



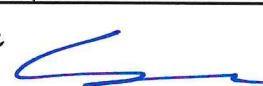
**MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2021**

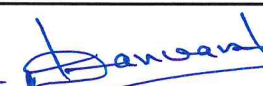
(₹ in Lakh)

Particulars	Note No.	As at 31st March, 2021 (Ind-AS)	As at 31st March, 2020 (Ind-AS)
<b>ASSETS</b>			
<b>I Non Current Assets</b>			
(a) Property, plant and equipment	3	280,778.26	241,730.59
(b) Capital work-in-progress	4	22,949.56	35,972.12
(c) Intangible assets	5	496.10	719.79
(d) Financial assets			
(i) Investments	6	1.00	1.00
(ii) Other financial assets	7	12,957.67	12,956.92
(e) Non-current tax assets (Net)	8	4,122.93	7,467.82
(f) Other non-current assets	9	807.04	807.04
<b>Total Non-current Assets (I)</b>		<b>322,112.56</b>	<b>299,655.28</b>
<b>II Current Assets</b>			
(a) Inventories	10	3,156.55	4,292.35
(b) Financial assets			
(i) Trade receivables	11	74,176.60	75,576.58
(ii) Cash and cash equivalents	12	4,390.41	5,132.34
(iii) Bank Balances other than (ii) above	13	148.20	148.90
(iv) Other financial assets	14	144,247.09	129,449.30
(c) Current Tax Assets (Net)	15	2,098.49	2,085.54
(d) Other current assets	16	686.31	1,304.17
<b>Sub-Total</b>		<b>228,903.65</b>	<b>217,989.18</b>
Non-current Assets held for sale	17	441.44	722.24
<b>Total Current Assets (II)</b>		<b>229,345.09</b>	<b>218,711.42</b>
<b>Total Assets (I+II)</b>		<b>551,457.65</b>	<b>518,366.70</b>
<b>III Regulatory Deferral Account Debit Balance</b>	18	92,698.53	66,448.20
<b>Total Assets &amp; Regulatory account balance (I+II+III)</b>		<b>644,156.18</b>	<b>584,814.90</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity Share Capital	19	61,944.16	55,868.02
(b) Other Equity	20	26,175.83	32,398.69
<b>Total Equity (I)</b>		<b>88,119.99</b>	<b>88,266.71</b>
<b>II Liabilities</b>			
<b>Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	21	101,053.81	84,547.07
(ii) Trade payables			
- total outstanding dues of micro and small enterprises	22	-	-
- total outstanding dues of creditors other than micro and small enterprises	22	60,114.46	69,116.31
(iii) Other financial liabilities	23	115,982.31	115,807.92
(b) Provisions	24	8,127.32	5,722.91
(c) Deferred Income	25	62,606.66	55,135.46
(d) Other non-current liabilities	26	38.79	45.09
<b>Total Non-current Liabilities (II)</b>		<b>347,923.35</b>	<b>330,374.76</b>
<b>III Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	27	39,834.99	27,688.38
(ii) Trade payables			
- total outstanding dues of micro and small enterprises	28	-	-
- total outstanding dues of creditors other than micro and small enterprises	28	24,945.94	25,705.07
(iii) Other financial liabilities	29	117,229.78	88,092.88
(b) Provisions	30	2,256.46	2,976.60
(c) Deferred Income	25	3,904.95	3,324.82
(d) Other Current Liabilities	31	19,940.72	18,385.68
<b>Total Current Liabilities (III)</b>		<b>208,112.84</b>	<b>166,173.43</b>
<b>Total Liabilities (II+III)</b>		<b>556,036.19</b>	<b>496,548.19</b>
<b>Total Equity and Liabilities (I+II+III)</b>		<b>644,156.18</b>	<b>584,814.90</b>

Notes 1 to 44 are an integral part of the financial statements

  
(PRABHAT JOSHI)  
Company Secretary

  
(B.V.GANGADHAR)  
Chief Financial Officer

  
(D.PADMAVATHI)  
Director(Tech)

  
(PRASHANT KUMAR MISHRA, IAS)  
Managing Director

In terms of our Report of even date  
for SHABBIR AND GANESH  
Chartered Accountants  
Firm Reg. No 009033S



Place: Mangaluru  
Date: 07.11.2021

CA GANESH Y  
PARTNER

Membership No. 207231




**MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH , 2021**

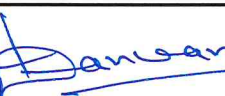
(₹ in Lakh)

Particulars		Note No.	Year ended 31st March , 2021 (Ind-AS)	Year ended 31st March , 2020 (Ind-AS)
I	Revenue from operations	32	360,673.92	371,653.57
II	Other Income	33	18,653.83	11,935.07
III	<b>Total income (I + II)</b>		<b>379,327.75</b>	<b>383,588.64</b>
IV	<b>Expenses</b>			
	Cost of Power Purchased	34	310,880.45	280,324.11
	Employee Benefits Expenses	35	46,761.12	49,333.79
	Finance Costs	36	13,165.84	11,279.64
	Depreciation and amortization expenses	37	19,304.97	16,675.67
	Other Expenses	38	21,558.37	24,510.74
	<b>Total expenses (IV)</b>		<b>411,670.75</b>	<b>382,123.95</b>
V	<b>Profit before exceptional items and tax (III-IV)</b>		<b>(32,343.00)</b>	<b>1,464.69</b>
VI	Exceptional items income/expenses (net)	39	795.98	-
VII	<b>Profit/(Loss) before tax (V + VI)</b>		<b>(31,547.02)</b>	<b>1,464.69</b>
VIII	<b>Tax expense:</b>			
	(1) Current tax	40	-	1,099.77
	(2) Deferred tax		-	-
	Less: MAT credit entitlement		-	(1,096.32)
	<b>Total tax expense (VIII)</b>		<b>-</b>	<b>3.45</b>
IX	<b>Profit/(Loss) for the year before movement in regulatory deferral account balance (VII - VIII)</b>		<b>(31,547.02)</b>	<b>1,461.24</b>
X	Net Movement in Regulatory Deferral Account Balance related to Profit or Loss	41	26,250.33	2,895.98
XI	<b>Profit for the year after movement in regulatory deferral account balance (IX + X)</b>		<b>(5,296.69)</b>	<b>4,357.22</b>
XII	<b>Other comprehensive income</b>			
	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		-	-
	<b>Total other comprehensive income (XII)</b>		<b>-</b>	<b>-</b>
XIII	<b>Total comprehensive income for the year (XI+XII)</b>		<b>(5,296.69)</b>	<b>4,357.22</b>
XIV	<b>Earnings per equity share:</b>			
	Before net movement in regulatory deferral account balance			
	(1) Basic (in ₹)		(5.25)	0.28
	(2) Diluted (in ₹)		-	-
	After net movement in regulatory deferral account balance			
	(1) Basic (in ₹)		(0.88)	0.82
	(2) Diluted (in ₹)		-	-

Notes 1 to 44 are an integral part of the financial statements

  
**(PRABHAT JOSHI)**  
Company Secretary

  
**(B.V.GANGADHAR)**  
Chief Financial Officer

  
**(D.PADMAVATHI)**  
Director (Tech)

  
**(PRASHANT KUMAR MISHRA, IAS)**  
Managing Director

In terms of our Report of even date  
for SHABBIR AND GANESH  
Chartered Accountants  
Firm Reg. No: 009033S

Place: Mangaluru  
Date: 04.11.2021

  
**CA GANESH Y**  
PARTNER

Membership No. 207231





MANGALORE ELECTRICITY SUPPLY COMPANY LIMITED.  
CASH FLOW STATEMENT FOR THE YEAR ENDING 31st March 2021

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31st March, 2021 (Ind-AS)	Year ended 31st March, 2020 (Ind-AS)
<b>A</b>	<b>Cash flows from operating activities</b>		
	Profit before taxation and extraordinary items	(5,296.69)	4,360.66
	<b>Adjustments for:</b>		
	Depreciation	19,304.97	16,675.67
	Tax expense	-	-
	Interest income	(6.25)	(9.78)
	Dividend income	-	-
	Amortization of Prepayments	9.01	9.01
	Loss/profit on sale of Assets	133.27	23.14
	Interest expense	13,165.84	11,279.64
	<b>Operating profit before working capital changes</b>	<b>27,310.15</b>	<b>32,338.34</b>
	Change in Material Cost Variance (Changes in other Equity)	(74.47)	(26.16)
	Increase/ (Decrease) in Non-current Provisions	2,404.41	511.51
	(Increase)/Decrease in Trade Receivables	1,399.98	(13,945.57)
	(Increase)/Decrease in Regulatory Deferral account Balance	(26,250.33)	(2,895.98)
	(Increase)/Decrease in Financial/Other Current Assets	(14,192.88)	(7,371.44)
	(Increase)/Decrease in Non-current Assets held for sale	147.53	(221.51)
	(Increase)/Decrease in Inventories	1,135.80	1,559.54
	Increase/(Decrease) in Trade Payables	(9,760.98)	14,373.54
	Increase/(Decrease) in Provisions	(720.14)	1,153.13
	Increase/(Decrease) in Financial/ Other Current Liabilities	30,691.94	18,889.45
	Increase/(Decrease) in Investments	-	250.00
	<b>Cash generated from operations</b>	<b>12,091.01</b>	<b>44,614.85</b>
	Income Taxes paid	-	1,099.77
	<b>Cash flow before extraordinary item</b>	<b>12,091.01</b>	<b>43,515.08</b>
	Exceptional items (specifying nature)	-	-
	<b>Net cash from operating activities (A)</b>	<b>12,091.01</b>	<b>43,515.08</b>
<b>B</b>	<b>Cash flows from investing activities</b>		
	Purchase of tangible fixed assets	(58,352.61)	(68,697.11)
	(Increase)/ Decrease in Capital Work in Progress	13,022.56	13,726.86
	Purchase of intangible fixed assets	223.69	287.02
	(Increase)/Decrease in other non-current assets	3,335.13	(557.65)
	Interest received	6.25	9.78
	<b>Net cash from investing activities (B)</b>	<b>(41,764.98)</b>	<b>(55,231.10)</b>
<b>C</b>	<b>Cash flows from financing activities</b>		
	Increase/ (Decrease) in Financial/ other Non-current Liabilities	168.09	(6,572.71)
	(Increase)/Decrease in other long term loans	-	-
	Proceeds from Share Application Money	5,224.42	7,346.00
	Increase/(Decrease) in other long term borrowings	16,506.74	11,334.71
	Deferred Income	8,051.33	16,579.29
	Interest paid	(13,165.84)	(11,279.64)
	Dividends paid	-	-
	Dividend distribution tax	-	-
	Proceeds from ESOPs	-	-
	<b>Net cash generated from financing activities (C)</b>	<b>16,784.74</b>	<b>17,407.65</b>
	<b>Net increase in cash and cash equivalents (A) + (B) + (C)</b>	<b>(12,889.23)</b>	<b>5,691.63</b>
	<b>Cash and cash equivalents at beginning of period (Net of OD)</b>	<b>(22,407.15)</b>	<b>(28,098.78)</b>
	<b>Cash and cash equivalents at end of period (Net of OD)</b>	<b>(35,296.38)</b>	<b>(22,407.15)</b>

(PRABHATH JOSHI)

Company Secretary

(B.V.GANGADHAR)

Chief Financial Officer

(D.PADMAVATHI)

Director (Tech)

(PRASHANT KUMAR MISHRA, IAS)

Managing Director

In terms of our Report of even date  
for SHABBIR AND GANESH  
Chartered Accountants  
Firm Reg. No: 009033S

