	457	96	84	151	80	141	85	35	1686



## XXI. INTERNAL AUDIT:

Internal Audit wing in BESCOM is headed by Chief General Manager (I/A) and functioning independently under the control of Managing Director, BESCOM. The CGM (I/A), DGM (I/A) & 6 AGMs (I/A) are functioning at Corporate office and looking after the audit of Purchase orders, power purchase bills, pre audit of establishment matter, correspondence relating to AG Paras & COPU paras. Supervision/Monitoring the audit work related to Revenue/ Cash/ Stores etc., of the audit sections of Division/Circle/Zone. Verification of Purchase orders, Establishment related issues, Stores audit, Revenue/Cash/Stores etc., of the audit section of Division, Circle and Zone.

At verification of Purchase orders, Establishment related issues, store audit, Revenue/Cash/ Voucher audit will be done at Divisions, Circles and Zonal offices.

All the activities relating to the accounting aspects of the company as stated above, coming under the purview of internal audit is being carried out/done as per the guidelines prescribed in Audit manual/other codal rules/ circulars/orders issued periodically from the company.

### Activities of Internal audit wing :

- (a) **Revenue Section:** The Internal Audit section will verify the accounts of all categories of consumers billing accuracy and the procedural lapses, if any, in maintaining the consumer accounts.

Due to shortage of staff, the services of Retired Senior Assistants and Graduate Assistants are being utilized to conduct audit work as per action plan and to complete the same.

The internal audit has pointed out Rs.30.52 Crores of Audit Short Claim during the FY 2016-17 and collected Audit Short Claim of Rs. 26.89 Crores.

- (b) **Cash Audit:** To ensure proper accounting of cash collected/recovered from consumers and remittance to head office bank account Bank Reconciliation Statement and Cash accounts are being checked for their correctness and irregularities to prevent cash defalcation/misappropriation. During the course of the audit if any, irregularities/misappropriation are noticed the same is brought to the knowledge of the Management.

- (c) **Voucher Audit:** Every month, the voucher audit is being carried out at Corporate, Zone, Circle and Division level. Excess payment of Rs.2.13 Crores has been pointed out during this year and out of that Rs.2.06 Crores has been recovered. Similarly, Rs.1.03 Crores of irregular expenditure has been pointed out and Rs.1.35 Crores has been regularized including the amount from O.B of Rs.1.94 Crores.

- (d) **Store Audit:** The test audit of stores transactions will be conducted in each quarter and report will be issued to the concerned Divisional officer for the irregularities observed like excess issue of materials, un-accounting of materials received, the difference in balances. of pricing and numerical ledgers etc.

At the time of audit of stores, it will be verified whether the annual counting of stores is done during every December/January and the final orders are passed differences of any, will be reported.

- (e) **AG Paras:** There are 15 paras pending relating to COPU till the end of financial year 2016-17.

- (f) **Special Audit:** 10 Nos. of special audit proposals have been received for the FY 2016-17 amounting Rs. 18.69 lakhs. These Special Audit reports have been sent to concerned authorities to initiate disciplinary action.

## XXII. VIGILANCE:

Since the inception of BESCOM the Vigilance department headed by the Superintendent of Police along with supporting staff of one Deputy General Manager (Elec), One Deputy Superintendent of Police, One Assistant General Manager (F&C) and Eleven Inspectors, Eleven Asst. Executive Engineer(Elec) and more than eighty staff and officers. The vigilance is functioning directly under the control of Hon'ble Managing Direction, BESCOM.

The main activity of Vigilance wing is to inspect, check and control the theft, pilferage, misuse of electricity, un-authorized use and extension of power and take necessary actions as per the provisions of I.E. Act 2003 and conditions of supply of Electricity of distribution licenses in the state of Karnataka.

The performance of Vigilance Wing for the year 2016-17 are detailed below:

Sl. No.	No. of installations inspected	No. of cognizable cases	Preferred amount (BBC & CC) (Rs.in Lakhs)	No. of Non-Cognizable Cases	BBC Preferred (Rs.in Lakhs)
1	37487	1784	1455.87	1722	2199.44

During the year 2016.17, around 54 nos. of Cognizable cases amounting to Rs. 85.47 lakhs was settled in Lokadalath Court pertaining to water supply and street light installations of BBMP.

## XXIII. CORPORATE GOVERNANCE:

Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, transparency and fairness in all its transactions in the widest sense and meeting its stakeholders aspirations and societal expectations. It is the companies constant endeavor to adopt the best Corporate Governance practices. The Board of BESCOM believes and supports Corporate Governance practices of a high standard, ensuing observance of these principles in all its dealings. All the Directors take active part in the proceeding of Board and Sub-Committee meeting which add value in the decision making process. The non-functional directors receive sitting fees for Board/Sub-Committee meeting attended by them. Company has complied with various statutory requirements prescribed under the Companies Act 1956 and 2013, labour laws and other Corporate laws wherever applicable for the FY 2016-17.

### (a) Board of Directors:

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

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

1	D.K.Shivakumar	Chairman
2	P.Ravi Kumar, IAS.,	Director
3	Jawaid Akthar, IAS.,	Director
4	P.Rajendra Cholan, IAS.,	Managing Director
5	Dr.R.C.Chetan, IRS.,	CFO & Director (Finance)
6	K.Siddaraju, BE., MBA	Director(Technical)
7	B.Sindhu, IAS.,	Director
8	G.R.Chandrasekharaiah	Director

9	T.R.Ramakrishnaiah	Director
10	A.N.Jayaraj	Director
11	J.Gangadhara Murthy	Director
12	Mohammed Zakaula	Director
13	Venkatesh. T	Director
14	M. Venkatesh	Director
15	K.Narasinga Rao	Director
16	B.S.Vasantha Kumar	Director
17	B.V.Jayaramu	Director
18	Sabdar Hussain	Director
19	L.Jayaramaiah	Director
20	V.Venkatesh	Director

During 2016-17, Board meetings took place as on the date AGM is as detailed below :

Sl.No.	Meeting No.	Held on
1	76 <sup>th</sup>	09.06.2016
2	77 <sup>th</sup>	11.08.2016
3	78 <sup>th</sup>	20.09.2016
4	79 <sup>th</sup>	29.09.2016
5	80 <sup>th</sup>	26.11.2016
6	81 <sup>st</sup>	09.02.2017
7	82 <sup>nd</sup>	11.05.2017
8	83 <sup>rd</sup>	07.09.2017
9	84 <sup>th</sup>	30.10.2017
10	85 <sup>th</sup>	06.12.2017

**(b) Board Sub-Committees:**

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

**(1) Central Purchases Committee**

Central Purchases Committee was formed to consider all cases of purchases whether for Projects or award of Station/Line works or any other works and all matters relating to such purchases as per prevailing delegation of financial powers.

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

1	Managing Director, BESCOM	Chairman
2	Director (Technical), BESCOM	Member
3	Director (CFO & Finance), BESCOM	Member
4	CEE. Tr. Zone, KPTCL, Bengaluru	Member
5	Company Secretary, BESCOM	Convener

During 2016-17, CPC met on the following dates upto the end of financial year upto the date of AGM :

Sl.No.	Meeting No.	Held on
1	92 <sup>nd</sup>	31.05.2016
2	93 <sup>rd</sup>	27.08.2016
3	94 <sup>th</sup>	19.12.2016
4	95 <sup>th</sup>	09.02.2017
5	96 <sup>th</sup>	31.03.2017
6	97 <sup>th</sup>	29.08.2017
7	98 <sup>th</sup>	26.10.2017

**(2) Borrowing Sub Committee:**

The Borrowings Sub-Committee has been delegated certain 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 General Meeting.

Composition of Borrowings Sub-Committee as on date of AGM is as below:

1	Managing Director, BESCOM	Chairman
2	CFO & Director( Finance), BESCOM	Member
3	CEE.Tr.Zone, KPTCL, Bengaluru	Member
4	Company Secretary, BESCOM	Convener

During the year under report, (FY 2016-17) the Borrowing Sub-Committee held its meetings as below upto date of AGM :

Sl. No.	For availing Finance from	Amount in Crores	Held on
1	Syndicate Bank	250 crores	21.04.2016
2	Syndicate Bank	(O/D) 350 crores	27.09.2016
3	R.E.C.	763.99 crores	26.11.2016
4	R.E.C.	208 crores	29.08.2017

**(3) Audit Committee:**

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

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

1	Managing Director, KPTCL(By Name)	Chairman
2	Director(Technical), BESCOM	Member
3	CEE.Tr.Zone, KPTCL, Bengaluru	Member
4	Company Secretary, BESCOM	Convener

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

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

- 1) Discussion with the Auditors periodically about Internal Control System 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 internal control systems.
- 4) Investigation into any of the matters as may be referred to by the Board.
- 5) Financial and Risk Management Policies and Fraud and Fraudulent Risks.
- 6) Review of annual capital, revenue and store budgets before being placed before the Board for approval.
- 7) Review of programmes of finalization of annual accounts for timely completion of audit and approval.
- 8) Review of adequacy of internal controls to review reports on inventory, completion reports of capital works, standard and specifications wherever applicable.
- 9) Review of Internal Audit paras.
- 10) Review of AG Audit paras.
- 11) Review of disciplinary cases.
- 12) Review of vigilance activities. MRT, TAQC Wings and write offs.
- 13) Review of power purchase cost.
- 14) Review of borrowings.
- 15) Discussions with Statutory Auditors and cost Auditors regarding their reports.
- 16) Any other matters as may be referred to by the Board.

During FY 2016-17 the Audit Committee has met as below upto the date of AGM :

Sl.No.	Meeting No.	Held on
1	29 <sup>th</sup>	29.07.2016
2	30 <sup>th</sup>	16.10.2017

#### (4) Nomination and Remuneration Committee:

The composition of the Nomination and Remuneration Committee constituted under section 178 of Companies Act 2013 as on date of AGM is as below:

1	Managing Director, KPTCL	Chairman
2	Managing Director, BESCOM	Member
3	CFO & Director (Finance), BESCOM	Member
4	Director (Technical), BESCOM	Member
5	CEE, Tr.Zone, KPTCL	Member
6	Company Secretary, BESCOM	Convener

The Nomination and Remuneration committee 2016-17 (upto the date of AGM) the Nomination and Remuneration committee met as below:

Sl No.	Meeting No.	Held on
1	2 <sup>nd</sup>	26.11.2016

**(5) Corporate Social Responsibility Committee:**

As stipulated under section 135 of the Companies Act 2013 every Company having a net worth of rupees five hundred crores or more, or turnover of rupees one thousand crores or more or net profit of rupees five crores or more during any financial year shall constitute of Corporate Social Responsibility Committee of the Board consisting of three or more Directors, out of which at least one director shall be an independent director. According to the said provisions under Companies Act 2013, BESCOM is required to constitute the CSR Committee since the net worth of BESCOM exceeded the minimum limit prescribed under the Companies Act 2013. Board at its 07.09.2017 meeting held on 2nd re-constituted the CSR committee with the members comprising the following Directors.

1	Sri. P.Rajendra Cholan, IAS, MD, BESCOM	Chairman
2	Sri. Dr.R.C.Chetan, IRS, CFO & Director (Finance), BESCOM	Member
3	Sri. K.Siddaraju, BE, MBA, Director (Technical) BESCOM	Member
4	Sri. K.T.Hiriyanna, FCS.,	Company Secretary

CSR Committee meeting was held on 07.09.2017 and recommended Rs.2.35 crores towards CSR activities for the FY 2016-17(unspent money).The Board of every company referred to in section 135 sub-section (1), shall ensure that the company spends, in every Financial Year, at least two percent of the average net profits of the company made during the three immediately preceding financial year, in pursuance of its Corporate Social Responsibility Policy. Company at its 83rd Board of Directors Meeting held on 07.09.2017 took decision to spend Rs. 2.35 crores (unspent money) for the 2016-17 (to be spent in 2017-18) towards CSR activities stipulated under schedules VII of Companies Act 2013 and spending process is under progress.

**(6) Staff Welfare & Industrial Relations:**

Several steps were taken in the area of staff welfare during the year. The company had taken up a number of initiatives for ensuring health of the employees and their dependents by a way of inclusion of reputed hospitals in its approved list of hospitals and health awareness is created among the employees. The Company also maintained cordial and harmonious relations at all levels.

**(7) Disclosure under Sexual Harassment of Woman at Workplace (Prevention, Prohibition & Reddressal) Act 2013:**

The Company has put in place Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Work place (Prevention, Prohibition & Reddressal) Act 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, contractual, temporary, trainees are covered under that policy). During the FY 2016-17, complaints received were 'Nil'.

**(8) Statutory Auditors:**

The C&AG of India has appointed M/s.Vaithisvaran & Co., LLP, Bangalore as Statutory Auditors to auditing the accounts of BESCOM for the Financial Year 2016-17 as per the provisions of Companies Act 2013. The said auditors have completed the audit and have submitted their report as per statutory requirement.

**(9) Cost Auditors:**

The Board of BESCOM has appointed M/s. Murthy & Company, LLP as Cost Auditors for auditing the cost accounts of BESCOM for the Financial Year 2016-17 as per the provisions

of Companies Act 2013. The said auditors have completed the audit and have submitted their report as per statutory requirement.

**(10) Secretarial Auditors:**

The Board of BESCOM has continued M/s. P.K.Pande & Associates, a firm of Company Secretaries, No.139, Shalimar Galaxy, 1st Main Road, Seshadripuram, Bengaluru - 560020 as Secretarial Auditors for auditing the accounts of BESCOM for the Financial Year 2016-17 as per provisions of Companies Act 2013. The said auditors have completed the audit and have submitted their report as per statutory requirement.

**(11) Directors' Responsibility Statement:**

Pursuant to the requirement under Section 134 sub section (3) of the Companies Act 2013 with regard to "Directors Responsibility Statement", it is hereby confirmed that:

- (1) In the preparation of the Annual Accounts, the applicable as per Companies Act 2013 accounting standards have been followed along with the proper explanation relating to material departures:
- (2) Accounting policies have been selected and applied consistently and judgments and estimates are made that are responsible and prudent so as to give and fair view of the state of affairs of the company at the end of the Financial Year and of the profit or loss the Company for that period.
- (3) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- (4) Annual accounts have been prepared on a going concern basis.
- (5) All the returns/e-filing which are required to be made under various provision laid down under relevant, applicable sections of Companies Act 2013 have been filed with Registrar of Companies Government of India within the stipulated time frame.
- (6) Mandatory requirement to publish various information's related to company in Company's Website is fulfilled and transparency is maintained in the affairs of the Company.
- (7) The Directors have devised proper system to ensure compliance with the provisions of all applicable laws and those systems are adequate and operating effectively.

**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 BESCOM for their Co-operation and support to BESCOM 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/-  
**CHAIRMAN**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL  
STATEMENTS OF BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED,  
BANGALORE, FOR THE YEAR ENDED 31 MARCH 2017**

The preparation of financial statements of **Bangalore Electricity Supply Company Limited, Bangalore** for the year ended **31 March 2017** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **08.12.2017**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of **Bangalore Electricity supply Company Limited, Bangalore** for the year ended **31 March 2017**. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. In view of the revisions made in the financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the **Note No. 27** of the financial statements and '**Auditors Report**', I have no further comments to offer upon or supplement to the statutory auditors' report, under section 143(6) (b) of the Act.

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

Sd/-

**(BIJIT KUMAR MUKHERJEE)**

ACCOUNTANT GENERAL

(ECONOMIC & REVENUE SECTOR AUDIT)

KARNATAKA, BANGALORE

Bengaluru

Date: 15.12.2017



**P K Pande & Associates**

Company Secretaries.

Form No. MR-3

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To:

The Members,  
Bangalore Electricity Supply Company Limited  
Registered Office: K.R.Circle, Bangalore

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bangalore Electricity Supply Company Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes' books, forms and returns filed and other records made available to me and maintained by the Company for the Financial Year ended 31st March, 2017 according to the applicable provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there-under;
2. This being a unlisted, public, Government Company, wholly owned by the Government of Karnataka, the following Acts will not apply to it:
  - (i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under;
  - (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;
3. For the reasons stated to in point No.2, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') will not apply to this Company:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
4. The Company has not done any foreign exchange related transactions during the period under review and, therefore, there is nothing to report under the Foreign Exchange Management Act, 1999 and the rules and regulations made there under.
  5. The Specific Act applicable to the Company is Karnataka Electricity Act and the Company has complied with the provisions of the Act.
  6. During the course of audit it was informed to me that, among other Acts applicable to the Company, the information and documents relating to the following Acts have not been provided to me; nor the Company has shown any exemptions granted to it by the respective regulatory authorities and, therefore, I am unable to comment about the compliance of these Acts.
    - (a) Workmen's Compensation Act, 1923
    - (b) The Payment of Wages Act, 1936
    - (c) Industrial Disputes Act, 1948
    - (d) Minimum Wages Act, 1947
    - (e) Factories Act, 1948
    - (f) Employee's State Insurance Act, 1948
    - (g) Employee's Provident Funds & Miscellaneous Provisions Act, 1952
    - (h) Payment of Bonus Act, 1965
    - (i) Contract Labour (Regulation and Abolition) Act, 1970
    - (j) Maternity Benefit Act, 1961
    - (k) Employment Exchanges Act, 1959
    - (l) Equal Remuneration Act, 1976
    - (m) Property Tax

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of

the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Having gone through the proceedings of the Board and Committee meetings, I observe that all the decisions at these meetings were carried through unanimously and there were no dissenting views emanated from the members of the Board and Committee.

I further report that as per the explanations given to me and the representations made by the management, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines subject to my observations made in points No.3 and 6 above.

**Observations / qualifications:**

- (a) The Company has convened an EGM on 9th June, 2016 to amend its AoA (Article No.72) to increase the overall limit of Directors from existing 12 to 20. The intimation of the same along with amended AoA is yet to be informed to RoC by filing MGT-14.
- (b) There is scope to implement the Secretarial Standards.

**P K Pande & Associates**

Company Secretaries

**P K Pande**

Proprietor

Membership No.5487

Place: Bangalore

Date: 12th December, 2017



**Annexure 'A'**

To  
The Members,  
M/s. Bangalore Electricity Supply Company Limited  
K.R.Circle  
Bangalore-560001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure the correct facts are reflected in secretarial records. We believe that the process and practices. We followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Whenever required, we have obtained the Management representation about the compliance of laws, rule and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither as assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**P K Pande & Associates**

Company Secretaries

**P K Pande**

Proprietor

Membership No.5487

Place: Bangalore  
Date: 12th December, 2017

## Independent Auditors' Report

### TO THE MEMBERS OF BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

Pursuant to the observations made by Comptroller and Auditor General of India under Section 143(7) of the Companies Act, the accounts approved by the Board of Directors on 30-10-2017 have been revised, this report supersedes our earlier report dated 30-10-2017. The report is revised to incorporate the observations made by the Comptroller and 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 number 27.

#### Report on the Financial Statements;

We have audited the accompanying standalone financial statements of BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED ("the company") which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Change in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors and management is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income) and cash flows and the changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and order under section 143 (11) of the act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone

Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give true and fair view 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 Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### **Basis for Qualified Opinion:**

1. Accrual system: As per section 128(1) of the Companies Act, 2013, 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 on receipt basis, which is contrary to the accrual system of accounting as essential under section 128(1) of the Companies Act, 2013.

### **2. Deviations from Accounting Standards:**

- a. *Indian 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. *Indian Accounting Standard 16- Property, Plant and Equipment requires the cost of dismantling to be estimated and included in arriving at the cost of the item for capitalisation. Company has not included the estimated cost of dismantling for capitalisation. Also, the Company has charged depreciation as per KERC/CERC rules. Consequently following deviations are noted:*
  - I. *Depreciation rates are based on rates adopted by KERC/CERC for tariff fixation and not based on useful life of the asset as required under Companies Act 2013.*
  - II. *Residual value taken at 10% of original cost as adopted by KERC/CERC instead of maximum of 5% required under Companies Act 2013.*
  - III. *Depreciation on additions during the year to fixed assets are provided from the month of addition instead of pro-rata basis required under Companies Act 2013.*

*The impact of the above deviation from the accounting standard is not ascertainable.*

- c. *Indian Accounting Standard 21- The Effects of Changes in Foreign Exchange Rates: Foreign currency assets and liabilities are to be valued on the balance sheet date as per IND AS 21 paragraph 23, which has not been carried out by the company regarding JICA Loan of Yen 6975554909.*
- d. *Indian Accounting Standard 19 - Employee Benefits: The Company has provided for retirement benefits as per actuarial valuation made up to 31.03.2014 in the financials year 2015-16 and leave encashment on estimate basis. No actuarial valuation has been done for financial year 2016-17 which is contrary to Indian Accounting Standard-19 - Employee Benefits, which requires the actuarial valuation to be made. The impact of above deviation from the accounting standard is not ascertainable.*

- e. *Indian Accounting Standard 12 – Income Taxes: The Company has not 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.*
- f. *Indian Accounting Standard 114- Company has been accounting for “Regulatory Assets” being the deferred income expected to be flow to the company subsequently on determination of tariff by Hon’ble KERC during Annual Performance Review and Annual revenue requirement and is recognized as Revenue on accrual basis in the current year. Also the Accounting Policy has been modified during the current year to limit the quantum of regulatory asset recognition to the extent of Return on Equity conservatively which in all probability KERC will admit in true up order. Ind AS 114 requires the entity to follow the same accounting policy as was followed in earlier GAAP on initial application of the standard. Hence there is a deviation in current year from Ind AS 114. If the recognition of revenue is not so limited, the revenue and profit for the year would be higher by Rs.456.85 Crs- Refer Note No.16.*
3. *Capital Work in progress: RAPDRP-A project has been taken up by BESCOM for computerization of all activities. The company has incurred Rs. 325.08 Crores held in CWIP. The company has not capitalized intangible asset due to non-receipt of user acceptance test report, even though revenue module is put to use in the current year. The depreciation has not been charged on such intangible asset. The impact of the above deviation is not ascertainable.*
4. *Balance Confirmation/ Reconciliation: The Company has not obtained confirmation and reconciled the balances as on 31.03.2017 from/to KPTCL, KPCL, other ESCOMs and PCKL, sundry debtors, sundry creditors, advances, deposits from/to suppliers / contractors / government authorities/ consumers/ employees, loans and other receivables from various parties. The impact of the above is not ascertainable.*

### 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 above, the aforesaid standalone Ind AS 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 including the Ind AS;

- Of the financial position of the Company as at 31 March 2017
- its financial performance including other comprehensive income
- its cash flows, and
- the changes in equity for the year ended on that date.

### Emphasis of Matters:

We draw attention to the following matters in the General Notes to the financial statements:

- General Note No.2.1 regarding amount of Rs.464.58 Crs received from Government of Karnataka during the period 2012-13 to 2016-17 towards share application money has been kept under share deposit pending allotment of shares even though 60 days have elapsed since the receipt of money. The share application money has neither been refunded nor interest liability provided as required under Section 42 of Companies Act 2013.
- General Note No. 3.1 regarding certain loans availed by KPTCL transferred to BESCOM and are reflected as loans in the books of the company.

- c. General Note no.4.5 regarding transfer of certain land and buildings from KPTCL has been recorded on the basis of the notification by GOK but title deeds relating to such assets are not available.
- d. General Note no. 6.2 regarding non-recognition of excesses or shortages found on physical verification of inventories pending for final investigation.
- e. General Note no. 8.1 regarding accounting of contingent liabilities / assets on contracts remaining to be executed are not ascertained.
- f. General Note No. 8.5 regarding Interest claimed Rs.971.44 Crs by KPCL. Company has requested Government to waive off the interest of KPCL and has not provided for same.
- g. General Note No. 8.7- The difference in amount claimed by KPCL and amount admitted in BESCOM on account of moisture correction for supplies from RTPS units 1-7 and BTPS unit 1 and 2 is not provided for in the Books.
- h. General Note No.8.8 - Amount payable on account of over drawal of 47 Mu / under drawal of 141 Mu of power in respect of supply from global energy (P) Limited is not quantified since the rate for overdrawal / underdrawal is not yet fixed.
- i. General Note No. 9 regarding Inter Unit Accounts are subject to reconciliation/adjustments to the extent of Rs.49.51 Crores (Credit), Previous Year Rs.17.69 Crore (Credit).
- j. General Note No.12- Disclosure on Related party transaction is limited to the transaction among ESCOMs, KPTCL & KPCL only being they are owned by GoK.
- k. CSR not spend during the year even though the company makes profit for last 3 years.
- l. General Note No.29- The fair value of security deposits and retention money is not estimated as expected realisation date is not available.

Our opinion is not qualified in respect of the above stated emphasis of matters.

#### **Report on other Legal and Regulatory Requirements :**

1. As required by section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Divisions not visited by us.
  - c. the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder Except for the matter described in the 'Basis for Qualified Opinion' paragraph above.;
  - e. Section 164 (2) companies Act, 2013 regarding disqualifications of board of directors is not applicable to Government companies as per MCA notification F No 1/2 2014-CL.V dated 05.06.2015.
  - f. With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness' of such controls, refer to our separate report



- in "Annexure A". Our report expresses a modified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.
- g. With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014. In our opinion and to the best of our information and according to the explanations given to us,
- i) The company has disclosed pending litigations on its financial positions refer note no.8.14.
  - ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.
- h. Requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank notes during the period from 8th November, 2016 to 30th December, 2016 is not provided as the same is still being compiled.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
3. Compliance to directions issued by C&AG of India u/s 143(5) of companies Act 2013 are given in the Annexure C of the auditors' report.

**For VAITHISVARAN & CO LLP.**  
Chartered Accountants  
Firm's Reg. No. 004494S/S200037

**CA Vaidyanathan S**  
Partner  
Membership No.021627

Bengaluru  
08/12/2017

## Addendum to Directors Report

for the year 31st March 2017

REPLIES OFFERED ON THE OBSERVATION/ COMMENTS OF THE STATUTORY AUDITORS ON THE ACCOUNTS OF THE COMPANY FOR THE YEAR 2016-17 ARE AS FOLLOWS:

Sl. No.	Observations of the Statutory Auditors	Management's Reply
1.	Accrual system: As per section 128(1) of the Companies Act, 2013, 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 on receipt basis, which is contrary to the accrual system of accounting as essential under section 128(1) of the Companies Act, 2013.	Factual- Grants and subsidies received from the Government in respect of capital assets is accounted on receipt basis only because company cannot quantify or assess the capital grant /Capital Subsidy for taking into books nor Government is communicating the quantum to account on accrual basis.
2. a)	Deviations from Accounting Standards: Indian 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.	As per prudent practice, the Company values its inventory as per Standard rate arrived by taking present market rate and Standard rates are revised periodically on regular basis. The required accounting treatment for the difference in purchase value and Standard value is dealt in the Books (Material Cost Variance) as per stipulated procedure. Net realizable value of each item cannot be arrived due to largeness of volume of items receipted and issued in the store house. The Company is having a robust system of accounting of difference of Purchase and Standard rate in the books of accounts. Hence, implementation of AS 2 may not be possible due to volume of work involved in day to day receipt and issue which is very high and also involves individual items of the nature of Insulators, Pot Heads, bolts, Nuts, structural, etc., anyhow Company is contemplating for implementation of ERP solutions, as such procedure for implementation of AS 2 will be taken of roll out of ERP under inventory module.
b)	Indian Accounting Standard 16- Property, Plant and Equipment requires the cost of dismantling to be estimated and included in arriving at the cost of the item for	Factual, Arriving at the estimated cost for dismantling of PPE during capitalisation is not possible.

Sl.No.	Observations of the Statutory Auditors	Management's Reply
	capitalisation. Company has not included the estimated cost of dismantling for capitalisation. Also, the Company has charged depreciation as per KERC/CERC rules. Consequently following deviations are noted:	The Company is following the method of Depreciation on monthly prorata basis instead of date of asset put into use and governed by CERC guidelines for Depreciation provision since inception and KERC has approved the same while approving the tariff orders regularly.
I.	I. Depreciation rates are based on rates adopted by KERC/CERC for tariff fixation and not based on useful life of the asset as required under Companies Act 2013.	Apart from this, the largeness of transaction relating to Assetisation is voluminous and in the absence of automated system (ERP solutions) for calculation of depreciation on prorata basis corresponding to Asset commissioned will be a daunting task.
II.	II. Residual value taken at 10% of original cost as adopted by KERC/CERC instead of maximum of 5% required under Companies Act 2013.	
III.	III. Depreciation on additions during the year to fixed assets are provided from the month of addition instead of pro-rata basis required under Companies Act 2013.	
c)	Indian Accounting Standard 21- The Effects of Changes in Foreign Exchange Rates: Foreign currency assets and liabilities are to be valued on the balance sheet date as per INDAS 21 paragraph 23, which has not been carried out by the company regarding JICA Loan of Yen 6975554909.	Factual It will be dealt in FY18, i.e., foreign currency Assets and Liabilities as on balance sheet date will be restated as on balance sheet date.
d)	Indian Accounting Standard 19 - Employee Benefits: The Company has provided for retirement benefits as per actuarial valuation made up to 31.03.2014 in the financials year 2015-16 and leave encashment on estimate basis. No actuarial valuation has been done for financial year 2016-17 which is contrary to Indian Accounting Standard-19 - Employee Benefits, which requires the actuarial valuation to be made. The impact of above deviation from the accounting standard is not ascertainable.	This depends on KPTCL and Escoms P&G trust notifications.  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 the Company will provide the employee benefits as per its communication.
e)	Indian Accounting Standard 12 – Income Taxes: The Company has not provided for deferred tax asset/liability on account of timing differences which would reverse after	Factual  The Company has not recognized any deferred tax asset/liability as its income is exempt from tax

Sl. No.	Observations of the Statutory Auditors	Management's Reply
	<p>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.</p>	<p>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</p>
<p>f)</p>	<p>Indian Accounting Standard 114 - Company has been accounting for "Regulatory Assets" being the deferred income expected to be flow to the company subsequently on determination of tariff by Hon'ble KERC during Annual Performance Review and Annual revenue requirement and is recognized as Revenue on accrual basis in the current year. Also the Accounting Policy has been modified during the current year to limit the quantum of regulatory asset recognition to the extent of Return on Equity conservatively which in all probability KERC will admit in true up order. Ind AS 114 requires the entity to follow the same accounting policy as was followed in earlier GAAP on initial application of the standard. Hence there is a deviation in current year from Ind AS 114. If the recognition of revenue is not so limited, the revenue and profit for the year would be higher by Rs.456.85 Crs-Refer Note No.16.</p>	<p>In IND AS 114 (Regulatory Deferral Accounts) para 13 say that an entity may only change its accounting policies for the recognition, measurement, and impairment and de recognition of regulatory deferral account balances if the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable, or more reliable and no less relevant to those needs".</p> <p>As per section 61 of Electricity Act 2003, appropriate commission shall, subject to the provision of the Act, specify the term and condition of the determination of tariff.</p> <p>As per sub section (6) of section 62 of Electricity Act 2003, If any licensee recovers a price or charge exceeding the tariff determined under the section shall be recoverable by the person who paid same price along with interest equivalent to bank rate without prejudice to any other liability incurred by the licensee.</p> <p>BESCOM, is a licensee and its rates are regulated by the Karnataka Electricity Regulatory Commission constituted under the section 82 of the Electricity Act 2003.</p> <p>Karnataka State Electricity Regulatory Commission by exercising its power conferred under section 61 of Electricity Act 2003 framed the Multiyear tariff regulation for determination of Electricity tariff to the BESCOM's area of Operation.</p> <p>As per 3.9. of MYT regulation -2006 amended from time to time, return on equity for distribution business is fixed at 15.50% per annum.</p> <p>As per the subsection 4(d) of Section 1 of Companies Act,2013, provisions of the Companies Act, 2013 shall apply to:-</p> <p>(d) companies engaged in the generation or supply of electricity, except in so far as the said provisions are</p>

Sl. No.	Observations of the Statutory Auditors	Management's Reply
		<p>inconsistent with the provisions of the Electricity Act, 2003 (36 of 2003)</p> <p>Here, Regulations framed by the Regulator under the powers conferred under Electricity Act, 2003, specifies the profit margin, where there is no such specific in profit margin as per Companies Act 2013. At this juncture, there is an inconsistency of the Companies Act, 2013 with Electricity Act, 2003. Thus regulations under Electricity Act, 2003 prevails.</p> <p>Hence profit margin is limited to 15.50% of the equity held by the Company, Hence the conservative method adopted by BESCOM for arriving Regulatory deferral by limiting the same at 15.50% of return on equity is no less reliable or more reliable and is only relevant to the needs.</p>
3.	<p>Capital Work in progress: RAPDRP-A project has been taken up by BESCOM for computerization of all activities. The company has incurred Rs. 325.08 Crores held in CWIP. The company has not capitalized intangible asset due to non-receipt of user acceptance test report, even though revenue module is put to use in the current year. The depreciation has not been charged on such intangible asset. The impact of the above deviation is not ascertainable.</p>	<p>Factual: Intangible asset is not only limited to Revenue module alone, it is having Intricacies with other sub modules like GIS, MIS &amp; Vigilance etc, pending UAT on this sub modules capitalisation cannot happen. Required accounting treatment will be dealt in FY18</p>
4	<p>Balance Confirmation/ Reconciliation: The Company has not obtained confirmation and reconciled the balances as on 31.03.2017 from/to KPTCL, KPCL, other ESCOMs and PCKL, sundry debtors, sundry creditors, advances, deposits from/to suppliers / contractors / government authorities/consumers/ employees, loans and other receivables from various parties. The impact of the above is not ascertainable.</p>	<p>Transactions pertaining to ESCOMS, KPTCL, PCKL are taken to the books by the Company as a prudent practice 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.</p> <p>In relation to others i.e sundry creditors, advances, deposits from/to suppliers /contractors / government authorities / consumers /employees, loans and other receivables from various parties , transactions are taken to books based on orders, awards, notification for which correctness is authenticated, checked and counter checked by all the competent authorities. Also it may not be physically possible to obtain the confirmation for such transactions as it involves largeness in its volume.</p>

**Replies offered on the observation/ comments of the Statutory Auditors  
on the INTERNAL FINANCIAL CONTROLS of the company  
for the year 2016-17 are as follows:**

Sl. No.	Observations of the Statutory Auditors	Management's Reply
a)	The company did not have an appropriate internal control system with regard to fixed assets up-dation of registers, physical verification and reconciliation to the books of account at regular interval.	Factual: Reconciliation is not happening periodically due to the reason of voluminous task involved for building fixed assets nature (Majority of Asset base created is out of assemblage only – Transformers and Lines) and updating of Register is carried manually. Also significant asset base is obtained by way of transfer notification from KPTCL (GOK notification). Company will initiate action for verification and reconciliation to strengthen IFC of the company with regards to accounting of Fixed asset.
b)	The company did not have an appropriate internal control system with regard to accounting of shortage or excesses noticed during physical verification and reconciliation of inventory.	Factual: Accounting of Excess or shortage is distinctively maintained, Regularization or recovery process is based on the outcome of the investigation. Investigation process will be speeded up to have better IFC on inventory
c)	The company did not have an appropriate internal control system with regard to maintenance of accounts as internal audit has noticed revenue leakage and excess payments and payment without proper approval during the transaction audit of divisions and corporate office.	The existing Internal audit is itself for the internal control. The existing setup is to find out the irregularities and brought to the notice of the Competent authority. The same is being carried out by the internal audit. At head office, divisional internal audit reports are being reviewed by the functional directors and appropriate action is being initiated for excess payment and irregular expenditure.
d)	The Company does not have suitable computerised system in respect of Financial accounting, Payroll, Inventory, Capex etc., impacting reliability, grouping and adequate disclosure of financial transactions.  There was no evaluation of internal financial controls and risk management systems by Audit Committee of the Company as required by section 177 (4) (vii) of Companies Act 2013.	Factual Company will contemplate to introduce ERP in phases  Factual Company will contemplate for risk management as per Sec- 177 (4)
e)	The Company does not have the procedure of getting balance confirmation from parties in respect of Debtors, Creditors, Advances, Recoverable etc.,	Company will contemplate a procedure for balance confirmation but debtors, creditors and advances, deposits from/to suppliers/contractors/ government authorities/consumers / employees, loans and other receivables from various parties , transactions are taken to books based on orders, awards, notification for which correctness is authenticated, checked and counter checked by all the competent authorities. Also it may not be practically possible to obtain the confirmation for such transactions as it involves largeness in its volume.

