



SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

BOARD OF DIRECTORS

SRI. K.VIDYA SAGAR REDDY,	CHAIRMAN & MANAGING DIRECTOR
SRI. UMESH SHARRAF I.P.S.	NON WHOLE TIME DIRECTOR
SRI. G.RAMA KRISHNA REDDY	NON WHOLE TIME DIRECTOR
SRI. S.VISWANATHAM	DIRECTOR (HRD & OPERATION)
SRI. Z.PHILIP	DIRECTOR (PROJECTS & FINANCE)
SMT. K. CHAYALAXMAN	PART-TIME OFFICIAL DIRECTOR
Dr. K.S. UMA, IES.,	PART-TIME OFFICIAL DIRECTOR

COMPANY SECRETARY

CS. B.V.S.PRAKASH

AUDIT COMMITTEE

Sri Umesh Sharraf, IPS	Chairman of the Audit Committee/ JMD (V&S)/APTRANSCO/Hyderabad.
Sri G.Ramakrishna Reddy	Member of the Audit Committee/Director (Finance & Revenue)/APTRANSCO/ Hyderabad.
Sri S.VISWANATHAM	Member of the Audit Committee/ Director (HRD & OPERATION)/ APSPDCL/Tirupati.

AUDITORS

RAJU & PRASAD,
CHARTERED ACCOUNTANTS,
401,DIAMOND HOUSE,
ADJ.AMRUTHA HILLS,
PUNJAGUTTA,
HYDERABAD-500 082.

BANKERS:

STATE BANK OF HYDERABAD
STATE BANK OF INDIA

REGISTERED OFFICE

D.NO19-13-65/A,
TIRUCHANOUR ROAD,
BEHIND SRINIVASA KALYANA
MANDAPAM, KESAVAYANIGUNTA,
TIRUPATI-517 503, CHITTOOR (DIST)
ANDHRA PRADESH
TELEPHONE : (0877) 2284109,
FAX : (0877) 2284111
WEB SITE: www.apspdcl.in
TIN : 28210282716

SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

OUR VISION

***To create an organization that is profitable, viable, responsive,
serving the needs of the customer, suppliers and employees.***

OUR MISSION

Commercial Objectives:

- ❧ *Eliminating pilferage of energy*
- ❧ *Reducing arrears*

Operational Objectives:

- ❧ *Minimizing Technical/Transmission Losses*
- ❧ *Reducing transformer failures*
- ❧ *Maintaining rolling stock of additional DTRs at every sub-station level to avoid delays in replacing the failed units*

Social Objectives:

- ❧ *Electrification of Dalith Wadas.*
- ❧ *Electrification of Weaker Section Colonies*
- ❧ *Providing uninterrupted power supply to the consumers.*
- ❧ *Providing better service to the consumers.*

Regulatory Objectives:

- ❧ *To function as per the guidelines issued by APERC.*
- ❧ *To continuously monitor the progress of various directives issued by APERC.*

CORE VALUES

*Excellence in all aspects of the company.
Honesty, integrity and ethical business.
People, as the source of strength.
Respect for the individual and personal growth.
Tackling challenges and solving problems
Continued self improvement, never being satisfied.*

Energy saved is

Energy produced

11th Annual Report 2010-11**CONTENTS**

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APSPDCL PERFORMANCE HIGHLIGHTS

Year ended 31st March	2011	2010	2009	2008	2007
Units Sold (Million Units)	14441.24	13697.28	11938.50	10798.24	10360.95
No. of 33/11 KV Sub stations	1058	1045	955	843	767
Length of 33 KV line in KM	11125.52	11506.29	10891.65	10272.61	9960.10
Length of 11 KV line in KM	95685.94	91863.79	84734.16	75012.36	70173.41
Length of LT line in KM	147403.81	141082.90	139692.10	132688.92	130361.92
Number of Distribution Transformers	276420	249957	226238	184972	158160
Number of Power Transformers	1373	1357	1261	1147	1071
No of Consumers	6716034	63,97,861	6021853	5656339	5234494
Distribution Losses (%)	12.75	12.98	13.52	14.73	15.97
Distribution Transformer failures (%)	7.22	7.12	6.80	7.67	8.96
Average Realisation per unit (Rs.)	2.32	2.32	2.27	2.29	2.09
Financial Data (Rs. in Crores) Total income	6798.6442	5769.2617	5302.13	3891.63	3304.32
Total Expenditure	6799.1570	5765.2815	5291.15	3837.47	3251.14
Surplus / (Deficit)	3.0249	3.9802	10.98	54.16	53.18
Paid up Equity Capital (Rs. In Crores)	358.71	358.71	358.71	358.71	358.71

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

To
The Members of the Company

NOTICE is hereby given that the 11th (Eleventh) Annual General Meeting of Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati will be held (at Shorter Notice under Section 171(2) of the Companies Act, 1956 pursuant to consent received from all the Members) on Friday, THE 30th SEPTEMBER, 2011 AT 3.30 P.M at the Registered Office of the Company D.No.19-13-65/A, Tiruchanoor Road, Behind Srinivasa Kalyanamandapam, Tirupati to transact the following business:

Ordinary Business:

- 1. To receive, consider and adopt the Audited Balance Sheet as at 31st, March 2011 and Profit & Loss account for the Financial year ended on that date of the Company together with Directors Report, Statutory Auditors Report and Comments of Comptroller and Auditor General of India, thereon.**
- 2. To take note of Statutory Auditors appointed by the Comptroller and Auditor General Of India for the Financial year 2011-12 under the provisions of Sec.619 of Companies Act, 1956 and to authorize the Board to fix the remuneration of Statutory Auditors for the Financial 2011-12.**


Draft Resolution:

"RESOLVED THAT the appointment of M/s. RAM RAJ & CO., D.No. 18-1-309, BHAVANI NAGAR, TIRUPATI-517501, as the Statutory Auditors of the Company for the Financial Year 2011-2012 vide Lr.No. CA.V/COY/ANDHRA PRADESH, SOUPOW(1)/79, Dt 18.08.2011 of the Comptroller and Auditor General Of India, New Delhi is noted."

"FURTHER RESOLVED THAT pursuant to the provisions of Section 224(8) (aa) and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and are here by authorised to fix the remuneration and out of pocket expenses payable to Statutory Auditors M/s. RAM RAJ & CO., D.No. 18-1-309, BHAVANI NAGAR, TIRUPATI-517501 as Statutory Auditors of the Company for the Financial Year 2011-12"


BY ORDER OF THE BOARD OF DIRECTORS

For Southern Power Distribution Company of Andhra Pradesh Limited.


(CS.B.V.S.PRAKASH)
Company Secretary**Note:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the Proxy need not be a member of the Company.
2. Proxy form is enclosed. Instrument appointing proxy shall be deposited at the Registered office of the Company by not less than 48 hours before Commencement of the meeting.

Place: Tirupati.
Date: 23.09.2011


(CS.B.V.S.PRAKASH)
Company Secretary

DIRECTORS' REPORT

To
The Members,
Southern Power Distribution Company of A.P. Limited
Tirupati

Your Directors have pleasure in presenting the 11th (Eleventh) Annual Report of the Company relating to Financial Year 2010-11 and trust the Annual Audited Accounts for the said year as circulated have been perused by all of you.

Financial Results:**Rupees in Crores**

S.No.	Particulars	Current Year 2010-11	Previous Year 2009-10
A	Total income	6798.6442	5769.2617
B	Total expenditure	6799.1570	5762.8836
C	Profit/(Loss) before tax	(0.5127805)	6.3781
D	Provision for tax		
E	Income Tax	0.78	0.70
F	Fringe benefit Tax	-	-
G	Profit/(Loss) after tax	(1.2927805)	5.67810
H	Net prior period credits/(Charges)	4.3177038	(1.69780)
I	Profit/(Loss) before Contingency	3.0249233	3.9802
J	Reserve	-	-
K	Contingency Reserve	-	-
L	Profit after Contingency Reserve	3.0249233	3.9802

Dividend

The Board of Directors have not declared any dividend during the year ended 31.03.2011

Energy Sales

The Company's total sales increased to 14441.24 MU in 2010-11 from 13697.28 MU in 2009-10.

Operational Performance of the Company for the year 2010-11:

Further, your Directors are pleased to present some key achievements in operational areas:

S.No	Particulars	As on 31-3-2011	As on 31-3-2010
1	Number of 33/11 KV Sub stations	1058	1045
2	Length of 11 KV line in KM	95685.94	91863.79
3	Length of LT line in KM	147403.81	141082
4	Number of Distribution Transformers	276420	249957
5	Power Transformers	1373	1357
6	Number of Consumers	67,16,034	63,97,861

- ⌚ A total of 3,18,173 nos of New Services were released through the Customer Service Centres during the year 2010-11.
- ⌚ The Customer Service Centre at Tirupati has been declared to be in conformity with ISO 9001: 2008 by M/s Perry Johnson Registrar Inc during 2010-11.

ERP(SAP)Utilisation in the Company:

New version of SAP 6.0 was started on 01.05.2010 in SPDCL. FI & CO, MM, PM, PS, HR and BI modules are implemented in SAP 6.0 version. Now the total number of PTRs, DTRs available in SPDCL can be seen in SAP software along with its make, SL No, location, section, sub division, division and Circle. From 26.08.2011 onwards, individual PM order system is implemented towards repair of DTRs. Due to this we can find out the history of DTR i.e. how many times a DTR was repaired and repair expenditure against each repair, nature of repairs done and cause of failure can be known. In HR module, GPF data, Pensioners Data and payment details are handled out side SAP. Now during this year it is proposed to take up GPF data and pensioners data in SAP.

Vigilance Wing

Continuous efforts are being made for prevention of theft of energy. Anti Power Theft Squad (APTS) Department & DPE Wing have carried out intensive inspection drives during the year

A total of 33,672 cases were reported during the year 2010-11 assessing Rs. 5,32,95,469 During the year 33,691 cases were compounded and Rs.2,88,27,000/- was collected.

Policy initiatives

Central Government has initiated a number of policy initiatives viz., constitution of Appellate Tribunal for Electricity, promulgation of National Tariff Policy, Ultra Mega Projects initiative, Efforts towards developing an integrated Energy Policy and launch of nation wide Rural Electricity Infrastructure and Household Electrification Programme – Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY).

