

WAT-1

**SOUTHERN POWER DISTRIBUTION
COMPANY OF AP LIMITED
TIRUPATI**



Southern Power AP

**24th ANNUAL ACCOUNTS FOR
THE FY 2023-24**

**SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED**

BALANCE SHEET AS AT 31st MARCH 2024

Particulars	Note No	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
		₹ in Crore	₹ in Crore
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	358.72	358.72
(b) Reserves and Surplus	2	(6,435.76)	(7,125.66)
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	21,603.53	21,947.04
(b) Other Long-term liabilities	4	2,451.07	2,209.72
(c) Long-term provisions	5	4,239.25	3,398.74
(3) Current Liabilities			
(a) Short-term borrowings	6	10,880.61	6,377.99
(b) Trade payables	7	10,346.07	5,563.23
(c) Other current liabilities	8	2,061.67	1,613.01
(d) Short-term provisions	9	95.66	76.61
TOTAL		45,600.82	34,419.40
II. ASSETS			
(1) Non-Current Assets			
(a) Property, Plant and Equipment and Intangible assets			
(i) Property, Plant and Equipment	10	8,429.13	7,292.57
(ii) Intangible assets	10	10.55	18.06
(iii) Capital work-in-progress	10	4,278.55	3,067.26
(b) Non-current Investments	11	270.81	184.55
(c) Long term loans and advances	12	486.56	427.06
(d) Other Non-Current Assets	12A	5,420.09	2,663.02
(2) Current assets			
(a) Inventories	13	808.40	506.89
(b) Trade receivables	14	15,011.60	12,132.57
(c) Cash and Bank balances	15	485.70	169.52
(d) Short-term loans and advances	16	2,404.69	914.69
(e) Other current assets	17	7,994.74	7,043.21
TOTAL		45,600.82	34,419.40
Other Notes	26		
Statement of Accounting Policies	27		

As per our report of even date

For Raju & Prasad
Chartered Accountants

Firm's Registration No.: 003475S

CA H V V Narayana Murthy

Partner

Membership No. 246349

Place : Tirupati

Date : 28-08-2024



For and on behalf of the Board

K. SANTHOSHA RAO

Chairman & Managing Director

DIN : 08879899

Y. LAKSHMI NARASAI AH

Chief General Manager (Finance)

Y. LAKSHMI NARASAI AH

Director (Finance) (FAC)

PAN : AATPY7283J

B.V.S. PRAKASH

Company Secretary

Date : 28-08-2024





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH 2024

Particulars	Note No	Figures for the current reporting period from 01-04-2023 to 31-03-2024	Figures for the previous reporting period from 01-04-2022 to 31-03-2023
		₹ in Crore	₹ in Crore
I. Revenue from operations	18	16,686.73	19,048.15
II. Other Income	19	1,884.94	1,507.36
III. Revenue from Subsidies and Grants	20	8,910.09	4,816.12
Total Income (I + II + III) - (A)		27,481.76	25,371.63
<u>Expenses:</u>			
IV. Cost of Power Purchase	21	20,355.63	19,643.54
V. Employee benefits expense	22	3,399.48	2,651.20
VI. Finance costs	23	2,456.14	1,480.99
VII. Depreciation and amortisation expense	24	930.54	814.84
VIII. Other expenses	25	338.62	779.80
Total Expenses (IV+V+VI+VII+VIII) - (B)		27,480.41	25,370.37
IX. Profit before exceptional and extraordinary items and tax (A - B)		1.35	1.26
X. Exceptional Items - Income/(Expenses)	25A	-	1,232.54
XI. Profit before extraordinary items and tax (IX + X)		1.35	1,233.80
XII. Extraordinary Items		-	-
XIII. Profit before tax (XI - XII)		1.35	1,233.80
XIV. Tax expense			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
XV. Profit/(Loss) for the period from continuing operations (XIII-XIV)		1.35	1,233.80
XVI. Transfer to Contingency Reserve		-	-
XVII. Profit/(Loss) for the period (XV-XVI)		1.35	1,233.80
XVIII. Earnings per equity share in ₹ :			
(1) Basic		0.04	34.40
(2) Diluted		0.04	34.40
Other Notes	26		
Statement of Accounting Policies	27		

As per our report of even date

For Raju & Prasad

Chartered Accountants

Firm's Registration No.: 0034755

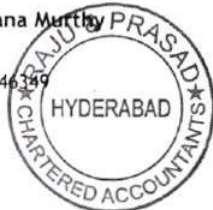
CA H V V Narayana Murthy

Partner

Membership No. 246349

Place : Tirupati

Date : 28-08-2024



For and on behalf of the Board

K. SANTHOSHA RAO

Chairman & Managing Director

DIN : 08879899

Y. LAKSHMI NARASIAH

Chief General Manager (Finance)

Y. LAKSHMI NARASIAH

Director (Finance) (FAC)

PAN : AATPY7834

B.V.S. PRAKASH

Company Secretary





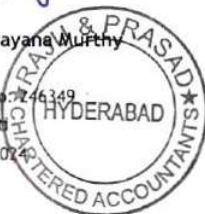
SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2024

Particulars	Year Ended 31-03-2024		Year Ended 31-03-2023	
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
A Cash flow from operating activities				
Net Profit / (Loss) before taxation and exceptional items		1.35		1.26
Adjustments for items in Profit & Loss Account				
Amortization of Capital Contributions	(302.68)		(290.18)	
Depreciation and Amortization	930.54		814.84	
Income from Investments	(5.76)		(8.17)	
Interest Subsidy	(29.22)		(380.99)	
Interest on Borrowings	2,487.17	3,080.05	1,862.92	1,998.41
Operating Profit / (Loss) before working capital changes		3,081.40		1,999.68
Adjustments for changes in Current Assets other than Cash and Cash Equivalents				
(Increase)/Decrease in Inventories	(301.51)		(314.32)	
(Increase)/Decrease in Trade receivables	(823.41)		(4,906.55)	
(Increase)/Decrease in Loans and Advances	(1,565.38)		3,387.83	
(Increase)/Decrease in Other Current Assets	(164.89)		1,427.46	
(Increase)/Decrease in Other Non-Current Assets	(5,363.79)		(4.02)	
Adjustments for changes in Current Liabilities and Provisions				
Increase/(Decrease) in Trade Payables	4,782.84		(9,848.47)	
Increase/(Decrease) in Other Current Liabilities	527.52		(858.00)	
Increase/(Decrease) in Other Long Term Liabilities	241.36		303.97	
Increase/(Decrease) in Provisions	859.56	(1,807.70)	660.77	(10,151.34)
Cash generated from Operations before exceptional items		1,273.70		(8,151.66)
Received from GoAP towards Losses taken over		-		1,232.54
Net cash flow from operating activities (Total of A)		1,273.70		(6,919.12)
B Cash flows from investing activities				
(Increase)/Decrease in Property, Plant and Equipment	(3,294.19)		(2,159.48)	
(Increase)/Decrease in Investments	(88.29)		(3.00)	
(Increase)/Decrease in Loans & Advances	4.00		4.73	
Income from Investments	5.41		7.98	
Net cash flow from investing activities (Total of B)		(3,373.06)		(2,149.77)
C Cash Flows from Financing Activities				
Increase/(Decrease) in Borrowings	4,159.10		9,919.54	
Increase/(Decrease) in Deferred Capital Contributions	717.16		384.82	
Interest Subsidy	29.22		380.99	
Interest on Borrowings	(2,489.74)		(1,890.20)	
Net Cash flow from Financing Activities (Total of C)		2,415.75		8,795.16
D Net Increase/(Decrease) in cash and cash equivalents (D=A+B+C)		316.39		(273.74)
E Cash and Cash Equivalents				
At the beginning of the year		139.59		413.32
At the end of the period		455.97		139.59
F Net Increase / (Decrease) in cash and cash equivalents		316.39		(273.74)

As per our report of even date

For Raju & Prasad
Chartered Accountants
Firm's Registration No.: 0034755

HVV Murthy
CA H V V Narayana Murthy
Partner
Membership No: 246349
Place : Tirupati
Date : 28-08-2024



For and on behalf of the Board

K. Santhosha Rao
K. SANTHOSHA RAO
Chairman & Managing Director
DIN : 08879899

Y. Lakshmi Narasiah
Y. LAKSHMI NARASIAH
Chief General Manager (Finance)

Y. Lakshmi Narasiah
Y. LAKSHMI NARASIAH
Director (Finance) (FAC)
PAN : AATPY7283J

B.V.S. Prakash
B.V.S. PRAKASH
Company Secretary

Date : 28-08-2024





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.1 - Share Capital

Share Capital	Figures as at the end of 31-03-2024		Figures as at the end of 31-03-2023	
	Number	₹ in Crore	Number	₹ in Crore
Authorised Share Capital				
Equity Shares of ₹10 each (Rupees Ten Only)	36,00,00,000	360.00	36,00,00,000	360.00
Issued Subscribed & fully Paid up Share Capital				
Equity Shares of ₹10 each (Rupees Ten Only)	35,87,15,309	358.72	35,87,15,309	358.72
Total	35,87,15,309	358.72	35,87,15,309	358.72

Disclosure pursuant to Note No. 6 A of Part I to Schedule III to the Companies Act, 2013

Note No.1A. Reconciliation of Shares Outstanding at the beginning and at the end of the reporting period.

Particulars	Figures as at the end of 31-03-2024		Figures as at the end of 31-03-2023	
	Number	₹ in Crore	Number	₹ in Crore
Equity Shares of ₹10 each				
Opening Balance	35,87,15,309	358.72	35,87,15,309	358.72
Additions	--	--	--	--
Bought Back	--	--	--	--
Closing Balance	35,87,15,309	358.72	35,87,15,309	358.72

Note No. 1B. Details of Shareholders holding more than 5% shares

Name of the Share holder	Figures as at the end of 31-03-2024		Figures as at the end of 31-03-2023	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Equity Shares				
Governor of Andhra Pradesh (vide GO. Ms. No.58 Dt.:09.05.2005)	35,87,15,309	100%	35,87,15,309	100%
Total	35,87,15,309	100%	35,87,15,309	100%

Note No. 1C. Terms/rights attached to Equity Shares

The Company has only one class of equity shares having par value of ₹10 per share. Entire equity shares are held by the Government of Andhra Pradesh. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note No. 1D. Details of Shares held by Promoters at the end of the reporting period.

Shares held by promoters at the end of the reporting period				% Change during the period
S.No.	Promoter Name	No. of Shares	% of total shares	
1	Government of Andhra Pradesh	35,87,15,300	100.00	0
2	Nominees of Government of Andhra Pradesh	9	0.00	0
Total		35,87,15,309	100.00	





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.2 - Reserves and Surplus

Reserves and Surplus	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
2.1 Contingency Reserve Fund		
Opening Balance	25.05	25.05
(+) Current Period Transfer	-	-
Closing Balance	25.05	25.05
2.2 Deferred Capital Contributions (including Govt. Grants)		
Opening Balance	2,372.74	2,278.09
(+) Current Period Receipts		
Capital Government Grants	135.36	384.82
Consumer Contribution	581.80	
(-) Written Back in Current Period	(302.68)	(290.18)
Closing Balance	2,787.22	2,372.74
2.3 Surplus		
Opening balance	(12,581.02)	(13,814.82)
(+) Net Profit/(Net Loss) for the period	1.35	1,233.80
Closing Balance	(12,579.66)	(12,581.02)
2.4 Merger Reserve	275.88	275.88
2.5 Capital Reserve		
(+) Additions during the year	76.30	-
(-) Deletions during the year	(13.38)	-
Closing Balance	79.11	16.19
2.6 Grant - UDAY	2,765.50	2,765.50
(+) Additions during the year	211.15	-
Closing Balance	2,976.65	2,765.50
Total (A+B+C+D+E+F)	(6,435.76)	(7,125.66)

1.1 Deferred capital contributions (Note No. 2.2) represent unamortised balance of Consumer contributions, Grants/Subsidies received from NREDCAP, Indiramma subsidies, IPDS, RGGVY, DDUGJY and RDSS received on capital account.

1.2 Contributed Assets:- During FY 2023-24, the company received Consumer Contributions and Grants amounting to ₹ 717.16 Crore (Previous year ₹ 384.82 Crore).

1.3 As against the above, an amount of ₹ 302.68 Crore (Previous year ₹ 290.18 Crore) has been charged as withdrawal/amortisation of Deferred Capital contributions and credited to Profit and Loss Account in proportion to the depreciation on the respective assets charged during the year.

2) Merger Reserve represents an amount of ₹275.88 Crore being net deficit of assets and liabilities and deferred tax asset transferred to the company pursuant to demerger of TSSPDCL (erstwhile APCPDCL) Also refer to Note No. 26 Para Nos. 7.2, 7.3 & 7.4

3) Capital Reserve represents an amount of ₹16.19 Crore being excess of assets over liabilities allocated to APSPDCL consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements. During FY 2023-24, assets against certain capital advances allocated to APSPDCL were found to have been utilised by APCPDCL. Consequently, these capital advances were adjusted against capital reserve, amounting to ₹ 13.38 Crore. Further, difference arisen out of non allocation of Corporate Bank Balances between APSPDCL and APCPDCL as per geographical basis of allocation was transferred to Capital Reserve, amounting to ₹ 76.30 Crore.

4) Govt. Ministry of Power has notified UDAY (Ujwal DISCOM Assurance Yojana) Scheme for the financial turn around of Power Distribution Companies (DISCOMs). Tripartite MOU was entered with GOI, GOAP and APDISCOMS on 24.06.2016 and Govt. of AP has issued G.O.Ms.No.27 dated.26.07.2016 for implementation of UDAY Scheme. The UDAY Scheme was implemented during the FY 2016-17. Under this scheme, the Government of AP has cleared APSPDCL FRP loans, FRP Bonds and short term loans of ₹5,257.02 Crore during the FY 2016-17 as Capital grant. Out of this, an amount of ₹2,491.52 Crore was transferred to APCPDCL consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL and balance ₹2,765.50 Crore remained with APSPDCL. During FY 2023-24, accounting has been done in respect of balance of FRP Bonds agreed to be taken over by the State Government of Andhra Pradesh vide LETTER.No.367/POWER-III/2017-2 Dt.16.11.2017, amounting to ₹ 211.15 Crore, which are yet to be taken over (Also, please refer to Note No.3 - Long Term Borrowings and Note No.17 - Other Current Assets).

5) Investments earmarked for Contingency reserve was utilised during the FY 2018-19 to meet cyclone rehabilitation works and will be replenished in future. Bank Deposits amounting to ₹ 3.28 Crore (including interest accrued) were made against contingency reserve which are shown in Note No.15 Cash and Cash equivalents under Other Bank Balances.



**SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED****Note No.3 - Long-Term Borrowings**

Long-Term Borrowings		Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
		₹ in Crore	₹ in Crore
3.1 Secured			
(a) Term loans from Banks		699.58	869.07
(b) Term loans from other parties		20,957.55	20,608.68
Sub-Total	A	21,657.13	21,477.76
3.2 Unsecured			
(a) FRP Bonds :			
APGENCO & APGENCO PF Trust		211.15	211.15
(b) Term loans from other parties :			
Loans from Govt of Andhra Pradesh		9.48	9.48
Loans from Other Agencies		804.92	893.15
Sub-Total	B	1,025.54	1,113.77
3.3 Long Term Borrowings (on Merger)	C	1,643.33	1,643.33
3.4 Others	D	0.43	0.43
Total Long Term Borrowings (A+B+C+D)	E	24,326.44	24,235.29
Current maturities of Long term Borrowings	F	(2,722.91)	(2,288.25)
Total (E+F)		21,603.53	21,947.04

LOANS POSITION

Name of the Loan	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
Secured :		
Rural Electrification Corporation (REC)	9,755.10	10,053.80
Power Finance Corporation (PFC)	7,850.35	7,234.12
Power Trading Corporation (PTC)	-	10.26
Andhra Pradesh Power Finance Corporation Ltd (APPFCL)	3,121.59	3,310.51
Housing and Urban Development Corporation Ltd (HUDCO)	230.50	-
State Bank of India (SBI)	699.58	869.07
Unsecured:		
FRP Bonds to APGENCO & APGENCO PF Trust	211.15	211.15
State Govt of Andhra Pradesh	9.48	9.48
Indian Renewable Energy Development Agency (IREDA)	-	88.23
World bank	671.69	671.69
Japan International Cooperation Agency (JICA)	133.22	133.22
Long Term Borrowings (TSSPDCL on merger)	1,643.33	1,643.33
Loan Clearing Account	0.43	0.43
Total	24,326.44	24,235.29



1) The borrowings obtained from PFC/REC/HUDCO/Banks for the purpose of Capital expenditure projects are secured by charge on company's Property, Plant and Equipment commissioned out of the loan funds of above funding agencies. The rate of interest on these loans ranges from 8.80% p.a. to 11.87% p.a. except JICA at 0.65% p.a. and World Bank at 2.24%.
2) The interest rates for the term loans availed from APPFCL is @ 9% p.a and are secured by Movable Assets of the company. The interest rates for the term loans availed from IREDA is 11.50% p.a. and are unsecured in nature.
3) Interest expense on government loans for various schemes is not recognised during the year.
4) Ananthapur and Kurnool Circles were merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O. Ms. No. 24 dated 29-05-2014. In the merger/demerger process, an amount of ₹1,643.33 Crore was transferred by M/s. TSSPDCL (formerly APCPDCL) as Long Term Borrowings on the basis of Energy and Scheme wise allocation. Hence, the same is adopted into Books of Account. Refer to Note No 26 para Nos.7.2,7.3 & 7.4. However, repayment schedule and other loan covenants are not given to the company at the time of merger. Hence, in the absence of above details, company is unable to pay principal or recognise/pay the interest liability.
5) The company has entered into loan agreements with REC Ltd and PFC Ltd as per the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 (LPS Rules) notified by the Ministry of Power, Gol on 03-06-2022. These rules provide for liquidation of outstanding power purchase dues, including late payment surcharge, up to the date of notification, in 12 equated monthly instalments (drawl period). There will be a moratorium for principal repayment during drawl period and the principal is repayable in 108 equal monthly instalments thereafter. During FY 2023-24, LPS loans availed from REC amounting to ₹1,597.79 Crore and PFC amounting to ₹1,818.21 Crore were provisionally re-allocated to APCPDCL due to an excess loan sanctioned to APSPDCL against power purchase dues as at 31-05-2022.
6) CAPEX Loans borrowed till FY 2020-21 were agreed by APSPDCL and APCPDCL to be shared on loan utilisation basis. Hence, that portion of loan amount identified as belonging to APCPDCL were excluded from the books of accounts of APSPDCL. However, since actual loan covenants/agreements are not transferred in the name of APCPDCL, debt obligation is being met by APSPDCL and is recovered/recoverable from APCPDCL.
7) The State Govt of Andhra Pradesh vide LETTER.No.367/POWER-III/2017-2 Dt.16.11.2017 agreed to take over the balance of 25% of FRP Bonds of the DISCOMS and to issue Non-SLR Bonds under UDAY Scheme for discharging the debt of State Power APDISCOMS. However, Govt. of Andhra Pradesh has not taken over the FRP bonds till date. FRP bonds liability is being shown as Debt of DISCOMS consistently. Further, the GoAP issued Administrative Sanction for ₹ 211.15 Crore vide G.O.Rt.No.11 Energy (Power-III) Department Dt 19.01.2023 for taking over of FRP Bonds liability under UDAY Scheme. However, the amount is yet to be released by the State Govt.
8) Loan from APPFCL are being serviced by the Government of Andhra Pradesh (both Principal and Interest) through APPFCL as per the provisions of G.O.Ms.No.17 dated 14.06.2020 issued by Energy Department.
9) Government of AP has provided funds for payment of Principal and Interest on APPFCL loans and some part of PFC/IREDA loans. During the year, Interest amounting to ₹ 19.38 Crore (Previous Year ₹ 360.61 Crore) was reimbursed by the Government of Andhra Pradesh. The Interest amount paid by the Govt. of AP is treated as Revenue Grant in the Books of account and netted off against Interest and finance charges shown under Note No.23 - Finance Costs.
10) The Scheme of Arrangement between APSPDCL (Demerged Company) and APCPDCL (Resulting Company) was approved by the Ministry of Corporate Affairs, Government of India vide its order dated 22-02-2024 with effect from the appointed date i.e. 01.04.2020. Consequently, the company is in the process of requesting financial Institutions/banks to transfer the outstanding loan portion of APCPDCL, which is still under the name of APSPDCL.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Details of Guarantees provided by the State Government of Andhra Pradesh on Borrowings availed by APSPDCL as at 31-03-2024

Sl.No.	Project/ Borrowing Name	GO. No./ Reference & Date	Nature of Loan	Amount Guaranteed (₹ in Crore) *	Amount Availed (₹ in Crore) *	APSPDCL Loan outstanding as at 31-03-23 (₹ in Crore)	Receipts during FY 2023-24 (₹ in Crore)	Repayments during FY 2023-24 (₹ in Crore)	APSPDCL Loan outstanding as at 31-03-24 (₹ in Crore)	Guarantee Start Date/ Deed Executed Date	Guarantee end date
1	State Bank of India	G.O.Ms.No.36, Dt. 09-11-2018	CAPEX	2,000.00	2,000.00	658.12	-	103.30	554.82	09-11-2018	31-03-2029
2	State Bank of India		OPEX (CC facility)	250.00	250.00	153.66	-	14.60	139.06	09-11-2018	Till closure of the facility
3	State Bank of India	G.O Rt No.36, Dt. 26-11-2019	OPEX	500.00	500.00	210.95	-	66.19	144.76	16-12-2019	30-10-2025
4	REC Ltd	G.O.Ms.No.17, Dt 14-06-2020	OPEX-LIS	2,250.00	2,250.00	1,299.79	-	177.25	1,122.54	30-06-2020	05-10-2032
5	PFC Ltd		OPEX-LIS	2,250.00	2,250.00	1,325.81	-	132.69	1,193.12	03-07-2020	06-10-2032
6	REC Ltd	G.O.Ms.No.2, Dt 06-03-2021	OPEX-LIS	650.00	650.00	409.63	-	34.14	375.49	19-05-2021	02-10-2033
7	PFC Ltd		OPEX-LIS	650.00	650.00	409.63	-	26.62	383.01	19-05-2021	02-10-2033
8	REC Ltd	Letter No.ENE01- COOROGOIM/27/ 2022, dated: 17-10-2022	OPEX-LPS	5,817.28	3,787.18	3,630.26	156.92	299.24	3,487.94	30-08-2022	01-08-2032
9	PFC Ltd		OPEX-LPS	6,517.28	4,344.07	4,350.24	-	456.48	3,893.76	30-08-2022	10-08-2032
10	REC Ltd	G.O.Ms.No.19,dT-0 7.09.2023,G.O.Ms., No.20 dated 25.09.2023	OPEX-RBPF	3,000.00	2,999.98	1,500.00	3,046.97	1,546.99	2,999.98	28-12-2022	29-08-2027
11	PFC Ltd	G.O.Ms.No.1 dated 17.01.2024	OPEX-RBPF	2,100.00	2,099.96	1,500.00	2,338.89	1,738.93	2,099.96	25-01-2023	28-09-2027
12	REC Ltd	G.O.Ms.No.19, Dt 16-02-2023	OPEX-LPS-2	249.65	249.63	166.43	83.20	13.80	235.83	28-03-2023	01-08-2032
13	PFC Ltd		OPEX-LPS-2	249.65	249.63	166.43	77.03	18.48	224.98	28-03-2023	10-08-2032
14	PFC Ltd	GO.No.23, 20-02- 2024	Capex-RDSS	1,100.00	696.61	-	696.61	-	696.61	27-02-2024	15-03-2045
			Total	27,583.86	22,977.06	15,780.95	6,399.62	4,628.71	17,551.86		

* Includes amount transferred to APCPDCL on bifurcation of APSPDCL into APSPDCL and APCPDCL.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.4 - Other Long-Term Liabilities

Other Long Term Liabilities	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
4.1) Trade Payables	-	-
4.2) Others		
a. Security Deposits from Consumers	2,441.38	2,200.90
b. GIS - Insurance & Savings Fund	9.70	8.82
Total	2,451.07	2,209.72

1) As at 31-03-2024, Security Deposits from Consumers shows a balance of ₹ 2,441.38 Crore as per the financial ledger and ₹ 2,381.65 Crore as per the Consumer ledger since there are opening balance mismatches and differences in LT and HT Customer balances which are under reconciliation.

2) Group Insurance & savings fund includes balances (identified and Unidentified) transferred to company in pursuant to merger of TSSPDCL (erstwhile APCPDCL). Please refer Note No.26 para No. 7.2,7.3 & 7.4

Note No.5 - Long-term Provisions

Long-Term Provisions	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
Provisions for Employee Benefits		
5.1 SPDCL Pension & Gratuity Trust (Funded)	2,765.46	2,133.46
5.2 Gratuity for Employees joined on or after 01-02-99 (Unfunded)	392.10	349.06
5.3 Leave Encashment (Unfunded)	1,081.69	916.22
Total	4,239.25	3,398.74

Employee Related benefits:
1) Terminal Benefits: Pension & Gratuity :
During FY 2023-24, the Company has cleared a liability of ₹ 198.92 Crore (Previous year ₹ 100 Crore) to the APSPDCL Pension and Gratuity Trust. The liability cleared includes ₹ 128.92 Crore adjusted for pension and gratuity obligations of APSPDCL Pension and Gratuity trust met by APSPDCL during FY 2023-24.

2) The APSPDCL Pension & Gratuity Trust fund position and creation of liability through provision as per the Actuarial Valuation report as on 31.03.2024 are furnished here under.

Particulars	Pension & Gratuity Liability @ 26% share up to Mar 2029/2033 and 100% w.e.f. Mar 2029/2033 onwards	Gratuity for Employees who joined on or after 01.02.1999 #	Leave Encashment liability #	Total Employees future terminal benefits *
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
Fund to be maintained as on 31-03-2024 as per Actuarial valuation report .	7,129.37	413.72	1,154.86	8,697.95
Fund available as at 31-03-2024	(2,826.54)	-	-	(2,826.54)
Liability already provided/available	(1,962.36)	(354.23)	(922.90)	(3,239.49)
Provision to be made towards future commitment	2,340.48	59.49	231.96	2,631.92
Provision made during FY 2023-24	(803.10)	(59.49)	(231.96)	(1,094.54)
Short fall /(Excess)	1,537.38	-	-	1,537.38

Out of the provision required, an amount of ₹ 1,094.54 Crore (Previous year ₹ 945.92 Crore) has been created as provision during FY 2023-24.

Current Liability of Gratuity and Leave encashment provisions are shown under Note No.9 - Short Term Provisions.

* The above shortfall of provision amounting to ₹ 1,537.38 Crore has to be provided in the future years.



3) Ananthapur and Kurnool Circles are merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms. No. 24 dated 29-05-2014. In the merger/demerger process, an amount of ₹167.30 crore is transferred by M/s TSSPDCL (erstwhile APCPDCL) as Long Term provisions for employees by way of Employee basis allocation is adopted. These amounts are transferred to respective accounts during the FY 2015-16. Also, refer to Note No.26 para No. 7.2,7.3 & 7.4. However, corresponding share in the P & G Trust of M/s TSSPDCL (erstwhile APCPDCL) is not transferred to Pension and Gratuity Trust of APSPDCL.

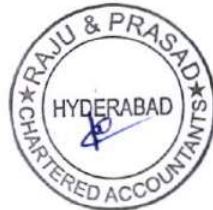
Note No. 6 - Short-term Borrowings

Short-term Borrowings	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
6.1 Loans repayable on demand		
<u>Secured</u>		
a. SBI & Union Bank (CC and OD limits)	274.91	340.53
b. REC Ltd & PFC Ltd (RBPF Loan)	6,899.94	3,000.00
<u>Unsecured</u>		
c. Others	801.93	568.29
6.2 Short term loans: Merger	180.92	180.92
6.3 Current Maturities of Long Term Borrowings		
a. Rural Electrification Corporation (REC)	1,230.35	1,103.62
b. Power Finance Corporation (PFC)	848.38	551.38
c. State Bank of India (SBI)	191.71	170.95
d. Others	452.48	462.30
Total	10,880.61	6,377.99

1) Ananthapur and Kurnool Circles were merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms. No. 24 dated : 29-05-2014. In the merger/demerger process, an amount of ₹180.92 Crore is transferred by M/s TSSPDCL (erstwhile APCPDCL) as Short term borrowings by way of Energy basis allocation. Hence, the same is adopted into Books of Account. Refer to Note No 26 para Nos.7.2,7.3 & 7.4. However, repayment schedule and other loan covenants are not given to the company at the time of merger. Hence, in the absence of above details, company is unable to pay principal or recognise/pay the interest liability.

2) OPEX Loans (CC Limits & LC Limits) borrowed from FY 2020-21 to FY 2022-23 were agreed by APSPDCL and APCPDCL to be shared in 63.02 : 36.98 ratio respectively. Hence, that portion of loan amount identified as belonging to APCPDCL was excluded from the books of accounts. Since actual loan agreements/covenants were not transferred in the name of APCPDCL, debt obligation of APCPDCL is being met by APSPDCL and is recovered/recoverable from APCPDCL. During FY 2023-24, loan sanctions were obtained separately by APSPDCL and APCPDCL in respect of SBI CC and OD Limits.

3) The company has entered into loan agreements with REC Ltd and PFC Ltd for payment of current power purchase dues and transmission charges under Revolving Bill Payment Facility (RBPF). The sanctioned limit is valid for 5 years but shall be reviewed on yearly basis. During the period, disbursement can be availed on revolving basis such that the outstanding principal amount shall not exceed the sanctioned limit. The loan has a tenure of 12 months from the date of disbursement. The loan is repayable in 6 Equated monthly Instalments (EMIs) after a 6- month moratorium on principal repayment.





Note No.7 - Trade payables

Trade Payables	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
7.1 Creditors for Purchase of Power	6,610.97	3,529.81
7.2 Payables to Other DISCOMS (ICD)	1,933.91	478.21
7.3 Creditors for Materials & Services	594.91	560.44
7.4 Liabilities for Employees Cost	246.64	42.34
7.5 Liabilities for Administration Expenses	86.41	79.20
7.6 Trade Payables - Merger	873.23	873.23
Total	10,346.07	5,563.23

1) The company recognises liability for Power purchases at the rates applicable on the date of purchase. Additionally, it recognises supplementary claims relating to fuel cost adjustment, change in law etc from the reporting date until the date of filing of FPPCA claim with the Hon'ble APERC within the same reporting year. The Power Purchase Costs are accounted between the Distribution companies (APSPDCL and APEPDCL) in the ratio specified in the G.O.Ms.No.20, Energy (Power-III), dated: 08.05.2014 amending the share of four DISCOMs in the Generating Stations as per which the revised share of APSPDCL is 30.31% (including Ananthapur and Kurnool circles Share 8.04%) out of Four Discoms of Andhra Pradesh and Telangana (.i.e., APSPDCL, APEPDCL, TSSPDCL (erstwhile APCPDCL) and TSNPDCL, till 01.06.2014.

2) Consequent to Ananthapur and Kurnool Circles transfer into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms No. 24 dated : 29-05-2014, APSPDCL share is increased in the re-organised state of Andhra Pradesh and allocated between two Discoms (i.e., APSPDCL and APEPDCL) as to 65.73% and 34.27 % duly adjusted through IBSS.

3) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL as per G.O.MS.No. 41 Dated : 05-12-2019, APSPDCL share is revised and the new ratio between three Discoms (i.e., APSPDCL, APEPDCL and APCPDCL) is 40.44%, 36.22% and 23.34% respectively issued vide G.O.Ms.No.13 Dated 6th April, 2020 duly adjusted through IBSS.

4) Confirmations of balance as on 31.03.2024 from the Generating Companies/Suppliers of power, Material and service creditors, other payables are yet to be obtained and these balances are subject to reconciliation and adjustments.

5) Trade payables - Merger represents balances transferred to company in pursuant to demerger of TSSPDCL (erstwhile APCPDCL). Please refer Note No. 26 para No. 7.2,7.3 & 7.4.

6) As per the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 (LPS Rules) notified by the Ministry of Power, Gol on 03-06-2022, the company liquidated outstanding power purchase dues (including late payment surcharge) as on 03-06-2022. REC Ltd and PFC Ltd directly disbursed the dues directly to the suppliers as per re-determined payment schedule spread over 12 monthly instalments. The 1st monthly instalment was disbursed on 05.08.2022 and subsequent monthly instalments were paid on the 5th of subsequent months in accordance with communications and consents for the liquidation of dues. For more details, please refer to Note No.3 - Long Term Borrowings.

7) The excess/shortfall in the pool account between the Distribution Companies on account of power purchase and sale of power is accounted as Payable to Other DISCOMS (ICD).



Note No.8 - Other Current Liabilities

Other Current Liabilities	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
8.1 Vendor related Liabilities	596.86	332.23
8.2 Customer related Liabilities	480.14	417.64
8.3 Employee related Liabilities	14.59	25.23
8.4 Bills Payable (Discounted) on Power Purchase dues	178.13	58.44
8.5 Interest accrued and due on Borrowings	55.56	12.93
8.6 Interest accrued but not due on Borrowings	173.46	218.66
8.7 Interest on Consumer Security Deposits	147.76	111.60
8.8 Self Funding Medical Scheme (SFMS)	19.23	19.54
8.9 Other Statutory Liabilities	101.37	69.30
8.10 Other Liabilities - ATP & KNL Merger	204.42	204.42
8.11 Other Liabilities	90.15	143.03
Total	2,061.67	1,613.01
1) Other liabilities and Self Fund Medical scheme includes balances (identified and Unidentified) transferred to company in pursuant to demerger of TSSPDCL (erstwhile APCPDCL). Please refer Note No.26 para No. 7.2,7.3 & 7.4		
2) Bills Payable (Discounted) on Power Purchase dues represents Sale Bill Discounting facility availed by NTPC Limited (NTPC)/ NLC India Limited (NLC)/ Power Grid Corporation of India Limited (PGCIL) with their bankers for energy supplied to APSPDCL. As per the arrangement, in case of default in payment of energy dues on due date by APSPDCL, NTPC/NLC/PGCIL would indemnify the Bank.		

