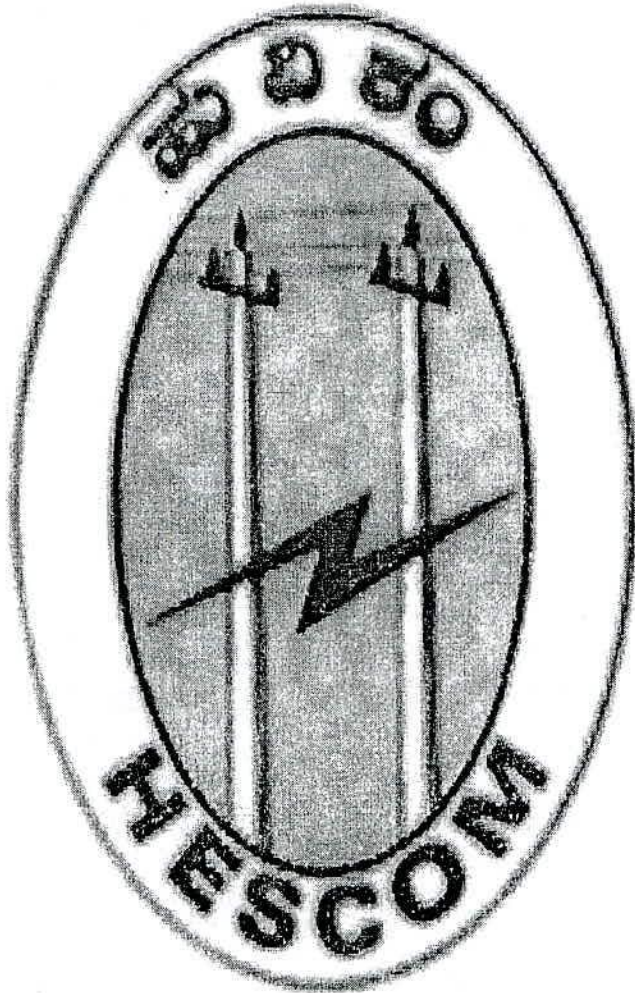
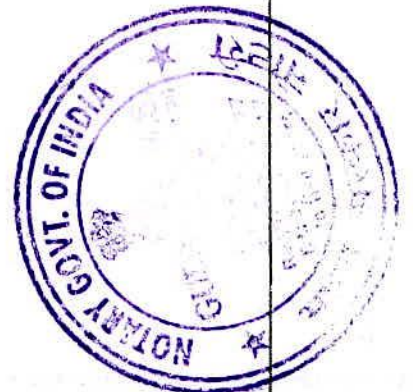


HUBLI ELECTRICITY SUPPLY COMPANY LIMITED



Annual Report
FY 2018-19



INDEPENDENT AUDITOR'S REPORT

To the Members of
HUBLI ELECTRICITY SUPPLY COMPANY LIMITED.
Hubballi.

Report on the Audit of the Standalone financial statements -

Opinion

We have audited the accompanying Standalone financial statements of HUBLI ELECTRICITY SUPPLY COMPANY LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss the Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information. (Hereinafter referred to as "financial statements"). These are the revised financial statements which were adopted by the Board of Directors on 13/09/2019 and reported by us on Dt. 14/09/2019. We are issuing this report, which supersedes our earlier report dated 15th July 2019.

The Board approved revision to the financial statements in the light of the observations made by the Comptroller and Auditor General of India, which resulted in increase in loss by Rs. 45.61 crore as disclosed by the Company vide Note no. 31-10.

Further as per the approval of Board of Directors, the following revisions were effected (i) The Company had reversed entry pertaining to regulatory Asset: Rs. 837.03 crore accounted during 2017-18 in 2018-19 which had to be actually reversed during 2019-20. The reversal was rectified which had an impact of increase in income by Rs. 837.03 crore (ii) Accounting of Energy balancing/banked energy and difference bill of KPCL to the tune of Rs. 53.45 crore resulting in reduction of power purchase cost and corresponding reduction in income. The aforesaid revisions have resulted in profit of Rs. 689.99 crore in lieu of loss of Rs. 147.11 crore.

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 of Qualified paragraph, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, Including Accounting Standards specified under section 133 of the Act, of the state of affairs (financial position) of the company as at March 31, 2019, and It's profit, It's Cash flows for the year ended on that date.

Basis for Qualified Opinion:

We conducted our Audit, in accordance with the Standards on Auditing specified U/s 143(10) of the act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the Ethical requirements that are relevant to our Audit of the Financial Statements under the provisions of the Companies Act, 2013 and Rules there under and we have fulfilled our other Ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the Audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

A. We report that,




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(a) Non-compliance of Accounting Standard 2 on Inventories:

As per the accounting policy (note 2.3 of the Notes forming part of the financial statements), the Company is following Standard rate, determined by the Company, from time to time based on the previous purchase price and prevailing market rates in valuing inventories which is not in accordance with Accounting Standard 2. The accounting standard prescribes that the inventories should be valued at the lower of the cost and net realizable value. For want of details, we are unable to quantify the difference in the lower of the cost price or net realizable value and the standard rate adopted by the Company and its effect on the financial performance and position of the Company.

(b) Non-compliance of Accounting standard 10 "Property, Plant & Equipment" :

- i. As per Note No 2.6.1 of the Notes forming part of the financial statements, the fixed assets are shown at their historical costs with corresponding accumulated depreciation and Note 2.6.6 states that the valuation of Capital Work-in-progress in case of company-generated assets is valued at standard rate, which is not in accordance with Accounting Standard 10, [which recommends the valuation of Asset at cost]. Hence in our opinion the accounting for valuation of Capital Work-in-progress and fixed assets by the Company in consonance with note no 2.6.6 and contradictory to Accounting Standard 10.
- ii. Accounting for accessories / component items forming part of the released assets: It is observed that the original cost of the poles, conductors and other spares forming part of the released assets is not being reduced from the gross cost of the assets. Such items are being treated as current assets (scrap). This practice is not in consonance with the generally accepted accounting principles, resulting in over statement of gross value of the fixed assets.
- iii. Further in Note No. 2.6.5 of the Notes forming part of the financial statements, it is stated that released assets are valued at W.D.V [i.e., presently, the WDV is calculated at the Standard Rate], scrapped assets are valued at scrap rate [whereas presently, the scrap needs to be valued at the Net Realisable value] which is not in accordance with Accounting Standard -10.
- iv. Delays (spanning even more than one accounting period) in capitalisation of assets (put to use out of items included in capital work in progress) have been observed. This result in understatement of fixed assets and of corresponding depreciation charged. The manner of calculation of depreciation from the date of capitalizing the assets in the books instead of the date on which the assets are actually put to use resulting in misstatement of depreciation charged and the carrying amount of fixed assets.

During our test check of the statement of on-going works, we observed incomplete details about the estimated amount as per work order, work orders references, date of last material drawn, the status of the works as at the year-end etc. We feel, there is a necessity to carry out periodical review of on-going works.

Due to this, the cumulative effect of the above deviations on depreciation charged and carrying amount of fixed assets & capital work in progress in the financial statements is presently not quantifiable.

(c) Non-compliance of Accounting Standard 9 on Revenue:

- i. The company has not complied with AS 9 – Accounting Standard on Revenue Recognition. As per internal Circular dated 28-02-2019, regarding preparation and submission of Annual accounts, the Company during the month of March 2019, has made provision for unbilled Income receivable for the period till 31-03-2019, on estimate basis, in accordance with point no 3, page 10 of the




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supra circular. This method adopted does not meet the requirement of AS 9, which requires the unbilled revenue till the end of the year to be accounted on actual basis.

- ii. Tariff subsidy for Irrigation Pump sets receivable from The Government Of Karnataka to the tune of Rs.1,933.80 crores being the difference between the KERC recommended subsidy amount and the subsidy claimed is outstanding for a long period of time and We are apprehensive about the recoverability of the same and a suitable provisioning may be made for Rs 1,933.80 Crores. The effect of this would result in overstatement of profit by Rs 1,933.80 crores.

(d) Non-compliance of Accounting Standard 15 on Retirement Benefits:

- i. The company has not complied with AS 15 – Accounting Standard on employee benefits, as contributions to Pension and Gratuity Trust is made based on the contribution rate intimated by the Trust, and not based on actuarial valuation as on 31.03.2019. The exact amount has not been quantified by the company and therefore we are not able to comment on the effect on net loss on account of this factor. Further, the disclosures as required by the accounting standard are also not made.
- ii. No provision has been made for accrued liability towards gratuity in respect of employees covered under new pension scheme (NDCPS). As informed to us, there are no clear directions regarding applicability of Gratuity to such employees.

(e) Non-compliance of Accounting Standard 22 on Accounting for Taxes on Income:

The company has not recognized deferred tax assets & liabilities towards the tax effect of timing differences between taxable income and accounting income including accumulated losses which is not in consonance with the accounting standards-22. The impact of the above on the financial statements is presently not quantifiable

(f) Non-compliance of Accounting Standard 28 on Impairment of Asset:

The Company has not assessed the existence of impairment, if any, of its assets, including assets withdrawn from active use and assets scrapped as at the Balance Sheet date and consequently we are unable to comment on the existence of impairment loss.

- (g)** The cumulative effect of the non-compliance of the above and other qualifications in the para below on the Earnings per share vide Accounting standard 20 is not quantifiable since adequate information is not presently available with the Company to quantify the financial impact on non-compliance of these Accounting Standards.

- (h)** Non-reconciliation of inter unit accounts amounting to Rs.10.26 crores (Debit) shown under "Other Current Assets". The effect of adjustments in the financial statements on account of non-reconciliation of inter unit account is presently not ascertainable / quantifiable.

- (i)** Other non-current assets include company's claim of Rs.27.03 Crores, towards subsidy receivable from Govt of Karnataka in respect of Hukkeri Co-Operative Society pertaining to FY 2005-06 to 2009-10. As this amount is not confirmed by Govt of Karnataka, ultimate recovery of the same is doubtful and needs suitable provision. The effect of this would result in overstatement of profit by Rs 27.03 crores.




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- (j) Balances in trade receivables, trade payables, sundry creditors, dues of KPCL, KPTCL including and other ESCOMs, deposit accounts, loans and advances, and Materials and Equipments issued to Contractors and repairers are subject to confirmation / reconciliation. We feel that the system of obtaining periodical balance confirmation letters to be obtained in respect of all the balances needs to be implemented. The effect of adjustments to be recognised on such reconciliation is presently not ascertainable.
- (k) Trade Receivables against supply of power [Note 18 (i)], includes Rs.1076.32 crores towards revenue and interest for the period prior to 1-8-2008 from IP Set consumers [up to 10 HP] relating to the period prior to announcement of Free Power Supply by Govt of Karnataka. We are unable to comment on the recoverability of principal and interest as Government of Karnataka has stated on 25th January, 2012 that it would not reimburse the IP Set dues prior to 31.07.2008. We are informed by the Company that, efforts are in process for recovery from customers. As such, the recoverability of the amount is doubtful and needs appropriate provisioning. Thus there is overstatement of profit to the tune of Rs 1,076.32 crores.
- (l) The difference in security deposits from consumers as per general ledger and subsidiary details as per the software (R-APDRP &N soft) amounting to Rs.12.42 crores (as reported in previous year) needs to be reconciled. Hence, we are unable to comment on the correctness of the deposit balance and the related interest paid to the extent of such difference. The effect of this would result in overstatement of Assets by Rs12.42 crores.
- (m) The company has been incurring capital expenditure under Ganga Kalyana scheme as per the orders of the Govt of Karnataka from time to time. Under the scheme, the Govt of Karnataka has been contributing fixed amount per beneficiary through the various departments. As Govt of Karnataka is contributing fixed sums, there have been differences between the actual amount spent and the amount contributed by the Govt of Karnataka. As at the end of the year an amount of Rs. 144.12 crores (amount included in note 6-1-1-1 under A/c codes 47.307 to 47.315) is shown as receivable, being the excess amount spent over and above the contribution from Govt of Karnataka, which calls for appropriate provision, as same is not recoverable. The effect of this would result in overstatement of profit by Rs 144.12 crores.
- a. Till 31-3-2016, the Company was capitalising the total actual amount spent irrespective of the amount actually received / receivable from Govt of Karnataka. At the time of capitalisation, the entire amount of expenditure was being taken as Government contribution under accounting code 55 series. Subsequently, the amount outstanding under 55 series is reduced from Fixed Assets and depreciation is also being reversed on such reduced amount.
- Following are the various impacts on the financial statements due to this practice:
- Such presentation is not in conformity with definition of Cost, as per AS 10 issued by ICAI, New Delhi.
 - The amount shown as government contribution under series 55 till 31-3-2019 is excessive to the extent of the amount capitalised and the amount actually received/ receivable.
 - The fixed assets capitalised till 31-3-2019 are understated to the extent of excess recognition of government grant.
 - The charge of depreciation which is reversed due to excess recognised grant results in understatement of depreciation expense.



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- b. From accounting year commencing from 1-4-2016, the Company has changed the system of accounting by issuing new guidelines. As per the new system, the capital expenses incurred are capitalised through accounting code number 14 series in the books of the divisions and the actual amount received during the year irrespective of the asset against which the same is received has been treated as grant and gross value and depreciation is reduced in the financials for the year under audit.

Following are the various impacts on the financial statements due to this practice:

- i. This system does not recognise the grant against the related specific asset capitalised during the year, as the lump sum actual amounts received are reduced from asset value. Accounting of contribution should be co-related with the asset capitalised.
- ii. The amount receivable from various corporations is not being recorded in the books of the Company.
- iii. The amount received during the year has not been identified / allocated to the respective work order.
- iv. The depreciation calculated on the amount of grant, reversed will not be the correct amount as the same is based on the amount received during the year and not from the date on which the related assets was capitalised.

The impact of the above on the financial statements is not quantifiable for want of information

(n) Maintenance of accounting records:

- i. At present, only operations relating to billing and collection from consumers (other than High Tension consumers) have been computerized. In respect of other processes, transactions/records are maintained partly manual and partly through MS-excel work sheets. As MS-excel is not an accounting software, there is a need for maintaining financial accounts in a proper accounting software, under proper supervision and with adequate security measures. It is also unsafe from security point of view to use MS-excel worksheets as accounting software.
- ii. On our examination, it is observed that the subsidiary ledger accounts like Sundry Creditors, advances, recurring expense ledgers etc. were not updated properly. Hence, we were unable to carry out scrutiny of ledger accounts. We are unable to verify the reconciliation of the manual records with other records.
- iii. We observe that, the points noted during the course of earlier statutory audits, being the reasons for qualifications and/or other reports are yet to be rectified or properly attended to. These continuing defects require immediate attention of the management at the appropriate levels.
- iv. Internal check and internal control system existing in the company needs to be thoroughly verified and to be strengthened, in respect of various audit points covered in this report. And Internal Audit department needs to be improved.

- (o) In respect of the following loans, in absence of detailed statements / balance confirmations/ repayment schedules etc., we were unable to comment on correctness of outstanding balances of principal, interest due / accrued but not due and the statutory disclosures.



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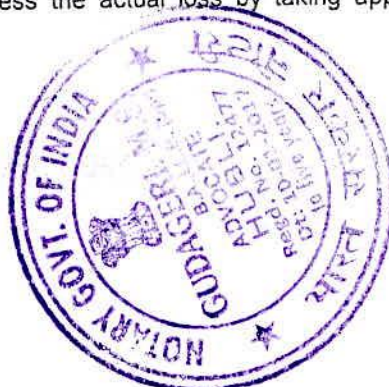
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- i. Govt of Karnataka -PMGY-Rs 2.04 crores
- ii. Govt of Karnataka -APDRP-Rs.26.41 crores

We are of the opinion that there is a need for proper monitoring of the loan accounts and reconciliation of balances at periodical intervals as some of the grants were accounted as loans and the same were rectified during the course of audit. The Company has not disclosed details of security offered, repayment terms and guarantees in each case of loan as required by Schedule III of the Companies Act 2013.