Directors:

The Board of Directors of the Company are appointed / nominated by Government of Andhra Pradesh. The Changes which have been occurred in the composition of Board of Directors of the Company from the date of the last report are as follows:

Name of the Director	Date of appointment	Date of change
1. Sri.T.H.N.S. Damodara Rao, Director(RAC)	05.01.2005	07.04.2011
2. Sri. Y. Padmanabha Reddy, Director(Operation & Finance)	05.01.2005	07.04.2011
3. Sri. P. Anjaiah, Director(Purchases)	01.05.2008	30.04.2011
4. Sri K. Rami Reddy, Director (Energy Audit & Purchase)	30.06.2008	29.06.2011
5. Smt. K. Chayalaxman, Officer on Special Duty/ Energy Department, A.P. Secretariat, Part-time Official Director	28.07.2011	-
6. Dr. K.S. Uma, Special Secretary to Government/ Finance Department, A.P. Secretariat, Part time Official Director	28.07.2011	-
7. Sri VKrishna Murthy, Chairman & Managing Director	12.08.2010	11.08.2011.
8. Sri K. Vidyasagar Reddy, Chairman & Managing Director	11.08.2011	-

Consequent to the above changes, the composition of the Board of Directors on the date of this report is as follows:

Sri K. Vidya Sagar Reddy,	-	Chairman & Managing Director
Sri Umesh Sharraf, IPS Joint Managing Director/ (V & S)/APTRANSCO	-	Non Whole Time Director
Sri G.Ramakrishna Reddy Director(Finance & Revenue) APTRANSCO	-	Non Whole Time Director
Smt. K. Chayalaxman Officer on Special Duty Energy Department, A.P. Secretariat	-	Part time Official Director
Dr. K.S. Uma, Special Secretary to Government Finance Department, A.P. Secretariat	-	Part time Official Director
Sri S.Viswanatham	-	Director (HRD & Operation)
Sri. Z.Philip	-	Director (Finance & Projects)

Board Meetings held in 2010-11:

The Board held its meetings on 24th June 2010, 20th September 2010, 14th December 2010 and 08th March, 2011 during the financial year 2010-11 in accordance with the provisions of Section 285 of the Companies Act, 1956.

Attendance at Board of Directors Meetings:

Directors	Meetings attended
<i>Sri P.Gopal Reddy</i>	<i>1</i>
<i>Sri V.Krishna Murthy</i>	<i>3</i>
<i>Sri.Umesh Sharraf,IPS</i>	<i>4</i>
<i>Sri.G.Ramakrishna Reddy</i>	<i>4</i>
<i>Sri. T.H.N.S.Damodara Rao</i>	<i>3</i>
<i>Sri. Y.Padmanabha Reddy</i>	<i>3</i>
<i>Sri. P.Anjaiah</i>	<i>4</i>
<i>Sri. K.Rami Reddy</i>	<i>4</i>
<i>Sri Z.Philip</i>	<i>4</i>
<i>Sri. S.Viswanatham</i>	<i>4</i>

Directorships:

Sri P.Gopal Reddy was appointed as the Director in Andhra Pradesh Power Development Company Limited on 18.05.2010 and hold the Directorship up to 17.09.2010 on behalf of the Company.

Sri V.Krishna Murthy, Chairman and Managing Director was appointed as Director in Andhra Pradesh Power Development Company Limited, Hyderabad on 18.09.2010 and hold the Directorship on behalf of the Company.

Annual General Meetings:

The details of Annual General Meetings held in last 4 years are as under:

Year	Date	Venue
2006-2007	27-11-2007	Registered office
2007-2008	29-09-2008	Registered office
2008-2009	25-09-2009	Registered office
2009-2010	14-12-2010	Registered office

Extra Ordinary General meetings held in the last Three Years:

One Extra Ordinary General Meeting was held on 24-11-2008 at Vidyut Soudha, Hyderabad to enhance the limit of borrowing powers ,and to mortgage/hypothecate/or charge on the Assets of the Company under the Section 293(1) d and 293(1) a of the Companies Act, 1956 up to Rs 4000 crores.

The limit of borrowing powers ,and to mortgage/hypothecate/or charge on the Assets of the Company under the Section 293(1) d and 293(1) a of the Companies Act, 1956:

The limit of borrowing powers ,and to mortgage/hypothecate/or charge on the Assets of the Company under the Section 293(1) d and 293(1) a of the Companies Act,1956 enhanced up to Rs 6500 crores in the Annual General Meeting held on 14-12-2010.

Composition of Audit Committee and changes therein:

In compliance with the provisions of Section 292 A of the Companies Act, 1956, during the year under review, the Audit Committee has met on 20th September 2010, 14th December 2010 and 8th March 2011. The composition of the Audit Committee on the date of this report is as follows:

- | | | |
|----------------------------|---|--|
| 1. Sri Umesh Sharraf, IPS | – | Chairman of the Audit Committee/
JMD (V&S)/ APTRANSCO/ Hyderabad. |
| 2. Sri G.Ramakrishna Reddy | – | Member of the Audit Committee/
Director (Finance & Revenue)/
APTRANSCO/ Hyderabad. |
| 3. Sri S.Viswanatham | - | Member of the Audit Committee/
Director(HRD & Operation)/APSPDCL/Tirupati. |

Sri.Y.Padmanabha Reddy, Director was appointed as a Member of the Audit Committee in the Board Meeting held on 19.02.2005 and continued as member of the Audit Committee up to 08.03.2011. Sri S.Viswanatham, Director became the member of the Audit Committee on 08.03.2011 in place of Sri Y.Padmanabha Reddy.

Auditors of the Company

M/s. Raju & Prasad, Chartered Accountants, No.401, "Diamond House" Adj. Amrutha Hills, Punjagutta, Hyderabad – 500082 were appointed by Comptroller and Auditor General of India (C&AG) as the Statutory Auditors of the Company for the Financial Years 2008-09 , 2009-2010 and 2010-2011.

M/s. RAM RAJ & CO.,D.No. 18-1-309,BHAVANI NAGAR, TIRUPATI-517501, were appointed as the Statutory Auditors of the Company for the Financial Year 2011-2012 vide Lr .No. CA.V/COY/ANDHRA PRADESH, SOUPOW (1)/79, Dt 18.08.2011 of the Comptroller and Auditor General Of India, New Delhi.

Cost Audit:

The Electricity Distribution Companies are covered under the Cost Accounting Records (Electricity Industry) Rules 2001 and are covered in the Orders issued by the MCA/ Central Government vide The Ministry of Corporate Affairs order F.No 52/5/CAB-2011, dated 11.04.2011 and The Ministry of Corporate Affairs order F.No 52/26/CAB-2010, dated 2nd May 2011. Therefore, the electricity distribution companies have to conduct cost audit from the Financial Year 2011-12.

Accordingly, the Board of Directors of the Company accorded approval for appointment of M/s. Narasimha Murthy & Co, Cost Accountants,3-6-365,104 & 105,Pavani Estate, Y.V.Rao Mansion, Himayatnagar, Hyderabad-500029 as Cost Auditor of the Company for the financial year 2011-12. And form No 23c was filed with the Registrar of Companies , Hyderabad .

Replies to the comments of the Statutory Auditors and CAG

Replies of the Management to comments of the Statutory Auditors, Comptroller And Auditor General of India (CAG) and financial review by CAG of India on the accounts of the Company for the year ended 31st March, 2011 are annexed here to and forms part of this report.

Conservation of Energy, Technology Absorption And Foreign Exchange Earning And Outgo:

The information in accordance with the provisions of Section 217(1) (e) of Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998 in respect of conservation of energy, technology absorption and foreign exchange earning and outgo, is not furnished as they are not applicable to the Company.

Particulars of Employees under Sec 217 (2A) of the Companies Act, 1956

There were no employees drawing remuneration in excess of the prescribed limits whose details are required to be disclosed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Deposits

During the year under review, the Company has not accepted any public deposits U/s 58 A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

Investments

The Company had invested Rs. 60.9 Crores in Andhra Pradesh Power Development Company Limited, Hyderabad from 04.12.2009 to 31.03.2011.

The Andhra Pradesh Power Development Company Limited, Hyderabad has issued 5,42,90,000 Shares to the Company (APSPDCL) up to 31.03.2011.

Directors Responsibility Statement

The Board of Directors of your Company have met Four times during the financial year 2010-11.

In accordance with Sec.217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state that:

The Annual Accounts are prepared as per Schedule VI of the Companies Act, 1956 and the applicable standards are followed, so as to give a true and fair view of state of affairs of the Company as at the end of the financial year 31st March, 2011. The rates of depreciation are adopted as per the Gazette notifications issued by the Ministry of Power, Government of India from time to time.

The Directors have taken proper and sufficient care for the maintenance of accounting records; for safeguarding assets of the Company, and preventing and detecting fraud and other irregularities.

The Annual Accounts are prepared on a going concern basis.

Industrial Relations:

During the year under review, there were cordial industrial relations amongst the working force at all levels.

Awards:

The Company has received the INDIA POWER AWARD for the year 2008 for better performance in the Distribution Sector.

And in 2009 for reduction of Annual Technical and Commercial Losses compared to the other Distribution Companies in the Country.

Acknowledgements:

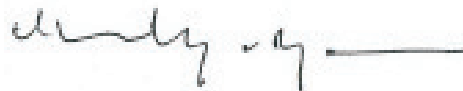
Your Directors wish to place on record their appreciation and acknowledge with gratitude the support and Co-operation extended by the Government of Andhra Pradesh, particularly Energy Department & Finance Department, Andhra Pradesh Electricity Regulatory Commission, APTRANSCO, Other DISCOMs, Comptroller & Auditor General of India, Bankers, Financial Institutions like Rural Electrification Corporation Limited and Power Finance Corporation, suppliers and consumers.

Your Directors express their deep sense of gratitude and appreciation to the employees for their unstinted support and relentless efforts at all levels which enabled the overall growth of the Company.

For and on behalf of the Board of Directors

Place : Tirupati

Dated : 23-09-2011



(Er.K.VIDYA SAGAR REDDY)
Chairman and Managing Director

ANNEXURE – A TO THE DIRECTORS' REPORT**AUDITOR'S REPORT**

To
The Members of
The Southern Power Distribution Company of A.P. Limited

1. We have audited the attached Balance Sheet of **THE SOUTHERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED** as at 31st March, 2011 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As the Company is governed by the Electricity Act, 2003, the provisions of the said Act where applicable have prevailed over the Companies Act, 1956.
4. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
5. Further to our comments in the Annexure referred to in paragraph (4) above, we report that:
 - (i) 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.
- (ii) Balances in 'Loan Funds' pertaining to Govt. of AP is subject to confirmation by the respective lender.
 - (iii) Confirmations in respect of Cash balances to the tune of Rs 43, 22,774.00 have not been provided for verification. We are therefore unable to express our opinion on correctness of these balances.
 - (iv) The power purchase cost and Discom to Discom and interstate sale of power is booked as per figures provided by the APPCC constituted to regulate the power purchase and sale in the state. We are unable to express our opinion on these transactions.
 - (v) Balances under Sundry Debtors, Receivables, Loans & Advances, Sundry Creditors, other liabilities are subject to confirmation / reconciliation / adjustments.
 - (vi) 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.
 - (vii) Accumulated depreciation on assets sold/discarded during the year is not written back which is not in accordance with AS-6 "Depreciation Accounting".
 - (viii) Fuel surcharge adjustment charges amounting to Rs 713 crores is recognized as revenues during the year in contravention of AS-9 "Revenue Recognition."
 - (ix) 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 instead of deducting the WDV of the replaced asset, which is not in accordance with AS-10 "Accounting for Fixed Assets".
 - (x) In the absence of uniform practice/system for closure of work orders, capitalization of such works is not as per the requirements of AS-10. This affects the charge of depreciation and non compliance of AS-6 "Depreciation Accounting".
 - (xi) Assets purchased under RGGVY scheme from Government grants is not shown separately as required under AS-12 "Accounting for Government Grants".
 - (xii) Provision for pension, Gratuity, leave encashment and other retirements benefits made does not comply with requirements of AS-15 "Employee benefits".

