



# **SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED.,** 19-13-65/A, Kesavayanagunta, Tiruchanoor Road, TIRUPATI

**13<sup>th</sup> ANNUAL REPORT  
2012-13**







**The CMD & Directors on the occasion of Republic day Celebrations at Vidyuth Nilayam, Tirupati.**



**Sri H. Y . Dora Chairman & Managing Director addressing on the occasion of Republicday Celebrations at Vidhyuth Nilyam, Tirupati.**

**13<sup>th</sup> ANNUAL REPORT 2012-2013.**

**SOUTHERN POWER DISTRIBUTION COMPANY OF A.P LIMITED**  
**D.No.19-13-65/A, Kesavayanagunta, Tiruchanoor Road, Tirupati**

**BOARD OF DIRECTORS:**

SRI. H.Y.DORA,  
SRI. G.RAMA KRISHNA REDDY  
SRI. SYED BILAL BASHA  
SRI C.RADHA KRISHNA  
SRI. T.RAM SINGH  
Sri. J.NAGESWARA RAJU  
SRI. K.VENKATESWARA RAO

CHAIRMAN & MANAGING DIRECTOR  
NON WHOLE TIME DIRECTOR  
DIRECTOR (FINANCE)  
DIRECTOR ( OPERATION)  
DIRECTOR ( PROJECTS)  
DIRECTOR (HRD & IR)  
PART-TIME OFFICIAL DIRECTOR

**COMPANY SECRETARY**

CS. B.V.S.PRAKASH, FCS

**AUDIT COMMITTEE:**

Sri G.Ramakrishna Reddy  
Sri C.Radha Krishna  
Sri. K.Venkateswara Rao

Chairman of the Audit Committee  
Member of the Audit Committee/  
Member of the Audit Committee

**AUDITORS:**

RAM & RAJ & CO.  
18-1-309,  
BHAVANI NAGAR,  
TIRUPATI.

**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](http://www.apspdcl.in)

# **13<sup>th</sup> ANNUAL REPORT 2012-2013.**

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



## APSPDCL PERFORMANCE HIGHLIGHTS

Year ended 31 <sup>st</sup> March	2013	2012	2011	2010	2009	2008
Units Sold (Million Units)	16444.84	16388.21	14441.24	13697.28	11938.50	10798.24
No. of 33/11 KV Sub stations	1253	1125	1058	1045	955	843
Length of 33 KV line in KM	12069.21	11452.63	11125.52	11506.29	10891.65	10272.61
Length of 11 KV line in KM	101847.36	99211.86	95685.94	91863.79	84734.16	75012.36
Length of LT line in KM	154230.60	151798.34	147403.81	141082.90	139692.10	132688.92
Number of Distribution Transformers	300244	280985	276420	249957	226238	184972
Number of Power Transformers	1570	1440	1373	1357	1261	1147
No of Consumers	7326195	7026704	6716034	63,97,861	6021853	5656339
Distribution Losses (%)	10.71	11.29	12.75	12.98	13.52	14.73
Distribution Transformer failures (%)	6.53	7.94	7.22	7.12	6.80	7.67
AT @C Losses	9.90	11.12	12.76	11.94	12.96	13.70
Average Realisation per unit (Rs.)	2.64	2.59	2.32	2.32	2.27	2.29
<b>Financial Data (Rs. in Crores)</b>						
Total income	8227.3466	7914.2702	6798.6442	5769.2617	5302.13	3891.63
Total Expenditure	12900.2567	7906.7723	6799.1570	5765.2815	5291.15	3837.47
Surplus / (Deficit)	(4675.2844)	3.4489	3.0249	3.9802	10.98	54.16
Paid up Equity Capital (Rs. In Crores)	358.71	358.71	358.71	358.71	358.71	358.71



## Board of Directors



**Sri H.Y.Dora**  
Chairman & Managing Director



**Sri T. Ram Singh**  
Director (Projects)



**Sri G Ramakrishna Reddy**  
Director (Fin & Rev) AP Transco  
Non whole time Director



**Sri Syed Bilal Basha**  
Director (Finance)



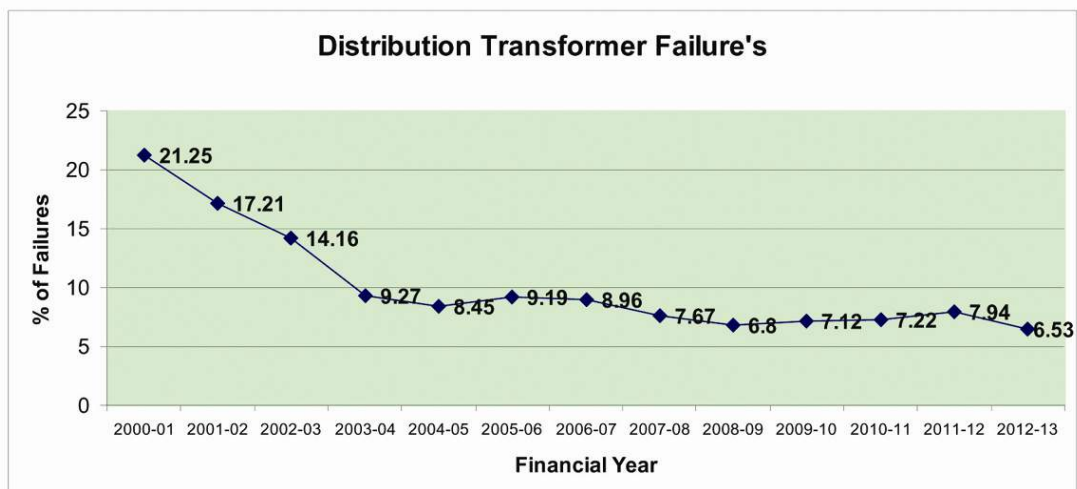
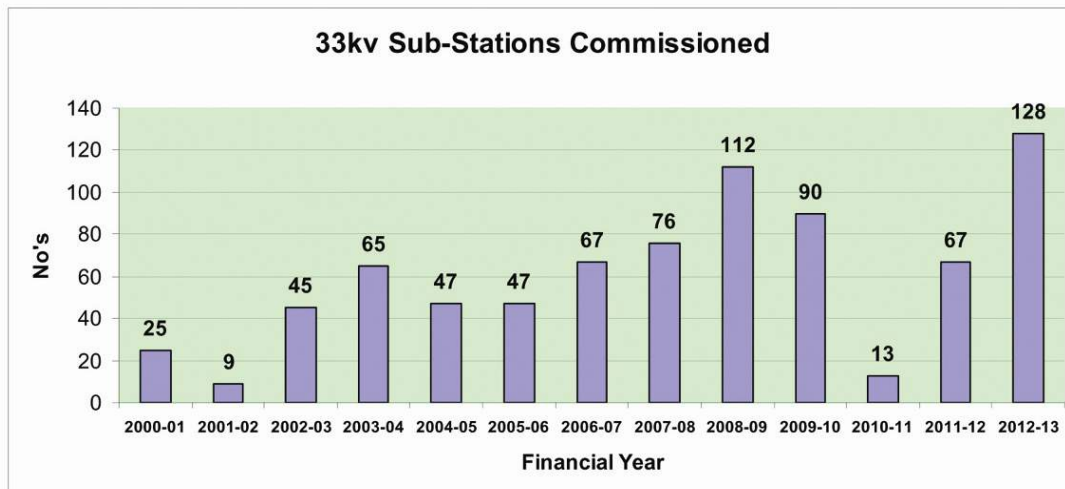
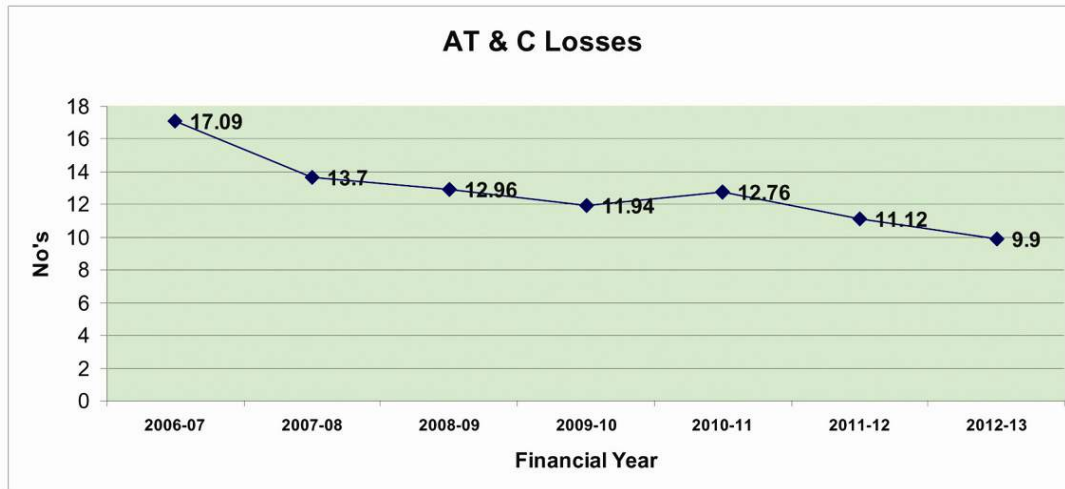
**Sri J. Nageswara Raju**  
Director (HRD & IR)



