

List of Directors
(As on the date of AGM)

Sl. No.	Name	Designation
1.	Sri. G Kumar Naik, IAS,	Chairman
2.	V. Krishnappa, B.E	Managing Director
3.	Dr. N.Manjula, IAS	Director
4.	RajendraCholan, IAS	Director
5.	ChandrashekarL.Nayak, IAS	Director

STATUTORY AUDITORS
M/s. M.S. Krishnaiah & B.R.Gopal Rao (BA0734),
Chartered Accountants, Bengaluru



POWER COMPANY OF KARNATAKA

Table of Contents	Page No.
Chairman Message	07
Directors' Report	09
Comments of The C & AG of India	32
Independent Auditors Report	33
Balance Sheet	48
Statement of Profit and Loss	50
Cash Flow Statement	52
Statement of Changes in Equity	54
Notes of Financial Statements	55



Sri. G Kumar Naik IAS
Chairman



V. Krishnappa
Managing Director



Dr. N. Manjula IAS
Director



RajendraCholan IAS
Director



Chandrashekar L.Nayak
IAS, Director

CHARIMAN's MESSAGE

It gives me immense pleasure to present 14th Annual Report for the FY2020-21, a year of remarkable milestones.

Various steps have been taken by Government of Karnataka to increase the generation in the State, as a result State is having a surplus power. Power Company of Karnataka Limited (PCKL) a Special Purpose Vehicle (SPV) during the year 2020-21 has offered for sale of surplus power in the Energy Exchange and realized Rs.315 Crores and Rs.201 Crores received for sale power to other utilities through DEEP-portal Tender.

PCKL also co-ordinates with other States and Central Government Agencies on power related issues as well as through the Forum of Southern Regional Power Committee (SRPC).

PCKL is utilising the best avenues, market opportunities at the National level for optimum utilization of the generation source including Renewable energy and minimizing the power purchase cost to the consumer in the state.

I am thankful to officers and staff of the company for their dedication and commitment and support during the year.

I also extend my thanks and appreciation for the extent of all the assistance and guidance by the Govt. of Karnataka, Ministry of Power, GoI, Chairman and Members of KERC, APTEL, CERC, KPTCL, ESCOMs of Karnataka, C & AG of India, Statutory Auditors and others for their co-operation and active support rendered to PCKL in its endeavours.

With Warm Regards

(G Kumar Naik, IAS)

Chairman

DIRECTORS' REPORT

Dear Members,

The Board of Directors have immense pleasure in presenting the 14th Annual Report on the state of affairs of Power Company of Karnataka Limited (PCKL), together with the Audited statement of Accounts and the Statutory Auditors' Report for the year ended 31st March, 2021.

1.0 About us

Government of Karnataka has accorded approval in April, 2007 for setting up of a Special Purpose Vehicle (SPV) viz., Power Company of Karnataka Limited (PCKL) to supplement the efforts of KPCL in capacity addition. PCKL was incorporated on 20th August, 2007 under the Companies Act, 1956 with an initial Authorized Capital of Rs. 5 crore (Rupees Five crore) and commenced its business operations with effect from 16th October, 2007. Initially each of the Five ESCOMs have contributed a sum of Rs. 1 crore (Rupees One crore) each to PCKL towards seed money to meet the expenditure of PCKL which includes Rs. 1 Lakh (Rupees One lakh) towards Equity Share Capital.

1.1 PCKL is responsible for capacity addition by way of establishing new power projects through bidding process, under Design Build Finance Operate & Transfer (DBFOT) i.e., Case-II bidding guidelines issued by Ministry of Power, GOI and long term/Medium term procurement of power under Design Build Finance Own & Operate (DBFOO)/ Finance Own & Operate (FOO)/ Case-I bidding guidelines of Ministry of Power, GoI. PCKL was procuring power on behalf of the ESCOMs to meet Shortages. However, at present due to the surplus power scenario, PCKL has sold Power to other utilities. PCKL also co-ordinates with other States and Central Government agencies on power related issues as well as through the forum of SRPC.

1.2 Share Capital

Particulars	No. of Equity Shares @ Rs.1000/- each
Bangalore Electricity Supply Company Limited	98
Mangalore Electricity Supply Company Limited	98
Hubli Electricity Supply Company Limited	98
Gulbarga Electricity Supply Company Limited	98
Chamundeshwari Electricity Supply Corporation Limited	98
ACS to Govt., Energy Department, GoK	4
Managing Director, KPTCL	4

Managing Director, PCKL	2
Total	500

1.3 Memorandum of Understanding between PCKL and ESCOMs

Government of Karnataka in its order No. EN 28 VSC 2011 dated 21st May 2011 accorded approval for entering into a Memorandum of Understanding (MOU) between PCKL and ESCOMs for the purpose of adjusting the expenditure of PCKL against the Seed Money received from ESCOMs.

The sharing pattern of Revenue expenditure of PCKL amongst ESCOMs is as below:
below:

Distribution Companies (ESCOMs)	Ratio
Bangalore Electricity Supply Company Limited	50%
Mangalore Electricity Supply Company Limited	15%
Chamundeshwari Electricity Supply Corporation Limited	15%
Hubli Electricity Supply Company Limited	10%
Gulbarga Electricity Supply Company Limited	10%

2.0 Financial results:

The financial results of the company for the Financial Year 2020-21 as compared to the previous Financial Year 2019-20 are highlighted as below (in IND- AS format):

(Amount in Rs.)

Particulars	As on 31st March 2021	As on 31st March 2020
i) Total Revenue	67,94,338	79,96,399
ii) Total Expenses	71,14,931	1,53,62,579
iii) Profit before Tax (i-ii)	(3,20,593)	(73,66,180)
iv) Tax expenses		
Less:		
(a) Current Tax		
(b) Deferred Tax	56,078	10,45,305
v) Profit/(loss) for the period	(3,76,671)	(84,11,485)

3.0 Procurement / Sale of Power on Short Term basis:

During the year 2020-21, State continued to witness Surplus Power was offered for sale in the Energy Exchange and Tender invited by various utilities through DEEP Portal.

For overseeing the Trading activities and to determine the prices (buy/sale), Trading Committee was formed by GoK vide Order No. Energy/190/VSC/ 2019, Bengaluru dated

03.10.2019 & GoK vide Order dated 15.05.2020 issued revised GO by including MDs of all ESCOMs in the trading committee. Trading Committee is reviewing the rates periodically and in the emergent situations, discussions were held among the trading committee members through what's app group.

Procurement of power on Short term basis:

As per request of SLDC / ESCOMs, 4.826 MUs was purchased through energy exchange on day ahead basis in the year 2020-21 (23rd & 24th March 2021).

3.1 Sale of Power on Short Term basis:

a. Energy Sold through IEX:

Month	Energy Sold in Mus	Amount in Crores	Avg rate rs/unit
Apr-20	2.83	0.61	2.16
May-20	17.00	3.73	2.19
Jun-20	27.30	4.68	1.71
Jul-20	99.39	17.48	1.76
Aug-20	234.29	38.30	1.63
Sep-20	83.45	14.46	1.73
Oct-20	129.23	27.21	2.11
Nov-20	44.34	11.25	2.54
Dec-20	38.42	12.42	3.23
Jan-21	184.93	69.79	3.77
Feb-21	191.61	79.96	4.17
Mar-21	85.15	34.62	4.07
Total	1137.94	314.5	2.76
Note: From Sept 2020 onwards energy sold in IEX includes G-TAM (Non-solar & Solar) along with DAM & RTM.			

b. Sale of Power through Tenders:

On behalf of all ESCOMs, PCKL participated in the tenders notified in the DEEP Portal by various utilities viz. Goa, Bihar, TPDDL, NDMC, Haryana, Punjab, KSEB, UPPCL, etc through traders duly obtaining SLDC consent for the quantum and as per the rates decided in the Trading Committee Meetings. All the participations were not successful, LOA's were received only for the following 2 tenders:

i. Tata Power Delhi Distribution Company Ltd Solar Tender (TPDDL):

(Notification No: Tata Power-DDL/PMG/Tender/Solar/Purchase -2019/02 & Event No: PFC Consulting Limited / Short /19-20)

Utility	Contracted Quantum in MW	Duration in Hrs	Period of supply	Tariff at Delivery Point	Delivery Point	Trader
Tata Power Delhi Distribution Company Ltd	300	08.00 to 18.00	01.05.2020 to 30.06.2020	Rs.4.74/ unit	Delhi STU Periphery	PTC India Ltd
	100		01.07.2020 to 30.09.2020			

ii. Haryana Power Purchase Centre (HPPC Solar Tender)

(Notification No: Tender No. NIT-81 dated 20.09.2019)

Utility	Quantum in MW	Duration in Hrs	Period of supply	Tariff at Delivery Point Rs/unit	Delivery Point	Trader
HPPC	300	06.00 to 18.00	02.09.2020 to 31.10.2020	Rs.5.10/unit	Haryana Periphery	PTC India Ltd

Month wise Energy sold on short term basis through M/s. PTC India Ltd., to other Utilities for the FY 2020-21 is as detailed below;

Firm Name	Month	Energy sold in Mus	Amount in Crores	Avg rate rs/ unit
TATA	May-20	91.93	42.66	4.64
	Jun-20	89.11	41.35	4.64
	Jul-20	30.68	14.24	4.64
	Aug-20	30.64	14.22	4.64
	Sep-20	29.63	13.75	4.64
	Total	271.99	126.22	4.64
HPPC	Sep-20	102.60	51.37	5.01
	Oct-20	109.53	54.71	4.99
	Total	212.14	106.08	5.00
Grand Total		484.13	232.30	4.80

4.0 Development of Generation and Transmission Projects:

PCKL has taken initiative to carry out various facilitation works in relation to the projects being developed through tendering process by Ministry of Power/ MoU Route. The details of such projects are as below.

4.1 Development of Ultra Mega Power Projects (UMPP):

The UMPP programme was launched by Ministry of Power, Government of India in November 2005 with an objective to develop large capacity (each UMPP with 4000 MW) power projects in India. Karnataka State desirous of availing power from the proposed UMPP's such as Cheyyur (Tamil Nadu), Deoghar (Jharkhand), Bihar, Tatiya (Andhra Pradesh), Orissa additional UMPP-2, Krishnapatnam(Andhra Pradesh) and Munge (Maharashtra) UMPP had given cosent to obtaib power from these project.

The Energy Department, GoK vide letter dated 28.10.2019 accorded approval to come out from the above UMPP Project and it is directed to recover the commitment charges and other charges paid to the project. This decision was taken considering the surplus power scenario in the State with large scale RE capacity addition to the State grid.

As per the directions of the Energy Department, GoK, PCKL intimated PFC, New Delhi on the decision taken to opt out from UMPPs and requested PFC to refund the commitment charges and other charges paid in respect of each UMPP.

4.2 Krishnapatnam UMPP:

Krishnapatnam UMPP (4000MW) at Krishnapatnam village in Nellore district of Andhra Pradesh was planned to be developed by Reliance Power Limited (RPL). RPL could not take up the work due to various reasons, in which the issue of procurement of coal from Indonesia was the major hurdle. All stake holders of this project have encashed the BG worth of Rs 300 crores (ESCOMs Rs 60 crores) and for remaining Liquidated damages of Rs 100 crores(ESCOMs Rs 20 crores), a petition has been filed before CERC against RPL. Now, the matter is in CERC (Petition No.18/MP/2019) for adjudication.

Meantime, M/s. RPL (CAPL) has filed WP(C) No.9062 of 2019 before Hon'ble High Court, New Delhi requesting buy back of the project land by PFC/Procurers or to allow M/s RPL to sell/utilize the land acquired for the project. The PCKL has facilitated ESCOMs in submitting the counter for the petitions filed by RPL and the matter is to be heard by Hon'ble High Court, New Delhi.

4.3 Generating Stations Developed by Central Government:

4.3.1 BHAVINI- Kalpakkam PFBR (500 MW):

Bharatiya Nabhikiya Vidyut Nigam Limited (BHAVINI) under the Department of Atomic Energy (DAE), Government of India is developing a 500 MWe Prototype Fast Breeder Reactor (PFBR) at Kalpakkam in Tamilnadu. Karnataka State has 84.40MWe allocation

from this project. As per the Minutes of 38th meeting of SRPC held on 23.12.2020, the project was supposed to be commissioned by the end of the year 2020. However, the project is yet to be commissioned.

4.3.2 NTPC (Kudgi) 3X800 MW- Stage-I & 2x800MW Stage-II TPS:

M/s. NTPC in their proposed 5x800 MW Thermal Power Station at Kudgi in Vijayapura District in Karnataka have completed 1st Phase TPS with 3x800 MW during 2017 and 2018. The ESCOMs of Karnataka have a share of 1227.3 MW.

M/s. NTPC had approached Government of Karnataka during 2018 requesting in-principle approval to establish RE Hybrid plant with a capacity of 190 MW (Solar-130MW & Wind-60MW) in the land earmarked for Kudgi stage-II (2x800MW) to encourage the GoI initiative of implementing 175 GW by 2022. The matter was discussed in SRPC Special meeting and concluded that, the beneficiary States were passing through a transition phase, any requirement of additional thermal power could not be assessed at this point and requires one or two years. PCKL intimated the same to NTPC Limited.

Once again M/s NTPC approached PCKL during December, 2019 seeking in-principle approval for establishing Hybrid RE project and approval for change of land use from GoK. The issue was discussed in MMR meeting held in January, 2020 and the ESCOMs stated that, they are not interested to avail power from Kudgi 2nd Stage (1600 MW). The Energy Department, GoK on the request of NTPC has sought views of ACS, GoK, Department of Industries & Commerce and ACS, GoK, Revenue Department on the proposed change of land use for RE Hybrid project.

