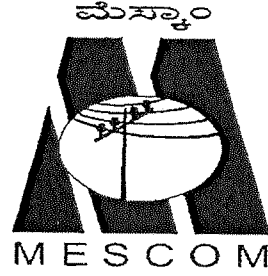



Directors' Report & Annual Accounts for the FY 2022-23



Mangalore Electricity Supply Company Limited




Superintending Engineer (Ele.) Commercial
MESCOM, Corporate Office
Mangaluru - 575 004

BOARD OF DIRECTORS as on 31.03.2023

Sl. No.	Shriyuths/Smt.,	Designation
1	Dr N Manjula, IAS	Chairperson
2	Sri. Manjappa	Managing Director
3	Sri. H.G. Ramesh	Director (Technical)
4	Dr. P.C. Jaffer IAS.,	Director
5	Smt. Aparna Pavate	Independent Director
6	Sri. V. Krishnappa	Independent Director
7	Smt. G. Sheela	Director
8	Sri. Gopal	Director
9	Sri. R.H, Lakshmipathy	Director
10	Sri. K. Shivanna.	Director
11	Sri. Shivarudrappa S.	Non Official Director
12	Sri. Giriraja G.K.	Non Official Director
13	Sri. N. Dinesh	Non Official Director
14	Sri. Kishore B.R.	Non Official Director
15	Sri. Praveen Hegade	Non Official Director
16	Sri. M. Dinesh Pai	Non Official Director

Corporate Office: "MESCOM Bhavana", Kavoor Cross Road, Bejai, Mangaluru-575004

Website: www.mescom.karnataka.gov.in


Corporate Identity No (CIN): U40109 KA 2002 SGC 030425

Bankers:

1. Canara Bank
2. State Bank of India
3. Bank Of Baroda
4. Union Bank Of India
5. Punjab & Sindh Bank
6. Bank Of India
7. Indian Bank

Chief Financial Officer : Sri. B Jagadeesha
 Company Secretary : Sri. Prabhat M. Joshi, MBA, CMA, CS.,
 Statutory Auditor : M/s. Nithin J Shetty & Co, Mangalore
 Cost Auditor : M/s Adarsh Sharma & Co. Bangaluru
 Secretarial Auditor : M/s SMPV and Associates LLP., Bangalore




 Superintending Engineer (Ele.) Commercial
 MESCOM, Corporate Office
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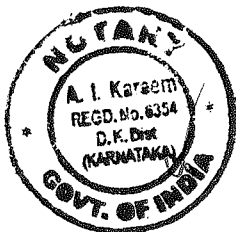
DIRECTORS' REPORT FOR FY 2022-23

1. The Board of Directors herewith present the 21st Annual Report on the business and operations of the Company along with the audited accounts for the year ended 31st March, 2023 duly expressing its sincere thanks to the esteemed consumers and duly recognizing with gratitude, the guidance and efforts of Chairperson and Directors who have served the Company. Mangalore Electricity Supply Company Limited (MESCOM), being wholly owned Government of Karnataka undertaking, is engaged in distribution of electricity in four districts of Karnataka i.e., Dakshina Kannada, Udupi, Shivamogga and Chikkamagaluru.
2. Company having a working strength of 5,561 employees is serving 26,35,088 consumers of various category has achieved turnover of about ₹ 4741.14 Crores during the year 2022-23.
3. **The status of the Company as on 31-03-2023 at a glance:**

Area of Supply and Distribution (Sq. Km.)	24,049
Number of sub stations 400 KV, 220 KV, 110 KV, 66 KV (of KPTCL)	104
Number of 33 KV sub stations	50
Number of Distribution Transformers	1,00,484
Length of LT Lines (in Radial KMs)	91,911.29
Length of 11 KV Lines (in Radial KMs)	48,783.61
Length of 33 KV Lines (in Radial KMs)	1084.54
Number of feeders	1361
Number of Power Transformers /Total Capacity	93/557.5 MVA
HT/LT Ratio	1:1:9

4. Consumer Base:

As on 1st April 2022 the Company had a Consumer Base of 25,69,754 No's. With the additional of 65,334 No's of new consumers during the year, the consumers at the end of the year 31.03.2023 stood at 26,35,088 No's comprising of the categories as shown in charts below.





 Superintending Engineer (Ele.) Commercial
 MESCOM, Corporate Office
 Mangaluru - 575 004

Figure 1: LT Consumers

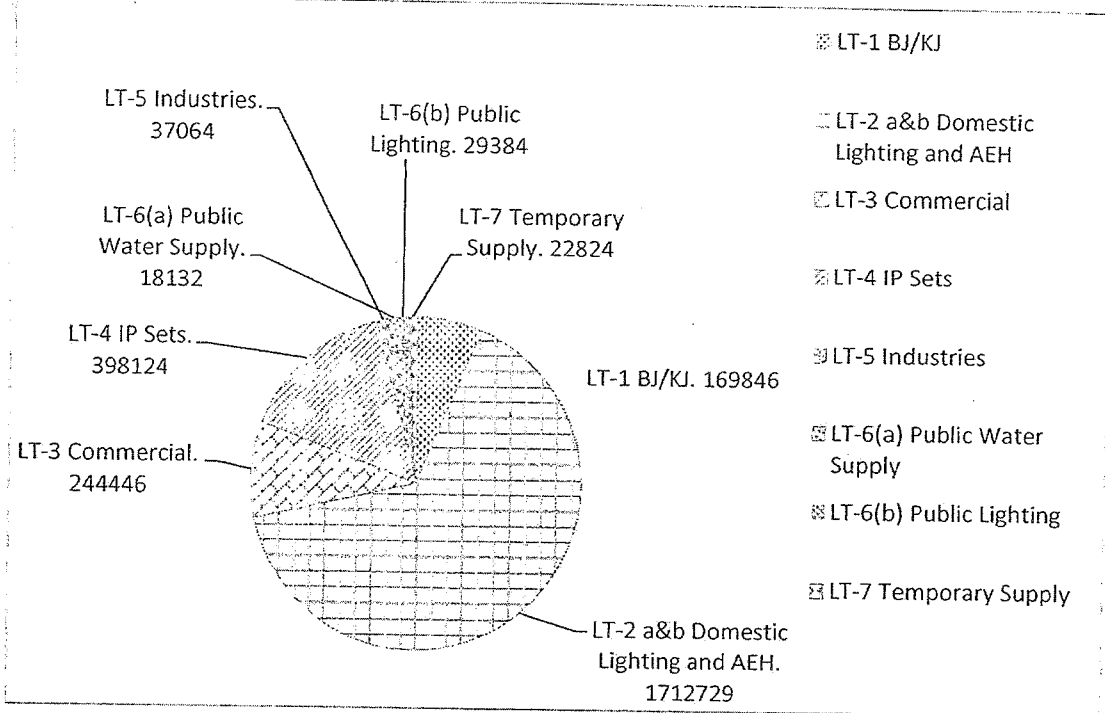
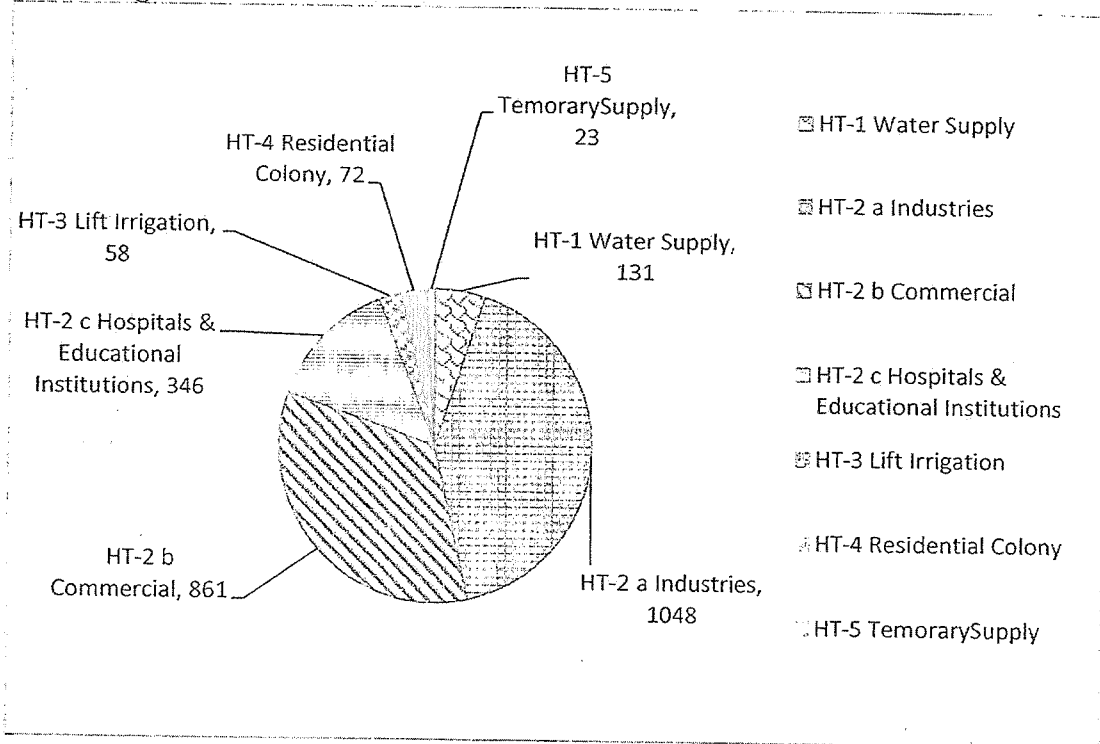


Figure 2: HT Consumers



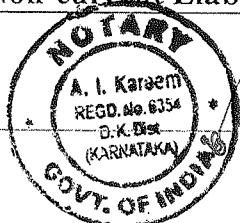
[Signature]
 Superintendent Engineer (Ele.) Commercial
 MESCOM, Corporate Office
 Mangaluru - 575 004

5. Review of Balance Sheet and Statement of Profit and Loss for the year ending March 31st 2023 with the previous Year ending 31.03.2022 is as detailed below:

I. Analysis of Balance Sheet

(₹. In lakh.)

Particulars	As at 31.03.2023	As at 31.03.2022	Increase(+)/ Decrease(-)	% variation
ASSETS				
I Non-Current Assets				
(a) Property, plant and Equipment	344313.30	306177.14	38136.16	12.46
(b) Capital Work in progress	14824.44	23917.29	-9092.85	-38.02
(c) Intangible Assets	92.05	178.80	-86.75	-48.52
(d) Right of use assets	129.08	90.12	38.96	43.23
(e) Financial Assets				
i Investments	1.00	1.00	-	-
ii Other financial assets	11562.74	11558.81	3.93	.03
(f) Non-current tax assets	3.04	1706.28	-1703.24	-99.82
(g) Other non-current assets	1745.89	2207.04	-461.15	-20.89
Total Non-current Assets	372671.54	345836.48	26835.06	7.76
II Current Assets				
(a) Inventories	5674.25	5005.54	668.71	13.36
(b) Financial Assets				
i. Trade receivables	87154.65	84597.52	2557.13	3.02
ii. Cash and cash equivalents	4236.71	4820.78	-584.07	-12.12
iii Bank Balances other than (ii) above	790.84	906.46	-115.62	-12.76
iv Other Financial Assets	119302.50	121478.45	-2175.95	-1.79
(c) Current Tax Assets	89.93	1938.27	-1848.34	-95.36
(d) Other current Assets	6870.90	3593.07	3277.83	91.23
Sub-total	224119.78	222340.09	1779.69	0.80
II Assets held for sale	341.15	427.16	-86.01	-20.14
I Regulatory Deferral Account	23710.95	57906.95	-34196.00	-59.05
Total Assets	620843.42	626510.68	-5667.26	-0.90
LIABILITIES				
I Equity				
(a) Equity Share Capital	74130.20	66242.35	7887.85	11.91
(b) Other Equity	31139.36	26045.03	5094.33	19.56
Total Equity	105269.56	92287.38	12982.18	14.07
II Non-current Liabilities				



(a) Financial liabilities				
i. Borrowings	99215.23	109921.61	-10706.38	-9.74
ii. Lease Liabilities	136.66	89.35	47.31	52.95
iii. Trade Payables	9256.33	10192.50	-935.17	-9.18
iv. Other Financial Liabilities	124968.64	119708.45	5260.19	4.39
(b) Provisions	8468.27	7752.62	715.65	9.23
(c) Deferred income	76737.17	69599.21	7137.96	10.26
(d) Other Non-current liabilities	38.79	38.79	-	-
Total Non-current liabilities	318821.09	317302.53	1518.56	0.48
II Current Liabilities				
I				
(a) Financial Liabilities				
i. Borrowings	40882.45	64641.32	-23758.87	-36.75
ii. Lease Liabilities	-	-	-	-
iii. Trade Payables	25994.42	32445.69	-6451.27	-19.88
iv. Other Financial Liabilities	98207.45	90263.02	7944.43	8.80
(b) Provisions	2079.22	1977.85	101.37	5.13
(c) Deferred income	5195.00	4526.16	668.84	14.78
(d) Other current liabilities	24394.24	23066.73	1327.51	5.76
Total Current Liabilities	196752.77	216920.77	-20168.00	-9.30
Total Liabilities	515573.86	534223.30	-18649.44	-3.49
Total Equity and Liabilities	620843.42	626510.68	-5667.26	-0.90

ASSETS

1. Non-Current Assets

- ❖ **Property plant and equipment:** This is increased by ₹ 38136.16 lakh due to categorization of Capital Works completed during the year.
- ❖ **Capital Work in progress:** It is decreased by ₹ 9092.85 lakh due to categorization of Capital Works completed during the year.
- ❖ **Intangible assets:** This is decreased by ₹ 86.75 lakh due to amortization of softwares.
- ❖ **Right of use assets:** This is increased by ₹ 38.96 lakh due to additional lease assets added during the year.
- ❖ **Non-current financial assets:** This is increased by ₹ 3.93 lakh. There is a marginal increase in deposit with others.
- ❖ **Non-current tax Assets:** It is decreased by ₹ 1703.24 lakh mainly due to refund of income tax paid by the Company during the FY 2022-23.



- ❖ **Other Non-Current Assets:** It is decreased by ₹ 461.15 lakh. Decrease is mainly due to amortization of deposit with Andhra Pradesh Power Generation Corporation Limited to the extent of Rs. 466.30 lakh and other items are increased by 5.15 lakh.

2. Current Assets:

- ❖ **Inventories:** It is increased by ₹ 668.71 lakh due to purchase of new materials to carry out various new capital works.
- ❖ **Trade receivables:** It is increased by ₹ 2557.13 lakh mainly due to increase in sale of energy during the current year compared to previous year and non-realization of revenue from Local Bodies, MPM etc.
- ❖ **Cash and cash equivalents:** It is decreased by ₹ 584.07 lakh due to decrease in the balance held under non operative and operative bank accounts.
- ❖ **Other Bank Balances:** It is decreased by ₹ 115.62 lakh because of reduction in deposits made with Banks for availing Bank Guarantees.
- ❖ **Other financial assets:** It is decreased by ₹ 2175.95 lakh (net). Receivable from other ESCOMs is decreased by ₹ 4310.08 lakhs due to decrease in energy balancing dues. Subsidy receivable from GoK is increased by ₹ 3551.35 lakh due to non-realization of subsidy demanded during the year. Receivable from Panchayaths for energisation of Water supply installations also decreased by ₹ 544.19 lakhs. Amount receivable from State Govt. towards reliefs given to MSME consumers is also reduced by ₹ 1154.00 lakhs as the same was received from GoK during the year. There is net increase of ₹ 280.97 lakh in other items.
- ❖ **Current tax assets:** It is decreased by ₹ 1848.34 lakh since Company has not paid Advance Tax during the current year as MESCOM has adopted the Income Tax new regime as per section 115BAA of Income Tax Act and the Company has suffered loss as per the provisions of Income Tax Act 1961.
- ❖ **Other Current assets:** It is increased by ₹ 3277.83 lakh (net) mainly due to increase in advances paid to PCKL to the extent of ₹ 1847.76 lakhs for short term power purchase and also increase in receivables from Energy Exchange towards sale of RECs for ₹ 1299.41 lakhs. Further, there is net increase of ₹ 130.66 lakh in other items.



- ❖ **Assets held for sale:** It is decreased by ₹ 86.01 lakh due to disposal of scrap items.
- ❖ **Regulatory Deferral Account Debit Balance:** It is decreased by ₹ 34196.00 lakh. Regulatory Asset created for FY 2020-21 amounting to ₹ 34196.00 lakhs is treated as recovered during FY 2022-23 and reversed in the accounts. Company has not created any fresh regulatory assets during current year.

EQUITY & LIABILITIES:

1. Equity

- ❖ **Equity Share Capital:** Equity Share Capital is increased by ₹ 7887.85 lakh due to capital investment by GoK.
- ❖ **Other Equity:** It is increased by ₹ 5094.33 lakh (net)
Amounts added to other equity are as follows:

	<u>Amount (₹ in lakh)</u>
1. Share Deposits given by State Govt.	6413.00
2. Share Deposits given by State Govt. towards 50% of the cost of power block of Jurala Hydro Electric Project during FY 2013-14	1400.00
2. Less: Share deposit converted into Equity	7887.85
3. Profit for the year	5184.60
4. Change in Capital reserve	-15.42
Net increase	5094.33

2. Non-Current Liabilities:

- ❖ **Borrowings:** This is decreased by ₹ 10706.38 lakh (net). During the year MESCOM repaid ₹ 10706.38 lakh of outstanding loans from Banks.
- ❖ **Lease liabilities:** This is increased by ₹ 47.31 lakh due to additional lease assets added during the year.
- ❖ **Trade Payables:** This is decreased by ₹ 935.97 lakh (net) due to payment of power purchase dues of M/s Karnataka Power Corporation Limited.
- ❖ **Other Financial liabilities:** This is increased by ₹ 5260.19 lakh (net). Initial/Additional Security deposits have been collected from



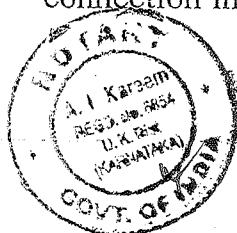
consumers to the extent of ₹ 5591.83 lakh. Further, there is net decrease of ₹ 344.84 lakh in other items.

- ❖ **Provisions:** This is increased by ₹ 715.65 lakh due to increase in long term liability on account of Earned leave encashment and FBF as per actuarial valuation reports carried out as on 31.03.2023.
- ❖ **Deferred Income:** This is increased by ₹ 7137.96 lakh net. During the year MESCOM has received consumers' contributions of ₹ 9958.81 lakh. Govt. has released grants of ₹ 2568.57 lakhs under DDUGJY Scheme and grants of ₹ 140.00 lakhs for setting up of Gas Insulated Sub-stations (GIS).

Further, during the year an amount of ₹ 4860.58 lakh representing the amount of depreciation computed on the cost of assets funded through consumers' contribution/ Govt. grants is adjusted to revenue.

3. Current Liabilities

- ❖ **Borrowings:** This is decreased by ₹ 23758.87 lakh mainly due to repayment of Bank overdraft during the current year. There is a net increase of ₹ 1899.71 lakh in current maturities of long term debt.
- ❖ **Trade Payables:** This is decreased by ₹ 6451.27 lakh mainly due to decrease in the dues payable to M/s NTPC-RSTPS by ₹ 5983.42 lakh. Dues of other generators is decreased by ₹ 467.85 lakhs.
- ❖ **Other Financial Liabilities:** This is increased by ₹ 7944.43 lakh (Net). Payable to other ESCOMs decreased by ₹ 15182.72 lakh mainly due to accounting of energy balancing results for FY 2022-23. Payables to suppliers or contractors increased by ₹ 6263.17 lakh. Employee related liabilities increased by Rs. 3127.20 lakhs. Liability for expenses increased by ₹ 15959.70 lakh. Interest payables on consumers' security deposits are increased by ₹. 188.69 lakhs. Credit Balance in Consumers' Accounts is decreased by ₹. 1761.67 lakhs. Other liabilities are decreased by ₹ 649.94 lakh.
- ❖ **Provisions:** This is increased by ₹ 101.37 lakh due to decrease in short term liability on account of Earned leave encashment and FBF accounted in accordance with actuarial valuation reports.
- ❖ **Deferred Income:** Current liability under deferred income is increased by ₹ 668.84 lakh.
- ❖ **Other Current Liabilities:** This is increased by ₹ 1327.51 lakh (Net). Transmission charges payable to KPTCL is increased by ₹. 636.50 lakhs. Deposits from consumers for electrification/ service connection increased by ₹ 504.70 lakhs, Taxes and duties payable to



Govt. and other Statutory Bodies increased by ₹ 1379.31 lakhs. Shares to the tune of ₹ 1400.00 lakhs has been issued to GoK during the year. There is net increase of ₹ 79.87 lakh in other items.

II. Analysis of Statement of Profit and Loss (₹ In lakh)

Sl. No.	Particulars	31.03.23	31.03.22	Increase(+)/ Decrease(-)	Variance in (%)
I	Revenue from operations	454497.54	389577.85	64919.69	16.66
II	Other Income	19616.11	18196.33	1419.78	7.80
III	Total Revenue (I+II)	474113.65	407774.18	66339.47	16.27
IV	Expenses				
	Purchase of power	309647.33	257983.06	51664.27	20.03
	Employee Benefits Expense	64043.25	52275.97	11767.28	22.51
	Finance Costs	12810.53	13185.59	-375.06	-2.84
	Depreciations and amortization expenses	23883.54	20988.13	2895.41	13.80
	Other Expenses	24348.40	20871.00	3477.40	16.66
	Total Expenses (IV)	434733.05	365303.75	69429.30	19.01
V	Profit before exceptional items & tax (III-IV)	39380.60	42470.43	-3089.83	
VI	Exceptional Items income/ (expenses) (net)	-	-4408.58	4408.58	
VII	Profit/ (Loss) before tax (V+VI)	39380.60	38061.85	1318.75	
VIII	Tax Expense	-	-	-	
IX	MAT credit entitlement	-	-	--	
X	Net movement in Regulatory Deferral account Balance related to Profit or Loss	-34196.00	-34791.58	595.58	
XI	Profit after Tax	5184.60	3270.27	1914.33	

- ❖ **Total Revenue from Operations** has increased by 16.66% (₹ 64919.69 Lakh) net, over the previous year mainly because of increase in sale of energy to the extent of 429.84 Mus and increase in tariff rates.
- ❖ **Other Income is increased by 7.80% (₹ 1419.78 lakh)** over the previous year. During previous year Company has received interest income from Income Tax department to the extent of ₹ 208.74 lakhs, delayed payment charges was decreased by ₹ 1001.12 lakhs, increase in penalty recovered from suppliers/ contractors for delay in supply or execution of work of ₹ 223.95 lakhs, incentives received



increased by ₹ 295.52 lakhs, increase in trade income from energy exchange towards sale of Renewable Energy Certificates of ₹ 1960.26 Lakhs. Also there is an increase in Grants and Consumer contribution related to PPE apportioned for the year of ₹. 613.23 lakhs.

- ❖ Since the arrears in respect of IP set Consumers having connected load upto 10 HP is frozen with effect from 01.08.2008, the Company has stopped charging interest on said arrears from the year 2011-12 which has an impact of ₹ 6.19 Crs in FY-23.
- ❖ Power purchase cost is increased by 20.03% (₹ 51664.27 lakh) over the previous year. This is mainly because of rise in average power purchase cost which is ₹. 4.81 per unit for the current year against previous year's cost of ₹ 4.34 per unit. The power purchase cost has also increased due to increase in Transmission charges of ₹ 11630.60 lakhs during FY 2022-23. As per the energy balancing results for the year 2022-23, ₹ 5871.90 lakh is payable to other ESCOMs against ₹ 43850.20 receivable from other ESCOMs during previous year 2021-22.
- ❖ Employee cost is increased by 22.51% (₹ 11767.28 lakh) over the previous year. The increase is mainly due to pay revision of employees w.e.f 01.04.2022. Salaries, Dearness Allowance and Other allowances increased by ₹. 10001.89 lakhs. Earned Leave Encashment also was increased by ₹. 1249.18 lakhs. Further there is a net increase of ₹772.43 lakhs with regard to amount payable to the Pension and Gratuity Trust towards the contribution for family pension and Gratuity of both regular employees and employees covered under NDCPS. There is net increase of ₹ 940.24 lakh in other items.
- ❖ Finance Charges is decreased by 2.84% (₹ 375.06 lakh) over the previous year due to repayment of loans and overdraft availed from Commercial Banks.
- ❖ Depreciation and amortization expenses have increased by 13.80% (₹ 2895.41 lakh) over the previous year due to increase in assets.
- ❖ Other expenses have increased by 16.66% (₹ 3477.40 lakhs) over the previous year. There is net increase in repairs to assets by ₹ 1903.84 lakh mainly because of creation of provision for maintenance expenses payable to the Contractor of DTC metering works. CSR expenditure is decreased by ₹ 134.25 lakh compared to



previous year. As per the directions of GoK, out ₹ 1400.00 lakhs paid to Andhra Pradesh Power Generation Corporation Ltd for power block of Jurala Hydro Electric Project, Company has written off ₹. 466.30 lakhs in the current year being depreciation for the period from 04.08.2011 to 31.03.2023. There is increase in remuneration paid to contract agencies of ₹ 285.57 lakhs; there is decrease in provision for loss on obsolescence of stock of ₹ 389.82. There is a net increase of ₹ 1445.76 lakhs in other items.

❖ **Regulatory Asset:**

It is decreased by ₹ 34196.00 lakh. Regulatory Asset created for FY 2020-21 amounting to ₹ 34196.00 lakhs is treated as recovered during FY 2022-23 and reversed in the accounts. Company has not created any fresh regulatory Assets during current year.

Profit after Tax has increased by ₹ 1914.33 lakh over the previous year.

6. Dividend

The Board has not proposed any dividend for the financial year ended 31st March, 2023.

7. Source of Funds & Borrowings

- The source of funds of the Company stands at Rs. 1052.69 Cr at the end of the Financial Year comprising of Equity Share Capital A/c of Rs. 741.30 Cr and Reserves and Surplus of Rs. 311.39 Cr.
- The long term borrowing of the Company amounts to Rs. 992.15 Cr and the security deposits from consumers amounts to Rs. 805.58Cr.

8. Power Purchase details

During the year 2022-23, the power purchase is 6430.14 MU at a total of Rs. 3096.47 Cr. Total energy availed for sale is 6112.98 Mus. Total Sales during the year were 5598.36 MU. Remaining 514.62 MU was attributable to system loss.

- MESCOM is purchasing power from generators as per GoK order No. EN 131 PSR 2003 dated 10.05.2005 w.e.f 10.06.2005. The power is procured from the following sources during FY 2022-23.

- Central Generating Stations like NTPC, NTPC VVNL, NLC, NPCIL, NTECL, NTPL & NTPC (Bundled Solar Power).
- State owned generating stations of (a). KPCL – Hydel, Thermal
(b). Raichur Power Corporation Ltd., - Thermal.
- Major Independent Power Producer - Udupi Power Company Ltd.,
- Independent power producers from non conventional sources like Wind, Solar & Mini hydel.



5. Telangana State Power Generation Corporation Ltd.,(Priyadarshini Jurala)
6. Damodar Valley Corporation Ltd.,
7. Medium Term (Co-gen).

(b) The GoK issues order allocating share to each ESCOM for payment purpose and also power allocation. The share of payment allocation to MESCOM for FY 2022-23 as per order No: EN 161 PSR 2022, Bangalore dated 29.03.2022 is as below:

1.	KPC Hydel, TB Dam & Jurala	18.9192% & 19.2667%
2.	KPC Thermal, RPCL & CGS	4.9192% to 7.9087%
3.	Major IPPs	4.9192%
4.	Medium term (Co-gen)	8.270%
5.	IPPs of NCE sources with whom MESCOM has entered into PPA	100%

(c) The source wise power purchase and cost incurred by MESCOM during FY 2022-23 is as below:

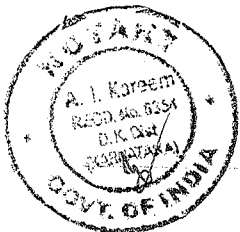
Source	Energy (MU)	Amount (Crs)	Average Cost (Rs/unit)
KPCL (Thermal)	610.21	381.82	6.26
KPCL (Hydel)	2437.90	261.37	1.07
Raichur Power Corporation Ltd.,	214.86	157.33	7.32
Total KPCL	3262.96	800.52	2.45
CGS	1714.70	915.10	5.34
Priyadarshini Jurala	43.35	14.22	3.28
Damodar Valley Corporation	211.52	120.42	5.69
Major IPPs	62.45	126.23	20.21
Medium term power purchase (Co-gen)	12.11	14.78	12.20
NCE Projects			
Mini Hydel	413.42	143.99	3.48
Wind Mill	258.63	92.49	3.58
Solar	750.62	371.07	4.94
Total NCE	1422.68	607.55	4.27
UI Charges	-17.29	-2.44	1.41
Energy Sold/Purchased Through Exchange (Pckl)	-333.38	-182.37	5.47
KPTCL Transmission Charges		385.07	
PGCIL Transmission Charges		236.26	



Other Expenses	6.64	2.41	
Banking Arrangements	68.94	0.00	
Total	6454.69	3037.75	4.71
Energy Balancing - Overdrawn	457.46	271.42	5.93
Energy Balancing - Underdrawn	-482.00	-212.70	4.41
Net Energy/Cost	6430.14	3096.47	4.82

(D) The comparison of source wise power purchase cost during FY 2021-22 & 2022-23

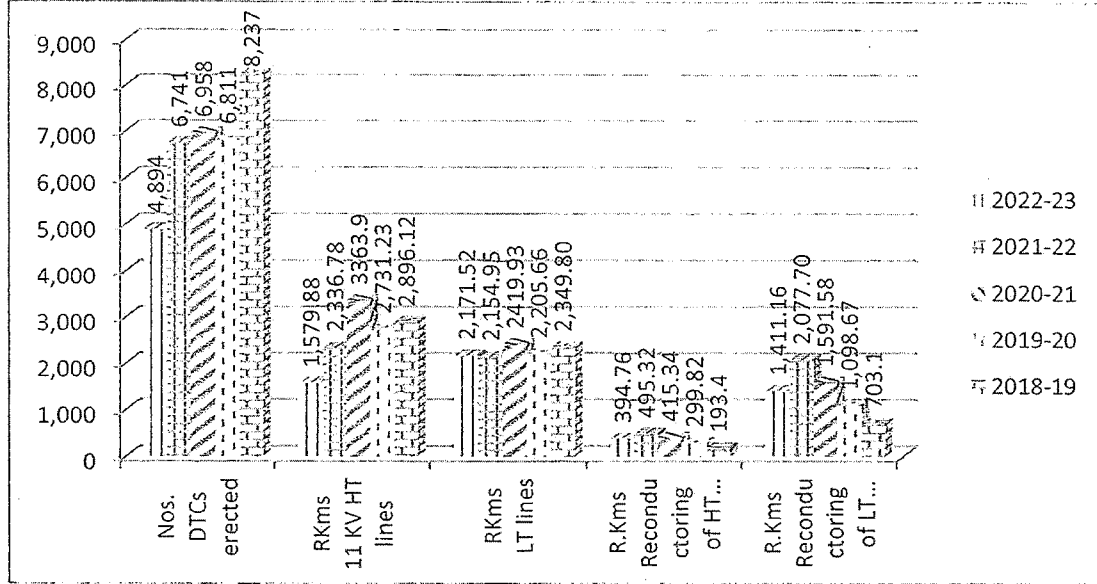
Source	2021-22			2022-23		
	Energy (MU)	Cost (Cr.)	Average Cost (Rs/Unit)	Energy (MU)	Cost (Cr.)	Average Cost (Rs/unit)
KPCL	3111.88	678.86	2.18	3048.11	643.19	2.11
Raichur Power Corporation Ltd	381.70	222.07	5.82	214.86	157.33	7.32
CGS	2041.49	946.52	4.64	1714.70	915.10	5.34
Priyadarshini Jurala	13.64	4.82	3.54	43.35	14.22	3.28
Damodar Valley Corporation	247.20	110.56	4.47	211.52	120.42	5.69
Major IPPs	83.42	105.15	12.60	62.45	126.23	20.21
Medium term Power Purchase (Co-gen)	107.88	52.07	4.83	12.11	14.78	12.20
NCE	1416.62	598.80	4.23	1422.68	607.55	4.27
Energy Sold /Purchased Through Exchange (PCKL)	-502.75	-208.63	4.15	-333.38	-182.37	5.47
KPTCL Transmission Charges	0.00	320.58	0.00		385.07	
PGCIL Transmission Charges	0.00	184.23	0.00		236.26	
UI Charges & Other Expenses	-13.89	3.30	-2.38	-10.65	-0.03	0.03
Banking Arrangements				68.94	0.00	0.00
Total	6887.19	3018.33	4.38	6454.69	3037.75	4.71
Energy Balancing adjustment						
Energy Balancing - Overdrawn				457.46	271.42	5.93
Energy Balancing - Underdrawn	-946.18	-438.50	4.63	-482.00	-212.70	4.41
Net Energy & Amount	5941.01	2579.83	4.34	6430.14	3096.47	4.82