**Sri K. Venkateswara Rao**  
Addl. Secretary to Govt. Fin Dept.  
Part time official Director

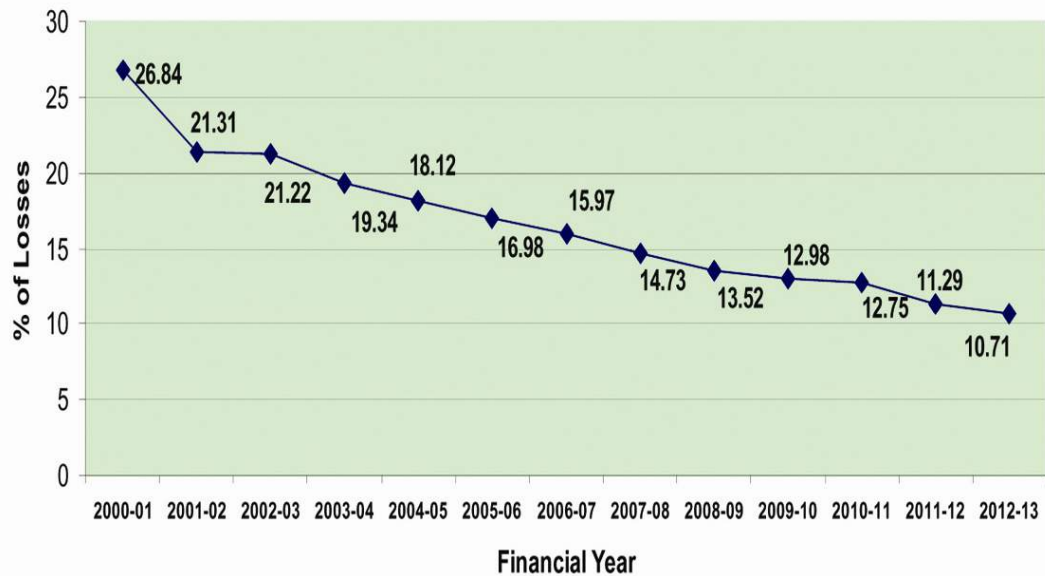


**Sri C. Radha Krishna**  
Director (Operations)

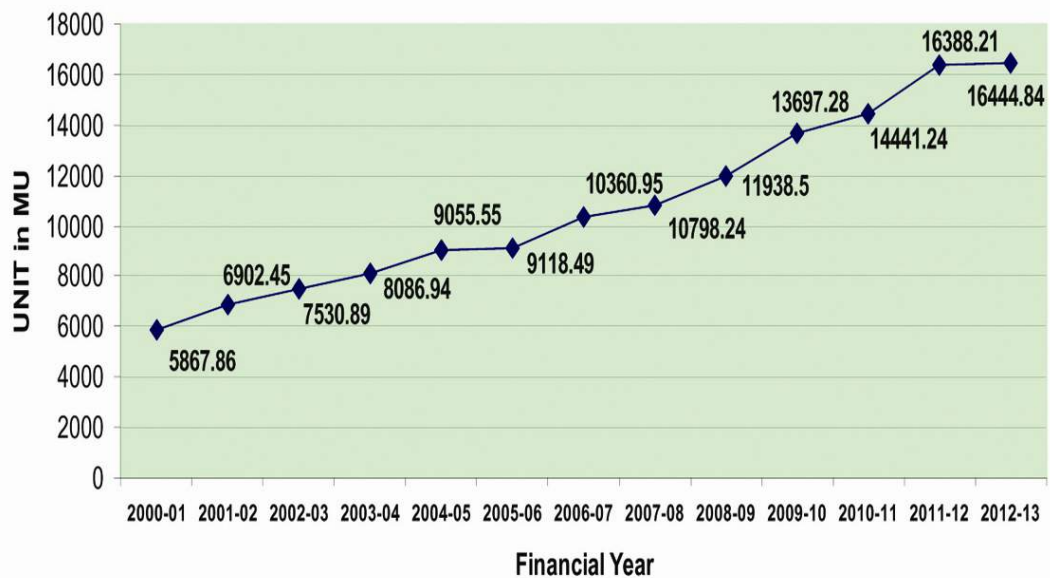




### Distribution Losses



### Energy Sales





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

D.No.19-13-65/A, Kesavayanagunta, Tiruchanoor Road, Tirupati

Chairman & Managing Director's Statement

Dear Shareholders,

It is my pleasure to present the 13<sup>th</sup> (Thirteenth) Annual Report of Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati for the year 2012-13.

### **Performance Review:**

<b>S.No</b>	<b>Particulars</b>	<b>As on 31-3-2012</b>	<b>Achieved during the Financial Year</b>	<b>As on 31-3-2013</b>
1	Number of 33/11 KV Sub stations	1125	128	1253
2	Length of 33 KV line in KM	11452.63	616.58	12069.21
3	Length of 11 KV line in KM	99211.86	2635.5	101847.36
4	Length of LT line in KM	151798.34	2432.26	154230.60
5	Number of Distribution Transformers	280985	19259	300244
6	Power Transformers	1440	130	1570
7	Number of Consumers	7026704	299491	7326195

### **ERP(SAP)Utilisation in the Company:**

The Major advantages achieved on implementation of SAP :

- The entire material procurement cycle is run in SAP. Right from placing of purchase order to payment made, is done in SAP.
- The service procurement and issue of material for works is completely tracked with entries in appropriate GL Accounts. Expenditure is charged to relevant GL accounts and thereby enables fluent Trial Balance & Balance sheet.
- Major equipments such as PTRs, DTRs etc are completely traceable in the aspects of its physical location, repair cost incurred on each and every equipment thereby enabling better review, planning & performance.
- All capital works are carefully structured and budgeted systematically. The work orders have never been so much accountable before. The initial accounts can be obtained at a click of the mouse. Similarly the closing has been reduced to a simple task, compared to the manual process.
- Revenue collection is uploaded in SAP.



- The pains of formulating the balance sheet are reduced to a major extent.
- All employee details have been captured in the SAP. The monthly salaries of all the employees can be run from the corporate office centrally.
- For better service to the consumer, new system is introduced in the Company duly integrating SAP with Customer Service Centre.

### **HR Initiatives**

Training the officers/staff continues to be a top priority of the Company. A brief particulars of the staff trained is as follows:

<b>No. of Programme Conducted</b>	<b>Participants Targeted</b>	<b>Participants attended</b>	<b>% of Achievement</b>
183	4859	3842	79.07

Recruitment: During the year 2012-2013 , Out of 33 vacancies of Assistant Engineer/EI ,32 vacancies were filled and the remaining one was not filled due to non availability of eligible candidate.

### **Corporate Governance :**

The Board of Directors and the Management continue to practice the highest principles of Corporate Governance to provide strong leadership. We have our good Internal Audit system and Committee Meetings apart from Board Meetings as per schedule.

To conclude, I congratulate all the employees for their efforts towards achieving the goals of the Company and improved sales performance, in accomplishing the Directives of Regulatory authority, other statutory authorities and initiated steps for institutional strengthening.

Further, I sincerely acknowledge the support and Co-operation extended by the Government of Andhra Pradesh, particularly Energy Department & Finance Department, Andhra Pradesh Electricity Regulatory Commission, APTRANSCO, APGENCO, Other DISCOMs, Comptroller & Auditor General of India, Bankers, Financial Institutions like Rural Electrification Corporation Limited and Power Finance Corporation, suppliers, contractors and consumers.

**Thank you.**

**( Er.H.Y.Dora )**  
**Chairman & Managing Director**



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

D.No.19-13-65/A, Tiruchanoor Road, Tirupati.

**NOTICE**

To  
The Members of the Company

NOTICE is hereby given that the 13<sup>TH</sup> (Thirteenth ) Annual General Meeting of the Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati will be held on MONDAY, THE 30<sup>TH</sup> December, 2013 AT 4.30 P.M (at Shorter Notice under Section 171(2) of the Companies Act, 1956 pursuant to consent received from all the Members) 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 31<sup>st</sup>, March 2013 and Profit & Loss account, Cash Flow Statement, 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 2013-14 under the provisions of Sec619 (2) of Companies Act, 1956 and to authorize the Board to fix the remuneration of Statutory Auditors for the Financial 2013-14.

To consider and if thought fit to pass with or without modification(s) the following resolution(s) as ordinary resolutions:

**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 2013-2014 vide Lr .No. CA.V/COY/ANDHRA PRADESH, SOUPOW (1)/958, Dt.03.09.2013 of the Comptroller and Auditor General Of India, New Delhi be and is here by 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 payable to the Statutory Auditors M/s. RAM RAJ & CO., D.No. 18-1-309, BHAVANI NAGAR, TIRUPATI-517501 and for reimbursement of their actual out- of - pocket expenses payable to Statutory Auditors for the Financial Year 2013-14.”



