



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2016

Amount in Rs.

Particulars	Note No	Figures as at the end of	Figures as at the end of
		current reporting	previous reporting
		period 2015-16	period 2014-15
		₹	₹
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	35871,53,090	35871,53,090
(b) Reserves and Surplus	2	(929756,79,492)	(607682,92,740)
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	734669,05,674	893340,84,491
(b) Other Long term liabilities	4	187045,52,007	136584,96,281
(c) Long term provisions	5	103387,71,140	128670,25,440
(3) Current Liabilities			
(a) Short-term borrowings	6	85649,55,789	93501,08,221
(b) Trade payables	7	653204,72,641	403212,21,584
(c) Other current liabilities(including current maturities of Long term debt)	8	484865,27,641	90989,35,631
(d) Short-term provisions	9	12848,96,789	18310,46,713
Total		1367785,55,278	1192797,78,711
II.Assets			
(1) Non-current assets			
(a) Fixed assets(Net)			
(i) Tangible assets	10	587712,93,014	471210,23,692
(ii) Intangible assets	10	9,12,536	8,12,830
(iii) Capital work-in-progress	10	161684,68,483	193691,54,500
(b) Non-current investments	11	28672,85,834	28672,85,834
(c) Long term loans and advances	12	156515,86,612	85237,66,867
(2) Current assets			
(a) Inventories	13	5817,97,522	5076,35,452
(b) Trade receivables	14	175465,89,987	123609,15,691
(c) Cash and cash equivalents	15	54338,67,499	49167,01,498
(d) Short-term loans and advances	16	8234,09,774	8191,01,561
(e) Other current assets	17	189333,44,015	227933,80,786
Total		1367785,55,278	1192797,78,711

As per our report of even date
For M/s Komandoor & Co.,LLP
Chartered Accountants.
Firm No. 001420S/S200034

T.NAGENDRANADH
Partner
Membership No 226246
Date : 02-08-2016
Place : Tirupati



For and on behalf of the Board

H.Y.DORA
Chairman & Managing Director

A.VENU GOPAL
Chief General Manager/E&C

SYED BILAL BASHA
Director (Finance)

B.V.S.PRAKASH
Company Secretary



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

Amount in Rs.

Particulars	Note No	Figures as at the end of	Figures as at the end of
		current reporting period 2015-16	previous reporting period 2014-15
		₹	₹
I. Revenue from operations	18	1191075,67,812	1092388,07,045
II. Other Income	19	69946,64,856	143780,78,020
III. Revenue Subsidies and Grants	20	231845,00,004	224974,36,631
Total Revenue (I + II + III) - (A)		1492867,32,672	1461143,21,696
<u>Expenses:</u>			
IV. Cost of Power Purchase	21	1492048,89,676	1299509,80,136
V. Employee benefit expenses	22	150784,69,871	181316,97,716
VI. Financial costs	23	82470,85,425	60242,66,964
VII. Depreciation and amortization expenses	24	71619,13,208	58640,26,552
VIII. Other expenses	25	38677,85,752	28904,02,514
Total Expenses (IV + V + VI + VII + VIII) - (B)		1835601,43,932	1628613,73,883
IX. Profit before exceptional and extraordinary items and tax (A - B)		(342734,11,260)	(167470,52,187)
X. Exceptional Items		-	-
XI. Profit before extraordinary items and tax (IX - X)		(342734,11,260)	(167470,52,187)
XII. Extraordinary Items		-	-
XIII. Profit before tax (XI - XII)		(342734,11,260)	(167470,52,187)
XIV. Provision for Taxation		-	-
XV. Profit(Loss) from the period from continuing operations(XIII-XIV)		(342734,11,260)	(167470,52,187)
XVI Less: Transfer to Contingency Reserve		(254,93,319)	(276,93,699)
XVII. Profit/(Loss) for the period (XV - XVI)		(342989,04,579)	(167747,45,886)
XVIII. Earning per equity share:			
(1) Basic		(95.62)	(46.76)
(2) Diluted		(95.62)	(46.76)
Other Notes	26		
Statement of Accounting Policies	27		

As per our report of even date
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T. Nagendranadh

T.NAGENDRANADH
Partner
Membership No.226246
Date : 02-08-2016
Place : Tirupati



H.Y. Dora
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Chairman & Managing Director

A. Venu Gopal
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Chief General Manager/E&C

Syed Bilal Basha
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Director (Finance)

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

For and on behalf of the Board



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED
CASH FLOW STATEMENT

Amount in Rs.

	Particulars	Year ending 31-03-2016		Year ending 31-03-2015	
		₹	₹	₹	₹
A	Cash flow from operating activities				
	Net profit before taxation		(342989,04,579)		(167747,45,886)
	Adjustments for items in Profit & Loss Account				
	Amortization of Capital Contributions	(23513,15,016)		(20181,96,702)	
	Depreciation & Amortisation	71619,13,208		58640,26,552	
	Interest Income	(846,75,366)		(911,89,349)	
	Interest Expense	83317,60,791	130576,83,617	61154,56,314	98700,96,815
	Operating Profit before working capital changes		(212412,20,962)		(69046,49,071)
	Adjustments for changes in Current Assets other than Cash and Cash Equivalents				
	Income accrued but not due	-		3528,56,525	
	Inventories	(741,62,070)		(2559,33,416)	
	Sundry Debtors	(51856,74,296)		(54925,75,099)	
	Receivables	38600,36,771		(53332,83,560)	
	Loans and Advances	(43,08,213)		(7216,28,268)	
	Adjustments for changes in Current Liabilities & provisions				
	Current Liabilities	636016,90,636		260356,69,538	
	Provisions	(30744,04,225)	591231,78,603	73024,32,198	218875,37,918
	Cash generated from Operations		378819,57,641		149828,88,847
	Net cash flow from operating activities		378819,57,641		149828,88,847
B	Cash flows from investing activities				
	Purchase of fixed assets /CWIP	(156115,96,219)		(252430,22,072)	
	Interest on Investments	846,75,366		911,89,349	
	Interest on contingency reserve investments	254,56,929		276,81,366	
	(Increase)/Decrease in Investments	(71278,19,745)		(76095,48,738)	
	Net cash flow from investing activities		(226292,83,669)		(327337,00,095)
C	Cash Flows from Financing Activities				
	APCPDCL reserves (Losses)	-		(128036,12,035)	
	Proceeds from borrowings	(158671,78,816)		27596034991	
	Increase in security and other deposits	50460,55,726		32290,52,271	
	Additions to Deferred Capital Contributions	44173,75,914		66567,89,424	
	Interest on Borrowings	(83317,60,791)		(61154,56,313)	
	Net Cash flow from Financing Activities		(147355,07,968)		185628,08,338
D	Net Increase/Decrease in cash and cash equivalents		5171,66,002		8119,97,090
E	Cash and Cash Equivalents				
	At the beginning of the period		49167,01,498		41047,04,409
	At the end of the period		54338,67,499		49167,01,498
F	Net Increase/Decrease in cash and cash equivalents		5171,66,002		8119,97,089

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T. Nagendranadh
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SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

Note No. 1 - Share Capital

Amount in Rs

Share Capital	As at 31 March 2016		As at 31 March 2015	
	Number	₹	Number	₹
Authorised Share Capital				
Equity Shares of ₹.10 each(Rupees Ten Only)	360,000,000	3,600,000,000	360,000,000	3,600,000,000
Issued Subscribed & Paid up Share Capital				
Equity Shares of ₹10 each(Rupees Ten Only)	358,715,309	3,587,153,090	358,715,309	3,587,153,090
Total	358,715,309	3,587,153,090	358,715,309	3,587,153,090

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

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

	Particulars	As at March 31.2016		As at March 31.2015	
		Number	₹	Number	₹
A	Equity Shares of ₹10 each				
	Opening Balance	358715309	3587153090	358715309	3587153090
	Additions	-	-	-	-
	Bought Back	-	-	-	-
	Closing Balance	358715309	3587153090	358715309	3587153090

1B. Details of Share Holders holding more than 5% shares in the company

Name of the Share holder	As at March 31.2016		As at March 31.2015	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Equity Shares				
Government of Andhra Pradesh (vide GO. Ms. No.58 Dt.:09.05.2005)	358715309	100%	358715309	100%
Total	358715309	100%	358715309	100%

C. Terms/rights attached to Equity Shares

The Company has only one class of equity shares having at 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 numbers of equity shares held by the shareholders





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

Note No. 2 Reserves & Surplus

Amount in Rs.

Reserves & Surplus	As at 31 March 2016	As at 31 March 2015
	₹	₹
2.1 Contingency Reserve		
Opening Balance	359887230	267738892
(+) Current Year Transfer	25456929	27681366
(+) Contingency reserve on merger	0	64466972
Closing Balance - A	385344159	359887230
2.2 Deferred capital Contributions		
Opening Balance	17764422582	13190296832
(+) Current Year Transfer	4417375914	3642834531
(-) Written Back in Current Year	(2351315016)	(2018196702)
(+) Contributions on merger	0	2949487921
Closing Balance - B	19830483480	17764422582
2.3 Surplus		
Opening balance	(66088990516)	(49314244631)
(+) Net loss transferred on merger	(15562385005)	0
(+) Net Profit/(Net Loss) For the current year	(34273411260)	(16747052187)
(-) Transfer to Contingency Reserve	(25493319)	(27693699)
Closing Balance - C	(115950280099)	(66088990516)
2.4 Merger Reserve - D	2758772969	(12803612036)
Total (A + B + C+D)	(92975679492)	(60768292740)

1. Statutory Reserves:

Additions to Contingency Reserve is made to the extent of interest earned during the year.

