

# 13<sup>TH</sup> ANNUAL REPORT

2014-15



**Mangalore Electricity Supply Company Limited**

## BOARD OF DIRECTORS

1.	Sri. Jawaid Akhtar, IAS	-	Chairman
2.	Sri. Chikkananjappa	-	Managing Director
3.	Sri. K. Ramakrishna	-	Director (Tech)
4.	Dr. Aditi Raja	-	Director
5.	Sri. A.B. Ibrahim, IAS	-	Director
6.	Sri. G.N. Yadravi	-	Director
7.	Sri. M.S. Shivaram	-	Director
8.	Sri. A.N. Jayaraj	-	Director
9.	Sri. M. Nagaraju	-	Director

## CORPORATE OFFICE

Paradigm Plaza, A.B Shetty Circle, Mangaluru - 575001

## REGD. OFFICE

Paradigm Plaza, A.B Shetty Circle, Mangaluru - 575001

## WEBSITE

[www.mesco.in](http://www.mesco.in)

## CORPORATE IDENTITY No. (CIN):

U40109 KA 2002 SGC 030425

## BANKERS:

1. Syndicate Bank
2. Canara Bank
3. State Bank of Mysore
4. State Bank of India
5. Vijaya Bank
6. Corporation Bank
7. Central Bank of India
8. Karnataka Bank
9. Punjab & Sindh Bank
10. Indian Bank
11. Axis Bank

## STATUTORY AUDITORS

M/s. Rodrigues & D'souza, Chartered Accountants Mangaluru

## COST AUDITORS

M/s. Rao Murthy & Associates, Cost Auditors, Bengaluru

## SECRETARIAL AUDITORS

M/s. Ullas Kumar Melinamogaru & Associates, Mangaluru

## TABLE OF CONTENTS

1. Directors' Report	....	4
2. Addendum to the Directors' Report	....	23
3. Auditors' Report	....	26
4. Annexure to the Auditors' Report	....	29
5. Comments of the Comptroller and Auditor General of India on the Annual Accounts	....	32
6. Balance Sheet	....	33
7. Statement of Profit and Loss	....	34
8. Cash Flow Statement	....	35
9. Significant Accounting Policies	....	36
10. Notes on Financial Statements	....	39
11. Vital Statistics	....	69
1. ನಿರ್ದೇಶಕರ ವರದಿ	....	80
2. ನಿರ್ದೇಶಕರ ವರದಿಗೆ ಅನುಬಂಧ	....	99
3. ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ವರದಿ	....	102
4. ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ವರದಿಗೆ ಅನುಬಂಧ	....	105
5. ಭಾರತ ಸರ್ಕಾರದ ನಿಯಂತ್ರಕರು ಮತ್ತು ಮಹಾಲೇಖಪಾಲರ ಹೇಳಿಕೆಗಳು	....	108
6. ಆಸ್ತಿ ಹೊಣೆ ಪಟ್ಟಿ	....	109
7. ಲಾಭ ಮತ್ತು ನಷ್ಟ ಪಟ್ಟಿ	....	110
8. ನಗದು ಹರಿವು ಪಟ್ಟಿ	....	111
9. ಲೆಕ್ಕಾಚಾರದ ಪ್ರಮುಖ ಕಾರ್ಯ ನೀತಿಗಳು	....	112
10. ಹಣಕಾಸು ವಿವರಣಾ ಪಟ್ಟಿಯ ಟಿಪ್ಪಣಿಗಳು	....	114
11. ಪ್ರಮುಖ ಅಂಕಿ ಅಂಶಗಳು	....	144

## DIRECTORS' REPORT FOR FY 2014-15

1. Mangalore Electricity Supply Company Limited (MESCO) being wholly owned Government of Karnataka undertaking, awarded with the Chief Minister's Annual Award i.e., "**Rathna 2014-15**", is engaged in distribution of electricity in four districts of Karnataka i.e., Dakshina Kannada, Udupi, Shimogga and Chikmagaluru. With the proud to be a Chief Minister awarded best performing public Sector undertaking in Karnataka, the Board of Directors herewith present the 13th Annual Report on the business and operations of the Company along with the Audited Accounts for the year ended 31st March, 2015 duly expressing its sincere thanks to the esteemed consumers and duly recognizing with gratitude, the guidance and efforts of predecessor Chairman and Directors who have served in the Company.
2. Company having a working strength of 3,735 employees is serving 2074625 consumers of various category has achieved an all time record turnover of about Rs. 2259.33 Crores during the year 2014-15.
3. **At a glance the status of the Company as on 31-03-2015 is as follows:**

Area of distribution and Supply (Sq. Km.)	26,222
Number of sub stations 400 KV, 220 KV, 110 KV, 66 KV (of KPTCL)	82
Number of 33 KV sub stations	36
Number of Distribution Transformers	49552
Length of LT Lines (in CKMs)	75346.10
Length of 11 KV Lines (in CKMs)	30044.20
Length of 33 KV Lines (in CKMs)	692.30

#### 4. Consumer Base

As on 1st April 2014, the Company had a consumer base of 1994726 Nos. With the addition of 79899 Nos. of new consumers during the year, the number of consumers at the end of the year March 2015 stood at **2074625** Nos., comprising of the following categories:

Tariff	Description	Total
LT -1	BJ/KJ	195343
LT-2 (a&b)	Lighting & AEH	1364857
LT-3	Commercial	182284
LT-4	IP Set Installations	263543
LT-5	Industrial	25894
LT-6a	Public Water Supply	12182
LT-6b	Public Lighting	16135
LT-7	Temporary Supply	12802
<b>LT-TOTAL</b>		<b>2073040</b>
HT-1	Water Supply	70
HT-2a	Industrial	661
HT-2b	Commercial	539
HT-2c	Hospitals and Educational Institutions	227
HT-3	Lift Irrigation	24
HT-4	Residential Apartments	44
HT-5	Temporary Supply	20
<b>HT- TOTAL</b>		<b>1585</b>
<b>LT + HT- TOTAL</b>		<b>2074625</b>

**5. Review of Balance Sheet and Statement of Profit and Loss:**

Review of Balance Sheet and Statement of Profit and Loss for the year ending 31st March 2015 with the previous Year ending 31st March 2014 is as detailed below:

**1. Analysis of Balance Sheet****(Rs. in lakh.)**

Sl. No.	Particulars	31.03.2015	31.03.2014	Increase (+)/ Decrease (-)
<b>I</b>	<b>Sources of funds</b>			
A	Share Capital	21607.02	21607.02	0.00
B	Reserves & Surplus	13737.49	16202.88	-2465.39
<b>C</b>	<b>Share holders' fund</b>	<b>35344.51</b>	<b>37809.90</b>	<b>-2465.39</b>
D	Share Deposit (pending allotment)	3666.00	1400.00	2266.00
<b>II</b>	<b>Non Current Liabilities</b>			
A	Long Term borrowings	35780.90	33189.88	2591.02
B	Other long term liabilities	187194.23	174587.78	12606.45
C	Long term provisions	3633.57	3058.62	574.95
	<b>Sub-total</b>	<b>226608.70</b>	<b>210836.28</b>	<b>15772.42</b>
<b>III</b>	<b>Current liabilities</b>			
A	Short term borrowings	21655.89	21339.47	316.42
B	Trade Payables	15547.47	19731.78	- 4184.31
C	Other Current liabilities	34315.80	31198.01	3117.79
D	Short-term provisions	554.80	509.46	45.34
	<b>Sub-Total</b>	<b>72073.96</b>	<b>72778.72</b>	<b>-704.76</b>
	<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>337693.17</b>	<b>322824.90</b>	<b>14868.27</b>
<b>II</b>	<b>Assets</b>			
<b>1</b>	<b>Non-Current assets</b>			
<b>A</b>	<b>Fixed Assets</b>			
	(i) Tangible Assets	87291.67	81304.16	5987.51
	(ii) Intangible assets	0.00	0.00	0.00
	(iii) Capital work in progress	10339.94	9438.93	901.01
	(iv) Intangible assets under development	272.11	272.11	0.00
B	Non-Current investments	251.00	251.00	0.00
C	Deferred tax assets (net)	0.00	0.00	0.00
D	Long term loans and advances	7204.96	7009.08	195.88
E	Other non-current assets	115385.14	106009.16	9375.98
F	Deferred Costs	0.00	0.00	0.00
	<b>Sub Total</b>	<b>220744.82</b>	<b>204284.44</b>	<b>16460.38</b>
<b>2.</b>	<b>Current assets</b>			
A	Current Investments	0.00	0.00	0.00
B	Inventories	6024.22	6733.06	-708.84
C	Trade receivables	53099.80	47605.33	5494.47
D	Cash and cash equivalents	3309.92	3925.11	-615.19
E	Short-term loans and advances	2270.23	3499.36	-1229.13
F	Other current assets	52244.18	56777.60	-4533.42
	<b>Sub-Total</b>	<b>116948.35</b>	<b>118540.46</b>	<b>-1592.11</b>
	<b>TOTAL ASSETS</b>	<b>337693.17</b>	<b>322824.90</b>	<b>14868.27</b>

❖ **Share holders' Funds has reduced by Rs. 199.39 lakh (Net).**

**Amounts added are:**

**(Rs. In lakh)**

1. Reserve for Material Cost Variance	:	1172.03
2. Consumers contribution & Govt. Grants towards cost of Capital Assets	:	6357.16
3. Consumers contribution & Govt. Grants Reduced from Capital Assets	:	(-) 11387.20
4. Equity released by State Govt.	:	2266.00
5. Net Profit for the year	:	1392.62
<b>Total additions to Share Holders' fund</b>	:	<b>(-) 199.39</b>

- ❖ **Long term borrowings :** This is increased by Rs. 2591.02 lakh. During the Year MESCO has borrowed Rs. 15821.81 Lakh and repaid Rs.11543.09 lakh. Further installments repayable during FY 2015-16 amounting to Rs. 10221.62 Lakh have been transferred to current liabilities. Increase in the amount of current maturities of long term loans is Rs. 1687.69 lakh.
- ❖ **Other Long Term Liabilities:** It is increased by Rs. 12606.45 lakh (Net). During the Year the long term trade payables have decreased by Rs. 4315.95 lakh because of payment of KPC dues pertaining to previous years, and the interest liability to KPCL is increased by Rs. 8517.70 lakh. Initial/ Additional Security deposits have been collected to the extent of Rs. 5101.51 lakh and MSD to the extent of Rs. 50.00 lakh. The payable to other ESCOMs has been increased to the extent of Rs. 3036.12 lakh (net). Security deposit and retention money amounting to Rs. 232.91 lakh has been collected from the Contractors. And there is decrease of Rs. 15.84 lakh in miscellaneous deposits.
- ❖ **Long Term Provisions:** It is increased by Rs. 574.95 lakh due to additional liability created in accordance with actuarial valuation report towards Earned leave encashment and FBF.
- ❖ **Short Term Borrowings:** There is an increase in the short term borrowings to the extent of Rs. 316.42 lakh mainly due to drawal of Short Term loan and Bank overdraft for payment of power purchase dues.
- ❖ **Trade Payables:** The trade payables is decreased by Rs. 4184.31 lakh (net) mainly due to clearing of M/s UPCL dues.
- ❖ **Other Current Liabilities:** It is increased by Rs. 3117.79 lakh mainly due to increase in the liability payable to Contractors (Rs. 218.37 lakhs), Electricity Tax (Rs. 485.94 lakh), and increase in the current maturities of Term Loans (Rs. 1687.69 lakh). Other liabilities increased by Rs. 725.79 lakh.
- ❖ **Short term Provisions:** It is increased by Rs 45.34 lakh mainly due to additional liability created in accordance with actuarial valuation report towards Earned leave encashment and FBF.
- ❖ **Tangible Assets:** Net fixed Asset is increased by Rs. 17374.71 lakh due to categorization of Capital Works during the Year. Further it is decreased by Rs. 11387.20 lakh being the assets created out of Govt. grants and consumer contribution as per AS-12. There is net increase of Rs. 5987.51 lakh.
- ❖ **Capital Work in progress:** It is increased by Rs. 901.01 lakh due to uncompleted Sub-Station Works etc
- ❖ **Long Term Loans and Advances:** It is increased by Rs. 195.88 lakh mainly due to deposits made with PF authorities towards the pending appeal cases.
- ❖ **Other Non- Current Assets:** It is increased by Rs. 9375.98 lakh (Net). It is increased mainly due to increase in Inter-company receivables to the extent of Rs. 9145.35 lakh which includes the interest towards energy balancing dues of Rs. 6129.00 lakh and towards other short term power purchase. Other Receivables is increased by Rs. 230.63 Lakh.
- ❖ **Inventories:** It is decreased by Rs. 708.84 lakh.
- ❖ **Trade receivables:** It is increased by Rs. 5494.47 Lakh mainly by non-payment of monthly dues by VPs / TPS, TMCs/ CMCs and Corporations. The Govt. of Karnataka in its order Dated 24.03.2015 has approved to release Rs. 20979.97 lakh towards the dues payable by Local Bodies to all the ESCOMs as on 31.03.2015. This amount was released to BESCOM during the month of April 2015 for distribution among all ESCOMs. Out of this, the share of MESCO amounting to Rs. 4062.42 lakh is accounted as receivable from GoK by crediting Sundry debtors as on 31.03.2015.
- ❖ **Short term Loans and Advances:** It is decreased by Rs. 1229.13 Lakh mainly due to reduction in the balance of advances to the Contractors of RGGVY works of DK & Udupi Dist. to the extent of Rs. 1250.42 lakh. But there is increase in other advances to the extent of Rs. 21.29 lakh mainly due to increase in the advance made to M/s UPCL.
- ❖ **Other Current Assets:** It is decreased by Rs. 4533.42 lakh (Net).

During the Year 2012-13, Provision for Regulatory Asset/ Truing up subsidy is created to the extent of Rs. 20256.00 lakh being the excess Power purchase Cost incurred over the approved cost in ARR by KERC for FY 2012-13. The same is reversed during FY 2014-15 since Hon'ble KERC had carried forward the revenue gap of FY 2012-13 to FY 2014-15. Further, out of Revenue gap of Rs. 257.46 Cr for FY 2015, the Hon'ble KERC had decided to set aside an amount of Rs. 101.02 Cr as Regulatory Asset to be recovered over the next two years (FY 2016 and FY 2017). This Regulatory Asset is accounted by the Company during FY 14-15. This has resulted in net reduction of Rs. 10154.00 lakh in Current Assets

Hon'ble KERC in its Tariff Order dated 12.05.2014 has approved additional True-up subsidy of Rs. 74.85 Cr for FY 2012-13. However company has already accounted Rs. 350.27 Cr of Subsidy for FY 2012-13 against KERC approved subsidy of Rs. 299.09 Cr and balance of Rs. 51.18 Cr was shown as receivable from GoK. Hence Difference amount of Rs. 23.67 Cr is accounted as receivable in the current year.

The Govt. of Karnataka in its order Dated 24.03.2015 has approved to release Rs. 20979.97 lakh towards the dues payable by Local Bodies to all the ESCOMs as on 31.03.2015. This amount was released to BESCO during the month of April 2015 for distribution among all ESCOMs. Out of this, the share of MESCO amounting to Rs. 4062.42 lakh is accounted as receivable from GoK by crediting Sundry debtors. The other receivables are reduced to the extent of Rs. 808.84 lakh.

#### ❖ Ratios

Sl. No.	Particulars	31.03.2015	31.03.2014
1	<b>Debt: Equity Ratio</b>		
	a) Long Term Borrowings : Equity	2.13 : 1	1.93 : 1
	b) Including Short Term Borrowings	3.13 : 1	2.92 : 1
2	Current Ratio	1.62 : 1	1.63 : 1
3	Liquid Ratio	1.54 : 1	1.54 : 1

#### 2. Analysis of Statement of Profit and Loss

(Rs. in lakh)

Sl. No.	Particulars	31.03.2015	31.03.2014	Increase(+)/ decrease(-)	Variance in (%)
<b>A</b>	<b>Income</b>				
1	Revenue from operations (Distribution of Power)	211145.31	195023.93	16121.38	8.27
2	Other Income	14788.06	25898.93	-11110.87	-42.90
	<b>Total Revenue</b>	<b>225933.37</b>	<b>220922.86</b>	<b>5010.51</b>	<b>2.27</b>
<b>B</b>	<b>Expenses</b>				
1	Purchase of power	165814.48	166888.17	-1073.69	-0.64
2	Employee Benefits Expense	22640.61	22283.64	356.97	1.60
3	Finance Costs	19456.90	18013.84	1443.06	8.01
4	Depreciations and amortization expenses	6395.42	5498.01	897.41	16.32
5	Other Expenses	10233.34	8219.03	2014.31	24.51
	<b>Total Expenses</b>	<b>224540.75</b>	<b>220902.69</b>	<b>3638.06</b>	<b>1.65</b>
C	Profit before exceptional and extraordinary items & Tax (A-B)	1392.62	20.17	1372.45	
D	Exceptional Items	0.00	0.00	0.00	
E	Profit before extraordinary items and Tax (C-D)	1392.62	20.17	1372.45	
F	Extraordinary Items	0.00	0.00	0.00	
<b>G</b>	<b>Profit before Tax (E-F)</b>	<b>1392.62</b>	<b>20.17</b>	<b>1372.45</b>	
H	Tax Expense	343.08	47.28	295.80	
I	MAT credit entitlement	-343.08	-47.28	-295.80	
<b>J</b>	<b>Profit after Tax (G-H-I)</b>	<b>1392.62</b>	<b>20.17</b>	<b>1372.45</b>	

- ❖ **Total Revenue** has increased by 8.27% (Rs. 16121.38 Lakh) net, over the previous year.

During the year 2012-13 the revenue is increased by accounting of Rs. 20256.00 Lakh as the "Provision for Regulatory Asset recovery / Truing up Subsidy" being the excess Power purchase Cost incurred over the approved cost in ARR by KERC. The same is reversed during FY 2014-15 since Hon'ble KERC had carried forward the revenue gap of FY 2012-13 to FY 2014-15.

Further, out of Revenue gap of Rs. 257.46 Crs for FY 15, the Hon'ble KERC had decided to set aside an amount of Rs. 101.02 Crs as Regulatory Asset to be recovered over the next two years (FY 16 and FY 17). This Regulatory Asset is accounted by the Company during FY 14-15.

If these adjustments of Regulatory Assets are excluded the increase in revenue during FY-15 will be 13.47% (Rs.26275.38 lakh) This increase in revenue is because of increase in sale of energy to the extent of 190.15 Mus and increase in the tariff.

- ❖ **Other Income** is decreased by 42.90% (Rs. -11110.87 lakh) over the previous year. This is because during the year 2013-14, interest receivable from other ESCOMs towards energy balancing dues to the tune of Rs. 20363.00 lakh are accounted. The interest accounted for FY 2014-15 on account of this is Rs. 6129.00 lakh.

Since the arrears in respect of IP set Consumers having connected load upto 10 HP is frozen with effect from 01.08.2008, the Company has stopped charging interest on said arrears from the year 2011-12 which has an impact of Rs. 9.92 Cr in FY-2015.

- ❖ **Power purchase cost** has been decreased by 0.64% (Rs. -1073.69 lakh) over the previous year. The final energy balancing result is awaited from LDC as on the date of preparation of the accounts. However the Energy Balancing Result arrived at joint reconciliation meeting held among the ESCOMs has been incorporated in the accounts. During the year Company is payable to other ESCOMs to the tune of Rs. 2016.80 lakh.
- ❖ **Employee cost** has increased by 1.60 % (Rs. 356.97 lakh) over the previous year on account of increase in salaries, wages and increase in the rate of pension contribution payable to the Trust.
- ❖ **Finance Charges** has increased by 8.01% (Rs. 1443.06 lakh) over the previous year on account of increase in the interest paid on Short Term Loans borrowed for clearing KPCL dues.
- ❖ **Depreciation and amortization expenses** have increased by 16.32% (Rs. 897.41 lakh) over the previous year.
- ❖ **Other expenses** have increased by 24.51% (Rs. 2014.31 lakh) over the previous year. The R&M expenses have increased by Rs. 1483.39 lakh and A&G expenses have increased by Rs. 1391.54 lakh due to increase in vehicle running expenses and remuneration paid for Contract agencies for the services obtained. However there is reduction in other expenses to the extent of Rs. 860.62 lakh.
- ❖ **Profit before Tax** has increased by Rs. 1372.45 lakh over the previous year.
- ❖ The Current tax works out at Rs. 343.08 lakh, against the profit of Rs. 1392.62 lakh on MAT basis
- ❖ **MAT Credit Entitlement:** Company has accounted the MAT credit entitlement to the tune of Rs. 343.08 lakh during the year.
- ❖ Profit after Tax has increased by Rs. 1372.45 lakh over the previous year.

## 6. Dividend

The Board has not proposed any dividend for the financial year ended 31st March, 2015.

## 7. Source of funds & Borrowings

- a) The source of funds of the Company stands at Rs. 353.45 Cr. at the end of the Financial Year comprising of Equity Share Capital A/c of Rs.216.07 Cr., and Reserves & Surplus of Rs. 137.38 Cr.
- b) The total long term borrowing of the Company amounts to Rs. 357.81 Cr. and the security deposits from consumers amounts to Rs. 432.12 Cr.

## 8. Power purchase

During the year 2014-15, the power purchase is 4838.61 MU at a total cost of Rs. 1658.14 Cr. Total energy available for sale is 4688.54 Mus. Total sales during the year were 4146.37 MU. Remaining 542.17 MU was attributable to system loss.

## 9. Power purchase details

1. MESCOM is purchasing power from generators as per GoK order No. EN 131 PSR 2003 dated 10.05.2005 w.e.f 10.06.2005. The power is procured from the following sources during FY 15.



- a. Central Generating Stations like NTPC, NTPC VVNL, NLC & NPCIL.
  - b. State owned generating stations of KPCL – Hydel & Thermal.
  - c. Major Independent Power Producer – Udupi Power Company Ltd.,
  - d. Independent power producers from non conventional sources like Wind, Solar & Mini hydel.
  - e. Telangana State Power Generation Corporation Ltd., (Priyadarshini Jurala)
2. The GoK issues order allocating share to each ESCOM for payment purpose and also power allocation. The share of payment allocation to MESCO for FY 15 as per order dated 09.05.2014 is as below:

1.	KPC Hydel, TB Dam	8.53% - 10.416%
2.	KPC Thermal, Jurala & CGS	8.34%
3.	Major IPPs	0.746%
4.	Short term & Medium term	7.917%
5.	IPPs of NCE sources with whom MESCO has entered into PPA	100%

3. The source wise power purchase and cost incurred by MESCO during FY 2014-15 is as below:

Source	Energy (MU)	Amount (Rs in Cr)	Average Cost (Rs/Unit)
KPCL (Thermal)	1285.39	489.45	3.81
KPCL (Hydel)	1274.85	70.39	0.55
<b>Total KPCL</b>	<b>2560.24</b>	<b>559.84</b>	<b>2.19</b>
CGS	1023.46	338.85	3.31
Priyadarshini Jurala	9.25	4.33	4.68
Major IPPs	82.99	37.30	4.50
Medium & Short term power purchase	416.90	221.46	5.31
<b>NCE Projects</b>			
Mini Hydel	353.17	117.75	3.33
Wind Mill	288.30	102.89	3.57
Solar	30.95	25.52	8.25
<b>Total NCE</b>	<b>672.42</b>	<b>246.16</b>	<b>3.66</b>
Captive Power	1.86	0.48	2.60
UI Charges	27.37	5.94	2.17
KPTCL Transmission Charges	0.00	184.42	
PGCIL Transmission Charges	0.00	32.19	
Other Expenses	4.76	7.00	
<b>Total</b>	<b>33.99</b>	<b>230.03</b>	
Energy Balancing FY 15	39.36	14.96	3.80
<b>Sub Total</b>	<b>4838.61</b>	<b>1652.94</b>	<b>3.42</b>
<b>Energy Balancing Difference of previous years</b>	<b>0.00</b>	<b>5.21</b>	
<b>Net Energy/Cost</b>	<b>4838.61</b>	<b>1658.14</b>	<b>3.43</b>

4. The comparison of source wise power purchase cost during FY 2013-14 & 2014-15 :

Source	2013-14			2014-15		
	Energy (MU)	Cost (Crs)	Average (Rs/unit)	Energy (MU)	Cost (Crs)	Average (Rs/unit)
KPCL	2283.17	542.22	2.37	2560.24	559.84	2.19
CGS	1049.88	317.45	3.02	1023.46	338.85	3.31
Priyadarshini Jurala	-	-	-	9.25	4.33	4.68
Major IPPs	419.90	201.20	4.79	82.99	37.30	4.50

Medium & Short term power purchase	213.38	113.52	5.32	416.90	221.46	5.31
NCE	722.69	248.11	3.43	672.42	246.16	3.66
Captive Power	2.53	0.66	2.60	1.86	0.48	2.60
KPTCL Transmission Charges	-	182.87	-	-	184.42	-
PGCIL Transmission Charges	-	32.84	-	-	32.19	-
UI Charges & Other Expenses	-16.93	-0.08	-	32.13	11.86	-
<b>Total</b>	<b>4674.63</b>	<b>1638.79</b>	<b>3.51</b>	<b>4799.25</b>	<b>1637.98</b>	<b>3.41</b>
Energy Balancing adjustment	72.77	22.42	-	39.36	14.96	3.80
<b>Sub Total</b>	<b>4747.40</b>	<b>1661.21</b>	<b>3.50</b>	<b>4838.61</b>	<b>1652.94</b>	<b>3.42</b>
Energy balancing adjustment of previous years	60.68	6.40	-	0.00	5.21	-
<b>Net Energy &amp; Amount</b>	<b>4808.08</b>	<b>1667.61</b>	<b>3.46</b>	<b>4838.61</b>	<b>1658.14</b>	<b>3.43</b>

10. An overview of the performance of MESCO with regard to Distribution Transformers, HT/LT lines, Electrification, is as under:

Sl No	Particulars	Measure	2014-15	2013-14	2012-13	2011-12	2010-11
<b>1</b>	<b>Total Lines &amp; DTCs added:</b>						
a.	DTCs erected	Nos.	4749	3620	3395	2917	3382
b.	11 KV HT lines	RKms	1187.70	1135.57	1208	1057.17	1264.247
c.	LT lines	RKms	1931.99	1290.07	1676	1915.53	2673.061
d.	Reconductoring of HT Lines	R.Kms	179.06	190.29	468.97	281.36	346.536
e.	Reconductoring of LT Lines	R.Kms	780.54	607.885	676.01	654.98	719.39
<b>2</b>	<b>DTC Failures</b>	<b>%</b>	<b>11.52</b>	<b>10.02</b>	<b>9.63</b>	<b>9.48</b>	<b>9.16</b>
<b>3</b>	<b>RE Works: (Excluding RGGVY)</b>						
a.	Electrification of Hamlets	Nos.	12	24	201	293	206
b.	Electrification of Harijan Basthies/JCs/Tandas	Nos.	8	13	45	67	50
c.	Electrification of Tribal Colonies	Nos.	10	4	20	40	19
<b>4</b>	<b>Servicing of:</b>						
a.	Drinking Water Supply Schemes	Nos.	887	814	619	342	284
b.	Ganga Kalyana Schemes	Nos.	1150	997	1310	1173	1162
<b>5</b>	<b>Total Energy Handled</b>	<b>Mus</b>	<b>4688.54</b>	<b>4584.63</b>	<b>4280.45</b>	<b>4154.38</b>	<b>3600.09</b>
<b>6</b>	<b>Distribution loss</b>	<b>%</b>	<b>11.57</b>	<b>11.93</b>	<b>11.88</b>	<b>12.09</b>	<b>11.92</b>
<b>7</b>	<b>IP sets serviced</b>						
a.	New IP sets	Nos.	10273	8493	6655	7459	6499
b.	Regularisation of Unauthorised IPsets	Nos.	6142	-	8137	13556	-
<b>8</b>	<b>BJ/KJ installations serviced (Excluding RGGVY)</b>	<b>Nos.</b>	<b>1351</b>	<b>492</b>	<b>1023</b>	<b>9390</b>	<b>33393</b>

**11. Milestones achieved during 2014-15:**

Several initiatives have been taken up to strengthen and organize the distribution system as well as the fiscal status of the Company. A bird's eye view of some of the major achievements and the innovative initiatives are as follows:

**(A) Addition of new Distribution Transformers to the System:**

In order to improve the quality and reliability of power supply, 1689 numbers of distribution transformers are added to the system in the identified low voltage pockets.