Sd/-  
Managing Director  
BESCOM

**VAITHISVARAN & CO LLP.**

Chartered Accountants

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED for the year ended 31st March 2017**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

We have audited the internal financial controls over financial reporting of BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls:**

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility:**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about

Whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting:**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting:**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Qualified opinion:**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2017:

- a) The company did not have an appropriate internal control system with regard to fixed assets capitalisation, updation of registers, physical verification and reconciliation to the books of account at regular interval.
- b) The company did not have an appropriate internal control system with regard to accounting of shortage or excesses noticed during physical verification and reconciliation of inventory.
- c) The company did not have an appropriate internal control system with regard to maintenance of accounts as internal audit has noticed revenue leakage and excess payments and payment without proper approval during the transaction audit of divisions and corporate office.
- d) The Company does not have suitable computerised system in respect of Financial accounting, Payroll, Inventory, Capex etc., impacting reliability, grouping and adequate disclosure of financial transactions.
- e) There was no evaluation of internal financial controls and risk management systems by Audit Committee of the Company as required by section 177 (4) (vii) of Companies Act 2013.
- f) The Company does not have the procedure of getting balance confirmation from parties in respect of Debtors, Creditors, Advances, Recoverable etc.,





In our opinion, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 standalone financial statements of the Company, and these material weaknesses does not affect our opinion on the standalone financial statements of the Company.

For **VAITHISVARAN & CO LLP.**  
Chartered Accountants  
Firm's Reg. No. 004494S/S200037

**CA Vaidyanathan S**  
Partner  
Membership No.021627

Bengaluru  
08/12/2017

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on other Legal and Regulatory Requirements' section of our report of even date) to the members of BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED ("the Company") for the year ended 31st March 2017, we report that;

i) In respect of Fixed Assets:

- a. In the fixed assets records, particulars like quantity and locations 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 2.3 in relation to fixed assets.
- b. As explained to us, the company has physically verified items falling under category of Office Equipments, T&P materials (Almairahs, Chairs, and Tables etc.), Computer and Peripherals, Vehicles, Buildings and Civil works at regular intervals. The reconciliation between the physical verification and books of account is reported to be pending.

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. Regarding transfer of certain land and buildings from KPTCL have been recorded on the basis of the notification by GOK but title deeds relating to such assets are not available.

ii) In respect of its inventories:

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.

- iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv) The Company has not given guarantees, and security in respect of section 185 and 186 of the Companies Act, 2013.
- v) According to information and explanation given to us, the company has not accepted any deposits under the provisions of Section 73 to 76 of the Companies Act, 2013.
- vi) 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 148 (1) of the Companies Act 2013 and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have, however not made a detail examination of the cost records with a view to determine whether they are accurate or complete.

vii) 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.

- b. 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 (in crore Rs.)	Period to which the amount relates	Forum of dispute
Income tax Act, 1961	Income tax	0.24	AY 2003-04	Hon'ble Supreme Court
Income tax Act, 1961	Income tax	61.07	AY 2005-06	Hon'ble High Court of Karnataka
Income tax Act, 1961	IT & FBT	0.07	AY 2006-07	DCIT, Bangalore.
Income tax Act, 1961	IT & FBT	0.53	AY 2008-09	DCIT, Bangalore.
Income tax Act, 1961	TDS	0.49	AY 2009-10	DCIT, Bangalore.
Income tax Act, 1961	Income tax	17.21	AY 2010-11	DCIT, Appeals(I), Bangalore
Income tax Act, 1961	TDS	0.30	AY 2010-11	DCIT, Appeals(I), Bangalore
Income tax Act, 1961	Income tax	0.37	AY 2011-12	DCIT, Appeals(I), Bangalore
Income tax Act, 1961	Income tax	25.54	AY 2012-13	DCIT, Appeals(I), Bangalore
Income tax Act, 1961	TDS	195.78	AY 2004-05 to AY 2008-09	Hon'ble High Court of Karnataka
Income tax Act, 1961	TDS	2.85	AY 2009-10 to AY 2016-17	CIT (Appeals 13), Bangalore
Short payments towards TDS defaults	TDS	6.17		
<b>Total</b>		<b>310.62</b>		

- viii) Based on our audit 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.
- ix) The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised.
- x) To the best of our knowledge and according to the information and explanation given to us no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi) Section 197 of companies Act 2013 is not applicable to Government company as per notification F No.1/ 2 2014 — CL. V dated 05.06.2015.
- xii) The company is not Nidhi Company hence this clause is not applicable
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with



Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

- xiii) To the best of our knowledge and according to the information and explanation given to us the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during year.
- xiv) To the best of our knowledge and according to the information and explanation given to us the company has not entered into any non-cash transactions with directors or persons connected with him during year.
- xv) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

For **VAITHISVARAN & CO LLP.**  
Chartered Accountants  
Firm's Reg. No. 004494S/S200037

Bengaluru  
08/12/2017

**CA Vaidyanathan S**  
Partner  
Membership No.021627

## ANNEXURE C TO THE AUDITORS' REPORT

### Directions under section 143(5) of Companies Act 2013

Sl. No.	Directions																																			
1	<p>If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed and General Reserves) may be examined including the mode and present stage of disinvestment process.</p> <p><b><i>There is no disinvestment during the year. Valuation of Assets is accounted on historical Cost on conventional basis.</i></b></p>																																			
2	<p>Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.</p> <p><b><i>There are no cases of Waiver / Write off debts / Loans/ Interest during FY2015-16</i></b></p>																																			
3	<p>Whether proper records are maintained for inventories lying with third parties &amp; assets received as gift from Govt. or other authorities.</p> <p><b><i>There is an exclusive account code wherein inventory given to third parties is accounted and controlled by the BESCOM.</i></b></p> <p><b><i>There are no assets received as gift from Govt. or other authorities during the year.</i></b></p>																																			
4	<p>A report on age-wise analysis of pending legal / arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local)</p> <p>Information is not provided relating to age-wise analysis of pending legal / arbitration cases including the reasons of pendency existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local).</p> <p>However Revenue appeals statistics are given below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Sl. No.</th> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">BMAZ</th> <th style="text-align: center;">BRAZ</th> <th style="text-align: center;">CTAZ</th> <th style="text-align: center;">Corp. Office.</th> <th style="text-align: center;">Total</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>CURRENT YEAR No. of Appeal cases pending as on 31-03-2017</td> <td style="text-align: center;">307</td> <td style="text-align: center;">35</td> <td style="text-align: center;">22</td> <td style="text-align: center;">244</td> <td style="text-align: center;">608</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Amount involved (Rs. in Lakhs)</td> <td style="text-align: center;">3293.54</td> <td style="text-align: center;">48</td> <td style="text-align: center;">20.92</td> <td style="text-align: center;">1250.75</td> <td style="text-align: center;">4613.21</td> </tr> <tr> <td style="text-align: center;">3</td> <td>PREVIOUS YEAR No. of Appeal cases pending as on 31-03-2016</td> <td style="text-align: center;">225</td> <td style="text-align: center;">35</td> <td style="text-align: center;">26</td> <td style="text-align: center;">NIL</td> <td style="text-align: center;">286</td> </tr> <tr> <td style="text-align: center;">4</td> <td>Amount involved (Rs. in Lakhs)</td> <td style="text-align: center;">1022.04</td> <td style="text-align: center;">84.34</td> <td style="text-align: center;">24.96</td> <td style="text-align: center;">NIL</td> <td style="text-align: center;">1131.34</td> </tr> </tbody> </table>	Sl. No.	Particulars	BMAZ	BRAZ	CTAZ	Corp. Office.	Total	1	CURRENT YEAR No. of Appeal cases pending as on 31-03-2017	307	35	22	244	608	2	Amount involved (Rs. in Lakhs)	3293.54	48	20.92	1250.75	4613.21	3	PREVIOUS YEAR No. of Appeal cases pending as on 31-03-2016	225	35	26	NIL	286	4	Amount involved (Rs. in Lakhs)	1022.04	84.34	24.96	NIL	1131.34
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#### Additional Company Specific Directions:

- a. Report on the efficacy of the system of billing and collection of revenue in the Company. Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing was ensured.

As per code on distribution of energy issued by KERC, BESCOM is having all the installations are metered except Irrigation Pump sets which is monitored at Feeder/DTC level metering. Meters are of Electromechanical & Electrostatic nature.

Billing and Collection is tamper proof with identity management is put into use wherein each and every activity concerning Demand and collection is password protected and system driven, thereby there is a mechanism of validation of billing accuracy with respect to rate validation, sales validation and related issues

- b. Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.

There is a periodical reconciliation on power purchase activity. Reconciliation of Inter ESCOM receivables and payables i.e., between BESCOM and CESC or BESCOM & MESCOM in respect of material and other transfer is not carried out periodically since impact is minimal, confirmation is pending from other ESCOMS.

- c. Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?

KERC has put in quarterly mechanism for arriving at FAC for each quarter based on sales mix and the Company has maintain separate accounting code for recovers and accounted as approved by KERC.

- d. How much tariff roll back subsidies have been allowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Government?

There is no roll back of any subsidy (Both revenue and Capital) for Current Year.

- e. If the audited entity has computerized its operations or part of it, assess and report, how much of the data in the company is in electronic format, which of the area such as accounting, sales, personnel information, pay roll, inventory etc. have been computerized and the company has evolved proper security policy for data/software/hardware?

Presently, all the issues relating to Revenue is computerized up to the level of generation of MIS report. BESCOM utilizes this core report for accounting & recognizing the revenue.

The other aspects as such payroll, Inventory, Capex, Assetisation, Cash Management etc., are not in the electronic format. Computerization of all these aspects is under process of initial stage.

There is a security policy for data/software/hardware protection by exclusive section under IDAM (identity management).

For **VAITHISVARAN & CO LLP.**

Chartered Accountants

Firm's Reg. No. 004494S/S200037

**CA Vaidyanathan S**

Partner

Membership No.021627

Bengaluru  
08/12/2017

## Accounting Policies for BESCOM (Ind AS based)

### 1. Company overview

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

The KERC vide letter dated 30th 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 10th June 2004.

The Government of Karnataka published vide their order No. DE 14 PSR 2002 dated 31-05-2002, the 2nd Transfer Scheme called Karnataka Electricity Reform (transfer of undertakings of KPTCL and its personnel to electricity distribution and retail supply Companies Rules, 2002) giving effect to the approval of distribution undertakings, assets and liabilities and provisional opening Balance Sheet of KPTCL and BESCOM based on the Annual Accounts of KPTCL as on 31-03-2001. As per the provisions of 2nd Transfer Scheme, after the stipulated period of one year i.e., by 31-05-2003, the same became final. Opening Balance Sheet earlier approved and published vide G.O. and Government notification dated 31-05-2002 read above were provisional and thereafter Government had approved and issued final opening Balance Sheet of BESCOM as at 01-06-2002 vide their order No. DE 48 PSR 2003 dated 31-05-2003/ No.DE 48 PSR 2003, dated 07-10-2004. This has been notified and published as final. The changes effected after the audit by KPTCL in the "transfer scheme" have been incorporated in the accounts of the Company as per Annexure – 2 to Government Order NO.DE48 PSR 2003 dated 07-10-2004. BESCOM being successor entity to the erstwhile KEB/KPTCL formed on 01.06.2002 vide G.O. no. DE48 PSR 2003/Dtd 31.05.2003/No.DE48 PSR 2003 dtd 07.10.2004, prudently following the Policies / Practices specified in the Manuals / Volumes / Regulations of KEB/KPTCL in relation to the financial controls and Administrative controls till rescinded or amended.

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared on accrual basis of accounting under historical cost convention except as otherwise provided in the policy and in accordance with **Indian Accounting Standard (Ind- AS)** as notified by Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments **thereof as well as with the additional requirements applicable to financial statements as set forth in Companies Act 2013 and the provisions of the Electricity Act, 2003 to the extent applicable.**

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
- Insurance claims.

### 3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on reasonable

and prudent basis taking into account all available information, actual results could differ from these estimates. Estimates and underlying assumption are reviewed on an ongoing basis and revisions to accounting estimates are recognized prospectively.

#### 4. GRANTS AND SUBSIDIES

Grants/subsidies received from the government or other authorities towards capital expenditure as well as consumers' contribution to capital works are treated initially under deferred income and taken to fixed asset base on commissioning of the asset (put into use) and depreciation is charged in accordance to the class of asset it belongs.

The proportion equivalent to % of depreciation charged for plant & Machinery /Line & cables are reckoned as basis for arriving at depreciation write back against such quantum received over the year including current FY under Grants/subsidy/Consumer contribution and the same is charged back as income and shown distinctively in depreciation schedule (Note) in the statement of profit or loss

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 and accounted on accrual basis.

All Government loan which are received at concessional rate or without rate of interest, shall be classified as financial liability and company shall apply the requirement of Ind AS 109 "financial instrument" and shall recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant considering MCLR rate.

#### 5. INVENTORIES

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).The difference between realizable value (Purchase cost) and Scheduled standard rates is charged to P&L account under Material cost variance account (both Debit and credit)

#### Fixed assets and capital work-in-progress

#### 6. PROPERTY PLANT AND EQUIPMENTS

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and impairment loss, if any. Such costs comprises of purchase price and any directly attributable cost of bringing the assets to its working condition for intended use but does not include any estimate of the cost of dismantling and removing the item and restoring the site on which it is located. Cost includes cost of land, material, labour and other appropriate overheads.

The company depreciate property, plant & equipment using the straight line method and depreciation is charged at the rate prescribed & notified by Central Electricity Regulatory Commission (CERC). The company does not charge depreciation as per the rates prescribed under the Schedule II of the companies Act,2013.

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.

The residual value of all the assets is 10 % as per CERC guidelines, against 5% as per Companies act 2013.

Any addition to the asset base or deletion to the asset base, depreciation is charged in proportion to month of addition or deletion



Released assets intended for reuse is continued to be depreciated in accordance with depreciation percentage of its classification i.e., Line, cables, Networks, Plant & Machinery & Vehicles etc., to which it pertaining to.

Advance paid towards the acquisition of property, plant & equipment outstanding at each Balance sheet date is classified as capital advance under other non-current assets

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.

## **7. INTANGIBLE ASSETS**

Intangible assets including Software rights and lease hold lands/ building are recorded at the consideration paid/incurred for acquisition of such assets and are carried at cost less accumulated amortization and impairment in proportion to period of agreement or licensee term and in the absence of licensee (Software) the cost is amortised in 4 years period.

## **8. Non-current Assets (or disposal groups) held for Sale**

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at carrying amount (Written down value). Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

## **9. IMPAIRMENT OF ASSETS**

The carrying amounts of assets are reviewed by management whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in profit or loss as a component of depreciation and amortization expense.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had previously been recognized.

## **10. CAPITAL WORK IN PROGRESS**

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)

Administrative and general overhead expenses accounted under designated Project Sections which are attributable to construction of fixed assets till they are ready for their intended use are identified and allocated on a systematic basis to the cost of the related assets.

Contracts are capitalized on receipt of final completion report or technical commissioning reports.

## 11. BORROWING COST

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur.

Borrowing cost are capitalized by effective interest rate after Adjustment of transaction costs, premiums/discounts, to be made while capitalizing borrowing costs.

## 12. TRANSACTIONS IN FOREIGN CURRENCY

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are translated into the functional currency at exchange rate in effect at the end of each reporting period.

The gains or losses resulting from such transactions or settlement are recognized in Statement of Profit or Loss.

Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevailing at the date of transaction.

## 13. REVENUE RECOGNITION

### REVENUE FROM OPERATIONS

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.
2. Revenue for the year is adjusted by estimating un-billed revenue demand for sale of power to HT category on actual basis and 75 % on LT category for the current year.
3. Sale of power under Irrigation Pump sets below 10 HP are on estimation. Estimation is based on the quantum recorded under exclusive Agri Feeders provided for the purpose and extrapolated across all the Irrigation pumpsets of below 10 HP.

Per HP consumption on each Agri feeder is arrived on deducting 10% energy loss on the input of that feeder and dividing it by total connected load. Revenue corresponding to estimated sales is recognised as per Commission Determined Tariff.

4. Regulatory asset is recognized when it is probable that the future economic benefits associated with it will flow to the entity as a result of the actual or expected actions of the regulator (KERC) under the applicable regulatory framework and the amount can be measured reliably.

The probable quantum of deferred Asset/liability for the current FY which is expected to flow to the entity as a result of the actual or expected actions passed by the Hon'ble KERK while assessing Annual performance Review of the concerned Financial year filed along with Annual Revenue requirement of different years is recognized as Regulatory asset/Liability on accrual basis but limiting the quantum of Regulatory Asset recognition to the extent of Return on Equity conservatively which in all probability KERK will admit in true up order (Annual performance review)

## OTHER INCOME

1. Income from services rendered is accounted based on the agreements/arrangements with the concerned parties
2. Rebate earned on Power Purchases prompt payments are accounted as and when the related dues are settled.
3. Interest income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.

## 14. PROVISION FOR BAD AND DOUBTFUL DEBTS

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.

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

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

## 15. EMPLOYEE BENEFITS

Pension & Gratuity are provided based on the rates prescribed by 'KPTCL & ESCOMs Pension & Gratuity Trusts'.

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

All expenses excluding re-measurements of the net defined benefit liability (asset), in respect of defined benefit plans are recognized in the statement of profit and loss as incurred.

Re-measurements, comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

## 16. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the company has a present obligation as a result of past event 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 based on technical valuation and past experience. However where the effect of time value of money is material, provision are determined and maintained by discounting the expected future cash flow, wherever applicable. Where discounting is used the increase in the provision due to the passage of time is recognized as finance cost.

Contingent liabilities are disclosed on the basis of judgment of management. These are reviewed at each balance sheet date and adjusted to reflect current estimate of the management.

## 17. TAXES ON INCOME

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in statement of profit or loss except to the extent that it relates to items recognized in other equity through other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates (tax laws) enacted or substantively enacted by the end of the reporting period and includes adjustment on account of tax in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary difference between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax is measured at the tax rates that are expected to apply when the temporary differences are either realized or settled, based on the laws that have been enacted or substantively enacted by the end of reporting period.

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 18. STATEMENT OF CASH FLOWS

Cash flow are reported using indirect method, whereby profit/(loss) before tax is adjusted for the effect of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing of financing cash flows from operating, investing and financing activities of the company are segregated.

## 19. FINANCIAL INSTRUMENTS

### Financial Instrument

Non Derivative Financial Instruments are classified as:-

Financial asset measured at

- Amortized Cost
- Fair Value through profit & loss
- Fair Value through other comprehensive income

Financial liability measured at

- Amortized Cost
- Fair Value through profit & loss

### Initial Recognition and Measurement

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition. All financial assets and liabilities are initially recognized at fair value plus directly attributable transaction costs except for those financial instruments measured at fair value through profit & loss. Financial

assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

#### **A. Financial assets/ Financial liabilities carried at amortized cost**

A financial asset or financial liabilities are subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **B. Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **C. Financial assets/Financial liabilities at fair value through profit or loss**

A financial asset or financial liabilities which are not classified in any of the above categories are subsequently fair valued through profit or loss.

### **De-recognition**

#### **Financial Assets**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

#### **Financial Liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

## **20. LEASES**

### **Operating lease**

#### **As a lessee**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term except where the increment in lease rentals is in line with general rate of inflation.

## Finance lease

### As a lessee

Lessee shall recognise finance leases as assets and liabilities in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs of the lessee are added to the amount recognised as an asset. Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. A finance lease gives rise to depreciation expense for depreciable assets as well as finance expense for each accounting period.

## 21. PURCHASE OF POWER

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

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.

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

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

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.

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.

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.

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.

## 22. DIVIDEND

Dividend paid/payable are recognized in the year in which the related dividends are approved by the shareholders or Board of Directors as appropriate.

## 23. EARNINGS PER SHARE

The earnings considered in ascertaining the Company's Earnings per Share ('EPS') comprise the net profit after tax attributable to equity shareholders. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares). The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

**Balance Sheet as at 31 March, 2017**

(Amount in Crs.)

Sl. No.	Particulars	Note No.	As at 31 <sup>st</sup> March 2017 (Ind AS)	As at 31 <sup>st</sup> March 2016 (Ind AS)	As at 01 <sup>st</sup> April 2015 (Ind AS)
<b>I</b>	<b>ASSETS</b>				
<b>1</b>	<b>Non-current assets</b>				
(a)	Property, plant and equipment	2.3	7,634.42	6,562.09	5,080.71
(b)	Capital work-in-progress	2.4	961.30	1,154.00	1,373.85
(c)	Intangible assets	2.3	5.96	6.54	4.91
(d)	Intangible assets under Development	2.4	-	-	-
(e)	Financial Assets				
(i)	Investment-In PCKL	2.5	10.01	10.01	10.01
(ii)	Loans	2.6	494.26	396.39	364.34
(f)	Deferred Tax Assets (Net)	2.7	-	-	-
(g)	Other non-current assets	2.8	618.78	394.83	333.90
	<b>Total (1)</b>		<b>9,724.73</b>	<b>8,523.86</b>	<b>7,167.72</b>
<b>2</b>	<b>Current assets</b>				
(a)	Inventory	2.9	122.98	116.95	201.42
(b)	Financial Assets				
(i)	Trade receivables	2.10	7,099.74	5,659.96	5,392.22
(ii)	Cash and Cash equivalents	2.11	190.31	143.08	170.16
(iii)	Others Receivables	2.12	2,200.11	2,139.00	1,771.67
(d)	Other Current Assets	2.13	16.43	20.77	(15.95)
	<b>Total (2)</b>		<b>9,629.57</b>	<b>8,079.76</b>	<b>7,519.52</b>
<b>3</b>	<b>Asset held for sale</b>	2.14	33.49	27.87	15.35
	<b>Total (3)</b>		<b>33.49</b>	<b>27.87</b>	<b>15.35</b>
<b>4</b>	<b>Total assets (1+2+3)</b>		<b>19,387.79</b>	<b>16,631.49</b>	<b>14,702.59</b>
<b>5</b>	Regulatory Deferral Assets account Balance	2.15	772.30	541.97	-
	<b>Total Assets and regulatory account balance (4+5)</b>		<b>20,160.09</b>	<b>17,173.46</b>	<b>14,702.59</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>				
<b>1)</b>	<b>Equity</b>				
(a)	Equity Share capital	2.16	546.92	546.92	546.92
(b)	Other Equity -Reserve & Surplus		(290.56)	(375.33)	(487.34)
	Share Application Money pending allotment		464.58	245.90	148.88
	<b>Total (1)</b>		<b>720.94</b>	<b>417.49</b>	<b>208.46</b>
<b>2)</b>	<b>Non-current liabilities</b>				
(a)	Financial Liabilities				
(i)	Long Term Loans	2.17	3,772.84	3,142.12	2,509.43
(ii)	Other financial liabilities	2.18	3,623.00	3,302.72	2,872.94
(b)	Long Term Provisions	2.19	57.61	51.13	50.09
(c)	Deferred Income	2.20	2,296.28	1,935.69	1,585.14
(d)	Other Non-Current liabilities	2.21	126.88	138.98	143.40
	<b>Total (2)</b>		<b>9,876.61</b>	<b>8,570.64</b>	<b>7,161.00</b>
<b>3)</b>	<b>Current liabilities</b>				
(a)	Financial Liabilities				
(i)	Short Term loans	2.22	3,781.81	3,674.54	2,819.99
(ii)	Trade and Other Payables	2.23	4,953.53	3,980.03	3,911.64
(iii)	Other financial liabilities	2.24	490.98	336.33	340.99
(b)	Short Term Provisions	2.25	12.75	15.11	6.64
(c.)	Deferred Income	2.20	120.57	126.26	128.96
(d)	Current Tax Liabilities	2.26	37.81	38.86	14.43
(e)	Other Current Liabilities	2.27	165.09	14.20	110.48
	<b>Total (3)</b>		<b>9,562.54</b>	<b>8,185.33</b>	<b>7,333.13</b>
<b>4</b>	<b>Total liabilities (2+3)</b>		<b>19,439.15</b>	<b>16,755.97</b>	<b>14,494.13</b>
<b>5</b>	<b>Total Equity and liabilities (1+4)</b>		<b>20,160.09</b>	<b>17,173.46</b>	<b>14,702.59</b>

For **Vaithisvaran & Co. LLP**

Chartered Accountants  
FRN 004494S/S200037

Sd/-

**(CA S.Vaidyanathan)**

Partner  
M.No.021627

For and on behalf of the Board of Directors

Sd/-

**(K.T.Hiriyanna)**

Company Secretary

Sd/-

**(Dr. Chetan R C)**

CFO & Director (Finance)

Sd/-

**(P. Rajendra Cholan)**

Managing Director



**Statement of Profit and Loss for the period ended 31st March 2017** (Amount in Crs.)

Sl. No.	Particulars	Note No.	Year Ended on 31st March 2017 (Ind AS)	Year Ended on 31st March 2016 (Ind AS)
<b>I</b>	<b>Income</b>			
	Revenue from operations	2.28	15,861.17	14,148.23
	Other Income	2.29	215.32	167.21
	<b>Total Income</b>		<b>16,076.49</b>	<b>14,315.44</b>
<b>II</b>	<b>Expenses</b>			
	Purchase of Power	2.30	13,700.83	12,601.01
	Other Operating expenses	2.31	74.84	83.37
	Employee benefits expense	2.32	871.93	874.71
	Finance costs	2.33	638.03	454.51
	Depreciation and amortisation expense	2.34	374.71	290.60
	Other Expenses	2.35	613.26	483.34
	<b>Total Expenses</b>		<b>16,273.60</b>	<b>14,787.54</b>
<b>III</b>	<b>Profit/loss before exceptional items</b>		<b>(197.11)</b>	<b>(472.10)</b>
	Exceptional Items	2.36	(51.55)	(54.77)
<b>IV</b>	<b>Profit/loss before tax</b>		<b>(145.56)</b>	<b>(417.33)</b>
<b>V</b>	Tax expenses			
	Current Tax			24.51
<b>VI</b>	<b>Profit for the period before movement in Regulatory deferral account balance</b>		<b>(145.56)</b>	<b>(441.84)</b>
	Net Movement in Regulatory deferral account balances related to profit or loss	2.37	230.33	541.98
	<b>Profit for the period and movement in Regulatory deferral account balance</b>		<b>84.77</b>	<b>100.14</b>
	Attributable to:			
	<b>Equity holders of the Parent</b>		<b>84.77</b>	<b>100.14</b>
	Non-controlling interests			
	Other comprehensive income:			
	Items that will not be reclassified subsequently to profit or loss :			
	Remeasurement of the net defined benefit liability			19.44
<b>VII</b>	Total Other comprehensive income / (loss) for the period, net of tax		-	19.44
<b>VIII</b>	<b>Total Comprehensive income for the period</b>		<b>84.77</b>	<b>119.58</b>
<b>IX</b>	<b>Earnings per share excluding net movement of Regulatory deferral Account (In Rupees)</b>			
	Basic		(2.66)	(8.08)
	Diluted			-
<b>X</b>	<b>Earnings per share (In Rupees)</b>		<b>1.55</b>	<b>1.83</b>
	Basic			
	Diluted			

For **Vaithisvaran & Co. LLP**  
Chartered Accountants  
FRN 004494S/S200037

For and on behalf of the Board of Directors

Sd/-  
**(CA S.Vaidyanathan)**  
Partner  
M.No.021627

Sd/-  
**(K.T.Hiriyanna)**  
Company Secretary

Sd/-  
**(Dr. Chetan R C)**  
CFO & Director (Finance)

Sd/-  
**(P. Rajendra Cholan)**  
Managing Director

**Statement of Cash Flows for the period ended 31st March 2017**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Cash Flow from Operating Activities		
Net Profit before Tax	84.77	144.10
<b>Adjustments for:</b>		
Prior period expenses	-	(7.57)
Depreciation	500.97	419.56
Finance cost	675.91	587.58
Extraordinary items- Trueup Subsidy		
Change in Provision for Trade Receivables	(4.42)	(61.72)
Change in Provision for Employee advances		
Change in Provision for Dismantled Assets		
Reversal of Depreciation on Grants Asset (Deferred income )	(126.26)	(128.96)
Other Income	-	-
Income Tax	-	(24.52)
<b>Operating Profit before working capital changes</b>	<b>1,130.97</b>	<b>928.46</b>
Adjustments for		
Changes in Inventories	(6.03)	84.47
Changes in Trade Receivables	(1,435.36)	(206.02)
Changes in Short term Loans and Advances	-	-
Changes in Loans and other non current assets	(321.81)	(92.98)
Changes in Other Current Assets and Other receivables	(292.73)	(958.42)
Changes in Current Liabilities	149.84	(71.85)
Changes in Non Current Liabilities	(12.10)	(4.43)
Trade Payable	973.49	68.38
Other current liabilities	55.11	(64.49)
Changes in Short term Provisions	(2.36)	8.47
Changes in Long term Provisions	6.48	1.04
Changes in Other Long-Term Liabilities	320.29	429.77
<b>Operating Profit after working capital changes</b>	<b>565.81</b>	<b>122.40</b>
Extraordinary items- Trueup Subsidy		
<b>Net Cash inflow from Operating Activities</b>	<b>565.81</b>	<b>122.40</b>
<b>Cash Flow from Investment Activities</b>		
Changes in Fixed Assets (Net )	(1,446.47)	(1,773.70)
Changes in Capital Work in Progress	192.69	219.85
Investments	-	-
<b>Net Cash Outflow from Investment Activities</b>	<b>(1,253.78)</b>	<b>(1,553.85)</b>
<b>Cash Flow from Financing Activities</b>		
Changes in Capital/Share Deposit Account	218.68	97.02
Changes in Long-Term Borrowings	630.72	632.69
Changes in Short-Term Borrowings	107.28	854.55
Change in Current maturities of long term debts/Current liabilities	99.54	59.83
Finance cost	(675.91)	(587.58)
Contributions from Consumers/Reversal of		
Depreciation on Grants Asset (Other Income)	354.90	347.86
<b>Net Cash available from Financing Activities</b>	<b>735.21</b>	<b>1,404.37</b>
<b>Net Change in Cash and Cash equivalents - Surplus Cash [(A) + (B) + (C)]</b>	<b>47.23</b>	<b>(27.08)</b>
Add: Opening Cash and Cash equivalents	143.08	170.16
	190.31	143.08
<b>Closing Cash and Cash equivalent :</b>	<b>190.31</b>	<b>143.08</b>

For Vaithisvaran &amp; Co. LLP

 Chartered Accountants  
 FRN 004494S/S200037

For and on behalf of the Board of Directors

Sd/-

**(CA S.Vaidyanathan)**

 Partner  
 M.No.021627

Sd/-

**(K.T.Hiriyanna)**

Company Secretary

Sd/-

**(Dr. Chetan R C)**

CFO &amp; Director (Finance)

Sd/-

**(P. Rajendra Cholan)**

Managing Director

### Statement of Changes in Equity for the year ended on 31st March 2017

#### A. Equity Share Capital

(Amount in Crs.)

Balance as at 1st April 2015	Changes in equity share capital during the year	Balance as at 31st March 2016	Changes in equity share capital during the year	Balance as at 31st March 2017
546.92	-	546.92	-	546.92

#### B. Other Equity

(Amount in Crs.)

	Reserve & Surplus	Share Application Money pending allotment	Total
	Retained Earnings		
Balance as on 1st April 2015	(475.77)	148.88	(326.89)
Adjustments	-	-	-
Prior Period Income/Expenses	(11.57)	-	(11.57)
<b>Restated balance at the beginning of the reporting period</b>	<b>(487.34)</b>	<b>148.88</b>	<b>(338.46)</b>
Total Comprehensive Income for the year	119.58		119.58
Share Application Money Received		97.02	97.02
Equity Share Capital Issued			
Dividends			
Transfer to General Reserve			
<b>Balance as on 31st March 2016</b>	<b>(367.76)</b>	<b>245.90</b>	<b>(121.86)</b>
Adjustments	(7.57)		(7.57)
<b>Restated balance at the beginning of the reporting period</b>	<b>(375.33)</b>	<b>245.90</b>	<b>(129.43)</b>
Total Comprehensive Income for the year	84.77		84.77
Share Application Money Received		218.68	218.68
Equity Share Capital Issued			
Dividends			
Receivable from government			-
Transfer to General Reserve			
<b>Balance as on 31st March 2017</b>	<b>(290.56)</b>	<b>464.58</b>	<b>174.02</b>

For Vaithisvaran &amp; Co. LLP

Chartered Accountants  
FRN 004494S/S200037

For and on behalf of the Board of Directors

Sd/-  
**(CA S.Vaidyanathan)**  
Partner  
M.No.021627Sd/-  
**(K.T.Hiriyanna)**  
Company SecretarySd/-  
**(Dr. Chetan R C)**  
CFO & Director (Finance)Sd/-  
**(P. Rajendra Cholan)**  
Managing Director

## Notes to the Standalone Financial Statements for the year ended on 31st March 2017

### Note 2.1 First Time Adoption of Ind AS

These standalone financial statements of Bangalore Electricity Supply Company Limited for the year ended on 31st March 2017 have been prepared in accordance with IND AS. This is the Company's first set of Financial Statements in accordance with IND AS. For the purpose of transition to IND AS, the Company has followed guidance prescribed in IND AS 101- First Time adoption of Indian Accounting Standards with 1st April 2015 as the transition date and IGAAP as the previous GAAP.

The transition to IND AS has resulted in changes in the presentation of the Financial Statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended on 31st March 2017 and the comparative information. An explanation of how the transition from Previous GAAP to IND AS has affected the Company's Balance Sheet, Statement of Profit & Loss, is set out in Note 2.2.1 and Note 2.2.2. Exemptions on first time adoption of IND AS availed in accordance with IND AS 101 have been set out in note 2.1.1

#### Note 2.1.1 Exemptions availed on first time adoption of IND AS 101

IND AS 101 allows first time adoption certain exceptions from the retrospective application of certain requirement under IND AS. The Company has accordingly applied the following exemptions.

##### 1. IND AS 16 : Property Plant Equipment & Intangible Assets

An entity may elect to measure an item of property, plant and equipment and intangible asset at the date of transition to Ind AS at its fair value and use that fair value as deemed cost at that date or may measure the items of property, plant and equipment, intangibles by applying Ind AS retrospectively or use the carrying amount under Previous GAAP on the date of transition as deemed cost. The Company has elected to continue with the carrying amount for all of its property, plant and equipment and intangible assets measured as per Previous GAAP and use that as its deemed cost as at the date of transition.

##### 2. IND AS 21 : The effect of changes in Foreign Currency Rates

Long Term Foreign Currency Monetary Items: The Company has opted to continue the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial items recognised in the financial statements for the period immediately before the beginning of the first IND AS Financial reporting period as per the previous GAAP.

##### 3. IND AS 20 : Accounting for Government Grants and Disclosure of Government Assistance

The Company has availed the exception available on first-time adoption i.e. a Company shall apply the requirements in Ind AS 109, Financial Instruments, and Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to Ind ASs and shall not recognize the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Consequently, the company has used its previous GAAP carrying amount of the loan at the date of transition to Ind ASs as the carrying amount of the loan in the opening Ind AS Balance Sheet.

#### 4. Use of deemed cost for investments in subsidiaries, joint ventures and associates

If a first-time adopter measures such an investment at cost in accordance with Ind AS 27, it shall measure that investment at one of the following amounts in its separate opening Ind AS Balance Sheet:

- (a) Cost determined in accordance with Ind AS 27; or
- (b) Deemed cost. The deemed cost of such an investment shall be its:
  - (i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or
  - (ii) Previous GAAP carrying amount at that date.

A first-time adopter may choose either (i) or (ii) above to measure its investment in each subsidiary, joint venture or associate that it elects to measure using a deemed cost.

Accordingly company has adopted previous GAAP carrying amount on the date of transition date.

#### Note 2.2 Reconciliations

The Following reconciliations provides the effect of transition to IndAS from IGAAP in accordance with IND AS 101

1. Equity as at 1st April 2015, 31st March 2016
2. Net Profit for the year ended on 31st March 2016

#### Note 2.2.1 Reconciliations of equity as previously reported under IGAAP to IND AS

(Amount in Crs.)

1	2	3	As at 31st March 2016 (Indian GAAP)	Impact	As at 31st March 2016 (Ind AS)	As at 01st April 2015 (Indian GAAP)	Impact	As at 01st April 2015 (Ind AS)
	<b>ASSETS</b>							
<b>1</b>	<b>Non-current assets</b>							
(a)	Property, plant and equipment	2.3	6,570.50	(8.42)	6,562.09	5,092.32	(11.61)	5,080.71
(b)	Capital work-in-progress	2.4	1,154.00	-	1,154.00	1,373.85	-	1,373.85
(c)	Intangible assets	2.3	6.54	-	6.54	4.91	-	4.91
(d)	Intangible assets under Development	2.4	-	-	-	-	-	-
(e)	Financial Assets		-	-	-	-	-	-
(i)	Investment-In PCKL	2.5	10.01	-	10.01	10.01	-	10.01
(ii)	Loans	2.6	396.39	-	396.39	364.34	-	364.34
(f)	Deferred Tax Assets (Net)	2.7	-	-	-	-	-	-
(g)	Other non-current assets	2.8	394.83	-	394.83	333.90	-	333.90
	<b>Total (A)</b>		<b>8,532.27</b>	<b>(8.42)</b>	<b>8,523.86</b>	<b>7,179.33</b>	<b>(11.61)</b>	<b>7,167.72</b>
<b>2</b>	<b>Current assets</b>							
(a)	Inventory	2.9	116.95	-	116.95	201.42	-	201.42
(b)	Financial Assets		-	-	-	-	-	-
(i)	Trade receivables	2.10	5,659.96	-	5,659.96	5,392.22	-	5,392.22
(ii)	Cash and Cash equivalents	2.11	143.08	-	143.08	170.16	-	170.16
(iii)	Others Receivables	2.12	2,169.58	(30.58)	2,139.00	1,771.67	-	1,771.67
(d)	Other Current Assets	2.13	(11.14)	31.91	20.77	(16.43)	0.48	(15.95)
	<b>Total (B)</b>		<b>8,078.43</b>	<b>1.33</b>	<b>8,079.76</b>	<b>7,519.04</b>	<b>0.48</b>	<b>7,519.52</b>

(Amount in Crs.)