- (p) Disclosure of capital and other commitments at the year-end prescribed under Schedule III to the Companies Act, 2013 has not been made in the financial statements.
- (q) The company has not ascertained the age wise analysis of trade receivable outstanding for a period more than six months as required by schedule III to Companies Act,2013 and hence the disclosure requirements have not been complied with.
- (r) Item-wise breakup in respect of Un-issued cheques and cheques in transit amounting to Rs. 32.92 lacs (credit) disclosed under Note 10-Other Current Liabilities. During our selected scrutiny of bank reconciliation statement, we observed instances of inadequate details for erroneous credits. Hence, we are of the opinion that there is a need for effective system of monitoring bank reconciliation statement. Further, the Company needs to change the bank reconciliation statement format in respect of the Non-operative Bank Accounts in line with the bank reconciliation statement used for operative accounts.
- (s) Age wise analysis of accounting code 47.607-Revenue Suspense of Rs. 3.36 crores (Credit) & accounting code 47.609-Revenue collection pending classification of Rs. 1.24 crores (Debit) has not been compiled.
- (t) As per the requirements of Schedule II of the Companies Act 2013, Computers & data processing units need to be separately disclosed under fixed assets. These have not been disclosed separately but grouped under Plant & Machinery.
- (u) The differences in balances as per generated demand collection balance (as per Software) and submitted demand collection balance were observed in respect of tests conducted by us. These balances need to be set right.
- (v) Contingent liabilities are as declared by the management. We feel that, control register for recording show cause / legal notices across all the accounting units and a consolidated report at central office is necessary.
- (w) The Company has not disclosed the details of the investments in shares made in Ms PriyadarshiniJurala Hydro Electric Project Ltd, of Rs 14.00 crores as required by Schedule III of the Companies Act. Further the evidence for investment in the said company has not been produced.
- (x) The company had short closed the project of Rural Load Management System scheme in the year 2009. Accordingly a provision for loss of assets was made on estimated basis in the financial statements. However, the assets have not been reduced from the books of accounts of the divisions in which such assets were capitalised. It is suggested to assess the actual loss by taking appropriate realisable value of such



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assets and reduce the gross value of the assets from the books of account.

- (y) APDRP Loan through KPTCL under account code 53.3517 is showing debit balance of Rs. 20.45 crores which appears to be incorrect and needs reconciliation and rectification.
- (z) Debit balance in proposed adjustment to net worth account of Rs. 11.54 crores is pending for adjustment and needs proper accounting policy about its disposal and subsequent treatment.

Emphasis of Matters –

We draw attention to the following matters -

- a. The Company has been providing depreciation on its depreciable assets at the rates prescribed by the KERC/CERC, as more specifically stated at Note 2.7 of the Notes forming part of the financial statements and the Significant Accounting Policies. These rates are in variation with the rates prescribed under the Companies Act and also as per AS-10. We are unable to quantify the financial effect, on this account on the financial statement of the Company for the year under audit.
- b. As at the year end, as per the financials, the company's accumulated losses stood at Rs. 1955.77 Crores against share capital of Rs. 1554.23 crores leading to negative net worth.
- c. Commission on bank guarantee to Govt of Karnataka for securing loan from Power Finance Corporation. The company has not provided for commission on guarantee amount of Rs. 122.21 crores. As per the company's stand the same is not provided because the guarantee is not being used by the company.
- d. Attention is drawn to explanatory note below "Note No. 4 Reserves & Surplus" towards Proposed Adjustments to Net-worth Reserve which is being carried forward since 2002 and pending with Govt of Karnataka for disposal.
- e. Attention is drawn to Note no 28 (a) regarding adjustment of Subsidy by honourable KERC amounting to Rs. 514.49 Crores and to adjust the same in 5 yearly equal instalments commencing from FY 2015-16. However, the Govt of Karnataka vide its order dated 31-3-2016 adjusted the entire amount of subsidy in FY 2015-16. The company has charged only one fifth of the total amount to Profit & loss A/c based on the order of the honourable KERC.
- f. Attention is drawn to explanatory note (i) to Note No 18 –Trade Receivables regarding securitisation of receivables.
- g. The Company has not taken insurance coverage under Theft, Burglary, Fire, Accident, and in-transit, in respect of the Assets / Materials / Stocks.
- h. Attention is drawn to Note No. 24 regarding adjustment of energy balancing/banked energy as intimated by SLDC of Rs. 20.96 Crs and also difference bill of KPCL of Rs. 32.49 Crs which result in reduction of power purchase cost by Rs. 53.45 Crs. The above observations do not modify our opinion about the true and fair view of the financial statements audited by us.



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Information Other than the Financial Statements and Auditors report thereon -

The Company's management and Board of Directors are responsible for Other information. The other Information comprises of the information included in the company's annual report, but does not include the standalone financial statements and our Auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to

be materially misstated. If based on the work we have performed, we conclude that, there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Financial Statements:

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone financial statements that give a true and fair view of the State of Affairs, Profit / loss 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 as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements -

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error,



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and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

1. Identify and assess the risks of material misstatement of the Standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A 'statement on the matters' specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

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.

- a. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- b. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.
- c. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, except those reported aforesaid.
- d. In terms of Notification issued in GSR 463(E) dated 05-06-2015 under clause (a) and (b) of subsection 1 of section 462 and in pursuance of subsection 2 of the said section, of the companies act 2013 (18 of 2013), the provisions of subsection (2) of section 164 of the act, do not apply to the government company.
- e. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- 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:
 1. The Company has not disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29(1) to the financial statements;
 2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



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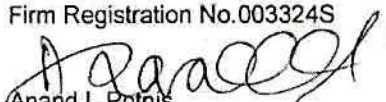
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3. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
4. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s A Raghavendra Rao and Associates
Chartered Accountants
Firm Registration No.003324S


Anand L Potnis

Partner
Membership No.: 021685
Hubli
Date:14-09-2019





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ATTESTED


NOTARY

M. S. GUDAGERI
B.A.LL.B. (Spl.).
Advocate & Notary Public, Govt. of India
Shop No: 307, 2nd Floor, Kundgol Complex,
Court Circle, HUBLI. Cell: 94482-48684



Annexure – A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2019, we report that:

1.
 - a. The records maintained by the company with respect to fixed assets do not have the details with respect to quantity and situation of fixed assets. The company has informed us that it is in the process of updating its records with respect to the original cost of all assets and depreciation up to date.
 - b. We are informed that, the management has not physically verified the fixed assets during the year. Pending such physical verification and reconciliation, we are unable to state whether there is any material discrepancy between physical count and fixed assets records. However the company has the system of physically verifying only T&P items but the discrepancies couldn't be identified in absence of quantity and geographical situation of fixed assets.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, title deeds of certain immovable properties in the name of the erstwhile company which the company has succeeded are yet to be transferred in the name of the company. We have been provided with property extracts in respect of immovable properties located in 5 districts out of 7 districts. The Company has to build-up the fixed asset register along with the details of date of acquisition, cost incurred, measurements etc for each immovable property. As informed to us, the company is in the process of compiling the details of properties. The original title deeds of the property were not made available for verification.
2. We are informed that the physical verification of inventories has been carried out once in a year at divisional level by the management and the discrepancies noticed on such verification were not material. However, no consolidated report of discrepancies in stock was available at company level for our review.
3. As informed to us, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. However the details about related party disclosures in specific contracts and service providers, were not maintained. In our opinion and according to the information and explanations given to us, the Company has not given loans, made investments or given guarantees which are covered by the provisions of section 185 and 186 of the Act.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, made investments, or given guarantees which are covered by the provisions of section 185 and 186 of the act. Many Bank Guarantees obtained by the Company from service providers have lapsed. These Bank guarantees have to be replaced by valid and operative Bank guarantees. The company does not have proper system of monitoring the bank guarantees, it's validity, renewal etc.



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RA Section
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Navanagar, Hubballi - 580 025

5. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable to the Company
6. We have broadly reviewed the books of accounts made and maintained by the company pursuant to the rules made by the Central Government for the maintenance of Cost records under section 148(1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records for the year need to be updated. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- 7.
- a. The company has been regular in depositing with appropriate authorities undisputed statutory dues including income tax, sales tax, service tax, and other material statutory dues applicable to it with the appropriate authorities during the year, except the following -
- i. The company had not paid Service tax on the supervising charges received from June 2012 to June 2017, which amounted to Rs 12.44 crores. The said amount has been paid during the year ended 31-03-2018. However the company has not calculated the Interest and late filing fees on delayed payment for which a provision was required. Due to lack of information, we are not in a position to quantify the same.
- b. Due to non-availability of information regarding undisputed amounts payable in respect of statutory dues in arrears, as at 31st March 2019, for a period of more than 6 months, from the date they became payable, we are not in a position to comment on the same.
- c. According to information and explanation given to us, there are amounts of Karnataka Value Added Tax which have not been deposited on account of dispute as listed below:

Sl. No	Name of the statute	Nature of the dues	Rupees in crores	Financial year to which the amount relates	Forum where dispute is pending
1	Karnataka VAT Act 2003	C form related	6.75	2005 to 2010	ACCT (Enforcement)

8. We observe that, the Company has many litigations / claims filed against it, at various forums. As reported by the Management, there are 230 legal cases. Total value of the claim is Rs 827.73 Lakhs. This requires to be shown as contingent liability as per AS 29 - 'Provisions, Contingent Liabilities and Contingent Assets (revised 2016)', issued by ICAI, New Delhi. Due to the complex legal issues involved, different forums and the large number of cases, it is not possible to quantify the financial impact of the same.
9. The company has not defaulted in repayment of loans or borrowings to financial institutions. However, the Company has defaulted in repayment of loans or borrowings to bank as under. The information is given only in respect of instalments which were due but not paid as at the end of the year. Regarding



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delays in respect of instalments which were due but paid before the year end, information was not available with the Company.

Sl no	Lender name	Amount of default (principal and interest) Rs in crores	Period of default (delay in no. of days)
1	Power Finance Corporation Ltd. Under various accounts	225.37	54 to 89 days
2	Rural Electrification Corporation	154.24	44 to 89 days

10. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). As informed to us, the term loans were applied for the purposes for which those are raised.
11. According to the explanations given to us, fraud [Cash misappropriation] on the company by it's officers / employees has been noticed / reported during the year. The details of the same are as under.

Cash misappropriation for the year 2018-19	Rs 5,16,527/-
--------------------------------------------	---------------

As informed by the Management, following frauds [mis-appropriation, losses or defalcations] were committed by the Officers/ Staff/ employees of the company in past.

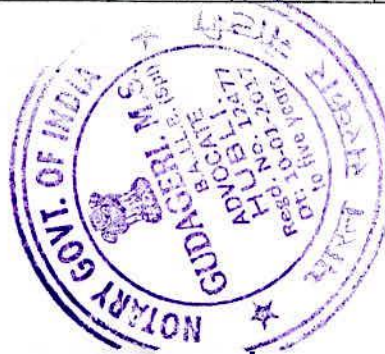
Hubli Branch	: Rs 2.81 crores
Dharwad Branch	: Rs 0.28 crores
Gadag Branch	: Rs 0.12 crores
Haveri Branch	: Rs 0.31 crores
Others Divisions	: Rs 0.02 crores

The total number of above frauds were 10 in number involving total of Rs 3.62 crores, as at the date of the financials.

Necessary systemic actions and corrective steps to be undertaken to see that, such frauds do not recur.

12. According to the information and explanations given to us, following need to be written-off from the books of accounts and diminution in the value of these assets need to be provided for. We have reported following instances on the principles of materiality.

S I N O	Amount in Rs	Details	Deminutio n in Asset	Reduction in Depreciatio n	Understa tement of Loss
1	876.10 Lakhs	Failed distribution transformers and released transformer oil not returned to stores.	876.10 Lakhs	Depreciatio n Rs 46.26 [at 5.28% on Rs 876.10 L]	829.84 Lakhs
2	1716.91	Materials not used for	1716.91	NA	1716.91



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	Lakhs	more than 3 years, obsolete materials and scrap materials lying in store yard.	Lakhs		Lakhs
3	3401.07 Lakhs	Pending of Completion report for more than 6 months	NA	NA	NA

13. Being a Government Company, Section 197 of Companies Act, 2013 does not apply to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
15. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
16. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
17. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
18. As informed to us, the Company is not required to be registered under section 45 -IA of the Reserve Bank of India Act 1934.

For M/s A Raghavendra Rao and Associates
Chartered Accountants
Firm Registration No.003324S

Anand L Potnis
Anand L Potnis

Partner
Membership No.: 021685
Hubli :Date: 14-08-2019



[Signature]

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M. S. GUDAGERI
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Advocate & Notary Public, Govt. of India
Shop No: 397, 2nd Floor, Kundgol Complex,
Court Circle, HUBLI. Cell: 94482-48684



Annexure - B

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

We have audited the internal financial controls over financial reporting of HUBLI ELECTRICITY SUPPLY COMPANY LIMITED ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting includes obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting:

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the



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Chartered Accountants

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following deficiencies in design / design and operation of controls resulting in significant deficiencies and material weaknesses have been identified as at 31st March 2019:

- a. The company has in-house internal audit setup and as informed to us all the transactions are subjected to internal audit process. However, in our opinion and based on our checks, the coverage of present internal audit system is inadequate and is not commensurate with the size of the company.
- b. The Company does not have an appropriate internal control system with regard to maintenance of accounts as internal audit has noticed revenue leakage and excess payments and payments without proper approval during the transaction audit of divisions and corporate office.
- c. The high risk involved in use of excel sheets for generating trial balances, absence of proper accounting software to generate general ledgers, subsidiary ledgers and trial balances.
- d. Absence of control processes like physical verification of fixed assets and documents there of, setting off of balances in similar account codes with other divisions and periodic review of bank reconciliations in case of non-operative accounts.
- e. The company does not have suitable computerised system in respect of Financial Accounting, Payroll, Inventory, Capex etc. Impacting reliability, grouping, and adequate disclosure of financial transactions.
- f. There was no evaluation of Internal financial controls and risk management systems by audit committee of the company as required by section 177(4) of Companies act 2013. The company does not have risk management policy.



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- g. The company does not have the procedure of obtaining confirmation of balances from parties in respect of Debtors, Creditors, Advances and Receivables. In view of this, we are not in a position to verify the correctness or otherwise of the balance of Debtors, Creditors, Advances and Receivables
- h. The company does not have the procedure of adequate disclosures in respect of Loans and Investments as required by Schedule III to the Companies Act, 2013.
- i. The company does not have the procedure of updating of the accounts manual adopted / followed and laying down comprehensive procedures for accounting.
- j. The company does not have the procedure of adequate design / design and implementation of controls and procedures to ensure adherence to mandatory accounting standards / generally accepted accounting principles having a material impact on the financial statements as below:
- i. Accounting Standard 2 on valuation of Inventories due to application / adoption of standard rates in valuing inventory.
 - ii. Accounting Standard 10 "Property, Plant & Equipment" having an effect on depreciation charged and carrying amount of fixed assets in the financial statements due to:
 1. Substantial delays (spanning even more than one accounting period) in capitalisation and non-capitalisation of assets put to use included in capital work in progress have been observed. For instance, a sum of Rs 14.977 crores was given to Ms ABB Ltd, for supply and erection of load dispatch and communication items, about 8 years back. As informed to us, the service provider has installed part of the equipment and they are operational. The balance work has not been undertaken and it seems the balance project is abandoned. In such a situation, it would not be correct to carry the amount under Capital work in Progress for any number of years. Depreciation is also not been provided since the date of put to use of the asset. Due to inadequacy of information, we are not in a position to quantify the depreciation not provided for all these years and it's effect on the profit/loss of the company.
 2. Depreciation on any adjustments to the historical cost of the fixed assets is not charged prospectively over the residual life of the asset and is charged prospectively considering as though such adjustments are new assets.
 3. Capitalisation of reconditioned assets at the carrying cost of the original asset (at which such assets were transferred to current asset) when retired from active use initially.
 4. Application of standard rates in respect of materials capitalized in project assets.
 - iii. Non-compliance of Accounting Standard 15 on Retirement Benefits, as the contributions to Pension and Gratuity Trust is made based on the contribution rate intimated by the Trust, and not based on actuarial valuation as on 31.03.2017. Further, the disclosure as required by the accounting standard is also not made.