4.3.3 Kaiga Unit 5 & 6- Additional 2X700 MW Nuclear Power Plant:

The NPCIL has proposed to establish 2x700 MWe units at Kaiga Site adjacent to existing four units of Kaiga Generating Station. As per the minutes of 38th SRPC meeting held on 23.12.2020, the NPCIL is in the process of obtaining preliminary approvals and discussing evacuation system up-gradation required to be put in place with PGCIL.

4.3.4 Kudamkulam Nuclear Power Plant (KKNPP) unit 3 to 6:

As per the record notes of the Special meeting of Commercial Sub Committee meeting held on 9.12.2019, KKNPP Units 3 to 6 are under construction.

4.3.5 NTPC-Pudimadaka STPS:

The Pudimadaka Thermal Power Plant with an installed capacity of 4000 MW has been proposed by NTPC at Pudimadaka, Vishakapattanam District, Andhra Pradesh. The PPA has been signed by Karnataka State ESCOMs with NTPC. In the Minutes of the 38th Meeting of TCC 22.12.2020 & SRPC 23.12.2020, it has been noted that, NTPC

had informed that, MoP has allocated 50% to Andhra Pradesh and balance allocation has to be made.

5.0 State Co-ordination Projects: Generation

5.1. Establishing 2 X 660 MW Coal based Thermal Power Project at Gulbarga (Case-2 Bid Route Project)

Government of Karnataka in its order dated 19th May 2008, accorded approval to establish coal based thermal project in Gulbarga District.

In view of target set by MOP to increase of Renew energy generation, KREDL has requested to transfer this land to establish 500 MWCapacity Solar Park by KREDL/KSPCL and it has further requested to handover the land on lease basis vide letter dated 05.02.2021. Proposed vide letter No. PCKL/DDP-5/A-6/LC/LA/2018-19/ 4772-74 dated: 08.02.2021 has been sent to Energy Department GoK for kind directions.

6.0 Inter State Transmission System (ISTS)-Projects in the Southern Region:

6.1 Transmission Projects awarded through Tariff Based Competitive Bidding (TBCB) Route:

Ministry of Power (MoP) notified REC Transmission Projects Company Limited (RECTPCL) as the Bid Process Coordinator (BPC) for selection of Bidders as Transmission Service Provider (TSP) to Build, Own, Operate and Maintain (BOOM) basis through TBCB. The following are the status of the projects in Southern Region in which Karnataka has signed Transmission Service Agreement (TSA) these are as below:

- a) Kudgi (NTPC) evacuation Transmission Lines
- b) Talcher-II Augmentation System
- c) Strengthening of Transmission System beyond Vemagiri:
- d) Establishment of 400 kV Udupi (UPCL) – Kasargode D/C Line:

7.0 Securitization of Gram Panchayath Electricity dues outstanding as on 31.03.2015 and settlement of Power Purchase dues of KPCL on behalf of ESCOMs:

GoK has appointed PCKL as Nodal Agency for implementing the securitization of Gram Panchayaths dues, for entering into agreement for borrowings and documentations, releasing of the borrowed fund to KPCL on behalf of ESCOMs.

GoK in its letter dated 19.05.2017 has accorded approval to ESCOMs for transfer of receivables of Rs.3766.81 Crores outstanding as on 31.03.2015. PCKL has availed the financial assistance from the banks. The details of Term loan availed is below:

(Rs. in Crores)

Name of the Bank	Amount of loan availed	Date of sanction	Initial Rate of Interest PA	Present Rate of Interest PA	Loan outstanding as on 31.03.2021
Punjab National Bank	500.00	09.10.2017	8.15%	7.35%	390.66
State Bank of India	1800.00	29.12.2017	8.15%	7.25%	1518.75
Bank of India	1466.80	07.08.2018	8.50%	7.35%	1329.29
Total	3766.80				3,238.7

8.0 Right to Information Act (RTI):

PCKL has taken steps towards the compliance of the Right to Information Act, 2005. Public Information Officers and First Appellate Authorities have been nominated as contemplated under the Act. Suo-moto disclosure of information on the activities of the company as per the Sections 4(1)(a) & 4(1)(b) of RTI Act, 2005 Suo-Motu disclosures is made available on website: pckl.karnataka.gov.in. During the FY 2020-21, 09 applications were received and 09 applications were disposed

9.0 Statutory Auditors:

The C & AG of India vide Ref. No. have appointed M/s. M.S. Krishnaiah & B.R. Gopal Rao (BA0734), Chartered Accountants, Bangalore under Section 139 of the Companies Act, 2013 as Statutory Auditors for auditing the Accounts of PCKL for the Financial Year 2020-21..

10.0 Manpower:

a. The working strength of PCKL as on 31.03.2021 is as below:

Category	Working Strength
A	17
B	04
C	05
D	00
Total	26

b. The information under Section 217(2A) of Companies Act 1956, read with Company (Particulars of employee) Rules, 1976 may be taken as NIL.

11.0 Corporate Governance:

Following are the Board of Directors during the period from 1st April 2020 to till the date of this Report:

Sl No	Name of Directors Shriyuths/Smt	Designation	DIN/PAN	Period	
				From	To
1	G Kumar Naik, IAS	Chairman	01660388	07/04/2021	
2	Kapil Mohan, IAS,	Chairman	03627128	18/11/2020	07/04/2021
3	Mahendra Jain, IAS.,	Chairman	01660388	24/06/2019	18/11/2020
4	V Krishnappa	Managing Director	09197047	11/06/2021	
5	B.K. Udayakumar	Managing Director	08529370	14/07/2020	07/10/2020
				16/10/2020	31/01/2021
6	H.K.Bharathi	Managing Director	08146718	09/11/2018	30/05/2020
7	Dr N Manjula, IAS.,	Director	07508345	04/09/2019	-
8	P Rajendra Cholan, IAS,	Director	06395219	13/08/2021	-
9	M.B. RajeshGowda, IAS	Director	06917336	18/09/2019	30/04/2021
10	Pavan Kumar Malapati, IAS	Director	07793505	01/06/2019	05/09/2020
11	ChandrashekharL.Nayak, IAS	Director	08215036	05/09/2020	-
12	Manohar M Bevinamar,	Director	08835141	05/09/2020	31/03/2021
13	Dr. H.N. Gopalakrishna, IAS,	Director	08184281	24/07/2018	05/09/2020
14	B Manjunath	Director (Commercial)	09014882	07/12/2020	06/05/2021
15	R Nagaraja	Director (Commercial) (Add. Charge)	03108629	31/03/2020	07/12/2020
16	Ramya K, FCS	Authorised Signatory	AWLPK7540G	21/10/2020	-
17	K.T. Hiriyanna, FCS	Authorised Signatory	AABPH7742M	02/04/2018	21/10/2020

11.1 Meetings of the Board:

During the year 2021, Four (4) meetings were held as below:

Meeting No.	Held on
61	25th September 2020
62	30th September 2020
63	8th December 2020
64	30th March 2021

11.2 Audit Committee:

i. The Board of Directors of PCKL constituted Audit Committee in accordance with the provisions of Companies Act,

The present composition of Audit Committee is as below:

Sl. No.	Name of the Members	Designation
1	Managing Director, KPTCL	Chairman
2	Managing Director, BESCOM	Member
3	Deputy Secretary (Budget & resources), Finance department	Member
	Authorised Signatory, PCKL	Convener

Note: Membership is co-terminus with their Directorship on the Board of PCKL.

ii. Terms of Reference:

- Recommendation for remuneration of Auditors of the company;
- Review and Monitor the Auditor's Independence and Performance, and Effectiveness of Audit Process;
- Examination of the Financial Statement and the Auditors' Report thereon;
- Approval or any subsequent modification of transactions of the Company with Related Parties;
- Scrutiny of Inter-Corporate Loans and Investments;
- Valuation of Undertakings or Assets of the company, wherever it is necessary;
- Evaluation of Internal Financial Controls and risk management systems;
- Monitoring the end use of funds raised through Public offers and related matters.

During the year under report, the Audit Committee held its meeting on 15th September 2020.

11.3 Borrowing Sub-Committee of PCKL:

Board of Directors of PCKL at its 48th meeting held on 31/03/2017 constituted Borrowings Sub-Committee of PCKL for the purpose of Borrowing Long Term Loans from Banks/ Financial Institutions on behalf of the Board upto the limit fixed by the shareholders at the General Meeting from time to time.

The present composition of Borrowings Sub- Committee is as below:

Sl. No.	Members Shriyuths/Smt	Designation	Period	
			From	To
1	G Kuma Naik, IAS.,	Chairman	07/04/2021	--
2	Mahendra Jain, IAS.,	Chairman	05/08/2019	18/11/2020
3	Kapil Mohan, IAS.,	Chairman	18/11/2020	07/04/2021
4	Dr. N Manjula, IAS.,	Member	14/07/2020	--
5	B K Udyakumar	Member	14/07/2020	31/01/2021
6	B Manjunath	Member	07/12/2020	06/05/2021
	Ramya K, FCS, Authorised Signatory, PCKL	Convener	21/09/2020	

Note: Membership is co-terminus with their Directorship on the Board of PCKL.

12.0 KEY MANAGERIAL PERSONNEL:

Presently, the provisions of Section 203 of Companies Act, 2013 vis-à-vis appointment of Key Managerial Personnel is not applicable to PCKL.

13.0 Pursuant to provisions of Section 134(3) of the Act, the following information is provided:

(a) ANNUAL RETURN :

The extracts of Annual Return (MGT-9) pursuant to the provisions of Section 92 is furnished in **Annexure-1**.

(b) Number of meetings of the Board;

During the 2021, Four (4) meetings were held as indicated at para 11.1 ante.

(c) Directors' Responsibility Statement; Yes.

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013 the Directors, state that;

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

- (iii) Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) Directors have prepared the annual accounts on a going concern basis; and
- (v) Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

(d) Explanations or Comments by the Board on every Qualification, Reservation or Adverse Remark or Disclaimer made:

- (i) by the Auditor in their report; enclosed as **Annexure-2**.
- (ii) by the Company Secretary in Practice in his Secretarial Audit Report- Not Applicable.

(e) Government of Karnataka has provided Guarantee for the Term Loan availed from the following Nationalized Banks on securitization of Gram Panchayath Dues:

SL No.	Name of the Bank	Term Loan (Rs. in Crores)	Reference of GoK Guarantee
1	Punjab National Bank	500.00	EN 3 PSR 2016 dated 03/10/2017
2	State Bank of India	1800.00	EN 3 PSR 2016 dated 28/12/2017
3	Bank of India	1466.80	EN 121 PSR 2018 dated 07/08/2018
TOTAL		3766.80	

(f) Particulars of Contracts or Arrangements with Related Parties referred to in Sub-Section (1) of Section 188

Nil

(g) the state of the Company's Affairs; indicated ante-

Nil

(h) the amounts, if any, which it proposes to carry to any Reserves-

Nil

(i) the amount, if any, which it recommends should be paid by way of dividend;

NIL

(j) Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report:-

- 1) The existing accounting policy of PCKL followed from FY13 to FY20 is as below:
 - ▶ The expenditure of corporate office of PKCL constitutes the expenditure of PCKL and shall be met from the interest earned on the deposit of surplus funds of PCKL from time to time.
 - ▶ Revenue expenditure of PCKL, other than Corporate Office, after adjusting the interest earned on the deposits funds received from ESCOMs/on behalf of ESCOMs, (other than

interest on funds for power purchase) will be allocated to ESCOMs in the following proportion and will be met out of Seed Money contributed by ESCOMs.

Distribution Companies (ESCOMs)	Ratio
Bangalore Electricity Supply Company	50%
Mangalore Electricity Supply Company	15%
Chamundeshwari Electricity Supply Corporation	15%
Hubli Electricity Supply Company	10%
Gulbarga Electricity Supply Company	10%

- ▶▶ The Seed Money shall be replenished by ESCOMs to PCKL wherever shortfall arises.
- 2) After returning the paid up share capital amount to the ESCOMs, the interest earned on deposit surplus funds in very meagre and insufficient to meet the corporate expenditure of PCKL Hence, it is proposed to modify the accounting policy as below::
 - I The expenditure of corporate office of PCKL shall be met from the interest earned on the deposit of surplus funds of PCKL including power purchase amount or any other income earned from business operation. In case the interest so earned is not sufficient to meet expenditure of PCKL in any year, the same will be met from the seed money provided by ESCOMs.
 - II. Revenue expenditure of PCKL, other than Corporate Office expenditure will be allocated to ESCOMs in the following proportion and will be met out of Seed Money contributed by ESCOMs.

Distribution Companies (ESCOMs)	Ratio
Bangalore Electricity Supply Company	50%
Mangalore Electricity Supply Company	15%
Chamundeshwari Electricity Supply Corporation	15%
Hubli Electricity Supply Company	10%
Gulbarga Electricity Supply Company	10%

- III. Income or expenditure of the past period pertaining to PCKL, if any, shall be met out of the seed money/ adjusted against the seed money.
- IV. The above accounting policy shall be effective from 01.04.2020.
- V. The Seed Money shall be replenished by ESCOMs to PCKL wherever shortfall arises.

The PCKL Board in its 60th Board Meeting held on 31/03/2020 has accorded approval to adopt the modified accounting policy from 01/04/2020.

