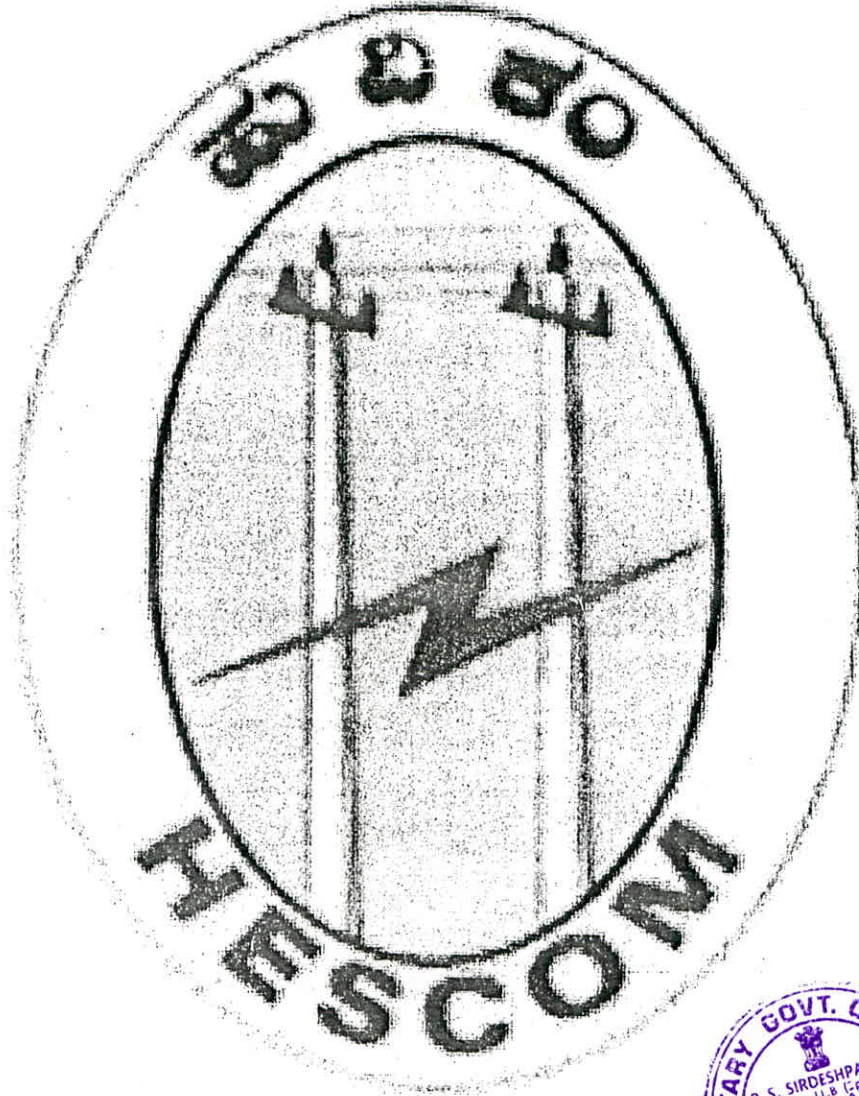


# HUBLI ELECTRICITY SUPPLY COMPANY LIMITED



**Annual Accounts**  
**FY 2021-22**

INDEPENDENT AUDITORS' REPORT

To

The Members of HUBLI ELECTRICITY SUPPLY COMPANY LIMITED.

Report on the Audit of the financial statements

We have audited the accompanying financial statements of HUBLI ELECTRICITY SUPPLY COMPANY LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements"). In consideration of the revised financial statements adopted by the Board of Directors on 14.11.2022, we are issuing this revised report, which supersedes our earlier report dated 24.08.2022.

In our opinion, except for the effect on the financial statements of the matter described in the basis of qualified opinion paragraph, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required (except certain non-disclosures under Schedule III viz., (1) Trade payable ageing schedule with the break-up of dues to MSME and others, disputed MSME dues and disputed dues to others, (2) Trade receivables ageing schedule with required break-up under undisputed trade receivables considered good, undisputed trade receivables considered doubtful, disputed trade receivables considered good, disputed trade receivables considered doubtful, (3) Capital Work In progress (a) with the ageing schedule (b) works whose completion is overdue or has exceeded fixed cost compared to its original plan) give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its loss, and its cash flows for the year ended on that date.

Basis of Qualified Opinion:

1. Pursuant to the Government Order No. Energy/123/PSR/2022, Bangalore dated 11.03.2022 the Company has received subsidy arrears of Rs.3463.08 crore of which Rs.992.58 crore was to be adjusted against the interest free loan from Government of Karnataka (GOK) and the balance of Rs.2470.50 crore towards subsidy arrears from the year 2016-17 to 2021-22. The company has been advised to write off balance subsidy arrears from 2002-03 to 2015-16 amounting to Rs.2196.03 crore after obtaining approval from the Board. The Company has not written off the said amount in the books of accounts pending disposal of the representation with GOK. Had the write off is effected, the losses for the current year would have increased to Rs.3,489.66 crore and Negative Net worth(after considering revaluation reserve of Rs.2321.85 crore) would have increased to Rs.4191.10 crore.
2. The ledger balance ( Note 6-2-2 of the Financial statements ) relating to security deposit from customers is amounting to Rs.1012.97 crore (Previous year Rs.924.69 crore) whereas the balances in the subsidiary ledgers maintained in the software namely (R-APDRP &N soft) is showing a balance of Rs.822.54 crore. (Previous year Rs.646.73 crore). Thus, there is a difference of Rs.190.43 crore (previous year Rs.277.96 crore) in the subsidiary ledger. The company is providing interest on the ledger balance at the prevailing Bank rate as on 1<sup>st</sup> April (4.25% during the current year). As the interest is provided on the ledger balance, which is higher than the interest on subsidiary balance, the excess interest provided remains unpaid. The Company is reversing unpaid interest to the prior period income during the subsequent financial year which in effect amounts to providing interest on Subsidiary ledger balances. During 2021-22, the interest amount provided is Rs.40.50 crore (previous year Rs.41.41 crore). The company during the year has reversed a sum of Rs.8.53 crore interest unpaid of previous year to prior period income. The company has to review the existing policy of providing interest based on ledger balance and later reversing differential interest to income account and to reconcile /identify security deposit difference.

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3. As per the policy of the Company, the interest liability on the suppliers dues for delayed payment has to be provided to the extent of cases where Company expects that there will be claim from suppliers based on individual agreements. But in practice, the interest provision is made only for those cases where invoices for interest are submitted by the suppliers. Therefore the interest is not being accounted by the company in all cases. In the absence of information, we could not quantify such interest amount.
4. The company is making provision for purchase of power, interest and common O&M expenses to be shared by all ESCOMS. Provisions made at the year-end are being reversed at the beginning of new financial year. The company is not making any provisions for TDS at this stage. TDS is being deducted at the time of payment.
5. Advance from SPPCC towards UI Charges / Admin charges is long outstanding with credit balances of Rs.27.87 crore. The company has to identify and reconcile the balance. (Note 10-7-6)
6. AS28 requires the Company to recognize impairment loss where the carrying amount of asset exceeds the amount to be recovered through use or sale of assets. During the year, the Company has not separately accounted for impairment of assets.
7. In respect of amount receivable from Karnataka Power Loom Department, it is observed that the claim submitted by the company is Rs 6.54 crores as against a book balance of Rs 12.70 crores as on 31.03.2022 (Note 15-1-1). The company has not made provision for the shortfall of Rs.6.16 crore. Reconciliation between book balance and actual claim is also pending.
8. Non-reconciliation of inter unit accounts amounting to Rs.10.41 crores [Previous year Rs. (-) 18.51 crore] shown under "Other Current Assets" (Note 21-1-14). The differences are not reconciled. As the difference is not reconciled, the impact of differences in the financial statements are not ascertainable. This may result in understatement or over statement of Balance sheet and P&L items.
9. The Company undertakes several Government Scheme Electrification works. The cost is being reimbursed by Government Corporations / Civic bodies. The expenditure incurred is accounted under Head of Accounts 47.3, the aggregate amount of which is Rs.119.22 Crores as on 31.03.2022. The contributions received is accounted under separate Head of Accounts 47.3, the aggregate amount of which is Rs.110.30 Crores as on that date. The Net amount shown under other current Assets Note no.21 ( SL No. 21-1-15 ) is Rs.8.92 crores ( previous year Rs.87.59 crores ). These are the old entries, pending for reconciliation and accounting under appropriate Heads. As a result the Plant and Equipment / WIP are understated.
10. An amount of Rs.11.09 Crore being Service Tax liability was 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 electrical connections as per the Summons issued by Senior Intelligence Officer, Bengaluru on 08.09.2017. The outstanding recoverable amount is Rs.6.31 Crore for which no provision is made (Note 21-1-13 /2).
11. The liability towards late payment surcharge to UPCL vide Order dated 08.02.2022 of Hon'ble Supreme Court is not quantified and provided for. (Note 9- SI No.5)

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of

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

**Matters of Emphasis:**

1. The company is incurring continuous losses from the past years and its net worth is negative. The Management contends that HESCOM is engaged in distribution of basic utility, wholly owned by Government of Karnataka (GOK) and has adequate support from GOK from time to time by way of subsidies and equity participation. Hence the management confirms that the company shall be a going concern.
2. Delays in capitalization of assets that are 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. We feel, there is a necessity to carry out periodical review of on-going works. 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 not quantifiable.
3. At present, operations relating to billing and collection from consumers have been computerized. In respect of other processes, transactions/records are maintained partly manual and partly through MS-excel work sheets. There is a need for maintaining financial accounts in an appropriate accounting software for ensuring accuracy and completeness of accounting records.
4. The system of transactions undertaken is primarily through divisions and zonal offices. It is observed that the company does not undertake the Branch Audits separately and the scope of work and time limitation towards statutory audit will also include the coverage of Branch Audits. It is recommended that the company has to undertake a separate Branch audits towards audit of financial statements year on year through experienced Audit firms in all divisions as a separate exercise in order to obtain more accuracy and fairness on the books of accounts of the company.
5. The Company has created Deferred Tax Asset to the extent of Rs.232.97 crore during the year. The cumulative Deferred Tax asset outstanding as on 31.03.2022 is Rs.381.31 crore. The possibility of adjustment of Deferred Tax Asset in future years is remote in the background of profit earning possibility of the Company in the foreseeable future.

**Management's responsibility for the financial statements**

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

In preparing the 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



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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.

The 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, 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 SAs 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 financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.
- 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 not responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Company'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 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.
- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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**

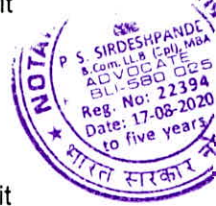
1. As required by the **Companies (Auditor's Report) Order, 2020** ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies

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Act, 2013, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) 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;
- d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above in our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- e) In terms of Notification no. G.S.R. 463 (E) dated 05-06-2015 issued by Ministry of Corporate Affairs, the Provisions of Section 164(2) of the Act, 2013 in respect of disqualification of directors are not applicable to the Company;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
- g) Since the provisions of Section 197 of the Act does not apply to the Company, reporting requirements under Section 197(16) of the Act is not applicable.
- h) The matters described in the Basis for Qualified Opinion section above, in our opinion, may not have an adverse effect on the functioning of the Company.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us.
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Note- 29-1-1-2/3/4 and Note12A )
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There is no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. a. The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



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- b. The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year ended 31 March 2022.
3. On the basis of such checks of the books and records of the Company, as we considered appropriate and according to the information and explanations given to us, we are enclosing our report in terms of Section 143(5) of the Act, on the directions and sub directions issued by the Comptroller and Auditor General of India in "Annexure C".

**For Abarna & Ananthan  
Chartered Accountants**  
Firm Registration No: 000003S

  
**S. Ananthan  
Partner**

Membership No: 026379

UDIN: 22026379BDCKOJ4482

Place: Hubli

Date: 14/11/2022



  
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**Annexure "A" to the Independent Auditor's Report**

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report to the members of HUBLI ELECTRICITY SUPPLY COMPANY LIMITED of even date)

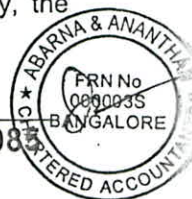
1. (a) (A) The Company has not maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
(B) The Company has not maintained proper records showing full particulars of intangible assets.  
(b) The company has not conducted the physical verification of Property, Plant and Equipment during the year, 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) 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. The Company has to build-up the property asset register along with the details of date of acquisition, cost incurred, measurements, Khatha certificates, etc. for each immovable property. The original title deeds of the property except those purchased during the year were not made available for verification.  
(d) The company during the year has revalued its Land Assets (excluding buildings) by engaging an independent valuer for the first time. The opening balance of free hold land which was at Rs.25.07 crore, with the properties purchased during the year amounting to Rs.1.52 crore stand increased by revaluation addition of Rs.2321.85 crore to Rs.2348.44 crore. (Note 12A/12-1). However, the revaluation has not been carried by a Registered Valuer as defined under Rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017.  
(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
2. (a) 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.  
(b) The Company has been sanctioned working capital limits in excess of Rs.5 crores in aggregate from Banks during the year on the basis of security of current assets of the Company. The statements filed by the Company with such Banks are in agreement with the books of accounts of the Company.
3. Based on our examination of records and according to the information and explanation given to us, the Company during the year has not made investment, provided any guarantee or granted any loans or advances in the nature of loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or any Other Parties. Accordingly, reporting under clause 3(iii) of the Order is not applicable
4. In our opinion and according to the information and explanations given to us, the Company has not given any loan or made any investments or given any guarantee or security in respect of which the provisions of the sections 185 and 186 of the Act are applicable. Hence, reporting under clause 3(iv) of the Order is not applicable.
5. In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

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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. In respect of Statutory dues:

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, Goods and service tax, cess and other material statutory dues have been generally regularly deposited during the year by the company with the appropriate authorities.

According to the information and explanations given to us there were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at 31st March 2022 for a period of more than six months from the date they became payable except the following: -

Name of the Statute	Nature of dues	Amount in Crores	Period to which amount relates	Due date	Date of Payment
Goods and Service Tax	Penalty and Interest *(Interest not quantified)	1.84*	Various periods	Various dates	Not Paid
Income Tax Act, 1961	Tax Deducted at Source	1.44	Various periods	Various dates	Not Paid



(b) According to the information and explanations given to us, there are no dues of Provident Fund, Employees State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess which have not been deposited with the appropriate authorities on account of any dispute.

8. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
9. (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanation given to us, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds during the year from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.



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**CHARTERED ACCOUNTANTS  
ABARNA & ANANTHAN**

- 10 (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Hence, reporting under clause 3 (x)(a) of the Order is not applicable to the Company.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable
- 11 (a) According to the explanations given to us, fraud [Cash misappropriation] on the company by its officers / employees in Athani D O with connivance of the contractors has been noticed during the year. The amount quantified internally pertaining to fictitious works is Rs.34.03 crore, and unauthorised works done without following procedures is quantified at Rs.80.60 crore. Besides this, it is observed at Akki Alur Accounts office, there is misappropriation of Rs.0.11 crore due to adjustments done in consumers accounts in violation of rules..
- (b) No report under sub-section (12) of section 143 of the Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of report.
12. In our opinion, the Company is not a Nidhi Company. Hence, reporting under clause 3(xii) of the Order is not applicable.
13. 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 all transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. 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.
15. 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 them. Hence, reporting under clause 3(xv) of the Order is not applicable.
16. (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities, hence, reporting under clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) (c) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) (d) of the Order is not applicable to the Company.
17. The Company has incurred cash losses amounting to Rs 988.37 Crores and Rs.2235.52 Crores during the financial year and the immediately preceding financial year respectively.
18. There has been no resignation of the statutory auditors of the Company during the year.



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HESCOM, HUBLI

*[Signature]*  
CONTROLLER (A&R)  
HESCOM, HUBLI

**CHARTERED ACCOUNTANTS  
ABARNA & ANANTHAN**

19. On the basis of the financial ratios disclosed in the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
20. In our opinion and according to the information and explanations given to us, the provisions of Section 135 of the Act are not applicable to the Company. Hence, reporting under clause 3(xx) of the Order is not applicable.

**For Abarna & Ananthan  
Chartered Accountants**  
Firm Registration NO: 000003S

  
**S Ananthan  
Partner**



Membership No: 026579

UDIN: 22026379BDCKOJ4482

Place: Hubli

Date: 14/11/2022



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**CONTROLLER (A&R)  
HESCOM, HUBLI.**

**Annexure B - to the Independent Auditor's Report  
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 2022 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 Act.

**Auditor's 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 the ICAI and deemed to be prescribed under Section 143(10) of the Act, 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 ICAI. 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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 over financial reporting.



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

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- b) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Basis of Qualified Opinion:**

According to the information and explanation given to us and based on our audit, the following material weaknesses have been identified as at March 31<sup>st</sup> 2022.

1. The company does not have operational functionalities in place to determine the budgeted collections, sales and completion of projects.
2. 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.
3. 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.
4. 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. The company does not have suitable computerized system in respect of financial accounting, payroll, inventory, CAPEX, etc., impacting reliability, grouping, and adequate disclosure of financial transactions.
5. Absence of control processes like physical verification of Property, Plant and Equipment and documents thereof, setting off of balances in similar account codes with other divisions and periodic review of bank reconciliations in case of non-operative accounts.