2. Deferred capital contributions (Note No. 2.2) represent unamortized balance of consumer contributions and RGGVY subsidies received on capital account.

Consumer Contributed Assets:- During the year 2015-16 the company has received towards consumer contributions an amount of ₹441.74 Crore (Previous year 2014-15 is ₹364.28 Crore) including subsidies and Grants towards Cost of Capital Assets.

As against the above,an amount of ₹235.13 Crore (Previous year 2014-15 is ₹201.82 crore) has been charged as withdrawal/amortization of consumer contributions and credited to Profit and Loss Account, which is in proportion to the depreciation on the respective assets charged during the year 2015-16.

3. Net loss transferred on merger represents an amount of ₹1556.23 crore being net loss as on 01.06.2014 pertaining to two Circles transferred to the company pursuant to demerger of TSSPDCL (erstwhile APCPDCL)

4 Merger Reserve represents an amount of ₹275.87 crore being net deficit of assets & liabilities and deferred tax asset transferred to the company pursuant to demerger of TSSDCL (erstwhile APCPDCL) Also refer to Note No:26 para no 7.2,7.3 & 7.4

5. Indira Jala Prabha:

Cost booked upto this year under this programme is ₹35.55 crores (Previous year ₹33.98 crores). Out of which ₹32.28 crore (Previous year ₹23.21) crore is capitalized and assets under construction is ₹3.27 crore (Previous year ₹10.77 crore).

6. Energisation of SC & ST habitations :

Cost booked up to this year under this programme is ₹8.87 crore (previous year ₹6.87 crore). Out of which ₹4.97 crore (Previous year ₹0.99 crore)is capitalized and Assets under construction is ₹3.9 crore (Previous year ₹5.87 crore).





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

Note No. 3 Long Term Borrowings		
Long Term Borrowings	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
	₹	₹
3.1 Secured		
(a) Term loans from banks	15086412569	15086412569
(b) Term loans from Other Parties	57292686939	46286083266
Sub-Total A	72379099508	61372495835
3.2 Unsecured		
(a) Bonds		
Bonds issued to Banks under FRP scheme	13402800000	13402800000
(b) Term loans from other parties :		
Loan from other Agencies	1342738763	723155448
Loans from Govt of Andhra Pradesh	114600016	170119016
Sub-Total B	14860138779	14296074464
3.3 Long Term Borrowings (on merger) C	16433311592	16433311592
Total Long Term Borrowings (A+B+C) D	103672549879	92101881891
Less: Current maturities of Long term Borrowings E	30205644205	2767797400
Total (D-E)	73466905674	89334084491

LOANS POSITION

Name of the Loan	As at 31 March 2016	As at 31 March 2015
	₹	₹
Secured		
Syndicate Bank	6412569	6412569
Rural Electrification Corporation (REC)	38709417809	30055503509
Power Finance Corporation (PFC)	16583269130	16230579757
Power Trading Corporation (PTC)	2000000000	0
Term Loans from Banks under FRP	15080000000	15080000000
Unsecured		
Loan from JICA	1342738763	723155448
Loans from Govt of Andhra Pradesh	114600016	170119016
Bonds issued to Banks for STLs(FRP)	13402800000	13402800000
Long Term Borrowings- (on merger)	16433311592	16433311592
Total	103672549879	92101881891

1. All the Loans from Power Finance Corporation (PFC) / Rural Electrification Corporation (REC) are guaranteed to the extent of 30% by the Government of Andhra Pradesh, and are secured by charge on company's Fixed Assets commissioned out of the loan funds of above funding agencies. The assets worth ₹12954.98 Crore (Previous year ₹8848.20 Crore) up to 31.03.16 have been mortgaged including the loans obtained from the banks. The rate of interest on these loans ranges from 6.5%pa to 14%pa





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

2. R-APDRP:

Restructured Accelerated Power Development & Reforms Programme -(R-APDRP) : The quadripartite agreement entered with Govt. of AP, MOP, PFC & APSPDCL. R-APDRP during XI plan is financed by GOI through M/s PFC Ltd (Nodal agency). The Focus of the programme shall be on actual, demonstrable performance in terms of sustained loss reduction. It is proposed to cover Urban areas - Towns and Cities with population more than 30,000. This Project under the scheme shall be taken up into two parts. R-APDRP Part-A completed upto 03/2015. Regarding Part-B, out of 32 Towns selected under R-APDRP 14 Towns works have been completed. The rate of interest is 11.50% charged on the loan under R-APDRP. The Loan was released through PFC. The commissioning of this project is under progress.

The total project cost is ₹320.33 crore. The company has received an amount of ₹171.02 crore upto 31.03.2016 (previous year ₹121.64) and total expenditure incurred up to 31st, March 2016 is ₹214.11 crore. Out of which the bank balance available as at March 31st, 2016 is ₹0.34 crore (previous year ₹0.06 crores) and the assets capitalised upto March 31st, 2016 is ₹90.59 crore and the balance amount of ₹123.52 crore is in Assets under construction

3. All the Loans other than GOAP loans, loans taken in third transfer scheme and CC Limits are having Escrow charge.

4. In the absence of confirmation of interest demand by REC, in respect of the loans arranged by APTRANSCO, the interest charges have been accounted as communicated by APTRANSCO. The principal amount of loan at APTRANSCO relating to the company is ₹14.80 crore as on 31.03.2016 (Previous year ₹ 47.03).

5. During the year 2013-14 on the lines of Financial Restructuring Plan (FRP) framed by Government of India in consonance with G.O.Ms.No 62 dated 14.11.2013 issued by GOAP, Short term loans payable to various banks to the extent of ₹3083 crore have been converted into Long term loans. Of which ₹1508 crore is restructured as Long term loans to Banks ₹1187.50 crore at an interest rate of 11.50%pa & ₹320.50 crore at an interest rate of 11.25% pa, secured by Current Assets on pari passu basis and ₹1575 crore as bonds and are unsecured. Further trade payables to the extent of ₹665.20 crore have also been converted to bonds thus totalling to ₹2240.20 crore. (First trench of ₹.841.52 crore with interest rate of 9.95% p.a, second trench of ₹1312.50 crore with interest rate of 10.09% p.a and third trench of ₹86.18 crore with interest rate of 11.25% p.a). The tenure of all the bonds issued is 15 years with a special condition attached to the issue regarding the option given to the Govt of Andhra Pradesh to take over these bonds over the next 2-5 years. Accordingly the GOAP has taken over ₹900.00 crore (₹262.50 crore in first trench and ₹637.50 crore in second trench) vide G.O.Ms.No.34 dated 31.03.2015. The balance amount to the end of 31-03-2016 is ₹1340.28 crore.

6. Anantapuram & 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 ₹1643.33 crore is 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 no.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

7. Claim has been made towards the interest reimbursement/adjustment of eligible GOAP loans against the projects completed in time, However, company has not received any acceptance of claim. Hence, no adjustments have been made to the fixed assets against such loans received.





Note No. 4 Other Long Term Liabilities

<u>Other Long Term Liabilities</u>	Amount in Rs.	
	As at 31st March, 2016	As at 31 March, 2015
	₹	₹
Consumption Deposits from Consumers	18704552007	13658496281
Total	18704552007	13658496281
<u>Details of Consumption Deposits from Consumers</u>		
Consumption Deposits from LT Consumers	8421630616	6264477806
Consumption Deposits from HT Consumers	10282921391	7394018476
Total	18704552007	13658496281

Note No.5 - Long term Provisions

<u>Long Term Provisions</u>	Amount in Rs.	
	As at 31 March, 2016	As at 31 March, 2015
	₹	₹
5.1 Provisions for employee benefits		
Pension & Gratuity	8721995313	8467491453
Leave Encashment	1616775827	2726497627
Other long term provisions - Merger	0	1673036360
Total	10338771140	12867025440
Employee Related benefits:		
1. Terminal Benefits: Pension & Gratuity :		
For the year 2015-16, the Company has paid ₹204.32 Crore (Previous year ₹189.70 Crore) to the Pension and Gratuity Trust.		
Further, the Actuarial valuation liability as per AS-15 as on 31.03.2016 is ₹2898.01 crores towards Gratuity, EL Encashment and Pension benefits. Also, the fund available as on 31.3.2016 is ₹687.25 crore pending final allotment of erstwhile APCPDCL staff(the staff now transferred to APSPDCL is only based on order to serve basis) and their share towards terminal benefits from Pension and Gratuity trust of erstwhile APCPDCL.		
During the year, provision is made for ₹300 crore (Previous year ₹700.00 crore) towards Gratuity, EL Encashment and Pension benefits for the FY 2015-16.		
2. Anantapuram & 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 is transferred by M/s TSSPDCL(erstwhile APCPDCL) as Long Term provisions for employees by way of Employee division basis allocation is adopted. These amounts are transferred to respective accounts during the current year and also refer to Note no .26 para no 7.2,7.3 & 7.4.		
However, corresponding share in the P & G trust of APCPDCL are not transferred to P & G trust of APSPDCL		
4. The contribution towards Gratuity is made to the Pension & Gratuity Trust in respect of all employees. The liability taken over on amalgamation of the erstwhile RESCOs towards gratuity of its employees amounting to ₹0.67 crores (Previous year ₹0.91 crores) (after netting off the gratuity payments made so far) is retained in the books of the Company and is yet to be transferred to the Trust.		