(k) The conservation of energy, technology absorption, foreign exchange earnings and outgo;

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology

absorption, are not applicable. During the year under review, there is no foreign exchange earnings and outgo.

(l) Statement Concerning Development and Implementation of Risk Management Policy of the Company:

No Such Policy has been formulated.

(m) Details of Policy Developed and Implemented by the Company on its Corporate Social Responsibility Initiatives:

As of now, the provisions of Section 135 (1) of the Companies Act, 2013 for constitution of Corporate Social Responsibility Committee of the Board is not applicable to PCKL

14.0 Vigil Mechanism (Whistle Blower) Policy:

Pursuant to requirement under Section 177(9) of the Companies Act, 2013, the Company has established Vigil Mechanism(Whistle Blower) Policy. The same is displayed in the website of the Company.

15.0 Comments of the Comptroller and Auditor General (C&AG) of India

The Comptroller & Auditor General of India have conducted a Supplementary Audit under Section 143(6)(b) of the Act. Based on the revisions made by the Statutory Auditors in their report dated 28th September, 2021 as a result of the observations by the Accountant General (Economic & Revenue sector), O/o C&AG have communicated the Nil comments Certificate dated 18th October, 2021.

Acknowledgements:

The Board of Directors would like to place on record their appreciation for all the assistance and guidance extended by the Government of Karnataka, Ministry of Power, GoI, Chairman and Member of the Karnataka Electricity Regulatory Commission, Appellate Tribunal for Electricity, Central Electricity Regulatory Commission, Karnataka Power Transmission Corporation Limited, ESCOMs of Karnataka, Comptroller & Auditor General of India, Statutory Auditors and others for the co-operation and active support rendered to PCKL in its endeavours. The Board of Directors would also like to place on record their appreciation of the dedication and commitment displayed by the officers and staff of the Company during the year.

For and on behalf of Board of Directors

Chairman

PCKL

Form No.MGT-9**EXTRACT OF ANNUAL RETURNS ON THE FINANCIAL YEAR ENDED
ON 31st MARCH 2021****[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]****I. REGISTRATION AND OTHER DETAILS:**

i	CIN	U40101KA2007SGC043640
ii	Registration Date	20.08.2007
iii	Name of the Company	POWER COMPANY OF KARNATAKA LIMITED
iv	Category/Sub-Category of the Company	Government Company
v	Address of the Registered office and contact details	Kaveri Bhavan, K.G. Road, KPTCL Building 5th floor, Bengaluru, Karnataka INDIA, 560009
vi	Whether listed company	No
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr.No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Electricity Capacity Addition & Trading of surplus power		100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SL. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1	NIL				

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

i. Category-wise Share Holding

Category of Shareholders	No.of Shares held at the beginning of the year				No.of Shares held at the end of the year				% Change during The year
	Demat	Physical	Total	% of Total Shares	Dem at	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt COMPANIES	-	500	500	100%	-	500	500	100%	-
d) Bodies Corp									
e) Banks / FI									
f) Any Other									
Sub-total(A)(1):-	-	500	500	100%	-	500	500	100%	-
2). Foreign									
g) NRIs-Individuals									
h)Other-Individuals									
i) Bodies Corp.									
j) Banks / FI									
k) Any Other....									
Sub-total(A)(2):-	-	-	-	-	-	-	-	-	--
Total Promoter Shareholding (A)=(A)(1)+ (A)(2)	-	500	500	100%	-	500	500	100%	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									

f) Insurance Companies									
h) FIIs									
i) Foreign Venture Capital Funds									
Others (specify)									
Sub-total(B)(1)	-	-	-	--	-	-	-	-	-
2. Non Institutions									
Bodies Corp. (i) Indian (ii) Overseas									
Individuals (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
Others(Specify)									
Sub-total(B)(2)	-	-	-	-	-		-	-	--
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	500	500	100%	-	500	500	100%	-

ii. Share holding of Promoters

SL No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbe red to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbe red to total shares	
1								

2								
3								
4								
5								
6	BESCOM	98	19.6	0	98	19.6	0	
7	HESCOM	98	19.6	0	98	19.6	0	
8	MESCOM	98	19.6	0	98	19.6	0	
9	GESCOM	98	19.6	0	98	19.6	0	
10	CESC	98	19.6	0	98	19.6	0	
	Total	490	98		490	98		

iii. Change in Promoters' Shareholding (please specify, if there is no change

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	500	100	500	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year	500	100	500	100

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount		<i>Nil</i>		
ii) Interest due but not paid	<i>Rs.3663.68 Crores</i>	<i>Nil</i>	<i>Nil</i>	<i>Rs.3663.68 Crores</i>
iii) Interest accrued but not	<i>Nil</i>	<i>Nil</i>		<i>Nil</i>
	<i>Nil</i>			<i>Nil</i>
Total(i+ii+iii)	<i>Rs.3663.68 Crores</i>	-	-	<i>Rs.3663.68 Crores</i>
Change in Indebtedness during the financial year		<i>Nil</i>	<i>Nil</i>	
- Addition	<i>Nil</i>			
- Reduction	<i>Rs.425.02 Crores</i>			
Net Change	<i>- Rs.425.02 Crores</i>			<i>- Rs.425.02 Crores</i>
Indebtedness at the end of the financial year		<i>Nil</i>	<i>Nil</i>	
i) Principal Amount	<i>3238.65 Crores</i>			
ii) Interest due but not paid				
iii) Interest accrued but not due	<i>Nil</i>			
Total (i+ii+iii)	<i>Rs.3238.65 Crores</i>	<i>Nil</i>	<i>Nil</i>	<i>Rs.3238.65 Crores</i>

VI. REMUNERATION OF DIRECTORS AND KEYMANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1	Gross salary FY 2020-21 (a)Salary as per provisions contained in section17(1) of the Income-tax Act, 1961 (b)Value of perquisites u/s 17(2) Income-tax Act, 1961 (c)Profits in lieu of salary under section17(3) Income- tax Act,1961	Smt. H K Bharathi Managing Director (Retired on super annuation on 31.05.2020)	Rs.28,49,403/- (including retirement ELS payment)

2	FY 2020-21 (a)Salary as per provisions contained in section17(1) of the Income-tax Act, 1961 (b)Value of perquisites u/s 17(2)Income-tax Act,1961 (c)Profits in lieu of salary under section17(3) Income- tax Act,1961	Sri. B K Udyakumar Managing Director (15.07.2020 to 07.10.2020)	Rs.6,60,987/-
3	Stock Option	0	
4	Sweat Equity	0	0
5	Commission - as% of profit - others, specify...	0	0
6	Others , please specify	0	0
7	Total(A)		Rs.35,10,390/-
	Ceiling as per the Act		

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
1	<u>Independent Directors</u> •Fee for attending board committee meetings •Commission •Others, please specify	Dr N Manjula Sri M.B.Rajeshgowda Chandra Shekar Nayak L Manohar M Bevinamar	Rs.6,000/- Rs.6,000/- Rs.6,000/- Rs.8,000/-		Rs.26,000/-
	Total(1)				Rs.26,000/-
2	<u>Other Non-Executive Directors</u> •Fee for attending board committee meetings •Commission •Others, please specify	Sri Mahendra Jain Sri Kapil Mohan	Rs.4,000/- Rs.4,000/-		Rs.8,000/-
	Total(2)				Rs.8,000/-
	Total(B)=(1+2)				Rs.34,000/-
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				

C. Remuneration to Key Managerial Personnel Otherthan Managing Director/ Manager / Wholetime Director

NIL

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary (a)Salary as per provisions contained in section17(1)of the Income-tax Act,1961 (b) Value of perquisites u/s 17(2) Income-tax Act,1961 (c)Profits in lieu of salary under Section 17(3)Income-tax Act,1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as% of profit -others ,specify...	-	-	-	-
5	Others ,please specify	-	-	-	-
6	Total	-	-	-	-

VII. PENALTIES/PUNISHMENT/COMPOUNDINGOFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD /NCLT/ Court]	Appeal made. If any(give details)
A.Company					
Penalty		NIL			
Punishment					
Compounding					
B.Directors					
Penalty		NIL			
Punishment					
Compounding					
C. Other Officers in default					
Penalty		NIL			
Punishment					
Compounding					

Addendum to Directors report for the period ending 31st March 2021

	Statutory Auditors observations in their Audit Report for FY 2020-21	Managements replies
1	<p>As per the disclosure requirement under Ind AS – 19 (Employee Benefits), an entity shall disclose information that explains the characteristics of its defined benefit plans including: (i) the nature of the benefits provided by the plan (eg. final salary defined benefit plan or contribution-based plan with guarantee). (ii) a description of the regulatory framework in which the plan operates, for example the level of any minimum funding requirements, and any effect of the regulatory framework on the plan, such as the asset ceiling (iii) a description of any other entity's responsibilities for the governance of the plan, for example responsibilities of trustees or of board members of the plan.</p> <p>The above disclosure has not made been by the Company which is contrary to Ind AS 19 -Employee benefits and the financial impact of the provision towards leave encashment is not ascertained and provided.</p> <p>Further, during the year, the company has withdrawn the provision towards leave encashment made during FY 2019-20, which is not in line with IND AS 19. This has resulted in understatement of Provision, understatement of Non-current liabilities and understatement of Expenses by Rs. 2.25 Crores.</p>	<p>Factual</p> <p>The statutory auditor has qualified the contention in their report.</p>
2	<p>The company has not accounted the undischarged liability in connection with the project for establishing Gulbarga coal based Thermal Power Project amounting the Rs. 34.87 lakhs. This liability pertains to the 1601.13 acres project land which was acquired for establishing 1320 mw Gulbarga Coal based Thermal Power project, which is to be developed/ established by PCKL under Case-2 of Ministry of Power Guidelines, which is still not taken up/completed.</p> <p>This has resulted in understatement of Provisions and Other Current Liabilities and Expenses by Rs.16.01 Lakhs.</p>	<p>KREDL in the letter dated 05.02.2021 has indicated undischarged liability of Rs.34.87 Lakhs which was based on the PCKL letter dated 11.04.2016. Subsequently, undischarged liability was finalized to an extent of Rs. 16.01 Lakhs. The same is indicated in the PCKL letter dated 08.02.2021 addressed to ACS, Energy, GoK regarding cost of the project. Further, it needs to be crystallized in respect of payment of consultancy service and auditors revised their audit report by inserting the qualification paragraph in the audit report on the matter.</p>

3	Short term loans and advances (Note No. 8 of Financial Statements) includes an amount of Rs. 17,34,982 towards Reactive energy charges receivable from Kerala State Electricity Board Limited (KSEB), which is delayed payment. In case of delayed payment by the entity, beyond 12 days from the date of issue of statement, the defaulting regional entity is to pay simple interest at 0.04 percent for each day of delay. Accordingly, an amount of Rs. 12,05,356 towards interest is due from KSEB. However, the same was not accounted, although it was due. The above fact has not been disclosed in Note 8 to financial statements.	The suggested disclosure will be made in the Note-8 forming part of the accounts for the FY 2021-22 onwards. In this connection, accounting policy will be framed to account any receipts on the basis of actual cash receipt and auditors revised their audit report by inserting the qualification paragraph in the audit report on the matter.
4	Short term loans and advances (Note No. 8) includes an amount of Rs. 21091713 towards Reactive energy charges receivable from Transmission Corporation of Andhra Pradesh (APTRANSCO), which is delayed payment. In case of delayed payment by the entity, beyond 12 days from the date of issue of statement, the defaulting regional entity is to pay simple interest at 0.04 percent for each day of delay. Accordingly, an amount of Rs. 52,31,700 towards interest is due from APTRANSCO. However, the same was not accounted, although it was due. The above fact has not been disclosed in Note 8 to financial statements.	The suggested disclosure will be made in the Note-8 forming part of the accounts for the FY 2021-22 onwards. In this connection, accounting policy will be framed to account any receipts on the basis of actual cash receipt and auditors revised their audit report by inserting the qualification paragraph in the audit report on the matter.
5	Depreciation on Fixed Assets (Note No. 6) during the year has revealed erroneous calculation of depreciation resulting in understatement of depreciation and loss by Rs.70,366/-.	There was a typographical error in calculation of depreciation and net value of assets, that will be corrected in the annual accounts of FY 2021-22. The statutory auditor has revised their report based on the findings.
6	Other Current Assets in Note No. 11 of Financial Statements includes interest accrued & due on funds investment in Banks amounting to Rs.11,14,213/-, it was observed that total interest accrued as on 31 st March 2021 was Rs.10,38,298/- only and the difference has resulted in overstatement of Current Assets (income accrued) and understatement of Loss by Rs.75,915/-.	The statutory auditor has revised their report based on the findings
7	We have observed that the company has not deducted the income tax at source on the interest and other charges remitted to ESCOMs as per section 194(A) of the Income Tax Act, 1961.	Factual.

Sd/-
Managing Director
PCKL


COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF POWER COMPANY OF KARNATAKA LIMITED, BANGALORE FOR THE YEAR ENDED 31ST MARCH 2021

The preparation of financial statements of **Power Company of Karnataka Limited, Bangalore** for the year ended **31st March 2021** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated **28.09.2021** which supersedes their earlier Audit Report dated **07.09.2021**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Power Company of Karnataka Limited, Bangalore** for the year ended **31st March 2021** under section 143(6)(a) of the Act. The supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the **revisions made to the statutory auditors' report**, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

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


(ANUP FRANCIS DUNGUNG)
ACCOUNTANT GENERAL
(AUDIT-II)
KARNATAKA, BENGALURU

Place: Bengaluru
Date: 18.10.2021



M.S.Krishnaiah & B.R.Gopala Rao

Chartered Accountants

Tel. : 080-2320 2890 E-mail:krishnaiahms@hotmail.com, krishnaiahms_595@yahoo.co.in

Web site : cagkr.com

Independent Auditor's Report

To the Members of Power Company of Karnataka Limited

Report on the Standalone Financial Statements

Qualified Opinion

On completion of our audit of accounts of Power Company of Karnataka Limited for the year ended 31st March, 2021, we have rendered our audit report on 07th September, 2021. Subsequent to our report, in the light of observations arising from the audit by Comptroller and Auditor General of India, the said report has been revised. This report supersedes our earlier audit report.