**(B) Metering Programme:**

- The Company is marching towards 100% metering of the installations. With a perennial and dedicated commitment, through universal metering programme, the Company has achieved 97.78% metering as at the end of FY 15.
- During FY 2014-15, 30118 Nos., of DC/MNR Meters have been replaced and 7794 Nos., of IP Sets, 14972 Nos., of BJ/KJ installations and 514 Nos., of Street light installations have been metered.

**C. Metering of Distribution Transformer Centers:**

MESCOM has contemplated to introduce metering all Distribution Transformer Centers with RRAMR facility to carry out energy audit in a more effective manner. 18415 Nos. of DTCs have been already metered. Further, it is proposed to provide meters to balance 27301 Nos. of Distribution Transformer Centres for which tenders have been finalized and LOA has to be issued.

**D. Rajeev Gandhi Grameena Viduydhikarana Yojana (RGGVY):**

In Mangalore Electricity Supply Company, RGGVY scheme has been sanctioned under XI plan. In Shivamogga & Chikkamagaluru Districts works have been taken up under Phase-I & have been completed during March-2012. In Dakshina Kannada and Udupi District, works have been taken up under Phase-II & have been completed during March-2015.

Progress details are as follows:

Sl. No	District	Sanctioned Amount (in Rs.Crs)/ Date	Revised Sanction amount in Rs.Crs)/ Date	Sanction			Progress (as on 31-03-2015)		
				Intensive electrification of electrified villages	Electrification of BPL House holds	Total No. of RHH (Including BPL Households)	Intensive electrification of electrified villages	No of BPL Households Electrified	Total No. of RHH Electrified (Including BPL Households)
1	Dakshina Kannada	59.47/ Dt: 15.02.12	87.38/ Dt: 22.03.13	356	22121	31445	356	13610	21970
2	Udupi	21.57/ Dt: 23.12.11	31.99 Dt: 22.03.13	231	5661	10288	252	7004	10500
	<b>Total</b>	<b>81.04</b>	<b>119.37</b>	<b>587</b>	<b>27782</b>	<b>41733</b>	<b>608</b>	<b>20614</b>	<b>32470</b>

**(E) R-APDRP :**

- Government of India has implemented R-APDRP programme to bring down losses in ESCOMS by concentrating on urban areas having population of more than 30,000 as per census 2001.
- R-APDRP works have been taken up in 11 Towns of MESCOM in Dakshina Kannada, Udupi, Shivamogga & Chikkamagaluru Districts.
- M/s. PFC, New Delhi has communicated revised sanction for an amount of Rs. 29.05 crores. M/s. Infosys has been appointed as the IT Implementation Agency at an award cost of Rs. 24.89 crores.
- Metering, Billing, Collection, new connections etc., have gone live in all 11 Nos of R-APDRP towns and full stack process is under progress.

**(F) New 33/11 KV Sub-stations:**

- Establishing 1x5 MVA, 33/11KV Sub-station at Gangolli and Construction of connected 33 KV line in Kundapur Division.

- Establishing 2x5 MVA, 33/11 KV Sub-station at Malpe and Construction of connected 33KV line in Udupi Division.
- Establishing 1x5 MVA, 33/11 KV sub Station at Subramanya in Sullia Taluk, Dakshina Kannada District & providing insulated Covered Conductor in place of existing bare 3 phases 3 Wire 11KV line from Kadaba 33/11KV station to proposed Subramanya 33/11KV Sub-station in Puttur Division.
- Establishing 2x5 MVA, 33/11KV Sub-station at Venoor and Construction of connected 33KV line in Bantwal Division.
- Establishing 2x5 MVA, 33/11 KV Sub-station at Kalladka and Construction of connected 33KV line in Bantwal Division.
- Augmentation of existing 1x5 MVA, 33/11 KV Sub-station at Attavara in Mangaluru Division
- Augmentation of existing 1x5 MVA, 33/11 KV Sub-station at N.R. Pura in Chikkamagaluru Division

## 12. New Initiatives

### ❖ Decentralized Distribution Generation(DDG):

As per the directions of REC, revised DPRs for electrification of 849 nos. of rural households in 43 nos. of Villages/habitations with a cost of Rs. 23.11 Crores have been submitted to REC, for which sanction is awaited.

### ❖ Integrated Power Development Scheme(IPDS)

GoI has launched IPDS for Urban/ Semi-urban areas. PFC is the Nodal agency. Scope of work includes Strengthening of sub-transmission and distribution network, Metering, Provision for Solar Panels, IT enablement works etc.

As per the directions of PFC the district wise Need Assessment Documents (NADs) for 29 nos of Statutory Towns have been submitted to GoK/PFC.

### ❖ Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

GOI has launched DDUGJY for Rural areas. REC is the Nodal Agency. Scope of work includes Feeder Separation, Strengthening of sub-transmission and distribution system, Metering, Micro-grid and off-grid distribution network & Rural electrification etc.

District wise Need Assessment Documents (NADs) for an amount of Rs.2260 Crores have been submitted to GoK/REC. DPRs submitted for RGGVY XII plan & NJY have been proposed to be considered under DDUGJY.

### ❖ Belaku Yojana

'Belaku Yojana' scheme is a GoK programme which aims at large scale replacement of 2 Nos. of ICL in "Anthyodaya Anna Yojane" (AAY) households with 2 Nos. of CFLs. MESCOM has been allotted 2,00,400 Nos. of CFLs for distribution.

### ❖ Solar LED Lanterns scheme

GoK programme for promotion of renewable energy, which aims at distribution of 'Solar LED Lanterns' to the beneficiaries who are economically backward, living in remote & isolated locations & are not supplied with electricity. MESCOM has been allotted 6500 nos of 'Solar LED Lanterns' for distribution.

## 13. Other Programme:

### ❖ Replacement of Electromechanical meters by Static meters:

As per CEA Guidelines all the interface meters, consumer meters and energy accounting and audit meters shall be of Static type, with an objective to increase metered consumption, thereby reducing commercial losses especially in LT2, LT3, LT5 installations.

At present in MESCOM only New/MNR installations are provided with Static meters supplied through Meter outlets.

Hence in 1st Phase it is proposed to replace 5 Lakhs of existing electromechanical meters by Static meters. And also it is proposed to provide SMC meter protection box wherever required. The approximate total cost works out to Rs. 65.00 Crores.

### ❖ Providing Infrastructure to regularized UIP sets :

As per GOK order No: EN9/PSR 2011 dated: 11.03.2011, 21,693 Nos of unauthorized IP sets have been regularized & 7194 Nos of IP sets are pending for providing infrastructure.

For speedy execution of Providing Infrastructure to these balance IP sets it is proposed to carry out the works through total turnkey basis (Rate Contract) for which tenders were floated in 22 packages with the Completion schedule of One year in order to expedite the work & LOI issued.

The approximate cost works out for Rs. 112.00 Crores.

❖ **Upgradation of infrastructure in Corporation areas:**

As per 2014-15 Budget Speech it is proposed to Upgrade the infrastructure in 10 Nos. of Corporation areas at a total cost of Rs. 50.00 Crores.

Accordingly, it is proposed to provide UG cable in Mangaluru and Shivamogga Corporation limits at an approximate cost of Rs. 10.00 Crores for which Government has already released Rs. 12.50 Crores.

By providing UG cables in City limits the interruptions will be reduced and it is also a preventive measure to reduce accidents

**Proposed Target for Capital Investment Plan 2015-16:**

Sl. No.	Schemes	Target
1.	Electrification of Hamlets	40 Nos.
2.	Electrification of HB/ JC/ Tandas	20 Nos.
3.	Electrification of Tribal Colonies	10 Nos.
4.	Energization of IP sets	7000 Nos.
5.	Providing infrastructure to regularized unauthorized IP sets	7194 Nos.
6.	Kutir Jyothi	1500 Nos.
7.	Service Connection	50000 Nos.
8.	Addition of new 33 KV sub-stations and allied lines	3 Nos., 36.00 Km
9.	Augmentation of 33 KV Stations.	2 Nos.
10.	New HT Line	1200 Kms.
11.	New LT line	1200 Kms.
12.	Distribution Transformers	3000 No's.

**14. Civil Engineering Works:**

During 2014-15 the following construction of office buildings and other infrastructure works have been taken up in MESCOM.

[Rs. In Lakhs]

Sl. No.	Particulars	Completed works		Spill over works
		Expenditure during 14-15	Nos., of work completed	Expenditure during 14-15
1	Construction of office Building/ Stores/Guest houses and other building and extension works	64.38	7	224.15
2	Other infrastructure works such as compound, road, water supply, fencing & drainage etc.,	195.72	52	15.48
	<b>Total</b>	<b>260.10</b>	<b>59</b>	<b>239.63</b>

For financial year 2015-16, a budget of Rs. 15.00 Crores is allocated towards spill-over and fresh Civil Engineering works in MESCOM.

**15. New initiatives in procurement of Materials:**

**1. Energy Efficient 3 star labeled Distribution Transformers:-**

In order to comply with Energy Conservation Act-2001, Procurement of Energy Efficient minimum 3 star labeled Distribution Transformers is being implemented since 2008. Number of such Distribution Transformers procured during FY-2014-15 is as below:-

Capacity	Quantity (Nos)
25 KVA	3272
63 KVA	1824
100 KVA	112
<b>Total</b>	<b>5208</b>

2. Following Polymeric Type Materials are being procured in order to minimize the failure rates in case of porcelain type materials.

- Only Polymeric type Lightning Arrestors are being procured in order to minimize the distribution transformer failure rate especially in the heavy lightning prone areas. Quantity procured during 2014-15 is 10000 Nos.
- 50000 Nos of 45KN Polymeric type Insulators for 11KV distribution system are procured during 2014-15.
- 30000 Nos of 5KN Polymeric Type Pin Insulators for 11KV distribution system are procured during 2014-15 for usage in coastal and heavy lightning prone areas.

**16. Public Grievances Cell**

- a. Public Grievances Cell established in the corporate office is working under the direct control of Managing Director is headed by Manager (PG Cell). During the year 2014-15, the Public Grievances Cell received 370 written complaints out of which 95.14% ie., 352 complaints were resolved satisfactorily. The remaining 18 complaints were redressed in the current financial year. Further 600 minor complaints relating to fuse-off call, low voltage, etc, were received through Telephonic Calls.
- b. The category-wise complaints:

Sl. No.	Category of complaints	Nos. of Complaints
1	Electricity Supply & Distribution code-violation	83
2	Voltage/Interruptions.	34
3	Bills Related	19
4	Delay in Sanction & Work	0
5	Accident & Compensation	5
6	Theft & unauthorized use of Electricity	21
7	Transformers Shifting etc.	54
8	Bribe/Corruption/Dishonest	15
9	Reduction in Deposits /Load Reduction/Repayment of Deposits	2
10	New Connection	25
11	Disconnections	10
12	Other Miscellaneous Complaints.	102
	<b>Total</b>	<b>370</b>

c. A comparative data of complaints are as follows;

No. of Complaints	2012-13	2013-14	2014-15	Remarks
Written Complaints	590	406	370	Decrease of 36 complaints.
Minor Telephonic Complaints	475	850	600	Decrease of 250 complaints.

**17. Personnel, Industrial relations and Human Resource Development:**

A) a) The Company functions through the following organized on structure :  
(as on 31.03.2015)

Corporate Office	O & M Zone	O&M Circles	O&M Divisions	O&M Sub Divisions	Revenue Sections	O&M Sections
1	1	4	12	55	14	185

**B) Personnel Details:**

The category wise working strength of the employees as on 31.03.2015 is as follows:

Cadres	Mangaluru Circle			Udupi Circle			Shivamogga Circle			Chikmagaluru Circle			Total		
	S	W	V	S	W	V	S	W	V	S	W	V	S	W	V
<b>A - Grade (Regular Employees)</b>	135	96	39	30	26	4	46	45	1	31	27	4	242	194	48
<b>A - Grade (Deputation Employees)</b>	3	3	0	1	1	0	1	1	0	1	1	0	6	6	0
<b>Total</b>	<b>138</b>	<b>99</b>	<b>39</b>	<b>31</b>	<b>27</b>	<b>4</b>	<b>47</b>	<b>46</b>	<b>1</b>	<b>32</b>	<b>28</b>	<b>4</b>	<b>248</b>	<b>200</b>	<b>48</b>
<b>B - Grade (Regular Employees)</b>	113	63	50	45	26	19	87	46	41	54	15	39	299	150	149
<b>B - Grade (Deputation Employees)</b>	1	0	1	1	1	0	1	0	1	1	0	1	4	1	3
<b>Total</b>	<b>114</b>	<b>63</b>	<b>51</b>	<b>46</b>	<b>27</b>	<b>19</b>	<b>88</b>	<b>46</b>	<b>42</b>	<b>55</b>	<b>15</b>	<b>40</b>	<b>303</b>	<b>151</b>	<b>152</b>
<b>C - Grade (Regular Employees)</b>	856	556	300	470	325	145	697	538	159	445	315	130	2468	1734	734
<b>C - Grade (Deputation Employees)</b>	8	6	2	8	6	2	8	8	0	8	7	1	32	27	5
<b>Total</b>	<b>864</b>	<b>562</b>	<b>302</b>	<b>478</b>	<b>331</b>	<b>147</b>	<b>705</b>	<b>546</b>	<b>159</b>	<b>453</b>	<b>322</b>	<b>131</b>	<b>2500</b>	<b>1761</b>	<b>739</b>
<b>D - Grade (Regular Employees)</b>	1812	520	1292	1048	281	767	1558	523	1035	1048	299	749	5466	1623	3843
<b>Company Total</b>	<b>2928</b>	<b>1244</b>	<b>1684</b>	<b>1603</b>	<b>666</b>	<b>937</b>	<b>2398</b>	<b>1161</b>	<b>1237</b>	<b>1588</b>	<b>664</b>	<b>924</b>	<b>8517</b>	<b>3735</b>	<b>4782</b>

S-Sanctioned, W-Working, V-Vacant

**C) Training and Development Programmes during the year 2014-15**

- To inculcate the requisite work-culture and to develop the orientation and skill essential for today's advancing technology and operating environment, sufficient and constant both external and internal training programmes are being imparted to the rank and file employees of the Company.
- Also, training on basic tax laws, Labour laws, Information Technology, Safety, energy savings, Financial Management, Managerial effectiveness and Customer relationship etc., have been given to the employees for the enrichment of their knowledge and betterment of their attitudes and organize.
- During the year 2014-15, the Company has organized several Internal Training Programmes and also has deputed the regular working staff of the Company to various external training programmes.

The details of training Programmes are as follows:

**External Training Programme (2014-15)**

Sl. No.	Subject	Participants	No. of Programmes	Training Cost
1	Administrative Law	5	1	7650
2	Infrastructure Development through Public Private Partnership	1	1	44765
3	Effective Interpersonal Skills	1	1	3440
4	Capital Market - the Growth Engine	3	1	2529
5	Super-Users Training	39	1	0
6	Utilities of the Power Sector for Decision Support System (on-Line MPIC)	2	1	3919
7	Customer Satisfaction and Public Relations	2	1	1800
8	Compliance leads Governance	4	1	5000
9	Contract Management	5	1	6742
10	Customer Care and Public Relations	1	1	1318
11	Climate Change	1	1	8022
12	Right to Information Act, 2005: Obligations & Strategies	3	1	107212
13	Energy Efficiency Summit 2014	2	1	37489
14	Methodologies employed to analyse the Annual Accounts of NDCUs	1	1	990
15	Power theft in Distribution System	3	1	34495
16	Internal Audit in Public Enterprises	1	1	5041
17	Ind AS (IFRS) Adoption in Indian Power Companies	4	1	105270
18	Project Management	3	2	7606
19	CMA SUMMIT 2014-15	2	1	13347
20	Online Application process pertaining to e- Udyami portal	8	1	16330
21	Implementation of Solar Rooftop PV Generation	21	3	40066
22	Updates on VAT,WCT, 'C' Forms and e-governance	7	1	14800
23	DTR (V-7) TOT	2	1	6520
24	Public Private Partnership	6	1	10200
25	Renew India 2015	1	1	36064
26	Impact of Climate change on Energy - Risk Vulnerability and Adaptation	10	1	19384
27	e-Procurement	2	1	1028
28	Solar Technology	3	1	21348
29	NAD of Utilities under IPDS & DDUGJY	2	1	61129
30	Advances in Energy Conversion Technologies (AECT2015)	2	1	3000
31	Karnataka CMA Convention- Role of CMAs in Industrial Growth and Service Sector	8	1	37612
32	Renewable Energy Law and Management in India	1	1	2820
33	Finance & Accounts Management	2	1	1500
34	India Smart Grid Week 2015	5	1	52008
35	Energy Sync	11	1	0
	<b>TOTAL</b>	<b>174</b>	<b>38</b>	<b>720444/-</b>



Total No. of External training Programmes	:	38
Total Cost including programme fees (Rs.)	:	720444/-
No. of persons participated	:	174
Cost per Head (Average) (Rs.)	:	4140

**Internal Training Programmes:**

Sl.No.	Subject	Participants	No. of Programmes	Total Cost
1	Electrical Safety Awareness	27	1	12502
2	MTTP-3	39	1	288842
3	MTTP-2	40	1	301196
4	MTTP-3	40	1	346524
5	REC/C&D	231	9	492354
6	Orientation Training Programme	54	1	79330
	<b>TOTAL</b>	<b>431</b>	<b>14</b>	<b>1520748</b>

Total No. of Internal training Programmes	:	14
Total Cost including programme fees (Rs.)	:	1520748
No. of persons participated	:	431
Cost per Head (Average) (Rs.)	:	3528

**D) Employees Welfare Scheme:**

As a step towards strengthening the relationship between the employees and management, several welfare schemes have been initiated by the Company,

**a) Sponsorship for welfare of employees during 2014-15**

- 1) Rs. 25 lakh to KEBEA Engineers' Association, Bengaluru for constructing KEBEA Zonal Centre during the year 2014-15.
- 2) Rs. 63 lakh to KPTCL Employees Union (R659) for constructing Employees Samudaya Bhavan at Mangaluru.
- 3) Rs. 75 lakh to KEB SC/ST Welfare Association, Bengaluru for constructing Dr. B.R. Ambedkar Samudaya Bhavan at Bengaluru.
- 4) Rs. 6 lakh to KPTCL Sports Organisation, Bengaluru for conducting Inter Company and National level Electricity Board Sports Meet.

**b) Sponsoring of Socio-Economic projects**

- a. Rs. 4.00 lakh to the Dr. Shivarama Karantha Pilikula Nisargadhama, Mangaluru.
  - b. Rs. 5.00 lakh to Golden Jubilee celebration of KEBEA Engineers' Association.
  - c. Rs. 25,000/- to Sangeethotsava-2014 organized by Sangeetha Parishath-Mangaluru-I at Ravindra Kalabhavan, University College, Mangaluru on 27.11.2014 to 30.11.2014.
  - d. Rs. 1.00 Lakh to Karavali Utsav-2014 held on 23.12.2014 to 01.01.2015 at Mangaluru.
- c)** To promote and encourage academic excellence, cash incentive of Rs. 2,500/- is being awarded to each of the meritorious children of the regular employees of the Company, who secure 90% and above marks in SSLC/10th standard and 2nd PUC examination under State/ Central syllabus from the academic year 2007-08 and onwards. During the year 2014-15 this cash prize and appreciation letter has been awarded to 11 meritorious children who have passed during the academic year of 2013-14.
- d)** Company quarters facilities wherever available are provided to the Company employees.

**18. Training Activities of HRD Centre, MESCOM for the year 2014-15  
Mandatory Technical Training Programme (MTTP)**

During the year 2014-15, MESCOM HRD Centre, Shivabagh, Kadri, Mangaluru has organised & completed 3 batches of Mandatory Technical Training Programmes in total, to Employees of MESCOM & also to KPTCL employees working in MESCOM jurisdiction.

The training programme under 13<sup>th</sup> batch of Mandatory Technical Training Programme -3 (MTTP-3) for the period 25.04.2014 to 13.06.2014 to Lineman/Station Attendent Grade-1 & other maintenance men to be promoted , have been given pre- promotional technical training under 40 working days programme in which 39 nos.of said category of employees have been trained.

The Training Programme under 9<sup>th</sup> Batch of Mandatory Technical Training Programme-2 (MTTP-2) for the period 24.07.2014 to 12.09.2014 to Junior Meter Readers (Pre- employment Training) and existing Meter Reader/Operator /Overseer /ASK to be promoted as JE's has been given pre-promotional Training under 40 working days Programme, in which 40 numbers of said category of employees have been trained.

Similarly additional one number of training programme under MTTP-3 for the year 2014-15 is also conducted as details below.

Batch No	Period	No.of employees Trained
14	27.11.2014 to 16.01.2015	40

An Orientation Training Programme to the Newly Recruited Assistant Engineer(Ele), Junior Engineers(Ele) & Assistant Account officers of MESCOM for 6 Days duration from 23.03.2015 to 28.03.2015 has been conducted in which 46 Nos of Assistant Engineers(Ele), 5 Nos of Junior Engineers (Ele) & 3 Nos of Assistant Accounts officers, totalling 54 numbers of officers have been benefitted during the year 2014-15.

As a whole, 119 numbers of employees have been benefitted under the Mandatory Technical Training Programme & 54 numbers of officers have been benefitted under the Orientation training programme in MESCOM during the year 2014-15

**19. National Training Programme conducted to C&D Employees of MESCOM During the year 2014-15**

REC & MESCOM have jointly Sponsored 9 batches of Training Programme under Variant-5 & Variant- 1 for the year 2014-15 under 12<sup>th</sup> five year plan to the C & D employees of MESCOM, the details of which are as given below :

Variant	Name of the Programme	Duration	Total no.of programmes conducted	No. of Total Employees Trained
V-5	Safety, Accident Prevention and Disaster Management	19.09.2014 & 20.09.2014 (2 days)	5	131
		13.10.2014 & 14.10.2014 (2 days)		
		17.11.2014 & 18.11.2014 (2 days)		
		18.12.2014 & 19.12.2014 (2 days)		
		05.01.2015 & 06.01.2015 (2 days)		
V-1	Linemen* Training	19.01.2015 To 22.01.2015 (4 days)	4	100
		02.02.2015 To 05.02.2015 (4 days)		
		18.02.2015 To 21.02.2015 (4 days)		
		09.03.2015 To 12.03.2015 (4 days)		
		<b>Total</b>		

\* Programme under Variant-1 includes one day field visit also

## 20. Electrical Accidents during the year- 2014-15

The details of electrical accidents are presented as below.

SI. No	Name of the Circle/Division	Departmental		Non-Departmental		Animal	Grand Total
		Fatal	Non-Fatal	Fatal	Non-Fatal		
<b>MANGALURU CIRCLE:</b>							
1	Mangaluru -1	0	1	3	0	0	4
2	Mangaluru -2	0	0	5	1	0	6
3	Bantwal	0	0	4	1	3	8
4	Puttur	1	1	1	0	3	6
<b>Circle Total</b>		<b>1</b>	<b>2</b>	<b>13</b>	<b>2</b>	<b>6</b>	<b>24</b>
<b>UDUPI CIRCLE:</b>							
1	Udupi	0	3	1	1	8	13
2	Kundapura	0	4	0	1	3	8
<b>Circle Total</b>		<b>0</b>	<b>7</b>	<b>1</b>	<b>2</b>	<b>11</b>	<b>21</b>
<b>SHIVAMOGGA CIRCLE:</b>							
1	Shivamogga	0	2	5	1	12	20
2	Bhadravathi	0	1	2	1	3	7
3	Sagar	0	3	2	0	11	16
4	Shikaripura	0	0	5	1	8	14
<b>Circle Total</b>		<b>0</b>	<b>6</b>	<b>14</b>	<b>3</b>	<b>34</b>	<b>57</b>
<b>CHIKMAGALURU CIRCLE:</b>							
1	Kadur	0	5	3	0	5	13
2	Chikmagaluru	0	3	5	1	5	14
<b>Circle Total</b>		<b>0</b>	<b>8</b>	<b>8</b>	<b>1</b>	<b>10</b>	<b>27</b>
<b>Grand Total</b>		<b>1</b>	<b>23</b>	<b>36</b>	<b>8</b>	<b>61</b>	<b>129</b>

## 21. Public relation and Communication Activities:

MESCOM through its Communication Section working at Corporate Office manages Public Relations and Corporate protocol duties. Manager (Communication) is in charge of this and performs duties duly reporting to the Managing Director. Maintaining the relationship with the public and media as well as representing the Company in the society are the main functions of this wing. Arrangement for publication of Company's news and public Notifications like Tender & such other notifications etc., are the routine activities of the section. Further, the news regarding the Power Sector and highlights of company activities will be brought into the knowledge of the management and to the respective offices on daily basis.