- (xiii) Income from temporary investments of borrowed funds is not deducted from interest on such borrowed funds capitalized during the year and capitalization of interest thereon is not as per requirement of AS-16 "Borrowing Cost".
 - (xiv) During the year company refunded an aggregate amount of Rs 35.05 Crores towards price variation to certain contractors pursuant to the representation made in respect of these recoveries. A note circulated to the members of the Board of Directors of the company had approved only the refund of the actual amount recovered from the respective contractors i.e., 32.00 crores. Therefore there is an excess payment of Rs 3.05 Crores to the respective contractors. This has resulted in excess capitalisation with consequential excess depreciation of Rs 25.00 lakhs and understatement of profit to that extent.
 - (xv) Deferred Tax asset / liability has not been recognized in the accounts as required under AS-22 "Accounting for Taxes on Income".
 - (xvi) Attention is invited to Note No.13 (ii) of Notes on Accounts as regards Non-provision for Impairment of Assets as per AS 28. As no records pertaining to the same were produced for our verification, we are unable to express our opinion thereon.
 - (xvii) Attention is also invited to note no. 21 of Notes on Accounts which states that unreconciled and unadjusted negative balances in certain accounts under Current Assets & Current Liabilities is netted off against gross balance of Current Assets & Current Liabilities.
 - (xviii) In the absence of relevant information, the impact on assets, liabilities and net profit of the company with regard to our comments mentioned in paras (iv), (vii), (viii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi) and (xvii) above, could not be quantified.
6. *Subject to our comments in Annexure referred to in Paragraph (4) above, and paragraph (5), we report that:*
- (i) *We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.*
 - (ii) *In our opinion, proper Books of Accounts as required by law have been kept by the Company, so far as it appears from our examination of those books.*
 - (iii) *The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the Books of Accounts maintained.*

- (iv) In our opinion the Profit and Loss Account, the Balance Sheet and the cash flow statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act 1956, except those mentioned in paragraph (5) above.
- (v) In view of the clarification issued by the Department of Company Affairs vide its General Circular No.8/2002 dated 22.03.2002, we are of the opinion that the provisions of section 274(1)(g) of the Companies Act 1956, does not apply to the Directors of this company, as they are appointed by the State/Central Governments.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Financial statements read together with the Significant Accounting policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and subject to our comments in Para 5 above give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. In the case of Balance Sheet, of the State of Affairs of the Company as at 31st March 2011.
 - b. In the case of Profit and Loss Account, of the profit for the year ended on that date and
 - c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Dated : 03-08-2011

Place : Hyderabad

**For RAJU & PRASAD
CHARTERED ACCOUNTANTS
(FRN. 003475S)**

**Sd/-
(PADMAKANT J. MEHTA)
PARTNER
M.No. 015652**

**ANNEXURE TO AUDITOR'S REPORT TO THE MEMBERS OF THE SOUTHERN POWER
DISTRIBUTION COMPANY OF A.P.LIMITED**

(Refer Para 4 of our report of even date)

- i. a) The Company has started maintaining proper records of Fixed Assets showing full particulars including quantitative details and situation of fixed assets from 01-04-2008.

b) We were informed that the Fixed Assets have not been physically verified by the management during the year and hence we are unable to comment on the discrepancy, if any between the physical balance and book records.

c) *As per the information and explanations given to us, the company has not disposed off a substantial part of fixed assets during the year and the going concern status of the company is not affected.*
- ii. a) *The inventory of stores and spares has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.*

b) *According to information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.*

c) *The company is maintaining proper records of inventory. 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. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted/taken any loans, clauses (iii) (b), (iii) (c), (iii) (d), (iii) (f) and (iii) (g) of Paragraph 4 of the said Order are not applicable to the Company.
- iv. *According to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.*

However the internal control systems needs to be strengthened with regard to SAP implementation including reconciliation of accounts, accounting of capital work orders, recording of transactions and adequate training of personnel.

- v. According to the information and explanations given to us, there are no transactions that need to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- vi. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the companies Act, 1956.
- vii. The Company has an Internal Audit system but the same, in our opinion, requires to be strengthened and its scope enlarged, to be commensurate with the size and nature of its business. Transactions entered in the SAP were not subjected to internal audit.
- Viii. The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the companies Act, 1956 and the same are maintained by the company as provided therein.
- ix a) According to the information and explanation given to us, the undisputed statutory dues including Provident Fund, Investor Education and Protections Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any Other Statutory dues have been regularly deposited with the appropriate authorities.
- b) According to information and explanations given to us there are no disputed dues relating to Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess which have not been deposited as at 31st March 2011 other than those indicated below:

Nature of dues	Unpaid Amount (Rs.)	Period to which the amount relates	Forum where pending
TDS on Transmission & Lease rental	Rs. 6.45 crores	From April 2007 to August 2009	ITAT, Visakhapatnam and Hyderabad

- x. The company does not have any accumulated losses as at the end of the financial year under reference. As per the profit & loss Account as it stands the company has not incurred any cash loss during the financial year 2010-11 and in the financial year immediately preceding this financial year.

- xi. The company has not defaulted in repayment of its dues to banks. The company did not have any outstanding dues to any financial institutions or debenture holders during the year.
- xii. *The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.*
- xiii. According to the information and explanations given to us, the company is not a chit fund or Nidhi / mutual benefit fund/society.
- xiv. According to information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. All Shares, Securities and other Investments have been held by the company in its own name.
- xv. According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. According to information and explanations given to us, the term loans taken by the company were applied for the purpose for which they were taken.
- xvii. According to information and explanations given to us, funds raised on short term basis have not been used for long term investments.
- xviii. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act, 1956.
- xix. The company has not issued any debentures during the year.
- xx. The company, during the year, has not raised money by public issues during the year.
- xxi. According to information and explanations given to us, fraud aggregating to Rs.6.44 Crores has been reported, as detailed here under, on the company :

S. No	Nature of Fraud	Amount involved (Rs/ Crore)
1	Theft of Energy	5.50
2	Theft of Material	0.94
	TOTAL	6.44

According to information and explanations given to us no fraud by the company has been reported during the year.

Dated : 03-08-2011
Place : Hyderabad

For RAJU & PRASAD
CHARTERED ACCOUNTANTS
(FRN.003475S)

Sd/-
(PADMAKANT J. MEHTA)
PARTNER
M.No: 015652

RAJU & PRASAD, CHARTERED ACCOUNTANTS, HYDERABAD		SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED
AUDITORS' REPORT		Replies of the Company forming part of the Director's Report to the members under Section 217(3) of the Companies Act, 1956.
(i)	<p>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.</p>	<p>The Company has taken over the bulk supply of power business from APTRANSCO. The bulk supply business consists of payables to generators, receivables from DISCOMS and some loans taken on behalf of DISCOMS. There are no other assets and liabilities for bulk supply business.</p> <p>The balances transferred under G.O.Ms.No.142 dt 29.09.2001 and third transfer scheme are authenticated by APTRANSCO and this will be considered as final.</p>
(ii)	<p>Balances in 'Loan Funds' pertaining to Govt. of AP is subject to confirmation by the respective lender.</p>	<p>Letters have been addressed to Govt.of A.P. for confirmation of Loan Funds and reply is till to be received.</p>
(iii)	<p>Confirmations in respect of Cash balances to the tune of Rs 43, 22,774.00 have not been provided for verification. We are therefore unable to express our opinion on correctness of these balances.</p>	<p>Out of Rs.10,50,09,088 Cash Balances of all field units as at 31st March, 2011, only Rs.43,22,774/- could not be confirmed in three revenue units due to differences between balances as books of accounts and as per records. Necessary instructions will be issued to respective units to rectify the same.</p>
(iv)	<p>The power purchase cost and Discom to Discom and interstate sale of power is booked as per figures provided by the APPCC constituted to regulate the power purchase and sale in the state. We are unable to express our opinion on these transactions.</p>	<p>M/s Sagar & Associates has been appointed as Internal Auditor of APPCC. The firm has been doing internal audit in respect of Bills received from the Generators.</p>
(v)	<p>Balances under Sundry Debtors, Receivables, Loans & Advances, Sundry Creditors, other liabilities are subject to confirmation / reconciliation / adjustments.</p>	<p>The Process of getting confirmation has already been started during the current financial year.</p>

(vi)	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.	Noted for future Guidance
(vii)	Accumulated depreciation on assets sold/discarded during the year is not written back which is not in accordance with AS-6 "Depreciation Accounting".	Noted for future Guidance
(viii)	Fuel surcharge adjustment charges amounting to Rs 713 crores is recognized as revenues during the year in contravention of AS-9 "Revenue Recognition."	The Fuel Surcharge adjustment charges for the year 2010-11 was submitted to APERC and as such the same has been recognized as revenue during the year.
(ix)	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 instead of deducting the WDV of the replaced asset, which is not in accordance with AS-10 "Accounting for Fixed Assets".	From May 2010, the replacement of asset will not have any accounting impact, only the asset location is being changed.
(x)	In the absence of uniform practice/ system for closure of work orders, capitalization of such works is not as per the requirements of AS-10. This affects the charge of depreciation and non compliance of AS-6 "Depreciation Accounting".	Noted for future Guidance
(xi)	Assets purchased under RGGVY scheme from Government grants is not shown separately as required under AS-12 "Accounting for Government Grants".	The company has changed the Accounting policy of capital subsidy received towards RGGVY and the same has been disclosed vide Note No.16 of Schedule 18 – Notes to Accounts of the year 2009-10.
(xii)	Provision for pension, Gratuity, leave encashment and other retirements benefits made does not comply with requirements of AS-15 "Employee benefits".	M/s Hewitt has been appointed as an actuary to get actuarial valuation report. Hence the standard will be complied during the year 2011-12.

