

BALANCE SHEET AS AT 31ST MARCH 2018

(₹ in Lakh)

PARTICULARS	NOTE NO	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
ASSETS				
I Non Current Assets				
(a) Property, plant and equipment	5	1,50,886.55	1,20,022.28	1,00,529.43
(b) Capital work-in-progress	6	17,705.56	14,655.74	11,814.35
(c) Intangible assets under development	7	776.36	425.41	316.99
(d) Financial assets				
(i) Investments	8	251.00	251.00	251.00
(ii) Loans	9	728.65	683.06	633.33
(iii) Other financial assets	10	12,301.74	17,149.60	9,427.60
(e) Non-current tax assets (Net)	11	2,883.36	2,864.20	2,675.63
(f) Other non-current assets	12	20,345.80	6,423.84	4,833.82
Total Non-current Assets (I)		2,05,879.02	1,62,475.13	1,30,482.15
II Current Assets				
(a) Inventories	13	3,157.45	3,772.41	5,659.88
(b) Financial assets				
(i) Trade receivables	14	39,452.68	31,604.71	53,669.86
(ii) Cash and cash equivalents	15	3,356.79	3,672.72	3,873.28
(iii) Bank Balances other than (ii) above	16	6.84	3,585.84	275.14
(iv) Loans	17	116.50	117.33	77.87
(v) Other financial assets	18	1,23,190.11	1,33,625.56	1,21,315.74
(c) Current Tax Assets (Net)	19	265.73	403.30	369.99
(d) Other current assets	20	197.44	173.72	236.60
Sub-Total (II)		1,69,743.54	1,76,955.59	1,85,478.36
Non-current Assets held for sale	21	575.37	450.80	639.61
Total Current Assets (II)		1,70,318.91	1,77,406.39	1,86,117.97
Total Assets (I+II)		3,76,197.93	3,39,881.52	3,16,600.12
III Regulatory Deferral Account Debit Balance	22	91,190.10	90,770.93	44,954.00
Total Assets & Regulatory account balance (I+II+III)		4,67,388.03	4,30,652.45	3,61,554.12
EQUITY AND LIABILITIES				
I Equity				
(a) Equity Share Capital	23	35,807.02	35,807.02	26,636.02
(b) Other Equity	24	25,164.48	12,978.73	14,832.66
Total Equity (I)		60,971.50	48,785.75	41,468.68
II LIABILITIES				
Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	25	59,895.76	46,042.64	48,353.51
(ii) Trade payables	26	60,381.36	89,098.86	84,625.34
(iii) Other financial liabilities	27	1,07,895.15	1,00,560.94	93,255.19
(b) Provisions	28	5,240.86	4,186.83	3,382.25
(c) Deferred Income	29	20,565.60	9,665.38	998.33
(d) Other non-current liabilities	30	48.49	68.59	78.70
Total Non-current Liabilities (II)		2,54,027.22	2,49,623.24	2,30,693.32
III Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	31	31,418.72	26,412.14	11,731.98
(ii) Trade payables	32	27,052.54	34,436.10	22,541.85
(iii) Other financial liabilities	33	79,207.24	59,065.54	44,089.79
(b) Other Current Liabilities	34	13,164.55	10,993.79	9,829.68
(c) Provisions	35	961.50	890.84	1,046.15
(d) Deferred Income	29	584.76	445.05	152.67
Total Current Liabilities (III)		1,52,389.31	1,32,243.46	89,392.12
Total Liabilities		4,06,416.53	3,81,866.70	3,20,085.44
TOTAL EQUITY AND LIABILITIES		4,67,388.03	4,30,652.45	3,61,554.12

Notes 1 to 49 are an integral part of the financial statements

Sd/-
(D.R. SRINIVAS)
Chief Financial Officer

Sd/-
(M.D.RAVI)
Director, MESCOM

Sd/-
(RAGHUPRAKASH. N)
Managing Director (I/C)

In terms of our Report of even date
for GOPALAIYER & SUBRMANIAN
Chartered Accountants
Firm Reg. No: 000960 S

Sd/-
CA K.R. SURESH
PARTNER
Membership No. 25453

Place : Mangaluru
Date: 18/09/2018

**STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH 2018**

(₹ in Lakh)

SL. NO.	PARTICULARS	NOTE NO.	Year ended 31st March, 2018	Year ended 31st March, 2017
I	Revenue from operations	36	3,19,034.40	2,77,978.35
II	Other Income	37	8,783.17	11,754.92
III	Total income (I + II)		3,27,817.57	2,89,733.27
IV	Expenses			
	Purchase of Power	38	2,50,801.33	2,54,382.13
	Employee Benefits Expense	39	35,567.58	26,733.70
	Finance Costs	40	8,256.05	8,856.54
	Depreciation and amortization expenses	41	9,038.78	7,989.92
	Other Expenses	42	16,583.00	16,490.23
	Total expenses (IV)		3,20,246.74	3,14,452.52
V	Profit before exceptional items and tax (III-IV)		7,570.83	(24,719.25)
VI	Exceptional items (income)/expenses (net)	43	4,847.86	19,804.00
VII	Profit/(Loss) before tax (V + VI)		2,722.97	(44,523.25)
VIII	Tax expense:			
	(1) Current tax	44	478.69	307.01
	(2) Deferred tax			
	Less: MAT credit entitlement		(478.69)	(307.01)
	Total tax expense (VIII)		-	-
IX	Profit/(Loss) for the year before movement in regulatory deferral account balance (VIII - IX)		2,722.97	(44,523.25)
X	Net Movement in Regulatory Deferral account Balance related to Profit or Loss	45	419.17	45,816.93
XI	Profit for the year and movement in regulatory deferral account balance (IX + X)		3,142.14	1,293.68
XII	Other comprehensive income			
	A (i) items that will not be reclassified to Profit & Loss		-	-
	(ii) Income tax relating to items that will not be reclassified to Profit & Loss		-	-
	B (i) Items that will be reclassified to Profit or Loss		-	-
	(ii) Income tax relating to items that will be reclassified to Profit & Loss		-	-
	Total other comprehensive income (XII)		-	-
XIII	Total comprehensive income for the year (XI+XII)		3,142.14	1,293.68
XIV	Earnings per equity share:			
	Before net movement in regulatory deferral account balance			
	(1) Basic (in ₹)		0.76	(12.30)
	(2) Diluted (in ₹)		0.65	(11.85)
	After net movement in regulatory deferral account balance			
	(1) Basic (in ₹)		0.88	0.36
	(2) Diluted (in ₹)		0.74	0.34

Notes 1 to 49 are an integral part of the financial statements

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Chief Financial Officer

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(M.D. RAVI)
Director, MESCOM

Sd/-
(RAGHUPRAKASH. N)
Managing Director (I/C)

In terms of our Report of even date
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PARTNER
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CASH FLOW STATEMENT FOR THE YEAR ENDING

(₹ in Lakh)

PARTICULARS	31st March, 2018 (Ind-AS)	31st March, 2017 (Ind-AS)
A Cash flows from operating activities		
Profit before taxation and extraordinary items	3,142.14	1,293.68
Adjustments for:		
Depreciation	9,038.78	7,989.92
Tax expense	-	-
Interest income	(25.78)	(38.26)
Dividend income	-	-
Amortization of Prepayments	21.37	7.29
Loss/profit on sale of Assets	129.29	86.83
Interest expense	8,256.05	8,856.54
Operating profit before working capital changes	20,561.85	18,196.00
Change in material cost variance (Changes in other Equity)	(69.39)	(3,147.61)
Increase/ (Decrease) in Non-current Provisions	1,054.03	804.58
(Increase)/Decrease in trade receivables	(7,847.97)	22,065.15
(Increase)/Decrease in Regulatory Deferral account Balance	(419.17)	(45,816.93)
(Increase)/Decrease in loans	0.83	(39.46)
(Increase)/Decrease in financial/other current assets	11,027.99	(11,973.24)
(Increase)/Decrease in Non-current assets held for sale	(253.86)	101.97
(Increase)/Decrease in inventories	614.96	1,887.47
Increase/(Decrease) in short term borrowings	5,006.58	14,680.17
Increase/(Decrease) in trade payables	(36,101.06)	16,367.76
Increase/(Decrease) in provisions	70.65	(155.31)
Increase/(Decrease) in financial/ other current liabilities	22,312.47	16,139.86
Cash generated from operations	15,957.90	29,110.42
Income taxes paid	478.69	307.01
Cash flow before extraordinary item	15,479.21	28,803.41
Extraordinary items (specifying nature)	-	-
Net cash from operating activities (A)	15,479.21	28,803.41
B Cash flows from investing activities		
Purchase of tangible fixed assets	(39,903.05)	(27,482.77)
(Increase)/ Decrease in Capital Work in Progress	(3,049.82)	(2,841.39)
Purchase of intangible fixed assets	(350.95)	(108.42)
(Increase)/Decrease in other non-current assets	(9,114.62)	(9,507.89)
Interest received	25.78	38.26
Net cash from investing activities (B)	(52,392.66)	(39,902.21)
C Cash flows from financing activities		
Increase/(Decrease) in Financial/ other Non-current Liabilities	7,314.11	7,295.64
(Increase)/Decrease in other long term loans	(45.59)	(49.72)
Proceeds from Share Application Money	9,113.00	9,171.00
Increase/(Decrease) in other long term borrowings	13,853.12	(2,310.87)
Deferred Income	11,039.93	8,959.43
Interest paid	(8,256.05)	(8,856.54)
Dividends paid	-	-
Dividend distribution tax	-	-
Proceeds from ESOPs	-	-
Net cash used in financing activities (C)	33,018.52	14,208.94
Net increase in cash and cash equivalents (A)+(B)+(C)	(3,894.93)	3,110.13
Cash and cash equivalents at beginning of period	7,258.56	4,148.42
Cash and cash equivalents at end of period	3,363.63	7,258.57

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity share capital

Particulars	₹ in Lakhs
Balance at April 1, 2016	26,636.02
Changes in equity share capital during the year 2016-17	9,171.00
Balance at March 31, 2017	35,807.02
Changes in equity share capital during the year 2017-18	-
Balance at March 31, 2018	35,807.02

B. Other equity

Particulars	Share Application Money Pending Allotment	Reserves and Surplus				Total
		Proposed Adj. to Net worth	Capital Reserve	Reserve for Material Cost Variance	Retained Earnings	
Balance at April 1, 2016	1,400.00	-	132.66	4,592.66	9,668.19	15,793.51
Adjustments:						
Prior period income/ (expense)	-	-	-	-	(960.85)	(960.85)
Restated balance at the beginning of the reporting period	1,400.00	-	132.66	4,592.66	8,707.34	14,832.66
Profit for the year	-	-	-	-	1,293.68	1,293.68
Transfer during the year	-	(2,896.00)	-	(251.62)	-	(3,147.62)
Remeasurement of defined benefit plans, net of income tax	-	-	-	-	-	-
Balance at March 31, 2017	1,400.00	(2,896.00)	132.66	4,341.04	10,001.02	12,978.72
Share application money received during the year	9,113.00	-	-	-	-	9,113.00
Profit for the year	-	-	-	-	3,142.14	3,142.14
Transfer during the year	-	-	-	(69.39)	-	(69.39)
Remeasurement of defined benefit plans, net of income tax	-	-	-	-	-	-
Balance at March 31, 2018	10,513.00	(2,896.00)	132.66	4,271.65	13,143.16	25,164.47

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Notes to the Financial Statements for the year ended March 31, 2018

1. Corporate Information:

Mangalore Electricity Supply Company Ltd ('MESCOM' or 'the company') is a premier power distribution Company in the state of Karnataka and wholly owned undertaking of Government of Karnataka. The Company is engaged in distribution of Power in four Revenue districts of Karnataka, viz. Dakshina Kannada, Udupi, Shivamogga and Chikmagaluru. The Company is registered under the provisions of the Companies Act, 1956. The Company is a distribution licensee under Section 14 of the Electricity Act, 2003. It is domiciled and incorporated in India having its registered office at MESCOM Bhavana, Kavour Cross Road, Bejai, Mangaluru - 575 004.

Earlier, the power sector in the state of Karnataka was serviced by Karnataka Electricity Board. In the year 1999, the State Government initiated the reforms process of the power sector to meet the needs of the burgeoning economy. As a first step, in 1999, the Karnataka Electricity Board was bifurcated into two companies, viz. Karnataka Power Transmission Corporation Limited (KPTCL) and Vishweswaraiah Vidyut Nigama Limited (VVNL). The Karnataka Electricity Regulatory Commission (KERC) was also setup in 1999. In the subsequent stage of reforms, the transmission and distribution activities carried out by KPTCL were unbundled and four power distribution companies were formed in June, 2002. MESCOM is one of the companies thus formed, with its headquarters at Mangalore. Another company i.e. Chamundeshwari Electricity Supply Corporation Limited (CESC) was carved out of MESCOM in April, 2005 to manage distribution functions.

2. Significant Accounting Policies

2.1 Statement of compliance

In accordance with the notification dated 16th February 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from 1st April 2017.

The date of transition to Ind AS is April 1, 2016.

Previous period figures in the financial statements have been restated in compliance with Ind AS.

Upto the year ended 31st March 2017, the Company had prepared its financial statements under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles ("Previous GAAP") applicable in India, the applicable accounting standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 and the provisions of the Electricity Act, 2003 to the extent applicable.

In accordance with Ind AS 101-"First Time adoption of Indian Accounting Standards", the Company has presented a reconciliation of shareholders' equity under Previous GAAP and Ind AS as at March 31, 2017 and April 1, 2016 and reconciliation of the Profit/(Loss) after tax as per Previous GAAP and Total Comprehensive Income under Ind AS for the year ended March 31, 2017.

2.2 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 requirements applicable to financial statements as set forth in the 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:

- Grants and subsidies from Government in respect of capital assets, which are accounted on actual receipt basis; and

- Interest on delayed payment to power producers, which are accounted for as and when intimated by them.
- Penalties & Damages recoveries from contractors and vendors are recognised as Income as and when recovered.