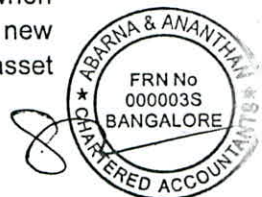
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6. There was no evaluation of internal financial controls and risk management systems by audit committee of the company as required by section 177(4) of Companies act 2013. The company does not have risk management policy.
7. The company does not have the procedure of obtaining confirmation of balances from parties in respect of Trade payable, Trade Receivable, Advances and Receivables. In view of this, we are not in a position to verify the correctness or otherwise of the balance of Trade Payable, Trade Receivable, Advances and Receivables.
8. The company does not have the procedure of adequate disclosures in respect of Trade payables, Trade Receivables and Capital Work in progress as required by Schedule III to the Companies Act, 2013.
9. The company does not have the procedure of updating of the accounts manual adopted / followed and laying down comprehensive procedures for accounting.
10. The Company does not have any computerized application system in Financial accounting, payroll, expenses /Income, Assets/Liabilities, inventory, Capex and consolidation process of all divisions. There is a high risk of having inherent financial control weakness and disclosure of financial transactions thereon.
11. Accounting Standard 10 "Property, Plant & Equipment" having an effect on depreciation charged and carrying amount of fixed assets in the financial statements due to:
  - Substantial delays in capitalization of assets put to use included in capital work in progress have been observed. As per the policy of the company, the inventory under CWIP will be capitalized on receipt of completion certificate. We have observed that there are entries outstanding beyond 15 years and the capital asset under use might have exceeded the useful life. The gross value of CWIP as on 31.03.2022 is Rs.315.47 crore (Previous year Rs.357.69 crore). The company does not have a definite timeline for capitalization of assets under CWIP. Consequently, some of the works are continued in CWIP pending completion certificate though the assets are put to use or impaired. The company has identified completed works to be categorized amounting to Rs.78.35 crore as on 31.03.2022. ( Note 12c)
  - An amount of Rs.60.69 crores comprising 273 work orders included in CWIP remains to be related to opening balances and no expenditures are incurred during the current financial year 2021-22. Such items need review for capitalization or impairment.
  - Depreciation on assets transferred from CWIP is charged prospectively over the residual life of the asset as per Depreciation policy considering as though such entries are new assets. Due to inadequacy of information, we are not in a position to quantify the depreciation not provided for all these years and its impact on P&L account of the company.
  - The company is capitalizing the reconditioned assets at the carrying cost of the original asset (at which such assets were transferred to current assets) when retired from active use initially. The depreciation is being charged as if it is new asset put to use. There is a possibility of continuing the useful life of the asset beyond the original useful life.



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- 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.

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 maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively except for the points stated above in paragraph Basis for qualified opinion as of March 31, 2022, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2022 financial statements of the company and the material weakness has affected our opinion on the financial statements of the company and we have issued a qualified opinion on the financial statements.

**For Abarna & Ananthan  
Chartered Accountants**

Firm Registration No: 000003S



**S Ananthan  
Partner**

Membership No: 026379

UDIN: 22026379BDCKOJ4482

Place: Hubli

Date: 14/11/2022



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**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. The accounting system is maintained in Excel macros and consolidated at HO level. In the absence of Integrated Accounting Software with built in controls, risk of integrity of Accounting records is higher.
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.	<p>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.</p> <p>As per GO dated 11.03.2022 GOK Interest free loan amount of Rs. 992.58 Cr(out of Rs. 1900 Cr) is adjusted to Subsidy Arrears payable to HESCOM by GOK .</p> <p>As at the end of 31.03.2022, the Company has repaid loan amount of Rs.90 Crores to KREDL out of Rs. 210 Cr which is overdue for the year.</p> <p>However, the remaining balance of Rs. 115 Cr is repaid to KREDL on 24.06.2022 and there is no outstanding loan amount payable to KREDL.</p> <p>In other cases the company has been regularly repaying Principal and Interest.</p>
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.	<p>Yes. Funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions.</p> <p>It is observed that the company doesn't maintain separate Bank accounts for the funds received from Central/State government except for schemes IPDS, DDUGJY, R-APDRP and NJY.</p> <p>Also the company does not maintain project wise track in the books of accounts. The utilization certificates submitted to the Government authorities therefore cannot be matched item wise in the books of accounts.</p>



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**Additional Company Specific Directions:**

Sl. No.	Directions	Response
a	All the items with regard to Cash and Bank balances as in the Annexure-1 shall be verified and report the cases of specific non-compliances. Details of unexplained balances/balances operated under suspense head may also be examined.	No such cases of suspense head is observed. The other points as per the Annexure -1 is reported.
b	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 (R-APDRP) 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 through periodic test check undertaken by Section Officers/Sub-Divisional Officers.  It is observed that the Internal Audit on Revenue is completed in respect to LT Category upto 2018-19 and HT Category upto 2020-21.
c	Comment on the confirmation of the balances of receivables and payables and advances and other similar balances and whether an effective mechanism for reconciliation of the same exists.	Periodic reconciliations of receivables / payable balances have not been documented and hence we are unable to comment on the same.  Yes.
d	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	As per the KERC order, an amount of Rs.123.87 crores (vide note No.22-1-2) has been adjusted for the year 2021-22 as per the billing period.
e	Whether system of monitoring the execution of works in case of sub-stations and lines vis-à-vis the milestone stipulated in the agreement is in existence and the impact of cost escalation, if any, abandoned projects, if any, revenues/losses from contracts, etc., have been properly accounted for in the books.	The company does not have a monitoring system for recognising such events. On occurring of any such event, the company is accounting the same in the books.



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**Annexure-1**

Sl. No.	Items in Check list	Remarks
1	Whether all Banks Accounts /Fixed Deposits have been opened with banks/proper authorization and approvals as per the aforesaid delegation of powers?	Yes.
2	Whether there was a periodical system of preparation of Bank reconciliation statement and whether they were produced for verification to audit?	Yes, the Resource Section and all the accounting units of the company periodically prepare the BRS. The sub division and divisions at all levels are maintaining BRS and duly verified by Internal Auditor. The BRS were produced for verification to audit in Division levels. The sub division BRS are relied upon the certification by the Internal Auditors.
3	Whether Bank reconciliation of the Main account and all subsidiary bank accounts were done?	Yes.
4	Was the authorization to operate the bank accounts were given to a single signatory?	No, In divisions, the operations are done by Accounts officer and Assistant Accounts officer. In HO, the operations are done by DCA and AO.
5	Whether the interest for the entire duration of Fixed Deposits was accounted in the books of accounts?	Yes.
6	Whether physical verification of cash has taken place periodically?	As per information provided, the cash is physically verified by the internal audit team and any shortage is reported for recovery and action.
7	Whether the cash in hand as shown in the Balance Sheet tallies with the certificate of physical verification of cash?	There is a system of verification of cash in hand and to incorporate certificate in the cash book during month end in all the accounting units.
8	Is there a register of Fixed Deposits showing amounts, maturity dates, rates of interest and dates for payment of interest?	Yes.
9	Is there a follow-up system to ensure that interest on Fixed Deposits is received on due dates?	Yes.



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**CHARTERED ACCOUNTANTS  
ABARNA & ANANTHAN**

10.	Is there a follow-up system to ensure that transfer of matured amount of Fixed Deposits is done without any delay?	The FDs maintained are auto renewed by Banks.
11.	Whether bank confirmation statements are obtained periodically from the banks for all accounts: SB accounts, Current Accounts and Fixed deposits?	Yes.
12.	Whether confirmations of balances in respect of all bank balances tally with the Bank statements?	Yes, differences if any are reconciled.
13.	Whether Fixed Deposits and interest as per Fixed Deposits Register tally with the confirmation/certificate issued by the bank?	Yes.
14.	Whether the confirmation statements received from banks are authenticated and in the letter head by the bank?	Yes.
15.	In case of any difference observed in the above check, whether the same was adjusted in the subsequent year?	The differences are reconciled and adjusted or taken up for rectification with bank.
16.	Whether external confirmations were obtained from Banks in the test checked cases, if so details thereof with.	No such external confirmations were obtained by us and we have relied on the confirmations obtained by the company and based our opinion on the internal audit certifications.
17.	Whether any of the aforesaid lapses were brought out in the Report of the Internal Financial controls by the Statutory Auditor, if not, whether Audit Enquiry was issued?	In case of differences in balances, the same are reconciled and accounted.

**For Abarna & Ananthan  
Chartered Accountants**

Firm Registration No: 000003S



**S Ananthan  
Partner**

Membership No: 026379

UDIN: 22026379BDCKOJ4482

Place: Hubli

Date: 14/11/2022



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*S. Ananthan*  
**CONTROLLER (A&R)  
HESCOM, HUBLI**



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

Balance Sheet as at 31st March 2022

Sl. No.	Particulars	Note No.	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
I	<b>EQUITY AND LIABILITIES:</b>			
1	<b>Shareholders' funds</b>			
	(a) Share Capital	3	2,05,042.41	1,55,423.78
	(b) Reserves and Surplus	4	(4,05,241.37)	(5,07,691.19)
			<b>(2,00,198.96)</b>	<b>(3,52,267.41)</b>
2	<b>Share Application money pending allotment</b>		<b>691.94</b>	<b>48,158.93</b>
3	<b>Non-Current Liabilities</b>			
	(a) Long-Term Borrowings	5	5,86,768.44	7,01,700.95
	(b) Other Long-Term Liabilities	6	1,07,868.44	98,825.32
	(c) Long-Term Provisions	7	16,013.68	15,506.90
			<b>7,10,650.55</b>	<b>8,16,033.18</b>
4	<b>Current Liabilities</b>			
	(a) Short-Term Borrowings	8	1,41,749.33	1,10,183.93
	(b) Trade Payables	9	5,74,368.15	5,39,336.32
	(c) Other Current Liabilities	10	87,999.82	1,04,666.59
	(d) Short-Term Provisions	11	3,254.55	3,083.94
			<b>8,07,371.85</b>	<b>7,57,270.77</b>
	<b>TOTAL</b>		<b>13,18,515.38</b>	<b>12,69,195.47</b>
II	<b>ASSETS:</b>			
1	<b>Non-Current Assets:</b>			
	(a) Property, Plant and Equipment and Intangible Assets:			
	(i) Property, Plant and Equipment	12A	7,25,777.38	4,59,490.71
	(ii) Intangible Assets	12B	818.47	665.30
	(iii) Capital Work-in-Progress	12C	23,987.50	34,414.46
			<b>7,50,583.36</b>	<b>4,94,570.48</b>
	(b) Non-Current Investments	13	1,401.00	1,401.00
	(c) Deferred Tax Assets (net)	13A	38,131.37	14,834.29
	(d) Long-Term Loans and Advances	14	21,443.41	16,493.74
	(e) Other Non-Current Assets	15	1,19,724.52	62,976.79
			<b>9,31,283.65</b>	<b>5,90,276.30</b>
2	<b>Current Assets</b>			
	(a) Current Investments	16	-	-
	(b) Inventories	17	16,310.21	15,813.48
	(c) Trade Receivables	18	1,82,998.18	1,83,058.93
	(d) Cash and Cash Equivalents	19	7,136.24	8,112.93
	(e) Short-Term Loans and Advances	20	1,073.90	794.40
	(f) Other Current Assets	21	1,79,713.21	4,71,139.42
			<b>3,87,231.74</b>	<b>6,78,919.17</b>
	<b>TOTAL</b>		<b>13,18,515.38</b>	<b>12,69,195.47</b>

See Notes from '1' to '31' forming part of the Financial Statements.

For and on behalf of the Board of Directors

(Raghavendra Kotemane)  
Company Secretary

(Patil Prakash)  
Director (Finance)

(Shrikant M. Sasalatti)  
Director (Technical)

(D. Bharati, IAS)  
Managing Director

As per our Audit Report of even date.

Place : HUBBALLI

Date : 14/11/2022



For ABARNA & ANANTHAN  
CHARTERED ACCOUNTANTS  
Firm Reg. No.: 000003S

PARTNER : S ANANTHAN  
MEMBERSHIP No.: 026379



CONTROLLER (A&R)  
HESCOM, HUBLI

1984, 11/11/2022  
CONTROLLER (A&R)  
HESCOM, HUBLI



M/s. HUBLI ELECTRICITY SUPPLY COMPANY LIMITED

PB ROAD, NAVANAGAR, HUBBALLI - 580 025.

Statement of Profit and Loss for the year ended 31st March 2022

Sl. No.	Particulars	Note No.	For the year ended	For the year ended
			31st March 2022	31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
	<b>Income:</b>			
1	Revenue from Operations	22	8,80,438.36	7,83,001.63
2	Other Income	23	30,236.29	32,004.60
3	<b>Total Income (1+2)</b>		<b>9,10,674.65</b>	<b>8,15,006.23</b>
	<b>Expenditure:</b>			
4	(a) Purchase of Power	24	8,60,900.12	7,05,991.63
	(b) Employee Benefits Expense	25	98,497.53	93,704.79
	(c) Finance Costs	26	1,00,434.45	1,12,999.92
	(d) Depreciation and Amortisation Expense	27i	30,490.70	25,408.93
	(e) Administrative and Other Expenses	27ii	35,528.57	26,320.91
	<b>Total Expenditure (a+b+c+d+e)</b>		<b>11,25,851.37</b>	<b>9,64,426.17</b>
5	<b>Loss before exceptional and extraordinary items and tax (3 - 4)</b>		<b>(2,15,176.72)</b>	<b>(1,49,419.95)</b>
6	Prior Period Income	28	12,595.40	18,817.04
7	Prior Period Expenses	28	(6,494.52)	(4,610.60)
8	<b>Loss before extraordinary items and tax (+/- 5 to 7)</b>		<b>(2,09,075.85)</b>	<b>(1,35,213.50)</b>
9	Regulatory Asset	28a	56,416.12	(1,28,646.79)
10	<b>Loss before tax (8 ± 9)</b>		<b>(1,52,659.73)</b>	<b>(2,63,860.29)</b>
	Deferred tax (Asset)	28b	23,297.08	14,834.29
11	<b>Loss for the year</b>		<b>(1,29,362.65)</b>	<b>(2,49,026.00)</b>
12	<b>Earnings Per Share (of Rs. 10/- each):</b>			
	Basic & Diluted	30	(6.31)	(16.02)

See Notes from '1' to '31' forming part of the Financial Statements.

For and on behalf of the Board of Directors

  
(Raghavendra Kotemane)  
Company Secretary

  
(Patil Prakash)  
Director (Finance)

  
(Shrikant. M. Sasalatti)  
Director (Technical)

  
(D. Bharati, IAS)  
Managing Director

As per our Audit Report on even date

For ABARNA & ANANTHAN  
CHARTERED ACCOUNTANTS  
Firm Reg. No.: 000003S

  
PARTNER : S ANANTHAN  
MEMBERSHIP No.: 026379

Place: Hubballi  
Date: 14/11/2022



  
CONTROLLER (A&R)  
HESCOM, HUBLI



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

Cash Flow Statement for the year ended 31st March 2022

Sl. No.	Particulars	For the year ended 31st March 2022		For the year ended 31st March 2021	
		Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
1	<b>Cash flow from operating activities</b>				
1-1	Net Profit / (Loss) before tax	(1,52,659.73)		(2,63,860.29)	
1-2	Depreciation and amortisation	30,490.70		25,408.93	
1-3	Provision for Bad and Doubtful Debts	912.09		832.66	
1-4	Loss on sale of assets	35.37		66.70	
1-6	Finance costs	1,00,434.45		1,12,999.92	
1-7	Provision for Leave Encashment & FBF	2,033.18		4,067.56	
1-8	Bonus/Exgratia Payable	677.99		688.59	
1-9	Provision for Retirement Benefits	26,163.68		27,437.46	
1-10	Material Cost Variance	(372.11)		19.71	
1-11	Interest income	(109.76)		(100.26)	
	<b>Operating profit / (loss) before working capital changes(i)</b>		<b>7,605.86</b>		<b>(92,439.01)</b>
2	<b>Changes in working capital:</b>				
	Adjustments for (increase) / decrease in operating assets:				
2-1	Inventories	(496.72)		(649.87)	
2-2	Trade receivables	(851.34)		(11,559.20)	
2-3	Short-term loans and advances	279.50		(357.84)	
2-4	Long-term loans and advances	(4,949.66)		7,213.21	
2-5	Other current assets	2,91,277.44		(16,126.68)	
2-6	Other non-current assets	(1,13,163.85)		1,32,843.35	
	Adjustments for increase / (decrease) in operating liabilities:				
2-7	Trade payables	35,031.83		(51,311.94)	
2-8	Other current liabilities	13,955.60		(55,995.05)	
2-9	Other long-term liabilities	(9,043.12)		5,380.41	
2-10	Short-term provisions	170.61		177.98	
2-11	Long-term provisions	506.77		2,608.35	
	<b>Total (ii)</b>		<b>2,12,717.08</b>		<b>12,222.72</b>
	<b>Net cash flow from / (used in) operating activities A = (i + ii)</b>		<b>2,20,322.94</b>		<b>(80,216.29)</b>
3	<b>Cash flow from investing activities</b>				
3-1	Capital expenditure on fixed assets, including capital advances	(77,837.81)		(1,11,067.42)	
3-2	Decrease in Capital WIP	10,426.96		33,542.02	
3-3	Proceeds from sale of fixed assets	38.29		30.64	
	<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(67,372.56)</b>		<b>(77,494.76)</b>
4	<b>Cash flow from financing activities</b>				
4-1	Proceeds from shares Deposits	2,151.64		27,596.71	
4-2	Proceeds from long-term borrowings	1,42,398.84		3,52,867.80	
4-3	Repayment of long-term borrowings	(2,43,965.53)		(1,14,185.41)	
4-4	Deposits and contributions from consumers	14,281.93		12,351.57	
4-5	Preliminary Expense	75.10		(49.10)	
4-6	Net increase / (decrease) in working capital / Short Term Borrowings	31,565.40		(3,941.21)	
4-7	Finance cost	(1,00,434.45)		(1,12,999.92)	
	<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(1,53,927.07)</b>		<b>1,61,640.44</b>
	<b>Net increase / (decrease) in Cash and cash equivalents D = (A + B + C) = (F - E)</b>		<b>(976.69)</b>		<b>3,929.39</b>
5	Cash and cash equivalents at the beginning of the year (E)		8,112.93		4,183.54
	Cash and cash equivalents at the end of the year		7,136.24		8,112.93
	Cash and cash equivalents as per Balance Sheet (Refer Note 19)		7,136.24		8,112.93
	<b>Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19</b>		<b>7,136.24</b>		<b>8,112.93</b>
	Cash and cash equivalents at the end of the year (F)		7,136.24		8,112.93
6	Cash on hand		1,949.48		1,334.28
7	In current accounts		1,480.85		4,297.98
8	In deposit accounts		3,705.91		2,480.68
			<b>7,136.24</b>		<b>8,112.93</b>

See Notes from '1' to '31' forming part of the Financial Statements.

For and on behalf of the Board of Directors

(Raghavendra Kotemana)  
Company Secretary

(Patil Prakash)  
Director (Finance)

(Shrikant. M. Sasalatti)  
Director (Technical)

(D. Bharati, IAS)  
Managing Director

As per our Audit Report of even date

For ABARNA & ANANTHAN  
CHARTERED ACCOUNTANTS  
Firm Reg. No.: 000003S

PARTNER : S ANANTHAN  
MEMBERSHIP No.: 026379

Place: Hubballi  
Date: 14/11/2022



CONTROLLER (A&R)  
HESCOM, HUBLI



M/s. HUBLI ELECTRICITY SUPPLY COMPANY LIMITED

PB ROAD, NAVANAGAR, HUBLI - 580 025.