We have audited the accompanying standalone financial Statements of **Power Company of Karnataka Limited** ('the company'), which comprise the balance sheet as at March 31, 2021, the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the loss, the changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

- i) As per the disclosure requirement under Ind AS – 19 (Employee Benefits), an entity shall disclose information that explains the characteristics of its defined benefit plans including: (i) the nature of the benefits provided by the plan (eg. final salary defined benefit plan or contribution-based plan with guarantee). (ii) a description of the regulatory framework in which the plan operates, for example the level of any minimum funding requirements, and any effect of the regulatory framework on the plan, such as the asset ceiling (iii) a description of any other entity's responsibilities for the governance of the plan, for example responsibilities of trustees or of board members of the plan.



No. 595, 2nd Floor, 52nd Cross, Near Rama Mandir, 3rd Block, Rajajinagar, Bangalore - 560 010.

The above disclosure has not made been by the Company which is contrary to Ind AS 19 - Employee benefits and the financial impact of the provision towards leave encashment is not ascertained and provided.

Further, during the year, the company has withdrawn the provision towards leave encashment made during FY 2019-20, which is not in line with IND AS 19. This has resulted in understatement of Provision, understatement of Non-current liabilities and understatement of Expenses by Rs. 2.25 Crores.

- ii) The company has not accounted the un-discharged liability in connection with the project for establishing Gulbarga coal based Thermal Power Project amounting the Rs. 16.01 lakhs. This liability pertains to the 1601.13 acres project land which was acquired for establishing 1320 mw Gulbarga Coal based Thermal Power project, which is to be developed/established by PCKL under Case-2 of Ministry of Power Guidelines, which is still not taken up/completed. This has resulted in understatement of Provisions and Other Current Liabilities and Expenses by Rs.16.01 Lakhs.
- iii) Short term loans and advances (Note No. 8 of Financial Statements) includes an amount of Rs. 17,34,982 towards Reactive energy charges receivable from Kerala State Electricity Board Limited (KSEB), which is delayed payment. In case of delayed payment by the entity, beyond 12 days from the date of issue of statement, the defaulting regional entity is to pay simple interest at 0.04 percent for each day of delay. Accordingly, an amount of Rs. 12,05,356 towards interest is due from KSEB, out of which only Rs. 3,98,782 accounted by the Company and the balance of Rs. 806,574 was not accounted, although it was due. The above fact has not been disclosed in Note 8 to financial statements.
- iv) Short term loans and advances (Note No. 8) includes an amount of Rs. 21091713 towards Reactive energy charges receivable from Transmission Corporation of Andhra Pradesh (APTRANSCO), which is delayed payment. In case of delayed payment by the entity, beyond 12 days from the date of issue of statement, the defaulting regional entity is to pay simple interest at 0.04 percent for each day of delay. Accordingly, an amount of Rs. 52,31,700 towards interest is due from APTRANSCO. However, the same was not accounted, although it was due. The above fact has not been disclosed in Note 8 to financial statements.
- v) Depreciation on Fixed Assets (Note No. 6) during the year has revealed erroneous calculation of depreciation resulting in understatement of depreciation and loss by Rs.70,366/-.
- vi) Other Current Assets in Note No. 11 of Financial Statements includes interest accrued & due on funds investment in Banks amounting to Rs.11,14,213/-, it was observed that total interest accrued as on 31st March 2021 was Rs.10,38,298/- only and the difference has resulted in overstatement of Current Assets (income accrued) and understatement of Loss by Rs.75,915/-.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Emphasis of Matter

Note 2.2 of the financial statements, which describe the management's assessment of the uncertainties and impact of COVID-19 pandemic on the company's operations and the financial results. The Management has assessed that there is no material impact on the financial statements due to lock down and related restrictions imposed towards controlling the COVID-19 pandemic.

The Company has not obtained confirmations and reconciled the balances as on 31 March 2021 with respect to sundry debtors, sundry creditors and other receivables / payable from other ESCOMS, RRAS dues, APTRANSCO, KSEB, IEX, POSOCO, etc. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss which may arise on account of non-recovery or partial recovery of such dues is not ascertained.

The Company's accounting software does not have a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

Our opinion is not modified in respect of this matter.

Other Matters



Further to the continuous spreading of COVID -19 across India, the Government announced a strict lockdown across the State to contain the spread of the virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, the some of the audit procedures were carried out based on remote access of the data as provided the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions. Our audit opinion is not modified in respect of the above.

Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act read with the

Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Rules, 2016, as amended from time to time, and other accounting principles generally accepted in India.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

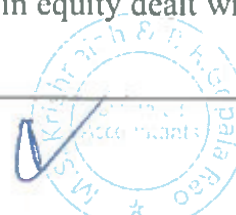
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The balance sheet and the statement of profit and loss, total comprehensive income, standalone cash flows and standalone statement of changes in equity dealt with by this report are in agreement with the books of account;



- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rules made thereunder, as applicable;
- e) This being a government company, provisions of section 164(2) of the Companies Act 2013 is not applicable as per the management. Hence we are not commenting on written representation from the directors on disqualification.
- f) With respect to adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations which would impact its financial position in its standalone financial statements – refer Note 25 of the standalone financial statements.
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms Section 143 (11) of the Companies Act, 2013, we give in the "Annexure B", a statement on the matters specified in the paragraph 3 and 4 of the Order to the extent applicable to the Company.
3. As per the directions issued by Comptroller and Auditor-General of India under section 143(5) of the Act, we report that:
 - a) *The Company does not have IT system in place to process all the accounting transactions and it maintains its books of account in Excel based macros enabled spread sheet format, where data integrity and reporting are challenging. The accounting system does not have a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.* However, we have not observed any cases of integrity issue having financial implications during the course of our audit.
 - b) The Company has availed financial assistance of Rs. 3766.80 Crores by way of long-term borrowings from public sector banks during the FY 2017-18 and FY 2018-19 by securitization of charge free receivables of ESCOMS against the guarantee provided by the Government of Karnataka through its order dated 31-03-2017. However, there were no cases

of restructuring of existing loans or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan.

- c) Government of Karnataka released grants to enable discharge of liability of interest on the term loans availed by securitization of gram panchayat dues. There were no deviations observed in the accounting and utilization of the funds received from Government of Karnataka in this regard during the year.
- d) As per the Additional Company Specific Directions issued by Comptroller and Auditor-General of India under section 143(5) of the Act, we give in the "Annexure C", a checklist of items with regard to Cash and Bank balances and report on the cases of specific non-compliances, to the extent applicable to the Company. There were no unexplained balances / balances operated under suspense head other than those reported in the Annexure.
- e) The Company has not obtained confirmations and reconciled the balances as on 31 March 2021 with respect to sundry debtors, sundry creditors and other receivables / payable from other ESCOMS, RRAS dues, APTRANSCO, KSEB, IEX, POSOCO, etc. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss which may arise on account of non-recovery or partial recovery of such dues is not ascertained. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss which may arise on account of non-recovery or partial recovery of such dues is not ascertained. Company has a mechanism for reconciliation of these accounts, however, delayed in obtaining the external confirmations on the balances and reconciliation of outstanding dues.
4. We have observed that the company has not deducted the income tax at source on the interest and other charges remitted to ESCOMs as per section 194(A) of the Income Tax Act, 1961.

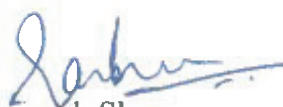
Place: Bengaluru

Date: 28th September, 2021

UDIN: 21218506AAAACF1259



For M/s. M.S. Krishnaiah & B.R. Gopala Rao
Chartered Accountants, FRN: 009580S


Ramesh Sharma
Partner, M. No.: 218506

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on other legal and regulatory requirements' section of our report to the Members of Power Company of Karnataka Limited of even date)

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

We have audited the internal financial controls over financial reporting of Power Company of Karnataka Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the

assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s. M.S. Krishnaiah & B.R. Gopala Rao
Chartered Accountants, FRN: 009580S

Place: Bengaluru

Date: 28th September, 2021

UDIN: 21218506AAA AKF1259




Ramesh Sharma
Partner, M. No.: 218506

Annexure B to the Independent Auditor's Report

(Referred to in paragraph 2 under the heading 'Report on other legal and regulatory requirements' in our Independent Auditor's Report to the Members of Power Company of Karnataka Limited of even date)

(i) In Respect of fixed assets:

(a) The Company has maintained the records showing particulars of fixed assets including quantitative details and situation of fixed assets;

(b) As explained to us, the Company has a regular programme for physical verification of its fixed assets whereby all fixed assets are verified in a phased manner at regular intervals. As informed to us no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification program is reasonable having regard to the size of the Company and the nature of its assets;

(c) According to the information and explanation given to us, and on the basis of examination of records of the company, the title deeds of immovable properties are held in the name of the company.

(ii) There are no inventories in the Company and hence para 3(ii) of the order is not applicable.

(iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, the provisions of clause 3 (iii) of the Order is not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provision of clause 3(v) of the Order is not applicable to the Company.

(vi) As informed to us, the Central government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the products or services of the Company.

(vii) According to the information and explanation given to us and on the basis of our examination of the records of the Company, in respect of statutory dues;

(a) The company is generally regular in depositing the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities

and there were no arrears of undisputed statutory dues payable as at 31 March 2021 for a period of more than six months from the date they became payable, except as detailed below:

Name of the Statute	Nature of Dues	Financial Year	Amount (Rs. in Lakhs)	Due date & Date of Payment	Remarks, if any
Income Tax Act, 1961	Tax deducted at Source	2007-08 to 2008-09	7.47	Quarterly due dates Not yet paid	TDS defaults demand raised by the department pending rectifications

(b) Details of dues of income tax, GST, sales tax, service tax, customs duty, excise duty and cess which have not been deposited as on 31st March 2021 on account of any dispute are given below:

Name of the Statute	Nature of Dues	Financial Year	Amount (Rs. in Lakhs)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	2008-09	11.21	DCIT, Bangalore
Income Tax Act, 1961	Income Tax	2010-11	9.94	DCIT, Bangalore

- (viii) According to the information and explanation given to us, and on the basis of examination of records of the company, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government and has not issued debentures.
- (ix) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi company and hence paragraph 3(xii) is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.



- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934 and hence para 3(xvi) is not applicable.

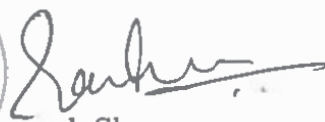
For M/s. M.S. Krishnaiah & B.R. Gopala Rao
Chartered Accountants, FRN: 009580S

Place: Bengaluru

Date: 28th September, 2021

UDIN: 21218506AAAACF1259





Ramesh Sharma

Partner, M. No.: 218506

Annexure C to the Independent Auditor's Report

(Referred to in paragraph 3 (d) of our report, as per the Additional Company Specific Directions issued by Comptroller and Auditor-General of India under section 143(5) of the Act, a checklist of items with regard to Cash and Bank balances and report on the cases of specific non-compliances:

Sl. No.	Items in Check list	Remarks
1	Whether all Banks Accounts / Fixed Deposits have been opened with banks/ proper authorization and approvals as per the aforesaid delegation of powers?	Yes, as per the specified guidelines
2	Whether there was a periodical system of preparation of Bank reconciliation statement and whether they were produced for verification to audit?	Yes, except RRAS and IEX specific Bank Accounts, where reconciliations are slightly delayed, but completed up to 31 st March 2021.
3	Whether Bank reconciliation of the Main account and all subsidiary bank accounts were done?	Yes
4	Was the authorisation to operate the bank accounts were given to a single signatory?	No, Joint signatories as per the guidelines
5	Whether the interest for the entire duration of Fixed Deposits was accounted in the books of accounts?	Yes, as per the balance confirmation and accrued as per tax credit statement
6	Whether physical verification of cash has taken place periodically?	Yes
7	Whether the cash in hand as shown in the Balance Sheet tallies with the certificate of physical verification of cash?	Yes
8	Is there a register of Fixed Deposits showing amounts, maturity dates, rates of interest and dates for payment of interest?	Maintained in excel worksheet
9.	Is there a follow-up system to ensure that interest on Fixed Deposits is received on due dates?	No Specific system for follow up with banks, but accounted as per bank statements. On review of balance confirmations from banks against three fixed deposits in two banks, it was observed that total interest accrued as on 31 st March 2021 was indicating a difference of Rs.75,915/-.
10.	Is there a follow-up system to ensure that transfer of matured amount of Fixed	Deposits in two banks. No serious lapses in the company. No delay in transfer of the amount


	Deposits is done without any delay?	
11.	Whether bank confirmation statements are obtained periodically from the banks for all accounts: SB accounts, Current Accounts and Fixed deposits?	Yes, except those stated above relating to Sweep accounts of IEX & RRAS
12.	Whether confirmations of balances in respect of all bank balances tally with the Bank statements?	Yes
13.	Whether Fixed Deposits and interests as per Fixed Deposits Register tally with the confirmation/certificate issued by the bank?	Yes as maintained in excel spreadsheet
14.	Whether the confirmation statements received from banks are authenticated and in the letter head by the bank?	Bank statements obtained from the bank / website. Few Confirmations are not on the letterhead of the Bank
15.	In case of any difference observed in the above check, whether the same was adjusted in the subsequent year?	Yes
16.	Whether external confirmations were obtained from Banks in the test checked cases, if so details thereof with.	Computer generated statement obtained
17.	Whether any of the aforesaid lapses were brought out in the Report of the Internal Financial controls by the Statutory Auditor, if not, whether Audit Enquiry was issued?	No serious lapses in the company. The aforesaid report has been issued as part of the IFC report and brought out to management information.