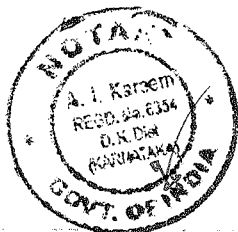
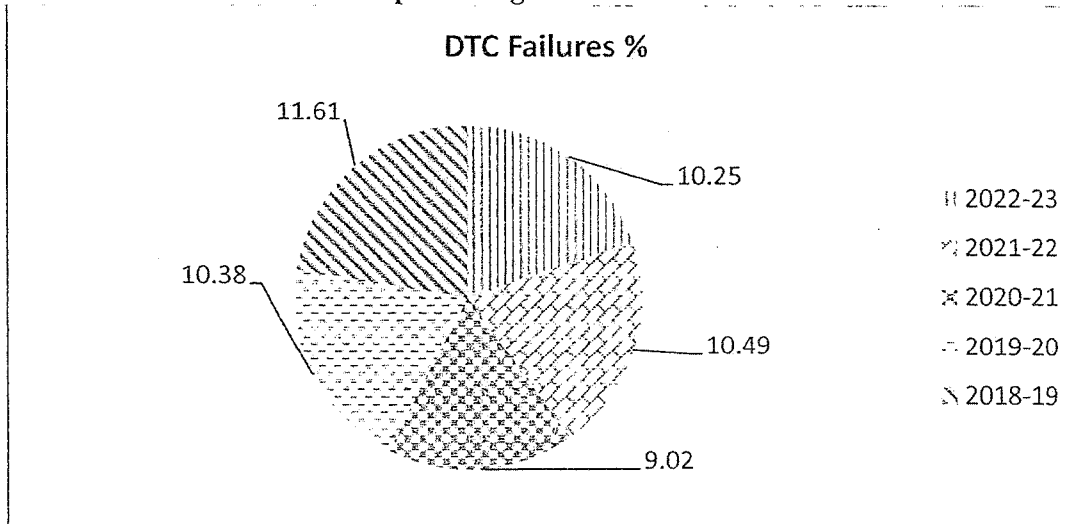
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10. An overview of the performance of MESCOM with regard to Distribution Transformers, HT/LT lines, Electrification is as under:

a. Lines & TCs added

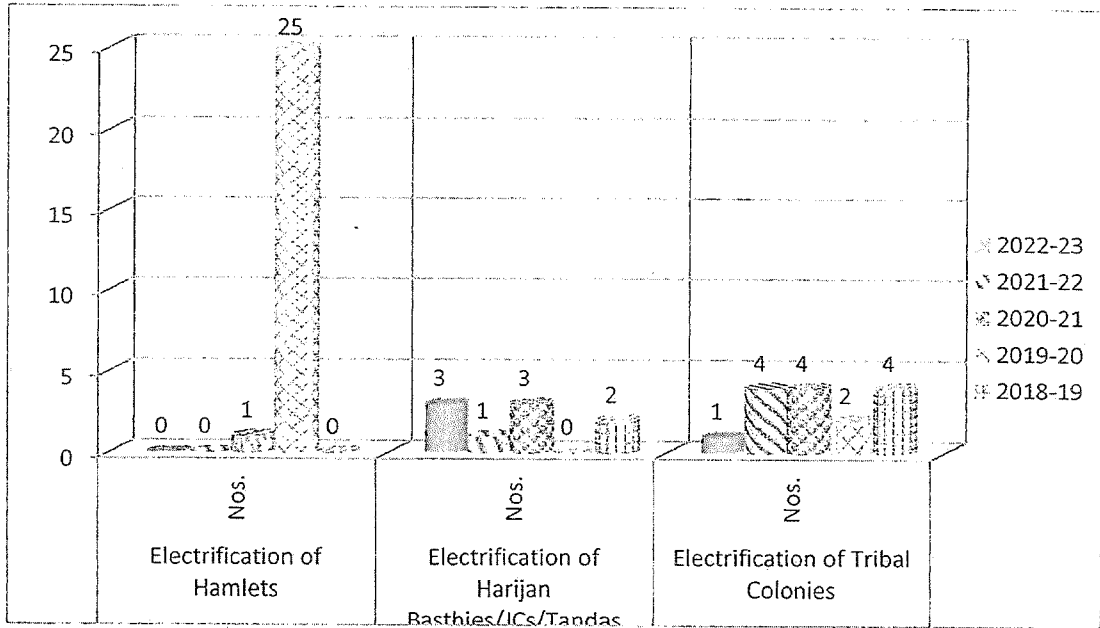


b. Distribution TC failure in percentage

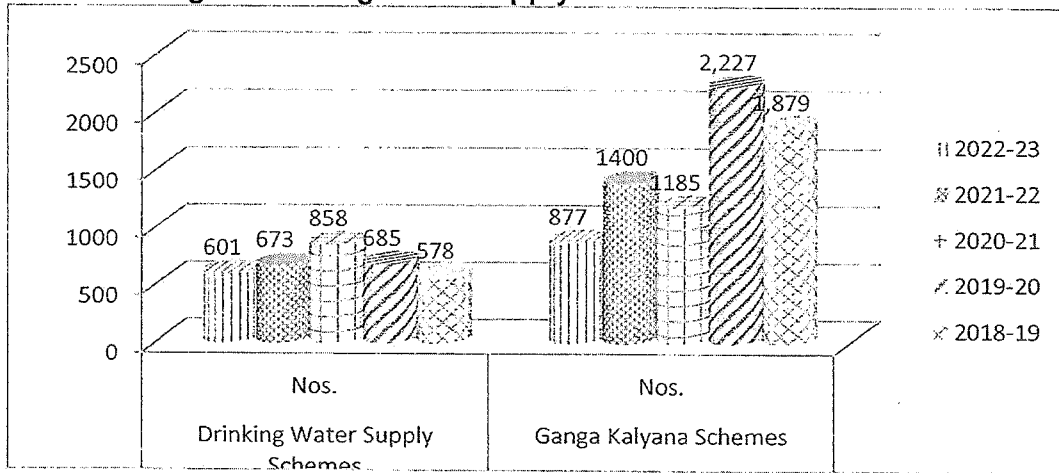


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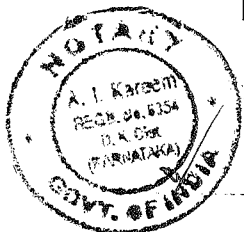
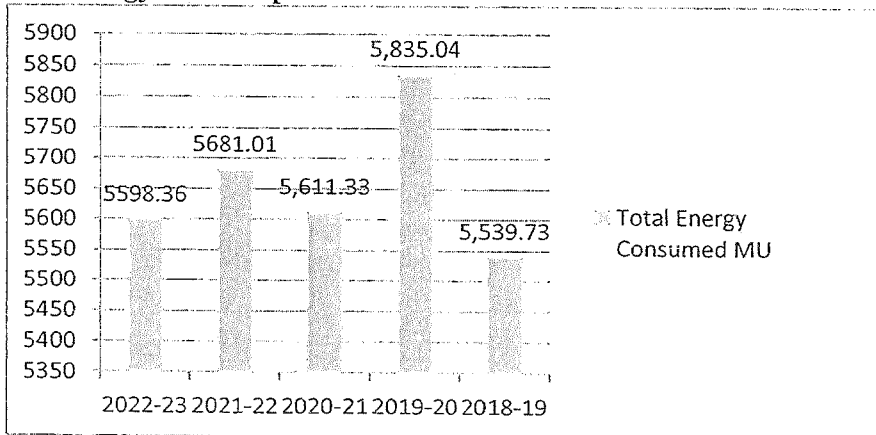
C. Rural Electrification Works : Executed over the previous five years



d. Servicing of drinking water supply

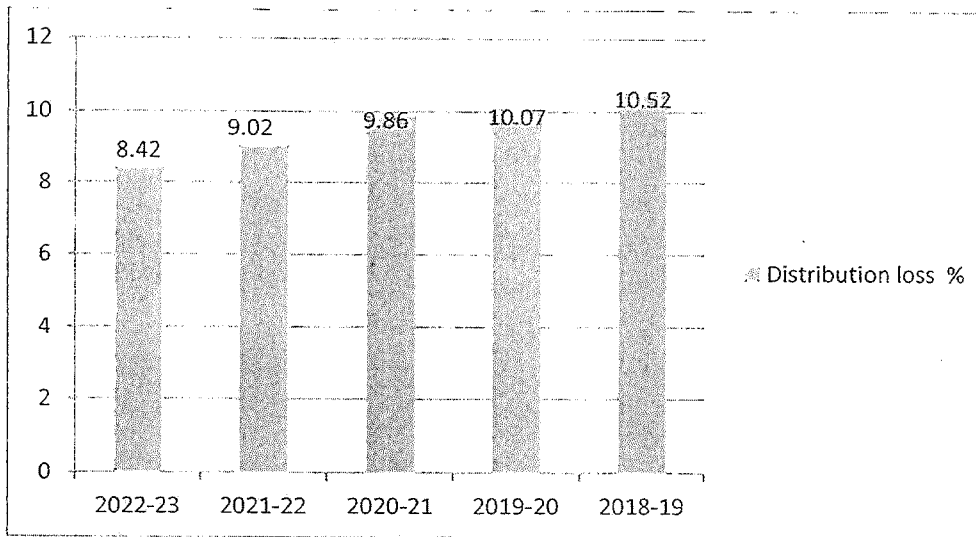


e. Energy Consumption

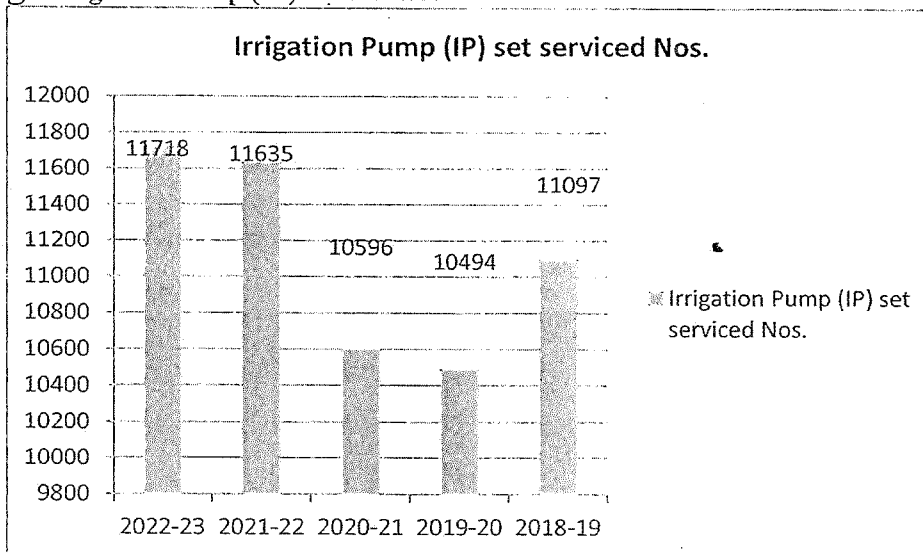


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f. Distribution loss



g. Irrigation Pump (IP) set serviced



11. Milestones achieved during 2022-23:

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

(A) Addition of new Distribution Transformers to the System (to resolve low voltage problem):

In order to improve the quality and reliability of power supply, 1220 numbers of distribution transformers were added to the system in the identified low voltage pockets.

(B) Metering Programme:



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The Company is marching towards 100% metering of the installations. With a perennial and dedicated commitment, through universal metering programme, the Company has achieved 93.47% metering as at the end of FY-23.

(C) Metering of Distribution Transformer Centers:

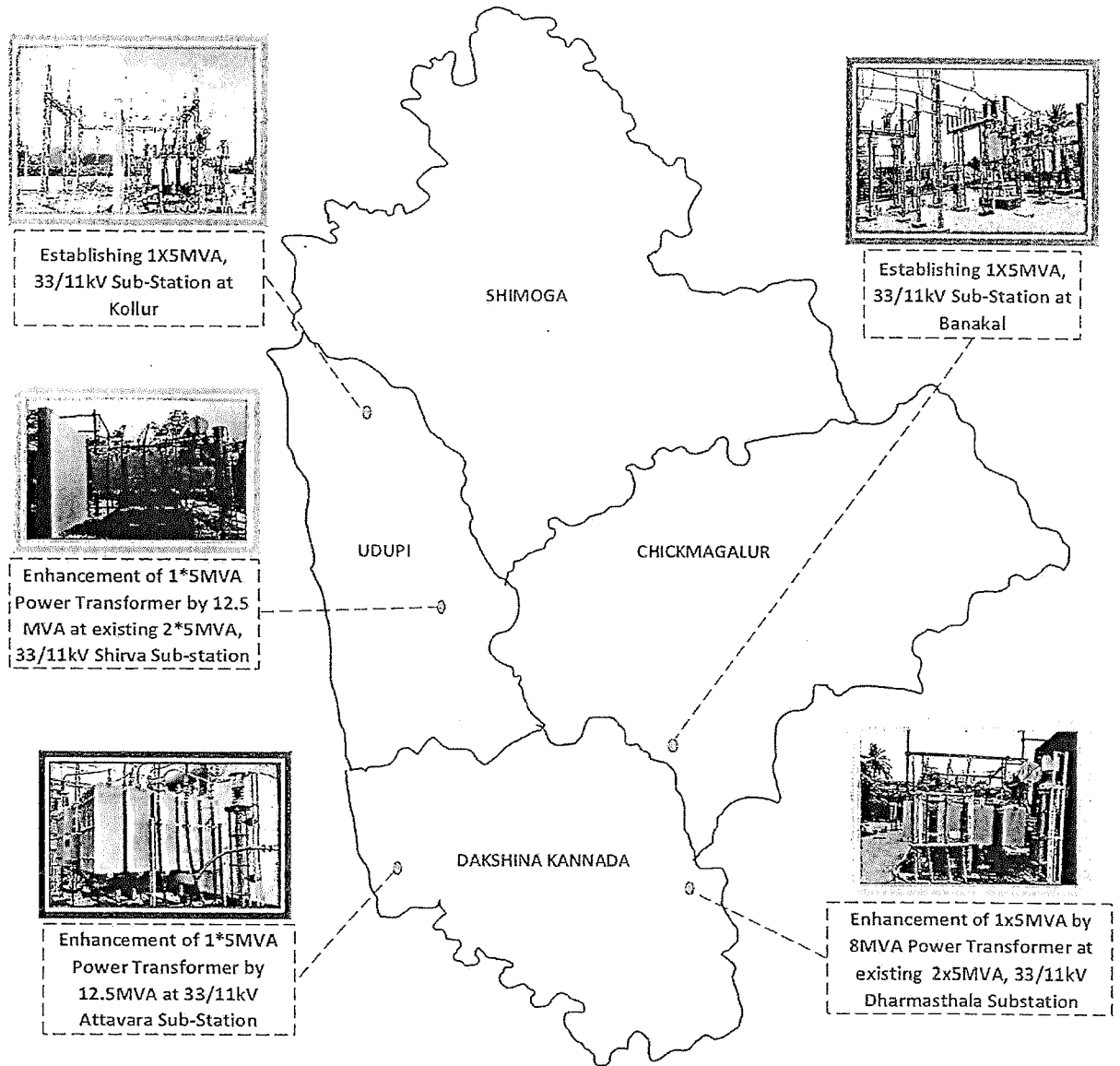
MESCOM is contemplated to introduce metering to all Distribution Transformer centers with RRAMR facility to carry out energy audit in a more effective manner. 49,771 numbers of DTCs have been metered out of 1,00,484 numbers of DTCs as at the end of FY-23.

Ongoing 33/11kV Substation & Augumentation works in MESCOM



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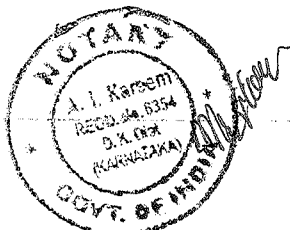
33/11kV substation & Augmentation works completed during FY 2022-23 in MESCOM



12. Various works in MESCOM Jurisdiction.

❖ Providing infrastructure to regularized Unauthorised IP sets and General IP sets.

The work of arranging power supply to 4,803 nos. of regularised un-authorised IP sets and General IP sets in various sub-divisions / sections of MESCOM jurisdiction by providing electrical infrastructure on total turnkey basis has been awarded for a total cost Rs. 95.15 crores and the work has been completed in all aspects.



❖ **Improvement works for Model Sub Division:**

Model Subdivision works in **Attavara Sub Division of Mangaluru O&M Division** for conversion of existing HT and LT Overhead Distribution network into Underground Cable System has been awarded on Total turnkey basis for a total cost of **Rs. 90.91 Crores** and the work has been completed.

Model Subdivision works in **City Sub Division-1 of Shivamogga O&M Division** for conversion of existing HT and LT Overhead Distribution network into Underground Cable System has been awarded on Total turnkey basis for a total cost of **Rs. 46.45 Crores** and the work has been completed.

❖ **Conversion OH Lines to UG Cable:**

Conversion of existing HT and LT Overhead Distribution network into Underground Cable System in MRS F-2 & MRS F-4 feeders of Unit-2, City Sub-division-1 of Shivamogga Division has been awarded on Total turnkey basis for a total cost of **Rs. 1741 Lakhs** and the work has been completed.

❖ **Supply & installation of LT feeder pillar-boxes for the execution of 'Model Sub-division' project:**

Supply and installation of 980 LT Feeder Pillar Boxes under Model Subdivision project in Attavara Sub-Division of Mangalore Division has been awarded for a total cost of Rs. 9.75 Crores and the work has been completed.

Supply and installation of 1384 LT Feeder Pillar Boxes under Model Subdivision project in Shivamogga Sub-Division of Shivamogga Division has been awarded for a total cost of Rs. 9.35 Crores and the work has been completed.

❖ **Providing Additional Distribution Transformers at Karkala, Belthangady, Ujire & Hebri Sub Divisions:**

System strengthening works comprising extension of HT & LT link lines, providing additional distribution transformers (103 DTC's) in **Karkala** Sub-Division has been awarded under partial turnkey basis on 29-06-2021 for a total cost of **Rs. 255.35 Lakhs** and the work has been completed.

System strengthening works comprising extension of HT & LT link lines, providing additional distribution transformers (279 DTC's) in **Belthangady** Sub-Division has been awarded under partial turnkey basis on 16-08-2021 for a total cost of **Rs. 931.45 Lakhs** and work is at the verge of completion.



System strengthening works comprising extension of HT & LT link lines, providing additional distribution transformers (248 DTC's) in **Ujire** Sub-Division has been awarded under partial turnkey basis on 21-01-2022 for a total cost of **Rs. 1018.86 Lakhs** and the work has been completed.

System strengthening works comprising extension of HT & LT link lines, providing additional distribution transformers (26 DTC's) in **Hebri** Sub-Division has been awarded under partial turnkey basis on 30.08.2021 for a total cost of **Rs. 51.69 Lakhs** and the work has been completed.

❖ **Construction/Upgradation of 33kV lines:**

Construction of new 33kV link line from 33/11kV Kadri Substation to 33/11kV Nandigudda Substation for a distance of 6 km using underground cable has been awarded under Total turnkey basis on 29.06.2021 for a total cost of **Rs. 267.95 Lakhs** and the work has been completed.

Re-conductoring work with conversion of existing single circuit to double circuit line of 33kV Bantwal-Sarapady MRPL feeder from 110/33/11kV Bantwal MUSS to Sanchayanagiri to a distance of 3.85kms for a total cost of **Rs. 210.81 Lakhs** and the work has been completed.

❖ **Construction of 11kV lines/ Link lines:**

Formation of 05 Nos. of new 11kV feeders from 110/11kV McGann Sub-station to release the overload of existing 11kV feeders emanating from 110/11kV Alkola & 110/11kV Mandli Sub-stations of City Sub-division 1 & 3 in Shimoga division on Total Turnkey Basis for a total cost of **Rs. 125.78 Lakhs** and the work has been completed.

Construction of new 11kV Aliyoor feeder from 110/11kV Moodabidre MUSS to bifurcate the load of existing 11kV Shirhady feeder in Moodabidre sub-division of Kavoore division on Total Turnkey Basis for a total cost of **Rs. 135.90 Lakhs** and the work has been completed.

Formation of new 11kV Paichar and Arambooru feeders from 33/11kV Sullia Sub-station to release the overload of existing 11kV feeders in Sullia Sub-division of Puttur Division on Total turnkey basis for a total cost of **Rs. 150.45 Lakhs** and the work has been completed.



Formation of new 05 Nos. of new 11kV feeders from 110/11kV Belman Sub-station to release the overload of existing 11kV feeders emanating from 220/110/11kV Kemar & 110/11kV Nandikoor Sub-stations in Belman O&M Section of Karkala Sub-division, Udupi Division on Total Turnkey basis for a total cost of **Rs. 120.72 Lakhs** and the work has been completed.

Solar Rooftop scheme:

This scheme is in force since 2015. Under Solar Rooftop scheme all categories of consumers are provided with an opportunity for establishing solar plant on the rooftop of House/Educational Institutions/ Hospitals within the limit of sanctioned /approved load and can generate and pump energy to MESCOM grid and the pumped energy will be purchased by MESCOM under Net metering/Gross metering basis. Residential/Educational Institute can opt for Net metering/Gross metering, whereas, Commercial/Industrial category of consumer has to opt for Net Metering. The amount payable for the excess energy/energy injected as per the tariff determined by Hon'ble KERC from time to time.

Since from the inception of this scheme till March 2023, total 2498 No.s of SRTPV for 67448.56 KWp capacity SRTPV plants are installed and commissioned.

The prevailing Tariff approved by KERC for Scheme is extracted as below;

- 1) For Grid Connected Solar Rooftop Photovoltaic projects of 1Kw to 2000KW (excluding 1Kw to 10KW) at Rs.3.74 per unit and
- 2) For Grid Connected Solar Rooftop Photovoltaic projects of 1Kw to 10KW for domestic consumers at Rs.4.50 per unit (without capital subsidy) and at Rs. 2.97 per unit (with capital subsidy).

Rooftop Scheme Phase-II:

The Ministry of New and Renewable Energy (MNRE) has launched National Portal for Roof top Solar Phase-II (Subsidy Program) for Residential /Group housing Society's/Residential Welfare Associations. The RTS phase-II scheme is implemented in MESCOM from Dtd: 21.11.2022. Under the said scheme as on March-2023, 11No's of SRTPV installations with 39.29 Kwp capacities is commissioned.

Upcoming Scheme:

Revamped Distribution Sector Scheme (RDSS):

GoI has launched new scheme called Reform Based and Results Linked-Revamped Distribution Sector Scheme (RDSS) involving Smart Metering and Distribution Infrastructure works.

➤ Metering works:



Under this part, DPR for providing smart meters on prepaid mode for all consumer installations, Distribution Transformers (DTCs), Feeders and Boundary meters have been proposed at a total cost of Rs.1539.23 Crs.

➤ **Distribution Infrastructure works:**

This part includes works related to Loss Reduction and Modernization & System Augmentation.

- **Loss Reduction:** DPR proposed for Loss Reduction works includes Feeder Segregation, Reconductoring works (LT&HT) and Feeder Bifurcation etc., at a total cost of Rs. 975.08 Crs.
- **Modernization & System Augmentation:** DPR proposed for Modernization & System Augmentation works includes providing additional DTCs, HVDS, formation of new Substations, augmentation and renovation of 33/11kv substations, new 33kv lines, cabling related works, IT/OT, ERP(SAP), GIS software and survey, Unified Billing, network links for SDWAN and IT hardware at a total cost of Rs. 498.88 Crs.

The above said proposal under RDSS amounting to Rs. 3013.19 Crs has been approved by SLDRC on 23.12.2021. However, later this is revised to Rs.3259.61 Crs considering the new CSR 21-22 and the State Cabinet approval is awaited.

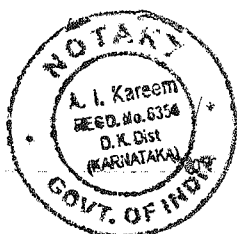
BELAKU Program:

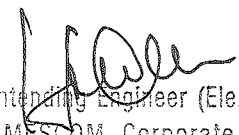
Govt. of Karnataka launched BELAKU program to provide free electricity connection to poor beneficiary households. In MESCOM, 26754 eligible beneficiary households have been electrified as on March-2023 out of 28,946 beneficiary households under this program. The district wise details are as follows:

District	Target	Progress
Dakshina Kannada	7077	6589
Udupi	9286	7853
Shivamogga	7439	7190
Chikkamagaluru	5144	5122
Total	28946	26754

Electric Vehicle Charging Stations:

In order to promote and facilitate the use of Electric Vehicles to reduce air pollution and its impact on environment, a total of 57 EV charging stations with 61 no. of EV Chargers have been installed by MESCOM, the details are as below;




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District	No. of EV Charging Stations	No. of chargers installed		
		AC-001	Type-2 AC	CCS-2
Dakshina Kannada	17	17	2	1
Udupi	12	12	-	-
Shivamogga	17	17	-	-
Chikkamagluru	11	12	-	-
Total	57	58	2	1

13. Information Technology section in MESCOM :

Initiatives have been taken up in Information Technology (IT) section for the business process in MESCOM along with routine supervision activities of issues pertaining to Online Payment, Billing and ERP System, Network and IT Hardware Maintenance, etc.

❖ IPDS- Phase II IT Implementation and Closure:

IT implementation in 18 towns of MESCOM under IPDS Phase-II IT project with new IPDS application has been declared Go-Live on 30.12.2021 with M/s Power Finance Corporation (PFC) mandated functionalities. The same application will be further extended to 11 RAPDRP towns of MESCOM.

The various activities carried out under the project are;

1. GIS based Asset Mapping survey, digitization and integration of consumer indexing data across 18 IPDS towns of MESCOM.
2. Fixing of Modems to Distribution Transformer (DTC), HT Installations, Feeder and Boundary Meters of 18 IPDS towns.
3. Providing IT Infrastructure to 18 IPDS towns of MESCOM.

❖ Enterprise Resource Planning (ERP):

MESCOM has completed implementation of customized ERP with following modules.

1. Enterprise Inventory.
2. Enterprise Finance.
3. Enterprise Resources.
4. Enterprise Assets.

The various Technical, Accounts and Financial activities are carried out through this application.



❖ **Cyber Security Activities:**

1. MESCOM has adopted IT/OT/IoT and Cyber Security Policy.
2. To prevent Cyber-attacks, identification of Critical Information Infrastructure (CII) and Cyber Crises Management Plan (CCMP) has been adopted and to receive latest updates on Malware/botnet etc. MESCOM has on boarded to Cyber Swachhta Kendra (CSK) as per MoP Guidelines.
3. Cyber Audit of IT/OT/IoT systems has been carried out as per MoP and CERT Guidelines in coordination with CERT-In empaneled auditors.
4. Honeypot sensors were deployed in MESCOM Data Centre as an additional monitoring system in line with existing firewall in January 2023 in co-ordination with CERT-D.

❖ **E-Office:**

1. E-Office is implemented in Corporate Office, Zonal and Circle offices and all the files and receipts are operated through E-office only.

❖ **Jansnehi Vidyut Sevegalu:**

The Following Jansnehi Vidyut Sevegalu is made online for RAPDRP & Non-RAPDRP areas of MESCOM (within 24 Hours).

1. New Connection
2. Name Change
3. Tariff Change
4. Load Enhancement
5. Load Reduction

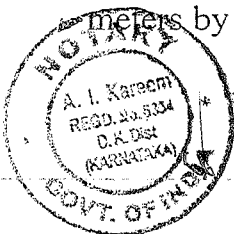
❖ **QR mode of Online Payment:**

The QR (Quick Response) mode of Online Payment was provisioned for Non-RAPDRP consumers for electricity bill payment.

14. Replacement of Electromechanical meters by Static meters:

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

Hence action has been initiated for replacement of 4,68,750 No.s of 1PH WC and 28,125 No.s of 3PH WC Electro-mechanical meters by Static meters.



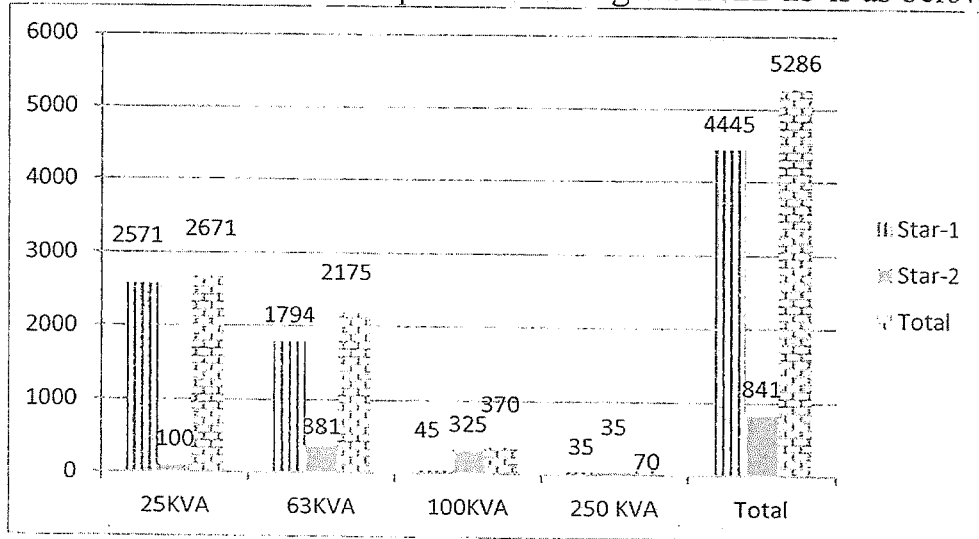
15. Proposed Targets for Capital Investment Plan 2023-24:

Sl. No.	Schemes	Target
1.	Electrification of Hamlets/ HB/ JC/ Tandas/ Tribal Colonies	3 No.s.
2.	Energization of IP sets	12,500 No.s.
3.	Service Connection	50,000 No.s.
4.	Addition of new 33 KV sub-stations and allied lines	2 No.s.
5.	Augmentation of 33 KV Stations.	2 No.s.
6.	New HT Line	2,500 Kms.
7.	New LT line	2,500 Kms.
8.	Distribution Transformers	6,000 No's.


16. New initiative Procurement of materials

Energy Efficient star labeled Distribution Transformers:-

A. In accordance with Govt of Karnataka Order No: EN 119 VSC 2017, Bengaluru dated 07.06.2017 towards mandating the installation of (4 Star) Star-1 and (5 Star) Star-2 Rated Distribution Transformers in Rural and Urban areas respectively from 01.07.2017, number of such Distribution Transformers procured during FY-2022-23 is as below:-



B. Following Polymeric Type Materials for 11KV distribution system are being procured instead of Porcelain type materials in order to minimize the failure rates.


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- 1,14,700Nos of 11KV 5KN Polymeric Type Pin Insulators are supplied during 2022-23.
- 72,300Nos of 45KN Polymeric type Disc Insulators are supplied during 2022-23.

17. Public Grievance Cell

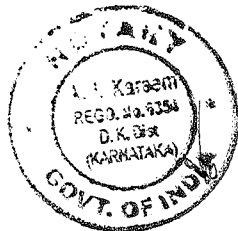
- A. Public Grievances Cell established in the corporate office is working under the direct control of Managing Director and is headed by Manager (PG Cell). During the year 2022-23, the Public Grievances Cell received 173 written complaints and there were 241 pending complaints relating to the FY 2021-22. Out of these 414 complaints, 182 complaints were resolved satisfactorily i.e. 44% of the total complaints received. The remaining 232 complaints were redressed in the current financial year. Further 60 minor complaints relating to fuse-off call, low voltage, etc, were received through Telephonic Calls.
- B. A comparative data of complaints pertaining to last three years are as follows ;


No. of Complaints	2020-21	2021-22	2022-23	Remarks
Written Complaints	386	347	173	Decrease of 174 complaints as compared to 2021-22
Minor Telephonic Complaints	242	184	60	Decrease of 124 complaints as compared to 2021-22

18. Personnel, Industrial Relations and Human Resource Development:

- A) The Company functions through the following organizational structure : (as on 31.03.2023)

Corporate Office	O&M Zone	O&M Circles	O&M Divisions	O&M Sub-Divisions	Accounting Section	Non-Accounting Section
1	2	4	14	62	10	232




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B) Personnel Details:

The category wise details of the employees as on 31.03.2023 is as under :

Cadres	Mangalore Circle			Udupi Circle			Shimoga Circle			Chikmagaluru Circle			Total		
	S	W	V	S	W	V	S	W	V	S	W	V	S	W	V
A-Grade (Regular Employees)	145	111	34	37	33	4	54	49	5	36	23	13	272	216	56
A-Grade (Deputation Employees)	2	0	2	0	0	0	0	0	0	0	0	0	2	0	2
Total	147	111	36	37	33	4	54	49	5	36	23	13	274	216	58
B-Grade (Regular Employees)	157	109	48	55	41	14	98	75	23	62	39	23	372	264	108
B-Grade (Deputation Employees)	2	1	1	1	1	0	1	1	0	1	1	0	5	4	1
Total	159	110	49	56	42	14	99	76	23	62	40	23	377	268	109
C-Grade (Regular Employees)	930	619	311	538	350	188	810	611	199	555	411	144	2833	1991	842
C-Grade (Deputation Employees)	4	2	2	4	4	0	4	4	0	4	4	0	16	14	2
Total	934	621	313	542	354	188	814	615	199	559	415	144	2849	2005	844
D-Grade (Regular Employees)	1906	1011	895	1134	639	495	1610	918	692	1105	504	601	5755	3072	2683
Company Grand Total	3146	1853	1293	1769	1068	701	2577	1658	919	1763	982	781	9255	5561	3694

S- Sanctioned Posts

W- Working Posts

V-Vacant Posts

C. Training and Development Programmes during the year 2022-23

- Keeping in view of the organization growth and by considering necessity to provide training through internal and external agencies in the fast growing technological environment training is imparted, with special importance to improve the work culture of the officers and employees at each level of organizational hierarchy.
- During the year 2022-23, the Company has organized several Internal Training Programmes and deputed the regular working staff of the company to various external training Programmes.
- As on 31.03.2023, in MESCOM 5561 numbers of employees are working against the sanctioned posts strength of 9255. Out of this 393 numbers of officers/employees (i.e. 7.06%) have undergone training programme through internal/external training centers during FY-2022-23.



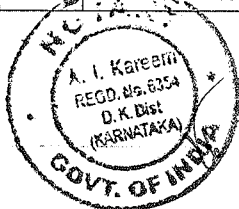
D. The Details of trainings imparted are as follows:**a. Internal Training Programmes :**

Sl. No.	Subject	No. of Participants	Total Cost (in Rs.)
1	MTTP -2 Mandatory Technical Training Programme (Batch - 16)	40	698590
2	MTTP -3 Mandatory Technical Training Programme (Batch - 22)	40	690730
3	Electrical Safety	90	0
4	Techno Commercial Improvement of DISCOMs (Online Mode - Free Webinar)	100	0
Total		270	1389320

Total No. of Internal Training Programmes	4
No. of Persons Participated	270
Total Cost including Programme fees	Rs. 1389320
Cost per Head (Average)	Rs. 5,145/-

b. External Training Programmes on various subjects :

Sl. No.	Subject	Participants	Honorarium Cost
1	GeM Procurement Process Pending Payment Updation Training and Capacity Building	5	0
2	E-Vehicle and its Charging Technologies	15	177000
3	Recent Developments in Financials Reporting & Taxation	4	0
4	Standard Bidding Documents of AMISP & Infrastructure under RDSS	6	0
5	Contract Management and Arbitration	4	0
6	Demand Side Management	53	0
7	Public Procurement Procedure & Contract Management	2	0
8	Contract Management and Arbitration	2	0
9	Recent Developments in Financials Reporting & Taxation	2	0
10	Cost Reduction by Energy Auditing, Management & Design of Solar Energy Systems	2	0
11	e-Governance advance Module (e-office, e-Par, e-Procurement, GeM, IT & Contract Management, Cyber Security & Data Science)	7	0
12	Goods & Service Tax (GST)	2	106200
13	Finance for Non-Finance Officers	2	0



14	Sustainable Transformation of Energy Ecosystem	3	6000
15	Business Analytics Pathway to Business Excellence	2	11800
16	Project Management	2	0
17	Project Appraisal	1	0
18	Public Procurement Procedure & Contract Management	2	0
19	Knowledge & Competency for Senior HR/ADMIN Managers	2	108560
20	Power Quality - A Challenge to Electrical Engineers in New Millennium	2	46800
21	9th International Conference & Exhibition on Smart Energy & Smart Mobility	3	0
Total		123	456360

Total No. of External Training Programmes	21
No. of Persons Participated	123
Total Cost including Programme fees	Rs. 4,56,360/-
Cost per Head (Average)	Rs. 3,710/-

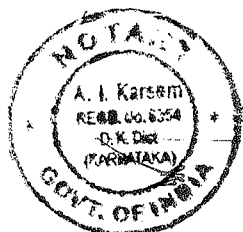
E. Industrial Relations:

The Company has maintained cordial relations with the employees and their Union. Employee's grievances if any, are redressed at respective offices by conducting periodical meetings with the local office bearers of the Union.