Notes to the Financial Statements for the year ended March 31, 2022

Notes	Particulars
1	<p><b>General information of the Company:</b></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. The registered office of the company is located at PB Road, Navanagar, Hubli - 580 025. 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. The Principal activities of the Company is to engage in distribution of Power .</p>
2	<p><b>Significant Accounting Policies:</b></p>
2.1	<p><b>Basis of accounting and preparation of financial statements</b></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 financial 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. 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 2021-22.</p>
2.2	<p><b>Use of estimates</b></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><b>Inventories</b></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&amp;M Schedule of Rates).</p>
2.4	<p><b>Cash and cash equivalents (for purposes of Cash Flow Statement)</b></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><b>Cash flow statement</b></p> <p>Cash flows are prepared in accordance with the indirect method prescribed in Accounting Standard-3.</p>



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Notes	Particulars
2.6	<p><b>Property, Plant and Equipment:</b></p> <p><b>2.6.1.</b> Fixed assets are shown at their historical costs (except Land Assets) 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><b>2.6.2</b> Assets (except Land 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><b>2.6.3</b> 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 &amp; Loss Account.</p> <p><b>2.6.4</b> 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><b>2.6.5</b> Released assets are valued at W.D.V., Scrapped assets are valued at scrap rate indicated in the Schedule of rates.</p> <p><b>2.6.6</b> Land Assets are being Revalued at current market price through a Registered Valuator as on 31.03.2022. The Accounting Policy towards accounting of Land Assets has been changed from Historical Cost to Current Market Value duly getting approval at the 99th Board of Directors meeting held in Corporate Office, HESCOM, Hubli on 11th Feb, 2022.</p> <p><b>2.6.7 CAPITAL WORK-IN-PROGRESS</b> 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&amp;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><b>Depreciation and amortisation</b></p> <p><b>2.7.1</b> 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 &amp; the CERC Tariff Regulations 2009, Annexure III.</p> <p><b>2.7.2</b> 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 &amp; the CERC Tariff Regulations 2009, Annexure III.</p> <p><b>2.7.3</b> Depreciation on leasehold land is provided for the years on amortization rates arrived at on the basis of lease period.</p> <p><b>2.7.4</b> Depreciation on fixed assets is provided up to 90% of the original cost of the asset.</p> <p><b>2.7.5</b> 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).</p> <p><b>2.7.6</b> Depreciation is not provided on the assets created through capital grants.</p>



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Notes	Particulars
	<p><b>2.7.7</b> Depreciation is provided from the month of commissioning of the assets</p> <p>i) Depreciation on newly commissioned assets is charged for the whole month irrespective of the date of commissioning in that month.</p> <p>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> <p><b>2.7.8</b> Amortization on Software is recognised on Staright Line basis over their estimated useful lives i.e., period of agreement or license term and in the absence of license the cost is amortised in 3years period.</p>
2.8	<p><b>Receivables Against Supply of Power.</b></p> <p>Receivables against supply of power activity relates Sale of Power various categories of LT, HT Consumer.</p>
2.9	<p><b>Revenue recognition</b></p> <p><b>Sale of goods</b></p> <p>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 taxes.</p> <p><b>Income from services</b></p> <p>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.</p> <p>The revenue from sale of energy of HESCOM is as per the tariff fixed by Karnataka Electricity Regulatory Commission (KERC) from time to time.</p> <p>Revenue from sale of energy of HESCOM is as per Tariff Fixed by Karnataka Electricity Regulatory Commission (KERC) from time to time.</p> <p>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><b>Other income</b></p> <p>Bank Deposit Interest income is accounted on accrual basis.</p> <p>Dividend income is accounted for when the right to receive it is established.</p> <p>Income /Fees/Collections Against Staff Welfare Activities is accounted on receipts basis.</p>
2.11	<p><b>Government grants, subsidies and export incentives</b></p> <p>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 &amp; Loss A/c.</p> <p>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>



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Notes	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><b>Investments</b></p> <p>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><b>Employee benefits</b></p> <p><b>a. Short term employee benefits</b> 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>b. Defined contribution plans</b></p> <p>Employee benefit under defined contribution plans comprising of pension fund and gratuity fund for employees enrolled on or after 01.04.2006 are recognized based on the amount of obligation of the Company to contribute to the plan (Employee's contribution is 10% of the Basic Pay + Dearness Pay + Dearness Allowance, whereas Employer's contribution is 14% of the Basic Pay + Dearness Pay + Dearness Allowance with effect from 01.04.2019). The same is paid to KPTCL/ESCOMs NDCPS Trust and expensed during the year through statement of Profit and Loss.</p> <p>In respect of employees who have joined HESCOM after 01.04.2006, provision for contribution to KPTCL/ESCOMs NDCPS Family Pension and Gratuity Trust is made on the formula evolved by the Trust based on the actuarial valuation undertaken by KPTCL/ESCOMs NDCPS Family Pension and Gratuity Trust. Any revision in contribution rates due to actuarial valuation by the Trust is accounted as per the intimation by the Trust to the Company.</p> <p>As the Company contribution is collected and administrated by the Trust, the NDCPS Family Pension and Gratuity benefits are paid to the beneficiaries on a pay-as-you-go basis.</p> <p><b>C. Defined benefit plans</b></p> <p>In respect of Pension and Gratuity, contribution to KPTCL/ ESCOM's , Pension &amp; Gratuity Trust is made based on the Actuarial Valuation.</p> <p>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>



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Notes	Particulars
	<p><b>(i) Short-term employee benefits</b></p> <p>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><b>(a)</b> in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and</p> <p><b>(b)</b> in case of non-accumulating compensated absences, when the absences occur.</p>
	<p><b>(ii) Long-term employee benefits</b></p> <p>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>
2.14	<p><b>Segment reporting</b></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><b>Earnings per share</b></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><b>Taxes on income</b></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>

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Notes	Particulars
	<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><b>Research and development expenses</b></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><b>Provisions and contingencies</b></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><b>PROVISIONS FOR BAD &amp; DOUBTFUL DEBTS</b></p> <p>Provision for bad and doubtful debts is made on the actual amount of arrears considered as bad &amp; doubtful on case-to-case basis</p>
2.20	<p><b>Share issues expenses</b></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>



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

**Note 3 Share Capital:**

SI No	Particulars	A/C Code	As at 31st March 2022		As at 31st March 2021	
			Number of shares in Lakhs	Amount in Lakhs	Number of shares in Lakhs	Amount in Lakhs
3-1	Authorised Equity shares of ` 10 each with voting rights		55,000.00	5,50,000.00	20,000.00	2,00,000.00
3-2	Issued Equity shares of ` 10 each with voting rights	52.301	20,504.24	2,05,042.41	15,542.38	1,55,423.78
3-3	Subscribed and fully paid up Equity shares of ` 10 each with voting rights		20,504.24	2,05,042.41	15,542.38	1,55,423.78
<b>Total</b>			<b>20,504.24</b>	<b>2,05,042.41</b>	<b>15,542.38</b>	<b>1,55,423.78</b>

**Notes:**

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

SI No	Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Closing Balance
	Equity shares with voting rights Year ended 31 March, 2022					
3-1-1	- Number of shares	15,542.38	4,961.86	-	-	20,504.24
3-1-2	- Amount (Rs)	1,55,423.78	49,618.63	-	-	2,05,042.41
	Year ended 31 March, 2021					
3-1-3	- Number of shares	15,542.38	-	-	-	15,542.38
3-1-5	- Amount (Rs)	1,55,423.78	-	-	-	1,55,423.78

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

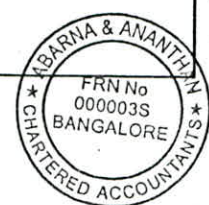
SI No	Class of shares / Name of shareholder	A/C Code	As at 31st March 2022		As at 31st March 2021	
			Number of shares held in Lakhs	% holding in that class of shares	Number of shares held in Lakhs	% holding in that class of shares
3-2-1	Equity shares with voting rights Governor of Karnataka		20,503.74	99.9976%	15,541.88	99.9976%

Board of Directors of HESCOM at its 99th meeting held on 11.02.2022 accorded its approval to allot 49,61,86,300 Nos. of shares of Rs.10/- each amounting to Rs.4,96,18,63,000/- (Rupees Four Hundred Ninety Six Crores Eighteen Lakhs Sixty Three Thousand only) being the equity given by Govt. of Karnataka towards capital projects of HESCOM in favor of his Excellency, Governor, State of Karnataka duly approving stamp duty, for issue of shares, amounting to Rs.24,80,931.50 (Rupees Twenty Four Lakhs Eighty Thousand Nine Hundred and Thirty One and Fifty Paise only).

(iii) Details of Shareholding pattern of promoters:

Shares held by Promoters at the end of the year:

Sl. No.	Promoter Name	No. of Shares	%age of Total Shares	% Change during the year
1	His Excellency Governor of Karnataka	2,05,03,74,100	99.9976%	No change in %age holding during the year.
2	Sri. G. Kumar Naik, IAS Additional Chief Secretary to Government, Energy Department, (Representative of His Excellency, GoK) & Chairman, HESCOM	49,994	0.0024%	
3	Smt. D. Bharathi, IAS Managing Director	1	0.0000%	
4	Smt. Aparna Pavate, Director	1	0.0000%	
5	Sri. B. Manjunath, Director (Finance)	1	0.0000%	
6	Sri. N. V. Bhuvaneshwaraiah, Director	1	0.0000%	
7	Sri. T. R. Ramakrishnaiah, Director	1	0.0000%	
8	Sri. Shivaprakash. T. M., Director	1	0.0000%	
<b>Total</b>		<b>2,05,04,24,100</b>	<b>100.0000%</b>	



**CONTROLLER (A&R)**  
**HESCOM, HUBLI.**

## (iv) Details of Authorised Share Capital:

Sl.No	Year	Authorised Share Capital in Lakhs	Reference
1	2002-03	100	Company was incorporated with a share capital of Rs.100 Lakhs as part of transfer scheme 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	100	
3	2004-05	25,000	2nd AGM held on 24th Dec 2004 at 1:00 PM at Registered Office of the Company Hubli Increased by Rs.24,900 Lakhs.
4	2005-06	25,000	
5	2006-07	25,000	
6	2007-08	25,000	
7	2008-09	25,000	
8	2009-10	25,000	
9	2010-11	25,000	
10	2011-12	1,00,000	9th AGM held on 28th Sep 2011 at 1:00 PM at Registered Office of the Company Hubli Increased by Rs.75,000 Lakhs.
11	2012-13	1,00,000	
12	2013-14	1,00,000	
13	2014-15	1,00,000	
14	2015-16	1,00,000	
15	2016-17	2,00,000	Extraordinary General Meeting of the Share holders of the company held on 2nd Feb 2017 at 12:00 noon at Corporate office HESCOM., Hubli Increased by Rs.1,00,000 Lakhs.
16	2017-18	2,00,000	
17	2018-19	2,00,000	
18	2019-20	2,00,000	
19	2020-21	2,00,000	
20	2021-22	5,50,000	19th AGM held on 12th Nov 2021 at 3:00 PM at Registered Office of the Company Hubli Increased by Rs.3,50,000 Lakhs.

## Scheme wise Share Capital Contribution by GoK:

Sl.No.	Scheme	Rs. In Lakhs
1	NJY	18,881.00
2	Equity contribution GoK	1,41,242.76
3	SDP	22,549.90
4	Flood Affected	2,543.00
5	UNIP	4,400.00
6	SCP/TSP	13,460.37
7	Implementation of Distribution and Automation system in Municipal Corporation area of Karnataka State	450.00
8	Development of Software	1,500.00
9	Proposed Adjustment to Net Worth	16.00
Total		2,05,043.03

## Share Application Money pending allotment represents amount received from GoK towards Share Capital:

Sl.No.	Scheme	Rs. In Lakhs
1	SDP - ENERGY 282 PSR 2021/18.03.2022	433.90
2	SCP/TSP - ENERGY 283 PSR 2021/18.03.2022	258.04
Total		691.94

Note: Share deposit amount of Rs.691.94 Lakhs is pending for Allotment.



*[Signature]*  
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**HESCOM, HUBLI**



**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 March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
.4 -1	<b>Reserve for Material Cost Variance</b>	56.610		
	Opening balance		372.11	352.40
	Add: Transferred during the year		(372.11)	19.71
	Closing balance		-	<b>372.11</b>
.4 -2	<b>Proposed Adjustments to Networth Reserve</b>	52.307,308		
	Opening balance		4,760.68	4,760.90
	Add: Additions / transfers during the year		-	(0.22)
	Closing balance		<b>4,760.68</b>	<b>4,760.68</b>
.4 -3	<b>Surplus / (Deficit) in Statement of Profit and Loss</b>	58.200		
	Opening balance		(5,12,823.98)	(2,63,797.98)
	Add: Profit / (Loss) for the year		(1,29,362.65)	(2,49,026.00)
	Closing balance		<b>(6,42,186.64)</b>	<b>(5,12,823.98)</b>
.4-4	<b>Reserve for Revaluation of Land Assets</b>	56.201		
	Opening balance		-	-
	Add: Additions during the year		2,32,184.59	-
	Closing balance		<b>2,32,184.59</b>	-
<b>Total</b>			<b>(4,05,241.37)</b>	<b>(5,07,691.19)</b>

**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.4760.68 Lakhs has been accounted under Proposed Adjustment to Net Worth.
- 2) Reserve for Material Cost Variance represents the difference between Standard Rate and Purchase rate of Materials.
- 3) During the year 2021-22, as against Material Cost Variance (Debit balance) of Rs.3013.84 Lakhs, carried forward reserve for material cost variance of Rs.372.11 Lakhs adjusted against the reserve and remaining balance of Rs.2641.73 Lakhs charged to Profit and Loss Account under Note No.: 27-ii.
- 4) The company revalued the Land Assets (excluding Buildings) by engaging an Independent valuation specialist to assess fair value as at 31.03.2022 using comparable prices adjusted for specific market factors such as nature, location and condition of the land. The valuation does not include properties under dispute.



*[Signature]*  
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**HESCOM, HUBLI.**



Note 5 Long-Term Borrowings:

SI No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
5-1	<b>Term loans (Refer Note (i) &amp; (ii) below)</b>			
	<b>From banks</b>			
	Secured	53.3, 53.9	2,71,732.29	2,74,368.67
	Unsecured	53.3, 53.9	-	-
	<b>Sub-Total</b>		<b>2,71,732.29</b>	<b>2,74,368.67</b>
	<b>From other parties</b>			
	Secured	53.3, 53.9	2,39,480.94	2,37,239.21
	Unsecured	53.3, 53.9	75,555.21	1,90,093.07
	<b>Sub-Total</b>		<b>3,15,036.15</b>	<b>4,27,332.28</b>
	<b>Total</b>		<b>5,86,768.44</b>	<b>7,01,700.95</b>

(1) Details of break-up of Secured/Unsecured Loan Balances:

SI No	Particulars	As at 31st March 2022		As at 31st March 2021	
		Secured	Unsecured	Secured	Unsecured
		Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
	<b>Term loans from banks:</b>				
5-1-1	Loan from Canara Bank, Hubli(53.981) - Secured by Govt. Guarantee & receivables	4,261.46	-	6,869.58	-
	<b>COVID - 19 Loan with GoK Guarantee:</b>				
5-1-2	Loan drawn from Bank of India (COVID-19)(53.988)	99,978.69	-	99,999.63	-
5-1-3	Loan drawn from Punjab National Bank (COVID-19)(53.989)	67,492.14	-	67,499.46	-
5-1-4	Loan drawn from State Bank of India (COVID-19)(53.990)	50,000.00	-	50,000.00	-
5-1-5	Loan drawn from Canara Bank (COVID-19)(53.991)	50,000.00	-	50,000.00	-
	<b>Total - Term loans from banks</b>	<b>2,71,732.29</b>	<b>-</b>	<b>2,74,368.67</b>	<b>-</b>
	<b>Term loans from other parties:</b>				
5-1-6	Loan from Power Finance Corporation LTD - R-APDRP Scheme(53.961) - Secured by Assets created	822.85	-	5,068.49	-
5-1-7	Loans drawn from REC in respect of ongoing SPA Scheme works by KPTCL for HESCOM(53.314) - Secured by Assets created	2,20,133.29	-	1,81,465.50	-
5-1-8	Loans Released from GoK through KPTCL towards PMGY works(53.307)	-	56.07	-	93.07
5-1-9	APDRP - GoK Loan Payable to KPTCL(53.350) - Secured by Assets created	465.21	-	1,009.21	-
5-1-10	Loan from Power Finance Corporation Ltd., - KPTCL(53.960)	-	-	32,541.57	-
5-1-11	Loans drawn from GoK towards payment of power purchase cost and transmission charges(53.984)	-	75,499.14	-	1,90,000.00
5-1-12	Loans drawn from M/s Rural Electrification Corporation Ltd. towards DDUGJY Scheme(53.986) - Secured by Assets created	13,635.25	-	13,642.98	-
5-1-13	Loan drawn from M/s Power Finance Corporation Ltd. towards IPDS Scheme(53.987) - Secured by Assets created	4,424.34	-	3,511.45	-
	<b>Total</b>	<b>2,39,480.94</b>	<b>75,555.21</b>	<b>2,37,239.21</b>	<b>1,90,093.07</b>

(2) Details of long-term borrowings guaranteed by the Government of Karnataka:

SI No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
5-2-1	Term loans of Rs 200 Crores from Canara bank is guaranteed by GoK to the extent of Rs 150 Crores	53.981	4,261.46	6,869.58
5-2-2	COVID - 19 Loan of Rs.2,675 Crs from Banks is guaranteed by the GoK	53.988, 989, 990 & 991	2,67,470.83	2,67,499.09
5-2-3	APDRP - GoK Loan Payable to KPTCL	53.350	465.21	1,009.21
5-2-4	GoK Loan towards Power Purchase cost (Unsecured)	53.984	75,499.14	1,90,000.00
	<b>Total</b>		<b>3,47,696.64</b>	<b>4,65,377.89</b>

Note:

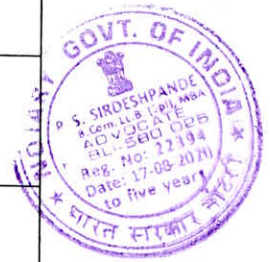
- Special Long Term Loan amount of Rs.2,67,470.83 Lakhs Guaranteed by GoK vide Order No's.: ENERGY 308 PSR 2020 Bengaluru, Dtd: 01-10-2020 and Dtd: 09-12-2020.
- The GoK Interest-free Loan towards Power Purchase Cost of Rs. 1,90,000.00 Lakhs, out of which Rs.99,258.00 Lakhs has been adjusted against the Subsidy Arrears to HESCOM as per G O No.: Energy/123/PSR/2022 Bangalore, Dated: 11.03.2022.
- For the current maturities of long-term borrowings, refer Note 4B-1 "Other current liabilities"
- The company has not defaulted payment of Principal and Interest. There are no overdues to Banks and Financial Institutions as on 31.03.2022.