Special business:

Item No.(3)

To consider and if thought fit, to pass the following resolution as a Special Resolution with or without modification:

"RESOLVED THAT in pursuance of the resolution passed by the Company in the 10<sup>th</sup> Adjourned Annual General Meeting held on 14<sup>th</sup> December, 2010 approving the total amount of borrowing limit to the Board of Directors of the Company to Rs 6500 Crores (Rupees Six thousand Five hundred Crores only) in relation to the exercise of borrowing powers, it is hereby approved that, pursuant to the provisions under the Sec 180 (1) (c) of Companies Act, 2013 [erstwhile Sec 293 (1) (d) of Companies Act, 1956] and other applicable provisions, if any, of the Companies Act, 2013 the Board of Directors of the Company be and are hereby authorized to borrow money, from time to time, at their discretion either from the Company's Bank or any other Bank, Financial Institutions or any other lending institutions or persons on such terms and conditions as may be considered suitable for the purposes of the business of the Company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), will exceed the aggregate of the Paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount to be borrowed shall not exceed the sum of Rs.8000 Crores (Rupees Eight Thousand Crores only) at any time."

FURTHER RESOLVED THAT the Company Secretary of the Company be and is hereby authorized to file necessary forms with the Registrar of Companies within the time stipulated under the Companies Act, 1956 and to take all necessary steps to give effect to the above resolution."

**Item No. (4):**

**To consider and if thought fit, to pass the following resolution as a Special Resolution with or without modification:**

“RESOLVED THAT in pursuance of the resolution passed by the Company in the 10<sup>th</sup> Adjourned Annual General Meeting held on 14<sup>th</sup> December, 2010 approving the total amount of borrowing limit to the Board of Directors of the Company to Rs 6500 Crores (Rupees Six thousand Five hundred Crores only) in relation to the exercise of borrowing powers, it is hereby approved that, pursuant to the provisions under the terms of Sec 180 (1) (a) of Companies Act, 2013 [erstwhile Sec 293 (1) (a) of Companies Act, 1956] and other applicable provisions, if any, of the Companies Act, 2013, authorize the Board of Directors to mortgage / hypothecate and/or create charge of all or any part of the immovable properties/or movable properties of the Company both present and future of every nature and kind whatsoever and for creating a floating charge on all or any of the movable properties of the Company and the whole of undertaking of the company to or in favour of Banks or Financial institutions or any other lending institutions for borrowing from time to time such sums of money as the Board of Directors of the Company deem requisite for the purpose of the business of the Company notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed the sum of Rs. 8000 Crore (Rupees Eight Thousand Crores) at any time.”

“FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to finalize the terms and conditions for creating aforesaid mortgage or hypothecation or create charge and to do all acts, things as may be necessary.”

“FURTHER RESOLVED THAT the Company Secretary of the Company be and is hereby authorized to file necessary forms with the Registrar of Companies within the time stipulated under the Companies Act, 1956 and to take all necessary steps to give effect to the above resolution.”

**BY ORDER OF THE BOARD OF DIRECTORS**

**For and on behalf of Southern Power Distribution Company of Andhra Pradesh Limited**

Place: Tirupati.

Date: 28.12.2013.

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

**Note:**

**1 An Explanatory annexed here to for the item No. 3 and 4 under Special business.**

2. 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.

3 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.

4. Form 22 A for Consent for Shorter Notice.



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

**Place:** Tirupati.

**Date:** 28.12 .2013.



**Explanatory Statement to the Item No.(3) under Special business:**

It is to submit that the Member/APPCC has informed that the State Level Monitoring Committee constituted in G.O. Ms.NO. 2, Energy (Power. III) Dept, Dt 05.01.2013 to review the progress of financial turn around of State Discoms held its first meeting on 21.12.2013. The Committee reviewed the Financial Restructure package of APDISCOMS. As per the Govt. of India, the bonds are required to be issued by the end of 31.12.2013.

It is to submit that in the 10<sup>th</sup> Adjourned Annual General Meeting of the Company held on 14.12.2010, pursuant to S. 293 (1) (d) and other applicable provisions of the Companies Act, 1956, the Board of Directors of the Company were authorized to borrow money, from time to time, at their discretion either from the Company's Bank or any other Bank, Financial Institutions or any other lending institutions or persons on such terms and conditions as may be considered suitable for the purposes of the business of the Company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), will exceed the aggregate of the Paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount to be borrowed shall not exceed the sum of Rs.6500.00 Crores (Rupees Six Thousand Five hundred Crores only) at any time.

Now, to issue Bonds, the total Loans Outstanding as on 30.11.2013 were Rs. 6216.76 Cr where as the total borrowing power is Rs. 6500 Cr., hence, the balance is only approx. Rs. 284 Cr.

The Board had approved approx.250-300 Cr to borrow from M/s REC and other financial Institutions which are yet to be drawn.

Further, the term loans are required in future also.

Hence, to issue bonds, to meet the long term funds requirements and for financing the present and future projects of the company, it is proposed to enhance the borrowing limits to the Board of Directors of the Company from Rs. 6500 Cr. ( Rupees Six thousand Five hundred Crore) to Rs. 8000 Cr. (Rupees Eight thousand Crore only)

None of the Directors are concerned or interested in the resolution.

The Directors recommend the proposed Motion/resolution under Special Business, Item No. (3) for approval in the interest of the Company.

**Explanatory Statement to the Item No.(4) under Special business:**

It is to submit that the Member/APPCC has informed that the State Level Monitoring Committee constituted in G.O. Ms.No. 2, Energy (Power. III) Dept, Dt 05.01.2013 to review the progress of financial turn around of State Discoms held its first meeting on 21.12.2013. The Committee reviewed the Financial Restructure package of APDISCOMS. As per the Govt. of India, the bonds are required to be issued by the end of 31.12.2013.

It is to submit that in the 10<sup>th</sup> Adjourned Annual General Meeting of the Company held on 14.12.2010, the Board of Directors of the Company under the Sec 293 (1) (a) and other applicable provisions, if any, of the Companies Act ,1956, were authorised to mortgage / hypothecate and/or create charge of all or any part of the immovable properties/or movable properties of the Company both present and future of every nature and kind whatsoever and for creating a floating charge on all or any of the movable properties of the Company and the whole of undertaking of the company to or in favour of Banks or Financial institutions or any other lending institutions for borrowing from time to time such sums of money as the Board of Directors of the Company deem requisite for the purpose of the business of the Company notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed the sum of Rs.6,500 Crores (Rupees Six Thousand Five hundred Crores) at any time."

Now, to issue Bonds , the total Loans Outstanding as on 30.11.2013 were Rs. 6216.76 Cr where as the total borrowing power is Rs. 6500 Cr., hence, the balance is only approx. Rs. 284 Cr.

The Board had approved approx.250-300 Cr to borrow from M/s REC and other financial Institutions which are yet to be drawn.

Further, the term loans are required in future also.

Hence, to issue bonds, to meet the long term funds requirements and for financing the present and future projects of the company, it is proposed to enhance the limit for Mortgage/Hypothecate the assets of the Company to an extent of **Rs. 8000 Cr.**(Rupees Eight thousand Crore only) from **Rs. 6500 Cr.**( Rupees Six thousand Five hundred Crore).

None of the Directors are concerned or interested in the resolution.

The Directors recommend the proposed Motion/resolution under Special Business, Item No. (4) for approval in the interest of the Company.

**BY ORDER OF THE BOARD OF DIRECTORS**

For and on behalf of  
Southern Power Distribution Company of Andhra Pradesh Limited.

Place: Tirupati.

Date: 28 .12.2013.

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

## **DIRECTORS' REPORT**

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

Your Directors have pleasure in presenting the 13<sup>th</sup> (Thirteenth) Annual Report of the Company relating to Financial Year 2012-13 and trust the Annual Audited Accounts for the said year as circulated have been perused by all of you.

**The** Director (Finance & Revenue) / APTRANSCO and Member APPCC has communicated the instructions of Special Chief Secretary, Energy Department, Govt. of A.P. to make the following changes in the approved accounts in view of approval granted by GOI for Financial Restructure Plan of Andhra Pradesh.

- I. DISCOMs should make a provision of Rs.8600 Crs. as doubtful which was previously considered as receivables vide G.O.Ms.No.62, Dt.14.11.2013.
- II. The amounts written off in respect of APGENCO and APTRANSCO to be considered as liable.

The Board also considered the Provisional Comments of C & AG vide  
Lr No. AG( E & RSA)/ES-II( Power) /APSPDCL/2013-2014/132 ,Dt 13.12.2013.