Note No.9 - Short-term Provisions

Short Term Provisions	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
9.1 Income Tax	0.88	0.88
9.2 Gratuity for Employees joined on or after 01-02-99	21.61	14.78
9.3 Leave Encashment	73.17	60.95
Total	95.66	76.61





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.10 - PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

S.No	Particulars	GROSS BLOCK			DEPRECIATION AND AMORTISATION			NET BLOCK		
		As at the end of 31st March 2023	Additions/ Adjustments during the period	Adjustments/ Retirement during the period	As at the end of 31st March 2024	As at the end of 31st March 2023	Depreciation for the period	Adjustments/ Retirement during the period	As at the end of 31st Mar 2024	As at the end of 31st Mar 2023
	10.1 Property, Plant and Equipment									
a	Land and Land Rights	4.91	0.01		4.92	-		-	4.91	4.92
b	Buildings	206.87	10.88		217.75	65.85	6.21	72.06	141.03	145.69
c	Other Civil Works	65.55	4.85		70.39	15.79	2.03	17.82	49.76	52.57
d	Plant and Machinery	9,412.24	1,296.07	(10.48)	10,697.83	4,343.05	610.63	4,944.24	5,069.19	5,753.59
e	Lines and Cable Net work	4,537.25	627.80	(0.01)	5,165.05	2,980.07	190.91	3,170.98	1,557.18	1,994.07
f	Metering Equipment	1,063.74	87.73	(0.00)	1,151.48	685.39	76.16	761.55	378.35	389.92
g	Vehicles	4.85	-		4.85	4.03	0.21	4.24	0.82	0.60
h	Furniture and Fixtures	9.35	0.08		9.43	7.08	0.26	7.34	2.27	2.09
i	Office equipment	52.10	5.81		57.92	33.74	4.64	38.38	18.36	19.54
j	Computers & IT Equipment	75.04	24.27		99.32	33.57	28.84	62.41	41.47	36.90
k	Low Value Assets	1.29	1.12		2.41	1.29	1.12	2.41	(0.00)	(0.00)
l	Merger Assets - Balance	39.20	-		39.20	9.98	-	9.98	29.22	29.22
	Sub-Total	15,472.41	2,058.62	(10.49)	17,520.54	8,179.84	921.01	9,091.41	7,292.57	8,429.13
	10.2 Intangible Assets									
m	Software	37.08	2.02	-	39.10	19.02	9.53	28.55	18.06	10.55
	10.3 Capital Work-in-Progress (CWIP)									
n	Capital Work-in-Progress	3,067.26	3,265.18	(2,053.90)	4,278.55	-	-	-	3,067.26	4,278.55
	Grand Total	18,576.75	5,325.82	(2,064.39)	21,838.19	8,198.86	930.54	9,119.96	10,377.90	12,718.23
	Previous Period	16,425.21	3,579.12	(1,427.58)	18,576.75	7,391.95	814.84	8,198.86	9,033.26	10,377.90

₹ in Crore



<p>1) Impairment of Assets: Company has not carried out any techno economic evaluation during the year. Hence, provision for impairment of assets is not made during the year as stipulated in Accounting Standard 28.</p>
<p>2) Depreciation and Amortisation : 2.1 In accordance with the Part B of Schedule II of the Companies Act 2013, the Company is charging Depreciation at the rates notified under S.O.265(E) dated 27.03.1994 issued under Electricity Supply Act, 1948. The Intangible Assets are amortised over a period of 5 years. 2.2. In the absence of individual break-up details of assets transferred under second transfer scheme, depreciation has been charged on fixed assets under Straight Line Method on the Gross Block of assets as on 1.4.2000. 2.3. In case of Assets pertaining to Ananthapur and Kurmool circles transferred from TSSPDCL (erstwhile APCDCL) on account of AP Reorganisation Act 2014, Depreciation is charged on straight line method on Gross Block of assets as on 01.06.2014, only to the extent of Assets identified out of the total assets transferred.</p>
<p>3) As per the Andhra Pradesh Gazette Notification No. 396 dated 09.06.2005, for Assets and Liabilities pertaining to the Bulk Supply Undertaking of APTRANSCO have to be transferred to Discoms on the Effective Date being 09.06.2005 with due accounting adjustments. However only the Power Purchase and Loan Liabilities and the corresponding Receivables from Govt. of A.P. in the books of APTRANSCO pertaining to Southern Power Distribution Company of A.P Limited have been identified for transfer and the same has been adopted in the books of the Company, which is subject to revision based on the valuation to be carried out by an independent Chartered Accountant appointed by APTRANSCO and also subject to approval and amendment to the Gazette Notification, by the Government of Andhra Pradesh.</p>
<p>3.1 The balances of Assets and Liabilities as on 1-04-2000 has been adopted in the books as per the Second Transfer scheme notified by the Government Order Notification dated 29th Sept.2001 amounting to ₹799.58 Crore at Gross value for which break up details are not available.</p>
<p>3.2 Land: The particulars of land transferred during the second transfer scheme, land acquired by the company after incorporation and land allotted by the different sources are yet to be identified.</p>
<p>4) IT Initiations: Implementation of "SAP" ECC 6.0 : During the financial year 2010-11, the company implemented SAP ECC 6.0 version with effect from 1st May 2010 for better internal control system and effective maintenance of Books of accounts. Unit Wise Opening balances to the extent available i.e. net balances for each account are now reflected in the Trial Balance of the respective Business Areas/units in the financial year 2011-12. Reconciliation of Line items and Business Area/unit opening balances is in progress. GL Balances which are not directly identifiable against any Business Area are kept in the Business Area 9999 - GM/Costing unit including unidentifiable balances taken over in 2nd Transfer Scheme.</p>
<p>5) Ananthapur and Kurmool Circles are merged into APSDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms No.24 dated : 29-05-2014. In the merger/demerger process, an amount of ₹1,150.07 Crore is transferred by M/s TSSPDCL (erstwhile APCDCL) as Net assets book values only (i.e., after deducting depreciation) by way of Geographical allocation basis is adopted. Also refer to Note No.26 para No. 7.2, 7.3 & 7.4.</p>





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Annexure to Note No.10 - Ageing Schedule for Capital Work-in-progress as at 31st March 2024

₹ in Crore

Sl.No.	Capital Work-in-Progress	Amount of CWIP for a period of				Total as at 31-03-2024
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i)	Projects in progress	2,388.42	1,240.68	300.57	348.87	4,278.55
(ii)	Projects temporarily suspended	-	-	-	-	-
	Total	2,388.42	1,240.68	300.57	348.87	4,278.55

Annexure to Note No.10 - Ageing Schedule for Capital Work-in-progress as at 31st March 2023

₹ in Crore

Sl.No.	Capital Work-in-Progress	Amount of CWIP for a period of				Total as at 31-03-2023
		Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i)	Projects in progress	1,776.60	566.32	407.15	317.19	3,067.26
(ii)	Projects temporarily suspended	-	-	-	-	-
	Total	1,776.60	566.32	407.15	317.19	3,067.26

Year Wise Break-up of No. of Work Orders and Amount Pending Capitalisation at the end of current and previous years

Financial Year	As at 31-03-2024		As at 31-03-2023	
	No.s	₹ in Crore	No.s	₹ in Crore
2015-16	174	6.80	282	12.27
2016-17	596	21.57	865	33.64
2017-18	499	14.06	1,256	35.51
2018-19	841	34.23	2,974	92.90
2019-20	720	9.42	4,740	373.20
2020-21	3,034	179.06	9,648	532.09
2021-22	6,231	325.19	14,173	558.94
2022-23	17,419	1,599.44	36,868	1,428.71
2023-24	38,670	2,088.78	NA	NA
Total	68,184	4,278.55	70,806	3,067.26





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.11 - Non-Current Investments

Non-Current Investments	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
11.1 Share Capital in RESCO - Kuppam, Chittoor	0.29	0.29
11.2 Investment in Shares	189.88	103.62
11.3 Others - Merger	80.64	80.64
Total	270.81	184.55
Aggregate Book Value of Unquoted Investments	270.81	184.55
Total	270.81	184.55
<p>1) APSPDCL had made an investment of ₹205.80 Crore (9.95%) towards its share capital in Andhra Pradesh Power Development Company Limited (APPDCL). Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, ₹103.52 Crore (5.00%) were allotted to APSPDCL and ₹102.28 Crore (4.95%) were allotted to APCPDCL. However, transfer of shares in the name of APCPDCL is pending. During FY 2023-24, APSPDCL subscribed to Right Shares worth ₹171.50 Crore issued by APPDCL. As the existing shares allocated to APCPDCL are yet to be transferred, Right shares amounting to ₹86.2645 Crore (i.e 50.30% of ₹171.50 Crore) were recognised as Investments, while Right shares amounting to ₹85.2355 Crore (i.e 49.70% of ₹171.50 Crore) were recognised as Receivable from APCPDCL and included under Note No.17 - Other Current Assets.</p>		
<p>2) APSPDCL had made an investment of ₹ 0.20 Crore in AP State Energy Efficiency Development Corporation (APSEEDCO) on 20th March 2018. Subsequent to bifurcation of APSPDCL into APSPDCL and APCPDCL, shares worth ₹ 0.0994 Crore were transferred to APCPDCL in the books of accounts. However, the Share Certificates are yet to be transferred in APCPDCL's name. During this transfer, fresh Share Certificates will be obtained with APSPDCL's name for ₹ 0.1006 Crore (50.30%) and APCPDCL's name for ₹ 0.0994 Crore (49.70%).</p>		
<p>3) Ananthapur and Kurnool Circles are merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms No.24 dated : 29-05-2014. Accordingly, certain investments are transferred to company pursuant to above merger. However, the ownership instruments are not yet transferred to the company. Hence, the Company is unable to recognise the income, if any, accrued on such investments.</p>		
<p>4) Ananthapur and Kurnool Circles (Formerly APCPDCL) share of investment in APPDCL , Coastal Tamil Nadu Power, M/s. Ghogarpalli Integrated Power Co. Ltd., and certain other investments of body corporates and Mutual funds have been allocated on the basis of Energy Ratio, to the extent of ₹80.64 Crore, for which details of number of shares and value of each company is yet to be identified and transferred in the name of APSPDCL. Also, refer to Note No. 26 para No.7.2, 7.3 & 7.4.</p>		
<p>5) The Hon'ble Andhra Pradesh Electricity Regulatory Commission (APERC) vide its Retail Supply Tariff Order for FY 2021-22 dated 25-03-2021, directed DISCOMs to take action and report compliance on takeover of RESCO - Kuppam, Chittoor since they failed to secure recommendations from the State Government for granting license exemption by APERC. Later, exemption was granted by the Hon'ble APERC up to 31-12-2021 vide Proceedings No.APERC/Secy/ 12 /2021 Dt.26.11.2021. RESCO-Kuppam had filed a Writ petition (WP No. 31087 of 2021 dt 30-12-2021) with the Hon'ble High Court of AP against APERC's proceedings No. APERC/Secy/12/2021 dated 26.11.2021. The Hon'ble High Court of AP in its order dated 19.04.2022 allowed for setting aside APERC's order citing Govt. of AP's proceedings dated 18.10.2021, wherein the Govt. had recommended for ratification of grant of exemption to RESCO-Kuppam from obtaining license to supply power for the FY's 2020-21 and 2021-22. Later, the Govt. of AP vide its Letter No. ENE01/491/2020-Power-III dated 01.06.2022 recommended to APERC, for granting exemption to RESCO Kuppam from obtaining Licence for the FY's 2022-23 and 2023-24 for supply of Power under Section 13 of Electricity Act, 2003. The exemption application is pending for adjudication before the Hon'ble APERC and RESCO Kuppam is being billed at a separate Tariff from FY 2023-24.</p>		



Note No.12 - Long Term Loans and Advances

Long Term Loans and Advances	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
Secured, Considered Good		
12.1 Housing & Vehicle Loans to Employees	10.64	14.21
Unsecured, Considered Good		
12.2 Capital advances to suppliers/ contractors	262.92	200.07
12.3 Capital Advance - GVK Buy out	133.64	133.64
12.4 Other Loans and advances to employees	3.24	3.50
12.5 Deposits with Courts and others	71.65	71.16
12.6 Loans to employees - Merger	4.46	4.46
Doubtful		
12.7 Capital advances to suppliers/ contractors	17.67	17.67
Sub total	504.23	444.73
12.8 Provision of Doubtful Capital Advances	(17.67)	(17.67)
Total	486.56	427.06
1) Loans and Advances to Directors - NIL.		
2) Loans Guaranteed by Directors during FY 2023-24 - NIL (FY 2022-23 - NIL)		
3) Loans to employees - Merger represents unidentified balances of employees transferred to company in pursuant to demerger of TSSPDCL (erstwhile APCPDCL). Please refer Note No.26 para No. 7.2,7.3 & 7.4.		

4. GVK INDUSTRIES LIMITED - STAGE I - ASSETS BUYOUT:

i. As per decision of APPCC meeting dated: 06.04.2015 and Govt of AP (GOAP) permission to buy out vide its approval ref: 2374/Power I/2014 dated 28th October 2015, agreement for buyout of the project dated: 08 Feb 2016 and continuation agreement dated: 22nd April 2016, advance of ₹289.55 Crore paid by APDISCOMs to GVK Industries Ltd. As per handing over minutes dated: 22nd April 2016, control over plant and its assets were taken over by APDISCOMs with effect from 22nd April 2016 and energy generated was shared between DISCOMs as per Power allocation Ratio decided by Govt. vide GO Ms No. 20 dated 08th May 2014 & later revised vide as per G.O.MS.No.13 Dated : 06-04-2020.

ii. Operating expenses incurred to operate the plant are also shared between two APDISCOMs in the ratio of APEPDCL-34.27% and APSPDCL - 65.73% up to 31-03-2020 and later revised ratio between APEPDCL - 36.22%, APSPDCL - 40.44% and APCPDCL - 23.34% as per G.O.No.13 Dated : 06-04-2020.

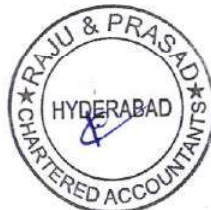
iii. As per agreement, GVK buy out price is given below:

Particulars	₹ in Crore		
	Total	APSPDCL	APEPDCL
Share	100%	65.73%	34.27%
Land	27.81	18.28	9.53
Building, Structures and Roads.	47.15	30.99	16.16
Plant and Machinery	185.15	121.70	63.45
Stores & Spares	67.34	44.26	23.08
Naphtha/Inventory	4.70	3.09	1.61
Total	332.15	218.32	113.83

iv. Further, recoverable amount of ₹32.33 Crore, relates to GVK expansion project which was adjusted against purchase consideration/buyout price of GVK Industries Ltd as per agreement dated:22 April 2016. An amount of ₹0.75 Crore was remitted on 12th May 2016 towards TDS U/s.194IA of IT Act 1961.

v. Consideration of ₹322.63 Crore was paid as against total consideration payable of ₹332.15 Crore and the details of payment are given below:

Particulars	₹ in Crore		
	Amount	APSPDCL	APEPDCL
Share	100%	65.73%	34.27%
LOA 3244 advance paid	1.00	0.66	0.34
LOA 230& 231	288.55	189.66	98.89
GVK expansion project adjustment.	32.33	21.25	11.08
TDS paid to the credit of GVK u/s 194 IA	0.75	0.49	0.26
Total	322.63	212.07	110.57



vi. In the APPCC meeting held on 19th June 2017, it was decided to handover the GVK assets/plant to APGENCO from APDISCOMs as the APGENCO is in the core business of Generation. The legal formalities are in process, to transfer the assets in favour of APGENCO. In view of the above, amounts paid to GVK towards purchase consideration shown as advance in the books of APDISCOMs. Consequent to the bifurcation of APSPDCL into APSPDCL and APCPDCL, ₹78.42 Crore was allotted to APCPDCL and balance ₹133.65 Crore remained with APSPDCL.

vii. As GVK is not coming forward to execute sale deed and transfer of the project assets in the name of APDISCOMs/APGENCO, APEPDCL has filed a complaint vide C.C.S.R.No. 3011 before VII Addl. Judicial First Class Magistrate Court, Rajamahendravaram and the FIR was filed vide Crime No. 166 of 2021 in S.H.O. Kadiam Police station. In this regard, as per the approval of competent authority APDISCOMs have filed petition before Hon'ble APERC as O.P.No. 59 of 2021. Later, liquidation process was initiated against GVK Industries Ltd. under CIRP on 15 Dec 2022. Of the project assets, it was found that land to the extent of 180 acres is in the prohibited property list as per Sec 22 (A) of Registration Act 1908. A letter was addressed by the Liquidator of M/s GVK Industries Ltd (in Liquidation) to the Collector and District Magistrate, East Godavari District requesting for removal from prohibited property list and mutate the land in the name of M/s GVKIL to enable registration process in favour of APDISCOMs.

Note No.12A - Other Non-Current Assets

Other Non-Current Assets	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
12A.1 Long Term Receivables from Employees	49.40	15.67
12A.2 Bank Deposits (DSRA)	17.32	17.32
12A.3 Unbilled Revenue Receivables	5,353.38	2,630.03
Total	5,420.09	2,663.02

Note No.13 - Inventories

Inventories	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
13.1 Stores and spares - Consumables	76.71	73.20
13.2 Stores and spares	732.71	437.93
13.3 Scrap Materials	15.90	11.47
Sub-Total	825.31	522.60
13.4 Provision for Non-moving and Obsolete stock	(16.91)	(15.71)
Total	808.40	506.89

1) Inventory includes unidentified balances of ₹0.17 Crore transferred to company in pursuant to demerger of TSSPDCL (erstwhile APCPDCL). Please refer Note No.26 para No. 7.2,7.3 & 7.4.

2) Inventory does not include ₹ 16.30 Crore (Previous year ₹ 10.40 Crore) materials received but pending inspection and acceptance.

3) There are no imported raw materials, spare parts and components consumed during the financial year. During the year additional provision has been made towards for non-moving and obsolete stock for ₹ 1.21 Crore (Previous year ₹ 8.05 Crore).

4) Inventory is mainly used in connection with Repairs and Maintenance works though some part may be used for Capital Works as well. Since classification of inventory based on usage is not feasible, entire inventory is grouped under current assets.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.14 - Trade Receivables

Trade Receivables	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
14.1 Unsecured - Considered Good	13,142.39	9,765.24
14.2 Unsecured - Considered Doubtful	79.30	251.76
Gross Trade Receivables (Sub-Total)	13,221.69	10,017.00
14.3 Provision for doubtful debts	(79.30)	(251.76)
Total	13,142.39	9,765.24
14.4 Provision for Unbilled dues	1,869.21	2,367.33
Grand Total	15,011.60	12,132.57

1.1 The Trade Receivables show a balance of ₹ 13,221.69 Crore as per the Financial ledger and ₹ 13,225.41 Crore as per the Consumer ledger since there are opening balance mismatches and differences in LT and HT Customer balances which are under reconciliation.

1.2 The credit balances in consumers accounts amounting to ₹128.82 Crore (Previous year ₹ 160.71 Crore) are netted off against debit balances.

1.3 During FY 2023-24, Provision towards Bad and Doubtful Debts amounting to ₹ 172.46 Crore has been withdrawn (Previous Year Additional provision made for ₹ 99.72 Crore) as per the Accounting Policy of the Company.

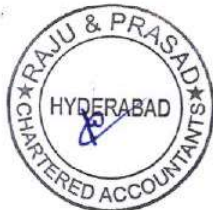
2) M/s APGPCL is captive generating plant. An MOU was entered into between M/s APGPCL and APTRANSCO for wheeling of energy to their participating industries. As per the MOU clause no. 17(a), it was agreed that if the power generation by the M/s APGPCL could not be utilised by the participating industries (Consumers) either in full or in part, then APTRANSCO/AP Discoms shall have the first claim to utilise such power. However, M/s APGPCL has allocated Un-utilised/Surplus energy to other participating industries over and above their share, APSPDCL is not allowed such surplus energy and limited their fixed share since APSPDCL is having the first right to claim surplus energy. Against this, M/s APGPCL has approached the Hon'ble High court vide WA No.2469/05 and got stay orders and the case is now pending before the Hon'ble High court. The consumers are not paying such disputed amounts as per the above stay order and arrears accumulated to ₹1,166.46 Crore as at 31 March 2024 (As at 31 March 2023 ₹ 1,099.47 Crore).

3) Ananthapur and Kurnool Circles were merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms No. 24 dated : 29-05-2014. In the merger/demerger process, an amount of ₹ 546.59 Crore is transferred by M/s TSSPDCL (formerly APCPDCL) as sundry debtors by way of geographical allocation basis is adopted. Also refer to Note no 26 para 7.3 & 7.4.

4) The billing for all categories of consumers are carried out every month. However, in respect of Agriculture free category consumers which are not linked to other services, customer charges are billed half-yearly in May and November.

Break-up of Gross Trade Receivables for calculation of AT&C Losses and ACS-ARR Gap

Gross Trade Receivables	As at 31-03-2024 ₹ in Crore	As at 31-03-2023 ₹ in Crore
Debtors for Sale of Energy i.e. For Sale Of Power to LT, HT and EHT Consumers including Fuel and Power Purchase Cost Adjustment, Miscellaneous Charges from Consumers and Permanently Disconnected Consumers	8,665.19	6,948.68
Debtors For Electricity Duty	192.15	98.16
Debtors For Delayed Payment Surcharge	4,124.74	2,920.39
Debtors For Inter-State sales / Energy Traded	-	-
Debtors For Others including Wheeling, Open access, Cross Subsidy Surcharge and UI/DSM and others	239.61	49.77
Total	13,221.69	10,017.00



Note No.15 - Cash and Bank Balances

Cash and Bank Balances	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
<u>Cash and Cash Equivalents</u>		
15.1 Balances with Banks		
a) Current and Savings Accounts	239.91	90.57
b) Deposits with original maturities of 3 months or less	210.13	45.17
15.2 Cheques, drafts on hand	-	-
15.3 Cash on hand	5.60	3.70
15.4 Remittances-in-Transit	0.33	0.15
Sub-Total	455.97	139.59
<u>Other Bank Balances</u>		
15.5 Bank deposits with original maturities of more than 3 months		
a) Contingency Reserve Fund Investments	3.28	3.14
b) SFMS Investments	24.21	24.57
c) Fixed Deposit as per Court Directions	2.24	2.24
Sub-Total	29.73	29.94
Grand Total	485.70	169.52
<p>1) A Bank account in the name of A.P.POWER DISTRIBUTION COMPANIES POOL ACCOUNT was opened by all the Distribution companies jointly and is being operated by the nominees of the Andhra Pradesh Power Co-ordination Committee. This is a single account; hence Distribution company wise confirmation of balance is not certified by the banker. However, the balance at the end of each month is being reconciled with the Trial Balance of the individual distribution companies, based on information provided by APPCC.</p>		
<p>2) The payments towards power purchases and receipts of inter-state sale of power are effected through the above said Bank account by the Andhra Pradesh Power Co-ordination Committee.</p>		
<p>3) The Current and Savings Accounts balances include an earmarked balance of Rs.0.52 Cr (Previous year Rs. 0.22 Cr) for compensation payable towards Electrical Accidents. Contingency Reserve Fund investments are earmarked to meet emergent expenditures to restore the distribution system after damage caused by natural calamities, fire accidents, etc. Self Funding Medical Scheme Investments (SFMS) are earmarked for meeting the medical expenses of employees, pensioners, and family pensioners. "Fixed Deposit as per Court directions" refers to a deposit made in accordance with the directions of the court regarding ₹1.50 Crore withheld from the payment intended to M/s Satyamaharshi Power Corporation Ltd, which includes re-invested interest.</p>		



Note No.16 - Short Term Loans and Advances

Short Term Loans and Advances	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
Secured - Considered Good	-	-
Unsecured - Considered Good		
16.1 Trade advances- Power Purchase	1,462.47	819.15
16.2 TDS & Advance Tax	16.23	11.00
16.3 Fringe Benefit Tax	0.20	0.20
16.4 Electricity Duty Advance to GoAP	851.03	14.27
16.5 Advance to Cheyyuru Power Project	0.45	0.45
16.6 Loans and Advances to Employees	0.47	0.38
16.7 Prepaid Expenses	6.59	2.17
16.8 GST Recoverable	0.19	0.00
16.9 Short term loans and advances (on merger)	67.07	67.07
Doubtful	-	-
Total	2,404.69	914.69

1) Anantapur & Kurnool Circles are merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act.2014 and G.O. Ms.No.24 dated 29-05-2014. In the merger/demerger process, an amount of ₹67.07 Crore is transferred by M/s TSSPDCL (formerly APCPDCL) as short term loans and advances by way of energy, geographical and corporate ratio allocation basis is adopted. Also, refer to Note No 26 para No.7.2,7.3 & 7.4.

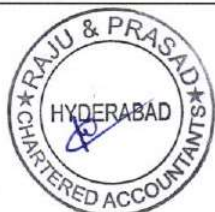
Note No.17 - Other Current Assets

Other Current Assets	Figures as at the end of 31-03-2024	Figures as at the end of 31-03-2023
	₹ in Crore	₹ in Crore
17.1 Receivables from State Govt. of AP	7,317.39	6,551.33
17.2 Receivables from TRANSCO, GENCO & Others DISCOMs	171.78	41.76
17.3 Receivables from others	231.47	184.92
17.4 Interest accrued on Fixed Deposits	1.45	1.10
17.5 Inter unit Balances	137.33	128.79
17.6 Other current assets (ATP & KNL Merger)	133.19	133.19
17.7 Other current assets	2.12	2.12
Total	7,994.74	7,043.21

1) Receivables from State Govt. of AP include amounts due for Tariff Subsidies, Tariff Concessions, reimbursable Energy Assistant Salaries, FRP Bonds agreed to be taken over and Other Receivables. During FY 2023-24, FRP Bonds amounting to ₹ 211.15 Crore agreed to be taken over by GoAP vide LETTER.No.367/POWER-III/2017-2 Dt.16.11.2017 under UDAY Scheme, has been accounted for as Receivables duly crediting the UDAY Grant. Also, please refer Note No.2 - Reserves and Surplus and Note No.3 - Long Term Borrowings.

2) Ananthapur and Kurnool Circles were merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms No. 24 dated : 29-05-2014. In the merger/demerger process, an amount of ₹ 133.19 Crore was transferred by M/s TSSPDCL (formerly APCPDCL) as Other current assets (ATP & KNL Merger). Also refer to Note no 26 para 7.3 & 7.4.

3) Inter unit balances shows a net difference (Debit) of ₹ 137.33 Crore (Previous year (Debit) of ₹ 128.79 Crore) which is subject to reconciliation.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Annexure-A to Note No.14 - Ageing Schedule of Trade Receivables as at 31st March 2024
(Refer Note No. 27 Statement of Accounting Policies Para No.2 (ii))

Sl.No.	Particulars	Outstanding for following periods from due date of payment							Total as at 31-03-2024
		Less than 3 months	3 months to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	More than 4 years	
		₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
(i)	Undisputed Trade Receivables - Considered good (Govt & Private)	1,161.19	1,005.55	1,352.03	2,345.63	23.25	1,758.44	3,743.16	11,389.24
(ii)	Undisputed Trade Receivables - Considered Doubtful (Private)							79.30	79.30
(iii)	Disputed Trade Receivables - Considered good (Govt & Private)	124.64	53.88	171.58	109.60	183.68	45.52	1,064.26	1,753.15
(iv)	Disputed Trade Receivables - Considered Doubtful (Private)								-
	Total	1,285.82	1,059.43	1,523.61	2,455.22	206.93	1,803.96	4,886.72	13,221.69

Annexure-B to Note No.14 - Ageing Schedule of Trade Receivables as at 31st March 2023
(Refer Note No. 27 Statement of Accounting Policies Para No.2 (ii))

Sl.No.	Particulars	Outstanding for following periods from due date of payment							Total as at 31-03-2023
		Less than 3 months	3 months to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	More than 4 years	
		₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
(i)	Undisputed Trade Receivables - Considered good (Govt & Private)	728.41	1,034.22	1,209.05	96.30	2,001.37	976.26	2,307.02	8,352.63
(ii)	Undisputed Trade Receivables - Considered Doubtful (Private)							251.76	251.76
(iii)	Disputed Trade Receivables - Considered good (Govt & Private)	18.70	75.59	150.53	339.99	89.51	148.97	589.33	1,412.62
(iv)	Disputed Trade Receivables - Considered Doubtful (Private)								-
	Total	747.11	1,109.81	1,359.58	436.29	2,090.88	1,125.22	3,148.11	10,017.00





SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

Statement showing Payments of Electricity Bills by State Government Departments/Offices/Local Bodies during FY 2023-24

SLNo.	State Govt Departments	Balance as at 01-04-2023	Demand during FY 2023-24	Collection against FY 2023-24 Demand	Collection against FY 2022-23 Demand	Collection against Legacy Arrears as at 31-03-2021	Total Collection during FY 2023-24	Balance as at 31-03-2024
A	B	C	D	E	F	G	H = E + F + G	I = C + D - H
1	Panchayat Raj	3,294.62	1,121.85	54.64	150.49	-	205.13	4,211.34
2	Urban Local Bodies	199.84	326.58	123.85	55.59	-	179.44	346.98
3	Irrigation	4,324.40	1,573.08	4.47	69.18	-	73.65	5,823.83
4	Health & Medical	35.62	57.69	21.53	11.61	-	33.14	60.17
5	Other Govt Departments	95.09	225.87	112.10	57.04	-	169.14	151.82
	Total	7,949.57	3,305.07	316.58	343.91	-	660.49	10,594.15

Statement showing age wise Arrears of State Government Departments/Offices/Local Bodies as at 31-03-2024

SLNo.	State Govt Departments	Up to 90 days	91-180 days	181 days-1year	>1 year to 2 years	>2 years to 3 years	> 3 years	Total
1	Panchayat Raj	279.43	273.92	415.50	834.94	-	2,407.56	4,211.36
2	Urban Local Bodies	8.71	72.11	121.91	-	-	144.25	346.97
3	Irrigation	535.52	540.53	625.69	1,286.68	-	2,835.41	5,823.84
4	Health & Medical	10.18	10.83	10.33	-	-	28.82	60.17
5	Other Govt Departments	26.52	32.33	24.97	-	-	68.00	151.82
	Total	860.36	929.73	1,198.40	2,121.62	-	5,484.04	10,594.15





SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED
Statement showing details of Subsidy dues receivable from State Government during FY 2023-24

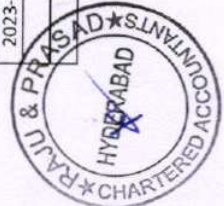
Sl.No.	Particulars	₹ in Crore									
		Balance as at 01-04-2023	Demand during FY 2023-24	Amount received during FY 2023-24	Internal allocation of amount received	Received against FY 2023-24 Demand	Received against arrears as at 01-04-2023	Net Subsidy returnable as per Tariff Order	Balance as at 31-03-2024		
A	B	C	D	E	F	G	H = E + F - G	I	J = C+D-G-H-I		
1	Tariff Subsidy	6,001.86	7,857.52	7,672.68	-395.02	7,277.66	-	579.86	6,001.86		
2	Tariff Concessions	401.53	465.95	201.69	395.02	465.95	130.76	-	270.78		
	Total	6,403.40	8,323.47	7,874.37	-	7,743.61	130.76	579.86	6,272.64		

Age wise break-up of Subsidy dues receivable from State Government as at 31-03-2024

Sl.No.	Particulars	₹ in Crore						
		Balance as at 31-03-2024	Up to 90 days	91 to 180 days	181 days to 1 year	>1 year to 2 years	>2 years to 3 years	> 3 years
1	Tariff Subsidy	6,001.86	-	-	-	-	-	6,001.86
2	Tariff Concessions	270.78	-	-	-	-	-	270.78
	Total	6,272.64	-	-	-	-	-	6,272.64

Detailed Statement of Tariff Subsidy & Concessions dues from State Government for the years ending 31-03-2023 & 31-03-2024

Financial Year	Particulars	Balance as at 31-03-2022		During FY 2022-23		Balance as at 31-03-2023		During FY 2023-24		Balance as at 31-03-2024	
		C	D	Demand	Received/Adj	F = C + D - E	Demand	Received	Demand	Returnable adjustment	J = F + G - H - I
					E						
Prior to 2021-22	Legacy Tariff Subsidy dues	6,702.89	-	4,641.25	701.03	6,001.86	-	-	-	-	6,001.86
2022-23	Tariff Subsidies	-	4,641.25	4,641.25	4,641.25	-	-	7,857.52	7,277.66	579.86	-
2023-24	Tariff Subsidies	-	-	-	-	-	-	7,857.52	7,277.66	579.86	-
	Sub Total	6,702.89	4,641.25	4,641.25	5,342.28	6,001.86	401.53	130.76	130.76	579.86	270.78
Prior to 2021-22	Legacy Tariff Concession dues	401.53	-	-	-	-	-	-	-	-	-
2021-22	Tariff Concessions	188.36	360.57	360.57	188.36	-	-	465.95	465.95	-	-
2022-23	Tariff Concessions	-	360.57	360.57	360.57	-	-	465.95	596.71	-	-
2023-24	Tariff Concessions	-	-	-	-	-	-	8,323.47	7,874.37	579.86	-
	Sub Total	589.89	360.57	360.57	548.93	401.53	465.95	8,323.47	7,874.37	579.86	270.78
	Grand Total	7,292.78	5,001.82	5,891.21	6,403.40	6,403.40	6,403.40	8,323.47	7,874.37	579.86	6,272.64





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No. 18 - Revenue from Operations

REVENUE FROM OPERATIONS	Figures for the current reporting period from 01-04-2023 to 31-03-2024	Figures for the previous reporting period from 01-04-2022 to 31-03-2023
	₹ in Crore	₹ in Crore
18.1 Revenue from Sale of Power		
a) Other DISCOMs	56.44	3,039.93
b) Energy Traded/Inter-State Sales	188.08	343.76
c) L.T.Supply	5,941.04	4,854.41
d) H.T.Supply	8,664.41	6,899.67
e) Distribution True-Up	441.63	298.42
f) Unbilled Revenue - Regular/Year end	41.76	217.27
g) Unbilled Revenue - Distribution True-up	(445.18)	989.29
h) Unbilled Revenue - FPPCA	1,576.08	2,235.55
18.2 Other Operating Revenue		
a) UI (Unscheduled Inter Change) Income	10.67	6.18
b) Cross Subsidy Surcharge	88.50	80.32
c) Wheeling Charges	18.66	13.73
d) Grid Support Charges	30.04	22.60
e) Renewable Energy Certificates	18.67	-
f) Other Operating Receipts	55.94	47.01
18.3 Electricity Duty Billed	877.45	897.48
Gross Revenue from Sale of Power	17,564.18	19,945.63
18.4 Electricity Duty Payable	(877.45)	(897.48)
Net Revenue from Sale of power	16,686.73	19,048.15

Consumption figures given below are based on actual consumption recorded except in case of Unmetered LT Category V - Agriculture - Non Corporate Farmers which are based on the readings of meters provided on the LV side of the distribution transformers feeding agricultural loads.

Consumer Category	Units in MUs	% of total units sold	Revenue * in ₹ Crore	Avg. Rate per unit ₹
Low Tension (LT)				
Domestic - Category -I	5,650.00	31.43	2,419.40	4.28
Commercial & Others - Category -II	1,230.04	6.84	1,268.42	10.31
Industry- Category -III	531.23	2.96	458.90	8.64
Institutional - Category - IV	763.06	4.25	699.65	9.17
Agriculture & Related - Category - V	9,801.01	54.52	7,590.34	7.74
Low Tension (LT) Total	17,975.35	100.00	12,436.72	6.92
High Tension (HT)				
Townships, Colonies, Gated communities & Villas - Category - I	16.53	0.15	12.68	7.67
Commercial & Others - Category -II	519.93	4.83	585.16	11.25
Industry- Category -III	7,478.27	69.52	5,384.91	7.20
Institutional - Category - IV	1,215.59	11.30	979.76	8.06
Agriculture & Related - Category - V	1,009.08	9.38	766.22	7.59
Electricity Co-Operative Societies	517.03	4.81	141.80	2.74
High Tension (HT) Total	10,756.43	100.00	7,870.53	7.32
LT + HT Total (FY 2023-24)	28,731.78	100.00	20,307.25	7.07
LT + HT Total (FY 2022-23)	24,614.23	100.00	16,033.96	6.51

* Revenue consists of Energy Charges, Fixed Charges and Demand Charges billed to Consumers and includes Tariff Subsidy booked for ₹ 7,484.11 Crore (₹ 133.06 Crore towards LT Domestic - Category - I and ₹ 7,351.05 Crore towards LT Agriculture & Related - Category - V) for the year ended 31-03-2024.



1) True-up order for Distribution Business for 3rd Control Period (FY 2014-15 to FY 2018-19) : As per Page No.s 473 & 474 of Volume- II of the Retail Supply Tariff Order (RSTO) 2022-23 dt 30-03-2022, there is a true-up amount of ₹ 2,135.60 Crore to be recovered from the consumers of 3rd control period. Out of ₹ 2,135.60 Crore, subsidy payable by the GoAP. towards free power supply extended to the agricultural farmers amounted to ₹ 768.22 Crore. The Hon'ble Commission ordered the balance amount of ₹ 1,368.38 Crore (₹ 2,135.60 Crore - ₹ 768.22 Crore) to be recovered in 36 equal monthly instalments commencing from 01-08-2022 @ ₹ 0.23 per unit in respect of units consumed during 3rd Control Period (FY 2014-15 to FY 2018-19). The revenue expected from April-2023 till July-2025 (28 Months) amounting to ₹ 989.29 Crore (excluding ₹ 33.90 Crore for March 2023 billed in April 2023 and included under Unbilled Revenue - Regular) was included under "Unbilled revenue Distribution True-up" during FY 2022-23. During FY 2023-24, the revenue expected to be recovered from April-2024 till July-2025 (16 Months) is estimated at ₹ 578.01 Crore and balance ₹ 445.18 Crore is reversed and shown under "Unbilled Revenue - Distribution True-up" above.

2) Fuel & Power Purchase Cost Adjustment (FPPCA) for FY 2021-22 : The Hon'ble APERC issued order on 01-03-2023 for pass-through of Fuel & Power Purchase Cost Adjustment (FPPCA) for all Four Quarters of FY 2021-22. As per the order, the expected recovery of FPPCA charges by APSDCL based on the actual sales during FY 2021-22 was ₹ 1,199.97 Crore. Out of this, the FPPCA charges to be raised on GoAP. in respect of agriculture consumption under free category consumers was expected at ₹ 345.10 Crore. The balance amount of ₹ 845.87 Crore (₹ 1,199.97 Crore - ₹ 345.10 Crore) is expected to be recovered from the consumers (other than agriculture consumption under free category) in 12 instalments commencing from May-2023 billing. The same was included as Unbilled revenue during FY 2022-23. During FY 2023-24, the revenue expected to be recovered in April-2024 being the last instalment is estimated at ₹ 100.80 Crore and the balance ₹ 754.07 Crore is reversed and shown under "Unbilled Revenue - FPPCA" shown above.

3) Fuel & Power Purchase Cost Adjustment (FPPCA) for FY 2022-23 : The company filed claims with the Hon'ble APERC to allow Fuel & Power Purchase Cost Adjustment (FPPCA) in respect of 1st, 2nd, 3rd and 4th Quarters of FY 2022-23 as per Second Amendment to APERC Regulation No.4 of 2005 (Terms and conditions for determination of Tariff on Wheeling and Retail Sale of Electricity). Orders are yet to be passed by the Hon'ble APERC in respect of the claims made till to date. An amount of ₹ 1380.68 Crore is estimated as recoverable from consumers and the same was included under "Unbilled Revenue - FPPCA" during FY 2022-23.