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

Note No. 6 - Short term borrowings

<u>Short Term Borrowings</u>	Amount in Rs.	
	As at 31 March, 2016	As at 31 March, 2015
	₹	₹
(a) Loans repayable on demand		
<u>Secured</u>		
i. From Banks	1137499197	2292357444
<u>Unsecured</u>		
i. From Others	3376181000	3376181000
(b) Security and other Deposits	2242033363	1872327549
(c) Short term borrowings (on merger)	1809242229	1809242229
Total	8564955789	9350108221
Note:		
a). Interest on State Bank of Hyderabad CC accounts is 11.25 % pa and Lakshmi Vilas bank Ltd is 11.5% pa		
(b). Security and Other deposits includes Retention money, Bid deposits, Security Deposits, EMD, Contribution work Deposits and Temporary Supply Deposits received from service and material vendor. The value wise details a) Bid Deposits - ₹0.37 crore (Previous year ₹1.61 crore) , b) Security Deposits ₹50.32 crore(Previous year ₹41.81 crore) c). Retention Money ₹83.51 crore(Previous year ₹77.85 crore) d) EMD ₹13.68 crore(Previous year ₹12.21 crore) e) Contributory work Deposits ₹49.66 crore (Previous year ₹35.79 crore) and f) Temporary Supply Deposits: ₹15.10 crore (Previous year ₹13.48 crore) g) others ₹11.56 crore(Previous year ₹4.48 crore).		
c. Anantapuram & 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 ₹180.92 crore is transferred by M/s TSSPDCL (erstwhile APCPDCL) as Short term borrowings by way of Energy basis allocation is adopted and also refer to Note no 26 para no 7.2,7.3 & 7.4		
d). No interest has been considered/ paid in the accounts against the above loans transferred under Merger Scheme due to non availability of details.		

**SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED****Note No. 7- Trade payables**

Amount in Rs.

<u>Other Current Liabilities</u>	As at 31 March, 2016	As at 31 March, 2015
	₹	₹
1.Sundry Creditors for Power Purchase	50208565839	24028022027
2.Sundry Creditors for Others	15111906802	16293199557
Total	65320472641	40321221584

1. The Power purchase bills, debit/credit notes raised by the Generators are provisional and are subject to revision at a later date, which are accounted between the Distribution companies (APSPDCL & APEPDCL) in the ratio specified in the G.O.Ms.No.20, Energy (Power-III), dated: 08.05.2014, amended the share of four DISCOMs in the Generating Stations as per which the revised share of APSPDCL is 30.31% (including Anantapuram & Kurnool circles Share 8.04%) out of Four Discoms of Andhra pradesh and Telangana(i.e., APSPDCL,APEPDCL, TSSPDCL(erst while APCPDCL) and TSNPDCL, till 01.06.2014. Consequent to Anantapuram & 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-orgnased 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 done on monthly basis.

2. Confirmations of balance as on 31.03.16 from the Generating Companies/Suppliers of power are yet to be obtained and these balances are subject to reconciliation and adjustments. The Power Purchase creditors of ₹5020.85 crore (Previous Year ₹2402.8 crore) is under reconciliation and confirmations is yet to be received.

3. Sundry Creditors for Power Purchase includes Transmission Charges payable to APTransco as on 31.03.2016 is ₹305.89 Crore (Previous year ₹243.72 crore).

4. Sundry creditors for others includes: a) Material creditors & b) Service/works creditors ₹161.01crore (Previous Year ₹112.87 crore) c) Pension ₹43.22 crore (Previous Year ₹49.40 crore) d) Salaries Liabilities ₹66.62 crore (Previous Year ₹70.83 crore) e) Insurance ₹3.69 crore (Previous Year ₹3.69 crore) f) R&R ₹30.24 crore (Previous Year ₹3.68 crore) g) Year end provisions for salaries, Adm & Gen Expenses, R&M, Interest & Finance Charages and O&M and capital works etc., ₹283.12 crore(Previous Year ₹253.42 crore) i) others ₹966.81crore (Previous Year ₹566.16 crore).

5. Sundry creditors others includes balances of creditors (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



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

Note No. 8 - Other Current Liabilities

(Including current maturities of long term debt)

Amount in Rs.

Other Current Liabilities	As at 31 March, 2016	As at 31 March, 2015
	₹	₹
(a) Current maturities of long-term debt		
From Other parties	30205644205	2767797400
(b) Interest accrued and due on borrowings		
i) Group Insurance Savings Fund	72847795	67905051
ii) Other Liabilities	1472084531	2925699635
iii) Self Fund medical scheme	126511156	13977492
(c) Pool Imbalance Account	16609439954	3323556054
Total	48486527641	9098935631
1. Inter unit account shows a net difference (credit) of ₹45.18 Crore (Previous year (Credit) of ₹38.24 Crore) as at 31-03-2016 which is subject to reconciliation which is included in other liabilities.		
2. The excess/shortfall in the pool bank account balance between the Distribution Companies on account of power purchase and sale of power is accounted as Pool Imbalance Account.		
3. Group Insurance savings fund, 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		
4. M/s Lanco Kondapalli Power Ltd MAT Liability (principal and Interest) APSPDCL share ₹40.83 crore (₹8.23 Crore(+)) ₹32.60 crore will be taken in the books accounts for FY 2016-17		



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

Note No.9 Short Term Provisions

Amount in Rs.

Short Term Provisions	As at 31 March,2016	As at 31 March,2015
	₹	₹
Income Tax	8763204	8763204
Interest on Security Deposits	1276133585	1228260794
Short term provisions - Others	0	594022716
Total	1284896789	1831046713

1. Tax disputes with various authorities:

1.1 The Present stage of Entry Tax: Entry tax Act has been quashed by Hon'ble Andhra Pradesh High court by its common order on 31.12.2007. Accordingly, the APSPDCL claimed for refund of ₹9.84 crore as an amount of Entry Tax paid to commercial tax authorities. However, the Andhra Pradesh Government has filed Special Leave Petition with the Hon'ble Supreme Court of India.

The five Judge division bench of Supreme court of India has put up the case before Hon'ble Chief Justice of India for constituting a suitable larger bench.

3.Short term provisions - Others includes 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

4 Pending Appeals in respect of Income Tax/TDS before various Income Tax Authorities.

Assessment Year	Authority before which the appeal is pending	Amount in Dispute (₹)	Status
2008-09	Hon'ble High Court, Hyderabad The ITAT, Secuderabad	21,298,134	Department moved miscellaneous petition with ITAT on the earlier orders of ITAT, Hyderabad and filed petition with High Court of AP & Telanagana raising question of law on the orders issued by ITAT, Hyderabad.
2009-10		25,429,035	
2010-11		86,038,464	
2010-11	The ITAT, Vishakhapatnam.	86,038,464	Assessing officer moved the petition at ITAT challenging the jurisdiction of Appeals commissioner in the above case
2009-10	The ITAT, Secunderabad.	23,712,210	Company and Department moved to ITAT against the orders passed by CIT (A) Guntur.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

2010-11	The ITAT, secuderabad	342,055,900	IncomeTax department has filed appeal at ITAT,Secunderabad against the orders passed by Appeals commissioner. Company has also filed cross objections at ITAT Secunderabad
2011-12	The ITAT, secuderabad	1,495,265,230	IncomeTax department has filed appeal at ITAT,Secunderabad against the orders passed by CIT (A). Company has also filed cross objections at ITAT Secunderabad
2012-13	CIT(A) TIRUPATI	720,526,460	Comopany has filed appeal at CIT(A) Tirupati against the orders passed by Assessing Officer.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

Note No.-10 : Non- Current Assets

A) FIXED ASSETS

Amount in Rs.