2.3 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 assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized prospectively.

Key source of judgments, assumptions and estimation uncertainty in the preparation of the financial statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of useful lives of property, plant and equipment, employee benefit obligations, provision for income tax, Regulatory Deferral Account balance and measurement of deferred tax.

2.4 Grants and subsidies

❖ Revenue Grants

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.

❖ Capital Grants & Contributions towards Capital Expenditures

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 income based on the depreciation that is charged to the class of asset for which such Grants/subsidies are received.

❖ Government Loan

All Government loans which are received at concessional rates or without rate of interest shall be classified as financial liabilities and the company shall apply the requirements of Ind AS 109 'financial instrument' and recognise the corresponding benefit of the Government loan at a below-market rate of interest as a Government grant considering MCLR rate.

2.5 Inventories

Inventories comprise of stores and spares. These are valued at lower of cost and net realizable value. Cost includes all costs of purchases, non-refundable taxes and duties and all other costs incurred for bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

2.6 Property plant and equipment

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and impairment loss, if any. Such cost comprises purchase price, non-refundable taxes and duties, borrowing costs on qualifying assets and any cost directly attributable to bring the asset into location and condition necessary for it to be capable of operating in the manner intended by the management. It does not include any estimate of the cost of dismantling and removing the item and restoring the site on which it is located. Freehold land is not depreciated. The company depreciates property, plant & equipment using straight line method and depreciation is charged at the rate approved in KERC Tariff Order 2009 dated 25th November 2009. The company does not charge depreciation as per the rates prescribed under the Schedule II of the companies Act, 2013. Depreciation on additions of assets is provided on pro-rata basis from the month immediately

following the one in which the assets become available for use. In case there is a revision in the rates prescribed and notified by the KERC, the company applies the revised rates prospectively from the date of change notified by the KERC. The residual value of all the assets is taken at 10% as per KERC guidelines as against 5% as per Companies act 2013.

Depreciation rates used are as follows:

Asset	Depreciation Rate
Buildings	3.34%
Hydraulic Works	5.28%
Other Civil Works	3.34%
Plant & Equipment	5.28%
Lines, Cable Networks	5.28%
Vehicles	9.50%
Furniture & Fixtures	6.33%
Office Equipment	6.33%
IT Equipments	15.00%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Major capital spares are capitalised as property, plant and equipment and depreciated over the shorter of its useful life and the remaining expected useful life of the asset to which it relates and written down value of the spares is charged to the statement of profit and loss as and when replaced.

Fixed Assets other than those classified as 'Furniture & Fixture' and 'Office Equipment' costing individually up to ₹ 500 are written off to Profit and Loss Account during the year.

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. Subsequent costs 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 or recognized as a separate asset as appropriate when it is probable that future economic benefits will flow to the company.

2.7 Capital Work-in-progress

Materials issued to Capital Works are valued at weighted average rate applicable to the closing stock before such issue. Contracts are capitalized on receipt of final completion report or technical commissioning reports. Employee expenses and overheads directly attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets.

2.8 Intangible Assets

Intangible assets are recorded at the consideration paid for acquisition of such assets. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives i.e. period of agreement or license term and in the absence of license (Software) the cost is amortized in 4 years period. The estimated useful life and

amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

Intangible Assets under development represent amount paid towards development of software intended for future use and will be capitalized on receipt of completion/commissioning. These are valued at cost.

2.9 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 amounts are to be recovered principally through a sale transaction and the 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. Non-current assets (or disposal groups) classified as held for sale are stated at carrying amount. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

2.10 Impairment of Assets

The Company reviews the carrying amounts of its intangible assets and Property, plant and equipment (including Capital Works in Progress) of a "Cash Generating Unit" (CGU) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is only reversed to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had previously been recognised.

2.11 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 cost of the respective assets. All other borrowing costs are expensed in the period in which they occur.

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

2.12 Revenue recognition

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 revenue net of electricity taxes in its statement of profit and loss.

Revenue for the year is adjusted by estimating un-billed revenue demand appropriately.

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 pump sets of below 10HP Per HP consumption on each Agri feeder is arrived on deducting 7.5% 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.

2.13 Regulatory Asset/Liability

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, Karnataka Electricity Regulatory Commission (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 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 such extent that, the profit for the year does not exceed the Return on Equity determined by KERC in tariff proposal filed in the previous year.

2.14 Other Income

- a) Income from services rendered is accounted based on the agreements/arrangements with the parties concerned.
- b) Interest income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable. Revenue from sale of scrap is recognised when risks and rewards are passed to customers.
- c) Penalties & Damages recoveries from contractors and vendors are recognised as Income as and when recovered.

2.15 Impairment of Trade Receivables

For trade receivables, the company applies the simplified approach permitted by Ind AS 109 "Financial Instruments", which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company has used a practically expedient method as permitted under Ind AS 109. This expected credit loss allowance is computed based on a general provision for doubtful debts of 4% of the outstanding trade receivables as at the end of the reporting period. In the case of HT installations, case-to-case review will be made and if the doubtful amount exceeds the provision at 4%, the amount of such excess will be additionally provided.

2.16 Employee Benefits:

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- In case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits:

Long term employee benefits comprising of earned leave scheme and family benefit fund are recognized based on the present value of defined benefit obligation and computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period and same is recognised in Profit and Loss statement.

Post employment benefits:

Defined contribution plans

Employee benefit under defined contribution plans comprising of pension fund and gratuity fund for employees enrolled on or after 01.04.2006 are recognized based on the amount of obligation of the Company to contribute to the plan (which is 10% of the Basic Pay + Dearness Pay + Dearness Allowance with matching contribution of employees). The same is paid to KPTCL/ESCOMs Pension & Gratuity Trust and expensed during the year through Profit & Loss Statement.

In respect of employees who have joined MESCO before 1.4.2006, provision for contribution to KPTCL/ESCOMs Pension & Gratuity Trust is made on the formula evolved by the Trust based on the actuarial valuation undertaken by KPTCL/ESCOMs' Pension & Gratuity Trust. Any revision in contribution rates due to actuarial valuation by the Trust is accounted in the year of intimation by the Trust to the company.

As the company contribution is collected and administered by the trust and contribution paid on a pay as you go basis, the same has been treated as a Defined Contribution Plan in accordance with Ind AS 19.

2.17 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the company has a present obligation as a result of a 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Contingent assets are disclosed in the financial statements by way of notes to accounts when inflow of economic benefits is probable.

Contingent liabilities are disclosed in the financial statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote based on judgement of management and reviewed as at the end of reporting date and adjusted to reflect current estimate of the management.

2.18 Taxes on Income

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred Tax Asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount is reviewed as at end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. No Deferred Tax Asset/Liability is created for temporary timing differences when the income is exempt from tax if the timing difference is expected to be set off within the tax holiday/exempt period.

Current and deferred tax are recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Minimum Alternative Tax (MAT) is recognised to the extent payable as current tax and simultaneously credit is taken in the Statement of Profit & Loss to the extent it can be measured and is likely to give future benefits in the form of set off against future income tax liability.

2.19 Statement of Cash Flows

Cash flows 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 or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

2.20 Financial Instruments

Non Derivative Financial Instruments are classified as:-

Financial assets measured at:

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

Financial liabilities 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/minus 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 & 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:

❖ **Financial assets/ Financial liabilities carried at amortized cost**

Financial assets 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.

❖ **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.

❖ Financial assets/Financial liabilities at fair value through profit or loss

❖ A financial asset or financial liability which is not classified in any of the above categories is subsequently fair valued through profit & 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 recognition of a new liability and the difference in the respective carrying amounts is recognized in the income statement

2.21 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the 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. 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.

Leasehold lands where the ownership of the land will not be transferred to Company at the end of lease period are classified as operating leases. Upfront operating lease payments are recognized as prepayments and amortised on a straight-line basis over the term of the lease.

Leasehold lands are considered as finance lease where ownership will be transferred to the Company as at the end of lease period. Such leasehold lands are presented under property, plant and equipment and not depreciated.

2.22 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 MESCOM by the Government of Karnataka. The Company recognizes the quantum of power exported at the generating plant as per allocation given by GoK 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 MESCOM as per Government of Karnataka order dated 24.03.2010.

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

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

Any change in purchase cost due to revision of tariff will be treated as cost of the year in which it is revised.

2.23 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.

2.24 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 is 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 including adjustments for Share Application Money.

2.25 Prior Period Items:

Material prior period errors are corrected retrospectively in the first set of financial statements approved for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

3 First-time adoption - mandatory exceptions and optional exemptions

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below:

❖ Deemed cost for property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4. Application of new and revised Indian Accounting Standards

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are approved have been considered in preparing these financial statements.

Recent accounting pronouncements

(i) New Indian Accounting Standard (Ind AS) issued but not yet effective

Ind AS 115 'Revenue from Contracts with Customers' was notified on 28th March 2018. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognised when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company is evaluating the requirements of the amendment and its effect on the financial statements.

(ii) Amendments to Indian Accounting Standards (Ind AS) issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of approval of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standards:

❖ Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary differences. Further, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1st April 2018. The Company is evaluating the requirements of the amendment and its effect on the financial statements

Amendments to Ind AS 40 - Transfer of Investment Property

- ❖ The amendments clarify when an entity should transfer property including property under construction or development to or from investment property. The amendments state that a change in use occurs when the property meets or ceases to meet the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1st April 2018. The Company is evaluating the requirements of the amendment and its effect on the financial statements.

Note 5.1 - Tangible Assets

A. Property, plant and equipment for FY 2016-17

(₹ in Lakh)

Particulars	A/c Code	Original Cost				A/c code	Depreciation				Net Block Value		
		As at 01.04.2016	Additions during the Year	Deductions/Retirements during the Year	As at 31.03.2017		As at 01.04.2016	For the Year	Deductions/Adjustments during the Year	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	
Tangible Assets													
Land: Free hold	10.101	658.01	-48.75	-	609.26	12.1	-	-	-	-	-	658.01	609.26
Buildings	10.2	3563.04	2409.79	4.44	5968.39	12.2	914.13	154.99	1.18	1067.94	2648.92	4900.46	4900.46
Hydraulic Works	10.3	252.71	20.06	-	272.77	12.3	100.14	13.59	-	113.73	152.57	159.04	159.04
Other Civil Works	10.4	71.70	-	-	71.70	12.4	13.68	2.53	-	16.21	58.02	55.49	55.49
Plant & Equipments, Lines, Cable Networks	10.5, 10.6	151136.04	27646.78	4921.53	173861.29	12.5, 12.6	55741.05	7733.41	1576.88	61897.58	95394.99	111963.71	111963.71
Vehicles	10.7	462.88	32.31	9.50	485.69	12.7	294.19	17.53	8.55	303.18	168.69	182.52	182.52
Furniture & fixtures	10.8	358.50	306.36	1.04	663.82	12.8	169.30	27.91	0.85	196.36	189.20	467.45	467.45
Office Equipments	10.9	85.22	148.20	0.85	232.57	12.9	50.21	7.54	0.31	57.44	35.01	175.14	175.14
Sub-Total		156588.10	30514.76	4937.37	182165.50		57282.70	7957.51	1587.77	63652.43	99305.41	118513.07	118513.07
Released Plant & Equipments, Lines, Cable Networks to be re-used	16.2	1224.02	317.60	-	1541.63		-	32.42	-	32.42	1224.02	1509.20	1509.20
Total	10+16	157812.13	30832.37	4937.37	183707.13		57282.70	7989.93	1587.77	63684.86	100529.43	120022.27	120022.27
Previous Year's Figures	10	138873.55	22761.66	5047.12	156588.10		51592.27	6370.37	1640.78	56321.85	87281.28	100266.25	100266.25

The account head 10.101 - Land free hold - includes an amount of ₹ 14.36 lakhs in respect of land purchased for Shikaripura Division from APMC, which has covenant that the land cannot be sold to any one until completion of 10 years period from the date of purchase.

Note 5.1 - Tangible Assets
B. Property, plant and equipment for FY 2017-18

(₹ in Lakh)

Particulars	A/c Code	Original Cost			A/c code	Depreciation			Net Block Value	
		As at 01.04.2017	Additions during the Year	Deductions/Retirements during the Year		As at 31.03.2018	For the Year	Deductions/Adjustments during the Year	As at 31.03.2017	As at 31.03.2018
Tangible Assets										
Land: Free hold	10.101	609.26	-7.13	-	12.1	-	-	-	609.26	602.13
Buildings	10.2	5968.39	2104.50	15.65	12.2	1067.94	232.22	6.89	4900.46	6763.98
Hydraulic Works	10.3	272.77	13.33	1.25	12.3	113.73	13.63	0.42	159.04	157.91
Other Civil Works	10.4	71.70	-	-	12.4	16.21	2.53	-	55.49	52.96
Plant & Equipments, Lines, Cable Networks	10.5, 10.6	173861.29	40789.36	4790.08	12.5, 12.6	61897.58	8708.27	1226.13	111963.71	140480.86
Vehicles	10.7	485.69	208.65	15.78	12.7	303.18	24.63	14.20	182.51	364.96
Furniture & fixtures	10.8	663.82	138.48	0.15	12.8	196.36	40.14	0.11	467.45	565.76
Office Equipments	10.9	232.57	97.53	0.63	12.9	57.44	12.99	0.27	175.14	259.32
Sub-Total		182165.50	43344.72	4823.52		63652.43	9034.42	1248.03	118513.07	149247.88
Released Plant & Equipments, Lines, Cable Networks to be re-used	16.2	1541.63	133.83	-		32.42	4.36	-	1509.20	1638.68
Total	10+16	183707.13	43478.55	4823.52		63684.86	9038.77	1248.03	120022.27	150886.55
Previous Year's Figures	10	157812.13	30832.37	4937.37		57282.70	7989.93	1587.77	100529.43	120022.27

The account head 10.101 - Land free hold - includes an amount of ₹ 14.36 lakhs in respect of land purchased for Shikaripura Division from APMC, which has covenant that the land cannot be sold to any one until completion of 10 years period from the date of purchase.