1	2	3	4	5	6	7	8	9
	Asset held for sale	2.14	27.87	-	27.87	15.35	-	15.35
	<b>Total (C)</b>		<b>27.87</b>	<b>-</b>	<b>27.87</b>	<b>15.35</b>	<b>-</b>	<b>15.35</b>
	<b>Total assets</b>		<b>16,638.57</b>	<b>(7.09)</b>	<b>16,631.49</b>	<b>14,713.72</b>	<b>(11.13)</b>	<b>14,702.59</b>
	Regulatory Deferral Assets	2.15	541.97	-	541.97	-	-	-
	<b>Total Assets and regulatory account balance</b>		<b>17,180.54</b>	<b>(7.09)</b>	<b>17,173.46</b>	<b>14,713.72</b>	<b>(11.13)</b>	<b>14,702.59</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>							
1)	<b>Equity</b>							
(a)	Equity Share capital	2.16	546.92	-	546.92	546.92	-	546.92
(b)	Other Equity		(367.76)	(7.57)	(375.33)	(475.77)	(11.57)	(487.34)
	<b>Total equity</b>		<b>425.06</b>	<b>(7.57)</b>	<b>417.49</b>	<b>220.03</b>	<b>(11.57)</b>	<b>208.46</b>
2)	<b>Non-current liabilities</b>							
(a)	Financial Liabilities							
(i)	Long Term Loans	2.17	3,142.12	-	3,142.12	2,509.43	-	2,509.43
(ii)	Other financial liabilities	2.18	3,302.72	-	3,302.72	2,872.94	-	2,872.94
(b)	Long Term Provisions	2.19	51.13	-	51.13	50.09	-	50.09
(c)	Deferred Income	2.20	1,935.69	-	1,935.69	1,585.14	-	1,585.14
(d)	Other Non-Current liabilities	2.21	138.98	-	138.98	143.40	-	143.40
4)	<b>Current liabilities</b>							
(a)	Financial Liabilities							
(i)	Short Term loans	2.22	3,674.54	-	3,674.54	2,819.99	-	2,819.99
(ii)	Trade and Other Payables	2.23	3,980.03	-	3,980.03	3,911.64	-	3,911.64
(iii)	Other financial liabilities	2.24	336.33	-	336.33	340.99	-	340.99
(b)	Short Term Provisions	2.25	14.62	0.48	15.11	6.20	0.44	6.64
(c.)	Deferred Income	2.20	126.26	-	126.26	128.96	-	128.96
(d)	Current Tax Liabilities	2.26	38.86	-	38.86	14.43	-	14.43
(e)	Other Current Liabilities	2.27	14.20	-	14.20	110.48	-	110.48
	<b>Total liabilities</b>		<b>16,755.48</b>	<b>0.48</b>	<b>16,755.97</b>	<b>14,493.69</b>	<b>0.44</b>	<b>14,494.13</b>
	<b>Total Equity and liabilities</b>		<b>17,180.54</b>	<b>(7.09)</b>	<b>17,173.46</b>	<b>14,713.72</b>	<b>(11.13)</b>	<b>14,702.59</b>

**Note 2.2.2 Reconciliations of Profit or Loss as previously reported under IGAAP to IND AS**

Amount in Crs.

1	2	3	4	5	6
	Particulars	Note No.	Year ended 31st March 2016 (Indian GAAP)	Impact	Year ended 31st March 2016 (Ind AS)
<b>I</b>	<b>Income</b>				
	Revenue from operations	2.28	14,148.23	-	14,148.23
	Other Income	2.29	167.21	-	167.21
	<b>Total Income</b>		<b>14,315.44</b>	<b>-</b>	<b>14,315.44</b>
<b>II</b>	<b>Expenses</b>				
	Purchase of Power	2.30	12,601.01	-	12,601.01
	Other Operating expenses	2.31	83.37	-	83.37
	Employee benefits expense	2.32	855.27	19.44	874.71
	Finance costs	2.33	454.51	-	454.51
	Depreciation and amortisation expense	2.34	290.60	-	290.60
	Other Expenses	2.35	483.34	-	483.34
	<b>Total Expenses</b>		<b>14,768.09</b>	<b>19.44</b>	<b>14,787.54</b>

1	2	3	4	5	6
<b>III</b>	<b>Profit/loss before exceptional items</b>		(452.65)	(19.44)	(472.10)
	Exceptional Items	2.36	(54.77)	-	(54.77)
<b>IV</b>	<b>Profit/loss before tax</b>		<b>(397.87)</b>	<b>(19.44)</b>	<b>(417.33)</b>
<b>V</b>	<b>Tax expenses</b>		-	-	-
	Current Tax		24.52	-	24.51
<b>VI</b>	<b>Profit for the period before movement in Regulatory deferral account balance</b>		(422.39)	(19.44)	(441.84)
	Net Movement in Regulatory deferral account balances related to profit or loss	2.37	541.97	-	541.98
	<b>Profit for the period and movement in Regulatory deferral account balance</b>		<b>119.58</b>	<b>(19.44)</b>	<b>100.14</b>
	Attributable to:		-	-	-
	<b>Equity holders of the Parent</b>		<b>119.58</b>	<b>(19.44)</b>	<b>100.14</b>
	Non-controlling interests		-	-	-
	<b>Other comprehensive income:</b>		-	-	-
	Items that will not be reclassified subsequently to profit or loss :		-	-	-
	Remeasurement of the net defined benefit liability		-	19.44	19.44
	<b>Total Other comprehensive income / (loss) for the period, net of tax</b>		-	19.44	19.44
	<b>Total Comprehensive income for the period</b>		<b>119.58</b>	<b>19.44</b>	<b>119.58</b>
	<b>Earnings per share (In Rupees)</b>		-	-	-
	Basic		2.19	(0.36)	1.83
	Diluted		-	-	-

**Note 2.3 : Property, Plant & Equipment**
**A. Property, Plant & Equipment**

Notes to financial statements for the year ended March 31, 2017

Amount in Crs.

Particulars	Asset Group	Tangible Assets										Intangible Assets					
		Land & Rights	Buildings	Civil Works (Pipeline, Sewage, Drainage, Water supply)	Other Civil Works	Plant & Machinery	Lines Cable Networks	Vehicles	Furniture & Fixtures	Office Equipments	Total	Plant & Machinery, cables, vehicles etc.	Land & Rights	Software & Rights	Total		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Gross Carrying Value																	
	A/c Code	10.1	10.2	10.3	10.4	10.5	10.6	10.7	10.8	10.9		16.2		10.1	18.1		
	<b>Opening Balance As at 1-4-2015</b>	7.26	79.36	3.39	0.81	1,499.29	5,441.73	18.69	11.64	11.92	7,074.09	36.92	7,111.00	2.33	2.83	5.16	
	Additions	0.01	27.42	0.69	0.80	613.90	1,372.16	6.12	2.01	2.19	2,025.29	7.71	2,033.00	-	2.84	2.84	
	Deductions	-	0.01	-	-	126.66	71.72	0.34	0.03	0.14	198.90	-	198.90	-	-	-	
	<b>Closing Balance As at 31-3-2016</b>	7.27	106.77	4.07	1.61	1,986.52	6,742.16	24.46	13.62	13.97	8,900.47	44.63	8,945.10	2.33	5.67	8.00	
	Additions	3.25	49.18	0.76	0.30	454.37	1,186.01	1.26	1.49	0.54	1,697.16	3.12	1,700.28	-	1.23	1.23	
	Deductions	-	-	-	-	143.63	55.77	0.23	0.10	0.08	199.81	-	199.81	-	0.00	0.00	
	<b>Closing Balance As at 31-3-2017</b>	10.52	155.96	4.83	1.91	2,297.26	7,872.41	25.48	15.01	14.44	10,397.82	47.75	10,445.57	2.33	6.89	9.23	
	A/c Code	12.1	12.2	12.3	12.4	12.5	12.6	12.7	12.8	12.9				12.1	18		
	<b>Opening Balance As at 1-4-2015</b>	-	17.57	1.35	0.21	357.03	1,619.43	12.01	5.51	3.52	2,016.63	2.05	2,018.68	0.25	-	0.25	
	Adjustment-prior period for 2015-16	-	-	-	-	-	-	-	-	-	11.61	-	11.61	-	-	-	
	<b>Restated balance as on 1-4-2015</b>	-	17.57	1.35	0.21	357.03	1,619.43	12.01	5.51	3.52	2,028.24	2.05	2,030.29	-	-	-	
	Additions	-	3.11	0.19	0.04	112.03	299.55	1.19	0.60	0.60	417.32	1.71	419.03	1.07	0.15	1.22	
	Deductions	-	0.68	-	-	26.09	48.09	(0.27)	0.02	0.06	74.68	-	74.68	-	-	-	
	Short depreciation provided	-	0.07	0.00	-	4.63	11.88	0.03	0.02	0.01	16.64	-	16.64	-	-	-	



1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Excess depreciation withdrawn	-	0.20	0.00	0.00	1.20	3.59	0.03	0.03	0.01	5.06	-	5.06	-	-	-
	<b>Closing Balance As at 31-3-2016</b>	-	19.87	1.54	0.25	446.39	1,879.19	13.47	6.09	4.05	2,382.46	3.75	2,384.17	1.32	0.15	1.46
	Adjustment-prior period for 2016-17		-	-	-	-	-	-	-	-	8.41	-	8.41	-	-	-
	Adjustment for reversal of Prior period item		-	-	-	-	-	-	-	-	(11.61)	-	(11.61)	-	-	-
	<b>Restated balance as on 31-3-2016</b>		19.87	1.54	0.25	446.39	1,879.19	13.47	6.09	4.05	2,379.27	3.75	2,383.02	-	-	-
	Additions		5.63	0.22	0.06	121.44	367.45	1.58	0.63	0.63	497.65	1.53	499.17	0.00	1.80	1.80
	Deductions		-	-	-	31.96	38.14	0.20	0.08	0.09	70.47	-	70.47	-	-	-
	Short depreciation provided		0.69	0.01	0.00	9.51	15.87	0.07	0.02	0.02	26.19	-	26.19	-	-	-
	Excess depreciation withdrawn		0.13	0.00	0.00	9.20	8.97	0.01	0.03	0.01	18.35	-	18.35	-	-	-
	<b>Closing Balance As at 31-3-2017</b>	-	26.07	1.78	0.31	536.18	2,215.39	14.91	6.62	4.59	2,814.28	5.28	2,819.56	1.32	1.95	3.27
	Adjustment for reversal of Prior period item		-	-	-	-	-	-	-	-	(8.41)	-	(8.41)	-	-	-
	<b>Closing Balance As at 31-3-2017</b>		26.07	1.78	0.31	536.18	2,215.39	14.91	6.62	4.59	2,805.87	5.28	2,811.14	1.32	1.95	3.27
<b>Net Block</b>	<b>At March 31, 2017</b>	10.52	129.89	3.05	1.60	1,761.07	5,657.01	10.57	8.40	9.84	7,591.95	42.47	7,634.42	1.01	4.95	5.96
	<b>At March 31, 2016</b>	7.27	86.90	2.53	1.36	1,540.13	4,862.98	10.99	7.53	9.93	6,521.20	40.87	6,562.08	1.02	5.52	6.54
	<b>At March 31, 2015</b>	7.26	61.79	2.04	0.60	1,142.26	3,822.30	6.68	6.12	8.40	5,045.84	34.87	5,080.71	2.08	2.83	4.91

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

## Note 2.4 : Capital Work in Progress

Notes to financial statements for the year ended March 31, 2017

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
1 Capital Work in Progress	842.21	984.63	1,323.36
2 Contracts in Progress	17.87	7.94	4.96
3 Provision for works.	101.22	161.43	45.52
<b>TOTAL</b>	<b>961.30</b>	<b>1,154.00</b>	<b>1,373.85</b>

## Note 2.5 : Investment

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
Non-Trade Investments-Investment in equity share-Company is having a share of 100100 No of 1000 Rupees face value as investment made to PCKL	10.01	10.01	10.01
<b>Total</b>	<b>10.01</b>	<b>10.01</b>	<b>10.01</b>

## Note 2.6 : Loan

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
<b>Unsecured, Considered Good</b>			
a) Security Deposits with Railways and Others	43.76	40.00	36.31
b) Security Deposit from Suppliers & Contractors other than cash.	-	-	-
c) Deposit with Jurala Hydro Electric Project	14.00	14.00	14.00
d) Loans and Advances - Others	436.50	342.40	314.03
<b>Total</b>	<b>494.26</b>	<b>396.39</b>	<b>364.34</b>

**Note 2.7 : Deferred Tax Assets (Net)**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
	--	--	-
<b>Total</b>	<b>--</b>	<b>--</b>	<b>-</b>

**Note 2.8 : Other Non Current Assets**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
a) Advances to Suppliers	35.80	29.16	16.30
b) Advances to Contractors	509.18	291.88	243.81
c) Amount paid to IT under protest	73.79	73.79	73.79
<b>Total</b>	<b>618.78</b>	<b>394.83</b>	<b>333.90</b>

**Note 2.9 : Inventories**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
<b>1) Stores, spares and loose tools (Stocks are valued at standard cost )</b>			
a) Material Stock Account	115.51	112.03	197.96
Less :Excess /(Shortage)	2.25	0.40	(0.24)
b) Mateterial imprest Account	2.57	2.16	1.11
c) Other Material Account	2.65	2.37	2.60
<b>Total</b>	<b>122.98</b>	<b>116.95</b>	<b>201.42</b>

**Note 2.10 Trade Receivables**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
Secured, considered good	3,120.28	2,860.32	2,533.53
Unsecured, considered good	3,979.46	2,799.65	2,858.69
Doubtful	1,175.66	1,180.08	1,241.80
<b>Total</b>	<b>8,275.40</b>	<b>6,840.04</b>	<b>6,634.02</b>
Less : Provision for doubtful debt	1,175.66	1,180.08	1,241.80
<b>TOTAL</b>	<b>7,099.74</b>	<b>5,659.96</b>	<b>5,392.22</b>

**Note 2.11 : Cash and Cash Equivalents**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (IndAS)	As at 31st March 2015 ( Ind AS)
<b>Cash and Cash Equivalents</b>			
<b>i) Balance with banks</b>			
On current Account	59.69	48.01	58.97
Cash in Hand	26.97	30.93	19.21
<b>ii) Other Bank Balance</b>			
<b>Term Deposit</b>			
Deposits with maturity period of less than three months	13.38	6.60	3.29
Deposits with maturity period of more than three months	90.25	57.51	88.66
<b>iii) Stamp on hand</b>	0.02	0.03	0.02
<b>Total (i) + (ii) + (iii)</b>	<b>190.31</b>	<b>143.08</b>	<b>170.16</b>

**Note 2.12 : Other Receivables**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (IndAS)	As at 31st March 2015 ( Ind AS)
<b>Amounts recoverable from employees</b>			
Amount Recoverable from Current Employees	7.84	2.62	2.68
Amounts recoverable from ex-employees	3.02	3.06	3.06
Cash found short due theft etc., Pending Investigation	1.05	1.05	1.05
Loans and advances staff - Festival advance	2.42	1.07	2.45
Receivables from Pension / Gratuity Trust	4.08	6.51	8.73
Cash Receivables from Associates - KPTCL / ESCOMS	420.05	447.44	452.64
Interest accrued but not due on deposits (including Bank Deposits)	13.46	11.14	12.06
Remittance Head Office In Transit Account - State Bank of Mysore	-	1.11	8.13
Other Receivables	0.94	1.01	1.02
Inter ESCOMs Energy balancing & Energy charges at IF point	1,747.25	1,694.58	1,279.85
Prior period Ind AS Adjustments-interest income	-	(30.58)	
<b>Total</b>	<b>2,200.11</b>	<b>2,139.00</b>	<b>1,771.67</b>

**Note 2.13 : Other Current Assets**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
<b>A) Short term loan and Advance (Unsecured considered good)</b>			
Loans and advances staff - Advance of pay	-	0.00	0.00
Loans and advances staff - Travel advance	0.14	0.15	0.18
Loans and advances staff - Medical advance	1.82	2.16	1.53
Advances staff against expenses	1.61	3.06	6.74
Other loans and advances staff	0.08	0.23	0.58
<b>Sub Total</b>	<b>3.65</b>	<b>5.60</b>	<b>9.03</b>
<b>B) Amount recoverable from ex employees</b>			
Materials drawn by Executive Sub-Ordinates without pre-check of indents.	-	0.35	0.43
Amount recoverable from ex employees - unused materials not returned/excess materials drawn.	9.64	9.36	9.97
Transformers / Meters etc. issued for repairs the Corporation personnel	0.63	0.89	0.89
<b>Sub Total</b>	<b>10.27</b>	<b>10.61</b>	<b>11.29</b>
Less:- Provision for Doubtful of recovery from ex-employees	7.21	6.19	6.19
<b>Sub Total</b>	<b>3.05</b>	<b>4.42</b>	<b>5.11</b>
<b>C) Prepaid expenses</b>	0.12	0.12	0.10
<b>D) Levies / fees payable to GoK</b>	9.61	(21.29)	(30.67)
<b>E) Prior period Ind AS Adjustments- Accrued Income</b>		31.91	0.48
<b>TOTAL</b>	<b>16.43</b>	<b>20.76</b>	<b>(15.95)</b>

**Note 2.14 : Assets Held for sale (scrapped assets)**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
a) Value of scrapped assets	33.49	27.87	15.35
<b>TOTAL</b>	<b>33.49</b>	<b>27.87</b>	<b>15.35</b>

**Note 2.15 : Regulatory Deferral Assets**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
Regulatory Deferral account debit balance	772.29	541.97	-
<b>TOTAL</b>	<b>772.29</b>	<b>541.97</b>	<b>-</b>

**Note 2.16 : Equity Share Capital**

(Amount in Crs.)

Particulars	As at 31st March 2017 (Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 (Ind AS)
<b>Authorized Share Capital</b>			
Equity Shares			
100,00,00,000 (Previous Year - 100,00,00,000) equity shares of Rs 10 each	<b>1,000.00</b>	<b>1,000.00</b>	<b>1,000.00</b>
	-	-	-
<b>Issued, Subscribed and fully paid-up shares</b>	-	-	-
54,69,15,100 (March 31,2016: 54,69,15,100) equity shares of Rs.10/- each Fully paid up	546.92	546.92	546.92
<b>Total</b>	<b>546.92</b>	<b>546.92</b>	<b>546.92</b>

Further Notes:

1. Terms/ rights attached to equity shares: There is no specific terms and rights attached to equity shares

2. Details of shareholders holding more than 5% shares in the Company

(Amount in Crs.)

Particulars	as at March 31, 2017		as at March 31, 2016		as at March 31, 2015	
	No.of shares	% of holding	No.of shares	% of holding	No.of shares	% of holding
Equity shares of Rs.10/- each fully paid						
Hon'ble Governor, State of Karnataka(GoK)	54.69	99.99%	54.69	99.99%	54.69	99.99%
Principal Secretary Energy Department			-	-	-	-

**3. Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period.**

(Amount in Crs.)

Particulars	as at March 31, 2017		as at March 31, 2016		as at March 31, 2015	
	No.of shares	Amount	No.of shares	Amount	No.of shares	Amount
Shares outstanding at the beginning of the year	54.69	546.92	54.69	546.92	54.69	546.92
Shares Alloted during the year			-	-	-	-
Shares bought back during the year			-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>54.69</b>	<b>546.92</b>	<b>54.69</b>	<b>546.92</b>	<b>54.69</b>	<b>546.92</b>

**Note 2.17 Long Term Loans**

(Amount in Crs.)

Particulars	As at 31st March 2017 (Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 (Ind AS)
<b>SECURED LOANS</b>			
<b>Term Loans From</b>			
-Banks (Refer Note 2.17A below)	1,490.18	1,563.01	1,179.50
-Others (Refer Note 2.17A below)	1,851.73	1,215.47	1,012.88
<b>Sub-Total</b>	<b>3,341.91</b>	<b>2,778.47</b>	<b>2,192.38</b>
<b>UNSECURED LOANS</b>			
<b>Term Loans From</b>			
-Banks (Refer Note 2.17B below)	-	-	-
-Others (Refer Note 2.17B below)	430.92	363.64	317.04
<b>Sub-Total</b>	<b>430.92</b>	<b>363.64</b>	<b>317.04</b>
<b>Total</b>	<b>3,772.84</b>	<b>3,142.12</b>	<b>2,509.43</b>

<b>2.17A Term Loans from Banks</b>			
<b>State Bank of India loan</b>	610.94	518.50	-
Repayment within 10 years (including moratorium period of two years) payable in quarterly instalment of Rs. 6.25 Crore each. Interest to be paid as & when due. ROI for Rs 200crs base rate + 0.50% p.a.			
Repayment within 10 years (including moratorium period of two years) repayable in quarterly instalment of Rs. 14.06 Crore each. Interest to be paid as & when due. ROI for Rs 318.50 crs base rate + 0.40% p.a. Floating 1st installment due on 03/2018.			
<b>Securities : Exclusive charge on fixed assets of BESCOM @135% of T.L</b>			
<b>Bank of India</b>	57.00	85.60	114.18
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. Secured by way of hypothecation of assets financed by the Bank (218.11 Crs) First instalment will be due on 30.06.2013.			
<b>Canara Bank</b>	533.75	610.75	660.00
For Rs.400 cr 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 for Rs.200 crs base rate + 0.5%pa (floating without spread reset) & ROI			

for Rs.200 crs base rate + 0.1%pa (floating without spread reset). <b>Hypothecation of fixed assets of the company valued at Rs.457.62 Crs .First instalment due on 23.09.2013.&amp; For Rs.370 crs Repayment in 40 quarterly installment of Rs.9.25crs each Interest to be paid as when due . ROI for Rs.370crs base rate +1% first installment due on 24.01.2017. <b>Hypotecation of Fixed assets of the Company valued at Rs.417.09 crs.</b></b>			
<b>Bank of Maharastra</b> The term of repayment in 28 quarter,27 quaterly installment of Rs.4.47 Crs per quarter and Rs.4.31 Crs in 28th quarter after initial moratourium period & repayment of Rs.9.28 crs per quarter &for 28th quarter Rs.9.86crs after initial moratoirum period of 18 months. <b>Securities : Exclusive 1st charge on all fixed assets to be purchased out of the loan</b>	191.00	248.16	305.32
<b>State Bank of Mysore</b> "Repayment within 13 years (including moratorium period of three years) payable in 33 quarterly instalment of Rs. 3.3 Crore each. at the end of 30 th instalment will be of Rs.3.43 Crs Interest to be paid as & when due. ROI for Rs 100crs base rate + 0.25% pa (floting without spread reset). <b>Hypothecation of fixed assets of the Company valued at Rs. 110 Crs.</b>	97.50	100.00	100.00
<b>Sub-Total</b>	<b>1,490.18</b>	<b>1,563.01</b>	<b>1,179.50</b>
<b>2.17A Term Loans from Others</b> <b>Loans from Rural Electrification Corporation Limited, New Delhi. -APDRP Counter part funding</b> (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, equipmetns, machinery spares, tools, implements, and accessories installed / created / erected in future and its stock of materials equipments bought or to be bought out of the loan amount at 8.5% & 11.70% interest rates. )	1.67	2.41	22.08
<b>PFC - RAPDRP (Part A)</b> The tenure of loan will be 10 years from the date of disbursement including morotorium period of 3 years	219.91	146.65	146.65



for both Principal and interest. Interest to be paid as notified by Ministry of Finance from time to time.			
<b>RAPDRP PFC (B)</b> PFC-RAPDRP (Part-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 to PFC.If the distribution utilities achieve the target of 15% AT&C loss on a sustained basis for a period of 5 years in the project area and the projected is completed with in time schedule fixed by the steering comitee loan will be convertable into grant <b>Secured by way of htpothecation on the newly finance assets under the project as securities for loan.</b>	43.54	43.54	43.54
<b>RAPDRP PFC (B) (Counter part Funding)</b> The loan shall be repaid in 60 equal quaterly installments . The first installments become due on 15th day of october 2015 the subsequent installments will become due for payment on the 15th day of January ,15th day of April ,15th day of July ,15th day of October Every year	130.14	140.55	150.96
<b>PFC DRUM PROJECT</b> "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. <b>'Secured by way of hypotecation of all assets created under the loan.</b> <b>The Repayment to be made in 12 monthly equal installment together with rate of interest @12.50% in the outstanding balance.</b>	-	2.05	4.11
<b>REC (TL) NJY Phase 2</b> Repayment with in 13years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15 th of the month in which the first disbursement was made.the rate of interest @ 11.5 % P A" <b>Secured by way of hypotecation of all assets created under the loan."</b>	230.54	226.25	230.11
<b>REC (TL) DTC Metering</b> Repayment with in 13years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15 th of the	138.52	136.48	136.49

<p>month in which the first disbursement was made.the rate of interest @ 11.5 % P A <b>'Secured by way of hypothecation of all assets created under the loan.'</b></p>			
<p><b>REC (TL) HVDS</b> Repayment with in 13years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15 th of the month in which the first disbursement was made.the rate of interest @ 11.5 % P A <b>'Secured by way of hypothecation of all assets created under the loan.'</b></p>	190.52	93.41	93.41
<p><b>REC (TL)UAIP</b> Repayment with in 13years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15 th of the month in which the first disbursement was made.the rate of interest @ 11.5 % P A <b>'Secured by way of hypothecation of all assets created under the loan.'</b></p>	175.60	195.11	74.87
<p><b>REC (TL) General Capex</b> Repayment with in 13years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15 th of the month in which the first disbursement was made.the rate of interest @ 11.5 % P A <b>'Secured by way of hypothecation of all assets created under the loan.'</b></p>	117.40	126.37	110.67
<p><b>REC (TL) Static meter</b> Repayment with in 13years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15 th of the month in which the first disbursement was made.the rate of interest @ 10.90 % P A <b>'Secured by way of hypothecation of all assets created under the loan.'</b></p>	105.82	101.25	-
<p><b>REC RGGVY 12th Plan</b> Repayment with in 20 years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15 th of the month in which the first disbursement was made.the rate of interest @ 10.75 % &amp; 11.25% P A <b>'Secured by way of hypothecation of all assets created under the loan.'</b></p>	2.40	1.40	-

<b>REC-(TL) NJY Phase 3</b> Repayment with in 13 years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15th of the month in which the first disbursement was made . The rate of interest @ 10.25%"	420.83	-	-
<b>REC-(TL) HVDS Phase 2</b> Repayment with in 13 years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15th of the month in which the first disbursement was made . The rate of interest @ 9.60%	74.85	-	-
<b>Sub-Total</b>	<b>1,851.73</b>	<b>1,215.47</b>	<b>1,012.88</b>
<b>Total</b>	<b>3,341.91</b>	<b>2,778.47</b>	<b>2,192.38</b>
<b>2.17B UNSECURED LOANS</b> <b>Term Loans From</b> <b>Loan from Government</b> <b>Loans from Government - PMGY</b> (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 will enjoy 5 years initial grace period after witch repayment of these loans will be effected in 15 annual equal instalments	0.44	0.55	0.66
<b>Loans from Government - APDRP</b> (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	20.85	25.03	29.20
<b>GOK Interest free Loan</b> Government of Karnataka has released interest free loan to BESCOM towards payment to power suppliers for supply of power to State Grid during 2008-09. <b>Repayment :No terms &amp; Condition given</b>	0.94	0.94	0.94
<b>Loan from Government (through REC) - RGGVY</b> (The Total repayment period will be 15 years inclusive of 5years moratorium period together with interest @ 5% - 11.75% with quarterly interest) <b>Repayment begun from 15/03/2012.</b>	6.88	9.13	8.98

<b>Loan from GoK for Power Sector Automation -</b> No specific Terms & conditions given, however as per Go. No. FD 014 BLA 2002 dated 10.07.2003 Loan for a period of ten years & first instalment begun in the month of Mar-2009 at the rate of 9% p.a	-	0.15	0.29
<b>Loan from GoK (against credit line from JICA (Japan International Co-Operative Agency))</b>  The bank agrees to lend the company an amount not exceeding YEN 10643000000 as Principal for DAS under relavance laws & Regulation of Japan.The Company repay principal amount in accordance with amortization schedule setforth in the agreement.The Company shall pay the interest semiannuallyat the rate of three- fourth of one percent (0.75%)p.a	401.80	327.85	276.97
<b>Sub-Total</b>	<b>430.92</b>	<b>363.64</b>	<b>317.04</b>

**Note 2.18 : Other Financial Liabilities**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
<b>Security Deposit from consumers</b>			
Other Deposits from Consumers	99.12	92.77	85.51
Security Deposit from consumers:	3,401.98	3,140.58	2,746.35
Advance Power charges	111.62	66.31	38.66
Deposit for new service connections	10.28	3.07	2.44
<b>Total</b>	<b>3,623.01</b>	<b>3,302.72</b>	<b>2,872.95</b>

**Note 2.19 : Long Term Provisions**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
Provision for Employee Benefits			
Provision for Gratuity,Pension,Leave encashment, PF & Family Benefit Fund	57.61	51.13	50.09
<b>Total</b>	<b>57.61</b>	<b>51.13</b>	<b>50.09</b>

**Note 2.20 : Deferred Income**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
<b>Contributions and grants towards cost of Capital assets</b>			
Opening Balance	1,742.97	1,488.81	1,198.76
Add: Additions during the year	439.08	369.22	386.16
	2,182.06	1,858.03	1,584.92
Less: Reversal of depreciation	115.21	115.06	96.11
<b>Closing Balance</b>	<b>2,066.84</b>	<b>1,742.97</b>	<b>1,488.81</b>
<b>Subsidies received from REC towards RGGVY scheme</b>			
Opening Balance	110.60	98.11	104.44
Add: Additions during the year	-	18.56	-
	110.60	116.67	104.44
Less: Reversal of depreciation	4.86	6.06	6.33
<b>Closing Balance</b>	<b>105.74</b>	<b>110.60</b>	<b>98.11</b>
<b>Grants towards cost of Capital Assets/ regularisation of unauthorised IP set installations received from Government</b>			
<b>Opening Balance</b>	<b>128.14</b>	<b>127.18</b>	<b>125.28</b>
Add: Additions during the year	-	8.80	9.96
Less: Reversal of GoK Order	(8.76)	-	-
	119.38	135.98	135.24
Less: Reversal of depreciation	6.19	7.84	8.06
<b>Closing Balance</b>	<b>113.19</b>	<b>128.14</b>	<b>127.18</b>
<b>Subsidies / Grants released by GOI through REC for executing RGGVY scheme (12th Plan)</b>			
Opening Balance	12.58	-	
Add: Additions during the year	9.05	12.58	
	21.63	12.58	
Less: Reversal of depreciation	-	-	
<b>Closing Balance</b>	<b>21.63</b>	<b>12.58</b>	
Grant received from GOI for implementation of Solar rooftop units on government buildings in BESCOM area.			
Opening Balance	-	-	
Add: Additions during the year	67.66	67.66	
	67.66	67.66	
Less: Reversal of depreciation	-	-	
<b>Closing Balance</b>	<b>67.66</b>	<b>67.66</b>	
Grants received towards IPDS Project	41.78		
<b>Total Deferred Income</b>	<b>2,416.85</b>	<b>2,061.95</b>	<b>1,714.10</b>
<b>Deferred Income- Current</b>	120.57	126.26	128.96
<b>Deferred Income- Non-Current</b>	2,296.28	1,935.69	1,585.14
<b>Total Deferred Income</b>	<b>2,416.85</b>	<b>2,061.95</b>	<b>1,714.10</b>

**Note 2.21 : Other Non Current Liabilities**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
<b>Deposit Contribution Work</b>			
i) Deposit Contribution Work	116.24	134.56	138.12
ii) Deposit Works	10.65	4.42	5.29
<b>Total</b>	<b>126.88</b>	<b>138.98</b>	<b>143.40</b>

**Note 2.22 Short Term Loans**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
<b>Secured</b>			
Short term loan			
<b>Vijaya Bank</b>	750.00	550.00	500.00
'STL for a period of 1 year and to be closed by the end of 1 year from the date of first drawal and interest to be serviced as and when debited at 9.65% p.a. (Floating .i.e., base rate)“STL for a period of 1 year and to be repaid in single bullet installment at the end of 1 year from the date of first drawal and interest to be serviced as and when debited at 8.65% p.a. (Floating .i.e., base rate)			
<b>Securities: Floating charge on Book debts of the Company with 10% Margin</b>			
<b>Corporation Bank</b>	100.00	350.00	350.00
STL to meet mismatch in cashflow for working capital interest to be specified at the each availment present rate is 8.90% p.a. i.e., base rate +0.10% p.a.8.90%			
<b>Securities Floating charge on book debts of the Company with 10% margin</b>			
<b>State Bank of Mysore</b>	100.00	100.00	100.00
Line of Credit to meet funds requirement for day to day operations for working capital the rates of interest @ BR + 0.15% (floating). Repayable at the end of tenure by way of bullet payment			
<b>Securities : Floating charge on debts of the Company with 10% Margin.</b>			
<b>Bank of Maharashtra</b>	93.70	343.70	133.32
STL for a period of 1 year to be repaid 12 monthly installment interest to be serviced as and when			

**Note 2.22 : Short Term Loans**

(Amount in Crs.)