S NO	Asset Group	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
		At the end of the year 31-03-2015	Additions during the year	Adjustments/Deuctions during the year	At the end of the year 31-03-2016	At the end of the year 31-03-2015	Depreciation For the year	Adjustments/Deductions during the year	At the end of the year 31-03-2016	Balance as at 01-04-2015	Balance as at 31-03-2016
a. Tangible Assets											
1	Land and Land Rights	48838651	1381314	0	50219965					48838651	50219965
2	Buildings	1141418110	415644375	0	1557062485	289542941	39433326		328976268	851875169	1228086217
3	Other Civil Works	454538615	178280388	0	632819003	37228496	15827463		53055959	417310119	579763044
4	Plant and Machinery	43694758337	11574883794	97173258	55172468873	18827924534	3469152065	87455932	22209620666	24866833803	32962848207
5	Lines and Cable Net work	42867789384	5535838414	0	48403627799	25802191981	2868049339		28670241321	17065597403	19733386478
6	Metering Equipment	6460016527	1097589482	5338612	7552267397	3112848934	728333330	4137095	3837045169	3347167593	3715222228
7	Vehicles	43118688	2610314	0	45729002	37170105	610403	0	37780508	5948583	7948494
8	Furniture and Fixtures	72352601	3505633	0	75858234	60241183	1658445	0	61899628	12111418	13958606
9	Office equipment	292972396	11406185	0	304378582	229722413	8195404		237917817	63249983	66460765
10	Computers & IT Equipment	296800787	21561650	0	318362437	166976625	30198387		197175012	129824162	121187425
11	Low Value Assets	3191359	291594	0	3482954	3191358	291595	0	3482954	1	(0)
12	Merger Assets -Balance	412036011	13322666	33377888	391980790	99769205	0	0	99769205	312266807	292211585
	Total	95787831468	18856315810	135889758	114508257520	48666807776	7161749758	91593028	55736964506	47121023692	58771293014
b. Intangible Assets											
1	Software	24708792	263156		24971948	23895962	163450		24059412	812830	912536
2	Goodwill	11390000			11390000	11390000			11390000	-	-
	Total	36098792	263156		36361948	35285962	163450		35449412	812830	912536
C. Capital work in Progress										19369154500	16168468483
Total										19369154500	16168468483
Grand Total		95823930260	18856578966	135889758	114544619468	48702093738	7161913208	91593028	55772413918	66490991022	74940674034





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

1. Work Orders(AUC):

The total work orders yet to be closed as on 31.03.2016 is 67450 nos amounting to ₹1342.32 crore out of which 31 nos amounting to ₹0.49 crore pertaining to FY 2010-11, 241 nos amounting to ₹93 crore for FY 2011-12, 624 nos amounting to ₹27.37 crore for FY 2012-13, 2530 nos amounting to ₹123.41 crore for FY 2013-14, 14371 nos amounting to ₹372.50 for FY 2014-15 and 49653 nos amounting to ₹725.55 crore for FY 2015-16 .

2. Impairment of Assets:

Company has not carried out techno economic evaluation during the year. Hence, provision for impairment of assets is not made during the year as stipulated in Accounting Standard 28.

3. Depreciation:

3.1 In accordance with the Part B of Schedule II of the Companies Act 2013, the Company is charging Depreciation at the rates notified under G.O.No.265(SE) dated 27.03.1994 issued under Electricity Supply Act, 1948.

3.2. 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 Opening Gross Block of assets as on 1.4.2000.

3.3. In the case of Assets pertaining to Anantapuram & Kurnool circles transferred from APCPDCL (TSCPDC) on account of AP Reorganisation Act 2014, Depreciation is charged on straight line method on the opening balance of Gross Block of assets as on 01.02.2014, only to the extent of Assets identified out of total transferred assets.

4. 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 09.06.05 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.

4.1 The Opening balances of Assets & 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 September 2001 amounting to ₹799.58 crore at gross value for which break up details are not available.

4.2 Land: The particulars of land transferred during the second transfer, land acquired by the company after incorporation and land allotted by the different sources are yet to be identified

5. IT Initiations:

Implementation of "SAP" ECC 6.0 in 2010-11: During the financial year 2010-11, the company has 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 Area wise/unit 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.

6. Anantapuram & 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 ₹1150.07 crore is transferred by M/s TSSPDCL (erstwhile APCPDCL) as Net assets book values only(.i.e., after deducting depreciation) by way of Geographical basis allocation is adopted and also refer to Note no 26 para no. 7.2, 7.3& 7.4





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

Note No.11 Non-Current Investments

Amount in Rs.

Non-Current Investments	As at 31 March, 2016	As at 31 March, 2015
	₹	₹
a) Share Capital in Resco- Kuppam, Chittoor	2905000	2905000
b) Investment in Shares of APPDCL 20,58,00,000 shares of ₹10 each fully paid)	2058000000	2058000000
c).Others - Merger	806380834	806380834
Total	2867285834	2867285834
Aggregate Book Value of Un Quoted Investments	2867285834	2867285834
Total	2867285834	2867285834

Investments

1. Investments include Equity participation in 1600MW Power Project at Krishna Patnam in Nellore District. The company share is 10.91% (out of 49%) an amount of ₹205.80 Crore upto 31.03.2016 (Previous year ₹205.80 Crore of ₹10 each fully paid) towards its share capital in Andhra Pradesh Power Development Company Limited.

2. Anantapuram & 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 transferred to the company. Hence, the Company is unable to recognise the income accrued on such investments.

3. Anantapuram & Kurnool Circles (Formerly APCPDCL) share of investment in APPDCL , Coastal Tamilnadu Power , M/s. Ghogarpalli Intergrated 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 no of shares and value of each company is yet to be identified and transferred in the name of APSPDCL. and refer to Note No. 26 para No.7.2, 7.3 & 7.4

Note No.12 Long Term Loans and Advances

Amount in Rs.

Long Term Loans and Advances	As at 31 March, 2016	As at 31 March, 2015
	₹	₹
Capital advances to suppliers/ contractors	15398679575	8482302372
Loans and advances to employees and others	61145848	153229470
Deposits with Govt Dept& others	419064833	98404529
Loans to employees - Merger	44616719	61750859
	15923506975	8795687230
Less: Provision of Doubtful Advances	271920363	271920363
Total	15651586612	8523766867

1) Loans and Advances to Directors - NIL.

2) Loans Guaranteed by Directors During the FY 2015-16 - 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





Note 13- Inventories

Amount in Rs.

<u>Inventories</u>	As at 31 March,2016	As at 31 March,2015
	₹	₹
Stores and spares	470506838	337015713
Scrap Materials	319769030	278205933
Less:Materials stock excess/shortage pending investigation	(89643680)	633342
Less:Provision for non-moving and obsolete stock	(118834667)	(108219537)
Total	581797522	507635452

1. Inventories:

a. There is a net excess of ₹8.96 crore (Previous year net shortage ₹0.06 crore) between the physical inventory of stores and spares (as certified by the management) and the value as per the stores ledger as on 31.03.2016. Due to wrong selection of UoM at the time of consumption of Transformer oil, consumption is booked excess by ₹8.96 crore and corresponding credit is given to inventory. The said excess consumption is rectified by crediting the consumption account and debiting the material stock excess/shortage account. Further, the balances in material stock excess/shortage is adjusted with inventory account in July 2016.

b. Inventory includes ₹6.66 crore (Previous year ₹10.91 crore) materials received but pending inspection and acceptance.

c. There are no imported raw materials, spare parts and components consumed during the financial year. The value of indigenous raw materials, spare parts and components consumed during the year is ₹34.2 crore.

d. The Inventory position is as follows :

Opening Stock	₹33.70 Crore *
Receipts during the year	₹81.81 Crore
Issues during the year	₹68.46Crore *
Closing Stock	₹47.05 Crore *

*Excluding provision for non-moving, obsolete and unserviceable stock of ₹11.88 crore (Previous year ₹10.82 crore) and inclusive of material Short / Excess.

3) Inventory includes unidentified balances of ₹0.15 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



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

Note No.14 Trade Receivables

Amount in Rs.

Trade Receivables	As at 31 March,2016	As at 31 March,2015
	₹	₹
SUNDRY DEBTORS		
Outstanding Less than one year	5675309000	5501703870
Outstanding More than one year	13251579458	7872711821
	18926888458	13374415691
Considered Good	17546589987	12360915691
Considered Doubtful	1380298470	1013500000
Total Debtors Outstanding	18926888458	13374415691
Less: Provision for doubtful debts	1380298470	1013500000
Net Debtors	17546589987	12360915691
Total	17546589987	12360915691

1. Sundry Debtors:

1.1 As per the Financial ledger the Sundry debtors account shows a balance of ₹1892.69 crore where as, as per the Consumer ledger the balance shown is ₹1932.09 crore since there is a opening balance difference in respect of Anantapuram & Kurnool Circles is under reconciliation.

1.2 The credit balance in the Sundry debtors amounting to ₹889.54 Crore (Previous year ₹232 crore) is netted off from the Sundry debtors.

1.3 Arrears accumulated in debtors over and above 4 years is ₹516.27 crores and provided for doubtful debts is ₹138.03 crore (previous year 101.35 crore) including merger balance.

1.4 The increase in provision for doubtful debts is owing to transfer of merger balances of Anantapuram & Kurnool circles during the year

1.5 Due to non-determination of provision towards bad and doubtful debts in the current year, no provision is made for the debtors outstanding more than 4 years (Previous year ₹ Nil).

1.6. An amount of ₹54.54 crore relating to deemed energy charges billed on HT consumers during the period from FY 2011-12 to FY 2013-14 has been withdrawn during the FY 2016-17 as per directives of Hon'ble APERC dated 06.04.2016.



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

Note No.15 Cash & Cash Equivalents

Amount in Rs.

Cash & Cash Equivalents	As at 31 March,2016	As at 31 March,2015
	₹	₹
a) Cash on Hand (including cheques, DD's and Stamps on Hand.	127518240	199742706
b) Balance with Scheduled Banks		
i) in current A/c	4456794440	4022910507
ii) in Deposit Accounts	703429623	529353000
c) Remittances in Transit	2391379	23326484
d) Other Balance - Merger	143733817	141368800
Total	5433867499	4916701498

1.1. A Bank account in the name of A.P.POWER DISTRIBUTION COMPANIES POOL ACCOUNT has been opened by all the Distribution companies jointly which is being operated by the nominees of Andhra Pradesh Power Co-ordination Committee. This is a single account, hence Distribution company wise confirmation of balance are not certified by the banker. However the balance at the end of each month is being reconciled with Trial Balance of the individual Distribution Companies, based on information provided by APPCC.