For M/s. M.S. Krishnaiah & B.R. Gopala Rao
Chartered Accountants, FRN: 009580S

Place: Bengaluru

Date: 28th September, 2021




Ramesh Sharma
Partner, M. No.: 218506

POWER COMPANY OF KARNATAKA LIMITED
BALANCE SHEET AS AT MARCH 31, 2021

Amount in Rs.

ASSETS	Note no.	As at 31 March 2021	As at 31 March 2020
Non-current assets			
Property, plant and equipment	6	3,971,362	1,302,559
- Long-term loans and advances	7	32,389,069,082	36,639,294,356
- Others - Term Deposit with Banks	11	30,500,000	40,200,000
Deferred tax assets (Net)	4	124,548	180,626
Other non-current assets	9	1,600,528,625	1,600,322,772
Current assets			
Financial assets:			
- Cash and cash equivalents	10	289,165,086	68,788,809
- Short term loans and advances	8	43,484,979	41,257,439
Other current assets	11	33,397,144	140,809,146
TOTAL		34,390,240,827	38,532,155,707

EQUITY AND LIABILITIES

Equity			
Equity Share capital	1	500,000	500,000
- Retained earnings	1	26,280,627	26,657,298
Share application money pending allotment		-	
Total Equity		26,780,627	27,157,298
Non-current liabilities			
Financial liabilities			
- Long term borrowings	2 (a)	27,678,053,914	32,386,533,356
Long term provisions	3	-0	22,545,568
Net employee defined benefit liabilities			
Other non-current liabilities	5	1,590,735,326	1,590,735,326

Current liabilities			
Financial liabilities	2	-	
- Short term borrowings		-	
- Trade and other payables		-	
Other financial liabilities	2 (a)	4,708,504,168	4,250,250,000
Other current liabilities	5	386,166,792	247,865,834
Short-term provisions	3	-0	7,068,325
Liabilities for current tax (net)	4	-	-
Liabilities associated with group(s) of assets held for disposal		-	-
TOTAL		34,390,240,827	38,532,155,707

The accompanying notes form an integral part of the standalone financial statements A, 1-18

As per our report of even date attached

For M S Krishnaiah & B R Gopala Rao.

Chartered Accountants Firm Regd. No.: 009580S

Sd/-

Ramesh Sharma

M No. 218506

Partner

Date: - 07-09-2021

Sd/-

RajendraCholan

M.D BESCOM, Director

PCKL, Bengaluru

Date: - 07-09-2021

For and on behalf of the Board of

Sd/-

V. Krishnappa

Managing Director,

PCKL, Bengaluru

Date: - 07-09-2021

POWER COMPANY OF KARNATAKA LIMITED
Standalone Statement of Profit and Loss for the period ended March 31, 2021

Amount in Rs.

	Particulars	Note no.	For the year ended 31 March 2021	For the year ended 31 March 2020
i)	Revenue from operations	12	7,666	302,485
ii)	Other income	12A	6,786,672	7,693,914
iii)	Total revenue		6,794,338	7,996,399
	Expenses			
iv)	Employee benefit expense	13	-	12,156,379
v)	Depreciation and amortisation expense	14	320,593	385,998
vi)	Other expense	15	6,794,338	2,820,202
vii)	Total expenses		7,114,931	15,362,579
viii)	Profit/ (loss) before exceptional items and tax		-320,593	-7,366,180
xii)	Exceptional items	22	-	-
ix)	Profit/ (loss) before tax		-320,593	-7,366,180
x)	Tax expense			
	a) Current tax	4		
	b) Deferred tax	4		
			-	-
xi)	Profit/ (loss) for the period from continuing operations		56,078	1,045,305
xii)	Profit/ (loss) from discontinued operations		-376,671	-8,411,485
xiii)	Tax expense of discontinued operations			
xiv)	Profit/ (loss) from discounting operations (after tax)			-
			-	-
xv)	Profit/ (loss) for the period		-	-
xvi)	Other comprehensive income (OCI)		-376,671	-8,411,485
xvii)	Profit/ (Loss) including other comprehensive income		-	-
xviii)	Earnings per Equity Share	16	-376,671	-8,411,485
	Equity Shares of Par Value Rs. 1,000 each			
	a) Basic		-753.34	(83.70)
	b) Diluted		-753.34	(83.70)

	Equity Shares used in computing earnings per equity share Basic & Diluted		500	100,500
--	---	--	-----	---------

The accompanying notes form an integral part of the standalone financial statements

A, 1-18

For M S Krishnaiah & B R Gopala Rao.

Chartered Accountants Firm Regd. No.: 009580S

Sd/-

Ramesh Sharma

M No. 218506

Partner

Date: - 07-09-2021

Sd/-

RajendraCholan

M.D BESCOM, Director

PCKL, Bengaluru

Date: - 07-09-2021

For and on behalf of the Board of

Sd/-

V. Krishnappa

Managing Director,

PCKL, Bengaluru

Date: - 07-09-2021

POWER COMPANY OF KARNATAKA LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED

Amount in Rs.

Particulars	MARCH 31, 2021		MARCH 31, 2020	
	Rs.	Rs.	Rs.	Rs.
a) Cash flows from operating activities				
Profit before taxation & Extraordinary Items	(320,593)		(73,66,180)	
Adjustments for:				
Decrease in Reserves				
Depreciation and amortization expense	320,593		3,85,998	
Loss on disposal of Assets	-			
Foreign exchange loss/(gain)	-			
Interest received	(6,786,672)		(76,93,914)	
Dividends received	-			
Interest expenses	-			
		(6,466,079)		(7,307,916)
		(6,786,672)		(14,674,096)
(Increase)/ decrease in trade and other receivables	-		-	
(Increase)/ decrease in inventories	-		-	
(Increase)/ decrease in Loans & Advances (Asset)	4,559,132		(3,062,695)	
(Increase)/ decrease in Other Current Assets (Asset)	107,412,002		(96,631,322)	
Increase/ (decrease) in trade payables & Current Liabilities	136,586,214		158,815,287	
		248,557,348		1,090,371,270
		241,770,676		1,075,697,174
Income taxes paid		-		-
Cash flow from extraordinary Items		-		-
Net cash from operating activities		241,770,675		1,075,697,174
b) Cash flows from investing activities				
Purchase of Fixed Assets	(2,989,396)		(191,984)	
Proceeds from sale of property, plant and equipment	-		-	
Purchase/ Increase of investments	(205,853)		(221,155)	
Proceeds from Term deposits withdrawn	9,700,000		-	
Interest received	-		7,693,914	
Dividend received	-		-	

Net cash from investing activities		6,504,751		7,280,775
c) Cash flows from financing activities				
Proceeds from issue of share capital	-		-	
Repayment of share capital	-		(200,000,000)	
Proceeds from long term borrowings	-		-	
- Long term borrowings	-		-	
Grant Received	7,008,079,111		4,226,402,193	
Repayment of borrowings (Term Loans)	(4,250,225,274)		(1,031,250,000)	
Repayment of Other longterm Liabilities	-		(1,600,001)	
Interest paid	(2,763,207,418)		(3,195,152,193)	
Dividend paid	-		-	
Long Term Provisions	(22,545,568)		7,645,679	-
Net cash from financing activities		(27,899,149)		(193,954,322)
Net increase/(decrease) in cash and cash equivalents (a+b+c)		220,376,277		(142,226,373)
Cash and cash equivalents at beginning of reporting period	68,788,809			211,015,182
Cash and cash equivalents at end of reporting period	289,165,086			68,788,809

Cash & Cash equivalents:

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet:

Cash on hand and bank balances		289,165,086		68,788,809
Short term investments		-		-
Cash and cash equivalents as reported		289,165,086		68,788,809
Effect on exchange rate changes		-		-
Cash and cash equivalents as restated		289,165,086		68,788,809

Explanatory Notes and Accounting Policies form integral part of the Financial Statements A, 1-18

For M S Krishnaiah & B R Gopala Rao.

For and on behalf of the Board of

Chartered Accountants Firm Regd. No.: 009580S

Sd/-

Ramesh Sharma

M No. 218506

Partner

Date: - 07-09-2021

Sd/-

RajendraCholan

M.D BESCOM, Director

PCKL, Bengaluru

Date: - 07-09-2021

Sd/-

V. Krishnappa

Managing Director,

PCKL, Bengaluru

Date: - 07-09-2021

POWER COMPANY OF KARNATAKA LIMITED
Statement of changes in equity for the period ended March 31, 2021

Equity share capital	Opening balance as at 01/04/2019	Changes in equity share capital during the year 2019-20	"Opening Balance as at 01/04/2020"	Changes in equity share capital during the year 2020-21	"Closing balance as at 31/03/2021"
Equity shares of Rs. 1,000 each	200,500	-200,000	500	-	500
	200,500	-200,000	500	-	500
Other Equity Particulars	Retained Earnings in Rs.	Increase or decrease in share capital reserves	Revaluation Reserve	Other reserves	Money received against share warrants
"Opening balance as at 1 Apr 2020"	26,657,298	-	-	-	-
Dividends	-	-	-	-	-
Transfer to retained earnings- P & L Balance	-376,671	-	-	-	-
Any other change	-	-	-	-	-
"Closing balance as at 31 Mar 2021"	26,280,627	-	-	-	-

For M S Krishnaiah & B R Gopala Rao.

Chartered Accountants Firm Regd. No.: 009580S

Sd/-

Ramesh Sharma

M No. 218506

Partner

Date: - 07-09-2021

Sd/-

RajendraCholan

M.D BESCOM, Director

PCKL, Bengaluru

Date: - 07-09-2021

Sd/-

V. Krishnappa

Managing Director,

PCKL, Bengaluru

Date: - 07-09-2021

NOTES TO FINANCIAL STATEMENTS					
1 (a)	SHARE CAPITAL:	Amount In Rs.			
	Particulars	As at the end of current reporting period 31-03-2021		As at the end of current reporting period 31-03-2020	
		Number	Amount	Number	Amount
	Authorized Equity Share Capital:				
	As at April 2020	210000	2100000000	210000	2100000000
	As at 31 March 2021	210000	2100000000	210000	2100000000
	Increase/Decrease during the year	-	-	-	-
	As at March 2020	210000	2100000000	210000	2100000000
	Issued, subscribed and fully paid up:				
	<i>Equity shares of Rs. 1000/- each</i>				
	At the beginning of the reporting period	500	500000	200500	500000
	Issued during the reporting period	-	-	-	-
	Bought back during the reporting period	-	-	-	-
	At the close of the reporting period	500	500000	500	500000
	Issued, subscribed but not fully paid up:	-	-	-	-
	Total	500	500000	500	500000
	Particulars of equity share holders holding more than 5% of the total number of equity share capital:				
a.	Additinal Chief Secretary, Energy Department	4	4000	4	4000
b.	Managing Director, KPTCL	4	4000	4	4000
c.	Managing Director, BESCOM	98	98000	98	98,000
d.	Managing Director, MESCOM	98	98000	98	98,000
e.	Managing Director, CESC	98	98000	98	98000

f.	Managing Director, HESCOM	98	98000	98	98000
g.	Managing Director, GESCOM	98	98000	98	98000
h.	Managing Director, PCKL	2	2,000	2	2000
		500	500,000	500	500000

NOTES TO FINANCIAL STATEMENTS							
1 (b)							
Reserves and Surplus:							
							Amount In Rs.
Particulars	At the begin ning of the report ing period	Changes in account ing policy/ prior period errors	Restated balance as at 1 April 2020	Total compreh ensive income for the year	Divi dends	Any other change	Closing balance as at 31 Mar 2021
Capital Reserve	-	-	-	-	-	-	-
Capital redemption reserve	-	-	-	-	-	-	-
Securities Premium Reserve	-	-	-	-	-	-	-
Debenture Redemption Reserve	-	-	-	-	-	-	-
Revaluation Reserve	-	-	-	-	-	-	-
Share option outstanding account	-	-	-	-	-	-	-
Other reserves	-	-	-	-	-	-	-
Retained Earnings	26657298	-	26657298	(376671)	-	-	26280627
Debit balance in Profit and Loss Account shall be shown as a negative figure under the head ' Retained Earnings'							

NOTES TO FINANCIAL STATEMENTS					
2 (a)	BORROWINGS				
				Amount In Rs	
Particulars		Effective Interest Rate	Repayment tenure including moralties	As at the end of previous reporting period	As at the end of previous reporting period
		%		31-03-2021	31-03-2020
	Non- Current Borrowings				
i)	Secured :				
a.	Bonds & Debentures	-	-	-	-
b.	Term Loans				
	- from Banks				-
	1) Punjab National Bank	7.35%	10 years	3906240062	4531250000
	2) State Bank of India	7.25%	10 years	15187412790	17437500000
	3) BOI	7.35%	10 years	13292905230	14668033356
	- from Others	-	-	-	-
c.	Deferred Payment Liabilities	-	-	-	-
d.	Deposits	-	-	-	-
e.	Loans and advances from related parties	-	-	-	-
f.	Long term maturities of finance lease obligations	-	-	-	-
g.	Other loans and advances	-	-	-	-
	TOTAL Borrowings			32386558082	36636783356
	Less:				
	Current Borrowings included above			-4708504168	-4250250000
	Total			27678053914	32386533356
ii)	Unsecured :			-	-
	Total			-	-
				-	-

Non Current borrowings (i+ii)			-	-	
		Effective Interest Rate	Maturity	As at the end of current reporting period	As at the end of previous reporting period
		%		31-03-2021	31-03-2020
i)	Secured :			-	-
	Current Maturities of Term Loans (Amounts payable in FY 2020-21				
	1) Punjab National Bank			625000000	625050000
	2) State Bank of India			2250000000	2,250000000
	3) Bank of India			1833504168	1375200000
	Total			4708504168	4250250000
ii)	Unsecured :			-	-
	Total			-	-
Non Current borrowings (i+ii)				4708504168	4250250000
Trade and other payables				31-03-2021	31-03-2020
a)	To Micro, Small and Medium Enterprises			-	-
b)	Others			-	-
	Total			-	-
Other financial liabilities				31-03-2021	31-03-2020
	Total other financial liabilities			-	-
	Borrowings:				
	Government of Karnataka has authorized PCKL vide order dated 31.03.2017 to undertake securitisation of charge free receivables of Gram Panchayaths of ESCOMs to the tune of Rs. 3766.81 Crores.				