STATEMENT SHOWING THE DETAILS OF LOAN BALANCES AS ON 31.03.2022

Sl. No.	Name of the Bank/Financial Institution	A/C Code	Charge Creation ID & Date	Term of Loan	No. of Installments	Repayment Term	Rate of Interest as on 31.03.2022	Opening Balance as on 01.04.2021	Loans Drawn During 2021-22	TOTAL LOANS	Repayment of Loan During 2021-22	Loan Balance as on 31.03.2022
<b>Term Loan Secured</b>												
<b>Loans from Commercial Banks</b>												
1)												
A												
1	Canara Bank-Capex (Secured by Hypothecation of against Created Asset)	53.9817/78.567	10153335/11.03.2009	3+12	48	Qly repayment & Last installment due on 31.03.2024	10.4	1,894.37	-	1,894.37	830.70	1,063.66
2	Canara Bank-Capex (Secured by Hypothecation of against Created Asset)	53.9817/78.567	10244140/20.09.2010	3+12	48	Qly repayment & Last installment due on 31.03.2025	10.65	7,428.24	-	7,428.24	1,714.45	5,713.79
3	CANARA Bank -PP (Secured by Receivables against HESCOM Revenue)	53.9777/78.563	10574552/29.06.2015	3	35	Monthly	10.2	6,062.97	-	6,062.97	6,062.97	-
4	CANARA Bank -PP (Secured by Receivables against HESCOM Revenue)	53.9777/78.563	10574552/29.06.2015	3	35	Monthly	10.2	-	3,000.00	3,000.00	-	3,000.00
5	CANARA bank/STATE BANK OF INDIA -Over Draft (Secured by Receivables against HESCOM Revenue)	50.140/50.110/78.568	-			Overdraft Account	10.2	-9,249.59	34,830.76	25,581.17	16,631.19	8,949.99
6	State Bank of India -PP (Secured by Receivables against HESCOM Revenue)	53.978/78.564	-	3	36	Monthly	10.5	3,131.44	-	3,131.44	3,131.44	-
7	SBI STL 150 CR (39626338010)	53.978/78.564	-	1	1	BULLET	10.5	15,000.00	-	15,000.00	15,000.00	-
8	SBI STL 150 CR (40265143085)	53.978/78.564	-	1	1	BULLET	10.5	-	15,000.00	15,000.00	15,000.00	-
9	SBI STL 150 CR (40653790406)	53.978/78.564	-	1	1	BULLET	10.5	-	15,000.00	15,000.00	15,000.00	-
10	SBI STL 150 Cr (40853367641) 15.03.2022	53.978/78.564	-	1	1	BULLET	10.5	-	15,000.00	15,000.00	15,000.00	-
11	SBI MTL 100 Cr (39863798098)	53.978/78.564	-	3	36	Monthly	9.7	9,166.00	-	9,166.00	3,336.00	5,830.00
12	Coze Canara Bank LTL Rs. 500 A/c No:5005 Covid Loan	53.978/78.564	-	3	3+7	Monthly	7.4	50,000.00	-	50,000.00	-	50,000.00
13	SBI LTL 500 Cr COVID Loan(3983563603)	53.978/78.564	-	3	3+7	Qly	7.7	50,000.00	-	50,000.00	-	50,000.00
14	Bank Of India 1000 Cr LTL 844965410000074 Covid Loan	53.978/78.564	-	3	3+7	Monthly	7.55	99,999.63	-	99,999.63	20.95	99,978.69
15	Punjab National Bank 500 Cr LTL 227300IC00002550 Covid Loan	53.978/78.564	-	3	3+7	Yearly	7.6	49,999.60	-	49,999.60	5.42	49,994.18
16	Punjab National Bank 175 Cr LTL 227300IC00002569 Covid Loan	53.978/78.564	-	3	3+7	Yearly	7.6	17,499.86	-	17,499.86	1.90	17,497.96
								3,00,932.52	82,830.76	* 3,83,763.28	76,838.21	3,06,925.07



*[Signature]*  
**CONTROLLER (A&R)**  
**HESCOM, HUBLI.**

LOANS FROM OTHER FINANCIAL INSTITUTIONS

B																				
1	PFIC BLC Long Term Loan PFIC 100 Cr A/c No:32624001	53.960/78.584	100053332/22.09.2016	1+15	60	Qly repayment	11.25	8,641.22	-	8,641.22	679.30	7,961.92								
2	PFIC BLC Long Term Loan PFIC 200 Cr A/c No:32624002	53.960/78.584	100086914/07.03.2017	1+15	60	Qly repayment	11	15,218.45	-	15,218.45	1,151.50	14,066.95								
3	PFIC Medium Term Loan PFIC 416 Cr A/c No:	53.960/78.584		36	36	Monthly	11.75	24,567.99	-	24,567.99	13,899.02	10,668.98								
4	PFIC IPDS	53.960/78.584				Qly repayment	10	3,511.45	1,543.20	5,054.65	278.11	4,776.54								
5	PFIC(R-APDRP Part A)	53.961/78.585	10280700/07.03.2017		64	Monthly	11.5	4,188.92	-	4,188.92	4,188.92	-								
6	PFIC(R-APDRP Part B)	53.961/78.585	10280697/29.03.2017		64	Monthly	11.5	946.46	-	946.46	56.73	889.73								
7	REC STATIONS-Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	507.17	-	507.17	446.67	60.50								
8	REC-RGGVY Scheme-Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	10.75	252.64	31.10	283.74	112.23	171.51								
9	ACSR -Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540	100027946/25.04.2016	3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	1,336.92	-	1,336.92	430.52	906.40								
10	DTC Metering -Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	6,390.03	-	6,390.03	778.54	5,611.49								
11	Additional DTC -Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	3,514.01	-	3,514.01	428.14	3,085.87								
12	IP Set -Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	36.11	-	36.11	36.11	-								
13	RIMS -Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	18.96	-	18.96	18.96	-0.00								
14	REC NY I -Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540	10327359/13.12.2017	3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	6,800.96	-	6,800.96	1,320.64	5,480.32								
15	REC NY II -Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540	10444537/29.07.2017	3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	6,772.26	-	6,772.26	1,097.54	5,674.72								
16	REC NY III-Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540	10514059/17.07.2017	3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	11,212.92	-	11,212.92	1,268.47	9,944.45								
17	11 KV Station Link Line & Reconductoring - Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	9,684.79	-	9,684.79	1,659.85	8,024.94								
18	BI/KI-Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	970.95	-	970.95	135.11	835.84								
19	UNIP -Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540	100028003/25.04.2016	3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	62,356.83	32,464.86	94,821.70	6,256.37	88,565.33								
20	UG CABLE -Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540	10525916/26.09.2017	3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	14,025.01	-	14,025.01	1,683.42	12,341.59								
21	UG CABLE BELGAVI -Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540	10525916/26.09.2017	3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	29,727.77	-	29,727.77	3,529.27	26,198.49								
22	REC THERMOGRAPHY-Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540	100049220/18.08.2016	3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	975.80	-	975.80	95.53	880.27								
23	REC NUMERICAL RELAYS IP SETS-Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	965.36	-	965.36	94.49	870.86								
24	REC STATIC METER -Capex (Secured by Hypothecation of against Created Asset)	53.314/78.540	10551711/31.01.2017	3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	17,293.26	1,399.23	18,692.49	1,544.84	17,147.65								

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CONTROLLER (A&R)  
HESCOM, HUBLI.

Notary Seal: S. SINDHIPANDE  
Notary Public  
Reg No: 22394  
Date: 17-08-2020  
to five years

25	REC GANGA KALYANA IP SETS 2016-17 -Capex (Secured by Hypothecation of against Created Assets)	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	6,134.23	-	6,134.23	600.56	5,533.68
26	REC GANGA KALYANA IP SETS 2017-18-Capex (Secured by Hypothecation of against Created Assets)	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	7,270.17	-	7,270.17	711.77	6,558.40
27	REC 33/11KV Sub Station and Constructions Athani, Balabag, Bagalkot, Dhurwad Rural	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	10.85	1,649.36	1,441.92	3,091.28	1.00	3,090.28
28	REC DDUGGY	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	10.5	13,642.98	-	13,642.98	7.73	13,635.25
29	REC PMIREA	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	11	7,112.42	-	7,112.42	6.97	7,105.45
30	REC CAPEX 2020-21	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	9.58	-	10,648.00	10,648.00	-	10,648.00
31	REC R&M	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	9.58	-	13,723.92	13,723.92	-	13,723.92
32	REC UG Cable Gokak	53.314/78.540		3+10	10 ANNUAL INSTALLMENTS	YEARLY	9.58	-	3,146.61	3,146.61	-	3,146.61
33	REC MTL Rs.150 Cr A/C No: 46115472/30.09.2019 Capex (Secured by Hypothecation of Asset)	53.314/78.540	100416674/31.12.2020	3	36	Monthly	13	7,500.00	-	7,500.00	5,000.00	2,500.00
34	REC MTL Rs.150 Cr A/C No:46115847 Capex (Secured by Hypothecation of Asset)	53.314/78.540	100416674/31.12.2020	3	36	Monthly	12.75	10,000.00	-	10,000.00	5,000.00	5,000.00
35	REC STL Rs.150 Crs. 30.08.2021 42816362 Capex (Secured by Hypothecation of Asset)	53.314/78.540	100416674/31.12.2020	3	36	Monthly	8.25	-	15,000.00	15,000.00	8,181.82	6,818.18
36	REC MTL Rs.150 Crs. 30.08.2021 42816361 Capex (Secured by Hypothecation of Asset)	53.314/78.540	100416674/31.12.2020	3	36	Monthly	8.5	-	15,000.00	15,000.00	4,375.00	10,625.00
37	REC MTL Rs.75 Cr A/C No: 4613722 moratorium period 4615001271	53.314/78.540		3 months	3 months	Monthly	11.10%	457.99	-	457.99	457.99	-
38	REC MTL Rs.150 Cr A/C No: 46115472/30.09.2019 moratorium period 4615001341	53.314/78.540		3 months	3 months	Monthly	12.50%	1,106.38	-	1,106.38	10.18	1,096.20
39	REC MTL Rs.12.06 Cr A/C No:46115847 moratorium period 4615001358	53.314/78.540		3 months	3 months	Monthly	12.75%	1,206.02	-	1,206.02	18.27	1,187.75
40	REC STL Rs.27.38 Crs. 42815848 moratorium period 4615001359	53.314/78.540		3 months	3 months	Monthly	11.80%	2,738.72	-	2,738.72	2,738.72	-
41	REC - Medium Term Loan 6.90 Cr MARCH-2017 Sh No-46113721 28.03.2018 (4616002372) 31.08.2020 II nd mrt	53.314/78.540		3 months	3 months	Monthly	11.10%	690.09	-	690.09	690.09	-
42	REC - Medium Term Loan 8.85 Cr Scheme Code 4613447/30-12-2017 (4616002282) 31.08.2020 II nd mrt	53.314/78.540		3 months	3 months	Monthly	11.10%	294.90	-	294.90	294.90	-
43	REC - Medium Term Loan 8.99 Cr Scheme Code 4613447/30-12-2017 (4616002321) 31.08.2020 II nd mrt	53.314/78.540		3 months	3 months	Monthly	11.10%	898.87	-	898.87	898.87	-
44	REC - Medium Term Loan 16.72Cr-46115472 (4616002767) 31.08.2020 II nd mrt	53.314/78.540		3 months	3 months	Monthly	12.50%	1,671.70	-	1,671.70	5.51	1,666.19
45	REC - Medium Term Loan 17.57Cr-46115847 (4616002803) 31.08.2020 II nd mrt	53.314/78.540		3 months	3 months	Monthly	12.75%	1,757.04	-	1,757.04	7.88	1,749.16
46	REC - Short Term Loan-42.22Cr-46115848 (4616002804) 31.08.2020 II nd mrt	53.314/78.540		3 months	3 months	Monthly	11.75%	4,221.98	-	4,221.98	4,221.98	-



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47	GOK APDRP SCHEME	53.350/78.591	20	20	YEARLY	11.5	1,553.21	-	1,553.21	544.00	1,009.21
48	GOK LOAN FOR POWER PURCHASE Rs1500 cr	53.9847/78.5977	3+7	14	YEARLY		1,50,000.00	-	1,50,000.00	99,258.00	50,742.00
49	GOK LOAN FOR POWER PURCHASE Rs400 cr	53.9847/78.5977	2+5	10	YEARLY		40,000.00	-	40,000.00	-	40,000.00
50	KREDEL 20.02.2019 STL	53.9857/78.598	18 months	1	BULLET	8.55	21,000.00	-	21,000.00	9,500.00	11,500.00
51	PMGY Scheme	53.307/78.546	20	15	YEARLY	12	130.07	-	130.07	37.00	93.07
	<b>Grand Total</b>						<b>5,10,952.36</b>	<b>94,398.84</b>	<b>6,05,351.20</b>	<b>1,83,758.51</b>	<b>4,21,592.69</b>
							<b>8,11,884.88</b>	<b>1,77,229.60</b>	<b>9,89,114.48</b>	<b>2,60,596.72</b>	<b>7,28,517.77</b>

(Rs. in Lakhs)

Abstract							Loan Balance as on 31.03.2022
Sl.no	Name of Institution	Opening Balance as on 01.04.2021	Loans Drawn During 2021-22	TOTAL LOANS	Repayment of Loan During 2021-22	Loan Balance as on 31.03.2022	
1	REC	2,41,194.58	92,855.64	3,34,050.22	54,165.92	2,79,884.30	
2	PFC	57,074.50	1,543.20	58,617.70	20,253.58	38,364.11	
3	CANRA BANK	65,385.58	3,000.00	68,385.58	8,608.12	59,777.46	
4	SBI	77,297.44	45,000.00	1,22,297.44	51,570.64	70,726.80	
5	PUNJAB NATIONAL BANK	67,499.46	-	67,499.46	7.32	67,492.14	
6	BANK OF INDIA	99,999.63	-	99,999.63	20.95	99,978.69	
7	GOVT OF KARNATAKA	1,91,683.28	-	1,91,683.28	99,839.00	91,844.28	
8	KREDL	21,000.00	-	21,000.00	9,500.00	11,500.00	
9	SBI & CANARA (Working Capital)	(9,249.59)	34,830.76	25,581.17	16,631.19	8,949.99	
	<b>TOTAL</b>	<b>8,11,884.88</b>	<b>1,77,229.60</b>	<b>9,89,114.48</b>	<b>2,60,596.72</b>	<b>7,28,517.77</b>	



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**Note 6 Other Long-Term Liabilities:**

Sl No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
6 -1	<b>Trade Payables:</b>			
6 -2	<b>Others:</b>			
6 -2-1	Miscellaneous Deposits	46.966 & 47.601	160.13	137.96
6 -2-2	Security Deposit from consumers	47.6 & 48.1	1,01,297.22	92,469.65
6 -2-3	Security Deposit from Employees	46.920	0.17	0.18
6 -2-4	Payable to GOK - BRP II from Consumers	46.204 to 46.207	40.20	40.20
6 -2-5	Laibility for Inter Company Transactions - Payable/Receivable (Net)	28.9 & 42.2	6,370.72	6,177.33
	<b>Total</b>		<b>1,07,868.44</b>	<b>98,825.32</b>

Note: The balance of Security Deposits from consumers 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 March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
7 -1	Provision for employees benefit:			
7 -1-1	Provision for compensated absences	46.430	15,025.70	14,543.73
7 -1-2	Provision for employees benefit (FBF)	44.142	987.98	963.17
	<b>Total</b>		<b>16,013.68</b>	<b>15,506.90</b>

Note:

- 1) The provision for Liability in respect of Earned Leave Encashment(Compensated Absences) and Family Benefit Fund is created on the basis of Acturial valuation as per AS 15(revised 2005) as prescribed in the Companies(Accounting Standards) Rules, 2006. The assumptions adopted for valuation for 9,428 employees with salary increase of 6% and RoI @ 6.95%p.a.
- 2) No separate fund and Bank balance is maintained by the company for 7-1-1 & 7-1-2.



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**Note 8 Short-Term Borrowings:**

SI No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
8-1	Loans repayable on demand from Banks			
	Secured(CC) - Canara Bank/State Bank of India -Over Draft	50.1	8,949.99	(9,249.59)
	Unsecured - Others (See Note below)	53.985	-	21,000.00
	Secured - State Bank of India	53.978	2,390.80	17,230.00
	Current maturities of long-term debt (Refer Note 2 below)		1,30,408.54	81,203.52
	<b>Total</b>		<b>1,41,749.33</b>	<b>1,10,183.93</b>

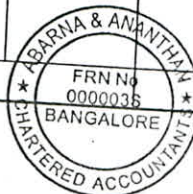
**Note:**

1) The GOK vide order no EN/73/NCE/2019/Dated:15.02.2019 accorded extension of Short Term Loan to HESCOM. The KREDL loan amount of Rs.25,000 Lakhs was released to HESCOM on 20.02.2019 after signing prescribed agreement. However, an amount of Rs.13,500 Lakhs is already repaid and remaining balance of Rs.11,500 Lakhs is outstanding as on 31.03.2022 is shown under Current Maturities under Note No.:10 & Penal interest of 2% is being serviced along with regular interest of 8.55%.

**2) Current maturities payable during 2022-23 of long-term debt:**

SI No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
I	<b>Term loans From banks Secured</b>			
1	Loan from State Bank of India Hubli by HESCOM	53.978	18,336.00	10,067.44
2	Loan from Canara Bank, Hubli by HESCOM	53.981	5,516.00	8,516.00
	<b>Sub-Total</b>		<b>23,852.00</b>	<b>18,583.44</b>
II	<b>From other parties Secured</b>			
1	Loan from Power Finance Corporation LTD - R-APDRP Scheme.	53.961	66.89	66.89
2	Loans drawn from REC in respect of ongoing SPA Scheme works by KPTCL for HESCOM.	53.314	46,115.75	46,086.10
3	Loans Released from GoK through KPTCL towards PMGY works	53.307	37.00	37.00
4	APDRP - GOK Loan Payable to KPTCL	53.350	544.00	544.00
5	Loan from Power Finance Corporation Ltd., - KPTCL	53.960	32,697.84	15,886.09
6	Loan from Power Finance Corporation Ltd. - IPDS-TL	53.987	352.20	
7	Short Term Loan KREDL	53.985	11,500.00	
8	Loan from GOK towards Power purchase	53.984	15,242.86	
	<b>Sub-Total</b>		<b>1,06,556.54</b>	<b>62,620.08</b>
	<b>Total</b>		<b>1,30,408.54</b>	<b>81,203.52</b>

3) Additional information in Note No.: 31.