4) Fuel & Power Purchase Cost Adjustment (FPPCA) for FY 2023-24 : The company filed a claim with the Hon'ble APERC to allow Fuel & Power Purchase Cost Adjustment (FPPCA) for FY 2023-24 as per Regulation 2 of 2023 (Fourth Amendment to the APERC Regulation No.4 of 2005) (Terms and conditions for determination of Tariff on Wheeling and Retail Sale of Electricity) for ₹ 5,519.17 Crore (including Carrying Cost ₹ 224.12 Crore). According to the Regulation, the State Government is obligated to bear FPPCA for 100% Tariff Subsidised Consumers. As per filing, the company has already charged ₹ 1,149.27 Crore (including ₹ 373.41 Crore for 100% Subsidised Consumers) towards automatic pass through of FPPCA for FY 2023-24. After deducting the FPPCA already charged under automatic pass through, the Company recognised 80% of the Total FPPCA Claim amounting to ₹ 3,253.79 Crore (including Carrying Cost ₹ 167.02 Crore) as Revenue in the books of accounts during FY 2023-24. Out of this, FPPCA amounting to ₹ 1,052.57 Crore (including Carrying Cost ₹ 52.70 Crore) for 100% Tariff Subsidised Consumers, to be borne by the State Government, is recognised as Subsidy. The remaining amount of ₹ 2,201.22 Crore (including Carrying Cost ₹ 114.32 Crore) is recognised and included under "Unbilled Revenue - FPPCA" during FY 2023-24.





SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

Annexure-XIV

Details of Cross-Subsidy for Industrial Category Consumers

For FY 2023-24

Consumer Category	Total Revenue (₹ Cr)	Total Energy Sold (MU)	Average Billing Rate (ABR) (₹/kWh)	Total Expenditure (₹ Cr)	Average Cost of Supply (ACoS) (₹/kWh)	Cross-Subsidy (ABR/ACoS) (₹/kWh)
	(A)	(B)	(C) = (A)*10/ (B)	(D)	(E) = (D)*10/(B)	(F) = (C)/(E)
LT Industrial	530.38	620.00	8.5545	466.86	7.5300	1.1361
HT Industrial	5,649.92	7,117.72	7.9378	5,359.64	7.5300	1.0542
Industrial (LT + HT)	6,180.30	7,737.72	7.9872	5,826.50	7.5300	1.0607

Notes :

- Total Revenue and Total Energy Sold, shown in Column (A) and Column (B) respectively, are figures approved by the Hon'ble APERC as per Page No. 136 of the Retail Supply Tariff Order issued for FY 2023-24.
- Total Expenditure shown in Column (D) is arrived by multiplying the approved Average Cost of Service (Page 126) with the corresponding approved sales (Page 136) for Industrial categories as per the Retail Supply Tariff Order issued by the Hon'ble APERC for FY 2023-24 as follows :

Consumer Category	Approved Sales (MU)	Approved Average Cost of Service (₹/kWh)	Total Expenditure (₹ Cr)
(A)	(B)	(C)	(D) = (B)*(C)/10
Industry - LT	620.00	7.53	466.86
Industry - HT	7,117.72	7.53	5,359.64

- The Industrial (LT + HT) details are shown only to illustrate the combined effect of Cross-Subsidy for both LT and HT Industrial Category consumers.

Statement showing details of Metered Energy Consumption

Sl.No.	Particulars	Unit	Formula	FY 2023-24	FY 2022-23
1	Total Energy Consumption	MU	A	28,731.78	24,614.23
2	Metered Energy Consumption	MU	B	25,235.12	19,608.60
3	Unmetered Energy Consumption	MU	C = A - B	3,496.66	5,005.63
4	% of Metered Energy Consumption against Total Energy Consumption	%	D = B/A * 100	87.83	79.66



SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

Calculation of AT&C Losses as per CEA Methodology

Sl.No.	Parameter	Unit	Description	FY 2023-24
A1	Energy Generated	MU		-
A2	Auxiliary Consumption	MU		-
A3	Energy Purchased (Gross)	MU	Gross energy purchased including Transmission Losses	32,780.61
A4	Energy Traded/Inter-state sales	MU		574.58
A	Gross Input Energy	MU	A1 - A2 + A3 - A4	32,206.03
B	Transmission Losses	MU		953.79
C	Net Input Energy	MU	A - B	31,252.24
D	Energy Sold	MU	Energy Sold to all categories of consumers excluding units of Energy Traded/Inter-state sales	28,731.78
E1	Revenue from sale of energy	₹ Cr	Revenue from sale of energy to all categories of consumers (excluding Tariff subsidy booked, Tariff concessions booked and Energy traded/ Inter-state sales)	14,581.13
E2	Revenue from Energy Traded/Inter-state sales	₹ Cr		244.52
E3	Tariff Subsidy Booked during the year	₹ Cr	Tariff Subsidy booked and claimed from the State Government based on the per-unit government subsidy determined by the Hon'ble APERC for various subsidised consumer categories in the Tariff Order.	7,857.52
E4	Tariff Concessions Booked during the year	₹ Cr	Tariff Concessions booked and claimed from the State Government based on concessions extended to various categories of consumers as per several G.O.s issued by the State Government.	465.95
E	Revenue from sale of energy on Subsidy Booked basis	₹ Cr	E1 + E3 + E4	22,904.60
F1	Tariff Subsidy and Concessions received during the year	₹ Cr		8,454.23
F2	Tariff Subsidy and Concessions received against subsidy/ concessions booked for current year	₹ Cr		8,323.47
F3	Tariff Subsidy and Concessions received against subsidy/ concessions booked for previous years	₹ Cr		130.76
F	Adjusted revenue from sale of energy, on subsidy received basis	₹ Cr	Revenue from sale of energy (same as E above) minus Subsidy/Concessions Booked plus Subsidy/ Concessions received (E - E3 - E4 + F1)	23,035.36
G	Opening Debtors for Sale of Energy *	₹ Cr	Opening Debtors for Sale of Energy as shown in Trade Receivables Schedule (Without deducting provisions for doubtful debtors). Unbilled Revenue shall not be considered as Debtors	6,948.68
H	Closing Debtors for Sale of Energy *	₹ Cr	i) Closing Debtors for Sale of Energy as shown in Trade Receivables Schedule (without deducting provisions for doubtful debts). Unbilled Revenue shall not be considered as Debtors	8,665.19
		₹ Cr	ii) Any amount written off during the year directly from (i)	4.25
I	Adjusted Closing Debtors for Sale of Energy	₹ Cr	H (i + ii)	8,669.44
J	Collection Efficiency	%	$(F+G-I)/E*100$	93.06
K	Units Realised = [Energy Sold * Collection Efficiency]	MU	$D*/100$	26,737.26
L	Units Unrealized = [Net Input Energy - Units Realised]	MU	C - K	4,514.97
M	AT&C Losses = [(Units Unrealized/Net Input Energy)*100]	%	$L/C*100$	14.45

Target for AT&C Loss (as per Revamped Distribution Sector Scheme (RDSS)) - %

15.00

* Debtors for Sale of Energy includes receivables for: Sale of Power; Fuel & Power Purchase Cost Adjustment; Misc. charges from consumers; Permanently disconnected consumers and excludes receivables for: electricity duty; Delayed Payment Surcharge; inter-state/energy traded; wheeling, open access, Cross Subsidy Surcharge and UI/DSM; and others. Also, please refer Note No. 14 - Trade Receivables for Break-up of Debtors for Sale of Energy, Electricity duty, Delayed Payment Surcharge and Others.



SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

Calculation of ACS-ARR GAP (on Accrual basis & Cash basis)

Sl.No.	Parameter	Unit	Description	FY 2023-24
A	Total Input Energy	MU	Input Energy before making any adjustments like Transmission loss, Inter-State Sale or Energy Traded	32,780.61
B	Total Expenditure	₹ Cr	Cost of Power Purchase, Employee Benefits, Finance Costs, Depreciation and Other Expenses	27,480.41
C	Total Revenue	₹ Cr	Revenue from Operations, Other Income and Revenue from Subsidies and Grants	27,481.76
D1	Tariff Subsidy billed as part of Revenue	₹ Cr	Tariff Subsidy billed to the State Government based on the per-unit government subsidy determined by the Hon'ble APERC for various subsidised consumer categories in the Tariff Order (including FPPCA to 100% subsidised consumer categories).	7,857.52
D2	Tariff Concessions billed as part of Revenue	₹ Cr	Tariff Concessions billed to the State Government based on concessions extended to various categories of consumers as per several G.O.s issued by the State Government.	465.95
D3	Tariff Subsidy & Tariff Concessions received during the year	₹ Cr		8,454.23
D4	Tariff Subsidy & Concessions received against subsidy/concessions billed for current year	₹ Cr		8,323.47
D5	Tariff Subsidy & Concessions received against subsidy/concessions billed for previous years	₹ Cr		130.76
D	Total Revenue (on Subsidy Received basis)	₹ Cr	Total Revenue minus Subsidy billed plus Subsidy received (C - D1 - D2 + D3)	27,612.52
E	ACS (Average Cost of Supply)	₹/kWH	B/A x 10	8.38
F	ARR (Average Realisable Revenue)	₹/kWH	D/A x 10	8.42
G	ACS - ARR Gap (on Accrual Basis)	₹/kWH	E - F	-0.04
H	Opening Debtors for Sale of Energy *	₹ Cr	Opening Debtors for Sale of Energy as shown in Trade Receivables Schedule (Without deducting provisions for doubtful debtors). Unbilled Revenue shall not be considered as Debtors.	6,948.68
I	Closing Debtors for Sale of Energy *	₹ Cr	Closing Debtors for Sale of Energy as shown in Trade Receivables Schedule (without deducting provisions for doubtful debts). Unbilled Revenue shall not be considered as Debtors.	8,665.19
J	Total Revenue (Both Revenue and Subsidy on Cash Basis)	₹ Cr	H + D - I	25,896.01
K	ARR (Average Realisable Revenue) on Cash Basis	₹/kWH	J/A x 10	7.90
L	ACS - ARR Gap (on Cash Basis)	₹/kWH	E - K	0.48

Sl.No.	Particulars	Unit	Targets as per RDSS	Actuals
1	ACS - ARR Gap (on Accrual Basis)	₹/kWH	0.10	-0.04
2	ACS - ARR Gap (on Cash Basis)	₹/kWH	0.35	0.48

* Debtors for Sale of Energy **includes** receivables for: Sale of Power; Fuel & Power Purchase Cost Adjustment; Misc. charges from consumers; Permanently disconnected consumers and **excludes** receivables for: electricity duty; Delayed Payment Surcharge; inter-state/energy traded; wheeling, open access, Cross Subsidy Surcharge and UI/DSM; and others.

Please refer **Note No. 14 - Trade Receivables** for Break-up of Debtors for Sale of Energy, Electricity duty, Delayed Payment Surcharge and Others.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.19 - Other Income

OTHER INCOME	Figures for the current reporting period from 01-04-2023 to 31-03-2024	Figures for the previous reporting period from 01-04-2022 to 31-03-2023
	₹ in Crore	₹ in Crore
19.1 Interest on Staff Loans & Advances	0.61	0.60
19.2 Other Interest Income	7.31	9.27
19.3 Interest on Electricity Duty	45.76	9.12
19.4 Delayed Payment Charges from Consumers	1,467.33	1,185.96
19.5 Amortization of Capital Contributions	302.68	290.18
19.6 Miscellaneous Income	33.28	49.91
Sub-Total (19.1 to 19.6) - A	1,856.96	1,545.04
19.7 Income relating to Prior Years		
a. Prior Period Receipts/Withdrawals	-	(49.41)
b. Prior Period Other Incomes	(0.50)	(0.03)
Sub-Total	(0.50)	(49.44)
19.8 Prior Period Expenses / Losses		
a. Employee Costs	-	-
b. Interest & Other Finance charges	-	-
c. Operating Expenses	28.49	11.76
Sub-Total	28.49	11.76
Net prior period credits/(charges) (19.7+19.8) - B	27.99	(37.68)
Other Income - Total (A+B)	1,884.94	1,507.36

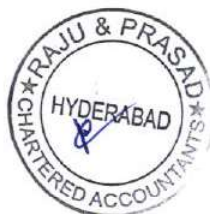
1) Amortization of capital contributions: This amount relates to the relatable portion of depreciation charged on assets created out of Government Grants and contributions from consumers.

Note No.20 - Revenue from Subsidies and Grants

REVENUE FROM SUBSIDIES AND GRANTS	Figures for the current reporting period from 01-04-2023 to 31-03-2024	Figures for the previous reporting period from 01-04-2022 to 31-03-2023
	₹ in Crore	₹ in Crore
20.1 Revenue Subsidies & Grants		
a. Tariff Subsidy from GoAP	7,484.11	4,641.25
b. FPPCA automatic pass through	373.41	-
c. Subsidy returnable to GoAP	-	(1,512.86)
d. Distribution True-up & FPPCA	1,052.57	1,687.73
Total	8,910.09	4,816.12

1) **Tariff subsidy from GoAP:** The Retail Supply Tariff Order for FY 2023-24 issued by the Hon'ble APERC specified a Tariff subsidy of ₹ 5,072.31 Crore towards Revenue Gap at approved Tariffs for FY 2023-24 (Page No.138 of the Order). However, the company accounted ₹ 7,484.11 Crore Tariff Subsidy as per Clause 3 iii) of Note No. 27 Statement of Accounting Policies.

2) **FPPCA Automatic pass through:** Regulation 2 of 2023 (Fourth Amendment to the APERC Regulation No.4 of 2005) (Terms and conditions for determination of Tariff on Wheeling and Retail Sale of Electricity) provides for automatic pass through of FPPCA w.e.f 01-04-2023 subject to certain terms and conditions. As per Clause 12.5 (I) of the Principal Regulation, during FY 2023-24, FPPCA bills are raised on the State Government of Andhra Pradesh in respect of consumers who are provided with 100 percent tariff subsidies under Section 65 of the Electricity, Act 2003.



3) **Agriculture Subsidy of RESCO Kuppam** : The Tariff Subsidy from GoAP for FY 2022-23 includes an amount of ₹ 269.85 Crore towards subsidy relating to agricultural sales of RESCO Kuppam since the Hon'ble APERC, in the Tariff Order for Retail Sale of Electricity for FY 2022-23, merged the sales and Revenue of RESCO Kuppam in the respective LT sales of APSPDCL. (Also refer to Para No.4 to Note No.18 - Revenue from Operations).

4) **True-up orders for Retail Supply of Electricity for FY 2019-20, FY 2020-21 and True-up for Distribution Business for 3rd Control period (2014-15 to 2018-19)** : The Hon'ble APERC issued these orders as Volume- II of the Retail Supply Tariff Order (RSTO) 2022-23 dt 30-03-2022 . The details of Volume - II of the order are as follows:

a) **Subsidy returnable to GoAP for FY 2019-20 and FY 2020-21** : As per Page Nos. 394, 407 & 408 of the order, the Hon'ble Commission ordered for the return of subsidies to GoAP amounting to ₹ 216.87 Crore for FY 2019-20 and ₹ 716.13 Crore for FY 2020-21 corresponding to the reduction in the actual over approved agricultural sales for those years. The subsidy returnable amounts totalling ₹ 933 Crore (₹ 216.87 Crore + ₹ 716.13 Crore) were adjusted by the Commission against the Subsidy payable by the GoAP towards the total revenue gap for FY 2022-23 (Page No.114 of the order). Hence, the same was accounted for during FY 2022-23 and included in the "Subsidy returnable to GoAP" as shown above.

b) **True-up order for Distribution Business for the 3rd Control Period (FY 2014-15 to FY 2018-19)** : As per Page Nos. 473 & 474 of the order, there is a true-up amount of ₹ 2,135.60 Crore to be recovered from the consumers of the 3rd control period. Out of ₹ 2,135.60 Crore, the subsidy payable by the GoAP towards free power supply extended to the agricultural farmers amounted to ₹ 768.22 Crore. The Subsidy payable by GoAP was accounted for in the Revenue gap determined for RSTO FY 2022-23 (Page No.114 of the order). Hence, the same was accounted for during FY 2022-23 and included in "Distribution True-up and FPPCA" as shown above.

5) **Fuel & Power Purchase Cost Adjustment (FPPCA) order for FY 2021-22** : The Hon'ble APERC issued an order on 01-03-2023 for the pass-through of Fuel & Power Purchase Cost Adjustment (FPPCA) for all Four Quarters of FY 2021-22 . The details of the order are as follows

a) **Subsidy returnable to GoAP for FY 2021-22** : As per Page No. 97 of the order, the Hon'ble Commission ordered for return of subsidies to GoAP amounting to ₹ 579.86 Crore corresponding to the reduction in the actual over approved agricultural sales for FY 2021-22. Hence, the same was accounted for during FY 2022-23 and included in the "Subsidy returnable to GoAP" as shown above.

b) **FPPCA Receivable in respect of the Agricultural Consumption FY 2021-22** : As per Page No.96 of the order, the FPPCA charges to be raised on GoAP in respect of agriculture consumption under free category consumers was expected at ₹ 345.10 Crore. Hence, the same was accounted for during FY 2022-23 and included in "Distribution True-up and FPPCA" as shown above.

Note : The Hon'ble Commission netted the FPPCA receivable against the subsidy returnable to GoAP and the net subsidy amount to be returned to GoAP ₹ 234.76 Crore (₹ 579.86 Crore - ₹ 345.10 Crore) was adjusted while arriving at the net revenue gap of FY 2023-24 (Page Nos. 137 and 138 of RSTO FY 2023-24).

6) **Fuel & Power Purchase Cost Adjustment (FPPCA) for FY 2022-23** : The company filed claims with the Hon'ble APERC to allow Fuel & Power Purchase Cost Adjustment (FPPCA) in respect of 1st, 2nd, 3rd and 4th Quarters of FY 2022-23 as per Second Amendment to APERC Regulation No.4 of 2005 (Terms and conditions for determination of Tariff on Wheeling and Retail Sale of Electricity). Orders are yet to be passed by the Hon'ble APERC in respect of the claims made. An amount of ₹ 574.41 Crore was estimated as recoverable from GoAP in respect of Agricultural Consumption under free category and the same was included in "Distribution True-up & FPPCA" during FY 2022-23.

7) **Fuel & Power Purchase Cost Adjustment (FPPCA) for FY 2023-24** : The company filed a claim with the Hon'ble APERC to allow Fuel & Power Purchase Cost Adjustment (FPPCA) in respect of FY 2023-24 as per Regulation 2 of 2023 (Fourth Amendment to the APERC Regulation No.4 of 2005) (Terms and conditions for determination of Tariff on Wheeling and Retail Sale of Electricity) for ₹ 5,519.17 Crore (including Carrying Cost ₹ 224.12 Crore). According to the Regulation, the State Government is obligated to bear FPPCA for 100% Tariff Subsidised Consumers. During FY 2023-24, the company has already charged ₹ 373.41 Crore for 100% Subsidised Consumers towards automatic pass through of FPPCA. The Company recognised 80% of FPPCA claim (after deducting FPPCA already charged under automatic pass through) for 100% Tariff Subsidised Consumers amounting to ₹ 1,052.57 Crore (including Carrying Cost ₹ 52.70 Crore).



Note No.21 - Cost of Power Purchase

COST OF POWER PURCHASE	Figures for the current reporting period from 01-04-2023 to 31-03-2024	Figures for the previous reporting period from 01-04-2022 to 31-03-2023
	₹ in Crore	₹ in Crore
21.1 Transmission, SLDC and ULDC Charges	1,611.26	1,786.28
21.2 Power Purchase Cost	18,761.35	17,859.77
Sub-Total	20,372.62	19,646.05
21.3 Rebate on Power Purchase	(16.99)	(2.52)
Total	20,355.63	19,643.54

1) The APPCC was established as an institutional arrangement for smooth transition of power purchase functions and to have co-ordination among the DISCOMs as per G.O.Ms.No.59, Dated 07-06-2005.

2) The cost of power purchase is finalised at the APPCC level. The power purchases and their accounting are being carried out by the Andhra Pradesh Power Coordination Committee (APPCC) and sent to the Distribution Companies. The amount as certified by M/s. Sagar & Associates, Chartered Accountants, Hyderabad, the Internal Auditors of APPCC, has been adopted in toto in the books of accounts of the Company.

3.1.The Government of Andhra Pradesh (GoAP) vide G.O.Ms.No.58, Energy (Power-III), dated:07-06-2005 notified the transfer of Bulk Supply Undertaking and Power Purchase Agreements from Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) to the four Distribution Companies (DISCOMs), in specified ratios, as on 09-06-2005. The GoAP vide, G.O.Ms.No.53, Energy (Power-III), dated: 28.04.2008, amended the share of four DISCOMs in the Generating Stations as per above; the revised share of APSPDCL is 22.27%. This G.O. shall be deemed to have come into force with retrospective effect from 09.06.2005. The retrospective implementation of the G.O. involves so many calculations, revisions, etc. The Andhra Pradesh Power Co-ordination Committee (APPCC) has requested the GoAP to amend the date of implementation from April, 2008 onwards.

3.2.The GoAP, vide G.O.Ms.No.20, Energy (Power-III), dated 08.05.2014, amended the share of four DISCOMs in the Generating Stations and the revised share of APSPDCL is 30.31% (including Ananthapur and Kurnool circles Share of 8.04%) out of the Four Discoms of Andhra Pradesh and Telangana (.i.e., APSPDCL, APEPDCL,TSSPDCL (erstwhile APCPDCL) and TSNPDCL, till 01.06.2014. Consequent to the transfer of Ananthapur and Kurnool Circles into APSPDCL w.e.f 02.06.2014 as per Schedule XII of the AP Reorganisation Act.2014 and G.O. Ms. No.24 dated 29-05-2014, APSPDCL share is increased in the re-organised state of Andhra Pradesh and allocated between two Discoms (i.e., APSPDCL and APEPDCL) at 65.73% and 34.27 %. The cost of power purchases is allocated accordingly.

3.3.The GoAP vide G.O.Ms.No.13, Energy (Power-III), dated 06.04.2020, amended the share of three DISCOMs in the Generating Stations and revised the allocation of Power Purchase Ratio consequent to the bifurcation of APSPDCL into APSPDCL and APCPDCL w.e.f 01.04.2020 in respect of all the existing Power Purchase Agreements (PPAs) of combined purchases except for the projects exclusively allocated on the basis of geographical location and other PPAs entered into by individual DISCOMs. The revised sharing ratio between APDISCOMs in respect of combined purchases is APSPDCL (40.44%), APEPDCL (36.22%) and APCPDCL (23.34%). The cost of power purchases is allocated accordingly.

3.4. As per GoAP orders vide G.O.RT No: 118 dated : 27 July 2017, Non-Conventional Energy (NCE) Power purchase costs between APSPDCL and APEPDCL were allocated based on the power sharing Ratio, i.e., 65.73% and 34.27% respectively. Further, as per Govt. Orders vide G.O. Rt No. 116 dated 01.10.2019, the Government has cancelled the above allocation with retrospective effect and advised to allocate NCEs power based on geographical location. To implement the above decision, the monthly Interim Balancing and Settlement System (IBSS) needs to be modified with retrospective effect to give effect to DISCOM wise actual energy draws, which are adjusted against the allocated energy draws, converted into Rupee terms and allocated to the Discoms using a predetermined methodology and basis. A committee was formed to finalise monthly IBSS settlement adjustment entries between APSPDCL and APEPDCL. As per the decisions of the APPCC meeting (8/2020) dated 04.09.2020, the management has approved considering the date of cancellation of ratios with effect from 01.04.2019 instead of retrospective effect, as mentioned in GO MS no.116 dated 01.10.2019.

3.5. The GoAP issued an order vide G.O.RT No: 146 (Energy Power-III) Dept dated : 02-12-2022 cancelling the orders issued in G.O.Rt.No.116, (Energy Power-III) Dept, dt.01.10.2019 and restoring the orders issued vide G.O.Rt.No.118, Energy, I&I (Power-III) Dept., dt.27.07.2017. Hence, the power sharing ratio in respect of conventional energy projects among the three DISCOMs will be in the power sharing ratio ordered vide G.O.Ms.No.13, Energy Dept., dt 06-04-2020 i.e. APSPDCL (40.44%), APEPDCL (36.22%) and APCPDCL (23.34%). The order was implemented w.e.f 01-10-2022.



Quantitative Details of Purchase of energy and cost of power purchase:		
Energy Purchased	Purchases In MUs	₹ In Crore
FY : 2014-15	29,398.24	13,016.49
FY : 2015-16	33,268.56	14,976.07
FY : 2016-17	34,826.98	15,137.22
FY : 2017-18	38,639.17	16,711.31
FY : 2018-19	41,594.61	21,777.65
FY : 2019-20	45,217.52	21,041.65
FY : 2020-21	31,670.58	15,347.09
FY : 2021-22	35,188.91	17,152.17
FY : 2022-23	34,249.26	19,646.05
FY : 2023-24	32,780.61	20,372.62

Note No.22 - Employee Benefits Expense

EMPLOYEE BENEFITS EXPENSE	Figures for the current reporting period from 01-04-2023 to 31-03-2024	Figures for the previous reporting period from 01-04-2022 to 31-03-2023
	₹ in Crore	₹ in Crore
22.1 Salaries and Wages	1,653.06	1,276.76
22.2 Contribution to Provident & Other Funds		
a. Employees Provident Fund Scheme	89.81	79.33
b. SPDCI Pension & Gratuity Trust	803.10	287.01
22.3 Provisions		
a. Gratuity	59.49	37.96
b. Leave Encashment	231.96	620.96
22.4 Additional Interest on Pension Bonds	783.73	492.94
22.5 Staff Welfare expenses	5.29	4.99
Sub-Total	3,626.43	2,799.95
22.6 Employees Cost Capitalised	(226.95)	(148.74)
Total	3,399.48	2,651.20
<p>1) Employees Provident Fund Scheme: The company has implemented the Employees Provident Fund Scheme, 1952 since the financial year 2002-03 for employees who joined on or after 1.2.99 or from the date of employment, whichever is later. An amount of ₹ 89.81 Crore (Previous Year ₹ 79.33 Crore) has been contributed during the year.</p>		
<p>2) Additional interest on pension bonds to APGENCO amounting to ₹ 412.53 Crore (Previous year ₹ 399.43 Crore) is made as per Page No.121 of the Retail Supply Tariff Order FY 2023-24. Further, an amount of ₹ 167.83 Crore relating to supplementary claim has been accounted during FY 2023-24. The amount booked includes ₹ 203.37 Crore (Previous Year ₹ 93.51 Crore) pertaining to additional claims relating to previous years.</p>		
<p>3) The company has provided an amount of ₹ 1,094.54 Crore (Previous year ₹ 945.92 Crore) towards employees long term benefits during the FY 2023-24 (Refer Note No.5).</p>		

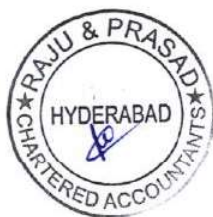


Note No.23 - Finance Costs

FINANCE COSTS	Figures for the current reporting period from 01-04-2023 to 31-03-2024	Figures for the previous reporting period from 01-04-2022 to 31-03-2023
	₹ in Crore	₹ in Crore
23.1 Interest on Project Borrowings (CAPEX)	606.82	468.85
23.2 Interest on Working Capital Loans (OPEX)	1,879.95	1,040.51
23.3 Interest on Consumer Security Deposits	147.59	111.59
23.4 Interest on others	1.09	1.10
Sub-Total	2,635.44	1,622.06
23.5 Interest and Finance Charges Capitalised	(179.29)	(141.07)
Total	2,456.14	1,480.99
1) Interest Capitalization: Interest capitalized during the year is ₹ 179.29 Crore (Previous Year ₹ 141.07 Crore) as per Accounting Standard -16.		
2) The interest on short term loans charged to P&L Account is the allocated share from the pool account.		
3) No interest has been considered/ paid in the accounts against the Govt loans and loans transferred under Merger Scheme (due to non availability of details for merger loans).		
4) Interest on Capex Loans availed by APSPDCL up to 31-03-2020 were shared between APSPDCL and APCPDCL on Loan utilisation basis as agreed between the companies.		
5) Interest on Opex Loans (CC & LC Limits) availed by APSPDCL during the year were shared in ratio of 63.02 : 36.98 between APSPDCL and APCPDCL respectively as agreed between the companies.		
6) An amount of ₹ 9.848 Crore (Previous Year ₹ 20.38 Crore) is received as Interest Subsidy from the National Electricity Fund (NEF), which is netted off against Interest on Project Borrowings (Capex).		
7) The interest expense reimbursed by the Government of AP (Revenue Grant) in respect of Loans taken from APPFCL, PFC, and IREDA amounting to ₹ 19.38 Crore (Previous Year ₹ 360.61 Crore) is netted off against interest on Working Capital Loans. The interest reimbursement is accounted for on receipt basis.		

Note No.24 - Depreciation and Amortisation Expense

DEPRECIATION AND AMORTISATION EXPENSE	Figures for the current reporting period from 01-04-2023 to 31-03-2024	Figures for the previous reporting period from 01-04-2022 to 31-03-2023
	₹ in Crore	₹ in Crore
24.1 Depreciation	921.01	810.41
24.2 Amortisation	9.53	4.42
Total	930.54	814.84





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.25 - Other Expenses

	Other Expenses	Figures for the current reporting period from 01-04-2023 to 31-03-2024	Figures for the previous reporting period from 01-04-2022 to 31-03-2023
		₹ in Crore	₹ in Crore
25.1	Repairs & Maintenance Expenses :		
	a) Plant and Machinery	334.62	295.76
	b) Buildings and Civil Works	4.79	2.28
	c) Others	23.87	33.82
	Total	363.28	331.85
25.2	Administration & General Expenses :		
	a) License Fee to APERC	3.00	3.12
	b) Rent (including Lease Rentals)	0.33	0.34
	c) Rates & Taxes	1.75	1.59
	d) Insurance	0.35	0.46
	e) Communication and related expenses	7.37	6.39
	f) Postage & Courier	0.17	0.13
	g) Legal Charges	3.44	3.62
	h) Statutory Audit Fees (inc GST)	0.17	0.17
	i) Tax Audit Fees (inc GST)	0.02	0.02
	j) Cost Audit Fees (inc GST)	0.02	0.02
	k) Secretarial Audit Fees	0.01	0.01
	l) Statutory Audit Expenses	0.04	0.05
	m) Other Audit Expenses	0.04	0.01
	n) Consultancy/Professional Charges	5.96	2.60
	o) Out Sourcing Expenses	46.11	44.67
	p) Printing & Stationery	2.77	3.24
	q) Advertisement	1.76	0.15
	r) Electricity Charges	11.99	10.71
	s) Vehicle Running Expenses	1.54	1.35
	t) Vehicle Hire Charges	20.34	17.28
	u) Travelling & Conveyance Expenses	16.41	14.00
	v) Office Maintenance	0.70	0.71
	w) Training & Participation	1.47	0.85
	x) Stores related Expenses	22.59	12.66
	y) Other Administration Expenses	9.57	9.78
	Sub-Total	157.91	133.93
	z) Administration & General Exp Capitalised	(40.09)	(26.25)
	Total	117.82	107.68
25.3	Other Expenses :		
	a) Compensations for Electrical Accidents	12.25	7.96
	b) Penalty on Non-Compliance with Statutes	0.00	0.06
	c) Provision for Doubtful Debts	(172.46)	99.72
	d) Bad Debts Written Off	4.25	1.52
	e) Waival of Surcharge	0.00	145.50
	f) Bill Discounting Charges	19.21	46.35
	g) Energy Efficiency Grants/Activities	(0.03)	1.50
	h) Energy Efficient Pump sets	6.64	49.46
	i) Other Expenses	(12.34)	(11.81)
	Total	(142.48)	340.27
	Grand Total (25.1 + 25.2 + 25.3)	338.62	779.80





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.25A - Exceptional Items

Exceptional Items	Figures for the current reporting period from 01-04-2023 to 31-03-2024	Figures for the previous reporting period from 01-04-2022 to 31-03-2023
	₹ in Crore	₹ in Crore
25A.1 Exceptional Items		
a. Loss taken over by GoAP	-	1,232.54
Total	-	1,232.54

Loss taken over by GoAP: The Ministry of Finance, Government of India, laid down certain conditions linked to the performance in the Power Sector for availing additional borrowing space of 0.50 percent of GSDP by the State Government. As per one of the conditions, the State Government gave an undertaking to take over the future losses of the State public sector electricity distribution companies in the following manner:

- 60% of the loss for the year 2021-22 in the year 2022-23
- 75% of the loss for the year 2022-23 in the year 2023-24
- 90% of the loss for the year 2023-24 in the year 2024-25
- 100% of the loss for the year 2024-25 and onwards in the years 2025-26 and onwards

The company incurred a loss of ₹ 2,054.24 Crore during FY 2021-22. An amount of ₹ 1,232.54 Crore (being 60% of ₹ 2,054.24 Crore loss) was received from the State Government of Andhra Pradesh on 20-01-2023 and accounted as a Revenue Compensation Grant as per G.O.Rt.No.8 Energy (Power-III) Dept. Dt 19.01.2023 during FY 2022-23.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.26 - Other Notes

1)	Balances in sundry debtors, sundry creditors, other claims and receivables, deposits & retention money of suppliers and contractors, ICD, deposits for electrification service connections, liability for capital supplies, O&M supplies and loans and advances as at 31.03.2024 are subject to reconciliation and confirmation and adjustments.		
2)	<p>Going Concern: Though the net worth of the company is negative, the same does not affect the Company's ability to continue as a going concern since:</p> <p>i. The Company has been honouring all its long term and short term financial commitments in spite of the losses in the last few years.</p> <p>ii. The Central and State Governments will render the required assistance to enable the company which is wholly owned by the Government of Andhra Pradesh, to continue its operations uninterruptedly as the business activity of the company i.e. distribution of electricity, is very essential and crucial to the economy and is a rate regulated activity.</p> <p>Hence, in the opinion of the management, the company has the ability to continue as a going concern and carry on its operations uninterruptedly in the foreseeable future and the financial statements are prepared on going concern assumption.</p>		
3)	Segment Reporting as per AS-17 is not applicable since distribution and retail supply of power is the primary and only reportable segment of the company.		
4)	Previous year figures have been regrouped/re-classified wherever necessary.		
5)	All amounts presented are in ₹ Crore unless otherwise stated and have been rounded off to nearest two decimals.		
6)	Information relating to suppliers/ contractors/ service providers who are registered as required under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 is furnished under. Disclosure is based on the information available with the company regarding status of the suppliers as defined under "Micro, Small and Medium Enterprises Development Act, 2006"		
		For the year ended 31-03-2024'	For the year ended 31-03-2023'
		₹ in Crore	₹ in Crore
	The Principal amount due and remaining unpaid.	34.67	50.39
	The Interest due on above Principal remaining unpaid.		
	The amount of interest paid by APSPDCL in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (7 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during the year;		
	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.		
	The amount of interest accrued and remaining unpaid at the end of the year.		
	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise.		



7) **Merger of Ananthapur and Kurnool Circles :**
7.1 Consequent to the promulgation of AP Reorganization Bill 2014 (The Act), the Assets and Liabilities of operation circles of Ananthapur and Kurnool of TSSPDCL (formerly APCPDCL) were required to be merged with APSPDCL.

7.2 M/s TSSPDCL furnished financial statements as at 01.06.2014 duly audited by M/s Sharad & Associates, Chartered Accountants, Hyderabad, vide Lr No. Dir(fin)/CGM(fin)/GM(accts)/AO(A&B)/ D.No.50/15 Dt:30.04.2015. The audit certificate has stated that the allocation of assets and liabilities as at 01.06.2014 and income and expenditure from 01.04.2014 to 01.06.2014 has been carried out as per the Act, except for the apportionment of employee related liabilities / receivables such as Liability on account of GIS Insurance, Savings fund, and Self-funding Medical Scheme, employee liabilities towards Gratuity and Leave encashment, liabilities towards APCPDCL Pension & Gratuity Trust and APCPDCL GPF Trust, Long Term / Short Term Loans & Advances of employees and Receivable towards APSEE Master P & G Trust, which are not in conformity with Annexure 2 referred to in Clause XVIII of the G.O.Ms No 24.

7.3 The company reviewed the said financial statements with the books of accounts and adopted the same during FY 2014-15 subject to certain unidentified items some of which were identified up to 31-03-2023 and balance items that are yet to be identified as shown below.