### Highlights of Public Relations and Communication activities in MESCOM during 2014-15:

#### a. Jana Samparka Sabhas :

It has been made mandatory that, the concerned Superintending Engineers (Ele) of O&M Circles shall conduct consumer meets i.e., Jana Samparka Sabhas, a direct interaction programme with the general public and consumers at sub-divisional headquarters on frequent intervals. The programme schedules of these Jana Samparka Sabhas will be published in the leading news papers by way of notification and also in the form of news. During the year 2014-15, totally 84 Jana Samparka Sabhas have been conducted. Under these programmes, the problems and grievances of the consumers relating to electricity distribution have been dealt with and solved in the presence of Company's local officers.

#### b. Attending VP, TP & ZP Meetings:

The concerned O&M Section Officers are regularly attending the meetings of concerned Village Panchayats and the concerned O&M Sub-divisional Officers are attending the meetings of

concerned Taluk Panchayat. Further, the concerned O&M Divisional Officers are attending concerned Zilla Panchayat meetings. In these meetings, Company's concerned Officers will discuss on various ongoing O&M works and Capital works and also redress the customers' complaints and problems if any.

**c. Consumer Education Programmes :**

During the year several advertisements and informations for Consumer Education have been published by the company so as to guide the public regarding electricity usage, safety and savings.

**d. Publication of Contact Numbers :**

The contact numbers of '24 Hours Service Stations', Section Officers, Sub-Divisional Officers and Divisional Officers have been published in the leading newspapers so that the consumers can contact for their any problems in the electricity distribution systems and such other problems including problems during monsoon season.

**e. Internal Magazine :**

The Company's internal magazine "MESCO KIRANA" is being published quarterly in which various reports on different programmes, sports activities, training and HR activities of the company are published in the magazine. The magazine has been a tool to reveal the talents of employees in writing poems, articles and to share their collections etc. The magazine is being published continuously and circulated among Company's various offices so as to reach the readers. Copies of the magazine are submitted to all Directors, Other ESCOMs, KERC Authorities, Energy Department, Finance Department, D.C. Office, Kannada Development Authority, and such other offices. During the year the Chairman, Kannada Sahithya Parishath has sent a letter of appreciation for the publication of this magazine.

**f. Interaction with Media Representatives:**

Managing Director and concerned senior level officers have interacted with the media representatives in which the issues and problems of the electricity consumers have been attended to and measures were taken to handle and resolve the consumers' queries and grievances.

**22. Consumer Friendly Measures**

- "24 Hours Consumer Service Centers" have been opened in major city and town places.
- Soujanya counters are working at Sub Divisional level to redress the public grievances.
- **Consumer Grievance Redressal Forums (CGRF)** are formed at each District headquarters under the chairmanship of respective O&M Circle's Superintending Engineers (Ele.). The details of CGRF and address and contact numbers of the Forum and about its members have been widely published in the leading News Papers.
- Implementation of Geographical Information System to improve quality of power supply.
- Computerization of all revenue sections and implementation of information technology in day to day activity.
- Electronic clearing system has been introduced for payment of Electricity bills.
- 45 Nos of ATP machines have been installed in Sub Divisional and Prime locations, they are working satisfactorily.
- Provision has been made to collect the Consumer Electricity bills through Post Offices.
- Electricity Bills are also collected at 'Mangaluru One' and 'Shivamogga One' Centers, a multi service providing center recognized by the Government.

**23. Internal Audit in MESCOM**

The Internal Audit Wing of MESCOM is headed by Controller (Internal Audit), functioning independently and reporting directly to the Managing Director of the Company. The Revenue Audit, Voucher Audit, Cash Audit, Store Audit, audit of Power Purchase Bills, LOIs, Work Awards and Purchase Orders, Budget Certification and day to day pre/post audit are the regular functions of

Internal Audit. Also on need basis special inspections are independently carried out by the Internal Audit Officers and Staff of the Company.

The Revenue Ledgers maintained in the Sub-Divisions and Accounting Sections of the Company are audited as per Action Plan by concerned Divisional Assistant Accounts Officer (IA) and Senior Assistants (IA). Depending upon the requirement and availability the services of Rtd. Senior Assistants are also utilized on contract basis during the period to audit the Revenue Ledgers of LT-2 & LT-3 Tariff Category. Further, the services of B.Com. Graduates who have knowledge in auditing have been obtained on contract basis in Mangaluru, Puttur, Bantwal, Kundapura, Bhadravathi, Sagar and Chikmagalur Divisions. They are utilized during the period to audit the Revenue Ledgers of Power Installations, LT-2 & LT-3 Tariff category.

The work of Internal Audit is being carried out as per approved Annual Action Plan. The Accounts Officer of Internal Audit are being attending the monthly revenue progress review meeting held at concerned Divisional Office and contribute in the discussions on the revenue collection of the company. Further they take action to control the excess payment and irregular payments. Once in every three months a meeting of all the Accounts Officers of Internal Audit is being held at Corporate Office under the Chairmanship of Controller (IA), in which the progress of internal audit work is reviewed and implementation of Action Plan is being monitored and proper guidance for effective audit will be given accordingly.

#### 24. Vigilance Activities in MESCOM

1. As per the Electricity Act 2003, vigilance police stations are formed in MESCOM. The Superintendent of Police is the head of the vigilance wing, who is technically assisted by Executive Engineer (Elect.) in the head quarters.
2. The Deputy Superintendent of Police is supervising all the four vigilance Police Stations.
3. Assistant Executive Engineers (Ele.) / Police Inspectors are working in each District and are assisted by Sub Inspectors / Head Constables / Police Constables.
4. Under section 126 and 135 of Electricity Act 2003, non cognizable and cognizable cases are booked in MESCOM vigilance police stations.
5. Cases booked under section 135 are admitted only in special courts.
6. Statement showing the progress of vigilance activities for the year 2014-15 is furnished below.

Sl.No.	Name of the Police station	No. of installations checked	No. of cases booked		Total Cases	Total units pilfered in MU	Demand		Compound raised (Amount in lakh)	Total amount (Amount in lakh)	Recovery			Total Recovery (Amount in lakh)
			Violation cases	Cog. Cases			Violation cases (Amount in lakh)	Cognizable cases (Amount in lakh)			Violation cases (Amount in lakh)	Cognizable cases (Amount in lakh)	Compounding (Amount in lakh)	
1	Mangaluru	3680	259	40	299	1.21	114.87	8.40	5.27	128.54	52.38	9.12	5.43	66.94
2	Shivamogga	3768	523	85	608	0.74	120.29	19.31	6.26	145.85	32.76	4.31	4.35	41.42
3	C.Magaluru	2934	436	83	519	1.99	115.12	6.70	5.66	127.48	45.87	5.06	5.29	56.21
4	Udupi	4567	328	21	349	0.06	40.80	9.75	3.62	54.17	26.50	9.19	3.58	39.27
	<b>TOTAL</b>	<b>14949</b>	<b>1546</b>	<b>229</b>	<b>1775</b>	<b>4.00</b>	<b>391.08</b>	<b>44.16</b>	<b>20.81</b>	<b>456.04</b>	<b>157.51</b>	<b>27.68</b>	<b>18.65</b>	<b>203.84</b>

**25. Implementation of Right to Information Act 2005 in MESCOM**

1. The details of PIO's, APIO's and respective Appellate Authorities have been notified and updated in MESCOM website www.mesco.in under the caption Right to Information Act in home page and the details are also made available to the general public in the respective offices.
2. During 2014-15, 2032 Nos of Applications including 113 Applications from BPL Citizens have been received seeking information under RTI Act 2005 across the Company, for which Rs. 29346/- has been collected towards the application fee and charges for furnishing information. During the year 2021 Nos of request for information were attended within the time limit and 25 Nos of request were disposed off after the time limit. Further, during 2014-15, 88 Nos of Appeals received. 76 Nos of Appeals were disposed off within the time limit and remaining 14 Nos of Appeals are pending.

**26. Particulars as per Companies (particulars of employees) Rules, 1975 and as amended:**

None of the employees of the Company was in receipt of remuneration amounting to Rs. 60,00,000/- and above per annum or at the rate of Rs. 5,00,000/- and above per month during the financial year under review.

**27. Appointment of Cost Auditors:**

The Ministry of Corporate Affairs, Gol vide No.52/62/CAB-2008 dated 4<sup>th</sup> Feb.2008 has directed for the Cost Audit of cost accounts maintained by the Company in respect of the financial year ending 31.03.2008 and for every financial year thereafter continuously to be conducted by an Auditor with qualifications prescribed in section 233B (1) of the Companies Act, 1956. Accordingly, M/s. Rao Murthy & Associates, Cost Accountants, No.23/33, Serveyor's Street, Basavanagudi, Bangaluru-560004 have been appointed as the Cost Auditors of the Company for the FY 2007-08 and onwards.

The details of Cost Audit Reports filed with Gol are as under:

Financial Year	Due date to Submit Report	Date of Submission of Report
2007-08	30.09.2008	30.09.2008
2008-09	30.09.2009	08.12.2009
2009-10	30.09.2010	29.09.2010
2010-11	30.09.2011	04.11.2011
2011-12	30.09.2012	10.01.2013
2012-13	30.09.2013	26.12.2013
2013-14	30.09.2014	27.09.2014

**28. Secretarial Audit**

In Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Auditor M/s Ullas Kumar Melinamogaru & Associates, Mangaluru was appointed as Secretarial Auditor for conducting Secretarial Audit for FY 2014-15 as per the authorization of the Board vide Board Resolution No. 56/24. The Report of the Secretarial Audit has been enclosed here with vide **Annexure-I** and the replies of the Management regarding the appointment of Independent Directors, Corporate Social Responsibilities and other matters are enclosed here with vide **Annexure-II**.

**29. Board of Directors****(A)**

Sl. No.	Shriyuths/Smt.,	Particulars
1.	G. Kumar Naik, IAS	Chairman from 01.08.2013 to 27.05.2015
2.	Jawaid Akhtar, IAS	Chairman from 27.05.2015
3.	Chikkananjappa	Managing Director from 25.06.2014
4.	N. Laxman	Director (Tech) from 03.08.2013 to 27.04.2015
5.	K. Ramakrishna	Director (Tech) from 27.04.2015
6.	Dr. Aditi Raja	Director from 24.09.2008
7.	A.B. Ibrahim, IAS	Director from 17.02.2014
8.	M. Mahadev	Director from 12.12.2014 (presently transferred to MESCOM as Chief Engineer (Electy) and working as CE of Mangaluru Zone)
9.	K.L. Ramachandra	Director from 04.12.2013 to 16.05.2015
10.	G.N. Yadravi	Director from 16.05.2015
11.	M.S. Shivaram	Director from 09.04.2013
12.	V. Venkatesh Reddy	Director from 21.10.2011 to 07.04.2015
13.	A.N. Jayaraj	Director from 07.04.2015
14.	M. Nagaraj	Director from 17.12.2008

The Board places on record its sincere appreciation and gratitude of the services rendered by the outgoing Directors.

**(B) Sub Committees :**

<b>(i) Purchase Committee:</b>	
1. Managing Director, MESCOM	Chairman
2. Director (Tech), MESCOM	Member
3. Deputy Secretary, Energy Dept., GoK	Member
<b>(ii) Audit Committee:</b>	
1. Director Finance, KPTCL	Chairperson
2. Director (Tech), MESCOM	Member
3. Deputy Secretary, Finance Dept., GoK	Member
4. Deputy Secretary, Energy Dept., GoK	Member
<b>(iii) Corporate Social Responsibility Committee:</b>	
1. Director (Tech), MESCOM	Chairman
2. Deputy Secretary, Finance Dept., GoK	Member
3. Deputy Secretary, Energy Dept., GoK	Member

©Meetings of the Board and Board Sub-Committees

<b>i) Board meetings</b>	
52nd Meeting on 19.07.2014 53rd Meeting on 22.09.2014 54th Meeting on 08.01.2015 55th Meeting on 25.03.2015	4
<b>ii) Purchase Committee meetings</b>	
52nd Meeting on 26.04.2014 53rd Meeting on 11.07.2014 54th Meeting on 12.09.2014 55th Meeting on 08.01.2015 56th Meeting on 11.02.2015 57th Meeting on 25.03.2015	6
<b>iii) Audit Committee meetings</b>	
18th Meeting on 19.07.2014 19th Meeting on 28.02.2015	2

**D) General Meetings:**

The Twelfth Annual General Body Meeting of the Company was held at the Registered Office of the Company on 22<sup>nd</sup> September 2014 for consideration and adoption of accounts of the year 2013-14.

**E) CSR Committee :**

The Board has constituted a Corporate Social Responsibility Committee comprising Sriyuths K Ramakrishna, GN Yadravi and MS Shivaram. The Committee has noted that in view of the small amount available under CSR fund, the company could continue its policy of supporting wild life as the company is located in the eco sensitive Malnad region and also support educational activities which is essential for development. These could be the focus areas and in 2014-15, the company has spent about Rs 8.52 lakh out of the required amount of Rs.9 lakh.

**30. Directors' Responsibility Statement:**

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors wish to state that to the best of their knowledge:

- i. in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. Annual Accounts have been prepared for the Financial Year ended March 31, 2015 on a going concern basis.



**31. General:**

The Board would like to place on record its appreciation of:

- The Government of Karnataka, the Government of India, Central Electricity Authority, Comptroller & Auditor General of India, Central Electricity Regulatory Commission, Karnataka Electricity Regulatory Commission, Karnataka Power Transmission Corporation Ltd., Karnataka Power Corporation Ltd., & Power Company of Karnataka Ltd., for their assistance, guidance and co-operation.
- Financing agencies, such as Rural Electrification Corporation, Power Finance Corporation, Syndicate Bank, State Bank of Mysore, Canara Bank, Corporation Bank, Vijaya Bank, State Bank of India, Punjab & Sindh Bank, Indian Bank, Axis Bank, Karnataka Bank and Central Bank of India for their financial support.
- The media for publicity and creating awareness among the public.
- The Statutory Auditors and Cost Auditors for their guidance and support.
- All the agencies associated with the computerisation of billing.
- The Employees, Employees' Union and other Associations of employees for their co-operation and collective participation.
- The Suppliers, Contractors and Consultants for their co-operation.

**Place : Mangaluru**

**Date : 26.09.2015**

**Sd/-  
(Jawaid Akhtar)  
Chairman**

**Secretarial Audit Report – Annexure -1**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,  
Mangalore Electricity Supply Company Limited,  
Paradigm Plaza,  
A B. Shetty Circle,  
Mangaluru – 575 001

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2015 complied with the Statutory Provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Mangalore Electricity Supply Company Limited (“the Company”) for the financial year ended on 31st March 2015, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder is not applicable to the Company as it is an Unlisted Public Company
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder is not applicable to the Company as it is an Unlisted Public Company;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings is not applicable to the Company;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') is not applicable to the Company as it is an Unlisted Public Company:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi. The Electricity Act, 2003 and compliance with other labour laws as are specifically applicable to the Company on test check basis.

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India. (Not applicable to the Company during the audit period)
- ii. The Listing Agreements entered into by the Company with the Stock Exchanges does not apply to the Company as it is an Unlisted Public Company.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- a. The Company has to formulate a CSR Policy and make contribution under CSR as per Section 135 of the Companies Act, 2013.
- b. The Company does not have Independent Directors on its Board for the Financial Year ended 31st March 2015.
- c. The Company has not constituted Nomination and Remuneration committee as required under Section 178 of the Companies Act 2013.
- d. The Company is required to establish Vigil Mechanism for Directors and employees to report genuine concerns as per Section 177(9) of the Companies Act 2013.
- e. The Company has not appointed a Company Secretary as required under Section 203(1) of the Companies Act 2013.

I further report that

The Board of Directors of the Company is constituted of Executive Directors. The Company does not have Independent Directors on its Board for the Financial Year ended 31st March 2015. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings and were given atleast seven days in advance except in one case wherein the Notice was given at a shorter period, agenda and detailed notes on agenda were not usually sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines subject to the observation that has already been made by the Statutory Auditors in their Report.

further report that during the audit period, the Company does not have specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above

**For Ullas Kumar Melinamogaru & Associates  
Practising Company Secretaries**

**Sd/-**

**CS Ullas Kumar Melinamogaru  
Proprietor  
FCS 6202, CP No. 6640**

**Date: 16.09.2015  
Place : Mangaluru**

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

### Annexure A

To,

The Members,  
Mangalore Electricity Supply Company Limited,  
Paradigm Plaza,  
A B. Shetty Circle,  
Mangaluru – 575 001

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

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

**For Ullas Kumar Melinamogaru & Associates  
Practising Company Secretaries**

**Sd/-**

**CS Ullas Kumar Melinamogaru  
Proprietor**

**FCS 6202, CP No. 6640**

**Date: 16.09.2015  
Place : Mangaluru**

## Secretarial Audit Report – Annexure -2

Management Replies to the observations of Secretarial Auditors [M/s Ullas Kumar Melinamogaru & Associates, Practicing Company Secretary] in their report for 2014-15

Observations	Management reply
a. The Company as to formulate a CSR policy and make contribution under CSR as per section 135 of the Companies Act 2013	CSR Committee constituted and action is on hand to comply with the requirement
b. The Company does not have Independent Directors on its Board for the Financial Year ended 31st March 2015	Government of Karnataka, which is the appointing authority has been addressed to nominate the independent directors
c. The Company has not constituted Nomination and Remuneration Committee as required under Section 178 of the Companies Act 2013	Whole time directors are appointed by Govt. of Karnataka and the officials are given their scale of pay in the parent department /organization - hence to role for such committee.
d. The Company is required to establish Vigil Mechanism for Directors and employees to report genuine concerns as per Section 177(9) of the Companies Act 2013	There is an audit committee, internal audit and vigilance organization which provides a forum to report grievances.
e. The Company has not appointed a Company secretary as required under Section 203(1) of the Companies Act 2013.	Efforts made to recruit a company secretary did not fructify as the incumbent did not accept the same.

### Addendum to Directors' Report

Replies offered on the observations / comments of the Statutory Auditors on the accounts of the Company for the year 2014-15 are as follows:

Sl No.	Statutory Auditor's Observation	MESCOM's Replies
1.	The Company has valued its inventories at Standard Rate and not at lower of cost or net realizable value, which is not in accordance with Accounting Standard – 2 “Valuation of Inventories”. The effect of the above on the financial statements is not ascertainable.	AS-2 states that standard cost may be used for convenience, if the result approximates the actual cost. Also standard rates are regularly revised in the light of changing conditions, which are approximate to the actual cost. Hence the Company is following standard Rates consistently, where the difference is negligible. Treatment of material cost variance has been stated under para No. 1(g) to significant accounting policies for the period ended 31.03.2015.
2.	A sum of Rs. 405.47 lakh is short recognized under power purchase cost by not giving effect to the order of the Appellate Tribunal for Electricity.	MESCOM has implemented the order of the Hon'ble APTEL from the date of the order i.e., 17.10.2014 in respect of M/s AMR Power Pvt. Ltd. The audit observation refers to the period from the date of signing of Wheeling & Banking Agreement to the date of ATE Order i.e., for the period from 06.05.2014 to 16.10.2014. However, MESCOM has challenged the Order of APTEL before Hon'ble Supreme Court in SLP 1665/2015. The same has been disclosed under para 38.10 – contingent liability for the period ended 31.03.2015.
3.	An aggregate sum of Rs. 110.22 lakh being revenue expenditure which has accrued during the financial year is not provided in the accounts.	This expenditure mainly includes the LC Bills in respect of R&M works which are completed during the year 2014-15 but bills were submitted by the contractors after closure of the Financial year 2014-15. Hence these expenditures are accounted during FY 2015-16
4.	The Company has not computed and charged depreciation to statement of profit and loss in accordance with Schedule II to the Companies Act, 2013. Depreciation is computed at the rates approved as per KERC Tariff order 2009 dated 25 <sup>th</sup> November 2009. Besides the Company has short recognized depreciation charge to the extent of Rs. 9.65 lakh, which is not in accordance with the Accounting Standard–6 “Depreciation Accounting”	Company has not adopted the depreciation policy as per the Companies Act 2013. Company has computed the depreciation at the rates as approved by the KERC in its tariff Order 2009 dated 25 <sup>th</sup> November 2009. The Company is following this method consistently.  Further the short provision of Rs. 9.65 lakhs will be accounted during FY 2015-16 since the amount will not have much impact on the Financial Statements.

Sl No.	Statutory Auditor's Observation	MESCOM's Replies
5.	The Company has recognized a sum of Rs. 478.50 lakh as current expenditure, which is incurred in the previous financial year. This accounting policy is not in accordance with the Accounting Standard- 5 "Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies"	This expenditure mainly includes the LC Bills in respect of R&M works which are completed prior to the Financial year 2014-15 but bills were submitted by the Contractors during the Financial year 2014-15. Hence these expenditures are accounted during FY 2014-15 itself.
6.	A sum of Rs. 6129.00 lakh is recognised in the accounts as interest income by creating provisions on Energy Balance dues from other ESCOMs without any enforceable right or mandate from KERC. Refer Para I(i) of significant accounting policies and 28.4.1(a) of notes to financial statements. This accounting policy is not in accordance with the Accounting Standard-9 "Revenue Recognition"	Energy Balancing dues are nothing but the Power purchase dues which are being ultimately accounted as receivables/ payables by the ESCOMs to present the true and fair view of the Power purchase cost in the financial statements of respective year. The net of power purchase cost (i.e. after adjusting energy balancing dues) is being allowed to MESCOM in determination of Tariff by Hon'ble KERC. Therefore this portion of energy balancing cost is not factored on our KERC filing as cost. In other words, this is factored in respective ESCOM's power purchase cost for allowing the cost item in KERC tariff filing. These energy balancing dues are not paid by ESCOMs for long time inspite of repeated requests of MESCOM. Since the time factor for realisation of dues is also having impact on the financial health of the Company, MESCOM Board has taken a decision to charge interest on these arrears in the meeting held on 19.07.2014. The Government of Karnataka has also issued directions in the same lines vide letter No: EN 24 PSR 2014 Dated 12.08.2014. Therefore interest receivable from other ESCOMs on account of this is accounted in the current year as was done in the previous year 2013-14.
7.	The Company has recognised a sum of Rs. 10102.00 lakh as income from regulatory asset and credited to other revenue from operations by creating a regulatory asset (deferred revenue expenditure) and shown under "other current assets". Refer Para 26.7.11 of notes to financial statements. There is no mandate from the Karnataka Electricity Regulatory Commission for recognising the income and creating the asset stated	As the Regulatory Asset approved by Hon'ble KERC is the deferred Revenue Expenditures, the amount has been accounted to give true and fair presentation of Financial Statements.  During the Year 2012-13, Provision for Regulatory Asset/ Truing up subsidy was created to the extent of Rs. 20256.00 lakh being the excess Power purchase Cost incurred over the approved cost in ARR by KERC for FY 2012-13. The same is reversed during FY 2014-15 since Hon'ble KERC had carried



Sl No.	Statutory Auditor's Observation	MESCOM's Replies
	above. The recognition of income is not in accordance with the Accounting Standard-9 "Revenue Recognition". Further the Company has withdrawn regulatory asset amounting to Rs. 20256.00 lakh created during the financial year 2012-13 and debited to other revenue from operations. Refer Para 26.7.11(a) of notes to financial statements.	forward the revenue gap of FY 2012-13 to FY 2014-15.
8.	A sum of Rs. 122.97 lakh is recognized as revenue income by valuing the released substandard oil from transformers at standard rate and crediting the difference amount to "Other income" and shown under "inventories", which is not in accordance with the Accounting Standard – 9 "Revenue recognition".	The written down value of the released faulty transformers is being calculated considering whole of the original value. However the bad oil removed from these faulty transformers is being returned to the Store separately which is being valued at Standard rates and taken into accounts by crediting to Revenue. A new policy will be arrived in the ensuing year for accounting oil released from the faulty Transformers
9.	Fixed assets are under valued to the extent of Rs. 5.14 lakh by recognising capital expenditure as revenue expenditure, which is not in accordance with the Accounting Standard– 10 "Accounting for Fixed Assets".	This includes the insurance paid for new vehicle purchased and the consultancy charges paid to the Architects for construction of new Corporate office building. Since the impact of this on the financial statement is negligible, same will be accounted in FY 2015-16.
10.	An aggregate amount of Rs. 709.12 lakh has been recognized towards power purchase cost, K.P.T.C.L shared expenditure etc. as revenue expenditure without being accrued and/or wrongly charged.	This mainly includes the power purchase cost of Rs. 6.30 Crs. raised by M/s. NLC Ltd., vide Debit Note 63/09.06.2015 based on CERC Order dated 12.05.2015. Even though the claim is made in June-2015 it relates to the period upto FY 2014-15 and hence accounted in 2014-15 itself in view of the fact that, MESCOM is consistently following the practice of accounting the liability up to the current financial year that is made known till the certification of Accounts by Statutory Auditors.
11.	Items of fixed assets retired from active use are stated at their book value or standard rate depending on their re-usability and their value is not tested in comparison to net realizable value. These assets are disclosed as part of current assets. The value of materials used for capital works are stated at standard costs, which are not in	Since the Company is adopted the policy of accounting the inventory at the Standard Rates, the Assets are also accounted in Standard Rates only.