1.2. 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.

1.3. Remittance-in-transit includes Cheques and DDs on hand amounting to ₹0.14 crore as at 31.03.2016 (Previous Year ₹0.58 crore) in various units

1.4 Other Balance - Merger represents balances transferred pursuant to merger of 2 circles from APCPDCL, includes certain current account balances and deposits with banks for which details are not available.

Note No.16 Short Term Loans and Advances

Amount in Rs.

Short Term Loans and Advances (Unsecured- Considered Good)	As at 31 March,2016	As at 31 March,2015
	₹	₹
a) Tax Deducted at Source	30520377	24614943
b) Prepaid Income Tax	111327971	111327971
c) Advance Fringe Benefit Tax Paid	37554305	37554305
d) Less: Provision for Fringe Benefit Tax	35561860	35561860
e) Advance Fringe Benefit Tax(c-d)	1992445	1992445
f) Advance to cheyyur power project	8908000	8908000
g) Short term loans and advances (on merger)	670660981	672258202
Total (a+b+e+f+g)	823409774	819101561

2. An amount of ₹89.08 lakhs was paid to M/s Coastal Tamil Nadu Power Limited projects (Ultra Mega Power Project) at Cheyyuru towards commitment advance.

3. Anantapuram & 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 ₹67.23 crore is transferred by M/s TSSPDCL (formerly APCPDCL) as short term loans and advances by way of energy, geographical and corporate ratio basis allocation is adopted and also refer to Note No 26 para No.7.2,7.3 & 7.4





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

Note No.17 Other Current Assets

Other Current Assets	Amount in Rs.	
	As at 31 March, 2016	As at 31 March, 2015
	₹	₹
i) Receivables from GOAP	17770683101	16578034573
Less: Provison for Govt.Receivables	14820688024	14820688024
	2949995077	1757346549
ii) Receivables from others	1292334273	750294220
iii) Other current assets incl. Unbilled revenue	14580913864	20285740018
iv) Self Fund medical scheme - Investments	110100801	0
Total	18933344015	22793380786

1) Others includes total Cash Embezzlement at Thiruvvur ERO, Vijayawada Circle is ₹84.50 Lakh. The management vide Memo No.CGM/HRD/JS/GM/DGM(DC)/PO(DC)/JPO.4/F103/VJA/ D.No718/ 16 Dt :25-04-2016 has issued final orders to recover the entire embezzlement amount from the responsible officers/employees

2) Amount receivables from GOAP includes an amount of ₹135.35 crore towards tariff subsidy for the FY 2015-16

3) Other Current Assets includes Unbilled Revenue ₹1608.99 crore (Prev Year ₹1391.64 crore), Unbilled Revenue - Merger ₹123.88 crore (Cr)(Prev. Year ₹104.82 crore) and unidentified balances of Other Current Assets - Merger ₹27.01 crore(cr) (Prev. Year ₹532.10 crore). Please refer note No.26 para No.7.2, 7.3 and 7.4

4) The billing for domestic, commercial and general-purpose categories of consumers is carried out on monthly basis in Towns and Mandal head quarters and Bi-monthly basis for other than Mandal head quarters For other categories of consumers billing is done on monthly basis. The agricultural free category consumers' customer charges are billed half-yearly where the services are not linked to domestic services.





NOTE NO - 18 : Revenue From Operations

Amount in Rs.

REVENUE FROM OPERATIONS	Figures for the current reporting period 01.04.2015 to 31.03.2016	Figures for the previous reporting period 01.04.2014 to 31.03.2015
	₹	₹
1. Revenue from Sale of Power		
a) Between DISCOMS	3592377179	2674558940
b) L.T.Supply	53174806367	47776717681
c) H.T. Supply	61749158358	58209850819
2. Income from Inter State Sale of Power	50763457	105887563
3. Other Receipts	1661734206	1474132375
Revenue from Sale of Power	120228839568	110241147378
Less: Electricity Duty	1121271756	1002340333
Net Revenue from sale of power	119107567812	109238807045

Consumption figures for the year 2015-16 is given below are based on the actual consumption in respect of categories I to VIII except in case of category 5 - Agriculture which is based on the readings of meters provided on the LV side of the distribution transformers feeding agricultural loads.

Low Tension (LT)	Units in MUs	% of total units sold	Avg.Real. in ` per unit
Domestic supply - Category -I	6953.98	36.38%	3.54
Non-Domestic supply - Category -II	1550.90	8.11%	9.57
Industrial Supply- Category -III	1466.13	7.67%	6.68
Cottage Industries - Category - IV	36.65	0.19%	4.13
Irrigation and Agriculture Category - V	8479.53	44.36%	0.05
Public Lighting - Category - VI	539.94	2.82%	6.01
General Purpose - Category - VII	88.61	0.46%	7.67
Temporary Supply - Category - VIII	0.72	0.00%	15.03
LT. Total	19116.46	100.00%	2.82
High Tension (HT)			
Industrial Segregated - Category - I	7505.51	78.24%	6.57
Industrial Non-Segregated - Category - II	715.00	7.45%	8.64
Irrigation and Agriculture - Category - IV	339.27	3.54%	5.53
Railway Traction - Category - V	692.74	7.22%	6.52
Colony Lighting - Category - VI	42.14	0.44%	6.79
Electricity Co-Operative Societies	298.45	3.11%	0.24
Temporary Supply	0.00	0.00%	0.00
HT. TOTAL	9593.11	100.00%	6.49
LT + HT Total (FY 2015-16)	28709.57	100.00%	4.04
LT + HT Total (Previous Year 2014-15)	26361.61	100.00%	3.50



**SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED****NOTE NO - 19 : Other Income**

Amount in Rs.

OTHER INCOME	Figures for the current reporting period 01.04.2015 to 31.03.2016	Figures for the previous reporting period 01.04.2014 to 31.03.2015
	₹	₹
1. Interest on Staff Loans & Advances	1420926	1543311
2. Delayed Payment Charges from Consumers	3855668146	2969406462
3. U I (Unscheduled Inter Change) Income	170674838	53481181
4. Miscellaneous Receipts	544721906	406378977
5. Amortization of Capital Contributions	2351315016	2018196702
SUB-TOTAL	6923800832	5449006633
6. Income relating to Prior Years		
a) Prior Period Receipts/Withdrawals	(192926828)	(45375635)
b) Other Excess Provisions	242977743	(12961167)
SUB-TOTAL	50050916	(58336802)
7. Prior Period Expenses / Losses		
a) Operating Expenses	0	220494
b) Employee Costs	(281728)	12410799
c) Interest & Other Finance Charges	(250253)	210958
d) Prior Periods other charges	21345089	(250440)
SUB-TOTAL	20813108	12591811
Net prior period credits/(charges) (6 - 7)	70864024	(70928613)
8. Govt Receivables against FRP Bonds	0	9000000000
OTHER INCOME- TOTAL	6994664856	14378078020
1. Amortization of capital contributions: The amount of amotization of capital contributions relates to the rateable portion of depreciation charged on total assets and created out of Government Grants and contributions from consumers Hence credited to P&L Account.		

NOTE NO - 20 : Revenue Subsidies and Grants

Amount in Rs.

REVENUE SUBSIDIES AND GRANTS	Figures for the current reporting period 01.04.2015 to 31.03.2016	Figures for the previous reporting period 01.04.2014 to 31.03.2015
	₹	₹
1. Tariff Subsidy from Government	23184500004	22497436631
Total	23184500004	22497436631
Note : In the above, tariff subsidy an amount of ₹135.35 crore has been received on 02-04-2016		



NOTE NO.21 : Cost Of Power Purchase

Amount in Rs.

COST OF POWER PURCHASE	Figures for the current reporting period 01.04.2015 to 31.03.2016	Figures for the previous reporting period 01.04.2014 to 31.03.2015
	₹	₹
1. Transmission & SLDC Charges	10252598690	7949098122
2. Power Purchase & Others	139508119911	122215776818
Cost of Power Purchase	149760718601	130164874940
Less: Rebate on Power Purchase	555828925	213894803
Power Purchase Cost after Rebate	149204889676	129950980136
<p>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 the G.O.Ms.No.59,Dated 07-06-2005.</p> <p>2.The cost of power purchase is finalized at APPCC level. The power purchases and its accounting are being carried out by the Andhra Pradesh Power Coordination Committee (APPCC) , and are 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 the books of accounts of the Company in toto.</p> <p>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 which 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.</p> <p>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 as per which the revised share of APSPDCL is 30.31% (including Anantapuram & 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. Consequent to Anantapuram & 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 %. The cost of power purchase is allocated accordingly.</p> <p>3.3. Generator APPDCL has claimed ₹1565.95 crore during FY 2015-16 out of the above adhoc payment of ₹1076.78 crore was paid and balance amount of ₹489.17 crore which was not admitted in the books, since the tariff of said station is yet to be approved by APERC.</p>		
Quantitative Details of Purchase of energy and cost of power purchase:		
Energy Purchased	Purchases	Amount
	In Mus	₹ In Crores
FY: 01-02	8838.00	1729.15
FY: 02-03	9561.00	1965.19
FY: 03-04	10026.00	1987.96
FY: 04-05	11060.00	2050.99
FY: 05-06	10983.85	2238.98
FY: 06-07	12329.55	2564.00
FY: 07-08	12663.01	3012.16
FY: 08-09	13805.48	4228.55
FY: 09-10	15741.05	4592.51
FY: 10-11	16449.08	5061.12
FY: 11-12	18474.87	6339.00
FY: 12-13	18417.74	7902.72
FY: 13-14	20179.12	8083.16
FY : 14-15	29398.24	13016.49
FY : 15-16	33268.56	14976.07

NOTE NO - 22 : Employee Benefit Expenses

Amount in Rs.