Notes to the Financial Statements for the year ended March 31, 2018

Note 5.2 - Property, plant and equipment - Tangible Assets

(₹ in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
5.2.1	Freehold Land	10.101	602.13	609.26	658.01
5.2.2	Buildings	10.2	6763.98	4900.46	2648.92
5.2.3	Hydraulic Works	10.3	157.91	159.04	152.57
5.2.4	Other Civil Works	10.4	52.96	55.49	58.02
5.2.5	Plant & Equipments, Lines, Cable Networks	10.5, 10.6	140480.86	111963.71	95394.99
5.2.6	Vehicles	10.7	364.96	182.52	168.69
5.2.7	Furniture & fixtures	10.8	565.76	467.45	189.20
5.2.8	Office Equipments	10.9	259.32	175.14	35.01
	Sub-Total		149247.88	118513.07	99305.42
5.2.9	Released Plant & Equipments, Lines, Cable Networks to be re-used	16.2	1638.68	1509.20	1224.02
	Total		150886.55	120022.28	100529.43

5.2.10 Assets transferred by M/s Karnataka Power Transmission Corporation Limited (KPTCL) have been stated at the cost of transfer indicated by KPTCL in transfer document.

5.2.11 The title deeds of properties transferred from KPTCL are completely transferred in the name of Company except for Mulki Section Office land (57/1A) and Mulki 33 KV Sub-station land (59/C).

5.2.12 The Company has elected to continue with the carrying value of its Property Plant & Equipments recognised as of 1st April 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as on the transition date as per Para D7AA of Ind AS -101- First time adoption of Indian Accounting Standards.

5.2.13 Fixed assets are hypothecated to various financial institution as mentioned in Note No. 25.3

5.2.14 During the year an amount of ₹ 445.05 lakh 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. 29.

Note 6 - Capital work-in-progress

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
6.1	Capital Works in Progress	14	17462.87	14512.09	11696.98
6.2	Revenue expenses pending allocation over capital works - Interest	15.206	201.22	70.15	70.63
6.3	Preliminary expenditure on survey / feasibility studies of projects pending allocation	17.301	41.47	73.50	46.74
	Total		17705.56	14655.74	11814.35

6.4 The Company has elected to continue with the carrying value of its CWIP recognised as of 1st April 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as on the transition date as per Para D7AA of Ind AS -101- First time adoption of Indian Accounting Standards.

6.5 An amount of ₹ 291.55 Lakh towards interest on loans taken for Capital works has been Capitalised during the year.

Note 7 - Intangible assets under development

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
7.1	Software acquired/ purchased for internal use	18.101	678.55	425.41	316.99
7.2	Software acquired/ Purchased for internal use-GPS Survey, Validation, Updation & Enumeration of IP Sets	18.102	97.81	-	-
	Total		776.36	425.41	316.99

7.3 The Company has elected to continue with the carrying value of its Intangible Assets under development recognised as of 1st April 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as on the transition date as per Para D7AA of Ind AS -101- First time adoption of Indian Accounting Standards.

Note 8 - Investments

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
8.1	(Unquoted Investments fully paid up)				
8.1.1	Investment in Equity share capital of Power Company of Karnataka Limited (25,100 Equity shares of ₹ 1,000 each)	20.291	251.00	251.00	251.00
	Total		251.00	251.00	251.00

Note 9 - Loans (Non-current)

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
9.1	(Unsecured, considered good unless otherwise stated)				
9.1.1	Deposit with others	28.935	728.65	683.06	633.33
	Total		728.65	683.06	633.33

9.1.1(a) Deposit with others includes deposits with BSNL, deposits with Courts and Power generators like Coastal Tamilnadu Power Ltd., Bihar Mega Power Ltd., Deoghar Mega Power Ltd., etc.

Note 10 - Other Non-current Financial assets

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
10.1	(Unsecured, considered good unless otherwise stated)				
10.1.1	Deposit with Andhra Pradesh Power Generation Corporation Ltd	28.935	1400.00	1400.00	1400.00
10.1.2	Subsidy / Grant receivable from GoK	28.620	10901.74	15749.60	8027.60
	Total		12301.74	17149.60	9427.60

10.1.1(a) GoK in its Order No: EN 58 PSR 2013 Bangalore dated 23.09.2013 has accorded approval for Equitable Distribution of ₹ 70.00 Crs paid towards 50% of the cost of power block of Jurala Hydro Electric Project among Electricity Supply Companies. The amount was paid by PCKL to Andhra Pradesh Power Generation Corporation Ltd on behalf of ESCOMs. The share of MESCOM amounting to ₹ 14.00 Crs is accounted as Share deposit received from GoK and paid as Deposit to Andhra Pradesh Power Generation Corporation Ltd under A/c 28.935.

10.1.2 (a) The GOK vide order No. EN 34 PSR 2008 dated 19.08.2010 has ordered to refund the amount paid by the farmers during the period from 01.04.2001 to 31.03.2003 to them and the same is implemented by MESCOM. An amount of ₹ 3179.74 lakh is shown as receivable from GOK under this head. Further it also includes past subsidy of ₹ 7722.00 lakh transferred by KPTCL.

10.1.2 (b) ROR subsidy receivable from GoK pertaining to the years prior to FY 2004-05 amounting to ₹ 4847.86 lakh has been written off from the books during the year.

Note 11 - Non-current Tax Assets (Net)

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
11.1	Income Tax paid in advance (Tax Asset)	28.821	2976.92	2957.77	2769.20
11.2	Less: Provision for current tax liabilities (AY 2006-07)	46.800	93.57	93.57	93.57
	Total		2883.36	2864.20	2675.63

Note 12 - Other non-current assets

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
12.1	(Unsecured, considered good unless otherwise stated)				
12.1.1	Prepayment for Lease hold Land	10.102	228.30	187.18	126.28
12.1.2	MAT Credit Entitlement	28.802	2447.55	1968.86	1661.85
12.1.3	Amount deposited with PF Authorities	46.930	770.39	748.13	748.13

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
12.2	Capital Advances:				
12.2.1	Advances to Suppliers (Considered good & Fully Secured)	25.501	2928.00	1034.05	755.70
12.2.2	Advances to Contractors	26.6	13971.56	2485.62	1541.86
	Total		20345.80	6423.84	4833.82

12.1.2 (a) Amount deposited with PF Authorities is under protest.

12.2 (a) Advances to Suppliers and Contractors are given against the Bank guarantee for the supply of Materials/ execution of works.

Note 13 - Inventories

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
13.1	Stores & Spares				
13.1.1	Materials Stock Account	22.610	3141.43	3756.23	5642.45
13.1.2	Material imprest Account	22.641	11.90	11.90	11.90
13.1.3	Materials Account - Temporary works	22.731	4.12	4.28	5.53
	Total		3157.45	3772.41	5659.88

13.2 Method of valuation of inventory is as specified in Note No. 2.5

13.3 Inventories are hypothecated to various financial institution as mentioned in Note No. 31.2

Note 14 - Current Trade receivables

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
14.1	Sundry Debtors for sale of Power – LT, HT & Others (Excluding Un billed revenue)				
14.1.1	Secured and considered good	23.1, 23.2, 23.5, 23.7,	19974.18	23255.91	49923.95
	Un-secured and considered good	47.607, 47.609	21965.79	11634.83	7175.38
14.1.2	Sundry Debtors for Electricity Tax	23.3	3168.76	3104.99	2905.29
14.1.3	Less: Provision for withdrawal of Revenue demand	23.800	145.05	173.05	261.66
14.1.4	Less: Provision for Doubtful Dues from consumers	23.900	5511.00	6217.97	6073.10
	Net Receivables against Supply of Power		39452.68	31604.71	53669.86

14.2 The Company obtains security deposit of 2 months' average receivable from each consumer. Such receivables are considered secured.

14.3 The outstanding balance in Revenue Suspense Account representing collection from consumers pending allocation for want of details has been shown as deduction from the Sundry Debtors account since this amount is with the Company.

14.4 **Dues from Mysore paper Mills (MPM):** Trade receivables includes an amount of ₹ 13070.69 Lakhs being the amount due from M/s MPM, Bhadravathi. These dues includes principal amount of ₹ 10026.82 Lakhs and Interest to the extent of ₹ 3043.87 Lakhs outstanding as on 31.03.2018. Company has made all possible efforts for recovery of these dues. The discussion regarding settlement is still going on between MESCO, MPM and GoK. Since, MPM is a Govt. of Karnataka undertaking, expecting revenue at the worst from GoK, no additional provision is made towards bad and doubtful debts.

Note 15 - Cash and cash equivalents

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
15.1	Balances with Banks:				
15.1.1	Collecting Bank Accounts (Non-operative)	24.300	1235.38	1619.14	2062.52
15.1.2	Disbursement Bank Accounts (Operative)	24.400	1651.91	1479.75	1329.28
	Sub-Total		2887.29	3098.89	3391.80

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
15.2	Cash on hand	24.110, 24.210	354.75	66.28	96.28
15.3	Cheques on hand	24.110	85.05	481.94	311.50
15.4	Postage stamp on hand	24.120	2.50	2.79	1.84
15.5	Transit account with Head Office	24.5, 24.6	27.20	22.82	71.86
	Total		3356.79	3672.72	3873.28

Note 16 - Other Bank Balances

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
16.1	Margin Money towards L.C.	20.280	-	250.00	271.30
16.2	Restricted bank balance - Un-utilised fund of IPDS Scheme	20.280	-	955.00	-
16.3	Restricted bank balance - Un-utilised fund of DDUGJY Scheme	20.280	-	2374.00	-
16.4	Restricted bank balance - Deposit with court	20.280	3.84	3.84	3.84
16.5	Deposits with Banks towards Bank Guarantee	28.936	3.00	3.00	-
	Total		6.84	3585.84	275.14

Note 17 - Current Loans

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
	(Unsecured, considered good unless otherwise stated)				
17.1	Loans & Advances to Staff:				
17.1.1	Festival Advance	27.203	47.89	40.65	34.91
17.1.2	Medical Advance	27.204	41.85	26.47	22.68
17.1.3	Travel Advance	27.202	6.80	2.64	2.62
17.1.4	Advance to staff against expenses	27.205	19.75	47.35	8.99
17.1.5	Transformers issued to staff for repairs	27.210	0.21	0.22	8.67
	Total		116.50	117.33	77.87

Note 18 - Other Current financial assets

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
	(Unsecured, considered good unless otherwise stated)				
18.1	Receivables from KPTCL & other ESCOMs				
18.1.1	Receivable from M/s KPTCL	28.826, 28.831, 28.836, 28.841, 28.881	10170.70	10023.66	9134.96
18.1.2	Less: Payable to M/s KPTCL	42.214, 42.219, 42.224, 42.229, 46.106	4001.41	4001.41	4001.41
	Net receivable from M/s KPTCL		6169.29	6022.25	5133.55
18.1.3	Receivable from M/s HESCOM	28.829, 28.839, 28.844	27134.00	29134.00	43827.00

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
18.1.4	Less: Payable to M/s HESCOM	42.216, 42.222, 42.232	12407.13	2246.08	874.78
	Net receivable from M/s HESCOM		14726.87	26887.92	42952.22
18.1.5	Receivable from M/s GESCOM	28.840, 28.845	11894.12	15394.12	29098.12
18.1.6	Less: Payable to M/s GESCOM	42.233	9122.86	5653.59	3332.39
	Net Receivable from M/s GESCOM		2771.27	9740.53	25765.73
18.1.7	Receivable from M/s CESCO	28.850, 28.790	4328.69	2979.24	4527.84
18.1.8	Receivable from M/s CESCO - On account of asset taken over	28.851	22476.92	22476.93	22476.93
18.1.9	Less: Payable to M/s CESCO	42.790	3360.68	3359.19	3330.69
	Net receivable from M/s CESCO		23444.94	22096.98	23674.08
18.1.10	Receivable from M/s KPCL	28.865, 28.874	4.09	4.09	4.09
18.1.11	Less: Payable to M/s KPCL	42.203, 42.213	3.48	3.48	3.48
	Net receivable from M/s KPCL		0.61	0.61	0.61
18.2	Sundry Debtors for Un Billed Revenue	23.400	19860.41	16971.13	15158.22
18.3	Receivable from GoK				
18.3.1	Amount receivable from State Govt. towards free supply of power to IP Sets upto 10 HP	28.627	53835.85	28511.34	7402.29
18.3.2	Amount receivable from Panchayaths towards energisation of Rural Water Supply works	28.801	1568.04	1036.03	603.92
	Sub-Total		55403.89	29547.37	8006.22
18.4	Recoverable from Employees	28.401, 28.402, 28.409	60.07	9.96	1.04
18.5	Receivable from PCKL - Transfer of GP dues as on 31.03.2015 towards securitisation	28.919	-	21959.03	-
18.6	Amount receivable from P&G Trust	28.907	204.15	58.29	269.19
18.7	Service Tax to be recovered from Consumers/ Contractors.	28.852	200.78	-	-
18.8	Recoverable from Power Suppliers	41	15.42	21.55	14.45
18.9	Other Receivables	28	332.41	309.92	340.43
	Total		123190.11	133625.56	121315.74

Note 19 - Current Tax Assets (Net)

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
19.1	Income Tax paid in advance (Tax Asset)	28.821	265.73	403.30	369.99
19.2	Less: Provision for current tax liabilities	46.800	-	-	-
	Total		265.73	403.30	369.99

Note 20 - Other Current Assets

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
	(Unsecured, considered good unless otherwise stated)				
20.1	Prepayment for Lease hold Land	10.102	9.01	21.37	3.50
20.2	Advances to Power Company of Karnataka Ltd.	28.9	87.36	86.99	27.48
20.3	Advances paid to SLDC towards UI Charges	28.910	75.23	-	171.68

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
20.4	Inter Unit Accounts (Net)	31 to 37	-	10.57	-
20.5	Others				
20.5.1	Prepaid Expenses	28.820,	15.40	38.30	9.21
20.5.2	Stock shortage pending investigation	22.820	-	2.42	3.20
20.5.3	Advance made to M/s. KREDL towards beneficiary contribution against supply of LED Solar Lanterns	28.918	10.44	14.07	21.53
	Sub-Total		25.84	54.79	33.94
	Total		197.44	173.72	236.60

20.2 (a) The Revenue expenditure of PCKL is being met out of seed money contributions made to PCKL by the ESCOMs. The expenditure is being allocated to ESCOMs in terms of MOU entered into between PCKL & ESCOMs. The seed money contributions made by the Company are accounted under Account Code 28.913 as advance.