Particulars	As at 31st March 2017 (Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 (Ind AS)
debited at 10.25% p.a. i.e., base rate (floating). "Securities : Floating charge on Book debts of the Company with 10% Margin			
<b>Syndicate Bank</b>  STL for a period of 2 years from the date first drawal monthly repayment of principle Rs.10.42 crores and interest to be serviced monthly (rate of interest) (BR+0.10%p.a)  <b>Securities : Paripassu charges on Book debts of the Company with 10% margin</b>	135.38	56.25	131.25
<b>Union Bank</b>  STL for a period of 2 years from the date of first drawal, monthly repayment of principal Rs.11.36 crores and interest to be serviced monthly (Rate of Interest at 9.70% p.a)  <b>Securities : Exclusive 1st charge on all fixed assets to be purchased out of the loan</b>	181.82		
<b>Bank of India</b>  STL for a period of 2 years and 2 months. Repayment of principal Rs.8 crores and interest to be serviced monthly (Rate of Interest at 8.80% p.a)  STL for a period of 2 years and 2 months. Repayment of principal Rs.4 crores and interest to be serviced monthly (Rate of Interest at 8.80% p.a)  <b>Securities : Floating charges on book debts of the Company with 10% margin.</b>	248.00		
<b>Overdrafts</b>		-	-
Bank of Baroda - OD limit Rs. 150 crore	97.32	150.16	75.24
Vijaya Bank - OD limit Rs. 400 crore	397.00	404.07	299.38
Canara Bank - OD limit Rs. 850 crore	842.26	885.52	743.40
Syndicate Bank - OD limit Rs. 350 crore	348.84	264.75	99.79
Bank of India - OD limit Rs. 200 crore	167.05	170.81	194.76
State Bank of Mysore - OD limit Rs. 300 crore	260.65	297.31	192.85
State Bank of India - OD limit Rs. 100 crore	59.79	101.96	-
<b>All overdrafts Secured by receivables specifically Hypothicated</b>	-	-	-
<b>Total</b>	<b>3,781.81</b>	<b>3,674.54</b>	<b>2,819.99</b>

**Note 2.23 : Trade & Other Payables**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (IndAS)	As at 31st March 2015 ( Ind AS)
Sundry Creditors for Purchase of Power	3,912.82	3,300.30	3,230.76
Inter ESCOM, Cost of Banked Energy, SLDC Charges & PCKL Revenue Expenditure	-	-	-
Creditors/Liabilities for supplies / works	498.53	562.03	594.96
Payable for other services	-	-	-
Outstanding Liability	-	-	-
- for Expenses	90.11	115.00	82.59
Payable to other ESCOMs	452.07	2.69	3.35
<b>Total</b>	<b>4,953.53</b>	<b>3,980.03</b>	<b>3,911.65</b>

**Note 2.24 : Other Financial Liabilities**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (IndAS)	As at 31st March 2015 ( Ind AS)
<b>Current maturities of long term debts</b>	318.68	219.14	159.30
<b>Interest accrued but not due on loans</b>	12.32	9.55	5.84
<b>Deposits from Suppliers, Contractors Etc.</b>			
Security Deposits in cash from Suppliers / Contractors	42.83	35.69	29.65
Security deposit other than in cash from suppliers / contractors	0.15	0.92	0.92
Advance consumption charges LT & HT	35.22	(39.46)	35.19
<b>Other Payables</b>			
Stale Cheques	0.66	0.58	0.90
Retention Money - Bill amount retained	49.45	67.87	62.30
Draught relief fund.	0.88	0.88	0.90
Miscellaneous Deposits/Other liabilities	29.56	41.08	45.91
<b>Contribution received by BESCOM against compensation to the victims of Electrical accidents .</b>	0.07	0.07	0.07
(a) Interest amount earned from unutilised portion of RGGVY 12th plan funds - payable to REC	0.40		
(b) Interest amount earned from unutilised portion of IPDS funds -payable to PFC	0.74		
<b>Total</b>	<b>490.98</b>	<b>336.33</b>	<b>340.99</b>



**Note 2.25 : Short Term Provisions**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
<b>Provision for Employee Benefits</b>			
Unpaid Salaries	0.00	0.01	0.01
Unpaid Bonus	0.00	0.00	0.01
Salary payable	4.01	2.76	2.86
Bonus payable	1.22	0.99	0.22
Ex-gratia payable	7.52	10.86	3.09
Ind AS adjustment-Prior period		0.48	0.44
<b>Total</b>	<b>12.75</b>	<b>15.11</b>	<b>6.64</b>

**Note 2.26 : Current Tax Liabilities**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
Provision for Income-Tax	55.22	55.22	30.70
Advance Tax (Various Years)	14.15	13.60	13.52
TDS Receivables	3.26	2.75	2.75
	<b>17.40</b>	<b>16.35</b>	<b>16.27</b>
<b>Net Current Tax Liability</b>	<b>37.81</b>	<b>38.86</b>	<b>14.43</b>

**Note 2.27 : Other Current Liabilities**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
Other ESCOM - CESC	121.01	0.19	0.19
Excess credit under reconciliation with Bank	(5.44)	(3.69)	(4.67)
Inter Unit Accounts	49.51	17.70	114.96
Expenses Payable			
<b>Total</b>	<b>165.09</b>	<b>14.20</b>	<b>110.48</b>

**Note 2.28 : Revenue from operations**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Sale of Power LT category	9,039.68	7,793.52
Sale of Power HT category	6,810.05	6,433.33
<b>Total (A)</b>	<b>15,849.73</b>	<b>14,226.85</b>
<b>Other Operating Income</b>		
Fuse charges	0.01	0.02
Reconnection Fee (D & R)	1.16	1.65
Service Connection	53.34	47.53
Other Receipts from consumers	30.14	32.74
Registration fee towards SRTPV connection (Solar rooftop PV system)	0.96	0.21
Facilitation fee towards SRTPV connection (Solar rooftop PV system)	0.03	0.09
Recoveries for theft of power	5.47	1.28
<b>Total (B)</b>	<b>91.11</b>	<b>83.52</b>
<b>Total (A)+(B)</b>	<b>15,940.84</b>	<b>14,310.37</b>
Less : Provision for withdrawal of Revenue Demand	13.70	21.36
Less : Withdrawal of revenue demand as credit adjustment.	27.86	46.35
Less : Credit Adjustment through Balance Transfer system	38.11	94.43
<b>Total</b>	<b>15,861.17</b>	<b>14,148.23</b>

**Note 2.29 : Other Income**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Interest Income :	6.56	8.28
<b>Other non-operating income</b>	-	-
Profit/(Loss) on sale of stores	(0.36)	(0.71)
Rent	2.49	3.56
Incentives received	129.12	116.78
Excess provision made in prior period which is no longer required	0.00	0.00
Value of materials found excess during physical verification	0.01	0.23
Miscellaneous	69.14	35.94
Rebate at 0.5% for collection of Electricity Duty	3.66	3.04
Supervision charges collected from Cable Operators	3.63	0.09
Rental income from cable operators	1.06	-
<b>Total</b>	<b>215.32</b>	<b>167.21</b>

**Note 2.30 : Purchase of Power**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Power Purchase Cost	14,202.64	13,706.45
<b>Less:- Energy balancing between ESCOMs</b>	-	-
Revenue from sale of power - HESCOM -Energy balancing at IF poit and above 33KV	101.63	780.50
Revenue from sale of power - GESCOM -Energy balancing at IF poit and above 33KV	112.08	149.56
Revenue from sale of power - MESCOM -Energy balancing at IF poit and above 33KV	89.05	90.62
Revenue from sale of power - CESC -Energy balancing at IF poit and above 33KV	195.25	81.88
Revenue from Inter Escom exchange of energy charges 11KV - LT - HESCOM	-	-
Revenue from Inter Escom exchange of energy charges 11KV - LT - GESCOM	-	-
Revenue from Inter Escom exchange of energy charges 11KV - LT - MESCOM	0.90	0.45
Revenue from Inter-ESCOM exchange of energy cahrges 11KV & LT - CESC	2.90	2.43
<b>Grand Total</b>	<b>13,700.83</b>	<b>12,601.01</b>

**Note 2.31 : Other Operating Expenses**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Repairs and maintenance - plant and machinery	57.70	55.83
Buildings	1.43	2.31
Civil works (Pipeline, Seweage, drainage and water supply)	0.57	0.50
<b>Repairs and maintenance - buildings</b>	<b>2.00</b>	<b>2.81</b>
Lines, Cable Net Work Etc.	14.21	23.60
Vehicles	0.54	0.72
Furniture and Fixtures	0.03	0.01
Office Equipments.	0.39	0.40
R & M charged to Capital Works (Credit account)	(0.03)	(0.00)
<b>Repairs and maintenance - others</b>	<b>15.14</b>	<b>24.72</b>
Computer Rentals/maintenance charges	0.00	-
<b>Total</b>	<b>74.84</b>	<b>83.37</b>

**Note 2.32 : Employee benefits expenses**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
<b>A) Salaries and Wages</b>		
Salaries	402.58	400.44
Over Time	11.68	10.74
Dearness Allowance	152.11	124.36
Other Allowances	96.55	94.44
<b>Sub Total - 1</b>	<b>662.92</b>	<b>629.98</b>
<b>B) Bonus</b>	<b>10.22</b>	<b>14.77</b>
<b>C) Terminal Benefits</b>	<b>143.15</b>	<b>169.67</b>
<b>D) Staff Welfare</b>		
Medical Expenses reimbursement	10.87	8.59
Leave travel assistance	0.00	0.11
Earned Leave Encashment - For employees covered under Contributory Pension Scheme.	10.57	11.09
Earned leave encashment	19.92	20.80
E.L.Encashment - Retirement / Deceased Employees	12.47	16.38
Staff Welfare expenses	8.04	7.52
Compensation for injuries, death and damages - Staff	-	-
<b>Sub Total - 2</b>	<b>61.88</b>	<b>64.49</b>
<b>E) Workmen compensation</b>		
Payment under workmens compensation Act	0.04	0.04
Payment to helpers/employees of Monsoon gang	1.75	1.29
<b>Sub Total - 3</b>	<b>1.79</b>	<b>1.33</b>
<b>Total (1+2+3)</b>	<b>879.97</b>	<b>880.25</b>
Less: Employees cost charged to capital works (Credit Account)	(8.04)	(5.54)
<b>TOTAL</b>	<b>871.93</b>	<b>874.71</b>

**Note 2.33 : Finance Cost**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Interest on Loans	674.01	577.85
Guarantee Commission to GoK	1.90	9.73
Interest capitalised on capital borrowings	(37.88)	(133.07)
<b>Total</b>	<b>638.03</b>	<b>454.51</b>

**Note 2.34 : Depreciation and Amortization Expense**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Depreciation on Buildings	7.63	3.64
Depreciation on Civil works (pipeline, sewerage, drainage, water supply etc.,)	0.22	0.19
Depreciation on other Civil Works	0.06	0.04
Depreciation on Plant and Machinery	121.45	112.03
Depreciation on lines, cable, network etc.,	367.24	299.55
Depreciation on Vehicles	1.58	1.19
Depreciation on furniture, fixtures	0.63	0.60
Depreciation on Office equipments	0.63	0.60
Depreciation charged on released material intended to re use	1.53	1.71
<b>Total</b>	<b>500.97</b>	<b>419.56</b>
Less: Depreciation Withdrawn from contributions / subsidies as per Ind AS 20	126.26	128.96
<b>Depreciation for the year</b>	<b>374.71</b>	<b>290.60</b>

**Note 2.35 : Other Expenses**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Rent	15.54	16.31
Postage stamps & Telephone charges	9.24	7.90
Remuneration to contract agencies	115.76	118.37
Professional, legal and consultancy	4.22	3.23
Conveyance & Travel expenses	45.19	43.66
Vehicle running expenses	2.84	2.67
Fees & Subscriptions	3.96	4.85
Printing & Stationery	5.26	5.90
Advertisement Expenses	2.08	1.60
Computer stationary and floppies	0.52	0.58
Contributions	0.28	1.56
Electricity Charges	2.41	1.92
Freight & other material related expenses	0.87	0.98
<b>Miscellaneous including provisions</b>		
Rates & Taxes	0.56	0.56

**Note 2.35 : Other Expenses**

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Insurance/fee	-	0.04
Security Charges	-	-
Water Charges	0.68	0.46
DSM Expenses	2.58	3.83
License Fees	-	-
Miscellaneous expenses	7.95	8.62
Details of Payments to Auditors (including legal & Professional charges)		
a) Audit Fees		
- Statutory Audit Fees	0.11	0.11
- Tax Audit Fees	0.02	0.02
b) For Re-imbusement of expenses & GST	0.02	0.02
Expenses towards CSR- (Corporate Social Responsibilities)	-	-
Less:-Other Expenses charged to capital works (Credit Account)	(21.65)	(8.25)
<b>Sub total -1</b>	<b>198.43</b>	<b>214.96</b>
Small & Low value items Written off	0.03	0.16
Asset decommissioning cost	0.07	(0.11)
<b>Sub total -2</b>	<b>0.10</b>	<b>0.04</b>
Bank charges	11.63	12.75
Interest to Consumers	244.40	245.24
Stamp duty	0.80	1.05
<b>Sub total -3</b>	<b>256.83</b>	<b>259.04</b>
Provision Against ex-employee recoverable	0.59	
Provision against receivables	103.21	
Material cost variance	9.70	(1.82)
Miscellaneous losses and Write offs including provisions	2.29	10.90
Bad Debts written off	0.63	0.22
Loss of materials by pilferage, etc.,	-	0.00
Provision for Loss on obsolescence of stores, etc in stock	-	-
<b>Sub total -4</b>	<b>116.43</b>	<b>9.30</b>
Interest on belated payment for power Purchase	-	-
Interest on belated payment for electricity tax	41.47	
<b>Sub total -5</b>	<b>41.47</b>	
<b>Total (Sub total 1 + 2 + 3 + 4 + 5)</b>	<b>613.26</b>	<b>483.34</b>

**Note 2.36 : Exceptional Item**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Losses/gain relating to Fixed Assets	4.38	6.91
Impairment of Assets	-	-
Provision for Bad & doubtful debts	(6.55)	(61.69)
Proposed networth transfer from KPTCL as per orders of GoK	(49.38)	
<b>TOTAL</b>	<b>(51.55)</b>	<b>(54.77)</b>

**Note 2.37 : Net Movement in Regulatory deferral account balances related to profit or loss**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Regulatory deferral account	230.32	541.97
<b>TOTAL</b>	<b>230.32</b>	<b>541.97</b>

## General Notes to Financial Statement

### 1. Share Capital

1.1 Government of Karnataka has disbursed Rs.546.92 crores since the incorporation of the company. Details are furnished below which was held as Share Deposit till the time it was converted to Share capital: **(Refer Statement of Change in Equity "A")**

Year	Amount (in crore)	Reference
2002-03	205.95	Equity transferred through Opening Balance sheet vide G.O. DE 14 PSR 2002 dtd 31.05.2002
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 Dated31/03/2010
2010-11	25.00	GO EN 13 PSR 2010 Dated22/12/2010
2010-11	63.46	GO EN 13 PSR 2010 Dated30/03/2011
2011-12	22.50	GO EN 20 PSR 2011 Dated21/09/2011 (P3 Part I)
2011-12	20.00	GO EN 20 PSR 2011 Dated21/09/2011(P3 Part II)
<b>Total</b>	<b>546.92</b>	

### 2. Share Deposit

2.1 Government of Karnataka has disbursed certain amounts 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 as on FY 16-17 is as under: **(Refer Statement of Change in Equity "B")**

2012-13	37.50	GO EN 30 PSR 2012 Dated 16/07/2012
	20.00	GO EN 22 PSR 2012 Dated 29/01/2013
2013-14	40.00	GO EN 17 PSR 2012 Dated 30/03/2013
2014-15	21.58	GO EN 10 PSR 2013 Dated 06/09/2013
2014-15	14.00	GO EN PSR 2013 Dated 23/09/2013
	10.00	GO EN 56 PSR 2014 Dated 27.12.2014
	8.00	GO EN 56 PSR 2014 Dated 07.03.2015
2015-16	94.82	Released in various G.O. FY2015-16
2016-17	218.68	Released in various G.O. FY2016-17
<b>Total</b>	<b>464.58</b>	

2.2 The paid up share capital together with share deposit mentioned in 1 & 2 above amounts to Rs.1011.49 crores was against the authorized capital of Rs.1000 crores. This will be regularized at the time of completion of share issue procedures.



### 3. Loans

- 3.1 Secured loans obtained from REC – APDRP received in the earlier years by KPTCL have been allocated by them to BESCOM. The said loan is not availed in the name of the company, instead loan availed by KPTCL from REC have been transferred to BESCOM and are reflected in the books of the company. The interest rates on such loans are also accounted based on intimation by KPTCL. Loans availed from the Company is maintained distinctively and shown separately under **Note.no. 2.17 item no.1. under Term loan from others.**
- 3.2 Japan International Co-operative Agency (JICA) is funding for Bangalore distribution automation system. Loan is accounted as per JICA disbursement schedule in accordance with MOU made among GOI, GOK, BESCOM and JICA. Repayment of Principal and Interest is carried by GOI to JICA as per the agreement executed by GOI with JICA. BESCOM shall re-imburse the loan to GOK in accordance with agreement executed by BESCOM with GOK and in turn GOK will repay to GOI as per agreement between GOK & GOI. **(Refer Note.no. 2.17 item no.6 under Loan from government)**
- 3.3 Exchange fluctuation rates are recognized in the books for the quantum of Loan received during the year only not for the entire outstanding balance.

### 4. Property, Plant & Equipment: (Refer Note.no. 2.3)

- 4.1 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.
- 4.2 The company has considered the period of fixed assets utilized by KPTCL for computing the remaining useful life of the fixed assets transferred from KPTCL.
- 4.3 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.
- 4.4 The Company is still 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 transferred from Govt/ KPTCL.
- 4.5 The assets those have been recorded as assigned specifically by KPTCL by transfer order, certain Lands and buildings are notified but 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.
- 4.6 During the year an amount of Rs.126,25,97,556/- representing the amount of depreciation computed on the cost of assets funded through contribution/ from Consumers is adjusted from grants shown under Deferred Income **Note.no.2.20**
- 4.7 Depreciation is provided on straight line method on the gross carrying amount.
- 4.8 Fixed Assets are hypothecated to various financial institution as mentioned in **Note.no. 2.17**
- 4.9 Contractual commitment for the acquisition of PPE is not quantifiable.

4.10 Depreciation rate as per CERC notification as below:

<b>As per CERC</b> (Notification No. L-7/145/160/2008-CERC Dated 19/01/2009)	
Land	NIL
Buildings	
a) Hydro Electric/ Stream Electric/Diesel /Dams/Cooling towers.	5.28
b) Offices & Show Rooms	3.34
Civil Works (Pipeline, Sewage, Drainage, Water supply)	3.34
Other Civil Works	5.28
Plant & Machinery	
a) Transformers of 100 KVA above & Below	5.28
b) Communication Equipment\	6.33
c) Computers	15
Lines Cable Networks	5.28
Vehicles	9.5
Furniture & Fixtures	6.33
Office Equipment	6.33

4.11 Land held under lease (Refer.no. 2.3)

<b>Accounting units</b>	<b>Amount in Rs.</b>
West Circle, Bangalore	404911.00
Indiranagar Division, Bangalore	326530.00
Vidhana soudha Division, Bangalore	71960.00
Ramanagara Division, Bangalore	1438557.00
Malleswara Division, Bangalore	17140030.00
Shivajinagar Division, Bangalore	250663.00
Koramangala Division, Bangalore	922106.00
<b>Total</b>	<b>20554757.00</b>

## 5. Sundry Debtors: (Refer.no. 2.10)

5.1 The break-up of the provision for bad and doubtful debts as against the total receivables as on 31-03-2017 is as under:

Rs. in Crore

Sl. No.	Particulars	2016-17	Particulars	2015-16
1	Provision against permanently disconnected installations	161.11	Provision against permanently disconnected installations	110.22
2	(a) On account of 4% provisioning as per Accounting Policy – LT category and others.	38.84	(a) On account of 4% provisioning as per Accounting Policy – LT category and others.	96.30
3	(b) Provision on account of identified HT -consumers.- Long disconnected installations	2.15	(b) Provision on account of identified HT -consumers.- Long disconnected installations	
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>1175.66</b>	<b>Total</b>	<b>1180.08</b>

## 6. Inventories, Stores and Spares (Refer Note no. 2.9)

6.1 Net differences between the purchase rates and standard rates of materials debited or credited to material cost variance account to Statement of Profit and Loss as the end of the year this was Rs.9,70,49,648 (Previous year Credit Rs. 1,82,17,501). This amount comprises both the nature of expenses, as such the expenses towards Capital or Revenue is not ascertainable.

6.2 The Company has accounted separately excesses/shortages found on physical verification of inventories which is pending final investigation and adjustments. During current year Rs. 2,25,08,688 (Previous year Rs. 40,15,763)

6.3 Fixed Assets including inventory to the extent of Rs.1,66,53,090 are hypothecated to REC APDRP as mentioned in **Note - 2.17 Long term loans under REC APDRP**

## 7. Indian Accounting Standard (IND AS)-19 'Employee Benefits'

7.1 **Deputation from KPTCL :** All the employees of the Company are on deputation from KPTCL except appointments made by the BESCOM. For the purpose of terminal benefits, all the employees are members of KPTCL and ESCOM's Pension & Gratuity Trusts.

7.2 **Defined Benefit Plan:- Gratuity:** All employees of BESCOM are covered under KPTCL & ESCOMs' Pension and Gratuity Trust rules by investing the gratuity funds with identified fund manager and contributions in respect of such scheme are recognized as part of employee cost. The liability as at the Balance Sheet date is provided for based on the actuarial valuation carried out by an independent actuary as per Order No. KPTCL & ESCOMs P&G TRUSTS/KCO123/P7/2015-16/CYS58 dated 28th FEB-2016. The rate of contribution is 33.02% of basic and D.A. in the case of pension and 6.06% of basic in the case of Gratuity with effect from 01/04/2014 and onwards.

- 7.3 **Other Long Term Employee Benefits:** Leave Encashment: Provision for Leave Encashment is been made on the basis of average expenditure of 4yrs and it is amounted to Rs.20.51 crs for FY2016-17 and Previous year Rs. 20.77 crs (Refer Note.no.2.32)
- 7.4 **Description of Risk Exposures:** Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risk as follows
- 7.5 **Salary Increases :** Actual Salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability
- 7.6 **Investment Risk-** If Plan is funded, then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability
- 7.7 **Discount Rate-** Reduction in discount rate in subsequent valuations can increase the plan's liability
- 7.8 **Mortality & Disability-** Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities
- 7.9 **Withdrawals-** Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.
- 7.10 **Financial & Demographic Assumptions** The Financial & Demographic assumption on annual basis used for valuation as at the valuation date are not available for want of actuarial valuation report for the year 2016-17, thereby the present value of defined benefit obligation as at the date is not available.
- 7.11 No actuarial valuation has been made in respect of any employee benefits for the financial year 2016-17
- 7.12 The amounts provided in respect of Pension, Gratuity and leave encashment have not been fully funded during the year.

## 8. Contingent Liability/Asset

- 8.1 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.
- 8.2 Income tax demand disputed in appeals is Rs.310.62 Crs. is shown as under: (Previous year Rs.304.45 Crs.)

Sl No	Pending Before	Period	Amount (In Crs.)
1	Hon'ble Supreme Court (SLP filed) – (Civil) (CC) No 17862 of 2014 and 31797/2014	AY 2003-04	0.24
2	Tribunal order issued in favor of IT Department. The company has filed a Writ Petition in the Hon'ble High Court of Karnataka against the Tribunal Order	AY 2005-06	61.07
3	DCIT, Bangalore. In relation to IT & FBT	AY 2006-07	0.07
4	DCIT, Bangalore. In relation to Normal assessment	AY 2008-09	0.53
5	DCIT, Bangalore. In relation TDS on interest payment to REC	AY 2009-10	0.49

Sl No	Pending Before	Period	Amount (In Crs.)
6	DCIT, Appeals(I), Bangalore in relation to Normal IT assessment	AY 2010-11	17.21
7	CIT, Appeals(I), Bangalore In relation TDS on interest payment to REC	AY 2010-11	0.30
8	DCIT, Appeals(I), Bangalore in relation to Normal IT assessment	AY 2011-12	0.37
9	DCIT, Appeals(I), Bangalore in relation to Normal IT assessment	AY 2012-13	25.54
10	Tribunal order issued in favor of IT Department. The company has filed a Writ Petition in the Hon'ble High Court of Karnataka against the Tribunal Order in relation to TDS on Transmission Charges and SLDC charges	AY 2004-05 to AY 2008-09	195.78
11	CIT (Appeals 13), Bangalore. In relation TDS on payment of Earned Leave encashment to retired employees in excess of Rs.3 lakhs	AY2008-09 to AY2016-17	2.85
12	Short payment towards TDS defaults claimed – Traces (Form 26AS)		6.17
<b>Total</b>			<b>310.62</b>

- 8.3 CERC vide order dated 24.03.2017 in Petition No. 7/GT/2016 had approved the tariff for the period 2010-11(from November-2010) to 2013-14 in the truing Petition filed by UPCL. PCKL/ ESCOMs have challenged the truing up order before CERC through Review Petition, APTEL and Supreme Court. Based on CERC order dated 24.03.2017, BESCOM had withdrawn a sum of Rs 103.41 Crore provisionally and accounted for 2016-17.
- 8.4 UPCL has not raised interest claim and orders of CERC is pending before CERC under review/APTEL/Supreme Court. Hence, interest is not quantified. As the parameters of tariff approved by CERC on 10.07.2015 is under dispute before APTEL and Hon'ble Supreme Court, the accounting of the difference amount payable or receivable on account of tariff revisions cannot be quantifiable.
- 8.5 KPCL had claimed Rs. 971.44 Crore towards interest claim. As BESCOM has to receive Rs 1900 Crore from other ESCOMs towards energy balancing and other dues and not claimed interest on other ESCOMs, BESCOM has requested Government to waive off the interest of KPCL. Hence it is not provisioned in the accounts for 2016-17.
- 8.6 Letter of Credits given in favor of power generators during FY-2017 is Rs. 556 Crores (previous year Rs. 546.63 Crore) to avail eligible rebate as per PPA/Regulations.
- 8.7 The tariff of KPCL's thermal stations RTPS 1 to 7, RTPS 1 x 250 MW and BTPS unit 1 & 2

is comprising of fixed cost and variable cost. The variable cost is paid as per formula in the Power Purchase Agreements duly arriving the weighted average rate of various grade of coal. While calculating the weighted average rate of coal, the moisture content is to be admitted as agreed in Power Purchase Agreements and Fuel supply Agreements between KPCL and coal supplier, normally at a ceiling limit of 12%, 15% etc. If the moisture content is beyond the ceiling limit, the quantity of coal and base price of coal are to be proportionately reduced. But, KPCL is reducing only the quantity of coal but not base price. Hence, BESCOM is reducing the moisture correction in both quantity and base price. The difference in amount claimed by KPCL and amount admitted in BESCOM on account of moisture correction is not accounted in Books of BESCOM.

- 8.8 BESCOM was having a short term contract for procurement of 75 MW – 110 MW power at Rs. 4.85 per unit through 220 KV Chikkodi – Kholapur line initially for the period July-2014 to December-2014 with M/s. Global Energy Pvt. Ltd. Later the quantity had enhanced/reduced through Supplemental Power Purchase Agreements (SPPA) for the period up to August-2016. As per the contract, the payments were made for scheduled energy certified by SLDC. The difference between scheduled energy and actual energy is to be settled through “Final Balancing Settlement Mechanism (FBSM) of Maharashtra” as per PCKL’s letter dated 19.11.2014. The applicability of (FBSM) to M/s. Global Energy Pvt. Ltd. is under dispute in the Appeals filed by PCKL before Appellate Tribunal for Electricity and Petition filed by BESCOM before KERC. As such, the amount for over drawal of 47 MU and under drawal of 141 MU is not quantified and provision made in Books of Accounts of BESCOM.
- 8.9 Transmission Charges payable to KPTCL for FY-2006-07 has been recognized at 19.42 paisa per KWH, KPTCL had initially claimed transmission charges at 26.23 paisa per KWH and the company had also paid the transmission charges at 26.23 paisa. However, KERC has disallowed 26.23 paisa and directed to restrict at 19.42 paisa towards transmission charges. KPTCL had got favorable orders in Appeal filed before APTEL. KERC had challenged this before Hon’ble Supreme Court. The matter is pending before the Hon’ble Supreme Court in an appeal filed by KERC against the order of APTEL, New Delhi. Currently, the company has accounted such excess sum paid to KPTCL of Rs.125 crores as receivables from KPTCL.
- 8.10 Interest is not charged against inter ESCOM receivable outstanding balance of Rs.1900 Crores (previous FY Rs. 2168 Crore).
- 8.11 Rs.35.14 crore of capital cost towards excess revenue earned over and above the fuel cost for sale of infirm power from UPCL is not created as a liability in the back ground of restriction of accounting of infirm power beyond six month as per commission direction. Also, PCKL has filed a review petition and Appeal before CERC and APTEL against Truing up order in 7/GT/2016 on behalf of all ESCOMs.
- 8.12 Vigilance cases are pending in respect of customers installations in various Forums and the amount is not ascertainable at this stage.
- 8.13 Interest liability on borrowing on RAPDRP Part A and B to the extent of Rs. 108.39 Crs. is not provided for the reasons that both are convertible to Grant (both Principal and interest) and extension is awarded.

8.14 The Details of Zone-wise Consumer appeal cases pending as at 31-3-2017 are as follows:

Name of the Office	Current year		Previous year	
	No. of Appeal cases pending as on 31-03-2017	Amount involved (Rs. in Lakhs)	No. of Appeal cases pending as on 31-03-2016	Amount involved (Rs. in Lakhs)
<b>BMAZ</b>	307	3293.54	225	1022.04
<b>BRAZ</b>	35	48	35	84.34
<b>CZ</b>	22	20.92	26	24.96
<b>Corp. office</b>	244	1250.75	-	-
<b>Total</b>	<b>608</b>	<b>4613.21</b>	<b>286</b>	<b>1131.34</b>

#### 9. Inter Unit Accounts (IUA) (Refer Note. No.2.27)

Inter unit accounts are subject to reconciliation/adjustments to the extent of Rs.49.51 crs. (Credit), (Previous year Rs. 17.69 crs. (Credit)). The exact impact distinctively on the Statement of Profit and Loss and Balance Sheet is not readily ascertainable.

#### 10. Rebate: (Refer Note No.2.29)

Rebate for having collected electricity tax from consumers amounting to Rs.3.66 crore (previous year Rs. 3.04 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.

#### 11. Managerial Remuneration (Refer Note No. 2.32)

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

Expenses	For the year 2016-17			For the year 2015-16		
	Managing Managing (Rs.)	Director (Tech)	Director (Finance)	Managing Managing (Rs.)	Director (Tech)	Director (Finance)
Salaries and allowances	1481590	1695042	1680210	1606542	1819689	1208464
Ex-Gratia	10500	10500	10500	3500	3500	3500
Others (House Orderly Allowances)	384807	276144	280005	281615	281615	281615
Medical & Other Allowances	360262	140431	313725	449101	262735	11738
<b>TOTAL</b>	<b>2237159</b>	<b>2122117</b>	<b>2284440</b>	<b>2340758</b>	<b>2367539</b>	<b>1505317</b>

## 12. Related Party Transactions

Disclosure on Related party transaction is limited to transactions occurred among ESCOMs, PCKL, KPTCL & KPCL as they are also owned by GoK and having significant bearing on BESCOM. Company cannot ascertain or assess the quantum of transactions for any other GoK owned establishment.

**Related party transaction pertaining to PCKL, KPTCL, KPCL and ESCOMS is disclosed as under :**

### Payments to Key Management Personnel

Amount in Rs.			
Sl. No.	Particulars	2016-17	2015-16
1	Salaries & Allowances	4,856,842	4,634,695
2	Other Benefits	1,786,874	1,578,919
<b>Total</b>		<b>6,643,716</b>	<b>6,213,614</b>

### 12.1 Balances with related Parties (Refer Note no. 2.10 & 2.23)

Amount in Crs.

Sl. No.	Name of the Related Party	Nature of Payment	FY2016-17	FY2015-16
1	KPTCL	Transmission charges & others	190.01	190.00
2	HESCOM	Energy balancing & Others	947.22	1120.67
3	GESCOM	Energy balancing & Others	644.95	566.63
4	MESCOM	Energy balancing & Others	237.05	157.44
5	CESCO	Energy balancing & Others	105.16	128.13
6	KPCL	Power purchase & Others	2382.98	1453.51

## 13. 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.

## 14. Deferred Tax

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



15. The revenue from retail consumers are recognized based on KERC Tariff order 2017 dated 1.04.2016.

**16. True-up Tariff Subsidy/Regulatory Asset (Refer Note 15)**

A sum of Rs.772.30 Crs. (Prior period Rs.541.97 crs.) is accounted as “Regulatory Assets” being the deferred expenses expected to be flow to the company subsequently on determination of tariff by Hon’ble KERC during Annual Performance Review and Annual revenue requirement are recognized as Revenue on accrual basis in the current year (Refer table below)

Sl. No.	Input (In Mus)	Approved rate (In Rs)	Amount in Crs	Actual Rate (In Rs)	Amount in Crs	Regulatory Asset
1	31487.89	4.11	12941.52	4.35	13700.83	759.31
Sl. No.	Sales (In Mus)	Approved rate (In Rs)	Amount in Crs	Actual Rate (In Rs)	Amount in Crs	Regulatory Asset
2	26239.25	5.96	15638.59	6.04	15861.17	222.58
3	Net Regulatory deferral account balance available for FY2016-17					536.73
4	Gap carried forward as per Tariff order					692.42
5	<b>Total regulatory Asset to be shown in Balance sheet (3+4)</b>					<b>1229.15</b>
6	Regulatory Assets accounted as per tariff order -2016 in FY16					541.97
7	Gross Movement in Regulatory deferral account balances related to profit or loss					1771.12
8	Regulatory Assets passed in FY16 treated as recovered					-541.97
9	Movement in Regulatory deferral account to be accounted (Un controllable Power purchase (Regulatory assets) - Revenue recovered in excess (Regulatory liability)) and Gap carried over as per Tariff order 9= 7-8					1229.15
10	<b>Accounting of Regulatory deferral account balance up to the level of Return on Equity (Refer Note 2.15)</b>					<b>772.30</b>
11	Reversal of Regulatory Assets accounted in FY16					-541.97
12	<b>Net movement Regulatory deferral account balance accounted 12=( 10+11) (Refer Note 2.33)</b>					<b>230.33</b>

17. The company has not obtained confirmation of balances as on 31.03.2017 from other ESCOMS, KPTCL, KPCL, PCKL, sundry debtors, sundry creditors, deposits from suppliers/contractors/government authorities, etc, advances to contractors/suppliers, deposits and advances from consumers, loans and advances to employees (past and current employees), and other receivables / payable from / to various parties and balances are subject to reconciliation/adjustments, if any.

**18. Disclosure in respect of IND AS-17 “Leases”**

Operating lease payments are recognized as an expense in the Statement of Profit and Loss is Rs.2,02,88,537 (Previous year : Rs.2,03,32,907)

19. **Finance leases: “Nil”**

**20. Disclosure in respect of IND AS-21 “The effects of change in Foreign Exchange rates”.**

The effect of Foreign Exchange fluctuation during the year is Rs.1,71,52,784.00 reduced in the Capital expenditure pertaining to Bangalore Distribution Automation System.

**21. Disclosure in respect of IND AS-23 “Borrowing Cost”**

Capitalization : The amount of borrowing costs capitalised during the period Rs. 37.88 crs (Previous year Rs.133.07 crs)

**22. Disclosure in respect of IND AS - 33 : Earning per Share**

Amount in Rs.

<b>Particulars</b>		
<b>Numerator</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Profit after tax as per Statement of Profit and Loss (Used as Numerator)	<b>84 77 18 405</b>	<b>100 13 80 184</b>
<b>Denominator</b>		
-Number of Equity Shares (Face value of ` 10/- each)	54 69 15 100	54 69 15 100
-Number of Shares allotted during the year	-	-
-Number of Shares allotted during the year	-	-
-Weighted Average number of equity shares for calculating	-	-
<b>Basic Earnings Per Share (In Rupees)</b>	<b>1.55</b>	<b>1.83</b>
<b>Earnings per share excluding net movement of Regulatory (In Rupees)</b>		
-Weighted Average number of equity shares for calculating	-	-
<b>Diluted Earnings Per Share</b>	<b>(2.66)</b>	<b>(8.08)</b>
	-	-

**23. Operating segment (Ind AS 108)**

- The company neither has more than one business segment nor more than one geographical segment. The Company operates within India and does not have operations in economic environments with different risks and returns. Hence, it is considered operating in single geographical segment.
- Information about major customers No single customer contributed 10% or more to the company's revenue for both year ended on 31-03-2017 and year ended on 31-03-2016.

**24. Accounting of Government Grants and Disclosure of Government Assistance (Ind AS 20)**

**Monetary Grant (Government grant/consumer contribution grant)**

Depreciation and Amortization Expense includes Rs.126.26 crs (Previous Year Rs.128.96 crs being the amount transferred from Grants-in-aid received.

**25. Non-Monetary Grant (Land)**

List of land with nominal value are given below. The reason for not measuring them at fair value was that the value of these land have been recorded as assigned specifically by KPTCL by transfer order and certain Lands are notified but title deeds relating to land (Including Lease Hold) are not available / transferred in favour of the company.

Name of the Accounting unit	Amount in Rs.
Harihara	7.00
Hiriyur	10.00
Koramangal	3.00
Hebbal	3.00
HSR Layout	6.00
<b>Total</b>	<b>29.00</b>

**26. (a) Accounting Policies, Changes in accounting estimates and errors (Prior period items – Ind AS 8)**

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 and taken under Statement of Changes in equities vide item “B” Other Equity under Retained earnings. The prior period earning for FY17 is Debit Rs.7,57,08,991/- corresponding figure for FY16 is Debit Rs.11,57,20,787/-

2015-16			2016-17		
Sl. No	PARTICULARS	AMOUNT (Rs.)	Sl. No	PARTICULARS	AMOUNT (Rs.)
	<b>EXPENDITURE</b>			<b>EXPENDITURE</b>	
1	Employee costs relating to previous	4413589	1	Employee costs relating to previous	4816548
2	Depreciation under provided in previous period	166707948	2	Depreciation under provided in previous period	267648977
3	Materials related expenses - previous years.	2710352	3	Interest and other finance charges relating to previous years	315568042
4	Other expenses relating to prior periods	8981221	4	Withdrawal of (ANC) miscellaneous accounted in previous year (w.e.f. 1-4-02)	2021201
5	Operating expenses of previous year	32836171	5	Other expenses relating to prior periods	62768151
	<b>TOTAL</b>	<b>215649281</b>	6	Operating expenses of previous year	5055080
	<b>INCOME</b>			<b>TOTAL</b>	<b>657877999</b>
1	Other income relating to prior period	48694946		<b>INCOME</b>	
2	Excess provision for Depreciation in prior period	50601811	1	Other income relating to prior period	27956827
3	Other excess provision in prior period	631737	2	Excess provision for Depreciation in prior period	183508538
	<b>TOTAL</b>	<b>99928494</b>	3	Excess/short provision for Interest & Finance charges	9744411
	Excess of expense over income	<b>115720787</b>	4	Other excess provision in prior period	360959233
				<b>TOTAL</b>	<b>582169009</b>
				Excess of Income over expense	<b>75708990</b>

Prior Period Expenses except Employee Cost and Depreciation is grouped under “Current assets” in the restated balance sheet of earlier year with corresponding adjustments effected in the “Retained Earning” of Statement of Changes in Equity.