Sl.No	Note No	Details	Un-identified items up to 31-03-2024 ₹ in Crore	Un-identified items up to 31-03-2023 ₹ in Crore
1	2	Reserves and Surplus	275.88	275.88
2	3	Long-term borrowings	1,643.33	1,643.33
3	4	Other Long-term liabilities	(0.05)	(0.05)
4	5	Long-term provisions	-	-
5	6	Short-term borrowings	180.92	180.92
6	7	Trade payables	875.39	875.39
7	8	Other current liabilities	206.29	206.29
8	9	Short-term provisions	-	-
		Total Liabilities	3,181.77	3,181.77
9	10	Property, Plant and Equipment	29.22	29.22
10	11	Non-current Investments	80.64	80.64
11	12	Long term loans and advances	4.46	4.46
12	13	Inventories	0.17	0.17
13	14	Trade receivables	-	-
14	15	Cash and Bank balances	0.01	0.01
15	16	Short-term loans and advances	67.07	67.07
16	17	Other current assets	133.19	133.19
		Total Assets	314.75	314.75

7.4 The above Assets and Liabilities are adopted in APSPDCL accounts, subject to modifications after verification and reconciliation by both entities and approval by the Expert Committee, Govt. of A.P., APSPDCL, TSSPDCL, and Govt. of Telangana.

7.5. The above bifurcated balance sheet was approved by the Expert committee, and the same was addressed to the Principal Secretary, Energy Department , Govt. of Andhra Pradesh vide Lr No CMD/APSPDCL/DIR/Fin/CGM(R&C)/GM(C)/D.NO. 215/19 Date:24-8-2019 for approval from the Govt of AP.



8) Bifurcation of APSPDCL in to APSPDCL and APCPDCL

8.1 The Govt of AP has issued G.O.MS.No. 41 Dated: 05-12-2019 for the division of Southern Power Distribution Company of Andhra Pradesh Limited into two Distribution Companies, viz., Andhra Pradesh Central Power Distribution Corporation Limited (APCPDCL) and Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL), with the following composition of the districts:-

APSPDCL	APCPDCL
HQ: Tirupati	HQ: Vijayawada
SPS Nellore	Krishna
Chittoor, YSR Kadapa	Guntur and
Ananthapuramu and Kurnool	Prakasam

8.2 APCPDCL was registered under the Companies Act, 2013 on 24.12.2019, however no business transaction has been recorded in the books of APCPDCL up to 31.03.2020. APCPDCL got license from APERC w.e.f. 01.04.2020 for the distribution of power supply to the consumers located in 3 districts .i.e., Krishna , Guntur, and Prakasam.

8.3 The company applied for approval of the Scheme of Arrangement between APSPDCL and APCPDCL to the Ministry of Corporate Affairs (MCA)/ Registrar of Companies (ROC) as per the provisions of the Companies Act, 2013.The Scheme of Arrangement between APSPDCL (Demerged Company) and APCPDCL (Resulting Company) was approved by the Ministry of Corporate Affairs, Government of India vide its order dated 22-02-2024. According to the order, the scheme shall be binding on the Shareholders and creditors of the Demerged company and Resulting company and all the concerned with effect from the appointed date i.e. 01.04.2020.

8.4 As per GO Ms. No.41. Energy (Power. I) dated: 05-12-2019 issued by the Government of Andhra Pradesh, Immovable assets will be divided based on the location, and movable assets and liabilities will be divided based on 35% CPDCL: 65% SPDCL, with the exclusion of amounts pertaining to Ananthapur and Kurnool Circles. M/s Ramraj & Co., Chartered Accountants, was appointed for the bifurcation of Assets and Liabilities between APSPDCL and APCPDCL as at 31-03-2020. In certain items, the bifurcation method adopted by the company deviated from the method prescribed in G.O.Ms No. 41 Energy (Power. I) dated 05.12.2019, as the actual bifurcation of assets and liabilities as on 31.03.2020 was done keeping in view of the nature and character of each asset/liability. A letter was addressed to the Government of Andhra Pradesh, requesting to ratify the method actually adopted for bifurcation of assets and liabilities. The Govt. of Andhra Pradesh vide G.O.Ms.No. 12, Energy (OP.A3) Department dated 18.09.2021 issued orders giving acceptance/consent to the Bifurcation of Accounts of two companies, M/s APSPDCL and M/s APCPDCL.

8.5 The Assets and Liabilities as at 31-03-2020 bifurcated between APSPDCL and APCPDCL as per the bifurcation report. The excess of Assets over Equity and Liabilities allocated to APSPDCL, amounting to ₹ 16.19 Crore, was transferred to Capital Reserve. During FY 2023-24, certain adjustments were made to the Capital Reserve. For details, please refer to Note No.2 - Reserves & Surplus.

8.6 The Account balances of Assets, Liabilities, and Accumulated loss as at 31.03.2020 pertaining to Krishna, Guntur, and Prakasam Districts (APCPDCL) were made Nil in the books of accounts of APSPDCL during FY 2020-21. Where Assets and liabilities were not allocated between APSPDCL and APCPDCL on a geographical basis, the difference arising out of such an allocation was kept separately in Business Area 9101 of APSPDCL.

8.7 Bifurcation was done w.e.f. 01.04.2020, the accounting transactions of both APSPDCL and APCPDCL were carried out on the SAP common server till 31.12.2020. Further, APSPDCL is carrying certain obligations of APCPDCL, like meeting Debt repayment obligations, claiming grants, etc. These items are subject to reconciliation and confirmation by APCPDCL.

9) Related party disclosures.

Key Management Personnel:

Name of the Key personnel	Salary / Remuneration	
	F.Y. 2023-24	F.Y. 2022-23
	₹ in Crore	₹ in Crore
I) Chairman and Managing Director		
1. H.Haranatha Rao (up to 21.07.2022)	0.00	0.13
2. K. Santhosha Rao (w.e.f 22.07.2022)	0.59	0.01
II) Other Directors & Company Secretary		
1. V.N.Babu, Director/Finance (w.e.f 11.05.2020)	0.64	0.57
2. N.V.S. Subba Raju, Director/Technical (w.e.f 25.05.2022)	0.63	0.32
3. K. Siva Prasada Reddy, Director/Projects (w.e.f 16.10.2022)	0.58	0.00
4. B.V.S. Prakash, Company Secretary	0.31	0.26





SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

10) Ratios for the year ended 31st March 2024

All Figures in ₹ Crore except Ratios

	Particulars	FY 2023-24	FY 2022-23	% Change
a	Current Ratio Calculation			
	Inventories	808.40	506.89	
	Trade Receivables	15,011.60	12,132.57	
	Cash and Bank Balances	485.70	169.52	
	Short Term Loans and Advances	2,404.69	914.69	
	Other Current Assets	7,994.74	7,043.21	
	Total Current Assets (A)	26,705.13	20,766.88	
	Short Term Borrowings	10,880.61	6,377.99	
	Trade Payables	10,346.07	5,563.23	
	Other Current Liabilities	2,061.67	1,613.01	
	Short Term Provisions	95.66	76.61	
	Total Current Liabilities (B)	23,384.02	13,630.84	
	Current Ratio (A/B)	1.14	1.52	-25.00%
b	Debt Equity Ratio Calculation			
	Non-Current Liabilities	28,293.85	27,555.50	
	Current Liabilities	23,384.02	13,630.84	
	Total Liabilities (A)	51,677.86	41,186.34	
	Share Capital	358.72	358.72	
	Reserves and Surplus	(6,435.76)	(7,125.66)	
	Total Shareholders' Funds (B)	(6,077.05)	(6,766.95)	
	Debt Equity Ratio (A/B)	(8.50)	(6.09)	39.57%
	Debt Equity Ratio has been increased mainly due to increase in Current Liabilities			
c	Debt Service Coverage Ratio Calculation			
	Net Profit after tax	1.35	1,233.80	
	Finance Costs	2,456.14	1,480.99	
	Depreciation and Amortization Expense	930.54	814.84	
	Other Non-Cash transactions	-	-	
	Total Net Operating Income (A)	3,388.04	3,529.63	
	Finance Costs	2,456.14	1,480.99	
	Current maturities of Long Term Loans	2,722.91	2,288.25	
	Total Debt Service (B)	5,179.06	3,769.24	
	Debt Service Coverage Ratio (A/B)	0.65	0.94	-30.85%
	Debt Service Coverage Ratio has been decreased mainly due to increase in Finance Costs.			
d	Return on Equity Ratio Calculation			
	Net Profit after taxes (A)	1.35	1,233.80	
	Beginning Shareholders' equity	358.72	358.72	
	Ending Shareholders' equity	358.72	358.72	
	Avg. Shareholders Equity (B)	358.72	358.72	
	Return on Equity Ratio (A/B)	0.00	3.44	-100.00%
	Return on Equity Ratio has been decreased mainly due to decrease in Net profit after taxes			
e	Inventory Turnover Ratio	NA	NA	
f	Trade Receivables Turnover Ratio Calculation			
	Revenue from Operations (A)	16,686.73	19,048.15	
	Opening Gross Trade Receivables	10,017.00	8,452.83	
	Closing Gross Trade Receivables	13,221.69	10,017.00	
	Average Gross Trade Receivables (B)	11,619.34	9,234.92	
	Trade Receivables Turnover Ratio (A/B)	1.44	2.06	-30.10%
	Trade Receivables Turnover Ratio has been decreased mainly due to decrease (D to D and Inter State Sales) in Revenue from Operations and increase in Gross Trade Receivables.			





SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

10) Ratios for the year ended 31st March 2024

All Figures in ₹ Crore except Ratios

	Particulars	FY 2023-24	FY 2022-23	% Change
g	Trade Payables Turnover Ratio Calculation			
	Cost of Power Purchase (A)	20,355.63	19,643.54	
	Opening Trade Payables - Power Purchase	3,529.81	12,300.45	
	Opening Trade Advances - Power Purchase	(819.15)	(4,835.52)	
	Opening Trade Payables (Net)	2,710.66	7,464.93	
	Closing Trade Payables - Power Purchase	6,610.97	3,529.81	
	Closing Trade Advances - Power Purchase	(1,462.47)	(819.15)	
	Closing Trade Payables (Net)	5,148.51	2,710.66	
	Average Trade Payables (B)	3,929.58	5,087.79	
	Trade Payables Turnover Ratio (A/B)	5.18	3.86	34.20%
	Trade Payables Turnover Ratio has improved mainly due to decrease in Average Trade Payables in spite of increase in Power Purchase Cost.			
h	Net Capital Turnover Ratio Calculation			
	Revenue from Operations (A)	16,686.73	19,048.15	
	Opening Current Assets	20,766.88	23,412.85	
	Opening Current Liabilities	(13,630.84)	(20,484.52)	
	Opening Working Capital	7,136.04	2,928.34	
	Closing Current Assets	26,705.13	20,766.88	
	Closing Current Liabilities	(23,384.02)	(13,630.84)	
	Closing Working Capital	3,321.11	7,136.04	
	Average Working Capital (B)	5,228.57	5,032.19	
	Net Capital Turnover Ratio (A/B)	3.19	3.79	-15.83%
i	Net Profit Ratio Calculation			
	Net Profit After Tax (A)	1.35	1,233.80	
	Total Income (B)	27,481.76	25,371.63	
	Net Profit Ratio (A/B)	0.00	0.05	-100.00%
	Net Profit Ratio has been decreased mainly due to decrease in Net Profit during the year.			
j	Return on Capital employed Calculation			
	Net Profit after Tax	1.35	1,233.80	
	Finance Costs	2,456.14	1,480.99	
	Taxes	-	-	
	Earnings before Interest and Taxes (A)	2,457.50	2,714.79	
	Shareholders' Funds	(6,077.05)	(6,766.95)	
	Non-Current Liabilities	28,293.85	27,555.50	
	Capital Employed (B)	22,216.80	20,788.56	
	Return on Capital employed (A/B)	0.11	0.13	-15.38%
k	Return on Investment Calculation			
	Net Profit after Tax (A)	1.35	1,233.80	
	Opening Total Assets	34,419.40	32,940.43	
	Closing Total Assets	45,600.82	34,419.40	
	Average Total Assets (B)	40,010.11	33,679.91	
	Return on Investment (A/B)	0.00	0.04	-100.00%
	Return on Investment ratio has been decreased mainly due to decrease in Net Profit during the year.			





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.26 - Other Notes

11) Court Cases/ Legal Disputes/ Contingent Liabilities

Sl.No.	Particulars	31-03-2024	31-03-2023
		₹ in Crore	₹ in Crore
i)	Claims against the company not acknowledged as debts	17.28	13.66
ii)	Estimated amount of contracts remaining to be executed on capital account and not provided for	104.44	103.59
iii)	NCE Wind & Solar Differential Energy Charges (CUF Limitation for FY2016-17 to FY2022-23), NCE Wind generators (GBI Charges for FY 2016-17 to FY 2018-19), Installed Solar Excess Panels Issue, Late Payment Surcharge at 50% for Wind and Solar from COD to 02-06-2022 and other Legal Cases dealt at APPCC, Vijayawada	3,191.32	5,124.42
iv)	Letter of credit (LC) outstanding	144.24	249.77
v)	Tax Matters	779.10	357.01
	Total	4,236.38	5,848.45

S.No	Tax Matters as at 31-03-2024	Demand ₹ Cr	Deposit ₹ Cr
1	Entry Tax	88.53	28.47
2	VAT	94.10	-
3	Income Tax	7.01	-
4	Service Tax	4.62	1.72
6	Goods and Services Tax (GST)	584.85	-
	Total	779.10	30.19

12) ENTRY TAX:

GIST: G.O. Ms. No. 367, Dt. 22.06.2002 was issued by Government of A.P. to levy Entry Tax on the Goods purchased from other States wherein Transformers, Conductors, Electrical Goods, Switches etc., were specified for the purpose of Entry Tax.

- Later, G.O. Ms. No. 552, Dt. 12.09.2002 was issued in partial modification of the above G.O. in which the conductors were retained but transformers, electrical goods etc., were deleted. Hence APSPDCL took the stand that only conductors are subject to entry tax and not transformers/electrical goods with effect from 12.09.2002 (i.e., date of second notification) and hence entry tax has been paid to Commercial tax Department on Conductors only. However, the Commercial Tax Officer issued notices from time to time from 2002 to 2006 for balance tax levied on Transformers and other materials though the same were not taxable as per law. Further, APSPDCL also objected that the Entry Tax is payable by the Seller and not by the Company because the property in the goods, while entering into the State, do not belong to the Company but to the Seller until the check measurement is done by the Company. These contentions have not found favour with Sales Tax Authorities. APSPDCL has contested in various Appellate authorities, Appellate Tribunals and finally in High Court of Andhra Pradesh in various Writ Petitions on the Entry Tax demand raised by the Commercial Tax Department.
- Hon'ble AP High Court by its common order dt. 31.12.2007 quashed the levy of Entry Tax duty ordering that the levy of entry tax under the A.P. Tax on Entry of Goods into Local Areas Act, 2001 is Unconstitutional.
- Aggrieved by the Orders of Hon'ble High Court, the Commercial Tax Department approached Hon'ble Supreme Court of India.
- Hon'ble Supreme Court Delivered Judgement on the above case during May'2017 holding that " THE LEVY OF ENTRY TAX BY STATE GOVERNMENT IS CONSTITUTIONAL " and further directed the respondents to file Writ Petitions before local High Courts for settlement of Other issues.
- Accordingly on approval, Writ Petitions were filed before the Hon'ble High Court of Andhra Pradesh in respect of Entry Tax Demand. The Commercial Tax Officer/TPT-II Circle/ Tirupati issued Demand Notices for the further period up to 2017. APSPDCL filed Writ Petitions on all the demand notices by depositing the required amounts as per court orders. All the cases are pending before Hon'ble High Court of AP. The details of the cases are as under.

Asst. Period	WP No.	Disputed Demand ₹ in Crore	Demand Paid ₹ in Crore	Asst.Period	WP No.	Disputed Demand ₹ in Crore	Demand Paid ₹ in Crore	Remarks/ Present Status	
2002-03	31785/2017	2.00	1.20	2005-06	39115/2017	3.01	1.82	Pending before the Hon'ble High Court of Andhra Pradesh	
	46221/2018	2.69	2.69	2006-07	--	1.39	1.18		
2003-04	31079/2017	0.00	0.00	2007-08	--	0.09	0.04		
	31096/2017	0.00	0.00	2010-11	1895/2019	0.72	0.18		
	31788/2017	0.00	0.00	2011-12	1893 / 2019	0.56	0.14		
	46846/2018	0.00	0.00	2012-13	1935 / 2019	0.85	0.21		
2004-05	39176/2017	4.86	2.91	2013-14	1899 / 2019	1.25	0.31		
	46217/2018	0.00	0.00	2014-15	1984 / 2019	18.64	4.66		
	45412/2017	0.00	0.00	2015-16	1948 / 2019	26.85	6.71		
	31802/2017	0.00	0.00	2016-17	1966 / 2019	22.47	5.62		
	1274/2018	0.00	0.00	2017-18 (Apr - Jun)	1969 / 2019	3.15	0.79		
	Sub-Total	9.55	6.80		Sub-Total	78.98	21.66		
					Grand Total	88.53	28.47		



13 VALUE ADDED TAX (VAT):					
GIST: The Commercial Tax Department, Tirupati issued demand Notice for payment of VAT on Presumptive sale of Meters to Consumers by taking Application fee, Development Charges & Security deposit paid by consumers for obtaining New Service Connection. The contention of Commercial Tax Department is not correct since Meters are not being sold/leased to consumers and they are the property of APSPDCL. Hence, APSPDCL filed Writ Petitions before the Hon'ble High Court of Andhra Pradesh. The details are as under.					
Assessment Year & Subject	WP No.	Disputed Demand ₹ in Crore	Demand Paid ₹ in Crore	Remarks/ Present Status	
A 2007-08 to 2011-12 VAT ON PRESUMPTIVE SALE OF METERS	3697/2014 & 14870/2018	32.11	-Nil-	2 Nos Cases on the same subject matter & period (1) As Meter Sold and (2) As meters leased out to consumers. Hon'ble High Court of Andhra Pradesh issued Stay Orders and the cases are pending.	
B 2012-13 to 2013-14- VAT ON PRESUMPTIVE SALE OF METERS	41927/2017 & 1900/2019	16.88	-Nil-	2 Nos Cases on the same subject matter & period (1) As Meter Sold and (2) As meters leased out to consumers. Hon'ble High Court of Andhra Pradesh issued Stay Orders and the cases are pending.	
C 2014-15 to 2016-17- VAT ON PRESUMPTIVE LEASEING OF METERS	19680/2019	45.11	-Nil-	WP filed by APSPDCL before the Hon'ble High Court of Andhra Pradesh, Stay Orders were issued. The case is pending.	
Total		94.10	-Nil-		
14 INCOME TAX					
A Non-Remittance of TDS on Lease Rentals					
GIST: M/s APTRANSCO entered an agreement with M/s.Klenn & Marshall for supply of Capacitor Banks on Lease Rental Basis. Due to unbundling of Distribution companies, APSPDCL had to pay lease rents to M/s.Klenn & Marshall. M/s Klenn & Marshall approached Debt Recovery Tribunal (DRT) for their reasons. As per the Orders of DRT, APSPDCL paid lease rental amounts directly to DRT with out making TDS under the view that the sums are being paid to Judiciary. The ITO/Tirupati issued Demand Notice for non-payment of TDS on the amounts paid to DRT. APSPDCL filed an appeal before the Commissioner of Appeals. As there are no favourable orders from Commissioner of Appeals, M/s. APSPDCL filed an appeal before ITAT / Hyd. Later, the Case was transferred to ITAT /Vizag. APSPDCL appointed Sri C.P.Ramaswamy, Retired Commissioner of Income tax and practicing tax consultant, Hyderabad to represent the case before ITAT/Vishakhapatnam.					
Assessment Years	Appeal No.	Disputed Demand ₹ in Crore	Demand Paid ₹ in Crore	Remarks/ Present Status	
2008-09 to 2010-11	1) 1217/H/2010, (2) 517/V/2019 (3) 518/V/2019	0.38	-Nil-	Hon'ble Tribunal considered the case for Statistical Purpose only and remit the matter back to the file of AO for denovo consideration and decide the case as afresh.	
B Levy of Interest on unrecovered and remitted TDS					
GIST: The ITO/TPT issued demand Notice for payment of interest for delay on the Non-Remitted TDS (deducted at 1.75% u/s 194C) on payment of ₹8.19 Crore made to APTRANSCO citing the validity of lower TDS certificate and section under which it is deducted. APSPDCL filed appeals before various adjudicating authorities and got favourable orders. Aggrieved by these orders, IT Department filed Miscellaneous petitions in High Court. Sri. K.Vasanth Kumar Advocate is appointed as legal counsel.					
Assessment Years	Appeal No.	Disputed Demand ₹ in Crore	Demand Paid ₹ in Crore	Remarks/ Present Status	
2007-08 to 2009-10	M.A No. 333 & 382 of 2017	4.67	-Nil-	Case is Pending before High Court	
C Levy of Income Tax on Grants & Consumer contributions					
Appeals filed by APSPDCL were decided in favour of APSPDCL by CIT (Appeals), Tirupati and ITAT/Hyderabad. Against the orders passed by the ITAT/Hyderabad, Income tax department approached the Hon'ble high court of Andhra Pradesh.					
Assessment Years	Appeal No.	Amount in Dispute ₹ in Crore	Remarks/ Present Status		
2009-10 to 2014-15	ITTA No.s 528,530 & 531 of 2018 and 24,25 & 27/2019	958.90	Case is Pending before the Hon'ble high court of Andhra Pradesh		





Assessment Year & Subject	Appel No.	Disputed Demand ₹ in Crore	Demand Paid ₹ in Crore	Remarks/ Present Status
Non Remittance of Service Tax in estimates	CESTAT/HYD	4.62	1.72	Honble CESTAT/Hyderabad considered our appeals remanded back the cases for consideration. The adjudication is under process. Submitted certification as required by department. Final Order is pending from Commissioner of Appeals, Income Tax.
<p>and Service Tax Appellate Tribunal (CESTAT), Hyderabad. The details are as under</p> <p>Department for payment of Service Tax mentioned in the estimates are void. The dispute is pending since long time. The appeals preferred by APPDCL were rejected by the Commissioner of Appeals and hence APPDCL filed an appeal to the Central Excise Customs and Service Tax Appellate Tribunal along with work bills submitted by him and hence the Demand notices issued by the Service Tax and will be paid to the contractor directly and the Service Tax mentioned in the estimates is to reimburse the contractor who executes the work. Operation Circles Vijayawada, Guntur, Ongole and Nellore to remit the Service Tax included in Consumer Estimates. Aggrieved by the Notices, APPDCL, through its consultants, preferred an appeal to the Service Tax Department contending that APPDCL is not providing GST: The Service Tax Department issued Notices to certain Divisional Engineers of Operation under the territorial jurisdiction of Operation Circles Vijayawada, Guntur, Ongole and Nellore to remit the Service Tax included in Consumer Estimates. Aggrieved by the Notices, APPDCL, through its consultants, preferred an appeal to the Service Tax Department contending that APPDCL is not providing and will be paid to the contractor along with work bills submitted by him and hence the Demand notices issued by the Service Tax Department for payment of Service Tax mentioned in the estimates are void. The dispute is pending since long time. The appeals preferred by APPDCL were rejected by the Commissioner of Appeals and hence APPDCL filed an appeal to the Central Excise Customs and Service Tax Appellate Tribunal (CESTAT), Hyderabad. The details are as under</p>				
15 Service Tax -				
2017-18 to 2022-23	-	1.95	-Nil-	Case is pending before CIT(Appeals), NFAC
Assessment Years	Appel No.	Disputed Demand ₹ in Crore	Demand Paid ₹ in Crore	Remarks/ Present Status
F				
2018-19	ITA No.244/2024	405.91		Appeal filed by Revenue is dismissed by the ITAT, Hyderabad.
Assessment Years	Appel No.	Dispute Amount in ₹ in Crore		Remarks/ Present Status
E				
2017-18	-	406.37		Case is pending before CIT(Appeals), Tirupati.
Assessment Years	Appel No.	Dispute Amount in ₹ in Crore		Remarks/ Present Status
D				
2017-18	-			APPDCL filed an appeal at CIT (Appeals), Tirupati against the assessment order passed by the AIT Circle 1 (T), Tirupati.
Assessment Years	Appel No.	Dispute Amount in ₹ in Crore		Remarks/ Present Status

An order was passed by the Income Tax Department on 12-05-2021 for the AY 2018-19 under section 144 of the Income-tax Act, 1961 wide DIN No. TBA/AST/5/143(3)/2021-22/1032899571(1). APPDCL filed an appeal before CIT (Appeals), Tirupati against the assessment order. Further, information as required by the Income Tax Department was submitted on 24.02.2023, 17.04.2023 & 05.01.2024. Income Tax, NFAC issued favourable order to APPDCL u/s 250 vide ITBA/NFAC/5/250/2023-24/105971350(1) on 15.01.2024 allowing Consumer Contributions as Capital receipts. The Income Tax department filed an appeal in the ITAT, Hyderabad against the above order. The ITAT, Hyderabad has issued a favourable order to APPDCL vide its order dt 16-07-2024.

A show cause notice dated 06-07-2023 was issued by ITO (TD5), Tirupati to deductor for failure to deduct income tax at source (TDS) on the interest payable on FRP Bonds accrued during the period from FY 2016-17 to FY 2022-23 and to provide reply on or before 10-07-2023. These FRP bonds were issued by APPDCL to M/s ARGENCO previously. Further, the deductor, vide email dated 06-02-2024, submitted copies of Form 26A to Income Tax Department admitting the default of Non deduction of TDS u/s 201(1) on interest accrued on DISCOM FRP Bonds. However, the deductor did not pay any interest u/s 201(1A). Final Demand Notice u/s 156 of the Income Tax Act was issued for Rs. 1,95,16,027/- against APCC TAN, No. HYDA11867C towards income tax interest levied for the delayed period against Non-Deduction of TDS on FRP Bonds. An appeal was filed by APPDCL without payment of demand(s) in Form 35 for each Financial Year on 14.03.2024.

Income Tax interest on Non deduction of TDS on FRP Bonds Interest against APPDCL TAN No HYDA 11867C (APCC)

16	Goods and Services Tax (GST)				
A	Demand for payment of GST on all receipts/incomes of APSPDCL except Sale of Energy				
<p>The SGST Wing has conducted audit on the accounts of APSPDCL for the period 01.07.2017 to 31.03.2018 and issued Show Cause Notice Proposing GST on all receipts/incomes of APSPDCL except Sale of Energy. The Proposed Demand as per Show Cause Notice is Rs.85,58,20,224. A final order was passed by the Asst. Commissioner/ State Tax (ST), Tirupati-II circle, Tirupati (State GST Wing) demanding to pay CGST & SGST along with interest & penalty amounting to Rs.1,53,99,25,170 for the period from 01-07-2017 to 31-03-2018. It was observed that the demand was issued without considering the GST payments of Rs.9,91,74,235 made by APSPDCL against the same period. Against the final order, APSPDCL filed a Writ Petition (WP No.4211 of 2023) to the Honourable High Court of AP and requested to tag the said Writ petition to the Writ Petition No 15534/2020 which was already filed on 21.10.2019 against the order issued by the Advance Ruling Authority on the similar GST taxability issues raised by APSPDCL. The Honourable High Court of AP granted an interim stay order against the final order passed by the Asst. Commissioner/ State Tax (ST), Tirupati-II circle, Tirupati.</p>					
	Financial Year	Appeal No.	Disputed Demand ₹ in Crore	Demand Paid ₹ in Crore	Remarks/ Present Status
	FY 2017-18 (July to March)	WP No.15534/2020 against advance ruling & WP No. 4211 of 2023	153.99	-Nil-	The Honourable High Court of AP granted an interim stay order against the final order passed by the Asst. Commissioner/ State Tax (ST), Tirupati-II circle, Tirupati.
B	Demand for payment of GST on all receipts/incomes of APSPDCL except Sale of Energy				
<p>GST Department conducted Audit u/s 65 of the Act and issued discrepancy notice on certain incomes. APSPDCL filed objections along with documentary evidence to the GST Department. Final Order was passed by the Assistant Commissioner (ST), Tirupati Circle II on 30.04.2024 raising GST Demand on certain incomes including Interest and Penalty amounting to Rs.430.85 Crs and directed to pay CGST & SGST along with interest U/s 50(1) & penalty U/s 73(9) of the Act within 3 months from the date of receipt of the order. APSPDCL has filed a Writ Petition challenging the said order in the Hon'ble High court of Andhra Pradesh. The Honourable High Court of AP granted an interim stay order against the final order passed by the Asst. Commissioner/ State Tax (ST), Tirupati-II circle, Tirupati.</p>					
	Financial Year	Appeal No.	Disputed Demand ₹ in Crore	Demand Paid ₹ in Crore	Remarks/ Present Status
	2018-19 to 2020-21	WP No.13575/2024	430.85	-Nil-	The Honourable High Court of AP granted an interim stay order against the final order passed by the Asst. Commissioner/ State Tax (ST), Tirupati-II circle, Tirupati.
17	Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 forming part of financial statements, the tax matters pending before various tax authorities relate to both the companies.				

As per our report of even date
For Raju & Prasad
Chartered Accountants
Firm's Registration No.: 0034755

H V V Murthy

CA H V V Narayana Murthy
Partner
Membership No: 246349
Place : Tirupati
Date : 28-08-2024

For and on behalf of the Board

K. SANTOSH RAO
Chairman & Managing Director
DIN : 08879899

Y. LAKSHMI NARASAIJI
Y. LAKSHMI NARASAIJI
Chief General Manager (Finance)

Y. LAKSHMI NARASAIJI
Y. LAKSHMI NARASAIJI
Director (Finance) (SAC)
PAN: AATPY2831J

B.V.S. PRAKASH
B.V.S. PRAKASH
Company Secretary

Date: 28-08-2024





**SOUTHERN POWER DISTRIBUTION
COMPANY OF ANDHRA PRADESH LIMITED: TIRUPATI**

Note No.27 - Statement of Accounting Policies

1. Basis of Preparation of Accounts:

The accounts have been prepared under historical cost convention and are in conformity with applicable statutory provisions, Generally Accepted Accounting Principles (GAAP) and Accounting Standards issued by ICAI.

2. Income & Expenditure:

- i) The company adopts accrual system of accounting to recognize Income and Expenditure.
- ii) Provision for Bad & Doubtful debts is made on Debtors for sale of power outstanding for a period of more than 4 years, except for receivables from Government Departments/Government Companies and amount involved in Court Cases.

3. Revenue Recognition:

- i) Revenue from sale of power is recognized
 - a) in respect of completed billing cycle, on the basis of demand raised
 - b) in respect of in completed billing cycle, on the basis of estimation
 - c) in respect of billing towards theft of power, upon certification of assessment by the competent authority of the company and
 - d) in respect of True-up/True-down/Fuel & Power Purchase Cost Adjustment (FPPCA) or any other recovery/rebate, as and when petitions are filed or Orders/Regulations are issued by the Judicial/ Regulatory Authorities.
- ii) Other Income is recognized on accrual basis except interest on employee loans which is recognized on cash basis.
- iii) Revenue from Tariff Subsidy is recognized based on the energy supplied to separately for each subsidized category of consumers.

4. Power Purchase:

The aggregate power purchases are being carried out by the Andhra Pradesh Power Co-ordination Committee, and the same is adopted in the company's books, in the percentage notified in G.O.MS.No. 101, ENERGY (POWER-III), 31st, OCTOBER, 2005 and as amended from time to time. The Discom to Discom and Interstate purchase/sale of power arising on account of under/over drawal of power is also accounted as decided by APPCC.

5. Property, Plant and Equipment:

- i) Property, Plant and Equipment are shown at historical cost except for the assets transferred under Second Transfer Scheme the values of which have been adopted as per G.O.Ms.109 dt.29.9.2001.



- ii) Property Plant and Equipment is reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Profit and Loss if the carrying amount of an asset exceeds its "recoverable amount". "Recoverable amount" is the higher of an assets net selling price or value in use. An impairment loss recognised on asset is reversed when the conditions warranting impairment provision no longer exists.

6. Depreciation:

- i) The Company is charging Depreciation at the rates notified under S.O. 265 (E) dated 27.03.1994 issued under Electricity Supply Act, 1948.
- ii) Depreciation has been provided on Straight Line Method over the 'estimated useful life of the asset' on the Gross Block of Assets.
- iii) Depreciation on deletion to Assets during the year is charged on prorata basis
- iv) Depreciation on the asset is not charged from the year in which:
 - a) Current year depreciation along with the depreciation charged in the previous year(s) becomes equal to more than 90 percent of the cost of the asset or
 - b) The asset permanently ceases to be used by the Company whichever is earlier.

7. Capital work in progress:

- i) The Company absorbs the following expenditure to capital work-in-progress:
 - a) 8.5% of the capital work-in-progress towards employees' cost.
 - b) 1.5% of the capital work-in-progress towards administration and general expenses.
- ii) The expenditure incurred on Capital works is capitalised as and when the works are completed.

8. Investments:

- i) Investments are classified as long term based on intent of the management at the time of acquisition. Long term investments are stated at cost and provision is made to recognize any decline, other than temporary, in the value of the investments.
- ii) Current investments are valued at cost or market value whichever is lower.

9. Inventories:

- i. Inventories include materials and supplies purchased to be consumed in rendering of services and work in progress and also include machinery spares and stores items which are to be used in connection with Property Plant and Equipment and are valued at cost. Cost is determined on weighted average basis. Cost includes insurance, freight, taxes and all other incidental expenses incurred to bring the inventories up to the Stores.
- ii. Provision is made in respect of obsolete, slow and non-moving inventory.



10. **Borrowing Cost:**

Interest during construction is calculated and capitalised at the rate specified for each scheme from the date of expenditure incurred till the date of capitalization.

11. **Liabilities:**

All known liabilities are recorded and provided in the accounts.

12. **Employees' Retirement Benefits:**

The Company follows defined benefit plan with regard to Pension & Gratuity through APSPDCL Pension & Gratuity Trust. The actuarial valuation for Employee Retirement Benefits in respect of Pension and Gratuity is being done at the intervals not exceeding three years. Accordingly, provisions are made at the rates prescribed in the actuarial valuation.

13. **Government Grants and Consumer Contribution:**

Grants, subsidies and Consumer contributions received on capital account are amortized and recognized in the Profit & loss Account as per weighted average rate of depreciation on the Gross Block of Assets to which they pertain to.

14. **Intangible Assets:**

Intangible Assets are amortized over the useful life of the assets.

15. **Taxes on Income:**

Current Tax is determined as the amount of tax payable in respect of taxable income for the period.

As per our report of even date

For and on behalf of the Board

**For Raju & Prasad
Chartered Accountants**

Firm's Registration No.: 003475S

HVV Murthy

CA H V V Narayana Murthy

Partner

Membership No: 246349

Place: Tirupati

Date: 28-08-2024

K. Santhosha Rao
K. SANTHOSHA RAO
Chairman & Managing Director
DIN: 08879899

Y. Lakshmi Narasiah
Y. LAKSHMI NARASIAH
Chief General Manager
(Finance)

Y. Lakshmi Narasiah
Y. LAKSHMI NARASIAH
Director (Finance) (FAC)
PAN: AATPY7283J

B.V.S. Prakash
B.V.S. PRAKASH
Company Secretary



REVISED INDEPENDENT AUDITOR'S REPORT

To
The Members of
M/s. Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati

Report on the Audit of the Financial Statements

We have issued an Audit Report dated 28.08.2024 ("the original report") on the Financial Statements as adopted by Board of Directors on even date. Pursuant to Provisional Comments of Comptroller and Auditor General of India issued by the office of Principal Accountant General (Audit), Andhra Pradesh, consequent to supplementary audit under section 143(6)(b) of Companies Act, 2013, the original report has been revised. Qualifications no's 1, 7(a), 12, 15 and 74 have been modified, Qualification no. 7 (b), 49(b) and 87 have been included under the "Basis for Qualified Report" paragraph and para 1 of "Other matters" has been included to give effect to the provisional comments.

This report supersedes our earlier audit report dated 28.08.2024 on the financial statements of M/s Southern Power Distribution Company of Andhra Pradesh Limited for the year ended 31st March 2024.

Qualified Opinion

We have audited the accompanying financial statements of Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati ("APSPDCL" or "Company"), which comprise the Balance Sheet as at March 31, 2024 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matters described in the Basis for Qualified Opinion paragraphs, the aforesaid financial statements given the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounts) Rules, 2014, of the state of affairs of the Company as at 31st March, 2024, its profit and its cash flows for the year ended on that date.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD
CHARTERED ACCOUNTANTS

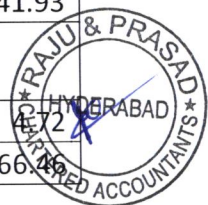
Head Office:
401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

Basis for Qualified Opinion

1. We have noted certain misstatements and financial irregularities which are qualified and listed out in detail vide Qualification 2 to 87 stated here after. The effects or possible effects of the above in aggregate are material to the financial statements. The impact of the matters that can be reasonably ascertained or quantified are summarized in the following table.