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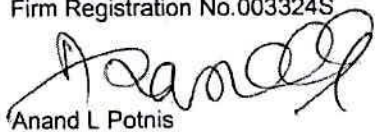
- iv. Non-compliance of Accounting Standard 22 on Accounting for Taxes on Income due to non-recognition of deferred tax liabilities on the tax effect of timing differences and accumulated losses.
- v. Non-compliance of Accounting Standard 28 on Impairment of Asset due to non-assessment at the Balance Sheet date of the existence of any impairment of its assets
- vi. Inadequate design of internal control over a significant account or process due to the following:
 - 1. Accounting for accessories / components items forming part of the released transformers, i.e., oil and coil items (based on schedule of rates) under other current assets and correspondingly crediting the miscellaneous receipts account at the time of withdrawal from the fixed assets instead of the carrying amount of the released asset.
- vii. Non-recognition and measurement of regulatory assets.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

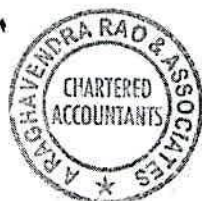
In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of 31st March 2019, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India", and except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of 31st March 2019.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company.

For M/s A Raghavendra Rao and Associates
Chartered Accountants
Firm Registration No.003324S


Anand L Potnis

Partner
Membership No.: 021685
Hubli: Date: 14-08-2019




Executive Engineer (E)
RA Section
Corporate Office, Hescom
Navanagar, Hubballi - 580 025

ATTESTED


NOTARY

M. S. SHARAGERI
B. (Spl.).
of India
Complex,
Court Circle, HUBLI. 0836482-48684.



ANNEXURE C

Hubli Electricity Supply Company Limited
Report on Directions issued by Comptroller & Auditor General of India under section 143(5) of
Companies Act 2013

Sl. No.	Directions	Response
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The company doesn't have a system in place to process all accounting transactions through IT system.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off to debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	There is no restructuring of an existing loan or cases of waiver/write off to debts/loans/interest etc, made by a lender to the company due to the company's inability to repay the loan.
3	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Yes. Funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions

Additional Company Specific Directions:

Sl. No.	Directions	Response
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.	The system of billing and collection of revenue is considered to be reasonably efficient. Delay of a few days in the updation of collections in the areas covered under Restructured Accelerated Power Development & Reforms Programme (RAPDRP) is noticed. As informed to us, tamper proof meters have been installed for all consumers and Automated Meter Reading systems have been installed for all DTC / HT installations. But, Automated Meter Reading have not been installed in respect of LT categories. The accuracy of the billing is ensured thorough periodic test check undertaken by Section Officers/Sub-Divisional Officers
b	Whether the reconciliation of receivables	Periodic reconciliations of receivables / payable



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II block, Rajajinagar
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	and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.	balances have not been documented and hence we are unable to comment on the same.
c	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	The KERC has not given any directions for demand and recovery of Fuel Adjustment Cost for all the 4 quarters of the financial year 2017-18.
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?	The system of billing and collection of revenue is considered to be reasonably efficient. Delay of a few days in the updation of collections in the areas covered under Restructured Accelerated Power Development & Reforms Programme (RAPDRP) is noticed. As informed to us, tamper proof meters have been installed for all consumers and Automated Meter Reading systems have been installed for all DTC / HT installations. But, Automated Meter Reading have not been installed in respect of LT categories. The accuracy of the billing is ensured thorough periodic test check undertaken by Section Officers/Sub-Divisional Officers
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?	Periodic reconciliations of receivables / payable balances have not been documented and hence we are unable to comment on the same.

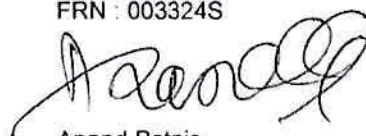
For A Ragahavendra Rao and Associates

Chartered Accountants

FRN : 003324S

Place: Hubli

Date: 14/09/2019



Anand Potnis

Memb No. 021685



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Executive Engineer (EI)

RA Section

Corporate Office, HescoM

Navanagar, Hubballi - 580 025

M. S. GUDAGERI
B.A.LL.B. (Spl.),
Advocate & Notary Public, Govt. of India
Shop No: 307, 2nd Floor, Kundgol Complex,
Court Circle, HUBLI. Cell: 94482-48664



M/s. HUBLI ELECTRICITY SUPPLY COMPANY LIMITED
PB ROAD, NAVANAGAR, HUBLI - 580 025.
Balance Sheet as at 31 March, 2019

SL No	Particulars	Note No.	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	15,54,23,78,000	12,11,06,78,000
	(b) Reserves and surplus	4	(19,23,56,90,319)	(26,13,56,06,387)
	(c) Money received against share warrants		-	-
			(3,69,33,12,319)	(14,02,49,28,387)
2	Share Deposit pending allotment		80	2,00,35,00,080
3	Non-current liabilities			
	(a) Long-term borrowings	5	32,63,16,17,297	20,28,63,56,802
	(b) Deferred tax liabilities (net)		-	-
	(c) Other long-term liabilities	6	7,99,01,64,825	7,58,96,11,729
	(d) Long-term provisions	7	1,09,89,34,576	95,83,61,700
			41,72,07,16,698	28,83,43,30,231
4	Current liabilities			
	(a) Short-term borrowings	8	4,43,33,61,005	3,67,21,41,120
	(b) Trade payables	9	69,82,76,55,026	65,26,97,86,123
	(c) Other current liabilities	10	28,95,05,50,391	25,97,92,20,804
	(d) Short-term provisions	11	27,21,09,368	26,02,29,589
			1,03,48,36,75,790	95,18,13,77,637
	TOTAL		1,41,51,10,80,249	1,11,99,42,79,561
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(a) Tangible Asset	12A	31,03,05,63,883	26,64,93,77,099
	(b) Intangible assets		-	-
	(c) Capital work-in-progress	12C	5,03,72,60,499	5,67,88,62,476
	(d) Intangible assets under development	12D	10,50,62,893	5,17,14,175
			36,17,28,87,275	32,37,99,53,751
	(e) Non-current investments	13	16,51,00,000	16,51,00,000
	(f) Long-term loans and advances	14	3,94,70,19,367	3,67,29,63,424
	(g) Other non-current assets	15	28,41,47,98,390	14,83,21,24,610
			68,69,98,05,032	51,05,01,41,785
2	Current assets			
	(a) Current investments	16	-	-
	(b) Inventories	17	1,90,19,53,064	1,67,55,88,901
	(c) Trade receivables	18	15,34,91,59,303	14,06,97,10,790
	(d) Cash and Bank Balances	19	1,31,85,56,000	57,28,46,397
	(e) Short-term loans and advances	20	3,24,31,668	3,68,99,070
	(f) Other current assets	21	54,20,91,75,182	44,58,90,92,617
			72,81,12,75,217	60,94,41,37,775
	TOTAL		1,41,51,10,80,249	1,11,99,42,79,561

See accompanying notes forming part of the financial statements In terms of our report attached.

For A. Raghavendra Rao and Associates
Chartered Accountants

FRN. 03324S

Anand L Potnis
Partner

M.No. 021685

Place : HUBLI

Date :

4 SEP 2019

GERI
B.A.LL.B. (Spl.)

Advocate & Notary Public, Govt. of India
Shop No: 307, 2nd Floor, Kundgol Complex,
Court Circle, HUBLI. Cell: 94482-48684

For and on-behalf of the Board of Directors

(Rajappa)
Director (Technical)

(M. Sundaresh Babu)
Managing Director

Executive Engineer (EI)

RA Section

Corporate Office, Hescorn

Navanagar, Hubballi - 580 025

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M/s. HUBLI ELECTRICITY SUPPLY COMPANY LIMITED
PB ROAD, NAVANAGAR, HUBLI - 580 025.

Statement of Profit and Loss for the year ended 31 March, 2019

Sl No	Particulars	Note No.	For the year ended 31st Mar,2019	For the year ended 31st Mar,2018
			Rs.	Rs.
	Revenue			
1	Revenue from operations	22	77,64,56,16,032	68,87,54,50,548
2	Other income	23	95,04,35,579	63,90,84,522
3	Total revenue (1+2)		78,59,60,51,611	69,51,45,35,070
4	Expenditure			
	(a) Purchase of Power	24	66,65,48,78,952	63,44,85,11,639
	(b) Employee benefits expense	25	7,81,79,55,723	6,87,71,98,549
	(c) Finance costs	26	5,39,14,56,560	4,88,55,82,534
	(d) Depreciation and amortisation expense	27i	1,94,58,67,276	1,49,03,48,491
	(e) Administrative and Other expenses	27ii	2,10,56,19,459	1,95,43,88,950
	Total Expenditure		83,91,57,77,970	78,65,60,30,163
5	Profit/Loss before exceptional and extraordinary items and tax (3 - 4)		(5,31,97,26,359)	(9,14,14,95,093)
6	Exceptional items	28a	(1,02,90,00,000)	(1,02,90,00,000)
	Prior Period Income	27ii	1,21,13,17,270	56,15,74,670
	Prior Period Expenses	27ii	(82,73,53,795)	(16,42,16,153)
7	Profit/Loss before extraordinary items and tax (5 ± 6)		(5,96,47,62,884)	(9,77,31,36,577)
8	Less Regulatory Income / Expenses	28b	12,86,46,78,952	8,37,03,11,639
9	Extraordinary items	28b	-	-
10	Profit before tax (7 ± 8 ± 9)		6,89,99,16,068	(1,40,28,24,938)
11	Tax expense:			
	(a) Current tax		-	-
	(b) Deferred tax		-	-
12	Profit for the year (10 ± 11)		6,89,99,16,068	(1,40,28,24,938)
13	Earnings per share (of Rs. 10/- each):			
	(a) Basic & Diluted	30	4.44	(1.16)

See accompanying notes forming part of the financial statements in terms of our report attached.

For A. Raghavendra Rao and Associate
Chartered Accountants
FRN. 03324S

Anand L Potnis (S.R.Terdal)
Partner Chief Financial Officer

M.No. 021685
Place : HUBLI
Date :



For and on behalf of the Board of Directors

(Rajappa)
Director (Technical)

(M. Sundaresh Babu)
Managing Director

17 4 SEP 2019
ATTESTED



Executive Engineer (EI)
RA Section
Corporate Office, Hescom
Navanagar, Hubballi - 580 025

NOTARY

M. S. SUBAGERI
B.A., LL.B. (Spl.)
Advocate & Notary Public, Govt. of India
Shop No: 397, 2nd Floor, Kundgel Complex,
Court Circle, HUBLI. Cell: 94482-48684



M/s. HUBLI ELECTRICITY SUPPLY COMPANY LIMITED
PB ROAD, NAVANAGAR, HUBLI - 580 025.

Cash Flow Statement for the year ended 31 March, 2019

SI No	Particulars	For the year ended 31st Mar,2019		For the year ended 31st Mar,2018	
		Rs	Rs	Rs	Rs
1	Cash flow from operating activities				
1-1	Net Profit / (Loss) before extraordinary items and tax	6,89,99,16,068		(1,40,28,24,938)	
1-2	Depreciation and amortisation	1,94,58,67,276		1,49,03,48,491	
1-3	Provision for Bad and Doubtful Debts	75,13,072		3,24,63,640	
1-4	Loss on sale of assets	73,19,109		7,83,887	
1-5	Profit on sale of assets	(48,251)		(56,175)	
1-6	Finance costs	5,39,14,56,560		4,88,55,82,534	
1-7	Provision for Leave Encashment & FBF	15,24,52,655		34,38,17,034	
1-8	Bonus/Exgratia Payable	7,13,62,989		7,13,80,006	
1-9	Provision for Retirement Benefits	89,84,87,235		84,90,93,237	
1-10	Interest income	1,15,98,395		2,19,38,815	
	Operating profit / (loss) before working capital changes		15,38,59,25,108		6,29,25,26,532
2	Changes In working capital:				
2-1	Inventories	(22,63,64,163)		(42,69,58,450)	
2-2	Trade receivables	(1,28,69,61,585)		3,86,86,13,094	
2-3	Short-term loans and advances	44,67,402		1,91,69,743	
2-4	Long-term loans and advances	(27,40,55,943)		(78,19,613)	
2-5	Other current assets	(9,64,55,04,208)		(9,90,34,52,093)	
2-6	Other non-current assets	(13,58,26,73,780)		(7,52,56,75,221)	
2-7	Trade payables	4,55,78,68,903		5,71,07,74,333	
2-8	Other current liabilities	1,84,90,26,708		8,23,85,28,216	
2-9	Other long-term liabilities	40,05,53,096		70,12,29,606	
2-10	Short-term provisions	-3,54,26,027		7,16,75,092	
2-11	Long-term provisions	(11,37,07,876)		19,15,67,735	
	Total		(18,35,27,77,472)		93,76,52,442
	Cash generated from operations		(2,96,68,52,364)		7,23,01,78,973
3	Cash flow from investing activities				
3-1	Capital expenditure on fixed assets,	(7,01,26,86,370)		(12,32,26,66,969)	
3-2	Decrease in Capital WIP	(64,16,01,977)		96,38,98,106	
3-3	Proceeds from sale of fixed assets	70,94,353		33,60,154	
3-4	Current investments not considered as Cash and cash equivalents	-		-	
	Net cash flow from / (used In) Investing activities		(7,64,71,93,995)		(11,35,54,08,708)
4	Cash flow from financing activities				
4-1	Proceeds from shares Deposits	1,42,82,00,000		2,00,35,00,000	
4-2	Proceeds from long-term borrowings	22,64,74,11,831		23,16,29,28,619	
4-3	Repayment of long-term borrowings	(7,80,21,51,336)		(18,07,75,46,096)	
4-4	Deposits and contributions from consumers	2,21,70,74,105		1,30,57,21,984	
4-5	Preliminary Expense	(5,41,963)		(1,60,06,034)	
4-6	Net Increase / (decrease) in working capital / Short Term Borrowings	(1,73,87,80,115)		34,24,80,988	
4-7	Finance cost	(5,39,14,56,560)		(4,88,55,82,534)	
	Net cash flow from / (used In) financing activities		11,35,97,55,961		3,83,54,96,927
	Net increase / (decrease) in Cash and cash equivalents		74,57,09,603		(28,97,32,809)
5	Cash and cash equivalents at the beginning of the year		57,28,46,397		86,16,30,297
6	Cash on hand		14,81,62,193		8,56,31,650
7	In current accounts		94,35,04,901		26,64,27,758
8	In deposit accounts with original maturity of less than 3 months		22,68,88,906		22,07,86,989
			1,31,85,56,000		57,28,46,397

See accompanying notes forming part of the financial statements in terms of our report attached.

For A. Raghavendra Rao and Associate
Chartered Accountants
FRN. 03324S

Anand L Potnis
Partner
M.No. 021685
Place : HUBLI
Date :

AGRAHENDRA RAO & ASSOCIATES
CHARTERED ACCOUNTANTS
SOCIETY

For and on behalf of the Board of Directors

(Rajappa)
Director (Technical)

(M. Sundaresh Babu)
Managing Director



ATTESTED

NOTARY

Executive Engineer (EI)

RA Section
Corporate Office, Hesco
Navanagar, Hubballi - 580 025

M. S. 4 SEP 2019
Advocate & Notary Public, Govt. of India
Shop No: 307, 2nd Floor, Kundgol Complex,
Court Circle, HUBLI. Cell: 94482-48684



M/s. HUBLI ELECTRICITY SUPPLY COMPANY LIMITED
PB ROAD, NAVANAGAR, HUBLI - 580 025.