CA GANESH Y  
PARTNER

Membership No. 207231



Place: Mangaluru  
Date: 04.11.2021

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021**

**A Equity share capital**

(₹ in Lakh)

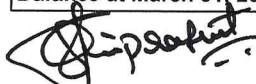
Particulars	FY 2020-21	FY 2019-20
Balance at the beginning of the year	55,868.02	48,182.02
Changes in equity share capital during the year	6,076.14	7,686.00
Balance at the end of the year	61,944.16	55,868.02

**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	
		<b>Changes during FY 2020-21</b>				
Balance at April 1, 2020	4,348.00	764.00	132.66	4,014.45	23,139.58	32,398.69
<b>Adjustments:</b>						
Prior period income/(expense)	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	4,348.00	764.00	132.66	4,014.45	23,139.58	32,398.69
Share application money received during the year	5,224.42	-	-	-	-	5,224.42
Profit for the year	-	-	-	-	(5,296.69)	(5,296.69)
Transfer during the year	-	-	-	-	-	-
Equity Share Capital Issued	(6,076.14)	-	-	-	-	(6,076.14)
Utilised during the year	-	-	-	(74.45)	-	(74.45)
<b>Balance at March 31, 2021</b>	<b>3,496.28</b>	<b>764.00</b>	<b>132.66</b>	<b>3,940.00</b>	<b>17,842.89</b>	<b>26,175.83</b>

Particulars	Share Application Money Pending Allotment	Reserves and Surplus				Total
		Proposed Adj. to Net worth	Capital Reserve	Reserve for Material Cost Variance	Retained Earnings	
		<b>Changes during FY 2019-20</b>				
Balance at April 1, 2019	4,688.00	764.00	132.66	4,037.17	18,782.36	28,404.19
<b>Adjustments:</b>						
Prior period income/(expense)	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	4,688.00	764.00	132.66	4,037.17	18,782.36	28,404.19
Share application money received during the year	8,746.00	-	-	-	-	8,746.00
Profit for the year	-	-	-	-	4,357.22	4,357.22
Transfer during the year	(1,400.00)	-	-	-	-	(1,400.00)
Equity Share Capital Issued	(7,686.00)	-	-	-	-	(7,686.00)
Utilised during the year	-	-	-	(22.72)	-	(22.72)
<b>Balance at March 31, 2020</b>	<b>4,348.00</b>	<b>764.00</b>	<b>132.66</b>	<b>4,014.45</b>	<b>23,139.58</b>	<b>32,398.69</b>

  
(PRABHAT JOSHI)  
Company Secretary

  
(B.V.GANGADHAR)  
Chief Financial Officer

  
(D.PADMAVATHI)  
Director(Tech)

  
(PRASHANT KUMAR MISHRA, IAS)  
Managing Director

In terms of our Report of even date  
for SHABBIR AND GANESH  
Chartered Accountants  
Firm Reg. No: 009033S

Place: Mangaluru  
Date: 04.11.2021

CA GANESH Y  
PARTNER  
Membership No. 207231



# Mangalore Electricity Supply Company Limited

## Notes to the Financial Statements for the year ended March 31, 2021

### 1. Corporate Information:

Mangalore Electricity Supply Company Ltd ('MESCOM' or 'the company') is a premier power distribution Company in the state of Karnataka and wholly owned undertaking of Government of Karnataka. The Company is engaged in distribution of Power in four Revenue districts of Karnataka, viz. Dakshina Kannada, Udupi, Shivamogga and Chikmagaluru. The Company is registered under the provisions of the Companies Act, 1956. The Company is a distribution licensee under Section 14 of the Electricity Act, 2003. It is domiciled and incorporated in India having its registered office at MESCOM Bhavana, Kavoov 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 16<sup>th</sup> 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 1<sup>st</sup> April 2017.

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

## **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,

## **Mangalore Electricity Supply Company Limited**

Provision for inventories, Contingencies and commitments, Regulatory Deferral Account balance and measurement of deferred tax.

### **2.4 Current versus Non - Current classification:**

The Company presents assets and liabilities in the balance sheet based on current / non - current classification. An asset is treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period, or
- Cash or Cash equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

All other assets are classified as non - current.

#### **A liability is current when:**

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period. or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non - current.

### **2.5 Grants and subsidies**

#### **Revenue Grants**

Revenue grants/ subsidies from the government and other agencies are recognized as income only when there is reasonable assurance that the conditions attached to them shall be complied with and the grants will be received and presented within other income.

#### **Capital Grants & Contributions towards Capital Expenditures**

Grants/subsidies received from the government or other authorities towards capital expenditure as well as consumers' contribution to capital works are treated initially under deferred income and are included in non-

## **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 net realizable value.

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 25<sup>th</sup> November 2009. The company does not charge depreciation as per the rates prescribed under the Schedule II of the



## 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:**

<b>Asset</b>	<b>Depreciation Rate</b>
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

## **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.

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## **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

## **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

## **Mangalore Electricity Supply Company Limited**

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**

- a) Income from services rendered is accounted based on the agreements/arrangements with the parties concerned.
- b) Interest income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.
- c) Revenue from sale of scrap is recognised when risks and rewards are passed to customers.
- d) 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 and gratuity fund for employees enrolled on or after 01.04.2006 are recognized based on the amount of obligation of the Company to contribute to the plan (Employee's contribution is 10% of the Basic Pay + Dearness Pay + Dearness Allowance, whereas Employer's contribution is 14% of the Basic Pay + Dearness Pay + Dearness Allowance with effect from 01.04.2019). The same is paid to KPTCL/ESCOMs Pension & Gratuity Trust and expensed during the year through statement of profit and loss.

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.

### **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.



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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.

#### **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

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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.

### **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

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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 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:

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

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

### **Financial assets at fair value through other comprehensive income**

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

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

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

#### **De-recognition**

##### **• Financial Assets**

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

##### **• Financial Liabilities**

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

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### **2.22 Leases**

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 - Leases. The Company has applied Ind AS 116 prospectively with effect from 1st of April, 2019.

The Comparative information in the financial statements would not be restated and would be presented based on the requirements of the previous standard i.e. Ind AS 17.

In adopting Ind AS 116, the Company has applied the below practical expedients:

- (i) The Company has not reassessed whether a contract is, or contains, a lease as per the definitions of Ind AS 116 at the date of initial application;
- (ii) The Company relied on its assessment of whether leases are onerous applying Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 - Impairment of assets;
- (iii) The Company has treated the leases with remaining lease term of less than 12 months as "Short term leases"
- (iv) The Company has excluded the initial direct costs from measurement of the right of use asset at the date of transition.
- (v) The Company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

### **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 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.

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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.

### **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

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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".

Notes to the Financial Statements for the year ended March 31, 2021  
**Note 3 - Property, Plant and Equipment**  
**Note 3.1 - Tangible Assets**

Particulars	A/c Code	Original Cost				A/c code	Depreciation				Net Block Value		
		As at 01.04.2020	Additions during the Year	Deductions/Retirements during the Year	As at 31.03.2021		As at 01.04.2020	For the Year	Deductions/Adjustments during the Year	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	
<b>Tangible Assets</b>													
Land: Free hold	10.101	608.89	169.49	-	778.38	12.1	-	-	-	608.89	778.38	608.89	778.38
Buildings	10.2	12280.27	3504.20	0.37	15784.10	12.2	488.67	0.05	2459.70	10309.19	13324.40	10309.19	13324.40
Hydraulic Works	10.3	330.76	37.85	-	368.61	12.3	17.43	-	175.30	172.89	193.31	172.89	193.31
Other Civil Works	10.4	82.18	46.38	-	128.56	12.4	4.42	-	28.77	57.83	99.79	57.83	99.79
Plant & Equipments, Lines, Cable Networks	10.5, 10.6	320271.49	54586.14	1969.79	372887.84	12.5, 12.6	18219.10	1556.13	109768.41	227166.05	263119.43	227166.05	263119.43
Vehicles	10.7	1296.42	56.20	8.51	1344.11	12.7	109.50	4.10	482.73	919.09	861.38	919.09	861.38
Furniture & fixtures	10.8	856.31	55.96	4.85	907.42	12.8	49.10	3.43	363.99	537.99	543.43	537.99	543.43
Office Equipments	10.9	1653.08	153.23	1.04	1805.27	12.9	93.09	0.78	285.73	1459.66	1519.54	1459.66	1519.54
Sub-Total		337379.40	58609.45	1984.56	394004.29		18981.31	1564.49	113564.63	241231.59	280439.66	241231.59	280439.66
Leasehold Land	10.102	271.79			271.79		9.01		61.51	219.29	210.28	219.29	210.28
Released Plant & Equipments, Lines, Cable Networks to be re-used	16.2	279.71		151.39	128.32		-		-	279.71	128.32	279.71	128.32
Total		337930.90	58609.45	2135.95	394404.40		18990.32	1564.49	113626.14	241730.59	280778.26	241730.59	280778.26
Previous Year's Figures		271516.40	69195.28	2824.26	337887.42		16058.07	1708.49	96156.82	189709.16	241730.59	189709.16	241730.59

(₹ in Lakh)



## Notes to the Financial Statements for the year ended March 31, 2021

- 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 Fixed assets are hypothecated to various financial institution as mentioned in Note No. 21.3
- 3.6 During the year an amount of ₹ 3614.88 lakh (PY ₹ 2594.99 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. 25. (Also refer Note No. 33.5.2)

Further, the depreciation component for the year 2020-21 in respect of assets created out of Govt. Grants and Consumer Contributions upto 31.03.2016 amounting to ₹ 2537.50 lakh (PY ₹ 2673.79 lakh) is reduced from the total depreciation charged on fixed assets.

### Note 4- Capital work-in-progress

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
4.1	Capital Works in Progress	22827.04	35892.26
4.2	Revenue expenses pending allocation over capital works - Interest	-	-
4.3	Preliminary expenditure on survey / feasibility studies of projects pending allocation	122.52	79.86
	<b>Total</b>	<b>22949.56</b>	<b>35972.12</b>

Note 5 - Intangible Assets

(₹ in Lakh)

Particulars	A/c Code	Date of acquisition	Original Cost				A/c code	Amortisation				Net Block Value		
			As at 01.04.2020	Additions during the Year	Deductions/Retirements during the Year	As at 31.03.2021		As at 01.04.2020	For the Year	Deductions/Adjustments during the Year	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	
Software acquired/purchased for internal use														
Energy Sync ERP Software	18.1	08.07.2018	632.54	71.98	-	704.52	12.802	263.56	206.12	-	469.68	368.98	234.84	
RAPDRP - TRM Software	18.1	31.03.2016	978.29	-	-	978.29	12.802	978.29	-	-	978.29	-	-	
Namma MESCOM-Mobile App	18.1	19.02.2021	-	27.97	-	27.97	12.802	-	0.58	-	0.58	-	27.39	
GPS Survey, Validation, Updation & Enumeration of IP Sets	18.1	31.03.2019	467.75	-	-	467.75	12.802	116.94	116.94	-	233.88	350.81	233.87	
<b>Total</b>			2078.58	99.95	-	2178.53		1,358.79	323.64	-	1682.43	719.79	496.10	
<b>Previous Year's Figures</b>			1738.61	339.97	-	2078.58		731.80	626.99	-	1358.79	1006.81	719.79	

Note 6 - Investments

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
6.1	<b>(Unquoted Investments fully paid up)</b>		
6.1.1	Investment in Equity share capital of Power Company of Karnataka Limited (100 Equity shares of ₹ 1,000 each)	1.00	1.00
	<b>Total</b>	<b>1.00</b>	<b>1.00</b>

6.1.1 (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
<b>Total</b>	<b>100</b>	<b>1.00</b>

Note 7 - Other Non-current Financial assets

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
7.1	<b>(Unsecured, considered good unless otherwise stated)</b>		
7.1.1	Deposit with Andhra Pradesh Power Generation Corporation Ltd	1400.00	1400.00
7.1.2	Deposit with others	655.93	655.18
7.1.3	Subsidy / Grant receivable from GoK	10901.74	10901.74
	<b>Total</b>	<b>12957.67</b>	<b>12956.92</b>

7.1.1(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 (PY ₹ 1400.00 lakhs) is accounted as Share deposit received from GoK and paid as Deposit to Andhra Pradesh Power Generation Corporation Ltd.