The Annual accounts for F.Y.2012-13 have been revised on 18.12.2013 taking into account the above changes and resubmitted to the statutory Auditors for their revised opinion on the Annual Accounts . Then, the revised accounts were submitted to CAG for supplementary Audit.



### Financials:

Amount in Rs.

Particulars	Figures as at the end of current reporting period 2012-13	Figures as at the end of previous reporting period 2011-12
	,	,
I. Revenue from operations	6535,12,33,711	5972,36,28,863
II. Other Income	319,22,32,342	214,84,51,166
III. Revenue Subsidies and Grants	1373,00,00,000	1727,06,22,000
<b>Total Revenue (I + II + III) - (A)</b>	<b>8227,34,66,053</b>	<b>7914,27,02,029</b>
<u>Expenses:</u>		
IV. Cost of Power Purchase	7866,35,53,621	6285,55,53,637
V. Employee benefit expense	576,21,86,300	564,13,01,503
VI. Financial costs	654,86,09,418	535,75,31,317
VII. Depreciation and amortization expense	401,07,77,716	377,93,26,131
VIII. Other expenses	3401,74,40,407	143,40,10,954
<b>Total Expenses (IV + V + VI + VII + VIII - (B))</b>	<b>12900,25,67,462</b>	<b>7906,77,23,542</b>
IX. Profit before exceptional and extraordinary items and tax <b>(A - B)</b>	<b>(4672,91,01,409)</b>	<b>74978487</b>
X. Exceptional Items	0	0
XI. Profit before extraordinary items and tax (IX - X)	(4672,91,01,409)	74978487
XII. Extraordinary Items	0	0
XIII. Profit before tax (XI - XII)	(4672,91,01,409)	74978487
XIV. Provision for Taxation	0	18284000
XV. Profit(Loss) from the period from continuing operations(XIII-XIV)	(46729101409)	56694487
XVI Less: Transfer to Contingency Reserve	23742765	22205057
XVII. Profit/(Loss) for the period (XV - XVI)	(4675,28,44,174)	34489430
XVIII. Earning per equity share:		
(1) Basic	(130.33)	0.10
(2) Diluted		

**(SAP)Utilisation in the Company:**

The Major advantages achieved on implementation of SAP :

- The entire material procurement cycle is run in SAP. Right from placing of purchase order to payment made, is done in SAP.
- The service procurement and issue of material for works is completely tracked with entries in appropriate GL Accounts. Expenditure is charged to relevant GL accounts and thereby enables fluent Trial Balance & Balance sheet.
- Major equipments such as PTRs, DTRs etc are completely traceable in the aspects of its physical location, repair cost incurred on each and every equipment thereby enabling better review, planning & performance.
- All capital works are carefully structured and budgeted systematically. The work orders have never been so much accountable before. The initial accounts can be obtained at a click of the mouse. Similarly the closing has been reduced to a simple task, compared to the manual process.
- Revenue collection is uploaded in SAP.
- The pains of formulating the balance sheet are reduced to a major extent.
- All employee details have been captured in the SAP. The monthly salaries of all the employees can be run from the corporate office centrally.
- For better service to the consumer, new system is introduced in the Company duly integrating SAP with Customer Service Centre.

***HR Initiatives***

Training the officers/staff continues to be a top priority of the Company. A brief particulars of the staff trained is as follows:

No. of Programmes Conducted	Participants Targeted	Participants attended	% of attendance against the target
183	4859	3842	79.07

Recruitment: During the year 2012-2013 , Out of 33 vacancies of Assistant Engineer/Electrical 32 vacancies were filled and the remaining one was not filled due to non availability of eligible candidate.

**Dividend**

The Board of Directors have not declared any dividend during the year ended 31.03.13

### Energy Sales

The Company's total sales increased to 16444.81 **MU** in 2012-13 from 16388.21MU in 2011-12.

### Operational Performance of the Company for the year 2012-13:

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

S.No	Particulars	As on 31-3-2012	Achieved during the Financial Year	As on 31-3-2013
1	Number of 33/11 KV Sub stations	1125	128	1253
2	Length of 33 KV line in KM	11452.63	616.58	12069.21
3	Length of 11 KV line in KM	99211.86	2635.5	101847.36
4	Length of LT line in KM	151798.34	2432.26	154230.60
5	Number of Distribution Transformers	280985	19259	300244
6	Power Transformers	1440	130	1570
7	Number of Consumers	7026704	299491	7326195

### 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 16648 cases were reported during the year 2012-13 . During the year 16270 cases were compounded and Rs.2,31,27,500/- was collected.

### 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
Sri.S.Viswantham	02.12.2008	31.07.2013
Sri. T. Ram Singh	01.08.2013	
Sri. J.Nageswara Raju	01.08.2013	
Sri. C.Radh Krishna	01.08.2013	
Sri. K.Vidya Sagar Reddy	11.08.2011	11.08.2013
Sri. H.Y.Dora	31.08.2013	
Sri. Umesh Sharraf, IPS	16.09.2008	08.01.2013
Smt. K. Chayalaxman	28.07.2011	08.01.2013
Dr.K.S.Uma, IES.,	28.07.2011	25.11.2013
Sri.K.Venkateswara Rao.	25.11.2013	



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

- |   |   |                               |
|---|---|-------------------------------|
| 1 . Sri. H.Y.Dora   | - | Chairman & Managing Director  |
| 2. Sri G.Ramakrishna Reddy<br>Director (Finance & Revenue)<br>APTRANSCO,Hyderabad.                                    | - | Non Whole Time Director       |
| 3. Sri.Syed Bilal Basha   | - | Director ( Finance)           |
| 4. Sri. T.Ram Singh   | - | Director ( Projects)          |
| 5. Sri. J.Nageswara Raju,   |   | Director ( HRD & IR)          |
| 6. Sri. C.Radha Krishna   |   | Director ( Operation)         |
| 7. Sri. K.Venkateswara Rao<br>Additional Secretary to Government<br>Finance Department,A.P.Secretariat,<br>Hyderabad. | - | Part – time Official Director |

#### **Board Meetings held in 2012-13:**

The Board held its meetings on 26-06.2012, 31.07.2012, 29.09.2012, 20.12.2012 and 20.03.2013 in the financial year 2012-13 in accordance with the provisions of Section 285 of the Companies Act, 1956.

#### **Attendance at Board of Directors Meetings:**

Directors	Meetings attended
Er.K.Vidya Sagar Reddy, Chairman and Managing Director	5
Sri. Syed Bilal Basha	3
Sri.G.Ramakrishna Reddy	4
Er. S.Viswanatham	5
Er. Z.Philip	2
Dr.K.S. Uma, IES.,	1

#### **Directorships:**

Sri K.Vidya Sagar Reddy, Chairman and Managing Director was appointed as a Non-Whole time Director in Andhra Pradesh Power Development Company Limited, Hyderabad w.e.f.5.10.2011 and hold the Directorship on behalf of the Company. Up to 30.09.2013.

Sri. H.Y.Dora , Chairman and Managing Director has been appointed as a Non-Whole time Director in Andhra Pradesh Power Development Company Limited, Hyderabad w.e.f.30.09.2013 in place of Sri. K.Vidya Sagar Reddy.

**Annual General Meetings:**

The details of Annual General Meetings held in the Previous year are as under:

<b>Year</b>	<b>Date</b>	<b>Venue</b>
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
2010-2011	30-09-2011	Registered Office
2011-212	29.09.2012	Registered Office.

**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 to the Board of Directors of the company 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 31.07.2012, 29.09.2012 20.12.2012, The composition of the Audit Committee as on the date of this report is as follows:

1. Sri G.Ramakrishna Reddy – Chairman and Member of the Audit Committee.  
Director (Finance & Revenue)/  
APTRANSCO/ Hyderabad.
2. Sri C.Radha Krishna – Member of the Audit Committee.  
Director ( Operation)
3. Sri.K.Venkateswara Rao – Member of the Audit Committee/  
Additional Secretary to Government  
Finance Department,A.PSecretariat,Hyderabad.

Sri. S.Vswanatham, Member of the Audit Committee attended Audit Committee Meetings held on 31.07.2012, 29.09.2012 and 20.02.2012.

Sri. K.Venkateswara Rao, Additional Secretary to Government, Finance department, has been appointed/Nominated as Member of the Audit Committee on 25.11.2013.

**Auditors of the Company**

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 2012-2013 vide Lr .No. CA.V/COY/ANDHRA PRADESH, SOUPOW (1)/704, Dt.03.09.2012 of the Comptroller and Auditor General Of India, New Delhi.

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 2013-2014 vide Lr .No. CA.V/COY/ANDHRA PRADESH, SOUPOW (1)/958, Dt.03.09.2013 of the Comptroller and Auditor General Of India, New Delhi.

**Cost Audit:**

The Company required to get its Cost records audited U/s. 233 B(1) of the Companies Act, 1956 as per 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 2<sup>nd</sup> May 2011.

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 2012-13. And form No 23c was filed with the Registrar of Companies, Hyderabad. The report is yet to be filed with the Central Government.