Note 21 - Non-current assets held for sale

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
21.1	Plant, equipment, lines & cables	16.100	575.37	450.80	639.61
	Total		575.37	450.80	639.61

21.1(a) Non-current assets held for sale consists of WDV of obsolete/scrapped plant, equipment, lines and cables etc

Note 22 -Regulatory deferral account debit balance

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
22.1	Regulatory Asset - KERC	28.922	91190.10	90770.93	44954.00
	Total		91190.10	90770.93	44954.00

Note 23 - Equity Share Capital

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
23.1	Authorised Share Capital 50,00,00,000 Equity Shares of ₹ 10/- each		50000.00	50000.00	50000.00
23.2	Issued, subscribed and fully paid up Share Capital 35,80,70,231 Equity Shares of ₹ 10/- each (as at March 31, 2016: 26,63,60,231 Equity shares of ₹ 10 each)	52.301 52.302	35807.02	35807.02	26636.02
	Total		35807.02	35807.02	26636.02

Note 23.3

Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	Number of shares in Lakh	Share Capital (in Lakh ₹)
Balance as at April 1, 2016	2663.60	26636.02
Changes during the year	917.10	9171.00
Outstanding as at March 31, 2017	3580.70	35807.02
Changes during the year	-	-
Outstanding as at March 31, 2018	3580.70	35807.02

Note 23.4 - Terms/rights attached to equity shares

- 23.4.1 The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- 23.4.2 In the event of liquidation of the Company, the distribution of remaining assets will be in proportion to the number of equity shares held by the shareholders.

23.5 Details of shareholders holding more than 5% equity shares in the Company are as under:-

Name of equity share holders	As at 31/03/2017		As on 01/04/2016	
	No. in lakhs	% holding	No. in lakhs	% holding
Governor of Karnataka	3,580.70	99.99	2,666.60	99.99

23.6 Equity shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment: Nil

Note 24 - Other equity

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
24.1	Share Application Money Pending Allotment	52.304	10513.00	1400.00	1400.00
24.2	Proposed Adj. to Net worth	52.308	-2896.00	-2896.00	-
24.3	Capital Reserve	56.200	132.66	132.66	132.66
24.4	Reserve for Material Cost Variance	56.610	4271.66	4341.04	4592.66
24.5	Retained Earnings	58.200	13143.16	10001.02	8707.34
	Total		25164.48	12978.73	14832.66

24.6 Changes in other Equity

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017
1	Share Application Money Pending Allotment			
	Balance at beginning of the year	52.304	1400.00	1400.00
	Add: Received during the the year		9113.00	-
	Balance at end of the year		10513.00	1400.00
2	Proposed Adj. to Net worth			
	Balance at beginning of the year	52.308	-2896.00	-
	Add: Additions during the the year		-	-2896.00
	Balance at end of the year		-2896.00	-2896.00
3	Capital Reserve			
	Balance at beginning of the year	56.200	132.66	132.66
	Less: Utilized during the the year		-	-
	Balance at end of the year		132.66	132.66
4	Reserve for Material Cost Variance			
	Balance at beginning of the year	56.610	4341.04	4592.66
	Less: Utilized during the the year		69.39	251.62
	Balance at end of the year		4271.65	4341.04
5	Retained Earnings			
	Balance at beginning of the year		10001.02	8707.34
	Add: Profit for the year		3142.14	1293.68
	Balance at end of the year		13143.16	10001.02
	Total		25,164.48	12,978.73

- 24.1 (a) Share application money pending allotment represents amount received from GoK towards Share Capital.
- 24.2 (a) Govt. of Karnataka vide order No. EN 67 PSR 2017 BANGALORE Dated 31.07.2017 has ordered to transfer the old balances of Subsidy and KPCL dues including principal and interest existing in the books of KPTCL as on 31.03.2016 to the ESCOMs. Further approval has also been accorded to the write back of the said interest in the books of ESCOMs and to adjust the difference in Receivables and payables resulting from the above transaction under the head " Proposed adjustment to Networth Account " in the books of ESCOMs. Accordingly the Company has accounted proposed adjustment to Net worth of ₹ 2896.00 lakh.
- 24.3 (a) Capital Reserve represents the cost of assets created by KPTCL and handed over to MESCO during transition period.
- 24.4 (a) Reserve for material cost variance represents the difference between the standard rate and purchase price of materials procured prior to 31.03.2016.

Note 25 - Borrowings

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
25.1	(Secured – at amortised cost)				
25.1.1	Term Loans:				
25.1.1.1	From Banks	53.500,	55026.79	41946.71	42594.68
25.1.1.2	From Others	53.3	3662.07	3480.03	4255.75
	Sub-Total		58688.86	45426.74	46850.43
25.2	(Unsecured – at amortised cost)				
25.2.1	Term Loans:				
25.2.1.1	From Government	53.3, 54.7	48.49	56.15	78.50
25.2.1.2	From Others	53.3, 53.9	1158.41	559.75	1424.58
	Sub-Total		1206.90	615.90	1503.08
	Total		59895.76	46042.64	48353.51

25.3 Reconciliation of loan Balances

(₹ in Lakh)

Sl. No.	Name of the Bank / Lender	Loan Drawn	Charge ID No	Term of Loan in Yrs.	Floating Rate of Interest as on 31.03.2018 (%)	Loan Balance as on 01.04.2017	Loan Drawn during 2017-18	Repayment during 2017-18	Loan Balance as on 31.03.2018	Details for Loan Installment due for 2018-19	
										No of Instalments	Amount
I	Term Loan-Secured										
A	Commercial Banks										
1	Syndicate Bank-III/Union Bank of India II Loan from Syndicate Bank is secured by a first charge (floating) on fixed assets viz., transformers, transmission lines, meters, poles, conductors, cables and computers worth ₹ 40.00 crores situated at Company jurisdiction	4000	10149317	8 (02/09 to 01/17)	8.20	606.92	-	485.81	121.11	12	121.11
2	Syndicate Bank-V/Union Bank of India IV Loan from Syndicate Bank is secured by a first charge (floating) on fixed assets viz., transformers, transmission lines, meters, poles, conductors, cables and computers worth ₹ 100.00 crores situated at Company jurisdiction	10000	10526347	8 (09/14 to 08/22)	8.20	7737.83	-	1428.49	6309.34	12	1428.53
3	Syndicate Bank-VI/Union Bank of India V Secured by Hypothecation of the whole of present and future current assets including inventories and book debts belonging to the Company situated at Corporate Office.	2600	10550297	40 Months (12/14 to 03/18)	8.20	844.69	-	779.69	65.00	1	65.00
4	Syndicate Bank-IV/Union Bank of India III Secured by a first charge on assets such as Plant & Machinery, line cable networks including poles, towers, Transformers, Meters etc, Furniture, Office equipment etc located in Dakshina Kannada, Udupi, Shimoga & Chikmagalur Districts.	10000	10281594	8 (03/11 to 02/19)	8.20	2839.08	-	1419.52	1419.56	12	1419.56
5	Corporation Bank-II Secured by Hypothecation of present and future current assets of the Company.	10000	10190264	8 (10/09 to 09/17)	8.65	930.68	-	930.68	-	-	-
6	Indian Bank/Union Bank of India VII Secured by Hypothecation of the whole of present and future current assets including inventories and book debts belonging to the Company situated at Corporate Office.	5000	10185366	9 (10/09 to 09/18)	8.20	937.46	-	625.14	312.32	2 (Qtrly)	312.32
7	State Bank of Mysore-II/Union Bank of India VIII Hypothecation of the equipments/meters/transformers/ poles/ aluminium wires/ conductors/cables/ civil works etc. purchased/acquired for the project out of the term loan granted.	10000	10369875	8 (08/12 to 07/20)	8.20	4733.60	-	1385.42	3348.18	12	1385.45

Sl. No.	Name of the Bank / Lender	Loan Drawn	Charge ID No	Term of Loan in Yrs.	Floating Rate of Interest as on 31.03.2018 (%)	Loan Balance as on 01.04.2017	Loan Drawn during 2017-18	Repayment during 2017-18	Loan Balance as on 31.03.2018	Details for Loan Installment due for 2018-19	
										No of Instalments	Amount
8	Canara Bank-I Pari passu Charge on Fixed Assets of the Company, existing and future assets to the extent of ₹ 50 crs.	5000	10448012	8 (08/13 to 07/21)	8.50	3155.50	-	714.00	2441.50	12	714.00
9	Canara Bank-II Pari passu Charge on Fixed Assets of the Company, existing and future assets to the extent of ₹50 crs.	5000	10448012	8 (08/13 to 07/21)	8.50	3453.00	-	714.00	2739.00	12	714.00
10	Syndicate Bank-VII/Union Bank of India VI Exclusive charge on fixed assets to the tune of ₹ 62.50 crores to be acquired by the Company.	5000	10593879	9 (08/15 to 07/24)	8.20	4583.30	-	625.04	3958.26	12	625.06
11	Canara Bank-III Pari passu First Charge on Fixed Assets of the Company,existing and future assets to the extent of ₹ 50 crs.	5000	10448012	8 (07/15 to 06/23)	8.50	4643.00	-	714.00	3929.00	12	714.00
12	Canara Bank-IV Pari passu First Charge on Fixed Assets of the Company,existing and future assets to the extent of ₹ 50 crs.	5000	10448012	8 (09/16 to 08/24)	8.60	3000.00	2000.00	360.00	4640.00	12	720.00
13	Union Bank of India-I Charge over Existing & Future Fixed assets of the company along with other lenders.	10000	100036293	8 (06/16 to 05/24)	8.20	8000.00	2000.00	1190.48	8809.52	12	1428.57
14	Punjab & Sind Bank - II Charge of whole of existing fixed assets & capital assets created out of TL under pari passu charge with other Lenders in MBA.	10000	100053901	8 (09/16 to 08/24)	8.65	4300.00	5700.00	833.00	9167.00	12	1428.00
15	Syndicate Bank Pari passu Charge on Fixed Assets of the Company	20000	100134522	10 (11/17 to 10/26)	8.25	-	20000.00	-	20000.00	5	1157.40
16	Syndicate Bank-II/Union Bank of India Against hypothecation of Current Assets of the Company, present and future, along with other lenders	20000	10610407	36 Months (12/15 to 11/18)	8.65	11111.08	-	6666.78	4444.30	1	4444.30
	Sub-Total	136600				60876.14	29700.00	18872.05	71704.09		16677.30

Sl. No.	Name of the Bank / Lender	Loan Drawn	Charge ID No	Term of Loan in Yrs.	Floating Rate of Interest as on 31.03.2018 (%)	Loan Balance as on 01.04.2017	Loan Drawn during 2017-18	Repayment during 2017-18	Loan Balance as on 31.03.2018	Details for Loan Installment due for 2018-19	
										No of Instalments	Amount
B	Others										
1	REC- APDRP works Works at Shimoga, Bhadravathi and Chikmagalur are secured by way of first charge by hypothecation of moveable machinery, equipments, machinery spares, tools, implements and accessories installed and equipments created under the project and procured out of loan	161	80059293	13 (06/07 to 05/20)	12.25	75.36	-	16.09	59.27	1	16.09
2	REC - General Projects at Yogga, Kukkipady and Nellyadi in Dakshina Kannada district, are secured by first charge by hypothecation of all moveable machinery, equipments, machinery spares, tools, implements and accessories installed and equipments created under the project and procured out of loan sanctioned by REC.	634.00	10033614	13 (01/07 to 12/19)	12.25	190.11	-	63.37	126.74	1	63.37
3	REC bulk Loan Transformers and Conductors utilised for System Improvement works to the extent of ₹ 89.66 Crs.	3481.26	10384994	7 (10/12 to 09/19)	11.00	2785.01	-	696.25	2088.76	2	696.25
4	PFC- R-APDRP works Loan from M/s PFC is secured by 1. moveable properties of newly financed Assets under projects installed at MESCOM project Area. 2. Existing and proposed Moveable plant and Machinery of the Company.	723.96	10184171	10 (02/09 to 01/19)	9.00	509.02	1654.00	-	2163.02	-	-
	Sub-Total	5000.22				3559.50	1654.00	775.71	4437.79		775.71
	Total Secured Loans	141600.22				64435.64	31354.00	19647.76	76141.88		17453.01
II	Term Loan-Un-Secured										
1	PMGY Loan Account	126.00	-	20 (12/04 to 11/24)	12.00	63.80	-	7.66	56.14	1	7.66
2	REC - RGGVY Works Shimoga & Chikmagalore Districts	765.32	-	-	11.50	520.21	-	74.31	445.90	1	74.31
3	REC - RGGVY Works - DK & Udupi Districts	786.82	-	-	10.75	786.82	-	-	786.82	-	-
	Sub-Total	1678.14				1370.83	-	81.97	1288.86		81.97
	TOTAL LONG TERM LOANS	143278.36				65806.47	31354.00	19729.73	77430.74		17534.98
	Term loan due for repayment in next year (shown as current Liabilities in Note 33.1)					19763.83			17534.98		
	Net long term loan (Note-25)					46042.64			59895.76		

25.4	MESCOM has completed the R-APDRP Flagship Programme of the Central Govt within the extended stipulated time period and is accordingly eligible for conversion of loan into grant as per the provisions of the scheme. Despite this the PFC LOAN Recovery wing is regularly raising the demand notice for repayment of loan with interest amounting to ₹. 951.27 Lakh, which has been suitably replied by MESCOM by stating that this Loan has to be converted as grant. The Company is confident of prevailing and persuading PFC into accepting its plea of conversion of Loan into Grant and hence no provision is made in respect of the above amount.
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Note 26 - Non-current Trade Payables

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
26.1	M/s Karnataka Power Corporation Limited	41.108	60381.36	89098.86	84625.34
	Total		60381.36	89098.86	84625.34

Note 27 - Other Non-current financial liabilities

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
27.1	Interest payable to M/s Karnataka Power Corporation Limited	46.430	43150.81	43150.81	42864.32
27.2	Security Deposits from consumers:				
27.2.1	Meter Security Deposit	47.6	2422.13	2351.72	2296.36
27.2.2	Initial/ Additional Security Deposit	48.1 to 48.2	54960.98	48557.28	44447.63
	Sub-Total		57383.11	50909.00	46743.98
27.3	Security deposits from Suppliers/ Contractors				
27.3.1	Security Deposits in cash from Suppliers / Contractors	46.101	936.99	923.89	608.51
27.3.2	Retention Money-Bill amount retained as per terms of purchase order/turnkey contract	46.104	6260.07	5446.34	2892.06
	Sub-Total		7197.06	6370.24	3500.57
27.4	Security deposit from employees	46.920	0.35	0.27	0.39
27.5	Payable to GOK	46.2, 54.700	103.10	103.10	103.10
27.6	Other Liabilities				
27.6.1	Miscellaneous deposits	46.966	60.72	27.52	42.83
	Sub-Total		60.72	27.52	42.83
	Total		107895.15	100560.94	93255.19

27.2(a) The balance of consumers security deposit held as per accounts and consumers' ledger accounts are subject to reconciliation.