F. Employee's Welfare Schemes:

As a step towards strengthening the relationship between the Employees and Management, several welfare schemes have been initiated by the company.

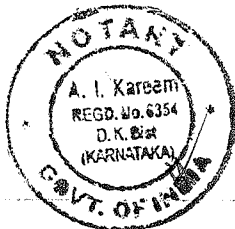
- To promote and encourage academic excellence, cash incentive of Rs. 5,000/- has been awarded to 134 meritorious children of the regular employees of the Company, who secure highest marks in SSLC/10th Standard/ 2nd PUC and graduation examination under the State/Central syllabus in the academic year 2020-21 & 2021-22.
- To promote and encourage sports excellence, cash award Rs. 20,000/- was given to Ms. Varsha, D/o Sri. N. Vijaya Kumar, Meter Reader, Mallikatte Section, MESCOM, Mangalore. She has won Silver Medel in 4X100 Meter Relay Competition in Khelo India Sports Tournament and Gold Medel in 100 & 200 Meter Middy Relay State level Competition in U20 Athletic Meet 2022.




- To promote and encourage sports excellence an amount of Rs. 10,00,000/- has been given to KPTCL sports organization, for KPTCL sports activities like Company level selection process, organization of inter – company tournaments, All India Electricity Regulatory Board Tournament and participation of KPTCL teams in National and State Level Tournaments.
- Rs. 50,00,000/- has been given to Karnataka Electricity Board Engineers Association(R), Bangalore. For construction of sports complex at Kavoor, Bondel.
- Besides contributing to the sports funds of MESCOM., various competitions were organized for the officers/employees of MESCOM on the occasion of independence day, Kannada Rajyotsava and World Womens day and shield & cash prizes were given to the winners.
- Company Quarters facilities wherever available are provided to the Company employees.

G. Sponsoring Socio – Economic Projects :

- MESCOM has sponsored Rs. 1,00,000/- to District Formers Conference held on 11.02.2023 at Sri. Mahalaxmi Temple Auditorium, Uchila, Udupi. Organized by Bharathiya Kisan Sangha, Karnataka Pradesh (R).
- MESCOM has sponsored Rs. 3,00,000/- to Cricket Tournament “Inter – Services Cricket Cup”. Organised by Indian Administrative Service Officers Association along with Civil Service Organizations at Chinnaswamy Stadium, KSCA, Bangalore.
- Rs. 50,000/- has been donated to 47th Men’s and 39th Women’s National Senior Powerlifting Championship -2022 organized by Karnataka Powerlifting Association(R), Mangalore at Town hall, Mangalore.
- Rs. 10,00,000/- has been given to Registrar, Karnataka Janapada Academy, Bengaluru for conducting special program “Koti Kanta Geetha Gayana” on the occasion of 67th Kannada Rajyotsava from Kannada & Samskrithi Department, Government of Karnataka.
- Rs. 50,000/- has been donated to Asha Jyothi Seva Institute, Mangalore for organizing special programme “Vishishtarigagi Vishita Mela -2023”.




 Superintending Engineer (Ele.) Commercial
 MESCOM, Corporate Office
 Mangaluru - 575 004 ✓

H. Training Activities of HRD Centre, MESCOM for the year 2022-23:

a) MTTP -2/3 Training Programme 2022-23 :

During the year 2022-23, MESCOM HRD Centre has organized Mandatory Technical Training Programme for MESCOM/KPTCL employees.

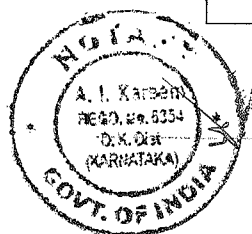
Sl. No.	Subject	Date of Training	No. of Days	Overseer	MR	Operators	LM	SAG-I & SAG-II	Total No of Employees
1	MTTP-2	06.03.2022 to 29.04.2022	40	14	20	6	0	0	40
2	MTTP-3	02.01.2023 to 22.02.2023	40	0	0	0	39	1	40
Total			80	14	20	6	39	1	80

a) Training on 'Electrical Safety' conducted for A,B&C group Employees of MESCOM during the year – 2022-23 by HRD Centre, MESCOM, Mangalore sponsored by RECIPMT, Hyderabad.

Sl. No.	Subject	Date of Training	No. of Days	AEE	AE	JE	Total No of Employees
1	Electrical Safety	26.09.2022 to 28.09.2022	3	3	7	20	30
2		29.09.2022 to 01.10.2022	3	4	10	16	30
3		27.10.2022 to 29.10.2022	3	3	11	16	30
Total			9	10	28	52	90

b) Training on 'Techno Commercial Improvement of DISCOMS' (Online Mode) conducted for A,B&C group Employees of MESCOM during the year-2022-23 by HRD Centre, MESCOM, Mangalore sponsored by RECIPMT, Hyderabad.

Sl. No.	Subject	Date of Training	No. of Days	AEE	AE	JE	Total
1	Techno Commercial Improvement of DISCOMS	10.01.2023 to 11.01.2023	2	22	21	7	50
2		16.01.2023 to 17.01.2023	2	13	29	8	50
Total			4	35	50	15	100



19. Pension Payment, Medical reimbursement & Recruitment Activities:

1. As per KPTCL Employment Notification vide Employment Notification No. KPTCL/ B16/86473/2018-19/ dated 25.02.2019, applications were invited for 667 No's of Junior Power Man Posts and out of which 635 candidates finally selected and 579 appointment orders issued as on date. Further 56 posts pending for issuing of appointment orders.
2. In case of group C&D employees working in MESCOM as well as KPTCL (Under MESCOM Jurisdiction) the employees on retirement/death, their pension and other terminal benefits are being processed in the Corporate Office.

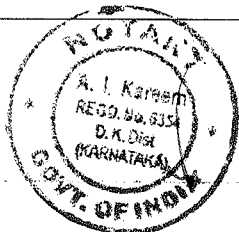
During the Financial Year the Pension claims settled are as below:

No. of Pension docket received	No. of Pension docket Processed
121	115

3. Medical reimbursement scheme is followed in the company as per which bills more than Rs.2000/- are processed and approval is being conveyed from the Corporate Office. During the financial year 1620 number of medical bills received for reimbursement and 1282 medical bills has been processed, amounting to Rs.333.45 Lakhs.
4. Further in order to have financial security to the families of employees in case of accidental death of an employee, group insurance policy has been initiated to all the employees for a total sum of Rs.40 Lakhs for each employee. For this purpose tender has been issued to M/s New India Assurance Company Limited.

20. Electrical Accidents during the year- 2022-23 The details of electrical accidents are presented as below ;

Sl. No	Name of the Circle/Division	Departmental		Non-Departmental		Animal	GRAND TOTAL
		Fatal	Non-Fatal	Fatal	Non-Fatal		
MANGALORE CIRCLE:							
1	Mangalore -1	1	0	3	1	0	5
2	Kavoor	0	3	1	2	10	16
3	Bantwal	0	0	7	1	3	11



4	Puttur	0	0	5	2	1	8
Circle Total		1	3	16	6	14	40
UDUPI CIRCLE:							
1	Udupi	0	0	1	0	3	4
2	Kundapura	0	0	3	1	5	9
3	Karkala	0	0	1	1	4	6
Circle Total		0	0	5	2	12	19
SHIMOGA CIRCLE:							
1	Shimoga	1	1	5	2	18	27
2	Bhadravathi	0	0	5	0	7	12
3	Sagar	0	2	3	2	27	34
4	Shikaripura	1	2	4	0	8	15
Circle Total		2	5	17	4	60	88
CHIKMAGALUR CIRCLE:							
1	Kadur	2	1	9	3	25	40
2	Chikmagalur	2	5	10	3	14	34
3	Koppa	0	0	3	0	8	11
Circle Total		4	6	22	6	47	85
Grand Total		7	14	60	18	133	232

21. Public Relation and Communication activities in MESCOM

MESCOM has a separate wing for Communication activities which is looking after Public Relations and Corporate protocol duties. Accounts Officer (Public Relation and Communication) is discharging the duties of this section. Maintaining the relationship with the public and media as well as representing the Company in the society are the main functions of this wing. Arrangement for publication of Company's news and public Notifications like Tender & such other notifications, arranging programmes etc., are the routine activities of the section. Further, the news regarding the Power Sector and highlights of company activities will be brought to the knowledge of the management on daily basis.

Highlights of Public Relations and Communication activities in MESCOM during 2022-23:



a) Jana Samparka Sabhas:

It has been made mandatory that, the concerned Superintending Engineers (Ele) of O&M Circles shall conduct consumer interaction meetings i.e., Jana Samparka Sabhas, a direct interaction programme with the general public and consumers at sub-divisional headquarters on fixed intervals. The programme schedules of these Jana Samparka Sabhas will be published in the leading newspapers by way of notification and also in the form of news. Under these programmes, the problems and grievances of the consumers relating to electricity distribution is dealt with and are resolved in the presence of concerned SEE's/EEE's.

b) Attending VP, TP & ZP Meetings:

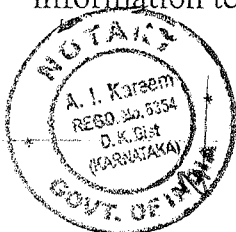
The concerned O&M Section Officers are regularly attending the meetings of concerned Village Panchayats and the concerned O&M Sub-divisional Officers are attending the meetings of concerned Taluk Panchayat. Further, the concerned O&M Divisional Officers are attending concerned Zilla Panchayat meetings.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

(c) Consumer Education Programmes:

Under the Consumer Education Programmes the information and guidance on electricity usage and safety, as well as rules and regulations with regard to electricity are being given to the consumers, during the various programmes and meetings with consumers. Information on power saving, safety and payment modes are made available to the consumers through the paper notification and printed handouts.

Consumer Friendly Measure:

- "24 Hours Consumer Service Centers" have been opened in major city and town places.
- Consumer Grievance Redressal Forum (CGRF) is formed at each District headquarters under the chairmanship of respective O&M Circle's Superintending Engineers (Ele). The details of CGRF address and along with contact numbers of the Forum and about its members are being widely published in the leading News Papers in regular intervals.
- Computerization of all revenue sections and implementation of information technology in day to day activity.



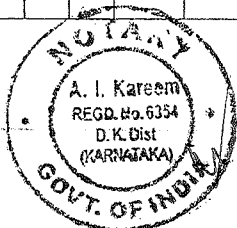
in different fields were invited and talks were arranged. Cultural programs by womens staged.

- KOTI KANTA GAYANA' a programme on account of Kannada Rajyothsava was arranged as per Govt. guidelines. All the employees of the company were actively participated in the programme and the event was grand success.
- The festivals like Ganesh Chaturthi, Chirstmus, Ayudha Pooja and New Year celebration were arranged at Corporate Office to enhance the Sovereignty and good relationship among the employees.
- Sadbhavana Day, Constitution Day, Martyr's Day was celebrated in a meaningful way.

22. Internal Audi in MESCOM.

The Internal Audit Wing of MESCOM is headed by Financial Advisor (Internal Audit), functioning independently and reporting directly to the Managing Director of the Company. The Revenue Audit, Voucher Audit, Cash Audit, Store Audit, Audit of Power Purchase Bills, Power purchase Agreements and day to day pre and post audit are the regular function of Internal Audit. Also on need basis special inspections are independently carried out by the Internal Audit Officers and Staff of the Company. The Tender documents, Technical/price bids, LOIs, Work Awards and Purchase Orders work slip/ final quantity variation statements and price variation statement placed at Divisional, Circle, Zonal level and Corporate office level are being verified by the Internal Audit in the respective offices. The existing staff strength as on 31-03-2023 in audit wing of the MESCOM is as follows.

Name of the Division	FA			Accounts Officer			Asst. Account Officer			Senior Assistant			Assistant			Junior Assistant			Total		
	S	W	V	S	W	V	S	W	V	S	W	V	S	W	V	S	W	V	S	W	V
Corporate Office	1	0	1	1	1	0	1	1	0	0	0	0	1	0	1	1	0	1	5	2	3
Mangalore	-	-	-	1	1	0	1	0	1	2	2	0	1	1	0	0	0	0	5	4	1
Kavoor	-	-	-	1	1	0	1	0	1	2	1	1	1	1	0	0	0	0	5	3	2
Bantwal	-	-	-	1	0	1	1	0	1	2	1	1	1	0	1	0	0	0	5	1	4
Puttur	-	-	-	1	0	1	1	0	1	2	1	1	1	1	0	0	0	0	5	2	3
Udupi	-	-	-	1	1	0	1	1	0	2	2	0	0	0	0	0	0	0	4	4	0



Karkala				1	0	1	1	0	1	2	0	2	0	0	0	0	0	0	4	0	4
Kundapura	-	-	-	1	0	1	1	0	1	1	1	0	0	0	0	0	0	0	3	1	2
Shimoga	-	-	-	1	1	0	1	1	0	3	3	0	1	1	0	0	0	0	6	6	0
Sagar	-	-	-	1	1	0	1	1	0	2	2	0	0	0	0	0	0	0	4	4	0
Bhadravathi	-	-	-	1	1	0	1	1	0	1	1	0	0	0	0	0	0	0	3	3	0
Shikaripura	-	-	-	1	1	0	1	1	0	2	2	0	0	0	0	0	0	0	4	4	0
Chikamagalur	-	-	-	1	1	0	2	0	2	3	3	0	0	0	0	0	0	0	6	4	2
Kadur	-	-	-	1	1	0	1	1	0	1	1	0	0	0	0	0	0	0	3	3	0
Koppa	-	-	-	1	1	0	1	0	1	2	0	2	1	1	0	0	0	0	5	2	3
Total	1	0	1	15	11	4	16	7	9	27	20	7	7	5	2	1	0	1	67	43	24

The Revenue Accounts maintained in the Sub-Divisions and Accounting Section are audited as per Action Plan by concerned Divisional Assistant Accounts Officer (IA) and Senior Assistants (IA). Further, the services of 9 B.Com Graduates who have knowledge in auditing have been obtained on contract basis in Mangalore, Kavoora, Puttur, Bantwal, Bhadravathi, Shikaripura, Chikmagaluru, Kadur and Koppa Divisions. Their services are utilized to audit the Revenue Ledgers of LT-2 & LT-3 Tariff category.

Audit functions are being continuously carried out as per approved Action Plan. The overall performance of Internal Audit is being reported to the Managing Director on the basis of information obtained from the Accounts Officers of Internal Audit every month. The meetings of the Accounts Officers of Internal Audit are being held at every quarter in which the progress is reviewed and action plan of audit will be monitored periodically so as to have effective control in audit programme and also to have efficiency in auditing.

23. Vigilance Activities in MESCOM

1. As per the Electricity Act 2003, Vigilance Police Stations are working in MESCOM, headed by Superintending Engineer (Ele) Commercial, who is assisted by Executive Engineer of Vigilance in technical matters. Deputy Superintendent of Police is assisting in police matters.
2. Assistant Executive Engineers (Ele.) / Police Sub Inspectors are working in each District and are assisted by / Head Constables / Police Constables.




3. Under section 126 and 135 of Electricity Act 2003, non- cognizable and cognizable cases are booked in MESCOM vigilance police stations.
4. Cases booked under section 135 are admitted only in special courts.
5. Statement showing the progress of vigilance activities for the year 2022-23 is furnished below.

Sl.No.	Name of the Police station	No. of installations checked	No. of cases booked		Total Cases	Total units pilfered in MU	Demand			Total amount (in Rs.)	Recovery			
			Violation cases	Cog. Cases			Violation cases Amount in Rs.	Cognizable cases Amount in Rs.	Compounding amount in Rs.		Violation cases Amount in Rs.	Cognizable cases Amount in Rs.	Compounding amount in Rs.	Total Recovery in Rs.
1	Mangaluru	7524	169	50	219	436528	93,59,666	23,05,929	3,08,298	1,19,73,893	86,34,809	23,05,929	3,08,298	1,12,49,030
2	Shivamogga	5751	489	91	580	250548	63,19,672	8,03,691	6,52,500	77,75,863	36,84,323	7,24,456	6,26,500	50,35,279
3	Chikkamagaluru	7568	296	42	338	639991	76,11,813	7,96,671	3,26,300	87,34,784	93,88,425	3,04,516	2,74,800	99,67,741
4	Udupi	8152	564	7	571	97299	51,46,694	2,67,140	73,000	54,86,834	45,03,790	2,67,140	73,000	48,43,930
	TOTAL	28995	1518	190	1708	424366	2,84,37,845	41,73,431	13,60,098	3,39,71,374	2,62,11,347	36,02,041	12,82,598	3,10,95,98

24. Implementation of Right to Information Act 2005 in MESCOM

1. As per section (5) of RTI Act 2005, MESCOM has notified PIO's, APIO's and First Appellate Authority for every offices of MESCOM to provide information to persons requesting the information under this act. The notified officer details published in MESCOM official website: www.mescom.karnataka.gov.in under the caption 'RTI'.
2. As per section 4(1)(a), the information relating to records/files maintained at Corporate Offices and as per Section 4(1)(b)(i) to (xvii) information is published in MESCOM official website: www.mescom.karnataka.gov.in under the caption 'RTI' respectively and are being updated every year. Provision is made to upload the records/files of other offices of MESCOM in the website under the caption 'RTI'.
3. During the financial year 2022-23, 1272 No's RTI applications were received and disposed off. 35 No's first appeals received and disposed off. The fees collected towards providing information under RTI Act is ₹ 30,643/-.




 Superintending Engineer (Ele.) Commercial
 MESCOM, Corporate Office
 Mangaluru - 575 004

25. Particulars as per Companies (Appointment of Managerial Personnel) Rules, 2014 and as amended:

None of the employees of the Company was in receipt of remuneration amounting to ₹ 1,02,00,000/- and above per annum or at the rate of ₹ 8,50,000/- and above per month during the financial year under review.

26. Appointment of Cost Auditors:

The Ministry of Corporate Affairs, GoI vide No.52/62/CAB-2008 dated 4th Feb 2008 has directed the Audit of cost accounts maintained by the Company in respect of the financial year ending 31.03.2008 and for every financial year thereafter continuously to be conducted by a qualified Cost Auditor.

The Companies Act 2013, under section 148 (2) also provides that, every company specified in item (A) of rule 3 shall get its cost records audited in accordance with these rules if the overall annual turnover of the company from all its products and services during the immediately preceding financial year is rupees fifty crore or more and the aggregate turnover of the individual product or products or services for which cost records are required to be maintained under rule 3 is rupees twenty five crore or more.

MESCOM, having turnover of more than fifty crore and being a company engaged in distribution and supply of electricity regulated by the relevant regulatory body or authority under the Electricity Act, 2003 (36 of 2003), as specified under item A of rule 3, should also get its cost records audited by the qualified cost auditor.

Accordingly, M/s Adarsh Sharma & Associates, Bangalore have been appointed as the Cost Auditors to conduct the cost audit records of the company for the year ending on 31.03.2023.

Further, pursuant to section 148(6), company shall within thirty days from the date of receipt of a copy of the cost audit report prepared in pursuance of a direction under sub-section (2), furnish the Central Government with such report along with full information and explanation on every reservation or qualification contained therein.

Further, the detail of Cost Audit Report of the company for the year ending on 31.03.2022 is filed with GoI on 31.12.2022.

27. Secretarial Audit

In Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the M/s SMPV and Associates LLP, Bangalore



was appointed as Secretarial Auditor for conducting Secretarial Audit for FY 2022-23 as per the No. 95/10 authorization of the Board vide Board Resolution. The Report of the Secretarial Audit has been enclosed as **Annexure-5** and the replies of the management are enclosed here with vide **Annexure-6**.

28. Board and its Sub Committees:

(A) Board of Directors:

Sl. No.	Shriyuths/Smt.,	Particulars
1	Dr. N. Manjula I.A.S.,	Chairperson from 20.08.2019 to 06.06.2023
2	Prashant Kumar Mishra IAS	Managing Director from 03.09.2020 to 03.01.2023
3	Manjappa	Managing Director from 03.01.2023 to 31.05.2023
4	Padmavati D	Director (Tech) from 10.03.2020 to 20.02.2023
5	Dr. P.C. Jaffer IAS.,	Director from 29.09.2020 to 18.08.2023
6	Gopal	Director from 07.06.2019 to 31.07.2023
7	T.R. Ramakrishnaiah	Director from 14.08.2017 to 31.05.2022
8	R.H Lakshmipathy	Director from 01.07.2022
9	Shivaprakash T.M.	Director from 18.07.2019 to 07.11.2022
10	K. Shivanna	Director from 07.11.2022
11	G. Sheela	Director from 16.03.2021
12	Aparna Pavate	Independent Director from 21.10.2022
13	V. Krishnappa	Independent Director from 24.11.2022
14	S.S. Nanjundaswami	Director from 08.10.2020 to 26.02.2023
15	Shivarudrappa S	Director from 08.10.2020 to 22.05.2023
16	Giriraja G.K	
17	N. Dinesh	
18	Kishor B.R	Director from 25.11.2020 to 22.05.2023
19	Praveen Hegade	
20	Balachandra Bhat	Director from 27.11.2020 to 07.06.2022
21	M. Dinesh Pai	Director from 23.03.2021 to 22.05.2023

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

(B) Board Sub Committees :

(i) Purchase Committee :	
1. Managing Director, MESCOM, Mangaluru	Chairman
2. Director(Finance), BESCOM, Bengaluru	Member
3. Director(Tech), MESCOM, Mangaluru	Member
4. Company Secretary, MESCOM, Mangaluru	Convener
(ii) Audit Committee :	
1. Director, MESCOM (From FD GoK)	Chairman
2. Director (Finance), BESCOM, Bengaluru	Member



3. Director (Tech), MESCOM, Mangaluru	Member
4. Company Secretary, MESCOM, Mangaluru	Convener
(iii) Corporate Social Responsibility Committee :	
1. Director, MESCOM (From FD GoK)	Chairman
2. Director (Finance),BESCOM, Bengaluru	Member
3. Director (Tech), MESCOM, Mangaluru	Member
4. Company Secretary, MESCOM, Mangaluru	Convener
(iv) Borrowing Committee :	
1. Managing Director, MESCOM, Mangaluru	Chairman
2. Director (Finance), BESCOM	Member
3. Director (Tech), MESCOM, Mangaluru	Member
4. Company Secretary, MESCOM, Mangaluru	Convener
(v) Nomination and Remuneration Committee	
1. Director, MESCOM (From FD GoK)	Chairman
2. Managing Director, MESCOM, Mangaluru	Member
3. Director (Finance), BESCOM, Bengaluru	Member
4. Addl. Director (Finance), Energy Dept. Gok	Member
5. Company Secretary, MESCOM, Mangaluru	Convener
Director(Tech), CFO and GM(A&HR) are permanent Invitees to the Committee	

(C) Meetings of the Board and Board's Sub-Committees

i)	Board meetings 89 th Meeting 07.06.2022 90 th Meeting 26.09.2022 91 st Meeting 05.11.2022 92 nd Meeting 12.12.2022 93 rd Meeting 16.12.2022 94 th Meeting 13.02.2023 95 th Meeting 21.03.2023	7
ii)	Purchase Committee meetings 85 th Meeting 02.06.2022 86 th Meeting 19.09.2022 87 th Meeting 29.11.2022 88 th Meeting 30.01.2023 89 th Meeting 14.03.2023	5
iii)	Audit Committee meetings 32 nd Meeting 07.06.2022 33 rd Meeting 26.09.2022 34 th Meeting 05.11.2022 35 th Meeting 12.12.2022	4
iv)	Nomination and Remuneration Committee meeting 1 st Meeting 16.07.2022	1
v)	Corporate Social Responsibility Committee meeting 8 th Meeting 21.03.2023	1



D) Attendance of members in meetings of the Board and sub Committees

Sl. No	Name of the Director Shriyuths/Smts.	89 th BM 7.6.22	90 th BM 26.09.22	91 st BM 5.11.22	92 nd BM 12.12.22	93 rd BM 16.12.22	94 th BM 13.2.23	95 th BM 21.3.23	32 nd AC 7.6.22	33 rd AC 26.9.22	34 th AC 5.11.22	35 th AC 12.12.22	85 th PC 6.22	86 th PC 19.9.22	87 th PC 29.11.22	88 th PC 30.1.23	89 th PC 14.03.23	8 th CSR 21.3.23	1 st NRC 16.7.22
1	Dr. Manjula N	P	P	P	P	P	P	P	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	Prashant Kumar Mishr	P	P	P	P	P	-	-	P	P	P	P	P	P	P	-	-	-	P
3	Manjappa	-	-	-	-	-	P	P	-	-	-	-	-	-	-	P	P	-	-
4	D. Padnavathi	P	P	P	P	P	P	-	P	P	P	P	P	P	P	-	-	-	-
5	HG Ramesh	-	-	-	-	-	-	P	-	-	-	-	-	-	-	-	P	-	-
6	Gopal	P	P	P	p	P	P	P	NA	NA	NA	NA	NA	NA	P	P	LA	NA	P
7	Shivapraksh TM	P	P	LA	-	-	-	-	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
8	K. Shivanna	-	-	-	P	P	LA	P	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
9	R.H Lakshmiopathy	-	P	P	P	P	P	P	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
10	Dr. P.C. Jaffer	P	P	P	P	P	LA	LA	P	P	P	P	NA	NA	NA	NA	NA	P	P
11	G. Sheela	P	P	P	P	P	P	P	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
12	Aparna Pavate	-	-	-	P	P	P	P	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
13	Krishnappa V	-	-	-	P	p	P	P	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
14	Shivarudrappa S	LA	P	P	p	P	LA	P	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
15	S.S. Nanjundaswamy	P	LA	P	P	P	LA	-	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
16	Giriraja G.K	P	P	P	P	P	P	P	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
17	N. Dinesh	P	P	P	P	P	P	P	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
18	Kishor B.R	LA	P	P	LA	P	P	P	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
19	Praveen Hegade	P	P	P	P	P	P	P	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
20	Balachandra Bhat	A	-	-	-	-	-	-	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
21	M. Dinesh Pai		P	P	P	P	P	P	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

P : Present, A : Leave of Absent, NA : Not Applicable

BM: Board Meeting, PC: Purchase Committee Meeting, AC: Audit Committee Meeting, NRC: Nomination and Remuneration Committee Meeting, CSR: Corporate Social Responsibility.

(E) General Meetings:

The 20th Annual General Body Meeting of the Company was held at the Registered office, Board Room, MESCOM Bhavana, Kavour Cross Road, Bejai, Mangalore on 16th December, 2022 for consideration and adoption of accounts of the year 2021-22.

29. Appointment and Remuneration Policy for Directors :

The directors are appointed by Govt. of Karnataka and the officials are given their scale of pay in the parent department / organization.

30. Internal Financial Controls:

Internal Financial Controls are an integrated part of the risk management process, addressing financial and financial reporting risks. The Company has in place adequate internal financial controls with reference to financial statements. Assurance on the effectiveness of internal financial controls is obtained through management reviews, control self-assessment, continuous monitoring by functional experts as well as testing of the internal financial control systems by the Statutory Auditors and Internal Auditors during the course of their audits. We



believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended.

31. Corporate Social Responsibility (CSR):

During the Financial Year 2022-23, Company has contributed Rs.10,00,000/- towards organising 'Koti Kanta Gayana' Programme on the occasion of 67th Kannada Rajyotsava – 2022 and Rs. 50,000/- was spent for organising 'Vishishtarigagi Vishista Mela for Divyaangs – 2022-2023' programme for the deprived/ challenged sections of the society.

The details with respect to discharge of Corporate Social Responsibility are provided in **Annexure- 4** in the prescribed format pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014.

32. Annual Return

Extract of Annual Return pursuant to the provisions of section 92 is furnished in **Annexure-1** (Form MGT-9).

Annual Return filed before ROC in the Form of MGT-7 is made available in the company's website in the link <https://mescom.karnataka.gov.in/info-4/Reports/en>.

33. Directors' Responsibility Statement:

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

- i. in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. Annual Accounts have been prepared for the Financial Year ended March 31, 2023 on a going concern basis.



34. Whistle Blower Policy:

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has a Vigil Mechanism and Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct.

The reportable matters may be disclosed to the Designated Authority i.e., the Managing Director. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Designated Authority /Audit Committee.

35. Prevention of Sexual Harassment Committee:

In order to prevent, prohibit and for redressal of cases relating to sexual harassment, the company has formed separate committee headed by the officer in the cadre of Executive Engineer (Ele) and by including one NGO to the Committee. The Committee meets periodically and no complaints were received during the year. Two meetings were held during the year.

36. Internal Financial Control:

In MESCOM, adequate internal financial control is adopted which is assured by the internal audit wing and other officials through regular management reviews and continuous monitoring by functional experts.

37. Corporate Governance Practices:

It is the Company's constant endeavour to adopt the best Corporate Governance practices that are being followed in the industry:

The Company also undergoes every year the secretarial compliance certification conducted by an independent company secretary in whole-time practice. The yearly secretarial audit report is placed before the Board is included in the Annual Report.

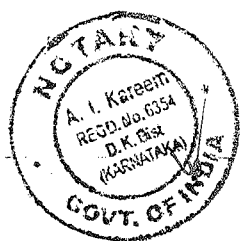
38. Performance Evaluation criteria for Directors:

As MESCOM is a fully owned Govt. of Karnataka undertaking, the performance evaluation criteria for Directors is not applicable.

39. Related Party Transactions:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in its ordinary course of business and on arms' length basis and do not have potential conflict with interest of the Company at large.

The brief details of the related party transactions pertaining to KPTCL, PCKL, KPCL, MPM and other ESCOMs is disclosed as under:



Sl. No	Party Name	Nature of Payment	Transactions		Nature of Outstanding Amount	₹ in Lakhs	
			Outstanding Balance as on				
			FY 2022-23	FY 2021-22		31.03.23	31.03.22
1	KPTCL	Transmission Charges & Others	38,507.39	32,057.86	Receivable	182.54	894.04
2	BESCOM	Energy Balancing and others	(8,686.69)	(1,425.90)	Payable	2,738.67	12,807.53
3	HESCOM	Energy Balancing and others	855.48	34,917.90	Receivable	35,902.95	39,983.46
4	GESCOM	Energy Balancing and others	2,113.86	4,812.30	Payable	7,808.59	12,922.45
5	CESCO	Energy Balancing and others	(154.55)	5,545.80	Receivable	30,371.33	30,525.88
6	MPM	Sale of Power	1,827.96	1,785.07	Receivable	22,051.01	20,221.20
7	PCKL	Shared expenses	150.57	170.17	Receivable	5,124.05	3,276.29
8	KPCL	Power purchase and others	64,318.88	67,886.28	Payable	9,256.33	10,192.50

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

The contracts / arrangements / transactions with related party which are required to be reported in Form No. AOC-2 in terms of Section 134(3) (h) read with Section 188 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed herewith as **Annexure 2** to this report.

40. Risk Management:

Given below are significant potential risks of the Company and measures in place to mitigate them:

a. Operational and Safety Risk:

Disruptions may be in the form of breakdown of power distribution lines, transformers. The Company consistently works towards monitoring the health of the power distribution lines and maintaining or improving operational efficiencies. The Company has structured inspections of its power distribution lines and other apparatus for identifying and controlling operational hazards, investigating root cause analysis and to eliminate any such occurrence by developing mitigation plans.

b. Financial Risk:

MESCOM, a GoK owned organization functions within the ambit of various statutory Acts and Regulations. As per Electricity Act 2003, Tariff filing for each year is carried by the Company for Annual Performance Review (APR) and Revision in Annual Revenue Requirement (ARR) with KERC (Regulator) and hence is subject to regulatory risk. Each of its activity attributable to Credit risk, Liquidity



risk and Market risk and undergoes consistent monitoring by Regulator (KEREC) annually.

There is a steady growth in number of consumers and demand for electricity from existing and new consumers. Hence, no demand risk is anticipated.

The company's senior management oversees the risk management policies and systems regularly.

The company has exposure to the following risks from its use of financial instruments:

i. Credit Risk

Credit risk is the risk of financial losses to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the Company's trade receivables, employee loans and deposits with Banks and others.

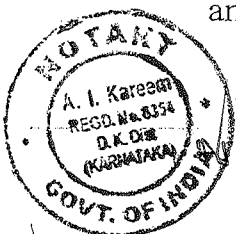
Trade receivable majorly comprises sundry debtors for sale of power to various classes of consumers and receivable from other ESCOMs. Other major contributor of receivable is from Inter- ESCOM energy balancing, all being sovereign government flagship organizations, risk element of turning those to bad debts is not foreseen. Risk element involving sundry debtors is adequately covered by security deposit held against such consumers by way of collection of 2 months minimum deposit (as per mandatory stipulation of regulatory governance). Further, provision for expected credit loss is made as a percentage of doubtful debts to the extent of 4% of trade receivables.

The Company has diversified its bank deposits and placed the same only with reputed and creditworthy nationalized banks.

ii. Liquidity Risk:

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

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents including bank deposits and availability of



funding through an adequate amount of committed credit facilities to meet the obligations when due. In addition to this, liquidity management also involves projecting cash flows at the beginning of each year considering the level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets and liabilities.

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

iii. Market Risk:

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. The Company is mainly exposed to interest rate risk since it has availed borrowings at fixed and floating interest rates.

41. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outflow:

Pursuant to the provisions of Section 134(3) (m) of the Act, read with the Companies (Accounts) Rules 2014, the details of Conservation of energy, Technology Absorption, Foreign Exchange earnings and Outflow are attached as **Annexure-3** to this report.

42. General :

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

- The Government of Karnataka, the Government of India, Central Electricity Authority, Comptroller & Auditor General of India, Central Electricity Regulatory Commission, Karnataka Electricity Regulatory Commission, Karnataka Power Transmission Corporation Ltd., Karnataka Power Corporation Ltd., & Power Company of Karnataka Ltd., for their assistance, guidance and co-operation.
- Financing agencies, such as Syndicate Bank, Canara Bank, State Bank of India, Vijaya Bank (Now Bank of Baroda), Punjab & Sindh Bank, Union Bank of India and Bank of India for their financial support.
- Print media for creating awareness among the masses carrying important information.
- The Statutory Auditors, Cost Auditors and Secretarial Auditors for their guidance and support.
- All the agencies for providing billing solution.
- The Employees, Employees' Union and other Associations of




employees for their co-operation and united effort.