M/s. Narasimha Murthy & Co, Cost Accountants, 3-6-365, 104 & 105, Pavani Estate, Y.V.Rao Mansion, Himayatnagar, Hyderabad-500029 were appointed as the Cost Auditors of the Company for the financial year 2013-14. The Form 23 C was filed with the Registrar of Companies, Hyderabad vide SRN S21089487, Dt 20.05.2013 and it was approved.

**Replies to the comments of the Statutory Auditors and Comptroller and Auditor General of India**

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 31<sup>st</sup> March, 2013 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.134.35 Crores in Andhra Pradesh Power Development Company Limited, Hyderabad from 04.12.2009 to 31.03.2013.

**Directors Responsibility Statement**

The Board of Directors of your Company have met Five times during the financial year 2012-13.

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

The Annual Accounts were prepared as per Revised Schedule VI of the Companies Act, 1956 and the applicable standards were 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 31<sup>st</sup> March, 2013. 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.

**Acknowledgements:**

The 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, APGENCO Other DISCOMs, Comptroller & Auditor General of India, Bankers, Financial Institutions like Rural Electrification Corporation Limited and Power Finance Corporation, suppliers and consumers.

The 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



( Er.H.Y.Dora )

**Chairman & Managing Director**

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF**

**THE SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH  
LIMITED**

Report on the Financial Statements:

**On Completion Of** Audit of Accounts of **SPDC of AP Ltd**, Tirupati, for the year ended 31st March 2013, we have rendered our audit report on **17<sup>th</sup> November 2013**. Subsequent to our report, in the light of the **observations arising from the audit by the Comptroller and Audit General of India** and on subsequent events on status of government receivables, the company has reopened accounts and recasted the Financial Statements, which has warranted revision of the said report. This supersedes our earlier report.

1. We have audited the accompanying financial statements of **THE SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED** ('the Company') which comprise the Balance Sheet as at March 31, 2013 and the statement of Profit & Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report

**Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act'). The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan & perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of

material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

### **Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us, subject to the following:

***A. for which impact on accounts could not be determined / quantified -  
Attention is drawn to Financial Statements:***

- i. Note No.3-2 Balances in 'Loan Funds' pertaining to Govt. of AP, and Note No.26-1 liabilities are subject to confirmation / reconciliation / adjustments. In the absence of due confirmation / reconciliation these loans as at the year end , we are unable to express our opinion on the closing balances of such liabilities .***
- ii. Note No. 3-3 out of Rs. 1775.67 Crores of loan from REC, an amount of Rs. 125.86 Crores is still in the name of APTRANSCO, which is subject to confirmation.***
- iii. Note No. 5- Provision for pension, Gratuity, leave encashment and other retirements benefits made does not comply with requirements of AS-15 "Employee benefits".***
- iv. Note No: 9-2 Deferred Tax asset / liability has not been recognized in the accounts as required under AS-22 "Accounting for Taxes on Income".***
- v. Note No. 10-***
  - a. Accumulated depreciation on assets sold/discarded during the year is not written back in accordance with AS-6 "Depreciation Accounting".***
  - b. 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*
- c. The WDV of the replaced asset, which is not in accordance with AS-10 "Accounting for Fixed Assets".*
  - d. 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 and consequential effects on charge of Depreciation and non compliance of AS-6 "Depreciation Accounting"*
  - e. Assets purchased under RGGVY scheme from Government grants is not shown separately as required under AS-12 "Accounting for Government Grants".*
  - f. As relevant information is not made available with regard to Impairment of Assets, we could not ascertain the status and provision, if any as required as per AS 28*
- vi. Note No. 10-4 is invited wherein, Consequent upon amendment to second transfer scheme vide G.O.Ms 142 dt 29.09.2001 and the third transfer scheme vide G.O.Ms.396 dt.09.06.2005, the Company adopted the assets & liabilities and the balances against Power Purchase, loan liabilities, and receivables from Govt. of A.P at values stipulated in the respective government notifications, which are provisional and subject to further adjustment as may be determined by the State Government and audit. In the absence of relevant information, we are unable to express our opinion on the closing balances of such assets / liabilities transferred to the company under the aforementioned transfer schemes.*
- vii. Note No.10-5 The input controls in the SAP in respect of capturing data and recording of transactions, access control system, disaster data recovery plans and backups needs to be reviewed and duly certified by independent agency as regards to its adequacy.*
- viii. Note No: 12 Contingent Liabilities reported are, in our opinion, are exclusive of court cases pertaining to power purchases.*
- ix. PURCHASE OF POWER:*
- a. Note No: 21 para 1 constitution of Andhra Pradesh Power Coordination Committee to facilitate purchase and trading of power on behalf of distributions companies in the State of Andhra Pradesh and legal status of the same could not be ascertained.*



- b. Note No. 15 para 1.1 on non confirmation of bank balance in the name of Andhra Pradesh Power Distribution Companies Pool Account and the Company's share thereon.*
- c. Note No. 16 para 1 – non reconciliation and confirmation of pool imbalance account.*
- d. Note No 21 para 4 regarding the Transfer of Power Purchase Agreements vide G.O.Ms. No. 396 dt. 09.06.2005, from APTRANSCO to Distribution Companies in specified ratio with effect from 09.06.2005 and subsequent revision of the said ratio vide G.O.Ms. No. 53, Energy (Power –III) dated 28-04-2008 with retrospective effect from 09-06-2005 and implementation of the same from April 2008 onwards and differential impact on non implementation retrospectively.*
- e. Note No. 7-1 &2 accounting of power purchase bills, debit / credit notes and non confirmation / reconciliation of balances of the power suppliers.*
- f. Note No. 21 para 2- accounting of cost of power purchase and Inter State sale as intimated by the APPCC, Hyderabad and certified by the Independent Firm of Chartered Accountants are incorporated in the books of the Company. In the absence of relevant information on quantitative details, swap transactions, metering, claims made by the power suppliers and disputes on power purchase etc., the said cost could not be reviewed by us.*
- x. Note No: 13. – Inventories:- In case of devolution of materials to stores, the rate adopted by the SAP, is at current purchase price and not the price at which it was issued.*
- xi. Note no 17 para-2- The company has made provision of Rs.2362.44 Crores pertaining to receivables from Government of AP for the years 2008-09 to 2012-13. In the absence certainty in non recoverable status of receivables from Government of Andhra Pradesh , we are unable to comprehend the provision made by the company. Had the provision is not made, the loss would have been lower to the extent of Rs.2362.44 and receivables would have been greater to that extent.*
- xii. Note No. 19-2 : Non recognition of income on Deposit Contributory Work.*
- xiii. Note No 26.1 non confirmation of balances from sundry debtors, sundry creditors, other claims and receivables, deposits and retentions of suppliers and contractors, deposits for electrification service connections, liability for capital supplies, O&M supplies and loans & advances.*

***B. For which assets are overstated and loss understated to an extent of the following :***

***Note No. 14 para 2.3- Non provision of bad and doubtful debts in consonance with the accounting policy of the Company for the current year to the extent of Rs. 85.62 Crores.***

The financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. In the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2013;
- ii. In the case of the statement of profit and loss, of the **loss** for the year ended on that date; and
- iii. In the case of the Cash Flow statement, of the cash flow for the year ended on the date.

**Emphasis of Matters**

We draw your attention to the following notes:

- i. Note No 25-2 – Miscellaneous provisions, losses and write offs includes Fuel Surcharge adjustment (FSA) write offs consequent to the Andhra Pradesh Electricity Regulatory Commission disallowance of Rs. 454.53 Crores pertaining to the Financial Year 2010-11 and 2011-12 and Provision for FSA of Rs. 344.50 Crores for the Financial Year 2009-10 and Rs. 41.11 Crores for the Financial Year 2010-11 (1<sup>st</sup> quarter – April 2010- to 30<sup>th</sup> June 2010), which were recognised as income in the respective years. We have relied on the management information and decision on this matter. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

7. 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.
8. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended by the Companies (Auditor's Report) Amendment Order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, and on the basis of such checks of the books and records of the Company as we consider appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

9. As required by Section 227(3) of the Act, We report that:
- a. 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;
  - b. In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of those books;
  - c. The balance sheet, Statement of profit and loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply the Accounting Standards referred to in sub-section (3C) of section 211 of the Act, 1956; ***except the following as referred in para 6 : Accounting Standards: AS6, AS 9, AS10, AS12, AS15, AS22 and AS 28.***
  - e. Being a Government Company, the Company is exempt from the provisions of Section 274(1)(g) of the Companies Act,1956 relating to Directors;

Place: Bangalore  
Date: 18-12-2013

For Ramraj & Co.,

Chartered Accountants  
FR No.002839S

***Annexure to the Auditors' Report***

(As referred to in Paragraph 8 of our report of even date to the members of **The Southern Power Distribution Company of Andhra Pradesh Limited** on the financial statements for the year ended 31st March, 2013)

1. In respect of Fixed Assets
  - a. The Company is in maintaining proper records of Fixed Assets showing full particulars including quantitative details and situation of fixed assets, ***subject to updation.***
  - b. *We were informed that the Fixed Assets have **not been physically verified by the management during the year, hence we are unable to comment on the discrepancy, if any between the physical balance and book records.***
  - c. 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.
2. In respect of Inventories
  - i. According to the information and explanation given to us, Company is following a system of perpetual inventory verification at all the locations.
  - ii. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by Management ***needs to be strengthened*** in relation to the size of the Company and the nature of its business ***more particularly in identifying, obsolescence, non moving and slow moving stores.***
  - iii. 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.
3. 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.
4. Company needs to strengthen internal control procedures to make them commensurate with the size of the Company and nature of its business, with regard to *SAP implementation including reconciliation of accounts, accounting of capital work orders, recording of transactions and adequate training of personnel.*
5. 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.