The details of Term loan availed is below:					Amount in Rupees
Name of the Bank	Loan availed Amount in Crores	Date of Sanction	Initial Rate of Interest	Present Rate of Interest	Loan outstanding as on 31.3.2020 in Rs
Punjab National Bank	5000000000	10/9/2017	8.15%	7.35%	3906550000
State Bank of India	18000,000000	12/29/2017	8.15%	7.25%	15187500000
Bank of India	14668033356	8/7/2018	8.50%	7.35%	13292905230
	37668033356				32386955230
GoK Grant:					
Details of grants released from GoK to PCKL for the FY 2020-21 to enable discharge of liability of principal & interest on Term Loan availed by securitization of Gram Panchayat dues of ESCOMs, and utilisation of grants is as follows:					
					Amount In Rupees
Month	Opening Balance	Grants Received	Interest earned on Term Deposit	Interest and loan discharged	Closing Balance
Apr-20	(69957262)	890111000	-	814044693	6109045
May-20	6109045	249337000	307402	249337079	6416368
Jun-20	6416368	400852000	408780	403277057	4400091
Jul-20	4400091	813800000	-	808902050	9298041
Aug-20	9298041	240200000	199632	244887331	4810342
Sep-20	4810342	854952000	174764	852824130	7112976
Oct-20	7112976	795832900	157559	795401569	7701866
Nov-20	7701866	229216000	-	229115335	7802531
Dec-20	7802531	-	-	217861876	(210059345)
Jan-21	(210059345)	1604342000	-	1385828819	8453836
Feb-21	8453836	186700000	-	187240287	7913549
Mar-21	7913549	815507100	216066	814005304	9631411
Mar-21 interest due / Grant Recivable	9631411	-	-	5353581	4277830
TOTAL	(69957262)	7080850000	1464203	7008079111	4277830

NOTES TO FINANCIAL STATEMENTS							
							Amount In Rs.
Particulars	31-03-2021			31-03-2020			
	Non-Current	Current	Total	Non-Current	Current	Total	
3 PROVISIONS							
a) Provisions for employee benefits - Leave Obligations	-	-	-	2346821	2359233	2359233	
b) Provisions for employee benefits (Current-ESCOMS)	-	-	-	-	4709059	4709059	
c) Provisions for employee benefits (Non-Current-ESCOMS)	-	-	-	22545568	-	22545568	
	-	-	-	22545568	7068325	29613893	
(i) Leave Obligations:							
The leave obligations cover company's liability for earned leave - accounted as per the Actuarial Valuation report.							
<p>"PCKL has considered the Defined Benefit Obligation in respect of Leave encashment based on the actual payments made during the year not on the basis of actuarial valuation as per AS19, since all the employees of PCKL are on deputation from KPTCL and transfer has been taking place among the ESCOMs and KPTCL . The ascertaining the actuarial liability as per IND AS 19 is not practicable to the company causing huge variation between actual Pay-outs and the provisions.</p> <p>In view the above, it is proposed to change the accounting policy to book the expenditure on the basis of actual cash outflows. Hence, provisions made earlier have been withdrawn.</p> <p>All expenses excluding re-measurements of the net defined benefit liability (asset), in respect of defined benefit plans are recognized in the statement of profit and loss as incurred."</p>							

NOTES TO FINANCIAL STATEMENTS			
		Amount In Rs.	
		Year Ended	Year Ended
4	Current Tax & Deferred Tax (Net)	31-03-2021	31-03-2020
	Current Income Tax:		
	Current income tax charge	-	-
	Adjustments in respect of current income tax of previous year	-	-
	Closing Balance	-	-

	Deferred Tax (Asset) / Liabilities:		
	Opening Balance	180626	1225931
	Relating to origination and reversal of temporary differences	-56078	-1045305
	Closing Balance	124548	180626
	Total	124548	180626
	Income tax expense reported in the statement of profit or loss	56078	-1045305
5	OTHER LIABILITIES		
	Other Long term liabilities	31-Mar-2021	31-Mar-2020
a)	Security Deposit	11345707	11345707
b)	Advance from Govt of karnataka	1421200000	1421200000
c)	Amount payable to DC, Gulbarga towards land acquisition of Gulbarga power project	158189619	158189619
e)	Amount payable towards GP dues received from ESCOMs	-	-
f)	Grant released from GoK towards securization of Gram Panchayath dues	-	-
		1590735326	1590735326
	Other current liabilities:	31-Mar-2021	31-Mar-2020
a)	Current maturities of long term debt		
b)	Current maturities of finance lease obligations	-	-
c)	Interest accrued but not due on borrowings	-	-
d)	Interest accrued and due on borrowings	5353581	-
e)	Income received in advance	-	-
f)	Unpaid dividends	-	-
g)	Application money received for allotment of securities and due for refund and interest accrued thereon	-	-
h)	Payable to ESCOMs towards SCED scheme	87803036	-
i)	Grant released from GoK towards securization of Gram Panchayath dues	4277830	-
a)	Other payables :	-	-
	i)Family Benefit Fund	325463	434398
	ii)Unpaid Exgratia	10500	10500
	iii) Ex-gratia Payable	208467	205085

iv) Liability for Expenses	5078214	13343687
v) Salary Payable	70136	-
vi) Stale Cheques	20328	2950
vii) Advance from ESCOMS towards POWER Purchase, Reactive energy Charges (refer Note-18)	225659532	25840213
vii) Payable to ESCOMS- RRAS dues	9799950	161202387
viii) Receivable from ESCOMS- Legal charges	-	761848
ix) Employee/Employee Contribution under NDCPS in respect of employees recruited after 1/4/2006	-	230377
x) Pension & Gratuity contribution in respect of employees on deputation from KPTCL & payable to P & G Trust	7087108	1534578
xi) Demand raised by Income Tax department	16963432	16963432
xii) Others - Seed money from ESCOMS	23029129	26463225
xiii) Other Amount Payable towards Legal Charges (On behalf of ESCOMS)	480087	873154
TOTAL	386166792	247865834

[illegible]

Additional Information:

- i) The assets revalued during the year -NIL
- ii) The borrowing cost capitalised during the year - NIL
- iii) Depreciation on the fixed assets is provided under Straight Line Method over the useful life of the assets estimated by the management. The management estimates the useful lives for the fixed assets are as detailed below:

Asset	Estimated Life in Years
Communication equipments Mobile Phones	3 years
Computers & Softwares	3 years
Refrigerator	5 years
Miscellaneous equipments	5 years
Duplicator	5 years
Furniture & Fixtures	10 years
Vehicles	10 years

- iv) For these classess of assets based on internal assessement, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets is different from the useful lives as prescribed under part C of schedule II of the Companies Act 2013.

NOTES TO FINANCIAL STATEMENTS				
			Amount In Rs.	
		Particulars	31-03-2021	31-03-2020
7		LONG TERM LOANS & ADVANCES		
	a)	Capital advances	-	-
	b)	Security Deposits -		
		I)Deposits-IEX	2500000	2500000
		II)Deposits- Others	11000	11000
		TOTAL	2511000	2511000
	c)	Receivable from GoK towards Securitization of Gram Panchayath Dues	32386558082	36636783356
		Additional information:	32389069082	36639294356
		Unsecured, considered good	2511,000	2511000
		Total	2511,000	2511000
		Less:		
		Provision for doubtful amounts	-	-
			2511000	2511000
2)	a)	Debts due by directors or other officers of the company	-	-
	b)	Debts due by firm or private company in which any director is a partner or a director	-	-
8		SHORT TERM LOANS & ADAVNCS:		
	a)	Loans and advances to related parties	-	-
	b)	Others:		
		i) Interest free Advances to Staff	48300	80500
		ii) Energy charges receipts receivables for exchange of power to SR-Overarching agreement	-	-
		iii)Advance to IEX	-	-
		ii) Reactive energy charges-KSEB	1734982	1627552
		iii) POSOCO-SRLDC charges receivable from SWR	16,168	31715
		ii) Reactive energy charges-KSEB	-	-
		iv) Prepaid Expenses	4663	7099
		v)Amount receivable from TRANSANSCO	-	537391
		vi) Reactive Energy charges from APTRANSCO	21091713	18736596
		vii) Amount paid towards demand raised by Income tax department	16963432	16963432
		viii)Income tax paid in advance - TDS made by Banks	2821972	2,469404
		ix) Income Tax refund receivable	803750	803750
			43484979	41257439
		Less: Provision for doubtful advances	-	-
		TOTAL	43484979	41257439

NOTES TO FINANCIAL STATEMENTS				
9	OTHER NON CURRENT ASSETS:			
	Particulars		31-03-2021	31-03-2020
	a)	Long term trade receivables	-	-
	b)	Others:		
		Controlled special purpose entities -		
		- Case II Power Projects	1600528625	1600322772
		TOTAL	1600528625	1600322772

As stated in Note.9(b) : As stated in Note.9(b) : The Company has acquired land for thermal project at Gulbarga through DC Gulbarga. The Land value and the costs related to the same incurred by the Company are shown under the Investment Property – Controlled Special Purpose entity (being GOK) as Principal and PCKL as Agency has to collect this amount from the successful bidder and thereafter pay it back to the Government/Utilities as decided by the Government as per GO EN 126 PPC 2008 dated 29.03.2009.

In the meeting held on 8.1.2021 under the Chairmanship of Additional Chief Secretary, Energy Department, Gok, it was decided to develop solar park at Fizozabad in Kalaburgi Taluk, Kalaburgi District through private developers for sale of energy instead of coal based 1320 MW thermal project proposed earlier for which PCKL has acquired the land. In the budget proposal for FY 2021-22 dated 26.3.2021 vide subject No 222, Government of Karnataka announced development of solar park by KREDL on the land held by PCKL on lease/rent basis. Miscellaneous expenditure incurred towards the project debited to the project head to have a clear depiction of total expenditure towards the project.

NOTES TO FINANCIAL STATEMENTS				
			Amount In Rs.	
	Particulars		31-03-2021	31-03-2020
10	Cash and cash equivalents:			
	a)	Balances with banks		
		- in unpaid dividend accounts	-	-
		- in margin money, security for borrowings, guarantees and other commitments	-	-
		- in deposit accounts exceeding 12 months maturity	-	-
		-in Current Account with banks	289115086	68718809
	b)	Cheques, drafts on hand	50000	70000
	c)	Cash on hand	-	-
		TOTAL	289165056	68788809

11	Other Current Assets			
	a	Income Accrued & Due on Fund Investement	1114213	1,025654
	b	Amount receivable from RRAS A/c	550	52700277
	c	Amount receivable from ESCOMs towards legal charges	2736514	1288454
	d	Receivable from ESCOMs - Seed money	-	2805828
	e	Grant released from GoK towards securization of Gram Panchayath dues (receivable)	-	77655248
	f	POSOCO - SRLDC Charges	869831	2723666
	g	Receivable / Payable towards power purchase through IEX-ESCOMs	-	2607019
	h	Receivable from POSOCO NLDC towards SCED - BESCO	12099410	-
	i	Receivable from POSOCO NLDC towards SCED - MESCOM	1917642	-
	j	Receivable from POSOCO NLDC towards SCED - CESC	1770167	-
	k	Receivable from POSOCO NLDC towards SCED - HESCO	4009927	-
	l	Receivable from POSOCO NLDC towards SCED - GESCOM	3031930	-
	m	Amount receivable from IEX towards sale of power as on 31.03.2021	5846960	-
		Total	33397144	140806146

Financial Assets - Others

Term Deposit with Banks with Original Maturity of more than 12 months

Details of Fixed Deposits of PCKL held in various Banks as on 31/03/2021

Amt in Rs.