(b) Figures have been rounded off to nearest crores and decimal mismatch due to rounding off figures to nearest crores between Balance sheet and statement of Profit and Loss and its corresponding notes and among sub totals with Grand totals within the notes were aroused which is negligible.

27. Pursuant to the observations made by Comptroller and Auditor General of India under relevant section of the Companies Act, 2013 the accounts approved by the Board of Directors in 30/10/2017 have been revised. The accounts are revised to incorporate the observations made by the Comptroller and Auditor General of India on the Financial statements and books of account of the company. The impact of the revision in the accounts to the company is stated below;

Rs. in Crs.

Sl.No.	Particulars	Debit	Credit
	<b>P &amp; L Statement</b>		
1	Increase in Expenditure/ Decrease in Income (Prior period) Dr.	31.19	
2	Increase in Expenditure/ Decrease in Income	901.73	
3	Decrease in Expenditure/ Increase in Income		807.69
	<b>Total</b>	<b>932.92</b>	<b>807.69</b>
4	Net Increase in Loss	125.23	
	Balance Sheet	0.00	0.00
5	Increase in Liability	0.00	532.11
6	Decrease in Liability	52.31	0.00
7	Increase in Asset	570.99	0.00
8	Decrease in Asset	0.00	216.43
	<b>Total</b>	<b>748.54</b>	<b>748.54</b>

Sl.No.	Particulars	Amount in Crs.
1	Regulatory deferral Account balance	136.28
2	Increase in Regulatory deferral Account balance	94.05
3	Revised Regulatory deferral account balance	230.33

## 28. Fair Value Measurement

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial as well as non assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

- Level 1 : unadjusted quoted prices in active markets for identical assets and liabilities
- Level 2 : Inputs other than prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 : Unobservable inputs for the asset or liability

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

### 29. Security Deposits & Retention Money

The fair value of security deposits & retention money is not estimated as expected realization date is not available.

### 30. Financial Instruments by Category

The carrying value and fair value of financial instruments by each category as at March 31, 2017 are as follows:

Amount in Crs.

Particulars	Financial assets/liabilities at amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total carrying value	Total fair value
<b>Assets</b>					
Investment-In PCKL	10.01	-	-	10.01	10.01
Loans	494.26	-	-	494.26	494.26
Trade receivables	7,099.74	-	-	7,099.74	7,099.74
Cash and Cash equivalents	190.31	-	-	190.31	190
Others Receivables	2,200.11			2,200.11	2,200.11
<b>Liabilities</b>					
Long Term Loans	3,772.84	-	-	3,772.84	3,772.84
Short Term loans	3,781.81			3,781.81	3,781.81
Trade payables	4,953.53	-	-	4,953.53	4,953.53
Other financial liabilities	4,113.98	-	-	4,113.98	4,113.98

The carrying value and fair value of financial instruments by each category as at March 31, 2016 were as follows:-

Particulars	Financial assets/liabilities at amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total carrying value	Total fair value
<b>Assets</b>					
Investment-In PCKL	10.01	-	-	10.01	10.01
Loans	396.39	-	-	396.39	396.39
Trade receivables	5,659.96	-	-	5,659.96	5,659.96
Cash and Cash equivalents	143.08	-	-	143.08	143.08
Others Receivables	2,139.00			2,139.00	2,139.00
<b>Liabilities</b>					
Long Term Loans	3,142.12	-	-	3,142.12	3,142.12
Short Term loans	3,674.54	-	-	3,674.54	3,674.54
Trade payables	3,980.03	-	-	3,980.03	3,980.03
Other financial liabilities	3,639.05	-	-	3,639.05	3,639.05

The carrying value and fair value of financial instruments by each category as at March 31, 2015 were as follows:

Particulars	Financial assets/liabilities at amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total carrying value	Total fair value
<b>Assets</b>					
Investment-In PCKL	10.01	-	-	10.01	10.01
Loans	364.34	-	-	364.34	364.34
Trade receivables	5,392.22	-	-	5,392.22	5,392.22
Cash and Cash equivalents	170.16	-	-	170.16	170.16
Others Receivables	1,771.67			1,771.67	1,771.67
<b>Liabilities</b>					
Long Term Loans	2,509.43	-	-	2,509.43	2,509.43
Short Term loans	2,819.99	-	-	2,819.99	2,819.99
Trade payables	3,911.64	-	-	3,911.64	3,911.64
Other financial liabilities	3,213.93	-	-	3,213.93	3,213.93

Interest Income/(expenses) recognized on financial assets and liabilities:

Particulars	As at March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
<b>Financial assets at amortised cost</b>			
Interest income on bank deposits	Rs.6 47 63 778	Rs.8 17 10 118	Rs.10 22 87 652
Interest income on other financial assets	Rs. 8 47 698	Rs.10 82 305	Rs. 48 85 722
Interest expenses on other financial assets	Rs.244 40 31 408	Rs.245 23 91 360	Rs.210 37 60 717
<b>Financial assets at Fair Value through Profit or Loss (FVTPL)</b>	-	-	-
<b>Financial assets at Fair Value through Other Comprehensive Income(FVTOCI)</b>	-	-	-

### 31. Financial Risk Management

BESCOM, A GOK owned organisation functions under the ambit of various statutory acts and regulations. As per Electricity Act 2003, Tariff filing for each year is carried by the Company for Annual Performance Review (APR) and Revision in Annual Revenue Requirement (APR) with KERC .

Each of its activity attributable to Credit risk, Liquidity risk and Market risk undergoes consistent monitoring by a Regulator (KERC) annually.

Trade receivable majorly comprises sundry debtors for sale of power from various class of consumers and Receivable from other ESCOMs. Risk element involving sundry debtors is adequately covered by security deposit held against such consumers by way of collection of 2 MMD ( as per mandatory stipulation of regulatory governance) . Other major contributor of receivable is from Interescom balancing, all being sovereign government flagship organisations risk element of turning those to NPA is not foreseen.

Loans and Trade payable is adequately covered by securitisation of Assets and Receivables. Major contributor of Trade payable is for KPC against power purchase.

KERC , in the course of tariff filing, petition were called and each of the item involving risk factors are reviewed.

The company has exposure to the following risk from its use of financial instrument:-

1. Credit Risk
2. Liquidity Risk
3. Market Risk

The board of director has overall responsibility for the establishment & oversight of the company's risk management framework. The Board of director has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management system are reviewed periodically to reflect changes market conditions and the company's activities. The audit committee oversees how management monitors compliances with the company's

risk management policies and procedures, and reviews the risk management framework. The audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### 31.1 Credit Risk

Credit risk is the risk of financial losses to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the company's trade receivables, employee loans and other activities that are in the nature of leases.

#### Exposure to credit risk

The gross carrying amount of financial assets, net of any impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31 2017, March 31, 2016 & March 31, 2015 was as follows:-

Amount in Crs

As at March 31,2017		
	Gross Carrying Value	Net Value after Impairment
Trade receivables	7,099.74	7,099.74
Others Receivables	2,200.11	2,200.11
As at March 31,2016		
	Gross Carrying Value	Net Value after Impairment
Trade receivables	5,659.96	5,659.96
Others Receivables	2,139.00	2,139.00
As at March 31,2015		
	Gross Carrying Value	Net Value after Impairment
Trade receivables	5,392.22	5,392.22
Others Receivables	1,771.67	1,771.67

#### Financial assets that are past due but not impaired

Long term loan, Trade Receivables, Cash and cash equivalents and other assets are neither past due nor impaired.

### 31.2 Liquidity Risk:

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the company reputation, typically the company ensures that it has sufficient cash on demand to meet expected operational expenses, servicing of financial obligations.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:



**As at March 31,2017**

Amount in Crs

Particulars	Carrying Amount (Ind AS)	Contractual Cash flows (I GAAP)	0-12 Months	1-3 Years	More than 3 year
<b>Non derivative financial liabilities</b>					
Long Term Loans	3772.84	3772.84			3772.84
Short Term loans	3781.81	3781.81	3781.81		
Trade payables	4953.53	4953.53	4953.53		
Other financial liabilities	4,113.98	4,113.98	490.96		3623.02

**As at March 31, 2016**

Amount in Crs

Particulars	Carrying Amount (Ind AS)	Contractual Cash flows (I GAAP)	0-12 Months	1-3 Years	More than 3 year
<b>Non derivative financial liabilities</b>					
Long Term Loans	3,142.12	3,142.12			3,142.12
Short Term loans	3,674.54	3,674.54	3,674.54		
Trade payables	3,980.03	3,980.03	3,980.03		
Other financial liabilities	3,639.05	3,639.05	336.33		3302.72

**As at March 31, 2015**

Amount in Crs

Particulars	Carrying Amount (Ind AS)	Contractual Cash flows (I GAAP)	0-12 Months	1-3 Years	More than 3 year
<b>Non derivative financial liabilities</b>					
Long Term Loans	2,509.43	2,509.43			2,509.43
Short Term loans	2,819.99	2,819.99	2,819.99		
Trade payables	3,911.64	3,911.64	3,911.64		
Other financial liabilities	3,213.93	3,213.93	340.99		2872.94

**31.3 Market Risk:**

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. Figures have been rounded off to nearest Crores.

**For Vaithisvaran & Co LLP**

Chartered Accountants  
FRN 004494S/S200037

For and on behalf of the Board of Directors

**(CA S.Vaidyanathan)**  
Partner

**(K.T.Hiriyanna)**  
Company Secretary

**(Dr. Chetan R C)**  
CFO & Director (Finance)

**(P. Rajendra Cholan)**  
Managing Director

**STATEMENT SHOWING CAPITAL WORKS IN PROGRESS FOR THE YEAR 2016-17**

(Amount in Rs.)

Account code	Description	Opening Balance on 01.04.2016	Expenditure incurred during the year	Categorised during the year	Closing Balance on 31-03-2017
14.110	CWIP - Transmission lines -(GP).	11085963.97	44785398.65	38822256.80	<b>17049105.82</b>
14.140	CWIP - Transmission Lines, Transformers etc. -Extension (GP)	1002729.16	3862.16	484416.43	<b>522174.89</b>
14.141	CWIP - Transmission Lines, Transformers etc., - Extension - Non plan	0.00	249995.76	0.00	<b>249995.76</b>
14.142	CWIP-Promoter vanished layouts - 11KV lines, Transformers, LT lines / S.C etc., (G.P)	409428.61	2698824.36	1322466.00	<b>1785786.97</b>
14.143	CWIP 11kv and below distribution works under APDP works.	59577318.85	242960811.78	261891582.37	<b>40646548.26</b>
14.144	CWIP-Providing additional DTC's enhancement of DTC's	229052769.23	263207076.28	404543984.42	<b>87715861.09</b>
14.145	CWIP- Reconductoring of LT lines & strengthening of UG cable network	86823441.93	166252928.82	168782080.75	<b>84294290.00</b>
14.146	CWIP-Providing of ABB cable	29732790.20	351598262.89	386670167.17	<b>-5339114.08</b>
14.147	CWIP -HT reconductoring works (Other than SDP)	45148313.68	112985990.63	129921426.65	<b>28212877.66</b>
14.148	CWIP- Local planning (Safety/Hazardous) related works	43075258.84	131986282.46	133377290.51	<b>41684250.79</b>
14.149	CWIP- Local planning -Capital nature of Extension & improvement works like providing intermediate poles, Spacers & other etc.,	176322265.15	614789294.27	594331634.99	<b>196779924.43</b>
14.150	CWIP - Transmission Lines -Transformers etc. Improvements - (GP)	610943350.29	355388354.94	808439997.07	<b>157891708.16</b>
14.151	CWIP - Transmission lines, Transformers etc., Improvements Non-Plan.	155097907.94	4709177.37	55028977.72	<b>104778107.59</b>
14.154	CWIP - Urban Distribution Improvement Scheme ADB	20687.00	0.00	0.00	<b>20687.00</b>
14.155	CWIP - Additional Street Lights / Street Lights in cities / wns / Villages	1660858.80	46675.00	1014589.17	<b>692944.63</b>
14.158	CWIP - metering of existing Sreetlight installation.	1766939.00	0.00	0.00	<b>1766939.00</b>
14.159	CWIP-Metering of DTC's	210139584.18	110614133.17	148939198.77	<b>-303246.42</b>
	Interest Capitalisation		6332400.00		
	Interest Capitalised during FY2013-14 to FY2015-16 is withdrawn		-178450165.00		
14.160	CWIP - Reduction of Losses in Lines	26511060.00	64159125.35	24659536.88	<b>66010648.47</b>
14.170	CWIP-Replacement of distribution Transformers by similar capacities	41303695.38	1216951193.67	1137809331.65	<b>120445557.40</b>

**STATEMENT SHOWING CAPITAL WORKS IN PROGRESS FOR THE YEAR 2016-17**

(Amount in Rs.)

Account code	Description	Opening Balance on 01.04.2016	Expenditure incurred during the year	Categorised during the year	Closing Balance on 31-03-2017
14.172	Construction of feeder through 11 kv feeders from newly formed MUSS	10886605.81	250271840.09	284121586.84	<b>-22963140.94</b>
14.173	Developing/Improving the capacity of UG cables along with RMU's	1403937.87	0.00	1403937.87	<b>0.00</b>
14.175	All applicable Civil works pertains to restoration.	0.00	3931051.00	3931051.00	<b>0.00</b>
14.176	CWIP RAPDRP works	25414739.04	-4989683.00	0.00	<b>20425056.04</b>
14.177	Replacement of existing electro mechanical meters/faulty meters by Electro static meters.	205109289.67	106886667.04	161983243.02	<b>150012713.69</b>
14.178	CWIP- Expenditure incurred on PFC loan for RAPDRP (IT implementation) works - Part -A	2459422679.07	792320249.05	938596.00	<b>3250804332.12</b>
14.179	CWIP - Expenditure incurred on PFC Loan for RAPDRP (System Improvement) - Part-B	3028687527.18	-167431078.93	0.00	<b>2756270117.25</b>
	Interest Capitalisation		27206645.00		
	Interest Capitalised during FY2015-16 is withdrawn		-132192976.00		
14.180	CWIP - Emergency Restoration of Power Supply- Calamity.	11833401.64	27069390.27	27242621.21	<b>11660170.70</b>
14.181	CWIP -Cost incurred for procurement of any materials for creation of Consumer Awareness programmes on safety measures, energy conservation and demand side management - Capital	3272655.00	0.00	1890857.00	<b>1381798.00</b>
14.183	CWIP - High Voltage Distribution System (HVDS) works	4413382218.72	1394092459.00	337347638.09	<b>5487609804.63</b>
	Interest Capitalisation		17482765.00		
14.184	CWIP - Technology Innovative Centre	1127290.00	6463120.00	0.00	<b>7590410.00</b>
14.200	CWIP -REC Plan Schemes.	123881.16	0.00	31680.00	<b>92201.16</b>
14.210	CWIP-RGGVY Scheme	1860252904.17	9830032.00	0.00	<b>1870082936.17</b>
14.215	CWIP-RLMS works M/s. ABB	2449982191.79	4034991.00	0.00	<b>2454017182.79</b>
14.216	CWIP- Niranthara jyothi yojane	9422382517.90	1294179833.61	0.00	<b>10810661785.51</b>
	Interest Capitalisation		94099434.00		
14.217	CWIP - Bangalore Distribution Up gradation Project(DAS) works	2320331106.44	749256911.74	1128939868.53	<b>1940648149.65</b>
14.218	CWIP - RGGVY Scheme under 12th Plan	21642239.48	192117792.67	0.00	<b>215304900.15</b>
	Interest Capitalisation		1544868.00		
14.219	CWIP - Smart Grid works	33541887.00	3458612.00	0.00	<b>37000499.00</b>

**STATEMENT SHOWING CAPITAL WORKS IN PROGRESS FOR THE YEAR 2016-17**

(Amount in Rs.)

Account code	Description	Opening Balance on 01.04.2016	Expenditure incurred during the year	Categorised during the year	Closing Balance on 31-03-2017
14.220	CWIP - SPA Schemes	823361.07	0.00	89139.88	<b>734221.19</b>
14.221	CWIP expenditure incurred - One time Maintenance Works	10280104.00	1142017062.00	1073070826.00	<b>79226340.00</b>
14.240	CWIP - System Improvement (REC)	2567744.20	0.00	0.00	<b>2567744.20</b>
14.300	CWIP - Village Electrification (G.P)	1209496.14	0.00	49641.75	<b>1159854.39</b>
14.320	CWIP - Power Supply IP sets (G.P.)	68403072.85	12960061.27	53405246.42	<b>27957887.70</b>
14.321	CWIP - Power supply IP sets under self financing scheme	2400573.58	276037.00	2170338.58	<b>506272.00</b>
14.322	CWIP - P/S new IP sets submerged IP sets of same consumer under UKP rehabilitation programme	212271.00	527687.17	24461.00	<b>715497.17</b>
14.323	CWIP - Power supply IP sets under Tathkal Scheme	1883395.00	10840604.00	9871449.00	<b>2852550.00</b>
14.325	CWIP - Power supply to New IP set under Own your Transformers (OYT) Scheme - ADRP works"	914257.76	-663.00	675797.09	<b>237797.67</b>
14.326	CWIP - Power supply to IP set Regularisation of Unauthorised IP set installation under Own your Transformers" (OYT) Scheme- APDRP works"	537438641.78	1642160081.31	1928298989.20	<b>473648772.89</b>
	Interest Capitalisation		222349039.00		
14.327	CWIP - Power supply to existing IP consumers for installing transformers under Own your Transformers" (OYT)"	1554097.60	2405023.33	241262.26	<b>3717858.67</b>
14.330	CWIP- Energisation of IP set under Dr.B.R.Ambedkar Dev.Corp	13775.00	0.00	13775.00	<b>0.00</b>
14.332	CWIP - Providing 25KVA Transformer to IP set installation serviced under Tatkal scheme	23134174.18	156851893.81	145488575.35	<b>34497492.64</b>
14.340	CWIP - Tribal Area Electrification (G.P.)	67354.11	301357.46	265687.67	<b>103023.90</b>
14.341	CWIP-Energisation of IP set under Karnataka Tribal Dev.Corp.(Ganga kalyana) (TSP)	72061163.38	28624002.71	30192310.06	<b>70492856.03</b>
14.351	CWIP -Metering of existing B.J Installations	23366631.81	0.00	742454.41	<b>22624177.40</b>
14.360	CWIP - Kuteera jyothi Schemes	1288042.42	2775.60	0.00	<b>1290818.02</b>
14.361	CWIP - Metering of Existing K.J Installations	9676868.00	-5822412.46	1956390.54	<b>1898065.00</b>
14.366	CWIP-Kuteera Jyothi schemes State Government's RGRHCL, Ashraya, Ambedkar &EWS Schemes under GOI'S Kutir Jyothi scheme.	1408650.00	-172591.00	1236059.00	<b>0.00</b>

**STATEMENT SHOWING CAPITAL WORKS IN PROGRESS FOR THE YEAR 2016-17**

(Amount in Rs.)

Account code	Description	Opening Balance on 01.04.2016	Expenditure incurred during the year	Categorised during the year	Closing Balance on 31-03-2017
14.400	CWIP - Service Connections	361551985.68	636985913.51	739347384.62	<b>259190514.57</b>
14.502	CWIP - Buildings	287182993.08	251208494.00	310454257.00	<b>227937230.08</b>
14.607	CWIP - Vehicles	5206000.00	7393807.98	12599807.98	<b>0.00</b>
14.708	CWIP - Furniture and Fixtures	281443.29	4818483.36	5078682.15	<b>21244.50</b>
14.809	CWIP - Office equipment	10331781.90	26159043.59	23127544.89	<b>13363280.60</b>
14.810	CWIP - Tools and Tackles	16542207.48	47165274.27	39203508.30	<b>24503973.45</b>
14.811	CWIP - Mobile phones	131563.00	1632575.91	1632487.91	<b>131651.00</b>
14.812	CWIP- Safety measures fund	20661733.76	3708469.72	6377342.26	<b>17992861.22</b>
14.814	CWIP-IT initiatives (Software Only)	197942976.00	70805119.00	10357423.00	<b>258390672.00</b>
14.910	CWIP - Survey and Investigation expenses on projects.	-1860198734.17	0.00	0.00	<b>-1860198734.17</b>
14.915	Capital Expenditure Categorized - RLMS works	-2449994925.79	0.00	4034991.00	<b>-2454029916.79</b>
14.916	CWIP categorized of Niranthara jyothis yojane	-7973703288.01	0.00	1409783647.55	<b>-9383486935.56</b>
14.917	Capital expenditure categorized for Bangalore Distribution Up gradation Project (DAS) Works	-7699308.96	50710.90	8133113.65	<b>-15781711.71</b>
14.918	Capital expenditure categorized - RGGVY Scheme under 12th Plan	0.00	0.00	96832096.00	<b>-96832096.00</b>
14.976	Capital expenditure categorized RAPDRA Works.	-55105804.59	39489707.00	0.00	<b>-15616097.59</b>
14.978	Capital expenditure categorized for expenditure incurred on PFC Loan for RAPDRP (IT implementation)	-1464774744.29	-157222317.20	232498294.44	<b>-1854495355.93</b>
14.979	Capital expenditure categorized for PFC Loan for RAPDRP (System Improvement)- Part -B	-1710657470.73	-50215621.25	327306621.06	<b>-2088179713.04</b>
14.983	Capital Expenditure categorized for High Voltage Distribution System (HVDS) works).	-4288706554.03	0.00	981864376.83	<b>-5270570930.86</b>
<b>TOTAL</b>		<b>9846266874.65</b>	<b>12276102252.09</b>	<b>13700293998.76</b>	<b>8422075127.98</b>

**STATEMENT SHOWING CAPITAL WORKS IN PROGRESS FOR THE YEAR 2016-17**

(Amount in Rs.)

Account code	Description	Opening Balance on 01.04.2016	Expenditure incurred	Credits/ Grants received	Closing Balance on 31-03-2017
47.308	Ganga Kalyana Scheme - Deposits received Karnataka Backward Classes Development Corporation	563834197.00	237402272.02	121341269.42	679895199.60
47.309	Ganga Kalyana Scheme - Deposits received from Karnataka Minorities Development Corporation	198024749.70	97094672.04	26796440.63	268322981.11
47.310	Ganga Kalyana Scheme - Deposits received from Karnataka State SC / ST Development Corporation	1035550403.20	442510200.83	145692029.00	1332368575.03
47.341	Ganga Kalyana Scheme - Deposits received from Karnataka Tribal Dev.Corp.(TSP).	168974036.00	128661040.42	8096758.99	289538317.43
	TOTAL	1966383385.90	905668185.31	301926498.04	2570125073.17
	Grand Total	11812650260.55	13181770437.40	14002220496.80	10992200201.15

### AVERAGE REALISATION RATE FROM SALE OF POWER FOR FY 2016-17

DESCRIPTION	TARIFF	No. of Consumers	UNITS SOLD		Average Realisation Rate Per Unit (In ₹)	Opening Balance	Revenue Demand	Revenue Collection	HO Adjustments & withdrawals	Collection including Adjustments	Closing Balance
			Units (in KWH)	% of Units							
1	2	3	4	5	6=(8/4)*100	7	8	9	10	10a	11
BJ/KJ ( Upto 18 Units )	LT1	672057	54 38 27 87	0.21%	6.40	0.00	348268617.80	343600000.00	4668617.80	348268617.80	0.00
BJ/KJ ( Above 18 Units )		131632	74 46 10 17	0.28%		676383814.55	350670413.70	155756512.99	109273654.14	265030167.13	762024061.12
Lighting and AEH	LT2	7164058	6415 96 60 69	24.45%	5.38	807348868.43	34502681405.39	34439384677.78	-916072508.74	33523312169.04	1786718104.78
Commercial Lighting	LT3	993075	1879 29 60 35	7.16%	8.82	-71822721.36	16569908305.93	16536756215.20	-339312623.36	16197443591.84	300641992.73
"IP Sets (10HP & BELOW) "FREE LIGHTING From 01-08-2008 (Subsidy Due for GOK"	LT 4A	841228	7285 47 28 93	27.77%	2.81	7341 58 07 38	20496003556.82	18605100000.00	-9251825.04	18595848174.96	9241736119.86
IP Sets (10HP & BELOW) FROZEN BALANCE Upto 31-07-2008	LT 4B	365	2 04 00 81	0.01%	5.63	107262651.35	11492290.58	1574616.65	94704124.41	-245455923.86	12794536248.68
I.P.Sets (10HP & Above ) "Pvt. Hortl, Nuris, Coffee & Tea Plant"	LT 4C	1452	5 04 42 81	0.02%	3.75	23700441.49	18999891.34	16078372.57	-1968528.11	14109844.46	28530488.37
LT Industries	LT 5	194622	1163 19 97 53	4.43%	6.91	950576.40	8032399919.70	8071206877.38	-180942425.57	7890264451.81	143086044.29
Water Supply	LT 6 A	67451	581 85 26 44	2.22%	7.74	16358507551.61	4505380492.09	2354781186.21	12756452739.99	15111233926.20	5752654117.50
Street lights	LT 6 B	60976	387 46 53 16	1.48%	8.64	7174554604.59	3349325224.36	4478641600.52	5131533335.18	9610174935.70	913704893.25
Temporary Supply (LT)	LT 7	555272	158675357	0.60%	13.51	-325755090.41	2143766414.71	2208517609.87	-100331681.00	2108185928.87	-290174604.57
Power Purchase (Auxiliary cons.) LT						0.00	67944550.00	68946310.00	-2856365.00	66089945.00	1854605.00
Pending for reconciliation of Sundry debtors - Revenue & tax						1432225403.74			-48978740.70	-48978740.70	1481204144.44
<b>LT TOTAL</b>	<b>I</b>	<b>10682188</b>	<b>18007856233</b>	<b>68.63%</b>	<b>5.02</b>	<b>46074017163</b>	<b>90396781082</b>	<b>87280343979</b>	<b>16251461850</b>	<b>103531805829</b>	<b>32938992416</b>

**AVERAGE REALISATION RATE FROM SALE OF POWER FOR FY 2016-17**

DESCRIPTION	TARIFF	No. of Consumers	UNITS SOLD		Average Realisation Rate Per Unit (In `)	Amount in Rupees & Consumption in units											
			Units (in KWH)	% of Units		Opening Balance	Revenue Demand	Revenue Collection	HO Adjustments & withdrawals	Collection including Adjustments	Closing Balance						
												4	5	7	8	9	10
1	2	3			$6=(8/4)*100$												
Water Supply & Sewerage Pumping	HT 1	203	681560689	2.60%	4.86	279595229.09	3309486208.92	3151629651.53	-66355922.56	3085273728.97	503807709.04						
HT Industries	HT 2A	6303	4456168885	16.98%	7.85	118459551.32	34979095827.50	35145244127.71	-426797491.12	34718446636.59	379108742.23						
HT Commercial	HT 2B	5709	2619623311	9.98%	9.07	-349459585.85	23757249900.23	25900136126.00	-2488337776.70	23411798349.30	-4008034.92						
HT Hospitals	HT 2C	606	270053450	1.03%	15.68	48865302.41	4235368835.51	2202829404.94	2053342737.53	4256172142.47	28061995.45						
HT Lift Irrigh Societies	HT 3A	27	14417800	0.05%	3.71	55978400.40	53483089.46	64991466.63	3921927.44	68913394.07	40548095.79						
HT Lift Irrig Schemes & Govt Hort.	HT 3B	11	654368	0.00%	3.68	230396.00	2408123.00	3377834.84	-835159.84	2542675.00	95844.00						
HT Residential Apartment	HT 4	223	106406071	0.41%	6.59	-27618528.70	700816590.31	726346951.00	-55848164.72	670498786.28	2699275.33						
Temporary Supply (HT)	HT 5	759	82491201	0.31%	12.27	720363465.18	1011876171.19	1020766721.29	775387390.89	1796154112.18	-63914475.81						
Power Purchase (Auxillary cons.) HT						17541731.00	50741569.00	36660162.00	-8699220.00	27960942.00	40322358.00						
<b>HT TOTAL</b>	<b>II</b>	<b>13841</b>	<b>823137575</b>	<b>31.37%</b>	<b>8.27</b>	<b>863955961</b>	<b>68100526315</b>	<b>68251982446</b>	<b>-214221679</b>	<b>68037760767</b>	<b>926721509</b>						
<b>TOTAL (LT&amp;HT total)(I+II)</b>	<b>III</b>	<b>10696029</b>	<b>26239232008</b>	<b>100.00%</b>	<b>6.04</b>	<b>46937973124</b>	<b>158497307398</b>	<b>155532326425</b>	<b>16037240171</b>	<b>171569566596</b>	<b>33865713925</b>						
Other receivables	<b>IV</b>										37131670311						
<b>GRAND TOTAL</b>		<b>10696029</b>	<b>26239232008</b>	<b>100.00%</b>	<b>6.04</b>	<b>46937973124</b>	<b>158497307398</b>	<b>155532326425</b>	<b>16037240171</b>	<b>171569566596</b>	<b>70997384236</b>						

Note : 1. Calculation of Distribution loss and AT&C loss is shown in Director's Report.  
2. Revenue demand includes unbilled provision and sales does not include unbilled provision.



**Subsidy received from GOK in FY 2016-17 towards power supply to  
IP Sets Upto 10 HP & BJKJ Upto 18 Units**

Sl. No.	Particulars	No. of Installation	Consumption (in Mus)	Demand (in Crs.)	Subsidy released for 2016-17 (Rs. In Crs.)
1	IP sets upto 10 HP	841228		2049.6	1860.51
2	BJ/KJ upto 18 units	672057	54.38	34.83	34.36
	<b>Total</b>	<b>1513285</b>	<b>54.38</b>	<b>2084.43</b>	<b>1894.87</b>

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

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	30.7	573.09	34	478.28	3.22
5	2012-13	738.34	35.68	615.3	31	601.32	7.90
6	2013-14	781.81	31.06	948.62	18	434.51	20.96
7	2014-15	1358.83	41.40	1087.61	31.33	648.15	72.74
8	2015-16	1585.26	30.81	1466.95	57.46	734.16	-
9	2016-17	2049.60	34.83	1860.51	34.36	924.17	0





**CONSOLIDATED FINANCIAL STATEMENTS**  
**2016-17**



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED, BANGALORE, FOR THE YEAR ENDED 31 MARCH 2017**

The preparation of Consolidated Financial Statements of **Bangalore Electricity Supply Company Limited, Bangalore** for the year ended **31 March 2017** in accordance with the financial reporting framework prescribed under Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 139 (5) read with section 129 (4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **08.12.2017**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) read with section 129(4) of the Act of the consolidated financial statements of **Bangalore Electricity Supply Company Limited, Bangalore** for the year ended **31 March 2017**. We conducted a supplementary audit of the financial statements of Bangalore Electricity Supply Company Limited, Power Company of Karnataka Limited(Associate), for the year ended on the date. This supplementary audit has been carried out independently without access to the working paper of 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 revision made in the consolidated financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in **Note No. 27** and 27.1 of the Consolidated Financial Statements and the '**Auditors Report**', I have no further comments to offer upon or supplement to the statutory auditors' report, under section 143(6) (b) read with section 129(4) of the Act.

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

Sd/-  
**(BIJIT KUMAR MUKHERJEE)**  
ACCOUNTANT GENERAL  
(ECONOMIC & REVENUE SECTOR AUDIT)  
KARNATAKA, BANGALORE

Bengaluru  
Date:15.12.2017

## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

### TO THE MEMBERS OF BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

Pursuant to the observations made by Comptroller and Auditor General of India under Section 143(7) of the Companies Act, the accounts approved by the Board of Directors on 30-10-2017 have been revised, this report supersedes our earlier report dated 30-10-2017. The report is revised to incorporate the observations made by the Comptroller and 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 number 27 and 27.1.

#### Report on the consolidated Ind AS Financial Statements;

We have audited the accompanying consolidated Ind AS financial statements of BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED ("hereinafter referred to as "the Holding Company") and its associate PCKL comprising of the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss ( including other comprehensive income), the Consolidated statement of Cash Flows, and the consolidated Statement of changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information(herein after referred to as "the consolidated Ind AS financial statements").

#### Management's Responsibility for the Consolidated Ind AS Financial Statements;

The Holding Company's Board of Directors and management is responsible for the preparation of these consolidated Ind AS financial statements in term of the requirements of the Companies Act 2013 (hereinafter referred as the Act) that give a true and fair view of the Consolidated financial position, Consolidated financial performance including other comprehensive income Consolidated cash flows and consolidated changes in Equity of the group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included the group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation consolidated Ind AS financial statements by the Directors of the Holding company as aforesaid.

#### Auditor's Responsibility;

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the holding Company's preparation of the consolidated Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of the expressing an opinion whether the holding company has an adequate internal financial control system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by holding Company's board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence we have obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 including the Ind AS, of the consolidated state of affairs of the group, as at 31. March 2017, and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in Equity for the year ended on that date.

### **Other matters**

a. We did not audit the financial statements of PCKL an associate company of BESCOM, whose financial statement / financial information reflect total assets of Rs.2732.4 Crs as at 31st March 2017, total revenue of Rs.2.33 Crs and net cash flow amounting to Rs.9.22 Crs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the groups share of net profit of Rs. 0.47 Crs for the year ended 31st March 2017, as considered in the Ind AS financial statements, in respect of PCKL an associate, whose financial statement / financial information have not been audited by us. These financial statements/ financial information have been audited by the other auditors whose reports have furnished to us by the management and our opinion on consolidated Ind AS financial statement in so far as it relates to the amounts and discourses included in respect of this associate, and our report in term of sub section (3) and (11) of section 143 of the act, in so far as it relates to the aforesaid associate, is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements, and our report on the legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and report of other auditors.

### **Report on other Legal and Regulatory Requirements**

As required by section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statement have been kept by the Company in so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Divisions not visited by us.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Statement of Cash Flows and Consolidated Statement of changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards (Ind AS). specified under Section 133 of the Act, as applicable.
- e) Section 164(2) companies Act, 2013 regarding disqualifications of board of directors is not applicable to Government companies as per MCA notification F No 1/2 2014-CL.V dated 05.06.2015.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness' of such controls, refer to our separate report in "Annexure A". which is based on the auditors reports of the Holding Company and its associate company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company and its associate's internal financial controls over financial reporting.
- g) With respect to the other matters included in the Auditor's Report in accordance with rule 11 of Companies (Audit and Auditors) Rules, 2014. In our opinion and to the best of our information and according to the explanations given to us,
- i) The consolidated Ind AS financial statement has disclosed pending litigations on the consolidated financial position of the Group.
- ii) The consolidated Ind AS financial statement did not have any longterm contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.
- iv) Requisite disclosures in the consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank notes during the period from 8th November 2016 to 30th December, 2016 is not provided as the same is still being compiled.

**For VAITHISVARAN & CO LLP**

Chartered Accountants

Firm's Reg. No. 004494S/S200037

**CA VAIDYANATHAN S**

PARTNER

Membership No. 021627

Place : Bengaluru  
Dated : 08/12/2017

**VAITHISVARAN & CO LLP.**

Chartered Accountants

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED for the year ended 31st March 2017**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

In conjunction with our audit of the consolidated financial Ind AS statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED (hereinafter referred to as "the Holding Company") and its associate company as of March 31, 2017.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors and management of the Holding and its associate company are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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. We believe that the audit evidence we have obtained and the other auditor of associate company which is incorporated in India in term of its report to the other matter paragraph below is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.



### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the holding company and its associate have to the best of our information and according to the explanations given to us, in all material aspects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India"

### Other Matter

The aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates an associate company is based on the corresponding report of the audit of such company.

**For VAITHISVARAN & CO LLP.**  
Chartered Accountants  
Firm's Reg. No. 004494S/S200037

**CA VAIDYANATHAN S**  
Partner  
Membership No.021627

Place: Bengaluru  
Dated: 08/12/2017

## Accounting Policies of Consolidated Financial Statement (Ind AS based)

### 1. Company overview

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

The KERC vide letter dated 30th 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 10th June 2004.

The Government of Karnataka published vide their order No. DE 14 PSR 2002 dated 31-05-2002, the 2nd Transfer Scheme called Karnataka Electricity Reform (transfer of undertakings of KPTCL and its personnel to electricity distribution and retail supply Companies Rules, 2002) giving effect to the approval of distribution undertakings, assets and liabilities and provisional opening Balance Sheet of KPTCL and BESCOM based on the Annual Accounts of KPTCL as on 31-03-2001. As per the provisions of 2nd Transfer Scheme, after the stipulated period of one year i.e., by 31-05-2003, the same became final. Opening Balance Sheet earlier approved and published vide G.O. and Government notification dated 31-05-2002 read above were provisional and thereafter Government had approved and issued final opening Balance Sheet of BESCOM as at 01-06-2002 vide their order No. DE 48 PSR 2003 dated 31-05-2003/No.DE 48 PSR 2003, dated 07-10-2004. This has been notified and published as final. The changes effected after the audit by KPTCL in the "transfer scheme" have been incorporated in the accounts of the Company as per Annexure-2 to Government Order No. DE 48 PSR 2003 dated 07-10-2004. BESCOM being successor entity to the erstwhile KEB/KPTCL formed on 01.06.2002 vide G.O. No. DE 48 PSR 2003/Dtd 31.05.2003/No.DE 48 PSR 2003 dtd 07.10.2004, prudently following the Policies / Practices specified in the Manuals / Volumes / Regulations of KEB/KPTCL in relation to the financial controls and Administrative controls till rescinded or amended.