Note 28 - Non-current Provisions

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
28.1	Provision for Employee Benefits:				
28.1.1	Provision for earned leave encashment	44.130	3932.23	3096.09	2193.17
28.1.2	Provision for Family Benefit Fund	44.141, 44.142, 44.143	1308.63	1090.74	1189.08
	Total		5240.86	4186.83	3382.25

Note 29 - Non-current Deferred Income

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
29.1	Consumer Contribution towards cost of Capital Asset				
	Opening Balance		5630.39	-	24465.30
	Add: Addition during the year		5291.43	5783.06	3248.14
	Less: Reversal of Depreciation		445.05	152.67	27713.44
	Closing Balance		10476.76	5630.39	-

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
29.2	Government Grant towards cost of Capital Asset				
	Opening Balance		4480.04	1151.00	24954.19
	Add: Addition during the year		6193.56	3329.04	-
	Less: Reversal of Depreciation		-	-	-23803.19
	Closing Balance		10673.60	4480.04	1151.00
	Total		21150.36	10110.43	1151.00
29.3	Current Liability		584.76	445.05	152.67
29.4	Non-Current Liability		20565.60	9665.38	998.33

Note 30 - Other non-current liabilities

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
30.1	Advances:				
30.1.1	Amount received from Govt. towards Bhagya Jyothi Works	28.816	48.49	68.59	78.70
	Total		48.49	68.59	78.70

Note 31 - Borrowings

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
31.1	Secured				
31.1.1	Bank Overdraft:				
31.1.1.1	State Bank of Mysore	50.210	-	-	5949.51
31.1.1.2	Syndicate Bank	50.220	9996.38	9924.28	-
31.1.1.3	State Bank of India	50.240	4981.50	-	-
31.1.1.4	Vijaya Bank	50.260	-	-	3852.30
31.1.1.5	Central Bank of India	50.270	-	-	1930.17
31.1.1.6	Union Bank of India	50.290	16440.84	16487.86	-
	Total		31418.72	26412.14	11731.98

31.2 Reconciliation of loan Balances

[₹ In Lakhs]

Sl. No.	Name of the Bank / Lender	OD Limit	Loan Drawn	Charge ID No	Floating Rate of Interest as on 31.03.2018 (%)	Loan Balance as on 01.04.2017	Loan Drawn during 2017-18	Repayment during 2017-18	Loan Balance as on 31.03.2018
B	Overdrafts								
1	Union Bank of India Against Hypothecation of stocks of spares, consumables and book debts/ receivables	16500.00	16500.00	10151134	8.65	16487.86	21392.39	21439.41	16440.84
2	Syndicate Bank Against Hypothecation of stocks of spares, consumables and book debts/ receivables	10000.00	10000.00	100070176	9.45	9924.28	185039.88	184967.78	9996.38
3	State Bank of India Against Hypothecation of stocks of spares, consumables and book debts/ receivables	5000.00	13500.00	100101749	8.45	-	17843.19	12861.69	4981.50
	Sub-Total	31500.00	40000.00			26412.14	224275.46	219268.88	31418.72

Note 32 - Current Trade Payables

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
32.1.1	M/s. NTPC Ltd.	41.110	3095.09	3603.45	1609.20
32.1.2	M/s. Madras Atomic Power Station	41.111	127.55	31.35	39.84
32.1.3	M/s. Neyveli Lignite Corporation Ltd.,	41.112	783.59	3519.70	989.95
32.1.4	M/s. NPCIL - Kaiga Generating Station	41.114	1453.38	415.65	539.94
32.1.5	M/s. Sandur Power Company Ltd.,	41.115	193.39	221.98	299.52
32.1.6	M/s. Sahyadri Power Company Pvt. Ltd.,	41.116	3.60	0.64	2.30
32.1.7	M/s. Master Power, A Division of Master Marine Services Pvt. Ltd.	41.118	32.02	0.04	0.07
32.1.8	M/s. Subhash Kabini Power Corporation Ltd.	41.119	-	9.75	79.22
32.1.9	M/s. Graphite India Ltd.,	41.120	2.69	-	12.72
32.1.10	M/s Maruthi Power Gen (I) (Kabini) Pvt.ltd	41.121	0.93	-	-
32.1.11	M/s. Moodabagil Power Pvt. Ltd.	41.123	4.20	1.01	6.45
32.1.12	M/s JSW PTCIL	41.125	0.52	0.52	0.52
32.1.13	M/s. Mrujara Power Plant	41.126	6.75	1.06	2.90
32.1.14	M/s. Tata Company Limited	41.131	42.64	42.64	42.64
32.1.15	M/s. UPCL	41.132	6441.89	11885.86	5804.81
32.1.16	Advance to UPCL	28.957	-1666.00	-1666.01	-1666.00
32.1.17	M/s Wind Mill Projects	41.140	489.65	457.89	369.12
32.1.18	Solar Power Projects	41.150	3137.54	1277.74	483.58
32.1.19	Solar Roof-top P.V.Generation plants	41.501	43.96	32.49	2.87
32.1.20	M/s. MPM Ltd.	41.195	-	-	19.34
32.1.21	M/s. NTPC VVNL	41.198	251.83	252.90	222.73
32.1.22	M/s. Shamili Hydel Power Project Pvt. Ltd.	41.202	37.34	47.16	63.00
32.1.23	M/s. Sagar Power (Neerukatte) Pvt. Ltd	41.205	0.35	-	-
32.1.24	M/s. AMR Power Pvt. Ltd	41.206	-	-	1364.76
32.1.25	M/s. Cogeneration Units & Non PPAs	41.208	22.49	147.48	3891.27
32.1.26	Sundry creditors towards other power purchase cost (ST & MT)	41.211	4939.56	7351.09	4118.92
32.1.27	M/s SRM Power Pvt. Ltd.	41.212	-	-	-
32.1.28	M/s. Kudankulam Nuclear Power Project	41.214	450.48	470.20	433.31
32.1.29	M/s. Vasgi Power Projects Pvt. Ltd	41.216	1.12	1.17	1.53
32.1.30	M/s. Jurala Hydro Project	41.218	141.89	94.49	410.70
32.1.31	M/s. NLC Tamilnadu power Ltd	41.219	317.30	1473.69	421.08
32.1.32	M/s Damodar Valley Corporation	41.223	1752.65	1463.59	1723.37
32.1.33	M/s. NTPC Ltd. (Bundled)	41.224	1021.36	-	-
32.1.34	M/s. Raichur Power Corporation Ltd.	41.225	2126.26	-	-
32.1.35	Amount Payable to KPTCL in respect of Wind Mill Projects	41.141	79.01	75.20	71.39
32.1.36	Transmission charges payable to M/s TNEB	41.164	1.87	2.37	2.22
32.1.37	M/s PGCIL	41.173	1715.64	3221.00	1178.58
	Total		27052.54	34436.10	22541.85

Note 33 - Other Current financial liabilities

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
33.1	Current Maturities of Long Term Debts				
33.1.1	(Secured – at amortised cost)				
33.1.1.1	From Banks	53.500	16677.30	18929.43	16691.07
33.1.1.2	From Others	53.3	775.71	775.71	158.92
33.1.2	(Unsecured – at amortised cost)				
33.1.2.1	From Government		7.66	7.66	22.36
33.1.2.2	From Others	53.3, 54.7	74.31	51.03	226.98
	Total		17534.98	19763.83	17099.33
33.2	Payable to BESCO				
33.2.1	Payable to M/s BESCO	42.215, 42.220, 42.225, 42.230	27538.24	26644.85	18576.43
33.2.2	Less: Receivable from M/s BESCO	28.827, 28.832, 28.837, 28.842	4223.52	8753.52	11394.52
	Net payable to M/s BESCO		23314.72	17891.33	7181.91
33.3	Payable to Suppliers/ contractors	42.1, 42.2, 42.4	4570.99	5159.06	3935.20
33.4	Employee related liabilities:				
33.4.1	Contribution to Pension & Gratuity Trust	44.122	2277.74	576.64	1055.56
33.4.2	Provision for company's contribution to new defined contributory pension scheme with effect from 01.04.2006	44.150	255.38	56.66	47.18
33.4.3	Salary payable	44,310, 44.311	25.60	98.19	155.41
33.4.4	Bonus/ Ex-gratia payable	44.320, 44.330	383.89	389.57	401.34
33.4.5	Unpaid Salary & Bonus	44.210, 44.220	1.16	1.17	0.29
33.4.6	Sundry creditors for travelling allowance	46.410, 46.411	138.52	181.34	92.25
33.4.7	Security deposit from employees	46.920	0.45	0.40	0.38
33.4.8	Amount received from General Insurance Company pending disbursement	44.160	-	-	4.00
	Sub-Total		3082.74	1303.97	1756.41
33.5	Payables to Consumers:				
33.5.1	Interest payable on consumers security deposits	48.340	3025.49	3184.02	3163.12
33.5.2	Interest payable on consumers Meter security deposits	48.350	218.87	239.99	267.21
33.5.3	Other Deposits from consumers	47.6, 47.701	49.28	54.71	55.71
	Sub-Total		3293.64	3478.72	3486.04
33.6	Security Deposits in cash from Suppliers / Contractors				
33.6.1	Security Deposits in cash from Suppliers / Contractors	46.101	88.11	127.83	311.78
33.6.2	Retention Money-Bill amount retained as per terms of purchase order/turnkey contract	46.104	6763.41	930.60	1064.00
	Sub-Total		6851.52	1058.43	1375.78
33.7	Liability for expenses	46.430	10944.22	3500.63	3856.30
33.8	Stale Cheques	46.910	34.69	34.57	11.15
33.9	Sundry debtors for sale of power - Credit Balances	23.100, 23.200	9259.38	6417.19	5112.53
33.10	Other Liabilities		320.37	457.81	275.14
	Total		79207.24	59065.54	44089.79

Note 34 - Other current liabilities

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
34.1	Statutory Dues		1447.24	496.68	310.48
34.2	Payable to GoK				
34.2.1	Electricity Tax payable	46.300	3682.41	3223.63	3092.71
34.2.2	Inspection charges payable to Govt.	46.440	2.55	7.97	1.95
34.2.3	Royalty payable to Govt.	46.450	0.65	0.83	0.59
34.2.4	Excise duty payable to Govt.	46.460	0.10	-	-
34.2.5	Duty and Taxes payable to Government.	46.470	-	1.79	-
	Sub-Total		3685.71	3234.22	3095.25
34.3	Consumer Deposits for Electrification/ Service Connection	47.3	5485.08	4586.33	4836.88
34.4	Advance paid to KPTCL towards transmission charges	28.911	2461.30	2501.60	1348.25
34.5	Inter Unit Accounts (Net)	31-37	4.60	-	2.63
34.6	Other Liabilities		80.62	174.96	236.19
	Total		13164.55	10993.79	9829.68

Note 35 - Current Provisions

Sl. No	Particulars	Account Code	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
35.1	Provision for Employee Benefits:				
35.1.1	Provision for earned leave encashment	44.130	877.11	683.08	1035.89
35.1.2	Provision for Family Benefit Fund	44.141, 44.142, 44.143	84.39	207.76	10.26
	Total		961.50	890.84	1046.15

Note 36 - Revenue from operations

Sl. No	Particulars	Account Code	Year ended 31.03.2018	Year ended 31.03.2017
36.1	Sale of products			
36.1.1	Revenue from Sale of Power – LT	61.1	220485.57	196335.08
36.1.2	Revenue from Sale of Power – HT	61.2	91940.42	78851.88
36.2	Fuel cost Adjustment charges - LT & HT	61.4	5721.34	1787.91
	Sub-Total		318147.33	276974.87
36.3	Less: Withdrawal of Revenue Demand	83.830, 83.831, 83.832,83.833	96.46	76.08
	Net revenue from sale of products		318050.87	276898.79
36.4	Other operating revenues:			
36.4.1	Reconnection Fees (D &R)	61.902	0.83	-
36.4.2	Service Connection charges	61.904	806.30	839.42
36.4.3	Other Receipts from consumers	61.906	175.82	162.93
36.4.4	Amount collected for green tariff	61.907	0.16	77.21
36.4.5	SRTPV Facilitation fees	61.908	0.42	-
	Sub-total		983.53	1079.56
	Net Revenue from operations		319034.40	277978.35

36.5 Total Revenue from sale of energy during 2017-18 includes ₹ 19860.41 Lakh in respect of revenue accrued but pending billing at the year end as against a sum of ₹ 16971.13 Lakh during the previous year.