(xiii)	<p>Income from temporary investments of borrowed funds is not deducted from interest on such borrowed funds capitalized during the year and capitalization of interest thereon is not as per requirement of AS-16 "Borrowing Cost".</p>	<p>As per AS-16 Borrowing Costs, paragraph 12 To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation should be determined by applying a capitalisation rate to the expenditure on that asset. The capitalization rate should be the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period should not exceed the amount of borrowing costs incurred during that period.</p> <p>So there is no necessity to deduct income earned on temporary investments of borrowed funds as per the Accounting Standard – 16 – Borrowing Costs.</p>
(xiv)	<p>During the year company refunded an aggregate amount of Rs 35.05 Crores towards price variation to certain contractors pursuant to the representation made in respect of these recoveries. A note circulated to the members of the Board of Directors of the company had approved only the refund of the actual amount recovered from the respective contractors i.e., 32.00 crores. Therefore there is an excess payment of Rs 3.05 Crores to the respective contractors. This has resulted in excess capitalisation with consequential excess depreciation of Rs 25.00 lakhs and understatement of profit to that extent.</p>	<p>The payment of Rs.3.05 crores is not excess since the payment is made towards the value of positive price variation as per IEEMA formula besides the taxes/duties prevailing at the time of tender</p>
(xv)	<p>Deferred Tax asset / liability has not been recognized in the accounts as required under AS-22 "Accounting for Taxes on Income".</p>	<p>Noted for future Guidance</p>
(xvi)	<p>Attention is invited to Note No.13 (ii) of Notes on Accounts as regards Non-provision for Impairment of Assets as per AS 28. As no records pertaining to the same were produced for our verification, we are unable to express our opinion thereon.</p>	<p>Noted for future Guidance</p>

(xvii)	Attention is also invited to note no. 21 of Notes on Accounts which states that unreconciled and unadjusted negative balances in certain accounts under Current Assets & Current Liabilities is netted off against gross balance of Current Assets & Current Liabilities.	Noted for future Guidance
	M/s RAJU & PRASAD Chartered Accountants Sd/- (Padmakant .J.Mehta) Partner	For and on behalf of the Board Sd/- K. VIDYASAGAR REDDY Chairman & Managing Director Sd/- Z. PHILIP Director (Finance)

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COMMENTS OF THE COMPANY AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED, TIRUPATI FOR THE YEAR ENDED 31 MARCH 2011

The preparation of financial statements of Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati for the year ended 31 March 2011 in accordance with the financial reporting framework under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 03 August 2011.

I on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working paper of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED, TIRUPATI FOR THE YEAR ENDED 31, MARCH 2011		REPLIES OF THE COMPANY FORMING PART OF THE DIRECTOR'S REPORT TO THE MEMBERS UNDER SECTION 217(3) OF THE COMPANIES ACT, 1956.
A.	Comments on Profitability:	
	Balance Sheet Application Of Funds	
	Current Assets, Loans & Advances (Sch. 7) Current Assets ; Sundry Debtors: Rs. 388.38 crore	
1.	<p>The Andhra Pradesh Electricity Regulatory Commission (APERC) determined the Tariff Orders for the years 2009-10 and 2010-11 by fixing the tariff rate of Composite Protected Water Supply (CPWS) services at Rs. 0.35 per unit for the energy delivered to them as against Rs. 2.36/ 2.60 billed by the Company. But, the Company raised demand for an amount of Rs. 1.77 crore in respect of 8 services for the years 2009-10 and 2010-11.</p> <p>Non withdrawal of the above demand has resulted in overstatement of 'Sundry Debtors' and understatement of 'Other Expenses - Bad & Doubtful Debts Provided for/ Written Off' by Rs. 1.77 crore. Consequently, 'Net Loss before Tax for the year' is understated by similar amount..</p>	<p>Out of Rs.1.77 crores an amount of Rs.25.79 lakhs was already with drawn from the respective consumers during the year and the balance will be adjusted/with drawn during the current financial year.</p>
	Receivables From Others: Rs. 40.51 crore	
2.	<p>The above is understated by Rs. 1.51 crore due to non-accountal of amount recoverable from two Bagasse Co generation projects (M/s Empee Power (I) Limited - Rs.90.59 lakh and M/s Sagar Sugars Allied Project Limited - Rs.60.67 lakh) being the excess payment made for the energy supplied by them during the period from April 2010 to November 2010 as a result of revision of tariff by APERC (April 2011). This has also resulted in overstatement of 'Purchase of Power' and 'Net Loss before Tax for the year' by Rs.1.51 crore.</p>	<p>Rs.4.50 per kwh was paid by SPDCL to Bagasse generators for the generation by use of coal as per the direction of GoAP from April'2010 to November'2010 and Hon'ble APERC passed orders on 18.04.2011 determining the rate at Rs.4.24 per Kwh. The orders fixing the tariff for the generation made by use of Coal was pronounced after effecting the payments to the generators and the recovery was made immediately from the power purchase that were in the hand for payment.</p> <p>The differential amount of Rs.0.26 per Kwh was recovered from M/s.Empee Power (I) Limited and M/s.Sagar Sugars and Allied Project Limited from their power purchase bills on hand of SPDCL. In view of the efforts made and recovered the differential amounts in respect of M/s.Empee Power (I) Limited and M/s.Sagar Sugars and Allied Project Limited.</p>

	Cash and Bank Balances Balance with scheduled banks In current A/c: Rs.260.08 crore	
3.	<p>The above is overstated by Rs. 9.88 crore due to showing fictitious amount under bank balances, being the difference amount in Opening Balance pending since long back, which should have been written off after due verification. This has also resulted in understatement of 'Other Expenses – Miscellaneous losses and write-offs' and 'Net Loss before Tax for the year' by Rs. 9.88 crore.</p>	<p>The Cash & Bank Balances Schedules consist of the following items : a)Cash Chitta Balance b)Remittance Bank Balances c) Drawing Bank Balances d) Remittances –in- transit e) Loc-in-transit. During the year 2010-11, the above items were tallied. Efforts were taken during the year 2010-11 to reconcile the unreconciled amounts for the previous years prior to 2010-11 and in most of the cases , the balances as per books of accounts were tallied BRS/Base Records. In case of some units, there are still some differences between balances as per books of accounts and as per BRS/Base Records. Action is being proposed during the year 2011-12 and approval will be taken from the board to write off/write back the amounts to profit & loss account after setting aside the amount required for unreconciled items as stated above.</p>
	<u>Remittances in Transit: (-) Rs.13.36 crore</u>	
4.	<p>The above is arrived after netting off negative balance of Rs. 13.45 crore, for which the company has no details and requires reconciliation. As exhibiting the netted figure under Current Assets is not proper, the negative balance of remittance in transit should have been written off in the books of account. Not doing so has resulted in understatement of 'Cash and Bank balances' and 'Other Income' by Rs. 13.45 crore. Consequently, 'Net Loss before Tax for the year' is overstated by similar amount.</p>	<p>Action is being proposed during the year 2011-12 and approval will be taken from the board to write off/write back the amounts to profit & loss account after setting aside the amount required for unreconciled items as stated above.</p>
	Loans and Advances <u>Amounts Recoverable in Cash or in Kind: Rs.156.79 crore</u>	
5.	<p>The above includes Rs.1.53 crore being the advance given to suppliers/ contractors in Guntur Construction Division. As the works in respect of which the advances had been given were already completed during the period from December 2008 and February 2010 and no advance was pending recovery, the same should have been rectified. Not doing so has resulted in overstatement of 'Loans and advances' and understatement</p>	<p>The commented amount represents amounts paid as commitment advances to the contractors before 31-03-08 i.e., before SAP 4.7 and recovered after 01-04-08 i.e., after implementation of SAP 4.7 Version. Due to non availability of Vendor Wise balances, the balances both debit and credit were kept in Common Vendor Account at Head Office. But the recoveries made from vendors are posted to individual vendor</p>

	of 'Miscellaneous losses and write-offs' by Rs. 1.53 crore. Consequently, 'Net Loss before Tax for the year' is also understated by similar amount.	accounts. This has resulted in showing credit balances in vendor accounts instead of becoming Zero. Necessary accounting entries will be passed during current Financial Year.
	Profit & Loss Account Income <u>Revenue from sale of power (Sch. 10): Rs.4946.94 crore</u>	
6.	The above is overstated by Rs. 5.70 crore being the FSA levied on Domestic and Agriculture consumers of RESCO, Kuppam contrary to the APERC Order dated 05-06-2010. The amount is not withdrawn though Corporate Office accorded permission for the same during February 2011. Non-withdrawal of the amount has resulted in overstatement of 'Revenue from Sale of Power' and 'Sundry Debtors' by Rs. 5.70 crore. Consequently, 'Net Loss before Tax for the year' is also understated by similar amount.	Due to the communication not received in time, the amount were not adjusted during the year 10-11, however, necessary accounting entries will be passed during the current financial year.
	Other Income (Sch. 11) Delayed Payment Charges from Consumers: Rs.69.33 crore	
7.	The above is overstated by Rs.15.16 crore due to incorrect account of FSA pertaining to 2008-09 and collected in 2010-11. Since FSA was already accounted for in 2008-09, the same should have been adjusted against Sundry Debtors in the current year. Incorrect account has resulted in overstatement 'Other Income' and 'Sundry Debtors' by Rs. 15.16 crore. Consequently, 'Net Loss before Tax for the year' is understated by similar amount.	Out of Rs.20.23 crores accounted under GL 6201010 – DPS on ACD, Rs.15.16 Crores is towards FSA billed during the year. The FSA was inadvertently booked under GL 6201010 – DPS on ACD instead of accounting under FSA GLs. Due to this, the FSA could not be withdrawn to the extent of Rs.15.16 crores and could not be adjusted against Receivable from Government. The same has already been rectified during the current financial year vide Doc.No. 100083328 dated 01.04.2011.
	Expenditure Purchase Of Power: Rs.5061.12 Crore	
8.	The above is understated by Rs. 39.57 crore (22.27 % of Rs.177.69 crore) due to non-provision for the claim received from AP GENCO (September and October 2010) towards belated payment surcharge for the period from 22.12.2009 to September 2010. As the delayed surcharge is payable as per clause 3.1.15 of the power purchase agreement entered on 22nd December, 2009 the same should have been provided for. Non provision has resulted in understatement of 'Current Liabilities – Sundry Creditors for power Purchase & Others' and 'Net Loss before Tax for the year' by Rs. 39.57 crore.	The Hon'ble Commission proposes additional O&M expenses of APGENCO in June 2011 for the FY 2002-03 to 2004-05. The above claim is under the process and this claim is received after the closure of accounts. Therefore, it is not considered in FY 2010-11.