SL. No	Name of the Bank	31-03-21	31-03-2020
1	Karnataka Gramina Bank	30000000	7000000
2	Karnataka Gramina Bank (Security deposit of Hassan Thermal & Reserves & surplus)	500000	-
3	Bank of India (Share Capital)	-	3000000
4	Yes Bank (Hassan Thermal)	-	10400000
5	Punjab & Sind Bank (Reserves & surplus & Share Capital)	-	19800000
	Allahabad Bank (Reserves & surplus)		
	TOTAL	30500000	40200000
SL. No	Details of Bank Accounts as on 31/03/2020	Amount in Rs.	
1	Disbursement bank operative account -SBI	15163853	
2	Disbursement bank operative account -PNB	137279	
3	Disbursement bank operative account -SBI, Incube branch	99351	
4	Disbursement bank operative account -BOI	3596885	
5	Operative bank account for RRAS amt received from RRAS provider on behalf of ESCOMs	74773910	
6	SBI Bank Account(IEX)	195018545	
7	SBM Family Benefit Fund Account	325263	
	TOTAL	289115086	

NOTES TO FINANCIAL STATEMENTS			
		Amount In Rs.	
	Particulars	31-03-2021	31-03-2020
12	Revenue from operations:		
a)	Sale of products	-	-
b)	Sale of services	-	-
c)	Other operating revenues	7666	302485
		7666	302485
	Other receipts	-	-
	TOTAL	7666	302485
12A	Other Income:		
a)	Interest Income	6786672	7693914
b)	Dividend Income	-	-
	- from long term investments		
	- from current investments		
c)	Profit on sale of fixed assets (Net)	-	-
d)	Net gain/loss on sale of current investments	-	-
e)	Net gain/loss on sale of long term investments	-	-
f)	Other Income	-	-
	TOTAL	6786672	7693914

The interest income is reclassified as other income and Miscellaneous Receipts from sale of bid documents are shown as Revenue from Operations.

NOTES TO FINANCIAL STATEMENTS			
	Particulars	As at the end of current reporting period	As at the end of previous reporting period
		31-03-2021	31-03-2020
13	Employee Benefit Expenses:		
	Salaries- Regular Employees	25506067	1,980140
	Dearness Pay-Regular Employees	12131194	896012
	Dearness Allowances-Regular Employees	4169412	334703
	Other Allowances-Regular Employees	624889	43750
	HRA-Regular Employees	8894707	690281
	CCA-Regular Employees	209281	10800
	Exgratia	208467	10800
	Medical Expenses Reimbursement	241810	68667
	Earned Leave Encashment	7817656	3996781
	Fee for staff training courses held by outsiders	80465	-
	Labour welfare fund	100	-
	Other Welfare Expenses	10800	7200
	Honorarium paid	10000	
	Board Contribution under CPS	1769481	

	Pension & Gratuity contribution in respect of employees of KPTCL on deputation & payable to P & G Trust	25084162	4117545
	Total	86758491	12156379
13A	Finance Costs:		
	Interest expenses	2757853837	3195152193
	Less: Grants received / Receivable + FD Interest adjusted	(2757853837)	(3195152193)
	Bank Charges and others	-	-
	Net (gain)/loss on foreign currency transaction and translation	-	-
	Total	-	-
14	Depreciation and amortization:		
	Depreciation	320593	385723
	Amortization of intangible assets	-	-
	Others Assets of low value written off	-	-
		320593	385723
15	Other expenses:		
	Telephone Charges	87449	20903
	Postage	87588	-
	Mobile Charges	122730	8865
	Courier charges	7915	-
	Legal Charges	7130	-
	Audit Fees	186440	186440
	Consultancy Charges	241671	193900
	Other Professional Charges	908586	-
	Remuneration paid to contract agencies/ service obtained	2886417	484342
	Conveyance charges	1186	-
	Travelling allowances to Employees	47589	60797
	Travelling allowances paid to non-functional Directors		-
	Vehicle running expenses	3983	-
	Vehicle Hiring Charges	4165227	967388
	Fees & Subscriptions	61950	64450
	Books & Periodicals	28510	23973
	Printing & Stationery	241622	253875
	Advertisement Expenses	78664	-
	Computers Stationery & Memory storage mediums	109259	4835
	Board Meeting Expenses	808942	441298
	Miscellaneous expenses	441682	59436

	Company Professional Tax paid to Commercial Office	2500	2500
	SRPC Expenses	1339716	-
	Repair & maintenance expenses	-	47200
	Rent paid to KPTCL	1375500	-
	PRDC Report charges	337435	
	Court fee paid	12000	
	Repair & maintenance expenses	143,087	
	Projectwise expenditure	291267	
	TOTAL	14026045	2820202
	Less : Allocation of Interest and other incomes of PCKL to ESCOMs	6794338	
	Less: Received from seed money account	7231707	2820202
	TOTAL	-	
		Amount In Rs.	
	Payment to Auditors	31-03-2021	31-03-2020
	As Auditor		
	Statutory Audit Fee	186440	186440
		186440	186440

NOTES TO FINANCIAL STATEMENTS			
		For the Year ended	
	Particulars	31-03-2021	31-03-2020
16	Earnings per equity share:		
	Profit/ (Loss) including other comprehensive income as per P&L Statement	(376671)	(8411485)
	Add / Less: Adjustements	-	-
	The amounts used as the numerators in calculating basic and diluted earnings per share	(376671)	(8411485)
	Ordinary equity shares (number)	500	100500
	Instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share because they are antidilutive for the period(s) presented.	Nil	Nil
	Earnings per equity share (for continuing operations)		
	a) Basic	(753)	(84)
	b) Diluted	(753)	(84)

	Earnings per equity share (for discontinued operations)		
	a) Basic	-	-
	b) Diluted	-	-
	Earnings per equity share (for discontinued & continuing operations)		
	a) Basic	-753	-5
	b) Diluted	-753	-5

NOTES TO FINANCIAL STATEMENTS

				Amount in Rs.	
				As at end of current reporting period 31-03-2021	As at end of previous reporting period 31-03-2020
17	Contingent liabilities and Commitments:				
	(to the extent not provided for)				
	a)	Contingent Liabilities:		2115560	1838251
	i)	Claims against the Company not acknowledged as debts		-	-
	ii)	Guarantees		-	-
	iii)	Letters of credit		-	-
	iv)	Tax demands under disputes		-	-
	v)	Other monies for which company is contingently liable		-	-
	b)	Commitments			
	i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		-	-
	ii)	Uncalled liability on shares and investments partly paid		-	-
	iii)	Other Commitments (Specify nature)		-	-
	c)	Arrears of fixed cumulative dividends on preference shares (including tax thereon)		-	-
		The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable and accordingly, no provision for the same is considered necessary.			

POWER COMPANY OF KARNATAKA LIMITED

EXPLANATORY NOTES - 18

BACKGROUND

Power Company of Karnataka Limited is incorporated on 20th August, 2007 under the Companies Act, 1956, as a Special Purpose Vehicle to act as a facilitator to any prospective entrepreneur for establishment of electric power generation / supply units or to do any act in the field of power generation and trading in purchase and sale of electric power and augmentation of power facilities in the State of Karnataka.

ACCOUNTING CONVENTION

“The Financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the Companies Act, 2013 (to the extent notified). Effective from April 1, 2017, the Company has adopted the Ind AS standards and the adoption was carried out in accordance with Ind AS101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. And the Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Financial statements are presented in INR.

Balance of Sundry debtors & creditors are subject to confirmation & reconciliation, wherever required.

Depreciation for the year, is calculated as prescribed under Part-C, Schedule II of Companies Act, 2013, on the basis of useful life of the asset on straight line method.

Change in Accounting Policy:

Pursuant to NCLT approval on 30.05.2019 for reduction in the paid up share capital amount from Rs.20.05 Crores to Rs.5 Lakhs and subsequent approval from GoK on 27.08.2019, the paid up Share Capital amount of Rs.20 Crores has returned to ESCOMs on 22.10.2019. After refund of Share Capital amount to ESCOMs, PCKL does not have defined source of income to meet the expenditure of PCKL. Consequently, Board of Directors on the 60th Board meeting approved for changes in accounting policy as detailed below:

The erstwhile accounting policy of PCKL followed from FY13 to FY20 is as below:

- The expenditure of Corporate office of PCKL constitutes the expenditure of PCKL and shall be met from the interest earned on the deposit of surplus funds of PCKL from time to time.
- Revenue expenditure of PCKL, other than Corporate Office, after adjusting the interest earned on the deposit of surplus funds received from ESCOMs/ on behalf of ESCOMs,

(other than interest on funds for power purchase) will be allocated to ESCOMs in the MOU entered proportion and will be met out of Seed Money contributed by ESCOMs.

- The Seed Money shall be replenished by ESCOMs to PCKL wherever shortfall arises.”

The Modified Accounting Policy of PCKL with effect from 01-04-2020 is as below:

- i) The expenditure of corporate office of PCKL shall be met from the interest earned on the deposit of surplus funds of PCKL including power purchase amount or any other income earned from business operation. In case the interest so earned is not sufficient to meet expenditure of PCKL in any year, the same will be met from the seed money provided by ESCOMs.
- ii) Revenue expenditure of PCKL, other than Depreciation, expenditure will be allocated to ESCOMs as per MOU proportion and will be met out of Seed Money contributed by ESCOMs.
- iii) PCKL will not be shown any profit / loss during the financial year, except depreciation or non-cash expenditures, until the accounting policy is modified or amended. Any income or expenditure of the past period pertains to PCKL shall be met out of the seed money / adjusted against the seed money.
- iv) The above accounting method shall be effective from 1.4.2020.
- v) The Seed Money shall be replenished by ESCOMs to PCKL wherever shortfall arises.

The Financial statements have been prepared on a historical cost basis, except otherwise indicated which have been measured at fair value or revalued amount.

OTHER LONG TERM LIABILITIES

(Refer Note No-5, of the Financial Statement)

“Advance from Government of Karnataka (Unsecured Loan): Government of Karnataka vide order No.EN 126 PPC 2008, Bangalore, dated 12.01.2009/16.6.2012 sanctioned Rs.142.12 Crore as loan for land acquisition of 1320 MWs Gulbarga Coal based Thermal power project and no interest/ finance charges applied thereon. The interest earned on deposit with DC, Gulbarga to an extent of Rs. 97,93,431/- utilised for land acquisition. In the Govt. Orders GoK authorised PCKL as Agency to collect this amount from the successful bidder and thereafter pay it back to the Government/Utilities as decided by the Government.

In the meeting held on 8.1.2021 under the Chairmanship of Additional Chief Secretary, Energy Department, Gok, it was decided to develop solar park at Fizozabad in Kalaburgi Taluk, Kalaburgi District through private developers for sale of energy instead of coal based 1320 MW thermal project proposed earlier for which PCKL has acquired the land. In the budget proposal for FY 2021-22 dated 26.3.2021 vide subject No 222, Government of Karnataka announced development of solar park by KREDL on the land held by PCKL on lease/rent basis. Miscellaneous expenditure incurred towards the project debited to the project head to have a clear depiction of total expenditure towards the project.

			(Amount in Rs.)
Particulars	Account Code	31-Mar-2021	31-Mar-2020
Amount received from Govt. towards Land Acquisition - Gulbarga (Jewargi)	46 . 936	1421200000	1421200000
Amount payable to DC, Gulbarga towards land acquisition of Gulbarga power project	47 . 946	158189619	158189619
TOTAL		1579389619	1579389619
INVESTMENT PROPERTY - (Controlled Special Purpose Entity)			
Other non-current assets			
(Refer Note No-9, of the Financial Statement)			
Particulars	Account Code	Case II Project Expenditure as on 31-03-2021	Case II Project Expenditure as on 31-03-2020
Gulbarga Coal based thermal Power Projects	19.303	1599870 982	1599665129
Gas based power projects - Belgaum	19.308	4180	4180
Gas based power projects - Gadag	19.309	1613	1613
TOTAL - A		1599876775	1599670922
Interest Free Advances to Contractors	26.602	651850	651850
TOTAL - B		651850	651850
TOTAL - A+B		1600528625	1600322772

The above stated asset will be transferred to the eligible persons based on the directions of the Government of Karnataka and for the amount specified by the Government of Karnataka. Though Company owns the asset, the asset has to be managed in accordance with the directions of the Government of Karnataka, hence this asset does not meet the criteria to be classified as asset held for sale/disposal. The profit or loss on sale of this asset will be transferred to Government of Karnataka as per their directions.

Chamalapura - The project has been deferred vide Government of Karnataka Order No.EN 102 PPC 2009, Bangalore dated: 19.12.2009.

Ghataprabha - The acquisition of 1300Acres of land for allotment in Vantamuri Village is under process, through KIADB. Approval is accorded to allocate 2.06 TMC water for this project.

Gulbarga- Company is in possession of 1601 acres 13 guntas of land required for the Gulbarga project acquried through District Commissioner, Gulbarga. The Bidding will be initiated as per the new bid document i.e., DBFOT basis after the allotment of Coal Block. Based on the approval of Energy Department, Govt. of Karnataka 50 acres of land was transferred to KPTCL for establishing 400 KV sub-station at Ferozabad, Gulbarga for evacuation of energy from the proposed project. The title deeds of 50 acres is yet to be transferred to KPTCL name.

Belgaum & Gadag Gas based Projects - The proposal of setting up of these projects are under initial stage.

All the indirect expenditure related to the above projects are recognised to the projects only except salary of project managers. The employees cost will be recovered in the form of supervision charges from the successful bidder.