36.6 During the Year the amount to be received from the GOK as subsidy towards free power supply to IP set consumers having connected load of upto and inclusive of 10 HP and free power supply to BJ/KJ consumers with consumption upto 40 units, on actual basis are ₹ 87400.59 Lakh and ₹ 2387.92 lakh respectively. As against this GoK has released an amount of ₹ 62076.08 lakh and ₹ 2387.92 lakh for IP Set and BJ/ KJ installations respectively.

Note 37 - Other Income

Sl. No	Particulars	Account Code	Year ended 31.03.2018	Year ended 31.03.2017
37.1	Interest Income			
37.1.1	Delayed payment charges from consumers	61.905	4140.75	3012.00
37.1.2	Interest received from Income Tax Department	62.920	36.14	14.51
37.1.3	Interest on Bank Fixed Deposits	62.222	94.31	70.38
37.1.4	Interest earned on un-utilized funds payable to MOP - Debit Account	62.290	-68.53	-32.11
37.1.5	Interest on Loans and Advances to Licensees	62.240	1.84	0.98
37.1.6	Interest on advance to Suppliers/ Contractors	62.260	-	3.72
37.1.7	Interest on Savings Bank Account	62.270	0.19	1.57
	Sub-total		4204.69	3071.05
37.2	Other Non-operating Income			
37.2.1	Profit on sale of stores	62.330	9.70	10.16
37.2.2	Sale of scrap	62.340	168.42	159.57
37.2.3	Other Miscellaneous receipts from Trading	62.360	2.39	1.01
37.2.4	Gain on Sale of Assets	62.400	1.54	0.02
	Sub-total		182.05	170.76
37.3	Miscellaneous Receipts			
37.3.1	Rental from Staff Quarters	62.901	116.91	124.01
37.3.2	Rental from others	62.902	4.23	4.41
37.3.3	Excess found on physical verification of Materials Stock	62.905	6.20	0.61
37.3.4	Rebate for collection of Electricity Duty	62.916	57.34	50.97
37.3.5	Miscellaneous Recoveries	62.917	1111.83	5730.35
37.3.6	Incentives received	62.918	1245.53	1609.53
37.3.7	Other income relating to purchase of power	62.919	1408.03	839.34
37.3.8	Recoveries for Theft of power	61.710	1.31	1.21
	Sub-total		3951.37	8360.43
37.4	Others			
37.4.1	Grants and Consumer contribution related to PPE apportioned for the year		445.05	152.67
	Sub-total		445.05	152.67
	Total		8783.17	11754.92

37.5 Since the arrears in respect of IP set Consumers having connected load upto 10 HP is freezed with effect from 01.08.2008, the Company has stopped charging interest on this arrears from the year 2011-12.

37.6 **Electricity Taxes:** The Electricity Tax collected from Consumers and payable to GOK during FY 2017-18 is ₹ 11853.70 lakh. Out of this, GoK has adjusted ₹11467.00 lakh to Tariff Subsidy receivable from GoK during the year.

Note 38 - Purchase of Power

Sl. No	Particulars	Account Code	Year ended 31.03.2018	Year ended 31.03.2017
38.1	Purchase of Power			
38.1.1	KPCL - Hydel	70.108	7622.56	4182.56
38.1.2	KPCL -Thermal	70.108	39473.00	67084.62
	KPCL-Total		47095.56	71267.18
38.1.3	Central Generating Stations		84793.24	68149.87
38.1.4	Mini Hydel Projects		9091.90	7818.20
38.1.5	Major IPPs		10134.78	26659.30
38.1.6	Wind Mill Projects	70.140	9374.27	10187.52
38.1.7	Solar Power Projects	70.150	10780.44	5572.64
38.1.8	Solar Roof-top P.V. Generation plants	70.501	322.64	194.85
38.1.9	Other Short Term and Medium Term purchases		24139.29	18179.97
	Sub-Total		148636.56	136762.35

Sl. No	Particulars	Account Code	Year ended 31.03.2018	Year ended 31.03.2017
38.2	Other Charges			
38.2.1	KPTCL transmission charges	70.161	21804.19	24838.12
38.2.2	SLDC Charges	70.162	186.70	157.66
38.2.3	PGCIL transmission charges	70.163	15621.87	11170.87
38.2.4	Transmission charges to M/s TNEB	70.164	3.72	4.75
38.2.5	UI Charges		480.64	1259.40
	Sub-Total		38097.12	37430.80
	Total Power purchase cost before energy balancing adjustments		233829.25	245460.33
38.3	Power Purchase cost accounted on basis of energy balancing	70.209	16972.08	8921.80
	Total		250801.33	254382.13

- 38.4 With effect from 1.4.2017, share of power project capacity allocated to MESCOM has been revised vide GOK notification No. EN 11 PSR 2017 dated 31.03.2017. Power Purchase Cost is being accounted for and paid as per the above share which is readjusted at the end of the year based upon actual drawal of energy for the year.
- 38.5 MESCOM is arranging payment to the power suppliers based on the notional share basis fixed and notified by the Govt. of Karnataka from time to time. Based on the reconciled energy balancing report furnished by SLDC upto the year 2017-18, the results have been incorporated in the books of account of MESCOM.
- 38.6.1 **M/s NLC Ltd:** M/s NLC Ltd., have filed truing up petition for the period 09-14 and tariff petition for the period 14-19 as per CERC Tariff Regulation 2009 and it continued to bill provisionally at the tariff approved by the Commission and applicable as on 31.03.2014 for the period from 01.04.2014 and on finalization of tariff by CERC, the amount under paid/paid in excess along with simple interest shall be paid to/recovered from NLC.
- 38.6.2 In the case of certain CGS Thermal stations, CERC regulations allow taking NAPAF at 83% instead of 85% in view of uncertainty of assured supply of coal on sustained basis till it is reviewed. Based on the above regulation some CGS thermal stations billings have been admitted at 83% NAPAF for computation of capacity charges. CERC is yet to review this and on finalization of the review by CERC, the amount under paid/paid in excess shall be paid to/recovered.
- 38.6.3 **M/s GMR Energy Ltd:** PCKL & ESCOMs have filed Civil Appeal No. 8439-40/2014 Vs M/s GMR Energy Ltd., & Others against APTEL order dated 23.05.2014 in Appeal No. 303/2013 & 37/2013 filed by ESCOMs and M/s GMR Energy Ltd., respectively. The issue is with respect to tariff payable for the energy supplied under Section-11 during the period Jan-09 to May-09. As per the conditional stay order dated 22.11.2015 of Hon'ble Supreme Court of India, MESCOM has discharged its share of liability (principal) of ₹ 426.00 lakhs on 22.01.2016. The case is still pending for adjudication.
- 38.6.4 **M/s J. K Cements & M/s Himatsingka Seide Ltd., :** PCKL & ESCOMs have filed Civil Appeal No. 3577-78/2015 before Hon'ble Supreme Court against APTEL order dated 12.11.2014 in RP No. 11/2014. The issue is regarding determination of tariff for the energy supplied under Section-11 during the period Apr-10 & May-10 to Jun-10. As per the interim order dated 13.05.2016 of Hon'ble Supreme Court, MESCOM has filed before Hon'ble KERC the Corporate Guarantee issued in favour of M/s J.K Cements & M/s Himatsingka Seide Ltd., to the extent of ₹ 5.69 Lakh & ₹ 18.76 Lakh respectively.
- 38.6.5 **M/s TATA Power Ltd., :** PCKL & ESCOMs have filed Civil Appeal No. 21462/2014 before the Hon'ble Supreme Court of India, on the dismissal order dated 02.05.2014 passed by Hon'ble APTEL in Appeal No. 330/2013 filed by BESCOM, MESCOM & PCKL, in respect of reimbursement claim of ₹ 1630 lakhs of MAT paid during 2006-07 to 2009-10 by M/s TATA Power Ltd. The case is pending for adjudication. This includes MESCOM's share of ₹ 300 lakhs.
- 38.6.6 **UPCL :** In respect of 1200 MW capacity project of M/s UPCL, Hon'ble CERC has determined the tariff vide order dated 10.07.2015 and it is subject to truing up in terms of Regulation 6 of the 2009 tariff regulations. The truing up Petition No. 07/GT/2016 is pending for disposal at CERC. As CERC is yet to redetermine the tariff, the same provision of ₹ 4200 lakhs for the period from 11.11.2010 to 31.01.2013 made in FY 14 is being continued. Further, the tariff invoices of UPCL are being admitted provisionally by MESCOM to avoid delay in payment. However PCKL on behalf of all ESCOMs has worked out the monthly bill amount and also dues payable to UPCL as per CERC order dated 10.07.15. PCKL is yet to decide and intimate the difference in bill amount to be booked by ESCOMs. UPCL has invoked "force majeure" clause for Bills raised during 2015-16 by taking the number of days as 342.66 which has not been considered by MESCOM. The Coal Jetty consumption is being charged at average tariff for the month and is being deducted in the monthly billing whereas UPCL is considering energy charge rate only. However the treatment of Coal Jetty consumption is under adjudication in the Court.
- 38.6.7 **KPCL Dues :** As per MESCOM books of Accounts, the outstanding dues payable to KPCL as on 31.03.2018 is ₹. 60381 lakhs. The demand and balance were reconciled upto FY 2011-12 on 27.02.2013.
- 38.6.8 In the case of Central Generating Stations, where the PAF is less than 83%, the NAPAF is considered as 83% for recovery of fixed charges in accordance with Regulation 36 of CERC Tariff Regulations 2014.

- 38.6.9 **Interest on KPCL Dues:** It was decided in the KERC meeting held on 28.05.2014 that, in respect of KPCL, arrears of both energy charges payable and the interest there on up to 31.03.14 need to be dealt with separately and resolved with the financial support of Government of Karnataka. Accordingly, MESCOM has not provided interest from Fy-16 on KPCL dues pending as on 31.03.2014 and the same was brought to the notice of GoK vide letter dated 10.06.2016. However the interest account to the extent of ₹ 42835 lakhs. Up to 31.03.2015 is now being continued.
- 38.6.10 **NTPC Simhadri STPS :** In the case of Simhadri STPS of NTPC Ltd., the tariff for FY 15 to 19 is yet to be determined by Hon'ble CERC. M/s NTPC Ltd., has provisionally continued to claim the capacity charges as per tariff determined vide order dated 02.11.2015 for FY 12 to FY 14 with correction in ROE, the impact of which will be adjusted as and when the tariff is finalized.
- 38.6.11 The Energy Balancing Dues and other dues relating to short term and medium term power transactions among ESCOMs are reconciled up to 31.03.2018 at SLDC on 29.05.2018.
- 38.6.12 GoK Vide Government order dated 16.09.2015 has invoked section-11, in which it was ordered that all generators existing and operating in Karnataka State to operate and maintain generating stations to the maximum exportable capacity in this order with provisional tariff of ₹ 5.08 per unit which is subject to determination of final tariff by KERC. KERC in the common order dated 18.08.16 has determined the tariff for the energy supplied under section 11, at ₹ 4.67 per unit. However there is a stay order for the said order of KERC.
- 38.6.13 M/s AMR was having power purchase agreement with MESCOM which was executed on 02.08.2006. The tariff fixed for the project for sale of power to MESCOM was ₹ 2.80/unit. MESCOM filed a petition in OP No. 37/2012 on 09.08.2012 before Hon'ble KERC praying for quashing the Notice of Termination dated 22.07.2011 served by the generator. KERC passed an interim order dated 23.08.2012 to maintain status quo pending disposal of the main petition. The generator filed an appeal before Hon'ble ATE in appeal No. 223/2012 questioning the interim order of KERC dated 23.08.2012 to maintain the status quo. Hon'ble ATE disposed the appeal No. 223/2012 in the order dated 04.01.2013 with a direction to Hon'ble KERC to dispose the matter pending in OP No.37/2012 as expeditiously as possible and to pass appropriate order in accordance with law. Hon'ble KERC in the order dated 14.08.2013 dismissed the petition filed by MESCOM in OP No. 37/2012. Aggrieved by the order dated 14.08.2013 of Hon'ble KERC in OP No.37/2012, MESCOM filed an appeal No. 275/2013 seeking to execute wheeling & banking agreement for wheeling of energy. Hon'ble ATE passed an interim order on 27.03.2014 directing MESCOM to execute wheeling & banking agreement. As a last resort, MESCOM had also challenged the Order dated 17.10.2014 of Hon'ble ATE in appeal no. 275/2013 before the Hon'ble Supreme Court of India in Civil Appeal No. 1665/2015. The Hon'ble Supreme Court of India while disposing of the Civil Appeal No.1665/2015 in the order dated 15.09.2016 has confirmed the order of APTEL.
- In the letter dated 08.05.2017, M/s AMR power Pvt Ltd, has claimed an amount of ₹ 19070 lakhs (₹ 15142 lakhs principal + ₹ 8345lakhs interest- ₹ 4416 lakhs received) as receivable from MESCOM stated to be the liability of MESCOM towards energy supplied in the non-PPA period from 22.07.2011 to 16.10.2014. Meanwhile, M/s AMR Power Pvt Ltd, filed a petition in OP No 192/2017 on 24.11.2017 before Hon'ble KERC and sought direction to determine and fix the Market price for the energy supplied from 22.07.2011 to 16.10.2014 and such other reliefs. The issue is pending for adjudication before KERC.
- 38.6.14 KPTCL had raised a demand at 26.23 paise per unit for the transmission of electricity for the year 2006-07 against which the company has admitted the bills at 19.42 paise per unit as per KERC order. However, KPTCL has appealed against the order of KERC with Appellate Tribunal for Electricity, New Delhi. The ATE has passed on order requiring KERC to carry out certain modification in its transmission tariff. The KERC preferred an appeal against the order of ATE at Hon'ble Supreme Court, New Delhi. The appeal has since been dismissed and KERC has to pass further orders giving effect to the orders of the Hon'ble Supreme Court MESCOM may contingently be liable for an amount of ₹ 1974 lakhs.
- 38.6.15 KPTCL vide letter No FA(A&R)/C(AP&A) /DC(A&C)/AAO1/Cys-104 dated 15.03.2007 has communicated to MESCOM to create Regulatory Assets & Regulatory Liabilities for additional fixed cost paid by KPTCL to M/s Tannir Bhavi Power Company Ltd, based on the order of ATE in which the appeal of KPTCL was allowed for passing the cost on Consumers. The order of the ATE has been contested by FKCC and KERC before the Hon'ble Supreme Court of India. The appeal has since been dismissed by the Hon'ble Supreme Court and KERC has to pass fresh orders giving effect to the verdict of the Hon'ble Supreme Court MESCOM may contingently be liable to pay a sum of ₹ 4538.00 lakhs of principal and ₹122.00 lakhs as interest to KPTCL by collection through tariff from consumers based upon the finalization of issue by Hon'ble KERC.