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Note 9 Trade Payables:

SI No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. in Lakhs	Rs. in Lakhs
9-1	Trade Payables for Purchase of Power - Others (See Note 5 & 6 below)	41.1 to 41.5	1,47,883.34	2,43,965.19
9-1-1	Provision for Liability for Purchase of Power*	41.200	1,07,372.84	91,886.99
9-1-2	Provision for Liability for Interest on belated Payment of Purchase of Power(See Note 6 below)	41.200	1,55,715.85	1,54,691.37
9-2	Trade Payables for Purchase of Power - (ESCOMS) (Net)	42.2 - 28.8	1,63,396.11	48,792.76
Total			5,74,368.15	5,39,336.32

\* Unbilled as on 31.03.2022.

Note: 1) Letter of Credit Issued:

As per the conditions of power purchase agreements entered with various power generators company has provided LC's to Generators as a payment security and availing rebate as per the rebate clause status of LC's provided as an 31.03.2022 is furnished as below:

SI.No	Name of the Bank	Comprehensive LC Limit (Rs. in Lakhs)	Amount of LC availed (Rs. in Lakhs)	Balance of LC limit available out of comprehensive LC as on 31-03-2022 (Rs. in Lakhs)
1	State Bank of India (against 10% Cash margin)	15,000	15,000	-

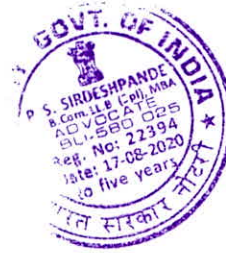
2) Interest on belated payments payable is accounted when Invoices are received from the Power Generators.

3) All other Power Generators balances are subject to confirmations.

4) Calibration charges are accounted when Invoices are raised.

5) M/s UPCL has claimed Late Payment Surcharge for which ESCOMs have filed Civil Appeal in the Hon'ble Supreme Court against APTEL Order Dtd: 02.11.2020. This case has been disposed by the Hon'ble Supreme Court vide order Dtd: 08.02.2022 and rejected the appeal of the company. The amount payable is being reconciled by all ESCOMs through PCKL and not included in the liability payable.

6) The Principal dues and Interest dues of M/s. KPCL is under dispute and the reconciliation has been submitted to 3rd Party, i.e., M/s. Ramraj and Co., for reconciliation from 2005-06 and the same is under process.



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Note 10 Other Current Liabilities:

SI No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
10 -1	Interest accrued and due on borrowings	51.200	789.63	586.51
10 -2	Interest accrued but not due on borrowings	46.710	1,323.06	1,617.59
10 -3	Interest accrued but not due on Consumers on Security Deposits (Refer Note 2 below)	48.340,350	3,909.52	4,015.37
<b>10 -4</b>	<b>Other payables:</b>			
10 -4-1	Liability for Supplies/Works	42.101,201,301,401, 501 & 701	24,040.51	38,913.18
10 -4-2	Security Deposit from Suppliers/contractors	46.101,102,103,104, 107,108 & 109	16,384.45	19,536.56
<b>10 -5</b>	<b>Staff Related Liabilities and Provisions</b>			
10 -5-1	Provision for payment and receivable to/from P&G Trust (Pension & Gratuity)(Net)	44.122 & 28.907	9,671.70	15,185.38
10 -5-2	Provision for payment and receivable to/from NDCPS Family Pension Trust and Grtaturity Trust (Net)	44.123,44.124, 28.909 & 28.910	5,405.75	-
10 -5-3	Unpaid Bonus	44.220	1.64	1.47
10 -5-4	Salary payable	44.310,311	759.96	571.52
10 -5-5	Bonus payable	44.320	18.29	19.41
10 -5-6	Ex-gratia payable	44.330	659.70	669.19
<b>10 -6</b>	<b>Statutory remittances:</b>			
10 -6-1	Electricity tax and other levies payable to Government including old balances (Refer Note 1 below)	46.300	6,288.15	6,060.85
10 -6-2	Compounding Fee payable to Govt.	46.301	152.96	152.26
10 -6-3	ESI	46.991 & 46.992	1.51	2.44
10 -6-4	Taxes such as Sales Tax, Income Tax, Service Tax, etc., deducted at source and payable to Government.	(46.921,924,925,926,92 7,930,931 & 942)	2,928.30	1,383.37
10 -6-5	Goods and Service Tax (GST)	(46.932,933,934,984,98 5,986,987,988,989,990,9 93,994,995,996,997)	1,960.23	3,728.02
10 -6-6	Amount recoverable from salaries of corporation employees & payable to other departments	46.928	89.42	75.93
10 -6-7	NDCPS Contribution from Employees/Employer	46.952 & 44.150	740.36	10.43
10 -6-8	Amount recovered from Employees & payable to Employees welfare Trust towards Employees contribution	46.956	85.63	85.63
10 -6-9	Contract employees PF and Company's Share of PF payable account	46.957 & 46.958	0.52	4.75
10 -6-10	TCS Collected from Consumers	46.936	6.83	4.96
10 -6-11	IT deducted at Source on purchase of electricity	46.937	87.62	-
<b>10 -7</b>	<b>Others</b>			
10-7-1	Expenses Payable	46.400,410,411,430,440, 441,450,460,470	8,599.92	7,486.08
10-7-2	Receipts in Bank accounts pending reconciliation	46.971,972,974,975,979 & 980	1,276.12	1,707.78
10-7-3	Advance received for sale of stores scrap etc.,	46.922	23.55	53.60
10-7-4	Stale Cheques	46.910 & 46.911	6.64	6.47
10-7-5	Recovery from employee towards FBF	44.140,141,142 & 143	-	-0.01
10-7-6	Advance paid to SPPCC towards UI Charges/Administrative charges	28.945 & 28.946	2,787.85	2,787.85
	<b>Total</b>		<b>87,999.82</b>	<b>1,04,666.59</b>

Note:

1) Electricity taxes: The Electricity tax demanded for the year is Rs.27,510 Lakhs and tax collected from consumers including arrears and payable to GOK during FY-2021-22 is Rs.30,077 Lakhs. Out of this GOK has Adjusted Rs.27,293 Lakhs to tariff subsidy receivable from GOK during the year.

2) As per KERC, Interest on Security Deposit Regulation 2005, the provision towards interest on consumer security deposit/meter security deposits payable to LT & HT consumers during first quarter of succeeding year, at the fixed rate of interest on par with bank rates notified by Reserve Bank of India prevailing on 1st April of the financial year for which interest is due at 4.25% is created duly deducting applicable TDS amount of Rs.140 Lakhs.



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**Note 11 Short-Term Provisions:**

SI No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021.
			Rs. In Lakhs	Rs. In Lakhs
11-1	Provision for employees benefit (Leave Encashment)	46.430	3,171.03	3,004.93
11-2	<b><u>Provision - Others:</u></b>			
11-2-1	Provision for loss on written off of cash found short	46.965	0.67	0.67
11-2-2	Provision for other employees benefit - FBF	44.142	82.85	78.33
Total			3,254.55	3,083.94



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Note 12 A Property, Plant and Equipment:

Sl No	Property, Plant and Equipment	Gross block				A/C Code	Accumulated depreciation and impairment				Net block			
		Balance as at 1st April, 2021		Disposals			Balance as at 31st March 2022		Eliminated on disposal of assets		Balance as at 31st March 2022		Balance as at 31st March, 2021	
		Rs	%	Rs	Rs		Rs	%	Rs	Rs	Rs	Rs	Rs	Rs
12-1	Land Freehold	2,506.98	10.1	2,32,336.79	-	2,34,843.77	-	4,203.35	627.67	-	2,34,843.77	2,506.98		
12-2	Buildings	17,072.31	10.2	3,760.01	-	20,832.32	3.34	4,203.35	11.33	4,819.69	16,032.62	12,868.96		
12-3	Hydraulic Works	632.33	10.3	62.34	-	694.67	5.28	233.80	30.30	263.86	430.82	398.53		
12-4	Other Civil Works	701.46	10.4	277.27	-	978.73	3.34	144.79	25.10	169.88	808.84	556.67		
12-5	Plant and Equipment	1,33,790.52	10.5	38,882.54	28,376.46	1,46,296.50	5.28	33,064.85	9,136.39	36,791.47	1,09,505.13	1,00,725.67		
12-6	Line Cable Networks	7,04,355.87	10.6	69,304.84	7,518.54	7,66,142.16	5.28	1,22,724.86	35,202.23	1,37,362.75	6,28,779.40	5,81,631.01		
12-7	Vehicles	909.31	10.7	31.21	9.60	930.92	9.50	567.19	39.33	597.87	333.06	342.13		
12-8	Furniture and Fixtures	809.41	10.8	22.03	13.49	817.95	12.7	391.60	37.19	414.74	403.21	417.80		
12-9	Office equipment	756.44	10.9	304.64	460.82	600.26	6.33	116.42	17.89	124.88	475.38	640.03		
12-10	Land Leasehold	13.24	10.102	3.54	0.19	16.59	6.33	116.42	9.42	124.88	16.59	13.24		
	<b>Total</b>	<b>8,61,547.88</b>		<b>3,45,005.20</b>	<b>34,379.11</b>	<b>11,72,173.97</b>		<b>1,61,446.86</b>	<b>45,116.09</b>	<b>1,80,545.15</b>	<b>9,51,628.82</b>	<b>7,00,101.02</b>		
	Less: Contributions, grants and subsidies towards cost of Capital assets													
	<b>Net Block</b>													
	Previous year	7,37,643.17		1,55,251.70	31,347.00	8,61,547.88		1,46,214.49	39,790.76	1,61,446.86	7,00,101.02	4,59,490.71		

Note - Revaluation of Land Assets (Sl. No.: 12-1):  
The fair value of the land was determined by using the market comparable method, this means that valuation performed by the valuer are based on Active Market Prices, significantly adjusted for difference in the nature, location or condition of the Land. The valuations performed by M/s Sankalp Associates, an accredited independent valuer as on 31.03.2022 and corresponding net increase in the revaluation has been accounted as Revaluation Reserve amounting to Rs.2,32,184.59 Lakhs and the value of the asset is also increased. The same is included under additions above. Besides, the company has purchased 5 landed properties at Hubli Urban, Karwar, Hornavar, Belagavi Urban and Ghataprabha Divisions at the aggregate cost of Rs.152.00 Lakhs during the year.

Depreciation and Amortisation relating to continuing operations:

Sl No	Particulars	Rs. in Lakhs	
		For the year ended 31st March 2022	For the year ended 31st March 2021
12-11	Depreciation and amortisation for the year on tangible assets as per Note 12	45,116.09	39,790.76
A	Less: Utilised from revaluation reserve	-	-
	<b>Depreciation and amortisation relating to continuing operations</b>	<b>45,116.09</b>	<b>39,790.76</b>

The Capital Grants received from Government and consumer contribution towards cost of capital assets aggregating to Rs.2,65,851.44 Lakhs 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 2021-22 @5.28% which works out to Rs.754.09 Lakhs besides accumulated depreciation amount of Rs.13,292.87 Lakhs duly passing a journal entry at Head Office. The Depreciation towards assets created out of RAPDRP Part-A Loan converted to Grant from FY 2018-19 till FY-2021-22 amounting to Rs.1,415.65 Lakhs has been reduced during the year.

12A1. Contributions, Grants and Subsidies towards cost of Capital Assets:

Sl No	Particulars	Rs. in Lakhs	
		For the year ended 31st March 2022	For the year ended 31st March 2021
12-A-1	Capital Grants	2,51,569.51	2,28,258.73
12-A-2	Opening balance	34,414.92	23,310.78
	Add: Received during the year	2,85,984.44	2,51,569.51
	Closing balance	2,85,984.44	2,51,569.51

Details of Contributions, Grants and Subsidies towards cost of Capital Assets:

Sl No	Particular	Rs. in Lakhs	
		For the year ended 31st March 2022	For the year ended 31st March 2021
12-A-1	Consumers contribution towards cost of capital	2,03,288.43	1,78,561.49
12-A-2	Grants towards Cost of Capital assets	82,696.01	73,008.02
	<b>Total</b>	<b>2,85,984.44</b>	<b>2,51,569.51</b>



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Sl No	Particulars	A/C Code	For the year ended 31st March 2022	For the year ended 31st March 2021
12-B-1	Software acquired / Purchased for internal use	18.101 & 18.102	2,531.44	2,032.26
12-B-2	Depreciation	12.801	(1,712.96)	(1,366.95)
	<b>Net Block</b>		<b>818.47</b>	<b>665.30</b>

Note: There are no Intangible Asests under development.

12 C. CAPITAL WORKS IN PROGRESS:

Sl No	Particulars	A/C Code	For the year ended 31st March 2022	For the year ended 31st March 2021
12-C-1	Capital Work in Progress	14.110 To 14.150 14.151 To 14.426 14.450 to 14.910 14.906 & 14.907 Sub Total	5,467.38 23,424.10 3,535.03 (879.88) 31,546.64	7,630.72 28,383.59 623.03 (868.27) 35,769.07
12-C-2	Completed works (to be categorised). Written down value of Faulty/Dismantled Assets Consumers contribution towards cost of capital	15.5 16.2 55.1 & 55.3	7,834.56 4,739.29 (20,132.99)	5,712.92 3,891.67 (10,959.21)
	<b>Total</b>		<b>23,987.50</b>	<b>34,414.46</b>

Note: 1) During the year 2021-22, the company has collected Rs.34,414.92 Lakhs from Consumers/Govt. by way of Grants towards Assets creation for distribution of electricity. The Assets aggregating to Rs.14,282 Lakhs has been capitalised during the year and included in 12A under Additions to Gross Block. Therefore this amount is reduced from Net block of Assets. The Assets created out of Grants/Consumers contribution to the extent of Rs.2,65,851.44 Lakhs has been reduced from the Net value of Assets upto 31.03.2022 as per AS 12. The remaining balance of Rs. 20,132.99 Lakhs is held under capital works in progress as on 31.03.2022.  
2) An amount of Rs.18,978 Lakhs in Account code 55.1 includes Grant of Flood related activities under 12B.

Land owned under full titles (A/c Code 10.101) includes the following lands which are under correspondence/dispute and case is before the Court. The details are as under:

Sl. No.	Name of the place	Survey /CTS No.	Area	W.P.No./Year
1	Unachageri village, Ron taluk.	64/2 & 64/3	3AC-30G	EX-57/2015
1	Division office premises Rannebenur	794A/9B+10/B, 795/1	5A-C-30.14G	104529/2018
2	Sub-Division Office Premises Byadagi	180/A/1	1 AC- 9.0G	51/2010
O & M Urban Division, HESCOM, Belagavi				
1	Gandhi nagar, Belagavi	1046/GAB	02A-16G	EX.C/69/2022
2	Gandhi nagar, Belagavi	1046/2A	00A-08G	EX.C/72/2021
O & M Rural Division, HESCOM, Belagavi				
1	Hirebagewadi 33/11KV Sub Station, Rural	450/B	00A-18G	LAC No. 3/2009
O & M Division, HESCOM, Athani				
1	Athani	1235A, 1235B/ 1235C	00A-04G	279/2019
O & M Division, HESCOM, Vijayapur				
1	Jurnal	418/2+3+4	01A-12G	OS/673/2018
O & M Division, HESCOM, Indi				
1	Jigajeenangi	8	02A-00G	OS/43/2022
2	Almel	765/B	03A-03G	WP No. 202039/2021 (WP 202078/2021)
O & M Division, HESCOM, Basavana Bagewadi				
1	Malaghan	137	05A-00G	WP No. 203453/2017



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**Note 13 Non-Current Investments:**

Rs. In Lakhs

SI No	Particulars	As at 31st March 2022			As at 31st March 2021		
		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) (100 Equity Shares of Rs. 1000 Each)	-	1.00	1.00	-	1.00	1.00
	ii) M/s. Priyadarshini Jurala Hydro Electric Project (PTC-20.272)	-	1,400.00	1,400.00	-	1,400.00	1,400.00
	<b>Total</b>	-	<b>1,401.00</b>	<b>1,401.00</b>	-	<b>1,401.00</b>	<b>1,401.00</b>
	Aggregate amount of unquoted investments			1,401.00			1,401.00

**Note:**

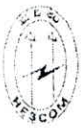
1) The Company is having Rs.1,400 Lakhs in investment account as on 31.03.2022 which is the HESCOMs share of allocation given by GoK out of total payment of Rs.7,000 Lakhs made to M/s Priyadarshini Jurala Hydro Electric Project Limited through M/s PCKL as an investment in Power Utilities. Further, PCKL vide its letter dtd: 30.05.2022 has sought direction from the GoK whether to treat this amount as Equity or non-refundable grants or interest free loan pending clarification, the same is held under Non-Current Investments. Necessary accounting treatment will be made based on the clarification sought from the GoK.