	Administration and General Expenses (Sch. 13) Repairs and Maintenance to Plant And Machinery: Rs.57.59 Crore	
9.	<p>The above is understated by Rs.3.99 crore due to incorrect account of value of 'Material at site available for capital works' in Guntur and Bapatla Divisions though the material value is already accounted for under Capital work-in-Progress. This has also resulted in overstatement of 'Inventories' and understatement of 'Net Loss before Tax for the year' by Rs.3.99 crore.</p>	<p>This entry is prepared for creation of provision during the year only. However, the entry will be reversed during the current financial year.</p>
	Other Administrative Expenses: Rs.14.43 crore	
10	<p>The above is arrived after netting off Rs.1.12 crore being the negative price variation amount in respect of the material procured for O&M/ Capital works. The same should have been adjusted to the 'Inventories' instead of deducting from expenses. Incorrect account has resulted in understatement of 'Other Administration Expenses' and overstatement of 'Inventories' by Rs. 1.12 crore. Consequently, 'Net Loss before Tax for the year' is understated by similar amount.</p>	<p>The stated amount consists of both O&M and Capital Material price variation. Since the variation amounts pertain to O&M material the same was deducted from expenses. In the current financial year necessary bifurcation will be made for both the O&M and Capital material price variation accordingly the same can be adjusted against inventory.</p>
	Interest and Finance Charges (Sch. 15) Interest on State Government Loans/ REC/ PFC: Rs.202.40 crore	
11.	<p>The above is overstated by Rs.8.58 crore due to incorrect account of interest payable on loan amount of Rs.42.62 crore obtained from Power Finance Corporation Limited for R-APDRP scheme during the period between March 2009 and April 2010. As the commissioning of the Project is under progress as stated in Note No. 17 of Notes to Accounts, interest amount should have been capitalized as per AS-10 and AS-16. Not doing so has resulted in overstatement of 'Interest and Finance Charges' and understatement of 'Capital Work-in-Progress' by Rs. 8.58 crore. Consequently, 'Net Loss before Tax for the year' is overstated by similar amount.</p>	<p>The Interest relating to R-APDRP included in Interest on State Government Loans/REC/PFC is Rs. 4.88 Crores and but not Rs.8.58 crores, the Rs.8.58crores includes Rs.3.70 crores the interest provision for the year 2009-10 was reversed during the year 2010-11. The capitalization of interest commences only if the work is commenced. It was already stated in Note No.17 of Notes to Accounts of Schedule 18 that the commissioning of R-APDRP was under progress i.e. the work is yet to be started. Since the R-APDRP works is yet to be started, the capitalization of interest will be started during the current financial year.</p>

	B.Comments on Disclosure Notes to Accounts (Sch. 18)	
12.	During the year, APERC has approved for collection of FSA for the year 2008-09 in twelve installments during July 2010 to June 2011. But, collection of Rs. 77.82 crore has been disputed by the consumers by approaching the Court. As the amount is material, the fact should have been disclosed in the notes on accounts.	Necessary disclosures will be made during the current financial year in the notes to accounts.
13.	<p>As per the tripartite agreement between the Rural Electrification Corporation (REC), Government of Andhra Pradesh (GOAP) and the Company for execution of the RGGVY scheme, the Company shall construct and operate the assets created out of the loan assistance given by REC and the ownership of the assets shall be with the GOAP.</p> <p>To the end of March 2010 the Company created RGGVY assets valuing Rs.184.09 crore with the received amount of Rs.169.11 crore and its own funds to the extent of Rs.14.98 crore. The amount of Rs.14.98 crore should have been shown as amount receivable under RGGVY.</p> <p>Further, proper disclosure to the extent of funds received and assets created should have been made in the notes on accounts.</p>	<p>In view of the Guidelines of Govt. of India for implementation of RGGVY, the company has initially shown the value of Assets created out of RGGVY separately for the years 2006-07 to 2008-09. However, after implementation of SAP 4.7 from 01-04-2009, the management has taken a decision not to maintain separate class of assets and the same will be clubbed in the normal assets in the company. Accordingly, the assets arising out of the RGGVY funds were not identified separately. Necessary disclosures will be made in the notes to accounts during the current financial year.</p>
	<p>For and on the behalf of the Comptroller and Auditor General of India</p> <p style="text-align: center;">Sd/- (SADU ISRAEL) Accountant General (C&RA)</p> <p>Place: Hyderabad Date : 23.09.2011</p>	<p>For and on behalf of the Board</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> Sd/- Z.PHILIP Director(Finance) </div> <div style="text-align: center;"> Sd/- K.VIDYASAGAR REDDY (Chairman&Managing Director) </div> </div> <p>Place: Tirupati Date : 23.09.2011</p>

SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED
TIRUPATI
BALANCE SHEET
Amount in Rs.

	Schedule	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
(1) Shareholders' Funds	1	3587153090	3587153090
(a) Share Capital	2	1634319117	1590040852
(b) Reserves and Surplus	2A	9191591768	8325180756
(c) Deferred Capital Contributions			
(2) Loan Funds	3		
(a) Secured Loans		20616643284	19594657420
(b) Unsecured Loans		26745671864	22685260539
<i>Total</i>		61775379123	55782292656
APPLICATION OF FUNDS			
(1) Fixed Assets	4		
(a) Gross Block		53299783742	45386728894
(b) Less: Depreciation & Amortisation		21595760570	18206881056
(c) Net Block		31704023172	27179847838
(d) Capital Work-in-Progress	5	3065873684	6893096244
(2) Investments	6	545805000	2961000
(3) Current Assets, Loans & Advances	7		
(a) Income Accrued but not due		15085700000	9150300000
(b) Inventories		1010673119	1231916290
(c) Sundry Debtors		3883815646	3193050797
(d) Receivables		26515839786	23543053873
(e) Cash & Bank Balances		4785030083	3511994874
(f) Loans & Advances		1470338991	731259534
		52751397626	41361575368
Less: Current Liabilities and Provisions	8		
(a) Current Liabilities		23647959255	18610131973
(b) Provisions		2643761104	1045055820
		26291720359	19655187793
Net Current Assets		26459677267	21706387575
(4) Miscellaneous Expenditure (to the extent not written off)	9	0	0
<i>Total</i>		61775379123	55782292656

Significant Accounting Policies
Notes Forming Part of Accounts

As per our report of even date

For M/s Raju & Prasad

Chartered Accountants.

Firm No.003475S

Padmakant J. Mehta

Partner

Membership No.015652

Date:- 03-08-2011

Place: Hyderabad

17

18

For and on behalf of the Board

Sd/-

VKRISHNA MURTHY

CMD

Sd/-

T. HANUMATH PRA SAD

Chief General Manager

Finance

Sd/-

Z. PHILIP

Director (Finance)

Sd/-

B.V.S.PRAKASH

Company Secretary

Date: 30-07-2011

Place : Tirupati

SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED
TIRUPATI
PROFIT & LOSS ACCOUNT

Amount in Rs.

	Schedule	For the year ended 31-03-11	For the year ended 31-03-10
INCOME:			
Revenue from Sale of Power	10	49469394301	38118406626
Revenue Subsidies and Grants		15785011999	17471483039
Other Income	11	2732035924	2102727567
Total Income		67986442224	57692617231
EXPENDITURE:			
Purchase of Power		50611240178	45925149560
Electricity Duty		587606706	527232285
Employee Costs	12	7425534271	3311000398
Administration and General Expenses	13	1238176559	1141206583
Other Expenses	14	596926202	595706630
Depreciation and Amortisation		3434326803	2702844207
Interest and Finance charges	15	4097759310	3425696500
Total Expenditure		67991570029	57628836163
Net Profit before Tax for the year		(5127805)	63781067
Less: Provision for Taxation			
Income Tax		7800000	7000000
Profit after Tax for the year		(12927805)	56781067
Net Prior Period Credits / (Charges)	16	43177038	(16978080)
Profit before contingency reserve		30249233	39802988
Less: Contingency Reserve			
Profit after Contingency Reserve		30249233	39802988
Balance of Profit brought over from previous year		1405053190	1365250202
Balance carried to Balance Sheet		1435302423	1405053190

Significant Accounting Policies
17
Notes Forming Part of Accounts
18

As per our report of even date

For Raju & Prasad

Chartered Accountants.

Firm No.003475S

Padmakant J. Mehta

Partner.

Membership No.015652

Date:-

Place: Hyderabad

Finance

Date :- 30-07-2011

Place : Tirupati

For and on behalf of the Board

Sd/-

V.KRISHNA MURTHY
CMD

Sd/-

Z. PHILIP
Director(Finance)

Sd/-

T. HANUMATH PRASAD
Chief General Manager

Sd/-

B.V.S.PRAKASH
Company Secretary

SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED, TIRUPATI
CASH FLOW STATEMENT

Amount in Rs.

Particulars	Year ending 31-03-2011		Year ending 31-03-2010	
A Cash flow from operating activities				
Net profit before taxation		38049233		46802988
Adjustments for items in Profit & Loss Account				
Income from Capital Contributions	(1011622450)		(873008092)	
Depreciation & Amortisation	3388879514		2714696279	
Interest Income	(116097409)		(75521520)	
Deferred Cost Written Off	0		1350389	
Interest Expense	3766120737	6027280392	3314001579	5081518635
Operating Profit before working capital changes		6065329625		5128321622
Adjustments for changes in Current Assets other than Cash and Cash Equivalents				
Income accrued but not due	(5935400000)		(5821000000)	
Inventories	221243171		(207394258)	
Sundry Debtors	(690764849)		(1295796588)	
Receivables	(2972785913)		(8398842206)	
Loans and Advances	(739079457)		3193982299	
Adjustments for changes in Current Liabilities & provisions				
Current Liabilities	5037827282		2660757789	
Provisions	1598705284	(3480254483)	180750061	(9687542903)
Cash generated from Operations		2585075142		(4559221281)
Less: Provision for Income Tax/Fringe Benefit Tax		7800000		7000000
Net cash flow from operating activities		2577275142		(4566221281)
B Cash flows from investing activities				
Purchase of fixed assets /CWIP	(4085832288)		(6773998551)	
Interest on Investments	116097409		75521520	
Interest on contingency reserve investments	14029033		14981043	
(Increase)/Decrease in Investments	(542844000)		(56000)	
Net cash flow from investing activities	(4498549846)	(4498549846)	(6683551987)	(6683551987)
C Cash Flows from Financing Activities				
Proceeds from borrowings	44293064042		39283473761	
Additions to Deferred Capital Contributions	1878033462		2044926327	
Repayment of borrowings	(39210666854)		(29289371003)	
Interest on Borrowings	(3766120737)		(3314001579)	
Net Cash flow from Financing Activities	3194309913	3194309913	8725027506	8725027506
D Net increase/(decrease) in cash and cash equivalents		1273035209		(2524745762)
E Cash and Cash Equivalents				
At the beginning of the period		3511994874		6036740636
At the end of the period		4785030083		3511994874
F Net increase/(decrease) in cash and cash equivalents		1273035209		(2524745762)

As per our report of even date

 For M/s Raju & Prasad
Chartered Accountants.