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared on accrual basis of accounting under historical cost convention except as otherwise provided in the policy and in accordance with **Indian Accounting Standard (Ind- AS)** as notified by Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments **thereof as well as with the additional requirements applicable to financial statements as set forth in Companies Act 2013 and the provisions of the Electricity Act, 2003 to the extent applicable.**

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
- Insurance claims.

### 3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. Estimates and underlying assumption are reviewed on an ongoing basis and revisions to accounting estimates are recognized prospectively.

### 4. GRANTS AND SUBSIDIES

Grants/subsidies received from the government or other authorities towards capital expenditure as well as consumers' contribution to capital works are treated initially under deferred income and taken to fixed asset base on commissioning of the asset (put into use) and depreciation is charged in accordance to the class of asset it belongs.

The proportion equivalent to % of depreciation charged for plant & Machinery /Line & cables are reckoned as basis for arriving at depreciation write back against such quantum received over the year including current FY under Grants/subsidy/Consumer contribution and the same is charged back as income and shown distinctively in depreciation schedule (Note) in the statement of profit or loss

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 and accounted on accrual basis.

All Government loan which are received at concessional rate or without rate of interest, shall be classified as financial liability and company shall apply the requirement of Ind AS 109 "financial instrument" and shall recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant considering MCLR rate.

### 5. INVENTORIES

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).The difference between realizable value (Purchase cost) and Scheduled standard rates is charged to P&L account under Material cost variance account (both Debit and credit)

#### Fixed assets and capital work-in-progress

### 6. PROPERTY PLANT AND EQUIPMENTS

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and impairment loss, if any. Such costs comprises of purchase price and any directly attributable cost of bringing the assets to its working condition for intended use but does not include any estimate of the cost of dismantling and removing the item and restoring the site on which it is located. Cost includes cost of land, material, labour and other appropriate overheads.

The company depreciate property, plant & equipment using the straight line method and depreciation is charged at the rate prescribed & notified by Central Electricity Regulatory Commission (CERC). The company does not charge depreciation as per the rates prescribed under the Schedule II of the companies Act,2013.

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.

The residual value of all the assets is 10 % as per CERC guidelines, against 5% as per Companies act 2013.

Any addition to the asset base or deletion to the asset base, depreciation is charged in proportion to month of addition or deletion

Released assets intended for reuse is continued to be depreciated in accordance with depreciation percentage of its classification i.e., Line, cables, Networks , Plant & Machinery & Vehicles etc., to which it pertaining to.

Advance paid towards the acquisition of property, plant & equipment outstanding at each Balance sheet date is classified as capital advance under other non-current assets

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.

## **7. INTANGIBLE ASSETS**

Intangible assets including Software rights and lease hold lands/ building are recorded at the consideration paid/incurred for acquisition of such assets and are carried at cost less accumulated amortization and impairment in proportion to period of agreement or licensee term and in the absence of licensee (Software) the cost is amortised in 4 years period.

## **8. Non-current Assets (or disposal groups) held for Sale**

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at carrying amount (Written down value). Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

## **9. IMPAIRMENT OF ASSETS**

The carrying amounts of assets are reviewed by management whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in profit or loss as a component of depreciation and amortization expense.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had previously been recognized.

## **10. CAPITAL WORK IN PROGRESS**

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)

Administrative and general overhead expenses accounted under designated Project Sections which are attributable to construction of fixed assets till they are ready for their intended use are identified and allocated on a systematic basis to the cost of the related assets.

Contracts are capitalized on receipt of final completion report or technical commissioning reports.

## 11. BORROWING COST

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur.

Borrowing cost are capitalized by effective interest rate after Adjustment of transaction costs, premiums/discounts, to be made while capitalizing borrowing costs.

## 12. TRANSACTIONS IN FOREIGN CURRENCY

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are translated into the functional currency at exchange rate in effect at the end of each reporting period.

The gains or losses resulting from such transactions or settlement are recognized in Statement of Profit or Loss.

Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevailing at the date of transaction.

## 13. REVENUE RECOGNITION

### REVENUE FROM OPERATIONS

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.
2. Revenue for the year is adjusted by estimating un-billed revenue demand for sale of power to HT category on actual basis and 75 % on LT category for the current year.
3. Sale of power under Irrigation Pump sets below 10 HP are on estimation. Estimation is based on the quantum recorded under exclusive Agri Feeders provided for the purpose and extrapolated across all the Irrigation pumpsets of below 10 HP. Per HP consumption on each Agri feeder is arrived on deducting 10% energy loss on the input of that feeder and dividing it by total connected load. Revenue corresponding to estimated sales is recognised as per Commission Determined Tariff.
4. Regulatory asset is recognized when it is probable that the future economic benefits associated with it will flow to the entity as a result of the actual or expected actions of the regulator (KERC) under the applicable regulatory framework and the amount can be measured reliably.

The probable quantum of deferred Asset/liability for the current FY which is expected to flow to the entity as a result of the actual or expected actions passed by the Hon'ble KERC while

assessing Annual performance Review of the concerned Financial year filed along with Annual Revenue requirement of different years is recognized as Regulatory asset/Liability on accrual basis but limiting the quantum of Regulatory Asset recognition to the extent of Return on Equity conservatively which in all probability KERC will admit in true up order (Annual performance review)

#### **OTHER INCOME**

1. Income from services rendered is accounted based on the agreements/arrangements with the concerned parties
2. Rebate earned on Power Purchases prompt payments are accounted as and when the related dues are settled.
3. Interest income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.

#### **14. PROVISION FOR BAD AND DOUBTFUL DEBTS**

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.

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

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

#### **15. EMPLOYEE BENEFITS**

Pension & Gratuity are provided based on the rates prescribed by 'KPTCL & ESCOMs Pension & Gratuity Trusts'.

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

All expenses excluding re-measurements of the net defined benefit liability (asset), in respect of defined benefit plans are recognized in the statement of profit and loss as incurred.

Re-measurements, comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

#### **16. PROVISIONS AND CONTINGENT LIABILITIES**

A provision is recognized when the company has a present obligation as a result of past event 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 based on technical valuation and past

experience. However where the effect of time value of money is material, provision are determined and maintained by discounting the expected future cash flow, wherever applicable. Where discounting is used the increase in the provision due to the passage of time is recognized as finance cost.

Contingent liabilities are disclosed on the basis of judgment of management. These are reviewed at each balance sheet date and adjusted to reflect current estimate of the management.

## 17. TAXES ON INCOME

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in statement of profit or loss except to the extent that it relates to items recognized in other equity through other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates (tax laws) enacted or substantively enacted by the end of the reporting period and includes adjustment on account of tax in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary difference between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax is measured at the tax rates that are expected to apply when the temporary differences are either realized or settled, based on the laws that have been enacted or substantively enacted by the end of reporting period.

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 18. STATEMENT OF CASH FLOWS

Cash flow are reported using indirect method, whereby profit/(loss) before tax is adjusted for the effect of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing of financing cash flows from operating, investing and financing activities of the company are segregated.

## 19. FINANCIAL INSTRUMENTS

Financial Instrument

Non Derivative Financial Instruments are classified as:-

Financial asset measured at

- Amortized Cost
- Fair Value through profit & loss
- Fair Value through other comprehensive income

Financial liability measured at

- Amortized Cost
- Fair Value through profit & loss

## Initial Recognition and Measurement

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition. All financial assets and liabilities are initially recognized at fair value plus directly attributable transaction costs except for those financial instruments measured at fair value through profit & loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

## Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

### A. Financial assets/ Financial liabilities carried at amortized cost

A financial asset or financial liabilities are subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### B. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### C. Financial assets/Financial liabilities at fair value through profit or loss

A financial asset or financial liabilities which are not classified in any of the above categories are subsequently fair valued through profit or loss.

## De-recognition

### Financial Assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

### Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

## 20. LEASES

### Operating lease

#### As a lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized



as an expense in the statement of profit and loss on a straight-line basis over the lease term except where the increment in lease rentals is in line with general rate of inflation.

## Finance lease

### As a lessee

Lessee shall recognise finance leases as assets and liabilities in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs of the lessee are added to the amount recognised as an asset. Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. A finance lease gives rise to depreciation expense for depreciable assets as well as finance expense for each accounting period.

## 21. PURCHASE OF POWER

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

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.

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

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

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.

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.

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.

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.

## **22. DIVIDEND**

Dividend paid/payable are recognized in the year in which the related dividends are approved by the shareholders or Board of Directors as appropriate.

## **23. EARNINGS PER SHARE**

The earnings considered in ascertaining the Company's Earnings per Share ('EPS') comprise the net profit after tax attributable to equity shareholders. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares). The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

**Consolidated Balance Sheet As at 31st March 2017** (Amount in Crs.)

Sl. No.	Particulars	Note No.	As at 31 <sup>st</sup> March 2017 (Ind AS)	As at 31 <sup>st</sup> March 2016 (Ind AS)	As at 01 <sup>st</sup> April 2015 (Ind AS)
<b>I</b>	<b>ASSETS</b>				
1	<b>Non-current assets</b>				
(a)	Property, plant and equipment	2.3	7,634.42	6,562.08	5,080.71
(b)	Capital work-in-progress	2.4	961.30	1,154.00	1,373.85
(c)	Intangible assets	2.3	5.96	6.54	4.91
(d)	Intangible assets under Development	2.4	-	-	-
(e)	Financial Assets				
(i)	Investment-In PCKL	2.5	12.39	12.15	11.76
(ii)	Loans	2.6	494.26	396.39	364.34
(f)	Deferred Tax Assets (Net)	2.7	-	-	-
(g)	Other non-current assets	2.8	618.78	394.83	333.90
	<b>Total (1)</b>		<b>9,727.11</b>	<b>8,525.99</b>	<b>7,169.47</b>
2	<b>Current assets</b>				
(a)	Inventory	2.9	122.98	116.95	201.42
(b)	Financial Assets				
(i)	Trade receivables	2.10	7,099.74	5,659.96	5,392.22
(ii)	Cash and Cash equivalents	2.11	190.31	143.08	170.16
(iii)	Others Receivables	2.12	2,200.11	2,139.00	1,771.67
(d)	Other Current Assets	2.13	16.43	20.77	(15.95)
	<b>Total (2)</b>		<b>9,629.57</b>	<b>8,079.76</b>	<b>7,519.52</b>
3	Asset held for sale	2.14	33.49	27.87	15.35
	<b>Total (3)</b>		<b>33.49</b>	<b>27.87</b>	<b>15.35</b>
4	<b>Total assets (1+2+3)</b>		<b>19,390.17</b>	<b>16,633.62</b>	<b>14,704.35</b>
5	Regulatory Deferral Assets	2.15	772.29	541.97	-
	<b>Total Assets and regulatory account balance (4+5)</b>		<b>20,162.46</b>	<b>17,175.59</b>	<b>14,704.35</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>				
1)	<b>Equity</b>				
(a)	Equity Share capital	2.16	546.92	546.92	546.92
(b)	Other Equity		(288.19)	(373.20)	(485.59)
	Share Application Money pending allotment		464.58	245.90	148.88
	<b>Total (1)</b>		<b>723.31</b>	<b>419.62</b>	<b>210.20</b>
2)	<b>Non-current liabilities</b>				
(a)	Financial Liabilities				
(i)	Long Term Loans	2.17	3,772.84	3,142.12	2,509.43
(ii)	Other financial liabilities	2.18	3,623.00	3,302.72	2,872.95
(b)	Long Term Provisions	2.19	57.61	51.13	50.09
(c)	Deferred Income	2.20	2,296.28	1,935.69	1,585.14
(d)	Other Non-Current liabilities	2.21	126.88	138.98	143.40
	<b>Total (2)</b>		<b>9,876.61</b>	<b>8,570.64</b>	<b>7,161.01</b>
3)	<b>Current liabilities</b>				
(a)	<b>Financial Liabilities</b>				
(i)	Short Term loans	2.22	3,781.81	3,674.54	2,819.99
(ii)	Trade and Other Payables	2.23	4,953.53	3,980.03	3,911.65
(iii)	Other financial liabilities	2.24	490.98	336.33	340.99
(b)	Short Term Provisions	2.25	12.75	15.11	6.64
(c.)	Deferred Income	2.20	120.57	126.26	128.96
(d)	Current Tax Liabilities	2.26	37.81	38.86	14.43
(e)	Other Current Liabilities	2.27	165.09	14.20	110.48
	<b>Total (3)</b>		<b>9,562.54</b>	<b>8,185.33</b>	<b>7,333.14</b>
4.	<b>Total liabilities (2+3)</b>		<b>19,439.15</b>	<b>16,755.97</b>	<b>14,494.15</b>
5.	<b>Total Equity and liabilities (1+4)</b>		<b>20,162.46</b>	<b>17,175.58</b>	<b>14,704.35</b>

For **Vaithisvaran & Co LLP**Chartered Accountants  
FRN 004494S/S200037

For and on behalf of the Board of Directors

**(CA S.Vaidyanathan)**  
Partner  
M.No.021627**(K.T.Hiriyanna)**  
Company Secretary**(Dr. Chetan R C)**  
CFO & Director (Finance)**(P. Rajendra Cholan)**  
Managing Director

**Consolidated Statement of Profit and Loss for the period ended 31st March 2017** (Amount in Crs.)

Sl. No.	Particulars	Note No.	Year Ended on 31st March 2017 (Ind AS)	Year Ended on 31st March 2016 (Ind AS)
<b>I</b>	<b>Income</b>			
	Revenue from operations	2.28	15,861.17	14,148.23
	Other Income	2.29	215.56	167.60
	<b>Total Income</b>		<b>16,076.73</b>	<b>14,315.83</b>
<b>II</b>	<b>Expenses</b>			
	Purchase of Power	2.30	13,700.83	12,601.01
	Other Operating expenses	2.31	74.84	83.37
	Employee benefits expense	2.32	871.93	874.71
	Finance costs	2.33	638.03	454.51
	Depreciation and amortisation expense	2.34	374.71	290.60
	Other Expenses	2.35	613.26	483.34
	<b>Total Expenses</b>		<b>16,273.60</b>	<b>14,787.54</b>
III	Profit/loss before exceptional items		(196.87)	(471.71)
	Exceptional Items	2.36	(51.55)	(54.77)
<b>IV</b>	<b>Profit/loss before tax</b>		<b>(145.32)</b>	<b>(416.94)</b>
<b>V</b>	<b>Tax expenses</b>			
	Current Tax			24.51
VI	Profit for the period before movement in Regulatory deferral account balance		(145.32)	(441.45)
	Net Movement in Regulatory deferral account balances related to profit or loss	2.37	230.33	541.97
	Profit for the period and movement in Regulatory deferral account balance		85.01	100.52
	Attributable to:			
	Equity holders of the Parent		85.01	100.52
	Non-controlling interests			
	Other comprehensive income:			
	Items that will not be reclassified subsequently to profit or loss :			
	Remeasurement of the net defined benefit liability			19.44
<b>VII</b>	<b>Total Other comprehensive income / (loss) for the period, net of tax</b>		-	19.44
<b>VIII</b>	<b>Total Comprehensive income for the period</b>		<b>85.01</b>	<b>119.96</b>
<b>IX</b>	Earnings per share excluding net movement of Regulatory deferral account (In Rupees)			
	Basic		(2.66)	(8.08)
	Diluted			-
<b>X</b>	<b>Earnings per share (In Rupees)</b>		<b>1.55</b>	<b>1.83</b>
	Basic			
	Diluted			

For **Vaithisvaran & Co LLP**  
Chartered Accountants  
FRN 004494S/S200037

For and on behalf of the Board of Directors

(**CA S.Vaidyanathan**)  
Partner  
M.No.021627

(**K.T.Hiriyanna**)  
Company Secretary

(**Dr. Chetan R C**)  
CFO & Director (Finance)

(**P. Rajendra Cholan**)  
Managing Director

## Consolidated Statement of Cash Flows for the period ended 31st March 2017

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Cash Flow from Operating Activities		
Net Profit before Tax	85.01	144.49
<b>Adjustments for:</b>		
Prior period expenses	-	(7.57)
Depreciation	500.97	419.56
Finance cost	675.91	587.58
Extraordinary items- Trueup Subsidy		
Change in Provision for Trade Receivables	(4.42)	(61.72)
Change in Provision for Employee advances		
Change in Provision for Dismantled Assets		
Reversal of Depreciation on Grants Asset (Deferred income )	(126.26)	(128.96)
Other Income	-	-
Income Tax	-	(24.52)
<b>Operating Profit before working capital changes</b>	<b>1,131.21</b>	<b>928.86</b>
Adjustments for		
Changes in Inventories	(6.03)	84.47
Changes in Trade Receivables	(1,435.36)	(206.02)
Changes in Short term Loans and Advances	-	-
Changes in Loans and other non current assets	(321.81)	(92.98)
Changes in Other Current Assets and Other receivables	(292.73)	(958.41)
Changes in Current Liabilities	149.84	(71.85)
Changes in Non Current Liabilities	(12.10)	(4.43)
Trade Payable	973.49	68.38
Other current liabilities	55.11	(64.49)
Changes in Short term Provisions	(2.36)	8.47
Changes in Long term Provisions	6.48	1.04
Changes in Other Long-Term Liabilities	320.29	429.77
<b>Operating Profit after working capital changes</b>	<b>566.04</b>	<b>122.81</b>
Extraordinary items- Trueup Subsidy		
<b>Net Cash inflow from Operating Activities</b>	<b>566.04</b>	<b>122.81</b>
<b>Cash Flow from Investment Activities</b>		
Changes in Fixed Assets (Net )	(1,446.47)	(1,773.70)
Changes in Capital Work in Progress	192.69	219.85
Investments	(0.24)	(0.40)
<b>Net Cash Outflow from Investment Activities</b>	<b>(1,254.02)</b>	<b>(1,554.25)</b>
<b>Cash Flow from Financing Activities</b>		
Changes in Capital/Share Deposit Account	218.68	97.02
Changes in Long-Term Borrowings	630.72	632.69
Changes in Short-Term Borrowings	107.28	854.55
Change in Current maturities of long term debts/Current liabilities	99.54	59.83
Finance cost	(675.91)	(587.58)
Contributions from Consumers/Reversal of Depreciation on Grants " Asset (Other Income ) and proposed net worth"	354.90	347.86
Revenue Reserve		
<b>Net Cash available from Financing Activities</b>	<b>735.21</b>	<b>1,404.37</b>
<b>Net Change in Cash and Cash equivalents - Surplus Cash [(A) + (B) +( C)]</b>	<b>47.23</b>	<b>(27.08)</b>
Add: Opening Cash and Cash equivalents	143.08	170.16
	<b>190.31</b>	<b>143.08</b>
<b>Closing Cash and Cash equivalent :</b>	<b>190.31</b>	<b>143.08</b>

For Vaithisvaran &amp; Co LLP

Chartered Accountants  
FRN 004494S/S200037

For and on behalf of the Board of Directors

(CA S.Vaidyanathan)  
Partner  
M.No.021627(K.T.Hiriyanna)  
Company Secretary(Dr. Chetan R C)  
CFO & Director (Finance)(P. Rajendra Cholan)  
Managing Director

**Consolidated Statement of Changes in Equity for the year ended on 31st March 2017**

**A. Equity Share Capital**

(Amount in Crs.)

Balance as at 1st April 2015	Changes in equity share capital during the year	Balance as at 31st March 2016	Changes in equity share capital during the year	Balance as at 31st March 2017
546.92	-	546.92	-	546.92

**B. Other Equity**

	Reserve & Surplus		Share Application Money pending allotment	Total
	Reserve & Surplus	Capital Reserve (Pre-acquisition profit in PCKL)		
Balance as on 1st April 2015	(475.24)	1.22	148.88	(325.14)
Adjustments			-	
Prior Period Income/Expenses	(11.57)		-	(11.57)
<b>Restated balance at the beginning of the reporting period</b>	<b>(486.81)</b>	<b>1.22</b>	<b>148.88</b>	<b>(336.71)</b>
Total Comprehensive Income for the year	119.96			119.96
Share Application Money Received			97.02	97.02
Equity Share Capital Issued				
Dividends				
Transfer to General Reserve			-	
<b>Balance as on 31st March 2016</b>	<b>(366.85)</b>	<b>1.22</b>	<b>245.90</b>	<b>(119.73)</b>
Adjustments	(7.57)			(7.57)
<b>Restated balance at the beginning of the reporting period</b>	<b>(374.42)</b>	<b>1.22</b>	<b>245.90</b>	<b>(127.30)</b>
Total Comprehensive Income for the year	85.01			85.01
Share Application Money Received			218.68	218.68
Equity Share Capital Issued				
Dividends				
Receivable from government			-	
Transfer to General Reserve				
<b>Balance as on 31st March 2017</b>	<b>(289.41)</b>	<b>1.22</b>	<b>464.58</b>	<b>176.39</b>

For **Vaithisvaran & Co LLP**  
Chartered Accountants  
FRN 004494S/S200037

For and on behalf of the Board of Directors

**(CA S.Vaidyanathan)**  
Partner  
M.No.021627

**(K.T.Hiriyanna)**  
Company Secretary

**(Dr. Chetan R C)**  
CFO & Director (Finance)

**(P. Rajendra Cholan)**  
Managing Director

## Notes to the Consolidated Financial Statements for the year ended on 31st March 2017

### Note 2.1 First Time Adoption of Ind AS

These standalone financial statements of Bangalore Electricity Supply Company Limited for the year ended on 31st March 2017 have been prepared in accordance with IND AS. This is the Company's first set of Financial Statements in accordance with IND AS. For the purpose of transition to IND AS, the Company has followed guidance prescribed in IND AS 101- First Time adoption of Indian Accounting Standards with 1st April 2015 as the transition date and IGAAP as the previous GAAP.

The transition to IND AS has resulted in changes in the presentation of the Financial Statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended on 31st March 2017 and the comparative information. An explanation of how the transition from Previous GAAP to IND AS has affected the Company's Balance Sheet, Statement of Profit & Loss, is set out in Note 2.2.1 and Note 2.2.2. Exemptions on first time adoption of IND AS availed in accordance with IND AS 101 have been set out in note 2.1.1

#### Note 2.1.1 Exemptions availed on first time adoption of IND AS 101

IND AS 101 allows first time adoption certain exceptions from the retrospective application of certain requirement under IND AS. The Company has accordingly applied the following exemptions.

##### 1. IND AS 16 : Property Plant Equipment & Intangible Assets

An entity may elect to measure an item of property, plant and equipment and intangible asset at the date of transition to Ind AS at its fair value and use that fair value as deemed cost at that date or may measure the items of property, plant and equipment, intangibles by applying Ind AS retrospectively or use the carrying amount under Previous GAAP on the date of transition as deemed cost. The Company has elected to continue with the carrying amount for all of its property, plant and equipment and intangible assets measured as per Previous GAAP and use that as its deemed cost as at the date of transition.

##### 2. IND AS 21 : The effect of changes in Foreign Currency Rates

Long Term Foreign Currency Monetary Items: The Company has opted to continue the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial items recognised in the financial statements for the period immediately before the beginning of the first IND AS Financial reporting period as per the previous GAAP.

##### 3. IND AS 20 : Accounting for Government Grants and Disclosure of Government Assistance

The Company has availed the exception available on first-time adoption i.e. a Company shall apply the requirements in Ind AS 109, Financial Instruments, and Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to Ind ASs and shall not recognize the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Consequently, the company has used its previous GAAP carrying amount of the loan at the date of transition to Ind ASs as the carrying amount of the loan in the opening Ind AS Balance Sheet.

#### 4. Use of deemed cost for investments in subsidiaries, joint ventures and associates

If a first-time adopter measures such an investment at cost in accordance with Ind AS 27, it shall measure that investment at one of the following amounts in its separate opening Ind AS Balance Sheet:

- (a) Cost determined in accordance with Ind AS 27; or (b) Deemed cost. The deemed cost of such an investment shall be its:
  - (i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or
  - (ii) Previous GAAP carrying amount at that date.

A first-time adopter may choose either (i) or (ii) above to measure its investment in each subsidiary, joint venture or associate that it elects to measure using a deemed cost. Accordingly company has adopted previous GAAP carrying amount on the date of transition date.

#### Note 2.2 Reconciliations

The Following reconciliations provides the effect of transition to INDAS from IGAAP in accordance with INDAS 101

1. Equity as at 1st April 2015, 31st March 2016
2. Net Profit for the year ended on 31st March 2016

#### Note 2.2.1 Reconciliations of equity as previously reported under IGAAP to IND AS

(Amount in Crs )

1	2	3	As at 31st March 2016 (Indian GAAP)	Impact	As at 31st March 2016 (Ind AS)	As at 01st April 2015 (Indian GAAP)	Impact	As at 01st April 2015 (Ind AS)
1	2	3	4	5	6	7	8	9
<b>I</b>	<b>ASSETS</b>							
<b>1</b>	<b>Non-current assets</b>							
(a)	Property, plant and equipment	2.3	6,570.50	(8.41)	6,562.08	5,092.32	(11.61)	5,080.71
(b)	Capital work-in-progress	2.4	1,154.00	-	1,154.00	1,373.85	-	1,373.85
(c)	Intangible assets	2.3	6.54	-	6.54	4.91	-	4.91
(d)	Intangible assets under Development	2.4	-	-	-	-	-	-
(e)	Financial Assets		-	-	-	-	-	-
(i)	Investment-In PCKL	2.5	12.15	-	12.15	11.76	-	11.76
(ii)	Loans	2.6	396.39	-	396.39	364.34	-	364.34
(f)	Deferred Tax Assets (Net)	2.7	-	-	-	-	-	-
(g)	Other non-current assets	2.8	394.83	-	394.83	333.90	-	333.90
	<b>Total (A)</b>		<b>8,534.41</b>	<b>(8.41)</b>	<b>8,525.99</b>	<b>7,181.08</b>	<b>(11.61)</b>	<b>7,169.47</b>
<b>2</b>	<b>Current assets</b>							
(a)	Inventory	2.9	116.95	-	116.95	201.42	-	201.42
(b)	Financial Assets		-	-	-	-	-	-
(i)	Trade receivables	2.10	5,659.96	-	5,659.96	5,392.22	-	5,392.22
(ii)	Cash and Cash equivalents	2.11	143.08	-	143.08	170.16	-	170.16
(iii)	Others Receivables	2.12	2,169.58	(30.58)	2,139.00	1,771.67	-	1,771.67
(d)	Other Current Assets	2.13	(11.14)	31.91	20.77	(16.43)	0.48	(15.95)
	<b>Total (B)</b>		<b>8,078.44</b>	<b>1.32</b>	<b>8,079.76</b>	<b>7,519.04</b>	<b>0.48</b>	<b>7,519.52</b>



(Amount in Crs.)

1	2	3	4	5	6	7	8	9
	Asset held for sale	2.14	27.87	-	27.87	15.35	-	15.35
	<b>Total (C)</b>		<b>27.87</b>	<b>-</b>	<b>27.87</b>	<b>15.35</b>	<b>-</b>	<b>15.35</b>
	<b>Total assets</b>		<b>16,640.72</b>	<b>(7.09)</b>	<b>16,633.62</b>	<b>14,715.48</b>	<b>(11.13)</b>	<b>14,704.35</b>
	Regulatory Deferral Assets	2.15	541.97	-	541.97	-	-	-
	<b>Total Assets and regulatory account balance</b>		<b>17,182.69</b>	<b>(7.09)</b>	<b>17,175.59</b>	<b>14,715.48</b>	<b>(11.13)</b>	<b>14,704.35</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>							
<b>1)</b>	<b>Equity</b>							
(a)	Equity Share capital	2.16	546.92	-	546.92	546.92	-	546.92
(b)	Other Equity		(365.63)	(7.57)	(373.20)	(474.02)	(11.57)	(485.59)
	<b>Total equity</b>		<b>427.19</b>	<b>(7.57)</b>	<b>419.62</b>	<b>221.78</b>	<b>(11.57)</b>	<b>210.20</b>
<b>2)</b>	<b>Non-current liabilities</b>							
(a)	Financial Liabilities							
(i)	Long Term Loans	2.17	3,142.12	-	3,142.12	2,509.43	-	2,509.43
(ii)	Other financial liabilities	2.18	3,302.72	-	3,302.72	2,872.95	-	2,872.95
(b)	Long Term Provisions	2.19	51.13	-	51.13	50.09	-	50.09
(c)	Deferred Income	2.20	1,935.69	-	1,935.69	1,585.14	-	1,585.14
(d)	Other Non-Current liabilities	2.21	138.98	-	138.98	143.40	-	143.40
<b>4)</b>	<b>Current liabilities</b>							
(a)	Financial Liabilities							
(i)	Short Term loans	2.22	3,674.54	-	3,674.54	2,819.99	-	2,819.99
(ii)	Trade and Other Payables	2.23	3,980.03	-	3,980.03	3,911.65	-	3,911.65
(iii)	Other financial liabilities	2.24	336.33	-	336.33	340.99	-	340.99
(b)	Short Term Provisions	2.25	14.62	0.48	15.11	6.20	0.44	6.64
(c.)	Deferred Income	2.20	126.26	-	126.26	128.96	-	128.96
(d)	Current Tax Liabilities	2.26	38.86	-	38.86	14.43	-	14.43
(e)	Other Current Liabilities	2.27	14.20	-	14.20	110.48	-	110.48
	<b>Total liabilities</b>		<b>16,755.48</b>	<b>0</b>	<b>16,755.97</b>	<b>14,493.71</b>	<b>0.44</b>	<b>14,494.15</b>
	<b>Total Equity and liabilities</b>		<b>17,182.69</b>	<b>(7.09)</b>	<b>17,175.59</b>	<b>14,715.48</b>	<b>(11.13)</b>	<b>14,704.35</b>

### Note 2.2.2 Reconciliations of Profit or Loss as previously reported under IGAAP to IND AS

Amount in Crs.

1	2	3	4	5	6
	Particulars	Note No.	Year ended 31st March 2016 (Indian GAAP)	Impact	Year ended 31st March 2016 (Ind AS)
<b>I</b>	<b>Income</b>				
	Revenue from operations	2.28	14,148.23	-	14,148.23
	Other Income	2.29	167.60	-	167.60
	<b>Total Income</b>		<b>14,315.83</b>	<b>-</b>	<b>14,315.83</b>
<b>II</b>	<b>Expenses</b>				
	Purchase of Power	2.30	12,601.01	-	12,601.01
	Other Operating expenses	2.31	83.37	-	83.37
	Employee benefits expense	2.32	855.27	19.44	874.71
	Finance costs	2.33	454.51	-	454.51
	Depreciation and amortisation expense	2.34	290.60	-	290.60
	Other Expenses	2.35	483.34	-	483.34
	<b>Total Expenses</b>		<b>14,768.10</b>	<b>19.44</b>	<b>14,787.54</b>

1	2	3	4	5	6
III	<b>Profit/loss before exceptional items</b>		(452.27)	(19.44)	(471.71)
	<b>Exceptional Items</b>	2.36	(54.77)	-	(54.77)
IV	<b>Profit/loss before tax</b>		(397.50)	(19.44)	(416.94)
V	<b>Tax expenses</b>		-	-	-
	Current Tax		24.51	-	24.51
VI	<b>Profit for the period before movement in Regulatory deferral account balance</b>		(422.01)	(19.44)	(441.45)
	Net Movement in Regulatory deferral account balances related to profit or loss	2.37	541.97	-	541.97
	Profit for the period and movement in Regulatory deferral account balance		119.96	(19.44)	100.52
	Attributable to:		-	-	-
	Equity holders of the Parent		119.96	(19.44)	100.52
	Non-controlling interests		-	-	-
	Other comprehensive income:		-	-	-
	Items that will not be reclassified subsequently to profit or loss :		-	-	-
	Remeasurement of the net defined benefit liability		-	19.44	19.44
VII	<b>Total Other comprehensive income / (loss) for the period, net of tax</b>		-	19.44	19.44
VIII	<b>Total Comprehensive income for the period</b>		119.96	19.44	119.96
IX	<b>Earnings per share (In Rupees)</b>		-	-	-
	Basic		2.19	(0.36)	(8.08)
	Diluted		-	-	-

### Note 2.3 : Property, Plant & Equipment

#### A. Property, Plant & Equipment

Notes to financial statements for the year ended March 31, 2017

Amount in Crs.