SI No.	Statutory Auditor's Observation	MESCOM's Replies
	accordance with the Accounting Standard – 10 “Accounting for Fixed Assets”. The effect of the above on the financial statements is not ascertainable.	
12.	The Company has not accounted deferred tax assets / liabilities as required by Accounting Standard – 22 “Accounting for Taxes on Income”. The effect of this on the financial statements is not ascertainable.	The Company has not recognized Deferred Tax Asset / Deferred Tax Liabilities so far. However action will be taken to comply with this Accounting Standard in the ensuing accounting year.
13.	Note No. 38.6: As per the said note there is a dispute between the Company and M/S Udupi Power Corporation Limited regarding tariff determined by CERC and the Appellate Tribunal for Electricity has issued directions to re-determine the tariff. According to the Company after making a provision for Rs. 42 Crore for the period 11.11.2010 to 31.03.2013, there is a further difference of Rs. 40.05 crore between the amount claimed by Udupi Power Corporation Limited towards tariff and amount accounted by the Company, for which no provision is made by the Company in accounts.	Even though, there is a difference of Rs. 40.05 Crs. between the UPCL claims and cost booked by MESCOM, the same has not been provided for since the CERC final Order was pending at that time and the liability is not known. Subsequently, CERC vide Order dated 10.07.2015 has re-determined the tariff. However, PCKL/ESCOMs have filed an appeal before Hon'ble Supreme Court in Diary No. 30611/11.09.2015 which is pending for Order.
14.	Note No. 38.13: As per the said note the management has admitted that there is a difference between demand raised by KPCL and the amount of bills admitted by the management and that this difference is Rs. 29.51 crore, which is not admitted by the management.	As MESCOM is booking the power purchase cost of KPCL as per the terms of the PPA, the excess amount claimed by KPCL has been disallowed and hence not provided for in the accounts.
15.	The Company has an internal audit system. However, considering the size of the Company and volume of its business, we are of the opinion that the present system requires to be strengthened and audit department needs to be adequately staffed. The audit system needs to cover technical audit, materials, inventory, stores and compliance and adherence to various provisions of Tax Laws and Labour Laws in particular.	Company has an Internal Audit Wing headed by AO rank working in each accounting division to verify and report any shortcomings regarding cash, revenue, work accounts, cost register, material audit, inventory and stock records. Further, at Company's Corporate Office, Controller (Internal Audit) is monitoring and supervising the work of Internal Audit Wing of each Division and rendering periodical reports to management regarding any shortcomings observed. Company has an 'in-built' system of internal control for each activity.

SI No.	Statutory Auditor's Observation	MESCOM's Replies
16.	The Balance of Sundry Debtors, Sundry Creditors, Loans and Advances, Other Receivables and other debit / credit balances including that of other ESCOM's and KPTCL are subject to confirmations and reconciliations. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss which may arise on account of non recovery or partial recovery of such dues is not ascertained. Thus we are unable to comment upon the impact thereof on the accounts and profit for the period.	As disclosed under note 39 & 40, the balances in respect of Sundry Debtors, Sundry Creditors, Loans and Advances to Suppliers and other borrowings are subject to confirmation. However the energy balancing dues among the ESCOMs as on 31.03.2014 are reconciled during the year 2014-15. The reconciliation of other balances with KPTCL and ESCOMs is under process for which due action is taken from MESCOM side by intimating the details for the balance.
17.	The Control account balances as reflected by the General Ledger at Divisions and Subsidiary Registers at sub-divisions in the matter of Consumer Security Deposits and Meter Security Deposits are not fully reconciled.	During the Balance sheet Restructuring Plan III, a portion of meter security deposit was capitalized as per the direction of the Govt. Though the amount was capitalized, the amount is still outstanding in the consumers' ledger account. But the meter security deposit as per accounts was reduced to that extent in the accounts of the Company, leading to difference between the balance as per consumers' ledger account maintained at Sub-Divisions and as per accounts of the Division Offices. Further, the deposit registers are being maintained at Sub-divisional / Section levels and the accounts are maintained at divisional levels. The Company has made efforts to reconcile the balances between the deposit registers and accounts during the financial year. Since the task is voluminous, efforts are being made to complete the same.

Place : Mangaluru  
Date : 26.09.2015

Sd/-  
(Sri. Jawaid Akhtar)  
Chairman

## INDEPENDENT AUDITORS' REPORT

To the Members of Mangalore Electricity Supply Company Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of **Mangalore Electricity Supply Company Limited** ("The company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement and a summary of significant accounting policies and other explanatory information for the year then ended.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

### Basis for qualified opinion

- a. The Company has valued its inventories at Standard Rate and not at lower of cost or net realizable value, which is not in accordance with Accounting Standard – 2 "Valuation of Inventories". The effect of the above on the financial statements is not ascertainable.

- b. A sum of ₹ 405.47 lakh is short recognized under power purchase cost by not giving effect to the order of the Appellate Tribunal for Electricity.
- c. An aggregate sum of ₹ 110.22 lakh being revenue expenditure which has accrued during the financial year is not provided in the accounts.
- d. The Company has not computed and charged depreciation to statement of profit and loss in accordance with Schedule II to The Companies Act, 2013. Depreciation is computed at the rates approved as per KERC Tariff order 2009 dated 25<sup>th</sup> November 2009. Besides the Company has short recognized depreciation charge to the extent of ₹ 9.65 lakh, which is not in accordance with the Accounting Standard- 6 “Depreciation Accounting”
- e. The Company has recognized a sum of ₹ 478.50 lakh as current expenditure, which is incurred in the previous financial years. This accounting policy is not in accordance with the Accounting Standard- 5 “Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies”
- f. A sum of ₹ 6129.00 lakh is recognised in the accounts as interest income by creating provisions on Energy Balance dues from other ESCOMs without any enforceable right or mandate from KERC. Refer Para I(i) of significant accounting policies and 28.4.1 (a) of notes to financial statements. This accounting policy is not in accordance with the Accounting Standard-9 “Revenue Recognition”
- g. The Company has recognised a sum of ₹ 10102.00 lakh as income from regulatory asset and credited to other revenue from operations by creating a regulatory asset (deferred revenue expenditure) and shown under “other current assets”. Refer Para 26.7.11 of notes to financial statements. There is no mandate from the Karnataka Electricity Regulatory Commission for recognising the income and creating the asset stated above. The recognition of income is not in accordance with the Accounting Standard-9 “Revenue Recognition”. Further the Company has withdrawn regulatory asset amounting to ₹ 20256.00 lakh created during the financial year 2012-13 and debited to other revenue from operations. Refer Para 26.7.11 (a) of notes to financial statements.
- h. A sum of ₹ 122.97 lakh is recognized as revenue income by valuing the released substandard oil from transformers at standard rate and crediting the difference amount to “Other income” and shown under “inventories”, which is not in accordance with the Accounting Standard – 9 “Revenue recognition”.
- l. Fixed assets are under valued to the extent of ₹ 5.14 lakh by recognising capital expenditure as revenue expenditure, which is not in accordance with the Accounting Standard- 10 “Accounting for Fixed Assets”
- j. An aggregate amount of ₹ 709.12 lakh has been recognized towards power purchase cost, K.P.T.C.L shared expenditure etc. as revenue expenditure without being accrued and/or wrongly charged.
- k. Items of fixed assets retired from active use are stated at their book value or standard rate depending on their re-usability and their value is not tested in comparison to net realizable value. These assets are disclosed as part of current assets. The value of materials used for capital works are stated at standard costs, which are not in accordance with the Accounting Standard – 10 “Accounting for Fixed Assets”. The effect of the above on the financial statements is not ascertainable.
- l. The Company has not accounted deferred tax assets / liabilities as required by Accounting Standard – 22 “Accounting for Taxes on Income”. The effect of this on the financial statements is not ascertainable.

As reflected in the Company's records, had the Management recognized expense to the extent of amounts mentioned in Para 'b' to 'd' above, not recognized the income mentioned in Para 'h' to 'j' above and not recognized the expense mentioned in Para 'k' and 'l' above, the profit would have increased by ₹ 4090.94 lakh, and conversely the current liabilities would have increased by ₹193.42 lakh; net fixed assets would have reduced by ₹ 4.51 lakh; other non current assets would have reduced by ₹ 6129.00 lakh; Inventories would have reduced by ₹ 122.97 lakh and other current assets would have increased by ₹ 10154.00 lakh.

**Further to the above,**

- i) The Company has an internal audit system. However, considering the size of the Company and volume of its business, we are of the opinion that the present system requires to be strengthened and audit department needs to be adequately staffed. The audit system needs to cover technical audit, materials, inventory, stores and compliance and adherence to various provisions of Tax Laws and Labour Laws in particular.
- ii) The Balance of Sundry Debtors, Sundry Creditors, Loans and Advances, Other Receivables and other debit / credit balances including that of other ESCOM's and KPTCL are subject to confirmations and reconciliations. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss which may arise on account of non recovery or partial recovery of such dues is not ascertained. Thus we are unable to comment upon the impact thereof on the accounts and profit for the period.
- iii) The Control account balances as reflected by the General Ledger at Divisions and Subsidiary Registers at sub-divisions in the matter of Consumer Security Deposits and Meter Security Deposits are not fully reconciled.

Accordingly, the Company had prepared its balance sheet as at 31.03.2015 and the statement of Profit and loss for the year ended as on that date together with cash flow statement which was approved by the Board of Directors of the Company on 09.07.2015 and was forwarded to us for our report thereon and we had issued our report on 03.08.2015. Thereafter, the accounts of the Company have been reviewed by Comptroller and Auditor General of India and have been revised in the light of observation made by them. Further based on our audit report dated 03.08.2015 Company has recognized the power purchase cost of ₹ 240.99 lakh and Employee benefit expenses of ₹ 224.64 lakhs and incorporated in the revised Accounts. The said revision has resulted in increase in net profits by ₹ 470.30 lakh. The Reserves and Surplus has increased by ₹. 471.71 lakh; Other long term Liabilities decreased by ₹ 918.11 lakh; Long term Provisions increased by ₹ 224.64 lakh; Trade payables increased by ₹ 147.98 lakh; Other Current liabilities increased by ₹ 98.84 lakh; Tangible Assets decreased by ₹ 0.03 lakh; Long Term Loans and Advances increased by ₹ 23.73 lakh; Short Term Loans and Advances decreased by ₹ 13.31 lakh; Other Current Assets increased by ₹14.67 lakh. As a result, the total Assets and Liabilities have been increased by ₹ 25.06 lakh.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for qualified Opinion paragraph, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its profit and its cash flows for the year ended on that date.

**Emphasis of mater**

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

- a. Note No. 38.6: As per the said note there is a dispute between the Company and M/S Udupi Power Corporation Limited regarding tariff determined by CERC and the Appellate Tribunal for Electricity has issued directions to re-determine the tariff. According to the Company after making a provision for ₹ 42 Crore for the period 11.11.2010 to 31.03.2013, there is a further difference of ₹ 40.05 crore between the amount claimed by Udupi Power Corporation Limited towards tariff and amount accounted by the Company, for which no provision is made by the Company in accounts.
- b. Note No. 38.13: As per the said note the management has admitted that there is a difference between demand raised by KPCL and the amount of bills admitted by the management and that this difference is ₹ 29.51 crore, which is not admitted by the management.

Our opinion is not modified in respect of these matters.

### Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure- I** a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by the directions and additional Company specific directions issued by the Comptroller and Auditor General of India under sub section (5) of section 143 of the Companies Act, 2013, we give in the **Annexure II** a statement on the matters specified under the directions stated above, to the extent applicable
3. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) Except for the possible effects of the matters described in the basis for qualified opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, subject to Basis for qualified opinion Para stated above, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) As per Notification No.: GSR 463(E) dated 05.06.2015, Government Companies are exempted from the provisions of sub-section (2) of section 164 of the Companies Act, 2013.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 38.5 to the financial statements.
    - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts.
    - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For M/S Rodrigues & D'Souza**  
Chartered Accountants  
(Firm Registration No. 003284S)

**Sd/-**  
**(Edmond D'Souza)**  
Partner  
M. No 015097

**Place : Mangaluru**  
**Dated: 21.09.2015**

## ANNEXURE-I TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 of Report on other legal and regulatory requirements of our Audit Report of even date

- i)
  - a) The Fixed Asset Register maintained by the Company does not show full particulars such as asset identification number and its situation.
  - b) In the absence of adequate report on physical verification of Fixed Assets, we are unable to comment about the reasonableness of intervals at which Fixed Assets have been verified and accounting of discrepancies noticed thereon if any.
- ii)
  - a) As informed and explained to us physical verification of inventory has been conducted at reasonable intervals by the management.
  - b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c) In our opinion and as explained and informed to us, the Company is maintaining proper records of inventory. Material discrepancies noticed on physical verification have been properly dealt with in the books of account.
- iii) According to the information and explanation given to us, the Company has neither granted nor taken any loan from Companies, firms or other parties covered in the register maintained U/s 189 of the Companies Act, 2013.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for the sale of electricity. According to the information and explanations given to us, the purchase price and sale of electricity is regulated by Karnataka Electricity Regulatory Commission. The Company arranges payment to the power suppliers based on the notional share basis fixed and notified by Govt. of Karnataka from time to time. Any variations in the actual procurement and the notional share is adjusted through annual energy balancing charges/credits.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 73 to 76 of the Companies Act, 2013 and the rules framed thereunder. Therefore the provisions of clause (v) of paragraph 4 of the aforesaid order are not applicable to the Company for the financial year under report.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 in respect of distribution of electricity and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the said records.
- vii)
  - a.i) According to the books and records as produced before us and examined by us, in accordance with generally accepted auditing practices in India and also based on Management representations, undisputed statutory dues have been regularly deposited by the Company during the year with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employee state insurance, income tax, sales tax, wealth tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues outstanding as at March 31, 2015 for a period of more than six months from the date they became payable.
  - a.ii) The Company has failed to collect and deposit electricity tax as required by Sub section (1) of section 3 of The Karnataka Electricity (Taxation on Consumption) Act, 1959 as amended by the



Karnataka Electricity (Taxation on Consumption) Amendment Act, 2013 read with rule 3 of Karnataka Electricity (Taxation on Consumption or Sale) Rules 2014 in respect of NCE Projects on import energy, KPCL Colony consumption and Wheeled Energy consumption in respect of captive energy.

- b) According to the information and explanations given to us and the records examined by us, the particulars of EPF dues which have not been deposited on account of disputes pending are as under:

Name of the Statute	Nature of the disputed dues	Amount (Rs.)	Payments made by the company / adjustments made by the dept. (Rs.)	Period to which the amount relates	Forum where disputes are pending
EPF Act	EPF of contract employees - error in calculation of demand	4,44,06,265/-	1,77,63,000/-	2006-07	Case remanded back to PF Office, Mangaluru
Finance Act, 1994 (Service Tax)	Tax on Goods Transport Agency Services	Service Tax = 4595328/- and Penalty 4595328/-	Not Paid	2004-05 to 2008-09	CESTAT Bengaluru

- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- viii) The Company does not have accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by the audit, nor in the immediately preceding financial year.
- ix) In our opinion and according to the information and explanations given to us, there is no default in repayment of loan dues by the Company.
- x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi) In our opinion and according to the information and explanations given to us, the term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.
- xii) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year, except in the case of theft of electricity reported by the vigilance department of the Company, the amount of which is not quantified.

**For M/S Rodrigues & D'Souza**  
Chartered Accountants  
(Firm Registration No. 003284S)

**Sd/-**  
**(Edmond D'Souza)**  
Partner  
M. No 015097

**Place : Mangaluru**  
**Dated: 21.09.2015**

**Annexure II to Independent Auditor's Report**

SI No.	Directions	Reply of Auditor
1.	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	The company is not selected for disinvestment
2.	Please report whether there are any cases of waiver/write off of debts/ loans/interest etc., if yes, the reasons there for and the amount involved.	There are no cases of waiver/write off of debts/ loans/interest etc. during the year
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities	Yes. Proper records are maintained for inventories lying with third parties and no assets received as gift from Govt. or other authorities
4.	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	There are number of cases pending before various courts/ authorities in respect of the company's corporate office and its zonal and circle offices as well as divisional offices. These legal cases are in respect of revenue and Labour matters and miscellaneous cases. It is not possible to analysis age wise cases pending before the authorities stated above .

**Additional Company Specific Directions :**

a)	Report on the efficacy of the system of billing and collection of revenue in the Company. Whether tamper proof meters have been installed for all consumers? if not then, examine how accuracy of billing was ensured.	Tamper proof meters have been provided to all the consumers in the jurisdiction of the company. Meters are being read monthly on specified dates and bills issued to the consumers using spot billing machine. The collection efficiency of the company for the financial year 2014-15 is 95.89%.
b)	Whether the reconciliation of receivable and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.	No reconciliation of receivables and payables between generation, distribution and transmissions companies have been undertaken as there is no response from the generation, distribution and transmission companies in this respect. However efforts are made by the company for reconciliation of receivable and payable transactions during the year.

SI No.	Directions	Reply of Auditor
c)	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	Yes
d)	How much tariff roll back subsidies have been allowed and booked in the accounts during the year?. whether the same is being reimbursed regularly by the State Government?	During the year 2014-15, the company has accounted ` 425.93 Crore as subsidy receivable from Government of Karnataka towards free power supply to the IP set consumers (upto 10HP ) and BJ/KJ consumers having monthly consumptions upto 18 units. Out of these ` 418.20 crore has been released by Government of Karnataka during the year and balance of ` 7.73 crore is accounted as receivable as on 31.03.2015.
e)	If the audited entity has computerized its operations or part of it, assess and report, how much of the data in the company is in electronic format, which of the area such as accounting, sales personnel information pay roll, inventory etc. have been computerized and the company has evolved proper security policy for data/software/hardware?	Revenue billing and collection operations have been outsourced to external agencies who are using a software for this purpose. Under R-APDRP project, software is being developed by M/s. Infosys Limited for revenue accounting. Separate software is being developed by the company for other operations such as procurement, inventory management, personnel management, works management, asset accounting, preparation of financial statements etc. which are under testing stage in most of the accounting units as on 31.03.2015.

**For M/S Rodrigues & D'Souza**  
Chartered Accountants  
(Firm Registration No. 003284S)

**Sd/-**  
**(Edmond D'Souza)**  
Partner  
M. No 015097

**Place : Mangaluru**  
**Dated: 21.09.2015**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED, MANGALORE FOR THE YEAR ENDED 31 MARCH 2015.**

No. Pr.AG (E&RSA)/ES-II/PS/2015-16/K-09(41)/230 Dated: 24.09.2015

The preparation of financial statements of **MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED, MANGALORE** for the year ended **31<sup>st</sup> MARCH 2015** in accordance with the financial reporting framework prescribed under Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **21.09.2015**.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit, under section 143(6)(a) of the Act of the financial statements of "**MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED, MANGALORE**" for the year ended **31 MARCH 2015**. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. In view of the revisions made in the financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the Note No.41 of the financial statements, I have no further comments to offer upon or supplement to the Statutory Auditors' Report, under section 143(6)(b) of the Act.

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

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

**PLACE: BENGALURU**  
**DATED: 24.09.2015**

**BALANCE SHEET AS AT 31ST MARCH 2015**

(Rs. in Lakh)

SL. NO.	PARTICULARS	NOTE NO	ACCOUNT CODE	AS AT 31.03.2015		AS AT 31.03.2014	
<b>I</b>	<b>EQUITY AND LIABILITIES</b>						
<b>1</b>	<b>Shareholders Funds</b>						
a	Share Capital	1	52.301 52.302	<b>21607.02</b>		21607.02	
b	Reserves and Surplus	2	55 to 58	<b>13737.49</b>	<b>35344.51</b>	16202.88	37809.90
2	Share application Money pending Allotment	3	52.303		<b>3666.00</b>		1400.00
	<b>Sub-Total</b>				<b>39010.51</b>		<b>39209.90</b>
<b>3</b>	<b>Non-Current Liabilities</b>						
a	Long-term borrowings	4	53 to 54	<b>35780.90</b>		33189.88	
b	Deferred Tax Liabilities(Net)	5	-	<b>--</b>		--	
c	Other long term liabilities	6	42 to 48	<b>187194.23</b>		174587.78	
d	Long-term Provisions	7	44	<b>3633.57</b>		3058.62	
	<b>Sub-Total</b>				<b>226608.70</b>		<b>210836.28</b>
<b>4</b>	<b>Current Liabilities</b>						
a	Short-term borrowings	8	50	<b>21655.89</b>		21339.47	
b	Trade payables	9	41	<b>15547.47</b>		19731.78	
c	Other current liabilities	10	42 to 46 51,53,54	<b>34315.80</b>		31198.01	
d	Short-term provisions	11	46	<b>554.80</b>		509.46	
	<b>Sub-Total</b>				<b>72073.96</b>		<b>72778.72</b>
	<b>TOTAL</b>				<b>337693.17</b>		<b>322824.90</b>
<b>II</b>	<b>ASSETS</b>						
<b>1</b>	<b>Non-Current assets</b>						
a	<b>Fixed assets</b>						
	(i) Tangible Assets						
	(a) Tangible Assets (Net)	12	10 & 12	<b>135560.16</b>		118185.45	
	(b)Gross Assets created out of Govt.grant/ Consumers Contributions	12	10	<b>48268.49</b>		36881.29	
	<b>(c) Net Fixed Assets</b>			<b>87291.67</b>		81304.16	
	(ii) Intangible assets	13	-	<b>-</b>		-	
	(iii) Capital work-in-progress	14	14,15 &17	<b>10339.94</b>		9438.93	
	(iv) Intangible assets under development	15	18.101	<b>272.11</b>		272.11	
b	Non-Current investments	16	20.291	<b>251.00</b>		251.00	
c	Deferred Tax Assets (net)	17	-	<b>-</b>		-	
d	Long term loans and advances	18	28.935	<b>7204.96</b>		7009.08	
e	Other non-current assets	19	28 & 16.2	<b>115385.14</b>		106009.16	
f	Deferred Costs	20	-	<b>-</b>		-	
	<b>Sub-Total</b>				<b>220744.82</b>		<b>204284.44</b>
<b>2</b>	<b>Current assets</b>						
a	Current Investments	21	-	<b>-</b>		-	
b	Inventories	22	22 & 16.1	<b>6024.22</b>		6733.06	
c	Trade receivables	23	23, 47.607 & 47.609	<b>53099.80</b>		47605.33	
d	Cash and cash equivalents	24	20 & 24	<b>3309.92</b>		3925.11	
e	Short-term loans and advances	25	25, 26, 27 & 28.913	<b>2270.23</b>		3499.36	
f	Other current assets	26	23.4 & 28	<b>52244.18</b>		56777.60	
	<b>Sub-Total</b>				<b>116948.35</b>		<b>118540.46</b>
	<b>TOTAL</b>				<b>337693.17</b>		<b>322824.90</b>

Significant Accounting Policies and Notes to Accounts form the part of the Accounts.

Sd/-  
(K. JAYARAMA ALVA)  
Chief Financial Officer

Sd/-  
(K. RAMAKRISHNA)  
Director (Tech)

Sd/-  
(CHIKKANANJAPPA)  
Managing Director

In terms of our Report of even date  
for **RODRIGUES & D'SOUZA**  
Chartered Accountants  
Firm Reg. No: 003284 S

Sd/-  
**EDMOND D'SOUZA**  
PARTNER  
Membership No. 015097

Place : Mangaluru  
Date: 21/09/2015

**STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED 31ST MARCH 2015**

(Rs. in Lakh)

SL. NO.	PARTICULARS	NOTE NO.	ACCOUNT CODE	FOR THE YEAR 2014-15	FOR THE YEAR 2013-14
I	Revenue from operations (Distribution of Power)	27	61 & 83	211145.31	195023.93
II	Other Income	28	62 & 65	14788.06	25898.93
III	<b>Total Revenue (I+II)</b>			<b>225933.37</b>	<b>220922.86</b>
IV	<b>Expenses</b>				
	Purchase of Power	29	70	165814.48	166888.17
	Employee Benefits Expense	30	75	22640.61	22283.64
	Finance Costs	31	78 & 80	19456.90	18013.84
	Depreciation and amortization expenses	32	77 & 83.6	6395.42	5498.01
	Other Expenses	33	74,76, 79 & 83	10233.34	8219.03
	<b>Total Expenses</b>			<b>224540.75</b>	<b>220902.69</b>
V	<b>PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)</b>			<b>1392.62</b>	20.17
VI	Exceptional Items	34		-	-
VII	<b>PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)</b>			<b>1392.62</b>	20.17
VIII	Extraordinary items			-	-
IX	<b>PROFIT BEFORE TAX (VII-VIII)</b>			<b>1392.62</b>	<b>20.17</b>
X	<b>TAX EXPENSE</b>				
	Current Tax		81.1	343.08	47.28
	Deferred Tax			-	-
	MAT Credit entitlement	35	62.922	-343.08	-47.28
XI	Profit (Loss) for the period from continuing operations (IX-X)			<b>1392.62</b>	20.17
XII	Profit (Loss) from discontinuing operations			-	-
XIII	Tax expense of discontinuing operations			-	-
XIV	Profit (Loss) from discontinuing operations (after Taxes) (XII-XIII)			-	-
XV	<b>Profit (Loss) for the period (XI+/-XIV)</b>			<b>1392.62</b>	20.17
XVI	<b>Earnings per equity share (in Rs)</b>				
	Basic and diluted			<b>0.64</b>	<b>0.01</b>
Significant Accounting Policies and Notes to Accounts form the part of the Accounts.					