- The Suppliers, Contractors and Consultants for their dedicated efforts in carrying out activities.
- The Company has no holding company or subsidiary company; hence the provisions of Section 197(14) of the Act relating to receipt of remuneration or commission by the Whole-time Director from holding company or subsidiary company of the Company are not applicable to the Company.
- No fraud has been reported by the Auditors to the Audit Committee or the Board of Directors of the Company.
- Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Place: Mangaluru
Date : 21.09.2023

Sd/-
H.G Ramesh
Director (Tech)

Sd/-
D Padmavati
Managing Director


Superintending Engineer (Ele.) Commercial
MESCOM, Corporate Office
Mangaluru - 575 004



ANNEXURE-1

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2023

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS :

1.	CIN	U40109 KA 2002 SGC 030425
2.	Registration Date	29/04/2002
3.	Name of the Company	MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
4.	Category/Sub-category of the Company	PUBLIC LIMITED
5.	Address of the Registered office & contact details	MESCOM BHAVANA, KAVOOR CROSS ROAD,BEJAI MANGALORE-575004. Tel:0824-2885700
6.	Whether listed company	NO
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	--

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

SL. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Distribution of ELECTRICITY	35109/ Distribution of power to Domestic/Commercial & industrial usage	100%

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

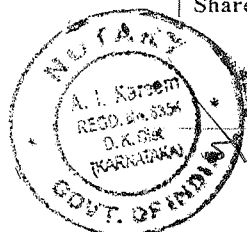
Subsidiary Company- NIL

CIN: -NA-

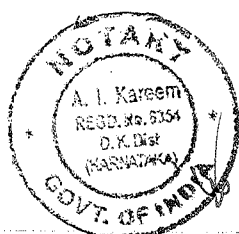
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)


A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01.04.2022]			No. of Shares held at the end of the year [As on 31.03.2023]			% Change during the year
	Physical	Total	% of Total Shares	Physical	Total	% of Total Shares	
A. Promoter s							
(1) Indian							
a) Individual/ HUF	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-
c) State Govt(s)	66,24,23,531	66,24,23,531	100%	74,13,02,031	74,13,02,031	100%	11.90
d) Bodies Corp.	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	66,24,23,531	66,24,23,531	100%	74,13,02,031	74,13,02,031	100%	11.90
B. Public Shareholding	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year [As on 01.04.2022]			No. of Shares held at the end of the year [As on 31.03.2023]			% Change during the year
	Physical	Total	% of Total Shares	Physical	Total	% of Total Shares	
1. Institutions	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-
Sub-total (B)(1) :-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-
Foreign Bodies-DR	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-
Grand Total (A+B+C)	66,24,23,531	66,24,23,531	100%	74,13,02,031	74,13,02,031	100%	11.90




 Superintendent Engineer (Ele.) Commercial,
 MESCOM, Corporate Office
 Mangaluru - 575 004

B) Shareholding of Promoter-

Sl No	Shareholder's Name Sriyuths /Smt	Shareholding at the beginning of the financial year (01.04.2022)			Shareholding at the end of the financial year (31.03.2023)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	His Excellency Governor Of Karnataka	66,24,23,531	100	-	74,13,02,031	100	-	-
2	Dr. N. Manjula	1	-	-	1	-	-	-
3	D. Padmavathi	1	-	-	1	-	-	-
4	Prashant Kumar Mishra	2	-	-	2	-	-	-
5	Dr. P.C. Jaffer	1	-	-	1	-	-	-
6	I.S.N. Prasad	1	-	-	1	-	-	-
7	Dr. R C Chetan	1	-	-	1	-	-	-
8	Gopal	-	-	-	1	-	-	-
9	Dr. Rajendra K.V.	1	-	-	-	-	-	-
10	Ravikumar	1	-	-	1	-	-	-
11	Sudesh Martis	1	-	-	1	-	-	-

C) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	66,24,23,531	93.51	66,24,23,531	89.35%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	Share of ₹10 each allotted in favour of GoK vide-			
	a. 89th meeting of the Board dated 07.06.2022			7,48,500	0.10 %
	b. 90th meeting of the Board dated 26.09.2022			45,65,000	0.62%
	c. 92nd meeting of the Board dated 12.12.2022			22,82,500	0.31%
	d. 94th meeting of the Board dated 13.02.2023			1,40,00,000	1.89%
	e. 95th meeting of the Board dated 21.03.2023			5,72,82,500	7.73%
	At the end of the year			74,13,02,031	100



Superintending Engineer (Cio) Commercial
MESCOM, Corporate Office
Mangalore - 575 004

D) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):

SL No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer/ bonus/sweat equity etc):	-			
	At the end of the year	-			

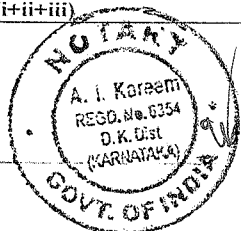
E) Shareholding of Directors and Key Managerial Personnel:

SL No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	As at Item IV (B)			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer /bonus/ sweat equity etc.):	-do-			
	At the end of the year	-do-			

V) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment as on 31.03.2023.

(₹ In Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	GoK Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
i) Principal Amount					
ii) Interest due but not paid	1311.76	-	0.26	749.66	2061.68
iii) Interest accrued but not due	1.79	-	-	-	1.79
	0.59	-	0.01	-	0.60
Total (i+ii+iii)	1314.14	-	0.27	749.66	2064.07
Change in Indebtedness during the financial year					
* Addition	118.00	-	-	55.92	173.92
* Reduction	205.81	-	0.08	-	206.07
Net Change	-87.81	-	-0.26	55.92	-32.15
Indebtedness at the end of the financial year					
i) Principal Amount					
ii) Interest due but not paid	1223.94	-	-	805.58	2029.53
iii) Interest accrued but not due	0.07	-	-	-	0.07
	-	-	-	-	-
Total (i+ii+iii)	1224.02	-	-	805.58	2029.60



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

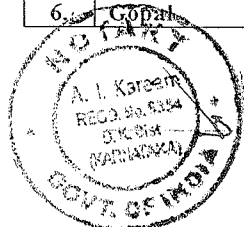
Sl. NO	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount (₹)
		Managing Director		Director (Technical)		
1	Gross salary	Sri. Prashant Kumar Mishra From 01.04.2022 To 03.01.2023	Shri. Manjappa From 04.01.2023 To 31.03.2023	Smt. D Padmavati From 01.04.2022 To 20.02.2023	Shri. H.G Ramesh From 20.02.2023 To 31.03.2023	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11,53,116	9,50,712	26,74,783	4,27,181	52,05,792
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,29,533	1,752	5,14,914	-	6,46,199
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- others, specify...	-	-	-	-	-
5	Others, please specify (Travelling allowance & Ex-gratia)	7,11,727	1,57,989	2,80,677	-	11,50,393
	Total (A)	19,94,376	1,11,0453	34,70,374	4,27,181	70,02,384
	Ceiling as per the Act					

B. Remuneration to other directors

Sl. NO	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	-	-	-	-	-
	Fee for attending board committee meetings (Is shown in table below)	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-

B. Fee for attending board committee meetings during FY 2022-23

Sl. No	Name of the Director Shri/Smt.	Number of meetings attended						Sitting Fee Rs.
		Board Meetings	Purchase Committee Meetings	Audit Committee Meetings	Borrowing Committee Meetings	CSR Committee Meetings	NRC Meeting	
1.	Dr. Manjula N	7	-	-	-	-	-	14000
2.	Prashant Kumar Mishra	5	3	4	-	-	1	-
3.	Manjappa	2	2	-	-	1	-	-
4.	D. Padmavathi	6	4	4	-	-	1	-
5.	HG Ramesh	1	1	-	-	1	-	-
6.	Gopal	7	2	-	-	-	1	20000



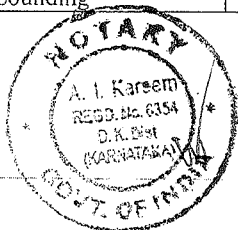
7.	Shivaprakash TM	2	-	-	-	-	-	4000
8.	K. Shivanna	3	-	-	-	-	-	6000
9.	RH Lakshmipathy	6	-	-	-	-	-	12000
10.	Dr. P.C. Jaffer	5	-	4	-	1	1	22000
11.	G. Sheela	7	-	-	-	-	-	14000
12.	Aparna Pavate	4	-	-	-	-	-	8000
13.	Krishnappa V	4	-	-	-	-	-	8000
14.	Shivarudrappa S	5	-	-	-	-	-	15000
15.	S.S. Nanjundaswamy	4	-	-	-	-	-	12000
16.	Giriraja G.K	7	-	-	-	-	-	21000
17.	N. Dinesh	7	-	-	-	-	-	21000
18.	Kishor B.R	5	-	-	-	-	-	15000
19.	Praveen Hegade	7	-	-	-	-	-	21000
20.	M. Dinesh Pai	7	-	-	-	-	-	21000
Total								2,34,000

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Jagadeesha B	Prabhat M Joshi CS	Total
1	Gross salary	From 01.04.2022 to 31.03.2023	From 01.04.2022 to 31.03.2023	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30,36,054	20,24,702	50,60,756
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,752	-	1752
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit others, specify... (Travelling allowance & Ex-gratia)	17,300	81,936	99,236
5	Others, please specify	-	-	-
	Total	30,55,106	21,06,638	51,61,744

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



ANNEXURE-2

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:


1. Details of contracts or arrangements or transactions not at arm's length basis - Not Applicable.
2. Details of material contracts or arrangement or transactions at arm's length basis
 - (a) Name(s) of the related party and nature of relationship:
Karnataka Power Transmission Corporation Ltd (KPTCL), Bangalore Electricity Supply Company Ltd (BESCOM), Hubli Electricity Supply Company Ltd (HESCOM), Gulbarga Electricity Supply Company Ltd (GESCOM), Chamundeshwari Electricity Supply Corporation (CESC), Power Company of Karnataka Ltd (PCKL), Mysore Paper Mills (MPM), Karnataka Power Corporation Ltd (KPCL), were the related party of the Company under Ind AS 24 and Section 2(76) (viii) (c) read with Section 188 of the Companies Act, 2013.
 - (b) Nature of contracts/arrangements/transactions:
Agreements for Purchase of Power, execution of electrical /civil construction works.
 - (c) Duration of the contracts/arrangements/transactions: Long Term.
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
Agreements with related party are generally for supply of power, providing transmission lines etc. The nature of transaction are like payment transmission charges, settlement of energy balancing dues, shared expenses etc which arise in regular course of business and the value of transaction is based on actual quantum of transactions.
 - (e) Date(s) of approval by the Board, if any:
These contracts with related parties are generally approved by Board of Directors as a regular course of business as mandated by the GoK or by the competent authorities like KERC, KREDL etc.
 - (f) Amount paid as advances, if any: Nil

Place: Mangaluru
Date : 21.09.2023

Sd/-
H. G Ramesh
Director (Tech)

Sd/-
D. Padmavathi
Managing Director




Superintending Engineer (Ele.) Commercial
MESCOM, Corporate Office
Mangaluru - 575 004

ANNEXURE -3

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTFLOW

(Clause (m) of sub-section (3) of section 134 of the Companies Act 2013, read with Companies Accounts Rule 2014)

Energy Conservation:

- a. In the light of directives of the Hon'ble Karnataka Electricity Regulatory Commission, awareness on energy conservation and usage of star rated equipment among the public is created by means of distribution of pamphlets to the consumers, display of banners in the offices of MESCOM. Further, in MESCOM web site "Consumer Hand Book" and in "Nanna MESCOM" App information have been displayed regarding energy saving through the use of Energy efficient equipment.
- b. Consumers are being insisted for installation of star rated pumps for irrigation while issuing of power sanction letters and the same is ensured while servicing the installation. Further, consumers of other category are also insisted to install energy efficient equipment like LED bulbs, Star rated refrigerators, AC, geysers, solar water heaters for energy conservation.
- c. MESCOM has been requesting to all Municipal & other local bodies to install LED streetlights for new installations and retrofitting of fluorescent lamps/sodium vapour lamps with that of LED lamps.
- d. Action has been taken for usage of LED bulbs and star rated electrical fittings in MESCOM offices.

2. Technology Absorption :

MESCOM is committed towards technology driven innovation and lays strong emphasis on inculcating an innovation driven culture within the organization.

During the year under review, MESCOM continued to work on technology up-gradation and capability development in the critical areas of distribution of power. Especially on the consumer front, the efforts are being put to quality and user friendly service to the electricity consumers. These technology focus areas are important for a service oriented company. Some of the activities taken up in relation to this are detailed below:

❖ **Enterprise Resource Planning (ERP):**

MESCOM has completed implementation of customized ERP with following modules.

5. Enterprise Inventory.
6. Enterprise Finance.
7. Enterprise Resources.
8. Enterprise Assets.

The various Technical, Accounts and Financial activities are carried out through this application.

❖ **Cyber Security Activities:**

1. MESCOM has adopted IT/OT/IoT and Cyber Security Policy.
2. To prevent Cyber-attacks, identification of Critical Information Infrastructure (CII) and Cyber Crises Management Plan (CCMP) has been adopted and to receive latest updates on Malware/botnet etc. MESCOM has on boarded to Cyber Swachhta Kendra (CSK) as per MoP Guidelines.
3. Cyber Audit of IT/OT/IoT systems has been carried out as per MoP and CERT Guidelines in coordination with CERT-In empaneled auditors.
4. Honeypot Sensors were deployed in MESCOM Data Centre as an additional monitoring system in line with existing Firewall in January 2023 in co-ordination with CERT-D.

❖ **Integration of MESCOM applications with e-Governance:**

1. The information's about, LT/HT/33kV Lines and Installations, Electrical accidents and Consumption details are being uploaded in Karnataka Open Data Initiative (KODI) website.
2. RAPDRP services are integrated with Mahithi Kanaja.



❖ **E-Office:**

E-Office is implemented in Corporate Office/Zones/Mangaluru O&M Circle office and all the files and receipts are operated through E-office only.

❖ **Jansnehi Vidyut Sevegalu:**

The Following Jansnehi Vidyut Sevegalu is made online for RAPDRP & Non-RAPDRP areas of MESCOM (within 24 Hours).


1. New Connection
2. Name Change
3. Tariff Change
4. Load Enhancement
5. Load Reduction

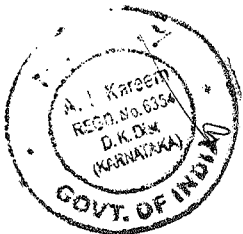
❖ **QR mode of Online Payment:**

The QR (Quick Response) mode of online payment was provisioned for Non-RAPDRP consumers for electricity bill payment.

3. Foreign Exchange Earning and Outflow:

Company neither has made any Foreign Exchange Earnings during the year nor has incurred any outflow in relation to this.


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MESCOM, Corporate Office
Mangaluru - 575 004



ANNEXURE-4

Corporate Social Responsibility

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

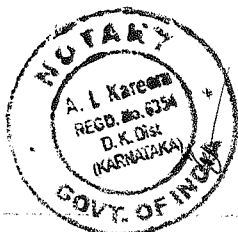
1. Brief outline on CSR Policy of the Company:
 - a. To direct CSR programs of MESCOM towards one or more of the following- promotion of education, preservation and enhancement of environmental and natural capital, promotion of sports, contributing to development and relief funds of government, contributing to the welfare of schedule castes and the scheduled tribe and other backward classes and minorities, promoting gender equality and women empowerment, promoting healthcare in rural areas, promotion of cultural activities.
 - b. To engage in activities such as skill development, vocational training so as to enhance employability of persons from different sections of society.
 - c. Adopt approaches that contribute towards achieving balanced socio-economic development of the society.
 - d. To carry out CSR programs to full fill commitments arising from requests by government


2. Composition of CSR Committee :

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Dr. P.C. Jaffer, I.A.S.,	Non- Executive Director	1	1
2.	H.G Ramesh	Director (Technical)		1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approve by the board are disclosed on the website of the company. : NA
4. Provide executive summary along with web link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. :NA
5.
 - (a) Average net profit of the company as per sub section (5) of section 135:- ₹ 7,78,07,944/-
 - (b) Two percent of average net profit of the company as per sub section (5) of section 135(5):- ₹ 15,56,159/-
 - (c) Surplus arising out of the CSR projects or programmes or Activities of the previous financial years:- Nil
 - (d) Amount required to be set off for the financial year, if any: Nil
 - (e) Total CSR obligation for the financial year (b+c-d):- ₹ 7,02,495/-
6.
 - a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): : Rs. 10,50,000
 - b) Amount spent in Administrative Overheads : Nil
 - (c) Amount spent on Impact Assessment, if applicable : -Nil-
 - (d) Total amount spent for the Financial Year : 10,50,000
 - (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub section(5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
10,50,000	-0-	-0-	NA	-0-	NA




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 MESCOM, Corporate Office
 Mangaluru - 575 004

(f) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per sub section 5 of section 135:	15,56,159
(ii)	Total amount spent for the Financial Year	10,50,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3,47,505
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-0-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	3,47,505

7. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account u/s 135 (6) (in ₹)	Balance Amount in Un spent in the financial Year(Rs)	Amount spent in the Financial Year (in ₹)	Amount transferred to a fund specified under schedule VII as per second proviso to subsection(5) of section135 if any		amount remaining to be spent in succeeding financial year (in ₹)	Deficiency if any
					Amount (in ₹)	Date of transfer		
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year (Y/N) : No

If yes enter the number of Capital Assets created / acquired: NA


Sl. No.	Short Particulars of the property or assets (Including complete address and location of the property)	Pin Code of the property or assets	Date of creation	Amount of CSR amount Spent	Details of entity/Authority /beneficiary of the registered owner		
					6	7	8
1	2	3	4	5	CSR Registration number	Name	Registered Address
-	-	-	-	-	-	-	-

9. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5): -NA-

Sd/-
Managing Director
MESCOM, Mangalore

Sd/-
Chairman
CSR Committee




Superintending Engineer (Ele.) Commercial
MESCOM, Corporate Office
Mangaluru - 575 004

SMPV and Associates LLP (LLPIN: AAK-8121)

Firm of Company Secretaries

No.501, Carlton Towers, 'A' Wing, 5th Floor, Old Airport Road, Bengaluru,
Karnataka-560008

E-mail: mpv@smpv.in; Ph:+91 80 50005784

Mob: 9778307400

Web: www.smpvglobal.com



Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2023
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To

The Members,
Mangalore Electricity Supply Company Limited
(CIN U40109KA2002SGC030425)
MESCOM Bhavana, Bejai, Kavoor Cross Road, Mangalore,
Dakshina Kannada, Karnataka - 575004

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices Mangalore Electricity Supply Company Limited (CIN: U40109KA2002SGC030425) (hereinafter called the "Company"). Secretarial Audit was conducted based on the information, documents, clarifications provided by the company and in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents, and authorized representatives during the conduct of secretarial audit and considering the relaxations granted by the Ministry of Corporate Affairs and subject to our letter annexed, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March 2023**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on **31st March 2023** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;

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Registered Office: 11/715, NH 85 Kochi - Tondi Point, Kundannur Jn, Maradu PO, Ernakulam, Kerala - 682304
Ph: +91 484 4859070, Mob: 9446496720 Email: mpv@smpv.in



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Mangalore - 575004



- (v) The Company has identified the following laws as specifically applicable to the Company:
- (i) The Electricity Act, 2003 and the Rules made there under.

We have also examined compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

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


- (i) *During the year under review, the CSR committee of the Company was not properly constituted as required under section 135 of the Act, however as per the explanation provided to us efforts will be taken by the Company to re-constitute the committee as required under the Act;*
- (ii) *During the year under review, the Audit committee of the Company was not properly constituted as required under section 177 of the Act, however as per the explanation provided to us efforts will be taken by the Company to re-constitute the committee as required under the Act;*
- (iii) *Nomination and Remuneration committee was duly constituted by the Company in the Board Meeting held on 30th August 2021 comprising of minimum three non-executive directors; however as per the explanation provided to us efforts will be taken by the Company to re-constitute the committee so as to include the independent directors as mandated by Companies Act, 2013*
- (iv) *The Company has not appointed an internal auditor in terms of section 138 of the Companies Act, 2013. However, as per the explanation provided to us by the Company there is an internal audit wing which conducts the internal audit of the Company. The audit wing is headed by the financial advisor and the internal audit wing reports to the Managing Director. Further the performance of internal audit wing will be placed before the Audit Committee.*
- (v) *The Fixed Assets register maintained by the Company does not show full particulars such as asset identification number and its situation and also the said register is not maintained as per the provisions of the Act.*
- (vi) *The Company has a scope to improve its level of Compliance with regard to Secretarial Standards.*

We further report that based on information provided and the representation made by the company and also on the review of compliance reports of the Company Secretary/Chief Executive Officer taken on record by the Board of Directors of the Company, in our opinion, adequate systems and process exist in the company to monitor and ensure compliance with provisions of applicable general laws like labour

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laws and environment laws.

We further report that compliance by the company with applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that;

- The Board of Directors of the Company is duly constituted with a proper balance of Executive Directors and Non-Executive Directors and Independent Directors (*subject to our observations above*). The other changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all the Directors to schedule the Board Meetings, agenda, and detailed notes on agenda were sent at least 7 days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decisions is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes maintained by the Company.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

We further report that during the audit period, except, the issue and allotment of 7,88,78,500 equity shares of the nominal value of ₹ 10 each, aggregating to ₹ 78,87,85,000, the Company has NIL events/actions having a major bearing on the company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards, etc.

For SMPV and Associates LLP, Company Secretaries

CS M P Vijayakumar
Designated Partner

ACS No: 22409, COP No: 8259
UDIN A022409E001027391

Date: 18 September 2023

Place: Bengaluru

Superintendent Registrar (Ele.) Commercial,
MESCO, Corporate Office
Mangaluru - 575 004



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SMPV and Associates LLP (LLPIN: AAK-8121)

Firm of Company Secretaries

No.501, Carlton Towers, 'A' Wing, 5th Floor, Old Airport Road, Bengaluru,
Karnataka-560008

E-mail: mpv@smpv.in; Ph:+91 80 50005784

Mob: 9778307400

Web: www.smpvglobal.com



To

The Members,
Mangalore Electricity Supply Company Limited
(CIN U40109KA2002SGC030425)
MESCOM Bhavana, Bejai, Kavoor Cross Road, Mangalore,
Dakshina Kannada, Karnataka - 575004

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations, and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

1. Our responsibility is to express an opinion on these secretarial records, standards, and procedures followed by the Company with respect to secretarial compliances.
2. We believe that audit evidence and information obtained from the Company's management are adequate and appropriate for us to provide a basis for our opinion.
3. Wherever required, we have obtained the management's representation about the compliance of laws, rules, and regulations and the happening of events, etc.

Disclaimer

1. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
2. The Secretarial Audit is conducted using various Information Technology tools which may impair the verification of records and documents.

For SMPV and Associates LLP, Company Secretaries

V. Vijayakumar

ES M P Vijayakumar
Designated Partner

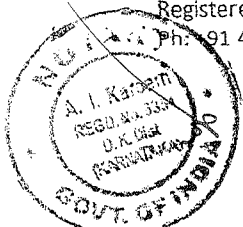
ACS No: 22409, COP No: 8259
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Date: 18 September 2023

Place: Bengaluru

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Ph: 91 484 4859070, Mob: 9446496720 Email: mpv@smpv.in



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[Signature]
Superintending Engineer (Ele.) Commercial
MESCOM, Corporate Office
Mangaluru - 575 004

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Mangalore Electricity Supply Company Limited


Annexure -6

Management Replies to the observations of Secretarial Auditors [M/s SMPV and Associates LLP, Practicing Company Secretary, Bangalore] in their report for 2022-23

Observations	Management reply
a) During the year under review, the CSR committee of the Company was not properly constituted as required under section 135 of the Act, however as per the explanation provided to me efforts will be taken by the Company to re-constitute the committee as required under the Act;	As per the Article 74 (a) of Article of Association of the company, the power to nominate and appoint Directors lies with GoK. Request had been made to GoK vide this office letter No. I-1612/2021 Dated 12.03.2021 and 4591 dated 06.07.2021, copy of which is also produced during the course of Audit. The Independent directors were appointed during the FY 2022-23 on the Board of MESCOM. During the FY 2023-24, the CSR Committee was reconstituted in the 98 th Board meeting of MESCOM with the requisite number of independent directors as mandated by the Act. Thereby, the provisions of Section 135 of Companies Act, 2013 has duly been complied with.
b) During the year under review, the Audit committee of the Company was not properly constituted as required under section 177 of the Act, however as per the explanation provided to me efforts will be taken by the Company to re-constitute the committee as required under the Act;	Independent Directors were appointed during the FY 2022-23 on the Board of MESCOM. However, the Audit Committee will be reconstituted in the subsequent meeting of Board of Directors so as to include the minimum number of independent directors on the Audit Committee as mandated under Section 177 of Companies Act, 2013.
c) Nomination and Remuneration committee was duly constituted by the Company in the Board Meeting held on 30th August 2021 comprising of minimum three non-executive directors. However as per the explanation provided to me efforts will be taken by the Company to re-constitute the committee so as to include the	The Independent directors were appointed during the FY 2022-23 on the Board of MESCOM. During FY 2023-24, the Nomination and Remuneration Committee was reconstituted in the 98 th Board meeting of MESCOM to include the requisite number of independent directors as mandated by the Act. Thereby, the provisions of Section 178 of




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Superintendent Engineer (Elec.) Commercial
MESCOM, Corporate Office
Mangaluru - 575 004

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independent directors as mandated by Companies Act, 2013	Companies Act, 2013 has duly been complied with.
d) The Company has not appointed an internal auditor in terms of section 138 of the Companies Act, 2013. However, as per the explanation provided to me by the Company there is an internal audit wing which conducts the internal audit of the Company. The audit wing is headed by the financial advisor and the internal audit wing reports to the Managing Director. Further the performance of internal audit wing will be placed before the Audit Committee.	Company has a separate wing called Internal Audit wing. This wing carries out the internal audit activities throughout the year. Further, section 138 (1) says as follows: (1) Such class or classes of companies as may be prescribed shall be required to appoint an internal auditor, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company. Since Board has approved a separate wing, provisions of section 138 are well complied with.
e) The Fixed Assets register maintained by the Company does not show full particulars such as asset identification number and its situation and also the said register is not maintained as per the provisions of the Act.	Owing to the particular nature of power distribution business, it has not been possible to allot asset identification number to all assets of the company. However, Fixed Asset Register maintained at the division office give particulars about the nature of assets, year of installation and other relevant details.
f) The Company has scope to improve their compliance towards Secretarial Standards.	Company is striving hard to comply with the applicable rules, regulations and secretarial standards. Further steps will be taken to ensure compliance of all the applicable secretarial standards.



Company Secretary
MESCOM, Mangaluru



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Superintending Engineer (Ele.) Commercial
MESCOM, Corporate Office
Mangaluru - 575 004

Addendum to Directors' Report


Replies offered on the observations / comments of the Statutory Auditors on the accounts of the Company for the year 2022-23 are as follows:

	Statutory Auditor's Observation	Management Replies
1.	<p>Accrual System: As per sec 128(1) of the Companies Act, 2013, proper books of Account shall not be deemed to have been kept, if such books are not kept on accrual basis and according to the double entry system of accounting. As stated in the Significant Accounting policy section No 2.2 under Notes to accounts, all items having a material bearing on the financial statements are recognized on accrual basis except the following:</p> <ul style="list-style-type: none"> • Grants and subsidies from Government in respect of capital assets, which are accounted on actual receipt basis as there is no adequate assurance of receiving of grants; • Interest on delayed payments to power producers, which are accounted for as and when intimated by them; • Penalties & Damages recoveries from contractors and vendors are recognized as income as and when recovered. 	<p>Factual.</p> <p>1) In the absence of adequate assurance of receipt of grants with respect to the GoK/Gol sponsored schemes, the grants/subsidies on account of these are accounted on receipt basis.</p> <p>2) Company is prompt in clearing its power purchase dues and is availing rebate for early payments from the generators. The interest payable if any in rare cases will be accounted as and when such orders are passed by the Competent Authorities.</p> <p>3) As the penalties/damages recoverable from suppliers/contractors cannot be ascertained in advance, the same are being accounted as and when recovered from their bills.</p>
2.	<p>Ind AS 16-Property Plant and Equipment: As per significant accounting Policy No 2.7 read with 2.12, the company is required to capitalize the borrowing costs directly attributable to the acquisition or construction of an asset and such costs should cease to be capitalized when substantially all the activities necessary to prepare the qualifying asset for its intended use were complete. However, the company has not capitalized the interest during the construction period as required by IND AS 23-Borrowing Cost. Further, the impact of such deviation on the carrying value of property, plant and equipment, depreciation</p>	<p>Factual.</p> <p>Necessary action will be taken to comply with the observations in the ensuing year with respect to capitalization of borrowing cost.</p> <p>The cost of dismantling of the assets created by the Company is not being capitalized since the same cannot be ascertained as the date of dismantling itself will not be known. The necessity of dismantling of the assets created by the Company is also seldom</p>



	Statutory Auditor's Observation	Management Replies
	<p>charged to the statement of profit and loss is not considered in the accompanying financial statements. The borrowing cost which is required to be capitalized has been charged directly to the statement of profit and loss with respect to Property, plant and equipment.</p> <p>Further, due to non-capitalization of PPE in the concerned Financial Year, there is an understatement of PPE and depreciation charged. Further, IND AS 16 on Property, Plant and Equipment requires the cost of dismantling to be estimated and included in arriving at the cost of the item for capitalization. The Company has not included the estimated cost of dismantling for capitalization. The impact of this site on the financial statements is not ascertainable.</p>	<p>required as these assets are being used for distribution of power to consumers continuously.</p> <p>Further, the capital expenditure booked in respect of ongoing capital works will be capitalized once the Completion reports are received or on declaration of the date of commissioning by the field executives. Entire cost booked till the date of completion will be capitalized. The additional cost incurred on account of variations will be capitalized once the deviations are approved by the Competent Authority. However, the depreciation will be charged retrospectively from the date of commissioning itself. Hence there will not be any short provision for depreciation.</p>
3.	<p>IND AS 12 – Income Taxes: The Company has not accounted for deferred tax assets / deferred tax liabilities as required by IND AS 12- Income Taxes. The effect of this on the financial statements is not ascertainable. (Refer Significant accounting Policy 2.19 read with Note No. 45.11.1)</p>	<p>Factual.</p> <p>As on 31.03.2023 Company is having accumulated losses of Rs. 363.53 Crs approximately as per Income Tax Computation. Since payment of Regular Income Tax does not arise, Company has not provided for deferred tax assets/ liabilities.</p>




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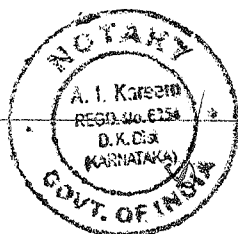
	Statutory Auditor's Observation	Management Replies
4.	IND AS 109- Classification, reclassification, measurement and impairment of financial instruments: The Company has not been recognizing impairment of Trade Receivables on Expected Credit Loss method as provided for in Ind AS 109. (Refer Significant accounting Policy No 2.16 read with Note No 45.9.1)	Company is providing for provision towards bad debts at the rate of 4% on closing debtors as at the end of the year. Since the Company is having sufficient quantum of provision for bad debts, recognizing impairment of trade receivables on expected credit loss method is not required.
5.	IND AS 116- Leases: The Company has not identified, accounted and presented ROU Assets, Lease liabilities, Depreciation and interest on Leased Assets both as Lessor and Lessee in respect of the lease agreement entered prior to 01.04.2021. Impact of such deviation from IND AS 116 is not ascertainable. (Refer Significant accounting policy 2.22 read with Note 45.1).	Factual. Company has complied with this Standard with respect to lease agreements entered into from 01.04.2022. Necessary action will be taken to comply with the observations with respect to lease agreement entered prior to 01.04.2021 if any in ensuing year.
6.	IND AS 19- Employee benefits: As per Significant accounting policy No 2.17, the Company has not obtained actuarial valuations at the end of annual reporting period for Gratuity and Pension obligation other than recognizing the actual contribution to the P & G trust through the statement of profit and loss. Impact of such deviation from IND AS 19, on the financial statements is not ascertainable. (Refer Significant accounting policy 2.17 read with Note 45.2.2.)	The actuarial valuation exercise for Gratuity and Pension obligation of all the ESCOMs is done through KPTCL/ ESCOMs Pension & Gratuity Trust. The actuarial valuation for FY 2022-23 was not finalized by the Trust until the finalization of accounts of the Company. In the absence of actuarial valuation report for the period, no adjustments could be made in the accounts. The issue will be taken up with the Trust and necessary action will be taken in the ensuing year.
7.	Ind AS 36- Impairment of Asset: The Company has not assessed as at the balance sheet date the existence of impairment, if any, of its assets situated outside the premises of the company. (Refer Significant accounting	The assets created by the Company are scattered throughout the geographical area of the Company which involves a network of various equipments, lines, cables



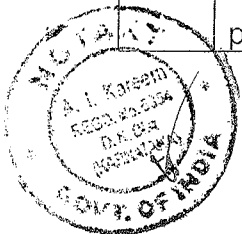
	Statutory Auditor's Observation	Management Replies
	policy 2.11)	etc. As the assets of the Company are being utilized for providing reliable and continuous power supply to the consumers, in the opinion of the Company the recoverable value of the assets will always be higher than the book value. If any indication of impairment is noticed, suitable action will be taken then and there itself so that power supply will not be hampered.
8.	The Company has an internal audit system. However, considering the size of the Company and volume of its business, we are of the opinion that the present system is not sufficient in order to identify the internal control gaps. The Scope of work for the internal audit does not cover the adequacy of internal controls with respect to systems, materials, inventories, stores, Payments and compliance/adherence to various provisions of Tax Laws and Labor Laws in particular.	Company has an Internal Audit Wing headed by AO rank Officer working in each accounting division to verify and report any shortcoming regarding cash, revenue, work accounts, cost register, material audit, inventory and stock records. Further, at Company's Corporate Office, Financial Advisor (Internal Audit) is monitoring and supervising the work of Internal Audit Wing of each Division and rendering periodical reports to management regarding any shortcomings observed. Company has an 'in-built' system of internal control which monitors various compliances to Tax and Labour laws.