EMPLOYEE BENEFIT EXPENSES	Figures for the current reporting period 01.04.2015 to 31.03.2016	Figures for the previous reporting period 01.04.2014 to 31.03.2015
	₹	₹
1. Salaries, Wages and Bonus	12462793328	11547650568
2. Pension Contribution & Terminal Benefits	3523832874	7459583463
3. Employees Welfare expenses	45049994	33361119
	16031676197	19040595150
Less: Employees Cost Capitalised	953206326	908897434
Total	15078469871	18131697716
1. Provident Fund :The company has implemented Employees Provident Fund Scheme, 1952 from the financial year 2002-03 for employees who have joined after 1.2.99 or from the date of employment, which ever is later. During the FY 2015-16 an amount of ₹50.97 crore (Previous Year ₹44.73 crore) has been contributed.		

NOTE NO - 23 : Financial Costs

Amount in Rs.

Financial Costs	Figures for the current reporting period 01.04.2015 to 31.03.2016	Figures for the previous reporting period 01.04.2014 to 31.03.2015
	₹	₹
1. Interest on State Government Loans/REC/PFC	5787075158	3513689476
2. Interest on loans from Financial Institutions and Banks (short term Loan)	898215610	870947393
3. Interest on others(Interest on Consumption Deposit etc)	2856973038	3001854221
	9542263806	7386491090
Less: Interest and Finance Charges Capitalised	1210503015	1271034777
Less: Interest on Fixed Deposits/Short term investments	84675366	91189349
Total	8247085425	6024266964
a) Interest Capitalization: Interest capitalized during the year is ₹121.05 crore (Previous Year ₹127.10 crore) as per Accounting Standard -16. b) The interest on short term loans charged to P&L Account is the allocated share from the pool account.		



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

NOTE NO - 24 : Depreciation & Amortization expenses

Amount in Rs.

Depreciation & Amortization expense	Figures for the current reporting period 01.04.2015 to 31.03.2016	Figures for the previous reporting period 01.04.2014 to 31.03.2015
	₹	₹
Depriciation	7161749758	5863000011
Amortization	163450	1026541
Total	7161913208	5864026552

NOTE NO. 25 : Other Expenses

Amount in Rs.

	Other Expenses	Figures for the current reporting period 01.04.2015 to 31.03.2016		Figures for the previous reporting period 01.04.2014 to 31.03.2015	
		₹	₹	₹	₹
1	Licence fees		37773070		29869532
2	Repairs and Maintenance to				
	a) Plant and Machinery	2305651194		1754331063	
	b) Buildings	7468807		4285133	
	c) Others	340614194	2653734195	29825076	1788441272
3	Rent (including Lease Rentals)		10671043		12099580
4	Rates & Taxes		14058471		17335152
5	Insurance		1072998		848207
6	Telephone Charges		73195926		62447209
7	Postage & Telegrams		2952702		2326381
8	Legal Charges		9739677		2299159
9	Audit Expenses and Fees : of which				
	a) Statutory Audit Fees(Incl. Cost audit)	1365250		1292650	
	b) Merger audit fee	0		286250	
	c) Audit Expenses	470000		400000	
	d) Tax Audit Fees	115000	1950250	114000	2092900
10	Other Professional Charges		451386116		375872792
11	Printing & Stationery		40338085		32371067
12	Advertisement		10806670		4333992
13	Electricity Charges		126720369		107501172
14	Conveyance and Traveling		248006570		248352727
15	Other Expenses		341021752		273523674
16	Miscellaneous provisions/losses/write-offs		12570765		91081391
			4035998658		3050796207
	Less: Administration & General Expenses Capitalised		168212905		160393693
	Total		3867785752		2890402514

Repairs and maintenance-Others includes an amount of ₹24.17crore (Prev. Year ₹. NIL) incurred towards DELP scheme.

NOTE NO. 26 : Other Notes

1. Balances in sundry debtors, sundry creditors, other claims and receivables, Deposits & retentions of suppliers and contractors, Deposits for electrification service connections, liability for capital supplies, O&M supplies and loans and advances as on 31.03.2016 are subject to reconciliation and confirmation and adjustments.

2. Service tax liability on supervisory charges included in DC works, since under quantification, no provision has been made

3. Segment Reporting as per AS-17, since distribution and retails supply of power comprises primary and reportable segment, hence not applicable

4. Previous year figures have been regrouped/re-classified wherever necessary.

5. Amounts have been rounded off to nearest rupee.

6. There are no dues pending as at 31st March 2016 to suppliers/ contractors/ service providers who are registered as Micro, Small Or Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

7. Merger of Anantapur 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 (APCPDCL) were required to be merged with APSPDCL.

7.2 M/s TSSPDCL have 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 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 / shortterm 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 the FY 2014-15 subject to certain unidentified items out of which some of the items were identified during this FY 2015-16 and balance items yet to be identified.

SL No	Note No	Details	Amount in ₹	
			Un identified items up to FY 2015-16	Un identified items up to FY 2014-15
2	2	RESERVE & SURPLUS	2758772969	9789657143
3	3	LONG TERM BORROWINGS	16433311592	16433311592
4	4	OTHER LONG TERM LIABILITIES	420563	37289143
5	5	LONG TERM PROVISIONS	0	1673036360
6	6	SHORT TERM BORROWINGS	1809242229	1809242229
7	7	TRADE PAYABLES	8732270696	8742255046
8	8	OTHER CURRENT LIABILITIES	1007449788	2526912857
9	9	SHORT TERM PROVISIONS	0	594022716
Total Liabilities			30741467836	41605727086
10	10	depreceation)	292211585	312266807
11	11	NON CURRENT INVESTMENTS	806380834	806380834
12	12	LONG TERM LOANS & ADVANCES	44616719	61750859
13	13	INVENTORIES	1562951	1562951
14	14	TRADE RECEIVABLES	-1238857601	1048232142
15	15	CASH & CASH EQUIVALENTS	143733817	141368800
16	16	SHORT TERM LOANS & ADVANCES	670660981	672258202
17	17	OTHER CURRENT ASSETS	14580913864	5321097152
Total Assets			15301223150	8364917747

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

7.5 GOI Ministry of Power has notified UDAY (Ujwal Discom Assurance Yojana) scheme for the financial turnaround 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 will be implemented during the FY 2016-17. Under the scheme, the government will take over 75% working capital loan amounts to ₹4251.79 Crore (APSPDCL Share) and 100% FRP bonds amounting to ₹1340.20 Crore (APSPDCL share) outstanding as on 30.09.2015 in F.Y. 2016-17

8. Related party disclosures.

Payments and Benefits to Directors					Amount in Rs.	
Sl. No	Particulars	F.Y : 2015-16		FY : 2014-15		
		Chairman and Managing Director	Other Directors	Chairman and Managing Director	Other Directors	
		₹	₹	₹	₹	
1	Salary / Remuneration	2163896	9067146	1385625	5842520	
2	Travelling Expenses	697012	634329	579094	771746	
	Total	2860908	9701475	1964719	6614266	

Key Management Personnel:

Name	Remuneration for 2015-16	Remuneration for 2014-15
H.Y.Dora	2163896	1385625

9. Court Cases/ Legal Disputes/ Contingent Liabilities

Particulars	Rs. in Crores	
	31-03-2016	31-03-2015
	₹	₹
i. Claims against the company not acknowledged as debts	9.24	3.88
ii. Estimated amount of contracts remaining to be executed on capital account and not provided for	365.45	346.42
iii.Claim of fixed cost by APPDCL for the FY 2014-15 which was not yet approved by APERC	73.24	nil



SOUTHERN POWER DISTRIBUTION

COMPANY OF A.P.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.

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 uncompleted billing cycle, on the basis of estimation and
 - c) in respect of billing towards theft of power, upon certification of assessment by the competent authority of the company.

ii) Other Income is recognized on accrual basis except interest on employee loans which is recognized on cash basis.

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. Fixed Assets:

- i) Fixed Assets 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.

6. Depreciation:

- i) The Company is charging Depreciation at the rates notified under G.O No.265 (SE) 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:
- 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
 - 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) Non Current investments are valued at cost.
- ii) Current investments are valued at cost or market value whichever is lower.

9. Inventories:

Inventories representing Stores and Spares are valued at weighted average cost basis. The cost includes insurance, freight, taxes and all other connected expenses.



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:

a) 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:

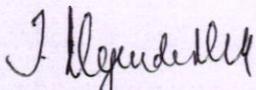
Intangible Assets are amortized over the useful life of the assets.

15. Taxes on Income :

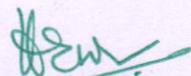
a. Current Tax is determined as the amount of tax payable in respect of taxable income for the period.