Notes 1 & 2

Note	Particulars
1	<p>Corporate information</p> <p>M/s. Hubli Electricity Supply Company Limited is registered with the Bangalore Registrar of Companies as a Public Limited Company on 30th April, 2002 vide Registration no. U31401KA2002SGC030437 and commenced its operation with effect from 1st June, 2002.</p> <p>The registered office of the company is located at PB Road, Navanagar, Hubli - 580 025.</p> <p>The Company is engaged in the business of Distribution of Electricity in the Seven Districts of Karnataka duly purchasing power from various Power Generators Pool Account as per the energy allocation / assigned by the Government of Karnataka as per the Government order issued from time to time. The rates followed for the allocated/assigned power purchase is based on the commercial rates/predetermined rates as approved by the PPA/ KERC/ Government of Karnataka.</p> <p>The Principal activities of the Company is to engage in distribution of Power .</p>
2.1	<p>Basis of accounting and preparation of financial statements</p> <p>The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financials statements to comply with the Companies Act, 2013 in all material respects and Accounting Standards specified under Section 133 of the Act read with Rule 7 of the the Companies (Accounts). Rules 2014. The financial statements have been prepared on accrual basis, except in respect of interest on belated payments to private power suppliers, where interest liability is provided to the extent of cases where Company expects that there will be claim from suppliers.</p> <p>Since the Net worth of the Company is negative for the last three financial years, IND AS is not applicable to the Company for the FY 2018-19</p>
2.2	<p>Use of estimates</p> <p>The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from those estimates.</p>
2.3	<p>Inventories</p> <p>Inventories are valued at Standard Rate, which is determined by the Company from time to time based on previous purchase price and prevailing market rates (published as O&M Schedule of Rates).</p>
2.4	<p>Cash and cash equivalents (for purposes of Cash Flow Statement)</p> <p>Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.</p>
2.5	<p>Cash flow statement</p> <p>Cash flows are prepared in accordance with the indirect method prescribed in Accounting Standard-3.</p>
2.6	<p>Fixed Assets</p> <p>2.6.1. Fixed assets are shown at their historical costs with corresponding accumulated depreciation. Fixed assets acquired /constructed are valued at actual cost of acquisition / construction. Materials issued to works from stores and becoming the assets are valued at standard rates. Interest and finance charges up to the stage of commissioning of fixed assets are being capitalized.</p> <p>2.6.2 Assets transferred by Karnataka Power Transmission Corporation Ltd., (KPTCL) have been stated at the cost of transfer indicated by KPTCL in the transfer document.</p> <p>2.6.3 In respect of Assets shared with KPTCL, the ownership and title vests with KPTCL and as such, they are not reflected in the books of accounts of the Company. But the share of maintenance expenditure in respect of such assets is charged to Profit & Loss Account.</p> <p>2.6.4 Consumer contribution, grants and subsidies received towards cost of capital assets are treated as reduction in the cost of Gross Fixed Assets in the Balance Sheet as per AS-10.</p> <p>2.6.5 Released assets are valued at W.D.V., Scrapped assets are valued at scrap rate indicated in the Schedule of rates.</p>



Executive Engineer (E)
RA Section
Corporate Office, Hescor
Navanagar, Hubballi - 580 025

Note	Particulars
	<p>2.6.6 CAPITAL WORK-IN-PROGRESS Materials issued to Capital Work-in-progress are valued at Standard Rate, which is determined by the Company from time to time based on previous purchase price and prevailing market rates (published as O&M Schedule of Rates) except in respect of capital works under taken on total turnkey and partial turnkey basis where materials are accounted on purchase price.</p>
2.7	<p>Depreciation and amortisation 2.7.1 Depreciation on all assets (except lease hold land) is provided on straight line method as per the guidelines prescribed in notification No. B/12/01 dated 29.03.2006 issued by KERC, which is the adaptation of notification No.L-7/25(5)/2003-KVN dated 26.03.2004 issued by CERC & the CERC Tariff Regulations 2009, Annexure III. 2.7.2 Depreciation on released assets and re-issued to works and categorized as assets is charged at rates as per the rates as prescribed in notification No. B/12/01 dated 29.03.2006 issued by KERC, which is the adaptation of notification No.L-7/25(5)/2003-KVN dated 26.03.2004 issued by CERC & the CERC Tariff Regulations 2009, Annexure III. 2.7.3 Depreciation on leasehold land is provided for the years on amortization rates arrived at on the basis of lease period. 2.7.4 Depreciation on fixed assets is provided up to 90% of the original cost of the asset. 2.7.5 Assets costing Rs. 500/- or below individually are fully depreciated in the year of acquisition (as against Rs. 5000/- as per the Companies Act, 2013). 2.7.6 Depreciation is not provided on the assets created through capital grants. 2.7.7 Depreciation is provided from the month of commissioning of the assets i) Depreciation on newly commissioned assets is charged for the whole month irrespective of the date of commissioning in that month. ii) Depreciation on released/de-commissioned assets is provided up to the end of the previous month immediately preceding the month of decommissioning of the asset.</p>
2.8	<p>Receivables Against Supply of Power. Receivables against supply of power activity relates Sale of Power various categories of LT, HT Consumer.</p>
2.9	<p>Revenue recognition Sale of goods Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. Income from services Revenue from sale of energy is accounted on accrual basis. Revenue is reduced by unbilled revenue of previous year included in this year's revenue. Revenue is increased by the unbilled revenue of the current year and revenue due from consumers whose ledger accounts are yet to be opened. Rebate to consumers and Incentive for prompt payment are shown as deduction from Revenue. Revenue from sale of energy of HESCOM is as per Tariff Fixed by Karnataka Electricity Regulatory Commission (KERC) from time to time. Additional expenditure incurred in respect of Power Purchase Cost over and above the Approved Power Purchase Cost in the Tariff Orders of relevant financial years is accounted as Income of the year and treated as as receivables from consumers as Regulatory Asset in future years.</p>
2.10	<p>Other income Bank Deposit Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established. Income /Fees/Collections Against Staff Welfare Activities is accounted on receipts basis.</p>
2.11	<p>Government grants, subsidies and export Incentives Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. Depreciation on the portion of grant is reduced from the cost of asset is not charged to Profit & Loss A/c. Government grants may become receivable by an enterprise as compensation for expenses or losses incurred in a previous accounting period. Such a grant is recognised in the income statement of the period in which it becomes receivable, as an extraordinary item if appropriate (see Accounting Standard (AS) 5, Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies).</p>



[Signature]

Executive Engineer (EI)
RA Section
Corporate Office, Hescorn
Navanagar, Hubballi - 580 025

Note	Particulars
	<p>Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.</p> <p>Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.</p>
2.12	<p>Investments Investments are classified into current investments and Non-Current investments. Current investments are carried at lower of cost.</p> <p>Non-Current investments on Quoted Equity shares are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Cost of investments include acquisition charges such as brokerage, fees and duties.</p> <p>Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.</p> <p>Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.</p>
2.13	<p>Employee benefits</p> <p>a. Short term employee benefits including salaries, social security contributions, short term compensated absences (such as paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non monetary benefits for current employees are estimated and measured on an undiscounted basis.</p> <p>b. Defined contribution plans The employees/officers who have joined/joining on or after 1.4.2006 are covered under New Defined Contributory Pension Scheme (NDCPS). As per this scheme, the employees/officers have to contribute 10% of the Basic Pay & Dearness Allowance with a matching contribution from the Company. The said contribution is being remitted with the KPTCL/ESCOMs P&G Trust for the time being pending appointment of Central Record Keeping Agency & Pension Fund Managers. The contribution and returns thereon shall be deposited in a non-withdrawable Pension Tier-I Account.</p> <p>The normal exit is at the age of superannuation for Tier-I of the Pension system. At exit, the employee shall be mandatorily required to invest 40% of pension wealth to purchase the annuity. In case of employees, the annuity shall provide for pension for the life time of the employee and his dependent parents & his spouse at the time of retirement. The individual shall receive a lump sum of the remaining pension wealth which he would be free to utilize in any manner. In the case of employees who leave the scheme before attaining the age of superannuation, the mandatory annuitisation shall be 80% of the pension wealth.</p> <p>C. Defined benefit plans In respect of Pension and Gratuity, contribution to KPTCL/ ESCOM's , Pension & Gratuity Trust is made based on the Actuarial Valuation. The pension and gratuity payment is taken care of by the Trust to eligible employees as and when they retire, as per Government notification No: DE 14 PSR 2002/31.05.2002.</p> <p>(i) Short-term employee benefits The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :</p> <p>(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and (b) in case of non-accumulating compensated absences, when the absences occur.</p> <p>(ii) Long-term employee benefits Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.</p>



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Executive Engineer (EI)
RA Section
Corporate Office, Hesco
Navanagar, Hubballi - 580 025

Note	Particulars
2.14	<p>Segment reporting</p> <p>The Company operates only in Distribution of Power supply and does not have any other segment of business. So the Segmental reporting regulations are not applicable to the company.</p>
2.15	<p>Earnings per share</p> <p>Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.</p> <p>Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.</p>
2.16	<p>Taxes on income</p> <p>Current tax is the amount of tax payable on the taxable income for the year after taking into consideration the benefits /disallowances admissible under the provisions of the Income Tax Act, 1961.</p> <p>Minimum Alternate Tax paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.</p> <p>Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences.</p> <p>Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised.</p> <p>Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.</p>
2.17	<p>Research and development expenses</p> <p>Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.</p>
2.18	<p>Provisions and contingencies</p> <p>A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. A disclosure of contingent liability is made, when there is a possible obligation or a present obligation that will probably not require outflow of resources or where reliable estimate of the obligation cannot be made.</p>
2.19	<p>PROVISIONS FOR BAD & DOUBTFUL DEBTS</p> <p>Provision for bad and doubtful debts is made on the actual amount of arrears considered as bad & doubtful on case-to-case basis</p>
2.20	<p>Share issues expenses</p> <p>Share issue expenses and redemption premium are adjusted against the Securities Premium Account as permissible under Section 52(2) of the Companies Act, 2013, to the extent balance is available for utilisation in the Securities Premium Account. The balance of share issue expenses is charged to Statement of Profit and loss during the year of issue of shares.</p>




Executive Engineer (EI)
 RA Section
 Corporate Office, Hesco
 Navanagar, Hubballi - 580 025



M/s. HUBLI ELECTRICITY SUPPLY COMPANY LIMITED
PB ROAD, NAVANAGAR, HUBLI - 580 025.

Note 3 Share capital

Sl No	Particulars	A/C Code	As at 31st Mar,2019		As at 31st Mar,2018	
			Number of shares	Amount in Rs	Number of shares	Amount in Rs
3-1	Authorised Equity shares of ` 10 each with voting rights		2,00,00,00,000	20,00,00,00,000	2,00,00,00,000	20,00,00,00,000
3-2	Issued Equity shares of ` 10 each with voting rights	52.301	1,55,42,37,800	15,54,23,78,000	1,21,10,67,800	12,11,06,78,000
3-3	Subscribed and fully paid up Equity shares of ` 10 each with voting rights		1,55,42,37,800	15,54,23,78,000	1,21,10,67,800	12,11,06,78,000
Total			1,55,42,37,800	15,54,23,78,000	1,21,10,67,800	12,11,06,78,000

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Sl No	Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Closing Balance
	Equity shares with voting rights Year ended 31 March, 2019					
3-1-1	- Number of shares	1,21,10,67,800	34,31,70,000	-	-	1,55,42,37,800
3-1-2	- Amount (Rs)	12,11,06,78,000	3,43,17,00,000	-	-	15,54,23,78,000
	Year ended 31 March, 2019					
3-1-4	- Number of shares	1,21,10,67,800	-	-	-	1,21,10,67,800
3-1-5	- Amount (Rs)	12,11,06,78,000	-	-	-	12,11,06,78,000

(ii) Details of shares held by each shareholder holding more than 5% shares:

Sl No	Class of shares / Name of sha	A/C Code	As at 31st Mar,2019		As at 31st Mar,2018	
			Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
3-2-1	Equity shares with voting rights Governor of Karnataka		1,55,42,37,800	99.99%	1,21,10,67,800	99.99%



[Signature]

Executive Engineer (EI)
RA Section
Corporate Office, Hescor
Navanagar, Hubballi - 580 025

(iii) Details of Authorised Share Capital

Sl.No	Year	Authorised Share Capital	Reference
1	2002-03	1,00,00,000.00	Company was incorporated with an share capital of Rs. 1 Cr as part of transfer schem approved by GOK vide: GO No: DE 8 PSR 2002 DT: 31.05.2002 & DE 48 PSR 2003 DT: 31.05.2003
2	2003-04	1,00,00,000.00	
3	2004-05	2,50,00,00,000.00	2nd AGM held on 24th Dec 2004 at 1:00 PM at Registered Office of the Company Hubli
4	2005-06	2,50,00,00,000.00	
5	2006-07	2,50,00,00,000.00	
6	2007-08	2,50,00,00,000.00	
7	2008-09	2,50,00,00,000.00	
8	2009-10	2,50,00,00,000.00	
9	2010-11	2,50,00,00,000.00	
10	2011-12	10,00,00,00,000.00	9th AGM held on 28th Sep 2011 at 1:00 PM at Registered Office of the Company Hubli
11	2012-13	10,00,00,00,000.00	
12	2013-14	10,00,00,00,000.00	
13	2014-15	10,00,00,00,000.00	
14	2015-16	10,00,00,00,000.00	
15	2016-17	20,00,00,00,000.00	Extradinary General Meeting of the Share holders of the company held an 2nd Feb 2017 at 12:00 noon at Corporate office HESCOM., Hubli
16	2017-18	20,00,00,00,000.00	
17	2018-19	20,00,00,00,000.00	




Executive Engineer (EI)
 RA Section
 Corporate Office, Hescom
 Navanagar, Hubballi - 580 025



M/s. HUBLI ELECTRICITY SUPPLY COMPANY LIMITED
PB ROAD, NAVANAGAR, HUBLI - 580 025.

Note 4 Reserves and surplus

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs.	Rs.
4-1	Securities premium account			
4-2	Reserve for Material Cost Variance Opening balance	56.610	43,74,09,558	43,74,09,558
	Add: Transferred during the year Closing balance		-	-
4-3	Proposed Adjustments to Network Reserve Opening balance	52.307,52.308	(11,54,30,724)	(11,54,30,724)
	Add: Additions / transfers during the year *		-	-
	Closing balance		(11,54,30,724)	(11,54,30,724)
4-4	Surplus / (Deficit) in Statement of Profit and Loss Opening balance		(26,45,75,85,221)	(25,05,47,60,283)
	Add: Profit / (Loss) for the year		6,89,99,16,068	(1,40,28,24,938)
	Closing balance		(19,55,76,69,153)	(26,45,75,85,221)
Total			(19,23,56,90,319)	(26,13,56,06,387)

Note: 1.The Company has accounted certain transactions pertaining to the period prior to unbundling of the KPTCL which have been accounted as 'Proposed Adjustment to Net Worth' pending approval of the GoK. A sum of Rs.11.54 Crores has been accounted under Proposed Adjustment to Net Worth, the proposal for which has been sent to GoK for approval and as such the approval of the same is pending as on the date of closure of the financial statements.