	Statutory Auditor's Observation	Management Replies
9.	<p>Balance Confirmation/Reconciliation: The Company has not obtained confirmations and reconciled the balances as on 31st March 2023 with respect to sundry debtors, sundry creditors, advances, deposits from/to suppliers / contractors / government authorities / consumers / employees; loans and other receivables from various parties and other ESCOMS, KPTCL, KPCL and PCKL. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss which may arise on account of non-recovery or partial recovery of such dues is not ascertained.</p>	<p>As disclosed under note 45.17, the balances in respect of Sundry Debtors, Sundry Creditors, Loans and Advances to Suppliers and other borrowings are subject to confirmation. However the energy balancing dues among the ESCOMs as on 31.03.2023 are reconciled. The reconciliation of other balances with KPTCL and ESCOMs is under process for which due action is taken from MESCOM side by intimating the details for the balance.</p>
10.	<p>The Control account balances as reflected by the General Ledger at Divisions and Subsidiary Registers at sub-divisions in the matter of Consumer Security Deposits and Meter Security Deposits are not fully reconciled</p>	<p>During the Balance Sheet Restructuring Plan III, a portion of meter security deposit was capitalized as per the direction of the Govt. Though the amount was capitalized, the amount is still outstanding in the consumers' ledger account. But the meter security deposit as per accounts was reduced to that extent in the accounts of the Company, leading to difference between the balance as per consumers' ledger account maintained at sub divisions and as per accounts of the division offices. Further, the deposit registers are being maintained at sub-divisional / section levels and the accounts are maintained at divisional levels. The Company has already taken actions to reconcile the balances between the deposit registers and accounts during the financial year. Since the task is voluminous, efforts are being made to complete the same in the ensuing year.</p>



	Statutory Auditor's Observation	Management Replies																														
11.	<p>Other Current Financial Assets: Total amount includes ₹ 22,476.92 Lakhs receivable from CESC from the date of De-merger of CESC from the company during 2005. No order is given by GoK regarding the settlement of this amount with CESC/KPCL dues. (Refer note 15.1)</p>	<p>The difference of Rs. 22,476.92 Lakhs arisen on account of excess of assets transferred to M/s CESCO during de-merger of CESCO from MESCOM is accounted as receivable from CESCO in the books of the Company. Company is continuously pursuing the issue with the State Govt. for settlement of this amount.</p>																														
12.	<p>Receivables long pending cases: An analysis of part of receivables is as below</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount (In Lakhs)</th> </tr> </thead> <tbody> <tr> <td>Permanently Disconnected Consumers</td> <td>516.86</td> </tr> <tr> <td>LT4 (IP Set Consumers) - prior to 2008</td> <td>10295.72</td> </tr> <tr> <td>Mysore Paper Mills Ltd - Long overdue</td> <td>22051.01</td> </tr> <tr> <td>Recoverable from Panchayath towards rural water supply - Long outstanding</td> <td>733.52</td> </tr> <tr> <td>Total Receivables (A)</td> <td>33597.11</td> </tr> <tr> <td>Security Deposit Held</td> <td></td> </tr> <tr> <td> Mysore Paper Mills Ltd</td> <td>373.33</td> </tr> <tr> <td> IP Sets</td> <td>8236.90</td> </tr> <tr> <td>Total Secured (B)</td> <td>8610.23</td> </tr> <tr> <td>Unsecured (C=A-B)</td> <td>24986.88</td> </tr> <tr> <td>Provision received from KPTCL</td> <td>3571.95</td> </tr> <tr> <td>Provision created by MESCOM</td> <td>2886.53</td> </tr> <tr> <td>Receivables in excess of provision and security deposit</td> <td>18528.40</td> </tr> <tr> <td>Receivables at risk (In %)</td> <td>55.15%</td> </tr> </tbody> </table> <p>The company is of the view that the above provision of Rs 6458.48 Lakhs is adequate.</p>	Particulars	Amount (In Lakhs)	Permanently Disconnected Consumers	516.86	LT4 (IP Set Consumers) - prior to 2008	10295.72	Mysore Paper Mills Ltd - Long overdue	22051.01	Recoverable from Panchayath towards rural water supply - Long outstanding	733.52	Total Receivables (A)	33597.11	Security Deposit Held		Mysore Paper Mills Ltd	373.33	IP Sets	8236.90	Total Secured (B)	8610.23	Unsecured (C=A-B)	24986.88	Provision received from KPTCL	3571.95	Provision created by MESCOM	2886.53	Receivables in excess of provision and security deposit	18528.40	Receivables at risk (In %)	55.15%	<p>The receivables quoted in the observations mainly include the electricity dues receivables from IP set installations and Government installations. No additional provision for bad and doubtful debts has been created in the books as these dues are not liable for writing off in the books of the Company. As at the year end Company is having provision to the extent of Rs. 6458.48 laks, which is adequate in the view of the Company.</p>
Particulars	Amount (In Lakhs)																															
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 Superintendent Engineer (Ele.) Commercial
 MESCOM, Corporate Office
 Mangaluru - 575 004

	Statutory Auditor's Observation	Management Replies
13.	The Register for Property, Plant and Equipment & Intangible assets maintained by the Company does not show full particulars such as asset identification number and its situation.	Assigning asset identification number for all the assets belonging to MESCOM is not feasible as the company deals with the distribution of power which involves usage of numerous number of assets scattered across wide geographical area and assigning AIN to these assets is not possible. However, fixed asset registers maintained at the accounting units will give particulars about the nature of assets, year of installation etc.
14.	In the absence of adequate report on physical verification of Property, Plant and Equipment, we are unable to comment about the reasonableness of intervals at which Fixed Assets have been verified and accounting of discrepancies noticed thereon, if any.	The Company carries out the physical verification of assets situated in power stations. Carrying out physical verification of poles and other associated assets is not feasible because these assets are scattered across a wide geographical area.
15.	Based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are free hold and lease hold, are held in the name of the Company as at the balance sheet date except land in Mulki section, the land allotted by PWD for construction of divisional office in Kundapura and Land allotted by the District Commissioner, Shivamogga to MESCOM for construction of 33/11 kv Sub-station (refer Note 3.4 and 3.5)	Title deeds in respect of Mulki Section Office Land, land allotted by PWD for construction of divisional office in Kundapura and Land allotted to MESCOM in Shivamogga for construction of 33/11 kv Sub-station are to be transferred in the name of the Company. The process will be completed in the ensuing year.

Place: Mangaluru

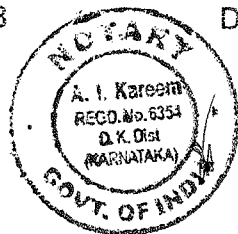
Date : 30.09.2023

Sd/-

H.G.Ramesh
Director (Tech)

Sd/-

D. Padmavati
Managing Director



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Superintending Engineer (Ele.) Commercial,
MESCOM, Corporate Office
Mangaluru - 575 004

Nitin J. Shetty & Co.

CHARTERED ACCOUNTANTS

CA. NITIN J. SHETTY, FCA,
CA. SUNITHA R. FURTADO, FCA, DISA
CA. COLINE O. RODRIGUES, FCA,
CA. SRIRAM V. RAO, FCA, DISA, DITT
CA. DHANUSH D. BOLAR, ACA
CA. LAKSHMI VISWANATH, FCA
CA. RODNEY R. PINTO, ACA
CA. NAVEENCHANDRA T, ACA

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

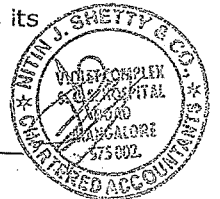
Report on the Audit of Ind AS Financial Statements

QUALIFIED OPINION

This report supersedes our original report dated 17.08.2023. Pursuant to the observations made by Comptroller and Auditor General of India under section 143(6)(a) of the Companies Act, 2013 the accounts approved by the Board of Directors on 17.08.2023 have been revised to incorporate the observations made by the Comptroller and Auditor General of India on the financial statements and books of account of the company. The impact of the revision in the accounts of the company is stated in Note 46 to the accounts. Our audit procedure on events subsequent to the date of the original report is restricted solely to the amendments made vide note 46 to notes forming part of accounts, para on accrual system, Para (b) on Deviations from IND AS, Para (e) of Other Items, SI No. e) of Emphasis of Matter, Para i(c), Para (v) of Annexure I to Independent Auditor's Report and para on Report on Other Legal and Regulatory Requirements,.

We have audited the accompanying Ind AS financial statements of **MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED ("the Company")**, which comprises the Balance Sheet as at 31st March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and Notes to the IndAS Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "financial statements")

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2023 and its income (including Other Comprehensive income), its cash flows and changes in equity for the year ended on that date.



VIOLET COMPLEX, S.C.S. HOSPITAL ROAD, MANGALURU - 575002, INDIA, Ph: 0824 - 2215000,

4272727 (O), e-mail : nitin@nitinjshetty.com

BRANCH: #211, COMMERCE HOUSE, 9/1, ABOVE HOTEL CHANDRIKA, CUNNINGHAM ROAD, BENGALURU - 560052. Website: www.nitinjshetty.com



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Mangaluru - 575 004

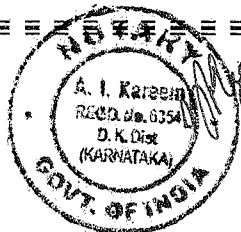
MESCOM

REVISED

ANNUAL ACCOUNTS

FOR

FY 2022-23



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MESCOM, Corporate Office
Mangaluru - 575 004

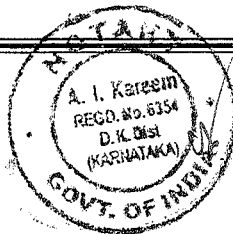
MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

REVISED ANNUAL ACCOUNTS

2022-23

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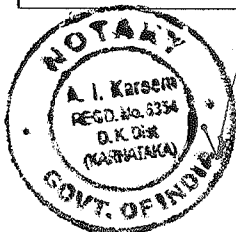
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Superintendent Engineer (Ele.) Commercial
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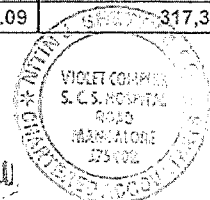
MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2023

(₹ in Lakh)

Particulars	Note No.	As at 31st March, 2023 (Ind-AS)	As at 31st March, 2022 (Ind-AS)
ASSETS			
I Non Current Assets			
(a) Property, plant and equipment	3	344,313.30	306,177.14
(b) Capital work-in-progress	4	14,824.44	23,917.29
(c) Intangible assets	5	92.05	178.80
(d) Right of use assets	6	129.08	90.12
(e) Financial assets			
(i) Investments	7	1.00	1.00
(ii) Other financial assets	8	11,562.74	11,558.81
(f) Non-current tax assets (Net)	9	3.04	1,706.28
(g) Other non-current assets	10	1,745.89	2,207.04
Total Non-current Assets (I)		372,671.54	345,836.48
II Current Assets			
(a) Inventories	11	5,674.25	5,005.54
(b) Financial assets			
(i) Trade receivables	12	87,154.65	84,597.52
(ii) Cash and cash equivalents	13	4,236.71	4,820.78
(iii) Bank Balances other than (ii) above	14	790.84	906.46
(iv) Other financial assets	15	119,302.50	121,478.45
(c) Current Tax Assets (Net)	16	89.93	1,938.27
(d) Other current assets	17	6,870.90	3,593.07
Sub-Total		224,119.78	222,340.09
Non-current Assets held for sale	18	341.15	427.16
Total Current Assets (II)		224,460.93	222,767.25
Total Assets (I+II)		597,132.47	568,603.73
III Regulatory Deferral Account Debit Balance			
Total Assets & Regulatory account balance (I+II+III)	19	23,710.95	57,906.95
		620,843.42	626,510.68
EQUITY AND LIABILITIES			
I Equity			
(a) Equity Share Capital	20	74,130.20	66,242.35
(b) Other Equity	21	31,139.36	26,045.03
Total Equity (I)		105,269.56	92,287.38
Liabilities			
II Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	22	99,215.23	109,921.61
(ii) Lease liabilities	23	136.66	89.35
(iii) Trade payables			
- total outstanding dues of micro and small enterprises	24	-	-
- total outstanding dues of creditors other than micro and small enterprises	24	9,256.33	10,192.50
(iv) Other financial liabilities	25	124,968.64	119,706.45
(b) Provisions	26	8,468.27	7,752.62
(c) Deferred Income	27	76,737.17	69,599.21
(d) Other non-current liabilities	28	38.79	38.79
Total Non-current Liabilities (II)		318,821.09	317,302.53

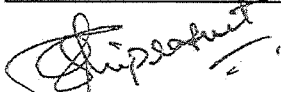




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 Mangaluru - 575 004




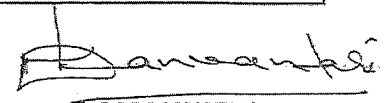
Particulars	Note No.	As at 31st March , 2023 (Ind-AS)	As at 31st March , 2022 (Ind-AS)
III Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	29	40,882.45	64,641.32
(ii) Lease liabilities	30	-	-
(iii) Trade payables			
- total outstanding dues of micro and small enterprises	31	-	-
- total outstanding dues of creditors other than micro and small enterprises	31	25,994.42	32,445.69
(iv) Other financial liabilities	32	98,207.45	90,263.02
(b) Provisions	33	2,079.22	1,977.85
(c) Deferred Income	27	5,195.00	4,526.16
(d) Other Current Liabilities	34	24,394.23	23,066.73
Total Current Liabilities (III)		196,752.77	216,920.77
Total Liabilities (II+III)		515,573.86	534,223.30
Total Equity and Liabilities (I+II+III)		620,843.42	626,510.68

Notes 1 to 47 are an integral part of the financial statements



(PRABHAT.M.JOSHI)
 Company Secretary


(JAGADEESHA. B)
 Chief Financial Officer

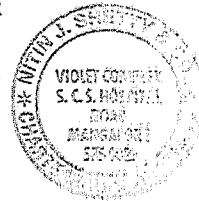

(H.G.RAMESH)
 Director(Tech)


(D.PADMAVATHI)
 Managing Director


In terms of our Report of even date
 for NITIN J. SHETTY & CO.,
 Chartered Accountants
 Firm Reg. No 0088915

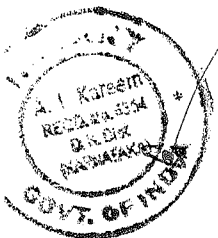

CA. DHANUSH. D. BOLAR

PARTNER
 Membership No. 250601



Place: Mangaluru
 Date: 21-09-2023


 Superintending Engineer (Ele.) Commercial
 MESCOM, Corporate Office
 Mangaluru - 575 004





MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH , 2023

(₹ in Lakh)

Particulars	Note No.	Year ended 31st March , 2023 (Ind-AS)	Year ended 31st March , 2022 (Ind-AS)
I Revenue from operations	35	454,497.54	389,577.85
II Other Income	36	19,616.11	18,196.33
III Total income (I + II)		474,113.65	407,774.18
IV Expenses			
Cost of Power Purchased	37	309,647.33	257,983.06
Employee Benefits Expenses	38	64,043.25	52,275.97
Finance Costs	39	12,810.53	13,185.59
Depreciation and amortization expenses	40	23,883.54	20,988.13
Other Expenses	41	24,348.40	20,871.00
Total expenses (IV)		434,733.05	365,303.75
V Profit before exceptional items and tax (III-IV)		39,380.60	42,470.43
VI Exceptional items income/expenses (net)	42	-	(4,408.58)
VII Profit/(Loss) before tax (V + VI)		39,380.60	38,061.85
VIII Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) MAT credit entitlement	43	-	-
Total tax expense (VIII)		-	-
IX Profit/(Loss) for the year before movement in regulatory deferral account balance (VII - VIII)		39,380.60	38,061.85
X Net Movement in Regulatory Deferral Account Balance related to Profit or Loss	44	(34,196.00)	(34,791.58)
XI Profit for the year after movement in regulatory deferral account balance (IX + X)		5,184.60	3,270.27
XII Other comprehensive income			
A (i) Items that will not be reclassified to Profit & Loss		-	-
(ii) Income tax relating to items that will not be reclassified to Profit & Loss		-	-
B (i) Items that will be reclassified to Profit or Loss		-	-
(ii) Income tax relating to items that will be reclassified to Profit & Loss		-	-
Total other comprehensive income (XII)		-	-
XIII Total comprehensive income for the year (XI+XII)		5,184.60	3,270.27
XIV Earnings per equity share:			
Before net movement in regulatory deferral account balance			
(1) Basic (in ₹)		5.89	5.80
(2) Diluted (in ₹)		-	-
After net movement in regulatory deferral account balance			
(1) Basic (in ₹)		0.78	0.50
(2) Diluted (in ₹)		-	-

Notes 1 to 47 are an integral part of the financial statements

(PRABHAT.M.JOSHI)
Company Secretary

(JAGADEESHA. B)
Chief Financial Officer

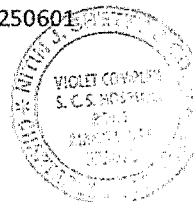
(H.G.RAMESH)
Director (Tech)

(D.PADMAVATHI)
Managing Director

In terms of our Report of even date
for NITIN J. SHETTY & CO.,
Chartered Accountants
Firm Reg. No: 008891S

CA. DHANUSH. D. BOLAR
PARTNER
Membership No. 250601

Place: Mangaluru
Date: 21-09-2023



Superintendent Engineer (Eie.) Commercial
MESCOM, Corporate Office
Mangaluru - 575 004



MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED.
CASH FLOW STATEMENT FOR THE YEAR ENDING 31st March 2023

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31st March, 2023 (Ind-AS)		Year ended 31st March, 2022 (Ind-AS)	
A	Cash flows from operating activities				
	Profit before taxation and extraordinary items	5,184.60		3,270.27	
	Adjustments for:				
	Depreciation	23,883.54		20,988.13	
	Tax expense	-		-	
	Interest income	(27.95)		(10.86)	
	Dividend income	-		-	
	Amortization of Prepayments	65.76		43.55	
	Loss/profit on sale of Assets	(557.56)		(1,327.91)	
	Interest expense	12,810.53		13,185.59	
	Operating profit before working capital changes		41,358.92		36,148.77
	Change in Material Cost Variance (Changes in other Equity)	(15.42)		20.36	
	Increase/ (Decrease) in Non-current Provisions	715.65		(374.70)	
	(Increase)/Decrease in Trade Receivables	(2,557.13)		(10,420.92)	
	(Increase)/Decrease in Regulatory Deferral account Balance	34,196.00		34,791.58	
	(Increase)/Decrease in Financial/Other Current Assets	746.46		20,022.10	
	(Increase)/Decrease in Non-current Assets held for sale	643.57		1,342.19	
	(Increase)/Decrease in Inventories	(668.71)		(1,848.99)	
	Increase/(Decrease) in Trade Payables	(7,387.44)		(42,422.21)	
	Increase/(Decrease) in Provisions	101.37		(278.61)	
	Increase/(Decrease) in Financial/ Other Current Liabilities	9,271.93		(3,940.76)	
	Increase/(Decrease) in Investments	-	35,046.28	-	(3,109.96)
	Cash generated from operations		76,405.20		33,038.81
	Income Taxes paid	-		-	
	Cash flow before extraordinary item		76,405.20		33,038.81
	Exceptional items (specifying nature)		-		-
	Net cash from operating activities (A)		76,405.20		33,038.81
B	Cash flows from investing activities				
	Purchase of tangible fixed assets	(62,019.70)		(46,387.01)	
	(Increase)/ Decrease in Capital Work in Progress	9,092.85		(967.73)	
	Purchase of intangible fixed assets	86.75		317.30	
	Right of Use Assets	(38.96)		(90.12)	
	(Increase)/Decrease in other non-current assets	2,094.70		2,371.96	
	Interest received	27.95		10.86	
	Net cash from investing activities (B)		(50,756.41)		(44,744.74)
C	Cash flows from financing activities				
	Increase/ (Decrease) in Financial/ other Non-current Liabilities	5,260.19		3,726.14	
	(Increase)/Decrease in Lease liabilities	47.31		89.35	
	Proceeds from Share Application Money	7,813.00		876.76	
	Increase/(Decrease) in other long term borrowings	(10,706.38)		8,867.80	
	Deferred Income	7,806.80		7,613.76	
	Interest paid	(12,810.53)		(13,185.59)	
	Dividends paid	-		-	
	Dividend distribution tax	-		-	
	Proceeds from ESOPs	-		-	
	Net cash generated from financing activities (C)		(2,589.61)		7,988.22
	Net increase in cash and cash equivalents (A) + (B) + (C)		23,059.18		(3,717.71)
	Cash and cash equivalents at beginning of period (Net of OD)		(58,914.08)		(55,196.37)
	Cash and cash equivalents at end of period (Net of OD)		(35,854.90)		(58,914.08)

(PRABHAT.M.JOSHI)
Company Secretary

(JAGADEESHA. B)
Chief Financial Officer

(H.G.RAMESH)
Director (Tech)

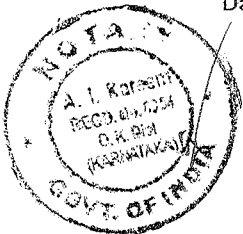
(D.PADMAVATHI)
Managing Director

in terms of our Report of even date
for NITIN J. SHETTY & CO.,
Chartered Accountants
Firm Reg. No: 0088915

CA. DHANUSH. D. BOLAR
PARTNER

Membership No. 250601 Superintending Engineer (Ele.) Commercial
MESCOM, Corporate Office
Mangaluru - 575 004

Place: Mangaluru
Date: 21.09.2023



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

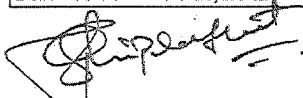
A Equity share capital (₹ in Lakh)


Particulars	FY 2022-23	FY 2021-22
Balance at the beginning of the year	66,242.35	61,944.16
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	66,242.35	61,944.16
Changes in equity share capital during the year	7,887.85	4,298.19
Balance at the end of the year	74,130.20	66,242.35


B Other equity (₹ in Lakh)

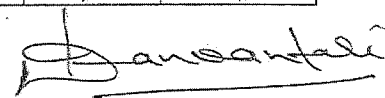
Particulars	Share Application Money Pending Allotment	Reserves and Surplus				Total
		Proposed Adj. to Net worth	Capital Reserve	Reserve for Material Cost Variance	Retained Earnings	
Balance at April 1, 2022	74.85	764.00	132.66	3,960.41	21,113.16	26,045.08
Adjustments:						
Prior period income/(expense)	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	74.85	764.00	132.66	3,960.41	21,113.16	26,045.08
Share application money received during the year	6,413.00	-	-	-	-	6,413.00
Profit for the year	-	-	-	-	5,184.51	5,184.51
Transfer during the year	1,400.00	-	-	-	-	1,400.00
Equity Share Capital Issued	(7,887.85)	-	-	-	-	(7,887.85)
Utilised during the year	-	-	-	(15.38)	-	(15.38)
Balance at March 31, 2023	-	764.00	132.66	3,945.03	26,297.67	31,139.36

Particulars	Share Application Money Pending Allotment	Reserves and Surplus				Total
		Proposed Adj. to Net worth	Capital Reserve	Reserve for Material Cost Variance	Retained Earnings	
Balance at April 1, 2021	3,496.28	764.00	132.66	3,940.00	17,842.89	26,175.83
Adjustments:						
Prior period income/(expense)	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	3,496.28	764.00	132.66	3,940.00	17,842.89	26,175.83
Share application money received during the year	876.76	-	-	-	-	876.76
Profit for the year	-	-	-	-	3,270.27	3,270.27
Transfer during the year	-	-	-	-	-	-
Equity Share Capital Issued	(4,298.19)	-	-	-	-	(4,298.19)
Utilised during the year	-	-	-	20.41	-	20.41
Balance at March 31, 2022	74.85	764.00	132.66	3,960.41	21,113.16	26,045.08

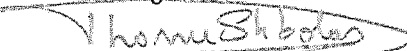

(PRABHAT.M.JOSHI)
Company Secretary



(JAGADEESHA. B)
Chief Financial Officer


(H.G.RAMESH)
Director(Tech)

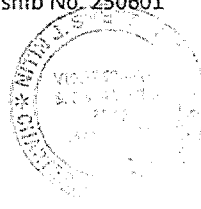

(D.PADMAVATHI)
Managing Director

In terms of our Report of even date
for NITIN J. SHETTY & CO.,
Chartered Accountants
Firm Reg. No: 008891S


CA. DHANUSH. D. BOLAR
PARTNER
Membership No. 250601


Superintendent Engineer (Ele.) Commercial,
MESCOM, Corporate Office
Mangaluru - 575 004

Place: Mangaluru
Date: 21-09-2023



Mangalore Electricity Supply Company Limited

Notes to the Financial Statements for the year ended March 31, 2023

1. Corporate Information:

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

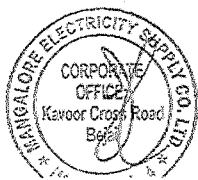
Earlier, the power sector in the state of Karnataka was serviced by Karnataka Electricity Board. In the year 1999, the State Government initiated the reforms process of the power sector to meet the needs of the burgeoning economy. As a first step, in 1999, the Karnataka Electricity Board was bifurcated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


2. Significant Accounting Policies

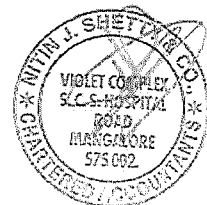
2.1 Statement of compliance

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

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




Superintending Engineer (Ele.) Commercial
MESCOM, Corporate Office
Mangaluru - 575 004



Mangalore Electricity Supply Company Limited

2.2 Basis of Preparation of Financial Statements

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

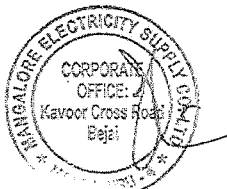
All items having a material bearing on the financial statements are recognized on accrual basis except the following:

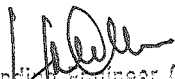
- Grants and subsidies from Government in respect of capital assets, which are accounted on actual receipt basis as there is no adequate assurance of receiving of grants; and
- Interest on delayed payment to power producers, which are accounted for as and when intimated by them.
- Penalties & Damages recoveries from contractors and vendors are recognised as Income as and when recovered.

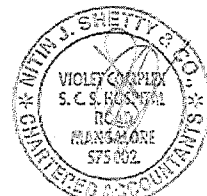
2.3 Use of estimates and judgements:

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized prospectively.

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




Superintending Engineer (Ele.) Commercial
MESCO, Corporate Office
Mangalore - 575 004



Mangalore Electricity Supply Company Limited

current liabilities and taken to income based on the depreciation on straight-line basis that is charged to the class of asset for which such Grants/subsidies are received and presented within other income.

Government Loan

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

2.6 Inventories

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

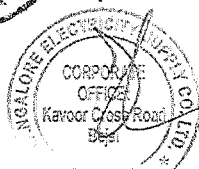
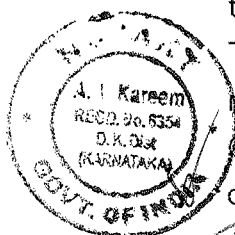
Scrap is valued at cost or net realizable value whichever is less.

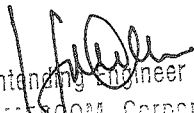
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

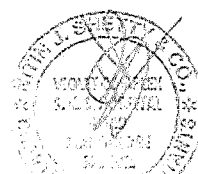
2.7 Property Plant and Equipment

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and impairment loss, if any. Such cost comprises purchase price, non-refundable taxes and duties, borrowing costs on qualifying assets and any cost directly attributable to bring the asset into location and condition necessary for it to be capable of operating in the manner intended by the management. It does not include any estimate of the cost of dismantling and removing the item and restoring the site on which it is located as the nature of overwhelming assets of the Company are such that the dismantling is seldom called for. Freehold land is not depreciated.

The company depreciates property, plant & equipment using straight line method and depreciation is charged at the rate approved in KERC Tariff Order 2009 dated 25th November 2009. The company does not charge depreciation as per the rates prescribed under the Schedule II of the




Superintending Engineer (Ele.) Commercial,
MSECL, Corporate Office
Mangaluru - 575 004



Mangalore Electricity Supply Company Limited

Companies Act, 2013. Depreciation on additions of assets is provided on pro-rata basis from the month immediately following the one in which the assets become available for use. In case there is a revision in the rates prescribed and notified by the KERC, the company applies the revised rates prospectively from the date of change notified by the KERC. The residual value of all the assets is taken at 10% as per KERC guidelines as against 5% as per Companies Act, 2013.

Depreciation rates used are as follows:

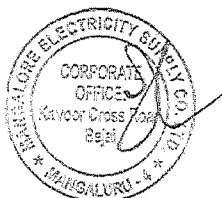
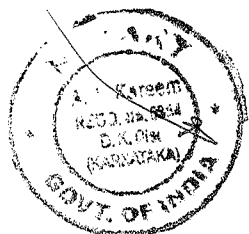
Asset	Depreciation Rate
Buildings	3.34%
Hydraulic Works	5.28%
Other Civil Works	3.34%
Plant & Equipment	5.28%
Lines, Cable Networks	5.28%
Vehicles	9.50%
Furniture & Fixtures	6.33%
Office Equipment	6.33%
IT Equipment	15.00%


Depreciation on leasehold land is provided for the years on amortization rates arrived at on the basis of the lease period.

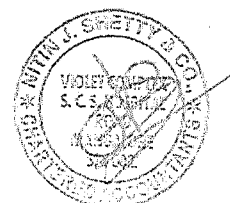
Released assets intended for re-use are continued to be depreciated in accordance with depreciation percentage of its classification i.e., Lines, cables, Networks, Plant & Machinery & Vehicles etc. to which it pertains.

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

The Company has the practice of capitalizing the Assets on receipt of final completion report or technical commissioning reports. The borrowing costs attributable to such acquisition/construction of qualifying assets are




Superintending Engineer (Ele.) Commercial
MESCOM, Corporate Office
Mangaluru - 575 004



Mangalore Electricity Supply Company Limited

capitalized as part of cost of such assets up to the date when such assets are ready for its intended use.

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 statement of profit & loss and the accounts system was not enabled to monitor the same.

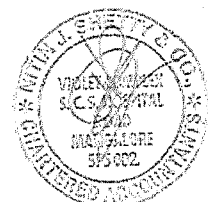
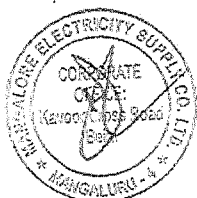
Major capital spares are capitalised as property, plant and equipment and depreciated over the shorter of its useful life and the remaining expected useful life of the asset to which it relates and written down value of the spares is charged to the statement of profit and loss as and when replaced.


Fixed Assets other than those classified as 'Furniture & Fixture' and 'Office Equipment' costing individually up to ₹500 are written off to statement of profit and loss during the year.

Advance paid towards the acquisition of property, plant & equipment outstanding at each Balance sheet date is classified as capital advance under Other Non-current Assets. Subsequent costs on renovation and modernization of fixed assets resulting in increased life and/ or efficiency of an existing asset is added to the cost of related assets or recognized as a separate asset as appropriate when it is probable that future economic benefits will flow to the company.

2.8 Capital Work-in-progress

Materials issued to Capital Works are valued at weighted average rate applicable to the closing stock before such issue. In respect of capital works undertaken on total turnkey and partial turnkey basis the cost of the material and labour are accounted on purchase price. Contracts are capitalized on receipt of final completion report or technical commissioning reports. Employee expenses and overheads directly attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets.




Superintending Engineer (Ele.) Commercial
M/2590M, Corporate Office
Mangaluru - 575 004

Mangalore Electricity Supply Company Limited

2.9 Intangible Assets

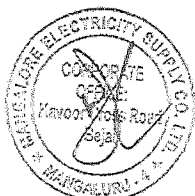
Intangible assets are recorded at the consideration paid for acquisition of such assets. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses if any. Amortization is recognized on a straight-line basis over their estimated useful lives i.e. period of agreement or license term and in the absence of license (Software) the cost is amortized in 4 years period. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.


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

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

2.10 Non-current Assets (or disposal groups) held for Sale

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




Superintending Engineer (Ele.) Commercial
MESCOM, Corporate Office
Mangaluru - 575 004



Mangalore Electricity Supply Company Limited

liabilities classified as held for sale are presented separately in the statement of financial position.

2.11 Impairment of Assets

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

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

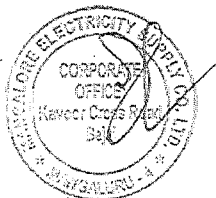
2.12 Borrowing Cost


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

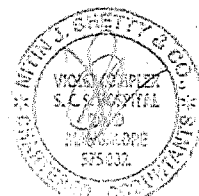
Borrowing costs are capitalized by effective interest rate after adjustment of transaction costs, premiums/discounts, to be made while capitalizing borrowing costs.

2.13 Revenue recognition

Sale of power is accounted on accrual basis at the tariff rates approved by the Karnataka Electricity Regulatory Commission (KERC). Revenue dues from consumers whose ledger accounts are yet to be opened are accounted on an estimated basis. The company accounts revenue net of electricity taxes in its statement of profit and loss.




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Revenue from contracts with customers is recognized on supply of electricity or when services are rendered to the customers at an amount that reflects the consideration to which the company is entitled under appropriate regulatory framework.

The Tariff/Rural Electrification Subsidy released by Government of Karnataka is recognized as part of Revenue in accordance of the Government of Karnataka order No EN 48 PSR 2006 Bangalore Dated 13th June 2007.

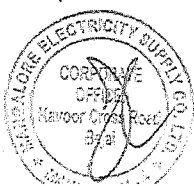
The Tariff subsidy is claimed from the Government as per the Commission Determined Tariff (As per the prevailing tariff order) on the consumption of BJ/KJ upto 40 units per installations per month and IP Set Category upto and inclusive of 10 HP.


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

Sale of power under Irrigation Pump sets below 10 HP are on estimation. Estimation is based on the quantum recorded under exclusive Agri feeders provided for the purpose and extrapolated across all the Irrigation pump sets of below 10 HP. Per HP consumption on each Agri feeder is arrived on deducting 7.5% energy loss on the input of that feeder and dividing it by total connected load. Revenue corresponding to estimated sales is recognised as per Commission determined tariff.

Contributions by consumers towards items of property, plant and equipment, which require an obligation to provide electricity connectivity to the consumers, are recognised as a credit to deferred revenue. Such revenue is recognised over the useful life of the property, plant and equipment.

Works executed/assets created out of contribution received from the third parties vest in the Company under the Regulation for Condition of Supply of Electricity by the KERC and they are incorporated as assets in the books at the fair value. Consumer contribution towards cost of Capital Assets are treated as Deferred Income and are grouped under Non-Current liabilities which are subsequently adjusted as Income in the same




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proportion as the depreciation is charged during the year on assets acquired out of the Contribution/Grant.

Other operating revenues from rendering services are accounted on the basis of stage of completion method except for inspection charges, testing charges, consultancy charges on Deposit contribution works and rent received from others for letting out company's other properties (Machineries and Equipment) which are accounted for on cash basis.

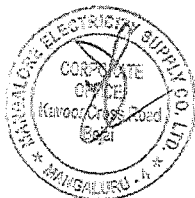
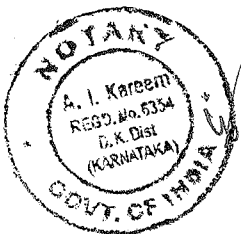
2.14 Regulatory Asset / Liability

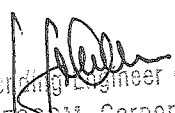
Regulatory Asset is recognized when it is probable that the future economic benefits associated with it will flow to the entity as a result of the actual or expected actions of the regulator, Karnataka Electricity Regulatory Commission (KERC) under the applicable regulatory framework and the amount can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

The probable quantum of Regulatory deferred asset/liability for the current FY which is expected to flow to the entity as a result of the actual or expected actions passed by the KERC while assessing Annual Performance Review of the concerned Financial year filed along with Annual Revenue Requirement of different years is recognized as Regulatory Asset/Liability on accrual basis, but limiting the quantum of Regulatory Asset recognition to such extent that, the profit for the year does not exceed the Return on Equity determined by KERC in tariff proposal filed in the previous year.