Particulars	1	2	Tangible Assets										Total	Intangible Assets		
			3	4	5	6	7	8	9	10	11	12		13	14	15
Asset Group	Land & Rights	Buildings	Civil Works (Pipeline, Sewage, Drainage, Water supply)	Other Civil Works	Plant & Machinery	Lines Cable Networks	Vehicles	Furniture & Fixtures	Office Equipments	Total	Plant & Machinery, lines & cables, vehicles etc.	Total	Land & Rights	Soft-ware & Soft-ware Rights	Total	
Gross Carrying Value	10.1	10.2	10.3	10.4	10.5	10.6	10.7	10.8	10.9	11.2	16.2	18.1	10.1	18.1	5.16	
Opening Balance As at 1-4-2015	7.26	79.36	3.39	0.81	1,499.29	5,441.73	18.69	11.64	11.92	7,074.09	36.92	7,111.00	2.33	2.83	2.84	
Additions	0.01	27.42	0.69	0.80	613.90	1,372.16	6.12	2.01	2.19	2,025.29	7.71	2,033.00	-	2.84	2.84	
Deductions	-	0.01	-	-	126.66	71.72	0.34	0.03	0.14	198.90	-	198.90	-	-	-	
Closing Balance As at 31-3-2016	7.27	106.77	4.07	1.61	1,986.52	6,742.16	24.46	13.62	13.97	8,900.47	44.63	8,945.10	2.33	5.67	8.00	
Additions	3.25	49.18	0.76	0.30	454.37	1,186.01	1.26	1.49	0.54	1,697.16	3.12	1,700.28	-	1.23	1.23	
Deductions	-	-	-	-	143.63	55.77	0.23	0.10	0.08	199.81	-	199.81	-	0.00	0.00	
Closing Balance As at 31-3-2017	10.52	155.96	4.83	1.91	2,297.26	7,872.41	25.48	15.01	14.44	10,397.82	47.75	10,445.57	2.33	6.89	9.23	
Depreciation	12.1	12.2	12.3	12.4	12.5	12.6	12.7	12.8	12.9	18	18	18	12.1	18	0.25	
Opening Balance As at 1-4-2015	-	17.57	1.35	0.21	357.03	1,619.43	12.01	5.51	3.52	2,016.63	2.05	2,018.68	0.25	-	0.25	
Adjustment-prior period for 2015-16	-	-	-	-	-	-	-	-	-	11.61	-	11.61	-	-	-	
Restated balance as on 1-4-2015	-	17.57	1.35	0.21	357.03	1,619.43	12.01	5.51	3.52	2,028.24	2.05	2,030.29	-	-	-	
Additions	-	3.11	0.19	0.04	112.03	299.55	1.19	0.60	0.60	417.32	1.71	419.03	1.07	0.15	1.22	
Deductions	-	0.68	-	-	26.09	48.09	(0.27)	0.02	0.06	74.68	-	74.68	-	-	-	
Short depreciation provided	-	0.07	0.00	-	4.63	11.88	0.03	0.02	0.01	16.64	-	16.64	-	-	-	

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Excess depreciation withdrawn	-	0.20	0.00	0.00	1.20	3.59	0.03	0.03	0.01	5.06	-	5.06	-	-	-
	<b>Closing Balance As at 31-3-2016</b>	-	19.87	1.54	0.25	446.39	1,879.19	13.47	6.09	4.05	2,382.46	3.75	2,384.17	1.32	0.15	1.46
	Adjustment-prior period for 2016-17		-	-	-	-	-	-	-	-	8.41	-	8.41	-	-	-
	Adjustment for reversal of Prior period item		-	-	-	-	-	-	-	-	(11.61)	-	(11.61)	-	-	-
	<b>Restated balance as on 31-3-2016</b>		19.87	1.54	0.25	446.39	1,879.19	13.47	6.09	4.05	2,379.27	3.75	2,383.02	-	-	-
	Additions		5.63	0.22	0.06	121.44	367.45	1.58	0.63	0.63	497.65	1.53	499.17	0.00	1.80	1.80
	Deductions		-	-	-	31.96	38.14	0.20	0.08	0.09	70.47	-	70.47	-	-	-
	Short depreciation provided		0.69	0.01	0.00	9.51	15.87	0.07	0.02	0.02	26.19	-	26.19	-	-	-
	Excess depreciation withdrawn		0.13	0.00	0.00	9.20	8.97	0.01	0.03	0.01	18.35	-	18.35	-	-	-
	<b>Closing Balance As at 31-3-2017</b>	-	26.07	1.78	0.31	536.18	2,215.39	14.91	6.62	4.59	2,814.28	5.28	2,819.56	1.32	1.95	3.27
	Adjustment for reversal of Prior period item		-	-	-	-	-	-	-	-	(8.41)	-	(8.41)	-	-	-
	<b>Closing Balance As at 31-3-2017</b>		26.07	1.78	0.31	536.18	2,215.39	14.91	6.62	4.59	2,805.87	5.28	2,811.14	1.32	1.95	3.27
	<b>At March 31, 2017</b>	10.52	129.89	3.05	1.60	1,761.07	5,657.01	10.57	8.40	9.84	7,591.95	42.47	7,634.42	1.01	4.95	5.96
	<b>At March 31, 2016</b>	7.27	86.90	2.53	1.36	1,540.13	4,862.98	10.99	7.53	9.93	6,521.20	40.87	6,562.08	1.02	5.52	6.54
	<b>At March 31, 2015</b>	7.26	61.79	2.04	0.60	1,142.26	3,822.30	6.68	6.12	8.40	5,045.84	34.87	5,080.71	2.08	2.83	4.91

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

## Note 2.4 :-Capital Work in Progress

### Notes to financial statements for the year ended March 31, 2017

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
1 Capital Work in Progress	842.21	984.63	1,323.36
2 Contracts in Progress	17.87	7.94	4.96
3 Provision for works.	101.22	161.43	45.52
<b>TOTAL</b>	<b>961.30</b>	<b>1,154.00</b>	<b>1,373.85</b>

## Note 2.5 : Investment

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
Non-Trade Investments-Investment in equity share-Company is having a share of 100100 No of 1000 Rupees face value as investment made to PCKL	10.01	10.01	10.01
Post acquisition profit on investment made in PCKL	2.38	2.14	1.75
<b>Total</b>	<b>12.39</b>	<b>12.15</b>	<b>11.76</b>

## Note 2.6 : Loan

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
Unsecured, Considered Good			
a) Security Deposits with Railways and Others	43.76	40.00	36.31
b) Security Deposit from Suppliers & Contractors other than cash.	-	-	-
c) Deposit with Jurala Hydro Electric Project	14.00	14.00	14.00
d) Loans and Advances - Others	436.50	342.40	314.03
<b>Total</b>	<b>494.26</b>	<b>396.39</b>	<b>364.34</b>

**Note 2.7 : Deferred Tax Assets (Net)**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
	--	--	--
<b>Total</b>	<b>--</b>	<b>--</b>	<b>--</b>

**Note 2.8 : Other Non Current Assets**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
a) Advances to Suppliers	35.80	29.16	16.30
b) Advances to Contractors	509.18	291.88	243.81
c) Amount paid to IT under protest	73.79	73.79	73.79
<b>Total</b>	<b>618.78</b>	<b>394.83</b>	<b>333.90</b>

**Note 2.9 : Inventories**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
1) Stores, spares and loose tools (Stocks are valued at standard cost )			
a) Material Stock Account	115.51	112.03	197.96
Less :Excess /(Shortage)	2.25	0.40	(0.24)
b) Mateterial imprest Account	2.57	2.16	1.11
c) Other Material Account	2.65	2.37	2.60
<b>Total</b>	<b>122.98</b>	<b>116.95</b>	<b>201.42</b>

**Note 2.10 : Trade Receivables**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
Secured, considered good	3,120.28	2,860.32	2,533.53
Unsecured, considered good	3,979.46	2,799.65	2,858.69
Doubtful	1,175.66	1,180.08	1,241.80
<b>Total</b>	<b>8,275.40</b>	<b>6,840.04</b>	<b>6,634.02</b>
Less : Provision for doubtful debt	1,175.66	1,180.08	1,241.80
<b>TOTAL</b>	<b>7,099.74</b>	<b>5,659.96</b>	<b>5,392.22</b>

**Note 2.11 : Cash and Cash Equivalents**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
<b>Cash and Cash Equivalents</b>			
<b>i) Balance with banks</b>			
On current Account	59.69	48.01	58.97
Cash in Hand	26.97	30.93	19.21
<b>ii) Other Bank Balance</b>			
<b>Term Deposit</b>			
Deposits with maturity period of less than three months	13.38	6.60	3.29
Deposits with maturity period of more than three months	90.25	57.51	88.66
<b>iii) Stamp on hand</b>	0.02	0.03	0.02
<b>Total (i)+(ii)+(iii)</b>	<b>190.31</b>	<b>143.08</b>	<b>170.16</b>

**Note 2.12 : Other Receivables**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
<b>Amounts recoverable from employees</b>			
Amount Recoverable from Current Employees	7.84	2.62	2.68
Amounts recoverable from ex-employees	3.02	3.06	3.06
Cash found short due theft etc., Pending Investigation	1.05	1.05	1.05
Loans and advances staff - Festival advance	2.42	1.07	2.45
Receivables from Pension / Gratuity Trust	4.08	6.51	8.73
Cash Receivables from Associates - KPTCL / ESCOMS	420.05	447.44	452.64
Interest accrued but not due on deposits (including Bank Deposits)	13.46	11.14	12.06
Remittance Head Office In Transit Account - State Bank of Mysore	-	1.11	8.13
Other Receivables	0.94	1.01	1.02
Inter ESCOMs Energy balancing & Energy charges at IF point	1,747.25	1,694.58	1,279.85
Prior period Ind AS Adjustments-interest income	-	(30.58)	
<b>Total</b>	<b>2,200.11</b>	<b>2,139.00</b>	<b>1,771.67</b>

**Note 2.13 : Other Current Assets**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
<b>A) Short term loan and Advance (Unsecured considered good)</b>			
Loans and advances staff - Advance of pay	-	0.00	0.00
Loans and advances staff - Travel advance	0.14	0.15	0.18
Loans and advances staff - Medical advance	1.82	2.16	1.53
Advances staff against expenses	1.61	3.06	6.74
Other loans and advances staff	0.08	0.23	0.58
<b>Sub Total</b>	<b>3.65</b>	<b>5.60</b>	<b>9.03</b>
<b>B) Amount recoverable from ex employees</b>			
Materials drawn by Executive Sub-Ordinates without pre-check of indents.	-	0.35	0.43
Amount recoverable from employees - unused materails not returned/excess materials drawn.	9.64	9.36	9.97
Transformers / Meters etc., issued for repairs the Corporation personnel	0.63	0.89	0.89
<b>Sub Total</b>	<b>10.27</b>	<b>10.61</b>	<b>11.29</b>
Less:- Provision for Doubtful of recovery from ex-employees	7.21	6.19	6.19
<b>Sub Total</b>	<b>3.05</b>	<b>4.42</b>	<b>5.11</b>
<b>C) Prepaid expenses</b>	0.12	0.12	0.10
<b>D) Levies / fees payable to GoK</b>	9.61	(21.29)	(30.67)
<b>E) Prior period Ind AS Adjustments-Accured income</b>		31.91	0.48
<b>TOTAL</b>	<b>16.43</b>	<b>20.76</b>	<b>(15.95)</b>

**Note 2.14 : Assets Held for sale (scraped assets)**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
a) Value of scraped assets	33.49	27.87	15.35
<b>TOTAL</b>	<b>33.49</b>	<b>27.87</b>	<b>15.35</b>

**Note 2.15 : Regulatory Deferral Assets**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
Regulatory Deferral account debit balance	772.29	541.97	-
<b>TOTAL</b>	<b>772.29</b>	<b>541.97</b>	<b>-</b>



**Note 2.16 : Equity Share Capital**

(Amount in Crs.)

Particulars	As at 31st March 2017 (Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 (Ind AS)
<b>Authorized Share Capital</b>			
Equity Shares			
100,00,00,000 (Previous Year - 100,00,00,000) equity shares of Rs 10 each	<b>1,000.00</b>	<b>1,000.00</b>	<b>1,000.00</b>
	-		-
<b>Issued, Subscribed and fully paid-up shares</b>	-		-
54,69,15,100 (March 31,2016: 54,69,15,100) equity shares of Rs.10/- each Fully paid up	546.92	546.92	546.92
<b>Total</b>	<b>546.92</b>	<b>546.92</b>	<b>546.92</b>

Further Notes:

1. Terms/ rights attached to equity shares

(Amount in Crs.)

2. Details of shareholders holding more than 5% shares in the Company

Particulars	as at March 31, 2017		as at March 31, 2016		as at March 31, 2015	
	No.of shares	% of holding	No.of shares	% of holding	No.of shares	% of holding
Equity shares of Rs.10/- each fully paid						
Hon'ble Governor, state of Karnataka(GoK)	54.69	99.99%	54.69	99.99%	54.69	99.99%
Principal Secretary Energy Department			-	-	-	-

**3. Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period.**

(Amount in Crs.)

Particulars	as at March 31, 2017		as at March 31, 2016		as at March 31, 2015	
	No.of shares	Amount	No.of shares	Amount	No.of shares	Amount
Shares outstanding at the beginning of the year	54.69	546.92	54.69	546.92	54.69	546.92
Shares Alloted during the year			-	-	-	-
Shareg bought back during the year			-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>54.69</b>	<b>546.92</b>	<b>54.69</b>	<b>546.92</b>	<b>54.69</b>	<b>546.92</b>

**Note 2.17 : Long Term Loans**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
<b>SECURED LOANS</b>			
<b>Term Loans From</b>			
-Banks (Refer Note 2.17 A below)	1,490.18	1,563.01	1,179.50
-Others (Refer Note 2.17 A below)	1,851.73	1,215.47	1,012.88
<b>Sub-Total</b>	<b>3,341.91</b>	<b>2,778.47</b>	<b>2,192.38</b>
<b>UNSECURED LOANS</b>			
<b>Term Loans From</b>			
-Banks (Refer Note 2.17 B below)	-	-	-
-Others (Refer Note 2.17 B below)	430.92	363.64	317.04
<b>Sub-Total</b>	<b>430.92</b>	<b>363.64</b>	<b>317.04</b>
<b>Total</b>	<b>3,772.84</b>	<b>3,142.12</b>	<b>2,509.43</b>

<b>2.17A Term Loans from Banks</b>			
<b>State Bank of India loan</b>	610.94	518.50	-
Repayment within 10 years (including moratorium period of two years) payable in quarterly instalment of Rs. 6.25 Crore each. Interest to be paid as & when due. ROI for Rs 200crs base rate + 0.50% p.a.			
Repayment within 10 years (including moratorium period of two years) repayable in quarterly instalment of Rs. 14.06 Crore each. Interest to be paid as & when due. ROI for Rs 318.50 crs base rate + 0.40% p.a. Floating 1st installment due on 03/2018.			
<b>Securities : Exclusive charge on fixed assets of BESCOM @135% of T.L</b>			
<b>Bank of India</b>	57.00	85.60	114.18
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. Secured by way of hypothecation of assets financed by the Bank (218.11 Crs) First instalment will be due on 30.06.2013.			
<b>Canara Bank</b>	533.75	610.75	660.00
For Rs.400 cr 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 for Rs.200 crs base rate + 0.5%pa (floating without spread reset) & ROI			

for Rs.200 crs base rate + 0.1%pa (floating without spread reset). <b>Hypothecation of fixed assets of the company valued at Rs.457.62 Crs .First instalment due on 23.09.2013.&amp; For Rs.370 crs Repayment in 40 quarterly installment of Rs.9.25crs each Interest to be paid as when due . ROI for Rs.370crs base rate +1% first installment due on 24.01.2017. <b>Hypotecation of Fixed assets of the Company valued at Rs.417.09 crs.</b></b>			
<b>Bank of Maharastra</b> The term of repayment in 28 quarter,27 quaterly installment of Rs.4.47 Crs per quarter and Rs.4.31 Crs in 28th quarter after initial moratourium period & repayment of Rs.9.28 crs per quarter &for 28th quarter Rs.9.86crs after initial moratoirum period of 18 months. <b>Securities : Exclusive 1st charge on all fixed assets to be purchased out of the loan</b>	191.00	248.16	305.32
<b>State Bank of Mysore</b> "Repayment within 13 years (including moratorium period of three years) payable in 33 quarterly instalment of Rs. 3.3 Crore each. at the end of 30 th instalment will be of Rs.3.43 Crs Interest to be paid as & when due. ROI for Rs 100crs base rate + 0.25% pa (floting without spread reset). <b>Hypothecation of fixed assets of the Company valued at Rs. 110 Crs.</b>	97.50	100.00	100.00
<b>Sub-Total</b>	<b>1,490.18</b>	<b>1,563.01</b>	<b>1,179.50</b>
<b>2.17A Term Loans from Others</b> <b>Loans from Rural Electrification Corporation Limited, New Delhi. -APDRP Counter part funding</b> (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, equipmetns, machinery spares, tools, implements, and accessories installed / created / erected in future and its stock of materials equipments bought or to be bought out of the loan amount at 8.5% & 11.70% interest rates. )	1.67	2.41	22.08
<b>PFC - RAPDRP (Part A)</b> The tenure of loan will be 10 years from the date of disbursement including morotorium period of 3 years	219.91	146.65	146.65

for both Principal and interest. Interest to be paid as notified by Ministry of Finance from time to time.			
<p><b>RAPDRP PFC (B)</b></p> <p>PFC-RAPDRP (Part-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 to PFC.If the distribution utilities achieve the target of 15% AT&amp;C loss on a sustained basis for a period of 5 years in the project area and the projected is completed with in time schedule fixed by the steering comitee loan will be convertable into grant</p> <p><b>Secured by way of htpothecation on the newly finance assets under the project as securities for loan.</b></p>	43.54	43.54	43.54
<p><b>RAPDRP PFC (B) (Counter part Funding)</b></p> <p>The loan shall be repaid in 60(SIXTY) equal quaterly installments . The first installments become due on 15th day of october 2015 the subsequent installments will become due for payment on the 15th day of January ,15th day of April ,15th day of July ,15th day of October Every year</p>	130.14	140.55	150.96
<p><b>PFC DRUM PROJECT</b></p> <p>"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. <b>'Secured by way of hypotecation of all assets created under the loan.</b></p> <p><b>The Repayment to be made in 12 monthly equal installment together with rate of interest @12.50% in the outstanding balance.</b></p>	-	2.05	4.11
<p><b>REC (TL) NJY Phase 2</b></p> <p>Repayment with in 13years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15 th of the month in which the first disbursement was made.the rate of interest @ 11.5 % P A"Secured by way of hypotecation of all assets created under the loan."</p>	230.54	226.25	230.11
<p><b>REC (TL) DTC Metering</b></p> <p>Repayment with in 13years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15 th of the</p>	138.52	136.48	136.49

<p>month in which the first disbursement was made.the rate of interest @ 11.5 % P A</p> <p><b>'Secured by way of hypothecation of all assets created under the loan.'</b></p>			
<p><b>REC (TL) HVDS</b></p> <p>Repayment with in 13years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15 th of the month in which the first disbursement was made.the rate of interest @ 11.5 % P A</p> <p><b>'Secured by way of hypothecation of all assets created under the loan.'</b></p>	190.52	93.41	93.41
<p><b>REC (TL)UAIP</b></p> <p>Repayment with in 13years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15 th of the month in which the first disbursement was made.the rate of interest @ 11.5 % P A</p> <p><b>'Secured by way of hypothecation of all assets created under the loan.'</b></p>	175.60	195.11	74.87
<p><b>REC (TL) General Capex</b></p> <p>Repayment with in 13years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15 th of the month in which the first disbursement was made.the rate of interest @ 11.5 % P A</p> <p><b>'Secured by way of hypothecation of all assets created under the loan.'</b></p>	117.40	126.37	110.67
<p><b>REC (TL) Static meter</b></p> <p>Repayment with in 13years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15 th of the month in which the first disbursement was made.the rate of interest @ 10.90 % P A</p> <p><b>'Secured by way of hypothecation of all assets created under the loan.'</b></p>	105.82	101.25	-
<p><b>REC RGGVY 12th Plan</b></p> <p>Repayment with in 20 years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15 th of the month in which the first disbursement was made.the rate of interest @ 10.75 % &amp; 11.25% P A</p> <p><b>'Secured by way of hypothecation of all assets created under the loan.'</b></p>	2.40	1.40	-

<b>REC-(TL) NJY Phase 3</b> Repayment with in 13 years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15th of the month in which the first disbursement was made . The rate of interest @ 10.25%"	420.83	-	-
<b>REC-(TL) HVDS Phase 2</b> Repayment with in 13 years (including moratorium period of 3 years) principle installment is payable in equal annual installments and on 15th of the month in which the first disbursement was made . The rate of interest @9.60%	74.85	-	-
<b>Sub-Total</b>	<b>1,851.73</b>	<b>1,215.47</b>	<b>1,012.88</b>
<b>Total</b>	<b>3,341.91</b>	<b>2,778.47</b>	<b>2,192.38</b>
<b>2.17B UNSECURED LOANS</b>			
<b>Term Loans From</b>			
<b>Loan from Government</b>			
<b>Loans from Government - PMGY</b> (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 will enjoy 5 years initial grace period after witch repayment of these loans will be effected in 15 annual equal instalments	0.44	0.55	0.66
<b>Loans from Government - APDRP</b> (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	20.85	25.03	29.20
<b>GOK Interest free Loan</b> Government of Karnataka has released interest free loan to BESCOM towards payment to power suppliers for supply of power to State Grid during 2008-09. <b>Repayment :No terms &amp; Condition given</b>	0.94	0.94	0.94
<b>Loan from Government (through REC) - RGGVY</b> (The Total repayment period will be 15 years inclusive of 5years moratorium period together with interest @ 5% - 11.75% with quarterly interest) <b>Repayment begun from 15/03/2012.</b>	6.88	9.13	8.98

<b>Loan from GoK for Power Sector Automation -</b> No specific Terms & conditions Given However as per Go No Fd 014BLA 2002 dated 10.07.2003 Loan for a period of ten years & first instalment begun in the month of mar-2009 at the rate of 9% p.a	-	0.15	0.29
<b>Loan from GoK (against credit line from JICA (Japan International Co-Operative Agency)</b>  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 semiannuallyat the rate of three- fourth of one percent (0.75%)p.a	401.80	327.85	276.97
<b>Sub-Total</b>	<b>430.92</b>	<b>363.64</b>	<b>317.04</b>

**Note 2.18 : Other Financial Liabilities**

(Amount in Crs.)

Particulars	As at 31st March 2017 (Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 (Ind AS)
Security Deposit from consumers			
Other Deposits from Consumers	99.12	92.77	85.51
Security Deposit from consumers:	3,401.98	3,140.58	2,746.35
Advance Power charges	111.62	66.31	38.66
Deposit for new service connections	10.28	3.07	2.44
<b>Total</b>	<b>3,623.01</b>	<b>3,302.72</b>	<b>2,872.95</b>

**Note 2.19 : Long Term Provisions**

(Amount in Crs.)

Particulars	As at 31st March 2017 (Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 (Ind AS)
Provision for Employee Benefits			
Provision for Gratuity, Pension, Leave encashment, PF & Family Benefit Fund	57.61	51.13	50.09
<b>Total</b>	<b>57.61</b>	<b>51.13</b>	<b>50.09</b>

**Note 2.20 : Deferred Income**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
<b>Contributions and grants towards cost of Capital assets</b>			
Opening Balance	1,742.97	1,488.81	1,198.76
Add: Additions during the year	439.08	369.22	386.16
	2,182.06	1,858.03	1,584.92
Less: Reversal of depreciation	115.21	115.06	96.11
<b>Closing Balance</b>	<b>2,066.84</b>	<b>1,742.97</b>	<b>1,488.81</b>
<b>Subsidies received from REC towards RGGVY scheme</b>			
Opening Balance	110.60	98.11	104.44
Add: Additions during the year	-	18.56	-
	110.60	116.67	104.44
Less: Reversal of depreciation	4.86	6.06	6.33
<b>Closing Balance</b>	<b>105.74</b>	<b>110.60</b>	<b>98.11</b>
<b>Grants towards cost of Capital Assets/ regularisation of unauthorised IP set installations received from Government</b>			
Opening Balance	128.14	127.18	125.28
Add: Additions during the year	-	8.80	9.96
Less: Reversal of GoK Order	(8.76)	-	-
	119.38	135.98	135.24
Less: Reversal of depreciation	6.19	7.84	8.06
<b>Closing Balance</b>	<b>113.19</b>	<b>128.14</b>	<b>127.18</b>
<b>Subsidies / Grants released by GOI through REC for executing RGGVY scheme (12th Plan)</b>			
Opening Balance	12.58	-	
Add: Additions during the year	9.05	12.58	
	21.63	12.58	
Less: Reversal of depreciation	-	-	
<b>Closing Balance</b>	<b>21.63</b>	<b>12.58</b>	
<b>Grant received from GOI for implementation of Solar rooftop units on government buildings in BESCOM area.</b>			
Opening Balance	-	-	
Add: Additions during the year	67.66	67.66	
	67.66	67.66	
Less: Reversal of depreciation	-	-	
<b>Closing Balance</b>	<b>67.66</b>	<b>67.66</b>	
Grants received towards IPDS Project	41.78		
<b>Total Deferred Income</b>	<b>2,416.85</b>	<b>2,061.95</b>	<b>1,714.10</b>
Deferred Income- Current	120.57	126.26	128.96
Deferred Income- Non-Current	2,296.28	1,935.69	1,585.14
<b>Total Deferred Income</b>	<b>2,416.85</b>	<b>2,061.95</b>	<b>1,714.10</b>



**Note 2.21 : Other Non Current Liabilities**

(Amount in Crs.)

Particulars	As at 31st March 2017 (Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 (Ind AS)
<b>Deposit Contribution Work</b>			
i) Deposit Contribution Work	116.24	134.56	138.12
ii) Deposit Works	10.65	4.42	5.29
<b>Total</b>	<b>126.88</b>	<b>138.98</b>	<b>143.40</b>

**Note 2.22 : Short Term Loans**

(Amount in Crs.)

Particulars	As at 31st March 2017 (Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 (Ind AS)
<b>Secured</b>			
Short term loan			
<b>Vijaya Bank</b>	750.00	550.00	500.00
'STL for a period of 1 year and to be closed by the end of 1 year from the date of first drawal and interest to be serviced as and when debited at 9.65% p.a. (Floating .i.e., base rate)“STL for a period of 1 year and to be repaid in single bullet installment at the end of 1 year from the date of first drawal and interest to be serviced as and when debited at 8.65% p.a. (Floating .i.e., base rate)			
<b>Securities: Floating charge on Book debts of the Company with 10% Margin</b>			
<b>Corporation Bank</b>	100.00	350.00	350.00
STL to meet mismatch in cashflow for working capital interest to be specified at the each availment present rate is 8.90% p.a. i.e., base rate +0.10% p.a.8.90%			
<b>Securities Floating charge on book debts of the Company with 10% margin</b>			
<b>State Bank of Mysore</b>	100.00	100.00	100.00
Line of Credit to meet funds requirement for day to day operations for working capital the rates of interest @ BR + 0.15% (floating). Repayable at the end of tenure by way of bullet payment			
<b>Securities : Floating charge on debts of the Company with 10% Margin.</b>			
<b>Bank of Maharashtra</b>	93.70	343.70	133.32
STL for a period of 1 year to be repaid 12 monthly installment interest to be serviced as and when			

**Note 2.22 : Short Term Loans**

(Amount in Crs.)

Particulars	As at 31st March 2017 (Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 (Ind AS)
debited at 10.25% p.a. i.e., base rate (floating). "Securities : Floating charge on Book debts of the Company with 10% Margin			
<b>Syndicate Bank</b>  STL for a period of 2 years from the date first drawal monthly repayment of principle Rs.10.42 crores and interest to be serviced monthly (rate of interest) (BR+0.10%p.a)  <b>Securities : Paripassu charges on Book debts of the Company with 10% margin</b>	135.38	56.25	131.25
<b>Union Bank</b>  STL for a period of 2 years from the date of first drawal, monthly repayment of principal Rs.11.36 crores and interest to be serviced monthly (Rate of Interest at 9.70% p.a)  <b>Securities : Exclusive 1st charge on all fixed assets to be purchased out of the loan</b>	181.82		
<b>Bank of India</b>  STL for a period of 2 years and 2 months. Repayment of principal Rs.8 crores and interest to be serviced monthly (Rate of Interest at 8.80% p.a)  STL for a period of 2 years and 2 months. Repayment of principal Rs.4 crores and interest to be serviced monthly (Rate of Interest at 8.80% p.a)  <b>Securities : Floating charges on book debts of the Company with 10% margin.</b>	248.00		
<b>Overdrafts</b>		-	-
Bank of Baroda - OD limit Rs. 150 crore	97.32	150.16	75.24
Vijaya Bank - OD limit Rs. 400 crore	397.00	404.07	299.38
Canara Bank - OD limit Rs. 850 crore	842.26	885.52	743.40
Syndicate Bank - OD limit Rs. 350 crore	348.84	264.75	99.79
Bank of India - OD limit Rs. 200 crore	167.05	170.81	194.76
State Bank of Mysore - OD limit Rs. 300 crore	260.65	297.31	192.85
State Bank of India - OD limit Rs. 100 crore	59.79	101.96	-
<b>All overdrafts Secured by receivables specifically Hypothicated</b>	-	-	-
<b>Total</b>	<b>3,781.81</b>	<b>3,674.54</b>	<b>2,819.99</b>

**Note 2.23 : Trade & Other Payables**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (IndAS)	As at 31st March 2015 ( Ind AS)
Sundry Creditors for Purchase of Power	3,912.82	3,300.30	3,230.76
Inter ESCOM, Cost of Banked Energy, SLDC Charges & PCKL Revenue Expenditure	-	-	-
Creditors/Liabilities for supplies / works	498.53	562.03	594.96
Payable for other services	-	-	-
Outstanding Liability	-	-	-
- for Expenses	90.11	115.00	82.59
Payable to other ESCOMs	452.07	2.69	3.35
<b>Total</b>	<b>4953.53</b>	<b>3,980.03</b>	<b>3,911.65</b>

**Note 2.24 : Other Financial Liabilities**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (IndAS)	As at 31st March 2015 ( Ind AS)
Current maturities of long term debts	318.68	219.14	159.30
Interest accrued but not due on loans	12.32	9.55	5.84
Deposits from Suppliers, Contractors Etc.			
Security Deposits in cash from Suppliers / Contractors	42.83	35.69	29.65
Security deposit other than in cash from suppliers / contractors	0.15	0.92	0.92
Advance consumption charges LT & HT	35.22	(39.46)	35.19
Other Payables			
Stale Cheques	0.66	0.58	0.90
Retention Money - Bill amount retained	49.45	67.87	62.30
Draught relief fund.	0.88	0.88	0.90
Miscellaneous Deposits/Other liabilities	29.56	41.08	45.91
<b>Contribution received by BESCOM against compensation to the victims of Electrical accidents .</b>	0.07	0.07	0.07
(a) Interest amount earned from unutilised portion of RGGVY 12th plan funds - payable to REC	0.40		
(b) Interest amount earned from unutilised portion of IPDS funds -payable to PFC	0.74		
<b>Total</b>	<b>490.98</b>	<b>336.33</b>	<b>340.99</b>

**Note 2.25 : Short Term Provisions**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
<b>Provision for Employee Benefits</b>			
Unpaid Salaries	0.00	0.01	0.01
Unpaid Bonus	0.00	0.00	0.01
Salary payable	4.01	2.76	2.86
Bonus payable	1.22	0.99	0.22
Ex-gratia payable	7.52	10.86	3.09
Ind AS adjustment-Prior period		0.48	0.44
<b>Total</b>	<b>12.75</b>	<b>15.11</b>	<b>6.64</b>

**Note 2.26 : Current Tax Liabilities**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
Provision for Income-Tax	55.22	55.22	30.70
Advance Tax (Various Years)	14.15	13.60	13.52
TDS Receivables	3.26	2.75	2.75
	<b>17.40</b>	<b>16.35</b>	<b>16.27</b>
<b>Net Current Tax Liability</b>	<b>37.81</b>	<b>38.86</b>	<b>14.43</b>

**Note 2.27 : Other Current Liabilities**

(Amount in Crs.)

Particulars	As at 31st March 2017 ( Ind AS)	As at 31st March 2016 (Ind AS)	As at 31st March 2015 ( Ind AS)
Other ESCOM - CESC	121.01	0.19	0.19
Excess credit under reconciliation with Bank	(5.44)	(3.69)	(4.67)
Inter Unit Accounts	49.51	17.70	114.96
Expenses Payable			
<b>Total</b>	<b>165.09</b>	<b>14.20</b>	<b>110.48</b>

**Note 2.28 : Revenue from operations**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Sale of Power LT category	9,039.68	7,793.52
Sale of Power HT category	6,810.05	6,433.33
<b>Total (A)</b>	<b>15,849.73</b>	<b>14,226.85</b>
Other Operating Income		
Fuse charges	0.01	0.02
Reconnection Fee (D & R)	1.16	1.65
Service Connection	53.34	47.53
Other Receipts from consumers	30.14	32.74
Registration fee towards SRTPV connection (Solar rooftop PV system)	0.96	0.21
Facilitation fee towards SRTPV connection (Solar rooftop PV system)	0.03	0.09
Recoveries for theft of power	5.47	1.28
<b>Total (B)</b>	<b>91.11</b>	<b>83.52</b>
<b>Total (A)+(B)</b>	<b>15,940.84</b>	<b>14,310.37</b>
Less : Provision for withdrawal of Revenue Demand	13.70	21.36
Less : Withdrawal of revenue demand as credit adjustment.	27.86	46.35
Less : Credit Adjustment through Balance Transfer system	38.11	94.43
<b>Total</b>	<b>15,861.17</b>	<b>14,148.23</b>

**Note 2.29 : Other Income**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Interest Income :	6.56	8.28
<b>Other non-operating income</b>	<b>-</b>	<b>-</b>
Profit/(Loss) on sale of stores	(0.36)	(0.71)
Rent	2.49	3.56
Incentives received	129.12	116.78
Excess provision made in prior period which is no longer required	0.00	
Value of materials found excess during physical verification	0.01	0.23
Miscellaneous	69.14	35.94
Rebate at 0.5% for collection of Electricity Duty	3.66	3.04
Supervision charges collected from Cable Operators	3.63	0.09
Rental income from cable operators	1.06	
Profit earned on investment in PCKL for current year	0.24	0.40
<b>Total</b>	<b>215.56</b>	<b>167.60</b>

**Note 2.30 : Purchase of Power**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Power Purchase Cost	14,202.64	13,706.45
<b>Less:- Energy balancing between ESCOMs</b>	-	-
Revenue from sale of power - HESCOM -Energy balancing at IF poit and above 33KV	101.63	780.50
Revenue from sale of power - GESCOM -Energy balancing at IF poit and above 33KV	112.08	149.56
Revenue from sale of power - MESCOM -Energy balancing at IF poit and above 33KV	89.05	90.62
Revenue from sale of power - CESC -Energy balancing at IF poit and above 33KV	195.25	81.88
Revenue from Inter Escom exchange of energy charges 11KV - LT - HESCOM	-	-
Revenue from Inter Escom exchange of energy charges 11KV - LT - GESCOM	-	-
Revenue from Inter Escom exchange of energy charges 11KV - LT - MESCOM	0.90	0.45
Revenue from Inter-ESCOM exchange of energy cahrges 11KV & LT - CESC	2.90	2.43
<b>Grand Total</b>	<b>13,700.83</b>	<b>12,601.01</b>

**Note 2.31 : Other Operating Expenses**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
<b>Repairs and maintenance - plant and machinery</b>	<b>57.70</b>	<b>55.83</b>
Buildings	1.43	2.31
Civil works (Pipeline, Seweage, drainage and water supply)	0.57	0.50
<b>Repairs and maintenance - buildings</b>	<b>2.00</b>	<b>2.81</b>
Lines, Cable Net Work Etc.	14.21	23.60
Vehicles	0.54	0.72
Furniture and Fixtures	0.03	0.01
Office Equipments.	0.39	0.40
R & M charged to Capital Works (Credit account)	(0.03)	(0.00)
<b>Repairs and maintenance - others</b>	<b>15.14</b>	<b>24.72</b>
Computer Rentals/maintenance charges	0.00	-
<b>Total</b>	<b>74.84</b>	<b>83.37</b>

**Note 2.32 : Employee benefits expenses**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
<b>A) Salaries and Wages</b>		
Salaries	402.58	400.44
Over Time	11.68	10.74
Dearness Allowance	152.11	124.36
Other Allowances	96.55	94.44
<b>Sub Total - 1</b>	<b>662.92</b>	<b>629.98</b>
<b>B) Bonus</b>	<b>10.22</b>	<b>14.77</b>
<b>C) Terminal Benefits</b>	<b>143.15</b>	<b>169.67</b>
<b>D) Staff Welfare</b>		
Medical Expenses reimbursement	10.87	8.59
Leave travel assistance	0.00	0.11
Earned Leave Encashment - For employees covered under Contributory Pension Scheme.	10.57	11.09
Earned leave encashment	19.92	20.80
E.L.Encashment - Retirement / Deceased Employees	12.47	16.38
Staff Welfare expenses	8.04	7.52
Compensation for injuries, death and damages–Staff	-	-
<b>Sub Total - 2</b>	<b>61.88</b>	<b>64.49</b>
<b>E) Workmen compensation</b>		
Payment under workmens compensation Act	0.04	0.04
Payment to helpers/employees of Monsoon gang	1.75	1.29
<b>Sub Total - 3</b>	<b>1.79</b>	<b>1.33</b>
<b>Total (1+2+3)</b>	<b>879.97</b>	<b>880.25</b>
<b>Less: Employees cost charged to capital works (Credit Account)</b>	<b>(8.04)</b>	<b>(5.54)</b>
<b>Total</b>	<b>871.93</b>	<b>874.71</b>

**Note 2.33 : Finance Cost**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Interest on Loans	674.01	577.85
Guarantee Commission to GoK	1.90	9.73
Interest capitalised on capital borrowings	(37.88)	(133.07)
<b>Total</b>	<b>638.03</b>	<b>454.51</b>

**Note 2.34 : Depreciation and Amortization Expense**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Depreciation on Buildings	7.63	3.64
Depreciation on Civil works (pipeline, sewerage, drainage, water supply etc.,)	0.22	0.19
Depreciation on other Civil Works	0.06	0.04
Depreciation on Plant and Machinery	121.45	112.03
Depreciation on lines, cable, network etc.,	367.24	299.55
Depreciation on Vehicles	1.58	1.19
Depreciation on furniture, fixtures	0.63	0.60
Depreciation on Office equipments	0.63	0.60
Depreciation charged on released material intended to re use	1.53	1.71
<b>Total</b>	<b>500.97</b>	<b>419.56</b>
Less: Depreciation Withdrawn from contributions / subsidies as per Ind AS 20	126.26	128.96
<b>Depreciation for the year</b>	<b>374.71</b>	<b>290.60</b>

**Note 2.35 : Other Expenses**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Rent	15.54	16.31
Postage stamps & Telephone charges	9.24	7.90
Remuneration to contract agencies	115.76	118.37
Professional, legal and consultancy	4.22	3.23
Conveyance & Travel expenses	45.19	43.66
Vehicle running expenses	2.84	2.67
Fees & Subscriptions	3.96	4.85
Printing & Stationery	5.26	5.90
Advertisement Expenses	2.08	1.60
Computer stationary and floppies	0.52	0.58
Contributions	0.28	1.56
Electricity Charges	2.41	1.92
Freight & other material related expenses	0.87	0.98
Miscellaneous including provisions		
Rates & Taxes	0.56	0.56



**Note 2.35 Other Expenses**

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Insurance/fee	-	0.04
Security Charges	-	-
Water Charges	0.68	0.46
DSM Expenses	2.58	3.83
License Fees	-	-
Miscellaneous expenses	7.95	8.62
Details of Payments to Auditors (including legal & Professional charges)		
a) Audit Fees		
- Statutory Audit Fees	0.11	0.11
- Tax Audit Fees	0.02	0.02
b) For Re-imburement of expenses & GST	0.02	0.02
Expenses towards CSR- (Corporate Social Responsibilities)	-	-
Less:-Other Expenses charged to capital works (Credit Account)	(21.65)	(8.25)
<b>Sub total -1</b>	<b>198.43</b>	<b>214.96</b>
Small & Low value items Written off	0.03	0.16
Asset decommissioning cost	0.07	(0.11)
<b>Sub total -2</b>	<b>0.10</b>	<b>0.04</b>
Bank charges	11.63	12.75
Interest to Consumers	244.40	245.24
Stamp duty	0.80	1.05
<b>Sub total -3</b>	<b>256.83</b>	<b>259.04</b>
Provision Against ex-employee recoverable	103.80	
Material cost variance	9.70	(1.82)
Miscellaneous losses and Write offs including provisions	2.29	10.90
Bad Debts written off	0.63	0.22
Loss of materials by pilferage, etc.,	-	0.00
Provision for Loss on obsolescence of stores, etc in stock	-	-
<b>Sub total -4</b>	<b>116.43</b>	<b>9.30</b>
Interest on belated payment for power Purchase	-	-
Interest on belated payment for electricity tax	41.47	
<b>Sub total -5</b>	<b>41.47</b>	
<b>Total (Sub total 1+2+3+4+5)</b>	<b>613.26</b>	<b>483.34</b>

**Note 2.36 : Exceptional Item**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Losses/gain relating to Fixed Assets	4.38	6.91
Impairment of Assets	-	-
Provision for Bad & doubtful debts	(6.55)	(61.69)
	(49.38)	
<b>TOTAL</b>	<b>(51.55)</b>	<b>(54.77)</b>

**Note 2.37 : Net Movement in Regulatory deferral account balances related to profit or loss**

(Amount in Crs.)