PCKL has requested TSGENCO to issue share certificate to the ESCOMs for their share of payments made to Priyadarshini Jurala Hydro Electric Project at ₹ 1400.00 lakhs (PY ₹ 1400.00 lakhs) per ESCOM, in total ₹ 7000.00 lakhs (PY ₹ 7000.00 lakhs) for which TSGENCO has expressed its inability to do so, as Priyadarshini Jurala Hydro Electric Project is one of the power plants of TSGENCO and is not a separate entity or Company by itself.

In view of the above, PCKL sought expert opinion from M/s Ramraj & Co., on the accounting treatment to be adopted by ESCOMs for the said payment, wherein it was opined that,

**"It would be feasible best option for the ESCOMs to create an asset in their books of accounts to the extent of cost of power block of Priyadarshini Jurala Hydro Electric Project and may be depreciated as per Accounting policies of the ESCOMs, instead of writing off the total amount as revenue expenditure in one year".**

Further as per the directions of Energy department, PCKL again addressed a letter to The Principal Accountant General (ERSA), Bengaluru on 21.09.2019 to obtain suggestions on the accounting treatment to be adopted by ESCOMs. In reply to this letter Accountant General (Audit-II) has opined vide letter No: AG(AUDIT-II)/AMG-II/PS-II/PCKL/K-03-41/P-17 dated 30.03.2021, that GoK may take suitable decision upon the nature of accounting treatment to be made in this regard in the Books of ESCOMs.

Again M/s PCKL has referred the issue to GoK for suitable directions vide Ltr No. PCKL/A12/508/2014-15/V3P/572-77 dated 20.05.2021 and the orders of GoK in this regard are awaited.

- 7.1.2 (a) Deposit with others includes deposits with Power Developers like Coastal Tamilnadu Power Ltd., ₹.564.13 Lakhs ( PY ₹. 546.13 Lakhs), Bihar Mega Power Ltd., ₹. 39.27 Lakhs (PY ₹. 38.59 Lakhs), Deoghar Mega Power Ltd., ₹. 30.60 Lakhs (PY ₹. 30.32 Lakhs) & UMPP ₹. 10.00 Lakhs (PY ₹. 10.00 Lakhs) which projects are likely to be not completed during ensuing year. Balance amount of ₹. 11.93 lakhs (PY ₹. 30.14 Lakhs) pertains to deposit with BSNL.
- 7.1.3 (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 8 - Non-current Tax Assets (Net)**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
8.1	Income Tax paid in advance (Tax Asset)	2.00	2880.21
8.2	MAT Credit Entitlement	4120.93	4681.18
8.3	<b>Less:</b> Provision for current tax liabilities (AY 2006-07)	0.00	93.57
	<b>Total</b>	<b>4122.93</b>	<b>7467.82</b>

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

Sl. No.	Assessment year	FY 2020-21	FY 2019-20
1	AY 2008-09	2.00	-
2	AY 2018-19	-	308.77
3	AY 2006-07	-	2561.63
4	Others	-	9.81
	<b>Total</b>	<b>2.00</b>	<b>2880.21</b>

**Note 9 - Other non-current assets**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
9.1	<b>(Unsecured, considered good unless otherwise stated)</b>		
9.1.1	Amount deposited with PF Authorities	807.04	807.04
	<b>Total</b>	<b>807.04</b>	<b>807.04</b>

- 9.1.1 (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 2021-22 is uncertain. Hence classified under non-current assets. (Also refer Note 42.14.1 and 42.14.2)

**Note 10 - Inventories**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
10.1	<b>Stores &amp; Spares</b>		
10.1.1	Materials Stock Account	3300.04	4460.93
10.1.2	Material imprest Account	4.19	4.19
10.1.3	Materials Account - Temporary works	2.62	2.72
	<b>Sub-Total</b>	<b>3306.85</b>	<b>4467.84</b>
10.2	<b>Less:</b> Provision for loss on obsolescence of stock	150.30	175.49
	<b>Total</b>	<b>3156.55</b>	<b>4292.35</b>

10.1.1 (a) Material Stock of ₹. 3300.04 lakhs (PY ₹.4460.93 lakhs) includes scrap materials amounting to ₹. 427.31 lakhs (PY ₹.485.40 lakhs). These scrap values are tested for Net Realisable Value (NRV) as on 31.03.2021. The NRV of these scrap materials as per valuation report obtained from the experts is ₹. 277.01 lakhs (PY ₹.309.92 lakhs). Provision for the loss on obsolescence of stock amounting to ₹. 150.30 lakhs (PY ₹.175.49 lakhs) is created by debiting to P&L and shown as a reduction in the value of Inventory.

Good materials are valued at cost as these are being used for captive consumption.

10.3 Method of valuation of inventory is as specified in Note No. 2.6

10.4 Inventories are hypothecated to financial institution as mentioned in Note No. 27.2

**Note 11 - Current Trade receivables**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
<b>11.1</b>	<b>Sundry Debtors for sale of Power – LT, HT &amp; Others</b>		
11.1.1	Secured and considered good	32715.06	36186.78
11.1.2	Un-secured and considered good	21802.85	20439.76
11.1.3	Electricity Tax	2988.52	4149.40
	<b>Sub-Total</b>	<b>57506.43</b>	<b>60775.94</b>
11.1.4	<b>Less:</b> Provision for withdrawal of Revenue demand	898.81	1144.95
11.1.5	<b>Less:</b> Provision for Doubtful dues from consumers	5994.11	6123.57
	<b>Net Receivables against Supply of Power</b>	<b>50613.51</b>	<b>53507.42</b>
11.1.6	Sundry Debtors for Un Billed Revenue - Un-secured and considered good	23563.09	22069.16
	<b>Total</b>	<b>74176.60</b>	<b>75576.58</b>

11.1(a) Trade Receivables as shown in Note No. 11 includes interest amount of ₹. 13990.78 lakhs (PY ₹.11842.95 lakhs).

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

11.3 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.

11.4 **Dues from Mysore paper Mills (MPM):** Trade receivables includes an amount of ₹ 18594.43 Lakhs (PY ₹.16850.18 lakhs) being the amount due from M/s MPM, Bhadravathi. These dues includes principal amount of ₹ 11522.90 Lakhs (PY ₹.11230.72 lakhs) and Interest to the extent of ₹ 7071.53 Lakhs (PY ₹.5619.46 lakhs), outstanding as on 31.03.2021. 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.

11.5 **Dues from M/s JBF Petrochemicals Pvt. Limited:** Trade receivables includes an amount of ₹ 537.00 Lakhs (PY ₹.537.00 lakhs) being the amount due from M/s JBF Petrochemicals Pvt. Limited. The installation is under disconnection since 23.07.2018. Company has requested the Tahshildar Mangalore to recover the amount from the defaulting company as per the provisions under The Karnataka Land Revenue Act -1964. The Company is hopeful of recovering the amount from the consumer and hence no additional provision is made towards bad and doubtful debts in the accounts for the year 2020-21.

11.6 **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 ₹. 5857.43 lakhs (PY ₹. 6071.63 lakhs) and interest amount of ₹. 5360.69 lakhs (PY ₹. 5674.42). 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 2020-21.

**Note 12 - Cash and cash equivalents**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
<b>12.1</b>	<b>Balances with Banks:</b>		
12.1.1	Collecting Bank Accounts (Non-operative)	648.01	171.58
12.1.2	Disbursement Bank Accounts (Operative)	3261.93	4833.00
12.1.3	Transit account with Head Office	6.96	-
	<b>Sub-Total</b>	<b>3916.90</b>	<b>5004.58</b>
<b>12.2</b>	Cash on hand	164.15	29.87
<b>12.3</b>	Cheques on hand	306.58	94.74
<b>12.4</b>	Postage stamp on hand	2.78	3.15
	<b>Total</b>	<b>4390.41</b>	<b>5132.34</b>

**Note 13 - Other Bank Balances**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
<b>13.1</b>	Restricted bank balance - Deposit with Courts	3.84	3.84
<b>13.2</b>	Deposits with Banks towards Bank Guarantee	144.36	145.06
	<b>Total</b>	<b>148.20</b>	<b>148.90</b>

**Note 14 - Other Current financial assets**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
	<b>(Unsecured, considered good unless otherwise stated)</b>		
14.1	Receivables from KPTCL & other ESCOMs for transfer of material and other transactions	34432.19	36249.74
14.2	Subsidy receivable from State Govt. towards free power supply to IP Sets upto 10 HP	100657.91	90027.12
14.3	Cost of energisation of Rural Drinking Water Supply works receivable from Panchayaths .	1835.86	1713.52
14.4	Advances to Staff	188.00	212.63
14.5	Recoverable from Employees	87.59	102.01
14.6	Amount receivable from P&G Trust	204.35	48.44
14.7	Advance payments to power suppliers	-	196.27
14.8	Amount receivable from State Govt. towards reliefs given to MSME Electrical consumers	854.52	-
14.9	Other Receivables	5986.67	899.57
	<b>Total</b>	<b>144247.09</b>	<b>129449.30</b>

14.9 (a) Other Receivables includes amount receivable from Income tax Department for AY 2006-07 - ₹. 4297.70 lakhs (PY ₹.2561.63 lakhs), for AY 2017-18 - ₹. 30.25 lakhs (PY ₹.NIL) and AY 2019-20 - ₹. 16.91 lakhs (PY ₹.NIL).

14.9 (b) 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.

**Note 15 - Current Tax Assets (Net)**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
<b>15.1</b>	<b>Advance Income Tax</b>		
15.1.1	Income Tax paid in advance (Tax Asset)	1704.28	2,085.54
15.1.2	TCS paid to the suppliers on purchases	106.55	-
	<b>Sub-Total</b>	<b>1810.83</b>	<b>2085.54</b>
15.2	MAT Credit Entitlement	287.66	-
	<b>Total</b>	<b>2098.49</b>	<b>2085.54</b>

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

Sl. No.	Assessment year	FY 2020-21	FY 2019-20
1	2017-18	-	403.37
2	2019-20	-	562.87
3	2020-21	-	1119.30
4	2021-22	2098.49	-
	<b>Total</b>	<b>2098.49</b>	<b>2085.54</b>

**Note 16 - Other Current Assets**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
	<b>(Unsecured, considered good unless otherwise stated)</b>		
16.1	Capital Advances to Suppliers and contractors	148.64	923.73
16.2	Advances to Power Company of Karnataka Ltd.	372.08	107.88
16.3	Advances paid to SLDC towards UI Charges	-	78.17
16.4	Prepaid Expenses	16.20	18.20
16.5	Advance made to M/s. KREDL towards beneficiary contribution against supply of LED Solar Lanterns	-	10.41
16.6	Compensation for injuries, death and damages paid to Staff/ outsiders pending investigation.	149.39	165.78
	<b>Total</b>	<b>686.31</b>	<b>1304.17</b>

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

**Note 17 - Non-current assets held for sale**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
17.1	Plant, equipment, lines & cables	722.05	927.09
17.2	<b>Less:</b> Provision for loss on obsolescence of stock	280.61	204.85
	<b>Total</b>	<b>441.44</b>	<b>722.24</b>

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

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

17.2 (a) The scrap values of Non-current Assets held for sale are tested for Net Realisable Value (NRV) as on 31.03.2021. The NRV of these scrapped assets as per valuation report obtained from the experts is ₹. 441.44 lakhs (PY ₹.722.24 lakhs). Provision for the loss on obsolescence of stock amounting to ₹. 280.61 lakhs (PY ₹.204.85 lakhs) is created by debiting to P&amp;L and shown as a reduction in the value of Non-current Assets held for sale.