6. 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.

7. Internal audit is conducted by the Internal Audit Wing of the Company apart from engaging services of Chartered Accountant firms for Internal Audit. ***In our opinion, scope, coverage, efficacy and periodicity of the internal audit needs to be strengthened to make it commensurate with the size and nature of business of the Company.***

8. We have broadly reviewed the books of account maintained by the Company in respect of the product where, pursuant to the rules made by the Central Government of India, cost accounts and records are prescribed under section 209(1) (d) of the Companies Act, 1956. The contents of these accounts and records have not been examined by us.

9. (a) Based on our examination of books of account and according to the information and explanations given to us, in our opinion, the Company is regular in depositing undisputed statutory dues with the appropriate authorities and there were no arrears of such dues at the yearend which have remained outstanding for a period of more than six months from the date they became payable, except service tax on supervisory charges on deposit contributory works, which could not be quantified.

(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 31<sup>st</sup> March 2013 other than those indicated below:

Nature of dues	Unpaid Amount (Rs. In lakhs)	Period to which the amount relates	Forum where pending
Interest on delayed payment of TDS on Transmission charges	212.98	2008-09	CIT (APPEALS) VIJAYAWADA
Interest on delayed payment of TDS on Transmission charges	254.29	2009-10	CIT (APPEALS) VIJAYAWADA
Disallowance of provisions claimed under section 115JB for calculation of MAT	237.12	2009-10	ITAT- Hyderabad.
TDS on transmission, SDLC charges and lease Rentals	860.38	2010-11	ITAT- Visakapatnam
Disallowance of ED Expenditure, Amortisation of Capital Contribution	3420.56	2010-11	CIT ( Appeals) Guntur.

10. Company has no accumulated losses as at March 31, 2013 and has incurred cash loss in the current financial year ended on that date and not incurred any cash loss in the immediately preceding previous year.

11. Based on our examination of books of account and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or Bank or debenture holders.
12. According to the information and explanation given to us, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statutes applicable to Chit fund Company, Nidhi Company or mutual benefit fund / Society are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us the Company is not dealing in or trading in shares, securities, debentures and other investment.
15. According to the information and explanation given to us and on the basis of our Audit, the Company has not given guarantees for loan taken by others from Banks or financial institutions.
16. To the best of our knowledge and according to the information and explanation given to us, Term loans availed by the Company were prima facie applied by the Company during the year for the purpose for which the loans were obtained.
17. According to the Cash flow statement and other records examined by us and according to the information and explanation given to us, on an overall basis, funds raised on short term basis have prima facie, not been used during the year for long term investment.
18. Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Act during the year
19. The Company do not have any outstanding debentures during the year.
20. Company has not raised money by public issue during the year
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, fraud on the company aggregating to Rs.0.58 Crores on account of theft of cash and on account of theft of energy to an extent of Rs.2.47 Crores and we have neither come across any instance of material fraud by the company, noticed or reported during the year, nor we have been informed of any such case by the management.

Place: Tirupati

Date: 18-12-2013  
Chartered Accountants

<b>M/s. RAMRAJ &amp; CO., CHARTERED ACCOUNTANTS, BANGALORE</b>		<b>SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED</b>
<b>AUDITORS' REPORT</b>		Replies of the Company forming part of the Director's Report to the members under Section 217(3) of the Companies Act, 1956.
(i)	<i>Note No.3-2 Balances in 'Loan Funds' pertaining to Govt. of AP, and Note No.26-1 liabilities are subject to confirmation / reconciliation / adjustments. In the absence of due confirmation / reconciliation these loans as at the year end , we are unable to express our opinion on the closing balances of such liabilities.</i>	Noted for future Guidance
(ii)	<i>Note No. 3-3 out of Rs. 1775.67 Crores of loan from REC, an amount of Rs. 125.86 Crores is still in the name of APTRANSCO, which is subject to confirmation</i>	Since AP Transco has confirmed the loan of Rs.125.86 Crore to the end of 31.03.2013.
(iii)	<i>Note No. 5- Provision for pension, Gratuity, leave encashment and other retirements benefits made does not comply with requirements of AS-15 "Employee benefits".</i>	An agency named as M/s.Hewitt Associates(India) Pvt.Ltd has been appointed as Actuary to quantify the actuarial valuation report. The same is expected to be received before 31.12.2013.Hence, AS-15 will be complied with from FY 13-14 onwards.
(iv)	<i>Note No: 9-2 Deferred Tax asset / liability has not been recognized in the accounts as required under AS-22 "Accounting for Taxes on Income".</i>	Noted for future Guidance
(v)	<i>Note No. 10- a).Accumulated depreciation on assets sold/discarded during the year is not written back in accordance with AS-6 "Depreciation Accounting".</i>	Since discarded/sold assets are properly accounted for in accordance with AS-6 Depreciation Accounting. However, while exhibiting new addition of assets during the year, the Gross Block of discarded/sold assets are netted off.
(vi)	<i>b.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</i>	Noted for future Guidance
(vii)	<i>The WDV of the replaced asset, which is not in accordance with AS-10 "Accounting for Fixed Assets".</i>	Noted for future Guidance
(viii)	<i>In the absence of uniform</i>	Noted for future Guidance

	<i>practice/system for closure of work orders, capitalization of such works is not as per the requirements of AS-10 and consequential effects on charge of Depreciation and non compliance of AS-6 “Depreciation Accounting”</i>	
(ix)	<i>Assets purchased under RGGVY scheme from Government grants is not shown separately as required under AS-12 “Accounting for Government Grants”.</i>	Noted for future Guidance
(x)	<i>As relevant information is not made available with regard to Impairment of Assets , we could not ascertain the status and provision, if any as required as per AS 28</i>	Noted for future Guidance
(xi)	<i>Note No. 10-4 is invited wherein , Consequent upon amendment to second transfer scheme vide G.O.Ms 142 dt 29.09.2001 and the third transfer scheme vide G.O.Ms.396 dt.09.06.2005, the Company adopted the assets &amp; 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.</i>	Noted for future Guidance
(xii)	<i>Note No.10-5 The input controls in the SAP in respect of capturing data and recording of transactions, access control system, disaster data recovery plans and backups needs to be reviewed and duly certified by independent agency as regards to its adequacy.</i>	Action is being taken to protect valuable data and to manage incase of disasters.
(xiii)	<i>Note No: 12 Contingent Liabilities reported are, in our opinion, are exclusive of court cases pertaining to power purchases.</i>	Noted for future Guidance
(xiv)	<b>PURCHASE OF POWER:</b> a. Note No:	Government of AP vide G.o.Ms.No.59



	<b><i>21 para 1 constitution of Andhra Pradesh Power Coordination Committee to facilitate purchase and trading of power on behalf of distributions companies in the State of Andhra Pradesh and legal status of the same could not be ascertained.</i></b>	dt.7.6.2005 set up an apex committee “A.P Power Co-Ordination Committee (APPCC) “ for the purposes relating to Power procurement, Debt Servicing, Unscheduled inter change related transactions, interstate trade and operations of common pool account of four Discoms.
(xv)	<b><i>Note No. 15 para 1.1 on non confirmation of bank balance in the name of Andhra Pradesh Power Distribution Companies Pool Account and the Company’s share thereon.</i></b>	Since APPCC is a facilitating body constituted to carry on power purchase and related payments on behalf of four discoms segregating and identifying closing balance as on 31.03.2013 is practically not possible. However internal auditors M/s. Sagar & Associates, Hyderabad exclusively appointed to conduct internal audit are verifying all the transactions of the discom and the bank accounts are being reconciled periodically.
(xvi)	<b><i>Note No. 16 para 1 – non reconciliation and confirmation of pool imbalance account.</i></b>	Since Pool Imbalance as on 31.03.2013 has been reconciled.
(xvii)	<b><i>Note No 21 para 4 regarding the Transfer of Power Purchase Agreements vide G.O.Ms. No. 396 dt. 09.06.2005, from APTRANSCO to Distribution Companies in specified ratio with effect from 09.06.2005 and subsequent revision of the said ratio vide G.O.Ms. No. 53, Energy (Power – III) dated 28-04-2008 with retrospective effect from 09-06-2005 and implementation of the same from April 2008 onwards and differential impact on non implementation retrospectively</i></b>	Noted for future Guidance
(xix)	<b><i>Note No. 7-1 &amp;2 accounting of power purchase bills, debit / credit notes and non confirmation / reconciliation of balances of the power suppliers.</i></b>	Reconciliation of Power purchase vendor balances is under process.
(xx)	<b><i>Note No. 21 para 2- accounting of cost of power purchase and Inter State sale as intimated by the APPCC, Hyderabad and certified by the Independent Firm of Chartered Accountants are incorporated in the books of the Company. In the absence of relevant information on quantitative details, swap transactions, metering, claims</i></b>	Since, the requisite information on quantitative details and swap transactions metering etc. are being reviewed by M/s. Sagar Associates, Hyderabad the internal auditors of APPCC. However, the entire data is available with APPCC.