Sd/-  
(K. JAYARAMA ALVA)  
Chief Financial Officer

Sd/-  
(K. RAMAKRISHNA)  
Director (Tech)

Sd/-  
(CHIKKANANJAPPA)  
Managing Director

In terms of our Report of even date  
for **RODRIGUES & D'SOUZA**  
Chartered Accountants  
Firm Reg. No: 003284 S

Sd/-  
**EDMOND D'SOUZA**  
PARTNER  
Membership No. 015097

Place : Mangaluru  
Date : 21/09/2015

**CASH FLOW STATEMENT FOR THE YEAR ENDING**

(Rs. in Lakh)

PARTICULARS	31.03.2015		31.03.2014	
<b>A) Cash flows from operating activities :</b>				
Net profit before taxation and extraordinary items	1392.62		20.17	
<b>Adjustment for :</b>				
Depreciation	6368.19		5471.85	
Foreign exchange loss	-		-	
Interest income	-48.72		-146.32	
Dividend income	-		-	
Interest expense	19456.90		18013.84	
<b>Operating profit before working capital changes</b>		<b>27168.99</b>		<b>23359.54</b>
(increase)/Decrease in trade receivables	-5494.47		-6215.12	
(increase)/Decrease in loans and advances	1229.13		-310.55	
(increase)/Decrease in other current assets	4533.42		-4053.27	
(increase)/Decrease in inventories	708.84		-3260.71	
Increase/(Decrease) in short term borrowings	316.42		14468.46	
Increase/(Decrease) in trade payables	-4184.31		-17406.24	
Increase/(Decrease) in provisions	45.34		45.50	
Increase/(Decrease) in other current liabilities	3117.79	272.16	5662.30	-11069.63
<b>Cash generated from operations</b>		<b>27441.15</b>		<b>12289.91</b>
Income taxes paid	343.08		47.28	
<b>Cash flow before extraordinary item</b>		<b>27098.06</b>		<b>12242.63</b>
Extraordinary items (specifying nature)		-		-
<b>Net cash from operating activities (A)</b>		<b>27098.06</b>		<b>12242.63</b>
<b>B) Cash flows from investing activities :</b>				
Purchase of tangible fixed assets	-12355.70		-11561.20	
(Increase)/ Decrease in Capital Work in Progress	-901.01		-4100.32	
Increase/ (Decrease) in other long term Liabilities	12606.45		34012.79	
Increase/ (Decrease) in other long term Provisions	574.95		362.62	
Purchase of intangible fixed assets	-		-42.05	
Purchase of long term investments	-		-	
(increase)/Decrease in other non-current assets	-9375.98		-21380.24	
(increase)/Decrease in other long term loans and advances	147.20		-1915.15	
Interest received	48.72		146.32	
<b>Net cash from investing activities (B)</b>		<b>-9255.36</b>		<b>-4477.23</b>
<b>C) Cash flows from financing activities :</b>				
Proceeds from share application money	2266.00		3900.00	
Increase/(Decrease) in other long term borrowings	2591.02		2154.45	
Contributions/ Grants and subsidies towards Cost of Capital Assets	-3858.01		3431.50	
Interest paid	-19456.90		-18013.84	
Dividends paid	-		-	
Dividend distribution tax	-		-	
Proceeds from ESOPs	-		-	
<b>Net cash used in financing activities (C)</b>		<b>-18457.89</b>		<b>-8527.89</b>
<b>Net increase in cash and cash equivalents (A)+(B)+(C)</b>		<b>-615.19</b>		<b>-762.49</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>3925.11</b>		<b>4687.60</b>
<b>Cash and cash equivalents at end of period</b>		<b>3309.92</b>		<b>3925.11</b>

Sd/-  
(K. JAYARAMA ALVA)  
Chief Financial Officer

Sd/-  
(K. RAMAKRISHNA)  
Director (Tech)  
In terms of our Report of even date  
for RODRIGUES & D'SOUZA

Sd/-  
(CHIKKANANJAPPA)  
Managing Director

Chartered Accountants  
Firm Reg. No: 003284 S

Sd/-  
EDMOND D'SOUZA

PARTNER

Membership No. 015097

Place : Mangaluru  
Date : 21/09/2015

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### I) SIGNIFICANT ACCOUNTING POLICIES FOR THE PERIOD ENDED 31-03-2015.

#### a) Basis of preparation of financial statements:

The Company is registered under the provisions of Companies Act, 1956. The Company is a distribution licensee under Section 14 of the Electricity Act, 2003.

The Accounts of the company have been prepared on the basis of going concern concept and under the historical cost convention. The Company adopts accrual basis in preparation of its accounts to comply with all material aspects of Generally Accepted Accounting Principles (GAAP) and the accounting standards specified under Section 133 of the Companies Act 2013. However, rebate for early payment and interest on delayed payment to power producers are accounted for as and when intimated by them. Further, assets and liabilities created under applicable electricity laws continue to be depicted under appropriate heads in the Balance Sheet.

#### b) Use of Estimates:

In the preparation of the Financial Statements, the Company has made estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reported period to conform with the generally accepted accounting principles. Differences between actual results and estimates are recognized in the period in which results are known / materialized.

#### c) Fixed Assets:

- i) Fixed assets which are acquired or constructed are recorded in the books of accounts and disclosed in annual accounts at actual cost of acquisition/ construction or at standard rate, as the case may be, less accumulated depreciation. Cost of acquisition is inclusive of freight, duties & taxes, levies, borrowing costs and all incidentals attributable to bringing the asset to its working condition.
- ii) In case of fixed assets, for new projects / extension, the related expenses and interest cost up to the date of commissioning attributable to such project / expansion are capitalized.
- iii) Fixed Assets other than those classified as 'Furniture & Fixture' and 'Office Equipments', costing individually up to Rs 500 are written off to Profit and Loss Account during the year.
- iv) 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.

#### d) Impairment of Assets:

The Company at the Balance Sheet date assesses individual fixed assets and group of assets constituting "Cash Generating Units" (CGU) for impairment, if circumstances indicate a possibility or warrant such assessment. If carrying cost is higher than recoverable amount provision will be made for impairment of state of assets or CGU.

#### e) Depreciation:

- i) Depreciation on all assets is provided on straight line method over the useful life of the asset at the rates approved in KERC Tariff Order 2009 dated 25<sup>th</sup> November 2009. Depreciation on released assets re-issued to works and categorized as assets, is charged at the rates prescribed vide said regulation considering the WDV as the base value. This system is followed consistently.



- ii) In respect of Lease hold land where entire lease amount is paid in advance, entire lease amount is amortised over the lease period by charging a fixed amount which is arrived by dividing the total Lease cost by the number of years of lease so that 100% of the leased cost of land is recovered over the lease period.
- iii) Depreciation on all assets excluding land is provided up to 90% of the original cost. Depreciation is not charged on those assets for which the accumulated depreciation as at the Balance Sheet date is 90% of the original cost.
- iv) Depreciation on additions of assets is provided on pro-rata basis from the following month in which the asset is available for use. Depreciation on disposed assets / assets withdrawn from use is provided up to the month in which the asset is disposed / withdrawn.

**f) Capital Work in Progress:**

Material issued to Capital Works is valued at a price which is determined on the basis of previous purchases and prevailing market rates, which is stated as Common Standard Rates for all ESCOMs jointly published by all the ESCOMs in the state of Karnataka.

**g) Inventory valuation:**

Inventories are valued at Standard Rate, which is determined by MESCO from time to time based on previous purchase price and prevailing market rates (published as O & M Schedule of Rates). The difference in actual cost of material received and standard issue rate represents "Material Cost Variance". At the end of the year debit balance if any, under Material Cost Variance is charged to Profit and Loss Account and credit balance if any is transferred to reserve account called "Reserve for Material Cost Variance".

Dismantled Assets are valued at written down value of assets.

**h) Revenue Recognition:**

Sale of Electricity is accounted, based on tariff rates approved by the Karnataka Electricity Regulatory Commission (KERC). Revenue from sale of energy is accounted on accrual basis. Revenue is reduced by unbilled revenue of previous year included in current year's revenue. It is increased by the unbilled revenue of current year and revenue due from consumers whose ledger accounts are yet to be opened.

**i) Interest on Energy Balancing Dues:**

Company has accounted provision of Rs. 61.29 Crs. during the year 2014-15 towards interest receivable from other ESCOMs on the energy balancing dues as on 31.03.2015.

**j) Subsidy from Government of Karnataka:**

GoK vide notification no. EN 55 PSR 2008 dtd 14.09.2008 has introduced a scheme of free power supply to IP sets having capacity of upto 10 HP. Further GoK is also providing free power supply to Bhagyajyothi and Kutira jyothi consumers having monthly consumption upto 18 units.

In accordance with the above said notification MESCO has been providing free power to IP sets & BJ/KJ consumers and the cost thus involved in providing free power supply to those consumers will be made good by GoK. The difference between the amount of free power supply to BJ/KJ and IP set consumers and the actual amount received from the Govt. has been accounted as receivable from the GoK.

**k) Employee Benefits:**

- i) All the employees of the Company are on deputation from KPTCL.
- ii) 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. The contribution towards pension and gratuity is accounted at the rates noted below:-

**Pension** - 30.00% of Basic Pay + Dearness Pay + Dearness Allowance

**Gratuity** – 6.01% of Basic Pay + Dearness Pay

For those employees who have joined MESCOM on or after 1.4.2006, the 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.

- iii) **Provision for EL & FBF:**

Provision towards Earned Leave Scheme and Family Benefit Fund has been created based on the Actuarial Valuation carried out as on 31.03.2015.

**l) Provision for Bad and Doubtful Debts:**

Provision for Bad and Doubtful Debts is made at 4% on the balance of sundry debtors for sale of power, outstanding as at the end of the year. This method is being followed by the company consistently.

**m) Accounting for Grants & Contributions from consumers**

The Company has implemented provisions of Accounting Standard -12 issued by the Institute of Chartered Accountants of India for recognizing the Grants & Consumers contribution received towards capital expenditure from the year 2012-13. Hence the value of grants and consumer contribution utilized towards the capital expenditure has been reduced from carrying amount of the fixed Assets. Company has also not charged depreciation on the Assets created out of Consumers Contribution and Govt. grants.

**n) Investments:**

- I) **Investment in Power Company of Karnataka Ltd (PCKL):**

An amount of Rs 1.00 lakh paid towards the initial minimum share capital and Rs 250 lakh paid towards networth, subsequently converted to Equity by Power Company of Karnataka Ltd (PCKL) have been accounted as investments under account code 20.291.

- II) Long term investments are carried at cost less provisions if any for diminutions in the value of such investments.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2015

### 1 EQUITY AND LIABILITIES

#### NOTE : 01 SHARE CAPITAL

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
1.1	<b>Authorised Capital</b> 30,00,00,000 Equity shares of Rs. 10/- each			30000.00		30000.00
1.2	<b>Issued, Subscribed and Paid up</b> Equity Share Capital (11,57,80,300 shares of Rs. 10 each)	52.301	11578.03		11578.03	
	10,02,89,931 shares of Rs. 10 each are allotted as fully paid up to GOK without payment being received in Cash	52.302	10028.99	21607.02	10028.99	21607.02
	<b>TOTAL</b>			21607.02		21607.02

1.3 Except one Share each held by the 10 Directors, remaining entire No. of share are held in the name of His Excellency Governor of Karnataka.

1.4 The reconciliation of the No. of Equity shares outstanding is set out below:

Particulars	As at 31.03.2015	As at 31.03.2014
Equity shares at the beginning of the Year	216070231	191070231
<b>Add:</b> No. of Equity shares issued during the Year	0	25000000
<b>Less :</b> No. of Equity shares cancelled on buy back during the Year	0	0
Equity shares at the end of the Year	216070231	216070231

#### NOTE : 02 RESERVES AND SURPLUS

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
2.1	<b>Capital Reserve:</b> As per Last Balance Sheet	56.200	132.66		132.66	
	<b>Add:</b> Additions during the Year		0.00		0.00	
	<b>Less:</b> Utilised during the Year		0.00		0.00	
	<b>Closing Balance</b>			132.66		132.66
2.2	<b>Reserve for Material Cost Variance</b> As per Last Balance Sheet	56.610	3876.00		2563.53	
	<b>Add:</b> Additions during the Year		1172.03		1312.47	
	<b>Less:</b> Utilised during the Year		0.00		0.00	
	<b>Closing Balance</b>			5048.03		3876.00
2.3	<b>Profit and Loss Account (Surplus)</b> As per Last Balance Sheet		7164.18		7144.01	
	<b>Add:</b> Additions during the Year		1392.62		20.17	
	<b>Less:</b> Utilised during the Year		0.00		0.00	
	<b>Closing Balance</b>			8556.80		7164.18
2.4	<b>Contributions, grants and subsidies towards cost of Capital assets</b>					
2.4.1	Consumers contribution towards cost of capital assets	55.100	24465.30		20084.76	
2.4.2	Subsidies towards Cost of Capital Assets	55.200	1193.33		1193.33	
2.4.3	State Govt. grants towards cost of capital works	55.300	400.00		400.00	
2.4.4	APDRP Grant Account	55.301	3704.81		3704.81	

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
2.4.5	PMGY Grant Account	55.302	56.25		56.25	
2.4.6	RGGVY Grant Account	55.303	13608.00		11631.38	
2.4.7	Special Grant Towards Capital works under APDRP	55.500	3670.32		3670.32	
2.4.8	GOK Grant Towards energization of IP sets under Ganga Kalyana Scheme	55.501	53.00		53.00	
2.4.9	Central Govt. Grant towards Power Sector Automation	55.502	63.00		63.00	
2.4.10	Grants received from GoK towards special component sub plan [SCSP]	55.504	775.00		775.00	
2.4.11	Grants received from GoK towards Tribal sub plan [TSP]	55.505	279.48		279.48	
	<b>Sub - Total</b>			<b>48268.49</b>		<b>41911.33</b>
<b>2.5</b>	<b>Gross Assets created out of Grants and reduced from total Fixed Assets</b>			<b>48268.49</b>		<b>36881.29</b>
<b>2.6</b>	<b>RGGVY Grants of DK &amp; Udupi Dist. yet to be utilised</b>			<b>0.00</b>		<b>5030.04</b>
	<b>Total</b>			<b>13737.49</b>		<b>16202.88</b>

2.6 (a) The Capital grant amounting to Rs. 5030.04 lakh pertaining to RGGVY works of DK & Udupi Districts , which was pending for utilisation as on 31.03.2014 is utilised in the current year.

2.4.6 (a) The Central Government has formulated RGGVY Scheme to provide power supply to the consumers under BPL category. M/s RECL was nominated as the nodal agency for the Scheme. In MESCOM jurisdiction, the scheme was implemented in Chikmagalore and Shimoga districts in Phase I of XI plan and the work is completed in all respect. Further the Scheme is extended to Dakshina Kanada and Udupi Districts in Phase II of XI Plan and the work is completed in all respect.

The details of funds received and expenses booked under this scheme are as detailed below:

(Rs. in Lakh)

Particulars	For Shimoga & Chikmagalore dist	For DK & Udupi dist	Total
Grant received from central Govt.	6601.34	7006.66	13608.00
Loan from RECL	765.31	786.82	1552.13
Interest earned on un-utilised fund upto 31.03.2015	132.44	92.94	225.38
Invested by MESCOM	26.01	-	26.01
<b>Total funds available</b>	<b>7525.10</b>	<b>7886.42</b>	<b>15411.52</b>
Funds utilised	7383.05	7699.17	15082.22
Returned to MoP	142.00	80.21	222.21
<b>Total fund available as on 31.03.2015</b>	<b>0.05</b>	<b>107.04</b>	<b>107.09</b>

## 2. SHARE APPLICATION MONEY PENDING ALLOTMENT

### NOTE : 3 SHARE APPLICATION MONEY PENDING ALLOTMENT

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
3.1	Share Deposit from GOK Pending Allotment	52.303		3666.00		1400.00
	<b>Total</b>			<b>3666.00</b>		<b>1400.00</b>

### 3.2 Details for the Share Deposit held as on 31.03.2015 is as below.

Sl. No	Particulars	Amount (Rs. in Lakh)
3.2.1	GoK in its Order No: EN 58 PSR 2013 Bangalore dated 23.09.2013 has accorded approval for Equitable Distribution of Rs. 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 Andra Pradesh Power Generation Corporation Ltd on behalf of ESCOMs. The share of MESCOM amounting to Rs. 14.00 Crs is accounted as Share deposit received from GoK and paid as Deposit to Andra Pradesh Power Generation Corporation Ltd under A/c 28.935.	1400.00

Sl. No	Particulars	Amount (Rs. in Lakh)
3.2.2	Amount released by GoK for infrastructure development under SDP vide G.O. No. EN 40 PSR 2014 Dated 30.05.2014 & G.O. No. EN 40 PSR 2014 dated 21.11.2014	316.00
3.2.3	Amount released by GoK for infrastructure development under SCSP vide G.O. No. EN 56 PSR 2014 Dated 27.12.2014.	500.00
3.2.4	Amount released by GoK for infrastructure development under TSP vide G.O. No. EN 56 PSR 2014 Dated 27.12.2014.	200.00
3.2.5	Amount released by GoK for infrastructure development under SCSP, TSP and other Projects vide G.O. No. EN 56 PSR 2014 Dated 07.03.2015.	1250.00
	<b>Total</b>	<b>3666.00</b>

### 3 NON -CURRENT LIABILITIES

#### NOTE: 04 LONG TERM BORROWINGS

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
<b>4.1</b>	<b>TERM LOANS</b>					
<b>4.1.1</b>	<b>SECURED LOANS</b>					
4.1.1.1	From Banks	53.500	<b>29681.96</b>		28856.55	
4.1.1.2	From Others	53.301, 53.308, 53.309, 53.311, 53.312	<b>4335.21</b>		2474.07	
	<b>Sub- Total</b>			<b>34017.17</b>		<b>31330.62</b>
<b>4.1.2</b>	<b>UN-SECURED LOANS</b>					
4.1.2.1	From Banks		-		-	
4.1.2.2	From Government	53.306, 53.307, 54.600, 54.700, 54.701, 54.702	<b>163.20</b>		197.56	
4.1.2.3	From Others	53.305, 53.310 53.960	<b>1600.53</b>		1661.70	
	<b>Sub- Total</b>			<b>1763.73</b>		<b>1859.26</b>
	<b>TOTAL</b>			<b>35780.90</b>		<b>33189.88</b>

4.1.2.4 At the time of unbundling of transmission and distribution activities and formation of Electricity Distribution Companies, the Government of Karnataka has transferred certain loans taken by M/s KPTCL to the Company as part of transfer of assets and liabilities. The interest payment as intimated by KPTCL has been charged to Profit and Loss Account in the books of account since the assets have already been commissioned.

4.1.2.5 The loan balances between KPTCL and the Company are reconciled.

4.1.2.6 Reconciliation of loan Balances

(Rs. 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 31.03.15 (%)	Loan Balance as on 01.04.14	Loan Drawn during 2014-15	Repayment during 2014-15	Loan Balance as on 31.03.2015	Details for Loan Installment due for 2015-16	
										No of Instalments.	Amount
<b>I</b>	<b>Term Loan-Secured</b>										
<b>A</b>	<b>Commercial Banks</b>										
<b>1</b>	<b>Syndicate Bank</b> 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 Rs. 40.00 crores situated at Company jurisdiction	4000	10149317	8	11.25	2186.28	-	568.36	1617.92	12	514.20
<b>2</b>	<b>Syndicate Bank</b> 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 Rs. 100.00 crores situated at Company jurisdiction	5100	10526347	8	11.00	-	5100.00	-	5100.00	7	833.35
<b>3</b>	<b>Syndicate Bank</b> 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	11.50	-	2600.00	130.00	2470.00	12	780.00
<b>4</b>	<b>Syndicate Bank</b> Secured by a first charge on assets such as Plant & Machinery, line cable networks including poles, towers, Transformers, Meters, Furniture, Office equipment etc. located in Dakshina Kannada, Udupi, Shimoga & Chikmagalur Districts	10000	10281594	8	11.25	7243.87	-	1430.80	5813.07	12	1428.60
<b>5</b>	<b>Corporation Bank</b> Secured by Hypothecation of present and future current assets of the Company.	10000	10190264	8	12.45	5216.48	-	1428.60	3787.88	12	1428.60
<b>6</b>	<b>Punjab &amp; Sind Bank</b> Secured by Hypothecation of present and future current assets including inventories and book debts belonging to the Company situated at Corporate Office.	10000	10105976	8	11.50	3095.24	-	1547.62	1547.62	12	1428.57

## 4.1.2.6 Reconciliation of loan Balances

(Rs. 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 31.03.15 (%)	Loan Balance as on 01.04.14	Loan Drawn during 2014-15	Repayment during 2014-15	Loan Balance as on 31.03.2015	Details for Loan Installment due for 2015-16	
										No of Instalments.	Amount
7	<b>UCO Bank</b> 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.	6000	10149038	9	12.75	3186.85	-	3186.85	-	-	-
8	<b>Indian Bank</b> 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	11.55	2812.50	-	625.00	2187.50	4 (Qty)	625.00
9	<b>State Bank of Mysore</b> Hypothecation of the equipments/meters/poles/transformers/aluminium wires/conductors/ cables/ civil works etc. purchased/ acquired for the project out of the term loan granted.	10000	10369875	8	11.50	5909.98	3249.93	1560.12	7599.79	12	1440.00
10	<b>Canara Bank-I</b> Pari passu Charge on Fixed Assets of the Company, existing and future assets to the extent of Rs. 50 crs.	5000	10448012	8	11.15	5000.00	-	416.50	4583.50	12	714.00
11	<b>Canara Bank-II</b> Pari passu Charge on Fixed Assets of the Company, existing and future assets to the extent of Rs. 50 crs.	5000	10448012	8	11.15	2475.00	2525.00	119.00	4881.00	12	714.00
	<b>Sub-Total</b>	<b>72700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37126.20</b>	<b>13474.93</b>	<b>11012.85</b>	<b>39588.28</b>		<b>9906.32</b>
<b>B</b>	<b>Others</b>										
1	<b>REC- APDRP works</b> 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	12.50	123.63	-	16.09	107.54	1	16.09

4.1.2.6 Reconciliation of loan Balances

(Rs. 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 31.03.15 (%)	Loan Balance as on 01.04.14	Loan Drawn during 2014-15	Repayment during 2014-15	Loan Balance as on 31.03.2015	Details for Loan Installment due for 2015-16	
										No of Instalments.	Amount
2	<b>REC – General</b> Projects at Vogga, 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	12.50	380.23	-	63.37	316.86	1	63.37
3	<b>REC bulk Loan</b> Transformers and Conductors utilised for System Improvement works to the extent of Rs.89.66Cr.	3481.26	10384994	7	12.25	1325.71	2155.55	-	3481.26	-	-
4	<b>PFC- R-APDRP works</b> 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	9.00	723.96	-	214.94	509.02	-	-
<b>Sub-Total</b>		<b>5000.22</b>				<b>2553.53</b>	<b>2155.55</b>	<b>294.40</b>	<b>4414.68</b>		<b>79.46</b>
<b>Total Secured Loans</b>		<b>7700.22</b>				<b>39679.73</b>	<b>15630.48</b>	<b>11307.25</b>	<b>44002.96</b>		<b>9985.78</b>
<b>II Term Loan-Un-Secured</b>											
1	APDRP-REC Loan payable to KPTCL	-	-	-	-	451.34	-	150.45	300.89	1	150.45
2	PMGY Loan Account	126.00	-	20.00	12.00	86.78	-	7.67	79.11	1	7.66
3	GOK loan for energization of IP sets under GK scheme	120.00	-	12.00	11.00	24.00	-	12.00	12.00	1	12.00
4	Central Govt. Loan towards Power Sector Automation	147.00	-	10.00	11.00	58.80	-	14.70	44.10	1	14.70
5	Loan from GOK-Interest free	2185.00	-	-	-	62.34	-	-	62.34	-	-
6	REC – RGGVY Works Shimoga & Chikmagalore Districts	765.32	-	-	11.75	765.32	-	51.02	714.30	1	51.03
7	REC – RGGVY Works - DK & Udupi Districts	786.82	-	-	11.50	595.49	191.33	-	786.82	-	-
<b>Sub-Total</b>		<b>4130.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2044.07</b>	<b>191.33</b>	<b>235.84</b>	<b>1999.56</b>	<b>-</b>	<b>235.84</b>
<b>TOTAL LONG TERM LOANS</b>		<b>81830.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41723.80</b>	<b>15821.81</b>	<b>11543.09</b>	<b>46002.52</b>	<b>-</b>	<b>10221.62</b>
Term loan due for repayment in next year (shown as current Liabilities in Note:10)						8533.93			10221.62		
<b>Net long term loan (Note-4)</b>						<b>33189.87</b>			<b>35780.90</b>		



**NOTE : 05 - DEFERRED TAX LIABILITIES (NET)**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
5.1	Deferred Tax Liabilities (Net)		-		-	

**NOTE: 06 - OTHER LONG TERM LIABILITIES**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
<b>6.1</b>	<b>Trade Payables</b>					
6.1.1	M/s KPCL	41.108	<b>80701.48</b>		85017.43	
6.1.2	Interest payable to M/s KPCL	46.430	<b>42835.09</b>		34317.39	
	<b>Sub-Total</b>			<b>123536.57</b>		<b>119334.82</b>
<b>6.2</b>	<b>Others</b>					
6.2.1	<b>Security Deposits from consumers</b>					
6.2.1.1	Meter Security Deposits	47.603 to 47.606	<b>2254.42</b>		2204.42	
6.2.1.2	Initial/ Additional Security Deposits	48.100 to 48.200	<b>40957.17</b>		35855.66	
	<b>Sub- Total</b>			<b>43211.59</b>		<b>38060.08</b>
<b>6.3</b>	<b>KPCL, KPTCL &amp; Other ESCOMs</b>					
6.3.1	M/s KPCL	42.203, 42.213,	<b>3.48</b>		3.48	
6.3.2	M/s KPTCL	42.214, 42.219, 42.224, 42.229, 46.106	<b>4001.41</b>		4102.22	
6.3.3	M/s BESCO	42.215, 42.220, 42.225, 42.230	<b>6600.08</b>		4877.48	
6.3.4	M/s HESCO	42.216, 42.222, 42.232	<b>874.78</b>		163.95	
6.3.5	M/s GESCOM	42.233	<b>2834.69</b>		2378.79	
6.3.6	M/s CESCO	42.790	<b>3479.29</b>		3231.69	
	<b>Sub- Total</b>			<b>17793.73</b>		<b>14757.61</b>
<b>6.4</b>	<b>Staff related Liabilities</b>					
6.4.1	Security deposit from employees	46.920	<b>0.35</b>		0.37	
	<b>Sub-Total</b>			<b>0.35</b>		<b>0.37</b>
<b>6.5</b>	<b>Liability to Suppliers and Contractors</b>					
6.5.1	Security Deposits in cash from Suppliers / Contractors	46.101	<b>564.19</b>		505.98	
6.5.2	Retention Money- Bill amount retained as per terms of purchase order/ turnkey contract	46.104	<b>1941.51</b>		1766.81	
	<b>Sub-Total</b>			<b>2505.70</b>		<b>2272.79</b>
<b>6.6</b>	<b>Payables to GOK</b>					
6.6.1	BRP - II recoveries	46.202 to 46.207	<b>40.75</b>		40.75	
6.6.2	Amount received from Govt., towards Bhagya Jyothi Works	28.816	<b>78.56</b>		79.60	
	<b>Sub-Total</b>			<b>119.31</b>		<b>120.35</b>
<b>6.7</b>	<b>Others</b>					
6.7.1	Stale Cheques	46.910	<b>3.19</b>		3.29	
6.7.2	Miscellaneous deposits	46.966	<b>23.79</b>		38.47	
	<b>Sub-Total</b>			<b>26.98</b>		<b>41.76</b>
	<b>Total</b>			<b>187194.23</b>		<b>174587.78</b>

6.8 The balance of consumers security deposit held as per accounts and consumers ledger accounts are subject to reconciliation.