**Note 18 -Regulatory deferral account debit balance**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
18.1	Regulatory Asset - KERC	92698.53	66448.20
	<b>Total</b>	<b>92698.53</b>	<b>66448.20</b>

**Note 19 - Equity Share Capital**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
19.1	Authorised Share Capital 100,00,00,000 Equity Shares of ₹ 10/- each	100000.00	100000.00
19.2	Issued, subscribed and fully paid up Share Capital 61,94,41,631 Equity Shares of ₹ 10/- each  (PY 55,86,80,231 Equity Shares of ₹ 10/- each)	61944.16	55868.02
	<b>Total</b>	<b>61944.16</b>	<b>55868.02</b>

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

Particulars	Share Capital (₹ in Lakh)	
	FY 2020-21	FY 2019-20
<b>Balance as at the beginning of the year</b>	<b>55868.02</b>	<b>48182.02</b>
Changes during the year	6076.14	7686.00
<b>Outstanding as at the end of the year</b>	<b>61944.16</b>	<b>55868.02</b>

**19.4 Terms/rights attached to equity shares**

19.4.1 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.

19.4.2 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.

**19.5 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
<b>31.03.2021</b>	99.99
<b>31.03.2020</b>	99.99

**19.6 Equity shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment: Nil**
**Note 20 - Other equity**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
20.1	Share Application Money Pending Allotment	3496.28	4348.00
20.2	Proposed Adj. to Net worth	764.00	764.00
20.3	Capital Reserve	132.66	132.66
20.4	Reserve for Material Cost Variance	3940.00	4014.45
20.5	Retained Earnings	17842.89	23139.58
	<b>Total</b>	<b>26175.83</b>	<b>32398.69</b>

20.1 (a) Share application money pending allotment represents amount received from GoK towards Share Capital. This includes ₹. 3496.28 lakhs of deposits received from January 2021 to March 2021 for which Board has approved for issue of share in its 84th meeting held on 26.04.2021.

20.2 (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.



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

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

**20.5 - Changes in Other Equity**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
<b>1</b>	<b>Share Application Money Pending Allotment</b>		
	Balance at the beginning of the year	4348.00	4688.00
	<b>Add:</b> Received during the the year	5224.42	8746.00
	<b>Less:</b> Transfer during the year	6076.14	9086.00
	<b>Balance at the end of the year</b>	<b>3496.28</b>	<b>4348.00</b>
<b>2</b>	<b>Proposed Adj. to Net worth</b>		
	Balance at the beginning of the year	764.00	764.00
	<b>Add:</b> Additions during the the year	-	0.00
	<b>Balance at the end of the year</b>	<b>764.00</b>	<b>764.00</b>
<b>3</b>	<b>Capital Reserve</b>		
	Balance at the beginning of the year	132.66	132.66
	<b>Less:</b> Utilized during the the year	-	-
	<b>Balance at the end of the year</b>	<b>132.66</b>	<b>132.66</b>
<b>4</b>	<b>Reserve for Material Cost Variance</b>		
	Balance at the beginning of the year	4014.45	4037.17
	<b>Less:</b> Utilized during the the year	74.45	22.72
	<b>Balance at the end of the year</b>	<b>3940.00</b>	<b>4014.45</b>
<b>5</b>	<b>Retained Earnings</b>		
	Balance at the beginning of the year	23139.58	18782.36
	<b>Add:</b> Profit for the year	-5296.69	4357.22
	<b>Balance at the end of the year</b>	<b>17842.89</b>	<b>23139.58</b>
	<b>Total</b>	<b>26175.83</b>	<b>32398.69</b>

**Note 21 - Borrowings**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
<b>21.1</b>	<b>(Secured – at amortised cost)</b>		
<b>21.1.1</b>	<b>Term Loans:</b>		
21.1.1.1	From Banks	80039.00	69464.17
21.1.1.2	From Others	20363.42	14270.00
	<b>Sub-Total</b>	<b>100402.42</b>	<b>83734.17</b>
<b>21.2</b>	<b>(Unsecured – at amortised cost)</b>		
<b>21.2.1</b>	<b>Term Loans:</b>		
21.2.1.1	From Government	25.52	33.18
21.2.1.2	From Others	625.87	779.72
	<b>Sub-Total</b>	<b>651.39</b>	<b>812.90</b>
	<b>Total</b>	<b>101053.81</b>	<b>84547.07</b>

21.3 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 31.03.2021 (%)	Loan Balance as on 01.04.2020	Loan Drawn during 2020-21	Repayment during 2020-21	Loan Balance as on 31.03.2021	Details for Loan Installment due for 2021-22	
										No of Installments.	Amount
1	<b>Term Loan-Secured</b>										
A	<b>Commercial Banks</b>										
1	<b>Union Bank of India IV</b> Loan from Syndicate Bank is secured by a first charge (floating) on fixed assets viz., transformers, transmission lines, meters, poles, conductors, cables and computers worth ₹10000.00 lakhs situated at Company jurisdiction	10000	10526347	8 (09/14 to 08/22)	7.20	3452.28	-	1428.53	2023.75	12	1428.53
2	<b>Union Bank of India VIII</b> Hypothecation of the equipments / meters/ transformers/ poles/aluminium wires/ conductors/ cables/ civil works etc. purchased/ acquired for the project out of the term loan granted.	10000	10369875	8 (08/12 to 07/20)	7.20	577.27	-	577.27	0.00	0	-
3	<b>Canara Bank-I</b> Pari passu Charge on Fixed Assets of the Company, existing and future assets to the extent of ₹ 5000.00 lakhs.	5000	10448012	8 (08/13 to 07/21)	7.35	1013.50	-	714.00	299.50	5	299.50
4	<b>Canara Bank-II</b> Pari passu Charge on Fixed Assets of the Company, existing and future assets to the extent of ₹ 5000.00 lakhs.	5000	10448012	8 (08/13 to 07/21)	7.35	1311.00	-	714.00	597.00	10	597.00
5	<b>Union Bank of India VI</b> 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)	7.20	2708.15	-	625.05	2083.10	12	625.05
6	<b>Canara Bank-III</b> 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 06/23)	7.35	2501.00	-	714.00	1787.00	12	714.00
7	<b>Canara Bank-IV</b> 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)	8.05	3200.00	-	720.00	2480.00	12	720.00
8	<b>Union Bank of India-I</b> Charge over Existing & Future Fixed assets of the company along with other lenders.	10000	100036293	8 (06/16 to 05/24)	8.10	5952.38	-	1428.57	4523.81	12	1428.57

Sl. No	Name of the Bank / Lender	Loan Drawn	Charge ID No	Term of Loan in Yrs.	Floating Rate of Interest as on 31.03.2021 (%)	Loan Balance as on 01.04.2020	Loan Drawn during 2020-21	Repayment during 2020-21	Loan Balance as on 31.03.2021	Details for Loan Installment due for 2021-22	
										No of Instalments.	Amount
9	<b>Punjab &amp; Sind Bank - II</b> 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)	7.85	6311.00	-	1428.04	4882.96	12	1428.00
10	<b>Canara Bank (Erstwhile Syndicate Bank)</b> Pari passu Charge on Fixed Assets of the Company	25000	100134522	10 (11/17 to 10/27)	8.25	21064.81	-	2777.60	18287.21	12	2777.78
11	<b>Vijaya Bank II</b> First Pari Passu Charges on all Fixed Assets excluding Land & Building	15000	100189300	10 (06/18 to 05/28)	8.30	13,888.88	-	1805.55	12083.33	12	1666.67
12	<b>Union Bank of India X</b> 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)	7.20	14,444.44	-	1666.66	12777.78	12	1666.66
13	<b>Canara Bank (Erstwhile Syndicate Bank)</b> Charge on fixed assets (excluding land & building) of the Company on pari-passu basis	15000	100287899	10 (03/20 to 02/30)	8.55	2,500.00	12500.00	138.91	14,861.09	12	1,666.67
14	<b>Bank of India</b> First pari-passu mortgage charge on fixed assets of the Company. (excluding land & building)	21500	100326591	10 (03/20 to 02/30)	7.35	5,000.00	16500.00	240.70	21,259.30	12	2,888.40
	<b>Sub-Total</b>	<b>156500</b>				<b>83924.71</b>	<b>29000.00</b>	<b>14978.88</b>	<b>97945.83</b>		<b>17906.83</b>
<b>B</b>	<b>Others</b>										
1	<b>REC- APDRP works</b> Works at Shimoga, Bhadravathi and Chikmagalur are secured by way of first charge by hypothecation of moveable machinery, equipments, machinery spares, tools, implements and accessories installed and equipments created under the project and procured out of loan	161	80059293	13 (06/07 to 05/20)	11.00	27.09	-	13.55	13.54	1	13.54
2	<b>REC bulk Loan</b> Transformers and Conductors utilised for System Improvement works to the extent of ₹ 8966.00 lakhs.	3481.26	10384994	7 (10/12 to 09/19)	11.00	696.25	-	696.25	-	0	-
3	<b>REC - IPDS</b> 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	10.50	4,039.00	2272.99	-	6311.99	1	631.20

Sl. No	Name of the Bank / Lender	Loan Drawn	Charge ID No	Term of Loan in Yrs.	Floating Rate of Interest as on 31.03.2021 (%)	Loan Balance as on 01.04.2020	Loan Drawn during 2020-21	Repayment during 2020-21	Loan Balance as on 31.03.2021	Details for Loan Installment due for 2021-22	
										No of Instalments.	Amount
4	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	10.50	10,220.00	1649.50	-	11869.50	1	1,186.90
5	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	10.66	-	4000.03	-	4000.03	-	-
	<b>Sub-Total</b>	<b>25823.78</b>				<b>14982.34</b>	<b>7922.52</b>	<b>709.80</b>	<b>22195.06</b>		<b>1831.64</b>
	<b>Total Secured Loans</b>	<b>182323.78</b>				<b>98907.05</b>	<b>36922.52</b>	<b>15688.68</b>	<b>120140.89</b>		<b>19738.47</b>
II	<b>Term Loan Un-Secured</b>										
1	PMGY Loan Account	126.00	-	20 (12/04 to 11/24)	12.00	40.83	-	7.65	33.18	1	7.66
2	REC – RGGVY Works Shimoga & Chikmagalore Districts	765.32	-	-	10.75	297.26	-	74.31	222.95	1	74.32
3	REC – RGGVY Works - DK & Udupi Districts	786.82	-	-	10.75	636.32	-	79.54	556.78	1	79.54
	<b>Sub-Total</b>	<b>1678.14</b>				<b>974.41</b>	<b>-</b>	<b>161.50</b>	<b>812.91</b>		<b>161.52</b>
	<b>TOTAL LONG TERM LOANS</b>	<b>184001.92</b>				<b>99881.46</b>	<b>36922.52</b>	<b>15850.18</b>	<b>120953.80</b>		<b>19899.99</b>
	Term loan due for repayment in next year (shown as current Liabilities in Note: 29.1)					15334.39			19899.99		
	<b>Net long term loan (Note-21)</b>					<b>84547.07</b>			<b>101053.81</b>		<b>19899.99</b>