**Note 13A Deferred Tax Asset**

SI. No.	Particulars	A/C code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
.13A-1	Deferred Tax Asset	46.801	38,131.37	14,834.29
	<b>Total</b>		<b>38,131.37</b>	<b>14,834.29</b>



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**Note 14 Long-Term Loans and Advances:**

SI No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
14 -1	Capital advances			
14 -1-1	Secured, considered good	25.501, 502 & 507	6.75	52.19
	Advance to Contractors - Interest free	26.601, 602 & 603	4,258.04	2,382.90
	Material Advance	26.605	16,667.66	13,109.66
14 -1-2	Secured, considered good	28.930,933,935	510.97	949.00
	<b>Total</b>		<b>21,443.41</b>	<b>16,493.74</b>



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**Note 15 Other Non-Current Assets:**

Sl No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
15 -1	<b>Long-Term Trade Receivables:</b>			
15 -1-1	Subsidy receivable from GOK Unsecured, considered good (Refer Note below)	28.611,613,615,6 16,617,618,620 & 621	56,673.12	56,673.12
15-1-2	Amount receivable from Government against waiver of IP sets dues in respect of IP sets Consumers who have paid the IP sets Dues during the year 2001-02 and 2002-03 (Refer Note below)	28.614	5,365.57	5,365.57
15 -1-1	Amount receivable from Karnataka Power Loom Development Board – GOK towards Special Nekar Package Scheme.	28.619	1,269.71	938.10
15 -2	Regulatory Asset-KERC	28.908	56,416.12	-
	<b>Total</b>		<b>1,19,724.52</b>	<b>62,976.79</b>

**Note:** An amount of Rs.34,183 Lakhs under A/c code 28.620 towards Rural Electrification Loss for the period 2002-03 to 2004-05 and an amount of Rs.5,366 Lakhs under A/c code 28.614 vide G.O. No. EN 34 PSR 2008 dated 19.08.2010 was ordered to refund pertaining to the amount paid by the farmers during the period from 01.04.2001 to 31.03.2003 to them. The same is implemented by HESCO. As per G.O.No.: Energy/123/PSR/2022 Bangalore, Dated: 11.03.2022 the GoK extended the financial support to the Company by releasing arrears of subsidy from FY-17 till FY-22 of Rs.3,46,308 Lakhs (Cash Support Rs.2,47,050 Lakhs and Interest free loan adjusted Rs.99,258 Lakhs) and remaining subsidy balance from FY-03 till FY-16 of Rs.2,19,603 Lakhs which includes above two amounts has been advised for write-off duly obtaining approval from the Board. The company proposed to make representation to the GoK in this regard and therefore write-off is not effected in the books of accounts.

**Note 16 Current Investments**

Sl No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
16-1	-----	-	Nil	Nil
			Nil	Nil



*S. Sirdeshpande*  
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**Note 17 Inventories:**

SI No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
17 -1	Stores and spares (As per details below)	22.610, 641, 660, 700, 810, 820 & 16.1	16,310.21	15,813.48
<b>Total</b>			<b>16,310.21</b>	<b>15,813.48</b>

**Details of Inventories are as below:**

SI No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
17 -1-1	Materials Stock Account	22.610	14,303.03	14,149.75
17 -1-2	Materials imprest Account	22.641	320.02	19.75
17 -1-3	Materials pending Inspection	22.660, 680	318.47	76.98
17 -1-4	Obsolete Materials Account	22.710, 720, 730, 731, 760	(1,635.34)	(2,798.05)
	<b>Materials stock Excess / Shortage Pending Investigation.</b>			
17 -1-5	Stock Excess pending Investigation.	22.810	(62.45)	(23.72)
17 -1-6	Stock Shortage pending Investigation.	22.820	130.09	60.92
			<b>13,373.83</b>	<b>11,485.63</b>
	<b>Assets not in use</b>			
17 -1-7	Written down value (WDV) of obsolete / scrapped assets.	16.102, 103, 104, 105, 106, 107, 109	2,936.38	4,327.86
<b>Total</b>			<b>16,310.21</b>	<b>15,813.48</b>



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**Note 18 Trade Receivables against Supply of Power:**

SI No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
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, 23.3 & 23.7	1,85,294.54	1,85,113.00
18 -1-2	Less: Revenue Suspense, Revenue collection Pending Classification	47.607, 47.609	(190.57)	(952.74)
18 -2	Outstanding for a period exceeding six months from the date they were due for payment		1,85,103.97	1,84,160.26
18 -2-1	Unsecured, considered good	23.5	3,804.15	3,430.84
	<b>Sub-Total</b>		<b>1,88,908.12</b>	<b>1,87,591.10</b>
18 -2-2	Less: Provision for withdrawal of Revenue demand	23.8	(1,677.38)	(691.18)
18 -2-3	Less: Provision for doubtful trade receivables	23.9	(4,232.56)	(3,840.99)
	<b>Sub-Total</b>		<b>(5,909.94)</b>	<b>(4,532.17)</b>
	<b>Total (As per Note below)</b>		<b>1,82,998.18</b>	<b>1,83,058.93</b>

Details of Trade Receivables are as below:

SI No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
	<b>RECEIVABLES AGAINST SUPPLY OF POWER.</b>			
	<b>Unsecured Considered Good</b>			
18 -1-1-1	Trade Receivables for sale of Power – LT	23.1	1,06,964.59	1,08,938.57
18 -1-1-2	Trade Receivables for sale of Power - HT	23.2	15,132.26	19,269.49
18 -1-1-3	Trade Receivables for Electricity Tax	23.3	6,683.93	9,242.16
18 -1-1-4	Dues from Permanently disconnected consumers	23.5	3,804.15	3,430.84
18 -1-1-5	Trade Receivables - miscellaneous dues from consumers (Interest on Revenue Arrears)	23.700	56,513.76	47,662.78
	<b>Sub-Total</b>		<b>1,89,098.69</b>	<b>1,88,543.84</b>
	<b>Less:</b>			
18 -1-1-6	Provision for withdrawal of Revenue demand	23.800, 801, 802	(1,677.38)	(691.18)
18 -1-1-7	Provision for Doubtful Dues from consumers (Credit Account)	23.9	(4,232.56)	(3,840.99)
18 -1-5	Revenue Suspense, Revenue collection Pending Classification	47.607, 47.609	(190.57)	(952.74)
	<b>Total (Net Receivables against Supply of Power)</b>		<b>1,82,998.18</b>	<b>1,83,058.93</b>



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**Note:** As on 31.03.2022, Trade Receivables includes under A/c Codes 23.1 and 23.7 Rs.1,07,632 Lakhs dues (Rs.63,322 Lakhs Principal + Rs.44,309 Lakhs Accumulated interest up to 31.03.2012) which pertains to prior to announcement of Free Power Supply to IP Sets up to 10 HP. The Interest Charged in the DCB amounting Rs.32,763 Lakhs has been withdrawn by the Company from 2012-13 onwards. As per G.O.No.: Energy/123/PSR/2022 Bangalore, Dated: 11.03.2022 extended the financial support to the Company by releasing arrears of subsidy from FY-17 till FY-22 of Rs.3,46,308 Lakhs (Cash Support Rs.2,47,050 Lakhs and Interest free loan adjusted Rs.99,258 Lakhs) and remaining subsidy balance from FY-03 till FY-16 of Rs.2,19,603 Lakhs has been advised for write-off duly obtaining approval from the Board. The company proposed to make representation to the GoK in this regard and therefore write-off is not effected in the books of accounts.

Trade Receivables for sale of power includes Rs. 3379.47 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, HESCOM	2	10.06
2	Chief Engineer (Ele), HESCOM	1	75.69
3	SEE, O & M Circles, HESCOM	35	50.61
4	SEE, Appeals	59	18.24
5	EEE, O & M Division	4	2.40
6	Courts	57	3,185.03
7	KERC.Bangalore	7	37.44
	<b>Total</b>	<b>165</b>	<b>3,379.47</b>



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**Note 19 Cash and Cash Equivalents:**

SI No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
19-1	<b>Cash and Cash Equivalents:</b>			
19-1-1	Balances with Banks	24.3 & 24.4	1,480.85	4,297.98
19-1-2	Cheques, drafts on hand			
19-1-3	Cash on hand	24.110 & 24.210	1,946.71	1,332.38
19-1-4	Postage stamps on hand	24.120	2.77	1.90
19-2	Bank deposits with more than twelve months maturity	28.935	1,925.21	1,666.82
	Bank deposits with less than twelve months maturity	28.935	1,780.70	813.81
19-3	Others: Transit Accounts	24.5, 24.6	-	0.05
	<b>Total</b>		<b>7,136.24</b>	<b>8,112.93</b>
	Cash and cash equivalents as per AS 3		7,136.24	8,112.93

**Note:** Bank Fixed deposits includes Deposits marked towards Letter of Credit Limits utilised for Purchase of Power amounting to Rs.1500 Lakhs (i.e., 10% Cash Margin)



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**Note 20 Short-Term Loans and Advances:**

SI No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
20 -1	<b>Loans and Advances to Employees (Refer Note below)</b>			
i	Secured, considered good	27.1 & 27.2	460.62	386.02
ii	Advance Tax Paid	27.410 & 27.425	35.64	27.71
iii	TCS paid to the suppliers on Purchase of Electricity/Goods	28.822 & 28.823	577.64	380.66
	<b>Total</b>		<b>1,073.90</b>	<b>794.40</b>

**Note:**

- 1) Loans and Advances to Employees comprises of Festival Advance, Medical Advance and Advance against expenses.
- 2) Medical advance and staff advance to employees is given based on the KPTCL circular: CYS-611/Dt:15.06.2012.



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**Note 21 Other Current Assets:**

SI No	Particulars	A/C Code	As at 31st March 2022	As at 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
21 -1-1	Unbilled Revenue	23.4	55,915.82	53,399.97
21 -1-2	Preliminary expenses on survey/feasibility studies of project not yet sanctioned	17.301	53.17	128.27
21 -1-3	Transformers / meters etc., issued to contractors / suppliers for repairs / replacement.	26.604	1,682.73	1,798.23
21 -1-4	Initial Advance paid to PCKL towards its Working Capital	27.820 & 27.821	2.19	3.00
21 -1-5	Interest accrued on Bank Deposits	28.210 & 28.265	46.23	21.43
21 -1-6	Amount Recoverable from Employees & others	28.1, 28.4 & 46.978	451.68	113.96
21 -1-7	Claims for Loss/Damage to Assets/Material	28.724, 729, 743, 744, 749	24.45	7.21
21 -1-8	Other Receivable towards other ESCOMs receivable, HRECS, etc.,	28.8, 28.901 & 902	30,449.33	52,664.23
21 -1-9	Subsidy receivable from GoK (Refer Note 3 below)	28.625 & 28.627	65,087.25	3,38,029.74
21-1-10	Amount receivable from GoK towards waiver of Demand/Fixed Charges of MSME COVID 19 welfare measures	28.626	1,371.32	1,343.65
21 -1-11	Sundry Debtors - Government Department (Refer Note 1 below)	28.110	20,942.37	16,018.61
21-1-12	Amount Receivable from Departments towards Ganga Kalyan Works	28.628 to 28.636	1,122.00	0.00
21 -1-13	Service Tax claim settled by HESCOM to be recovered from Consumer/Contractor (Refer Note 2 below)	28.852	631.40	702.86
21 -1-14	Inter Unit Accounts	31 to 37	1,041.17	(1,850.64)
21 -1-15	Electrification / Service Connection	47.3	892.10	8,758.91
	<b>Total</b>		<b>1,79,713.21</b>	<b>4,71,139.42</b>

**Note:**

1) The amount related to flood during 2021-22 services and repairs are claimed as refunds from the GoK to extent of Rs.13,843.01 Lakhs.

2) Rs.1109.00 Lakhs Service Tax liability was 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 electrical connections as per the Summons issued by Senior Intelligence Officer, Bengaluru on 08.09.2017. The recovery of service tax from the consumers upto 31.03.2022 is Rs.478 Lakhs (Rs.72 Lakhs recovered during the year) and outstanding recoverable amount is Rs.631.40 Lakhs. No provision is made towards this amount.

3) The Company has received Rs.3,91,334 Lakhs subsidy during the year 2021-22, out of which Rs.3,78,507.23 Lakhs towards subsidy for free power supply to IP sets below 10HP and Rs.12,826.77 Lakhs towards Bhagya Jyothi/Kuteera Jyothi subsidy. Besides, as per G.O.No.: Energy/123/PSR/2022 Bangalore, Dated: 11.03.2022 the GoK extended the financial support to the Company by releasing arrears of subsidy from FY-17 till FY-22 of Rs.3,46,308 Lakhs (Cash Support Rs.2,47,050 Lakhs and Interest free loan adjusted Rs.99,258 Lakhs) and remaining subsidy balance from FY-03 till FY-16 of Rs.2,19,603 Lakhs which includes balance under A/C Code 28.625 & 28.627 has been advised for write-off duly obtaining approval from the Board. The write-off is not effected in the Accounts as the Board has proposed to represent in the matter to the GoK.



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**Note 22 Revenue from Operations:**

SI No	Particulars	A/C Code	For the year ended 31st March 2022	For the year ended 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
22 -1	Sale of products comprises: (Refer Note below)			
22 -1-1	Revenue from Sale of Power - LT	61.1 & 61.3	7,27,433.72	6,39,314.60
22 -1-2	Revenue from Sale of Power - HT	61.2	1,53,705.63	1,27,999.60
22 -1-2	FAC (LT&HT)	61.4 & 61.5	(12,386.82)	3,696.58
			<b>8,68,752.53</b>	<b>7,71,010.78</b>
22 -2	Other Operating Revenue	61.9 & 63.110	14,142.39	12,696.87
	Less:		<b>8,82,894.92</b>	<b>7,83,707.65</b>
22 -3	Rebates and Incentives	78.822, 78.823, 78.826	(364.70)	(404.47)
22 -4	Provision for withdrawal of Revenue Demand	83.830, 831 & 832	(2,091.85)	(301.55)
	<b>Total</b>		<b>8,80,438.36</b>	<b>7,83,001.63</b>

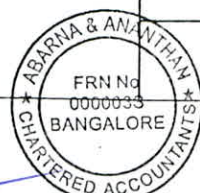
**Breakup of Revenue from Operations consumers wise:**

SI No	Particulars	A/C Code	For the year ended 31st March 2022	For the year ended 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
	<b>Sale of products comprises :</b>			
	<b>Revenue from Sale of Power - LT</b>			
22 -1-1-1	Bhagya jyothi Scheme above 40 units	61.101	3,565.61	2,348.01
22 -1-1-2	Lighting, Combined Lighting, Heating & Motive Power - HDMC.	61.102	77,839.72	71,553.58
22 -1-1-3	Lighting, Combined Lighting, Heating & Motive Power - Areas under Village Panchayats.	61.104	38,018.25	33,599.76
22 -1-1-4	Private Professional & other Educational Institutions - Areas under U L B's including City Corporations	61.113	1,400.73	1,060.09
22 -1-1-5	Areas under Village Panchayats.	61.114	382.56	276.34
22 -1-1-6	Commercial Lighting, Heating & MP. Areas under U L B's including City Corporations.	61.116	38,102.13	32,641.28
22 -1-1-7	Areas under Village Panchayats.	61.117	17,143.47	15,093.54
22 -1-1-8	Irrigation Pump sets (above 10 HP)/Water Lifting.	61.121	756.75	745.06



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SI No	Particulars	A/C Code	For the year ended 31st March 2022	For the year ended 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
22 -1-1-9	IP Sets upto & inclusive of 10 HP - General - Till such time meters are fixed.	61.122	4,58,576.45	3,98,690.48
22 -1-1-10	Private Horticultural Nurseries, Coffee, Tea, Coconut and Areca nut Plantations.	61.127 + 61.128	61.60	51.45
22 -1-1-11	Industrial, Non-Industrial, Heating and Motive Power including Lighting	61.129 To 61.137	30,732.27	26,344.88
22 -1-1-12	Street light/ public lighting installations	61.143	23,791.11	22,078.80
22 -1-1-13	Water Supply and Sewerage pumping installations,	61.144	13,683.74	12,937.10
22 -1-1-14	Temporary Power Supply-Non commercial lights and fans and other small appliances	61.145 & 61.146	10,552.57	8,208.84
22 -1-1-15	Revenue from sale of power accounted through BJ/KJ Subsidy (up to 40 units).	61.300	12,826.77	13,685.40
22 -1-1-17	FAC (LT)	61.4	(10,271.74)	3,027.94
	<b>Revenue from Sale of power - LT</b>		<b>7,17,161.98</b>	<b>6,42,342.54</b>
	<b>Revenue from Sale of Power – HT</b>			
22 -1-2-1	Public Water Supply & Sewerage Pumping	61.250	22,556.78	19,913.88
22 -1-2-2	Industrial, Non-industrial and Commercial purposes & Railway Traction	61.255 & 61.275	89,622.80	72,717.31
22 -1-2-3	Commercial.	61.256	13,202.37	11,203.85
22 -1-2-4	Lift Irrigation Scheme under Govt Departments / Govt. owned Corporations.	61.262	12,606.56	10,217.98
22 -1-2-5	Revenue from sale of power - LIS schemes and LI societies.	61.263	6,491.08	6,365.37
22 -1-2-6	Irrigation & Agricultural Farms, Govt & Horticultural Farms, Coffee, Tea & Coconut Plantations.	61.264	0.93	0.95
22 -1-2-7	LI Schemes and Lift Irrigation Societies other than those covered under HT2(a)(ii).	61.265	28.33	31.46
22 -1-2-8	Residential Apartments and Colonies - HDMC.	61.272	1,243.96	1,210.89
22 -1-2-9	Residential Apartments and Colonies -Areas under U L B's other than those under HT-4a Category.	61.273	3.82	3.43
22 -1-2-10	Residential Apartments and Colonies - Areas under Village Panchayats.	61.274	1,795.54	1,020.13
22 -1-2-11	Government Hospitals and Hospitals run by Charitable Institutions	61.257	3,940.74	3,361.71
22 -1-2-12	Educational Institutions and Hostels of Educational Institutions	61.258	2,212.73	1,952.62
22 -1-1-13	FAC (HT)	61.4	(2,115.08)	668.64
	<b>Revenue from Sale of Power – HT</b>		<b>1,51,590.55</b>	<b>1,28,668.25</b>



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SI No	Particulars	A/C Code	For the year ended 31st March 2022	For the year ended 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
	<b>Other operating revenues comprise:</b>			
22 -2-1	Reconnection Fee (D & R)	61.901,61.902	21.51	18.69
22 -2-2	Service Connection (Supervision charges)	61.904	1,794.13	1,632.95
22 -2-3	Delayed payment charges from consumers.	61.905	11,156.36	10,119.95
22 -2-4	Other Receipts from consumers	61.906,61.600	604.44	492.38
22 -2-5	Registration fee towards SRTPV	61.907	3.13	6.93
22 -2-6	Facilitation fee towards SRTPV	61.908	24.30	21.82
22 -2-7	Supervision Charges for self Execution works	61.909	391.87	333.38
22 -2-8	Maintenance charges for the layouts created by the Developers	61.910	146.66	70.78
			<b>14,142.39</b>	<b>12,696.87</b>
	<b>Rebates and Incentives:</b>			
22 -3-1	Solar Rebate allowed to consumers	78.822	(350.86)	(336.03)
22 -3-2	Incentives for prompt payment	78.823, 824 & 825	(10.70)	(66.31)
22 -3-3	Time of day (TOD) Tariff Incentive	78.826	(3.14)	(2.14)
			<b>(364.70)</b>	<b>(404.47)</b>
22 -4	Provision for withdrawal of Revenue Demand	83.830 & 83.831	(2,091.85)	(301.55)
	<b>Grand Total</b>		<b>8,80,438.36</b>	<b>7,83,001.63</b>