2.15 Other Income

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




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- e) In respect of amount recovered from Contractors/Suppliers towards delay in execution of works/supplies, the amount is recognized as income upon rejection of the delay condonation request of the contractor/supplier, by the competent authority. Until such time the same is accounted under current liabilities. In the absence of any such request, the amount so recovered would be treated as penalty and credited to miscellaneous revenue

2.16 Impairment of Trade Receivables

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

2.17 Employee Benefits:

Short-term employee benefits:

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

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

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



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Long-term employee benefits:

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

Post employment benefits:

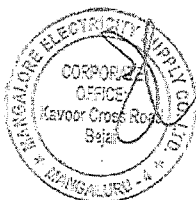
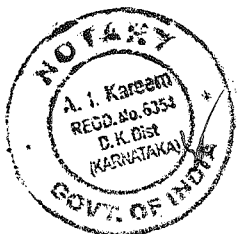
Defined contribution plans


Employee benefit under defined contribution plans comprising of pension 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 Cell and expensed during the year through statement of profit and loss.

Further in respect of employees who have joined MESCOM after 01.04.2006, provision for Family Pension and Gratuity is made on the formula evolved by the KPTCL & ESCOMs NDCPS Family Pension and Gratuity Trust based on the actuarial valuation undertaken by the Trust. Any revision in contribution rates due to actuarial valuation by the Trust is accounted in the year of intimation by the Trust to the company.

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

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




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2.18 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience.

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

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

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

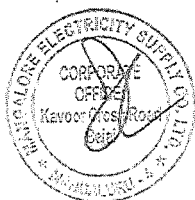
Contingent liabilities are disclosed in the financial statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote based on judgement of management and reviewed as at the end of reporting date and adjusted to reflect current estimate of the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

2.19 Taxes on Income

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

Current tax

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



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Deferred tax

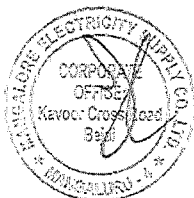
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply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

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

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

Deferred tax assets and liabilities are off set when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

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



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2.20 Statement of Cash Flows

Cash and cash equivalents in the balance sheet comprise cash at banks and short term deposits which are subject to an insignificant risk of changes in value. Cash and cash equivalents include balances with banks which are unrestricted for withdrawal and usage.

For the purpose of the Statement of Cash flows, cash and cash equivalents consist of cash at banks and short term deposits with an original maturity of three months or less, as defined above, net of outstanding bank overdraft as they are considered an integral part of the Company's management.

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

2.21 Financial Instruments

Non Derivative Financial Instruments are classified as:-

Financial Assets measured at:

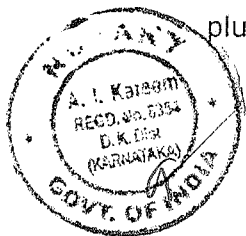
- Amortized Cost
- Fair Value through other comprehensive income
- Fair Value through profit & loss

Financial Liabilities measured at:

- Amortized Cost
- Fair Value through profit & loss

Initial Recognition and Measurement

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



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instruments measured at fair value through profit & loss. Financial assets and liabilities carried at fair value through profit & loss are initially recognized at fair value and transaction costs are expensed in the statement of profit and loss.

Subsequent measurement

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

Financial assets / Financial liabilities carried at amortized cost

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

Financial assets at fair value through other comprehensive income

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

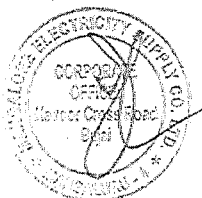
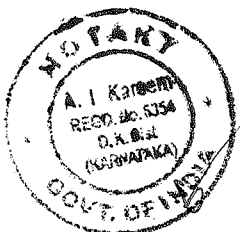
Financial assets / Financial liabilities at fair value through profit or loss

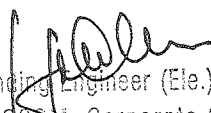
A financial asset or financial liability which is not classified in any of the above categories is subsequently fair valued through profit & loss.

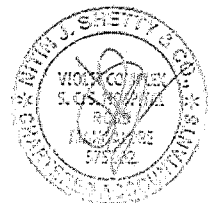
De-recognition

• Financial Assets

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




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• Financial Liabilities

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

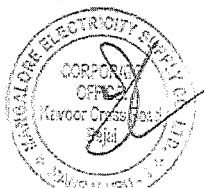
2.22 Leases


The Company intends to apply simplified transition approach and has not restated comparative information in the financial statements for the lease agreement entered prior to 01.04.2021 to show the impact of adopting Ind AS 116. Company has restated the comparative information in the financial statements for the lease agreement entered on or after 01.04.2021 by adopting India AS 116.

Companies lease asset primarily consist of lease for land and for buildings. Hitherto, the company was accounting for lease by including leasehold lands as part of Property, Plant and Equipment and depreciated over the useful life of asset. Further, rent paid for building taken on lease was accounted as expenses in the statement of profit & loss. During the year, lease agreements of building entered on or after 01.04.2021 were framed in line with Ind AS 116 and adopted. Thereby right of use of asset has been recognised and amortised over the useful life of such asset. Lease liability has been accounted based on the net present value of future outflows of consideration towards lease determined using the incremental cost of borrowing. Also finance cost for such lease liability has been considered and accounted based on such incremental cost of borrowing.

2.23 Purchase of Power

The Power Purchase cost is recognized based on the Government of Karnataka Order No. EN 131 PSR 2003 Dated 10th May 2005 and subsequent orders issued from time to time for accounting the cost of power based on the billings made by Power Generators Pool allocated




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

The Transmission cost on power purchase is recognized on the basis of total generating capacity allocated to MESCOM as per Government of Karnataka order dated 24.03.2010.

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

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

As per policy decision of the Government and in terms of Power Purchase Agreement, KERC and CERC tariff order, the related power purchase cost figures including interest for belated payments, publication charges and income tax paid are shown on the basis of billing on "Delivered Energy" basis.

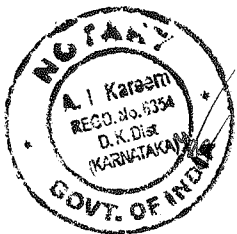
The supply of energy to the Company includes EHT supply at more than 66 KV voltages at the interconnection points for transfer of power for billing by the Company. The Company does not recognize any transmission loss on EHT power in its books on purchase from KPTCL.


The Transmission losses arising on account of Power Purchase from Generation Point till interface point of Transmission are accounted by the Company as per the information provided by PCKL/SLDC, KPTCL based on the proportionate energy consumed. This is as per the said Government order.

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

2.24 Dividend

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




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2.25 Earnings Per Share

The earnings considered in ascertaining the Company's Earnings per Share ('EPS') comprise the net profit after tax attributable to equity shareholders. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares including adjustments for Share Application Money.

2.26 Prior Period Items:

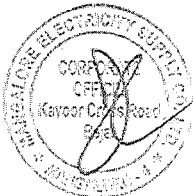
Material prior period errors are corrected retrospectively in the first set of financial statements approved for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred; or if the error occurred before the earliest prior period presented,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

2.27 Segment Reporting:

- a) The Company is engaged in the activity of distribution of electricity.
- b) The Chief Operating Decision Maker ("CODM") of the Company after Considering the Geographical Area of Operations, Economic and political conditions affecting the operations of the company there is no identifiable reporting segment. Hence no Segment wise report is furnished

2.28 Exceptional items:

When items of income or expense are of such nature, size and incidence that their disclosure is necessary to explain the performance of the Company for the year, the Company makes a disclosure of the nature and amount of such items separately under the head "Exceptional items".



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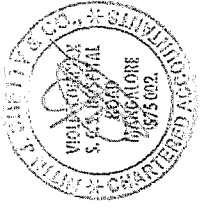





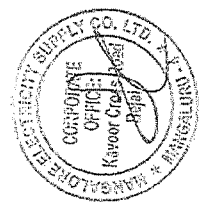
Notes to the Financial Statements for the year ended March 31, 2023
 Note 3 - Property, Plant and Equipment
 Note 3.1 - Tangible Assets

(₹ in Lakh)

Particulars	A/c Code	Original Cost				A/c code	Depreciation				Net Block Value		
		As at 01.04.2022	Additions during the Year	Deductions/Retirements during the Year	As at 31.03.2023		As at 01.04.2022	For the Year	Deductions/Adjustments during the Year	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	
Tangible Assets													
Land: Free hold	10.101	1006.24	48.64	-	1054.88	12.1	-	-	-	1006.24	-	1054.88	
Buildings	10.2	21019.84	1495.48	-	22515.32	12.2	3091.96	739.47	3831.43	17927.88	-	18683.89	
Hydraulic Works	10.3	407.59	33.20	-	440.79	12.3	193.56	19.93	213.49	214.03	-	227.30	
Other Civil Works	10.4	147.21	36.15	-	183.36	12.4	33.03	6.70	39.73	114.18	-	143.63	
Plant & Equipments, Lines, Cable Networks	10.5, 10.6	411869.54	60285.82	1327.95	470827.41	12.5, 12.6	127990.86	22659.37	149573.95	283878.68	1076.28	321253.46	
Vehicles	10.7	1344.11	-	3.12	1340.99	12.7	591.91	107.33	696.48	752.20	2.76	644.51	
Furniture & fixtures	10.8	983.66	98.54	5.68	1076.52	12.8	409.94	57.97	463.09	573.72	4.82	613.43	
Office Equipments	10.9	1814.62	85.36	1.04	1898.94	12.9	378.99	98.75	476.87	1435.63	0.87	1422.07	
Sub-Total		438592.81	62083.19	1337.79	499338.21		132690.25	23689.52	155295.04	305902.56	1084.73	344043.17	
Leasehold Land	10.102	271.79	-	-	271.79		70.52	9.01	79.53	201.27	-	192.26	
Released Plant & Equipments, Lines, Cable Networks to be re-used	16.2	73.31	4.56	-	77.87		-	-	-	73.31	-	77.87	
Total		438937.91	62087.75	1337.79	499687.87		132760.77	23698.53	155374.57	306177.14	1084.73	344313.30	
Previous Year's Figures		394404.40	46502.14	1968.63	438937.91		113626.14	20622.96	1488.33	280778.26	1488.33	306177.14	




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Notes to the Financial Statements for the year ended March 31, 2023

- 3.2 The Public Work Department has handed over 0.27 acres of land in Vaderahobali village for construction of Kundapura O&M division office building at free of cost. The land is still in the name of Revenue Inspector and the process of transferring the title deeds in the name of the Company is in progress. However MESCOM is vested with the rights to construct the building. The Land value will be capitalised as per IND AS 20 upon the process of completion of transfer of title deed.
- 3.3 Assets transferred by M/s Karnataka Power Transmission Corporation Limited (KPTCL) have been stated at the cost of transfer indicated by KPTCL in transfer document.
- 3.4 The title deeds of properties transferred from KPTCL are completely transferred in the name of Company except for Mulki Section Office land (57/1A) and Mulki 33 KV Sub-station land (59/C). The process of transferring the title deeds in the name of the Company is still in progress. The Land value will be capitalised as per IND AS 20 upon the process of completion of transfer of title deed.
- 3.5 Deputy Commissioner, Shivamogga District has handed over 2 acres of land for setting up of 33/11 kv substation to Executive Engineer, O&M Division, Bhadravathi. The land is still in the name of Deputy Commissioner, Shivamogga District as the title deeds could not be transferred to MESCOM due to technical error in Bhoomi portal. Letter correspondences was made with the Deputy Commissioner, Shivamogga to resolve the technical issue. The land value will be capitalized as per IND AS 20 upon completion of transfer of title deed.
- 3.6 Fixed assets are hypothecated to various financial institution as mentioned in Note No. 22.3
- 3.7 During the year an amount of ₹ 4860.58 lakh (PY ₹ 4247.35 lakh) representing the amount of depreciation computed on the cost of assets funded through Consumers contribution/ Govt. grants is adjusted to revenue from grants shown under Deferred Income Note No. 27. (Also refer Note No. 36.4.2)


Further, the depreciation component for the year 2022-23 in respect of assets created out of Govt. Grants and Consumer Contributions upto 31.03.2016 amounting to ₹ 2217.70 lakh (PY ₹ 2422.25 lakh) is reduced from the total depreciation charged on fixed assets.

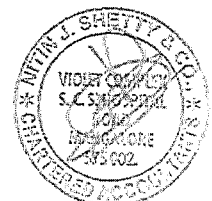
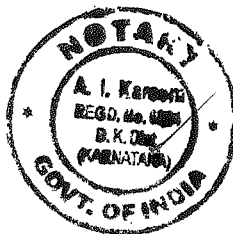
Note 4- Capital work-in-progress

(₹ in Lakh)

Sl. No.	Particulars .	As at 31/03/2023	As at 31/03/2022
4.1	Capital Works in Progress	14606.20	23694.80
4.2	Preliminary expenditure on survey / feasibility studies of projects pending allocation	218.24	222.49
	Total	14824.44	23917.29

- 4.1 Age-wise breakup details for balance under Capital work in progress is provided vide Note : 45.1.5

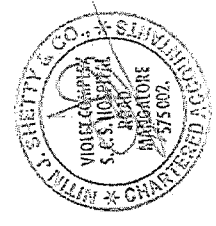
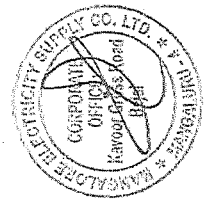
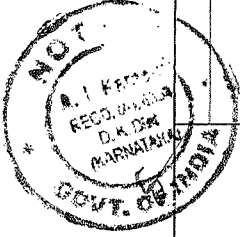

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Note 5 - Intangible Assets

(₹ in Lakh)

Particulars	A/c Code	Date of acquisition	Original Cost				A/c code	Amortisation				Net Block Value			
			As at 01.04.2022	Additions during the Year	Deductions/Retirements during the Year	As at 31.03.2023		As at 01.04.2022	For the Year	Deductions/Adjustments during the Year	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023		
Software acquired/purchased for internal use															
Energy Sync ERP Software	18.1	08.07.2018	704.52	-	-	704.52	12.802	704.52	-	-	704.52	-	-	-	-
RAPDRIP - TRM Software	18.1	31.03.2016	978.29	-	-	978.29	12.802	978.29	-	-	978.29	-	-	-	-
Nanna MESCOM Mobile App	18.1	19.02.2021	84.85	107.26	-	192.11	12.802	22.98	77.08	-	100.06	-	-	61.87	92.05
GPS Survey, Validation, Updation & Enumeration of IP Sets	18.1	31.03.2019	467.75	-	-	467.75	12.802	350.82	116.93	-	467.75	-	-	116.93	-
Total			2235.41	107.26	-	2342.67		2,056.61	194.01	-	2250.62	-	-	178.80	92.05
Previous Year's Figures			2178.53	56.88	-	2235.41		1,682.43	374.18	-	2056.61	-	-	496.10	178.80



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Note 6 - Right of use assets

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
6.1	Right of use Assets	129.08	90.12
	Total	129.08	90.12

6.1 Companies lease asset primarily consist of lease for land and for buildings. Upto the year 2020-21, the Company was accounting for lease by including leasehold lands as part of Property, Plant and Equipment and depreciated over the useful life of asset. Further, rent paid for building taken on lease was accounted as expenses in the statement of profit & loss. From the year 2021-22, lease agreements of building entered on or after 01.04.2021 were framed in line with Ind AS 116 and adopted. Thereby right of use of asset has been recognised and amortised over the useful life of such asset. Lease liability has been accounted based on the net present value of future outflows of consideration towards lease determined using the incremental cost of borrowing. Also finance cost for such lease liability has been considered and accounted based on such incremental cost of borrowing.

The Balance sheet discloses the following amounts relating to lease

Right of use of assets:	2022-23	2021-22
Building	12908381.00	9012061.00
Lease liabilities:		
Non current	13665765.00	8935361.00

Amount recognised in the statement of profit and loss

Depreciation charged on right of use of asset	2022-23	2021-22
Building	5674672.00	3454058.00
Interest expenses included in finance cost	1048495.00	685505.00

Note 7 - Investments

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
7.1	(Unquoted Investments fully paid up)		
7.1.1	Investment in Equity share capital of Power Company of Karnataka Limited (100 Equity shares of ₹ 1,000 each)	1.00	1.00
	Total	1.00	1.00

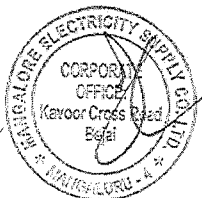
7.1.1 (a) An amount of ₹ 1.00 lakh paid by the Company towards initial minimum Share Capital of M/s Power Company of Karnataka Limited (PCKL) has been accounted as investments. For this amount M/s PCKL has issued shares to the shareholders in the following pattern:

Name of the Shareholder	No. of Shares (₹ 1000 each)	Amount (₹ in Lakh)
Mangalore Electricity Supply Company Limited	98	0.98
Managing Director, KPTCL, Nominee Shareholder of MESCOM	2	0.02
Total	100	1.00

Note 8 - Other Non-current Financial assets

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
8.1	(Unsecured, considered good unless otherwise stated)		
8.1.1	Deposit with others	661.00	657.07
8.1.2	Subsidy / Grant receivable from GoK	10901.74	10901.74
	Total	11562.74	11558.81



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- 8.1.1(a) Deposit with others includes deposits with Power Developers like Coastal Tamilnadu Power Ltd., ₹ 564.13 Lakhs (PY ₹ 564.13 Lakhs), Bihar Mega Power Ltd., ₹ 40.85 Lakhs (PY ₹ 39.89 Lakhs), Deoghar Mega Power Ltd., ₹ 31.10 Lakhs (PY ₹ 30.81 Lakhs) & UMPP ₹ 10.00 Lakhs (PY ₹ 10.00 Lakhs) which projects are likely to be not completed during ensuing year. Balance amount of ₹ 14.92 lakhs (PY ₹ 12.24 Lakhs) pertains to deposit with BSNL.
- 8.1.2(a) The GOK vide order No. EN 34 PSR 2008 dated 19.08.2010 has ordered to refund the amount paid by the farmers during the period from 01.04.2001 to 31.03.2003 to them and the same is implemented by MESCOM. An amount of ₹ 3179.74 lakh is being shown as receivable from GOK since FY 2010-11 under this head. Further, it also includes past subsidy of ₹ 7722.00 lakh transferred by KPTCL as per GOK order No. EN 67 PSR 2017 Bangalore dated 31.07.2017, which is outstanding in the books of account since 2016-17.

Note 9 - Non-current Tax Assets (Net)

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
9.1	Income Tax paid in advance (Tax Asset)	3.04	1706.28
	Total	3.04	1706.28

9.1(a) **Assessment yearwise details for the Advance Tax paid are as below:**

Sl. No.	Assessment year	FY 2022-23	FY 2021-22
1	AY 2008-09	2.00	2.00
2	AY 2021-22	0.01	-
3	AY 2022-23	1.03	1704.28
	Total	3.04	1706.28

Note 10 - Other non-current assets

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
10.1	(Unsecured, considered good unless otherwise stated)		
10.1.1	Amount deposited with PF Authorities	807.04	807.04
10.1.2	Deposit with Andhra Pradesh Power Generation Corporation Ltd	933.70	1400.00
10.1.3	Capital advance - Others	5.15	-
	Total	1745.89	2207.04

10.1.1 (a) Amount deposited with PF Authorities is under protest against the cases pending with various Appellate Authorities. Though Company is hopeful of disposal of the cases in its favour, the possibility of closure of cases in the ensuing year 2023-24 is uncertain. Hence classified under non-current assets. (Also refer Note 45.14.1 and 45.14.2)

10.1.2(a) GoK in its Order No: EN 58 PSR 2013 Bangalore dated 23.09.2013 has accorded approval for Equitable Distribution of ₹ 7000.00 lakhs (PY ₹ 7000.00 lakhs) paid towards 50% of the cost of power block of Jurala Hydro Electric Project among Electricity Supply Companies. The amount was paid by PCKL to Andhra Pradesh Power Generation Corporation Ltd on behalf of ESCOMs. The share of MESCOM amounting to ₹ 1400.00 lakhs was accounted as Share deposit received from GoK and paid as Deposit to Andhra Pradesh Power Generation Corporation Ltd.

PCKL vide its letter dated 05.01.2022 directed all the ESCOMs to follow the following accounting procedure:

1. The amount paid by ESCOMs to TSGENCO of Rs. 14.00 Crs each may be shown in the Balance Sheet under "Other intangible assets" or "other non-current assets" under the head "Non-current assets".

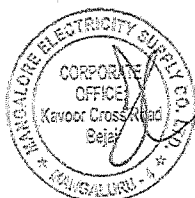
2. The amount may be amortized/written off over a period of 35 years. Alternatively, since the PPA is for 35 years, the amount may be written off over the period of 35 years.

Hence, considering COD of 04.08.2011, depreciation was calculated and accounted in the books of accounts for FY 2022-23. The expenditure charged to revenue in this regard during current year is ₹ 466.30 lakhs.

Note 11 - Inventories

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
11.1	Stores & Spares		
11.1.1	Materials Stock Account	5698.35	5037.46
11.1.2	Material imprest Account	4.19	4.19
11.1.3	Materials Account - Temporary works	11.81	4.49
	Sub-Total	5714.35	5046.14
11.2	Less: Provision for loss on obsolescence of stock	40.10	40.60
	Total	5674.25	5005.54



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- 11.1.1 (a) Material Stock of ₹ 5698.35 lakhs (PY ₹ 5037.46 lakhs) which includes scrap materials amounting to ₹ 188.89 lakhs (PY ₹ 183.79 lakhs) are tested for Net Realisable Value (NRV) as on 31.03.2023. The NRV of both good and scrap material as per valuation report stood at ₹ 5658.25 lakhs. Hence provision for loss on obsolescence of stock is created for ₹ 40.10 Lakhs.
- 11.3 Method of valuation of inventory is as specified in Note No. 2.6
- 11.4 Inventories are hypothecated to financial institution as mentioned in Note No. 29.3

Note 12 - Current Trade receivables

(₹ in Lakh)

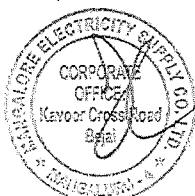
Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
12.1	Sundry Debtors for sale of Power – LT, HT & Others		
12.1.1	Secured and considered good	36867.01	37875.73
12.1.2	Un-secured and considered good	24790.37	23475.04
12.1.3	Electricity Tax	3298.81	3347.57
12.1.4	Sundry Debtors for Un Billed Revenue - Un-secured and considered good	31129.36	27044.00
	Sub-Total	96085.55	91742.34
12.1.5	Less: Provision for withdrawal of Revenue demand	2472.42	1004.31
12.1.6	Less: Provision for Doubtful dues from consumers	6458.48	6140.51
	Total	87154.65	84597.52

- 12.1 Agewise breakup details for Trade Receivables is provided vide Note No. 45.1.6
- 12.1(a) Trade Receivables as shown in Note No. 12 includes interest amount of ₹ 18667.14 lakhs (PY ₹ 16687.56 lakhs).
- 12.2 The Company obtains security deposit of 2 months' average demand from each consumer. Such receivables are considered secured.
- 12.3 The outstanding balance in Revenue Suspense Account representing collection from consumers pending allocation for want of details has been shown as deduction from the Sundry Debtors account since this amount is with the Company.
- 12.4 **Dues from Mysore paper Mills (MPM):** Trade receivables includes an amount of ₹ 22051.01 Lakhs (PY ₹ 20221.20 lakhs) being the amount due from M/s MPM, Bhadravathi. These dues includes principal amount of ₹ 12277.35 Lakhs (PY ₹ 11877.72 lakhs) and interest to the extent of ₹ 9773.66 Lakhs (PY ₹ 8343.48 lakhs), outstanding as on 31.03.2023. Company has made all possible efforts for recovery of these dues. The discussion regarding settlement is still going on between MESCOM, MPM and GoK. Since, MPM is a Govt. of Karnataka undertaking, in anticipation of intervention from GOK in the worst case scenario, no additional provision is made towards bad and doubtful debts.
However, the issue of making additional provision for bad debts and non charging of interest on arrears was discussed in the Board of Directors meeting held on 18.07.2023 and it was decided to continue the existing procedure of charging interest on arrears and not to make any additional provision for bad debts.
- 12.5 **Dues from M/s JBF Petrochemicals Pvt. Limited:** Trade receivables includes an amount of ₹ 466.88 Lakhs (PY ₹ 466.88 lakhs) being the amount due from M/s JBF Petrochemicals Pvt. Limited. The installation is under disconnection since 23.07.2018. Company has submitted the proof of claim in respect of corporate insolvency resolution process to the interim resolution professional on 11.02.2022.
The Company was able to recover ₹ 31.16 lakhs on 03.06.2023 and further efforts will be made to recover the balance amount from the consumer in future. However an additional provision for the balance amount of ₹ 435.72 lakhs is made towards bad and doubtful debts in the accounts for the year 2022-23.
- 12.6 **Dues from IP set Consumers:** The IP set Consumers having connected load upto 10HP are provided with free electricity supply with effect from 01.08.2008. The Trade receivables also includes the arrears outstanding from this category of consumers as on 31.07.2008 which includes principal amount of ₹ 5060.63 lakhs (PY ₹ 5482.87 lakhs) and interest amount of ₹ 5234.41 lakhs (PY ₹ 5256.66) . Since the installations pertains to the farmers and in anticipation of intervention from GOK in the worst case scenario, no additional provision is made towards bad and doubtful debts in the accounts for the year 2022-23.

Note 13 - Cash and cash equivalents

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
13.1	Balances with Banks:		
13.1.1	Collecting Bank Accounts (Non-operative)	679.13	1496.43
13.1.2	Disbursement Bank Accounts (Operative)	1997.15	2890.56
13.1.3	Transit account with Head Office	-	30.91
	Sub-Total	2676.28	4417.90
13.2	Cash on hand	164.38	187.98
13.3	Cheques on hand	1392.93	211.44
13.4	Postage stamp on hand	3.12	3.46
	Total	4236.71	4820.78



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Note 14 - Other Bank Balances

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
14.1	Restricted bank balance - Deposit with Courts	3.84	3.84
14.2	Deposits with Banks towards Bank Guarantee	787.00	902.62
	Total	790.84	906.46

Note 15 - Other Current financial assets

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
	(Unsecured, considered good unless otherwise stated)		
15.1	Receivables from KPTCL & other ESCOMs for transfer of material, purchase of power and other transactions	71426.46	75736.54
15.2	Subsidy receivable from State Govt. towards free power supply to IP Sets upto 10 HP	44771.02	41219.67
15.3	Cost of energisation of Rural Drinking Water Supply works receivable from Panchayaths	733.52	1277.71
15.4	Advances to Staff	318.25	336.19
15.5	Recoverable from Employees	259.32	190.15
15.6	Amount receivable from P&G Trust	151.92	249.04
15.7	Receivable from NDCPS Family Pension Trust	29.50	-
15.8	Advance payments to power suppliers	7.21	18.83
15.9	Amount receivable from State Govt. towards reliefs given to MSME consumers	10.20	1164.20
15.10	Other Receivables	1595.10	1286.12
	Total	119302.50	121478.45

Note 16 - Current Tax Assets (Net)

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
16.1	Advance Income Tax		
16.1.1	Income Tax paid in advance (Tax Asset)	89.75	1777.65
16.1.2	TCS paid to the suppliers on purchases	0.18	160.62
	Sub-Total	89.93	1938.27
16.2	MAT Credit Entitlement	-	-
	Total	89.93	1938.27

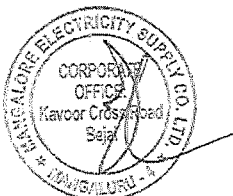
16.1(a) Assessment yearwise details for the Advance Tax paid are as below:

Sl. No.	Particulars	AY 2023-24	AY 2022-23
1	Income Tax paid in advance (Tax Asset)	-	1,938.27
2	TDS made by suppliers/consumers	89.75	-
3	TCS paid to the suppliers on purchases	0.18	-
	Total	89.93	1938.27

Note 17 - Other Current Assets

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
	(Unsecured, considered good unless otherwise stated)		
17.1	Capital Advances to Suppliers and contractors	258.65	120.32
17.2	Advances to Power Company of Karnataka Ltd.	5124.05	3276.29
17.3	Prepaid Expenses	6.67	16.68
17.4	Trade amount receivable by the company from the Energy Exchange towards sale of Renewable Energy Certificates (RECs)	1299.41	-
17.5	Inter Unit Accounts (Net)	1.69	-
17.6	Compensation for injuries, death and damages paid to Staff/ outsiders pending investigation.	179.68	179.78
17.7	Loans and advances - Others	0.75	-
	Total	6870.90	3593.07



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17.1(a) Capital Advances paid to the Suppliers/ Contractors adjustable/ recoverable within a period of one year are accounted under current assets.

Note 18 - Non-current assets held for sale

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
18.1	Plant, equipment, lines & cables	341.15	427.16
18.2	Less: Provision for loss on obsolescence of stock	-	-
	Total	341.15	427.16

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

18.1 (b) Non-current assets held for sale as shown above are not associated with any kind of liabilities.

18.2 (a) The scrap values of Non-current Assets held for sale are tested for Net Realisable Value (NRV) as on 31.03.2023. The NRV of these scrapped assets as per valuation report obtained from the experts is ₹ 1052.29 lakhs (PY ₹ 517.17 lakhs). As the NRV of the scrap materials is found to be on higher side, no provision for loss on obsolescence of stock is created in the current year.

Note 19 -Regulatory deferral account debit balance

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
19.1	Regulatory Asset - KERC	23710.95	57906.95
	Total	23710.95	57906.95

Note 20 - Equity Share Capital

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
20.1	Authorised Share Capital 100,00,00,000 Equity Shares of ₹ 10/- each	100000.00	100000.00
20.2	Issued, subscribed and fully paid up Share Capital 74,13,02,031 Equity Shares of ₹ 10/- each (PY 66,24,23,531 Equity Shares of ₹ 10/- each)	74130.20	66242.35
	Total	74130.20	66242.35

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

Particulars	Share Capital (₹ in Lakh)	
	FY 2022-23	FY 2021-22
Balance as at the beginning of the year	66242.35	61944.16
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	66242.35	61944.16
Changes during the year	7887.85	4298.19
Outstanding as at the end of the year	74130.20	66242.35

20.4 Terms/rights attached to equity shares

20.4.1 The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

20.4.2 In the event of liquidation of the Company, the distribution of remaining assets will be in proportion to the number of equity shares held by the shareholders.

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

Name of equity share holders :Governor of Karnataka

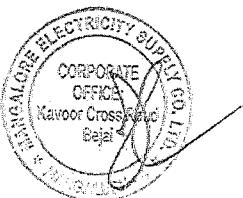
As at the end of	% holding
31.03.2023	99.99
31.03.2022	99.99

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

Note 21 - Other equity

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
21.1	Share Application Money Pending Allotment	-	74.85
21.2	Proposed Adj. to Net worth	764.00	764.00
21.3	Capital Reserve	132.66	132.66
21.4	Reserve for Material Cost Variance	3945.03	3960.40
21.5	Retained Earnings	26297.67	21113.12
	Total	31139.36	26045.03



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21.2 (a) Govt. of Karnataka vide order No. EN 67 PSR 2017 BENGALURU Dated 31.07.2017 has ordered to transfer the old balances of Subsidy of ₹ 7722.00 lakhs and KPCL dues of ₹ 6958.00 Lakhs existing in the books of KPTCL as on 31.03.2016 to the ESCOMs. Further approval has also been accorded to account the difference in receivables and payables resulting from the above transaction under the head "Proposed Adjustment to Networth Account" in the books of ESCOMs. Accordingly the Company has accounted Proposed Adjustment to Net worth of ₹ 764.00 lakh.

21.3 (a) Capital Reserve represents the cost of assets created by KPTCL and handed over to MESCOM during transition period.

21.4 (a) Reserve for material cost variance represents the difference between the standard rate and purchase price of materials procured prior to 31.03.2016.