Firm No.003475S

 Padmakant J. Mehta
Partner.
Membership No.015652

Date:-

Place: Hyderabad

Date:- 30-07-2011

Place: Tirupati

For and on behalf of the Board

 Sd/-
V. Krishna Murthy
CMD

 Sd/-
T. Hanumath Prasad
Chief General Manager
Finance

 Sd/-
Z.Philip
Director (Finance)

 Sd/-
B.V.S.Prakash
Company Secretary

SCHEDULE - 1 : SHARE CAPITAL

Amount in Rs.

		As at 31.3.2011	As at 31.3.2010
1	AUTHORISED: 360000000 Equity Shares of Rs.10/- each (Previous Year : 360000000 Equity Shares of Rs.10/- each)	3600000000	3600000000
2	ISSUED, SUBSCRIBED AND PAID UP 358715309 Equity Shares of Rs.10/- each fully paid up (Previous Year : 358715309 Equity Shares of Rs.10/- each fully paid up) Out of the above, 310607800 Equity Shares are issued for consideration other than cash	3587153090	3587153090
		3587153090	3587153090

SCHEDULE - 2 : RESERVES AND SURPLUS

1	STATUTORY RESERVES Contingency Reserve As per Last Balance sheet Additions during the year	184987662 14029033 199016695	170006619 14981043 184987662
2	PROFIT & LOSS ACCOUNT	1435302422	1405053190
		1634319117	1590040852

SCHEDULE - 2A : DEFERRED CAPITAL CONTRIBUTIONS

		As at 31.3.2011	As at 31.3.2010
	Amount Received		
	As per Last Balance sheet	11818379334	9773453007
	Additions during the year	1878033462	2044926327
		13696412796	11818379334
	Less : Amortisation :		
	As per Last Balance sheet	3493198578	2620190486
	Add: Transferred to Profit & Loss Account	1011622450	873008092
		4504821028	3493198578
		9191591768	8325180756

SCHEDULE - 3 : LOAN FUNDS

1	Secured Loans a) Loans from REC b) Loans from PFC c) Loan from Syndicate Bank d) Loan from State Bank of Hyderabad (Above Loans are Secured by charge on related Fixed Assets present and future) (Estimated Amount of Term Loan due in 2011-12 - Rs.2,71,57,71,009/-)	19292635638 1021440511 157567135 145000000	18292569663 963510908 193576849 145000000
		20616643284	19594657420
2	Unsecured Loans a) Loans from Government of Andhra Pradesh (including interest accrued and due Rs.6,44,380/-) b) Loan from EPDCL c) Vidyut Bonds d) Loan from Bank of Baroda e) Short Term Loans from Banks	424168227 0 313100000 174053637 25834350000 26745671864	479509291 152486301 313100000 217567053 21522597894 22685260539
		47362315148	42279917959

SCHEDULE - 4 : FIXED ASSETS
Amount in Rs.

		As at 01-04-2010	Additions during the year	Adjustments/ Deductions during the year	As at 31-03-2011	Up to 31-03-2010	For the year	Adjustments/ Deductions during the year	Up to 31-03-2011	As at 31-03-2010	As at 31-03-2011
1	Intangible Assets										
	a. Software	23894419	-		23894419	6991177	3,969,561		10960738	16903242	12933681
	b. Goodwill	11390000	-		11390000	11390000	-		11390000	-	-
2	Land and Land Rights	40413064	160786		40573850	-	-		-	40413064	40573850
3	Buildings	322836385	72234292		395070677	134951003	10954919		145905922	187885382	249164755
4	Other Civil Works	61937842	12516645		74454487	1718921	2141579		3860500	60218922	70593987
5	Plant and Machinery	17771984129	4549049726	50496989	22270536866	6488082255	141223810	45447290	7854873065	11283901874	144156663801
6	Lines and Cable Net work	25642711724	2366226668		28008938392	11013066616	1741509956		12754576572	14629645107	15254361820
7	Metering Equipment	1070271647	937862533		2008134180	332431005	215973792		548404797	737840642	1459729383
8	Vehicles	32829920	82100		32912021	28705277	328565		29033842	4124644	3878179
9	Furniture and Fixtures	53192769	1053289		54246058	46131109	347919		46479028	7061660	7767029
10	Office equipment	210750602	6840424		217591026	119679301	27332312		147011613	91071302	70579413
11	Computers & IT Equipment	144030453	17330438		161360891	23248454	19335163		42583617	120781999	118777274
12	Low Value Assets	485939	194936		680875	485939	194937		680876	-	(1)
		45386728894	7963551837	50496989	53299783742	18206881056	3434326804	45,447,290	21595760570	27179847838	31704023172
	Previous Year	38018846829	7367895065	13000	45386728894	15492184777	2714696279	-	18206881056	22526662052	27179847838

SCHEDULE - 5 : CAPITAL WORK-IN-PROGRESS

Amount in Rs.

			As at 31.3.2011	As at 31.3.2010
1	Capital Work - in - Progress		3065873684	6893096244
			3065873684	6893096244

SCHEDULE - 6 : INVESTMENTS

Amount in Rs.

LONG TERM INVESTMENTS (AT COST, NON-TRADE)			
<u>Unquoted Shares</u>			
a) Share Capital in Resco- Kuppam, Chittoor		2905000	2905000
b) Investment in Shares of APPDC		542900000	56000
(5,42,90,000 shares of Rs.10 each/- fully paid)			
		545805000	2961000
Aggregate Book Value of Quoted Investments		-	-
Aggregate Book Value of Un Quoted Investments		545805000	2961000
		545805000	2961000
Market Value of Quoted Investments		-	-

SCHEDULE - 7 : CURRENT ASSETS LOANS AND ADVANCES
A. CURRENT ASSETS
As at 31.3.2011
As at 31.3.2010
a) INCOME ACCRUED BUT NOT DUE :
Amount in Rs.

Accrued Income from Sale of Power	15085700000	9150300000
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b) INVENTORIES

i) Stores and Spares (as valued and certified by Management)	1132372973	1482927888
Less: Materials stock excess/shortage pending investigation	7167584	160489746
Less: Provision for non-moving and obsolete stock	114532270	90521852
Total	1010673119	1231916290

c) SUNDRY DEBTORS

Debts Outstanding over Six Months		
Considered Good	3419700000	2193566000
Considered Doubtful	1013500000	629300000
	4433200000	2822866000
Other Debts - Considered Good	464115646	999484797
	4897315646	3822350797
Less: Provision for doubtful debts	1013500000	629300000
	3883815646	3193050797

d) RECEIVABLES

i) from GOAP	26110770200	23141001166
ii) from others	405069586	402052707
	26515839786	23543053873

e) CASH AND BANK BALANCES

a) Cash on Hand (including cheques, DD's and Stamps on Hand & Cash-in-transit)	124881684	165335786
Less: Provision for Cash theft	0	4000
	124881684	165331786
b) Balance with Scheduled Banks		
i) in current A/c	2600835031	1596012065
ii) in Deposit Accounts	2192956042	1777228985
c) Balances with Other Banks		
i) in current A/c	-	-
ii) in Deposit Accounts	-	-
d) Remittances in Transit	-133642674	-26577962
	4785030083	3511994874

B. LOANS AND ADVANCES (Unsecured- Considered Good)

a) Amount Recoverable in Cash or in Kind or for Value to be received		1567944766	524345561
Less : Provision for Doubtful Advances		271920363	271920363
		1296024403	252425198
b) Share Application Amount with APPDC		66100000	229344000
c) Tax Deducted at Source		11852619	5173724
d) Advance Fringe Benefit Tax Paid	37554305		
Less: Provision for Fringe Benefit Tax	35561860	1992445	1992445
e) Pool Imbalance Account			130481856
f) Deposits with Others		90594108	91749351
g) Others		3775416	20092961
		1470338991	731259534

SCHEDULE - 8 : CURRENT LIABILITIES AND PROVISIONS

Amount in Rs.

As at 31.3.2011 As at 31.3.2010

a)	<u>CURRENT LIABILITIES</u>		
	i) Sundry Creditors for Power Purchase & Others	12289503708	9799529762
	ii) Pool Imbalance Account	1004056565	
	iii) Security and other Deposits	809095628	971569507
	iv) Security Deposits from Consumers (including interest thereon)	7251281038	6259889135
	v) Interest accrued but not due on loans	96370383	57077118
	vi) Group Insurance Savings Fund	33730671	29768971
	vii) SPDCL Pension & Gratuity Trust	1560776069	893885005
	viii) Other Liabilities	603145194	598412477
		23647959255	18610131973
b)	<u>PROVISIONS</u>		
	i) Provision for Leave Encashment	2608034007	1013900000
	ii) Provision for Gratuity	23199168	25135014
	iii) Provision for Income Tax	31436507	
	Less: Advance Income Tax	18908578	6020806
		2643761104	1045055820
		26291720359	19655187793

SCHEDULE - 9 : MISCELLANEOUS EXPENDITURE

(to the extent not written off)

Amount in Rs.

		Total Expenditure incurred	Written off during the year	Cumulative Written off up to 31-03-2010
a)	GIS Mapping	6751941	1350389	6751941
	Total	6751941	1350389	6751941

SCHEDULE - 10 : REVENUE FROM SALE OF POWER

Amount in Rs.

		For the year ended 31-03-2011	For the year ended 31-03-2010
1	Revenue from Sale of Power		
	a) Between DISCOMS	1390987525	485900557
	b) L.T.Supply	23701612175	20655500581
	c) H.T. Supply	22686239513	16061244080
2	Income from Inter State Sale of Power	805860714	106578060
3	Other Receipts	884694375	809183348
		49469394301	38118406626

SCHEDULE - 11 : OTHER INCOME

Amount in Rs.

		For the year ended 31-03-2011	For the year ended 31-03-2010
1	Interest on		
	a) Staff Loans & Advances	399714	1042074
	b) Bank Fixed Deposits & Others	116097409	75521520
	(Tax Deducted at Source-Rs. 65,84,429/-)		
2	Delayed Payment Charges from Consumers	693277038	393873005
3	Rebate on Power Purchase Bills	534260955	522539073
4	U I (Unscheduled Inter Change) Income	60291573	-
5	Miscellaneous Receipts	316086785	287717504
6	Profit from sale of Fixed Assets		186064
7	Income from Capital Contributions	1011622450	821848327
		2732035924	2102727567

SCHEDULE - 12 : EMPLOYEE COSTS

Amount in Rs.

		For the year ended 31-03-2011	For the year ended 31-03-2010
1	Salaries, Wages and Bonus	6115048973	3090433052
2	Pension Contribution & Terminal Benefits	1520294683	696294298
3	Employees Welfare expenses	9648782	7998999
		7644992439	3794726349
	Less: Employees Cost Capitalised	219458168	483725951
		7425534271	3311000398

SCHEDULE - 13 : ADMINISTRATION AND GENERAL EXPENSES

Amount in Rs.