**NOTE: 07 LONG TERM PROVISIONS**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
<b>7.1</b>	<b>Provisions for Employee benefits</b>					
7.1.1	Provision for earned leave encashment	44.130	<b>2520.50</b>			2166.80
7.1.2	Provision for Family Benefit Fund	44.141 ,44.142, 44.143	<b>1113.07</b>			891.82
	<b>Total</b>		<b>3633.57</b>			<b>3058.62</b>

**4 CURRENT LIABILITIES**

**NOTE: 08 SHORT TERM BORROWINGS**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
<b>8.1</b>	<b>Bank Overdraft</b>					
8.1.1	State Bank of Mysore	50.210	<b>4837.84</b>			4604.11
8.1.2	Vijaya Bank	50.260	<b>3260.66</b>			3832.85
8.1.3	Central Bank of India	50.270	<b>1919.65</b>			2902.51
8.1.4	ST Loan- Syndicate Bank	53.500	<b>7222.22</b>			6500.00
8.1.5	ST Loan- Corporation Bank	53.500	<b>4415.52</b>			3500.00
	<b>Total</b>			<b>21655.89</b>		<b>21339.47</b>

**NOTE: 09 TRADE PAYABLES**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
<b>9.1</b>	<b>Liability For Purchase Of Power</b>					
9.1.1	M/s. KPCL	41.108	-			-
9.1.2	M/s. NTPC RSTPS	41.110	<b>1646.07</b>			2499.49
9.1.3	M/s. Madras Atomic Power Station	41.111	<b>33.90</b>			30.01
9.1.4	M/s. Neyveli Lignite Corporation Ltd.,	41.112	<b>1390.44</b>			2109.14
9.1.5	M/s. NPCIL - Kaiga Generating Station	41.114	<b>455.93</b>			309.04
9.1.6	M/s. Sandur Power Company Ltd.,	41.115	<b>289.30</b>			357.22
9.1.7	M/s. Sahyadri Power Company Ltd.,	41.116	<b>0.72</b>			4.32
9.1.8	M/s. Master Power	41.118	<b>0.00</b>			0.60
9.1.9	M/s. Subhash Kabini	41.119	<b>3.90</b>			89.91
9.1.10	M/s. Graphite India Ltd.,	41.120	<b>2.67</b>			12.38
9.1.11	M/s. Maruthi Power Gen (Kabini) Pvt. Ltd.,	41.121	<b>18.42</b>			0.00
9.1.12	M/s. Maruthi Power Gen Hemavathi Pvt. Ltd.,	41.122	-			-
9.1.13	M/s. Moodabagil Power Pvt. Ltd.	41.123	<b>5.79</b>			5.10
9.1.14	M/s. BPCL ( NERIA)	41.124	<b>0.00</b>			0.00
9.1.15	M/s JSW PTCIL	41.125	<b>0.52</b>			0.52
9.1.16	M/s. Mrujara Power Plant	41.126	<b>8.81</b>			7.64
9.1.17	M/s. Rayalseema Alkalies	41.129	-			-
9.1.18	M/s. Tata Company Limited	41.131	<b>42.64</b>			42.64
9.1.19	M/s. UPCL	41.132	<b>4388.31</b>			8226.01
9.1.20	M/s Wind Mill Projects	41.140	<b>343.53</b>			458.52
9.1.21	M/s. NTPC VVNL	41.198	<b>211.75</b>			-
9.1.22	M/s. Shamili Hydel Power Project	41.202	<b>66.95</b>			70.23
9.1.23	M/s. AMR Power Pvt. Ltd	41.206	<b>1364.76</b>			1861.09
9.1.24	M/s. Cogeneration Units & Non PPAs	41.208	<b>48.72</b>			158.49
9.1.25	Sundry creditors towards other power Purchase cost (ST & MT)	41.211	<b>3525.47</b>			2644.52

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
9.1.26	M/s. SRM Power Pvt. Ltd	41.212	-		2.03	
9.1.27	M/s. Kundankulam	41.214	521.97		100.06	
9.1.28	M/s. Welspun Solar	41.215	488.03		198.26	
9.1.29	M/s Vasagi Power Projects Ltd.	41.216	2.08		-	
9.1.30	M/s Jurala Power Project	41.218	183.67		-	
9.1.31	Payable to KPTCL in respect of Wind Mill Projects	41.141	48.44		44.48	
9.1.32	Transmission charges payable to M/s TNEB	41.164	0.82		0.77	
9.1.33	M/s PGCIL	41.173	453.86		499.31	
	<b>Total Power Purchase Liability</b>			<b>15547.47</b>		<b>19731.78</b>

**NOTE 10 : OTHER CURRENT LIABILITIES**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
<b>10.1</b>	<b>Current Maturities of Long Term Debts</b>					
<b>10.1.1</b>	<b>Term Loan Installment due for repayment within Next One Year</b>					
10.1.1.1	Loans from REC	53.305	150.45		150.45	
10.1.1.2	Loan drawn by MESCOM from REC- APDRP works	53.308	16.09		16.09	
10.1.1.3	Loan drawn by MESCOM from REC - General	53.309	63.37		63.37	
10.1.1.4	Loans from REC-RGGVY works	53.310	51.03		-	
10.1.1.5	Loans from Commercial Banks	53.500	9906.32		8269.66	
10.1.1.6	PMGY Loan Account	53.306	7.66		7.66	
10.1.1.7	GOK loan for energization of IP sets under GK scheme	53.307	12.00		12.00	
10.1.1.8	Central Govt. Loan towards Power Sector Automation	54.600	14.70		14.70	
	<b>Sub-Total</b>			<b>10221.62</b>		<b>8533.93</b>
<b>10.2</b>	<b>Interest Accrued but not due on Borrowings</b>		-		-	
<b>10.3</b>	<b>Interest Accrued and due on Borrowings</b>		-		-	
<b>10.4</b>	<b>Income received in Advance</b>		-		-	
<b>10.5</b>	<b>Other Payables</b>					
<b>10.5.1</b>	<b>Liability for Supplies / Works</b>					
10.5.1.1	Liability for supply of Materials	42.101	668.00		564.53	
10.5.1.2	Sundry creditors / Control Account	42.201	1322.70		576.51	
10.5.1.3	Sundry creditors - Amount payable towards supply of materials which do not pass through stores.	42.202	2.53		0.75	
10.5.1.4	Contractors Control Account	42.401	601.70		719.57	
10.5.1.5	Liability to Contractors	42.501	1.40		4.41	
10.5.1.6	Provision for work completed but not commissioned where expenditure are not booked	42.601	5.85		518.04	
	<b>Sub-Total</b>			<b>2602.18</b>		<b>2383.81</b>
<b>10.5.2</b>	<b>Statutory Dues</b>					
10.5.2.1	Service Tax payable under reverse charge Mechanism	46.921	-0.52		0.01	
10.5.2.2	Income tax deducted at source on payment to contractors	46.924	147.79		54.67	
10.5.2.3	Income tax deducted at source on other payments	46.925	6.24		11.40	

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
10.5.2.4	Sales tax deducted at source and payable to department	46.927	3.06		4.44	
10.5.2.5	Sales tax payable on sale of Stores	46.951,46.926	0.16		0.72	
10.5.2.6	Amount deducted from contractors bills towards PF, ESI & CESS	46.930	14.94		14.01	
10.5.2.7	ESI Contributions recoverable from bill amount of contractors and payable to ESI Corporation	46.931	-0.28		0.82	
10.5.2.8	Amount of CESS deducted at source and payable to the department	46.932	0.83		2.18	
	<b>Sub-Total</b>			<b>172.22</b>		<b>88.25</b>
<b>10.5.3</b>	<b>Employee related liabilities</b>					
10.5.3.1	Liability towards Pension & Gratuity Trust	44.122	397.10		2329.15	
10.5.3.2	Liability towards contribution to newly defined contributory pension scheme	44.150	47.78		40.38	
10.5.3.3	Amount received from General Insurance Company pending disbursement	44.160	8.00		-	
10.5.3.4	Unpaid Salaries	44.210	0.06		0.07	
10.5.3.5	Unpaid Bonus	44.220	0.18		0.16	
10.5.3.6	Salary payable	44.310	44.05		18.36	
10.5.3.7	Salary payable to contract Employees	44.311	1.11		-	
10.5.3.8	Bonus payable	44.320	5.20		5.68	
10.5.3.9	Ex-gratia payable	44.330	127.47		132.52	
10.5.3.10	Sundry creditors for expenses	46.410	96.88		78.94	
10.5.3.11	Sundry Creditors for travelling allowance to contract employees	46.411	0.18		-	
10.5.3.12	Liability for miscellaneous expenses.	46.412	237.33		23.96	
10.5.3.13	Security deposit from employees	46.920	0.37		0.40	
	<b>Sub-Total</b>			<b>965.71</b>		<b>2629.62</b>
<b>10.5.4</b>	<b>Payables to GOK</b>					
10.5.4.1	Electricity tax to be collected and remitted	46.300	3207.31		2721.37	
10.5.4.2	Electricity tax collected but to be remitted	46.300	52.18		-	
10.5.4.3	Compounding fee	46.301	6.32		1.86	
10.5.4.4	Inspection charges payable to Govt.	46.440	4.51		1.01	
10.5.4.5	Royalty payable to Govt.	46.450	0.21		-	
	<b>Sub-Total</b>			<b>3270.53</b>		<b>2724.24</b>
<b>10.5.5</b>	<b>Payables to Consumers</b>					
10.5.5.1	Interest on ISD/ASD	48.340	3018.59		2681.86	
10.5.5.2	Interest on MSD	48.350	268.05		271.05	
10.5.5.3	Other Deposits from Consumers	47.601,47.602	55.35		51.98	
	<b>Sub-Total</b>			<b>3341.99</b>		<b>3004.89</b>
<b>10.5.6</b>	<b>Others</b>					
10.5.6.1	Security Deposits in cash from Suppliers / Contractors	46.101	246.44		215.57	
10.5.6.2	Retention Money-Bill amount retained as per terms of purchase order/turnkey contract	46.104	712.14		885.37	
10.5.6.3	Liability for expenses	46.430	2811.70		2793.74	
10.5.6.4	Stale Cheques	46.910	7.52		3.86	
10.5.6.5	Advance received for sale of stores scrap etc.,	46.922	7.97		12.62	
10.5.6.6	Amount recoverable from salary of Company employees and payable to other department / other institutions	46.928	86.41		58.96	
10.5.6.7	Amount recovered from salary of employees towards employees CPS	46.952	40.00		32.60	

SI. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
10.5.6.8	Miscellaneous deposits	46.966	19.15		3.86	
10.5.6.9	Excess credits by banks pending reconciliation	46.971 to 46.976	0.94		45.86	
10.5.6.10	Amount payable to other Departments against DCW works	46.967 46.970	43.26		43.26	
10.5.6.11	Electrification / Service Connection	47.300	5207.34		4223.25	
10.5.6.12	Encashment of Bank Guarantee	56.602	32.45		6.00	
10.5.6.13	Stock Excess pending Investigation.	22.810	0.37		0.37	
10.5.6.14	Sundry debtors for sale of power - Credit Balances	23.1 & 23.2	3973.05		3280.37	
10.5.6.15	Advances paid to SLDC towards UI Charges	28.910	247.74		-	
10.5.6.16	Advance paid to KPTCL towards transmission charges	28.911	300.20		99.00	
	<b>Sub-Total</b>			<b>13736.68</b>		<b>11704.69</b>
10.5.7	Inter Unit Accounts (Net)	31 to 37	4.87		128.58	
	<b>Sub-Total</b>			<b>4.87</b>		<b>128.58</b>
	<b>TOTAL</b>			<b>34315.80</b>		<b>31198.01</b>

**NOTE: 11 SHORT TERM PROVISIONS**

(Rs. in Lakh)

SI. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
11.1	<b>Provision for Employee benefits</b>					
11.1.1	Provision for earned leave encashment	44.130	448.22		404.37	
11.1.2	Provision for Family Benefit Fund	44.143	13.01		11.52	
	<b>Sub-Total</b>			<b>461.23</b>		<b>415.89</b>
11.2	<b>Others</b>					
11.2.1	Provision for Income Tax (AY 2006-07)	46.800	93.57		93.57	
	<b>Total</b>			<b>554.80</b>		<b>509.46</b>

**II ASSETS**  
**1 NON-CURRENT ASSETS**  
**NOTE: 12 -TANGIBLE ASSETS**

Particulars	A/c Code	Original Cost				A/c code	Depreciation				Net Block Value	
		As at 01.04.2014	Additions during the Year	Deductions/Retirements during the Year	As at 31.03.2015		As at 01.04.2014	For the Year	Deductions/Adjustments during the Year	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015
<b>Tangible Assets</b>												
Land: Free hold	10.101	478.71	-	0.03	478.68	-	-	-	-	478.71	-	478.68
Buildings	10.2	2899.74	184.42	-	3084.16	101.06	-	-	778.41	2222.38	-	2305.75
Hydraulic Works	10.3	220.04	22.28	-	242.32	13.31	-	-	83.84	149.50	-	158.47
Other Civil Works	10.4	43.09	21.13	-	64.22	1.90	-	-	12.41	32.58	-	51.81
Plant & Equipments	10.5	27892.40	7358.25	3255.76	31994.90	1716.89	677.29	653.88	7941.79	20990.21	677.29	24053.11
Lines, Cable Networks	10.6	132437.58	18893.79	854.92	150476.44	6754.68	653.88	55106.86	83431.52	95369.58	653.88	95369.58
Vehicles	10.7	386.56	15.13	5.82	395.87	8.43	5.24	276.69	113.07	119.19	5.24	119.19
Furniture & fixtures	10.8	305.23	23.49	1.13	327.60	16.50	1.01	155.52	165.20	172.07	1.01	172.07
Office Equipments	10.9	74.19	5.78	2.12	77.85	46.54	2.96	48.51	27.65	29.34	0.98	29.34
<b>Depreciation withdrawn on account of Govt. grants / Consumers Contributions</b>	-	-	-	-	-	-2247.95	-	-12811.77	10563.82	-	-	12811.77
<b>TOTAL</b>		<b>164737.53</b>	<b>26524.28</b>	<b>4119.77</b>	<b>187142.04</b>	<b>6367.77</b>	<b>1338.39</b>	<b>51592.27</b>	<b>118174.64</b>	<b>135549.77</b>	<b>1338.39</b>	<b>135549.77</b>
Lease hold	10.102	10.81	-	0.42	10.38	-	0.42	-	10.81	10.38	-	10.38
<b>SUB-TOTAL</b>		<b>164748.34</b>	<b>26524.28</b>	<b>4120.20</b>	<b>187152.42</b>	<b>6368.19</b>	<b>1338.39</b>	<b>51592.27</b>	<b>118185.45</b>	<b>135560.16</b>	<b>1338.39</b>	<b>135560.16</b>
<b>Assets Created out of Govt. grants / Consumers Contributions</b>												
Total	-	36881.29	11387.20	-	48268.49	-	-	-	36881.29	48268.49	-	48268.49
Previous Year's Figures	10	117332.74	13841.40	3307.07	127867.06	5471.85	1026.51	46562.89	75214.80	81304.17	1026.51	81304.17

The account head 10.101 - Land free hold - includes an amount of Rs. 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: 13 INTANGIBLE ASSETS**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
	<b>Total</b>		-----NIL-----			

**NOTE : 14 CAPITAL WORKS IN PROGRESS**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
14.1	Capital Work in Progress	14.000		<b>10260.65</b>		9285.65
14.2	Revenue expenses pending allocation over capital works - Interest	15.206	<b>52.34</b>		73.30	
14.3	Preliminary expenditure on survey / feasibility studies of projects pending allocation	17.301	<b>26.95</b>		79.98	
	<b>Sub Total</b>			<b>79.29</b>		<b>153.28</b>
	<b>Total</b>			<b>10339.94</b>		<b>9438.93</b>

14.4 An amount of Rs. 239.01 lakh towards interest on loan taken for capital works has been capitalized during the year.

**NOTE: 15 INTANGIBLE ASSETS UNDER DEVELOPMENT**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
15.1	Software acquired/ Purchased for internal use	18.101		<b>272.11</b>		272.11
	<b>Total</b>			<b>272.11</b>		<b>272.11</b>

**NOTE : 16 NON- CURRENT INVESTMENTS**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
<b>16.1</b>	<b>Investments:</b>					
<b>16.1.1</b>	<b>Long Term Investments - (Un-quoted at cost.)</b>					
16.1.1.1	Investment in share capital of Power Company of Karnataka Limited (25100 Equity shares of Rs. 1000 each)	20.291		<b>251.00</b>		251.00
	<b>Total</b>			<b>251.00</b>		<b>251.00</b>

**NOTE : 17 DEFERRED TAX ASSETS (NET)**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
	<b>Total</b>		-----NIL-----			

**NOTE : 18 - LONG TERM LOANS AND ADVANCES**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
18.1	Deposit with Others	28.935		2129.68		2491.37
18.2	Income Tax paid in advance	28.821		3242.00		3217.73
18.3	MAT Credit Entitlement	28.802		1160.18		817.09
18.4	Amount deposited with PF Authorities	46.930		673.10		482.89
	<b>Total</b>			<b>7204.96</b>		<b>7009.08</b>

**NOTE :19 OTHER NON CURRENT ASSETS**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
<b>19.1</b>	<b>Long Term Trade Receivables</b>					
19.1.1	Secured and considered Good		-		-	
19.1.2	Un-secured and considered Good		-		-	
<b>19.2</b>	<b>Subsidy Recoverable from GOK</b>					
19.2.1	Subsidy / Grants receivable	28.620	8027.60		8027.60	
	<b>Sub-Total</b>			<b>8027.60</b>		<b>8027.60</b>
<b>19.3</b>	<b>Others</b>					
<b>19.3.1</b>	<b>Receivables from KPCL, KPTCL and Other ESCOMs</b>					
19.3.1.1	M/s KPTCL	28.826,28.831, 28.836,28.841, 28.881	9134.95		9134.95	
19.3.1.2	M/s BESCOM	28.827,28.832, 28.837,28.842	11394.52		9129.68	
19.3.1.3	M/s HESCOM	28.829,28.839, 28.844	32273.10		28541.89	
19.3.1.4	M/s GESCOM	28.840,28.845	26555.32		24818.32	
19.3.1.5	M/s CESCO	28.850,28.790	4248.24		2835.94	
19.3.1.6	Amount receivable from CESCO on account of excess of Assets over liability assumed by CESCO on bifurcation of undivided MESCOM as on 01.04.2005	28.851	22476.92		22476.92	
19.3.1.7	M/s KPCL	28.865,28.874	4.09		4.09	
	<b>Sub-Total</b>			<b>106087.14</b>		<b>96941.79</b>
<b>19.3.2</b>	<b>Other Receivables</b>					
19.3.2.1	Amount recoverable from Employees	28.401	-		10.83	
19.3.2.2	Amount recoverable from employees - material related	28.409	-		-	
19.3.2.3	Claims for Loss / Damage to Capital Assets	28.749	-		12.87	
	<b>Sub-Total</b>			-		<b>23.70</b>
<b>19.3.3</b>	<b>Assets not in Use</b>					
19.3.3.1	Written down value (WDV) of Faulty / Dismantled Assets.	16.200	1270.40		1016.07	
	<b>Sub-Total</b>			<b>1270.40</b>		<b>1016.07</b>
	<b>Total</b>			<b>115385.14</b>		<b>106009.16</b>

19.2.1 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 Rs. 31.79 Crs is shown as receivable from GOK under this head.



**NOTE :20 DEFERRED COSTS**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015	As at 31.03.2014
	<b>Total</b>		-----NIL-----	

**NOTE 21: CURRENT INVESTMENTS**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015	As at 31.03.2014
	<b>Total</b>		-----NIL-----	

**NOTE - 22 INVENTORIES, STORES AND SPARES**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
<b>22.1</b>	<b>Materials Stock Account</b>					
22.1.1	Materials Stock Account	22.610	<b>5603.11</b>		6511.12	
22.1.2	Material imprest Account	22.641	<b>15.63</b>		11.08	
22.1.3	Materials Account - Temporary works	22.731	<b>5.51</b>		6.24	
	<b>Sub- Total</b>			<b>5624.25</b>		6528.44
22.2	Written down value (WDV) of obsolete / scrapped assets	16.100		<b>399.97</b>		204.62
	<b>Total</b>			<b>6024.22</b>		<b>6733.06</b>

**NOTE : 23 TRADE RECEIVABLES**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
<b>23.1</b>	<b>Trade Receivables</b>					
23.1.1	Sundry Debtors for sale of Power – LT, HT & Others (Excluding Un billed revenue)	23, 47.607, 47.609		<b>56112.20</b>		50797.72
	Sundry Debtors for Electricity Tax	23.300		<b>3207.31</b>		2721.37
	<b>Less :</b>					
23.1.1.1	Provision for withdrawal of Revenue demand	23.800	<b>162.49</b>		178.65	
23.1.1.2	Provision for Doubtful Dues from consumers (Credit Account)	23.900	<b>6057.22</b>	<b>6219.71</b>	5735.11	5913.76
	<b>Net Receivables against Supply of Power</b>			<b>53099.80</b>		<b>47605.33</b>
23.2	Sundry debtors outstanding for less than 6 months & considered good		<b>22165.80</b>		17164.12	
23.3	Sundry debtors outstanding for more than 6 months & considered good		<b>30934.00</b>		30441.21	
	<b>Total</b>			<b>53099.80</b>		<b>47605.33</b>

23.1.1 (a) 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.

23.1.1 (b) The Govt. of Karnataka in its order Dated 24.03.2015 has approved to release Rs. 20979.97 lakhs towards the dues payable by Local Bodies to all the ESCOMs as on 31.03.2015. This amount was released to BESCOM during the month of April 2015 for distribution among all ESCOMs. Out of this, the share of MESCO amounting to Rs. 4062.424 lakhs is accounted as receivable from GoK by crediting Sundry debtors.