**Note 22 - Non-current Trade Payables**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
22.1	Micro Small and Medium Enterprises (MSME)	-	-
22.2	Other than MSME - M/s. Karnataka Power Corporation Ltd.,	60114.46	69116.31
	<b>Total</b>	<b>60114.46</b>	<b>69116.31</b>

**Note 23 - Other Non-current financial liabilities**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
23.1	Interest payable towards belated payment of Power purchase dues to M/s Karnataka Power Corporation Limited	43150.81	43150.81
23.2	Initial/ Additional Security Deposits and Meter Security Deposits received from consumers	71261.28	67408.63
23.3	Security deposits from Suppliers/ Contractors becoming due after one year	1467.12	5145.38
23.4	Payable to GoK	103.10	103.10
	<b>Total</b>	<b>115982.31</b>	<b>115807.92</b>

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

**Note 24 - Non-current Provisions**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
<b>24.1</b>	<b>Provision for Employee Benefits:</b>		
24.1.1	Provision for earned leave encashment	7341.53	5161.61
24.1.2	Provision for Family Benefit Fund	785.79	561.30
	<b>Total</b>	<b>8127.32</b>	<b>5722.91</b>

**Note 25 - Non-current Deferred Income**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
<b>25.1</b>	<b>Consumer Contribution towards cost of Capital Asset</b>		
	Opening Balance	25532.35	17086.71
	Add: Addition during the year	10620.21	9832.55
	Less: Reversal of Depreciation	1781.50	1386.91
	Closing Balance	34371.06	25532.35
<b>25.2</b>	<b>Government Grant towards cost of Capital Asset</b>		
	Opening Balance	32927.93	24794.29
	Add: Addition during the year	1046.00	9341.72
	Less: Reversal of Depreciation	1833.38	1208.08
	Closing Balance	32140.55	32927.93
	<b>Total</b>	<b>66511.61</b>	<b>58460.28</b>
<b>25.3</b>	<b>Current Liability</b>	<b>3904.95</b>	<b>3324.82</b>
<b>25.4</b>	<b>Non-Current Liability</b>	<b>62606.66</b>	<b>55135.46</b>

**Note 26 - Other non-current liabilities**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
<b>26.1</b>	<b>Advances:</b>		
26.1	Amount received from Govt. towards Bhagya Jyothi Works	38.79	45.09
	<b>Total</b>	<b>38.79</b>	<b>45.09</b>

**Note 27 - Borrowings**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
<b>27.1</b>	<b>Secured</b>		
27.1	Bank Overdrafts (Refer Note 27.2)	39834.99	27688.38
	<b>Total</b>	<b>39834.99</b>	<b>27688.38</b>

27.2 Reconciliation of loan Balances

[₹ In Lakhs]										
Sl. No	Name of the Bank / Lender	OD Limit	Loan Drawn	Charge ID No	Floating Rate of Interest as on 31.03.2021 (%)	Loan Balance as on 01.04.2020	Loan Drawn during 2020-21	Repayment during 2020-21	Loan Balance as on 31.03.2021	
B	<b>Overdrafts</b>									
1	<b>Union Bank of India</b> Secured by Hypothecation 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	7.20	15462.14	10,000.00	4425.86	21036.28	
2	<b>Canara Bank</b> Secured by Hypothecation 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	7.80	2059.79	5,858.45	-	7918.24	
3	<b>State Bank of India</b> Secured by Hypothecation of the entire Receivables of the Company on First Pari Passu charge basis.	13500.00	13500.00	100101749	7.65	10166.45	714.02	-	10880.47	
	<b>Sub-Total</b>	<b>50000.00</b>	<b>50000.00</b>			<b>27688.38</b>	<b>16,572.47</b>	<b>4425.86</b>	<b>39834.99</b>	

**Note 28 - Current Trade Payables**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
28.1	Micro Small and Medium Enterprises (MSME)	-	-
28.2	Other than MSME - Sundry Creditors for purchase of power	24945.94	25705.07
	<b>Total</b>	<b>24945.94</b>	<b>25705.07</b>

**Note 29 - Other Current financial liabilities**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
29.1	Current Maturities of Long Term Debts	19899.99	15334.39
29.2	Payable to other ESCOMs for receipt of material and other transactions	40038.81	20896.11
29.3	Payable to Suppliers/ contractors	3844.13	4499.06
29.4	Employee related liabilities	4102.65	2439.12
29.5	Interest payable on consumers security deposits	2884.44	3761.94
29.6	Other Deposits from consumers	22.04	51.02
29.7	Security Deposits in cash from Suppliers / Contractors	15301.65	15093.24
<b>29.8</b>	<b>Other Liabilities</b>		
29.8.1	Liability for expenses	23399.30	17141.34
29.8.2	Stale Cheques	16.72	14.41
29.8.3	Sundry debtors for sale of power - Credit Balances	7380.14	8320.71
29.8.4	Others	339.91	541.54
	<b>Sub-Total</b>	<b>31136.07</b>	<b>26018.00</b>
	<b>Total</b>	<b>117229.78</b>	<b>88092.88</b>

29.8.4(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 30 - Current Provisions**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
<b>30.1</b>	<b>Provision for Employee Benefits:</b>		
30.1.1	Provision for earned leave encashment	1187.24	1812.16
30.1.2	Provision for Family Benefit Fund	1069.22	1164.44
	<b>Total</b>	<b>2256.46</b>	<b>2976.60</b>

**Note 31 - Other current liabilities**

(₹ in Lakh)

Sl. No.	Particulars	As at 31/03/2021	As at 31/03/2020
31.1	Share application money pending allotment	1400.00	1400.00
31.2	Statutory Dues payable to Govt.	1369.32	1597.13
31.3	Taxes and duties payable to Govt. of Karnataka	4355.48	4554.62
31.4	Deposits from Consumers for Electrification/ Service Connection	8492.01	7027.30
31.5	Payable to KPTCL towards transmission charges	3679.93	2726.28
31.6	Inter Unit Accounts (Net)	2.43	5.27
31.7	Other Liabilities	641.55	1075.08
	<b>Total</b>	<b>19940.72</b>	<b>18385.68</b>

31.1(a) This amount of ₹. 1400 Lakhs (PY ₹ 1400.00 lakhs) represents MESCOM's share of allocation given by GoK out of total payment of ₹ 7000.00 lakhs (PY ₹ 7000.00 lakhs) made to M/s Jurala Power Project through M/s PCKL. As there is no specific direction as to issue of shares to GoK, correspondence with regard to issue of shares is in progress. Since this issue is pending for more than six months, the same is classified under current financial liabilities.

Note 32 - Revenue from operations

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31/03/2021	Year ended 31/03/2020
<b>32.1</b>	<b>Sale of products</b>		
32.1.1	Revenue from Sale of Power – LT	264411.79	262080.27
32.1.2	Revenue from Sale of Power – HT	92798.07	103895.80
32.1.3	Fuel Cost Adjustment charges - LT & HT	2800.91	4254.25
	<b>Sub-Total</b>	<b>360010.77</b>	<b>370230.32</b>
<b>32.2</b>	<b>Less: Withdrawal of Revenue Demand</b>	538.26	63.09
	<b>Net revenue from sale of products</b>	<b>359472.51</b>	<b>370167.23</b>
<b>32.3</b>	<b>Other operating revenues:</b>		
32.3.1	Reconnection Fees (D &R)	54.40	84.92
32.3.2	Service Connection charges	907.58	1006.95
32.3.3	Other Receipts from consumers	195.97	206.41
32.3.4	Amount collected for green tariff	1.53	40.41
32.3.5	SRTPV Facilitation fees	3.97	1.36
32.3.6	Supervision charges collected from National Highway Authorities	9.55	128.71
32.3.7	Application Fee, Supervision Charges and other charges collected from IP set consumers using tube wells for irrigation	28.41	17.58
	<b>Sub-total</b>	<b>1201.41</b>	<b>1486.34</b>
	<b>Net Revenue from operations</b>	<b>360673.92</b>	<b>371653.57</b>

32.4 Total Revenue from sale of energy during 2020-21 includes ₹. 23563.09 Lakh in respect of revenue accrued but pending billing at the year end as against a sum of ₹. 22069.16 Lakh during the previous year.

32.5 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 ₹ 95900.99 Lakhs (PY ₹.96103.40 lakhs) and ₹.2821.80 lakhs (PY ₹.2778.58 lakhs) respectively. As against this GoK has released an amount of ₹.85270.20 lakhs (PY ₹.86501.42 lakhs) and ₹.2821.80 lakhs (PY ₹.2778.58 lakhs) for IP Set and BJ/ KJ installations respectively.

Note 33 - Other Income

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31/03/2021	Year ended 31/03/2020
<b>33.1</b>	<b>Interest Income</b>		
33.1.1	Delayed payment charges from consumers	4354.54	3987.23
33.1.2	Recoveries for theft of power	0.18	-
33.1.3	Interest received from Income Tax Department	1989.23	-
33.1.4	Interest on Bank Fixed Deposits	8.51	95.27
33.1.5	Interest earned on un-utilized funds payable to MOP - Debit Account	(2.26)	(85.48)
33.1.6	Interest on Loans and Advances to Licensees	1.85	2.80
33.1.7	Interest on Savings Bank Account	0.38	0.17
33.1.8	Interest received under NEF Scheme	139.63	-
	<b>Sub-total</b>	<b>6492.06</b>	<b>3999.99</b>



<b>33.2</b>	<b>Other Non-operating Income</b>		
33.2.1	Profit on sale of stores	125.90	9.27
33.2.2	Sale of scrap	263.83	74.08
33.2.3	Other Miscellaneous receipts from Trading	3.27	3.26
33.2.4	Gain on Sale of Assets	30.48	171.58
	<b>Sub-total</b>	<b>423.48</b>	<b>258.19</b>
<b>33.3</b>	<b>Miscellaneous Receipts</b>		
33.3.1	Rental from Staff Quarters	200.75	184.70
33.3.2	Rental from others	7.36	18.84
33.3.3	Excess found on physical verification of Materials Stock	7.68	0.71
33.3.4	Sundry credit balance written back	2235.52	1064.38
33.3.5	Retention against penalty recoverable from Suppliers/ Contractors for delay in supplies/ execution of work	190.29	112.73
33.3.6	Rebate for collection of Electricity Duty	201.06	7.70
33.3.7	Miscellaneous Recoveries	76.19	111.82
33.3.8	Incentives received	3246.56	2800.94
33.3.9	Other income relating to purchase of power	744.14	766.41
33.3.10	Rent received from others for letting out companies other properties (Machineries and Equipments)	39.54	33.33
33.3.11	Refund of amount credited to other income in previous years.	(17.53)	(19.66)
	<b>Sub-total</b>	<b>6931.56</b>	<b>5081.90</b>
33.4	Subsidies against Loss on account of Flood, Fire, Cyclone etc.,	1,062.39	-
<b>33.5</b>	<b>Others</b>		
33.5.1	Bad & Doubtful Debts Written off / provided for	129.46	-
33.5.2	Grants and Consumer contribution related to PPE apportioned for the year	3614.88	2594.99
	<b>Sub-total</b>	<b>3744.34</b>	<b>2594.99</b>
	<b>Total</b>	<b>18653.83</b>	<b>11935.07</b>

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

33.7 **Electricity Taxes:** The Electricity Tax collected from Consumers and payable to GOK during FY 2020-21 is ₹.20452.15 lakhs (PY ₹.19691.27 lakhs). During this year, GoK has adjusted the Tariff Subsidy receivable from GoK amounting to ₹.19507.00 lakhs (PY ₹.19588.00 lakhs) to the Electricity Tax payable by the Company.