(₹ in crore)

Particulars	Qualification No	Effect on Profit	
		Understated	Overstated
Provision not made towards Generation based incentives	3.(i). a	-	171.95
Provision not made towards capacity utilisation factors - Order received	3.(i). b	-	6.30
Provision not made towards capacity utilisation factors – other similar cases	3.(i). b	-	570.97
Payment made towards capacity utilisation factors - but not recovered from other Discoms	3.(i). b	0.91	
Provision not made towards excess solar panel claims	3.(i).c	-	46.10
Provision not made towards Late payment surcharge	3.(i). d	-	245.82
Non recognition of provision towards LPS	7.b		30.66
Reimbursement of Generation Based Incentive	10	4.75	-
Non accounting of Rebate on advance payment	12	15.86	
Advance to Private Gas Generator	13.d	-	57.76
Deposit with courts	14	-	30.31
Recognition of True-up Revenue which is not yet approved by APERC and Provision for FPPCA of FY 2022-23	15	-	5,208.88
Receivable from TSSPDCL on account of salaries paid to employees during their tenure in TSSPDCL	17.b	-	27.02
JICA loan - In correct accounting impact	19	-	6.89
Other long pending capital advances	46.a	-	41.93
Inventories - Non recognition of Renewable energy certificates	49.b	1.03	
Pole rental charges	53	-	
Trade receivables	55.a	-	1,166.49



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

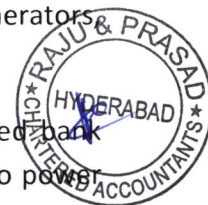
Particulars	Qualification No	Effect on Profit	
		Understated	Overstated
Employee benefits	57	-	1,537.38
Interest on Mobilisation Advance	62	7.49	-
Investment in APPDCL	66	-	189.68
Receivable from GoAP- Salaries paid to energy assistant	67.a	-	353.61
Receivable from GoAP towards reimbursement of principal and interest of Indiramma loans	67.b	-	11.16
Receivable from GoAP for which no underlying information is available	67.c	-	106.82
Expenses incurred on behalf of other Govt Departments	67.d	-	5.39
Long pending for recovery with no confirmation of balance by the other party	68	-	39.25
Fund for electricity accident compensation	76	-	32.24
Company do not have adequate information and details about balances	80	-	148.98
Interest on FRP Bonds – No provision	87	-	157.60
Total		30.04	10,197.88

Net impact of the above is profit for the year is overstated by ₹ 10,167.84 crores (₹ 10,197.88 crores – ₹30.04 crores). The possible effects of the other qualifications are not ascertainable. Had the effect of above is given by the company, it would have reported a loss of ₹ 10,166.49 crores as against the profit of ₹1.35 crore reported by the company.

I. Purchase of Power (including Transmission and SLDC Charges):

2. The Andhra Pradesh Power Co-ordination Committee ("the APPCC") serves as a facilitator and coordinator for the procurement and exchange of electricity on behalf of the three Distribution Companies (DISCOMs) operating within the State of Andhra Pradesh. These DISCOMs include the Eastern Power Distribution Company of AP Ltd. (APEPDCL), the Southern Power Distribution Company of AP Ltd. (APSPDCL), and the Andhra Pradesh Central Power Distribution Corporation Ltd. (APCPDCL). The primary role of the APPCC entails the acquisition of power from various generators which is subsequently allocated to the three DISCOMs based on the power purchase ratio.

- The APPCC is responsible for managing the Pool Account, which serves as the shared bank account for the three DISCOMs. This account is utilized for making payments related to power.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

procurement. The entire process of power acquisition including swapping of energy and Sale of exchange through exchanges, payment settlement, and accounting is exclusively handled by the APPCC. The DISCOMs merely accounts these transactions in their respective books of accounts as periodically instructed by the APPCC.

- The financial transactions associated with power purchases are recorded in the books without explicit reference to the units of power acquired. However, it is important to note that the actual cost of power consumption, which may vary from the power purchase cost sharing ratio, is adjusted through the Interim Balancing and Settlement System (IBSS). These adjustments are then recorded as inter-discom sales in the accounting records.
- In addition to overseeing the Pool Account, the APPCC is entrusted with the operation and management of working capital loans obtained from banks and financial institutions. These loans are secured in the name of the three DISCOMs, primarily for the purpose of financing power purchases. The APPCC utilizes these funds to make payments to the vendors involved in the power procurement process. Payments are made from any of the bank accounts associated with these loans, depending on the availability of funds at the given time. This enables efficient and timely payment disbursement, ensuring smooth operations within the power purchase framework.
- It is also pertinent to mention that that the legal status of APPCC could not be ascertained.

3. Non recognizing of Power Purchase Claims or other provisions:

Based on the information and certificate given by APPCC through its internal auditor, company has disclosed contingent liabilities of ₹3,191.32 crore (as at 31.03.2023 ₹5,124.42 crore).

Upon verification of the same and explanations provided by the company it is observed as below.

- Instances where in provision is not made – ₹1034.84 crore.
 - Instances where in no detailed study has been carried out – ₹2156.48 crore.
 - Claims rejected by the company, but not recorded – Amount not quantifiable.
- i) **Instances where in provision is not made:** In our view for the instances mentioned below, provision should have been made but the company has not made provision.
- Generation Based Incentive (GBI):** Company has received claims with regard to GBI. Company has accounted the liability and made payments w.r.t GBI claims pertaining to the period of

Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

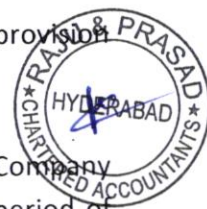
Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

URL: www.rajuandprasad.com



RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

August 2018. Company has received GBI claims for the period Feb 2017 to Aug 2018 amounting ₹171.95 crore but no provision has been made.

- b) **Capacity Utilization Factor (CUF):** The Hon'ble APERC vide various orders on case-to-case basis, has mandated the payment of compensation to petitioner with respect to units injected over and above the CUF (Capacity Utilization Factor). In a particular case, company has paid 2.04 crore and accounted the same as cost to the company. In another particular case, though APERC has ordered APPCC to pay ₹ 15.20 crore, the company has not recognized the liability of its share ($₹15.20 * 65.73% * 63.02% = ₹6.30$ crore).

For similar other cases, APPCC has determined the compensation as ₹570.97 crore, which is disclosed as contingent liabilities. This pertains to the period FY 2016-17 to FY 2023-24. In view of the unfavorable orders from APERC, the company should have made provision towards the same.

In a case where the payment of ₹2.04 crore was paid (as referred above), company shall recover other discom's share of ₹0.91 crore. But the company has not recovered and not accounted the same.

- c) **Excess Solar Panels:** In case Solar panels are installed over and above the capacity i.e., in violation of terms prescribed in power purchase agreement, company has not paid towards the excess power generated. During the year based on the court order, company has paid to certain generators. W.r.t remaining generators with similar claims, company has not made provision. Amount involved is ₹46.1 crore.
- d) **Late Payment Surcharge (LPS):** Late payment surcharge is levied by the wind and solar generators in case of delay in payment by the company period pertaining to COD till 02.06.2022. During the year company has paid late payment surcharge in a few instances. W.r.t the remaining cases company has not made provision. Amount involved is ₹245.82 crore.

ii) **Instances where in no detailed study has been carried out:**

Contingent liabilities include other legal cases of ₹2156.48 crore. Company has not carried out a detailed study to understand the reasons for such claim or case, current status and possible outflow of money etc. As per the generally accepted accounting principles including accounting standard



Mumbai Branch:

511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:

202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:

57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:

Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:

Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",

Adj, Amrutha Hills,

Punjagutta, Hyderabad - 500 082

Ph : 040 - 23410404/05/06

Fax : 040 - 23410403

E-mail : hyderabad@rajuandprasad.com

company shall make provisions considering the principles set out in the standard. By mere disclosure as contingent liabilities and not making provision (if required) company has deviated accounting standards. In the absence of information, we are unable to quantify the impact on the financial statement.

iii) Claims rejected by the company - Not disclosed as contingent liability:

It is observed that there are certain cases where in the company has rejected the claims. Such claims are neither recorded nor disclosed as contingent liabilities. In the absence of information, we are unable to quantify the impact on the financial statement (If any).

iv) Apart from the above, it is observed that bifurcation of certain contingent liabilities into various AP Discoms has not been carried out.

v) Further, there is no reconciliation of deposits with the court between the ledger balance and contingent liabilities schedule. In the absence of the same, we are unable to comment on the consequential impact on the financial statements.

4. Power purchase cost is subject to revision: Accounting of power purchase bills, debit / credit notes which are provisional and are subject to revision at a later date (Fuel Cost Adjustment, Supplementary claims such as Minimum Alternative Tax, Income tax, Changes in law etc.). The consequential impact on creditor's balances, profit for the year, if any, is presently not ascertainable.

5. Electricity Duty: The company has been levying an electricity duty of 6 paise per unit on all sales of electrical energy since 1994, except for exempted categories. During the FY 2022-23, based on a G.O.Ms. No. 7 dated: 08.04.2022 from Government of Andhra Pradesh (GoAP) electricity duty of ₹1 per kWh (unit) on energy sales for commercial and industrial consumers was levied.

Certain consumers challenged this notification by filing a writ petition, arguing that the levy of ₹1 per kWh is unreasonable. On September 15, 2023, the High Court ruled in favor of the petitioners, stating that the licensees (DISCOMs) can only recover duty at 6 paise per kWh, as per the sanction order under G.O.Ms.No.277 dated December 9, 1994, and not in excess of this amount. The court noted that there was no previous sanction by the State Government for any amount of duty exceeding 6 paise per kWh. The petitioners/consumers were granted the right to apply to their respective licensees for a refund or adjustment of any excess duty paid beyond the 6 paise per kWh, upon which the respective licensees were to act accordingly.



Mumbai Branch:

511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:

202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:

57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:

Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:

Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

Subsequently, the GoAP, through G.O.Ms.No.22 dated October 23, 2023, confirmed the levy of electricity duty of ₹1 per kWh as per G.O.Ms.No.7 dated April 8, 2022. The DISCOMs then filed a writ petition challenging the High Court's judgment of September 15, 2023. The High Court, in its order dated November 21, 2023, stayed to the extent it ordered to refund or adjustment of the excess duty paid in excess of 6 paise per kWh, as ruled by the learned Single Judge.

Currently, the company is levying 6 paise per unit for the petitioners. However, the company has not made provisions for the potential excess duty amount that may need to be refunded or adjusted, as directed by the court. The company is in the view that any excess duty refundable or adjustable to consumers will be reimbursed or adjusted against the future electricity duty payable to GoAP. In the absence of adequate information, we are unable to quantify the impact on the financial statements.

- 6. Trade payables – Power Purchase:** The non-confirmation and reconciliation of balances with power suppliers amounting to ₹6,610.97 crore (previous year: ₹3,529.81 crore) and other trade payables amounting to ₹2,615.23 crore have been observed. At present, the consequential impact on creditors' balances and the results for the year, if any, cannot be determined.

Additionally, a debit balance of ₹1,147.84 crore (Power purchase vendor legacy balance) was recorded as the opening balance as of June 2, 2014 in the books of accounts. There is no information with the company regarding why trade payables are reflected as a debit balance. In the absence of adequate information, we are unable to comment on the impact on the financial statements.

As per Schedule III of the Companies Act, 2013, an ageing schedule of trade payables due for payment is required to be disclosed in the financial statements. However, the company has not made such a disclosure, which is in contravention of the Companies Act, 2013.

- 7. Late Payment Surcharge paid to vendors:** Refer Note No.21.2, On a test-check basis of verification of Power Purchase cost of ₹18,761.35 crore.

- a) We have noted that Power Purchase cost includes Late Payments Surcharge (LPS) amounting to ₹1,018.36 crore. LPS is a form of compensation paid to vendors for delayed payment of dues. Therefore, it should have been appropriately accounted for under "Other expenses". As a result, the Power Purchase cost is overstated, while the other expenses are understated by ₹1,018.36 crore.

- b) In one instance ₹30.66 crore payable to two suppliers towards LPS on delayed payment invoices is not recognized, thereby understatement of Power Purchase Cost and current



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

Liabilities (Note-7) by ₹30.66 crore with corresponding overstatement of Profit for the year by the same amount.

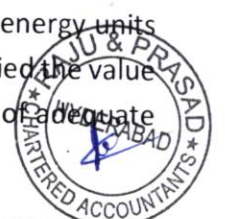
- c) Further, there are instances of delayed payment apart from the above. Like. Company has not made provision towards delayed payment surcharge by ascertaining the cases of delayed payments made or due but not paid. In the absence of adequate information, we are unable to quantify the impact on the financial statements.

8. Accounting of prior period expense as current year expense: On a test-check basis, we have noted instances where costs pertaining to the previous financial years have been accounted for in the current year and not classified as prior period expenses. Instances are as below.

- Late payment surcharge of ₹1,018.36 crore
- Power purchase cost of ₹8.99 crore related to Banked Energy
- Claim of ₹184.82 crore towards excess panels by certain solar generators
- Fuel cost adjustment (FCA) claim pertaining to FY 2018-19 & 2019-20 of ₹25.94 crore and ₹74.49 crore respectively.
- Certain assets were purchased from APTSL and was put to use prior to April 2023. Company has capitalized and accounted depreciation from the date of purchase to 31.03.2024 in the current instead of showing as prior period depreciation. Amount involved is ₹10.09 crore .
- Operating lease cost of the company was capitalized (shown under CWIP) in the previous years. During the current year company has expensed off ₹11.02 crore. This includes operating lease cost of earlier years of ₹9.78 crore.
- During the year company has paid expenses pertaining to Advertising, R&M of Computer and Equipment, Hire Vehicle Expenses and Other Administration Expenses but the services already received in the previous financial years. Such expenses of ₹2.35 crore are not shown as prior period expenses.

As per AS 5, Nature and amount of prior period items should be separately disclosed in the statement of profit and loss. However, company has not separately disclosed the same in the financial statements. As a result, current year expenditure is overstated to that extent.

9. Banked energy units - Company has accounted the adjustments pertaining to Banked energy units as power purchase cost for the period up to January 2023. Company has neither quantified the value of banked energy units as at 31.03.2024 nor provision has been made. In the absence of adequate information, we are unable to quantify the impact on the financial statements.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

10. Reimbursement of Generation Based Incentive: APPCC accounted for an amount of ₹19.18 crore as Generation-Based Incentive (GBI) for the solar units purchased from certain generators for the period January 2021 to March 2024. Till September 2022, power purchase cost was shared among DISCOMs on a geographical basis, company should have apportioned the cost accordingly. However, company has accounted using current year ratio i.e., drawl ratio. This has resulted in an understatement of income and receivables of ₹4.75 crore (₹12.49 crore - ₹7.74 crore).

Further GBI pertaining to the period January 2021 to March 2023 was not shown as prior period income.

11. Import of energy by the generator: Import of energy by the generator: As per the Retail Supply Tariff (RST) Order, the import of energy is to be billed to the generators as per the Tariff applicable to such category. However, it has been observed that the same is deducted from the power purchase cost payable to the generators. Further, Power Purchase (PP) rate of ₹4.63 and ₹5.12 per unit was applied in arriving at the value of the energy imported by the generator (NTPC NSM Phase-II), instead of applying ₹12.25 per unit as per RST. This has resulted in loss of ₹5.12 per unit (₹12.25 - ₹4.63) for the company. In the absence of adequate information, the loss could not be quantified.

12. Non accounting of Rebate on advance payment: As per the Power Purchase Agreement (PPA) with APPDCL, if the company pays the bill within 7 days from the invoice date, the company is eligible for a 2% rebate on the bill amount. There are instances noted where in the company paid the advance amount but did not claim the rebate of ₹15.86 crore. As a result, the Power Purchase cost and creditors for purchase of power are overstated to that extent.

13. Trade Advances – Power purchase: Refer Note 16.1, Trade advances w.r.t power purchase includes ₹ 671.01 crore paid to certain vendors who have credit balances listed under trade payables. These balances have not been adjusted against the corresponding liabilities, leading to an overstatement of both advances and trade payables.

Also, includes a long-standing advance of ₹733.70 crore made to AP GENCO as of 31.03.2024 (As at 31.03.2023 of ₹733.70 crore), which has been outstanding since 2018. Despite monthly power purchases from APGENCO, APPCC has not adjusted this advance. In the absence of adequate reconciliation and confirmation we are unable to confirm the impact on the financial statements.

Furthermore, there are certain credit balances of ₹22.56 crore related to power purchase vendors which have been netted of against advances. Company has not explained the reasons for such credit balances; hence we are unable to comment on their impact on the financial statements (If any).



Mumbai Branch:

511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:

202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:

57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:

Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:

Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

Advance to private Gas generator: Trade advance includes an amount of ₹57.76 crore paid to a gas generating company and the same is outstanding for more than 10 years. The said company is under liquidation. Also, there is no claim raised by the company. Hence, the chances of recovery are remote. As there is no provision made, in accordance with the accounting standards, advances and profit are overstated to that extent.

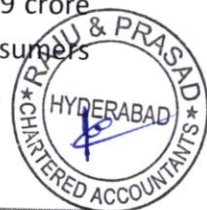
14. Deposit with Courts – Refer Note 12.5, Deposits with court include an amount of ₹30.31 crore. As per the directives of the Hon'ble Supreme Court, Deposit is adjusted towards the liquidated damages recovered by APSPDCL. As there is no possibility of recovering the deposit, company shall charge the deposit to profit and loss account. No doing so has resulted in understatement of prior period expenses and overstatement of the long-term loans and advances by ₹30.31 crore.

III. Recognition of True-up Revenue and Cost:

15. Unbilled Fuel and Power Purchase Cost Adjustment (FPPCA) revenue:

During the FY 2022-23, company has changed its accounting policy with regard to recognition of FPPCA revenue. That is to recognize revenue as and when petitions are filed with APERC, though approval is pending. Accordingly, company has estimated the FPPCA revenue for the FY 2022-23 as ₹2,617.26 crore. Company has recognized 74.70% (% Approved by APERC for the FY 21-22) of such amount i.e., ₹1,955.09 crore. Similarly, company has calculated FPPCA revenue for the FY 2023-24 as ₹5295.04 crore. Company has recognized 80% of the same i.e. ₹4236.04 crore. Considering certain % of revenue, without understanding the underlying reasons for disapproval is baseless. Also, including LPS as part of FPPCA is not in accordance with the regulations. Approval from APERC with regard to FPPCA revenue for the FY 2022-23 & FY 2023-24 is pending as on the date of approval of accounts by the Board.

Further, as per the Guidelines on additional Borrowing limit of 0.50% issued by Ministry of Finance, Gol, no new regulatory assets (or uncovered losses or any other similar provisions) shall be recognized. In view of the above the said accounting policy as mentioned in 3.1.d is not in agreement with the guidelines and the regulations of the Hon'ble APERC. Considering the regulations of the Hon'ble APERC and guidelines prevail over the accounting standards and accounting principles, adoption of such accounting policy has resulted in overstatement of revenue and profit to the extent of ₹1,955.09 crore for the FY 2022-23, understatement of Provision for 2023-24 by ₹1955.09 crore and overstatement of revenue and profit of ₹ 3253.79 crore (₹4236.04 crore – billed to consumers at 0.40 paise per unit of ₹ 1149.27 crore + carrying cost of ₹167.02 crore) for the FY 2023-24.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

16. Non accounting on Distribution True up: In case of variance between approved distribution cost and actual distribution cost, Company is permitted to pass on the customer subject to the approval of APERC. This is referred as Distribution True up or True down. However, company has neither ascertained nor accounted the distribution True up or True down at least on provisional basis which is in contravention to accounting principles. In the absence of adequate information, we are unable to comment on the impact on the financial statement.

I. Merger of Two Circles with the company (2014):

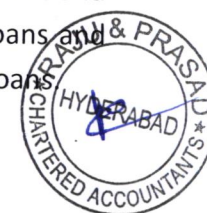
17. Consequent to the promulgation of AP Reorganization Act 2014, the Assets and Liabilities of operation circles of Ananthapuramu and Kurnool of M/s. Southern Power Distribution Company of Telangana Limited (TSSPDCL), formerly M/s. Central Power Distribution Company of AP Limited (APCPDCL), are merged with M/s. Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL).

We have been informed that assets and liabilities have been apportioned as per AP Reorganization Act, 2014, except for certain deviations. However, company has incorporated the assets and liabilities based on the audited financial statements along with allocation of assets provided by TSSPDCL (erstwhile APCPDCL) as at 01.06.2014. Such, incorporated assets, and liabilities include following unidentified balances as on 31.03.2024. (Refer Note No. 26 Para 7.3)

Liabilities	Amount in crore	Assets	Amount in crore
Reserves and Surplus	275.88	Property, Plant & Equipment	29.22
Long Term Borrowings	1,643.33	Non-Current Investments	80.64
Other Long-Term Liabilities	-0.05	Long Term Loans and Advances	4.46
Short Term Borrowings	180.92	Inventories	0.17
Trade Payables	875.39	Cash and Cash Equivalents	0.01
Other Current Liabilities	206.29	Short Term Loans and Advances	67.07
		Other Current Assets	133.19
Total	3,181.77	Total	314.75

Bifurcation of such assets and liabilities is subject to approval of GoAP.

Company has not given subsequent accounting effect such as depreciation on Property, Plant and Equipment, interest expense on loans, dividend income or interest income accrued on loans and investments etc. on the above assets and liabilities. Company does not have the details of loans



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

URL: www.rajuandprasad.com

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

Further, ownership instruments/title deeds of immovable properties, loans and investments are not transferred in the name of the company. Company has not repaid the loans.

Apart from the above unidentified balances, an amount of ₹51.85 crore (credit balance) in respect of funds received from TSSPDCL (erstwhile APCPDCL) was netted off against the advances mentioned in Note 12.1. However, company does not have the details for the same.

Further, Note No. 7.2 Payables to Other DICSOMs (ICD) include long outstanding Inter Corporate Deposits (ICD) related to TSSPDCL (Debit balance of ₹215.93 crore) & TSNPDCL (Credit balance of ₹124.75 crore) for which no details are available with the company.

The consequential impact of the above said transactions on assets, liabilities, profit for the year, if any, is presently not ascertainable and not given in the financial statements.

Refer Note 17.3, Other current assets include ₹27.02 crore receivable from TSSPDCL (erstwhile APCPDCL) on account of salaries paid to employees during their tenure in TSSPDCL, which is long outstanding. There is no acceptance of the same by TSSPDCL (erstwhile APCPDCL). On a prudence, company should have made provisions in the books of accounts resulting in understatement of expense and overstatement of other current assets and Income.

II. Bifurcation of Company (2020):

18. Refer para 26, Scheme of arrangement for the bifurcation of APSPDCL into APSPDCL (Tirupati (HQ), SPS Nellore, Chittoor, YSR Kadapa, Anathapuramu and Kurnool) and APCPDCL (Vijayawada (HQ), Krishna, Guntur and Prakasam) with appointed as on 01.04.2020 was approved by MCA on 22.02.2024 Company has given the accounting effect in the earlier years w.e.f 01.04.2020. However following irregularities have been observed.

Investments and Property, Plant & Equipment's were bifurcated in the books of APSPDCL and APCPDCL. However, the share certificates / property documents are not yet transferred in the name of APCPDCL.

For the period up to 31.12.2020, accounting transactions of both APSPDCL and APCPDCL were carried out in SAP common server till 31.12.2020. Transactions carried out during the F.Y.2020-21 was bifurcated. However, the same is subject to confirmation and reconciliation by both the companies.

Further, the division of manpower and between APSPDCL and APCPDCL is not covered in this report.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

With respect to all the above and in the absence of adequate information we are unable to comment upon the consequential impact on the financial statements.

Loan covenants not bifurcated among APSPDCL and APCPDCL - Loans and borrowings from Lenders and Financial Institutions were bifurcated in the books of APSPDCL and APCPDCL. However, the loan agreements/covenants are not yet transferred in the name of APCPDCL. Further, modification of charges is yet to be done for loans transferred to APCPDCL. Further, Balance confirmation obtained from the lenders consists of APCPDCL portion along with APSPDCL. We have relied on the loan bifurcation provided by the company in order to ascertain APSPDCL portion from the balance confirmation.

Hence, principal and interest payments made along with APCPDCL's share paid to the Lenders and Financial Institutions by APSPDCL and accounting it as receivable from APCPDCL under other current assets. The bifurcation of transactions between APSPDCL and APCPDCL along with other transactions between DISCOMs are subject to confirmation and reconciliation by the companies.

Refer Note 15.5(a), The fixed deposits with a value of ₹3.28 crore (3 deposits of ₹1.09 crore each) earmarked against the Contingency reserve are registered under the name of APCPDCL instead of APSPDCL.

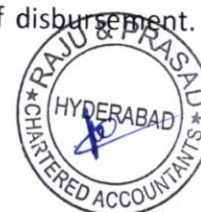
III. Loans availed by the Company:

19. Japan International Cooperation Agencies (JICA)

Refer Note No.3.2(b), Long Term borrowings include a sum of ₹133.22 Crore from Japan International Cooperation Agency (JICA).

Loan Agreement is entered between JICA and "The President of India" and as per the agreement, "The President of India" is the "Borrower". As per Section 2 to Article II of the above Agreement, the Borrower (The President of India) shall pay interest to JICA and as per Section 4 to Article III of the Agreement, APSPDCL is only an executing agency. We have been informed that there is ambiguity regarding Government's share and APSPDCL's share in the payment of Principal/Interest.

As per the schedule in notice of completion of disbursement received by APSPDCL, repayment of principal starts from 20th June, 2021 and interest payments start from the date of disbursement. However, company is not making the payments towards principal and interest.



Mumbai Branch:

511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:

202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:

57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:

Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:

Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

URL: www.rajuandprasad.com

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

Further, on prudent basis company should have created provision towards interest from the date of disbursement to 31.03.2024 and overdue charges for delay in repayment of principal and interest. However, company has not made provision. Interest provision (without overdue charges) till 31.03.2024 is ₹6.89 crore (approx.). There by there is an understatement of finance cost and interest liability to that extent.

Further,

- As per Accounting Standard - 11, The Effects of Changes in Foreign Exchange Rates shall be given. However, company has not done the same.
- The company is unable to identify the expenditure incurred till date in the books of accounts and project status for which the loan is sanctioned.
- The company has not classified the loan into current liability and non-current liability.
- The company has not received balance confirmation from JICA. Hence the loan is subject to the confirmation.

20. World Bank (WB)

Refer Note No. 3.2(b), company has undertaken the "World Bank 24x7 Power for All Scheme" with approved project cost of ₹2,000 Crore, wherein World Bank's share is 70% (IBRD: 42% and AIIB: 28%) and Implementation Agency's share is 30% (REC Loan: 27% and APSPDCL Own Funds: 3%). Under this scheme, APSPDCL utilizes its own funds for this scheme, which is later reimbursed by World Bank (WB) after submission of claims by APSPDCL. These funds are released from Gol/WB to Govt. of AP and subsequently released by Govt. of AP to APSPDCL.

Towards the amount spent by APSPDCL for a project, Gol released an amount of ₹1,013.06 crore (out of amounts received from World Bank) to GoAP till 31.03.2024. However, GoAP has released only ₹690.82 (₹758.60 crore less amount transferred to APTRANSCO and APEPDCL of ₹67.78 crore) crore to the company and balance amount of ₹322.24 crore is yet to be released by GoAP which is long pending.

As per sanction letter, principal repayment should start from 15.08.2022. However, company has not paid interest and principal till 31.03.2024.

APSPDCL should create an interest provision for the period up to 31.03.2024 along with overdue charges for delay in repayment of principal and interest. However, company has not made provision. In the absence of adequate information, we are unable to quantify the provision and consequential impact on the financial statements.



Mumbai Branch:

511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:

202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:

57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:

Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:

Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

Further,

- The company has not classified the current maturities under short term borrowings.
- The company has not received balance confirmation from IBRD and AIIB. Hence the loan is subject to confirmation and reconciliation.

21. Power Finance Corporation Ltd (PFC) - RAPDRP

Refer to Note No. 3.1(b), Term Loans from other parties, which includes an amount of ₹24.26 crore that has not been repaid by the company, expecting it to be converted into a grant. However, there is no confirmation from PFC regarding this conversion. On a prudent basis, the company should have made a provision towards interest, which was not done, resulting in an understatement of interest expense.

Furthermore, according to the balance confirmation obtained from PFC, the amount stands at ₹30.32 crore (before bifurcating APCPDCL's portion). In the absence of adequate information, we are unable to comment on the impact on the financial statements.

22. LPS Loan of ₹12,833.93 Crore

Refer Note No. 3.1(b), the Andhra Pradesh Energy Department has decided to join the late payment surcharge (LPS) scheme initiated by the Central Government. This scheme allows for the settlement of power generator dues until 2022 through 12 monthly installments.

Company has been sanctioned loan under scheme of ₹12,833.93 crore {₹6,766.93 crore from Power Finance Corporation (PFC) + ₹6,066.93 crore from Rural Electrification Corporation (REC)}, to clear power purchase dues as at 31st May 2022.

However, as per the books of the company, power purchase dues as at 31.05.2022 are ₹8,043.43 crore (net off advances paid) only. Thus, resulted in an excess sanction of loan of ₹4,790.43 crore.

Loan sanctioned Under LPS	₹ in crore
Power Finance Corporation	6766.93
Rural Electrification Corporation	6066.93
Total loan – A	12,833.86
Vendor balances as on 31-03-2022	
Trade payables – B	12300.45
Advances given to vendors - C	4875.01
Net Trade payables (D=B-C)	7425.44



Mumbai Branch:

511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:

202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:

57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:

Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:

Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

Increase in Trade payable in April 2022 (FRBM) – E	399.15
Increase in Trade payable in May 2022 (FRBM) – F	218.84
Total Power purchase dues as on 31-05-2022 (G=D+E+F)	8043.43
Excess sanction to APSPDCL (H=A-G)	4,790.43

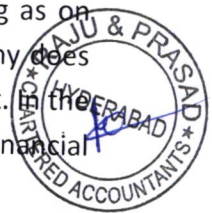
During FY 2023-24, APPCC has provisionally transferred an amount of loan of ₹ 3,416.16 crore along with interest of ₹ 389.87 crore to APCPDCL. However, detailed reconciliation was not made in order to identify the actual excess loan amount that has to be transferred to APCPDCL.

23. Andhra Pradesh Power Finance Corporation Limited (APPFCL) - Long-term borrowings include an amount of ₹3,121.59 crore taken from Andhra Pradesh Power Finance Corporation Limited (APPFCL). This loan was taken before the bifurcation of company into APSPDCL and APCPDCL. According to the agreement, interest and principal repayments towards the loan are to be shared between the two companies in the ratio of 63.02:36.98 (Energy ratio - II). However, it has been observed that Principal repayment and Interest was not shared in the said ratio. Also, the company could not explain the basis which is being followed for sharing Principal repayment and Interest among APSPDCL and APCPDCL. In the absence of adequate information, we are unable to quantify the impact on the financial statements.

As per Balance confirmation obtained from APPFCL, an amount of ₹ 5,451.79 crore of loan was confirmed. However, as per the books of accounts of company outstanding loan as at 31.03.2024 is ₹ 3,121.59 crore resulting in imbalance of ₹ 2330.20 crore. As per information and explanation provided by company, we have been informed that imbalance of ₹ 2330.20 crore pertains to APCPDCL. In the absence of pending reconciliation, we are unable to confirm the loan balance as at 31.03.2024.

24. AP TRANSCO ICD - Company has taken Inter corporate deposits (ICD) from M/s. TRANSCO. An amount of ₹440.93 was outstanding as on 31.03.2024. However, as per confirmation loan outstanding as on 31.03.2024 of ₹543.42 crore. Thereby there is an imbalance of ₹102.49 crore. In the absence of adequate reconciliation, we are unable to comment on the value of ICDs as at 31.03.2024.

25. Loan from GoAP - Refer Note No. 3.2(b), company has a loan of ₹9.48 Crore outstanding as on 31.03.2024 borrowed from Government of Andhra Pradesh which is long pending. Company does not have any information regarding these loans. Also, provision is not made towards interest. In the absence of adequate information, we are unable to comment on the impact on the financial statements.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

URL: www.rajuandprasad.com

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

- 26. Non reconciliation of Interest paid on Loans** – The company has been sanctioned various loans from borrowers such as PFC, REC, IREDA, SBI, APPFCL, JICA, World Bank etc. Company pays interest on these loans as specified in the monthly demands raised by the respective lenders. These monthly demands often include revisions, such as interest rate resets, and in certain cases, the company receives revised demands. Company receives revised monthly demand after considering the interest rate reset etc. Company accounts the interest liability based on the monthly demand. The company does not have a system/control of validating the interest cost by recalculation of interest.
- 27. Loans taken from REC:** Refer to note no. 3(6) - The company has taken capex loans from REC to finance various projects. Loan sanction is in the name of the company. Though such loans were taken **post bifurcation** of APSPDCL into APSPDCL and APCPDCL i.e., 01.04.2020, they are allocated between APSPDCL and APCPDCL. There by the interest cost also allocated between APSPDCL and APCPDCL. In the absence of adequate information, we are unable to comment of the impact on the financial statements.
- 28.** The company has not made the necessary disclosures as required by Schedule III of the Companies Act, 2013, regarding long-term and short-term borrowings. For long-term borrowings, detailed loan-wise disclosures of the terms of repayment and the nature of security have not been provided for loans taken from PFC, REC, HUDCO, APPFCL, SBI, JICA, and the World Bank. Additionally, for short-term borrowings, the nature of security has not been specified for the Union Bank CC. This is in contravention of Schedule III of the Companies Act, 2013.

IV. Other Long-Term Liabilities:

29. Security deposits from consumers

Refer Note No. 4.2 (a) Security Deposits from Consumers as per financial ledger shows a balance of ₹ 2,441.38 Crore whereas the consumer ledger shows a balance of ₹ 2,377.40 Crore. Thus, there is a variance of ₹63.98 crore. Upon further review we have noted the following:

- As per the financial ledger there is an unidentified debit balance of ₹86.30 Crore under the customer head GMCNEW. Company does not have no corresponding information or explanation.
- A variance comprising a ₹10.74 Crore debit balance in 141 consumers and a ₹5.20 Crore credit balance in 76 consumers.
- Certain HT consumers are appearing in the financial ledger but absent in the consumer ledger, for instance consumer numbers CDPNEW & NLRNEW are showing a debit balance of ₹9.41 crore



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501,
Cell: +91-9704899666

URL: www.rajuandprasad.com

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

but not appearing in the consumer ledger. In another instance, consumer with the number TPTNEW is showing a credit balance of ₹7.22 Crore but not appearing in the consumer ledger.

- Certain HT consumers with live status are appearing in the consumer ledger but not appearing in the financial ledger with a balance of ₹ 3.86 crore.
- Certain business areas of the LT section, specifically the EROs, where a security deposit of ₹125.23 Crore is recorded in the financial ledger. However, there is no corresponding balance in the consumer ledger.

The company is unable to provide an explanation for the above-mentioned variances. In the absence of adequate reconciliation and sufficient and appropriate audit evidence, we are unable to ascertain the impact on the financial statements.

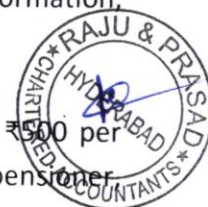
30. GIS - Insurance & Saving Fund – The company operates a mandatory Group Insurance Scheme for all employees, which is a self-insurance scheme. Each employee contributes to this scheme based on their pay scale. A portion of the contribution is allocated to an insurance fund to be used in the event of a member's death, and the remaining portion is allocated to a savings fund to be repaid to the member at the time of retirement. The quantum of death or retirement benefits is determined according to the scheme.

The company does not have insurance with an external agency, nor does it maintain the fund separately.

According to AS 15 "Employee Benefits," this scheme falls under defined benefit plans, which require the company to recognize the present value of the defined benefit obligation (DBO) as a liability. This involves measuring the DBO by considering current service cost, interest cost, contributions and benefits paid, and actuarial assumptions, including actuarial gains and losses.

The company must also disclose the scheme's description, actuarial assumptions, reconciliation of opening and closing balances, components of defined benefit cost, and the net asset or liability recognized. However, the company has not measured the DBO as a liability and has not made the required disclosures which is in contravention to AS - 15. In the absence of adequate information, we are unable to comment on the impact on the financial statements.

31. Self-Funded Medical Scheme (SFMS): Under the Self-Funded Medical Scheme (SFMS), ₹500 per month is deducted from the salary or pension of each employee, pensioner, and family pensioner.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

providing coverage of up to ₹6,00,000 per family per year. While the company maintains a fund for these amounts, there is no health insurance scheme to mitigate the risk.

According to AS 15 "Employee Benefits," the company must measure, recognize, and disclose these benefits properly. Not doing so, company has deviated from the accounting standard. In the absence of adequate information, we are unable to comment on the impact on the financial statements.