**NOTE 24 : CASH AND CASH EQUIVALENTS**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
<b>24.1</b>	<b>Balances with Banks</b>					
24.1.1	Collecting Bank Accounts (Non-Operative)	24.300		<b>482.38</b>		352.52
<b>24.1.2</b>	<b>Disbursement Bank Account (Operative)</b>					
24.1.2.1	State Bank of Mysore	24.401	<b>3.19</b>		2.68	
24.1.2.2	State Bank of India	24.402	<b>21.07</b>		15.13	
24.1.2.3	Canara Bank	24.404	<b>3.23</b>		6.69	
24.1.2.4	Syndicate Bank	24.405	<b>19.69</b>		32.10	
24.1.2.5	Vijaya Bank	24.409	<b>134.66</b>		459.13	
24.1.2.6	State Bank of Mysore	24.411	<b>235.88</b>		45.55	
24.1.2.7	State Bank of India	24.412	<b>24.43</b>		10.73	
24.1.2.8	Canara Bank	24.414	<b>346.10</b>		179.37	
24.1.2.9	Syndicate Bank	24.415	<b>250.59</b>		270.56	
24.1.2.10	Corporation Bank	24.424	<b>720.71</b>		219.68	
24.1.2.11	Punjab Sind Bank	24.425	<b>0.87</b>		150.52	
24.1.2.12	UCO Bank	24.426	-		0.55	
24.1.2.13	AXIS Bank	24.427	<b>0.07</b>		0.05	
24.1.2.14	Karnataka Bank	24.428	<b>46.66</b>		19.68	
24.1.2.15	Indian Bank	24.429	<b>0.07</b>		1.02	
	<b>Sub-Total</b>			<b>1807.22</b>		<b>1413.44</b>
24.2.1	Cash on Hand	24.110, 24.210	<b>278.38</b>		1127.41	
24.2.2	Cheques/drafts on hand	24.110	<b>300.41</b>	<b>578.79</b>	-	1127.41
<b>24.3</b>	<b>Others</b>					
24.3.1	Postage stamps on hand	24.120		<b>2.75</b>		2.33
24.3.2	Remittance to Head office - - In Transit Account	24.500		-		-
24.3.3	Transfers from Head Office - In Transit Account	24.600		<b>163.64</b>		0.57
<b>24.4</b>	<b>Fixed deposits in Banks</b>					
24.4.1	Margin Money towards L.C.	20.280	<b>271.30</b>		250.00	
24.4.2	Un-utilised RGGVY fund	20.280	-		775.00	
24.4.3	Others	20.280	<b>3.84</b>		3.84	
	<b>Sub-Total</b>			<b>275.14</b>		1028.84
	<b>Total</b>			<b>3309.92</b>		<b>3925.11</b>

**NOTE 25 : SHORT TERM LOANS AND ADVANCES**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
<b>25.1</b>	<b>Capital Advance</b>					
25.1.1	<b>Secured Considered good</b>					
25.1.1.1	Advances to Suppliers (considered good & Fully Secured)	25.501	<b>495.00</b>		762.14	
25.1.1.2	Advances to Contractors	26.6	<b>423.86</b>	<b>918.86</b>	1407.14	2169.28
25.1.2	<b>Un-Secured Considered good</b>			-		-
	<b>Sub-Total</b>			<b>918.86</b>		<b>2169.28</b>
25.2	<b>Security Deposits</b>					
25.2.1	Secured Considered good		-		-	
25.2.2	Un-Secured Considered good		-		-	
25.3	<b>Loans and Advances to related Parties</b>					
25.3.1	Secured Considered good		-		-	
25.3.2	Un-Secured Considered good		-		-	

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
<b>25.4</b>	<b>Other Loans and Advances</b>					
25.4.1	Secured Considered good		-		-	
<b>25.4.2</b>	<b>Un-Secured Considered good</b>					
25.4.2.1	Loans and advances to Staff - Interest bearing	27.1		<b>0.12</b>		-
<b>25.4.2.2</b>	<b>Loans and advances to Staff - Interest Free</b>					
25.4.2.2.1	Travel advance	27.202	<b>2.38</b>		5.90	
25.4.2.2.2	Festival advance	27.203	<b>43.88</b>		55.31	
25.4.2.2.3	Medical advance	27.204	<b>45.07</b>		39.81	
25.4.2.2.4	Advances to staff against expenses	27.205	<b>23.57</b>		7.44	
25.4.2.2.5	Transformers / meters etc. issued for repairs to the Company personnel	27.210	<b>29.81</b>		24.61	
	<b>Sub-Total</b>			<b>144.71</b>		<b>133.07</b>
25.5	Advance paid to Power Company of Karnataka Limited	28.913		<b>15.73</b>		33.87
25.6	Advance paid to M/s. UPCL	28.957		<b>1190.81</b>		1163.14
	<b>Total</b>			<b>2270.23</b>		<b>3499.36</b>

25.5 (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. After adjusting the revenue expenditure of M/s. PCKL the balance under account code 28.913 is Rs. 1572791.00

**NOTE 26 : OTHER CURRENT ASSETS**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
26.1	Sundry Debtors for Un Billed Revenue	23.400		<b>14101.78</b>		12503.91
26.2	Sundry Debtors- Trading Account	28.100		<b>4254.71</b>		239.30
26.3	Income accrued and due on Bank Deposits	28.210		<b>0.05</b>		23.16
26.4	Income accrued and due - others	28.290		<b>19.79</b>		3.20
<b>26.5</b>	<b>Recoverable from GOK</b>					
26.5.1	Subsidy receivable from GOK towards BJ/KJ consumers	28.626	<b>1405.46</b>		4142.46	
26.5.2	Amount receivable from State Govt. towards free supply of power to IP Sets upto 10 HP	28.627	<b>20413.77</b>		17274.09	
	<b>Sub-Total</b>			<b>21819.23</b>		<b>21416.55</b>
<b>26.6</b>	<b>Recoverable from Employees</b>					
26.6.1	Amount recoverable from Employees	28.401	<b>-7.83</b>		30.62	
26.6.2	Amount recoverable from employees - material related	28.409	<b>14.46</b>		17.58	
	<b>Sub-Total</b>			<b>6.63</b>		<b>48.20</b>
<b>26.7</b>	<b>Others</b>					
26.7.1	Claims for Loss / Damage to Capital Assets	28.749	<b>33.98</b>		19.04	
26.7.2	Amount receivable from Panchayaths towards energisation of Rural Water Supply works	28.801	<b>507.32</b>		342.24	
26.7.3	Expenses recoverable from suppliers / contractors	28.810	<b>3.32</b>		3.00	

**(Rs. in Lakh)**

Sl. No	Particulars	Account Code	As at 31.03.2015		As at 31.03.2014	
26.7.4	Prepaid Expenses	28.820	7.97		10.81	
26.7.5	Excess repayments of State Govt. Loans	28.857	0.48		-	
26.7.6	Receivable from others	28.898 & 28.899	1187.11		1185.61	
26.7.7	Amount receivable from P&G Trust	28.907	176.98		74.31	
26.7.8	Advances paid to SLDC towards UI Charges	28.910	-		62.94	
26.7.9	Advance made to M/s. PCKL towards short term power purchase	28.915	2.79		528.31	
26.7.10	Advance made to M/s. PCKL towards Non- POC bills	28.916	8.04		3.33	
26.7.11	Regulatory Assets - KERC	28.922	10102.00		20256.00	
26.7.12	M/s. Kalsan Power	41.118	0.25		-	
26.7.13	M/s. BPCL (NERIA)	41.124	2.25		1.17	
26.7.14	M/s. Maruthi Power Gen(Kabini) Pvt. Ltd.	41.121	-		0.60	
26.7.15	M/s NTPC VVNL	41.198	-		0.05	
26.7.16	M/s. Sagar Power (Dandela) Pvt. Ltd	41.203	2.53		2.01	
26.7.17	M/s. Soham Mannapitlu Power Pvt. Ltd	41.204	1.61		1.41	
26.7.18	M/s. Sagar Power (Neerukatte) Pvt. Ltd	41.205	2.25		1.38	
26.7.19	M/s. SRM Power Pvt. Ltd	41.212	0.06		-	
26.7.20	M/s. GVP Infra Power Projects	41.217	3.05		-	
26.7.21	Electricity Tax payable to Govt. (Excess adjusted)	46.300	-		51.07	
	<b>Sub-Total</b>			<b>12041.99</b>		<b>22543.28</b>
	<b>Total</b>			<b>52244.18</b>		<b>56777.60</b>

26.4.1(a) The Govt. of Karnataka in its order G.O. No. EN34/PSR 2013 dated 17.05.2013 has waived off the amount receivable from the BJ/KJ Consumers as on 13.05.2013. Total amount receivable from GoK on account of this is 41.42 Crs. In above said Order, the balance as on 31.03.2013 amounting to Rs. 38.80 crs is mentioned. However Company has accounted Rs. 41.42 Crs as receivable from GOK being the balance receivable as on 13.05.2013. On account of this Rs. 27.37 Crs. has been received from Gok during FY 2014-2015 and balance receivable as on 31.03.2015 is Rs. 14.05 Crs.

26.7.11(a) **Regulatory Asset:**

During the Year 2012-13, Provision for Regulatory Asset/ Truing up subsidy was created to the extent of Rs. 20256.00 lakh being the excess Power purchase Cost incurred over the approved cost in ARR by KERC for FY 2012-13. The same is reversed during FY 2014-15 since Hon'ble KERC had carried forward the revenue gap of FY 2012-13 to FY 2014-15.

Further, out of Revenue gap of Rs. 257.46 Crs. for FY 15, the Hon'ble KERC had decided to set aside an amount of Rs. 101.02 Crs as Regulatory Asset to be recovered over the next two years (FY 16 and FY 17). This Regulatory Asset is accounted by the Company during 2014-15.

**NOTE : 27 REVENUE FROM OPERATIONS**

**(Rs. in Lakh)**

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
<b>27.1</b>	<b>Revenue from Operations</b>					
<b>27.1.1</b>	<b>Revenue from sale of Power – LT</b>					
27.1.1.1	Bhagya jyothi Scheme.	61.101	<b>978.59</b>		938.99	
27.1.1.2	Revenue from sale of power BJ/KJ up to 18 Units	61.402	<b>861.84</b>		726.27	
27.1.1.3	Domestic combined lighting, heating and motive power, Private, Professional and unaided educational institutions.	61.110 61.111	<b>52355.84</b>		45747.84	
27.1.1.4	Commercial and Non-Industrial Lights and Fans.	61.115	<b>23991.11</b>		21344.45	

(Rs. in Lakh)

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
27.1.1.5	Irrigation Pump Sets (10 HP & below)/ Water Lifting.	61.119	42213.90		36530.57	
27.1.1.6	Irrigation Pump sets (above 10 HP)/Water Lifting.	61.120	45.06		35.51	
27.1.1.7	Water supply-V.P, T.P and Others	61.125	4237.50		3909.01	
27.1.1.8	Private Horticultural Nurseries, Coffee, Tea, Coconut and Areca nut Plantations.	61.121	290.12		217.11	
27.1.1.9	Industrial, Non-Industrial, Heating and Motive Power including Lighting	61.129 to 61.133	8175.70		7568.37	
27.1.1.10	Public Lighting-V.P, T.P and Others	61.140	3195.42		2843.41	
27.1.1.11	Temporary Power Supply - Non-commercial lights and fans and other small appliances.	61.145	2445.69		2213.87	
	<b>Sub-Total</b>			<b>138790.77</b>		<b>122075.40</b>
<b>27.1.2</b>	<b>Revenue from Sale of Power – HT</b>					
27.1.2.1	Public Water Supply & Sewerage Pumping	61.250	3744.94		3415.57	
27.1.2.2	Industrial, Non-industrial and Commercial purposes & Railway Traction	61.255	46417.69		42211.79	
27.1.2.3	Commercial.	61.256	12465.89		11871.56	
27.1.2.4	Hospitals and Educational Institutions maintained by Govt/ Local bodies	61.257	1842.23		815.10	
27.1.2.5	Hospitals and Educational Institutions maintained by Others	61.258	8312.99		7024.09	
27.1.2.6	Irrigation and Agricultural Farms. Lift Irrigation Societies, Lift Irrigation Schemes and Govt., Horticultural Farms.	61.260	430.44		443.02	
27.1.2.7	Private Horticultural Nurseries, Coffee and Tea Plantations	61.261	10.60		12.35	
27.1.2.8	Residential apartments and colonies availing power supply independently.	61.271	817.80		753.19	
27.1.2.9	Temporary power supply	61.290	1008.19		2079.66	
	<b>Sub-Total</b>			<b>75050.77</b>		<b>68626.33</b>
	<b>Total Revenue from Operations</b>			<b>213841.54</b>		<b>190701.73</b>
<b>27.2</b>	<b>Less: Withdrawal of Revenue Demand</b>	83.830,83.831 83.832,83.833		<b>27.19</b>		<b>55.32</b>
	<b>Revenue from Operations</b>			<b>213814.35</b>		<b>190646.41</b>
<b>27.3</b>	<b>Other Revenue from Operations</b>					
27.3.1	Wheeling charges recoveries	61.800	1.62		10.20	
<b>27.3.2</b>	<b>Miscellaneous charges from Consumers.</b>					
27.3.2.1	Reconnection Fee (D & R)	61.902	-		0.11	
27.3.2.2	Service Connection charges	61.904	864.69		726.94	
27.3.2.3	Other Receipts from consumers	61.906	171.16		156.37	
27.3.2.4	Amount collected for green tariff	61.907	43.36		91.72	
27.3.2.5	Incentives received	62.918	1350.72		1460.71	
27.3.2.6	Other income relating to purchase of power	62.919	5053.41		1931.47	
	<b>Sub- Total</b>			<b>7483.34</b>		<b>4367.32</b>
<b>27.4</b>	<b>Regulatory Assets</b>					
27.4.1	Income on account of Regulatory Assets/ Truing up Subsidy.	61.910	-10154.00		-	
	<b>Net Revenue from Operations</b>			<b>211145.31</b>		<b>195023.93</b>

27.5 Total Revenue from sale of energy during 2014-15 includes Rs. 14101.78 Lakh in respect of revenue accrued but pending billing at the year end as against a sum of Rs. 12503.91 Lakh during the previous year.

27.6 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 18 units, on actual basis are Rs.41731.00 Lakh and Rs.862.00 lakh respectively. As approved in the KERC Tariff Order, an amount of Rs. 40958.00 lakh and Rs. 862.00 lakh have been released by GoK for IP Set and BJ/ KJ installations respectively .

**NOTE: 28 OTHER INCOME**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
<b>28.1</b>	<b>Interest Income</b>					
<b>28.1.1</b>	<b>From Consumers</b>					
28.1.1.1	Delayed payment charges from consumers.	61.905	<b>4239.66</b>		3645.34	
<b>28.1.2</b>	<b>From Others</b>					
28.1.2.1	Interest on Bank Fixed Deposits	62.222	<b>48.72</b>		146.32	
	<b>Sub-Total</b>			<b>4288.38</b>		<b>3791.66</b>
<b>28.2</b>	<b>Dividend Income</b>		-		-	
<b>28.3</b>	<b>Net Gain/ Loss on sale of Investments</b>		-		-	
<b>28.4</b>	<b>Other Non-operating Income</b>					
28.4.1	Interest on Loans and Advances to Licenses	62.240	<b>6150.09</b>		20366.87	
28.4.2	Interest on advance to Suppliers/ Contractors.	62.260	<b>139.66</b>		232.46	
28.4.3	Profit on sale of stores	62.330	<b>51.94</b>		14.59	
28.4.4	Sale of scrap	62.340	<b>294.00</b>		192.03	
28.4.5	Other Miscellaneous receipts from Trading	62.360	<b>1.03</b>		9.01	
28.4.6	Gain on Sale of Assets	62.400	<b>7.56</b>		40.61	
	<b>Sub-Total</b>			<b>6644.28</b>		<b>20855.57</b>
<b>28.5</b>	<b>Miscellaneous Receipts</b>					
28.5.1	Rental from Staff Quarters	62.901	<b>72.49</b>		77.56	
28.5.2	Rental from others	62.902	<b>18.70</b>		9.57	
28.5.3	Excess found on physical verification of Materials Stock	62.905	<b>4.23</b>		10.15	
28.5.4	Rebate for collection of Electricity Duty	62.916	<b>42.73</b>		37.85	
28.5.5	Miscellaneous Recoveries	62.917	<b>759.49</b>		632.00	
28.5.6	Recoveries for Theft of power	61.710	<b>0.10</b>		0.00	
28.5.7	Interest received from Income Tax Department	62.920	<b>22.56</b>		81.96	
	<b>Sub-Total</b>			<b>920.30</b>		<b>849.09</b>
<b>28.6</b>	<b>Income relating to previous years :</b>					
28.6.1	Interest income for prior periods	65.400	<b>30.09</b>		29.49	
28.6.2	Excess provision for Interest and Finance Charges in prior periods	65.700	<b>35.94</b>		51.20	
28.6.3	Other Excess provision in prior periods	65.800	<b>486.59</b>		304.32	
28.6.4	Other Income relating to prior periods	65.900	<b>15.48</b>		17.60	
28.6.5	Tariff subsidy relating to prior period	65.910	<b>2367.00</b>		-	
	<b>Sub-Total</b>			<b>2935.10</b>		<b>402.61</b>
	<b>Total</b>			<b>14788.06</b>		<b>25898.93</b>

28.1.1.1 Since the arrears in respect of IP set Consumers having connected load upto 10 HP is freezed with effect from 01.08.08, the Company has stopped charging interest on this arrears from the year 2011-12.

28.4.1(a) This interest includes Rs. 6129.00 lakhs being the interest receivables from other ESCOMs on Energy Balancing dues as on 31.03.2015.

28.6.5 (a) Hon'ble KERC in its Tariff Order dated 12.05.2014 has approved additional True-up subsidy of Rs. 74.85 Crs for FY 2012-13. However company has already accounted Rs. 350.27 Crs of Subsidy for FY 2012-13 against KERC approved subsidy of Rs. 299.09 Crs and balance of Rs. 51.18 Crs was shown as receivable from GoK. Hence difference amount of Rs. 23.67 Crs is accounted as receivable in the current year.

28.7 **Electricity Taxes:** The Electricity Tax collected from Consumers and payable to GOK during FY 2014-15 is Rs. 8525.03 lakh. Out of this GOK has adjusted Rs.8421.78 lakh to Tariff Subsidy receivable from GoK during the year.

**NOTE : 29 PURCHASE OF POWER**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
<b>29.1</b>	<b>Purchase of Power</b>					
29.1.1	M/s. KPCL	70.108	<b>55984.16</b>		54381.27	
29.1.2	M/s. NTPC RSTPS	70.110	<b>16782.80</b>		20198.33	
29.1.3	M/s. Madras Atomic Power Station	70.111	<b>283.07</b>		226.50	
29.1.4	M/s. Neyveli Lignite Corporation Ltd.	70.112	<b>7785.97</b>		6775.01	
29.1.5	M/s NPCIL-Kaiga	70.114	<b>4395.97</b>		4336.98	
29.1.6	M/s. Sandur Power Company Ltd.	70.115	<b>3239.93</b>		3654.87	
29.1.7	M/s. Sahyadri Power Company Ltd.	70.116	<b>27.76</b>		28.75	
29.1.8	M/s. Master Power	70.118	<b>266.35</b>		224.69	
29.1.9	M/s. Subhash Kabini	70.119	<b>2030.76</b>		1875.38	
29.1.10	M/s. Graphite India Ltd.,	70.120	<b>172.77</b>		139.44	
29.1.11	M/s. Maruthi Power Gen(I)Kabini Pvt. Ltd.	70.121	<b>356.86</b>		290.79	
29.1.12	M/s. Maruthi Power Gen Hemavathi Pvt. Ltd.,	70.122	<b>189.02</b>		282.34	
29.1.13	M/s. Moodabagil Power Pvt. Ltd.	70.123	<b>39.38</b>		38.55	
29.1.14	M/s. Bhoruka power corporation Ltd.	70.124	<b>681.76</b>		808.21	
29.1.15	M/s. Mrujara Power Plant	70.126	<b>76.44</b>		66.33	
29.1.16	M/s. UPCL	70.132	<b>3730.50</b>		20120.43	
29.1.17	Wind Mill Projects	70.140	<b>10289.11</b>		11475.95	
29.1.18	M/s. Mysore Paper Mills Ltd.	70.195	<b>48.22</b>		65.65	
29.1.19	M/s. NTPC-VVNL	70.198	<b>2742.29</b>		-	
29.1.20	M/s. Shamili Hydel Power Project	70.202	<b>866.01</b>		1019.43	
29.1.21	M/s. Sagar Power (Dandela) Pvt. Ltd.	70.203	<b>622.01</b>		678.75	
29.1.22	M/s. Soham Mannapittlu Power Pvt. Ltd.	70.204	<b>868.35</b>		1010.20	
29.1.23	M/s. Sagar Power (Neerukatte) Pvt. Ltd.	70.205	<b>542.57</b>		661.73	
29.1.24	M/s. AMR Power Pvt. Ltd.	70.206	<b>1538.91</b>		1899.22	
29.1.25	KPTCL transmission charges	70.161	<b>18441.70</b>		18287.37	
29.1.26	SLDC Charges	70.162	<b>609.74</b>		133.06	
29.1.27	PGCIL transmission charges	70.163	<b>3219.29</b>		3283.83	
29.1.28	Transmission charges to M/s TNEB	70.164	<b>3.14</b>		3.34	
29.1.29	M/s SRM Power Pvt. Ltd.,	70.212	<b>208.12</b>		285.25	
29.1.30	Power purchased from PGCIL NON POC bill	70.213	<b>25.91</b>		30.08	
	<b>Sub-Total</b>			<b>136068.87</b>		<b>152281.73</b>
<b>29.2</b>	<b>High Cost Energy Purchased</b>					
29.2.1	UI Charges credits received	70.171	<b>-56.25</b>		-400.96	
29.2.2	UI charges	70.172	<b>649.86</b>		174.84	
29.2.3	Power purchased from JSWPTCL	70.125	<b>-</b>		-	
29.2.4	Short term power purchased from IEX / PXI	70.200	<b>0.07</b>		53.01	
29.2.5	Power purchased from Non PPA Co-generation Units	70.208	<b>1823.90</b>		198.12	
29.2.6	Power purchased from Peak Power Purchase	70.210	<b>-</b>		-	
	<b>Purchases from others (Other than Short term Purchases)</b>					
29.2.7	M/s. JSW power trading Company Ltd.	70.211	<b>13925.29</b>		4029.50	
29.2.8	M/s. BMM Ispat Ltd.	70.211	<b>1856.97</b>		864.12	
29.2.9	M/s. Nirani Sugars Ltd.	70.211	<b>216.20</b>		0.00	
29.2.10	M/s. Hare Krishna Metalics & Others	70.211	<b>76.48</b>		62.74	
29.2.11	M/s. Gujarath Urja Vikas Nigam Ltd.	70.211	<b>98.62</b>		0.00	
29.2.12	M/s. Athani Sugars Ltd.	70.211	<b>187.61</b>		0.00	

**(Rs. in Lakh)**

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
29.2.13	M/s. GMR Energy Ltd.	70.211	<b>450.07</b>		-	
29.2.14	M/s. Tata Power Trading Ltd.	70.211	<b>6.67</b>		-	
29.2.15	M/s. Vijayanagara Sugars	70.211	-		140.43	
29.2.16	M/s. NSL Sugars Ltd.	70.211	-		425.40	
29.2.17	M/s Global Energy	70.211	<b>998.17</b>		504.10	
29.2.18	M/s TATA PTCPL	70.211	<b>913.64</b>		397.87	
29.2.19	M/s Sathish Shugars	70.211	<b>252.47</b>		142.59	
29.2.20	M/s Reliance Energy	70.211	<b>225.93</b>		608.29	
29.2.21	M/s Dhruvadesh Meta Steel	70.211	<b>138.98</b>		72.52	
29.2.22	M/s PTCIL	70.211	<b>855.04</b>		679.80	
29.2.23	Inter ESCOM Short/ Medium Term Power Transactions	70.211	-		3174.00	
29.2.24	M/s Kalyani Power/Pune Power Ltd.	70.211	<b>1.59</b>		-	
29.2.25	M/s. Prabhulingeshwara Sugars	70.211	<b>5.55</b>		-	
29.2.26	M/s. Fortune five hydel Projects Ltd.	70.211	<b>53.98</b>		-	
29.2.27	M/s. Bradavavan Hydro	70.211	<b>1.59</b>		-	
29.2.28	M/s. IEPL	70.211	<b>36.11</b>		-	
29.2.29	M/s ESSAR	70.211	<b>83.71</b>		-	
29.2.30	M/s. Kundankulam – Non POC charges	70.214	<b>1895.09</b>		226.93	
29.2.31	M/s.Welspun Solar – Non POC charges	70.215	<b>2552.03</b>		371.14	
29.2.32	M/s. Vasgi Power Projects Ltd.	70.216	<b>33.51</b>		-	
29.2.33	M/s GVP Infra Power Projects Ltd.	70.217	<b>12.95</b>		-	
29.2.34	M/s. Jurala Power Project	70.218	<b>432.98</b>		-	
	<b>Sub-Total</b>			<b>27728.81</b>		<b>11724.44</b>
29.3.	Power Purchased cost accounted on basis of energy balancing	70.209		<b>2016.80</b>		2882.00
	<b>TOTAL</b>			<b>165814.48</b>		<b>166888.17</b>

29.3(a) With effect from 1.4.2014, share of power project capacity allocated to MESCOM has been revised vide GOK notification No. EN 47 PSR 2014 dated 27.05.2014. 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.

29.3(b) 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 energy balancing report furnished by LDC up to the year 2013-14, the results have been incorporated in the books of account of MESCOM. The Energy Balancing results for the year 2014-15 are provisional, which are accounted based on joint reconciliation carried out by all the ESCOMs at LDC.

**NOTE : 30 EMPLOYEE COSTS**
**(Rs. in Lakh)**

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
<b>30.1</b>	<b>Salaries and Wages</b>					
30.1.1	Salaries	75.100	<b>11623.91</b>		12043.12	
30.1.2	Over Time	75.200	<b>247.32</b>		260.36	
30.1.3	Dearness Allowance	75.300	<b>2889.63</b>		1781.55	
30.1.4	Other Allowances	75.400	<b>1342.61</b>		1322.56	
30.1.5	Bonus	75.500	<b>132.51</b>		138.20	
30.1.6	Medical Expenses reimbursement	75.611	<b>177.76</b>		161.97	
30.1.7	Leave travel assistance	75.612	<b>0.00</b>		0.11	
30.1.8	Earned leave encashment	75.617	<b>1285.23</b>		1043.38	



(Rs. in Lakh)

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
30.1.9	Earned leave encashment to retired employees	75.618	441.44		354.28	
30.1.10	Payment under Workmen's Compensation Act	75.629	-		-	
30.1.11	Payment to helpers/employees of Monsoon gang	75.630	46.64		36.20	
30.1.12	Pension & Leave contribution of employees on deputation	75.890	28.81		23.83	
	<b>Sub-Total</b>			<b>18215.88</b>		<b>17165.56</b>
<b>30.2</b>	<b>Contribution to Provident and Other Funds</b>					
30.2.1	Terminal benefits (PF) Corporation Contribution	75.810	14.27		30.60	
30.2.2	Terminal benefits (Pension) Corporation Contribution	75.830	2944.32		3683.53	
30.2.3	Terminal Benefits Company contribution to Contributory pension scheme with effect from 01.04.06	75.831	451.77		399.16	
30.2.4	Terminal Benefits (Gratuity)	75.840	469.25		499.61	
	<b>Sub-Total</b>			<b>3879.61</b>		<b>4612.90</b>
30.3	<b>Expenses on ESOP and ESPP</b>					
30.4	Staff Welfare expenses	75.7, 75.845, 75.860, 75.880		545.12		505.18
	<b>Total</b>			<b>22640.61</b>		<b>22283.64</b>

**30.5 Employee Benefits:****30.5.1 Short Term Employee Benefits:**

30.5.1.1 Short Term Employee Benefits are recognized as an expense in the profit and loss Statement for the year in which related services are rendered.

**30.2.5 Post Employment Benefits:**

30.5.2.1 The Company makes contribution for Pension and Gratuity to KPTCL/ESCOMs Pension and Gratuity Trust. The same becomes a Multi-Employer Defined Benefit Plan. Any revision in contribution due to actuarial valuation by the Trust is accounted in the year of intimation by the Trust.

For employees who have joined the Company on or after 1.4.2006, the pension plan is Multi-Employer Defined Contribution Plan.