**Note 34 - Cost of Power Purchased**

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31/03/2021	Year ended 31/03/2020
34.1	Cost of Purchase of Power from various sources	244558.66	222503.33
34.2	Transmission Charges	53764.94	48001.40
34.3	SLDC Charges	106.72	79.54
34.4	UI Charges	-553.45	165.33
34.5	Consultancy charges for witnessing the Coal Sample Testing.	0.28	0.51
34.6	Power Purchase cost accounted on basis of energy balancing	13003.30	9574.00
	<b>Total</b>	<b>310880.45</b>	<b>280324.11</b>

- 34.7 With effect from 1.4.2020, share of power project capacity allocated to MESCOM has been revised vide GOK notification No. ENERGY 101 PSR 2020 Bangalore dated 08.05.2020. 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.
- 34.8 Central Generators have filed truing up petition for the period from 2014-19 and tariff petition for the period 2019-24 as per CERC Tariff Regulation and MESCOM continued to bill provisionally at the tariff approved by the Commission. The Tariff is subject to finalization of tariff by CERC
- 34.9 **M/s GMR Energy Ltd:** PCKL & ESCOMs have filed Civil Appeal No. 8439-40/2014 Vs M/s GMR Energy Ltd., & Others against APTEL order dated 23.05.2014 in Appeal No. 303/2013 & 37/2013 filed by ESCOMs and M/s GMR Energy Ltd., respectively. The issue is with respect to tariff payable for the energy supplied under Section-11 during the period Jan-09 to May-09. As per the conditional stay order dated 22.11.2015 of Hon'ble Supreme Court of India, MESCOM has discharged its share of liability (principal) of ₹. 426.00 lakhs on 22.01.2016. The case is still pending for adjudication.
- 34.10 **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.
- 34.11 **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 BESCO, 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)
- 34.12 **UPCL:** In respect of 1200 MW capacity project of M/s UPCL, Hon'ble CERC has determined the tariff vide order dated 10.07.2015 and it is subject to truing up in terms of Regulation 6 of the 2009 tariff regulations. The truing up Petition No. 07/GT/2016 is pending for disposal at CERC. As CERC is yet to redetermine the tariff, the same provision of ₹. 4200.00 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.
- 34.13 **KPCL Dues :** As per MESCOM books of accounts, the outstanding dues payable to KPCL as on 31.03.2021 is ₹. 60114.46 lakhs (PY ₹. 69116.31 lakhs) . The demand and balance were reconciled upto FY 2011-12 on 27.02.2013. KPCL has appointed M/s.Ramraj & Co., Chartered Accountant, Bangalore for verification of records and accounts of both KPCL and ESCOMs for the purpose of reconciliation.
- 34.14 **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.
- 34.15 The Energy Balancing Dues and other dues relating to short term and medium term power transactions among ESCOMs are reconciled up to 31.03.2020. FY-2020-21 is yet to be finalized.

34.16 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 Rs. 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.

34.17 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 Rs. 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 ₹.2386.36 lakhs and interest ( upto 31.3.2021) ₹.497.02 lakhs for which the Company has made full provision in the accounts. However, M/s.AMR Power Pvt. Ltd., has filed appeal before APTEL claiming higher energy charges. Case is pending for adjudication.

34.18 The following power producers have filed petition with regard to payment of GST and safeguard duty, GST on safe guard duty.

a) M/s. Bhumi Prakash Private Limited has claimed that the GST payable has to be considered as change in law in terms of the PPA , M/s. Adani Green Energy Private Limited has claimed GST of ₹.202.83 lakhs and M/s. Clean Solar Power (Tumkur) Private Limited has claimed GST of ₹.525.78 lakhs have filed Petition before KERC for reimbursement of differential GST amount.

b) M/s. Fortum Solar India Private Limited, M/s. Nanj Solar Private Limited and M/s. Vivasvat Solar Energy Pvt Ltd have claimed ₹ 3170.06 lakhs, ₹ 948.25 lakhs and ₹ 914.78 lakhs respectively and have filed petition before KERC for reimbursement of Safeguard Duty and GST on Safeguard Duty.

c) M/s. Solar Energy Corporation of India Ltd has filed Petition before APTEL for reimbursement of differential GST amount paid and to be considered under change in law event in terms of the PPA and claimed ₹.1069.00 lakhs.

d) M/s. NTPC - NSM Ltd., has filed Petition before CERC for reimbursement of differential GST amount ₹.443.27 lakhs

e) M/s. JRK Solar Projects Pvt Ltd., has claimed ₹.554.00 lakhs and filed Petition before APTEL for reimbursement of differential GST amount.

34.19 **M/s. NLC India Ltd** : Provision has been made towards the security and water charges and Lignite transfer price of ₹.1488.70 lakhs claimed by M/s. NLCIL for 2019-20. Further M/s. NLCIL has claimed the security and water charges and Lignite transfer price of ₹.978.86 lakhs for 2020-21. But CERC is yet to issue Regulation for computation of input price and to determine the lignite price. Hence the same will be considered after receipt of CERC Regulation/Order. This includes the interest claimed by the firm ₹. 281.96 lakhs.

Note 35 - Employee Benefits Expense

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31/03/2021	Year ended 31/03/2020
<b>35.1</b>	<b>Salaries and Wages</b>		
35.1.1	Salaries	25355.87	25941.26
35.1.2	Over Time	389.35	506.68
35.1.3	Dearness Allowance	2838.46	2587.70
35.1.4	Other Allowances	3209.63	3128.56
35.1.5	Bonus	383.64	389.43
35.1.6	Medical Expenses reimbursement	303.93	254.23
35.1.7	Earned leave encashment	1655.06	3119.45
35.1.8	Earned leave encashment to retired employees	581.98	510.56
35.1.9	Payment under Workmen's Compensation Act	40.72	8.61
35.1.10	Payment to helpers/employees of Monsoon gang	0.17	6.15
35.1.11	Pension & Leave contribution of employees on deputation	9.52	8.02
	<b>Sub-Total</b>	<b>34768.33</b>	<b>36460.65</b>
<b>35.2</b>	<b>Contribution to Provident and Other Funds</b>		
35.2.1	Terminal benefits (PF) Corporation Contribution	13.91	12.07
35.2.2	Terminal benefits (Pension) Corporation Contribution	8608.57	9410.94
35.2.3	Terminal Benefits Company contribution to Contributory pension scheme with effect from 01.04.06	2514.76	2398.08
35.2.4	Terminal Benefits Departmental contribution under NDCPS -Deputed Employees	6.99	6.98
35.2.5	Terminal Benefits (Gratuity)	540.13	693.99
	<b>Sub-Total</b>	<b>11684.36</b>	<b>12522.06</b>
<b>35.3</b>	Staff Welfare expenses	308.43	351.08
	<b>TOTAL</b>	<b>46761.12</b>	<b>49333.79</b>

**35.4** 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.

**35.5** 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 has retired or deceased post 1st April 2018. Even though KPTCL has passed the order, there are no specific directions in the order with respect to payment of any additional contributions or any other liabilities for the Company on account of this. As on 31st March 2021, a total of 32 number (PY 16Nos) of employees covered under NDCPS scheme expired while in service during the period from 01.04.2018 to 31.03.2021. As the liability of the Company could not be ascertained in the absence of clarity in the directions, no provision in this regard has been made by the Company in accounts during the year.

**35.6** In order to curtail the revenue expenses due to covid-19 pandemic, the facility of Earned Leave encashment to employees of the Company was suspended w.e.f. January 2020 as per KPTCL order No. B16/3579/98-99 dated 06.05.2020. The same was reinstated w.e.f. 28.01.2021 vide KPTCL order No. B16/3579/98-99 dated 26.02.2021.

**35.7** Further to curtail the revenue expenditure while implementing the orders of Government of Karnataka in this regard, KPTCL vide its order No. KPTCL/B16/3610(III)/2003-04 dated 06.05.2020 had ordered to withheld the revision of Dearness Allowance of its employees for the period from 01.01.2020 to 30.06.2021. However the Dearness Allowance was subsequently reinstated and revised the Dearness Allowance from 11.25% to 21.50% w.e.f 01.07.2021 prospectively vide its order No. KPTCL/ B16/ 3610 (Vol-III)/2003-04 dated 31.07.2021.

Note 36 - Finance Costs

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31/03/2021	Year ended 31/03/2020
<b>36.1</b>	<b>Interest Expenses:</b>		
36.1.1	Interest on Government Loans	4.49	5.40
36.1.2	Interest on REC loans	1942.29	1316.80
36.1.3	Interest on Loan from Commercial Banks	11060.71	9849.84
	<b>Total Interest on Loans</b>	<b>13007.49</b>	<b>11172.04</b>
<b>36.2</b>	<b>Other Borrowing Costs</b>		
36.2.1	Other Interest and Finance Charges	158.35	107.60
	<b>Gross Finance Costs</b>	<b>13165.84</b>	<b>11279.64</b>
<b>36.3</b>	<b>Less : Interest and finance charges capitalised on funds used during construction</b>	-	-
	<b>Total</b>	<b>13165.84</b>	<b>11279.64</b>

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

The interest subsidy will be provided by the GOI duly considering the achievements in various parameters. Company is regularly submitting the proposals of interest subsidy to REC which is a nodal Agency for implementing this Scheme, for granting interest Subsidy in respect of two loans obtained from M/s RECL. As allowable interest subsidy for a particular year will not be known to the Company in advance, interest subsidy under NEF Scheme is being accounted as and when released by REC.

Company has received ₹. 139.63 lakhs (PY ₹. NIL) towards interest subsidy during the year 2020-21.

Note 37 - Depreciation and amortization expenses (net)

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31/03/2021	Year ended 31/03/2020
<b>37.1</b>	<b>Depreciation on Fixed Assets</b>		
37.1.1	Depreciation on Buildings	488.67	379.44
37.1.2	Depreciation on Hydraulic Works	17.43	15.95
37.1.3	Depreciation on Civil Works	4.42	2.73
37.1.4	Depreciation on Plant and Machinery, lines, cable, network etc.,	18219.64	15419.81
37.1.5	Depreciation on Vehicles	109.51	95.71
37.1.6	Depreciation on furniture, fixtures	48.57	45.00
37.1.7	Depreciation on Office equipments	93.09	89.64
	<b>Sub-total</b>	<b>18981.33</b>	<b>16048.28</b>
37.2	Depreciation on Released Assets	-	0.41
37.3	Amortization on Intangible assets – Software acquired/ Purchased for internal use	323.64	626.98
	<b>Depreciation (Net)</b>	<b>19304.97</b>	<b>16675.67</b>

37.1.4 (a) The depreciation component for the year 2020-21 in respect of assets created out of Govt. Grants and Consumer Contributions upto 31.03.2016 amounting to ₹. 2537.50 lakhs (PY ₹. 2673.79 lakhs) is reduced from the total depreciation charged on fixed assets.