Note 39 - Employee Benefits Expense

Sl. No	Particulars	Account Code	Year ended 31.03.2018	Year ended 31.03.2017
39.1	Salaries and Wages			
39.1.1	Salaries	75.100	16841.15	13592.02
39.1.2	Over Time	75.200	252.67	215.03
39.1.3	Dearness Allowance	75.300	6164.62	4442.46
39.1.4	Other Allowances	75.400	2068.05	1655.56
39.1.5	Bonus	75.500	396.97	423.72
39.1.6	Medical Expenses reimbursement	75.611	234.50	171.21
39.1.7	Leave travel assistance	75.612	-	0.22
39.1.8	Earned leave encashment	75.617	2231.04	1357.60
39.1.9	Earned leave encashment to retired employees	75.618	639.76	377.85
39.1.10	Payment to helpers/employees of Monsoon gang	75.630	2.09	0.98
39.1.11	Pension & Leave contribution of employees on deputation	75.890	11.34	25.41
	Sub-Total		28842.19	22262.06
39.2	Contribution to Provident and Other Funds			
39.2.1	Terminal benefits (PF) Corporation Contribution	75.810	24.41	21.71
39.2.2	Terminal benefits (Pension) Corporation Contribution	75.830	4877.85	3097.01
39.2.3	Terminal Benefits Company contribution to Contributory pension scheme with effect from 01.04.06	75.831	901.87	609.75
39.2.4	Terminal Benefits Departmental contribution under NDCPS -Deputed Employees	75.832	1.02	0.45
39.2.5	Terminal Benefits (Gratuity)	75.840	486.97	408.00
	Sub-Total		6292.12	4136.92
39.3	Staff Welfare expenses	75.7, 75.845, 75.860, 75.880	434.23	334.72
39.4	Employees cost charged to capital works	75.900	-0.96	-
	TOTAL		35567.58	26733.70

39.5 The employees earlier appointed by the KPTCL are working in the Company on deputation basis. Now the Company is recruiting its employees independently depending on vacancy available.

Note 40 - Finance Costs

Sl. No	Particulars	Account Code	Year ended 31.03.2018	Year ended 31.03.2017
40.1	Interest Expenses:			
40.1.1	Interest on Government Loans			
40.1.1.1	Interest on Central Govt. Loan towards Power Sector Automation	78.101	-	0.61
40.1.1.2	Interest on PMGY Loan	78.573	7.25	8.16
40.1.2	Interest on REC loans			
40.1.2.1	Interest on Loan from REC	78.540	-	14.04
40.1.2.2	Interest on loan drawn by MESCOM from REC- APDRP works	78.591	8.70	11.22
40.1.2.3	Interest on loan drawn by MESCOM from REC - General	78.592	20.64	35.00
40.1.2.4	Interest on loan drawn by MESCOM from REC - RGGVY Works	78.593	139.51	158.91
40.1.2.5	Interest on Bulk loan from Rural Electrification Corporation	78.597	280.66	390.91
40.1.3	Interest on Loan from Commercial Banks	78.560	7981.28	8062.71
	Total Interest on Loans		8438.04	8681.56
40.2	Other Borrowing Costs			
40.2.1	Other Interest and Finance Charges	78.800	109.56	414.62
	Gross Finance Costs		8547.60	9096.18
40.3	Less : Interest and finance charges capitalised on funds used during construction	78.900	291.55	-239.64
	Total		8256.05	8856.54

40.4 **NEF (Interest Subsidy) Scheme:** Govt. of India vide Office Memorandum No. 24/01/2012-NEF/APDRP dated 14.03.2012, has approved the NEF (Interest Subsidy) Scheme to promote the capital investment in the distribution sector by providing interest subsidy, linked with reform measures, on the loans taken by public and private power utilities for various capital works under Distribution projects.

The interest subsidy will be provided by the GOI duly considering the achievements in various parameters. Company has submitted the proposals of interest subsidy to REC which is a nodal Agency for implementing this Scheme, for granting interest Subsidy in respect of two loans obtained from M/s RECL. But Company has not received any subsidy in this regard.

Since the amount of interest subsidy can not be ascertained by the Company, no adjustments are made in the accounts.

Note 41 - Depreciation and amortization expenses (net)

Sl. No	Particulars	Account Code	Year ended 31.03.2018	Year ended 31.03.2017
41.1	Depreciation on Fixed Assets			
41.1.1	Depreciation on Buildings	77.120	232.22	154.99
41.1.2	Depreciation on Hydraulic Works	77.130	13.63	13.59
41.1.3	Depreciation on Civil Works	77.140	2.53	2.53
41.1.4	Depreciation on Plant and Machinery, lines, cable, network etc.,	77.150, 77.160	8708.27	7733.41
41.1.5	Depreciation on Vehicles	77.170	24.63	17.53
41.1.6	Depreciation on furniture, fixtures	77.180	40.14	27.91
41.1.7	Depreciation on Office equipments	77.190	12.99	7.54
	Total		9034.42	7957.50
41.2	Depreciation on Released Assets			
41.4.1	Plant and Machinery	77.151	1.06	28.40
41.4.2	lines. Cable, network etc	77.161	3.30	4.02
	Sub-total		4.36	32.42
	Depreciation (Net)		9038.78	7989.92

Note 42 - Other Expenses

Sl. No	Particulars	Account Code	Year ended 31.03.2018	Year ended 31.03.2017
42.1	Amortisation of Lease hold Assets	77.110	21.37	7.29
	Sub-total		21.37	7.29
42.2	Interest on Consumers' Security Deposits			
42.2.1	Interest on ISD, ASD & MSD	78.600	3401.51	3616.45
	Sub-total		3401.51	3616.45
42.3	Interest on power purchase dues			
42.3.1	M/s KPCL	80.108	-	286.50
	Sub-total		-	286.50
42.4	Repairs to:			
42.4.1	Buildings	74.200,	228.02	116.79
42.4.2	Plant and Machinery	74.100,	1268.21	1140.55
42.4.3	Lines, Cable Net Work Etc.	74.500,	2218.55	2283.05
42.4.4	Civil Works	74.300,	29.35	10.52
42.4.5	Vehicles	74.600,	16.24	19.89
42.4.6	Furniture and Fixtures	74.700,	0.50	0.17
42.4.7	Office Equipments.	74.800	178.24	17.13
	Sub-total		3939.12	3588.11
42.5	Power and Fuel			
42.5.1	Electricity Charges	76.158	79.43	95.82
42.5.2	Fuel expenses for generators	76.161	1.31	1.01
	Sub-total		80.74	96.83
42.6	Rent			
42.6.1	Rent (including lease rentals)	76.101	244.26	215.95
	Sub-total		244.26	215.95

Sl. No	Particulars	Account Code	Year ended 31.03.2018	Year ended 31.03.2017
42.7	Rates and Taxes excluding Taxes on Income	76.102	30.35	8.72
42.8	Payment to Auditors			
42.8.1	Payment to statutory Auditors			
42.8.1.1	As Auditor	76.122	2.98	2.20
42.8.1.2	Taxation Matter	76.122	0.75	0.55
42.8.2	Payment to Cost Auditors			
42.8.2.1	As Auditor	76.122	0.59	0.75
	Total Payment to Auditors		4.32	3.50
42.9	Other A&G Expenses			
42.9.1	Service Tax payment to service provider on Revenue expenditure bills	76.107	259.42	391.74
42.9.2	Service Tax payment to central excise customs & service Tax Department on Revenue expenditure bills	76.108	53.02	358.03
42.9.3	Service Tax – Payment to Service provider on Capital Expenditure bills	76.109	95.35	122.26
42.9.4	Service Tax – Payment to Central Excise, Customs and Service Tax Department on Capital expenditure bills	76.110	35.98	68.53
42.9.5	Pagers cellular phones E.mail & other communication charges	76.111	4.84	17.34
42.9.6	Telephone, Trunk call, Telegrams and Telex Charges	76.112	109.96	93.33
42.9.7	Mobile Phone Charges	76.114	72.18	51.00
42.9.8	Revenue Receipts Stamps	76.115	-	-
42.9.9	Postage	76.113	25.25	18.90
42.9.10	Legal Charges	76.121	41.31	33.82
42.9.11	Consultancy charges	76.123	3.37	21.81
42.9.12	Other Professional charges	76.125	329.65	214.02
42.9.13	Remuneration to Contract Agencies for opening & maintenance of ledger Accounts	76.126	387.54	340.67
42.9.14	Remuneration to Private Contractor engaged for shift and minor maintenance duties of stations/MUSS	76.127	277.75	208.16
42.9.15	Remuneration paid to Chartered Accountants for auditing cash & Revenue Accounts	76.128	6.22	5.16
42.9.16	Remuneration paid to Contract Agencies/ Services obtained	76.129	4204.61	2479.93
42.9.17	Remuneration paid to Grama Vidhyuth Prathinidhis	76.130	235.83	187.08
42.9.18	Conveyance expenses	76.131	0.25	0.33
42.9.19	Travelling expenses	76.132	0.60	1.64
42.9.20	Travelling allowance to employees	76.133	573.86	516.15
42.9.21	Travelling Allowance to Contract Employees	76.134	-	-
42.9.22	Vehicle hiring expenses for vehicles hired to stations	76.135	255.22	280.64
42.9.23	Vehicle running expenses other than store vehicles	76.136	135.90	129.38
42.9.24	Vehicle hiring expenses	76.137	553.26	448.53
42.9.25	Vehicle License, Registration fee and Taxes	76.138	11.46	11.02
42.9.26	Travelling and other expenses of Non-functional Directors of Company	76.139	8.23	2.35
42.9.27	Shared expenses of MESCOM with KPTCL	76.140,	276.57	16.66
42.9.28	Shared expenses of MESCOM with PCKL	76.141	103.94	81.92
42.9.29	Band width / data charges for R-APDRP project	76.142	121.38	23.72
42.9.30	Facility Management Service Charges (FMS charges)	76.143	198.62	-
42.9.31	Fees & Subscriptions	76.151	82.03	72.19
42.9.32	Books, periodicals and dairies	76.152	5.11	6.51
42.9.33	Printing & Stationery	76.153	126.76	114.15
42.9.34	Factory License Fees	76.154	10.00	10.00
42.9.35	Advertisement Expenses	76.155	233.77	59.23
42.9.36	Computer stationery and floppies	76.156	12.77	8.67
42.9.37	Statutory payments as per Company Act, 1956	76.159	2.20	49.34
42.9.38	Water Charges	76.160	3.35	3.07

Sl. No	Particulars	Account Code	Year ended 31.03.2018	Year ended 31.03.2017
42.9.39	Remuneration to Centre for e-governance for revenue collection through Mobile Application	76.171	0.23	0.07
42.9.40	Miscellaneous expenses	76.190	227.52	200.72
42.9.41	Compliment Expenses	76.191	4.15	3.60
42.9.42	Material related expenses	76.200	42.34	52.15
	Sub-total		9131.80	6703.82
42.10	Expenses relating to CSR Activities			
42.10.1	Consumer Relation/ Education	76.196	27.18	24.64
42.10.2	CSR related expenses	76.197	10.00	6.00
	Sub-total		37.18	30.64
	Total A&G Expenses		9528.64	7059.46
42.11	Administration & General Expenses charged to capital works (credit Account) - Service Tax	76.901	-131.33	-190.79
	Net A&G Expenses		9397.32	6868.67
42.12	Other Debits			
42.12.1	Asset Decommissioning Costs	77.500	12.55	3.21
42.12.2	Small & Low value items Written off	77.610	37.30	10.56
42.12.3	Losses relating to Fixed Assets	77.700	130.85	86.85
42.12.4	Interest/ Penalty paid to GST/Service Tax Dept.	78.855	101.36	-
42.12.5	Bad Debts Written off- Dues from consumers	79.410	51.70	-
42.12.6	Bad & Doubtful Debts Written off / provided for	79.460	-706.97	145.30
42.12.7	Miscellaneous losses and Write offs	79.500	196.90	1877.29
	Sub-total		-176.31	2123.21
	Total		16583.00	16490.23

Note 43 - Exceptional items

Sl. No	Particulars	Account Code	Year ended 31.03.2018	Year ended 31.03.2017
43.1	Energy balancing interest written off		-	26492.00
43.2	Excess provision to KPCL written back		-	-6688.00
43.3	Old ROR subsidy written off		4847.86	-
	Total		4847.86	19804.00

43.1 (a) Company has recognised interest on energy balancing dues receivable from other ESCOMs during FY 2013-14 (₹ 20363.00 lakh) and FY 2014-15 (₹ 6129.00 lakh). Since other ESCOMs have not acknowledged the interest payable, the same was withdrawn from the accounts during FY 2016-17.