Note 4 A Contributions, grants and subsidies towards cost of Capital assets

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
4A -1	Capital reserve - Deferred Grants Opening balance	55.1, 55.3	16,70,50,92,860	14,50,23,69,325
4A -2	Add: Received during the year		2,89,80,06,647	2,20,27,23,535
	Closing balance		19,60,30,99,507	16,70,50,92,860

Details of Contributions, grants and subsidies towards cost of Capital assets

SI No	Particular	A/c Code	For the year ended	
			As at 31st Mar,2019	As at 31st Mar,2018
4A -1-1	Consumers contribution towards cost of capital	55.1	13,46,98,97,442	12,10,42,57,212
4A -1-2	Grants towards Cost of Capital assets	55.3	6,13,32,02,065	4,60,08,35,649
	Total		19,60,30,99,507	16,70,50,92,860



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Note 5 Long-term borrowings

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
5-1	Term loans (Refer Note (i) & (ii) below)			
	From banks			
	Secured	53.3, 53.9	1,18,53,52,453	1,43,55,45,577
	Unsecured	53.3, 53.9	-	-
			1,18,53,52,453	1,43,55,45,577
	From other parties			
	Secured	53.3, 53.9	15,41,62,20,914	18,24,74,63,288
	Unsecured	53.3, 53.9	16,03,00,43,930	60,33,47,937
			31,44,62,64,844	18,85,08,11,225
	Total		32,63,16,17,297	20,28,63,56,802

(i) Details of terms of repayment for the long-term borrowings and security provided in respect of the secured other long-term borrowings:

SI No	Particulars	Nature of Security	Terms of repayment	As at 31st Mar,2019		As at 31st Mar,2018	
				Secured	Unsecured	Secured	Unsecured
				Rs	Rs	Rs	Rs
	<u>Term loans from banks: -</u>						
	<u>Secured</u>						
5-1-1	Loan from Syndicate Bank			-	0	-	
5-1-2	Loan from State Bank of India Hubli			-	-	-	
5-1-3	Loan from Canara Bank, Hubli			1,18,53,52,453	-	1,43,55,45,577	-
5-1-4	Total - Term loans from banks			1,18,53,52,453	-	1,43,55,45,577	-
	<u>Term loans from other parties:</u>						
5-1-5	Loan from Power Finance Corporation LTD - R-APDRP Scheme.			53,62,10,395	-	36,49,51,486	-
5-1-6	Loans drawn from REC in respect of ongoing SPA Scheme works by KPTCL for HESCOM.			14,88,00,10,519	-	17,88,25,11,802	-
5-1-7	Loans Released from GoK through KPTCL towards PMGY works				1,67,06,558		2,04,06,558
5-1-8	APDRP - GOK Loan Payable to KPTCL				20,97,21,366		26,41,21,366
5-1-9	APDRP - REC Loan Payable to KPTCL				(20,45,05,842)		(20,45,05,842)
5-1-10	Loan from Power Finance Corporation Ltd., - KPTCL				1,00,81,21,848		52,33,25,855
5-1-11	Loan from GOK towards Energisation of IP sets under Ganga Kalyana Scheme.				-		-
5-1-12	Loan from GOK towards Central Additional Assistance to Power Sector Automation from GOK				-		-
5-1-13	Loans drawn from GOK towards payment of power purchase cost and transmission charges.				15,00,00,00,000		-
5-1-14	Loans drawn from KREDL for working capital requirements.				-		-
	Total			15,41,62,20,914	16,03,00,43,930	18,24,74,63,288	60,33,47,937




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(ii) Details of long-term borrowings guaranteed by some of the directors or others:

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
	Term loans of Rs 200 Crores from Canara bank is guaranteed by GOK to the extent of Rs 150 Crores		1,18,53,52,453	1,43,55,45,577
	Total		1,18,53,52,453.00	1,43,55,45,577.00

(iii) The Company has defaulted in repayment of loans and interest as under

SI No	Particulars	As at 31st Mar,2019		As at 31st Mar,2018	
		Period of default	Rs	Period of default	Rs
5-2	Loans repayable on demand from SBI				
	Principal	-	-	20 Days	3,14,11,868
	Interest				
	Principal				
	Interest				
	Principal				
	Interest				
5-3	Loans repayable on demand from PFC				
	Principal	85 Days	2,06,16,61,795		
	Interest	85 Days	19,20,00,529		
	Principal				
	Interest				
5-4	Loans repayable on demand from Canara Bank				
	Principal	-	-	20 Days	1,02,34,519
	Interest			-	
	Principal			-	
	Interest			-	
	Principal			-	
	Interest			-	
5-5	Loans repayable on demand from Syndicate Bank				
	Principal			25 Days	5,60,02,196
	Interest				
	Principal			30 Days	8,57,14,286
	Interest			-	
5-6	Loans repayable on demand from REC				
	Principal	63 Days	91,98,05,084		
	Interest	68 Days	62,26,52,410		
	Principal				
	Interest				

Note- The above delays are only respect of installments outstanding as at the year end.

(iv) For the current maturities of long-term borrowings, refer Note 10-1 "Other current liabilities"

(v) Consequent to unbundling of Transmission and Distribution activities and formation of Electricity Distribution Companies, KPTCL has transferred certain loans to the Company, as a part of transfer of Assets and Liabilities. Loan transferred by the GOK institution wise have been accounted.



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Note 6 Other long-term liabilities

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
6 -1	Trade Payables			
6 -1-1	Others:		-	
6 -1-1-1	Other Deposits from Consumers	47.6 + 46.966	48,63,00,682	47,20,54,957
6 -1-1-2	Security Deposit from consumers:	48.1	7,49,97,18,000	7,01,27,64,700
			7,98,60,18,682	7,48,48,19,657
6 -1-1-3	Security Deposit from Employees	46.920	1,26,496	1,33,981
6 -1-1-4	Funds Received from KPTCL - Payable/Adjustable.	46.106	-	10,06,38,234
6 -1-1-5	Payable to GOK - BRP II from Consumers	46.204 to 46.208	40,19,647	40,19,857
	Total		7,99,01,64,825	7,58,96,11,729

Note: The balance of Consumers security deposits held as per accounts and consumer ledger accounts are subject to reconciliation.




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Note 7 Long-term provisions

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
7 -1	Provision for employee benefits:			
7 -1-1	Provision for compensated absences	46.430	1,02,42,97,313	88,89,96,109
7 -1-2	Provision for employee benefits (FBF)	44.142	7,46,37,263	6,93,65,591
	Total		1,09,89,34,576	95,83,61,700




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Note 8 Short-term borrowings

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
8 -1	Loans repayable on demand From banks			
	Secured(CC)	50.1	1,93,33,61,005	3,67,21,41,120
	Unsecured(KREDL)	53.985	2,50,00,00,000	-
	Total		4,43,33,61,005	3,67,21,41,120




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Note 9 Trade payables

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
9-1			-	-
9-1-1	Sundry Creditors for Purchase of Power-Others	41.1 to 41.5	55,74,12,32,104	51,38,33,63,202
9-1-2	Sundry Creditors for Purchase of Power-(ESCOMS)	42.230, 42.231, 42.256, 42.258, 42.282	14,08,64,22,922	13,88,64,22,922
	Total		69,82,76,55,026	65,26,97,86,124

Note: 1) Letter of Credit Issued.

As per the conditions of power purchase agreements entered with various power generators company has provided LC to Generators as a payment security and availing rebate as per the rebate clause status of LC provided as on 31.03.2019 is furnished as below.

Sl.No	Name of the Bank	Compre hensive LC Limit(Rs. in Crs)	Amount of LC availed(Rs. in Crs)	Balance of LC limit avilable out of compreaheensive LC as as 31-03-2019(Rs. in Crs)
1	State Bank of India	150	133.03	16.97
2)	The Review Petition No. 25/RP/2017 is filed by HESCOM before CERC New Delhi in Petition 07/GT/2016 seeking review of the order dtd. 24.03.2017 revising the tariff of UPCL (1200 MW) for the period from 11.11.2010 to 31.03.2014 after truing up exercise after truing up of tariff determined by order dtd. 10.07.2015 Petition No. 160/GT 2012.			
3)	Sundry creditors for Purchase of Power-KPTCL includes Rs. 49.72 Crores (as intimated by MD KPTCL DO Letter No. MD/FA(A&R)/CF/AO@/SPA/F-1/2011-12/931 Dtd 06.09.2011 which is also reconciled) towards difference in transmission charges of 26.23 paise per unit billed by KPTCL during 2006-07 and transmission charges of 19.42 paise to be charged as per KERC order, which was contested by KPTCL before Appellate Tribunal for Electricity (ATE). The KPTCL has appealed before the Hon'ble Supreme Court against the orders of the ATE which is pending as on the date. Transmission charges have been accounted at Rs. 1,15,776/- per MW of installed capacity of 4000 MW.			




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Note 10 Other current liabilities

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
10 -1	Current maturities of long-term debt (Refer Note below)		12,79,84,95,998	12,27,79,66,847
10 -2	Interest accrued but not due on borrowings	46.710	12,81,33,007	13,19,79,544
10 -3	Interest accrued but not due on Consumers on Security Deposits	48.340,48.350	49,59,09,282	46,56,35,326
10 -4	Other payables			
10 -4-1	Liability for Supplies/Works	42.101,42.201, 42.301,42.401, 42.501 & 42.701	4,62,77,87,691	3,96,82,88,836
10 -4-2	Security Deposit from Suppliers/contractors	46.101,46.102,46.10 3,46.104,46.107,46.1 08 & 46.109	2,87,85,94,251	2,48,27,87,861
10 -4-3	Liability for Inter Company Transactions	42.214 to 42.282	3,96,04,03,955	3,71,31,53,208
10 -6	Staff Related Liabilities and Provisions			
10 -6-1	Provision for payment to Pension trust(Pension & Gratuity)	44.122	95,35,14,282	41,68,74,503
10 -6-2	Unpaid Salaries	44.210	1,86,102	1,86,102
10 -6-3	Unpaid Bonus	44.220	1,20,328	61,456
10 -6-4	Salary payable	44.310	3,19,54,860	4,75,64,218
10 -6-5	Salary payable to contract Revenue Asst. (Physically Challenged Candidates)	44.312	17,58,931	10,86,707
10 -6-6	Bonus payable	44.320	90,23,580	1,45,10,156
10 -6-7	Ex-gratia payable	44.330	6,23,39,409	5,68,69,850
10 -7	Statutory remittances:			
10 -7-1	Electricity tax and other levies payable to Government.	46.300	43,90,73,223	23,63,99,412
10 -7-2	Compounding Fee payable to Govt.	46.301	1,67,75,734	1,44,47,188
10 -7-2	ESI	(46.991+46.992)	13,70,689	3,66,710
10 -7-3	Taxes such as Sales Tax, Income Tax, Service Tax, etc., deducted at source and payable to Government. & Swachh Bharat Cess on taxable services w.e.f. 15th November, 2015. & Krishi Kalyan Cess on taxable services w.e.f 1st June, 2016.	46.921,46.924,46.92 5,46.926,46.927,46.9 28,46.930,46.931 & 46.942	10,40,87,988	12,95,74,013
10 -7-4	Goods and Service Tax (GST)	(46.984+46.985+46.9 86+46.987+46.988+4 6.989+46.990+46.99 3+46.994+46.995+46 .996+46.997)	21,55,32,913	1,28,83,614
10 -7-4	Pension Contribution recovered from employees	46.952	26,69,223	7,67,315
10 -7-5	Amount recovered from Employees & payable to Employees welfare Trust towards Employees contribution	46.956	85,63,052	85,63,060
10 -7-6	Employees PF and Departmental share of PF payable account	46.957 & 46.958	4,24,643	2,96,786
10 -7-7	Others			
11 -7-8	- Expenses Payable	46.41 to 46.47 46.971,46.972,46.97	1,68,21,46,169	1,54,64,09,228
12 -7-9	- Excess credit afforded by Bank Pending reconciliation	4,46.975,46.979 & 46.980	13,84,98,119	3,03,30,099
10 -7-10	- Miscellaneous Deposits	46.966	-	-
10 -7-11	- Advance received for sale of stores scrap etc.,	46.922	30,54,001	3,75,08,293
10 -7-12	- Un-issued Cheques & Cheques in Transit	46.910 & 46.911	32,92,256	30,75,769
10 -7-13	Recovery from employee towards FBF	44.140, 44.141, 44.142 & 44.143	10,52,24,171	10,10,21,056
10 -7-14	Provision for defined benefit plans (NDCPS)	44.150	32,77,061	14,74,174
10 -7-15	Advance paid to SPPCC towards UI Charges/Administrative charges	28.945 & 28.946	27,83,39,473	27,83,39,473
10 -7-16	Amount recoverable from beneficiaries for Solar Water Pumping System for Irrigation purpose in 3rd phase	28.412	-	8,00,000
Total			28,95,05,50,391	25,97,92,20,804

Note: Electricity taxes: The Electricity tax collected from consumers and payable to GOK during FY-2018-19 is Rs. 194.70 Cr's out of this GOK has Adjusted Rs. 183.05 Cr's to tariff subsidy receivable from GOK during the year.



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Note: Current maturities of long-term debt

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
10 -8	Term loans From banks Secured			
10 -8-1	Loan from Syndicate Bank	53.977	-	31,33,35,834
10 -8-2	Loan drawn from State Bank of India Hubli by HESCOM	53.978	-	37,14,11,868
10 -8-3	Loan from Canara Bank, Hubli by HESCOM	53.981	25,00,00,000	26,18,00,000
10 -8-4	Loan from Corporation Bank	53.982	-	-
10 -8-5	Unsecured		-	-
			25,00,00,000	94,65,47,702
10 -9	From other parties Secured			
10 -9-1	Loan from Power Finance Corporation LTD - R-APDRP Scheme.	53.961	-	40,49,594
10 -9-2	Loans drawn from REC in respect of ongoing SPA Scheme works by KPTCL for HESCOM.	53.314	7,03,20,87,023	3,74,82,34,740
10 -9-3	Unsecured			
10 -9-4	Loans Released from GoK through KPTCL towards PMGY works	53.307	37,00,000	37,00,000
10 -9-5	APDRP - GOK Loan Payable to KPTCL	53.350	5,44,00,000	5,44,00,000
10 -9-6	APDRP - REC Loan Payable to KPTCL	53.351	-	-
10 -9-7	Loan from Power Finance Corporation Ltd., - KPTCL	53.960	5,45,83,08,975	7,51,50,69,811
10 -9-8	Loan from GOK towards Energisation of IP sets under Ganga Kalyana Scheme.	53.980	-	46,50,000
10 -9-9	Loan from GOK towards Central Additional Assistance to Power Sector Automation	53.983	-	13,15,000
10 -9-10	Short Term Loan KREDL	53.985	-	-
			12,54,84,95,998	11,33,14,19,145
	Total		12,79,84,95,998	12,27,79,66,847



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Note 11 Short-term provisions

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
11-1	Provision for employee benefits (Leave Encashment)	46.430	26,49,63,947	25,28,52,639
11-2	Provision - Others:		-	-
11-2-1	Provision for tax		-	-
11-2-2	Provision for loss on written off of cash found short	46.965	67,463	67,463
11-2-3	Provision for other employee benefits - FBF	44.142	70,77,958	73,09,487
	Total		27,21,09,368	26,02,29,589




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Note 12 A Tangible Assets

Sl No	Tangible assets	A/C Code	Gross block				A/C Code	Accumulated depreciation and impairment				Net block		
			Balance as at 1 April, 2018	Additions	Disposals	Balance as at 31 March, 2019		Rate	Balance as at 1 April, 2018	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2019	Balance as at 31 March, 2018	Balance as at 31 March, 2018
			Rs	Rs	Rs	Rs		%	Rs	Rs	Rs	Rs	Rs	Rs
12-1	Land Freehold	10.1	13,35,78,377	1,22,27,391	-	16,20,96,166	12.1	-	-	-	-	-	16,20,96,166	13,35,78,377
12-2	Buildings	10.2	93,63,62,847	40,30,18,317	11,09,715	1,33,82,71,449	12.2	3.34	28,23,87,943	3,76,73,781	-11,49,353	32,11,91,077	1,01,70,80,372	65,39,84,905
12-3	Hydraulic Works	10.3	3,60,47,591	1,15,71,596	-	4,76,19,187	12.3	5.28	1,54,71,921	22,18,826	-2,55,704	1,79,46,451	2,96,72,736	2,05,75,670
12-4	Other Civil Works	10.4	3,61,06,499	1,74,50,888	-	5,35,57,387	12.4	3.34	90,66,781	15,68,079	-	1,06,34,860	4,29,22,527	2,70,39,717
12-5	Plant and Equipment	10.5	10,32,06,42,540	2,92,89,58,009	1,69,16,06,432	11,55,79,92,117	12.5	5.28	2,47,54,58,204	58,13,29,946	18,97,07,204	2,86,70,80,946	8,69,09,11,171	7,84,51,84,336
12-6	Line Cable Networks	10.6	42,51,09,63,304	6,85,60,57,365	70,26,98,153	48,67,43,22,516	12.6	5.28	9,26,11,55,432	1,29,87,33,419	26,69,03,851	10,29,29,85,000	38,38,13,37,516	33,24,88,07,872
12-7	Vehicles	10.7	7,98,68,227	93,02,899	13,10,154	8,78,60,972	12.7	8.50	4,88,22,908	31,32,906	61,350	5,18,94,463	3,59,68,509	3,10,45,319
12-8	Furniture and Fixtures	10.8	7,25,13,458	22,29,618	9,31,679	7,38,11,397	12.8	6.33	3,18,25,469	2,51,03,389	-11,25,188	5,80,54,046	1,57,57,351	4,06,87,988
12-9	Office equipment	10.9	5,53,85,835	3,37,79,383	3,84,09,319	5,07,55,900	12.9	6.33	1,01,14,741	16,16,372	2,91,548	1,14,39,565	3,93,16,335	4,52,71,094
12-10	Land Lease hold	10.1	15,64,696	-	36,094	15,28,602	12.1						15,28,602	15,64,696
	Total		54,18,30,31,375	10,26,45,93,467	2,43,61,01,546	62,04,78,15,693			12,13,42,83,399	1,95,13,76,717	45,44,33,708	13,63,12,26,408	48,41,65,89,285	42,04,87,47,975
	Less: Contributions, grants and subsidies towards cost of Capital assets		(15,39,93,70,876)			(17,38,60,25,402)							31,03,05,63,883	26,64,93,77,099
	Previous year		38,75,47,12,068	8,21,50,19,018	2,35,27,24,227	44,61,70,06,859			10,78,52,02,792	1,57,89,74,249	90,02,74,038	11,46,39,03,003	33,15,31,03,856	27,96,95,09,276

12 B. Depreciation and amortisation relating to continuing operations:

Sl No	Particulars	For the year ended	For the year ended
		31-Mar-19	31-Mar-18
12-9	Depreciation and amortisation for the year on tangible assets as per Note 12 A	1,95,13,76,717	2,28,21,83,604
	Less: Utilised from revaluation reserve	-	-
	Depreciation and amortisation relating to continuing operations	1,95,13,76,717	2,28,21,83,604

In advertantly in the preceding years lease hold land was accounted as free-hold land and now same is rectified.