**Note 38 - Other Expenses**

(₹ in Lakh)

Sl. No.	Particulars	Year ended 31/03/2021	Year ended 31/03/2020
38.1	Amortisation of Lease hold Assets	9.01	9.01
38.2	Interest on Consumers' Security Deposits	3014.63	3985.46
<b>38.3</b>	<b>Repairs to:</b>		
38.3.1	Buildings	157.92	356.58
38.3.2	Plant and Machinery	1996.28	1510.44
38.3.3	Lines, Cable Net Work Etc.	4042.44	4528.00
38.3.4	Civil Works	55.25	36.23
38.3.5	Vehicles	17.48	14.56
38.3.6	Furniture and Fixtures	6.65	6.20
38.3.7	Office Equipments.	222.99	280.52
	<b>Sub-total</b>	<b>6499.01</b>	<b>6732.53</b>
<b>38.4</b>	<b>Payment to statutory Auditors</b>		
38.4.1	As Auditor	2.98	2.98
38.4.2	Taxation Matter	0.75	0.75
<b>38.5</b>	<b>Payment to Cost Auditors</b>		
38.5.1	As Auditor	0.50	0.50
	<b>Total Payment to Auditors</b>	<b>4.23</b>	<b>4.23</b>
<b>38.6</b>	<b>Power and Fuel</b>	<b>93.86</b>	<b>79.82</b>
<b>38.7</b>	<b>Water Charges</b>	<b>4.08</b>	<b>5.29</b>
<b>38.8</b>	<b>Rent</b>	<b>243.30</b>	<b>265.33</b>
<b>38.9</b>	<b>Rates and Taxes excluding Taxes on Income</b>	<b>25.21</b>	<b>14.23</b>
<b>38.10</b>	<b>Other A&amp;G Expenses</b>		
38.10.1	Service Tax	-	0.07
38.10.2	Telephones, Mobile and other communication expenses	284.52	266.29
38.10.3	Postage & Revenue Receipts Stamps	26.90	26.08
38.10.4	Legal, Consultancy & Other Professional charges	62.49	72.05
38.10.5	Remuneration to Contract Agencies for services obtained	7382.07	8478.64
38.10.6	Incentive payments	57.76	-
38.10.7	Conveyance and Travelling expenses	1970.95	2081.88
38.10.8	Fees & Subscriptions	104.00	86.02
38.10.9	Books, periodicals and diaries	4.10	27.12
38.10.10	Printing & Stationery	141.70	153.96
38.10.11	Factory License Fees	10.00	10.00

38.10.12	Advertisement Expenses	18.79	36.94
38.10.13	Computer stationery and floppies	19.92	17.85
38.10.14	Contributions	-	2.65
38.10.15	Shared expenses	311.40	182.51
38.10.16	Band width & Facility Management Service Charges for R-APDRP project	291.61	257.21
38.10.17	Other miscellaneous expenses	282.33	271.03
38.10.18	Consumer Relation/ Education Expenses	15.52	19.66
	<b>Sub-total</b>	<b>10984.06</b>	<b>11989.96</b>
<b>38.11</b>	<b>Expenses relating to CSR Activities</b>		
38.11.1	Consumer Relation/ Education expenses considered for CSR	-	18.73
38.11.2	Other CSR related expenses	25.00	16.52
	<b>Sub-total</b>	<b>25.00</b>	<b>35.25</b>
	<b>Total A&amp;G Expenses</b>	<b>11379.74</b>	<b>12394.11</b>
38.12	Provision for loss on obsolescence of stores, etc., in stock	50.57	380.33
38.13	Other Debits	605.41	1009.30
	<b>Total</b>	<b>21558.37</b>	<b>24510.74</b>

**Note 39 - Exceptional items**

(₹ in Lakh)

SI. No	Particulars	Year ended 31/03/2021	Year ended 31/03/2020
39.1	Encashment of Bank Guarantee	795.98	-
	<b>Total</b>	<b>795.98</b>	<b>-</b>

**Note 40 - Tax**

(₹ in Lakh)

SI. No	Particulars	Year ended 31/03/2021	Year ended 31/03/2020
40.1	Taxes on Income	-	1099.77
	<b>Total</b>	<b>-</b>	<b>1099.77</b>

**Note 41 - Net Movement in Regulatory Deferral account Balance related to Profit or Loss**

(₹ in Lakh)

SI. No	Particulars	Year ended 31/03/2021	Year ended 31/03/2020
41.1	Regulatory Asset Created for FY 2019-20	-	5717.98
41.2	<b>Less</b> : Reversal of Regulatory Asset created during 2017-18	-	2822.00
41.3	Regulatory Asset Created for FY 2020-21	46576.33	-
41.4	<b>Add</b> : Adjusting of Regulatory asset created during FY 2019-20 as per True up Order	4597.00	-
41.5	<b>Less</b> : Reversal Regulatory Asset created for FY 2018-19	24923.00	-
	<b>Net movement in regulatory deferral account</b>	<b>26250.33</b>	<b>2895.98</b>

## 42 General Notes to Financial Statement

### 42.1 Disclosure in respect of Ind AS-116- "Leases"

42.1.1 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.

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

(₹ in Lakh)			
SI. No	Name of the Accounting Unit	FY 2020-21	FY 2019-20
1	Mangalore Division	109.30	113.85
2	Puttur Division	14.05	14.98
3	Shivamogga Division	86.93	90.46
	<b>TOTAL</b>	<b>210.28</b>	<b>219.29</b>

(₹ in Lakh)			
SI. No	Particulars	FY 2020-21	FY 2019-20
1	Amortisation expenses charged to P&L Account	9.01	9.01
2	Lease rent expenses	8.01	8.01
	<b>Total</b>	<b>17.02</b>	<b>17.02</b>

42.1.4 The Company intends to apply simplified transition approach and has not restated comparative information in the financial statements for the year ending 31st March 2021 to show the impact of adopting Ind AS 116.

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

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

#### 42.2.1 Other Long Term Employee Benefits

##### 42.2.1.1 Earned Leave benefit

- a) Maximum accrual is 30 days per year
- b) Maximum accumulation allowed is 300 days
- c) 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.
- d) The liability for leave is recognised on the basis of Actuarial valuation.
- e) In order to curtail the revenue expenses due to covid-19 pandemic, the facility of Earned Leave encashment to the employees of the Company was suspended w.e.f. January 2020 as per KPTCL order No. B16/3579/98-99 dated 06.05.2020. The same was reinstated w.e.f. 28.01.2021 vide KPTCL order No. B16/3579/98-99 dated 26.02.2021.
- f) 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 2020-21, the Company has not accounted any OCI with respect to other long term benefits.

##### 42.2.1.2 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 2020-21, the Company has not accounted any OCI with respect to other long term benefits.



#### 42.2.2 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/P7/2021-22/CYS-12 Bangalore dated 06th August 2021 for the year 2019-20.

The contribution towards pension and gratuity for the year 2020-21 is accounted as follows:

**Pension** : 64% of (Basic Pay + Dearness Pay + Dearness Allowance)

**Gratuity** : 6.05% 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.

#### 42.3 Managerial Remuneration - Refer note 35

42.3.1 Managerial Remuneration paid / payable for the financial year 2020-21 which are included in Employee costs are as follows:

(₹ In Lakh)

Sl. No	Particulars	For the year 2020-21				
		Managing Director	Director (Technical)	Chief Financial Officer	Company Secretary	Total
1	Salary and Allowances	11.35	23.69	26.97	14.09	76.10
2	Ex-gratia	0.07	0.07	0.07	0.07	0.28
3	Medical Expenses	-	-	-	-	-
4	Travelling Expenses	2.12	-	-	0.15	2.27
	<b>TOTAL</b>	<b>13.54</b>	<b>23.76</b>	<b>27.04</b>	<b>14.31</b>	<b>78.65</b>

Sl. No	Particulars	For the year 2019-20				
		Managing Director	Director (Technical)	Chief Financial Officer	Company Secretary	Total
1	Salary and Allowances	12.42	40.77	28.30	12.42	93.91
2	Ex-gratia	0.03	0.05	0.07	0.06	0.21
3	Medical Expenses	0.31	0.19	-	-	0.50
4	Travelling Expenses	3.41	3.13	0.20	1.17	7.91
	<b>TOTAL</b>	<b>16.17</b>	<b>44.14</b>	<b>28.57</b>	<b>13.65</b>	<b>102.53</b>

#### 42.4 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.

#### 42.4.1 Payments to Key Managerial Posts

(₹ In lakhs)

Sl. No	Particulars	FY 2020-21	FY 2019-20
1	Salary & Allowances	76.10	93.91
2	Other Benefits	2.55	8.62
	<b>Total</b>	<b>78.65</b>	<b>102.53</b>

42.4.2 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 2020-21	FY 2019-20		31.03.2021	31.03.2020
1	KPTCL	Transmission Charges & Others	29 301.14	26 080.19	Receivable	1471.64	5151.58
2	BESCOM	Energy Balancing and others	(17,762.24)	-	Payable	22160.35	15310.64
3	HESCOM	Energy Balancing and others	1,064.83	-	Receivable	4300.70	9894.04
4	GESCOM	Energy Balancing and others	(225.31)	-	Payable	17878.48	5585.47
5	CESCO	Energy Balancing and others	3 919.42	-	Receivable	24979.30	21203.51
6	MPM	Sale of Power	1 764.12	1 793.53	Receivable	18447.70	16705.42
7	PCKL	Shared expenses	162.98	148.89	Receivable	372.08	107.88
8	KPCL	Power purchase and others	48 999.05	65 404.95	Payable	60114.46	69116.31

42.5 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 2021	As at 31st March 2020
Principal amount due and remaining unpaid	Nil	733.71
Interest due on above and the unpaid interest	Nil	Nil
Interest paid	Nil	Nil
Payment made beyond the appointed day during the year	Nil	40.65
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

42.6 True-up Subsidy/ Regulatory Asset (Ref Note 18)

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

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

Accordingly, Regulatory Asset created for FY 2018-19 amounting to ₹.24923.00 lakh is treated as recovered during FY 2020-21 and reversed in the accounts.

During the year 2019-20 Company had provisionally accounted Regulatory Asset to the extent of ₹.5718.00 lakhs against which Hon'ble KERC has allowed True up gap of ₹. 10315.00 lakh in the APR. Hence difference amount of ₹. 4597.00 lakhs is accounted during current year 2020-21.

Further, fresh Regulatory Asset to the extent of ₹.46576.33 lakh is accounted in the accounts for FY 2020-21 by computing the provisional gap expected to be considered by KERC for inclusion in the tariff revision of future years. (Refer Table below)

(₹ In lakhs.)

Sl. No	Particulars	Approved in Tariff Order 2020	Actuals for FY 2020-21	Expected to be approved by KERC in True-up
1	<b>Revenue</b>			
	Revenue including Subsidy	400284.00	358676.52	358676.52
	Other receipts from Consumers	849.00	5556.13	5556.13
	Regulatory Asset treated as recovered	-	-	-
	<b>Total Revenue</b>	<b>401133.00</b>	<b>364232.66</b>	<b>364232.66</b>
2	<b>Expenses</b>			
	Power Purchase cost	312716.00	310880.44	310880.44
	O&M Cost	70282.00	64639.89	64639.89
	Depreciation	15353.00	19304.97	19304.97
	Interest & Finance Charges	22772.00	16180.46	18492.63
	Deficit of FY 2017-18	-23355.00	-	-
	ROE	16704.00	-	12717.13
	Others	-	664.99	664.99
3	<b>Total Expenses</b>	<b>414472.00</b>	<b>411670.75</b>	<b>426700.05</b>
4	<b>Less: Other income</b>	<b>13339.00</b>	<b>15891.07</b>	<b>15891.07</b>
5	<b>Net ARR</b>	<b>401133.00</b>	<b>395779.68</b>	<b>410808.99</b>
6	<b>GAP (Regulatory Asset)</b>	<b>-</b>	<b>-31547.03</b>	<b>-46576.33</b>
7	<b>Reconciliation of Regulatory Asset Account</b>			
a	Opening Regulatory Asset as on 01.04.2020			66448.20
b	Add: Regulatory Asset created for FY 2020-21			46576.33
c	Add: Adjusting of Regulatory asset created during FY 2019-20 as per True up Order			4,597.00
c	Less: Reversal of Regulatory assets created during 2018-19			24,923.00
d	<b>Closing Regulatory Asset as on 31.03.2021</b>			<b>92698.53</b>