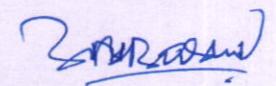
As per our report of even date
For M/s Komandoor & Co.LLP
Chartered Accountants.
Firm No: 001420S/S200034

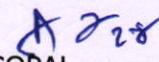
For and on behalf of the Board

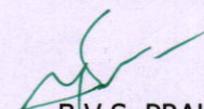

CA T. NAGENDRANADH
Partner.
Membership No: 226246




H.Y. DORA
Chairman & Managing Director/CEO


SYED BILAL BASHA
Director (Finance)/CFO


A VENU GOPAL
Chief General Manager (E&C)


B.V.S. PRAKASH
Company Secretary

Place: Tirupati
Date : 02-08-2016

KOMANDOOR & CO. LLP

Chartered Accountants



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INDEPENDENT MEMBER | INDEPENDENT
PROFESSIONAL FIRMS

INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
M/s SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED
TIRUPATI

Report on the Financial Statements

We have audited the accompanying standalone financial statements of THE SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED ('the Company') which comprise the Balance Sheet as at March 31, 2016 and the statement of Profit & Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.



A partnership firm converted into Komandoor & Co. LLP (A limited liability partnership with LLP Identification No. AAG-0043) with effect from 21st March, 2016
I-504, Divya Shakti Complex, 7-1-58, Dharamkaran Road, Ameerpet, Hyderabad-500 016, Telangana, INDIA
Phone : +91 40-23751300 / 23741400, Cell : +91 9849011300, +91 7207057799. Fax : +91 40 23745381
E-mail : komandoorco@gmail.com info@komandoorco.com URL : www.komandoorco.com

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Disclaimer Opinion

Purchase of Power:

- a. With attention to the Note No. 7-1 & 2 of financial statements, relating to accounting of power purchase bills, debit / credit notes which are provisional and are subject to revision at a later date. The consequential impact on creditors balances, loss for the year, if any, is presently not ascertainable.
- b. Non-confirmation / reconciliation of balances of the power suppliers for an amount of ₹ 5020.85 crore (Previous Year ₹ 2402.8 crore).
- c. Note No. 15 Para 1.1 on non-confirmation of bank balance in the name of Andhra Pradesh Power Distribution Companies Pool Account and the Company's share thereon.
- d. Note No:21 Para 1 constitution of Andhra Pradesh Power Coordination Committee to facilitate purchase and trading of power on behalf of distributions companies in the State of Andhra Pradesh and legal status of the same could not be ascertained.



- e. Note No. 21 para 2- accounting of cost of power purchase, Inter Discom power transactions and Inter State sale incorporated in the books of the Company as intimated by the APPCC, Hyderabad and certified by the internal Auditors of APPCC who are an Independent Firm of Chartered Accountants.

In the absence of relevant information on swap transactions, metering claims made by the power suppliers, confirmations/ reconciliations and disputes on power purchase etc., the said cost could not be reviewed by us.

Merger of Two Circles with the company

Consequent to the promulgation of AP Reorganization Bill 2014 (The Act), the Assets and Liabilities of operation circles of Anantapur and Kurnool of TSSPDCL (APCPDCL) are merged with APSPDCL.

M/s TSSPDCL have furnished financial statements as at 01.06.2014 duly audited by independent Chartered Accountant on the allocation of Assets and Liabilities as at 01.06.2014 and income and expenditure from 01.04.2014 to 01.06.2014

Allocation has been carried out as per the Act except 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 of Pension & Gratuity Trust, GPF Trust, 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.

Further, such Assets and Liabilities transferred should be adopted into company accounts, subject to modifications after verification and reconciliation by both TSSPDCL, APSPDCL and approved by the Expert committee, Government of Andhra Pradesh, and Government of Telangana. However, such reconciliation is not carried out as on the date of our Audit

However, Company incorporated the Assets and Liabilities balances on account of merger into certain suspense GL accounts, pending reconciliation. Further, company during the year transferred certain account balances into regular GL accounts pending said reconciliation exercise and leaving residual balances in said suspense GL accounts.

Further, company has not recognized depreciation loss on fixed assets which are lying in the suspense GL account, interest expense on loans, dividend income or interest income accrued on loans and investments transferred in pursuant to merger.



such expenses attributable to the specific assets. The said policy is in non compliance of the Accounting Standard -10.

- d. Accumulated depreciation on assets sold/discarded during the year is not written back in accordance with AS-6 "Depreciation Accounting". In the event of replacement of an old asset with a new asset (Except Distribution Transformers), the new asset is capitalized at acquisition cost less the weighted average cost of replaced asset. However, such old assets are not retired from the books. The consequential impact on Asset balances, depreciation loss on financial statements is not ascertainable.
- e. In the event of retirement of distribution transformers, instead of retiring the actual asset company is retiring the asset on FIFO basis. The consequential impact on Asset balances, depreciation loss on financial statements is not ascertainable.
- f. The Company has not carried out any Techno-economic assessment during the year ended 31st March 2016 and hence identification of impairment loss and provision thereof, if any, has not been made. The same is not in accordance with the notified Accounting Standard 28 on Impairment of asset. The consequential impact of adjustment, if any, on the financial statements is currently not ascertainable. Refer Note no. 10.2 of Financial statements
- g. Note No 10 Para 3.3, depreciation is not provided on certain unidentified assets transferred from APCPDCL pertaining to the operation circles merged with the company.
- h. Note No. 10 Para 4 is invited wherein, consequent upon amendment to second transfer scheme vide G.O.Ms 142 DT. 29.09.2001 and the third transfer scheme vide G.O.Ms.396 dt.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 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 aforementioned transfer schemes.

The consequential impact on the capital work-in progress, fixed assets, depreciation and amortisation and loss for the year owing to above stated qualifications, if any, is presently not ascertainable.

III. Inventories

- a. The company is valuing the stores & spares, obsolete stock and scrap materials on weighted average cost. However, it should be valued at cost or NRV whichever is lower leading to non compliance with AS -2. In absence of relevant information and audit trail we are not in a position to quantify the impact thereof.



- b. In case of devolution of materials to stores, the rate adopted by the SAP, is at current purchase price and not the price at which it was issued.

IV. Employee Benefits:

Note No. 5- Para 1 - Provision for pension, Gratuity, leave encashment and other retirement's benefits made does not comply with requirements of AS-15 "Employee benefits". However, company had made an adhoc provision of Rs. 300 crores against liability determined as per actuarial valuation of Rs.2006.08 crores resulting in understatement of loss and liabilities to an extent of Rs. 1707.08 crores. Further, the disclosure requirements as per Schedule III of Companies Act 2013 are not complied in total.

V. Government Grants

- a. Assets purchased under RGGVY scheme from Government grants is not shown separately as required under AS-12 "Accounting for Government Grants".

VI. Borrowing Costs

- a. Note 27.10 of 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. However, company is unable to identify the borrowing cost incurred specifically for a particular asset and hence, capitalizing the interest cost at the weighted average rate of borrowing cost incurred during the previous year. *However, Accounting standard -16 prescribes a different method for capitalization of borrowing costs for general borrowings. The capitalization rate should be the weighted average of borrowings costs applicable to the borrowings that are outstanding during the year. Accordingly, capitalization should be determined by applying the rate arrived as per standard.*

The consequential impact on the capital work-in progress, fixed assets, depreciation and amortisation and loss for the year owing to above deviation from accounting standard, if any, is presently not ascertainable.

VII. Taxes on Income

Deferred Tax asset / liability has not been recognized in the accounts as required under AS-22 "Accounting for Taxes on Income".

VIII. Earnings per Share



The cumulative effect of the non-compliance of the above and other qualifications in the para below, on the Earnings per share vide Accounting standard 20 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

IX. Assets/Liabilities are overstated/understated and loss understated/overstated to an extent of the following :

- i. Note No. 14 para 2.3- Non provision of bad and doubtful debts in consonance with the accounting policy of the Company for the current year to the extent of Rs.377.97 Crores resulting in understatement of Loss and overstatement of Sundry Debtors to that extent.
- ii. Note No.8 para 1 non reconciliation of Inter Unit accounts to the extent of Rs. 45.18 Crores (previous year Rs. 38.24 crores).
- iii. The company has not booked accrued interest on certain bank deposits amounting Rs. 58.41 lacs resulting in overstatement of loss and understatement of current assets to that extent.
- iv. In case of certain bank accounts, the balance as per Bank statement is higher than the books of Account by an amount of Rs.21.97 crores resulted in understatement of Cash & Cash equivalents and overstatement of receivables or Other Current Assets to that extent

X. Others:

- a. Note No.10 Para 5 The input controls in the SAP in respect of capturing data and recording of transactions, access control system, disaster data recovery plans and backups needs to be reviewed and duly certified by independent agency as regards to its adequacy. However, independent system Audit on SAP implementation is not carried out since *Go-live of the project*
- b. Note No 19 -Non recognition of income on Deposit Contributory Work, which is not ascertainable.
- c. Note No: 26 para 8- Contingent Liabilities reported are, in our opinion, exclusive of court cases pertaining to power purchases & Undrawn/ under drawn power in case of open access purchases.
- d. Non-disclosure of capital and other commitments at the year-end prescribed under Schedule III to the Companies Act, 2013.