(Refer Note No-5, of the Financial Statement)

Others – Seed money from ESCOMS As per GoK Order No.EN 138 PPC 2006, dated 12th July 2007 initially ESCOMs have contributed Rs.99.00 lakhs towards Seed Money. The same was treated as Working Capital and applied for revenue expenditure of the Company. The Company has transferred the income as well as expenditure to the ESCOMs as per Memorandum of Understanding entered into with all ESCOMs as per GoK Order No.EN 28 VSC 2011, dated 21.5.2011. ESCOM wise balances reflected in PCKL books are as follows:

			(Amount in Rs.)	
Particulars	Account Code	31-Mar-2021	31-Mar-2020	Allocation Ratio as per MoU
Seed Money From ESCOMs				
- BESCOM	47.315	13878989	1526056	50%
- MESCOM	47.316	4368975	-2805 828	15%
- CESC	47.317	3914479	121506	15%
- HESCOM	47.318	288878	13234 588	10%
- GESCOM	47.319	577808	11581075	10%
TOTAL		23029129	23657397	10%

INCOMES

The Company has earned Rs.67,94,338/- of Interest income through short term deposits and miscellaneous receipt. The whole amount has been transferred to ESCOMs as Interest allocation.

						(Amount in Rs.)	
		2020-21			2019-20		
Particulars	Account Code	Total Income	Allocated to ESCOMs as on 31-03-2021	Allocated to PCKL as on 31-03-2021	Total Income	Allocated to ESCOMs as on 31-03-2020	Allocated to PCKL as on 31-03-2020
Interest on Deposits-SBM	62.222	2408058	2408058	0	9558878	1864964	7693914
Interest on Deposits (POSOCO)	62.226	2187244	2187244	-	0	0	-
Interest on Deposits-Power purchase	62.224	2154055	2154055	-	527519	527519	-
Interest on Deposits-Reactive Energy Charges	62.223	37315	37315	-	0	0	-
Miscellaneous receipts	62.917	7666	7666	-	0	0	-
TOTAL		6794338	6794338	0	10086397	2392483	7693914

EMPLOYEE COST

		2020-21			2019-20		
Particulars	Account Code	Total Expenditure	Allocated to ESCOMs as on 31-03-2021	Allocated to PCKL as on 31-03-2021	Total Expenditure	Allocated to ESCOMs as on 31-03-2020	Allocated to PCKL as on 31-03-2020
Salaries - Regular Employees	75.115	25506067	25506067	0	25137838	23157698	1980140
Dearness Pay - Regular Employees	75.185	12131194	12131194	0	11391082	10495070	896012
Dearness Allowances - Regular Employees	75.315	4169412	4169412	0	35 97 464	3262761	334703
Other Allowances - Regular Employees	75.415	624889	624889	0	389494	345744	43750
HRA - Regular Employees	75.420	8894707	8894707	0	8693362	8003081	690281
CCA - Regular Employees	75.425	209281	209281	0	205434	194634	10800
Exgratia	75.530	208467	208467	0	205085	194585	10500

Medical expenses reimbursement	75.611	241810	241810	0	978478	909811	68667
Earned Leave Encashment	75.617	7817656	7817656	0	11064926	7068145	3996781
Honorarium paid	75.710	10000	10000		10000	10000	0
Fees for staff training courses held by outsiders	75.761	80465	80465	0	144550	1 44550	0
Labour Welfare Fund	75.763	100	100	0	200	200	0
Other Welfare Expenses	75.770	10800	10800	0	7200	0	7200
Board Contribution under CPS	75.831	1769481	1769481	0	1809449	1809449	0
Pension & Gratuity contribuion in respect of employees of KPTCL on deputation & payable to P&G trust	75.890	25084162	25084162	0	25131967	21014422	4117545
TOTAL		86758491	86758491	0	88766529	76610150	12156379

ADMINISTRATIVE AND GENERAL EXPENSES					(Amount in Rs.)		
		2020-21			2019-20		
Particulars	Account Code	Total Expenditure	Allocated to ESCOMs as on 31-03-2021	Allocated to PCKL as on 31-03-2021	Total Expenditure	Allocated to ESCOMs as on 31-03-2020	Allocated to PCKL as on 31-03-2020
Repair & maintenance expenses	74 series	143087	143087		167362	120162	47200
Rent payable to KPTCL	76.112	1375500	1375500		2415000	24 15 000	0
Telephone charges	76.113	87449	87449		82091	61188	20903
Postal charges	76.114	87588	87588		99498	99498	-
Mobile charges	76.115	122730	122730		135891	127026	8865
Courier Charges	76.118	7915	7915		14000	14000	-
Legal charges	76.121	7130	7130		9400	9400	-
Audit Fees	76.122	186440	186440		1 86440	-	186440
Consultancy Charges	76.123	241671	241671		228865	34965	193900

PRDC report charges	76.124	337435	3 37 435		3302820	3302820	-
Other Professional Charges	76.125	908586	908586		1632244	1632244	-
Coal analysis charges	76.126	0	0		6903	6903	-
Remuneration paid to contract agencies/services obtained	76.126	2886417	2886417		2845993	2361651	484342
Payment made towards court fee	76.130	12000	12 000		483000	483000	-
Conveyance charges	76.131	1186	1186		1684	1684	-
Travelling allowance to Employees	76.133	47589	47589		1143950	1083153	60797
Vehicle running expenses	76.136	3983	3983				
Vehicle hiring expenses	76.137	4165227	4165227		4539006	3571618	967388
Fees & subscriptions	76.151	61950	61950		64450	-	64450
Books, periodicals & daries	76.152	28510	28510		23973	-	23973
Printing & stationery	76.153	241622	241622		253875	-	253875
Advertisement Expenses	76.155	78664	78664		30586	30856	-
Computers Stationery and Memory storage mediums	76.156	109259	109259		34596	29761	4835
Board meeting expenses	76.159	808942	808942		441298	-	441298
Miscellaneous expenses	76.190	441682	441682		505601	446165	59436
Company professional tax paid to Commercial tax office	76.192	2500	0		2500	-	2500
Annual expenditure of Southern Regional Power Committee	76.193	1339716	1339716		1425872	1425872	-
Projectwise expenditure	19.307	291267	291267		5405947	5,405947	-
TOTAL		14026045	14023545	0	25482845	22662913	2820202

(Refer Note No-5, of the Financial Statement)			
(a) Following table indicate position of advances received from ESCOMs towards purchase of the energy through Power Exchange of India Ltd. (PXIL) and Indian Energy Exchange (IEX) as on 31.03.2020:			
(b) Government of Karnataka in its Order No.EAN 56 PSR 2011 dated:22.11.2011 has directed PCKL to make payment towards Power System Operation Corporation (POSOCO) charges on behalf of all ESCOMs as per CERC Regulations 2001 and to collect these charges from concerned ESCOMs. ESCOM wise balances reflected in the books of PCKL are as follows:-			
			(Amount in Rs.)
Particulars	Account Code	31-Mar-2021	31-Mar-2020
Advance amount received for Power Purchase-BESCOM (IEX)	28.894	4 8963239	0
Advance amount received for Power Purchase-MESCOM (IEX)	28.895	2 5193887	0
Advance amount received for Power Purchase-CESC (IEX)	28.896	1 7114584	272693
Advance amount received for Power Purchase-HESCOM (IEX)	28.897	6 6973470	0
Advance amount received for Power Purchase-GESCOM (IEX)	28.898	40406733	1023444
TOTAL -A		198651913	1296137
Advance amount received from ESCOMs towards SRLDC Charges			
- BESCOM	47.401	-	-
- GESCOM	47.402	446004	611272
- HESCOM	47.403		15317
- MESCOM	47.404	874333	986759
- CESC	47.405	450602	564851
TOTAL - B		1770939	2178199
TDS (POSOCO)	46.201 - 46.206	54314	241627
Reactive Energy Charges Payable to ESCOMs	46.432	24923550	22124250
Service tax payable to central government	46.921	28668	0
Tax deducted at source	46.925	230148	0
TOTAL - C		25236680	22365877
TOTAL - A+B+C		225659532	25840213
Statement showing provision entries			
Particulars	Amount		
Professional charges of Rao & Emmar	59000		
Professional charges of Chandrashekar & Kote	118000		
OSL of ESCOMs	648492		
OSL of PCKL	229075		
Professional charges of Just Law	403560		
POSOCO SRLDC Charges	2620641		
POSOCO SWR Charges	16733		
RRAS provision	550		
POSOCO SRLDC FERV 2019-20	982163		
Total	5078214		

Disclosure regarding Related Party Transactions:-			
Name of Related Party	Mrs. H K Bharathi		B K Udyakumar
Nature of Relationship	Managing Director		Managing Director
Details of Transactions	2020-21 (01.04.2020 to 31.05.2020)	2019-20	2020-21 (15.07.2020 to 07.10.2020)
Remuneration Paid	490137	2816640	660987
Post Employment Benefits - EL Encashments	2359266		
Long term Benefits	-	-	-

Disclosure regarding Micro, Small and Medium Enterprises Development Act:-

Based on the information received from the enterprises from which the company has procured goods and services, there are no enterprises in the company's books which have registered or qualified to be registered under Micro, Small and Medium Enterprises Act, 2006 (MSME Act). Hence no disclosure in respect of accounts payable to such enterprises has been made in the financial statements as at 31st March 2021. Interest, if any, payable in accordance with the said Act, is not exempted the materials. The company has not received any claims from the suppliers under the said Act.

Contingent Liability:				
Contingent Liabilities not provided for in the accounts.				
				(Amount in Rs.)
Assesment Year	Section	Demand Amount	Remarks	
2009-10	143(3)	1121280	Receipt of notice from DCIT, circle12(2), Bengaluru, regarding some discrepancies in the self assessment tax of respective years. Correspondence is being made with concerned Income Tax Authorities to rectify the mistakes.	
2011-12	143(1)(a)	994280		
GRAND TOTAL		2115560	Previous Year (2019-20) - 1838251	

For M S Krishnaiah & B R Gopala Rao.

Chartered Accountants Firm Regd. No.: 009580S

Sd/-
Ramesh Sharma
M No. 218506
Partner
Date: - 07-09-2021

Sd/-
RajendraCholan
M.D BESCO, Director
PCKL, Bengaluru
Date: - 07-09-2021

**For and on behalf of the Board of
Power Company of Karnataka Limited**

Sd/-
V. Krishnappa
Managing Director,
PCKL, Bengaluru
Date: - 07-09-2021

1. Corporate information:

The Power Company of Karnataka Limited (Company) is a Government company domiciled in India and is incorporated under the provisions of the Companies Act. The registered office of the company is located at KPTCL Building, Kaveri Bhavan, Bangalore.

The Company is principally responsible for capacity addition by way of setting up of new power projects through bidding process, under Case-II bidding guidelines issued by Ministry of Power (MoP), GOI and long term procurement of Power under Case-I bidding guidelines of MoP, GOI. In order to bridge the short term demand and supply gap, The Company has been procuring power on behalf of the ESCOMs from various sources including purchase of power through Energy Exchanges, Banking (SWAP) as well as bilateral transactions. The company has also co-ordinates with other states and Central Government agencies on power related issues as well as through the forum of Southern Regional Power Committee (SRPC).

2. Significant accounting policies:

2.1 Basis of preparation:

The Financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2015, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2021 are the 5th time the Company has prepared in accordance with Ind AS.

The Financial statements have been prepared on a historical cost basis, except otherwise indicated which have been measured at fair value or revalued amount.

The Financial statements are presented in INR and all values are rounded to the nearest rupee, except when otherwise indicated.

The previous year figures have been re-grouped, where necessary to confirm current years' classification.

The Financial Statements are approved for issue by the company's Board of Directors board meeting held on 17th September, 2021.

2.2 Analysis of Impact of Covid – 19:

The Company has made a detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company continues to evaluate them as highly probable considering the business in hand. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 pandemic which may be different from that estimated as at the date of

approval of the financial results. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

2.3 Summary of significant accounting policies:

a. 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 at least 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.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Fair value measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability.

c. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

Interest income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

d. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

e. Non-current assets held for sale:

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

f. Property, plant and equipment:

The Fair Value of the Property, Plant and Equipment on the date of adoption of Ind AS is deemed to be the cost on the date of transition as per GAAP Financial Statement.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the statement of profit and loss, except to the

extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

g. Government Grants:

Grants from the Government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with attached conditions.

Government Grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government Grants relating to the purchase of Property, Plant and equipments are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the excepted lives of the related assets and presented within other income.

h. Investment properties:

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its investment property as recognized in its Indian GAAP financial statements as deemed cost at the transition date, Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

i. Impairment of non-financial assets:

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from

other assets or Company's of assets.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

j. Provisions:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

k. Retirement and other employee benefits:

The cost of providing benefits under the defined benefit plan is determined using the actuarial valuation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

l. Financial Assets:

All financial Assets are recognized initially at cost and, in the case of deposits, advances and receivables, net of directly attributable transaction costs.

The Company's financial assets include trade and other receivables, deposits and advances.

m. Cash and cash equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of one year or less, which are subject to

an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

n. Chart of Accounts:-

In order to maintain the various transactions of PCKL in consistent with the accounting principles/policies brought in the above para, the chart of accounts are drawn as per Electricity Supply Annual Accounts rules 1985, Government of India.

For M S Krishnaiah & B R Gopala Rao.

Chartered Accountants
Firm Regd. No.: 009580S

**For and on behalf of the Board of
Power Company of Karnataka Limited**

Sd/-
Ramesh Sharma
M No. 218506
Partner

Sd/-
RajendraCholan
M.D BESCOM, Director
PCKL, Bengaluru

Sd/-
V Krishnappa
Managing Director,
PCKL, Bengaluru

Date: - 07-09-2021

Date: - 07-09-2021

Date: - 07-09-2021