43.2 (a) The excess provision made for power purchase liability of M/s KPCL amounting to ₹ 6688.00 lakh has been withdrawn from accounts to comply with the observations of A.G. Auditors during FY 2016-17.

43.3 (a) ROR subsidy receivable from GoK pertaining to the years prior to FY 2004-05 amounting to ₹ 4847.86 lakh has been written off from the books during the year.

Note 44 - Tax

Sl. No	Particulars	Account Code	Year ended 31.03.2018	Year ended 31.03.2017
44.1	Taxes on Income	81.100	478.69	307.01
	Total		478.69	307.01

Note 45 - Net Movement in Regulatory Deferral account Balance related to Profit or Loss

Sl. No	Particulars	Account Code	Year ended 31.03.2018	Year ended 31.03.2017
45.1	Regulatory Asset to be created for current year		35807.10	51196.93
45.2	Less : Reversal of excess Regulatory asset created during FY 2015-16		-	5380.00
45.3	Additional Regulatory Asset accounted for FY 2016-17 as per true-up order		4186.07	-
45.4	Less : Reversal of Regulatory assets created during 2015-16		39574.00	-
	Net movement in regulatory deferral account		419.17	45816.93

46 General Notes to Financial Statement

46.1 Disclosure in respect of Ind AS-17- "Leases"

46.1.1 The Company has entered into arrangements for lease of land which have been classified as operating leases. The lease period ranges from 30 years to 99 Years. The Company does not have option to purchase the land at the end of lease period.

46.1.2 Land held under lease - Prepayment for leasehold land (unamortized)

(₹ in lakhs)

SI. No	Name of the Accounting Unit	Total Amount
1	Mangalore Division	122.95
2	Puttur Division	16.86
3	Shivamogga Division	97.50
	TOTAL	237.31

46.1.3

(₹ in lakhs)

SI. No	Particulars	FY 2017-18	FY 2016-17
1	Amortisation expenses charged to P&L Account	21.37	7.29
2	Lease rent expenses	8.01	12.60
	Total	29.38	19.89

46.1.4 All operating lease agreements entered into by the company are cancellable in nature.

46.2 Indian Accounting Standard (IND AS)-19 'Employee Benefits

Deputation from KPTCL: All the employees of the Company are on deputation from KPTCL except appointments made by the MESCOM. For the purpose of terminal benefits, all the employees are members of KPTCL and ESCOMs Pension & Gratuity Trust.

46.2.1 Other Long Term Employee Benefits

46.2.1.1 Earned Leave benefit

- Maximum accrual is 30 days per year
- Maximum accumulation allowed is 300 days
- EL accumulated in excess of 15 days is allowed for encashment while in service provided the EL encashed is not less than 15 days in case of "A" & "B" group employees and 30 days in case of "C" & "D" group employees.
- The liability for leave is recognised on the basis of Actuarial valuation.

46.2.1.2 Family Benefit Fund

Employees family benefit fund scheme has been introduced with effect from 01.07.1978. INR 200/- is deducted from each employee and paid to this fund. In case of death of an employee while in service, INR 2,00,000/- is being paid to the legal heir of the employee if contribution of INR 2,400 has been made by the employee for a minimum period of 12 months. As per this scheme, the company contributes this fund as per the terms of the scheme in case of death/retirement of the employees.

The liability for Family Benefit Fund is recognised on the basis of Actuarial valuation.

46.2.2 Defined Benefit Plan

Pension & Gratuity:

In respect of Pension and Gratuity, provision for contribution to KPTCL/ESCOMs Pension & Gratuity Trust is made on the formula evolved by the Trust based on the actuarial valuation undertaken by KPTCL/ESCOMs' Pension & Gratuity Trust. Any revision in contribution due to actuarial valuation by the Trust is accounted in the year of intimation by the Trust. 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. KEPGT/P7/2018-19/CYS-02 Bangalore dated 7th June 2018.

The contribution towards pension and gratuity for the year 2017-18 is accounted as follows:

Pension : 42.53% of Basic Pay + Dearness Pay + Dearness Allowance

Gratuity : 6.08% of Basic Pay + Dearness Pay

As the company contribution is collected and administered by the Trust and contribution paid on a pay as you go basis, the same has been treated as a Defined Contribution Plan in accordance with Ind AS 19.

46.2.3 Defined Contribution Plan

For those employees who have joined MESCOM on or after 01.04.2006, contributory pension scheme is applicable wherein 10% of the Basic Pay + Dearness Pay + Dearness Allowance are contributed to the pension fund with matching contribution of employees.

46.3 Managerial Remuneration - Refer note 38

46.3.1 Managerial Remuneration paid / payable for the financial year 2017-18 to the Directors which are included in Employee costs are as follows:

(₹ in lakhs)

Sl. No	Particulars	For the year 2017-18			For the year 2016-17		
		Managing Director	Director (Technical)	Total	Managing Director	Director (Technical)	Total
1	Salary and Allowances	15.39	14.79	30.18	16.21	15.08	31.29
2	Ex-gratia	0.07	0.07	0.14	0.07	0.07	0.14
3	Medical Expenses	0.60	0.02	0.62	1.07	0.30	1.37
4	Travelling Expenses	1.08	0.06	1.14	0.31	0.50	0.81
	TOTAL	17.14	14.94	32.08	17.66	15.95	33.61

46.4 Related Party Transactions

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

46.4.1 Payments to Key Managerial Posts

(₹ in lakhs)

Sl. No	Particulars	FY 2017-18	FY 2016-17
1	Salary & Allowances	30.18	31.29
2	Other Benefits	1.90	2.32
	Total	32.08	33.61

46.4.2 Related Party Transactions pertaining to KPTCL, PCKL, KPCL, MPM and other ESCOMs is disclosed as under:

(₹ in lakhs)

Sl. No	Party Name	Nature of Payment	Transactions		Nature of Outstanding Amount	Outstanding Balance as on	
			FY 2017-18	FY 2016-17		31.03.2018	31.03.2017
1	KPTCL	Transmission Charges & Others	21804.19	24838.12	Receivable	6169.30	6022.25
2	BESCOM	Energy Balancing and others	4606.10	8904.70	Payable	23314.72	17891.33
3	HESCOM	Energy Balancing and others	10405.50	1371.30	Receivable	14726.87	26887.92
4	GESCOM	Energy Balancing and others	2544.60	2321.20	Receivable	2771.27	9740.53
5	CESCO	Energy Balancing and others	1367.30	3675.40	Receivable	23444.94	22096.98
6	MPM	Sale of Power	1534.22	2107.27	Receivable	13070.69	11261.68
7	PCKL	Shared expenses	103.94	81.92	Receivable	87.36	86.99
8	KPCL	Power purchase and others	47095.56	71267.18	Payable	103531.56	132249.07

46.5 The details of amount outstanding to Small and Medium Enterprises based on available information with the Company is as under:

(₹ in lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Principal amount due and remaining unpaid	Nil	Nil
Interest due on above and the unpaid interest	Nil	Nil
Interest paid	Nil	Nil
Payment made beyond the appointed day during the year	Nil	Nil
Interest due and payable for the period of the delay	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil
Amount of further interest remaining due and payable in succeeding Years	Nil	Nil

46.6 True-up Subsidy/ Regulatory Asset (Ref Note 22)

Determination of the Retail Supply Tariff chargeable by the Company to its consumers is governed by KERC (Terms and conditions for determination of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006, and the amendments made thereon from time to time, whereby KERC is required to determine the Tariff in a manner that the Company recovers its Power purchase cost as well as other prudently incurred expenses and earns return of 15.50% p.a. on KERC approved Equity.

In the process of determining the tariff, KERC will approve the ARR for the year considering the tariff applications submitted by the ESCOMs, which will be again trued up by the Commission during Annual Performance Review considering actuals,

on finalisation of accounts for the year. The Surplus/Deficit in revenue if any will be adjusted in future tariff. MESCOM is accounting such surplus/Deficit in the accounts of respective year itself as "Regulatory Asset" being the deferred expenses expected to flow to the Company subsequently on determination of tariff by Hon'ble KERC during Annual Performance Review.

Accordingly, Company had accounted Regulatory Assets of ₹ 39574.00 lakhs and ₹ 51196.93 lakh for FY 2015-16 and FY 2016-17 respectively. For the year 2016-17 Hon'ble KERC has arrived at a Revenue Gap of ₹ 55383.00 lakhs in the APR and carried forward the same for allowing in the year 2018-19. Hence additional Regulatory Asset to the extent of ₹ 4186.00 lakh is created in the year 2017-18. Further, Regulatory Asset created during FY 2015-16 amounting to ₹ 39574.00 lakh is treated as recovered during FY 2017-18 and reversed in the accounts.

Further fresh regulatory Asset to the extent of ₹ 35807.10 lakh is created in the accounts for FY 2017-18 by computing the provisional gap expected to be considered by KERC for inclusion in the tariff revision of future years. (Refer Table below)"

(₹ in Crores)

Sl. No	Particulars	Approved in Tariff Order 2017	Actuals for FY 2017-18	Expected to be approved by KERC in True-up
1	Revenue			
	Revenue including Subsidy	2998.42	3180.51	3180.51
	Other receipts from Consumers	74.93	51.24	51.24
	Regulatory Asset	-	-395.74	-395.74
	Additional Regulatory Asset for FY 2016-17	-	41.86	41.86
	Total Revenue	3073.35	2877.87	2877.87
2	Expenses			
	Power Purchase cost	2014.90	2508.01	2508.01
	O&M Cost	429.80	487.49	487.49
	Depreciation	79.60	90.39	90.39
	Interest & Finance Charges	163.17	116.58	116.58
	Dificit of FY 2015-16	395.74	-	-
	ROE	79.90	-	79.90
	Others	-0.40	48.48	-
3	Total Expenses	3162.71	3250.95	3282.37
4	Less: Other income	89.36	46.42	46.42
5	Net ARR	3073.35	3204.52	3235.94
6	GAP (Regulatory Asset) for FY 2017-18	-	-326.65	-358.07
7	Reconciliation of Regulatory Asset Account			
	a Opening Regulatory Asset as on 01.04.2017	-	-	907.71
	b Add: Regulatory Asset created for FY 2017-18	-	-	358.07
	c Add: Additional Regulatory Asset accounted for FY 2016-17 as per true-up order	-	-	41.86
	d Less: Reversal of Regulatory assets created during 2015-16	-	-	395.74
	e Closing Regulatory Asset as on 31.03.2018	-	-	911.90

46.7 Disclosure in respect of IND AS - 33: Earnings Per Share

Particulars	2017-18	2016-17
Profit after tax before net movement in regulatory deferral account balance (A) (₹ in Lakhs)	2,722.97	(44,523.25)
Profit after tax after net movement in regulatory deferral account balance (B) (₹ in Lakhs)	3,142.14	1,293.68
Basic		
Weighted Average number of shares outstanding during the year (C)	35,80,70,231	36,18,39,135
Earnings per Share before net movement in regulatory deferral account balance (A/C) (in ₹)	0.76	(12.30)
Earnings per Share after net movement in regulatory deferral account balance (B/C) (in ₹)	0.88	0.36
Diluted		
Weighted Average number of shares outstanding during the year (D)	42,18,39,354	37,58,39,135
Earnings per Share before net movement in regulatory deferral account balance (A/D) (in ₹)	0.65	(11.85)
Earnings per Share after net movement in regulatory deferral account balance (B/D) (in ₹)	0.74	0.34

The shares to be issued against the application money is considered at face value in the computation of diluted EPS from the date of receipt of application money.

46.8 Operating Segment (Ind AS 108)

Electricity distribution is the principal business activity of the Company. There are no other activities which form a reportable segment as per the Indian Accounting Standard – 108. The operations of the Company are mainly carried out within the four revenue districts of Karnataka State namely, Dakshina Kannada, Udupi, Chikkamagaluru and Shivamogga. Therefore geographical segments are not applicable.

46.9 Financial Instruments

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

Financial Instruments by Category

46.9.1 The Carrying value and fair value of financial instruments by each category as at March 31 2018 are as follows:

(₹ in lakhs)

Particulars	Financial Assets/ Liabilities at amortised cost	Financial Assets/ Liabilities at FVTPL	Financial Assets/ Liabilities at FVTOCI	Total carrying Value	Total fair value
Financial Assets					
Investment - In PCKL	251.00	-	-	251.00	251.00
Loans	845.15	-	-	845.15	845.15
Trade Receivables	39452.68	-	-	39452.68	39452.68
Cash and Cash equivalents	3363.63	-	-	3363.63	3363.63
Other receivables	135491.85	-	-	135491.85	135491.85
Financial Liabilities					
Long Term Loans	59895.76	-	-	59895.76	59895.76
Short Term Loans	31418.72	-	-	31418.72	31418.72
Trade payables	27052.54	-	-	27052.54	27052.54
Other Financial Liabilities	187102.39	-	-	187102.39	187102.39

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

(₹ in lakhs)

Particulars	Financial Assets/ Liabilities at amortised cost	Financial Assets/ Liabilities at FVTPL	Financial Assets/ Liabilities at FVTOCI	Total carrying Value	Total fair value
Financial Assets					
Investment - In PCKL	251.00	-	-	251.00	251.00
Loans	800.38	-	-	800.38	800.38
Trade Receivables	31604.71	-	-	31604.71	31604.71
Cash and Cash equivalents	7258.56	-	-	7258.56	7258.56
Other receivables	150775.16	-	-	150775.16	150775.16
Financial Liabilities					
Long Term Loans	46042.64	-	-	46042.64	46042.64
Short Term Loans	26412.14	-	-	26412.14	26412.14
Trade payables	34436.10	-	-	34436.10	34436.10
Other Financial Liabilities	159626.47	-	-	159626.47	159626.47