			For the year ended 31-03-2011		For the year ended 31-03-2010
1	Licence fees		10770308		10318523
2	Repairs and Maintenance to				
	a) Plant and Machinery	575880553		566273133	
	b) Buildings	1283150		16066746	
	c) Others	1678630	578842333	51136333	633476212
3	Rent (including Lease Rentals)		10511418		17051032
4	Rates & Taxes		4197109		11188816
5	Insurance		375423		711610
6	Telephone Charges		21871943		28334123
7	Postage & Telegrams		1427850		1366413
8	Legal Charges		10520890		4965585
9	Audit Expenses and Fees : of which				
	a) Statutory Audit Fees	661800		468775	
	b) Audit Expenses	391732		380416	
	c) Tax Audit Fees	110300	1163832	55150	904341
10	Other Professional Charges		224476730		181774125
11	Printing & Stationery		23755712		26016301
12	Advertisement		8838346		7560228
13	Electricity Charges		47986326		42622394
14	Conveyance and Traveling Expenses		160671720		119701751
15	E-Seva Collection Charges		27232534		27176172
16	Other Administration Expenses		144258251		113399369
			1276900724		1226566995
	Less: Administration & General Expenses Capitalised		38724165		85360412
			1238176559		1141206583

SCHEDULE - 14 : OTHER EXPENSES

Amount in Rs.

		For the year ended 31-03-2011	For the year ended 31-03-2010
1	Bad & Doubtful Debts Provided for/Written Off	421944833	103608612
2	Incentive to HT Consumers	134237528	354182040
3	Rebate on Sale of Power	1352808	581837
4	Miscellaneous losses and write-offs	39391033	135983752
		596926202	595706630

SCHEDULE - 15 : INTEREST AND FINANCE CHARGES

Amount in Rs.

		For the year ended 31-03-2011	For the year ended 31-03-2010
1	Interest on State Government Loans/REC/PFC	2024028704	1838553387
2	Interest on loans from Financial Institutions and Banks	1742092033	1475448192
3	Interest on others	400601324	362935989
		4166722061	3676937568
	Less: Interest and Finance Charges Capitalised	68962750	251241067
		4097759310	3425696500

SCHEDULE - 16 : NET PRIOR PERIOD CREDITS/CHARGES

Amount in Rs.

		For the year ended 31-03-2011	For the year ended 31-03-2010
1	Income relating to Prior Years		
	a) Prior Period Receipts	-5282459	-7093848
	b) Excess Provision-Interest & Finance Charges -written back	0	-6584622
	c) Other Excess Provisions	-324912	541487
		-5607371	-13136983
2	Prior Period Expenses / Losses		
	a) Operating Expenses	-19041485	3370572
	b) Employee Costs	-77272076	-10301589
	c) Short Depreciation in Prior Periods	0	11852072
	d) Interest & Other Finance Charges	2889946	0
	e) Prior Periods other charges	44639206	-1079958
		-48784409	3841097
	Net prior period credits/(charges) (1 - 2)	43177038	(16978080)

SCHEDULE 17**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 or 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) Long term 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:

- i) 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 amortised 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.

16. Changes in Accounting policies :

The Accounting Policies have been consistently followed. There is no change in the Accounting Policies during the year.

As per our report of even date
For Raju & Prasad
Chartered Accountants.
Firm No:003475S

Padmakant J. Mehta
Partner
Membership No: 015652

Dated : 03-8-2011

For and on behalf of the Board

Sd/-
V. KRISHNA MURTHY
CMD

Sd/-
T. HANUMATH PRASAD
Chief General Manager
(Finance)

Sd/-
Z.PHILIP
Director (Finance)

Sd/-
B.V.S. PRAKASH
Company Secretary
Dated : 30-7-2011

SCHEDULE 18**Notes to Accounts**

- 1. Note No.1 : Consequent to the Andhra Pradesh Gazette Notification No., 396 dated 09.06.2005, for 'Transfer of Bulk Supply Undertaking and Power Purchase Agreements from APTRANSCO to Distribution companies:**
- i. As per the Gazette Notification, the Assets and Liabilities pertaining to the Bulk Supply Undertaking of APTRANSCO are to be transferred and the opening Balance Sheet of the Company, as on the Effective Date being 09.06.05 with due accounting adjustments has to be prepared. 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.
 - ii. The liabilities taken over include Vidyut Bonds 1/2002 series amounting to Rs.31.31 crores, issued by APTRANSCO and secured by charge on their assets. No modifications to the charge already created by the Issuer have been made and as such are classified as Unsecured Loans. The Bonds carry rate of interest of 11.60% p.a. and is due for redemption in 2014.
 - iii. 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.
 - iv. 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.
- 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 which is subject to reconciliation and confirmation.
- 3.** 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 amongst the Distribution companies initially in the ratio specified in the Gazette Notification. (Vide G.O.MS.No. 101, ENERGY (POWER-III), 31st, OCTOBER, 2005) duly adjusted through IBSS done on monthly basis.

- 4.** 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 for which break up details are not available.
- 5.** 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 an upgradation version of 4.7 SAP ERP package 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 from inception of the company to 31st March 2010 are now reflected in the Trial Balance of the respective Business Area wise/unit in the financial year 2010-11. Reconciliation of Line items and Business Area /unit opening balances are 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.** Confirmations of balance as on 31.03.11 from the Generating Companies/Suppliers of power are yet to be obtained and these balances are subject to reconciliation and adjustments.
- 7.** 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.
- 8.** Revenue from sale of power includes Rs.713 crores (Previous year Rs.344.50 crores) of Fuel Surcharge Adjustment Charges for the year 2010-11 as per the instructions of APPCC which is subject to approval from APERC.
- 9.** The amount of Rs.89.48 crores towards Fuel surcharge Adjustment of financial year 2008-09 billed during the year amounting is adjusted towards Receivable from Govt. of Andhra Pradesh. The Fuel Surcharge Adjustment for the financial year 2008-09 could not billed in case of some consumers because the same has been disputed and pending in various courts.
- 10.** The company has paid Rs 19.75 Crores (Previous year Rs.81.91 crores) as Un-scheduled inter change charges. This has been accounted to Power Purchase Cost.
- 11.** Against the Subsidy of Rs 1690.65 crores (Previous Year Rs.1747.15crores) sanctioned by the Government of Andhra Pradesh for the year 2010-11, an amount of Rs. 422.08 crores (Previous Year Rs. 940.07 crores) is receivable towards additional power purchase and Rs.173.71 crores (Previous Year Rs.179.39 Crores) towards Tariff Subsidy from the Government of Andhra Pradesh

12. Capital Work-in Progress:

- a. Capital Work-in-Progress includes an amount of Rs.11.32 crores relating to the period prior to 01-04-2010, pending capitalization as at 31-03-2011.
- b. Capital Work-in-progress includes an amount of Rs.3.36 crores in respect of 4No.s of 33/11 Sub-Stations charged during the year yet to be capitalized as at 31-03-2011.

13. Fixed Assets:

- (i) Fixed Assets transferred in the second transfer scheme amounting to Rs.799.58 crores has been classified as communicated by APTRANSCO at gross value and hence asset wise breakup is not available.
- (ii) There has been no impairment of assets during the year, hence no provision made for impairment of assets as stipulated in Accounting Standard 28.

14. Depreciation:

- a) Depreciation has been charged on fixed assets under Straight Line Method on the Opening Gross Block of assets as on 1.4.2000, in the absence of individual break-up details of assets transferred under second transfer scheme.
- b) Intangible assets are amortized over a period of 5 years.

15. Statutory Reserves:

- i) Contingency Reserve represents reserve made as per the guidelines issued by Andhra Pradesh Electricity Regulatory Commission. In the absence of specific guidelines in Tariff order 2010-11, no additional provision is made during the year towards contingency reserve.

16. Deferred capital contributions (schedule 2A) represent unamortized balance of consumer contributions and RGGVY subsidies received on capital account.

17. Restructured Accelerated Power Development & Reforms Programme - **(R-APDRP)** : The quadripartite agreement entered with Govt of AP, MOP, PFC & APSPDCL. R-APDRP (Restructured Accelerated Power Development and Reforms Programme) 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. The company has received an amount of Rs.32.25 crores under part-A and Rs.10.27 crores during the Financial year 2010-11 under Part-B and 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.

18. Inventories:

- i) There is a net shortage of Rs.0.72 crores (Previous year Rs.16.05 crores) between the physical inventory of stores and spares (as certified by the management) and the value as per the financial ledger as on 31.03.2011.
- ii) Inventory includes Rs.1.62 crores (Previous year Rs.6.76 crores) materials received but pending inspection and acceptance.
- iii) There are no imported raw materials, spare parts and components consumed during the financial year and the value of all indigenous raw materials, spare parts and components consumed during the year is Rs. 17.49 crores and the percentage of indigenous raw materials, spare parts and components to imported raw materials, spare parts and components is 100%.
- iv) Inventories are net of provision of Rs.11.45 crores (Previous Year Rs.9.05 crores) for Non-moving, unserviceable and obsolete inventories and the same is considered adequate by the Management.
- v) The Inventory position is as follows :

Opening Stock	Rs.131.63 Crores
Receipts during the year	Rs.244.60 Crores
Issues during the year	Rs.269.83 Crores
Closing Stock	Rs.113.24 Crores

19. Debtors:

- i) The credit balance in the Sundry debtors amounting to Rs.52.10 Crores (Previous year Rs.46.28 crores) is netted off from the Sundry debtors.
- ii) As per the Financial ledger the Sundry debtors account shows a balance of Rs.489.73 crores where as, as per the Consumer ledger the balance shown is Rs.511.60 crores. The difference of Rs.21.87 crores (Previous year Rs.16.90 crores) is under reconciliation.
- iii) The company has provided an amount of Rs.42.19 crores (Previous year Rs.10.36 crores) towards bad and doubtful debts during the year.

20. Cash & Bank balances :

- i) Cash & Bank balances include an amount of Rs.9.88 crores towards difference in Remittance Bank Balance arisen due to difference between Individual Remittance Bank balances and the aggregate Remittance Bank balance at company level which is kept in a separate GL Account at the time of carry forward of Opening Balances to SAP 4.7 on 01-04-2009.
- ii) The credit balance in Remittances in transit amounting to Rs. 13.45 Crores represents credit balance towards LOC-in-transit remaining un reconciled in previous years.

21. The value of current assets and current liabilities as shown in the Balance Sheet is net of negative balances in the respect of some accounts which are yet to be reconciled and adjusted as at 31-03-2011. The total amount of such account balances netted off against current assets is Rs.27,90,72,151 and current liabilities is Rs.42,38,47,722/-.