V. Property, Plant & Equipment and Intangible Assets:

The company has not complied completely with the provisions of Accounting Standard (AS)-10 "Property, Plant & Equipment".

32. Title Deeds – Refer Note No. 10.1 (a), in regards to the Land and Land Rights carrying a value of ₹4.92 crore (Previous year ₹4.91 crore), data pertaining to lands acquired through purchase, gift, or alignment by the government, including information on the lease period are not available with the company. Additionally, the ownership documents including sale deed, lease deed, and gift deed, for such lands are not completely available with the company. Due to the unavailability of the aforementioned information and documents, we are unable to ascertain the current state of ownership or make any necessary adjustments to the carrying amounts. Further, the company has not provided adequate disclosures as mandated by Schedule III.

33. Cost allocation - Total cost incurred towards a particular project/capital works are accounted in a work order (WBS). Cost loaded under the WBS (to extent not attributable to the identified asset categories) is allocated to identified asset categories based on a discretionary percentage. Percentage varies from case to case. There is no basis for such percentage. In the absence of adequate information, we are unable to ascertain the consequential impact on Asset balances, Accumulated depreciation and depreciation in the financial statements of the Company.

34. Overhead allocation – Refer Note No. 23.5, Statement on Accounting policies, Company is capitalizing Overheads and Employees cost @ 1.5% and 8.5% respectively of the capital work in progress. During the year company has capitalized ₹219.38 crore (Previous Year ₹132.59 crore) of such expenditure. However, AS-10 prescribes to capitalize only such expenses directly attributable to the specific assets. The said policy is not in compliance with AS-10.

35. Low value assets - Refer No. 10.1 (k), during the FY 2023-24, company is capitalizing and charging 100% depreciation on assets accounted under class Low Value Assets (GL 1000951) amounting to ₹1.12 crore. However, there is no accounting policy with company regarding the same.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

36. During FY 2023-24, it has been observed that the company has classified certain assets under inappropriate heads of accounts. For instance, assets that should have been classified under "Lines & Cables" have been erroneously categorized under "Computer & IT Equipment."

Additionally, in reference to the depreciation rates issued by the Ministry of Power (MOP), Distribution Transformers (DTRs) with a capacity of 100kVA and above are to be depreciated at a rate of 7.81%. However, the company has applied a depreciation rate of 7.84%, leading to an overstatement of the depreciation expense. In the absence of adequate information, we are unable to comment the impact on financial statements.

37. Delay in capitalization of PPE: During FY 2023-24, Company has capitalized tangible assets totaling ₹ 2058.62 crore. This includes assets of ₹367.15 crore pertaining previous years ranging from 1 to 10 years. These were not capitalized in the previous years as closure reports by the concerned departments were not submitted. In the absence of adequate information, we are unable to determine the impact on the Financial Statements of the assets that were capitalized during the current year but put to use in the previous years.

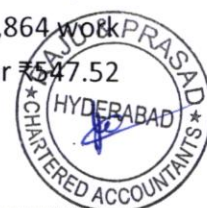
38. Long pending for capitalization of PPE though assets were put to use:

Upon reviewing the Construction Work in Progress (CWIP), we have identified certain long-pending cases, specifically involving SPS 5 HP - SBM Pump sets valued at ₹59.27 crore and the provision/replacement/releasing of meters valued at ₹5.18 crore. Upon inquiry, it was understood that these SPS 5 HP - SBM Pump sets have been installed and in use for an extended period.

This has resulted in the overstatement of CWIP and the corresponding understatement of fixed assets and depreciation. If these assets had been properly capitalized and depreciated, a significant portion of their value would have been fully depreciated by now.

39. Long pending Capital work-in-progress - Capital work-in-progress (including Intangible Assets under development), includes balances pending capitalization for a long time owing to pending analysis of status, value and obtaining of commissioning/completion certificates.

Refer Annexure to Note No.10, of financial statements: As on 31.03.2024, there are 68,148 open work orders amounting to ₹4,278.55 crore (Previous Year ₹3,067.26 crore), out of which 5,864 work orders pending closure (capitalization) for more than 3 years is ₹265.13 crore (Previous Year ₹547.52 crore) which account for 8.6% percent of total value of work orders.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

However, these work orders could be pending closure due to various reasons, such as

- a. The actual work has been completed, but the work orders have not been capitalized yet due to pending documentation and the furnishing of commissioning/completion certificates., resulting in understatement of Property, Plant & Equipment and Intangible Assets and the depreciation/amortization thereon.
- b. Delays in the completion of work, including stalled projects/works, due to various factors. However, the company has not conducted the Impairment study to identify potential impairment losses related to these work orders.

As the company did not provide us with the case-by-case status of the pending work orders along with supporting documents, we are unable to determine the number and value of work orders falling under case (a) or case (b) scenarios. Also, we are unable to ascertain the consequential impact on the balances of CWIP, Property, Plant, and Equipment, Intangible Assets, and the related depreciation, amortization, or impairment in the company's financial statements.

40. Retirement of Transformers -

Refer Note No. 10.1(d), company is identifying the transformers which are irreparable as scrap materials and recognizing as inventory. Such scrap materials are recognized at moving average sale price by crediting other expenses. As the actual WDV of such transformers are unascertainable, the company is retiring transformers on a First-in-First-out (FIFO) basis instead of retiring the actual transformers from PPE. The consequential impact on Asset balances and depreciation on financial statements is not ascertainable.

However, AS per AS-10 property, plant and equipment retired from active use and held for disposal should be stated at the lower of their carrying amount and net realizable value. Company by recognizing at moving average sale price is contradicting to AS -10, there by profit and Inventories are overstated.

- 41. Transformers (Theft) –** Refer Note No. 10.1(d), In theft cases, As the actual WDV of such transformers are unascertainable, the company is derecognizing transformers on a First-in-First-out (FIFO) basis instead of derecognizing the actual transformers from PPE. The consequential impact on Asset balances and depreciation on financial statements is not ascertainable.

- 42. Derecognition of Burnt Meters -** Refer Note No. 10.1(f), It has come to our attention that the company is continuing to carry the written down value of "burnt meters" in its books of accounts.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

even though these meters are no longer in existence since they are replaced with new meters. This practice is not in accordance with AS 10

Company is collecting deposits from consumers to replace the burnt meters. Cost of new meters is adjusted against the deposits from consumers instead of capitalizing the same. Differential amount between deposits from consumers and cost of meters should be transferred to P&L but the same is lying as other current liabilities in the books of accounts resulting in understatement of income and overstatement of liabilities. In the absence of adequate information, we are unable to comment the impact on financial statements to that extent.

43. Derecognition of Assets (other than Transformers and Burnt meters) - In cases where an old asset is replaced with a new asset (excluding Distribution Transformers and Burnt Meters), the new asset is capitalized at its weighted average cost less scrap value of the replaced asset. However, the old assets are not derecognized from the books of accounts. As a result of these practices, the consequential impact on the asset balances and the depreciation on the financial statements cannot be ascertained.

44. Note No. 10 Para 4 is invited wherein, following the amendments made to the second transfer scheme vide G.O.Ms No. 142 dated 29.09.2001 and the third transfer scheme vide G.O.Ms. No. 396 dated 09.06.2005, the company adopted the assets & liabilities and the balances against Power Purchase, loan liabilities, and receivables from Govt. of A.P at the values stipulated in the respective government notifications, which are provisional and subject to further adjustment as may be determined by the State Government and Audit. In the absence of relevant information, we are unable to express our opinion on the closing balances of such assets / liabilities transferred to the company under the afore-mentioned transfer schemes.

45. Capital Advance paid w.r.t acquisition of a power plant: Refer Note No. 12.3, Capital Advances includes ₹133.64 crore towards cost of fixed assets and inventory (stores & spares/naptha) in respect of 216 MW gas-based power plant acquired in April 2016. This acquisition is in association with APEPDCL (company share 65.73% and APEPDCL share 34.27%). The plant is under operation and the energy generated was utilized by the AP DISCOMs. Though the asset acquired was put to use, amount paid is still continued under Capital Advances as sale deeds are not executed in favor of the company. APEPDCL has filed a complaint vide C.C.S.R.No. 3011 before VII Addl. Judicial First-Class Magistrate Court, Rajamahendravaram and the FIR was filed vide Crime No. 166 of 2021 in S.H.O. Kadium Police station. In this regard, as per the approval of competent authority APDISCOMs have filed petition before Hon'ble APERC as O.P.No. 59 of 2021. Later, liquidation process was initiated against the transferee company under CIRP on 15 Dec 2022. Of the project assets, it was found that land to the

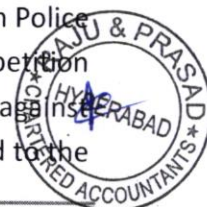
Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666



RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

extent of 180 acres is in the prohibited property list as per Registration 1908 Sec 22 (A). On 30th December 2023 A letter was addressed by the Liquidator of the transferee company to the Collector and District Magistrate, East Godavari District requesting for removal from prohibited property list and mutate the land in the name of transferee company to enable registration process in favor of APDISCOMs.

Further to above, company has incurred capital cost of ₹39.48 crore which is also shown under Capital advances to suppliers/contractors.

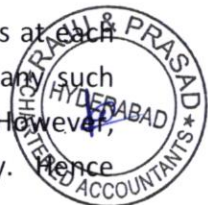
Company has taken the possession and running the plant. Hence considering the substance over the form, it should have capitalized the advance paid and accordingly depreciation should have been made. By not doing so company has deviated the accounting principles and accounting standards. In the absence of adequate information, we are unable to quantify the impact on the financial statements.

46. Other long pending capital advances: The company has certain long-pending advances, including ₹7.73 crore paid to a software company and ₹34.20 crore shown in the financial ledger "COMMON VENDOR FOR OP BALANCES" in the books of accounts. There is no certainty of realizing economic benefits against these advances as they have been outstanding for several years. On a prudence basis, the company should have created a provision for these amounts. As there is no provision made, it has resulted in an overstatement of capital advances and an understatement of expenses to that extent.

During the FY 22-23, company has purchased a vehicle for an amount of ₹0.31 crore. Amount paid is shown under capital advances. However, the company has not capitalized the advance, resulting in an overstatement of advances and an understatement of Property, Plant, and Equipment (PPE) and depreciation.

Furthermore, capital advances include other advances of ₹ 1.57 crore which is long pending. In the absence of adequate information, we are unable to comment on the impact on the financial statements.

47. Impairment of Assets: As per AS-28 "Impairment of Assets" An enterprise should assess at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the enterprise should estimate the recoverable amount of the asset. However, company has not carried out any Techno-economic assessment/Impairment study. Hence



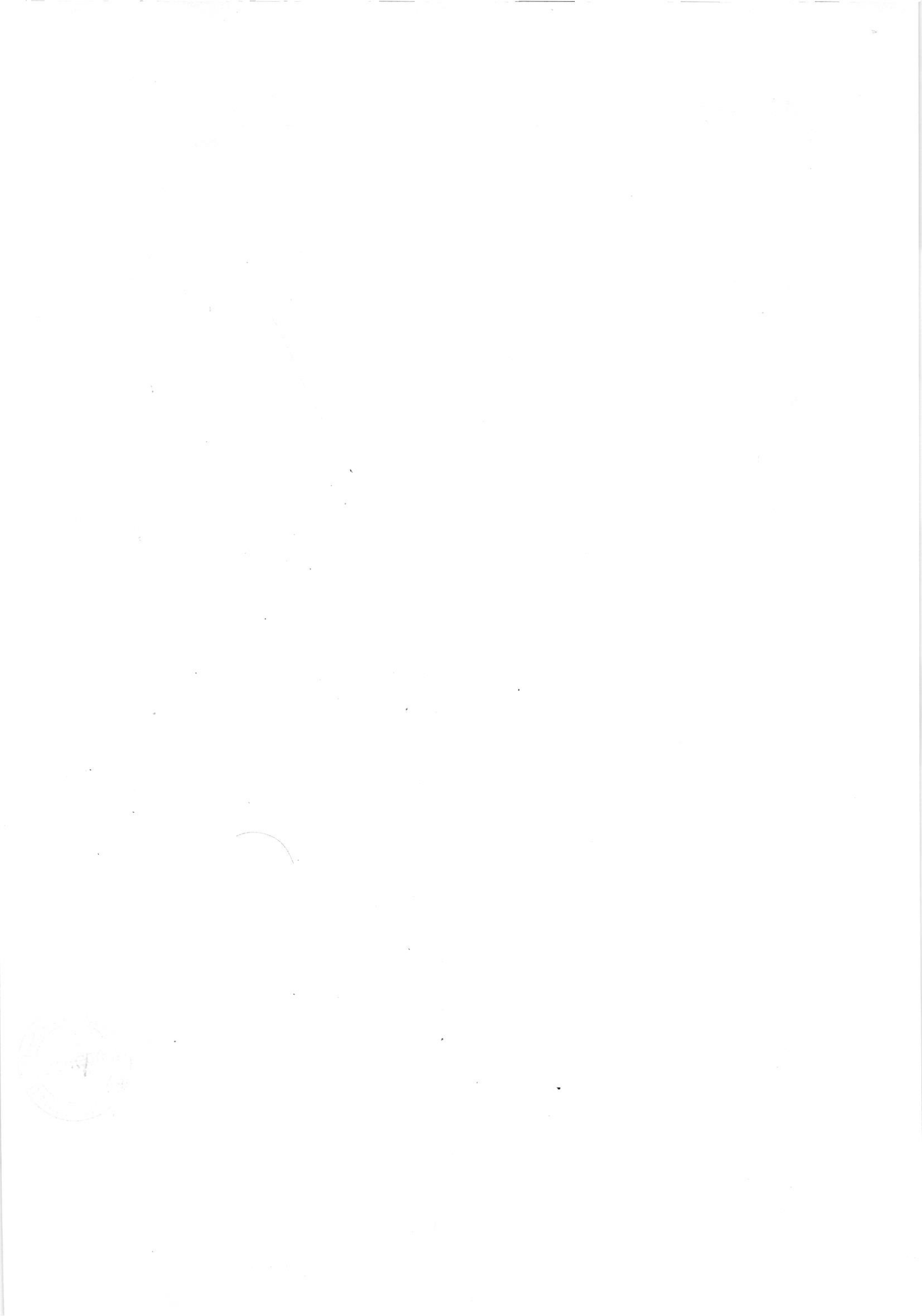
Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666



RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

identification of impairment loss and provision thereof, if any, has not been made. Therefore, the same is not in accordance with AS-28.

48. The Company has not made adequate disclosures in respect of Property, Plant and Equipment and Intangible Assets as required by Schedule III of the Act.

The consequential impact on the capital work-in progress, Property, Plant and Equipment, depreciation and amortization, impairment, loss for the year owing to above stated qualifications, if any, is presently not ascertainable.

VI. Inventories:

49. (a) **Valuation of Inventory:** The company is valuing the inventory on weighted average cost. However, it should be valued at cost or Net Realizable Value (NRV), whichever is lower, leading to non-compliance with AS-2 "Valuation of Inventories".

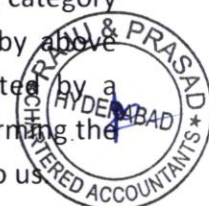
(b) Also, Company has not recognized the Renewable energy certificates as Inventory whose derived cost is ₹ 1.03 crore. This has resulted in understatement of asset and profit for the year to the same extent.

50. **Advances unadjusted:** Refer Note 8.2, customer related liabilities include ₹165.03 crore received as advance towards sale of scrap. Refer Note No. 17.3, receivables from others, include receivables of ₹189.02 crore towards sale of scrap. These balances includes and amount of ₹156.10 crore to be set off against each other. Not doing so has resulted in overstatement of other current assets and other current liabilities to that extent.

51. **Provision for obsolete, slow-moving, and non-moving stocks:** Refer Note No. 13.4, there is no comprehensive mechanism of identifying the obsolete, slow-moving, and non-moving stocks. As a result, we are unable to comment on the adequacy of provision made towards such stocks. Provision as at 31.03.2024 is ₹16.91 crore (including provision made during the year of ₹1.21 crore).

VII. Revenue:

52. **Tariff Subsidy of Agriculture sales:** Refer Note 20.1 (a), Tariff Subsidy from GoAP of ₹7,206.18 crore (excluding FPPCA) has been recognized in respect of agriculture consumption under free category consumers (unmetered). Tariff subsidy is determined based on consumption of units by above referred category of consumers. As there are no meters, units consumed is estimated by a department within the company. As there is no sufficient and appropriate evidence confirming the actual units consumed under such category, we have relied on the information provided to us



Mumbai Branch:

511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:

202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:

57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:

Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:

Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

53. Pole rental charges: Refer Note No. 19.6 includes pole rental charges of ₹4.72 crore, with regards to same, the Fiber Net Operators Federation have filed Writ Petition No: 8417 of 2020 in the Hon'ble High Court of Andhra Pradesh at Amaravati regarding directions given by Superintending Engineers for collection of monthly rental charges for laying cable wires on DISCOM supports/Electrical Poles as illegal, unjust, ultra vires in gross violation of Sec 4(B) of the Cable Television Net Work (Regulation) Act, 1995 besides violation of Constitutional Guarantees and to consequently set aside the said Memos. Accordingly, court has given interim direction to the respondents not to collect from the members of the petitioner federation any kind of charges demanded in the impugned order other than monthly electricity consumption charges under the monthly electricity bills. However, it is made clear that this Order would not preclude the individual cable operators/members of petitioner federation to make payments of charges as fixed by the concerned authorities, if they are agreeable for the charges so fixed/levied. Therefore, company on a prudence basis should not recognize income on accrual basis since there is no certainty in collection Pole rental charges.

54. Refer Note 19.4, the company has recognized "Other Income - Delayed Payment Surcharge" from consumers of ₹1,185.96 crore. An amount of ₹0.05 paise per 100 per day is levied, accordingly DPS is calculated on the outstanding receivables and revenue is recognized. As mentioned in Annexure-A to Note No.14, there are long outstanding receivables. In such cases, recovery of DPS is uncertain. Hence company shall have a mechanism to ascertain DPS on long outstanding receivables and to recognize the provision in the financial statements. As there is no adequate information, we are unable to quantify and provide the impact on the financial statements.

VIII. Trade Receivables:

55. Trade receivables of ₹ 13,221.69 crore:

- Includes an amount of ₹ 1166.46 crore which was recognized as revenue stating that the company has right on surplus energy generated by APGPCL. APGPCL approached Hon'ble High court of Andhra Pradesh and obtained stay order in their favor. In such case, on prudence basis, company shall not recognize revenue or shall recognize provision for the same.
- Includes an amount of ₹ 606.69 crore which are disputed on the grounds of FSA Adjustments, Electricity duty, Cross subsidy surcharge, Wheeling charges etc. Company has not made case to case analysis in order to ascertain provision required. As a result, we are unable to comment on the short fall of provision.



Mumbai Branch:

511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:

202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:

57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:

Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:

Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

- Includes an amount of ₹ 5484.04 crore which long pending receivables for more than 3 years from the Government departments like Irrigation and Panchayat Raj. Also includes ₹1,753.15 crore Which are involved in various court cases.

As per company's policy provision is made for debtors outstanding for a period of more than 4 years, **excluding** receivables from Government Departments/Companies and amounts involved in Court Cases. However, according to AS - 9 "Revenue Recognition", if uncertainty arises regarding the ultimate collection of revenue after recognition, a provision for doubtful debt should be made. Therefore, it is evident that the company's accounting policy is not in accordance with AS - 9 "Revenue Recognition". As a result, the provision for bad and doubtful debts of ₹79.30 crore is inadequate vis a vis long outstanding receivables as mentioned above.

56. The Company is using separate software (Comprise Consumer ledgers) to measure and record individual transactions of billing to Customers. These transactions are uploaded into SAP (Finance ledgers) on a monthly basis. Trade receivables as per Consumer ledgers is ₹ 13,368.76 crore whereas trade receivables as per Financial Ledgers is ₹ 13,221.69 crore resulting in a variance of ₹ 147.07 crore. In the absence of details and pending reconciliation we are unable to quantify the impact of misstatements on financial statements in respect of Revenue and Trade Receivables.

IX. Employee Benefits:

57. The erstwhile APSEB has unbundled into APTRANSCO, APGENCO, APSPDCL & APEPDCL. While unbundling, a trust was formed by name Andhra Pradesh State Electricity Employee Master Pension and Gratuity Trust (Master Trust) under the control of APGENCO. The main function of the Master Trust is to pay the pension (100% Pension) including retirement benefits to the pensioners who were retired before 01-02-1999 and to the Employees who were appointed in the erstwhile APSEB (Before 01-02-1999) and are going to be retired/ expired after 01-02-1999 @74%, remaining 26% will be paid by the APTRANSCO, APGENCO, APSPDCL AND APEPDCL which were emanated from the erstwhile APSEB. Pension and Gratuity Liability of the company w.r.t employees joined before 31st January 1999 is allocated as below:

Particulars	Unit Trust (P&GS Trust of the company)	Master Trust (Operated by APGENCO)
Gratuity for employees who continued on rolls beyond 31st January 1999	26% till 31 Mar 2029 100% after Mar 2029	74% till 31 Mar 2029

Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

Particulars	Unit Trust (P&GS Trust of the company)	Master Trust (Operated by APGENCO)
Pension to the Pensioners (including family pensioners) who retired from employment on or before 31st January 1999	0% till 31 Mar 2033 100% after Mar 2033	100% till 31 Mar 2033
Pensioners (Including family pensioners) who retired from employment after 1st February 1999 till date of valuation	26% till 31 Mar 2029 100% after Mar 2029	74% till 31 Mar 2029

Liability allocated to the P&GS - Provision to be made as per the actuarial valuation report is ₹2,631.92 crore. Whereas, the company has made provision only to the extent of ₹1094.54 crore. Thereby resulting in shortfall of provision by ₹1,537.38 crore. Also, company has not classified the provisions into short term and long term.

Liability allocated to Master trust – Master trust shall discharge the liability as enumerated in column 2. In case of any deficit to Master trust (i.e., its own funds are not sufficient to meet the obligations), company has an obligation to contribute towards such deficit and the same was charged to profit and loss account of ₹783.73 crore during FY 2023-24 in the form Additional Interest on Pension Bonds under Employee Benefits Expense. Company does not have a system of estimating deficit and making a provision at the year end. In the absence of adequate information, we are unable to comment on the consequential impact on the financial statements.

Further, the disclosure requirements w.r.t Employee benefits are not fully complied in accordance with Schedule III of the companies Act.

58. Deposits for Contribution Works (DCW): The company receives funds from various consumers for shifting the existing distribution network, accounting for these funds as deposits for contribution works (DCW). These deposits are intended to be utilized for the abovesaid purpose. However, upon review, it was noted that these deposits, amounting to ₹56.94 Crore, have been long pending, ranging from 1 year to 14 years. These deposits are pending reconciliation. In the absence of this reconciliation, we are unable to comment on the impact on the financial statements.

59. Refer Note No. 12.4 & 16.6, Long Term and Short-Term Loans & advances to staff has an outstanding balance of ₹ 13.88 crore (31.03.2023: ₹ 17.72 crore) and ₹ 0.47 crore (31.03.2023: ₹ 0.38 crore) as at 31.03.2024. These advances are given for various purposes such as Housing, Education, Computer, Marriage, Tour advance, Festival advance, Education advance, Conveyance, Pay Advance etc., to employees. Company doesn't have list of employee wise advances outstanding as at 31.03.2024 in

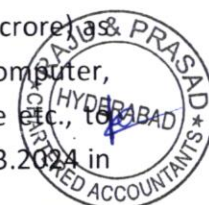
Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666



RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

the ERP. There are certain advances which are long outstanding and are subject to reconciliation and adjustments, if any. As a result, the classification of loans into short-term and long-term cannot be definitively determined.

60. As per Tariff order for FY 2022-23 given by Hon'ble APERC, Distribution True up amount collected by the company shall be deposited with the employee trust towards pension and leave encashment liabilities of the company. As at 31.03.2024, an amount has been collected as Distribution true up, but there is no remittance to the P&GS trust. In view of the specific direction from APERC, the management may take adequate measures to contribute to Trust an amount equal to the collections out of Distribution True-up so that there will not be unnecessary burden in future.

X. Government Grants:

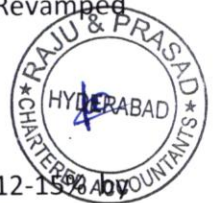
61. Assets purchased under Government Grant Schemes are not shown separately as required under AS-12 "Accounting for Government Grants".

Company has received specific grants for various projects such as IPDS, RGGVY, DDUGJY, Smart City, RDSS, DDG, etc. Company has recorded all grants received in a single ledger account. Projects department is maintaining the grants received and amount spent against each grant. However, on test check information given by project department is not matching with books of accounts. Hence such amounts are subject to reconciliation.

The contributions received from consumers and specific grants from the State/Central Governments or their agencies for creation of tangible assets are recognized as "Reserves" on receipt basis, even before the creation of the said assets. As stated in Note No. 13 in Statement of Accounting Policies, these are amortized as per weighted average rate of depreciation on the Gross Block of assets built out of the said contributions and grants, instead of the specific assets created with the said contributions/ grants, which is contrary to AS-12. In the absence of adequate information, we are unable to comment on the consequential impact on the financial statements.

62. **RDSS Project:** The Ministry of Power (MoP), Government of India (GoI), has launched the Revamped Distribution Sector Scheme and Results Linked Distribution Sector with the objective to:

- Improve the quality, reliability, and affordability of power supply to consumers.
- Reduce Aggregate Technical and Commercial (AT&C) losses to pan-India levels of 12-15% by 2024-25.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

- Reduce the Average Cost of Supply (ACS) to Average Revenue Realized (ARR) gap to zero by 2024-25.

The approved project cost for loss reduction works under the RDSS is ₹5,084.37 crore, with the Gol grant portion amounting to ₹3,050.62 crore. The company awarded the total project in **four** packages. Only 3 vendors participated in the bidding process out of which contracts have been awarded to **two** contractors. Hence, in our view there is no vendor diversity. Also as the company has not provided bid technical and financial evaluation documents, we are unable to comment further on bidding process.

RDSS - Price Adjustment Under RDSS Contracts

As per the terms of the contracts awarded under the Revamped Distribution Sector Scheme (RDSS), price adjustments are applicable to specified supplies based on separate formulae detailed in the contracts. However, the company has not ascertained the price adjustments for the supplies delivered until the year-end thus not accounted in the financial statements. In the absence of adequate information, we are unable to comment on the financial impact this may have on the financial statements.

RDSS Project - Interest on Mobilization Advance

As per the agreement terms, interest on mobilization advances provided to contractors should be adjusted before releasing the 30% payment for Supply bills and 90% payment for the Installation bills. Further, this interest is to be calculated at the Marginal Cost of Funds Based Lending Rate (MCLR) for one year of the State Bank of India (SBI), prevailing on the date of the advance payment to the contractor and the interest rate shall be calculated on the daily progressive balances outstanding as on the date of recovery/adjustment i.e. on daily rest basis

However, upon verification on a test check basis, it was found that the company has not accounted the interest on these advances outstanding as on year end. This has resulted in understatement of other income (interest income) and other current assets by ₹7.49 crore.

XI. Cash and Cash Equivalents



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

63. The Bank Reconciliation Statements prepared by the company for the year ended 31st March, 2024 contains many outstanding unidentified entries amounting to ₹ 16.66 crore (Company Excess of ₹1.14 crore and Bank Excess of ₹ 17.81 crore). Out of these, unidentified entries more than one year old entries are of ₹1.06 Crore (Company Excess) and ₹3.53 Crore (Bank Excess) respectively. In the absence of required information, we are unable to comment upon the impact thereof on financial statements.

XII. Borrowing Costs:

64. Note No.23.5, Statement of Accounting policies states that interest during construction is calculated and capitalized at the rate specified for each scheme from the date of expenditure incurred till the date of Capitalization. During the year, company has capitalized ₹179.29 Crore (Previous Year ₹141.07 Crore) of such interest. As per AS-16 "Borrowing Costs" Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset. The amount of borrowing costs eligible for capitalization should be determined in accordance with the Standard. Other borrowing costs should be recognized as an expense in the period in which they are incurred. However, Company is unable to identify the borrowing cost incurred specifically for a particular asset. Hence capitalized the interest cost at the average rate of borrowing cost incurred during the previous year. This is in contradicting to the AS-16 as well as accounting policy of the company.

Further, as per AS-16 capitalization rate should be the weighted average of borrowings costs applicable to the borrowings that are outstanding during the year. But company is computing the rate based on the borrowings of the previous financial year (FY 2022-23).

The consequential impact on the capital work-in progress, Property, Plant and Equipment, depreciation and amortization and profit for the year owing to above deviation from accounting standard, if any, is presently not ascertainable.

XIII. Taxes on Income:

65. Deferred Tax asset / liability has not been recognized by the Company towards the tax effect of timing difference between taxable income and Accounting Income including accumulated losses in the accounts as required under AS-22 "Accounting for Taxes on Income". The impact of above deviation is presently not quantifiable.

XIV. Non-Current Investments:

Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666



RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

66. Investment in Andhra Pradesh Power Development Company Limited (APPDCL): Refer note no. 11, During the year company has subscribed for the right shares issued by APPDCL. Resulting in further investment of ₹ 171.50 crore (including ₹85.24 crore on behalf of APCPDCL which is accounted as receivable from APCPDCL). Total investment of the company in APPDCL is ₹189.68 crore.

As per the audited financial statements as at 31.03.2023, Net worth of APPDCL is negative ₹1,285.06 crore indicating a permanent diminution in the value of the investments. However, the company has not made provision for diminution in value of investments as required by Accounting Standard 13 "Accounting for Investments," resulting in an overvaluation of investments and an undervaluation of provisions.

XV. Receivables from GoAP:

67. Note No. 17.1, Other current assets include receivables from State Government of Andhra Pradesh of ₹7304.94 crore.

- Other current assets include ₹353.61 crore receivable from GoAP towards reimbursement of salaries paid to Energy Assistants (G.O.Ms.No.110 dt. 19.07.2019 read with Lr.No. ENE01/490/2019). APSPDCL is availing the services of Energy Assistants and no amounts were reimbursed by GoAP since inception. On prudent basis, provision towards the above shall be made, yet the company has not made the same resulting in understatement of expenses and overstatement of receivable.
- It includes as sum of ₹11.16 crore (₹ 8.96 crore interest and ₹ 2.20 crore principal) receivable from GoAP, towards reimbursement of principal and interest of Indiramma Loans which is long outstanding. There is no certainty in reimbursement of such loan by GoAP. On prudent basis, provision towards the same shall be made, yet the company has not made the same resulting in understatement of loss and overstatement of receivable.
- It includes a sum of ₹ 106.82 crore receivable from GoAP for which no underlying information is available. In view of the same, there is uncertainty over recovery of such amounts. However, there is no provision made towards the same. This has resulted in overstatement of profit and overstatement of advances.
- Company has incurred certain expenses on behalf of other Government departments. Amount incurred up to 31.3.2024 of ₹ 5.39 crore was shown under CWIP. During the year, company has accounted such amount as receivable from GoAP by crediting reserves (i.e., development charges) Instead of crediting the CWIP. This has resulted in overstatement of reserves and overstatement of CWIP.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

XVI. Others:

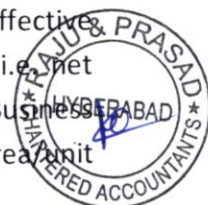
68. Other current assets include following balances which are long pending for recovery, with no confirmation of balance by the other party. On prudent basis, company shall make provision towards the same. As the same is not made resulted in an understatement of expenses and an overstatement of other current assets.

- Incurred during Hud Hud cyclone on behalf of APEPDCL – 0.15 Crore
- Incurred towards emergency services of other parties – ₹2.04 crore
- Incurred towards apprentice salaries – ₹ 0.40 crore
- Incurred towards Mobile bills on behalf of Employees - ₹ 0.61 crore
- Incurred towards Cell Phone on behalf of Employees - ₹ 0.17 crore
- Sundry Debtors for other Income (Power Purchase) - ₹ 8.86 crore
- Receivables from TSSPDCL (erstwhile APCPDCL) – ₹ 27.02 crore

69. Refer to Note 16.4: Short term Loans and Advances include ₹851.03 crore as excess Electricity Duty paid to the Government of Andhra Pradesh (GoAP). As per Rule 3 of The Andhra Pradesh Electricity Duty Rules, 1939, every licensee and every person or generating company that generates energy shall pay the Electricity Duty payable in respect of a month by the expiry of the following month into a Government Treasury. The company paid an amount of ₹1,210 crore as Electricity Duty on 30.03.2024, resulting in an excess payment of ₹851.03 crore. This excess payment is prejudicial to the interests of the company since it is borrowing funds at an approximate interest rate of 10%.

70. During FY 2023-24, the company deposited an amount of ₹500 crore into the PD Account in September 2023. The same amount was withdrawn from the PD Account in February 2024. As a result, the company effectively provided interest-free funds to the government for a period of five months while company has availed loans and paid interest. This action is prejudicial to the interests of the company.

71. **Implementation of "SAP" ECC 6.0** - During the financial year 2010-11, the company implemented SAP ECC 6.0 version with effect from 1st May 2010 for better internal control system and effective maintenance of Books of accounts. Unit Wise Opening balances to the extent available i.e. Net balances for each account are now reflected in the Trial Balance of the respective Business Areas/units in the financial year 2011-12. Reconciliation of Line items and Business Area Unit



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

opening balances was not yet done. GL Balances which are not directly identifiable against any Business Area are kept in the Business Area 9999 – GM/Costing unit including unidentifiable balances taken over in 2nd Transfer Scheme. These balances are pending for reconciliation and confirmation. In the absence of adequate information, we are unable to comment on the impact of the financial statements.

72. Until FY 2022-23, the company accounted for power purchase and associated working capital loan transactions in the 555 server of APSPDCL, which were later manually uploaded to the main server (999). During FY 2023-24, the company accounted for all power purchase transactions and associated working capital loans in the 555 server of APCPDCL (not APSPDCL). These transactions were uploaded to the main server (999) in May 2024, i.e., after the completion of the financial year.

However, there are no established checks and controls to verify the validity of the data entered in the main server (999). In the absence of such controls, we are unable to quantify the impact of any potential misstatements on the financial statements regarding power purchase-related transactions.

73. Following account balances have not been reconciled as at 31st March 2024 and accordingly we are unable to express an opinion on the effect of said un-reconciled amounts on the financial statement of the company for the year:

- Note No.17.5 Para 3 non-reconciliation of Inter Unit accounts to the extent of ₹137.33 crore debit balance (previous year ₹128.79 crore debit balance).
- Note No.8.5, amount appearing under “Debt Service Clearing A/c” with a credit balance of ₹63.82 crore (previous year ₹12.93 crore credit balance).

74. Refer Note No. 26A Para 1, Balance of Trade receivables, Trade payables, Suppliers, Contractors, ICD (DISCOMs), Deposits for electrification service connections, Loans and Advances, receivables from Government and other balances are subject to confirmations and further adjustments upon reconciliation.

Further, we have not received the confirmation of balances, financial statements, and Audit Report of APSPDCL Provident Fund Trust, APSPDCL Pension and Gratuity Trust, APSEE Master Pension and Gratuity Trust and APSPDCL Employee Welfare Society for the FY 2023-24. Hence balances with such trusts are subject to reconciliation and adjustments (if any). Also, we refer to note 17 where the Company disclosed ₹7,277.66 crore as collection of tariff and scheme subsidy against the demand of ₹7857.52 crore for the current year 2023-24. Whereas ₹7,277.66 crore include ₹554.65 crore

Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

pertaining to previous years. As a result, disclosure of the collection during the year against the current year's demand is not correct to that extent.

75. Refer Note No. 26A Para 6, Section 43B(h) of Income Tax Act, 1961 states that any sum payable by the assessee to a Micro & Small Enterprise beyond the time limit specified in Section 15 of the MSMED Act shall be allowed as a deduction only in the previous year in which the sum has been actually paid. The company has not adequately identified the Enterprises qualifying under the definition of Medium and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Since, there is no identification of MSME vendors we are unable to quantify the amount of disallowance

76. The Hon'ble APERC vide its Tariff Order for Retail Sale of Electricity for the period FY2017-18 to FY 2022-23, allowed cost towards compensation to victims of electrical accidents and directing the company to maintain a fund for the same. Till FY2023-24, the APERC allowed cost of ₹74 crore towards the fund in Aggregate Revenue Requirement (ARR).

During the period from FY2017-18 to FY2023-24, the APSPDCL disbursed a sum of ₹41.24 crore as compensation for electrical accidents. Refer Note No.15.1(b), as at 31.03.2024, the company has available amount of ₹0.52 crore in its Bank Account earmarked towards fund for Electrical Accidents Compensation. Consequently, there exists a deficit of ₹32.24 crore (₹74.00 crore - ₹41.24 crore - ₹0.52 crore) in the aforementioned account.