The Capital Grants received from Government and consumer contribution towards cost of capital assets aggregating to Rs.1738.60 Crores is reduced from Gross Block and shown in Balance Sheet. The Consumer contributions and Government grants towards cost of capital assets cannot be identified to relevant fixed assets. Hence, the same is treated as related to the Lines, Cables & Networks Assets group and deducted directly from the total Gross Fixed Assets. The corresponding depreciation on these assets provided at respective Accounting Units has been reduced from Depreciation for the year @5.28% which works out to Rs.88.20 Crs duty passing a journal entry at Head Office.



[Signature]

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12 C. CAPITAL WORKS IN PROGRESS

Sl No	Particulars	A/C Code	For the year ended	For the year ended
			31-Mar-19	31-Mar-18
			Rs	Rs
12 -10	Capital Work in Progress	14.110 To 14.150	75,57,26,668	66,22,62,270
		14.151 To 14.401	6,13,37,96,943	5,71,44,70,891
		14.450 to 14.810	(34,28,71,383)	(30,02,99,744)
		14.900 to 14.925	-	-
	CWIP Categorized Sub Total		6,54,66,52,228	6,07,64,33,417
12 -11	Completed works (to be categorised). Consumers contribution towards cost of capital	15.5	70,76,82,376	90,81,51,043
		55.1	(2,21,70,74,105)	(1,30,57,21,983)
			5,03,72,60,499	5,67,88,62,477

Note: During FY-2018-19 Rs.68.09 Crs. Assets has been created out of Consumer Contributions of Rs. 290.64 Crs. and difference amounting to Rs. 222.55 Crs. is depicted under capital works in progress. Further total asset created out of grants and consumer contribution up to 31.03.2019 to the tune of Rs. 1738.60 Crs. is reduced from total assets as per AS 12.

12 D. Intangible assets under development

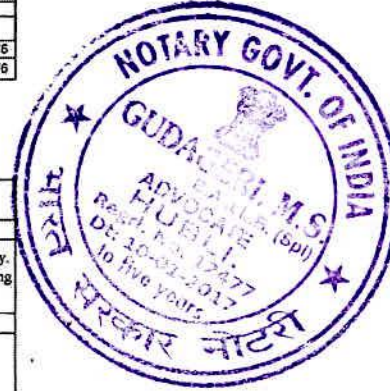
Sl No	Particulars	A/C Code	For the year ended	For the year ended
			31-Mar-19	31-Mar-18
			Rs	Rs
12 -10	Software acquired / Purchased for internal use	18.101 & 18.102	10,50,62,893	5,17,14,176
			10,50,62,893	5,17,14,176

Annex-2 Consumer Contribution 55.1

68,09,32,541.84

Note - Land owned under full titles (A/c Code 10.101) includes the following lands which are under correspondence/dispute and case is before Court

Sl. No.	Name of the place	Survey/ Cts No.	Area	Remarks
Basavanna Bagewadi Division (Basavanna Bagewadi Sub Division)				
3	33 KV Sub Station at Malaghan	155/2A 155/2B	5 Acres	Land acquired through Bijapur Municipality. Upgraded to 110 KV Station. Matter pending in court.
Basavanna Bagewadi Division (Chadchan Sub Division)				
4	33 KV Sub Station at Nivargi	242/A2	4 Acres	Land granted to Dy. Commissioner, Bijapur. For Change of name application pending with Spl. Tah. Chadchan Phodi (Survey) work is pending.



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Note 13 Non-current investments

SI No	Particulars	As at 31st Mar,2019			As at 31st Mar,2018		
		Quoted #	Unquoted #	Total	Quoted	Unquoted	Total
13 -1	Investments (At cost):						
	Non Trade Investments						
13 -1-1	Investment in equity instruments (give details separately for fully / partly paid up instruments) Controlled special purpose entities						
	i) M/s. Power Company of Karnataka Ltd (PCKL) (PTC-20.271) (25098 Equity Shares of Rs. 1000 Each)	-	2,51,00,000	2,51,00,000	-	2,51,00,000	2,51,00,000
	ii) M/s. Priyadarshini Jurala Hydro Electric Project (PTC-20.272)	-	14,00,00,000	14,00,00,000	-	14,00,00,000	14,00,00,000
	Total	-	16,51,00,000	16,51,00,000	-	16,51,00,000	16,51,00,000
	Aggregate amount of unquoted investments			16,51,00,000			16,51,00,000



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Note 14 Long-term loans and advances

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
14 -1	Capital advances			
14 -1-1	Unsecured, considered good	25.1 to 25.5,26.6	3,83,86,51,796	3,56,10,41,525
14 -2	Deposit with Government			
14 -2-1	- Unsecured, considered good	28.935, 28.930	11,06,75,597	11,05,53,989
14 -3	Other loans and advances - Working Capital to PCKL			
14 -3-1	Unsecured, considered good	27.8	(23,08,026)	13,67,910
	Total		3,94,70,19,367	3,67,29,63,424



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Note 15 Other non-current assets

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
15 -1	Long-term trade receivables			
15 -1-1	Subsidy receivable from GOK Unsecured, considered good	28.614, 611, 615, 617, 618, 621, 620,	6,20,38,53,346	6,18,56,06,919
15 -1-1	Amount receivable from Karnataka Power Loom Development Board – GOK towards Special Nekar Package Scheme.	28.619	34,31,57,995	24,16,59,549
15 -2	Inter Company Transactions	28.8	63,27,96,458	3,45,46,503
15 -3	Regulatory Asset-KERC	28.9	21,23,49,90,591	8,37,03,11,639
	Total		28,41,47,98,390	14,83,21,24,610

Note: Subsidy receivable from GoK includes: (i) an amount of Rs.341.99 Crs towards RE Loss for the period 2002-03 to 2004-05. The Company has been pursuing for recovery of the same. As the amount represents receivable from the Government of Karnataka no provision for the same has been made.

(ii) 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 HESCOM and an amount of Rs.53.66 Crs is shown as receivable from GOK.

Note 16 Current investments

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
16-1	-----		-	-
16-2	-----		-	-
16-3	-----		-	-
16-4	-----		-	-
			-	-




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Note 17 Inventories

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
17 -1	Stores and spares	22.610, 641, 660, 700, 810, 820, 16.1, 16.2	1,90,17,48,876	1,67,23,30,452
17 -2	Goods-in-transit	22.450	2,04,188	32,58,449
	Total		1,90,19,53,064	1,67,55,88,901

Details of Inventories are as below

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
17 -2-1	Materials Transferred within the Division	22.45	2,04,188	32,58,449
17 -1-1	Materials Stock Account	22.61	1,59,17,94,461	1,37,40,63,495
17 -1-2	Materials at Site Account (MASA)	22.64	-	-
17 -1-3	Material imprest Account	22.64	14,54,101	13,47,181
17 -1-4	Materials pending Inspection	22.66	41,12,198	1,36,99,312
17 -1-5	Obsolete Materials Account	22.70	(16,23,41,828)	(15,99,01,435)
	Materials stock Excess / Shortage Pending Investigation.			
17 -1-6	Stock Excess pending Investigation.	22.81	(39,21,255)	(34,97,214)
17 -1-7	Stock Shortage pending investigation.	22.82	27,26,972	21,61,457
			1,43,40,28,837	1,23,11,31,245
	Assets not in use			
17 -1-8	Written down value (WDV) of obsolete / scrapped assets.	16.10	18,89,97,297	20,81,39,484
17 -1-9	Written down value (WDV) of Faulty / Dismantled Assets.	16.20	27,89,26,930	23,63,18,172
			46,79,24,227	44,44,57,656
	TOTAL		1,90,19,53,064	1,67,55,88,901




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Note 18 Trade receivables Against Supply of Power

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
18 -1	Outstanding for a period less than six months from the date they were due for payment			
18 -1-1	Unsecured, considered good	23.1, 23.2, 23.7	15,98,63,23,606	14,75,08,57,783
18 -1-2	Less: Revenue Suspense, Revenue collection Pending Classification	47.607 , 47.609	15,98,63,23,606 (2,12,10,815)	14,75,08,57,783 (7,51,72,329)
18 -2	Outstanding for a period exceeding six months from the date they were due for		15,96,51,12,791	14,67,56,85,453
18 -2-1	Unsecured, considered good	23.5	30,36,66,753	30,10,43,792
18 -2-2	Less: Provision for withdrawal of Revenue demand	23.8	30,36,66,753 (4,41,54,673)	30,10,43,792 (3,36,45,261)
18 -2-3	Less: Provision for doubtful trade receivables	23.9	16,26,87,79,544 (87,54,65,574)	14,97,67,29,245 (87,33,73,194)
	Total		15,34,91,59,303	14,06,97,10,790

Details of Sundry Debtors are as below

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
	RECEIVABLES AGAINST SUPPLY OF POWER. Unsecured Considered Good			
18 -1-1-1	Sundry Debtors for sale of Power – LT	23.1	8,59,39,38,377	7,74,80,61,280
18 -1-1-2	Sundry Debtors for sale of Power - HT	23.2	99,92,09,045	1,13,32,40,220
18 -1-1-3	Sundry Debtors for Electricity Tax	23.3	63,38,76,842	54,87,52,769
18 -1-1-4	Dues from Permanently disconnected consumers	23.5	30,36,66,753	30,10,43,792
18 -1-1-5	Dues from Permanently disconnected consumers	23.5	-	-
18 -1-1-5	Sundry debtors - miscellaneous dues from consumers (Interest on Revenue Arrears)	23.7	5,75,92,99,342	5,32,08,03,513
	Sub Total		16,28,99,90,359	15,05,19,01,575
	Less:			
18 -1-1-7	Provision for withdrawal of Revenue demand	23.8	(4,41,54,673)	(3,36,45,261)
18 -1-1-8	Provision for Doubtful Dues from consumers (Credit Account)	23.9	(87,54,65,574)	(87,33,73,194)
18 -1-5	Revenue Suspense, Revenue collection Pending Classification	47.607 , 47.609	(2,12,10,815)	(7,51,72,329)
	Total (Net Receivables against Supply of Power)		15,34,91,59,297	14,06,97,10,790



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Note: (i) Upto 31.03.2019 Trade receivables includes Rs.1076.32 Crs dues (Rs. 633.22 Crs Principal + Rs.443.09 Crs Accumalated interest up to 31.03.2012) pertains to prior to announcement of Free Power Supply to IP Sets up to 10 HP. The Interest Charged in the DCB has been withdrawn by the Company from 2012-13 onwards Sundry Debtors for sale of power includes Rs 738.21 lakhs pertaining to disputes raised by consumers and which are pending before various authorities and courts, as detailed below:

SI No	Name of Appellate Authority	Number of Cases	Amount (in lakhs)
1	Corporate Office, GESCOM.	2	10.06
2	Chief Engineer (Ele), GESCOM.	19	2.05
3	Superintending Engineer (Ele), O&M Circles, GESCOM.	120	54.53
4	Corporate Office, HESCOM.		
5	Courts	32	642.21
6	Chief Electrical Inspectorate, B'lore.		
7	Karnataka Electricity Regulatory Commission.	5	29.36
	Total	178	738.21

Note: 1) Secrutization of Gram Panchayath Dues: Pursuant to G.O. No. EN 3 PSR 2016/P3 dated 31.03.2017 during the year company has transfered the accumulated dues from rural local bodies together with interest up to 31.03.2005 amounting to Rs. 485.04 Crores to PCKL for securitization of such receivable by PCKL in order to get loans from banks and utilize the proceeds of such loans to clear the dues of KPCL and same is shown under account code 28.856 i.e receivable from M/s PCKL.

Now the PCKL is Securitized by availing Financial Assistance from M/s Bank of India, Bengaluru on 07.08.2018 and the same is adjusted against receivable from PCKL A/c code: 28.856 by reducing KPCL Power Purchase Liability.

The withdrawal of interest portion for the year 2015-16, 2016-17 and 2017-18 to the tone of Rs. 110.83 Crs. is pending due to clear clarification from GOK.



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Note 19 Cash and Bank Balances

Sl No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
A Current				
19 -1	i Cash and cash equivalents	24.11,24.12	14,81,62,193	8,56,31,650
19 -2	Cheques, drafts on hand		-	-
19 -3	ii Balances with banks			
19 -3-1	In current accounts	24.3,24.401,402,40 3,404,405,409,423, 424,426	94,35,04,901	26,64,27,758
19 -3-2	Balances with banks to the extent held as margin money or security against the borrowings		-	-
19 -3-3	Bank deposits with more than twelve months maturity	28.935	15,33,89,050	14,42,23,549
19 -3-4	Bank deposits with less than twelve months maturity	28.935	7,29,31,866	7,61,94,200
19 -3-5	In earmarked accounts			
19 -3-6	- Balances held as margin money or security against borrowings, guarantees and other commitments (Refer Note (i) below)			
19 -3-7	- Other earmarked accounts (specify) (Refer Note (ii) below)			
19 -4	Others: Transit Accounts	24.5,24.6	5,67,990	3,69,240
Total			1,31,85,56,000	57,28,46,397
Cash and cash equivalents as per AS 3 Cash Flow Statements is			1,31,85,56,000	57,28,46,397



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Note 20 Short-term loans and advances

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
20 -1	Loans and advances to employees			
i	Unsecured, considered good	27.2	2,99,66,371	3,33,05,495
ii	Advance Tax Paid	27.4, 28.821	24,65,297	35,93,575
	Total		3,24,31,668	3,68,99,070



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Note 21 Other current assets

SI No	Particulars	A/C Code	As at 31st Mar,2019	As at 31st Mar,2018
			Rs	Rs
21 -1-1	Unbilled revenue	23.4	4,27,22,85,960	3,85,14,71,509
21 -2	Unamortised expenses			
21 -2-1	Ancillary borrowing costs		-	-
21 -1-2	Preliminary expenses on survey/feasibility studies of project not yet sanctioned	17.301	2,00,73,546	1,95,31,583
21 -1-3	Transformers / meters etc., issued to contractors / suppliers for repairs / replacement.	26.604	30,84,40,147	14,80,89,611
21 -1	Share issue expenses			
21 -1	Discount on shares (where applicable)			
21 -1	Accruals		-	-
21 -1-4	Interest accrued on deposits	28.2	35,91,648	66,50,604
21 -1	Interest accrued on investments		-	-
21 -1	Interest accrued on Trade receivables under Financing Activities			
21 -1	Others			
21 -1-5	Amount Recoverable from Employees & others	28.1, 28.4	3,34,25,457	4,70,52,238
21 -1-6	Claims for Loss/Damage to Assets/Material	28.72, 28.74	84,04,637	97,15,372
21 -1-7	Receivables from PCKL (Power Company of Karnataka Limited)	28.856	5,90,21,320	4,85,04,14,159
21 -1-7	Other Receivable	28.898, 28.901 & 902	11,73,25,75,936	9,64,12,08,333
21 -1-8	Subsidy receivable from GOK	28.625, 626,627	35,79,98,99,422	23,91,51,99,135
21 -1-9	Amounts Receivable from GOI through RECL & LEC/Taluk Board towards KJ Works	28.941, 28.942	7,21,500	7,21,500
21 -1-10	Service Tax claim settled by HESCOM to be recovered from Consumer/Contractor	28.852	9,02,38,998	11,09,21,197.56
21 -1-11	Inter Unit Accounts	31, 32, 33, 34, 35, 36, 37	-10,26,38,957	3,25,31,872
21 -1-12	CM draught Relief Fund	46.978	-10,93,327	94,46,043
21 -1-13	Electrification / Service Connection	47.3	1,98,42,28,896	1,94,61,39,461
	Total		54,20,91,75,182	44,58,90,92,617

Note : Rs.11.09 Crs Service Tax liability has been paid by the Company during the month of March 2018 towards Supervision Charges collected from the consumers for the period from 01.04.2011 to 30.06.2017 in respect of service connections as per the Summons issued by Senior Intelligence Officer, Bengaluru on 08.09.2017. The recovery of service tax from the consumers as at 31.03.2019 is Rs. 2.07 Crs and balance to be recovered from the consumers is RS. 9.02 Crs.