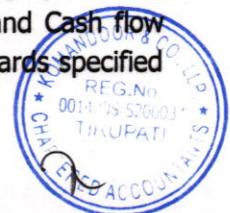
Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraph above, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2016;
- ii. In the case of the statement of profit and loss, of the loss for the year ended on that date; and
- iii. In the case of the Cash Flow statement, of the cash flow for the year ended on the date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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, to the extent applicable.
2. As required by section 143 (5) of the Companies Act 2013, we give in the Annexure B, to this report a statement on the directions issued by Comptroller & Auditor General of India, to the extent applicable.
3. As required by section 143 (3)(i) of the Companies Act 2013, 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, the 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 more particularly non compliance of Accounting Standards AS-2, AS-6, AS-9, AS-10, AS-12, AS-15, AS 16, AS-20,AS-22 and AS-28.

- e) The matter described in the Basis for Disclaimer of Opinion and Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) Being a Government Company the Company is exempt the provisions of section 164(2) of the Act.
- g) 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 9 Para 1.1 and 4 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 has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund.

Date: 02-08-2016
Place: Tirupati

For Komandoor & Co LLP
Chartered Accountants
Firm Reg. No.001420S/ S200034



J. Nagendranadh

Nagendranadh Tadikonda
Partner
Membership No. 226246

Annexure A to the Auditors' Report

**Annexure to the Auditor's Report for the year ended March 2016
(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, 2016)**

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets **subject to updation in SAP. However, the said details are not available for certain unidentified fixed assets transferred from TSSPDCL (formerly APCPDCL) occasioned by AP State bifurcation (pertaining to Kurnool and Ananthapur circles).**
 - b. We were informed that the fixed assets have not been physically verified by the management during the year; hence we are unable to comment on the discrepancy, if any between the physical balance and book records.
 - c. According to the information provided to us and audit procedures conducted by us, the ownership documents viz. sale deed, gift deed etc. on immovable properties are not fully available with the company. Further, the immovable properties transferred in pursuant to Demerger TSSPDCL (Formerly APCPDCL) are not registered in the name of the company. In the absence of the above said information we are unable to determine the state of ownership and titles against such properties.
- ii. According to the information provided to us and audit procedures conducted by us, the company is following a system of perpetual inventory verification in all locations at reasonable intervals during the year. As explained to us material discrepancies noticed on physical verification of inventory as compared to the book records have been properly dealt with in the books of accounts.
- iii. According to the information provided to us and audit procedures conducted by us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of Clause iii (a), iii (b), iii (c) of the order are not applicable to the Company.
- 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 companies Act. Thus, there is no non compliance of provisions of Section 185.
 - The company has not given any loans and guarantee or providing and 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 Companies Act 2013 .



- v. According to the information & explanation given to us, the Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013. 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. The Cost records are not produced for verification. Hence, **the contents of these accounts and records have not been examined by us.**
- 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 Provident Fund, , Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities and there were no 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, except **service tax on supervisory charges on deposit contributory works, service tax on police guard charges, TDS on certain payments towards professional charges, consultancy charges, legal charges and honorarium under provisions of Income Tax Act, 1961. The company has not made any provision for the said expenditures.** In the absence of such information, we are unable to quantify the liability payable.
- (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no disputed dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess which have not been deposited as at 31.03.2016 other than those indicated below except Rs.237.12 lakhs for the AY 2009-10.

Nature of dues	Unpaid Amount (Rs. In lakhs)	Period to which the amount relates	Forum where pending
Interest on delayed payment of TDS on Transmission charges	212.98	2008-09	Appeal filed by Assessing Officer on question of law is pending at Honourable High court & Miscellaneous petition filed by ITO(TDS) Tirupathi on lower rate of TDS, Interest on such delayed amount is pending at ITAT Hyderabad.
TDS on transmission, SDLC charges and lease Rentals	860.38	2010-11	
Interest on delayed payment of TDS on Transmission charges	254.29	2009-10	



Disallowance of provisions claimed under section 115JB for calculation of MAT	237.12	2009-10	ITAT- Hyderabad.
Disallowance of ED Expenditure, Amortisation of Capital Contribution	3420.56	2010-11	ITAT- Hyderabad.
Disallowance of Consumer Contribution – treating it as revenue item, Prior period items and Distribution Licence fees	14952.65	2011-12	ITAT-Hyderabad.
Consumer Contributions	7205.26	2012-13	CIT (A) Tirupati.

- viii. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institutions or banks or debenture holders except on certain loans transferred on merger of Ananthapur & Kurnool operation circles, which are unascertained.
- ix. Based on our audit procedures and as per the information and explanations given by the management, the term loans were applied for the purpose for which the loans were obtained. Since, the company has not raised any money through any public offers application of money for the purpose for which those are raised is not applicable for the company.
- x. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management. However, there exist an amount of Rs. 85 lakhs accumulated balances of fraud on account of theft of cash and Rs.5.48 Crores on account of theft of energy, which are yet to be resolved. Further, company has written off certain assets of carrying value of Rs. 97.17 lacs on account of theft of Distribution transformers happened in earlier years.
- xi. Since government company is exempted from the provisions of section 197 of companies act 2013, clause (xi) of the order is not applicable.
- xii. According to the information and explanations given to us and based on audit procedures conducted by us, as the company is not a Nidhi company, clause (xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on audit procedures conducted by us, all the transactions with related parties are in compliance with sections 177 and 188 of Companies act, 2013, wherever



- applicable and the details have been disclosed in the financial statements etc., as required by applicable accounting standards.
- xiv. According to the information and explanations given to us and based on audit procedures conducted by us, as the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and so clause (xiv) of the order is not applicable.
- xv. According to the information and explanations given to us and based on audit procedures conducted by us, as the company has not entered into any non-cash transactions with directors or persons connected with him. Hence, clause (xv) of the order is not applicable.
- xvi. According to the information and explanations given to us and based on audit procedures conducted by us, as the company is not required to be registered under section 45-IA of RBI Act, 1934/ Hence, clause (xvi) of the order is not applicable.

Date: 02-08-2016
Place: Tirupati

For Komandoor & Co.LLP
Chartered Accountants
Firm Reg.No:001420S/S200034



J. Nagendranth

(CA T. Nagendranth)
Partner: M.No.226246

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, 2016)

As required by section 143 (5) of the Companies Act 2013, 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 we report that:

Report on Directions u/s 143(5) of Companies Act 2013:

1) Title/Lease Deeds:

In respect of Freehold lands of carrying value Rs. 5.02 crores (previous year Rs. 4.88 crores), data on lands acquired by purchase, gift or alignment by government are not completely available with the company. Further, the ownership documents viz. sale deeds, gift deed on such lands are not fully available with the company. In the absence of the above said information we are unable to determine the state of ownership, any adjustments to the carrying amounts required, if any, is not ascertainable.

2) Waiver/Write off of loans/debts/interest:

Company has not waived off any loans, interest thereon during the year under review.

3) Inventories & Assets:

There are no cases for inventory lying with third parties as at the end of the year;

Further, company has not received as any assets as gifts/ grants from Government or other Government Authorities during year under review.

Report on Sub Directions u/s 143(5) of Companies Act 2013:

1. Idle Land:

As per the written representation provided to us by the management the company has laid down sufficient controls to prevent encroachment of idle land owned by the company

However, there is pending litigation of one land situated at Sy.No.218, Podili Village over to the extent of 2.50Acres. The above case is pending for finalization between APSPDCL and Mr. M.V.R.K. V Prasad Rao Alleged President of Podili Rural Co-operative Housing Society Ltd.



2. Comment on System for Recovery of Revenue:

As per the Written Representation provided to us by the management and audit procedures conducted by us, the systems for accounting the revenue in the books is in compliance with AS-9; Further, company has effective system for recovering the revenue as per contractual terms.

3. Abandoned Projects:

As per the Written Representation provided to us by the management, there are no abandoned projects for the Financial Year 2015-16. Hence the cost of Abandoned Projects shall be treated as Nil.

4. Reconciliation of Receivables and Payables

Company has not completed the reconciliation of receivables and payables between generation, distribution and transmission. In the absence of above exercise, we are unable to comment on differences on reconciliation.

5. Subsidies Allowed and Accounted for:

An amount of Rs.2318.45 Crores has been allowed as Subsidy to the Company and accounted as other income during the year. Further, an amount of Rs. 2183.10 Crores has been received during the year; However, the balance of Rs.135.35 is received by the company on 02-4-2016.

Date: 02-08-2016
Place: Tirupati



For Komandoor & Co LLP.,
Chartered Accountants
Firm Reg. No. 001420S/ S200034

Nagendranadh Tadikonda)
Partner
M.No.226246

Annexure C to the Auditors' Report

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ANDHRA PRADESH SOUTHERN POWER DISTRIBUTION COMPANY LIMITED.

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

We have audited the internal financial controls over financial reporting of Andhra Pradesh Southern Power Distribution Company Limited. ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

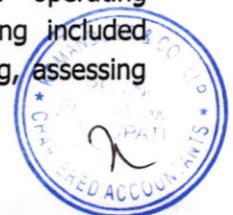
Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing



the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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 March 31, 2016.



We have considered the above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 standalone financial statements of the Company, and the disclaimer has affected our opinion on the financial statements of the standalone Company and we have issued a qualified opinion on the financial statements.

Date: 02-08-2016
Place: Tirupati

For Komandoor & Co LLP.,
Chartered Accountants
Firm Reg. No. 001420S/ S200034



Nagendranadh Tadikonda
Nagendranadh Tadikonda)
Partner
M.No.226246