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

SI.No.	Particulars	Energy in M.U	
		2021-22	2020-21
	<b>Energy Sales:</b>		
a	Total energy available for sale	14,365.83	12,650.23
b	Total metered sales	5,211.61	4,858.52
c	Total un-metered sales	6,550.36	5,901.60
d	Wheeled Energy	665.04	214.23
e	Total sales (including Wheeled Units)	12,427.00	10,974.35
f	Distribution losses	1,938.83	1,675.88
g	Percentage of Distribution losses	13.50%	13.25%



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Note 23 Other Income:

SI No	Particulars	A/C Code	For the year ended 31st March 2022	For the year ended 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
.23 -1	Interest on Bank Fixed Deposits & Others	62.260,270, 222,323	109.76	100.26
.23 -2	Other Miscellaneous receipts from Trading	62.360	2,275.01	2,015.57
.23 -3	Profit on sale of stores	62.330	138.20	9.03
.23 -4	Sale of scrap	62.340	38.29	30.64
.23 -5	Reactive energy charges demanded on IPPs	62.361	90.08	89.17
.23 -6	Meter Readings and Calibration of meter - charges of Wind Mill Project.	62.363	63.38	95.48
.23 -7	Rental from Staff Quarters	62.901	91.61	101.92
.23 -8	Rental from others	62.902,903, 904	5.85	3.21
.23 -9	Excess found on physical verification of Materials Stock.	62.905	15.17	4.23
.23 -10	Rebate for collection of Electricity Duty.	62.916	150.39	114.96
.23 -11	Other Recoveries	62.917,918	2,798.47	3,224.42
.23 -12	NEF Interest Subsidy (FY-20 & FY-21)	62.917	5,823.62	3,765.38
.23 -13	Rebate from Power Generators	62.919	249.07	3,641.03
.23 -14	Consultancy Charges	62.921	0.54	8.54
.23 -15	Income on Bulk Supply to Hukkeri Rural Electricity Co-operative Societies.	70.800	18,386.83	18,800.76
	<b>Total</b>		<b>30,236.29</b>	<b>32,004.60</b>



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Note 24 Purchase of Power:

SI No	Particulars	A/C Code	For the year ended	For the year ended
			31st March 2022	31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
24 -1	Purchase of Power from Generators	70.000	6,59,474.88	5,71,083.76
24 -2	O & M Expenses to SLDC.	70.165	(1,289.29)	(1,443.32)
24 -3	Power purchased cost in respect of Inter ESCOM Energy exchange & Others (Refer Note 4 below)	70.801 & 70.281	63,099.33	12,826.07
24 -4	Power Transmission Charges (Refer Note 1 below)	70.113 & 70.161	1,39,615.20	1,23,525.12
<b>Total</b>			<b>8,60,900.12</b>	<b>7,05,991.63</b>

Note:

- 1) Transmission charges have been accounted at Rs.1,51,518/- per MW of installed capacity of 4350 MW for April 2021 to March 2022.
- 2) As per the Hon'ble APTEL Order Dated: 05.10.2020 pertaining to payment of Tannirbhavi Power Purchase Cost of earlier years amounting to Rs.32992 Lakhs, the Company shall amortise this expenditure over the period of 5 years. Accordingly company has amortised Rs.6758 Lakhs by debiting to KPTCL Power Transmission charges during the current year (included in SI. No. 24-4). The balance amount to be amortised over the remaining period is Rs.23419 Lakhs.
- 3) M/s KPCL bills for the year 2021-22 is received & accounted on provisional basis. Truing up/Revision bill for the year 2021-22 of M/s KPCL is yet to be received.
- 4) The Energy Department, GoK has approved Energy allocation of their respective production from different sources towards Purchase of Power as follows for FY 2021 & FY 2022:

Source	2021-22	2020-21
KPCL Hydrel	19.12%	28.77%
KPCL Thermal	20.65%	18.18%
CGS	21.45%	17.57%
UPCL	21.45%	12.00%

The purchase of energy to the Company includes EHT purchase 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.

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.

Statement Showing the Energy Balancing accounted for the Year 2021-22 SLDC						
ESCOMs	Energy Balancing at SLDC, Bengaluru		Energy Balancing 11KV/ 33 KV Inter ESCOMs flow		Total Energy In Mu	Total Amt In Rs .crs
	Energy In Mu	Amt In Rs .crs	Energy In Mu	Amt In Rs .crs		
1	2	3	4	5	6(2+4)	7(3+5)
MESCOM	750.86	349.18	-0.70	-0.48	750.16	348.70
BESCOM	1,279.91	696.04	-20.22	-11.19	1,259.69	684.85
GESCOM	391.13	193.82	-31.97	-17.75	359.16	176.07
CESC	210.16	104.00	-	-	210.16	104.00
<b>Total</b>	<b>2,632.05</b>	<b>1,343.04</b>	<b>-52.89</b>	<b>-29.42</b>	<b>2,579.16</b>	<b>1,313.62</b>

Note: Positive figures indicates that payable from HESCOM and Negative figures indicates Receivable by HESCOM. The expenditure is included in 24-3.



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**Note 25 Employee Benefits Expenses:**

SI No	Particulars	A/C Code	For the year ended	For the year ended
			31st March 2022	31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
25-1	Salaries	75.1	46,693.18	47,754.13
25-2	Over Time	75.2	776.07	713.36
25-3	Dearness Allowance	75.3	10,008.15	5,487.34
25-4	Other Allowances	75.4	6,116.53	6,137.27
25-5	Bonus/Ex-Gratia	75.5	677.99	687.68
25-6	Medical Expenses reimbursement	75.611	860.09	594.64
25-7	Earned Leave Encashments - Regular Employees - Employees covered under Contributory Pension Scheme	75.616	2,348.88	219.80
25-8	Earned leave encashment	75.617	2,388.85	349.82
25-9	Earned leave encashment - Retired / Deceased Employees	75.618	1,951.49	3,900.08
25-10	Payment under workmens compensation Act	75.629	-	16.11
25-11	Payment to helpers/employees of Monsoon gang	75.630	60.18	114.26
25-12	Staff Welfare expenses	75.7	355.32	276.22
25-13	Terminal Benefits (Refer Disclosures below)	75.8	26,260.80	27,454.09
<b>Total</b>			<b>98,497.53</b>	<b>93,704.79</b>

**Note:**

**1) Earned leave benefit**

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

**2) Family Benefit Fund**

Employees family benefit fund scheme has been introduced with effect from 01.07.1978. INR 200/- is deducted from each employee and paid to this fund. In case of death of an employee while in service, INR 2,00,000/- is being paid to the family. As per this scheme, the company contributes this fund as per the terms of the scheme in case of death/retirement of the employees. The liability for Family Benefit Fund is being recognized on the basis of Actuarial valuation. The company do not maintain separate fund/investments to the above schemes.

**3) Disclosures under Accounting Standard - 15**

SI No	Particulars
<b>Employee benefit plans</b>	
<b>Defined contribution plans</b>	
25-1-1	The funds towards Pension and Gratuity to the Employees appointed before 01.04.2006 is managed by KPTCL/ESCOMs Pension and Gratuity Trust - Pension contribution @65.37% and Gratuity contribution @7.53% as on 31-03-2022. The Company recognised Rs.14,586.56 Lakhs for Pension & Rs.1,378.27 Lakhs for Gratuity contributions in the Statement of Profit and Loss for the year 2021-22 based on the Actuarial Valuation conducted by P&G Trust.
25-1-2	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% and Employer has to contribute 14% of the Basic Pay & Dearness Allowance. The said contribution is being remitted to 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. The Company recognised Rs.4,793.10 Lakhs (Year ended 31 March, 2021 Rs.4,346.86 Lakhs) for Provident Fund contributions in the Statement of Profit and Loss.
25-1-3	The Company introduced Family Pension and Gratuity Scheme to NDCPS Employees approved vide G.O. No.: AE 34 PEN 2018 Dated: 23.06.2018. The funds are managed by the NDCPS Family Pension and Gratuity Trust. The contributions are based on Actuarial Valuations and the company accounted Rs.4,753.40 Lakhs towards the Gratuity Liability and Rs.652.35 Lakhs towards the Family Pension during the year 2021-22.
25-1-4	The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.27.97 Lakhs ( Year ended 31 March, 2021 Rs.19.73 Lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.



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Note 26 Finance Costs:

SI No	Particulars	A/C Code	For the year ended 31st March 2022	For the year ended- 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
26 -1	Intrest on Loan from REC	78.540	25,915.55	28,136.93
26 -2	Payment of Interest on loan drawn by HESCOM from SBI, Hubli	78.564	2,517.58	2,354.96
26 -3	Interest on loan from Canara Bank	78.567	1,119.27	1,991.24
26 -4	Interest on shortterm loan/ Interest on working capital C.C	78.568	840.89	1,043.71
26 -5	Interest on Loan drawn from M/s Rural Electrification Corporation Ltd. towards DDUGJY Scheme.	78.571	1,431.70	1,416.38
26 -6	Interest on loan drawn from M/s Power Finance Corporation Ltd. towards IPDS Scheme.	78.572	402.64	371.90
26 -7	Interest on Loan drawn from Bank of India (COVID-19)	78.573	7,625.16	1,906.89
26 -8	Interest on Loan drawn from Punjab National Bank (COVID-19)	78.574	5,179.14	1,309.51
26 -9	Interest on Loan drawn from State Bank of India (COVID-19)	78.575	3,850.00	1,286.85
26 -10	Interest on Loan drawn from Canara Bank (COVID-19)	78.576	3,669.62	1,054.25
26 -11	Payment of interest on PFC loan drawn by KPTCL on behalf of HESCOM	78.584	4,556.79	5,942.99
26 -12	Interest on loan from Power Finance Corporation Ltd. In respect of R.APDRP Scheme	78.585	112.46	156.57
26 -13	Interest on APDRP - GOK Loan	78.591	178.62	241.18
26 -14	Interest on Pradhan Mantri Gramodaya Yojana Schem (PMGY) Loan	78.546	15.61	20.05
26 -15	Interest on Loans drawn from KREDL for working capital requirements.	78.598	1,691.59	2,213.12
26-16	Interest on Security Deposits to Consumers	78.640 & 78.660	4,049.91	4,141.40
26 -17	Other Interest and Finance Charges	78.821 To 78.899	3,038.55	1,282.06
26 -18	Interest on belated payments to IPPs	80.000	37,391.84	62,440.04
26 -19	Less : Interest and finance charges capitalised during the year pertaining to CWIP	78.900	(3,152.46)	(4,310.10)
	<b>Total</b>		<b>1,00,434.45</b>	<b>1,12,999.92</b>



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Note 27 (i) Depreciation and Amortisation Expenses:

SI No	Particulars	A/C Code	For the year ended 31st March 2022	For the year ended 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
27 i -1	Amortisation of Lease Hold Assets	77.110	0.85	0.19
27 i -2	Depreciation on Buildings	77.120	600.41	521.48
27 i -3	Depreciation on Hydraulic Works	77.130	29.90	29.31
27 i -4	Depreciation on Civil Works	77.140	25.00	20.25
27 i -5	Depreciation on Plant and Machinery	77.150 + 77.151	7,707.49	6,954.81
27 i -6	Depreciation on lines, cable, network etc.,	77.160 + 77.161	21,770.57	17,439.12
27 i -7	Depreciation on Vehicles	77.170 + 77.171	34.87	28.46
27 i -8	Depreciation on furniture, fixtures	77.180	36.42	42.08
27 i -9	Depreciation on Office equipments	77.190 + 77.191	20.76	12.05
27 i -10	Depreciation on Intangible Assets	77.801	258.09	353.35
			30,484.35	25,401.11
27 i -11	Small & Low value items Written off	77.610	6.34	7.81
	<b>Total</b>		<b>30,490.70</b>	<b>25,408.93</b>



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Note 27 (ii) Repairs & Maintenance, Administrative and Other expenses:

SI No	Particulars	A/C Code	For the year ended 31st March 2022	For the year ended 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
.27 -1	<b>(i) Repairs &amp; Maintenance to:</b>			
.27 -1-1	Plant and Machinery	74.1	8,486.91	7,448.03
.27 -1-2	Buildings	74.2	1,001.63	718.58
.27 -1-3	Civil Works	74.3	429.29	351.91
.27 -1-4	Lines, Cable Net Work Etc.	74.5	3,329.83	520.74
.27 -1-5	Vehicles	74.6	26.09	25.92
.27 -1-6	Furniture and Fixtures	74.7	0.76	0.34
.27 -1-7	Office Equipments.	74.8	8.47	5.22
	<b>Total Repairs &amp; Maintenance Exp. (i)</b>		<b>13,282.98</b>	<b>9,070.74</b>
.27 -2	<b>(ii) Administrative Expenses:</b>			
.27 -2-1	Rent, Rates & Taxes	76.101, 76.102 & 78.861	417.70	320.28
.27 -2-2	Insurance	76.104	-	12.54
.27 -2-3	Pagers cellular phones E-mail, Telephone, Trunk call, Telegrams and Telex Charges	76.110,111,112	87.97	91.06
.27 -2-4	Postage	76.113	21.53	18.43
.27 -2-5	Mobile phone	76.114	67.11	147.44
.27 -2-6	Legal Charges	76.120 & 76.121	76.07	93.16
.27 -2-7	Payment to Statutory Auditors : Audit Fees	76.122	7.66	7.08
.27 -2-8	Consultancy charges	76.123	12.56	31.12
.27 -2-9	Other Professional Charges	76.125	34.36	27.32
.27 -2-10	Conveyance & Travel expenses	76.130 To 76.139	4,767.85	4,560.28
.27 -2-11	Remuneration Paid to Contract Agencies engaged in Computerisation activities/Others.	76.126 + 76.127 + 76.128 + 76.129 + 76.140	9,479.81	8,395.66
.27 -2-12	Amount paid to service provider for obtaining IT related Web services, SMS services and Broadband charges etc.	76.142	464.49	549.85
.27 -2-13	Fees & Subscriptions	76.151	240.93	201.95
.27 -2-14	Books, periodicals and dairies	76.152	0.47	0.49
.27 -2-15	Printing & Stationery	76.153	153.32	96.33
.27 -2-16	Advertisement Expenses	76.155	34.25	57.78
.27 -2-17	Computer stationary	76.156	29.93	24.19
.27 -2-18	Contributions	76.157	21.18	45.36
.27 -2-19	Electricity Charges	76.158	245.05	225.21
.27 -2-20	Water Charges	76.160	42.06	42.55
.27 -2-21	Entertainment	76.162 & 76.163	1.42	1.66
.27 -2-22	Miscellaneous expenses	76.190 + 76.191	194.05	115.27
.27 -2-23	Demand Side Management (DSM) Expenses	76.193 & 76.194	27.21	30.93
.27 -2-24	Freight & other material related expenses	76.201 To 76.282	216.72	151.79
	<b>Total Administrative Expenses: (ii)</b>		<b>16,643.69</b>	<b>15,247.72</b>



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SI No	Particulars	A/C Code	For the year ended 31st March 2022	For the year ended 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
.27 -3	<b>(iii) Other Expenses (Debits):</b>			
.27 -3-1	Asset Decommissioning Costs	77.5	320.94	455.20
.27 -3-2	Losses relating to Fixed Assets	77.7	35.37	66.70
.27 -3-3	Material cost variance	79.110 , 79.200	2,641.73	1.04
.27 -3-4	Provided for Bad & Doubtful Debts Written off	79.4	912.09	832.66
.27 -3-5	Miscellaneous losses and Write offs	79.5	1,691.78	646.84
	<b>Total of Other Expenses/Debits (iii)</b>		<b>5,601.91</b>	<b>2,002.44</b>
	<b>Grand Total of Repairs &amp; Maintenance, Administrative and Other expenses:(i + ii + iii)</b>		<b>35,528.57</b>	<b>26,320.91</b>

**Note:**

1) Miscellaneous Losses and Write Offs includes Compensation for injuries, death and damages to Staff and Compensation for injuries, death and damages -outsiders, Compensation paid to consumers on order of tribunal / consumers Forum / Court due to wrong billing etc., Provision for loss on obsolescence of stores, etc., Loss on sale of scrap, Infructuous capital expenditure written-off and Sundry Debit balance Written off.

2) Provision for Loss of Assets in respect of Rural Load Management System Units (RLMS) was made on estimated basis from 2012-13 at Corporate Office level. Provision outstanding as on 31.03.2022 is Rs.3,187 Lakhs.

3) The company has not taken insurance for Cash and its Assets for any loss and also any contingencies that may occur to the life/damages to the staff and others. The company over the years is absorbing such losses by charging to its Profit and Loss Account.

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

SI No	Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
		Rs. In Lakhs	Rs. In Lakhs
.27 -4	Payments to the auditors comprises remuneration Audit fees of Statutory Auditor with GST	7.66	7.08
	<b>Total</b>	<b>7.66</b>	<b>7.08</b>

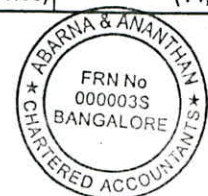
**Note: 28 Details of Prior period items (net)**

SI No	Particulars	A/C Code	For the year ended 31st March 2022	For the year ended 31st March 2021
			Rs. In Lakhs	Rs. In Lakhs
.27 -5	<b>Prior Period Income:</b>			
.27 -5-1	Receipts from Consumers Relating to prior periods	65.200	-	(0.00)
.27 -5-2	Excess provision for Depreciation in prior periods	65.500 & 65.600	(2,649.46)	(497.92)
.27 -5-3	Excess provision for Interest and Finance Charges in prior periods	65.700	(29.77)	(678.83)
.27 -5-4	Other Excess provision in prior periods includes provision for interest on Security Deposit*	65.800	(9,413.09)	(4,783.85)
.27 -5-5	Other Income relating to prior periods	65.900	(684.57)	(13,376.71)
.27 -5-6	Withdrawal of other misc income accounted in previous year.	83.834	181.51	520.27
			<b>(12,595.40)</b>	<b>(18,817.04)</b>
	<b>Prior Period Expenses:</b>			
.27 -5-7	Short provision for power purchased in previous years	83.100	164.10	4.22
.27 -5-8	Operating Expenses of previous years.	83.300	3.27	28.09
.27 -5-9	Employee costs relating to previous years	83.500	11.28	127.10
.27 -5-10	Depreciation under provided in previous years.	83.600	2,097.38	1,131.57
.27 -5-11	Interest and other Finance charges relating to previous years	83.700 & 83.800	11.70	26.66
.27 -5-12	Short Provision for Income tax - previous years	83.810	11.88	-
.27 -5-13	Administrative Expenses - previous years.	83.820	2.29	-
.27 -5-14	Other Expenses relating to prior periods	83.850	4,192.62	3,292.95
			<b>6,494.52</b>	<b>4,610.60</b>
	<b>Net Prior Period Income</b>		<b>(6,100.88)</b>	<b>(14,206.44)</b>

\* Rs.852 Lakhs during the year 2021-22 and Rs.1191 Lakhs during previous year.