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Note 22 Revenue from operations

SI No	Particulars	A/C Code	For the year ended 31st Mar,2019	For the year ended 31st Mar,2018
			Rs	Rs
22 -1	Sale of products comprises :			
22 -1-1	Revenue from Sale of Power - LT	61.1 & 61.3	63,28,33,20,093	55,53,88,09,296
22 -1-2	Revenue from Sale of Power - HT	61.2	12,86,20,52,360	11,03,26,55,749
22 -1-2	FAC (LT&HT)	61.4 & 61.5	34,88,30,180	1,10,20,98,373
			76,49,42,02,633	67,67,35,63,419
22 -2	Other Operating Revenue	61.9 & 63.110	1,22,62,70,256	1,26,15,85,095
	Less:		77,72,04,72,889	68,93,51,48,514
22 -3	Rebates and Incentives	78.822, 78.823, 78.826	(4,32,76,458)	(3,27,91,499)
22 -4	Provision for withdrawal of Revenue Demand	83.830, 83.831, 83.834	(3,15,80,399)	(2,69,06,468)
	Total		77,64,56,16,032	68,87,54,50,548

SI No	Particulars	A/C Code	For the year ended 31st Mar,2019	For the year ended 31st Mar,2018
			Rs	Rs
	Sale of products comprises :			
	Revenue from Sale of Power - LT			
22 -1-1-1	Bhagya jyothi Scheme.	61.101	15,90,45,924	16,99,31,110
22 -1-1-2	Lighting, Combined Lighting, Heating & Motive Power - HDMC.	61.102	5,88,69,70,571	5,38,30,99,596
22 -1-1-3	Lighting, Combined Lighting, Heating & Motive Power - Areas under Village Panchayats.	61.104	2,47,88,77,385	2,11,82,62,603
22 -1-1-4	Private Professional & other Educational Institutions - Areas under U L B's including City Corporations	61.113	13,12,42,440	12,16,14,602
22 -1-1-5	Areas under Village Panchayats.	61.114	3,68,29,933	3,06,96,202
22 -1-1-6	Commercial Lighting, Heating & MP. Areas under U L B's including City Corporations.	61.116	3,20,34,36,247	3,00,18,96,945
22 -1-1-7	Areas under Village Panchayats.	61.117	1,29,79,72,136	1,12,74,69,667
22 -1-1-8	Irrigation Pump sets (above 10 HP)/Water Lifting.	61.121	6,92,34,456	6,40,77,931
22 -1-1-9	IP Sets upto & inclusive of 10 HP - General - Till such time meters are fixed.	61.122	42,45,12,44,393	36,72,09,04,223



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SI No	Particulars	A/C Code	For the year ended 31st Mar,2019	For the year ended 31st Mar,2018
			Rs	Rs
22 -1-1-10	Private Horticultural Nurseries, Coffee, Tea, Coconut and Areca nut Plantations.	61.127 + 61.128	39,34,335	38,86,981
22 -1-1-11	Industrial, Non-Industrial, Heating and Motive Power including Lighting	61.129 To 61.137	2,50,23,42,100	2,31,74,86,696
22 -1-1-12	Street light/ public lighting installations	61.143	1,98,01,01,322	1,65,72,86,604
22 -1-1-13	Water Supply and Sewerage pumping installations,	61.144	1,13,70,96,486	1,09,81,43,099
22 -1-1-14	Temporary Power Supply - Non-commercial lights and fans and other small appliances.	61.145	63,55,92,412	51,48,82,905
22 -1-1-15	Revenue from sale of power accounted through BJ/KJ Subsidy (up to 18 units).	61.300	1,30,93,99,953	1,20,91,70,133
22 -1-1-16	Revenue from sale of power accounted through IP Sets Tariff Subsidy.	61.301	-	-
22 -1-1-17	FAC (LT)	61.4	28,97,35,621	93,81,83,279
	Revenue from Sale of power - LT		63,57,30,55,714	56,47,69,92,575
	Revenue from Sale of Power – HT		-	-
22 -1-2-1	Public Water Supply & Sewerage Pumping	61.250	1,63,71,51,252	1,35,11,03,163
22 -1-2-2	Industrial, Non-industrial and Commercial purposes & Railway Traction	61.255 & 61.275	7,98,21,26,889	6,88,67,94,757
22 -1-2-3	Commercial.	61.256	1,28,99,29,836	1,16,90,70,309
22 -1-2-4	Lift Irrigation Scheme under Govt Departments / Govt. owned Corporations.	61.262	84,94,43,480	53,76,90,577
22 -1-2-5	Revenue from sale of power - LIS schemes and LI societies.	61.263	29,50,71,261	19,49,78,015
22 -1-2-6	Irrigation & Agricultural Farms, Govt & Horticultural Farms, Coffee, Tea & Coconut Plantations.	61.264	5,05,676	3,77,919
22 -1-2-7	LI Schemes and Lift Irrigation Societies other than those covered under HT2(a)(ii).	61.265	1,20,66,517	86,32,479
22 -1-2-8	Residential Apartments and Colonies - HDMC.	61.272	10,04,05,397	9,66,68,847
22 -1-2-9	Residential Apartments and Colonies -Areas under U L B's other than those under HT-4a Category.	61.273	6,38,521	-



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SI No	Particulars	A/C Code	For the year ended 31st Mar,2019	For the year ended 31st Mar,2018
			Rs	Rs
22 -1-2-10	Residential Apartments and Colonies - Areas under Village Panchayats.	61.274	10,71,77,835	19,61,19,144
22 -1-2-11	Government Hospitals and Hospitals run by Charitable Institutions	61.257	39,10,18,358	41,27,80,120
22 -1-2-12	Educational Institutions and Hostels of Educational Institutions	61.258	19,65,17,338	17,84,40,420
22 -1-1-13	FAC (HT)	61.4	5,90,94,559	16,39,15,095
	Revenue from Sale of Power – HT		12,92,11,46,919	11,19,65,70,844
	Other operating revenues comprise:			
22 -2-1	Reconnection Fee (D & R)	61.901,61.902	54,39,049	1,13,69,697
22 -2-2	Service Connection (Supervision charges)	61.904	17,85,37,729	19,80,03,173
22 -2-3	Delayed payment charges from consumers.	61.905	93,13,10,567	96,24,11,318
22 -2-4	Other Receipts from consumers	61.906,61.600	4,69,65,667	5,37,45,523
22 -2-5	Registration fee towards SRTPV	61.907	6,97,898	35,75,558
22 -2-6	Facilitation fee towards SRTPV	61.908	2,18,600	6,28,947
22 -2-7	Supervision Charges for self Execution works	61.909	5,87,67,924	3,03,53,776
22 -2-8	Maintenance charges for the layouts created by the Developers	61.910	43,32,822	14,97,103
			1,22,62,70,256	1,26,15,85,095
	Rebates and Incentives:			
22 -3-1	Solar Rebate allowed to consumers	78.822	(3,35,88,840)	(2,96,85,307)
22 -3-2	Incentives for prompt payment	78.823	(36,75,320)	(13,05,287)
22 -3-3	Time of day (TOD) Tariff Incentive	78.826	(60,12,298)	(18,00,905)
			(4,32,76,458)	(3,27,91,499)
22 -4	Provision for withdrawal of Revenue Demand	83.830, 83.831, 83.834	(3,15,80,399)	(2,69,06,468)
Grand Total			77,64,56,16,032	68,87,54,50,548
The Company has received total subsidy of Rs.3076.73 Crs. from GOK during the year which includes Rs.2945.79 Crs. towards subsidy for free power supply to IP sets, Rs. 130.94 Crs. towards BJ/KJ subsidy.				




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Note 23 Other income

SI No	Particulars	A/C Code	For the year ended 31st Mar,2019	For the year ended 31st Mar,2018
			Rs	Rs
.23 -1	Interest on Bank Fixed Deposits & Others	62.222, 62.360	1,15,98,395	2,19,38,815
.23 -2	Other Miscellaneous receipts from Trading	62.360 (PTC)	18,17,26,662	9,10,82,894
.23 -3	Profit on sale of stores	62.330	54,91,247	-
.23 -4	Sale of scrap	62.340	70,94,353	33,60,154
.23 -5	Reactive energy charges demanded on IPPs	62.361	20,200	1,02,37,900
.23 -6	Meter Readings and Calibration of meter charges of Wind Mill Project.	62.363	67,29,477	3,05,72,135
.23 -7	Income relating to reactive energy charges	62.364	35,80,875	91,10,972
.23 -8	Processing Fees	62.625	50,000	50,000
.23 -9	Rental from Staff Quarters	62.901	1,22,09,052	83,26,240
.23 -10	Rental from others	62.902 & 62.903	12,98,273	14,84,261
.23 -11	Sundry credit balance written back	62.912	-	83,720
.23 -12	Rebate for collection of Electricity Duty.	62.916	97,34,458	74,09,091
.23 -13	Other Recoveries	62.917	71,09,02,587	45,54,28,340
.23 -14	Consultancy Charges	62.921	-	-
	Total		95,04,35,579	63,90,84,522




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Note 24 Purchase of Power:

SI No	Particulars	A/C Code	For the year ended	For the year ended
			31st Mar,2019	31st Mar,2018
			Rs	Rs
.24 -1	Purchase of Power from Generators	70.000	60,54,17,37,366	59,64,58,36,407
.24 -2	O & M Expenses to SLDC.	70.165	12,73,11,657	17,54,23,231
.24 -3	Power purchased cost in respect of Inter ESCOM Energy exchange	70.801	-1,76,63,23,668	-4,21,92,59,352
			58,90,27,25,355	55,60,20,00,286
.24 -4	Cost of Power Purchase of Hukkeri Rural Electricity Co-operative Societies.	70.800	-1,61,56,04,551	-1,43,20,60,236
.24 -5	Rebate from Power Generators.	62.919	-3,78,15,156	-97,83,759
			57,24,93,05,648	54,16,01,56,291
.24 -6	Power Transmission Charges	70.113, 70.161	9,40,55,73,304	9,28,83,55,348
Total			66,65,48,78,952	63,44,85,11,639

Hon'ble KERC has approved Energy allocation to different sources as follows for FY 2018 & FY 2019:

Source	2018-19	2017-18
KPCL Hydel	26.000%	20.257%
KPCL Thermal	18.673%	20.257%
CGS	19.532%	20.257%
UPCL	14.125%	28.013%

The supply of energy to the Company includes EHT supply at more than 33 KV voltages at the interconnection points for transfer of power for billing by the Company.

The rates followed for the allocated/assigned power purchase is based on the commercial rates/predetermined rates as approved by the PPA/ KERC/ Government of Karnataka. During the year the Company has purchased High Cost Energy of 120.73M.U at a cost of Rs.49.31 Crores as per the GOK's decision.

The Transmission losses on account of Power Purchase from Generation Point till interface point of Transmission are accounted by the Company as per the power purchase bills based on the proportionate allocated energy and adjusted after energy balancing among ESCOMs.

The Company accounts the import /export of energy among ESCOMs as net energy either as a sale/purchase and also accounts energy at 11KV Inter ESCOM flow.

The details of sale of energy and distribution losses during the current year are as follows

SI.No.	Particulars	Energy in M.U	
		2018-19	2017-18
Energy Sales:			
a	Total energy available for sale	13907.07	12551.96
b	Total metered sales	5075.18	4701.92
c	Total un-metered sales	6684.81	5997.36
d	Total sales	11759.99	10699.28
e	Distribution losses	2147.08	1852.68
f	Percentage of Distribution losses	15.44	14.76

1. Finalization of Energy Balancing/Banked Energy finalized by SLDC during the meeting held on 29.08.2019 at Bengaluru:- Finalized figures of Energy Balancing/Banked Energy amounting to Rs. 20.96 Crs is incorporated in revised Accounts as intimated by SLDC in the meeting held on 29.08.2019 at Bengaluru as per opinion of Statutory Auditor's.

2. Difference Energy bill of KPCL to the extent of Rs. 32.49 Crs is also incorporated in the revised accounts vide their letter no: A1Q5D/1141 Dtd: 14.08.2019 as per opinion of Statutory Auditor's.



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Note 25 Employee benefits expense

SI No	Particulars	A/C Code	For the year ended 31st Mar,2019	For the year ended 31st Mar,2018
			Rs	Rs
25 -1	Salaries	75.1	4,53,38,14,559	3,19,29,53,256
25 -2	Over Time	75.2	6,07,32,323	3,74,94,800
25 -3	Dearness Allowance	75.3	25,86,58,058	1,30,75,35,715
25 -4	Other Allowances	75.4	53,17,04,735	43,43,44,180
25 -5	Bonus	75.5	7,13,45,423	7,13,42,935
25 -6	Medical Expenses reimbursement	75.611	4,74,48,953	3,97,07,203
25 -7	Leave Travel Assistance	75.612	-	-
25 -8	Earned Leave Enchashments - Regular Employees - Employees covered under Contributory Pension Scheme	75.616	6,78,58,479	6,94,77,718
25 -9	Earned leave encashment	75.617	11,49,49,814	14,37,87,648
25 -10	Earned leave encashment - Retired / Deceased Employees	75.618	26,76,01,383	35,42,64,765
25 -11	Payment under workmens compensation Act	75.629	8,90,840	34,68,360
25 -12	Payment to helpers/employees of Monsoon gang	75.630	7,98,09,607	7,58,78,319
25 -13	Staff Welfare expenses	75.7	3,35,18,940	4,38,11,816
25 -14	Terminal Benefits	75.8	1,74,96,22,609	1,10,31,31,835
	Total		7,81,79,55,723	6,87,71,98,549

Note :Employees benefit expenses includes Rs 37.13 Crs towards pay revision arrears of Physically Challenged Revenue Assistant/Junior Assistants whose services are regularised w. e.f 29.12.2010 As per the KPTCL Order No. KPTCL/B16/4682(III)/2006-07, Bengaluru Dated 14.01.2019



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Note 26 Finance costs

SI No	Particulars	A/C Code	For the year ended 31st Mar,2019	For the year ended 31st Mar,2018
			Rs	Rs
26 -1	Intrest on Loan from REC	78.540	2,42,50,86,463	1,78,15,91,074
26 -2	Payment of Interest on loan drawn by HESCOM from Syndicate Bank, Hubli	78.563	37,77,389	11,83,72,724
26 -3	Payment of Interest on loan drawn by HESCOM from SBI, Hubli	78.564	2,23,73,312	6,34,41,615
26 -4	Interest on loan from Canara Bank	78.567	19,24,69,994	19,43,50,890
26 -5	Interest on shortterm loan/ Interest on working capital C.C	78.568	37,18,83,849	38,57,14,136
26 -6	Payment of interest on PFC loan drawn by KPTCL on behalf of HESCOM	78.584	78,30,59,652	63,09,16,846
26 -7	Interest on loan from Power Finance Corporation Ltd. In respect of R.APDRP Scheme	78.585	4,27,51,219	4,24,35,124
26 -8	Interest on APDRP - GOK Loan	78.591	3,66,29,957	3,54,00,000
26 -9	Interest on APDRP - REC	78.592	-	-
26 -10	Payment of interest on Loan drawn from Govt towards Ganga Kalyan Scheme.	78.594 & 78.542 to 78.549	-	33,00,000
26 -11	Interest on loan from GOK towards Central Additional Assistance to Power Sector Automation.	78.596	-	2,00,000
26 -12	Interest on Loans drawn from KREDL for working capital requirements.	78.598	1,78,12,500	-
26 -13	Interest on Security Deposits to Consumers	78.6	50,95,39,748	43,30,30,948
26 -14	Other Intrest and Finance Charges	78.861 To 78.886	3,23,47,574	4,26,44,129
26 -15	Interest on belated paymnets to IPPs	80.108 To 80.357	95,37,24,903	1,15,41,85,047
Total			5,39,14,56,560	4,88,55,82,534




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Note 27 (i) Depreciation and amortisation expense