21.5 - Changes in Other Equity

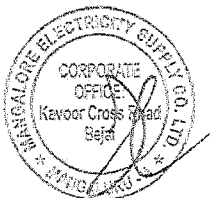
(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
1	Share Application Money Pending Allotment		
	Balance at the beginning of the year	74.85	3496.28
	Add: Received during the the year	6413.00	876.76
	Less: Transfer during the year	6487.85	4298.19
	Balance at the end of the year	-	74.85
2	Proposed Adj. to Net worth		
	Balance at the beginning of the year	764.00	764.00
	Add: Additions during the the year	-	-
	Balance at the end of the year	764.00	764.00
3	Capital Reserve		
	Balance at the beginning of the year	132.66	132.66
	Less: Utilized during the the year	-	-
	Balance at the end of the year	132.66	132.66
4	Reserve for Material Cost Variance		
	Balance at the beginning of the year	3960.41	3940.00
	Less: Utilized during the the year	15.38	-20.41
	Balance at the end of the year	3945.03	3960.41
5	Retained Earnings		
	Balance at the beginning of the year	21113.16 *	17842.89
	Add: Profit for the year	5184.51	3270.27
	Balance at the end of the year	26297.67	21113.16
	Total	31139.36	26045.08

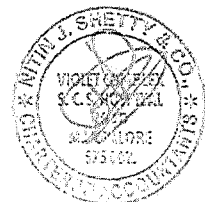
Note 22 - Borrowings

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
22.1	(Secured – at amortised cost)		
22.1.1	Term Loans:		
22.1.1.1	From Banks	80739.26	89260.08
22.1.1.2	From Others	18475.97	20643.67
	Sub-Total	99215.23	109903.75
22.2	(Unsecured – at amortised cost)		
22.2.1	Term Loans:		
22.2.1.1	From Government	-	17.86
22.2.1.2	From Others	-	-
	Sub-Total	-	17.86
	Total	99215.23	109921.61



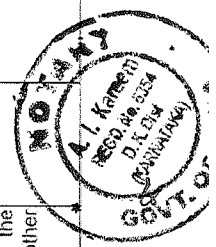
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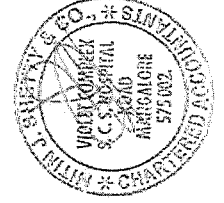
22.3 Reconciliation of loan Balances

[₹ In Lakhs]

Sl. No	Name of the Bank / Lender	Loan Drawn	Charge ID No	Term of Loan in Yrs.	Floating Rate of Interest as on 31.03.2023 (%)	Loan Balance as on 01.04.2022	Loan Drawn during 2022-23	Repayment during 2022-23	Loan Balance as on 31.03.2023	Details for Loan Installment due for 2023-24	
										No of Installments.	Amount
1	Term Loan-Secured										
A	Commercial Banks										
1	Union Bank of India IV Loan from Syndicate Bank is secured by a first charge (floating) on fixed assets viz., transformers, transmission lines, meters, poles, conductors, cables and computers worth ₹10000.00 lakhs situated at Company jurisdiction	10000	10526347	8 (09/14 to 08/22)	7.25	595.22	-	595.22	-	0	-
2	Union Bank of India VI Exclusive charge on fixed assets to the tune of ₹ 6250.00 lakhs to be acquired by the Company.	5000	10593879	9 (08/15 to 07/24)	8.05	1458.05	-	625.06	832.99	12	625.06
3	Canara Bank-III Pari passu First Charge on Fixed Assets of the Company, existing and future assets to the extent of ₹ 5000.00 lakhs.	5000	10448012	8 (07/15 to 09/23)	8.15	1073.00	-	714.00	359.00	6	359.00
4	Canara Bank-IV Pari passu First Charge on Fixed Assets of the Company, existing and future assets to the extent of ₹ 5000.00 lakhs.	5000	10448012	8 (09/16 to 08/24)	7.40	1760.00	-	720.00	1040.00	12	720.00
5	Union Bank of India-I Charge over Existing & Future Fixed assets of the company along with other lenders.	10000	100036293	8 (08/16 to 05/24)	8.00	3095.24	-	1428.57	1666.67	12	1428.57
6	Punjab & Sind Bank - II Charge of whole of existing fixed assets & capital assets created out of TL under pari passu charge with other Lenders in MBA.	10000	100053901	8 (09/16 to 08/24)	7.80	3450.06	-	1428.18	2021.88	12	1428.00
7	Canara Bank (Erstwhile Syndicate Bank I) Pari passu Charge on Fixed Assets of the Company	25000	100134522	10 (11/17 to 10/27)	7.35	15509.43	-	2777.78	12731.65	12	2777.78
8	Bank of Baroda (Erstwhile Vijaya Bank II) First Pari Passu Charges on all Fixed Assets excluding Land & Building	15000	100189300	10 (06/18 to 05/28)	7.35	10416.66	-	1666.66	8750.00	12	1666.66
9	Union Bank of India X Charge over Existing & Future Fixed assets of the company excluding land and building along with the other term lenders on pari passu basis.	15000	100222189	10 (12/18 to 10/28)	8.45	11111.11	-	1666.67	9444.44	12	1666.67



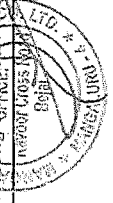

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Sl. No.	Name of the Bank / Lender	Loan Drawn	Charge ID No.	Term of Loan In Yrs.	Floating Rate of Interest as on 31.03.2023 (%)	Loan Balance as on 01.04.2022	Loan Drawn during 2022-23	Repayment during 2022-23	Loan Balance as on 31.03.2023	Details for Loan Installment due for 2023-24	
										No of Installments.	Amount
10	Canara Bank (Erstwhile Syndicate Bank II) Charge on fixed assets (excluding land & building) of the Company on pari-passu basis	15000	100287899	10 (03/20 to 02/30)	8.60	13194.42	-	1,686.66	11,527.76	12	1,686.66
11	Bank of India I First pari-passu mortgage charge on fixed assets of the Company, (excluding land & building)	26000	100326591	10 (03/20 to 02/30)	8.50	22870.60	-	2,888.10	19,982.50	12	2,888.40
12	Bank of India II First pari-passu mortgage charge on fixed assets of the Company, (excluding land & building)	28000	100452950	10 (03/20 to 02/30)	7.35	20400.00	7600.00	2,334.58	25,665.42	12	3,111.60
13	Indian Bank II First pari-passu mortgage charge on fixed assets of the Company, (excluding land & building)	22000	100562581	10 (03/20 to 02/30)	8.45	3300.00	4200.00	0.24	7,499.76	12	2,444.40
	Sub-Total	191000				108233.80	11800	18511.72	101522.07		20782.80
B	Others										
1	REC - IPDS Mortgage/ Hypothecation of future assets so created out of loan amount sanctioned for the project subject to the value of 110% of the loan amount so sanctioned.	6311.99	100189300	13 Yrs	9.75	6311.99	-	958.94	5353.05	12	655.48
2	REC - DDUGJY I Mortgage/ Hypothecation of future assets so created out of loan amount sanctioned for the project subject to the value of 110% of the loan amount so sanctioned.	11869.50	100189300	13 Yrs	9.75	11869.50	-	630.48	11239.02	12	1,260.96
3	REC - DDUGJY II Mortgage/ Hypothecation of future assets so created out of loan amount sanctioned for the project subject to the value of 110% of the loan amount so sanctioned.	4000.03	100414593	13 Yrs	9.83	4760.33	-	480.00	4280.33	12	480.00
	Sub-Total	22181.52				22941.82	-	2069.42	20872.40		2396.44
	Total Secured Loans	213181.52				131175.62	11800.00	20581.14	122394.47		23179.24
II	Term Loan Un-Secured										
1	PMGY Loan Account	126.00	-	20 (12/04 to 11/24)	12.00	25.52	-	25.52	-		-
	Sub-Total	126.00				25.52	-	25.52	-		-
	TOTAL LONG TERM LOANS	213307.52				131201.14	11800.00	20606.66	122394.47		23179.24
	Term loan due for repayment in next year (shown as current liabilities) (Note: 29.2)					21279.53			23179.24		
	Net Long Term Loan (Note-22)					109921.61			99215.23		23179.24

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Note 23 - Non-current Lease Liabilities

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
23.1	Lease Liability not due	136.66	89.35
	Total	136.66	89.35

Note 24 - Non-current Trade Payables

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
24.1	Micro Small and Medium Enterprises (MSME)		-
24.2	Other than MSME - M/s. Karnataka Power Corporation Ltd.,	9256.33	10192.50
	Total	9256.33	10192.50

24.3 Age-wise breakup details for Trade payables (Non-current) is provided vide Note No.: 45.1.7

Note 25 - Other Non-current financial liabilities

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
25.1	Interest payable towards belated payment of Power purchase dues to M/s Karnataka Power Corporation Limited	43150.81	43150.81
25.2	Initial/ Additional Security Deposits and Meter Security Deposits received from consumers	80558.28	74966.45
25.3	Security deposits from Suppliers/ Contractors becoming due after one year	1156.45	1488.09
25.4	Payable to GoK	103.10	103.10
	Total	124968.64	119708.45

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

Note 26 - Non-current Provisions

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
26.1	Provision for Employee Benefits:		
26.1.1	Provision for earned leave encashment	7260.94	6616.03
26.1.2	Provision for Family Benefit Fund	1207.33	1136.59
	Total	8468.27	7752.62

Note 27 - Non-current Deferred Income

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
27.1	Consumer Contribution towards cost of Capital Asset		
	Opening Balance	41111.50	34371.06
	Add: Addition during the year	9958.81	9041.01
	Less: Reversal of Depreciation	2738.58	2300.57
	Closing Balance	48331.73	41111.50
27.2	Government Grant towards cost of Capital Asset		
	Opening Balance	33013.87	32140.55
	Add: Addition during the year	2708.57	2820.10
	Less: Reversal of Depreciation	2122.00	1946.78
	Closing Balance	33600.44	33013.87
	Total	81932.17	74125.37
27.3	Current Liability	5195.00	4526.16
27.4	Non-Current Liability	76737.17	69599.21

Note 28 - Other non-current liabilities

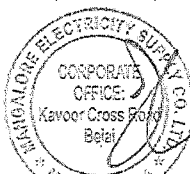
(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
28.1	Advances:		
28.1	Amount received from Govt. towards Bhagya Jyothi Works	38.79	38.79
	Total	38.79	38.79

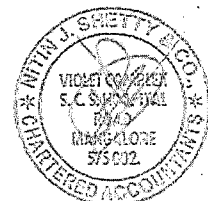
Note 29 - Borrowings

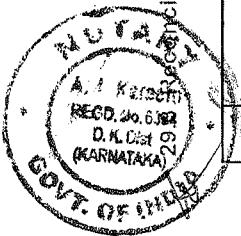
(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
29.1	Secured		
29.1	Bank Overdrafts (Refer Note 29.3)	17703.21	43361.79
29.2	Current Maturities of Long Term Debts	23179.24	21279.53
	Total	40882.45	64641.32



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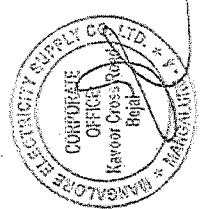




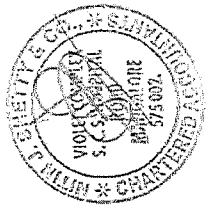
Reconciliation of loan Balances

[₹ In Lakhs]

Sl. No	Name of the Bank / Lender	OD Limit	Loan Drawn	Charge ID No	Floating Rate of Interest as on 31.03.2023 (%)	Loan Balance as on 01.04.2022	Loan Drawn during 2022-23	Repayment during 2022-23	Loan Balance as on 31.03.2023
B	Overdrafts								
1	Union Bank of India Secured by Hypothication of the entire Current Assets of the Company (Present and future) along with the other WC lenders on First Pari Passu basis.	26500.00	26500.00	100080207	7.95	23072.87	-	13146.34	9926.53
2	Canara Bank Secured by Hypothication of the entire Current Assets of the Company (Present and future) along with the other WC lenders on First Pari Passu basis.	10000.00	10000.00	100070176	8.10	8732.70	-	3538.61	5194.09
3	State Bank of India Secured by Hypothication of the entire Receivables of the Company on First Pari Passu charge basis.	13500.00	13500.00	100101749	7.60	11556.22	-	8973.63	2582.59
	Sub-Total	50000.00	50000.00			43361.79	-	25658.58	17703.21



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Note 30 - Lease Liabilities

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
30.1	Lease Liability payable accrued and due	-	-
	Total	-	-

Note 31 - Current Trade Payables

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
31.1	Micro Small and Medium Enterprises (MSME)	-	-
31.2	Other than MSME - Sundry Creditors for purchase of power	25994.42	32445.69
	Total	25994.42	32445.69

31.3 Age-wise breakup details for Trade payables (Current) is provided vide Note No.: 45.1.8

Note 32 - Other Current financial liabilities

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
32.1	Payable to other ESCOMs for receipt of material, purchase of power and other transactions	10547.26	25729.98
32.2	Payable to Suppliers/ contractors	11174.19	4911.02
32.3	Employee related liabilities	7766.75	4639.55
32.4	Interest payable on consumers security deposits	2963.43	2774.74
32.5	Other Deposits from consumers	310.03	242.65
32.6	Security Deposits in cash from Suppliers / Contractors	14561.33	15536.42
32.7	Other Liabilities		
32.7.1	Liability for expenses	40147.23	24187.53
32.7.2	Stale Cheques	20.35	23.18
32.7.3	Sundry debtors for sale of power - Credit Balances	9889.32	11650.99
32.7.4	Others	827.56	566.96
	Sub-Total	50884.46	36428.66
	Total	98207.45	90263.02

32.7.4(a) Miscellaneous deposits received from vendors which are likely to be adjustable/ payable within a period of one year are accounted under current financial liabilities.

Note 33 - Current Provisions

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
33.1	Provision for Employee Benefits:		
33.1.1	Provision for earned leave encashment	1133.43	1047.14
33.1.2	Provision for Family Benefit Fund	945.79	930.71
	Total	2079.22	1977.85

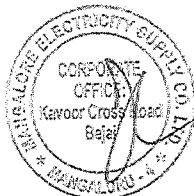
Note 34 - Other current liabilities

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2023	As at 31/03/2022
34.1	Share application money pending allotment	-	1400.00
34.2	Statutory Dues payable to Govt.	1536.53	1576.50
34.3	Taxes and duties payable to Govt. of Karnataka	6476.81	5097.50
34.4	Amount payable under Amruthjyothi Scheme.	127.12	-
34.5	Deposits from Consumers for Electrification/ Service Connection	10253.20	9748.50
34.6	Payable to KPTCL towards transmission charges	4969.04	4332.54
34.7	Inter Unit Accounts (Net)	-	1.75
34.8	Other Liabilities	1031.53	909.94
	Total	24394.23	23066.73

34.1(a) Shares to the tune of ₹ 1400.00 lakhs (Received from GoK towards MESCOM's share of allocation, out of the total payment of ₹ 7000.00 lakhs made to M/s Jurala Power Project through M/s PCKL) has been issued to GoK during FY 2022-23.

34.4(a) **Amruth Jyothi Scheme:** During FY 2022-23 GOK has announced Amruth Jyothi Scheme Vide GOK Order No: Energy 232 PSR 2022 Dated 18.05.2022. Accordingly up to 75 Units of Free Electricity has been given to SC/ST consumers belonging to BPL Category. GOK has provided the facility for registration to this scheme under Seva sidhu portal. The eligible registered consumers have to pay their regular monthly bill along with arrears if any to avail this benefit. The GOK has transferred the monthly bill amount up to 75 units to the concerned Consumer's Bank account through Direct Bank Transfer (DBT). In MESCOM, 78623 Consumers have registered under this scheme and a sum of ₹ 30.36 Lakhs has been transferred to concerned Consumers Bank accounts.



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Note 35 - Revenue from operations

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31/03/2023	Year ended 31/03/2022
35.1	Sale of products		
35.1.1	Revenue from Sale of Power – LT	314953.51	280014.89
35.1.2	Revenue from Sale of Power – HT	132768.85	114089.79
35.1.3	Fuel Cost Adjustment charges - LT & HT	6809.02	(5117.07)
	Sub-Total	454531.38	388987.61
35.2	Less: Withdrawal of Revenue Demand	2317.69	606.54
	Net revenue from sale of products	452213.69	388381.07
35.3	Other operating revenues:		
35.3.1	Reconnection Fees (D &R)	128.93	118.16
35.3.2	Service Connection charges	1662.38	758.65
35.3.3	Other Receipts from consumers	282.75	207.04
35.3.4	Amount collected for green tariff	86.78	74.50
35.3.5	SRTPV Facilitation fees	13.36	12.51
35.3.6	Supervision charges collected from National Highway Authorities	86.47	9.28
35.3.7	Application Fee, Supervision Charges and other charges collected from IP set consumers using tube wells for irrigation	23.18	16.64
	Sub-total	2283.85	1196.78
	Net Revenue from operations	454497.54	389577.85

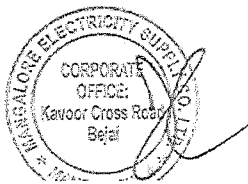
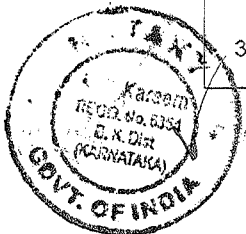
35.4 Total Revenue from sale of energy during 2022-23 includes ₹ 31129.36 Lakh in respect of revenue accrued but pending billing at the year end as against a sum of ₹ 27044.00 Lakh during the previous year.

35.5 During the Year the amount to be received from the GOK as subsidy towards free power supply to IP set consumers having connected load of upto and inclusive of 10 HP and free power supply to BJ/KJ consumers with consumption upto 40 units is ₹ 101566.46 Lakhs (PY ₹ 87089.70 lakhs) and ₹ 3059.89 lakhs (PY ₹ 3012.05 lakhs) respectively. As against this GoK has released an amount of ₹ 98015.11 lakhs (PY ₹ 96527.95 lakhs) and ₹ 3059.89 lakhs (PY ₹ 3012.05 lakhs) for IP Set and BJ/ KJ installations respectively.

Note 36 - Other Income

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31/03/2023	Year ended 31/03/2022
36.1	Interest Income		
36.1.1	Delayed payment charges from consumers	4792.10	5793.22
36.1.2	Recoveries for theft of power	0.46	0.60
36.1.3	Interest received from Income Tax Department	208.74	-
36.1.4	Interest on Bank Fixed Deposits	27.95	10.86
36.1.5	Interest on Loans and Advances to Licensees	-	75.79
36.1.6	Interest on Savings Bank Account	0.09	0.32
36.1.7	Interest received under NEF Scheme	-	165.80
	Sub-total	5029.34	6046.59
36.2	Other Non-operating Income		
36.2.1	Profit on sale of stores	-	103.19
36.2.2	Sale of scrap	-	8.73
36.2.3	Other Miscellaneous receipts from Trading	0.86	2.73
36.2.4	Gain on Sale of Assets	557.56	1334.44
	Sub-total	558.42	1449.09
36.3	Miscellaneous Receipts		
36.3.1	Rental from Staff Quarters	185.76	193.58
36.3.2	Rental from others	14.90	7.01
36.3.3	Excess found on physical verification of Materials Stock	15.15	1.47
36.3.4	Sundry credit balance written back	684.54	537.39
36.3.5	Penalty recovered from Suppliers/ Contractors for delay in supplies/ execution of work	474.94	250.99
36.3.6	Rebate for collection of Electricity Duty	114.85	106.77
36.3.7	Miscellaneous Recoveries	143.16	116.70
36.3.8	Incentives received	4311.31	4015.79
36.3.9	Other income relating to purchase of power	1165.49	1140.65
36.3.10	Rent received from others for letting out companies other properties (Machineries and Equipments)	107.44	83.15



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36.3.11	Trade Income from the Energy Exchange towards sale of Renewable Energy Certificates (RECs)	1960.26	-
36.3.12	Refund of amount credited to other income in previous years.	(10.03)	(0.20)
	Sub-total	9167.77	6453.30
36.4	Others		
36.4.1	Bad & Doubtful Debts Written off / provided for	-	-
36.4.2	Grants and Consumer contribution related to PPE apportioned for the year	4860.58	4247.35
	Sub-total	4860.58	4247.35
	Total	19616.11	18196.33

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

36.6 **Electricity Taxes:** The Electricity Tax collected from Consumers and payable to GOK during FY 2022-23 is ₹ 24385.90 lakhs (PY ₹ 21707.91 lakhs). During this year, GoK has adjusted the Tariff Subsidy receivable from GoK amounting to ₹ 22969.00 lakhs (PY ₹ 21342.00 lakhs) to the Electricity Tax payable by the Company.

Note 37 - Cost of Power Purchased

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31/03/2023	Year ended 31/03/2022
37.1	Cost of Purchase of Power from various sources	241901.99	251381.24
37.2	Transmission Charges	62012.99	50382.39
37.3	SLDC Charges	104.45	152.50
37.4	UI Charges	(244.00)	(82.87)
37.5	Consultancy charges for witnessing the Coal Sample Testing.	-	-
37.6	Power Purchase cost accounted on basis of energy balancing	5871.90	(43850.20)
	Total	309647.33	257983.06

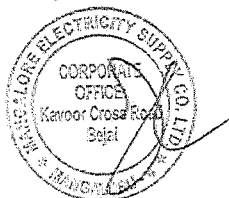
37.7 With effect from 01.04.2022, share of power project capacity allocated to MESCOM has been revised vide GOK notification No. ENERGY 161 PSR 2022 Bangalore dated 29.03.2022. Power Purchase Cost is being accounted for and paid as per the above share which is readjusted at the end of the year based upon actual drawal of energy for the year.

37.8 Central Generators have filed truing up petition for the period from 2014-19 and as per CERC Tariff Regulation for 2019-2024 MESCOM continued to bill provisionally at the tariff approved by the Commission. The Tariff is subject to finalization of tariff by CERC.

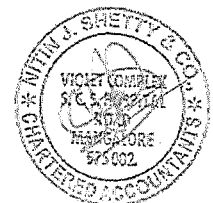
37.9 **M/s J. K Cements & M/s Himatsingka Seide Ltd:** PCKL & ESCOMs have filed Civil Appeal No. 3577-78/2015 before Hon'ble Supreme Court against APTEL order dated 12.11.2014 in RP No. 11/2014. The issue is regarding determination of tariff for the energy supplied under Section-11 during the period Apr-10 & May-10 to Jun-10. As per the interim order dated 13.05.2016 of Hon'ble Supreme Court, MESCOM has filed before Hon'ble KERC the Corporate Guarantee issued in favour of M/s J.K Cements & M/s. Himatsingka Seide Ltd., to the extent of ₹. 5.69 Lakhs & ₹.18.76 Lakhs respectively. The case is still pending for adjudication.

37.10 **M/s TATA Power Ltd:** PCKL & ESCOMs have filed Civil Appeal No. 21462/2014 before the Hon'ble Supreme Court of India, on the dismissal order dated 02.05.2014 passed by Hon'ble APTEL in Appeal No. 330/2013 filed by BESCOM, MESCOM & PCKL, in respect of reimbursement claim of ₹ 1630.00 Lakhs of MAT paid during 2006-07 to 2009-10 by M/s TATA Power Ltd., The case is disposed by vide order dated 25.10.2018. Having protected the interest of the appellate (ESCOM) by requiring respondent No.1 (M/s TATA Power Ltd) to furnish a bank guarantee. This includes MESCOM's share of ₹ 300.00 lakhs. Out of this, Company has already paid ₹.147.39 lakhs on 29.08.2016. Balance amount payable by the Company amounts to ₹.152.61 Lakhs (Provisional) till date the bank guarantee is not furnished by M/s. TATA Power Ltd.

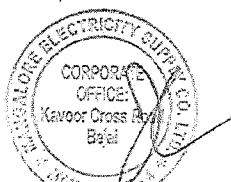
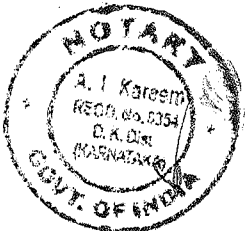
37.11 **UPCL:** In respect of 1200 MW capacity project of M/s UPCL, Hon'ble CERC has determined the tariff vide order dated 10.07.2015 and it is subject to truing up in terms of Regulation 6 of the 2009 tariff regulations. The truing up Petition No. 07/GT/2016 is pending for disposal at CERC. As CERC is yet to re-determine the tariff, the same provision of ₹. 4200.00 lakhs for the period from 11.11.2010 to 31.01.2013 made in FY 14 is being continued in as contingent liability. Further, the tariff invoices of UPCL are being admitted provisionally by MESCOM to avoid delay in payment. However PCKL on behalf of all ESCOMs has worked out the monthly bill amount and also dues payable to UPCL as per CERC order dated 10.07.15. PCKL is yet to decide and intimate the difference in bill amount to be booked by ESCOMs. UPCL has invoked "force majeure" clause for Bills raised during 2015-16 by taking the number of days as 342.66 which has not been considered by MESCOM. The Coal Jetty consumption is being charged at average tariff for the month and is being deducted in the monthly billing whereas UPCL is considering energy charge rate only. However the treatment of Coal Jetty consumption is under adjudication in the Court.



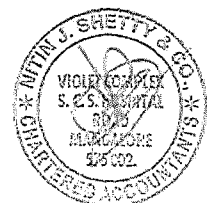
[Signature]
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- 37.12 **KPCL Dues:** As per MESCOM books of accounts, the outstanding dues payable to KPCL as on 31.03.2023, is ₹. 9256.33 lakhs. KPCL has appointed M/s. Ramraj & Co., Chartered Accountant, Bangalore to address the billing issues of KPCL with ESCOMS. M/s. Ramraj & Co. Chartered Accountant has submitted report on each of the billing issues and yet to submit the billing methodology. After finalization of the method, the same will be adopted in MESCOM to resolve the difference with KPCL.
- 37.13 **Interest on KPCL Dues:** It was decided in the KERC meeting held on 28.05.2014 that, in respect of KPCL, arrears of both energy charges payable and the interest there on up to 31.03.14 need to be dealt with separately and resolved with the financial support of Government of Karnataka. Accordingly, MESCOM has not provided interest from FY-16 on KPCL dues pending as on 31.03.2014 and the same was brought to the notice of GoK vide letter dated 10.06.2016. The interest liability account to the extent of ₹ 42835.00 lakhs. Up to 31.03.2015 is now being continued. Further the interest liability for 2015-16 & 2016-17 amounting to ₹ 316.00 lakhs is being continued. M/s. Ramraj & Co. Chartered Accountant has submitted report on each of the billing issues and yet to submit the billing methodology. After finalization of the method, the same will be adopted in MESCOM to resolve the difference with KPCL.
- 37.14 The Energy Balancing Dues and other dues relating to short term and medium term power transactions among ESCOMs are reconciled up to 31.03.2023 on 27.06.2023.
- 37.15 GoK Vide Government order dated 16.09.2015 has invoked section-11, in which it was ordered that all generators existing and operating in Karnataka State to operate and maintain generating stations to the maximum exportable capacity. In this order the provisional tariff fixed is ₹. 5.08 per unit which is subject to determination of final tariff by KERC. KERC in the common order dated 18.08.16 has determined the tariff for the energy supplied under section 11, at ₹. 4.67/per unit. High Court of Karnataka, in the order dated 18.09.2017 in Writ Petition No. 49808/2016 & 50576-579/2016 has directed KERC to review the order on certain analogy. KERC has filed Writ Appeal Nos 6471/2017 & 6474/2017 before the Hon'ble High Court of Karnataka against the order dated 18.09.2017. Hence the Liability of the MESCOM depends on the outcome of the said Writ Appeals.
- 37.16 M/s AMR was having power purchase agreement with MESCOM which was executed on 02.08.2006. The tariff fixed for the project for sale of power to MESCOM was ₹. 2.80/unit. MESCOM filed a petition in OP No. 37/2012 on 09.08.2012 before Hon'ble KERC praying for quashing the Notice of Termination dated 22.07.2011 served by the generator. KERC passed an interim order dated 23.08.2012 to maintain status quo pending disposal of the main petition. The generator filed an appeal before Hon'ble ATE in appeal No. 223/2012 questioning the interim order of KERC dated 23.08.2012 to maintain the status quo. Hon'ble ATE disposed the appeal No. 223/2012 in the order dated 04.01.2013 with a direction to Hon'ble KERC to dispose the matter pending in OP No.37/2012 as expeditiously as possible and to pass appropriate order in accordance with law. Hon'ble KERC in the order dated 14.08.2013 dismissed the petition filed by MESCOM in OP No. 37/2012. Aggrieved by the order dated 14.08.2013 of Hon'ble KERC in OP No.37/2012, MESCOM filed an appeal No. 275/2013 seeking to execute wheeling & banking agreement for wheeling of energy. Hon'ble ATE passed an interim order on 27.03.2014 directing MESCOM to execute wheeling & banking. As a last resort, MESCOM had also challenged the Order dated 17.10.2014 of Hon'ble ATE in appeal no. 275/2013 before the Hon'ble Supreme Court of India in Civil Appeal No. 1665/2015. The Hon'ble Supreme Court of India while disposing of the Civil Appeal No.1665/2015 in the order dated 15.09.2016 has confirmed the order of APTEL.
- In the letter dated 08.05.2017, M/s AMR Power Pvt Ltd, has claimed an amount of ₹.19070.00 lakhs (₹. 15142.00 lakhs principal + ₹. 8345.00 lakhs interest- ₹. 4416.00 lakhs received) as receivable from MESCOM stated to be the liability of MESCOM towards energy supplied in the non-PPA period from 22.07.2011 to 16.10.2014. Meanwhile, M/s AMR Power Pvt Ltd, filed a petition in OP No 192/2017 on 24.11.2017 before Hon'ble KERC and sought direction to determine and fix the Market price for the energy supplied from 22.07.2011 to 16.10.2014 and such other reliefs.
- Hon'ble KERC has issued final order on 23.03.2021, as per the order the amount to be paid for the energy supplied for the period from 16.10.2011 to 16.10.2014 works out to ₹. 2387.03 lakhs and interest (upto 21.10.2021) ₹. 574.98 lakhs for which the Company released the amount to M/s. AMR Power Pvt Ltd on 22.10.2021. However, M/s.AMR Power Pvt. Ltd., has filed appeal before APTEL vide DFR 215 of 2021 to allow the petition in full and direct to pay the sum of ₹. 190.70,41,093/- & interest @14.5% from 22.07.2011 until the date of payment. Case is pending for adjudication.
- 37.17 The following power producers have filed petition with regard to payment of GST.
a) M/s. Clean Solar Power (Tumkur) Private Limited has claimed GST of ₹. 525.78 lakhs and have filed Petition before KERC for reimbursement of GST amount.
b) M/s. Photon Suryakiran Pvt Ltd, M/s. Celestial Solar Solutions Pvt Ltd and M/s. K.K Green Energy Pvt Ltd have filed Petition for tariff difference.
The above cases are still pending for finalization



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37.18 RE Certificate : As per CERC Renewable Energy Certificate Regulation 2022 dtd:9.5.2022 the Distribution Licensee are eligible for certification from the concerned State Commission about purchase of electricity from Renewable Energy Sources in excess of the Renewable Purchase Obligation (RPO) as determined by the concerned State Commission.

As such for the Renewable energy over and above the RPO, KERC vide itr dtd: 11.04.2022 has issued Format 1.4 for the FY-20 and the same was uploaded in NLDC Portal, accordingly REC were issued to MESCOM on 11.1.2023.

The details are as below:

Solar	422187 Nos
Non solar	204535 Nos
Total	626722 Nos.

As per the procedure the REC's were submitted to PCKL vide T.O. letter dtd: 12.1.2023 for trading through IEX, PXIL, HPX on behalf of MESCOM.

The RECs were traded from January-2023. (Trade on last Wednesday of every month).

Details of REC traded are as below:

Month	Solar (Nos)	Non Solar (Nos)
Jan-2023	0	29123
Feb-2023	41873	17428
Mar-2023	76965	30637
Total	118838	77188
Balance available	303349	127347

RE Certificate traded @ ₹.1000/certificate in March-2023.

The amount realized upto March -23 is accounted in FY-23.

Further, MESCOM has received Format 1.4 for the FY 21 from KERC on 03.06.2022.

The details are as below:

Solar	374627 Nos
Non solar	194194 Nos
Total	5,68,818 Nos

The same was uploaded in the NLDC portal, but it was rejected by NLDC. Further MESCOM requested PCKL to file petition before CERC vide T.O. ltr No.18.4.2023 for issuance of REC for 2020-21 & onwards & time extension for uploading of Format 1.4 obtained from KERC in NLDC Portal.

The case is entrusted to Sri. Vallinayagam, Advocate, New Delhi.

Action will be taken as per the direction of the CERC.

37.19 JSW Energy Ltd: M/s. JSW Energy Ltd., has filed appeal for recovery of bill amount pertaining to supply of power during operation of section 11 Orders. As per the APTEL Order 6.11.2020 in appeal No. 355/2018, MESCOM has to pay Principal amount of ₹.7.47 Crs with interest of ₹ 3.56 Crs. Further JSW has filed execution petition before APTEL vide No.15/2021, further APTEL on 11.2.2022 granted liberty to ESCOMs to furnish BG towards principal amount subject to decision on the objections.

As such as per PCKL ltr dtd: 7142-52/09.02.2022 MESCOM has furnished Bank guarantee amounting to ₹ 7.47 Crs in favor of M/s. JSW on 15.2.2022.

The validity of the bank guarantee is being extended as per the direction of PCKL and now it is valid till 12.02.2024.

PCKL on behalf of ESCOMs has filed appeal against the APTEL order dtd: 6.11.2020 before Hon'ble Supreme Court. Hon'ble Supreme Court directed the Counsel appearing for JSW not to proceed with the execution proceedings pending before the APTEL.

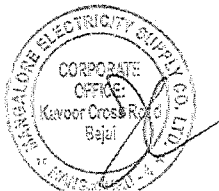
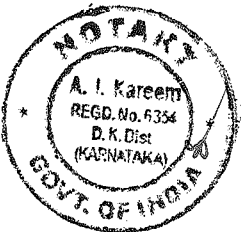
Action will be taken as per the direction of the APTEL/ Hon'ble Supreme Court.

37.20 PGCIL: PGCIL has raised the invoice on 30.7.2018 for ₹ 15.33 Crs towards POC charges for UPCL Power for the period from July 2011 to April 2015 based on orders of CERC in petition No. 10/SM/2014 and 50/RP/2016 dtd:30.6.2016 and 19.12.2017 respectively.

PCKL and ESCOMs have filed an Appeal vide No.296/2018 before APTEL against the CERC order.

Action will be taken as per the order of the APTEL.

However, the bill amount is admitted and shown as payable to PGCIL in FY-19 and the same is continued in FY-23 also.



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Note 38- Employee Benefits Expense

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31/03/2023	Year ended 31/03/2022
38.1	Salaries and Wages		
38.1.1	Salaries	30810.18	25419.23
38.1.2	Over Time	443.52	481.08
38.1.3	Dearness Allowance	9364.52	5489.36
38.1.4	Other Allowances	4034.45	3298.67
38.1.5	Bonus	383.45	369.28
38.1.6	Medical Expenses reimbursement	431.46	412.02
38.1.7	Earned leave encashment	3377.98	2128.80
38.1.8	Earned leave encashment to retired employees	517.82	633.25
38.1.9	Payment under Workmen's Compensation Act	30.10	-
38.1.10	Payment to helpers/employees of Monsoon gang	0.10	0.12
38.1.11	Pension & Leave contribution of employees on deputation	13.65	5.73
	Sub-Total	49407.23	38237.54
38.2	Contribution to Provident and Other Funds		
38.2.1	Terminal benefits (PF) Corporation Contribution	22.07	27.46
38.2.2	Terminal benefits (Pension) Corporation Contribution	8805.14	6637.91
38.2.3	Terminal Benefits Company contribution to Contributory pension scheme with effect from 01.04.06	3801.96	2864.63
38.2.4	Terminal Benefits Departmental contribution under NDCPS -Deputed Employees	11.59	10.59
38.2.5	Terminal Benefits Departmental contribution under NDCPS (Gratuity) - Employees appointed up to 13.02.2015	253.97	2218.77
38.2.6	Terminal Benefits Departmental contribution under NDCPS (Gratuity) - Employees appointed after 13.02.2015	233.58	631.00
38.2.7	Terminal Benefits Departmental contribution under NDCPS (Family Pension) - Employees appointed up to 13.02.2015	51.42	211.06
38.2.8	Terminal Benefits Departmental contribution under NDCPS (Family Pension) - Employees appointed after 13.02.2015	86.69	189.19
38.2.9	Terminal Benefits (Gratuity)	926.45	635.22
	Sub-Total	14192.87	13425.83
38.3	Staff Welfare expenses	443.15	612.60
	TOTAL	64043.25	52275.97

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

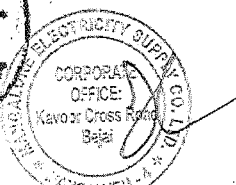
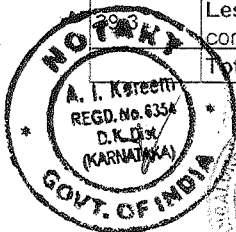
38.5 GoK., vide order dated 23.06.2018 extended the benefit of Gratuity and family pension to the employees covered under NDCPS scheme. In accordance with the scheme, the maximum amount of gratuity payable was fixed at ₹ 20.00 lakh per employee who are retired or deceased post 1st April 2018. KPTCL vide order No: KPTCL/B16/B93/36012/2021-22 dated 26.10.2021 has extended the benefit of DCRG and Family Pension for the employees covered under NDCPS Scheme.