**SAVE ENERGY...SAVE POWER..**

<b>ANNEXURE TO THE AUDITORS' REPORT</b>		<b>SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED</b>
This is the annexure referred to in our report of even date (Reference clauses in Annexure to the 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)	The Company is in maintaining proper records of Fixed Assets showing full particulars including quantitative details and situation of fixed assets, <b><i>subject to updation.</i></b>	Since updated the Fixed Asset Register.
(ii)	<i>We were informed that the Fixed Assets have not been physically verified by the management during the year, hence we are unable to comment on the discrepancy, if any between the physical balance and book records.</i>	Physical verification of assets in respect of power transformers has been fully completed and reconciliation is under process. Physical verification of distribution Transformers has been identified in SAP. Physical verification of other assets will also be taken up in phased manner since voluminous work is involved.
(iii)	In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by Management <b><i>needs to be strengthened</i></b> in relation to the size of the Company and the nature of its business <b><i>more particularly in identifying, obsolescence, non moving and slow moving stores.</i></b>	Noted for future Guidance
(iv)	Company needs to strengthen internal control procedures to make them commensurate with the size of the Company and nature of its business, with regard to SAP implementation including reconciliation of accounts, accounting of capital work orders, recording of transactions and adequate training of personnel.	Training programmes are being conducted as and when new updations in SAP and accounting transactions taken place so as to enrich the knowledge of personnel.
(v)	Internal audit is conducted by the Internal Audit Wing of the Company apart from engaging services of Chartered Accountant firms for Internal Audit. <b><i>In our opinion, scope,</i></b>	Noted for future Guidance

	<i>coverage, efficacy and periodicity of the internal audit needs to be strengthened to make it commensurate with the size and nature of business of the Company.</i>	
	M/s RAMRAJ &CO., Chartered Accountants  Sd/- (MC.Venkatanath) Partner  Place: Hyderabad Date: 18-12-2013	For and on behalf of the Board  Director (Finance)                      (Chairman & Managing Director)  Place: Tirupati Date: 18-12-2013



**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 , TIRUPATHI FOR THE YEAR ENDED 31MARCH 2013.**

The preparation of financial statements of Southern power Distribution Company of Andhra Pradesh Limited, Tirupathi for the year ended 31 MARCH 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor 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 17.11.2013 (per revised) and 19.12.2013 (Revised).

I on behalf of the Comptroller and Auditor General of India have considered 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, Tirupathi for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. The company has revised the accounts based on the Government directions and provisional comments issued by Accountant General (E & RSA) , Andhra Pradesh . The revised accounts were then submitted for supplemental audit. The revised accounts have been verified with reference to the relevant entries furnished to audit. After revision of accounts, the loss is Rs.4672.91 crore as against the loss of Rs.1791.67 crore as per Pre- revised accounts. Thus, as a result of revision, the loss for the year was increased by Rs.2881.24 crore (Rs.4672.91 crore – Rs.1791.67 Crore) and current Assets (Government receivables) were decreased by Rs.2452.28 crore with an increase in current Liabilities by Rs.428.96 crore. On the basis of my audit on the revised accounts nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory Auditor's report under section 619(4) of the Companies Act, 1956.

**For and on the behalf of  
The Comptroller and Auditor General of India**

**Sd/-  
(Lata Mallikarjuna)  
Accountant General (E&RSA)**

**Place: Hyderabad.  
Date: 20.12.2013.**

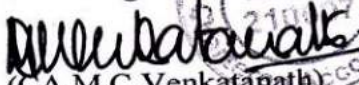
**BALANCE SHEET AS AT 31ST MARCH, 2013**

Amount in Rs.

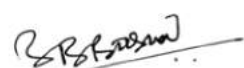
Particulars	Note No	Figures as at the end of current reporting period 2012-13	Figures as at the end of Previous reporting period 2011-12
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	3587153090	3587153090
(b) Reserves and Surplus	2	(33036698503)	12374546022
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	19303597797	18860008809
(b) Other Long term liabilities	4	10072658531	8069916139
(c) Long term provisions	5	4017527039	4060391141
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	6	40008270510	36279455809
(b) Trade payables	7	28442370645	18591991900
(c) Other current liabilities(including current maturities of Long term debt)	8	4077661877	3230982339
(d) Short-term provisions	9	780128210	468925125
<b>Total</b>		<b>77252669196</b>	<b>105523370374</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) <i>Fixed assets(Net)</i>			
(i) Tangible assets	10	31402683105	31313394594
(ii) Intangible assets	10	4994559	8964120
(iii) Capital work-in-progress	10	7404980999	3921592863
(b) Non-current investments	11	1346405000	873305000
(c) Long term loans and advances	12	1759583929	1007010150
<b>(2) Current assets</b>			
(a) Inventories	13	1368874133	1206751684
(b) Trade receivables	14	29031453397	31302235584
(c) Cash and cash equivalents	15	3245944555	4132908489
(d) Short-term loans and advances	16	1020307051	1556065597
(e) Other current assets	17	667442468	30201142293
<b>Total</b>		<b>77252669196</b>	<b>105523370374</b>
Other Notes	26		
Statement of Accounting Policies	27		

As per our report of even date

For and on behalf of the Board

For Ramraj & Co.,  
 Chartered Accountants  
 Firm Reg. No.002839S  
  
 (CA M.C. Venkatanath)  
 Partner  
 M.No.210007

  
 H.Y. DORA  
 Chairman & Managing Director

  
 SYED BILAL BASHA  
 Director ( Finance)

  
 T. HANUMATH PRASAD  
 Chief General Manager/Finance

  
 B.V.S. PRAKASH  
 Company Secretary

Date:- 18.12.2013

Place : Tirupati

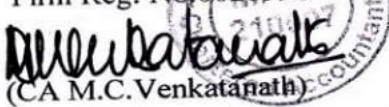
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

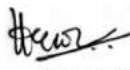
Amount in Rs.

Particulars	Note No	Figures as at the end of current reporting period 2012-13	Figures as at the end of previous reporting period 2011-12
I. Revenue from operations	18	65351233711	59723628863
II. Other Income	19	3192232342	2148451166
III. Revenue Subsidies and Grants	20	13730000000	17270622000
<b>Total Revenue (I + II + III) - (A)</b>		<b>82273466053</b>	<b>79142702029</b>
<u>Expenses:</u>			
IV. Cost of Power Purchase	21	78663553621	62855553637
V. Employee benefit expense	22	5762186300	5641301503
VI. Financial costs	23	6548609418	5357531317
VII. Depreciation and amortization expense	24	4010777716	3779326131
VIII. Other expenses	25	34017440407	1434010954
<b>Total Expenses (IV + V + VI + VII + VIII) - (B)</b>		<b>129002567462</b>	<b>79067723542</b>
IX. Profit before exceptional and extraordinary items and tax (A - B)		(46729101409)	74978487
X. Exceptional Items		0	0
XI. Profit before extraordinary items and tax (IX - X)		(46729101409)	74978487
XII. Extraordinary Items		0	0
XIII. Profit before tax (XI - XII)		(46729101409)	74978487
XIV. Provision for Taxation		0	18284000
XV. Profit(Loss) from the period from continuing operations(XIII-XIV)		(46729101409)	56694487
XVI Less: Transfer to Contingency Reserve		23742765	22205057
XVII. Profit/(Loss) for the period (XV - XVI)		(46752844174)	34489430
XVIII. Earning per equity share:			
(1) Basic		(130.33)	0.10
(2) Diluted			
Other Notes	26		
Statement of Accounting Policies	27		

As per our report of even date

For and on behalf of the Board

For Ramraj & Co.,  
 Chartered Accountants  
 Firm Reg. No-002839S  
  
 (CA M.C. Venkatanath)  
 Partner  
 M.No.210007

  
 H.Y.DORA  
 Chairman & Managing Director

  
 SYED BILAL BASHA  
 Director ( Finance)

  
 T. HANUMATH PRASAD  
 Chief General Manager/Finance

  
 B.V.S.PRAKASH  
 Company Secretary

Date:- 18.12.2013

Place : Tirupati

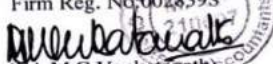


**CASH FLOW STATEMENT**

Amount in Rs.