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

**Note 28.a Regulatory Income / Expenses:**

SI No	Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
		Rs. In Lakhs	Rs. In Lakhs
.28a-1	Income on account of Regulatory Assets truing of Subsidy (61.911)	56,416.12	(1,28,646.79)
	<b>Total</b>	<b>56,416.12</b>	<b>(1,28,646.79)</b>

**Note:**

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 of particular year in subsequent periods besides through truing up orders. In this background, the Company has created the Regulatory Asset (wherein the actual power purchase cost is more than Approved Power Purchase cost) to the extent of Rs.56,416.12 Lakhs during FY 2021-22.

For 2020-21, no Regulatory Asset has been created because the Actual Power Purchase Cost is less than Approved Power Purchase Cost.

**Note 28.b. Deferred Tax (Asset)**

SI No	Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
		Rs. In Lakhs	Rs. In Lakhs
28b-1	Income on account of Deferred Tax	(23,297.08)	(14,834.29)
	<b>Total</b>	<b>(23,297.08)</b>	<b>(14,834.29)</b>



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

Note 29 Additional information to the Financial Statements:

SI No	Particulars	As at 31st March 2022	As at 31st March 2021
		Rs. In Lakhs	Rs. In Lakhs
29 -1	Contingent liabilities and commitments (to the extent not provided for)		
29 -1-1	Contingent liabilities		
29 -1-1-1-1	The Claim of Interest on belated payments by Independent Private Power Producers (Kaiga ) which is disputed by the Company .	2,871.92	2,139.00
29 -1-1-1-2	Dispute cases for compensation from the Company (232 Court Cases as on 31.03.2022 and 131 Court Cases as on 31.03.2021)	1,135.79	612.00
29 -1-1-1-3	GST Liability (penalty) towards disputed delayed GST paid on Liquidated/Penalty pertaining to earlier years (Interest not quantified)	183.71	183.71
29 -1-1-1-4	Dues payable to SPML Pvt. Ltd. (Contractor) towards disputed additional works carried out Vide order Dtd: 29.11.2021 of Commercial Court, Bengaluru.	1,600.00	-
29 -1-1-1-5	LC Balance against LCs issued by State Bank of India	15,000.00	14,731.00
SI No	Particulars	As at 31st March 2022	As at 31st March 2021
		Rs. In Lakhs	Rs. In Lakhs
29 -2	Commitments #		
29 -2-1	Estimated amount of contracts remaining to be executed on capital account and not provided for	773.00	-
29 -2-2	Uncalled liability on shares and other investments partly paid	Nil	-
29 -2-3	Other commitments (specify nature)	-	-



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Note 30 Earnings per Share:

SI No	Particulars	For the year ended	For the year ended
		31st March 2022	31st March 2021
		Rs. In Lakhs	Rs. In Lakhs
.30 -1	Earnings per share		
	Basic & Diluted		
	Net profit / (loss) for the year from continuing operations	(1,29,362.65)	(2,49,026.00)
	Less: Preference dividend and tax thereon		
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	(1,29,362.65)	(2,49,026.00)
	Weighted average number of equity shares	20,504.24	15,542.38
	Par value per share	10.00	10.00
	Earnings per share from continuing operations - Basic	(6.31)	(16.02)

Note 30.2 Related Party Transactions:

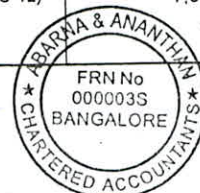
Managerial remuneration paid during the financial year :-

SI No	Particulars	2021-22	2020-21
		Rs. In Lakhs	Rs. In Lakhs
.30 ii -1	<b>Smt. D. Bharathi, IAS. MANAGING DIRECTOR:</b>		
.30 ii -1-1	Salary and allowance	14.35	22.33
.30 ii -1-2	Ex-gratia	0.01	0.06
.30 ii -1-3	Medical Expenses	-	0.05
.30 ii -1-4	Travelling Expenses	0.42	0.61
	<b>Total</b>	<b>14.78</b>	<b>23.04</b>
.30 ii -1	<b>Sri. A. H. Kamble. DIRECTOR (TECHNICAL):</b>		
.30 ii -1-1	Salary and allowance	27.04	4.72
.30 ii -1-2	Ex-gratia	0.07	-
.30 ii -1-3	Medical Expenses	2.21	-
.30 ii -1-4	Travelling Expenses	0.29	0.16
	<b>Total</b>	<b>29.61</b>	<b>4.88</b>
.30 ii -1	<b>Sri. B. Manjunath. DIRECTOR (FINANCE):</b>		
.30 ii -1-1	Salary and allowance	27.82	29.10
.30 ii -1-2	Ex-gratia	0.07	0.07
.30 ii -1-3	Medical Expenses	-	-
.30 ii -1-4	Travelling Expenses	0.49	0.69
	<b>Total</b>	<b>28.38</b>	<b>29.86</b>
.30 ii -1	<b>Sri. Raghavendra Kotemane. COMPANY SECRETARY:</b>		
.30 ii -1-1	Salary and allowance	14.81	4.01
.30 ii -1-2	Ex-gratia	0.02	-
.30 ii -1-3	Medical Expenses	-	-
.30 ii -1-4	Travelling Expenses	-	0.16
	<b>Total</b>	<b>14.83</b>	<b>4.16</b>
.30 ii -1	<b>Grand Total</b>		
.30 ii -1-1	Salary and allowance	84.03	60.16
.30 ii -1-2	Ex-gratia	0.17	0.13
.30 ii -1-3	Medical Expenses	2.21	0.05
.30 ii -1-4	Travelling Expenses	1.20	1.62
.30 ii -1-5	<b>OTHER DIRECTORS:</b> Sitting fees	1.84	0.95
.30 ii -1-6	Travelling Expenses	1.53	0.16
	<b>Grand Total</b>	<b>90.97</b>	<b>63.06</b>

Note 30.3 Government Grants:

SI No	Particulars	For the year ended	For the year ended
		31st March 2022	31st March 2021
		Rs. In Lakhs	Rs. In Lakhs
.30 iii -1	Details of government grants		
.30 iii -1-1	Government grants received by the Company during the year towards		
	- Subsidies (recognised under Capital Grants)	9,688	2,522
	- Duty drawback (recognised under Other operating revenues)		
	- Other incentives under Tariff Subsidy (recognised under AS-12)	7,37,642	4,13,436
	Current Year Tariff Subsidy - Rs.3,913.34 Crs		
	Arrears of Tariff Subsidy - Rs 3,463.08 Crs		

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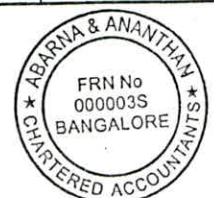
**M/s. HUBLI ELECTRICITY SUPPLY COMPANY LIMITED**  
**PB ROAD, NAVANAGAR, HUBLI - 580 025.**

**Note 31 Additional information to the financial statements**

SI No	Particulars																																																				
31 -1	Earnings in foreign currency - Nil (As at 31st March, 2022 - Nil)																																																				
31 -2	Expenditure in foreign currency - Nil (As at 31st March, 2022 - Nil)																																																				
31 -3	Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 - Nil																																																				
31 -4	The Previous year figures have been regrouped/reclassified wherever necessary to confirm the current year presentation.																																																				
31 -5	The balances in respect of Trade Receivables, Trade Payables and Loans and Advances to suppliers and others are subject to confirmation since the Company is having large customer base.																																																				
31 -6	The employees earlier appointed by KPTCL are working in the Company on deputation basis, now the Company is directly recruiting its employees.																																																				
31 -7	The Company is unable to ascertain the estimated amount of contracts remaining to be executed on capital works due to the large number of contracts spread over 7 Districts of Karnataka.																																																				
31 -8	Segment reporting : Business Segment : Electricity distribution is the 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. Deferred Taxation : The company has not recognized Deferred Tax Assets / Deferred Tax Liabilities as required by accounting standard 22.																																																				
31-9																																																					
31-10	<b>Store/Inventory:</b> The Company is having various items of materials, mentioning of material wise quantities impractical to disclose. However, quantity wise records are maintained at various accounting units (Refer Note No.: 17)																																																				
	<table border="1"> <thead> <tr> <th>Opening Stock (Rs. In Lakhs)</th> <th>Receipts (Rs. In Lakhs)</th> <th>Issues (Rs. In Lakhs)</th> <th>Closing Stock (Rs. In Lakhs)</th> </tr> </thead> <tbody> <tr> <td>14,149.75</td> <td>69,119.90</td> <td>68,966.61</td> <td>14,303.03</td> </tr> </tbody> </table>	Opening Stock (Rs. In Lakhs)	Receipts (Rs. In Lakhs)	Issues (Rs. In Lakhs)	Closing Stock (Rs. In Lakhs)	14,149.75	69,119.90	68,966.61	14,303.03																																												
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31-11	<b>Effect on Accounts</b> Board has accepted the Accounts on 14.11.2022, Statutory Auditors have also certified on 14.11.2022. In the light of observations of the Comptroller and Auditor General of India during their supplementary audit conducted under Sec.143(6)(b) of the Companies Act,2013, necessary corrections have been incorporated. (Rs. in Lakhs)																																																				
	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Prior to AG's Audit</th> <th>After AG's Audit</th> <th>Increased(+) / Decreased(-)</th> </tr> </thead> <tbody> <tr> <td><b>Loss after tax</b></td> <td><b>-1,57,184.25</b></td> <td><b>-1,29,362.65</b></td> <td><b>27,821.60</b></td> </tr> <tr> <td>Impact on Reserves and Surplus</td> <td>-4,33,062.96</td> <td>-4,05,241.36</td> <td>27,821.60</td> </tr> <tr> <td>Trade Payables</td> <td>5,70,628.12</td> <td>5,74,368.15</td> <td>3,740.03</td> </tr> <tr> <td>Other Current Liabilities</td> <td>86,857.23</td> <td>87,999.82</td> <td>1,142.59</td> </tr> <tr> <td><b>Total Liabilities</b></td> <td><b>12,85,811.16</b></td> <td><b>13,18,515.38</b></td> <td><b>32,704.22</b></td> </tr> <tr> <td>Property, Plant and Equipment</td> <td>7,24,294.44</td> <td>7,25,777.38</td> <td>1,482.94</td> </tr> <tr> <td>Capital work-in-progress</td> <td>24,060.09</td> <td>23,987.50</td> <td>-72.59</td> </tr> <tr> <td>Deferred Tax Assets (net)</td> <td>31,493.50</td> <td>38,131.37</td> <td>6,637.87</td> </tr> <tr> <td>Other Non-Current Assets</td> <td>99,678.35</td> <td>1,19,724.52</td> <td>20,046.17</td> </tr> <tr> <td>Trade Receivables</td> <td>1,84,037.07</td> <td>1,82,998.18</td> <td>-1,038.89</td> </tr> <tr> <td>Other current assets</td> <td>1,74,064.48</td> <td>1,79,713.21</td> <td>5,648.73</td> </tr> <tr> <td><b>Total Assets</b></td> <td><b>12,85,811.16</b></td> <td><b>13,18,515.38</b></td> <td><b>32,704.22</b></td> </tr> </tbody> </table>	Particulars	Prior to AG's Audit	After AG's Audit	Increased(+) / Decreased(-)	<b>Loss after tax</b>	<b>-1,57,184.25</b>	<b>-1,29,362.65</b>	<b>27,821.60</b>	Impact on Reserves and Surplus	-4,33,062.96	-4,05,241.36	27,821.60	Trade Payables	5,70,628.12	5,74,368.15	3,740.03	Other Current Liabilities	86,857.23	87,999.82	1,142.59	<b>Total Liabilities</b>	<b>12,85,811.16</b>	<b>13,18,515.38</b>	<b>32,704.22</b>	Property, Plant and Equipment	7,24,294.44	7,25,777.38	1,482.94	Capital work-in-progress	24,060.09	23,987.50	-72.59	Deferred Tax Assets (net)	31,493.50	38,131.37	6,637.87	Other Non-Current Assets	99,678.35	1,19,724.52	20,046.17	Trade Receivables	1,84,037.07	1,82,998.18	-1,038.89	Other current assets	1,74,064.48	1,79,713.21	5,648.73	<b>Total Assets</b>	<b>12,85,811.16</b>	<b>13,18,515.38</b>	<b>32,704.22</b>
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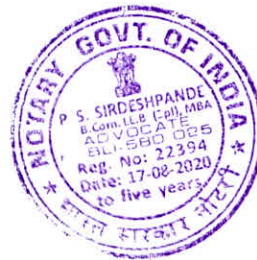


M/s. HUBLI ELECTRICITY SUPPLY COMPANY LIMITED  
PB ROAD, NAVANAGAR, HUBLI - 580 025.

Statement Showing the details of Repayment (Principal) for FY-2022-23

(Rs. In Lakhs)

Sl. No.	Name of the Financial Institutions	Repayment (Principal) (2022-23)	Repayment (Principal) (2021-22)
I	Secured Loan		
	1, REC		
	a) HESCOM (Stations + RGGVY + Transformer's + Meters+ ACSR Coyote Conductor + RLMS + UAIP+Feeders)	46,115.75	46,086.10
	<b>REC Total</b>	<b>46,115.75</b>	<b>46,086.10</b>
	2, PFC		
	b) PFC(R-APDRP)	66.89	66.89
	c) PFC(STL)	10,668.98	13,860.20
	d) PFC (Buyer's Loan of Credit-TL)	22,028.87	1,790.83
	d) PFC (IPDS-TL)	352.20	235.07
31-10	<b>PFC Total</b>	<b>33,116.93</b>	<b>15,952.98</b>
	3, Commercial Bank (HESCOM)		
	d) Canara Bank, Hubli.	5,516.00	8,516.00
	f) Short/Medium/Long Term Loan SBI	18,336.00	10,067.44
	<b>Banks Total</b>	<b>23,852.00</b>	<b>18,583.44</b>
	<b>I Secured Loan Total</b>	<b>1,03,084.68</b>	<b>80,622.52</b>
II	Un Secured Loan		
	2, GoK		
	a) PMGY Scheme	37.00	37.00
	b) APDRP Scheme	544.00	544.00
	e) Short Term Loan KREDL	11,500.00	-
	f) GOK Power Purchase Loan	15,242.86	-
	<b>II Un Secured Loan Total</b>	<b>27,323.86</b>	<b>581.00</b>
	<b>Grand Total I+II</b>	<b>1,30,408.54</b>	<b>81,203.52</b>



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

Ratios as per Schedule III

(Rs. in Lakhs)

Sl. No.	Particulars	2021-22			2020-21			Variation
		Current Assets	Current Liabilities	Ratio	Current Assets	Current Liabilities	Ratio	
1	<b>Current Ratio</b>	3,87,231.74	8,07,371.85	0.48	6,78,919.17	7,57,270.77	0.90	(0.42)
Reason: Due to decline in Current Asset mainly pertaining to subsidy receivable.								
2	<b>Debt-Equity Ratio</b>	Total Debt	Shareholder's Equity	Ratio	Total Debt	Shareholder's Equity	Ratio	Variation
		7,28,517.77	(4,31,691.60)	(1.69)	8,11,884.88	(3,04,108.48)	(2.67)	0.98
Reason: Decline in Total Debt mainly pertaining to adjustment of Interest free loan of Rs.992.58 Crs.								
3	<b>Debt Service Coverage Ratio</b>	Earnings available for debt service	Debt Service	Ratio	Earnings available for debt service	Debt Service	Ratio	Variation
		(78,150.70)	3,16,550.86	(0.25)	3,195.34	2,37,492.82	0.01	(0.26)
Reason: Reduction in the earnings and increase in the debt service requirement.								
4	<b>Return on Equity Ratio</b>	Net Profits after taxes	Average Shareholder's Equity	Ratio	Net Profits after taxes	Average Shareholder's Equity	Ratio	Variation
		(1,29,362.65)	(3,67,900.04)	(0.35)	(2,49,026.00)	(1,93,403.74)	(1.29)	0.94
Note: Net worth is negative and the company has incurred loss in both years.								
5	<b>Inventory Turnover Ratio</b>	Sales	Average Inventory	Ratio	Sales	Average Inventory	Ratio	Variation
		-	-	-	-	-	-	-
Note: The Company is engaged in Distribution of Electricity. Hence, this ratio is not applicable.								
6	<b>Trade Receivables Turnover Ratio</b>	Sales	Average Receivables	Ratio	Sales	Average Receivables	Ratio	Variation
		8,80,438.36	1,83,028.56	4.81	7,83,001.63	1,77,695.66	4.41	0.40
7	<b>Trade Payables Turnover Ratio</b>	Purchases	Average Payables	Ratio	Purchases	Average Payables	Ratio	Variation
		8,60,900.12	5,56,852.23	1.55	7,05,991.63	5,64,992.29	1.25	0.30
Reason: Reduction in Liability towards Purchase of Power.								
8	<b>Net Capital Turnover Ratio</b>	Sales	Average Working Capital	Ratio	Sales	Average Working Capital	Ratio	Variation
		8,80,438.36	(2,49,245.86)	(3.53)	7,83,001.63	(1,33,711.07)	(5.86)	2.32
Note: The company has negative net working capital in both the years.								
9	<b>Net Profit Ratio</b>	Net Profit	Sales	Ratio	Net Profit	Sales	Ratio	Variation
		(1,29,362.65)	8,80,438.36	(0.15)	(2,49,026.00)	7,83,001.63	(0.32)	0.17
Reason: Reduction in loss.								
10	<b>Return on Capital Employed</b>	EBIT	Capital Employed	Ratio	EBIT	Capital Employed	Ratio	Variation
		(52,225.28)	(4,31,691.60)	(0.12)	(1,50,860.38)	(3,04,108.48)	(0.50)	0.38
Note: The company has negative EBIT and Capital employed.								



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**MESCOM, HUBLI**