Particulars	For the year ended on 31st March 2017 (Ind AS)	For the year ended on 31st March 2016 (Ind AS)
Regulatory deferral account	230.32	541.97
<b>TOTAL</b>	<b>230.32</b>	<b>541.97</b>

## General Notes to Consolidated Financial Statement

### 1. Share Capital

- 1.1 Government of Karnataka has disbursed Rs.546.92 crores since the incorporation of the company. Details are furnished below which was held as Share Deposit till the time it was converted to Share capital: **(Refer Statement of Change in Equity "A")**

Year	Amount (in crore)	Reference
2002-03	205.95	Equity transferred through Opening Balance sheet vide G.O. DE 14 PSR 2002 dtd 31.05.2002
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 Dated31/03/2010
2010-11	25.00	GO EN 13 PSR 2010 Dated22/12/2010
2010-11	63.46	GO EN 13 PSR 2010 Dated30/03/2011
2011-12	22.50	GO EN 20 PSR 2011 Dated21/09/2011 (P3 Part I)
2011-12	20.00	GO EN 20 PSR 2011 Dated21/09/2011(P3 Part II)
<b>Total</b>	<b>546.92</b>	

### 2. Share Deposit

- 2.1 Government of Karnataka has disbursed certain amounts 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 as on FY 16-17 is as under: **(Refer Statement of Change in Equity "B")**

2012-13	37.50	GO EN 30 PSR 2012 Dated 16/07/2012
	20.00	GO EN 22 PSR 2012 Dated 29/01/2013
2013-14	40.00	GO EN 17 PSR 2012 Dated 30/03/2013
2013-14	21.58	GO EN 10 PSR 2013 Dated 06/09/2013
2014-15	14.00	GO EN PSR 2013 Dated 23/09/2013
2014-15	10.00	GO EN 56 PSR 2014 Dated 27.12.2014
	8.00	GO EN 56 PSR 2014 Dated 07.03.2015
2015-16	94.82	Released in various G.O. FY2015-16
2016-17	218.68	Released in various G.O. FY2016-17
<b>Total</b>	<b>464.58</b>	

- 2.2 The paid up share capital together with share deposit mentioned in 1.2 above amounts to Rs.1011.49 crores was against the authorized capital of Rs.1000 crores. This will be regularized at the time of completion of share issue procedures.

### 3. Loans

- 3.1 Secured loans obtained from REC – APDRP received in the earlier years by KPTCL have been allocated by them to BESCOM. The said loan is not availed in the name of the company, instead loan availed by KPTCL from REC have been transferred to BESCOM and are reflected in the books of the company. The interest rates on such loans are also accounted based on intimation by KPTCL. Loans availed from the Company is maintained distinctively and shown separately under **Note 2.17 item no.1. under Term loan from others.**
- 3.2 Japan International Co-operative Agency (JICA) is funding for Bangalore distribution automation system. Loan is accounted as per JICA disbursement schedule in accordance with MOU made among GOI, GOK, BESCOM and JICA. Repayment of Principal and Interest is carried by GOI to JICA as per the agreement executed by GOI with JICA. BESCOM shall re-imburse the loan to GOK in accordance with agreement executed by BESCOM with GOK and in turn GOK will repay to GOI as per agreement between GOK & GOI. **(Refer Note 2.17 item no.6 under Loan from government)**
- 3.3 Exchange fluctuation rates are recognized in the books for the quantum of Loan received during the year only not for the entire outstanding balance.

### 4. Property, Plant & Equipment: (Refer Note 2.3)

- 4.1 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.
- 4.2 The company has considered the period of fixed assets utilized by KPTCL for computing the remaining useful life of the fixed assets transferred from KPTCL.
- 4.3 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.
- 4.4 The Company is still 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 transferred from Govt/ KPTCL.
- 4.5 The assets those have been recorded as assigned specifically by KPTCL by transfer order, certain Lands and buildings are notified but 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.
- 4.6 During the year an amount of Rs.126,25,97,556/- representing the amount of depreciation computed on the cost of assets funded through contribution/ from Consumers is adjusted from grants shown under Deferred Income Note.no.2.20
- 4.7 Depreciation is provided on straight line method on the gross carrying amount.
- 4.8 Fixed Assets are hypothecated to various financial institution as mentioned in **Note.no. 2.17**
- 4.9 Contractual commitment for the acquisition of PPE is not quantifiable.

## 4.10 Depreciation rate as per CERC notification as below:

<b>As per CERC</b> (Notification No. L-7/145/160/2008-CERC Dated 19/01/2009)	
Land	NIL
Buildings	
a) Hydro Electric/ Stream Electric/Diesel /Dams/Cooling towers.	5.28
b) Offices & Show Rooms	3.34
Civil Works (Pipeline, Sewage, Drainage, Water supply)	3.34
Other Civil Works	5.28
Plant & Machinery	
a) Transformers of 100 KVA above & Below	5.28
b) Communication Equipment\	6.33
c) Computers	15
Lines Cable Networks	5.28
Vehicles	9.5
Furniture & Fixtures	6.33
Office Equipment	6.33

## 4.11 Land held under lease (Refer.no. 2.3)

<b>Accounting units</b>	Amount in Rs.
West Circle	404911.00
Indiranagar Division, Bangalore	326530.00
Vidhana soudha Division, Bangalore	71960.00
Ramanagara Division, Bangalore	1438557.00
Malleswara Division, Bangalore	17140030.00
Shivajinagar	250663.00
Koramangala	922106.00
<b>Total</b>	<b>20554757.00</b>

## 5. Sundry Debtors: (Refer.no. 2.10)

5.1 The break-up of the provision for bad and doubtful debts as against the total receivables as on 31-03-2017 is as under:

Rs. in Crore

Sl. No.	Particulars	2016-17	Particulars	2015-16
1	Provision against permanently disconnected installations	161.11	Provision against permanently disconnected installations	110.22
2	(a) On account of 4% provisioning as per Accounting Policy – LT category and others.	38.84	(a) On account of 4% provisioning as per Accounting Policy – LT category and others.	96.30
3	(b) Provision on account of identified HT -consumers.- Long disconnected installations (Konark Power Project Ltd-I PP)	2.15	(b) Provision on account of identified HT -consumers.- Long disconnected installations	
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>1155.66</b>	<b>Total</b>	<b>1180.08</b>

## 6 Inventories, Stores and Spares (Refer Note no. 2.9)

6.1 Net differences between the purchase rates and standard rates of materials debited or credited to material cost variance account to Statement of Profit and Loss at the end of the year as Rs.9,70,49,648 (Previous year Credit Rs. 1,82,17,501). This amount comprises both the nature of expenses, as such the expenses towards Capital or Revenue is not ascertainable.

6.2 The Company has accounted separately excesses/shortages found on physical verification of inventories which is pending final investigation and adjustments current year Rs. 2,25,08,688 (Previous year Rs. 40,15,763)

6.3 Fixed Assets including inventory to the extent of Rs.1,66,53,090 are hypothecated to REC APDRP as mentioned in **Note 2.17 Long term loans under REC APDRP**

## 7 Indian Accounting Standard (IND AS)-19 'Employee Benefits'

7.1 **Deputation from KPTCL** : All the employees of the Company are on deputation from KPTCL except appointments made by the BESCOM. For the purpose of terminal benefits, all the employees are members of KPTCL and ESCOM's Pension & Gratuity Trusts.

7.2 **Defined Benefit Plan:- Gratuity**: All employees of BESCOM are covered under KPTCL & ESCOMs' Pension and Gratuity Trust rules by investing the gratuity funds with identified fund manager and contributions in respect of such scheme are recognized as part of employee cost. The liability as at the Balance Sheet date is provided for based on the actuarial valuation carried out by an independent actuary as per Order No. KPTCL & ESCOMs P&G TRUSTS/KCO123/P7/2015-16/CYS58 dated 28th FEB-2016. The rate of contribution is 33.02% of basic and D.A. in the case of pension and 6.06% of basic in the case of Gratuity with effect from 01/04/2014 and onwards.

- 7.3 Other Long Term Employee Benefits:** Leave Encashment: Provision for Leave Encashment is been made on the basis of average expenditure of 4yrs and it is amounting to Rs.20.51 crs for FY2016-17 and Previous year Rs. 20.77 crs (Refer Note.no.2.32)
- 7.4 Description of Risk Exposures:** Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risk as follows
- 7.5 Salary Increases :** Actual Salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability
- 7.6 Investment Risk-** If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability
- 7.7 Discount Rate-** Reduction in discount rate in subsequent valuations can increase the plan's liability
- 7.8 Mortality & Disability-** Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities
- 7.9 Withdrawals-** Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.
- 7.10 Financial & Demographic Assumptions** The Financial & Demographic assumption on annual basis used for valuation as at the valuation date are not available for want of actuarial valuation report for the year 2016-17 thereby the present value of defined benefit obligation as at the date is not available.
- 7.11 No actuarial valuation has been made in respect of any employee benefits for the financial year 2016-17
- 7.12 The amounts provided in respect of Pension, Gratuity and leave encashment have not been fully funded during the year.

## 8 Contingent Liability/Asset

- 8.1 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.
- 8.2 Income tax demand disputed in appeals is Rs.310.62 Crs is shown as under: (Previous year Rs.304.45 Crs.)

Sl No	Pending Before	Period	Amount (In Crs.)
1	Hon'ble Supreme Court (SLP filed) – (Civil) (CC) No 17862 of 2014 and 31797/2014	AY 2003-04	0.24
2	Tribunal order issued in favor of IT Department. The company has filed a Writ Petition in the Hon'ble High Court of Karnataka against the Tribunal Order	AY 2005-06	61.07
3	DCIT, Bangalore. In relation to IT & FBT	AY 2006-07	0.07
4	DCIT, Bangalore. In relation to Normal assessment	AY 2008-09	0.53
5	DCIT, Bangalore. In relation TDS on interest payment to REC	AY 2009-10	0.49

Sl No	Pending Before	Period	Amount (In Crs.)
6	DCIT, Appeals(I), Bangalore in relation to Normal IT assessment	AY 2010-11	17.21
7	CIT, Appeals(I), Bangalore In relation TDS on interest payment to REC	AY 2010-11	0.30
8	DCIT, Appeals(I), Bangalore in relation to Normal IT assessment	AY 2011-12	0.37
9	DCIT, Appeals(I), Bangalore in relation to Normal IT assessment	AY 2012-13	25.54
10	Tribunal order issued in favor of IT Department. The company has filed a Writ Petition in the Hon'ble High Court of Karnataka against the Tribunal Order in relation to TDS on Transmission Charges and SLDC charges	AY 2004-05 to AY 2008-09	195.78
11	CIT (Appeals 13), Bangalore. In relation TDS on payment of Earned Leave encashment to retired employees in excess of Rs.3 lakhs	AY2008-09 to AY2016-17	2.85
12	Short payment towards TDS defaults claimed – Traces (Form 26AS)		6.17
<b>Total</b>			<b>310.62</b>

- 8.3 CERC vide order dated 24.03.2017 in Petition No. 7/GT/2016 had approved the tariff for the period 2010-11(from November-2010) to 2013-14 in the truing Petition filed by UPCL. PCKL/ ESCOMs have challenged the truing up order before CERC through Review Petition, APTEL and Supreme Court. Based on CERC order dated 24.03.2017, BESCOM had withdrawn a sum of Rs 103.41 Crore provisionally and accounted for 2016-17.
- 8.4 UPCL has not raised interest claim and orders of CERC is pending before CERC under review/APTEL/Supreme Court. Hence, interest is not quantified. As the parameters of tariff approved by CERC on 10.07.2015 is under dispute before CERC and Hon'ble Supreme Court, the accounting of the difference amount payable or receivable on account of tariff revisions cannot be quantifiable.
- 8.5 KPCL had claimed Rs. 971.44 Crore towards interest claim. As BESCOM has to receive Rs. 1900 Crore from other ESCOMs towards energy balancing and other dues and not claimed interest on other ESCOMs, BESCOM has requested Government to waive off the interest of KPCL. Hence it is not provisioned in the accounts for 2016-17.
- 8.6 Letter of Credits given in favor of power generators during FY-2017 is Rs. 556 Crores (previous year Rs.546.63 Crore) to avail eligible rebate as per PPA/Regulations.
- 8.7 The tariff of KPCL's thermal stations RTPS 1 to 7, RTPS 1 x 250 Mw and BTPS unit 1 & 2 is comprising of fixed cost and variable cost. The variable cost is paid as per formula in the



Power Purchase Agreements duly arriving the weighted average rate of various grade of coal. While calculating the weighted average rate of coal, the moisture content is to be admitted as agreed in Power Purchase Agreements and Fuel supply Agreements between KPCL and coal supplier, normally at a ceiling limit of 12%, 15% etc. If the moisture content, beyond the ceiling limit, the quantity of coal and base price of coal are to be proportionately reduced. But, KPCL is being reducing only the quantity of coal but not base price. Hence, BESCOM is reducing the moisture correction in both quantity and base price. The difference in amount claimed by KPCL and amount admitted in BESCOM on account of moisture correction is not accounted in Books of BESCOM.

- 8.8 BESCOM was having a short term contract for procurement of 75 MW – 110 MW power at Rs. 4.85 per unit through 220 KV Chikkodi – Kholapur line initially for the period July-2014 to December-2014 with M/s. Global Energy Pvt Ltd. Later the quantity had enhanced/reduced through Supplemental Power Purchase Agreements (SPPA) for the period up to August-2016. As per the contract, the payments were made for scheduled energy certified by SLDC. The difference between scheduled energy and actual energy is to be settled through “Final Balancing Settlement Mechanism (FBSM) of Maharashtra” as per PCKL’s letter dated 19.11.2014. The applicability of (FBSM) to M/s. Global Energy Pvt. Ltd. is under dispute in the Appeals filed by PCKL before Appellate Tribunal for Electricity and Petition filed by BESCOM before KERC. As such the amount for over drawal of 47 MU and under drawal of 141 MU is not quantified and made provision in Books of Accounts of BESCOM.
- 8.9 Transmission Charges payable to KPTCL for FY-2006-07 has been recognized at 19.42 paisa per KWH, KPTCL had initially claimed transmission charges at 26.23 paisa per KWH and the company had also paid the transmission charges at 26.23 paisa. However, KERC has disallowed 26.23 paise and directed to restrict at 19.42 paise towards transmission charges. KPTCL had got favorable orders in Appeal filed before APTEL. KERC had challenged this before Hon’ble Supreme Court. The matter is pending before the Hon’ble Supreme Court in an appeal filed by KERC against the order of APTEL, New Delhi. Currently, the company has accounted such excess sum paid to KPTCL of Rs.125 crores as receivables from KPTCL.
- 8.10 Interest is not charged against inter ESCOM receivable outstanding balance of Rs. 1900 Crores (previous FY Rs. 2168 Crore).
- 8.11 Rs.35.14 crore of capital cost towards excess revenue earned over and above the fuel cost for sale of infirm power from UPCL is not created as a liability in the back ground of restriction of accounting of infirm power beyond six month as per commission direction. Also a review petition and Appeal before CERC and APTEL against Truing up order in 7/GT/2016 on behalf of all ESCOMs is filed.
- 8.12 Vigilance cases are pending in respect of customers installations in various forums and the amount is not ascertainable at this stage.
- 8.13 Interest liability on borrowing on RAPDRP Part A and B to the extent of Rs. 108.39 Crs. is not provided for the reasons that both are convertible to Grant (both Principal and interest) and extension is awarded.

8.14 The Details of Zone-wise Consumer appeal cases pending as at 31-3-2017 are as follows:

Name of the Office	Current year		Previous year	
	No. of Appeal cases pending as on 31-03-2017	Amount involved (Rs. in Lakhs)	No. of Appeal cases pending as on 31-03-2016	Amount involved (Rs. in Lakhs)
<b>BMAZ</b>	307	3293.54	225	1022.04
<b>BRAZ</b>	35	48	35	84.34
<b>CZ</b>	22	20.92	26	24.96
<b>Corp. office</b>	244	1250.75	-	-
<b>Total</b>	<b>608</b>	<b>4613.21</b>	<b>286</b>	<b>1131.34</b>

#### 9 Inter Unit Accounts (IUA) (Refer Note.no – 2.27)

Inter unit accounts are subject to reconciliation/adjustments to the extent of Rs.49.51crs (Credit), (Previous year Rs. 17.69 crore (Credit). The exact impact distinctively on the Statement of Profit and Loss and Balance Sheet is not readily ascertainable.

#### 10. Rebate: (Refer Note.no – 2.29)

Rebate for having collected electricity tax from consumers amounting to Rs.3.66 crore (previous year Rs. 3.04 crore) at 0.5% with effect from 01.01.2010 as per G.O No. EN06PSR 2009 dated 22.02.2010 has been accounted in Other Non-operating Income, which is to be received from Government of Karnataka.

#### 11 Managerial Remuneration (Refer Note.no.2.32)

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

Expenses	For the year 2016-17			For the year 2015-16		
	Managing Managing (Rs.)	Director (Tech)	Director (Finance)	Managing Managing (Rs.)	Director (Tech)	Director (Finance)
Salaries and allowances	1481590	1695042	1680210	1606542	1819689	1208464
Ex-Gratia	10500	10500	10500	3500	3500	3500
Others (House Orderly Allowances)	384807	276144	280005	281615	281615	281615
Medical & Other Allowances	360262	140431	313725	449101	262735	11738
<b>TOTAL</b>	<b>2237159</b>	<b>2122117</b>	<b>2284440</b>	<b>2340758</b>	<b>2367539</b>	<b>1505317</b>

## 12 Related Party Transactions

Disclosure on Related party transaction is limited to transactions occurred among ESCOMs, PCKL, KPTCL & KPCL as they are also owned by GoK and having significant bearing on BESCOM. Company cannot ascertain or assess the quantum of transactions for any other GoK owned establishment.

**Related party transaction pertaining to PCKL, KPTCL, KPCL and ESCOMS is disclosed as under :**

### Payments to Key Management Personnel

Amount in Rs.

Sl. No.	Particulars	2016-17	2015-16
1	Salaries & Allowances	4,856,842	4,634,695
2	Other Benefits	1,786,874	1,578,919
<b>Total</b>		<b>6,643,716</b>	<b>6,213,614</b>

### 12.1 Balances with related Parties (Refer Note .no.2.10 & 2.23)

Amount in Crs.

Sl. No.	Name of the Related Party	Nature of Payment	FY2016-17	FY2015-16
1	KPTCL	Transmission charges & others	190.01	190.00
2	HESCOM	Energy balancing & Others	947.22	1120.67
3	GESCOM	Energy balancing & Others	644.95	566.63
4	MESCOM	Energy balancing & Others	237.05	157.44
5	CESCO	Energy balancing & Others	105.16	128.13
6	KPCL	Power purchase & Others	2382.98	1453.51

## 13 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.

## 14 Deferred Tax

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

- 15 The revenue from retail consumers are recognized based on KERC Tariff order 2017 dated 1.04.2016.

**16 True-up Tariff Subsidy/Regulatory Asset (Refer Note 15)**

A sum of Rs.772.30 Crs (Prior period Rs.541.97 crs.) is accounted as “Regulatory Assets” being the deferred expenses expected to be flow to the company subsequently on determination of tariff by Hon’ble KERC during Annual Performance Review and Annual revenue requirement are recognized as Revenue on accrual basis in the current year (**Refer table below**)

Sl. No.	Input (In Mus)	Approved rate (In Rs)	Amount in Crs	Actual Rate (In Rs)	Amount in Crs	Regulatory Asset
1	31487.89	4.11	12941.52	4.35	13700.83	759.31
Sl. No.	Sales (In Mus)	Approved rate (In Rs)	Amount in Crs	Actual Rate (In Rs)	Amount in Crs	Regulatory Asset
2	26239.25	5.96	15638.59	6.04	15861.17	222.58
3	Net Regulatory deferral account balance available for FY2016-17					536.73
4	Gap carried forward as per Tariff order					692.42
5	<b>Total regulatory Asset to be shown in Balance sheet (3+4)</b>					<b>1229.15</b>
6	Regulatory Assets accounted as per tariff order -2016 in FY16					541.97
7	Gross Movement in Regulatory deferral account balances related to profit or loss					1771.12
8	Regulatory Assets passed in FY16 treated as recovered					-541.97
9	Movement in Regulatory deferral account to be accounted (Un controllable Power purchase (Regulatory assets) - Revenue recovered in excess (Regulatory liability)) and Gap carried over as per Tariff order 9= 7-8					1229.15
10	<b>Accounting of Regulatory deferral account balance up to the level of Return on Equity (Refer Note 2.15)</b>					<b>772.30</b>
11	Reversal of Regulatory Assets accounted in FY16					-541.97
12	<b>Net movement Regulatory deferral account balance accounted 12=( 10+11) (Refer Note 2.33)</b>					<b>230.33</b>

- 17 The company has not obtained confirmation of balances as on 31.03.2017 from other ESCOMS, KPTCL, KPCL, PCKL, sundry debtors, sundry creditors, deposits from suppliers/contractors/ government authorities, etc, advances to contractors/suppliers, deposits and advances from consumers, loans and advances to employees (past and current employees), and other receivables / payable from / to various parties and balances are subject to reconciliation/ adjustments, if any.

**18 Disclosure in respect of IND AS-17 “Leases”**

Operating lease payments are recognized as an expense in the Statement of Profit and Loss is Rs.2,02,88,537 (Previous year : Rs.2,03,32,907)

**19. Finance leases: “Nil”**

**20. Disclosure in respect of IND AS-21**

“The effects of change in Foreign Exchange rates”. The effect of Foreign Exchange fluctuation during the year is Rs.1,71,52,784.00 reduced in the Capital expenditure pertaining to BDAS.

**21. Disclosure in respect of IND AS-23 “Borrowing Cost”**

Capitalization : The amount of borrowing costs capitalised during the period Rs. 37.88 crs (Previous year Rs.133.07 crs)

**22. Disclosure in respect of IND AS - 33 : Earning per Share**

Particulars		
Numerator	As at 31.03.2017	As at 31.03.2016
Profit after tax as per Statement of Profit and Loss (Used as Numerator)	<b>84 77 18 405</b>	<b>100 13 80 184</b>
<b>Denominator</b>		
-Number of Equity Shares (Face value of Rs.10/- each)	54 69 15 100	54 69 15 100
-Number of Shares allotted during the year	-	-
-Number of Shares allotted during the year	-	-
-Weighted Average number of equity shares for calculating	-	-
<b>Basic Earnings Per Share (In Rupees)</b>	<b>1.55</b>	<b>1.83</b>
<b>Earnings per share excluding net movement of Regulatory (In Rupees)</b>	<b>(2.66)</b>	<b>(8.08)</b>
-Weighted Average number of equity shares for calculating	-	-
Diluted Earnings Per Share	-	-

**23. Operating Segment (Ind AS 108)**

- The company neither has more than one business segment nor more than one geographical segment. The Company operates within India and does not have operations in economic environments with different risks and returns. Hence, it is considered operating in single geographical segment.
- Information about major customers No single customer contributed 10% or more to the company's revenue for both year ended on 31-03-2017 and year ended on 31-03-2016.

**24. Accounting of Government Grants and Disclosure of Government Assistance (Ind AS 20)****Monetary Grant (Government grant/consumer contribution grant)**

Depreciation and Amortization Expense includes Rs.126.26 crs (Previous Year Rs.128.96 crs being the amount transferred from Grants-in-aid received).

**25. Non-Monetary Grant (Land)**

List of land with nominal value are given below. The reason for not measuring them at fair value was that the value of these land have been recorded as assigned specifically by KPTCL by transfer order and certain Lands are notified but title deeds relating to land (Including Lease Hold) are not available / transferred in favour of the company.

Name of the Accounting unit	Amount in Rs.
Harihara	7.00
Hiriyur	10.00
Koramangal	3.00
Hebbal	3.00
HSR Layout	6.00
<b>Total</b>	<b>29.00</b>

**26. (a) Accounting Policies, Changes in accounting estimates and errors (Prior period items – Ind AS 8)**

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 and taken under Statement of Changes in equities vide item “B” Other Equity under Retained earnings. The prior period earning for FY17 is Debit Rs.7,57,08,991/- corresponding figure for FY16 is Debit Rs.11,57,20,787/-

**2015-16**

Sl. No	PARTICULARS	AMOUNT (Rs.)
	<b>EXPENDITURE</b>	
1	Employee costs relating to previous	4413589
2	Depreciation under provided in previous period	166707948
3	Materials related expenses - previous years.	2710352
4	Other expenses relating to prior periods	8981221
5	Operating expenses of previous year	32836171
	<b>TOTAL</b>	<b>215649281</b>
	<b>INCOME</b>	
1	Other income relating to prior period	48694946
2	Excess provision for Depreciation in prior period	50601811
3	Other excess provision in prior period	631737
	<b>TOTAL</b>	<b>99928494</b>
	Excess of expense over income	<b>115720787</b>

**2016-17**

Sl. No	PARTICULARS	AMOUNT (Rs.)
	<b>EXPENDITURE</b>	
1	Employee costs relating to previous	4816548
2	Depreciation under provided in previous period	267648977
3	Interest and other finance charges relating to previous years	315568042
4	Withdrawal of (ANC) miscellaneous accounted in previous year (w.e.f. 1-4-02)	2021201
5	Other expenses relating to prior periods	62768151
6	Operating expenses of previous year	5055080
	<b>TOTAL</b>	<b>657877999</b>
	<b>INCOME</b>	
1	Other income relating to prior period	27956827
2	Excess provision for Depreciation in prior period	183508538
3	Excess/short provision for Interest & Finance charges	9744411
4	Other excess provision in prior period	360959233
	<b>TOTAL</b>	<b>582169009</b>
	Excess of Income over expense	<b>75708990</b>

Prior Period Expenses except Employee Cost and Depreciation is grouped under “Current assets ” in the restated balance sheet of earlier year with corresponding adjustments effected in the “Retained Earning” of Statement of Changes in Equity.

- (b) Figures have been rounded off to nearest crores and decimal mismatch due to rounding off figures to nearest crores between Balance sheet and statement of Profit and Loss and its corresponding notes and among sub totals with Grand totals within the notes were aroused which is negligible.

- 27 Pursuant to the observations made by Comptroller and Auditor General of India under relevant section of the Companies Act, 2013 the accounts approved by the Board of Directors in 30/10/2017 have been revised. The accounts are revised to incorporate the observations made by the Comptroller and Auditor General of India on the Financial statements and books of account of the company. The impact of the revision in the accounts to the company is stated below;

Amount in Crs.

Sl.No.	Particulars	Debit	Credit
	<b>P &amp; L Statement</b>		
1	Increase in Expenditure/ Decrease in Income (Prior period) Dr.	31.19	
2	Increase in Expenditure/ Decrease in Income	901.73	
3	Decrease in Expenditure/ Increase in Income		807.69
	<b>Total</b>	<b>932.92</b>	<b>807.69</b>
4	Net Increase in Loss	125.23	
	Balance Sheet	0.00	0.00
5	Increase in Liability	0.00	532.11
6	Decrease in Liability	52.31	0.00
7	Increase in Asset	570.99	0.00
8	Decrease in Asset	0.00	216.43
	<b>Total</b>	<b>748.54</b>	<b>748.54</b>

Sl.No.	Particulars	Amount in Crs.
1	Regulatory deferral Account balance	136.28
2	Increase in Regulatory deferral Account balance	94.05
3	Revised Regulatory deferral account balance	230.33

### 27.1 Impact on the Consolidated Financial Statement

Sl.No.	Particulars	Amount in Crs.
1	Profit of Consolidated Financial Statement	85.02
2	Net decrease in profit	0.01
3	Revised profit of Consolidated Financial Statement	85.01

### 28 Fair Value Measurement

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial as well as non assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy Based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

Level 1 : unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 : Inputs other than prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 : Unobservable inputs for the asset or liability

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

## 29 Security Deposits & Retention Money

The fair value of security deposits & retention money is not estimated as expected realization date is not available.

## 30 Financial Instruments by Category

The carrying value and fair value of financial instruments by each category as at March31,2017 are as follows:

Particulars	Amount in Crs.				
	Financial assets/liabilities at amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total carrying value	Total fair value
<b>Assets</b>					
Investment-In PCKL	10.01	-	-	10.01	10.01
Loans	494.26	-	-	494.26	494.26
Trade receivables	7,099.74	-	-	7,099.74	7,099.74
Cash and Cash equivalents	190.31	-	-	190.31	190
Others Receivables	2,200.11			2,200.11	2,200.11
<b>Liabilities</b>					
Long Term Loans	3,772.84	-	-	3,772.84	3,772.84
Short Term loans	3,781.81			3,781.81	3,781.81
Trade payables	4,953.53	-	-	4,953.53	4,953.53
Other financial liabilities	4,113.98	-	-	4,113.98	4,113.98



The carrying value and fair value of financial instruments by each category as at March 31, 2016 were as follows:-

Particulars	Financial assets/liabilities at amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total carrying value	Total fair value
<b>Assets</b>					
Investment-In PCKL	10.01	-	-	10.01	10.01
Loans	396.39	-	-	396.39	396.39
Trade receivables	5,659.96	-	-	5,659.96	5,659.96
Cash and Cash equivalents	143.08	-	-	143.08	143.08
Others Receivables	2,139.00			2,139.00	2,139.00
<b>Liabilities</b>					
Long Term Loans	3,142.12	-	-	3,142.12	3,142.12
Short Term loans	3,674.54	-	-	3,674.54	3,674.54
Trade payables	3,980.03	-	-	3,980.03	3,980.03
Other financial liabilities	3,639.05	-	-	3,639.05	3,639.05

The carrying value and fair value of financial instruments by each category as at March 31, 2015 were as follows:

Particulars	Financial assets/liabilities at amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total carrying value	Total fair value
<b>Assets</b>					
Investment-In PCKL	10.01	-	-	10.01	10.01
Loans	364.34	-	-	364.34	364.34
Trade receivables	5,392.22	-	-	5,392.22	5,392.22
Cash and Cash equivalents	170.16	-	-	170.16	170.16
Others Receivables	1,771.67			1,771.67	1,771.67
<b>Liabilities</b>					
Long Term Loans	2,509.43	-	-	2,509.43	2,509.43
Short Term loans	2,819.99	-	-	2,819.99	2,819.99
Trade payables	3,911.64	-	-	3,911.64	3,911.64
Other financial liabilities	3,213.93	-	-	3,213.93	3,213.93

Interest Income/(expenses) recognized on financial assets and liabilities:

Particulars	As at March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
<b>Financial assets at amortised cost</b>			
Interest income on bank deposits	Rs.6 47 63 778	Rs.8 17 10 118	Rs.10 22 87 652
Interest income on other financial assets	Rs. 8 47 698	Rs.10 82 305	Rs. 48 85 722
Interest expenses on other financial assets	Rs.244 40 31 408	Rs.245 23 91 360	Rs.210 37 60 717
<b>Financial assets at Fair Value through Profit or Loss (FVTPL)</b>	-	-	-
<b>Financial assets at Fair Value through Other Comprehensive Income(FVTOCI)</b>	-	-	-

### 31 Financial Risk Management

BESCOM, A GOK owned organisation functions under the ambit of various statutory acts and regulations. As per Electricity Act 2003, Tariff filing for each year is carried by the Company for Annual Performance Review (APR) and Revision in Annual Revenue Requirement (APR) with KERC .

Each of its activity attributable to credit risk, Liquidity risk and market risk undergoes consistent monitoring by a Regulator (KERC) annually.

Trade receivable majorly comprises sundry debtors for sale of power from various class of consumers and Receivable from other ESCOMs. Risk element involving sundry debtors is adequately covered by security deposit held against such consumers by way of collection of 2 MMD ( as per mandatory stipulation of regulatory governance) . Other major contributor of receivable is from Interescom balancing, all being sovereign government flagship organisations risk element of turning those to NPA is not foreseen.

Loans and Trade payable is adequately covered by securitisation of Assets and Receivables. Major contributor of Trade payable is for KPC against power purchase.

KERC, in the course of tariff filing, petition were called and each of the item involving.

The company has exposure to the following risk from its use of financial instrument:-

1. Credit Risk
2. Liquidity Risk
3. Market Risk

The board of director has overall responsibility for the establishment & oversight of the company's risk management framework. The Board of director has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management system are reviewed periodically to reflect changes market conditions and the company's activities. The audit committee oversees how management monitors compliances with the company's risk management policies and procedures, and reviews the risk management framework. The

audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### 31.1 Credit Risk

Credit risk is the risk of financial losses to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the company's trade receivables, employee loans and other activities that are in the nature of leases.

#### Exposure to credit risk

The gross carrying amount of financial assets, net of any impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31 2017, March 31, 2016 & March 31, 2015 was as follows:-

Amount in Crs.

As at March 31,2017		
	Gross Carrying Value	Net Value after Impairment
Trade receivables	7,099.74	7,099.74
Others Receivables	2,200.11	2,200.11
As at March 31,2016		
	Gross Carrying Value	Net Value after Impairment
Trade receivables	5,659.96	5,659.96
Others Receivables	2,139.00	2,139.00
As at March 31,2015		
	Gross Carrying Value	Net Value after Impairment
Trade receivables	5,392.22	5,392.22
Others Receivables	1,771.67	1,771.67

#### Financial assets that are past due but not impaired

Long term loan, Trade Receivables, Cash and cash equivalents and other assets are neither past due nor impaired.

### 31.2 Liquidity Risk:

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the company reputation, typically the company ensures that it has sufficient cash on demand to meet expected operational expenses, servicing of financial obligations.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

**As at March 31,2017**

Amount in Crs.

Particulars	Carrying Amount (Ind AS)	Contractual Cash flows (I GAAP)	0-12 Months	1-3 Years	More than 3 year
<b>Non derivative financial liabilities</b>					
Long Term Loans	3772.84	3772.84			3772.84
Short Term loans	3781.81	3781.81	3781.81		
Trade payables	4953.53	4953.53	4953.53		
Other financial liabilities	4,113.98	4,113.98	490.96		3623.02

**As at March 31, 2016**

Amount in Crs.

Particulars	Carrying Amount (Ind AS)	Contractual Cash flows (I GAAP)	0-12 Months	1-3 Years	More than 3 year
<b>Non derivative financial liabilities</b>					
Long Term Loans	3,142.12	3,142.12			3,142.12
Short Term loans	3,674.54	3,674.54	3,674.54		
Trade payables	3,980.03	3,980.03	3,980.03		
Other financial liabilities	3,639.05	3,639.05	336.33		3302.72

**As at March 31, 2015**

Amount in Crs.

Particulars	Carrying Amount (Ind AS)	Contractual Cash flows (I GAAP)	0-12 Months	1-3 Years	More than 3 year
<b>Non derivative financial liabilities</b>					
Long Term Loans	2,509.43	2,509.43			2,509.43
Short Term loans	2,819.99	2,819.99	2,819.99		
Trade payables	3,911.64	3,911.64	3,911.64		
Other financial liabilities	3,213.93	3,213.93	340.99		2872.94

**31.3 Market Risk:**

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. Figures have been rounded off to nearest Rupees.

- 32 BESCOM is having share of 100100 No. of Rs.1000/ face value amounting to Rs.10.01 Crs. as investment made in PCKL which amounts to 49.92% of Share investment existing in PCKL and considered as Associate to BESCOM as per Companies Act 2013.

The Financial impact of Associate PCKL is as under:

Sl.No.	Particulars	Details
i	a) Description of Associate	Power Company of Karnataka Limited, Bangalore
	b) Proportion of Ownership Interest	49.92%
	c) Proportion of Voting power	49.92%
	<b>d) Date Acquisition date</b>	<b>17.01.2012</b>
ii	a) Long term investments	10.01 crs.
	b) Share of Profits or loss of such investments	
	Up to FY14	1.22 crs.
	For FY15 to FY17	1.16 crs.
	<b>Total</b>	<b>2.38 Crs</b>

For **Vaithisvaran & Co LLP**

Chartered Accountants  
FRN 004494S/S200037

For and on behalf of the Board of Directors

**(CA S.Vaidyanathan)**  
Partner

**(K.T.Hiriyanna)**  
Company Secretary

**(Dr. Chetan R C)**  
CFO & Director (Finance)

**(P. Rajendra Cholan)**  
Managing Director