As per KPTCL order No. NDCPS/FPGT/KCO-167/F-6/2022-23/66-74 dated 27.07.2023 company has created provisions in the accounts of current year for the contribution payable towards pension and gratuity of the NDCPS employees, for the year 2022-23 as detailed in Note No. 38.2.5 to 38.2.8.

Note 39 - Finance Costs

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31/03/2023	Year ended 31/03/2022
39.1	Interest Expenses:		
39.1.1	Interest on Government Loans	0.79	3.60
39.1.2	Interest on REC loans	2148.27	2388.57
39.1.3	Interest on Loan from Commercial Banks - Long Term	7864.72	7476.76
39.1.4	Interest on Loan from Commercial Banks - Short Term	2689.70	3166.00
	Total Interest on Loans	12703.48	13034.93
39.2	Other Borrowing Costs		
39.2.1	Other Interest and Finance Charges	107.05	150.66
	Gross Finance Costs	12810.53	13185.59
	Less : Interest and finance charges capitalised on funds used during construction	-	-
	Total	12810.53	13185.59



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Note 40 - Depreciation and amortization expenses (net)

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31/03/2023	Year ended 31/03/2022
40.1	Depreciation on Fixed Assets		
40.1.1	Depreciation on Buildings	739.47	632.32
40.1.2	Depreciation on Hydraulic Works	19.93	18.26
40.1.3	Depreciation on Civil Works	6.70	4.27
40.1.4	Depreciation on Plant and Machinery, lines, cable, network etc.,	22659.38	19704.50
40.1.5	Depreciation on Vehicles	107.33	109.18
40.1.6	Depreciation on furniture, fixtures	57.97	52.16
40.1.7	Depreciation on Office equipments	98.75	93.27
	Sub-total	23689.53	20613.96
40.2	Amortization on Intangible assets – Software acquired/ Purchased for internal use	194.01	374.17
	Depreciation (Net)	23883.54	20988.13

40.1.4 (a) The depreciation component for the year 2022-23 in respect of assets created out of Govt. Grants and Consumer Contributions upto 31.03.2016 amounting to ₹ 2217.70 lakhs (PY ₹ 2422.25 lakhs) is reduced from the total depreciation charged on fixed assets.

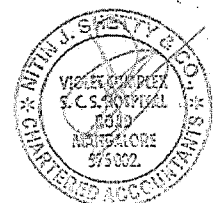
Note 41 - Other Expenses

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31/03/2023	Year ended 31/03/2022
41.1	Amortisation of Lease hold Assets	65.76	43.55
41.2	Interest on Consumers' Security Deposits	3090.09	2911.08
41.3	Repairs to:		
41.3.1	Buildings	180.74	96.25
41.3.2	Plant and Machinery	2176.59	1970.13
41.3.3	Lines, Cable Net Work Etc.	5713.69	4101.90
41.3.4	Civil Works	24.35	38.23
41.3.5	Vehicles	21.31	24.84
41.3.6	Furniture and Fixtures	7.60	9.26
41.3.7	Office Equipments.	189.58	169.41
	Sub-total	8313.86	6410.02
41.4	Payment to statutory Auditors		
41.4.1	As Auditor	3.72	4.47
41.4.2	Taxation Matter	0.93	1.12
41.5	Payment to Cost Auditors		
41.5.1	As Auditor	0.49	0.50
41.6	Payment to Secretarial Auditors		
41.6.1	As Auditor	1.00	-
	Total Payment to Auditors	6.14	6.09
41.7	Power and Fuel	77.65	68.92
41.8	Water Charges	4.66	4.22
41.9	Rent	123.58	189.04
41.10	Rates and Taxes excluding Taxes on Income	35.69	25.84



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41.11	Other A&G Expenses		
41.11.1	Telephones, Mobile and other communication expenses	223.56	234.15
41.11.2	Postage & Revenue Receipts Stamps	27.05	29.40
41.11.3	Legal, Consultancy & Other Professional charges	159.11	55.11
41.11.4	Remuneration to Contract Agencies for services obtained	7668.64	7383.07
41.11.5	Incentive payments	-	2.16
41.11.6	Conveyance and Travelling expenses	2109.55	1975.20
41.11.7	Fees & Subscriptions	105.69	96.92
41.11.8	Books, periodicals and diaries	2.67	2.81
41.11.9	Printing & Stationery	147.95	134.82
41.11.10	Factory License Fees	10.00	10.00
41.11.11	Advertisement Expenses	19.33	17.34
41.11.12	Computer stationery and floppies	23.15	19.02
41.11.13	Contributions	4.50	-
41.11.14	Shared expenses	182.57	273.06
41.11.15	Band width & Facility Management Service Charges for R-APDRP project	119.79	141.60
41.11.16	Other miscellaneous expenses	411.61	273.85
41.11.17	Consumer Relation/ Education Expenses	10.93	5.95
	Sub-total	11226.10	10654.46
41.12	Expenses relating to CSR Activities		
41.12.1	CSR related expenses	10.00	144.25
	Sub-total	10.00	144.25
	Total A&G Expenses	11483.82	11092.82
41.13	Provision for loss on obsolescence of stores, etc., in stock	(0.49)	(390.31)
41.14	Other Debits	1395.36	803.84
	Total	24348.40	20871.00

Note 42 - Exceptional items

(₹ in Lakh)

Sl. No	Particulars	Year ended 31/03/2023	Year ended 31/03/2022
42.1	Reversal of MAT Credit entitlement	-	(4408.58)
	Total	-	(4408.58)

Note 43 - MAT Credit entitlement

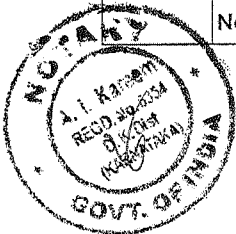
(₹ in Lakh)

Sl. No	Particulars	Year ended 31/03/2023	Year ended 31/03/2022
43.1	MAT Credit entitlement	-	-
	Total	-	-

Note 44 - Net Movement in Regulatory Deferral account Balance related to Profit or Loss

(₹ in Lakh)

Sl. No	Particulars	Year ended 31/03/2023	Year ended 31/03/2022
44.1	Regulatory Asset Created for FY 2022-23	-	-
44.2	Less : Reversal of Regulatory Asset created during 2020-21	34196.00	-
44.3	Less : Reversal Regulatory Asset created for FY 2017-18	-	35807.20
44.4	Regulatory Asset Created for FY 2021-22	-	23710.95
44.5	Less : Reversal of Regulatory Asset created during 2019-20	-	10315.00
44.6	Less : Adjusting of Regulatory asset created during FY 2020-21 as per True up Order	-	12380.33
	Net movement in regulatory deferral account	(34196.00)	(34791.58)



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45 General Notes to Financial Statement

45.1 Disclosure in respect of Ind AS-116- "Leases"

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

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

(₹ in Lakh)

Sl. No	Name of the Accounting Unit	FY 2022-23	FY 2021-22
1	Mangalore Division	100.20	104.75
2	Puttur Division	12.17	13.11
3	Shivamogga Division	79.89	83.41
	TOTAL	192.26	201.27

(₹ in Lakh)

Sl. No	Particulars	FY 2022-23	FY 2021-22
1	Amortisation expenses charged to P&L Account	9.01	9.01
2	Lease rent expenses	8.01	8.01
	Total	17.02	17.02

45.1.4 The Company intends to apply simplified transition approach and has not restated comparative information in the financial statements for the year ending 31st March 2023 to show the impact of adopting Ind AS 116.

45.1.5 (a) For Capital-work-in progress, following ageing schedule is given:

FY 2022-23 Amount in lakhs

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	9217.27	2380.10	1921.16	1305.92	14824.45
Projects temporarily suspended	-	-	-	-	-

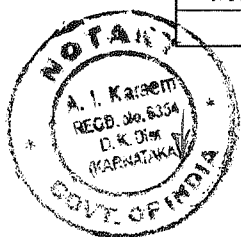
FY 2021-22 Amount in lakhs

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	15853.62	5277.60	414.97	2371.10	23917.29
Projects temporarily suspended	-	-	-	-	-

45.1.6 Trade Receivables ageing schedule

FY 2022-23 Amount in Lakhs.

Particulars	Outstanding for following periods from the date of generation of Invoice					
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables — considered good	55548.90	6606.52	5218.57	2784.23	25687.27	95845.49
(ii) Undisputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables — credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables — considered good	-	-	-	-	240.06	240.06
(v) Disputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables — credit impaired	-	-	-	-	-	-
Total	55548.90	6606.52	5218.57	2784.23	25927.33	96085.55



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FY 2021-22

Amount in Lakhs.

Particulars	Outstanding for following periods from the date of generation of Invoice					Total
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables — considered good	47992.22	4754.43	4694.03	3230.41	30715.69	91386.78
(ii) Undisputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables — credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables — considered good	-	-	-	-	355.56	355.56
(v) Disputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables — credit impaired	-	-	-	-	-	-
Total	47992.22	4754.43	4694.03	3230.41	31071.25	91742.34

45.1.7 Trade payables ageing shedule - Sundry Creditors (Non- Current)

FY 2022-23

Amount in Lakhs.

Particulars	outstanding for following periods from the date of receipt of Invoice				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	-	-	-	-	-
ii) Others	-	-	-	9256.33	9256.33
iii) Disputed dues - MSME	-	-	-	-	-
iv) Disputed dues - others	-	-	-	-	-
Total	-	-	-	9256.33	9256.33

FY 2021-22

Amount in Lakhs.

Particulars	outstanding for following periods from the date of receipt of Invoice				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	-	-	-	-	-
ii) Others	-	-	-	10192.50	10192.50
iii) Disputed dues - MSME	-	-	-	-	-
iv) Disputed dues - others	-	-	-	-	-
Total	-	-	-	10192.50	10192.50

45.1.8 Trade payables ageing shedule - Sundry Creditors (Current)

FY 2022-23

Amount in Lakhs.

Particulars	outstanding for following periods from the date of receipt of Invoice				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	-	-	-	-	-
ii) Others	23714.94	-	-	-	23714.94
iii) Disputed dues - MSME	-	-	-	-	-
iv) Disputed dues - others	-	-	-	2279.48	2279.48
Total	23714.94	-	-	2279.48	25994.42

FY 2021-22

Amount in Lakhs.

Particulars	outstanding for following periods from the date of receipt of Invoice				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	-	-	-	-	-
ii) Others	27948.12	-	-	-	27948.12
iii) Disputed dues - MSME	-	-	-	-	-
iv) Disputed dues - others	283.80	117.16	1441.99	2654.62	4497.57
Total	28231.92	117.16	1441.99	2654.62	32445.69



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

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

45.2.1 Other Long Term Employee Benefits

45.2.1.1 Earned Leave benefit

- Maximum accrual is 30 days per year
- Maximum accumulation allowed is 300 days
- EL accumulated in excess of 15 days is allowed for encashment while in service provided the EL encashed is not less than 15 days in case of "A" & "B" group employees and 30 days in case of "C" & "D" group employees.
- The liability for leave is recognised on the basis of Actuarial valuation.
- Leave benefit is considered as other long term benefits. As there is no OCI in respect of other long term benefits as per the actuarial valuation report for FY 2022-23, the Company has not accounted any OCI with respect to other long term benefits.

45.2.1.2 Family Benefit Fund

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

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

Family benefit Fund is considered as other long term benefits. As there is no OCI in respect of other long term benefits as per the actuarial valuation report for FY 2022-23, the Company has not accounted any OCI with respect to other long term benefits.

45.2.2 Defined Contribution Plan

Pension & Gratuity:

In respect of Pension and Gratuity, provision for contribution to KPTCL/ESCOMs Pension & Gratuity Trust is made on the formula evolved by the Trust based on the actuarial valuation undertaken by KPTCL/ESCOMs' Pension & Gratuity Trust. Any revision in contribution due to actuarial valuation by the Trust is accounted in the year of intimation by the Trust. The liability as at the Balance Sheet date is provided for based on the actuarial valuation carried out by an independent actuary as per Order No. KEPGT/KCO123/P7/2023-24/CYS-03 Bangalore dated 27th July 2023 for the year 2022-23.

The contribution towards pension and gratuity for the year 2022-23 is accounted as follows:

Pension : 72.21% of (Basic Pay + Dearness Pay + Dearness Allowance)

Gratuity : 11.28% of (Basic Pay + Dearness Pay)

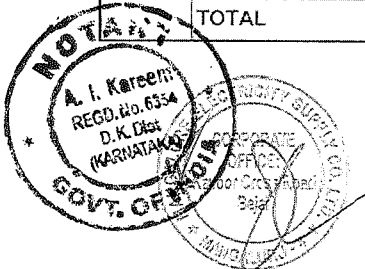
As the company contribution is collected and administered by the Trust and contribution paid on a pay as you go basis, the same has been treated as a Defined Contribution Plan in accordance with Ind AS 19

For those employees who have joined MESCOM on or after 01.04.2006, contributory pension scheme is applicable wherein 14% of the Basic Pay + Dearness Pay + Dearness Allowance are contributed to the pension fund with 10% contribution of employees.

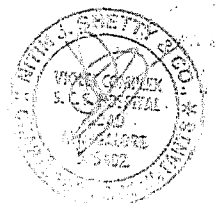
45.3 Managerial Remuneration - Refer note 38

45.3.1 Managerial Remuneration paid / payable for the financial year 2022-23 which are included in Employee costs are as follows:

Sl. No	Particulars	For the year 2022-23				
		Managing Director	Director (Technical)	Chief Financial Officer	Company Secretary	Total
1	Salary and Allowances	19.25	35.70	35.65	19.35	109.95
2	Ex-gratia	0.07	0.07	0.07	0.07	0.28
3	Medical Expenses	-	-	-	-	-
4	Travelling Expenses	7.27	2.74	0.10	0.38	10.49
	TOTAL	26.59	38.51	35.82	19.80	120.72



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Sl. No	Particulars	For the year 2021-22				
		Managing Director	Director (Technical)	Chief Financial Officer	Company Secretary	Total
1	Salary and Allowances	12.08	26.30	28.74	15.72	82.84
2	Ex-gratia	0.07	0.07	0.07	0.07	0.28
3	Medical Expenses	-	-	-	-	-
4	Travelling Expenses	0.65	0.49	0.06	-	1.20
	TOTAL	12.80	26.86	28.87	15.79	84.32

45.4 Related Party Transactions

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

45.4.1 Payments to Key Managerial Posts

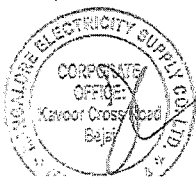
(₹ In lakhs)			
Sl. No	Particulars	FY 2022-23	FY 2021-22
1	Salary & Allowances	109.95	82.84
2	Other Benefits	10.77	1.48
	Total	120.72	84.32


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

(₹ In Lakhs)							
Sl. No	Party Name	Nature of Payment	Transactions		Nature of Outstanding Amount	Outstanding Balance as on	
			FY 2022-23	FY 2021-22		31.03.2023	31.03.2022
1	KPTCL	Transmission Charges & Others	38 507.39	32 057.86	Receivable	182.54	894.04
2	BESCOM	Energy Balancing and others	(8,686.69)	(1,425.90)	Payable	2738.67	12807.53
3	HESCOM	Energy Balancing and others	855.48	34,917.90	Receivable	35902.95	39983.46
4	GESCOM	Energy Balancing and others	2,113.86	4,812.30	Payable	7808.59	12922.45
5	CESCO	Energy Balancing and others	(154.55)	5 545.80	Receivable	30371.33	30525.88
6	MPM	Sale of Power	1 827.96	1 785.07	Receivable	22051.01	20221.20
7	PCKL	Shared expenses	150.57	170.17	Receivable	5124.05	3276.29
8	KPCL	Power purchase and others	64 318.88	67 886.28	Payable	9256.33	10192.50

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

(₹ in Lakhs)		
Particulars	As at 31st March 2023	As at 31st March 2022
Principal amount due and remaining unpaid	Nil	Nil
Interest due on above and the unpaid interest	Nil	Nil
Interest paid	Nil	Nil
Payment made beyond the appointed day during the year	Nil	Nil
Interest due and payable for the period of the delay	Nil	Nil
Interest accrued and remaining unpaid	Nil	Nil
Amount of further interest remaining due and payable in succeeding Years	Nil	Nil




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45.6 True-up Subsidy/ Regulatory Asset (Ref Note 19)

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

In the process of determining the tariff, KERC will approve the ARR for the year considering the tariff applications submitted by the ESCOMs, which will be again trued up by the Commission during Annual Performance Review considering actuals, on finalisation of accounts for the year. The Surplus/Deficit in revenue if any will be adjusted in future tariff. MESCOM is accounting such surplus/Deficit in the accounts of respective year itself as "Regulatory Asset" being the deferred expenses expected to flow to the Company subsequently on determination of tariff by Hon'ble KERC during Annual Performance Review.

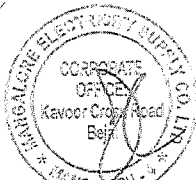
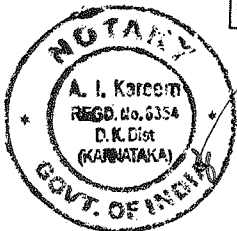
During the year 2020-21 Company had provisionally accounted Regulatory Asset to the extent of ₹ 46576.33 lakhs against which Hon'ble KERC has allowed True up gap of ₹ 34196.00 lakh in the APR. Therefore Regulatory Asset balance of the year 2020-21 was reduced by ₹ 12380.33 in the year 2021-22. Further, balance Regulatory Asset of ₹ 34196.00 lakhs was also treated as recovered during the current FY 2022-23.

This year no fresh regulatory assets has been created for FY 2022-23.

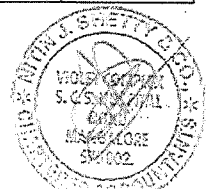
(₹ In lakhs)				
Sl. No	Particulars	Approved in Tariff Order 2022	Actuals for FY 2022-23	Expected to be approved by KERC in True-up
1	Revenue			
	Revenue including Subsidy	423823.00	452213.69	452213.69
	Other receipts from Consumers	13982.00	7076.41	7076.41
	Regulatory Asset treated as recovered	-	(34,196.00)	(34,196.00)
	Total Revenue	437805.00	425094.10	425094.10
2	Expenses			
	Power Purchase cost	271460.00	309647.33	309647.33
	O&M Cost	76326.00	83840.93	83840.93
	Depreciation	20194.00	23883.54	23883.54
	Interest & Finance Charges	23882.00	15900.62	19389.09
	Deficit of FY 21	34196.00	-	-
	Regulatory Asset as per TO dated 04.11.2020	6147.00	-	-
	ROE	15153.00	-	13219.76
	Others	-	1460.63	1460.63
3	Total Expenses	447358.00	434733.05	451441.27
4	Less: Other income	9553.00	14823.55	14823.55
5	Net ARR	437805.00	419909.50	436617.72
6	GAP (Regulatory Asset)			(11,523.62)
7	Net Profit for the year 2022-23		5184.60	
8	Reconciliation of Regulatory Asset Account			
a	Opening Regulatory Asset as on 01.04.2022			57906.95
b	Add: Regulatory Asset created for FY 2022-23			-
d	Less: Reversal of Regulatory assets created during 2020-21			34,196.00
f	Closing Regulatory Asset as on 31.03.2023			23710.95

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

Particulars	2022-23	2021-22
Profit after tax before net movement in regulatory deferral account balance (A) (₹ in Lakhs)	39,380.60	38,061.85
Profit after tax after net movement in regulatory deferral account balance (B) (₹ in Lakhs)	5,184.60	3,270.27
Basic		
Weighted Average number of shares outstanding during the year (C) (in Lakhs)	6,689.79	6,567.11
Earnings per Share before net movement in regulatory deferral account balance(A/C)(in ₹)	5.89	5.80
Earnings per Share after net movement in regulatory deferral account balance (B/C) (in ₹)	0.78	0.50



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45.8 **Operating Segment (Ind AS 108)**

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

45.9 **Financial Instruments**

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

Financial Instruments by Category

45.9.1 The Carrying value and fair value of financial instruments by each category as at March 31 2023 are as follows:

(₹ In Lakh)

Particulars	Financial Assets/ Liabilities at amortised cost	Financial Assets/ Liabilities at FVTOCI	Financial Assets/ Liabilities at FVTPL	Total carrying Value	Total fair value
Financial Assets					
Investment - In PCKL	-	-	1.00	-	1.00
Trade Receivables	87154.65	-	-	87154.65	87154.65
Cash and Cash equivalents	5027.55	-	-	5027.55	5027.55
Other receivables	130865.24	-	-	130865.24	130865.24
Financial Liabilities					
Long Term Loans	99215.23	-	-	99215.23	99215.23
Short Term Loans	40882.45	-	-	40882.45	40882.45
Trade payables	25994.42	-	-	25994.42	25994.42
Other Financial Liabilities	223176.09	-	-	223176.09	223176.09

45.9.2 The Carrying value and fair value of financial instruments by each category as at March 31 2022 are as follows:

(₹ In Lakh)

Particulars	Financial Assets/ Liabilities at amortised cost	Financial Assets/ Liabilities at FVTOCI	Financial Assets/ Liabilities at FVTPL	Total carrying Value	Total fair value
Financial Assets					
Investment - In PCKL	-	-	1.00	-	1.00
Trade Receivables	84597.52	-	-	84597.52	84597.52
Cash and Cash equivalents	5727.24	-	-	5727.24	5727.24
Other receivables	133037.26	-	-	133037.26	133037.26
Financial Liabilities					
Long Term Loans	109921.61	-	-	109921.61	109921.61
Short Term Loans	64641.32	-	-	64641.32	64641.32
Trade payables	32445.69	-	-	32445.69	32445.69
Other Financial Liabilities	209971.47	-	-	209971.47	209971.47

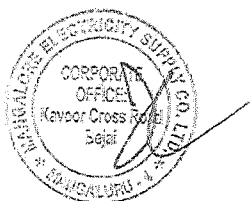
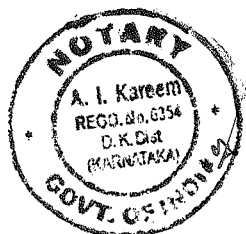
45.10 **Financial Risk Management**

MESCOM, a GoK owned organization functions under the ambit of various statutory Acts and Regulations. As per Electricity Act 2003, Tariff filing for each year is carried by the Company for Annual Performance Review (APR) and Revision in Annual Revenue Requirement (ARR) with KERC (Regulator) and hence is subject to regulatory risk. Each of its activity attributable to Credit risk, Liquidity risk and Market risk undergoes consistent monitoring by Regulator (KERC) annually.

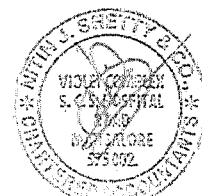
There is a steady growth in number of consumers and demand for electricity from existing and new consumers. Hence, no demand risk is anticipated.

The company's senior management oversees the risk management policies and systems regularly.

The company has exposure to the following risks from its use of financial instruments:



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45.10.1 Credit Risk

Credit risk is the risk of financial losses to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the Company's trade receivables, employee loans and deposits with Banks and others.

Trade receivable, majorly comprises sundry debtors for sale of power from various class of consumers and Receivable from other ESCOMs. Risk element involving sundry debtors is adequately covered by security deposit held against such consumers by way of collection of 2 months minimum deposit (as per mandatory stipulation of regulatory governance). Other major contributor of receivable is from inter ESCOM energy balancing, all being sovereign government flagship organizations, risk element of turning those to bad debts is not foreseen. Further, provision for expected credit loss is made as a percentage of doubtful debts to the extent of 4% of trade receivables.

The Company has diversified its bank deposits and placed the same only with reputed and creditworthy nationalized banks.

45.10.2 Liquidity Risk:

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

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents including bank deposits and availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. In addition to this, liquidity management also involves projecting cash flows at the beginning of each year considering the level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets and liabilities.

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

45.10.3 Market Risk:

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. The Company is mainly exposed to interest rate risk since it has availed borrowings at fixed and floating interest rates.

45.11 Taxation:

45.11.1 Current Taxation:

MESCOM has adopted the Income Tax new regime from A.Y 2022-23 as per section 115BAA of Income Tax Act. Provision for Income Tax for current assessment year is not provided in books of accounts, since the Company has suffered loss as per the provisions of Income Tax Act 1961.

45.11.2 Deferred Taxation:

The Company is evaluating the tax holiday/ exemptions available to it and accordingly has not recognized Deferred Tax Asset/Liability for the year. The quantum of non provisioning is not readily ascertainable.

45.12 Estimated amount of contracts remaining to be executed on capital account and not provided for:

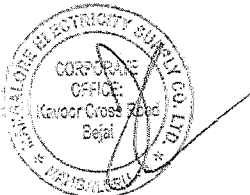
Estimated amount of capital works remaining to be executed as on 31.03.2023 in respect of projects amounts to ₹ 12862.26 Lakh (PY ₹ 14076.06 Lakhs).

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

45.14 Contingent Liabilities:

Claims against the company not acknowledged as debt

45.14.1 The Company was subjected to EPF inspection during the year 2006-07 and thereby a demand of ₹ 444.06 Lakhs raised on the Company towards the dues for EPF of Contract Employees. The Company has disputed the same in view of the error in calculation of demand and also with regard to applicability of the regulations to contractor's employees. A deposit of ₹ 177.00 Lakhs has already been made with the EPF department and the case has been remanded to EPF Office, Mangaluru for hearing once again in the year 2011-12 for which order has been passed on 04.09.2020 against MESCOM. Aggrieved by this order, Company has filed appeal with Central Government Industrial Tribunal Cum Labour Court, Bengaluru vide appeal No: EPF/ITB/60/2020 which is pending for disposal. The Company is hopeful of positive outcome on the said issue. Hence no provision has been made in the accounts for the disputed demand.



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45.14.6 Power Purchase related Contingent Liabilities

Sl. No	Particulars	Amount of Liability (₹ in Lakh)	Ref. to Note No.
1	M/s J.K. Cements	5.69	37.9
2	M/s Himathsingka Seide Ltd.	18.76	37.9
3	M/s TATA Power Ltd	152.61	37.10
4	M/s UPCL	4200.00	37.11
5	M/s KPCL	Not ascertained	37.12
6	M/s AMR	Not ascertained	37.16
7	Solar Generators	525.78	37.17
	Total	4902.84	

45.14.7 The Company had given effect to GO No EN 3 PSR 2016/P3, dated 31.03.2017 by transferring its dues as of 31.03.2015 from Gram Panchayats together with interest upto 31.03.2015 amounting to ₹ 21959.00 Lakhs to PCKL for securitization of such receivables by PCKL in order to get Loans from Banks and utilize the proceeds of such Loans to clear the Company's dues of KPCL. The GO mentioned above also contained a clause for providing commission on Government guarantee that may have to be furnished to effectuate the securitization of Receivables.

GoK vide Order No: Energy 187 PSR 2022 Bengaluru, dated 27.03.2023, has adjusted the Guarantee Commission payable by the DISCOMs on this loan for FY 2022-23 to the grant allotted to the RDPR department. MESCOM portion of Guarantee commission for FY 2022-23 is ₹. 142.83 lakhs (PY ₹ 176.23 lakhs). Hence there is no financial commitment on Company on account of this.

45.14.8 The appeal No. ITA/1118/Bang/09 AY 2006-07 preferred by MESCOM against the order CIT(A) Mangalore in respect of disallowance of 80 IA claim of MESCOM relating to AY 2006-07 is disposed by the Hon'ble ITAT Bangalore on 31.10.2012 stating that the appeal of the Company is partly allowed for statistical purpose. As the major claim of disallowance of 80IA was not considered by the ITAT, an appeal was preferred before the Hon'ble High Court of Karnataka at Bangalore. The case registered vide No: ITA 107/2013 dated 06.03.2013 was disposed off by Hon'ble High Court of Kanataka in its Order No OGE/AADCM7029H/ACIT/C-1(1)/MNG/2020-21 dated 26.03.2021 in favour of the Company. Entire tax amount paid by the Company along with interest totalling to ₹.42,97,70,279/- was refunded by IT Department on 05.05.2021. However, aggrieved by the Order of Hon'ble High Court of India, the Income Tax Department has filed appeal before Hon'ble Supreme Court of India vide case No. SLP(C) No. 019907-/2021 Registered on 02.12.2021. As the Company is hopeful of winning the case, no provision is created in the books of accounts in this regard.

45.14.9 BESCOM vide letter No. 1540-49 dated 13.06.2023 has demanded ₹. 2577.37 lakh from MESCOM for reimbursement of shared cost towards various activities under RAPDRP / IPDS Part A projects issued and borne by BESCOM on behalf of all ESCOMs. Based on the earlier demands, MESCOM vide letter No: 7057/2021 dated 04.10.2021 has requested BESCOM to furnish Proforma Bill along with the details of payment made on behalf of MESCOM towards various activities for admitting the claim of BESCOM. However BESCOM has not furnished the details so far. Hence in the absence of required information the claims of BESCOM could not be admitted for which MESCOM may be contingently liable.

45.15 Disclosure in respect of IND AS - 7: Statement of Cash Flows

The table below details change in the Company's liabilities arising from financing activities, including both cash and non cash changes. Liabilities arising from financing activities are those for which cash flows where, or future cash flows will be, classified in the Company's statement of cashflows as cashflows from financing activities. The cash flows bank loans, loans from related parties and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(₹ in Lakh)					
Sl. No.	Particulars	Opening balance as at 01/04/2022	Financing cash Flows	Non-cash changes	Closing balance as at 31/03/2023
I	Borrowing - Long Term				
A	Secured				
	From Banks	89260.08	(8520.82)	-	80739.26
	From Others	20643.67	(2167.70)	-	18475.97
B	Unsecured				
	From Govt.	17.86	(17.86)	-	-
	From Others	-	-	-	-
	Sub-Total	109921.61	(10706.38)	-	99215.23
ii	Borrowing - Short Term				
	From Banks	64641.32	(23758.87)	-	40882.45
	From Others	-	-	-	-
	Sub-Total	64641.32	(23758.87)	-	40882.45
	Grand Total	174562.93	(34465.25)	-	140097.68



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45.16 Others:

45.16.1 The details of energy purchase, sale of energy and distribution losses during the year 2022-23 are as follows:

Particulars	Units	For the year 2022-23	For the year 2021-22
Energy purchased at Generation point	Mus	6,454.68	6,887.19
Energy Balancing Adjustments	Mus	(24.54)	(946.18)
Net energy	Mus	6,430.14	5,941.01
Energy at interface point	Mus	6,112.98	5,681.01
Energy Sales	Mus	5,598.36	5,168.52
Distribution Loss	Mus	514.62	512.49
Percentage of Distribution Loss	%	8.42	9.02

45.16.2 Reconciliation of Energy sales

Particulars	Units	For the year 2022-23	For the year 2021-22
Energy sales as per DCB	Mus	5591.46	5161.72
Add: Auxiliary consumption	Mus	4.38	4.24
Add: KPCL Colony consumption	Mus	2.52	2.56
Total Sales considered for Energy Audit	Mus	5598.36	5168.52

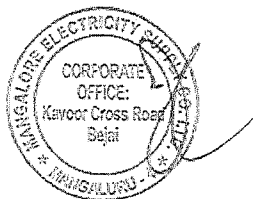
45.17 The Balances in respect of Sundry Debtors, Sundry Creditors, Loans, Advances to Supplies, receivables and payables accounts with KPTCL, KPCL and other ESCOMs are subject to confirmation and other reconciliation if any.

45.18 The previous figures have been regrouped/ reclassified, wherever necessary to conform to the current year presentation.

45.19 All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh rupees except as otherwise stated.

45.20

Key Financial Ratios					
Particulars	Unit of Measurement	March 31, 2023	March 31, 2022	Variation in %	Remarks
Current Ratio	In multiple	1.14	1.03	11.09	Variation less than 25 percent
Debt-Equity Ratio	In multiple	1.89	2.64	-28.28	Due to reduction in outstanding debt and increase in equity
Debt Service Coverage Ratio	In multiple	1.34	1.27	5.82	Due to increase profit over previous year
Return on Equity Ratio	In %	7.39	5.10	44.84	Due to increase in profit over previous year
Inventory Turnover Ratio	In Days	6.57	6.17	6.43	Variation less than 25 percent



Superintending Engineer (Ele.) Commercial
 MESCOM, Corporate Office
 Mangaluru - 575 004



Trade receivables Turnover Ratio	In Days	103.96	114.01	-8.81	Variation less than 25 percent
Trade payables Turnover Ratio	In Days	33.90	42.08	-19.43	Variation less than 25 percent
Net Capital Turnover Ratio	In Days	76.62	78.09	-1.88	Variation less than 25 percent
Net Profit Ratio	In %	1.14	0.84	35.89	Due to better margins (Better Average Realization Rate Vs Average Cost of Supply)
Return on Capital Employed	In %	7.33	6.17	18.93	Due to increase in profit over previous year and reduction in outstanding debt
Return on Investment (Assets)	In %	0.83	0.51	61.50	Due to increase in profit over previous year

46 The Companies Accounts that are approved by the Board in its meeting held on 17.08.2023 have been revised in the light of observations made by the Comptroller and Auditor General of India. The said revision has resulted in increase in profit by ₹ 403.25 lakhs and increase in Property Plant and Equipment by ₹ 129.38 lakhs, decrease in Capital work-in-progress by ₹ 146.60 lakhs, decrease in Other financial assets by ₹ 933.70 lakhs, increase in Other non-current assets by ₹ 938.85 lakhs, increase in Trade Receivables by ₹ 137.20 lakhs, decrease in Cash and Cash equivalents by ₹ 0.08 lakhs, increase in Other Current Financial Assets by ₹ 116.90 lakhs, increase in Other Equity by ₹ 403.25 lakh, decrease in Trade payables by ₹ 273.09 lakhs, increase in other current financial liabilities by ₹ 112.59 lakhs. decrease in other current liabilities by ₹ 0.80 lakhs. As a result the total assets and liabilities have increased by ₹ 241.95 lakhs.

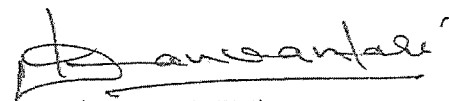
47 The financial statements are approved for issue by the Company's Board of Directors on 21-09-2023



(PRABHAT.M.JOSHI)
Company Secretary



(JAGADEESHA. B)
Chief Financial Officer



(D.PADMAVATHI)
Managing Director

(H.G.RAMESH)
Director(Tech)

In terms of our Report of even date
for NITIN J. SHETTY & CO.,
Chartered Accountants
Firm Reg. No: 0088915



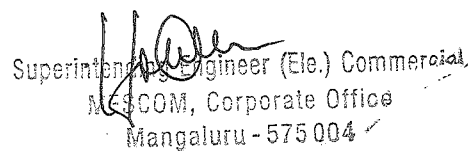
CA. DHANUSH. D. BOLAR

PARTNER

Membership No. 250601

Place: Mangaluru

Date: 21-09-2023


Superintendent Engineer (Ele.) Commercial,
M&COM, Corporate Office
Mangaluru - 575 004