77. During FY2018-19, funds earmarked for the contingency reserve were utilized to support cyclone rehabilitation efforts and have not been fully replenished since then. Refer Note No. 15.5 (a), as on 31.03.2024, the contingency reserve stands at ₹25.05 crore, while the available bank deposits amount to ₹3.28 crore. Therefore, there is a deficit of ₹21.77 Crore in the fund amount.

78. **Provision - Administration & General expenses** – This includes a provision amounting to ₹45.00 crore (2% of ₹2250 crore) from FY 2018-19, made towards the guarantee commission for a loan taken from the State Bank of India of ₹2250 crore. It also includes a provision of ₹0.73 crore from FY 2019-20, made towards bank charges. However, these provisions have not been adjusted, paid, or reversed subsequently. Due to the absence of adequate information, we are unable to comment on their impact on the financial statements.

79. Company does not have adequate information and details about the following balances which are long pending. In the absence of adequate information, we are unable to comment on the impact on the financial statements



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

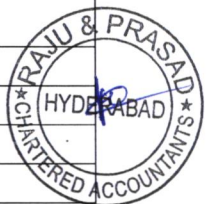
RAJU & PRASAD
CHARTERED ACCOUNTANTS

Head Office:
401, "Diamond House",
Adj, Amrutha Hills,
Punjabgutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

S. No	Particulars	Balance in (₹ Crore)	Dr/Cr	Reference to Financials
1	13 INVENTORIES CLEARING	0.156	Dr	Note No.13
2	GRIR-Clearing Account- PO OPEN ITEM OF 4.7	(2.167)	Cr	Note No.7
3	SRIR-Clearing Account- SERVICE PO OPEN ITEM OF 4.7	(5.087)	Cr	Note No.7
4	Service Tax Payable to Contractors / Vendors	(3.433)	Cr	Note No.8
5	Swachh Bharat Cess (SBC)-Contractor Share	(0.114)	Cr	Note No.8
6	Krishi Kalyan Cess (KKC)-Contractor Share	(0.057)	Cr	Note No.8
7	Deposits Year End Adjustment	(31.534)	Cr	Note No.8
8	Provision for Tax Reimbursement	(1.016)	Cr	Note No.8
9	Misc. Deposits - Contractors/Vendors	(3.283)	Cr	Note No.8
10	Creditors Other	(0.051)	Cr	Note No.8
11	Sundry Debtors – CL & FL Difference	(23.318)	Cr	Note No.8
12	Liability For FSA Payable	(117.668)	Cr	Note No.8
13	C- Form Deposit @ 3% Scrap of material	(0.441)	Cr	Note No.8
14	Other Deposits	(68.321)	Cr	Note No.8
15	Other Receivables - EESL	(9.503)	Cr	Note No.8
16	Unknown GST Electronic Ledger Credits	(0.015)	Cr	Note No.8
17	Un reconciled GST TCS Vendor	(0.389)	Cr	Note No.8
18	TCS Sales Tax (VAT) - Sale of Scrap	0.038	Dr	Note No.8
19	Service Tax Payable	(1.688)	Cr	Note No.8
20	Service Tax Received from Consumer Estimates	(0.062)	Cr	Note No.8
21	Liability -Energy Asst.- Outside Remittance	(0.459)	Cr	Note No.8
22	TCS Sales Tax (VAT) - Sale of Tender Schedules	(0.013)	Cr	Note No.8
23	Central Sales Tax (CST) - Sale of Scrap	(0.004)	Cr	Note No.8
24	Entry Tax	(0.065)	Cr	Note No.8

80. Company does not adequate information and details about the following balances. As a prudent measure, provision towards this advance should have been made. The absence of such provision has resulted in an overstatement of profit and an overstatement of advances on the financial statements.

S. No	Particulars	Balance in ₹ Crore	Dr/Cr	Reference to Financials
1	Advance to M/s. Cheyyur Ultra Power Project	0.45	Dr	Note No.16
2	Advance Fringe benefit tax	3.76	Dr	Note No.16
3	Fringe benefit tax	-3.56	Cr	Note No.16
4	Sundry Debtors Other discoms	-581.84	Cr	Note No.17
5	Creditors Other Discoms	727.05	Dr	Note No.17



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

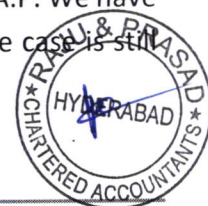
S. No	Particulars	Balance in ₹ Crore	Dr/Cr	Reference to Financials
6	BANK GM-COSTING (FOR DIFF IN O.B)	0.70	Dr	Note No.17
7	9995-Power Purchase	1.43	Dr	Note No.17
8	Scrap Devolution/Scrap Sale Release	2.32	Dr	Note No.17
9	Cash Advance Clearing Account	-0.86	Cr	Note No.17
10	Loans & Advances to O & M staff EPF arrears	-0.04	Dr	Note No.16
11	Loans Receipt Clearing Account	-0.43	Cr	Note No.3

81. Reporting on Allegations:

- Certain allegations were levelled, while execution and procurement of Cover Conductor from M/s. Raychem-RPG Pvt. Ltd. In this regard, a writ petition (WP (PIL) No. 349/2018) had been filed before the Hon'ble High Court of A.P. to enquire into the matter. Accordingly, Commissioner of Inquiries was appointed vide G.O. Rt. No. 46 dated 15.04.2019 to enquire into the allegations.

Special Chief Secretary to Government/Energy Department via Letter No. ENE01-15022/5/20189, dated 21.02.2023 informed the company to release all terminal benefits to the retired persons and not to stall any benefits to any employee involved in the instant case, treating that there is no case pending against any officer. Based on the letter, further action dropped orders were issued to the 6 retired/service employees on 29.04.2023.

- Certain allegations were levelled, while execution and procurement of Electrostatic Energy meters from M/s. Avenir Technologies Pvt. Ltd. In this regard, a writ petition (WP (PIL) No. 65/2019) had been filed before the Hon'ble High Court of A.P. to enquire into the matter. We were informed that, based on the report received from the Secretary to Government, Energy Department, Govt. of A.P., explanation of the officials / retired officers was called for and a report was submitted to the Secretary to Government, Energy Department, Govt. of A.P. We were informed that based on the recommendations of the DISCOM Board on the explanations submitted by employees, a letter was addressed to the Govt. of AP, and the Govt. of AP has decided to withdraw Letter dated 11.09.2020. However, the Hon'ble High Court of A.P. in WP (PIL) No. 65/2019 has directed to place the record before the Hon'ble High Court of A.P. We have been informed that, the records were submitted to the Hon'ble High Court and the case is still pending.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

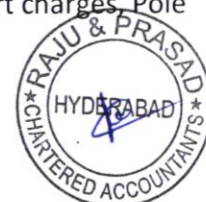
RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

- As the case is still pending, we are unable to comment on the fraud reporting on the above allegations.
82. There were certain observations on the company w.r.t Price determination of certain materials procurement. We have made an enquiry and also asked for certain key information by issuing letters to the company. As the company has not provided adequate response on the said matter, we are not able comment or consider in concluding our opinion.
83. Company has given mobilisation advances (to contractors) against the bank guarantee provided by the contractors. There are certain bank guarantees which are issued by an overseas bank (not a scheduled or nationalized bank). The credit worthiness of this bank is not analyzed or assessed by the company. There are also certain observations in the media against these bank guarantees. As on the date of this report there is no outcome on the said matter. Hence, we have not considered in concluding our opinion. Company has considered mobilisation advances as good, as there is recovery of advances in course of making the payment against the work done.
84. Refer Note No. 23 Para 6, The NEF (National Electricity Fund) Steering Committee had considered and based on evaluation carried out by the Independent Evaluator, approved interest subsidy of 5% for FY 2022-23. This Interest subsidy is reimbursed against the interest paid during FY 2022-23 on loans availed for the projects approved under NEF. This Subsidy amount of ₹9.85 crore was accounted in the books of accounts of APSPDCL in FY 2023-24 by crediting interest expense resulting in understatement of finance cost and under statement of income/over statement of interest capitalized.
85. The cumulative effect of the non-compliance of the above and other qualifications in the para below, on the Earnings per share vide AS-20 "Earnings per Share" and financial statements is not quantifiable since adequate information is not presently available with the Company to quantify the financial impact on non-compliance of these Accounting Standards.
86. The company has not disclosed significant accounting policies or policy disclosed is inadequate w.r.t the following items. There by the company has deviated from AS 1 – Disclosure of accounting policies.
- Operational income like Cross subsidy charges, Wheeling charges, Grid support charges, Pole rental charges.
 - Power purchase cost and Banked units. Fuel cost adjustments.
 - Delayed payment surcharge levied on consumers



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai – 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai – 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane – 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati – 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

- Employee benefits
- Late payment surcharge.
- Recognition and Derecognition of Assets.
- Earnings per share
- Cash flow statement
- Contingent liabilities

87. Refer Note no. 3.2 (a) - As on 31.03.2024, FRB Bonds of ₹ 211.15 crore outstanding to APGENCO & APGENCO PF Trust. Company has obligation to pay interest on such bonds, however the company has not made provision of ₹ 157.60 crore towards the same. As a result, company has overstated the profit and understated the liability to that extent.

Emphasis of Matter.

1. **FRP Bonds** - Refer Note no. 3.2 (a) - As on 31.03.2024, FRB Bonds of ₹ 211.15 crore outstanding to APGENCO & APGENCO PF Trust. As part of implementation of UDAY scheme (Ujwal DISCOM Assurance Yojana) of GoI, GoAP has issued GO.Rt.No.11 dated 19.01.2023 to take over bonds outstanding. Hence company has recognized receivable from GoAP of ₹ 211.15 crore by crediting Reserves and Surplus during the financial year.
2. As per Notification No. 12/2017 dated 28.06.2017, GST is exempt on the transmission or distribution of electricity by an electricity transmission or distribution utility, and APSPDCL does not pay GST on the supply of electricity and related ancillary services.

The CGST Department, via Circular No. 34/8/2018 dated 01.03.2018, clarified that services provided by such distribution companies, except for transmission and distribution of electricity, are liable to GST. However, the Hon'ble High Court of Gujarat, in the case of Torrent Power Ltd, ruled that ancillary activities are part of the composite supply of electricity and exempt from GST.

Despite this ruling, various notices have been issued to APSPDCL demanding GST on ancillary services.

APSPDCL sought clarification from the Authority for Advance Ruling (AAR) - Andhra Pradesh, which stated that the exemption applies only to transmission and distribution of electricity. The Appellate Authority for Advance Rulings (AAAR) upheld the AAR's order.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

Aggrieved by the AAAR's order, APSPDCL has filed a writ petition before the Honorable High Court of Andhra Pradesh. The SGST wing has issued notices demanding GST on ancillary services for FY 2017-2018 (₹ 153.99 crore) and FY 2018-2021 (₹ 430.85 crore). An interim stay order has been granted by the Honorable High Court.

In view of the above, company has shown the demand of ₹584.85 crore as contingent liabilities

Our opinion is not modified in respect of these matters.

Key audit matters:

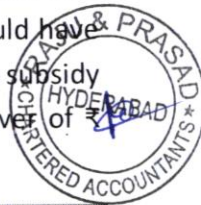
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition:

- We have obtained an understanding on components of revenues, tariff regulations, accounting policies of the company and procedures in respect of recognition and measurement of revenue.
- We have verified the revenue recognized w.r.t true up costs incurred is based on tariff regulations and prevailing accounting standards.
- We have verified whether the measurement of revenue is computed in accordance with prevailing accounting standards.
- Based on the above procedure performed, the recognition and measurement of revenue from sale of energy are considered to be adequate and reasonable.

Other matters

In view of the various qualifications (Qualification 2 to Qualification 87) as mentioned under the basis for qualification matter, profit for the year is overstated by ₹ 10,167.84 crores. The same is without considering the possible effects of qualifications which are not ascertainable and quantifiable. Had the effect of above is given by the company in the financial statements for the year, it would have reported a loss of ₹ 10,166.49 crores for the FY 2023-24. Further considering the impact of the subsidy not received for the year amounting to ₹554.65 crores, the company is eligible for takeover



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

9,649.03 crores (being 90% of (₹ 10,166.49 crores + ₹554.65 crores)) in the FY 2024-25 from GoAP, in view of the undertaking given by GoAP under Guidelines on Additional Borrowing limit of 0.50 percent of GSDP issued by Ministry of Finance, GoI in June 2021.

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

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

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SA's 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 SA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

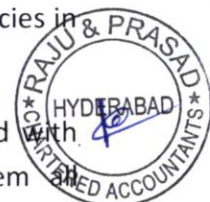
Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

- 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 Act, 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 our relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Mumbai Branch:

511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:

202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:

57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:

Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:

Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by section 143(5) of the Act, on the basis of verification of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B, to this report a statement on the directions and sub-directions issued by Comptroller & Auditor General of India, to the extent applicable.
- 3) As required by section 143(3)(i) of the Act, we give in the Annexure C, to this report, with respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls.
- 4) As required by Section 143(3) of the Act, we report that:
 - a) Except for the matters described in the Basis for Qualified Opinion Paragraph above, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) Except for the matters described in the Basis for Qualified Opinion Paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
 - d) Except for the matters described in the Basis for Qualified Opinion Paragraph above, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
 - e) The matter described in the Qualified Opinion paragraph above, in our opinion, may have an Qualified effect on the functioning of the Company.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

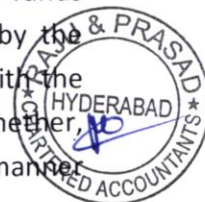
Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

- f) Being a Government Company, the Company is exempt from the provisions of section 164(2) of the Act regarding disqualification of Directors, in terms of circular No. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India.
- g) Being a Government Company, the Company is exempt from the provisions of section 197 of the Act, in terms of circular NO. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India. Hence, reporting on managerial remuneration is not applicable.
- h) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
- i. The Company has disclosed pending litigations which would impact its Financial Statements as referred in Note No 26 Para 11 of the Financial Statements, except for the matters described in the Basis for Qualified Opinion.
- ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:


401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. With respect to compliance of Sec 123 of the Act, the Company has not paid any dividend during the year.
- vi. The reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is applicable from 1 April 2023.

Based on our examination which included test checks, except for (Central billing system) CBS which is used for billing the consumers on a monthly basis and same is uploaded in the SAP, the Company has used accounting software's for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software. Further, for the periods where audit trail (edit log) facility was enabled and operated throughout the year for the respective accounting software, we did not come across any instance of the audit trail feature being tampered with.

For Raju & Prasad
Chartered Accountants
Firm's Registration No.: 003475S


H V V Narayana Murthy
Partner
Membership No: 246349



Place: Tirupati
Date: 07.11.2024
UDIN: 24246349BKBZRE7903

Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

Annexure A to the Auditors' Report
Annexure to the Auditor's Report for the year ended 31st March, 2024

(As referred to in Paragraph 1 in Report on other Legal and Regulatory Requirements of our report of even date to the Members of The Southern Power Distribution Company of Andhra Pradesh Limited on the financial statements for the year ended 31st March, 2024)

In terms of Companies (Auditor's Report) Order 2020, issued by the Central Government of India, in terms of section 143(11) of The Companies Act, 2013 ("the Act"), we further report, on the matters specified in Paragraph 3 and 4 of the said Order, that: -

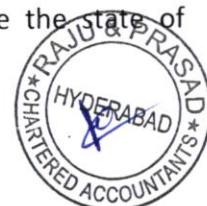
i. (a)(A) Refer Note No. 10 Para 3, the Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. However, the said details are not available for certain unidentified Property, Plant and Equipment transferred from:

- APSEB occasioned as per Second Transfer Scheme notified by Government Order Notification dated 29.09.2001.
- TSSPDCL (formerly APCPDCL) occasioned by AP State bifurcation (pertaining to Kurnool and Ananthapuramu circles).

(B) Refer Note No. 10 Para 5, the company is maintaining proper records showing full particulars of intangible assets.

(b) Company doesn't have practice of conducting physical verification of Property, Plant & Equipment. As a result, the remaining clause is not applicable.

(c) Refer Note No. 10, Para 4, in respect of Freehold lands of carrying value ₹4.92 Crore (Previous year ₹ 4.91 crore), data on lands acquired by purchase, gift or assignment by government are not available with the company. Further, the ownership documents viz. sale deed, gift deed on such lands are not fully available with the company. Also, the immovable properties transferred in pursuant to Second Transfer Scheme from APSEB (Andhra Pradesh State Electricity Board) and due to demerger of TSSPDCL (formerly APCPDCL) are not registered in the name of the company. In the absence of the above said information/documents we are unable to determine the state of ownership and titles against such properties.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

(d) The company has not revalued its Property, Plant & Equipment and Intangible assets during the year.

(e) As informed to us by the company, no proceedings have been initiated during the year or are pending against the company as at 31st March, 2024 for holding benami property under The Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

ii. (a) Physical verification of inventory has been conducted during the year by the management through Internal Auditors once in a year. The coverage and procedure for physical verification of inventory done by the Internal Auditors during the financial year is 65.79% of the Inventory as on 31.03.2024. No discrepancies beyond 10% were noticed on such verification between the physical stocks and the stock records to the extent of coverage of physical verification. The coverage and procedure for physical verification of inventory has to be improved.

(b) The Company has been sanctioned working capital limits in excess of ₹5 crore, in aggregate, during the year, from banks or financial institutions on the basis of security of current assets. We have noted instances/cases where the certain figures furnished in returns/statements filed with banks/ financial institutions are not in agreement with the books of accounts. Details of discrepancies are given below:

Quarter	Particulars	As per Stock Statement	As per Books	Variance
Q1	Stock	456.85	457.04	0.0%
	Debtors	16,797.03	12,888.48	23.3%
	Creditors	2,581.24	4,630.73	-79.4%
Q2	Stock	418.04	418.20	0.0%
	Debtors	16,541.41	13,437.39	18.8%
	Creditors	2,006.93	4,517.90	-125.1%
Q3	Stock	370.04	370.16	0.0%
	Debtors	14,510.07	14,108.13	2.8%
	Creditors	658.17	5,672.42	-761.8%
Q4	Stock	809.45	808.40	0.1%
	Debtors	14,815.15	15,011.60	-1.3%
	Creditors	1,701.18	10,427.11	-512.9%



iii. a. According to the information and explanations given to us and based on the audit procedures conducted by us, the company has not made investments in, provided any guarantee or security or

Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, LLPs, or any other parties except investment in M/s. Andhra Pradesh Power Development Company Limited (APPDCL).

b. According to the information and explanations given to us and based on the audit procedures conducted by us, Investment made is not prejudicial to the company's interest.

c. As there are no loans and advances in the nature of loans para 3 (iii) a, para 3 (iii) c, 3 (iii) d and 3 (iii) f of the order are not applicable.

iv. According to the information and explanations given to us and based on the audit procedures conducted by us,

- The company has not given any loans and advances to the parties covered under Section 185 of the Act. Thus, there is no non-compliance of provisions of Section 185.
- The company has not given any loans and guarantees or providing any security in connection with a loan, to any person or other body corporate and acquiring securities of any other body corporate against the provisions of Section 186 of the Act.

v. According to the information & explanation given to us, the company has not accepted any deposits from the public or amounts which are deemed to be deposits covered under Section 73 to 76 of the Act. Hence, the provisions of Clause (v) of the order are not applicable to the Company.

vi. The Central Government of India has prescribed the maintenance of cost records under Section 148(1) of the Act. As per the information and explanations provided and considering the cost audit report of the previous financial year, we are of the opinion that the prescribed accounts and records have been made and maintained.

vii. (a) Based on our examination of books of accounts and according to the information and explanations given to us in our opinion the company is regular in depositing the undisputed statutory dues, including Goods and Service Tax (GST), Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax (VAT), Cess and any other statutory dues, as applicable, with the appropriate authorities and there were arrears of such dues at the year-end which have remained outstanding for a period of more than six months from the date they become payable under THE EMPLOYEES' PROVIDENT FUNDS AND MISCELLANEOUS PROVISIONS ACT, 1952 due the non-linking of Aadhar to UAN. The details are as follows



Mumbai Branch:

511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:

202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:

57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:

Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:

Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

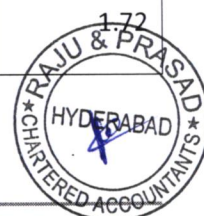
Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
EPFO	Provident Fund	1,12,33,364.01	May 2022 to August 2023	15th of subsequent month	Not Paid

The company has an outstanding demand of ₹8.73 crore relating to TDS short deduction, TDS short payment, interest and late filing fee pertaining to various years.

(b) Tax disputes with various authorities:

According to the records of the company, dues on account of any dispute with respect to Goods and Service Tax (GST), Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax (VAT), Cess and any other Statutory dues, as applicable, the particulars are furnished below:

Name of the Statute	Nature of dues	Amount in Dispute* (₹ in crore)	Period to which the amount relates / Subject	Forum where dispute is pending	Amount paid under protest (₹ in crore)
AP Entry Tax Act, 2001	Entry Tax	88.53	2002-03 to 2017-18/Entry Tax on Purchase of Goods	Honorable High Court of A.P.	28.45
VAT Act, 2005	Value Added Tax (VAT)	94.1	2007-08 to 2016-17/ VAT on Presumptive Sale of Meters	Honorable High Court of A.P.	Nil
Income Tax Act, 1961	Tax Deducted at Source (TDS)	0.38	2007-08 to 2009-10 TDS on Lease Payments	Assessing Officer (AO)	Nil
Income Tax Act, 1961	Tax Deducted at Source (TDS)	4.67	2007-08 to 2009-10 Interest on Delayed TDS	Honorable High Court of A.P.	Nil
Finance Act, 1994	Service Tax	4.62	Non-Remittance of Service Tax in Estimates	Honorable CESTAT, Hyderabad	1.72



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

Name of the Statute	Nature of dues	Amount in Dispute* (₹ in crore)	Period to which the amount relates / Subject	Forum where dispute is pending	Amount paid under protest (₹ in crore)
CGST Act, 2017	Goods and Services Tax	153.99**	GST on all receipts or income of APSPDCL except sale of energy	Hon'ble High Court of A.P.	Nil
CGST Act, 2017	Goods and Services Tax	430.85	GST on all receipts or income of APSPDCL except sale of energy	Hon'ble High Court of A.P.	Nil
Income Tax Act, 1961	Income Tax	958.90	2009-10 to 2014-15 Grants & Consumer contributions	Honorable High Court of A.P.	Nil
Income Tax Act, 1961	Income Tax	406.37	AY 2017-18 Grants & Consumer contributions	CIT (Appeals), Tirupati	Nil
Income Tax Act, 1961	Income Tax	405.91	AY 2018-19 Grants & Consumer contributions and Excess Contribution to Provident Fund or Superannuation Fund	CIT (Appeals), Tirupati	Nil
Income Tax Act, 1961	Income Tax	1.95	AY 2017-18 to 2022-23 Interest for delayed period against Non deduction Of TDS on Interest on FRP Bonds	CIT (Appeals), Tirupati	Nil
Total		2560.99			40.91

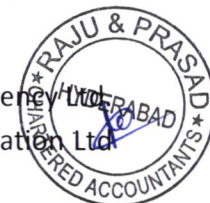
* Certain disputed amounts include share of APCDCL prior to bifurcation on 01.04.2020.

** Out of total dispute amount of ₹153.99 crore an amount of ₹ 9.92 crore was already paid on filing of returns.

viii. As per the information and explanation provided to us there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. According to the records of the company examined by us and the information and explanations given to us, subject to our Qualifications in Independent Audit Report, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender (Banks, Financial Institutions, Government), except the following

In respect of working capital loans availed from Indian Renewable Energy Development Agency Ltd (IREDA), Power Finance Corporation Ltd (PFC), PTC India Ltd., Rural Electrification Corporation Ltd



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

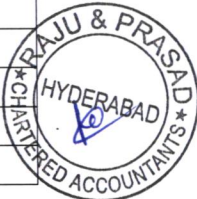
RAJU & PRASAD
CHARTERED ACCOUNTANTS

Head Office:
401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

(REC), there are cases where company has defaulted in repayment of loans on due date and remitted them with delay ranging from 1 - 181 days.

The default position as on 31.03.2024 is reported as below:

Sl.no	Nature of Borrowing	Name of Lender	Type of Loan	Amount not paid on due date* (₹ in crore)	Whether interest or Principal	No. of days delay or unpaid#
1	Working Capital Loan	REC Ltd.	SPL TL	13.65	Principal	55
2	Working Capital Loan	REC Ltd.	SPL TL	1.90	Interest	55
3	Working Capital Loan	REC Ltd.	SPL TL	13.65	Principal	26
4	Working Capital Loan	REC Ltd.	SPL TL	1.78	Interest	26
5	Working Capital Loan	REC Ltd.	MTL	3.94	Principal	55
6	Working Capital Loan	REC Ltd.	MTL	0.16	Interest	55
7	Working Capital Loan	REC Ltd.	MTL	3.94	Principal	26
8	Working Capital Loan	REC Ltd.	MTL	0.15	Interest	26
9	Working Capital Loan	REC Ltd.	Covid 19	14.77	Principal	54
10	Working Capital Loan	REC Ltd.	Covid 19	9.54	Interest	54
11	Working Capital Loan	REC Ltd.	Covid 19	14.77	Principal	25
12	Working Capital Loan	REC Ltd.	Covid 19	8.92	Interest	25
13	Working Capital Loan	REC Ltd.	Covid 19_2	4.27	Principal	54
14	Working Capital Loan	REC Ltd.	Covid 19_2	3.30	Interest	54
15	Working Capital Loan	REC Ltd.	Covid 19_2	4.27	Principal	25
16	Working Capital Loan	REC Ltd.	Covid 19_2	3.09	Interest	25
17	Working Capital Loan	REC Ltd.	LPS	52.17	Principal	54
18	Working Capital Loan	REC Ltd.	LPS	45.41	Interest	54
19	Working Capital Loan	REC Ltd.	LPS	52.17	Principal	25
20	Working Capital Loan	REC Ltd.	LPS	42.66	Interest	25
21	Working Capital Loan	REC Ltd.	RBPF	115.47	Principal	3
22	Working Capital Loan	REC Ltd.	RBPF	250.00	Principal	3
23	Working Capital Loan	REC Ltd.	RBPF	25.48	Interest	54
24	Working Capital Loan	REC Ltd.	RBPF	46.99	Principal	25
25	Working Capital Loan	REC Ltd.	RBPF	23.83	Interest	25
26	Working Capital Loan	PFC Ltd.	STL	13.21	Principal	7
27	Working Capital Loan	PFC Ltd.	STL	3.75	Interest	7
28	Working Capital Loan	PFC Ltd.	STL	13.20	Principal	2
29	Working Capital Loan	PFC Ltd.	STL	3.64	Interest	2
30	Working Capital Loan	PFC Ltd.	STL	13.33	Principal	3
31	Working Capital Loan	PFC Ltd.	STL	3.53	Interest	3
32	Working Capital Loan	PFC Ltd.	STL	13.47	Principal	1



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

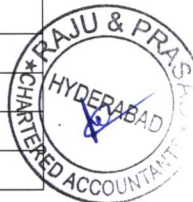
Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD
CHARTERED ACCOUNTANTS

Head Office:
401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

Sl.no	Nature of Borrowing	Name of Lender	Type of Loan	Amount not paid on due date* (₹ in crore)	Whether interest or Principal	No. of days delay or unpaid#
33	Working Capital Loan	PFC Ltd.	STL	13.61	Principal	1
34	Working Capital Loan	PFC Ltd.	STL	3.24	Interest	1
35	Working Capital Loan	PFC Ltd.	STL	13.75	Principal	3
36	Working Capital Loan	PFC Ltd.	STL	3.11	Interest	3
37	Working Capital Loan	PFC Ltd.	STL	13.89	Principal	15
38	Working Capital Loan	PFC Ltd.	STL	2.95	Interest	15
39	Working Capital Loan	PFC Ltd.	STL	14.17	Principal	18
40	Working Capital Loan	PFC Ltd.	STL	2.68	Interest	18
41	Working Capital Loan	PFC Ltd.	STL	14.32	Principal	71
42	Working Capital Loan	PFC Ltd.	STL	2.53	Interest	71
43	Working Capital Loan	PFC Ltd.	STL	14.46	Principal	40
44	Working Capital Loan	PFC Ltd.	STL	2.57	Interest	40
45	Working Capital Loan	PFC Ltd.	STL	14.61	Principal	11
46	Working Capital Loan	PFC Ltd.	STL	2.71	Interest	11
47	Working Capital Loan	PFC Ltd.	Covid 19	10.65	Principal	7
48	Working Capital Loan	PFC Ltd.	Covid 19	10.66	Interest	7
49	Working Capital Loan	PFC Ltd.	Covid 19	10.73	Principal	5
50	Working Capital Loan	PFC Ltd.	Covid 19	10.41	Interest	8
51	Working Capital Loan	PFC Ltd.	Covid 19	10.82	Principal	1
52	Working Capital Loan	PFC Ltd.	Covid 19	10.33	Interest	2
53	Working Capital Loan	PFC Ltd.	Covid 19	10.90	Principal	2
54	Working Capital Loan	PFC Ltd.	Covid 19	10.24	Interest	1
55	Working Capital Loan	PFC Ltd.	Covid 19	10.89	Principal	4
56	Working Capital Loan	PFC Ltd.	Covid 19	10.42	Interest	1
57	Working Capital Loan	PFC Ltd.	Covid 19	10.97	Principal	3
58	Working Capital Loan	PFC Ltd.	Covid 19	10.34	Interest	3
59	Working Capital Loan	PFC Ltd.	Covid 19	11.06	Principal	15
60	Working Capital Loan	PFC Ltd.	Covid 19	10.24	Interest	15
61	Working Capital Loan	PFC Ltd.	Covid 19	11.24	Principal	18
62	Working Capital Loan	PFC Ltd.	Covid 19	10.07	Interest	18
63	Working Capital Loan	PFC Ltd.	Covid 19	11.33	Principal	71
64	Working Capital Loan	PFC Ltd.	Covid 19	9.97	Interest	71
65	Working Capital Loan	PFC Ltd.	Covid 19	11.43	Principal	40
66	Working Capital Loan	PFC Ltd.	Covid 19	10.01	Interest	40
67	Working Capital Loan	PFC Ltd.	Covid 19	11.52	Principal	11
68	Working Capital Loan	PFC Ltd.	Covid 19	10.30	Interest	11



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

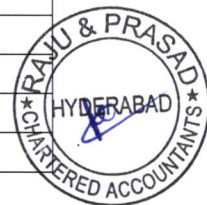
Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD
CHARTERED ACCOUNTANTS

Head Office:
401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

Sl.no	Nature of Borrowing	Name of Lender	Type of Loan	Amount not paid on due date* (₹ in crore)	Whether interest or Principal	No. of days delay or unpaid#
69	Working Capital Loan	PFC Ltd.	MTL	3.34	Interest	7
70	Working Capital Loan	PFC Ltd.	MTL	3.20	Interest	8
71	Working Capital Loan	PFC Ltd.	MTL	3.52	Interest	1
72	Working Capital Loan	PFC Ltd.	MTL	2.87	Principal	2
73	Working Capital Loan	PFC Ltd.	MTL	3.03	Interest	2
74	Working Capital Loan	PFC Ltd.	MTL	2.89	Principal	4
75	Working Capital Loan	PFC Ltd.	MTL	3.22	Interest	1
76	Working Capital Loan	PFC Ltd.	MTL	2.91	Principal	3
77	Working Capital Loan	PFC Ltd.	MTL	3.20	Interest	3
78	Working Capital Loan	PFC Ltd.	MTL	2.93	Principal	15
79	Working Capital Loan	PFC Ltd.	MTL	3.17	Interest	15
80	Working Capital Loan	PFC Ltd.	MTL	2.98	Principal	18
81	Working Capital Loan	PFC Ltd.	MTL	3.13	Interest	18
82	Working Capital Loan	PFC Ltd.	MTL	3.00	Principal	71
83	Working Capital Loan	PFC Ltd.	MTL	3.10	Interest	71
84	Working Capital Loan	PFC Ltd.	MTL	3.03	Principal	40
85	Working Capital Loan	PFC Ltd.	MTL	3.12	Interest	40
86	Working Capital Loan	PFC Ltd.	MTL	3.05	Principal	11
87	Working Capital Loan	PFC Ltd.	MTL	3.20	Interest	11
88	Working Capital Loan	PFC Ltd.	LPS	36.45	Interest	7
89	Working Capital Loan	PFC Ltd.	LPS	40.28	Interest	6
90	Working Capital Loan	PFC Ltd.	LPS	49.09	Interest	3
91	Working Capital Loan	PFC Ltd.	LPS	45.56	Interest	2
92	Working Capital Loan	PFC Ltd.	LPS	59.37	Principal	6
93	Working Capital Loan	PFC Ltd.	LPS	52.31	Interest	6
94	Working Capital Loan	PFC Ltd.	LPS	59.37	Principal	5
95	Working Capital Loan	PFC Ltd.	LPS	53.54	Interest	5
96	Working Capital Loan	PFC Ltd.	LPS	59.37	Principal	15
97	Working Capital Loan	PFC Ltd.	LPS	48.04	Interest	16
98	Working Capital Loan	PFC Ltd.	LPS	59.37	Principal	18
99	Working Capital Loan	PFC Ltd.	LPS	51.20	Interest	18
100	Working Capital Loan	PFC Ltd.	LPS	59.37	Principal	71
101	Working Capital Loan	PFC Ltd.	LPS	49.34	Interest	71
102	Working Capital Loan	PFC Ltd.	LPS	59.37	Principal	40
103	Working Capital Loan	PFC Ltd.	LPS	54.15	Interest	40
104	Working Capital Loan	PFC Ltd.	LPS	59.37	Principal	11



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD
CHARTERED ACCOUNTANTS

Head Office:
401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

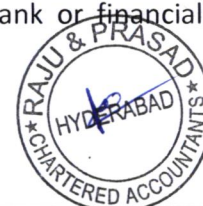
Sl.no	Nature of Borrowing	Name of Lender	Type of Loan	Amount not paid on due date* (₹ in crore)	Whether interest or Principal	No. of days delay or unpaid#
105	Working Capital Loan	PFC Ltd.	LPS	47.58	Interest	11
106	Working Capital Loan	PFC Ltd.	RBPF	83.93	Principal	11
107	Working Capital Loan	PFC Ltd.	RBPF	11.52	Interest	9
108	Working Capital Loan	PFC Ltd.	RBPF	84.52	Principal	8
109	Working Capital Loan	PFC Ltd.	RBPF	10.81	Interest	6
110	Working Capital Loan	PFC Ltd.	RBPF	224.57	Principal	4
111	Working Capital Loan	PFC Ltd.	RBPF	10.47	Interest	7
112	Working Capital Loan	PFC Ltd.	RBPF	248.19	Principal	7
113	Working Capital Loan	PFC Ltd.	RBPF	8.61	Interest	3
114	Working Capital Loan	PFC Ltd.	RBPF	250.16	Principal	11
115	Working Capital Loan	PFC Ltd.	RBPF	8.64	Interest	6
116	Working Capital Loan	PFC Ltd.	RBPF	252.11	Principal	19
117	Working Capital Loan	PFC Ltd.	RBPF	11.03	Interest	5
118	Working Capital Loan	PFC Ltd.	RBPF	166.20	Principal	16
119	Working Capital Loan	PFC Ltd.	RBPF	9.47	Interest	16
120	Working Capital Loan	PFC Ltd.	RBPF	11.74	Principal	18
121	Working Capital Loan	PFC Ltd.	RBPF	17.85	Interest	19
122	Working Capital Loan	PFC Ltd.	RBPF	17.16	Interest	71
123	Working Capital Loan	PFC Ltd.	RBPF	94.42	Principal	40
124	Working Capital Loan	PFC Ltd.	RBPF	24.44	Interest	40
125	Working Capital Loan	PFC Ltd.	RBPF	144.50	Principal	11
126	Working Capital Loan	PFC Ltd.	RBPF	21.97	Interest	11
127	Capex Loan	PFC Ltd.	PFC New loan	2.23	Interest	2

#Number of days of delay (i.e., from due date to date of payment)

* Amount due as on 31st March 2024.

We have noted irregularity in payments of APPFCL loan. However, in the absence of the due dates in the monthly demands sent by APPFCL we are unable to comment on the delays in payment of the loan.