SI No	Particulars	A/C Code	For the year ended	For the year ended
			31st Mar,2019	31st Mar,2018
			Rs	Rs
27 i -1	Amortisation of Lease Hold Assets	77.110	36,094.00	-
27 i -2	Depreciation on Buildings	77.120	3,76,73,781	3,51,27,198
27 i -3	Depreciation on Hydraulic Works	77.130	22,18,826	17,21,437
27 i -4	Depreciation on Civil Works	77.140	15,68,092	10,93,896
27 i -5	Depreciation on Plant and Machinery	77.150 + 77.151	58,75,02,606	50,38,98,202
27 i -6	Depreciation on lines, cable, network etc.,	77.160 + 77.161	1,28,66,01,371	93,83,68,655
27 i -7	Depreciation on Vehicles	77.170 + 77.171	31,32,905	17,93,017
27 i -8	Depreciation on furniture, fixtures	77.180	36,89,886	36,68,255
27 i -9	Depreciation on Office equipments	77.190 + 77.191	17,46,662	14,59,019
27 i -10	Depreciation on Intangible Assets	77.801	2,14,13,502	19,56,023
			1,94,55,83,725	1,48,90,85,701
27 i -11	Small & Low value items Written off	77.610	2,83,551	12,62,790
			1,94,58,67,276	1,49,03,48,491



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Note 27 (ii) Administrative and Other expenses

Sl No	Particulars	A/C Code	For the year ended	For the year ended
			31st Mar,2019	31st Mar,2018
			Rs	Rs
.27 -1	Repairs & Maintenance to:			
.27 -1-1	Plant and Machinery	74.1	52,87,31,898	47,05,06,707
.27 -1-2	Buildings	74.2	1,01,77,076	2,05,15,858
.27 -1-3	Civil Works	74.3	1,84,14,222	93,21,432
.27 -1-4	Lines, Cable Net Work Etc.	74.5	6,36,82,199	8,12,45,763
.27 -1-5	Vehicles	74.6	18,33,006	25,57,351
.27 -1-6	Furniture and Fixtures	74.7	11,919	-
.27 -1-7	Office Equipments.	74.8	8,46,322	7,33,270
	Total Repairs & Maintenance Exp.		62,36,96,642	58,48,80,380
.27 -2	Administrative Expenditures:			
.27 -2-1	Rent, Rates & Taxes	76.101 + 76.102	2,09,67,223	1,85,25,781
.27 -2-2	Expenses incurred towards security arrangements	76.103	-	1,51,032
.27 -2-3	Insurance	76.104 + 76.105 + 76.106	30,000	30,000
.27 -2-4	Pagers cellular phones E-mail, Telephone, Trunk call, Telegrams and Telex Charges	76.111 + 76.112	1,12,95,893	1,57,98,519
.27 -2-5	Postage	76.113	20,73,328	20,63,540
.27 -2-6	Mobile phone	76.114	78,50,958	72,45,875
.27 -2-7	Revenue Receipts Stamps	76.115	-	17,145
.27 -2-8	Legal Charges	76.121	31,28,585	23,58,067
.27 -2-9	Payment to Auditors:Audit Fees	76.122	61,391	17,74,433
.27 -2-10	Consultancy charges	76.123	45,25,011	79,22,923
.27 -2-11	Other Professional Charges	76.125 + 76.126 + 76.127 + 76.128 + 76.129	52,79,12,216	37,42,38,694
.27 -2-12	Conveyance & Travel expenses	76.130 To 76.139	41,90,21,082	41,41,20,708
.27 -2-13	Remuneration Paid to Contract Agencies engaged in Computerisation activities.	76.14	10,61,71,591	8,58,65,356
.27 -2-14	Credit Rating Fee	76.141	-	-
.27 -2-15	Amount paid to service provider for obtaining IT related Web services, SMS services and Broadband charges etc.	76.142	2,95,17,071	4,27,33,083
.27 -2-16	Fees & Subscriptions	76.151	2,04,54,287	1,76,34,132
.27 -2-17	Books, periodicals and daires	76.152	48,765	70,784
.27 -2-18	Printing & Stationery	76.153	1,66,43,546	2,20,14,344
.27 -2-19	Advertisement Expenses	76.155	1,37,76,054	1,84,39,076
.27 -2-20	Computer stationary	76.156	24,11,135	15,02,976
.27 -2-21	Contributions	76.157	39,54,566	60,00,008
.27 -2-22	Electricity Charges	76.158	2,06,30,360	1,84,72,464
.27 -2-24	Statutory Payments	76.159	670	-
.27 -2-23	Water Charges	76.160	37,76,422	11,40,893
.27 -2-24	Entertainment	76.162 & 76.163	87,980	86,427
.27 -2-25	Miscellaneous expenses	76.190 + 76.191	1,14,00,957	1,40,87,546
.27 -2-26	Demand Side Management (DSM) Expenses	76.193 & 76.194	88,75,500	1,87,50,188
.27 -2-27	Freight & other material related expenses	76.201 To 76.282	2,42,60,462	2,36,28,161
	Total Administrative Expenses:		1,25,88,75,053	1,11,46,72,155

Executive Engineer (FI)

RA Section

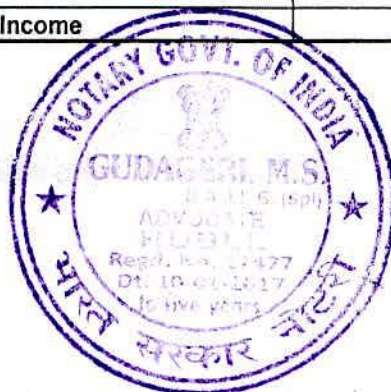
SI No	Particulars	A/C Code	For the year ended 31st Mar,2019	For the year ended 31st Mar,2018
.27 -3	Other Expenses (Debits)			
.27 -3-1	Asset Decommissioning Costs	77.5	1,61,49,364	1,01,98,759
.27 -3-2	Losses relating to Fixed Assets	77.7	73,19,109	7,83,887
.27 -3-3	Gain on Sale of Assets	62.400	-48,251	-56,175
.27 -3-4	Material Cost Variance	79.110 , 79.200	12,72,52,809	13,82,29,801
.27 -3-5	Bad & Doubtful Debts Written off / provided for	79.4	75,13,072	3,24,63,640
.27 -3-6	Miscellaneous losses and Write offs	79.5	6,48,61,661	7,32,16,503
	Total of Other Expenses/Debits		22,30,47,764	25,48,36,415
	Grand Total		2,10,56,19,459	1,95,43,88,950

Note: 1 Payments to the auditors comprises remuneration to Statutory auditor as under

SI No	Particulars	For the year ended 31st Mar,2019	For the year ended 31st Mar,2018
.27 -4	(i) Payments to the auditors comprises remuneration to Statutory auditor as under		
.27 -4-1	Statutory audit	6,91,000	6,49,000
.27 -4-2	For taxation matters	2,36,000	2,36,000
.27 -4-3	For other services	-	-
.27 -4-4	Reimbursement of expenses	-	-
.27 -4-5	Audit of Revenue Ledgers	-	-
	Total	9,27,000	8,85,000

Note: 2 Details of Prior period items (net)

SI No	Particulars	A/C Code	For the year ended 31st Mar,2019	For the year ended 31st Mar,2018
			Rs	Rs
.27 -5	Prior period Income:			
.27 -5-1	Receipts from Consumers Relating to prior periods	65.200	-	-
.27 -5-2	Excess provision for Depreciation in prior periods	65.500& 65.600	(8,31,26,234)	(31,43,22,256)
.27 -5-3	Excess provision for Interest and Finance Charges in prior periods	65.700	(62,13,122)	(27,94,153)
.27 -5-4	Other Excess provision in prior periods	65.800	(27,33,22,724)	(24,14,46,023)
.27 -5-5	Other Income relating to prior periods	65.900	(84,86,55,190)	(30,12,237)
.27 -5-6	Prior Period Tariff / RE Subsidy	65.910	-	-
			-1,21,13,17,270	-56,15,74,670
	Prior period expenses:			
.27 -5-7	Short provision for power purchased in previous years	83.100	41,48,715	1,26,323
.27 -5-8	Operating Expenses of previous years.	83.300	4,79,356	52,55,604
.27 -5-9	Employee costs relating to previous years	83.500	2,80,70,134	9,75,085
.27 -5-10	Depreciation under provided in previous years.	83.600	45,60,58,775	11,11,33,454
.27 -5-11	Interest and other Finance charges relating to previous years	83.700	49,93,935	6,12,561
.27 -5-12	Short Provision for Income tax - previous years	83.810	-	3,25,50,865
.27 -5-13	Administrative Expenses - previous years.	83.820	562	2,832
.27 -5-15	Materials related expenses - previous years.	83.840	-	-
.27 -5-14	Other Expenses relating to prior periods	83.850	33,36,02,318	1,35,59,428
			82,73,53,795	16,42,16,153
	Net Prior Period Income		-38,39,63,475	-39,73,58,517




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Note 28.a Exceptional items

SI No	Particulars	For the year ended 31st Mar,2019	For the year ended 31st Mar,2018
		Rs	Rs
.28a -1	Adjustment of excess grant -Ref Note No-1 below	1,02,90,00,000	1,02,90,00,000
.28a -2	Adjustment of Past Subsidy & Power purchase Cost of KPCL - Ref Note No 2 Below	0	0
	Total	1,02,90,00,000	1,02,90,00,000

Note.1:- Rs 102.90 Crores towards adjustment of excess subsidy claimed pertaining to FY 2010-11, 2011-12 & 2014-15. As per the GOK Order No EN38 PSR 2015 Dated 3103.2016, The entire subsidy Amounting to Rs 514.49 Crores has to be adjusted in FY 2015-16. However, the Company has accounted Rs 102.90 Crores on equal 5 installments commencing from the FY 2015-16 as per Hon 'ble KERC Order Dated' 23.04.2015.

Note 28.b Extraordinary items #

SI No	Particulars	For the year ended 31st Mar,2019	For the year ended 31st Mar,2018
		Rs	Rs
.28b -1	Government grants that have become refundable	Nil	Nil
	Total		

Extraordinary items are income and expenses that arise from events or transactions that are clearly distinct from ordinary activities of the Company and are not expected to recur frequently or regularly.

Note 28.b Regulatory Income / Expenses

SI No	Particulars	For the year ended 31st Mar,2019	For the year ended 31st Mar,2018
		Rs	Rs
.28b -2	Income on account of Regulatory Assets truing of Subsidy (61.911)	12,86,46,78,952	8,37,03,11,639
	Total	12,86,46,78,952	8,37,03,11,639

The Company is engaged in operation of Supply of Electricity to the consumers covered under its jurisdiction. The rates are regulated by the Honb'le Karnataka Electricity Regulatory Commission(KERC).

As per section 62 of Electricity Act 2003, the HESCOM is filing Tariff application yearly with Regulatory Commission for determination of tariff. The Regulatory Commission determines the Tariff as per procedures laid in section 24 of Electricity Act 2003. The company collects tariff from consumers as approved in the tariff order issued by the Regulatory Commission. The Honb'le KERC through its Tariff Order allow recovery of deficits in subsequent periods besides through truing up orders. In this back ground, The company has accounted the Regulatory Asset of Rs. 1286.47 Crs being recognition of additional regulatory asset computed towards the provisional gap expected to be considered by KERC for recovery in subsequent years.

The Company had reversed the regulatory asset amounting to Rs. 837.03 Crs. created during 2017-18 in 2018-19 accounts which should have been reversed during 2019-20 accounts:- Reversal entry already accounted in 2018-19 Accounts has been rectified in revised accounts as per opinion of Statutory Auditor's.



[Signature]

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Note 31 Additional information to the financial statements

SI No	Particulars
31 -1	Earnings in foreign currency - Nil (As at 31st March, 2019 - Nil)
31 -2	Expenditure in foreign currency - Nil (As at 31st March, 2019 - Nil)
31 -3	Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 - Nil
31 -4	The Previous figures have been regrouped wherever necessary.
31 -5	The balances in respect of Sundry Debtors, Sundry Creditors and Loans and Advances to suppliers and others are subject to confirmation since the Company is having large customer base.
31 -6	All the employees of the Company are on deputation from KPTCL.
31 -7	The Company is unable to ascertain the estimated amount of contracts remaining to be executed on capital works due to the large volume of transactions of the company.
31 -8	Segment reporting : Business Segment : Electricity distribution is principal business of the company. There is no other activities which form a reportable segment as per the accounting standard 17. Secondary Segment : The operation of the company are mainly carried out within the districts of Karnataka state namely , Dharwad, Haveri, Gadag, Uttar Kannada, Belagavi, Bijapur & Bagalkot therefore geographical segments are not applicable.
31 -9	Deferred Taxation : The company has not recognized Deferred Tax Assets / Deferred Tax Liabilities as required by accounting standard 22.
31 -10	Effect on Accounts: The Company's Accounts approved by the Board on 05.07.2019 and reported by the Statutory Auditors on 15.07.2019 have been revised in the light of the observations made by the Comptroller and Auditor General of India during their Supplementary Audit under the Companies Act, 2013. The said revision was resulted in decrease of total income by Rs. 7.45 Crs while the total expenditure has increased by Rs. 12.99 Crs, Prior Period Income has increased by Rs. 0.33 Crs, Prior Period Expenditure increased by Rs. 19.29 Crs and Regulatory Income/Expenses has decreased by Rs. 6.21 Crs, resulting in increase of Net Loss by Rs. 45.61 Crs. The overall Equity and Liabilities have increased by Rs. 5.51 Crs with a similar increase in Assets by Rs. 5.51 Crs.




Executive Engineer (E)
RA Section
Corporate Office, Hescorn
Navanagar, Hubballi - 580 025



M/s. HUBLI ELECTRICITY SUPPLY COMPANY LIMITED
PB ROAD, NAVANAGAR, HUBLI - 580 025.

Statement Showing the details of Repayment (Principal) for FY-2019-20

(In Rupees)

Sl. No.	Name of the Financial Institutions	Repayment (Principal) (2019-20)	Repayment (Principal) (2018-19)
I	Secured Loan		
	1, REC		
	a) HESCOM (Stations + RGGVY + Transformer's + Meters+ ACSR Coyote Conductor + RLMS + UAIP+Feeders)	7,03,20,87,023	3,74,82,34,740
	REC Total	7,03,20,87,023	3,74,82,34,740
	2, PFC		
	a) HESCOM (Stations)	-	40,49,594
	b) PFC(R-APDRP)	-	-
	c) PFC(STL)	5,15,00,00,000	7,26,16,02,903
	d) PFC (Buyer's Lone of Credit-TL)	30,83,08,975	25,34,66,908
	PFC Total	5,45,83,08,975	7,51,91,19,405
	3, Commercial Bank (HESCOM)		
	a) SBI, Hubli		
	b) Syndicate Bank, Hubli.	-	31,33,35,834
	c) Corporation Bank, Hubli.		
	d) Canara Bank, Hubli.	25,00,00,000	26,18,00,000
	e) Short Term Loan Canara Bank	-	-
	f) Short Term Loan SBI	-	37,14,11,868
	Banks Total	25,00,00,000	94,65,47,702
	I Secured Loan Total	12,74,03,95,998	12,21,39,01,847
II	Un Secured Loan		
	1, REC		
	a) KPTCL (General)		
	b) KPTCL (APDRP counter part funding)	-	-
	c) KPTCL (Station)		
	2, GoK		
	a) PMGY Scheme	37,00,000	37,00,000
	b) APDRP Scheme	5,44,00,000	5,44,00,000
	c) Ganga Kalyan	-	46,50,000
	d) Power Sector Automation	-	13,15,000
	e) Short Term Loan KREDL	-	-
	II Un Secured Loan Total	5,81,00,000	6,40,65,000
	Grand Total I+II	12,79,84,95,998	12,27,79,66,847



ATTESTED

NOTARY



M. S. GUDAGERI
B.A.LL.B. (Spl.).
Advocate & Notary Public, Govt. of India
Shop No: 307, 2nd Floor, Kundgol Complex,
Court Circle, HUBLI. Cell: 94482-48684

[Signature]

Executive Engineer (EI)
RA Section
Corporate Office, Hesco
Navanagar, Hubballi - 580 025



M/s. HUBLI ELECTRICITY SUPPLY COMPANY LIMITED
PB ROAD, NAVANAGAR, HUBLI - 580 025.

Note 31 Additional information to the financial statements

SI No	Particulars
31 -1	Earnings in foreign currency - Nil (As at 31st March, 2019 - ` Nil)
31 -2	Expenditure in foreign currency - Nil (As at 31st March, 2019 - ` Nil)
31 -3	Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 - Nil
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