**NOTE : 31 - FINANCIAL COSTS- INTEREST AND OTHER BANK CHARGES (NET)**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
<b>31.1</b>	<b>Interest Expenses</b>					
<b>31.1.1</b>	<b>Interest on Consumers Security Deposits</b>					
31.1.1.1	Interest on ISD, ASD & MSD	78.600		3396.02		2973.59
<b>31.1.2</b>	<b>Interest on power purchase dues</b>					
31.1.2.1	M/s KPCL	80.108		8517.70		8981.19
31.1.2.2	Wind Mill Projects	80.140		25.06		-
31.1.2.3	M/s PTCIL	80.199		-		292.90
31.1.2.4	M/s NET & S Ltd.	80.201		-		48.55

(Rs. in Lakh)

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
<b>31.1.3</b>	<b>Interest on Loans</b>					
<b>31.1.3.1</b>	<b>Interest on GOK Loans</b>					
31.1.3.1.1	Interest on Central Govt. Loan towards Power Sector Automation	78.101	<b>6.06</b>		7.68	
31.1.3.1.2	Interest on PMGY Loan	78.573	<b>10.01</b>		10.93	
31.1.3.1.3	Interest on GOK Loan for energization of IP sets under GK Scheme	78.580	<b>2.64</b>		3.96	
	<b>Sub- Total</b>			<b>18.71</b>		<b>22.57</b>
<b>31.1.3.2</b>	<b>Interest on REC loans</b>					
31.1.3.2.1	Interest on Loan from REC	78.540	<b>39.86</b>		54.22	
31.1.3.2.2	Interest on loan drawn by MESCOM from REC- APDRP works	78.591	<b>15.03</b>		17.07	
31.1.3.2.3	Interest on loan drawn by MESCOM from REC - General	78.592	<b>45.50</b>		53.05	
31.1.3.2.4	Interest on loan drawn by MESCOM from REC - RGGVY Works	78.593	<b>166.98</b>		135.58	
31.1.3.2.5	Interest on Bulk loan from Rural Electrification Corporation	78.597	<b>349.77</b>		55.16	
	<b>Sub- Total</b>			<b>617.14</b>		<b>315.08</b>
<b>31.1.3.3</b>	<b>Interest on PFC loans</b>					
31.1.3.3.1	Interest on loan drawn from PFC for implementation of RAPDRP works	78.594	-		42.31	
31.1.3.4	Interest on loan from Commercial Banks	78.560	<b>6901.68</b>		5255.44	
	<b>Total Interest on Loans</b>			<b>7537.53</b>		<b>5635.40</b>
<b>31.2</b>	<b>Other Borrowing Costs</b>					
31.2.1	Other Interest and Finance Charges	78.800	<b>219.60</b>		333.42	
<b>31.3</b>	<b>Applicable Net gain or loss on Foreign Currency Transactions</b>		-		-	
<b>31.4</b>	<b>Other Interest Charges</b>					
31.4.1	Interest on Income Tax		-		-	
	<b>Gross Finance Costs</b>			<b>19695.91</b>		<b>18265.05</b>
<b>31.5</b>	<b>Less : Interest and finance charges capitalised</b>					
31.5.1	Capitalisation of interest on funds used during construction	78.900	<b>239.01</b>		251.21	
	<b>TOTAL</b>			<b>19456.90</b>		<b>18013.84</b>

31.6 Interest accrued but not due for the financial year 2014-15 in respect of long-term borrowing assigned by KPTCL to the extent of Rs 0.92 lakh has been provided for as per KPTCL letter No. FA (A & R)/ KCO 24/12474/2014-15 dated 13.04.2015.

**NOTE : 32 DEPRECIATION AND AMORTIZATION EXPENSES (NET)**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
<b>32.1</b>	<b>Depreciation on Fixed Assets</b>					
32.1.1	Amoreisation on Lease hold Assets	77.110	<b>0.42</b>		0.37	
32.1.2	Depreciation on Buildings	77.120	<b>97.74</b>		90.70	
32.1.3	Depreciation on Hydraulic Works	77.130	<b>12.48</b>		15.25	
32.1.4	Depreciation on Civil Works	77.140	<b>1.90</b>		1.51	
32.1.5	Depreciation on Plant and Machinery	77.150	<b>1665.16</b>		1375.46	
32.1.6	Depreciation on lines, cable, network etc.,	77.160	<b>6475.42</b>		5755.63	

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
32.1.7	Depreciation on Vehicles	77.170	8.17		4.81	
32.1.8	Depreciation on furniture, fixtures	77.180	15.93		13.93	
32.1.9	Depreciation on Office equipments	77.190	2.63		2.53	
	<b>Sub-Total</b>			<b>8279.85</b>		<b>7260.19</b>
32.1.10	Depreciation withdrawn on Assets Created out of Govt. grants / Consumers Contributions			<b>-2247.95</b>		<b>-1865.37</b>
	<b>Total</b>			<b>6031.90</b>		<b>5394.82</b>
32.1.11	<b>Add</b> : Depreciation under provided in previous years.	83.6	<b>546.46</b>		78.96	
32.1.12	<b>Less</b> : Excess provision for Depreciation in prior periods	65.6	<b>210.17</b>		1.94	
	<b>Depreciation on Fixed Assets</b>			<b>6368.19</b>		<b>5471.84</b>
<b>32.2</b>	<b>Depreciation on Released Good Assets</b>					
32.2.1	Plant and Machinery	77.151	<b>25.94</b>		24.80	
32.2.2	Lines, Cable, network etc	77.161	<b>1.29</b>		1.37	
32.2.3	Office equipments	77.191	<b>0.00</b>		0.00	
	<b>Sub-Total</b>			<b>27.23</b>		<b>26.17</b>
	<b>Depreciation (Net)</b>			<b>6395.42</b>		<b>5498.01</b>

**NOTE : 33 OTHER EXPENSES**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
<b>33.1</b>	<b>Repairs</b>					
33.1.1	Buildings	74.200	<b>114.01</b>		6.23	
33.1.2	Plant and Machinery	74.100	<b>1320.97</b>		694.88	
33.1.3	Lines, Cable Net Work Etc.	74.500	<b>2005.30</b>		1261.65	
33.1.4	Civil Works	74.300	<b>14.79</b>		16.20	
33.1.5	Vehicles	74.600	<b>18.58</b>		17.31	
33.1.6	Furniture and Fixtures	74.700	<b>1.50</b>		1.44	
33.1.7	Office Equipments.	74.800	<b>18.83</b>		12.88	
	<b>Sub-Total</b>			<b>3493.98</b>		<b>2010.59</b>
<b>33.2</b>	<b>Power and Fuel</b>					
33.2.1	Electricity Charges	76.158	<b>144.66</b>		124.01	
33.2.2	Fuel expenses for generators	76.161	<b>1.19</b>		1.67	
	<b>Sub- Total</b>			<b>145.85</b>		<b>125.68</b>
<b>33.3</b>	<b>Rent</b>					
33.3.1	Rent (including lease rentals)	76.101	<b>201.95</b>		179.87	
	<b>Sub- Total</b>			<b>201.95</b>		<b>179.87</b>
<b>33.4</b>	<b>Insurance</b>					
33.4.1	Insurance on Fixed assets			-	-	
33.5	Rates and Taxes excluding Taxes on Income	76.102	<b>7.21</b>		19.73	
<b>33.6</b>	<b>Miscellaneous Expenses</b>					
<b>33.6.1</b>	<b>Payment to Auditors</b>					
<b>33.6.1.1</b>	<b>Payment to statutory Auditors</b>					
33.6.1.1.1	As Auditor	76.122	<b>2.20</b>		2.00	
33.6.1.1.2	Taxation Matter	76.122	<b>0.55</b>		0.50	
33.6.1.1.3	Reimbursement of Expenses	76.125	-		0.32	
<b>33.6.1.2</b>	<b>Payment to Cost Auditors</b>					
33.6.1.2.1	As Auditor	76.122	<b>0.75</b>		0.75	

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
33.6.1.2.2	Taxation Matter		-		-	
33.6.1.2.3	Reimbursement of Expenses		-		-	
	<b>Total Payment to Auditors</b>			<b>3.50</b>		<b>3.57</b>
<b>33.7</b>	<b>Other A&amp;G Expenses</b>					
33.7.1	Service Tax payment to service provider	76.107	<b>113.23</b>		73.20	
33.7.2	Service Tax payment to central excise customs & service Tax Dept.	76.108	<b>233.69</b>		163.53	
33.7.3	Pagers cellular phones E.mail & other communication charges	76.111	<b>18.25</b>		5.80	
33.7.4	Telephone, Trunk call, Telegrams and Telex Charges	76.112	<b>71.22</b>		63.35	
33.7.5	Mobile Phone Charges	76.114	<b>34.92</b>		36.35	
33.7.6	Postage	76.113	<b>28.72</b>		21.73	
33.7.7	Legal Charges	76.121	<b>13.68</b>		31.33	
33.7.8	Consultancy charges	76.123	<b>10.53</b>		10.01	
33.7.9	Other Professional charges	76.125	<b>40.68</b>		6.36	
33.7.10	Technical Fees	76.124	-		0.10	
33.7.11	Remuneration to Contract Agencies for opening & maintenance of ledger Accounts	76.126	<b>365.33</b>		410.65	
33.7.12	Remuneration to Private Contractor engaged for shift and minor maintenance duties of stations/MUSS	76.127	<b>150.63</b>		120.94	
33.7.13	Remuneration paid to Chartered Accountants for auditing cash & Revenue Accounts	76.128	<b>4.61</b>		4.31	
33.7.14	Remuneration paid to Contract Agencies/ Services obtained	76.129	<b>2815.93</b>		1736.71	
33.7.15	Remuneration paid to Grama Vidhyuth Prathinidhis	76.130	<b>72.40</b>		56.23	
33.7.16	Conveyance expenses	76.131	<b>0.57</b>		0.29	
33.7.17	Travelling expenses	76.132	<b>14.21</b>		8.54	
33.7.18	Travelling allowance to employees	76.133	<b>332.94</b>		375.84	
33.7.19	Travelling Allowance to Contract Employees	76.134	<b>0.53</b>		0.33	
33.7.20	Vehicle hiring expenses for vehicles hired to stations	76.135	<b>238.93</b>		200.10	
33.7.21	Vehicle running expenses other than store vehicles	76.136	<b>118.12</b>		102.72	
33.7.22	Vehicle hiring expenses	76.137	<b>346.93</b>		318.55	
33.7.23	Vehicle License, Registration fee and Taxes	76.138	<b>14.34</b>		10.22	
33.7.24	Shared expenses of MESCOM with KPTCL	76.140	<b>127.51</b>		-	
33.7.25	Shared expenses of MESCOM with PCKL	76.141	<b>103.64</b>		122.76	
33.7.26	Fees & Subscriptions	76.151	<b>1.68</b>		64.16	
33.7.27	Books, periodicals and dairies	76.152	<b>1.63</b>		1.41	
33.7.28	Printing & Stationery	76.153	<b>104.74</b>		89.02	
33.7.29	Factory License Fees	76.154	<b>10.52</b>		10.00	
33.7.30	Advertisement Expenses	76.155	<b>52.22</b>		38.76	
33.7.31	Computer stationery and floppies	76.156	<b>12.69</b>		6.86	
33.7.32	Contributions	76.157	<b>80.25</b>		45.78	
33.7.33	Statutory payments as per Companies Act, 1956	76.159	<b>68.75</b>		0.07	
33.7.34	Water Charges	76.160	<b>4.21</b>		9.71	
33.7.35	Entertainment	76.162	-		0.12	
33.7.36	Secret service grant	76.164	<b>0.60</b>		0.60	
33.7.37	Miscellaneous expenses	76.190	<b>117.76</b>		103.80	
33.7.38	Compliment Expenses	76.191	-		0.01	

(Rs. in Lakh)

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
33.7.39	Consumer Relation/ Education	76.196	4.52		23.20	
33.7.40	Material related expenses	76.2	57.24		53.34	
	<b>Sub- Total</b>			<b>5788.35</b>		4326.79
	<b>Total A&amp;G Expenses</b>			<b>6146.86</b>		<b>4655.64</b>
33.7.42	Administration & General Expenses charged to capital works (Credit Account)	76.900		-99.68		-
	<b>Net A&amp;G Expenses</b>			<b>6047.18</b>		<b>4655.64</b>
<b>33.8</b>	<b>Other Debits</b>					
33.8.1	Asset Decommissioning Costs	77.500	9.08		7.44	
33.8.2	Small & Low value items Written off	77.610	7.61		4.79	
33.8.3	Losses relating to Fixed Assets	77.700	82.65		55.40	
33.8.4	Incentive for prompt payments	79.120	0.00		2.66	
33.8.5	Bad & Doubtful Debts Written off / provided for	79.400	408.59		179.91	
33.8.6	Miscellaneous losses and Write offs	79.500	111.38		1087.94	
	<b>Sub Total</b>			<b>619.31</b>		<b>1338.14</b>
<b>33.9</b>	<b>Prior Period Expenses / losses :</b>					
33.9.1	Operating Expenses of previous years	83.300	4.38		2.70	
33.9.2	Employee costs relating to previous years	83.500	19.77		19.44	
33.9.3	Interest and other Finance charges relating to previous years	83.700	6.00		5.76	
33.9.4	Short Provision for Income tax - previous years	83.810	-		49.02	
33.9.5	Administrative Expenses - previous years.	83.820	4.52		4.38	
33.9.6	Other Expenses relating to prior periods	83.850	38.20		109.65	
33.9.7	Prior Period Expenses relating to purchase of power	83.860	-		23.71	
	<b>Sub-Total</b>			<b>72.87</b>		<b>214.66</b>
	<b>Total</b>			<b>10233.34</b>		<b>8219.03</b>

**NOTE : 34 EXCEPTIONAL ITEMS**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
34.1	Depreciation written back	-	----- NIL -----			
	<b>Total</b>			-		-

**NOTE : 35 MAT CREDIT ENTITLEMENT**

(Rs. in Lakh)

Sl. No	Particulars	Account Code	For the year 2014-15		For the year 2013-14	
35.1	Income on account of MAT credit Entitlement	62.922		343.08		47.28
	<b>Total</b>			<b>343.08</b>		<b>47.28</b>

**36 Disclosures required by Accounting Standards:****36.1 Segment Reporting:****36.1.1 Business Segment:**

**36.1.1.1** Electricity distribution is the principal business activity of the Company. There are no other activities which form a reportable segment as per the Accounting Standard – 17 'Segment Reporting'.

**36.1.2 Secondary Segment:**

**36.1.2.1** The operations of the Company are mainly carried out within the four districts of Karnataka State namely, Dakshina Kannada, Udupi, Chickmagalur and Shimoga. Therefore geographical segments are not applicable.

**36.2 Disclosure of transactions with Related Parties as required by the Accounting Standard – 18**

**36.2.1** In view of paragraph 9 of AS 18, no disclosure is required as regards related party relationships with other state-controlled enterprises and transactions with such enterprises.

**Other disclosures as required under AS 18 are as given below:**
**36.2.2** Managerial Remuneration paid / payable for the financial year 2014-15 to the Directors are as follows:

**(Rs. in Lakh)**

Particulars	Current Year 2014-15	Previous Year 2013-14
<b>Whole Time Directors:</b>		
Salary and Allowances	27.25	25.48
Ex-gratia	0.04	0.02
Medical Expenses	0.33	0.22
Travelling Expenses	6.96	6.89
<b>Part Time Directors:</b>		
Travelling Expenses	-	-
Sitting Fees	0.32	0.36
<b>Total</b>	<b>34.90</b>	<b>32.97</b>

**36.3 Earnings Per Share**

Particulars	2014-15	2013-14
Profit after tax as per Accounts (For Basic and Diluted Earnings Per Share) – (A) (Rs. in Lakhs)	1392.62	20.17
Weighted Average number of shares outstanding during the year for Basic and Diluted EPS – (B)	216070231	192097628
<b>Basic and Diluted Earnings per Share(A/B) (in Rs.)</b>	<b>0.64</b>	<b>0.01</b>

**36.4 Taxation:**
**36.4.1 Current Taxation:**
**36.4.1.1** The provision for Minimum Alternate Tax (MAT) under Section 115 JB of Income Tax Act 1961 has been created in the Accounts.

**36.4.2 Deferred Taxation:**
**36.4.2.1** The Company has not recognized Deferred Tax Asset / Deferred Tax Liabilities as required by Accounting Standard-22.

**36.5** Estimated amount of capital works remaining to be executed as on 31.03.2015 in respect of Projects amounts to Rs. 5790.52 Lakh.

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

Particulars	As at 31st March 2015	As at 31st March 2014
Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of the delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding Years	-	-

**37 Others:**
**37.1** The details of energy purchase, sale of energy and distribution losses during the year 2014-15 are as follows:

Particulars	Units	For the year 2014-15	For the year 2013-14
Energy purchased at Generation point	Mus	4799.25	4674.62
Energy Balancing Adjustments	Mus	39.36	72.77
Net energy	Mus	4838.61	4747.39
Energy at interface point	Mus	4688.54	4584.63
Energy Sales	Mus	4146.37	4037.56
Distribution Loss	Mus	542.17	547.07
<b>Percentage of Distribution Loss</b>	%	<b>11.56</b>	<b>11.93</b>

**Reconciliation of Energy Sales**

Particulars	Units	For the year 2014-15	For the year 2013-14
Energy sales as per DCB	Mus	4110.38	3920.23
Add : Sales of April 2015	Mus	431.43	438.53
Less : Sales of April 2014	Mus	438.53	365.92
Add : Wheeled energy	Mus	32.22	33.39
Add : KPCL Colony consumption	Mus	10.68	11.33
<b>Total Sales considered for Energy Audit</b>	<b>Mus</b>	<b>4146.18</b>	<b>4037.56</b>

**37.2** Considering the financial implications involved, insurance on fixed assets or current assets has not been made as it is not economical.

**37.3** The title deeds of properties transferred from KPTCL are completely transferred in the name of Company.

**38 Contingent Liabilities:**

**38.1** The Company was subjected to EPF Inspection during the year 2006-07 and thereby a demand of Rs 4.44 Crores was raised on the Company towards the dues for EPF of Contract Employees. The Company has disputed the same in view of the error in calculation of demand and also with regard to applicability of the regulations to contractors' employees. A deposit of Rs 1.77 Crores has already been made with the EPF department and the case has been remanded to PF Office Mangaluru for hearing once again in the year 2011-12. Details along with the contention of the Company are submitted to APFC Mangaluru on 10.03.2014. The Company is hopeful of a positive outcome on the said issue. No provision has been made in the accounts for the disputed demand.

**38.2** The Regional Provident Fund Commissioner, Mangaluru has issued notice to the O&M Division Puttur for payment of interest and damages for the belated remittances under Section 7Q and 14B of the Employees' Provident Fund and Miscellaneous Provision Act, 1952. The total amount of interest & damages payable are Rs. 6436970 and Rs. 8343738 respectively. The Company has deposited Rs. 6436970 on 06.03.2013 and Rs. 8343738 on 12.06.2013 under protest. Action has been taken to file an appeal before the Employees' Provident fund Appellate Tribunal at New Delhi. Hence no provision is made in the Accounts.

In Chikmagalur Division, Company has deposited damages and interest of Rs. 74,99,653.00 and Rs.65,40,760.00 respectively under protest on 30.01.2014. Appeal has been filed before the Employees' Provident fund Appellate Tribunal at New Delhi vide Appeal No. 630(6)/2013. Hence no provision is made in the Accounts.

In Kadur Division, Company has deposited damages and interest of Rs. 11,05,063.00 and Rs.5,99,890.00 respectively under protest on 12.02.2014. Appeal has been filed before the Employees' Provident fund Appellate Tribunal at New Delhi. Hence no provision is made in the Accounts.

In Mangaluru Division, the Regional PF commissioner has issued notice on 17.12.2013 for payment of a sum of Rs. 83,25,618/- as interest for delay under section 7Q and also Rs. 1,06,95,493/- as damages under Section 14B. Out of this, interest of Rs. 83,25,618/- was paid by the Company on 12.05.2014 and Rs. 1,06,95,493 was paid on 13.11.2014 under protest. Action is taken to file an appeal before the Employees' Provident fund Appellate Tribunal at New Delhi.

**38.3** The appeal No. ITA/1118/Bang/09 AY 2006-07 preferred by MESCOM against the order CIT(A) Mangaluru in respect of disallowance of 80 IA claim of MESCOM relating to AY 2006-07 is disposed by the Hon'ble ITAT Bengaluru on 31.10.2012 stating that the appeal of the Company is partly allowed for statistical purpose. As the major claim of disallowance of 80IA was not considered by the ITAT, an appeal has been preferred before the Hon'ble High Court of Karnataka at Bengaluru. The case is not yet come for hearing as on date. The entire demand pertaining to the Assessment Year 2006-07 has been paid and treated as deposit in view of the pending appeal for disposal before the Hon'ble High Court of Karnataka.

**38.4** The Commissioner of Central Excise and Service tax, Mangaluru has passed two orders bearing No. C.No. IV/09/114/2010 Hqrs. Adjn 1/2295 on 28.01.2011 and order No. IV/09/114/2010/Hqrs Adj(1)/17109 dated 26.10.2010 for Rs. 6,37,250/- and for Rs. 85,53,406/- which includes service tax of Rs. 3,18,625/- and Rs. 42,76,703/- respectively and penalty of Rs. 3,18,625/- u/s. 76 and penalty of Rs. 42,76,703/- u/s. 78 respectively excluding penalty u/s. 77 and rule 7(c). Further interest amount u/s. 75 has not been quantified. These orders have been passed in respect of service tax on Goods transport Agency Service since 2005 being not paid to the Department. The Company has got stay against the demand raised by the department from CESTAT Bengaluru. The case is not come up for hearing so far.

- 38.5** The table given below indicates the number of pending cases before various authorities and courts as on 31.03.2015 and corresponding amount involved in it.

Particulars	No. of pending cases	Amount involved in lakh Rupees.
Revenue	33	125.41
Labour	50	550.65
Miscellaneous	235	891.46
<b>Total</b>	<b>318</b>	<b>1567.52</b>

There may be contingent liability for the said amount if the cases are not decided in favour of MESCOM.

- 38.6** **UPCL:** In accordance with ATE interim order dated 03.06.2014, MESCOM has paid the charges from 01.02.2013 at the tariff determined by CERC vide order dated 20.02.2014 in respect of the tariff petition No. 160/GT/2012 filed by UPCL for determination of tariff for the period from 11.11.2010 to 31.03.2014. PCKL & ESCOMs had filed Appeal No. 108/2014 before Hon' ble APTEL against CERC order dated 20.02.2014 and APTEL vide order dated 15.05.2015 has directed CERC to redetermine the tariff within 45 days of date of the order based on the finding of the Tribunal.
- As CERC is yet to redetermine the tariff, the same provision of Rs. 42.00 Crs for the period from 11.11.2010 to 31.01.2013 made in FY 14 is being continued in FY 15 also as contingent liability.
- 38.7** **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.
- On the interim stay application, Hon' ble Supreme Court has directed on 15.05.2015 payment of the principal amount within 6 weeks subject to GMR Energy providing an adequate security of an immovable property to the satisfaction of the Registrar of the Hon' ble Supreme Court. As the GMR Energy Ltd., is not yet provided security, the principal amount has not been paid. The issue is with respect to tariff payable for the energy supplied under Section-11 during the period Jan-09 to May-09. The cost implication to MESCOM is Rs. 5.41 Crs (Principal Rs. 4.26 Cr + interest Rs. 1.15 Crs).
- 38.8** **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 Rs. 16.30 Crs of MAT paid during 2006-07 to 2009-10 by M/s TATA Power Ltd., The case is pending for adjudication.
- 38.9** **M/s J.K Cements & M/s Himatsingka Seide Ltd :** PCKL & ESCOMs have filed Civil Appeal 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-2010 & May-2010. The cost implication to MESCOM is Rs. 15.85 Lakhs.
- 38.10** **M/s. AMR Power Pvt. Ltd:** M/s. AMR Power Pvt. Ltd., has issued a PPA termination notice dated 22.07.2011, the same has been challenged by MESCOM. In the legal remedy course, MESCOM has presently filed an SLP bearing No. 1665/2015 before Hon'ble Supreme Court of India. The case is still pending. Mean while as per the directions of Hon'ble ATE vide interim order dated 27.03.2014, wheeling and banking agreement is signed on 06.05.2014 subject to conditions that it should not be given effect to till the final decision is taken by the Hon'ble Tribunal in Appeal No. 275/2013 filed by MESCOM. As the APTEL vide order dated 17.10.2014 has dismissed the appeal, the wheeling has been facilitated w.e.f. 17.10.2014.
- 38.11** **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 an 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 is pending for disposal before the Hon'ble Supreme Court. MESCOM may contingently be liable for an amount of Rs. 19.74 Crs. if orders are passed in favour of KPTCL.
- 38.12** **KPTCL** vide letter No FA(A&R)/C(AP&A)/DC(A&C)/AAO1/Cys-104 dated 15.3.2007 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 FKCCI and KERC before the Hon'ble Supreme Court of India and the same is pending. MESCOM may contingently be liable to pay a sum of Rs. 45.38 Crs. of principal and Rs. 1.22 Crs as interest to KPTCL by collection through tariff from consumers based upon the finalization of issue by Hon'ble KERC.
- 38.13** **KPCL Dues:** As per MESCOM books of Accounts, the outstanding dues payable to KPCL as on 31.03.2015 is Rs. 816.20 Crs. There is difference between demand raised by KPCL and the bill amount admitted by MESCOM and the total difference in demand upto 2014-15 is Rs. 29.51 Crs. The demand and balance were reconciled upto FY 2011-12 on 27.02.2013.



- 39 The Balances in respect of Sundry Debtors, Sundry Creditors, Loans, Advances to Supplies and other borrowings are subject to confirmation and other reconciliation if any.
- 40 The Energy Balancing dues and other dues relating to short term and medium term power transactions among ESCOMs are reconciled up to 31.03.2014
- 41 The companies Accounts that are approved by the Board on 09.07.2015 have been revised in the light of observations made by the Comptroller and Auditor General of India. Further based on Statutory Auditors' report dated 03.08.2015 Company has recognized the power purchase cost of Rs. 240.99 lakh and Employee Benefit Expenses of Rs. 224.64 lakhs and incorporated in the revised Accounts. The said revision has resulted in increase in net profits by Rs. 470.30 lakh. The Reserves and Surplus has increased by Rs. 471.71 lakh; Other long term Liabilities decreased by Rs. 918.11 lakh; Long term Provisions increased by Rs. 224.64 lakh; Trade payables increased by Rs. 147.98 lakh; Other Current liabilities increased by Rs. 98.84 lakh; Tangible Assets decreased by Rs. 0.03 lakh; Long Term Loans and Advances increased by Rs. 23.73 lakh; Short Term Loans and Advances decreased by Rs. 13.31 lakh; Other Current Assets increased by Rs. 14.67 lakh. As a result the total Assets and Liabilities have been increased by Rs. 25.06 lakh.

Sd/-  
**(K. JAYARAMA ALVA)**  
Chief Financial Officer

Sd/-  
**(K. RAMAKRISHNA)**  
Director (Tech)

Sd/-  
**(CHIKKANANJAPPA)**  
Managing Director

In terms of our Report of even date  
for **RODRIGUES & D'SOUZA**  
**Chartered Accountants**  
Firm Reg. No: 003284 S

Sd/-  
**EDMOND D'SOUZA**  
**PARTNER**  
Membership No. 015097

Place : Mangaluru  
Date : 21/09/2015