(b) According to the information & explanation given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

- (c) In respect of term loans, the company has not maintained proper records to verify the end use of term loans and therefore we are not able to report whether the same have been applied for the purpose for which they are raised.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.
- (e) According to the information and explanations given to us, and on an overall examination of the financial statements of the company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and the procedures performed by us, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. (a) The company has not raised any money through initial public offer/further public offer (including debt instruments).
- (b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- xi. (a) In view of various internal control weaknesses noted in the system, we are unable to comment on frauds. However, based information & explanations provided by the company and based on the audit procedures performed, we report that no fraud by the company or on the company has been noticed or reported during the financial year **except certain allegations raised as referred in the audit report.**
- (b) No report under subsection (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) As represented to us by the management, there are no whistle-blower complaints received by the company during the year.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

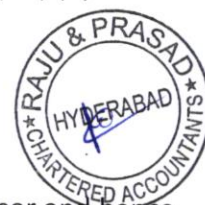
RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

- xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of Clauses 3(xii)(a) to (c) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on the audit procedures conducted by us, all the transactions with related parties are in compliance with Section 177 and 188 of the Act, wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. (a) In our opinion, the company has no adequate internal audit system commensurate with the size and the nature of its business. However, the scope and coverage need to be reviewed and strengthened.
- (b) We were unable to obtain some of the Internal Audit reports of the company on a timely basis. Hence, the above Internal Audit Reports have not been considered by us.
- xv. According to the information and explanation given to us, in our opinion during the year the company has not entered into any non-cash transactions with directors or persons connected with them which will come under the purview of section 192 of the Act.
- xvi. (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause (xvi)(a) of the Order is not applicable.
- (b) As the company has not conducted any Non-Banking Financial or Housing Finance activities during the year, provisions of clause (xvi)(b) are not applicable.
- (c) As The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, provisions of clause (xvi)(c) are not applicable.
- (d) As the Company is not a member of any "Companies in the Group" as defined in the Core Investment Companies (Reserve Bank) Directions, 2016 the provisions of the clause (xvi) (d) of the order are not applicable.
- xvii. The company has not incurred cash losses during the current financial year.
- xviii. There has been no resignation of the statutory auditors of the company during the year and hence Clause (xviii) of the order is not applicable to the Company.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD
CHARTERED ACCOUNTANTS

Head Office:
401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, in our opinion, uncertainty exists regarding the Company's ability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date and as referred in Note No. 26 Para 2.2 the uncertainty is mitigated by the Management's expected support of Central and State Governments to continue its operations uninterrupted. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.
- xx. As the average of Net Profit of the company during the three immediately preceding financial years is negative, as per Section 135 of the Act, the liability of payment of CSR does not arise. Hence, Clauses (xx)(a) and (b) of the Order are not applicable to the Company.
- xxi. The company does not have any subsidiaries, joint ventures or associates and hence reporting under clause (xxi) of the order is not applicable.

For Raju & Prasad
Chartered Accountants
Firm's Registration No.: 003475S

H V V Narayana Murthy

H V V Narayana Murthy
Partner
Membership No: 246349



Place: Tirupati
Date: 07.11.2024
UDIN: 24246349BKBZRE7903

Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

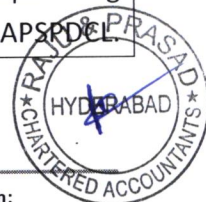
Annexure B to the Auditors' Report

**(As referred to in Paragraph 2 in Report on other Legal and Regulatory Requirements of our report of even date to the members of
The Southern Power Distribution Company of Andhra Pradesh Limited on the financial statements for the year ended 31st March, 2024)**

As required by section 143(5) of the Act, we give in the Annexure B, to this report a statement on the directions and sub-directions issued by Comptroller & Auditor General of India, to the extent applicable and according to the information and explanations given to us during the course of our audit and the audit procedures conducted by us, we report that:

Report on Directions u/s 143(5) of the Act:

Sl. No.	Directions under section 143(5) of the Companies Act, 2013	Auditor's Reply
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	<p>Company has an ERP system (SAP) to process all the accounting transactions through IT system. However, Company is using separate software to measure and record individual transactions of billing to Customers. These transactions are posted/uploaded into SAP on a monthly frequency by executing Transaction Codes for Demand and Collection in the case of LT customers. For HT customers, the data from Billing Software is uploaded by HT Wing of each circle office on a monthly basis. The differences between financial ledger (SAP) and Consumer ledger (Billing Software) are yet to be reconciled.</p> <p>Further, at present, company is Accounting Power Purchase related transactions in (555) Server of SAP APCPDCL and after completion of financial year i.e. During May 2024, uploading the data to main server (999) of APSRDEL.</p>



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",

Adj, Amrutha Hills,

Punjagutta, Hyderabad - 500 082

Ph : 040 - 23410404/05/06

Fax : 040 - 23410403

E-mail : hyderabad@rajuandprasad.com

		<p>Moreover, there are no checks and controls established to check the validity of the data.</p> <p>Hence, we are unable to comment upon the impact thereof on financial statements.</p>
Sl. No.	Directions under section 143(5) of the Companies Act, 2013	Auditor's Reply
2	<p>Whether there is any restructuring of an existing loan 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? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of lending company).</p>	<p>As per the information and records produced before us and on the basis of our verification of the records, there are no cases of restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender due to the company's inability to repay the loan during the year under review.</p> <p>As there is no restructuring / waiver / write off of debts / loans / interest etc., there is no financial impact on the financial statements of the company.</p>
3	<p>Whether funds (grants/subsidy etc.) received / receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation.</p>	<p>According to the information and explanation given to us, we have observed that the grants/subsidies etc. received / receivable during the year, for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its terms and conditions.</p> <p>However, assets created out of the grants/subsidies etc. we're not identifiable on one-to-one basis with the Scheme in the books of account.</p>



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

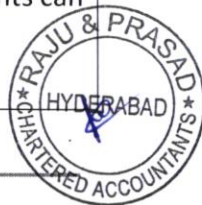
Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangia High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

Report on Sub-Directions u/s 143(5) of the Act:

Sl. No.	Sub-Directions under section 143(5) of the Companies Act, 2013	Auditor's Reply
General:		
1	In case of works executed with the funds of Central or State government(s)/ other user department(s) or their agencies, whether there is conclusive evidence that the assets created will be the assets of the PSU? If not, the accounting treatment of the funds received, utilized, returned, assets created upto and during the year (work-in-progress or completed), assets handed over to the fund-giving agency upto and during the year, assets impaired, if any, and the revenue/ commission/ centage realized on these works, with full quantitative details may be detailed.	<p>During FY 2023-24, company has received an amount of ₹128.20 crore from REC towards RDSS Project. Assets created out of this have been recorded as Capital Work in Progress (CWIP) in the company's financial statements.</p> <p>However, assets created out of such funds were not identifiable on one-to-one basis with the Scheme in the books of accounts.</p>
2	<p>Where Grants are received from Central or State government(s)/ other user department(s) or their agencies,</p> <p>a) Where grants are taken as revenue for the year, whether the concerned orders are clear that the funds can be utilized for revenue expenditure;</p>	<p>As per the information and explanations provided by the management and on the basis of our verification of the records,</p> <p>During the year company has received</p> <ul style="list-style-type: none"> • ₹19.38 Crore from Government towards repayment of Interest for Loans taken from APPFCL. • ₹9.85 crore was received as grant from National Electricity fund (NEF) towards reimbursement of Interest paid on Loan availed for the projects approved under NEF. <p>As per the information and explanations given to us concerned orders are clear that the grants can be utilized for revenue expenditure.</p>



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900


Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

	<p>b) Where guarantee commission is to be paid, the quantitative details viz., amount guaranteed, rate of guarantee commission, whether the commission was paid or payable along with the details of the purpose of raising the funds with guarantee and whether the funds were utilized for the stated purpose;</p>	<p>b) As per the information and explanations given to us and based on the financial statements, during FY 2023-24 there is no Guarantee Commission payable to the State Government.</p> <p>As per financial statements an amount of ₹45.00 (₹2250 crore*2%) Crore was outstanding from FY 2018-19 towards loan taken from State Bank of India of ₹2250 crore.</p>
3	<p>Where any long-term liability is undertaken against an asset of finite lifetime, whether there is a clear accounting policy thereon (for instance, land obtained on lease for a specific period (whether renewable or non-renewable) but shares issued in lieu of the land lease</p>	<p>As per the information and explanations provided by the management, no long-term liability is undertaken against an asset of finite lifetime during FY 2023-24.</p>
4	<p>Whether the corresponding expenditure on which the taxes paid/ payable are accounted in the financial statements is also included appropriately</p>	<p>As no long-term liability is undertaken against an asset of finite lifetime, there is no corresponding expenditure on which the taxes are paid/payable during FY 2023-24.</p>
5	<p>Whether there is a Public Deposit account in the name of the PSU? If yes,</p> <p>a) Funds debited from the PD account erroneously/ lapsed by the treasury, but claimed by the Company as receivable/ its own funds;</p>	<p>a) As per the information and explanations provided by the management,</p> <p>APSPDCL is having a Public Deposit (PD) Account in its name. The details are furnished below:</p> <p>DDO: 90000038413 (Drawing and Disbursing Officer)</p> <p>HOA (Head of Account): 8443001060120162001VN and 8443001060120162003VN.</p> 

Mumbai Branch:

511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:

202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:

57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:

Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:

Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

	<p>b) If any funds given by any Government or agencies other than the State Government were lapsed, the details of the same may be detailed;</p> <p>c) Details of the funds raised through loans (with or without government guarantee) and deposited in PD Account; Purpose of the loans and whether the purpose is initiated/completed;</p> <p>d) Whether suitable disclosure on the restrictions or additional permissions required on withdrawing the funds in PD Accounts is included or not;</p> <p>e) The quantitative details of the bills sent for clearing against the PD account balances but not cleared/ returned unpaid as on the reporting date along with age-wise analysis;</p>	<p>b) During the FY 2023-24, there are no such instances of funds debited from the PD account erroneously / lapsed by the treasury but claimed by the company as receivable/ its own funds.</p> <p>c) During FY 2023-24, the company deposited an amount of ₹500 crore into the PD Account in September 2023 using borrowed funds. Subsequently, the same amount was withdrawn from the PD Account in February 2024. As a result, the company effectively provided interest-free funds to the government for a period of five months while incurring finance costs on the borrowed funds. This action is prejudicial to the interests of the company. However, as of 31st March 2024, the balance in the PD Account shows as Nil.</p> <p>d) The company has made suitable disclosure on the restrictions or additional permissions required on withdrawing the funds in PD Accounts.</p> <p>e) There are no uncleared / returned and unpaid bills sent for clearing against PD account balances as on 31st March 2024.</p>
6	<p>Where funds are raised by the Company and the payment of Principal or Interest or both are met by the State Government or its agencies, directly or indirectly, the details and the purpose of these loans may be stated along</p>	<p>As per the information and explanations given by the Management,</p> <p>During the FY 2023-24, GoAP has provided funds for payment of Principal and Interest on APFCCL</p>

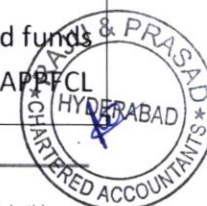
Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666



RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

	with the fact whether the funds were utilized for the stated purpose	loan. An amount of ₹19.38 Crore was received from Government towards repayment of Interest for Loans taken from APPFCL. These funds have been utilized for the stated purpose.
7	Whether the land owned by the Company is encroached, under litigation, not put to use or declared surplus. Details may be provided.	As per the information and explanations given by the Management, no land owned by the Company is encroached, under litigation, not put to use or declared surplus. As Property, Plant & Equipment have not been physically verified by the company and as there is no system in place to review the position of land like carrying out a survey etc., we are unable to comment on encroachment of land.
8	Whether the inventory has been taken on the basis of physical verification after adjustment of shortage/ excess found and whether due consideration has been given for deterioration/ obsolescence in the quality which may result into overvaluation of stock?	Physical verification of inventory has been conducted during the year by the management through Internal Auditors once in a year. The coverage and procedure for physical verification of inventory done by the management during the financial year is 65.79% of the Inventory as on 31.03.2024 has been physically verified by the Internal Auditors. The adjustments for shortage/excess inventory identified by the Internal Auditors during the Physical verification are done in the books of account. Further, due consideration has been given for deterioration/obsolescence in the quality of inventory, and necessary adjustments were made to provide for obsolete/non-moving stock.
9	Whether the cost incurred on abandoned projects has been written off?	As on 31.03.2024, there are 68,148 open work orders amounting to ₹4,278.55 crore (Previous Year ₹3,067.26 crore), out of which 5,864*

Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

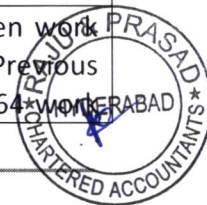
Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

URL: www.rajuandprasad.com



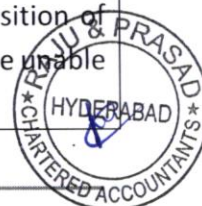
RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

		orders pending closure (capitalization) for more than 3 years is ₹265.13 crore (Previous Year ₹547.52 crore) which account for 8.6% percent of total value of work orders.
10	Cases of wrong accounting of interest earned on account of non-utilization of amounts received for certain projects/schemes may be reported.	As per the information and explanation provided to us by the company, during FY 2023-24, there is no wrong accounting of interest earned on account of non-utilization of amounts received for certain projects/schemes.
11	Whether the bifurcation plan (between Andhra Pradesh & Telangana States), if any, for the Company is finalized and approved; Whether the accounting treatment as per the plan and the suitable detailed disclosures are given. Deviations may be stated.	As per the information and explanations furnished by the Company, there are no finalized and approved bifurcation plans (between Andhra Pradesh & Telangana) for the Company.
Sl. No.	Sub-Directions under section 143(5) of the Companies Act, 2013	Auditor's Reply
	Power Sector:	
1	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the Company is encroached, under litigation, not put to use or declared surplus, details may be provided.	<p>As per the information and explanations provided by the management,</p> <ul style="list-style-type: none">• They have taken adequate steps viz., Peripheral fencing/compound wall, to prevent encroachment of idle land owned by the Company.• No land owned by the Company is encroached, under litigation, not put to use or declared surplus. <p>As Property, Plant & Equipment have not been physically verified by the company and as there is no system in place to review the position of land like carrying out a survey etc., we are unable to comment on encroachment of land.</p>



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

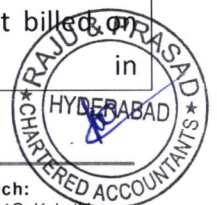
Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD
CHARTERED ACCOUNTANTS

Head Office:
401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

2	Where land acquisition is involved in setting up new projects, report whether settlement of dues done expeditiously and in a transparent manner in all cases. The cases of deviation may please be detailed.	As per the information and explanations provided by the management, no land is acquired during the FY 2023-24 for setting up new projects.
3	Whether the Company has an effective system for recovery of revenue as per contractual terms and the revenue is properly accounted for in the books of accounts in compliance with the applicable Accounting Standards?	<p>As per the information and explanations provided by the management,</p> <p>The company has an effective system for recovery of revenue as per its contractual agreements, except for Government departments. As per General terms and conditions of supply of distribution and retail supply, where any consumer, whose supply is disconnected for nonpayment of any amount due to the Company on any account, fails to pay such dues and regularize his account within three Months from the date of disconnection, the Company shall after completion of three months period, issue one month notice for termination of the LT or HT Agreement, as the case may be. If the consumer still fails to regularize the account, the Company shall terminate the Agreement with effect from the date of expiry of the said one month notice. Such termination shall be without prejudice to the rights and obligations incurred or accrued prior to such termination. However, we have noted company is not disconnecting though there are no collections from various Government departments during FY 2023-24.</p> <p>The Consumers can be broadly categorized into Government and Private parties. APSPDCL is able to collect approx. 95.79% of amount billed to private consumers in</p>



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

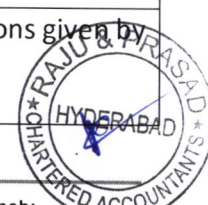
CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

		<p>FY 2023-24, since some of the amounts are involved in court cases. However, in case of Government services, the company is able to collect only 38.84% of the demand amount billed in FY 2023-24.</p> <p>The revenue is being properly accounted for in the books of accounts as per applicable Accounting Standards. However, there is a difference in Debtor Balances and Security Deposit Balances as per Financial Ledger and Consumer Ledger which is under reconciliation. In the absence of details and pending reconciliation we are unable to quantify the impact of misstatements on financial statements.</p>
4	How much cost has been incurred on abandoned projects and out of this how much cost has been written off?	As on 31.03.2024, there are 68,148 open work orders amounting to ₹4,278.55 crore (Previous Year ₹3,067.26 crore), out of which 5,864 work orders pending closure (capitalization) for more than 3 years is ₹265.13 crore (Previous Year ₹547.52 crore) which account for 8.6% percent of total value of work orders.

Sl. No.	Sub-Directions under section 143(5) of the Companies Act, 2013	Auditor's Reply
	Distribution:	
1	Has the company entered into agreements with franchise for distribution of electricity in selected areas and revenue sharing agreements adequately protect the financial interest of the company?	As per the explanation provided to us from the management, the company does not have any franchise agreements for distribution of electricity.
2	Report on the efficacy of the system of billing and collection of revenue in the company.	As per the information and explanations given by the Management,



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD
CHARTERED ACCOUNTANTS

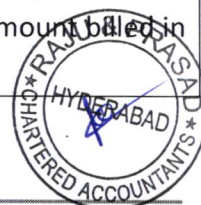
Head Office:
401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

The billing for LT consumers is done through IRDA Meters without any manual intervention other than Bill stop, Meter burnt, Meter stuck up and Door lock cases. Further, we have noted certain cases where KVAH reading is not capturing in the bill to whom KVAH billing is applicable. In the absence of KVAH unit's consumer is billed in KWH units which may result in loss to company where Power Factor is less than 1.

In the case of HT consumers, some of the meter readings are being captured through AMR (Automatic Meter Reading) and for some of the meter readings are manually taken by the EE/DEE level officers. Approximately 89% of the collection is being received through digital mode and remaining 11% collections are being done at EROs and field by using SCM (Spot Collection Machines).

LT consumers crossing LT threshold limit will be billed in the billing software for temporary period. However, if the services continuously exceed LT limit, manual billing will be done under HT category.

The Consumers can be broadly categorized into Government and Private parties. APSPDCL is able to collect approx. 95% of amount billed on private consumers in FY 2023-24, since some of the amounts are involved in court cases. However, in case of Government services, the company is able to collect only 39% of the demand amount billed in FY 2023-24.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

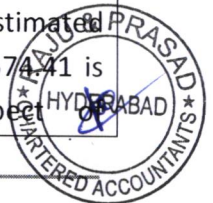
Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD
CHARTERED ACCOUNTANTS

Head Office:
401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

3	Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing is ensured.	As informed to us by the Management, tamper proof meters have been installed for all consumers.
4	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	<p>a) Fuel & Power Purchase Cost Adjustment (FPPCA) for FY 2021-22: The Hon'ble APERC issued order on 01-03-2023 for pass-through of Fuel & Power Purchase Cost Adjustment (FPPCA) for all Four Quarters of FY 2021-22. As per the order, the expected recovery of FPPCA charges by APSPDCL based on the actual sales during FY 2021-22 was ₹1,199.97 crore. Out of this, the FPPCA charges to be raised on GoAP in respect of agriculture consumption under free category consumers was expected at ₹345.10 Crore. The balance amount of ₹854.87 crore (₹1,199.97 crore - ₹345.10 crore) is expected to be recovered from the consumers (other than agriculture consumption under free category) in 12 instalments commencing from May-2023 billing. The last installment of same included in Unbilled revenue of FY 2023-24.</p> <p>b) Fuel & Power Purchase Cost Adjustment (FPPCA) for FY 2022-23: The company filed claims with the Hon'ble APERC to allow Fuel & Power Purchase Cost Adjustment (FPPCA) in respect of 1st, 2nd, 3rd and 4th Quarters of FY 2022-23 as per Second Amendment to APERC Regulation No.4 of 2005 (Terms and conditions for determination of Tariff on Wheeling and Retail Sale of Electricity). Orders are yet to be passed by the Hon'ble APERC in respect of the claims made. An amount of ₹1380.68 crore estimated as recoverable from consumers and ₹574.41 is estimated as recoverable in respect of</p>



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

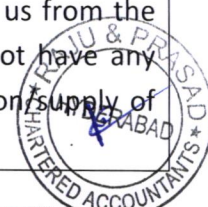
Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD
CHARTERED ACCOUNTANTS

Head Office:
401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

		<p>Agricultural Consumption under free category totaling to ₹1955.09 crore and the same is included in "Unbilled Revenue - FPPCA".</p> <p>c) Fuel & Power Purchase Cost Adjustment (FPPCA) for FY 2023-24: The company filed claims with the Hon'ble APERC for approval of Fuel & Power Purchase Cost Adjustment (FPPCA) in respect of FY 2023-24, in accordance with Fourth Amendment to APERC Regulation No.2 of 2023 (Terms and Conditions for determination of Tariff on Wheeling and Retail Sale of Electricity). The FPPCA arrived at as per the Specified formula, is billed and recovered on a monthly basis, not exceeding 40 paise per unit. Further, in excess of 40 paise per unit company has filled with commission, order yet to be passed by the Hon'ble APERC. An amount of ₹2201.22 crore estimated as recoverable from consumers and ₹1052.57 is estimated as recoverable in respect of Agricultural Consumption under free category totaling to ₹3253.79 crore and the same is included in "Unbilled Revenue - FPPCA".</p>
5	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.	The reconciliation of receivables and payables between the Company and generation & transmission companies are not carried on due to non-receipt of balance confirmations and account copies from the generators and transmission companies. In the absence of reconciliation statements, the differences, if any, are not quantified.
6	Whether the Company is supplying power to franchisees, if so, whether the Company is not supplying power to franchisees at below its average cost of purchase.	As per the explanation provided to us from the management, the company does not have any franchise agreements for distribution/supply of power.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

7	How much tariff roll back subsidies have been allowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Government shortfall if any, may be commented?	As informed to us by the Management, there were no tariff roll back subsidies being allowed and booked in the accounts during FY 2023-24.
---	--	---

For Raju & Prasad
Chartered Accountants
Firm's Registration No.: 003475S

H V V Narayana Murthy

H V V Narayana Murthy

Partner

Membership No: 246349



Place: Tirupati

Date: 07.11.2024

UDIN: 24246349BKBZRE7903

Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501,
Cell: +91-9704899666

URL: www.rajuandprasad.com

Annexure C to the Auditors' Report

**Annexure to the Independent Auditor's Report on the financial statements of Southern Power
Distribution Company of Andhra Pradesh Limited.**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.

We have audited the internal financial controls over financial reporting of M/s. Southern Power Distribution Company of Andhra Pradesh Limited. ("the Company or APSPDCL") as of 31st March 2024, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

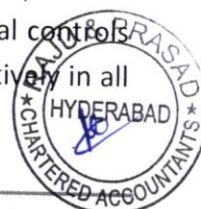
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls.

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.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control 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 controls 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.

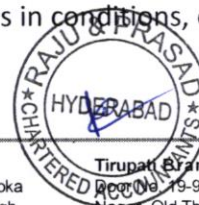
Meaning of Internal Financial Controls over Financial Reporting

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 controls 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 authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

Basis of Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31st March, 2024:

- The company has not carried out a detailed study of risk assessment and control evaluation in line with the requirement of relevant provisions of companies Act 2013. As a result, there is no list of controls in place and no testing of such controls has been carried out.
- The Company's internal financial controls over existence, completeness, valuation and allocation of Property, Plant & Equipment, Capital work-in progress (including material lying at site) and Intangible Assets (including Intangible Assets under development) are not operating effectively.
- The Company did not have an appropriate internal control system over maintenance of records and impairment testing of Property, Plant & Equipment, Capital work-in progress and Intangible Assets (including Intangible Assets under development).
- The Company did not have an appropriate internal financial control system for physical verification of items of Property, Plant & Equipment and Capital work-in progress (CWIP) of the company at various Divisions, Circles and Corporate Office at reasonable intervals and adjustment of material discrepancies noticed during such verification.
- Further, internal control system over capitalization of value, manner of capitalization and allocation of employee cost, finance cost, administrative cost and general expenses is not adequate and has been done on ad-hoc basis without identifying the expenses directly attributable to the Capital Asset / Project / CWIP. Also, such rate is applied irrespective of the interruptions, if any. These material weaknesses could potentially result in material misstatement in the value of company's Property, Plant & Equipment, CWIP, depreciation and expenses.
- The Company did not have an appropriate internal financial control system to correlate capital expenditure incurred with the grants/subsidy received, which could potentially result in incorrect recognition of deferred revenue income.
- The Company did not have an appropriate internal financial control system for ensuring timely capitalization of Intangible Assets, Property, Plant & Equipment as and when the same is ready for use, due to delayed issuance of work completion certificate by the respective department. This could potentially result in under-capitalization of Intangible Assets, Property, Plant & Equipment and lower charge of depreciation/amortization.

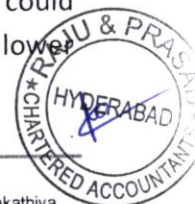
Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666



RAJU & PRASAD

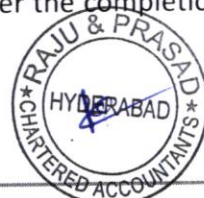
CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

- The Company did not have an appropriate internal financial control system on accounting of assets which are replaced/discarded/dismantled/devoluted.
- The Company's internal financial control over reconciliation of differences between Trade Receivables/Security Deposit as per books of accounts and Consumer Ledger, identification of old outstanding trade receivables, assumption for provision for bad and doubtful debts, matching of Sundry Debtors Collection accounts and maintenance of details/adjustment of advance consumption charges against temporary connections could be strengthened further. These material weaknesses could potentially result in material misstatement of trade receivables, liability and income of the Company.
- The Company did not have an appropriate internal financial control system on list of vendors and amount withheld as retention money. These material weaknesses could potentially result in material misstatement in trade payables and other payables of the Company.
- The Company's internal financial control over seeking balance confirmations and periodic review of balances from various suppliers, service providers, consumers etc. are not operating effectively. These material weaknesses could potentially result in material misstatement in trade payables, trade receivables, liability and income of the Company.
- The Company's internal controls over reduction in distribution losses could be further strengthened. These material weaknesses have impacted the revenue and overall financial position of the Company.
- The Company's design and implementation of Controls and procedures to ensure adherence to mandatory accounting standards and generally accepted Accounting Principles are not adequate and have material impact on the financial statements.
- The Company's internal financial control over accounting of power procured is not operating effectively as Company is maintaining transactions pertaining to Power Purchases in 555 server of SAP which are manually uploaded to main server (999) on quarterly basis.

Above procedure was followed till September 2023. From October, the company accounted for all power purchase transactions and associated working capital loans in the 555 server of APCPDCL. These transactions were uploaded to the main server (999) in May 2024, i.e., after the completion of the financial year.



Mumbai Branch:

511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:

202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:

57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:

Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:

Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

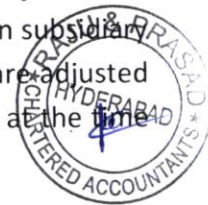
CHARTERED ACCOUNTANTS

Head Office:

401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

However, there are no established checks and controls to verify the validity of the data entered in the main server (999). This results in lack of Audit trail and redundancy of work. This could potentially result in misstatement in Company's Power Purchase cost, Trade payables, working capital loans including ICDs.

- The Company's internal financial control over posting/upload of data from Billing Software to SAP can be further strengthened. There are no sufficient checks and balances on these uploaded data. This could potentially result in misstatement in Company's Trade receivables and revenue from sale of power.
- In the context of Financial Accounting in SAP, the term "clearing" refers to the process of reconciling open debit entries with open credit entries. This functionality is available for customer/vendor accounts as well as general ledgers within the SAP system. Open items in SAP represent transactions balances contributing to the closing balance of a GL. A transaction is considered cleared when an offset value is posted to an item or group of items, so that the resulting balance of the items is zero. Clearing transactions in SAP always generate corresponding SAP clearing documents. Company has no practice of clearing items or group of items contributing Zero. As a result, transactions which are not contributing to closing balance are also forming part of the open items.
- Documentation and risk control matrix (RCM) for the internal financial controls followed by the entity is not maintained.
- The evidence showing Information Technology General Controls (ITGCs), viz. Change Management controls, Access controls and Segregation of Duties (SoD) control validations and review documentation were not available. Further, there is no documentation available for the input controls in SAP in respect of capturing data and recording of transaction, access control system, disaster data recovery review validation. In absence of the above said evidence we are unable to conclude whether ITGCs are operating effectively throughout the year.
- The system of follow up for the long pending unattended audit paras and compliances for the audit observations has to be improved.
- The Company's internal financial control over maintenance of subsidiary records, timely adjustments of advances to suppliers and provision for liabilities are not operating effectively. Certain subsidiary records are either not properly maintained or are updated at year-end and advances are adjusted and liabilities are accounted on the basis of date of receipt of bill/cut-off date and not at the time



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

when actual services and/or goods are received. These material weaknesses could potentially result in misstatement of expenses, assets and liabilities.

- The company currently lacks robust internal financial controls within its Human Resource department, particularly in managing employee benefit expenses.
 - **Policy Framework:** Company lacks detailed and comprehensive HR policy frameworks and standardized procedures for employee benefits, allowances, and reimbursements leads to inconsistencies and potential misuse of resources.
 - **Internal Audit:** There is no internal audit mechanism on employee benefit expenses, leaving room for undetected anomalies and non-compliance with policies.
 - **Reconciliation:** There is no regular reconciliation of employee benefit expenses recorded in the HR module of ERP system with the books of account.
 - **Employee Advances and Loans:** There are no clear policies for employee advances and loans, including eligibility criteria, limits, and repayment terms. Additionally, there is no system in place to track advances and loans, including repayments, to prevent defaults. The current process involves manual intervention with the ERP system to design repayment schedules for various loans, which lacks standardization and poses a potential risk of misuse.
 - **Pension and Retirement Benefits:** The company has established a Pension & Gratuity trust, but this trust lacks a mechanism to directly disburse pension and gratuity benefits to employees. Consequently, the company disburses these benefits directly, rather than through the trust. This practice suggests that the company is not making actual contributions to the trust based on actuarial valuations, which could lead to potential misuse of resources. Furthermore, there is no oversight of the management of pension and gratuity funds, including investment strategies and fund performance monitoring.
 - **Attendance and Leave management:** The company uses a facial recognition attendance system, but it is not integrated with the HR module of the ERP system. Consequently, the company still relies on a manual attendance register for attendance calculation and leave management. This control deficiency may result in inconsistencies in the calculation of employee benefits. Additionally, there is no periodic verification of employee records and payroll data, nor is there a cross-check of attendance records with payroll.
 - **Regulatory Compliance:** The company lacks proper internal controls to ensure compliance with statutory requirements, particularly concerning income tax TDS deductions from employees. TDS deductions are made on an ad hoc basis, without considering employees' actual income from various sources or their allowable deductions. This practice results in non-compliance with tax laws.



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD

CHARTERED ACCOUNTANTS

Head Office:
401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

- **Manual Intervention in HR Module of ERP System:** A significant control deficiency in company HR module of the ERP system is the extensive reliance on manual interventions. This reliance compromises the efficiency and accuracy HR operations. Manual interventions increase the likelihood of errors in data entry, processing delays, and inconsistency in adherence to established policies and procedures. The lack of automated workflows and controls within the ERP system further exacerbates these issues, leading to potential discrepancies in employee compensation, benefits distribution, and regulatory compliance. Addressing this deficiency by enhancing automation and implementing robust controls within the ERP system is crucial to improving operational efficiency and maintaining data integrity in HR management.
- **Inoperative General Ledgers:** The payroll run is impacting inoperative general ledger accounts, highlighting a lack of internal controls. If not addressed, this could potentially affect the accuracy of financial statements.

As informed to us, the Company has formed Internal Financials Control Committee to strengthen the deficiencies in the effectiveness and adequacy of internal controls. The Committee should address the above-mentioned points on priority basis.

Qualified Opinion

Being a State Government undertaking, the Company's internal control process over financial reporting is designed by way of various Manuals, Rules, Circulars and instructions issued from time to time and our opinion is based on the internal control process over financial reporting as defined therein. During the course of our audit of financial statements, we have on test-check basis and on review of adequacy of internal control process over financial reporting, have identified some gaps both in adequacy of design of control process and its effectiveness which have been reported in "Basis of Qualified Opinion" above. However, the Company has no comprehensive model for internal control over financial reporting incorporating risk assessment, control process and tracking of gaps along with the description of objective, process and risk associated thereof, as per the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI. The system of internal financial controls over financial reporting with regard to the Company were not made available to us to enable us to determine if the Company has established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at 31st March, 2024.

In our opinion, with the exception of the matters described in Para above and except for the effects/possible effects of the material weaknesses described in "Basis of Qualified Opinion" above, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at



Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666

RAJU & PRASAD
CHARTERED ACCOUNTANTS

Head Office:
401, "Diamond House",
Adj, Amrutha Hills,
Punjagutta, Hyderabad - 500 082
Ph : 040 - 23410404/05/06
Fax : 040 - 23410403
E-mail : hyderabad@rajuandprasad.com

March 31st, 2024. The Company is yet to establish its internal financial control over financial reporting considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI.

We have also audited, in accordance with the Standards on Auditing issued by ICAI, as specified under Section 143(10) of the Act, the financial statements of the Company, which comprise the Balance Sheet as at March 31st, 2024, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 31st March, 2024 financial statements of the Company and this report affect our report on financial statements, which expressed a qualified opinion on those financial statements.

For Raju & Prasad
Chartered Accountants
Firm's Registration No. 003475S

H V V Murthy

H V V Narayana Murthy
Partner
Membership No: 246349



Place: Tirupati
Date: 07.11.2024
UDIN: 24246349BKBZRE7903

Mumbai Branch:
511, The Corporate Centre,
Nirmal Lifestyle Mall, L.B.S.
Road Mulund West,
Mumbai - 400 080
Cell: 022-25671155 / 1199

Bangalore Branch:
202, Akash Avenue, # 34, 1st
Main SBM Colony, Anand
Nagar,
Bangalore - 560 024
Cell: +91-9241570047

Chennai Branch:
57/4, Third Floor, First
Street, Kamaraj Avenue,
Adyar, Chennai - 600020
Cell: +91-9989090404

Thane Branch:
Flat No. 704, Yash Ashoka
CHSL, Near Mangla High
School,
Thane - 400 060
Cell: +91-9966738900

Tirupati Branch:
Door No. 19-9-1G, Kakathiya
Nagar, Old Thiruchanur Road,
Tirupati - 517 501.
Cell: +91-9704899666



प्रधान महालेखाकार (लेखापरीक्षा) का कार्यालय,
आन्ध्र प्रदेश, विजयवाडा - 520 002.
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT)
ANDHRA PRADESH, VIJAYAWADA - 520 002.



PAG(AU)/AP/TSC-I/APSPDCL-FY24/91-2024/ 437 Date: 08.11.2024

To

Chairman and Managing Director,
M/s. Southern Power Distribution Company of Andhra Pradesh Limited,
D. No. 19-13-65/A, Tiruchanoor Road, Behind Srinivasa Kalyana Mandapam,
Kesavayanigunta, Tirupati, Andhra Pradesh-517501

Sub: Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of M/s. Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) for the year ended 31 March 2024.

Sir,

I am to forward herewith Certificate/Comments of the Comptroller and Auditor General of India (C&AG) under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of APSPDCL for the year ended 31 March 2024 for necessary action.

2. The date of placing the Comments /Certificate of C&AG along with Financial Statements and Revised Auditors' Report dated 07.11.2024 in Annual General Meeting (AGM) before the shareholders of the Company may please be communicated along with copy of the proceedings of the AGM.

3. The date of forwarding the Annual Report of the Company containing Financial Statements along with Revised Auditors' Report and Certificate/Comments of C&AG to the Government of Andhra Pradesh for the year ended 31 March 2024 for being laid before the State Legislature may also be intimated. Copy of the letter from the Legislature Secretariat indicating date on which Annual Report is laid before State Legislature may also be intimated.

4. Five copies of the Annual Report of the Company for the year 2023-24 may be furnished to this Office.

5. Management Letter containing deficiencies in internal controls on financial reporting noticed during Supplementary Audit of the accounts of the Company for the year is issued separately.

Encl: As above.

Yours faithfully,

BHASKAR Digitally signed by
KALLURU BHASKAR KALLURU
Date: 2024.11.08
17:26:14 +05'30'

Senior Deputy Accountant General

Address: 8th Floor, Stalin Central Mall, M.G. Road, Governorpet, Vijayawada- 520 002
Website: www.cag.gov.in/ag/andhra-pradesh/en email: agauandhrapradesh@cag.gov.in
email: psu.anp.au@cag.gov.in

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED FOR THE YEAR ENDED 31 MARCH 2024.

The preparation of financial statements of Southern Power Distribution Company of Andhra Pradesh Limited for the year ended 31 March 2024 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 07.11.2024** which supersedes their earlier Audit Report dated 28.08.2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary audit of the Financial Statements of Southern Power Distribution Company of Andhra Pradesh Limited for the year ended 31 March 2024 under Section 143(6)(a) of the Act. This 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 the Company personnel and a selective examination of some of the accounting records.

In view of the revisions made in 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 and Auditor General of India*



(C. M. SINGH)

Place: Vijayawada

Principal Accountant General (Audit)

Date : 08.11.2024

प्रधान महालेखाकार (ले.प.)