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

Particulars	2020-21	2019-20
Profit after tax before net movement in regulatory deferral account balance (A) (₹ in Lakhs)	(31,547.02)	1,461.24
Profit after tax after net movement in regulatory deferral account balance (B) (₹ in Lakhs)	(5,296.69)	4,357.22
<b>Basic</b>		
Weighted Average number of shares outstanding during the year (C) (in Lakhs)	6,014.02	5,292.61
Earnings per Share before net movement in regulatory deferral account balance (A/C) (in ₹)	(5.25)	0.28
Earnings per Share after net movement in regulatory deferral account balance (B/C) (in ₹)	(0.88)	0.82

#### 42.8 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.

#### 42.9 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

42.9.1 The Carrying value and fair value of financial instruments by each category as at March 31 2021 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
<b>Financial Assets</b>					
Investment - In PCKL	-	-	1.00	-	1.00
Trade Receivables	74176.60	-	-	74176.60	74176.60
Cash and Cash equivalents	4538.61	-	-	4538.61	4538.61
Other receivables	157204.76	-	-	157204.76	157204.76
<b>Financial Liabilities</b>					
Long Term Loans	101053.81	-	-	101053.81	101053.81
Short Term Loans	39834.99	-	-	39834.99	39834.99
Trade payables	24945.94	-	-	24945.94	24945.94
Other Financial Liabilities	233212.09	-	-	233212.09	233212.09

42.9.2 The Carrying value and fair value of financial instruments by each category as at March 31 2020 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
<b>Financial Assets</b>					
Investment - In PCKL	-	-	1.00	-	1.00
Trade Receivables	75576.58	-	-	75576.58	75576.58
Cash and Cash equivalents	5281.24	-	-	5281.24	5281.24
Other receivables	142406.22	-	-	142406.22	142406.22
<b>Financial Liabilities</b>					
Long Term Loans	84547.07	-	-	84547.07	84547.07
Short Term Loans	27688.38	-	-	27688.38	27688.38
Trade payables	25705.07	-	-	25705.07	25705.07
Other Financial Liabilities	203900.80	-	-	203900.80	203900.80

## 42.10 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:**

### 42.10.1 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.

#### **42.10.2 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.

#### **42.10.3 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.

#### **42.11 Taxation:**

##### **42.11.1 Current Taxation:**

The provision for Minimum Alternate Tax (MAT) under Section 115 JB of Income Tax Act 1961 has been created in the Accounts and credit has been recognised to the extent available for future setoff.

##### **42.11.2 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.

#### **42.12 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 31.03.2021 in respect of projects amounts to ₹. 12073.54 Lakh (PY ₹. 12873.04 Lakhs).

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

#### **42.14 Contingent Liabilities:**

##### **Claims against the company not acknowledged as debt**

**42.14.1** The Company was subjected to EPF Inspection during the year 2006-07 and thereby a demand of ₹ 444.06 Lakhs was raised on the Company towards the dues for EPF of Contract Employees. The Company has disputed the same in view of the error in calculation of demand and also with regard to applicability of the regulations to contractors' employees. A deposit of ₹ 177.63 Lakhs has already been made with the EPF department and the case has been remanded to PF Office Mangaluru for hearing once again in the year 2011-12. Details along with the contention of the Company are submitted to APFC Mangaluru on 10.03.2014. The Company is hopeful of a positive outcome on the said issue. No provision has been made in the accounts for the disputed demand.

- 42.14.2 The Regional Provident Commissioners have issued Notices to various Accounting Units of the Company for payment of interest and damages for the belated remittances under Section 7Q and 14B of the Employees' Provident Fund and Miscellaneous Provision Act, 1952. Company has deposited the said amounts with PF authorities under protest and filed appeals before the Employees' Provident fund Apellate Tribunal at New Delhi. No provision is made in the accounts for the expenditure. MESCOM may be contingently liable for this amount if the cases are not decided in favour of MESCOM. The details are as follows:

(₹ In Lakh)

Name of the Accounting Unit	Demand raised	Paid	Appeal No & date
1. O & M Division Mangaluru	190.21	190.21	ATA No. 1275(6)/2014
2. O & M Division Puttur	147.81	147.81	ATA No. 630(6)/2013
3. O & M Division Udupi	54.19	54.19	ATA No. 793(6)/2013
4. O & M Division Shivamogga	11.41	11.41	ATA No. 114(6)/2014
5. O & M Division Sagar	72.06	63.62	ATA No. 1084(6)/2015
6. O & M Division Chikkamagaluru	140.40	140.40	ATA No. 742(6)/2014
7. O & M Division Kadur	17.05	17.05	ATA No. 743(6)/2014
8. Corporate office	5.35	5.35	KN/MLR/0020898-reg
<b>Total</b>	<b>638.48</b>	<b>630.04</b>	

- 42.14.3 The Commissioner of Central Excise and Service tax, Mangaluru has passed two orders bearing No. C.No. IV/09/114/2010 Hqrs. Adjn 1/2295 on 28.01.2011 and order No. IV/09/114/2010/Hqrs Adj(1)/17109 dated 26.10.2010 in which department has raised demand for service tax and penalty as detailed in table below.

(₹ In Lakh)

Particulars	No. IV/09/114/2010 Hqrs. Adjn 1/2295 dated 28.01.2011	No. IV/09/114/2010/Hqrs Adj(1)/17109 dated 26.10.2010
Service Tax	3.10	41.69
Education Cess	0.06	0.83
Secondary & Higher Education Cess	0.03	0.25
<b>Total Service Tax</b>	<b>3.19</b>	<b>42.77</b>
Penalty under section 76 of Finance Act 1994	3.19	-
Penalty under section 78 of Finance Act 1994	-	42.77
<b>Total demand</b>	<b>6.38</b>	<b>85.54</b>

Further interest amount u/s. 75 has not been quantified. These orders have been passed in respect of service tax on Goods transport Agency Service since 2005 being not paid to the Department. The Company has got stay against the demand raised by the department from CESTAT Bangalore. The case has not come up for hearing so far.

- 42.14.4 The table given below indicates the number of pending cases before various authorities and courts as on 31.03.2021 and corresponding amount involved in it.

(₹ In Lakh)

Particulars	2020-21		2019-20	
	No. of pending cases	Amount involved	No. of pending cases	Amount involved
1. Revenue	65	258.26	16.00	238.92
2. Labour	76	399.47	69.00	29.13
3. Miscellaneous	187	786.53	224.00	508.64
<b>Total</b>	<b>328</b>	<b>1444.26</b>	<b>309</b>	<b>776.69</b>

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

#### 42.14.5 Letter of Credits issued:

As per the conditions of Power purchase Agreements entered with various Power generators, company has provided LC to the Generators as a payment security and availing rebate as per the rebate clause. Status of LC provided as on 31.03.2021 is furnished as below:

(₹ In Lakh)

Sl. No	Name of the Bank	For 2020-21		For 2019-20	
		Comprehensive LC limit	Comprehensive availed	Comprehensive LC limit	Comprehensive availed
1	Union Bank of India	19250.00	17992.06	19250.00	16249.25
2	Corporation Bank	750.00	470.29	750.00	462.29
	<b>Total</b>	<b>20000.00</b>	<b>18462.35</b>	<b>20000.00</b>	<b>16711.54</b>

#### 42.14.6 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	34.10
2	M/s Himathsingka Seide Ltd.	18.76	34.10
3	M/s TATA Power Ltd	152.61	34.11
4	M/s UPCL	4200.00	34.12
5	M/s KPCL	Not ascertained	34.13
6	M/s AMR	Not ascertained	34.17
7	Solar Generators	7827.97	34.18
8	M/s. NLC India Ltd	978.86	34.19
	<b>Total</b>	<b>13183.89</b>	

42.14.7 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 115 PSR 2020 Bengaluru, dated 22.03.2021, has adjusted the Guarantee Commission payable by the DISCOMs on this loan for FY 2020-21 to the grant allotted to the RDPR department. MESCOM portion of Guarantee commission for FY 2020-21 is ₹ 198.00 lakhs (PY ₹ 218.00 lakhs). Hence there is no financial commitment on Company on account of this.

#### 42.15 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 01/04/2020	Financing cash Flows	Non-cash changes	Closing balance as at 31/03/2021
I	<b>Borrowing - Long Term</b>				
A	<b>Secured</b>				
	From Banks	69464.16	10574.84	-	80039.00
	From Others	14270.00	6093.42	-	20363.42
B	<b>Unsecured</b>				
	From Govt.	33.18	(7.66)	-	25.52
	From Others	779.73	(153.86)	-	625.87
	<b>Sub-Total</b>	<b>84547.07</b>	<b>16506.74</b>	<b>-</b>	<b>101053.81</b>
II	<b>Borrowing - Short Term</b>				
	From Banks	27688.38	12146.61	-	39834.99
	From Others	-	-	-	-
	<b>Sub-Total</b>	<b>27688.38</b>	<b>12146.61</b>	<b>-</b>	<b>39834.99</b>
	<b>Grand Total</b>	<b>112235.45</b>	<b>28653.35</b>	<b>-</b>	<b>140888.80</b>

42.16 Others:

42.16.1 The details of energy purchase, sale of energy and distribution losses during the year 2020-21 are as follows:

Particulars	Units	For the year 2020-21	For the year 2019-20
Energy purchased at Generation point	Mus	5,623.08	5,926.16
Energy Balancing Adjustments	Mus	240.46	204.21
Net energy	Mus	5,863.54	6,130.37
Energy at interface point	Mus	5,611.23	5,835.03
Energy Sales	Mus	5,057.96	5,247.16
Distribution Loss	Mus	553.27	587.87
Percentage of Distribution Loss	%	9.86	10.07

42.16.2 Reconciliation of Energy sales

Particulars	Units	For the year 2020-21	For the year 2019-20
Energy sales as per DCB	Mus	5051.39	5244.42
Add: Auxiliary consumption	Mus	3.90	-
Add: KPCL Colony consumption	Mus	2.67	2.74
<b>Total Sales considered for Energy Audit</b>	<b>Mus</b>	<b>5057.96</b>	<b>5247.16</b>

42.17 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.

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

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

43 The Companies Accounts that are approved by the Board at its meeting held on 01.09.2021 have been revised in the light of observations made by the Comptroller and Auditor General of India. The said revision has resulted in decrease in Property Plant and Equipment by ₹.13.84 lakhs, increase in Capital Work in Progress by ₹.14.36 lakhs, increase in Cash and Cash equivalents by ₹.7.31 lakhs, increase in Other Financial Assets by ₹.1476.12 lakhs, decrease in Regulatory deferral Account by ₹.2731.39 lakh, decrease in Non-current Trade payables by ₹.221.01 lakhs, decrease in other financial liabilities by ₹.1028.12 lakhs, increase in other current liabilities by ₹.1.69 Lakhs. As a result the total assets and liabilities have decreased by ₹.1247.44 lakhs. Loss before movement of Regulatory deferral account have decreased by ₹.2731.39 lakhs. Regulatory deferral account balance also decreased by ₹.2731.39 lakhs and hence the net loss for the year remained unaltered.

44 The financial statements are approved for issue by the Company's Board of Directors on 04.11.2021

(PRABHAT JOSHI)  
Company Secretary

(B.V.GANGADHAR)  
Chief Financial Officer

(D.PADMAVATHI)  
Director(Tech)

(PRASHANT KUMAR MISHRA, IAS)  
Managing Director

In terms of our Report of even date  
for SHABBIR AND GANESH  
Chartered Accountants  
Firm Reg. No: 009033S

CA GANESH Y  
PARTNER

Membership No. 207231

Place: Mangaluru  
Date: 04.11.2021