22. Employee benefits:**Pension & Gratuity :**

- i) For the year 2010-11, the company has made a provision of Rs.94.17 crores (Previous year Rs.52.11 crores) towards Gratuity and Pension benefits based on the rates indicated for the year 2008-09. Against this liability, the Company has paid Rs.52.37 Crores (Previous year Rs.43.32 Crores) to the Pension and Gratuity Trust. The company has made an additional provision towards Gratuity and Pension benefits amounting to Rs.42.89 crores for the years 2006-07 to 2009-10 as a result of contribution rate prescribed for those years.
- ii) Though 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 Rs.2.32 crores (Previous year Rs.2.51 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.

Leave Encashment:

- iii) Provision has been made for the liability towards Leave encashment of employees for Rs.160.23 crores (Previous year Rs.19.27 crores) on an adhoc basis.

Provident Fund :

- iv) 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 year an amount of Rs.14.90 crores (Previous Year Rs. 9.17 crores) has been contributed.

Bonus:

- v) The Company has made provision for Bonus during the year 2010-11 amounting to Rs. 0.81 Crores (Previous Year Rs.0.92 Crores).

23. Loans and Interest on Loans:

- i) 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 Rs.3025.17 Crores (Previous year Rs.2494.62 Crores) up to 31.03.11 have been mortgaged including for the loans obtained from the banks.
- ii) All the Loans other than GOAP loans, loans taken in third transfer scheme and CC Limits are having Escrow charge.
- iii) 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.
- iv) Claim has been made towards the interest re-imbursement/adjustment on eligible GOAP loans, against the Projects completed in time, but no adjustments have been made to the Fixed Assets/Capital work in Progress to which the loans relate, since no reply has been received till date.
- v) Total interest capitalized during the year is Rs.6.90 crores (Previous Year Rs.25.12 crores) as per Accounting Standard -16 – Borrowing Costs.

- 24.** Cash-in-transit includes Cheques and DDs on hand amounting to Rs.1.23 crores (Previous Year Rs.5.65 crores) as at 31.03.2011 in various units.

25. There are no dues pending as at 31st March 2011 to suppliers/contractors/service providers who are registered as micro, small or medium enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

26. 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 Rs.9,84,58,102.80 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.

TDS on transmission, SLDC Charges & Lease Rentals: The Deputy Commissioner of Income Tax (TDS) Vijayawada issued a notice for non-deduction of TDS on transmission & SLDC Charges & Lease Rentals and demanded payment of TDS to the extent of Rs.8.6 Crores.

A stay order was obtained against the notice of the Deputy Commissioner of Income Tax of Rs.2.15 Crore.

An appeal was filed before commissioner of Income Tax (appeals) Tirupati against the order of the Deputy Commissioner of Income Tax (TDS) Vijayawada.

The Commissioner of Income Tax (Appeals) has partly allowed the appeal of APSPDCL in respect of lower rate of deduction of TDS on Transmission & SLDC Charges and held that the lower rate adopted is sufficient to cover the tax liability of the assessee.

However, in respect of Lease rentals the Commissioner of Income Tax (Appeals) has ruled the assessment made by the Deputy Commissioner of Income Tax (TDS) Vijayawada for Rs.0.38 lakhs is in order.

The APSPDCL has filed an appeal before Income Tax Tribunal, Hyderabad on the order of the Commissioner of Income Tax (Appeals) Tirupati on the ground that the amount payable towards lease rental was deposited with the Debt Recovery Tribunal (DRT) as per the orders of the DRT, hence the TDS was not made and held the view that the amount is not paid to the person but deposited in the DRT which does not attract TDS provision. The same is pending before Hon'ble ITAT, Hyderabad for disposal.

The DCIT of Vijayawada filed a review petition on the orders of the commissioner of income tax (appeals), Tirupati at ITAT Vizag and the same is also pending for disposal before ITAT, Vizag.

- 27.** 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 31.03.2011 are subject to reconciliation and confirmation and adjustments.
- 28.** The balance payable of Rs.1226.91 crores (Previous Year Rs.979.95 crores which includes Rs.72.59 crores towards others) towards power purchase and others is under reconciliation and confirmations are yet to be received.
- 29.** Inter unit account shows a net difference (credit) of Rs.59.88 Crores (Previous year (Credit) of Rs.59.39 Crores) as at 31-03-2011 which is subject to reconciliation.
- 30.** Deferred tax liability as per AS 22 has not been recognized in the books.
- 31.** Provision has been made for Rs.0.78 Crores (Previous year Rs.0.70 crores) towards Income Tax u/s115JB of the Income Tax Act, 1961.
- 32.** Investments include an amount of Rs.54.29 Crores- towards its share capital in Joint Venture with Andhra Pradesh Power Development Corporation during the year. The company has further sanctioned investment of Rs.76.40 crores in the share capital of A. P Gas Power Corporation Limited.
- 33.** An amount of Rs.89.08 lakhs was paid to M/s Cheyyuru Ultra Mega Power Project towards Investment in Joint Venture Companies.

34. Payments and Benefits to Directors: (Figures in Rupees)

Serial No.	Particulars	FY : 2010-11		FY : 2009-10	
		Chairman and Managing Director	Other Directors	Chairman and Managing Director	Other Directors
1	Salary / Remuneration	878829	5535200	667648	4731124
2	Traveling Expenses	161962	617911	44455	484653
	Total	1040791	6153111	712103	5215777

35. Loans and Advances to Directors – NIL.

36. Related Party Disclosure:

Key Management Personnel:

Amount in Rs.

Name	Remuneration for 2010-11	Remuneration for 2009-10
Mr.P.Gopal Reddy, Chairman and Managing Director	3,45,948/-	7,12,103/-
Mr. V. Krishna Murthy Chairman and Managing Director	6,94,843/-	---

37. Consumption figures 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.

LT	Units in MUs	% of total units sold	Avg. Realization- In Rs. per unit
Domestic supply - Category –I	3861.84	39.75%	2.38
Non-Domestic supply - Category –II	901.31	9.28%	5.91
Industrial Supply- Category –III	796.76	8.20%	4.42
Cottage Industries - Category – IV	25.01	0.26%	1.90
Irrigation and Agriculture Category - V	3664.49	37.71%	0.01
Public Lighting - Category - VI	419.62	4.32%	1.61
General Purpose - Category - VII	46.87	0.48%	3.83
Temporary Supply - Category – VIII	0.55	0.01%	11.03
LT. Total	9716.43	100.00%	1.95
HT			
Industrial Segregated - Category - I	3530.74	74.73%	3.81
Industrial Non-Segregated - Category - II	352.45	7.46%	5.53
Irrigation and Agriculture - Category – IV	27.45	0.58%	1.84
Railway Traction - Category – V	521.40	11.04%	4.30
Colony Lighting – Category - VI	51.03	1.08%	4.01
Electricity Co-Operative Societies	241.74	5.12%	0.21
Temporary Supply	0.00	0.00%	0.00
HT. TOTAL	4724.81	100.00%	3.80
LT + HT Total	14441.24	100.00%	2.56
LT + HT Total (Previous Year 2009-10)	13697.28	100.00	2.32

38.

Rs. in Crores

Sl.No.	Particulars	31-03-2011	31-03-2010
i.	Claims against the company not acknowledged as debts	2.22	2.02
ii.	Estimated amount of contracts remaining to be executed on capital account and not provided for	19.60	138.17

39. Quantitative Details of Purchase and Sales of energy:

Energy Purchased and Sold In	Purchases		Sales	
	MU	Rs. In Crores	In MU	Rs. In Crores
FY : 01-02	8838.00	1729.15	6902.00	1514.04
FY : 02-03	9561.00	1965.19	7531.00	1892.34
FY : 03-04	10026.00	1987.96	8087.00	1881.59
FY : 04-05	11060.00	2050.99	9056.00	1991.41
FY : 05-06	10983.85	2238.98	9118.54	2221.99
FY : 06-07	12329.55	2564.00	10360.95	2420.01
FY : 07-08	12663.01	3012.16	10797.99	2999.87
FY : 08-09	13805.48	4228.55	11938.50	3170.88
FY : 09-10	15741.05	4592.51	13697.28	3759.12
FY : 10-11	16449.08	5061.12	14441.24	4888.18

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

As per our report of even date

For Raju & Prasad For and on behalf of the Board

Chartered Accountants.

Firm No:003475S

Padmakant J. Mehta

Partner.

Membership No: 015652

Sd/-

V. KRISHNA MURTHY

Chairman & Managing Director

Sd/-

Z.PHILIP

Director (Finance)

Sd/-

T. HANUMATH PRASAD

Chief General Manager (Finance)

Sd/-

B.V.S. PRAKASH

Company Secretary

Dated : 30-07-2011

Dated : 03-8-2011

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I. Registration Details :

Registration No.	:	34118
State Code	:	01
Balance Sheet Date	:	31-03-2011

II. Capital raised during the Year

	:	(Rupees in Thousands)
Public Issue	:	-
Rights Issue	:	-
Bonus Issue	:	-
Private Placement	:	-

III. Position of Mobilisation and Development

	:	(Rupees in Thousands)
Total Liabilities	:	88067099
Total Assets	:	88067099

Sources of Funds

Paid up Capital	:	3587153
Reserves & Surplus	:	1634319
Deferred Capital Contributions	:	9191592
Secured Loans	:	20616643
Unsecured Loans	:	26745672

Application of Funds

Net Fixed Assets	:	31704023
CWIP	:	3065874
Investments	:	545805
Net Current Assets	:	26459677
Miscellaneous Expenditure	:	0

IV. Performance of the Company

	:	(Rupees in Thousands)
Turnover	:	67986442
Total Expenditure	:	67991570
Profit/(Loss) before Tax for the Year	:	(5128)
Profit/(Loss) after Tax for the Year	:	(12928)
Net Prior Period Credits/(Charges)	:	43177
Profit after Contingency Reserve	:	30249
Earnings per Share	:	Rs. 0.08
Dividend Rate%	:	NIL

**V. Generic Names of Principal products/
Services of the Company**
Item Code No.
Product Description

N.A.

Distribution of Power

SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
Reg. Office: Behind Srinivasa Kalyanamandapam, Tiruchanoor Road,
Tirupati – 517 501

Phone : 0877-2284109 Fax: 0877-2284111

PROXY FORM

I, Sri..... S/o.....

R/o..... being a member of Southern Power Distribution Company of A.P. Limited

hereby appoint Sri.....S/o.....

R/o.....as my proxy to attend and vote for me, on

my behalf at the 11th Annual General Meeting of the Company to be held on Friday,

the 30th September, 2011 at 15.30 Hrs.(03:30 PM) or at any adjournment thereof at

the Registered Office of the Company.

Affix
Revenue
Stamp

Signed this..... Day of 2011..

Place:

Date :