Particulars		Year ending 31-03-2013		Year ending 31-03-2012	
<b>A</b>	<b>Cash flow from operating activities</b>				
	Net profit before taxation		(46752844174)		52773430
	<b>Adjustments for items in Profit &amp; Loss Account</b>				
	Amortization of Capital Contributions	(1347667070)		(1157693559)	
	Depreciation & Amortisation	4006808155		3716885921	
	Interest Income	(80272419)		(162249500)	
	Interest Expense	6078314764	8657183430	5139627877	7536570740
	<b>Operating Profit before working capital changes</b>		(38095660744)		7589344169
	<b>Adjustments for changes in Current Assets other than Cash and Cash Equivalents</b>				
	Income accrued but not due	3757984250		(11729960549)	
	Inventories	(162122449)		(196078565)	
	Sundry Debtors	(1487202063)		(602759389)	
	Receivables	29533699825		(3688829621)	
	Loans and Advances	535758546		189976673	
	<b>Adjustments for changes in Current Liabilities &amp; provisions</b>				
	Current Liabilities	9953137511		5064755694	
	Provisions	268338982	42399594602	123064064	(10839831693)
	<b>Cash generated from Operations</b>		4303933858		(3250487524)
	Less: Provision for Income Tax/Fringe Benefit Tax		0		18284000
	<b>Net cash flow from operating activities</b>		4303933858		(3268771524)
<b>B</b>	<b>Cash flows from investing activities</b>				
	Purchase of fixed assets /CWIP	(7530630928)		(4190940642)	
	Interest on Investments	80272419		162249500	
	Interest on contingency reserve investments	23742765		22205057	
	(Increase)/Decrease in Investments	(473100000)		(327500000)	
	<b>Net cash flow from investment activities</b>	(7899715744)	(7899715744)	(4333986085)	(4333986085)
<b>C</b>	<b>Cash Flows from Financing Activities</b>				
	Proceeds from borrowings	51580756544		46468701006	
	Additions to Deferred Capital Contributions	2665513062		2649634209	
	Repayment of borrowings	(45459136891)		(37028071323)	
	Interest on Borrowings	(6078314764)		(5139627877)	
	<b>Net Cash flow from Financing Activities</b>	2708817951	2708817951	6950636015	6950636015
<b>D</b>	<b>Net Increase/Decrease in cash and cash equivalents</b>		(886963935)		(652121594)
<b>E</b>	<b>Cash and Cash Equivalents</b>				
	At the beginning of the period		4132908489		4785030083
	At the end of the period		3245944554		4132908489
<b>F</b>	<b>Net Increase/Decrease in cash and cash equivalents</b>		(886963935)		(652121594)

As per our report of even date

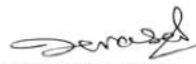
For Ramraj & Co.  
Chartered Accountants  
Firm Reg. No. 002839S  
  
(CA M.C. Venkatarath)  
Partner  
M.No.210007

Date:-18.12.2013

Place : Tirupati

For and on behalf of the Board

  
H.Y. DORA  
Chairman & Managing Director

  
T. HANUMATH PRASAD  
Chief General Manager/Finance

  
SYED BILAL BASHA  
Director ( Finance)

  
B.V.S.Prakash  
Company Secretary



**Note No. 1 - Share Capital**

<u>Share Capital</u>	Amount in Rs.			
	As at 31 March 2013		As at 31 March 2012	
	Number	Amount in Rs.	Number	Amount in Rs.
<b>Authorised Share Capital</b>				
Equity Shares of ` Rs.10 each(Rupees Ten Only)	360000000	3600000000	360000000	3600000000
<b>Issued Subscribed &amp; Paid up Share Capital</b>				
Equity Shares of ` Rs.10 each(Rupees Ten Only)	358715309	3587153090	358715309	3587153090
<b>Total</b>	358715309	3587153090	358715309	3587153090

AS-20 : Earning per share (EPS) for the year 2012-13 is Rs.(-)130.33 and for previous Year Rs. 0.10

Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956 (if more than 5%)

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

	Particulars	As at March 31.2013		As at March 31.2012	
		Number	Rs.	Number	Rs.
<b>A</b>	<u>Equity Shares of Rs.10 each</u>				
	Opening Balance	358715309	3587153090	358715309	3587153090
	Additions	—	—	—	—
	Bought Back	—	—	—	—
	Closing Balance	358715309	3587153090	358715309	3587153090

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

Name of the Share holder	As at March 31.2013		As at March 31.2012	
	No. of shares held	% of Holding	No. of shares held	% of Holding
<b>Equity Shares</b>				
Government of Andhra Pradesh (vide GO. Ms. No.58 Dt.:09.05.2005)	358715309	100%	358715309	100%
<b>Total</b>	358715309	100%	358715309	100%

**C. Terms/rights attached to Equity Shares**

Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956

The Company has only one class of equity shares having a par value of Rs.10 per share.

Entire equity shares are held by the Government of Andhra Pradesh.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the numbers of equity shares held by the share holder.

**Note No. 2 Reserves & Surplus**

Amount in Rs.

<u>Reserves &amp; Surplus</u>	As at 31 March 2013	As at 31 March 2012
<b>2.1 Contingency Reserve</b>		
Opening Balance	221221752	199016695
(+) Current Year Transfer	23742765	22205057
Closing Balance - A	244964517	221221752
<b>2.2 Deferred capital Contributions</b>		
Opening Balance	10683532418	9191591768
(+) Current Year Transfer	2665513062	2649634209
(-) Written Back in Current Year	(1347667070)	(1157693559)
Closing Balance - B	12001378410	10683532418
<b>2.3 Surplus</b>		
Opening balance	1469791852	1435302422
(+) Net Profit/(Net Loss) For the current year	(46729101409)	56694487
(-) Transfer to Contingency Reserve	(23731873)	(22205057)
Closing Balance - C	(45283041430)	1469791852
<b>Total (A + B + C)</b>	<b>(33036698503)</b>	<b>12374546022</b>

**1. Statutory Reserves:**

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

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

3.Consumer Contributed Assets: During the year 2012-13 the company has received towards consumer contribution (including subsidies and Grants towards Cost of Capital Assets) amounting to Rs 266.55 Crores ( Previous year Rs.264.96 Crores). In proportion in which depreciation on the concerned assets has been charged during the year 2012-13, an amount of Rs.134.76 Crores (Previous year Rs.115.76 crores) has been treated as withdrawal/amortization of consumer contribution and credited to Profit and Loss Account.

**4. R-APDRP:**

Restructured Accelerated Power Development & Reforms Programme -(R-APDRP) : The quadripartite agreement entered with Govt. of AP, MOP, PFC & APSPDCL. R-APDRP during XI plan is financed by GOI through M/s PFC Ltd (Nodal agency). The Focus of the programme shall be on actual, demonstrable performance in terms of sustained loss reduction. It is proposed to cover Urban areas - Towns and Cities with population more than 30,000. This Project under the scheme shall be taken up into two parts. Part-A&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.

The total project cost is Rs.107.83 crores. The company has received an amount of Rs.64.98 crores upto 31.03.2013. Out of which the bank balance available as at March 31st is Rs.11.77 Lakhs and the assets capitalization made upto the year under R-APDRP is Rs.13.46 crores and Asset Under Construction (AUC) is Rs.71.50 crores. The total expenditure incurred upto 31.03.2013 is Rs.84.96 crores .

**5. Indira Jala Prabha: GL A/c.No5500301**

Rs.21.80 crores is received upto the year under Indira Jala Prabha from GOAP. Cost booked upto this year under this programme is Rs.13.97 crores. Out of which Rs.3.08 crores is capitalized and asset under construction is Rs.10.88 crores.

**Note No. 3 Long Term Borrowings**

Amount in Rs.

<u>Long Term Borrowings</u>	As at 31 March 2013	As at 31 March 2012
<b>3.1 Secured</b>		
(a) Term loans from banks :		
SYNDICATE BANK	31015444	68008142
(b) Term loans from Other Parties :		
REC	17756662208	17100147613
PFC	938253493	1009940775
	18725931145	18178096530
<b>3.2 Unsecured</b>		
(a) Term loans from banks :		
Loan from Bank of Baroda	43348179	87026805
(b) Term loans from Other Parties :		
Loans from Govt of Andhra Pradesh	221218474	281785474
Vidyut Bonds	313100000	313100000
	577666653	681912279
<b>Total</b>	19303597798	18860008809

1. All the Loans from Power Finance Corporation (PFC) / Rural Electrification Corporation (REC) are guaranteed to the extent of 30% by the Government of Andhra Pradesh, and are secured by charge on company's Fixed Assets commissioned out of the loan funds of above funding agencies. The assets worth Rs.6318.94 Crores (Previous year Rs.4121.79 Crores) up to 31.03.13 have been mortgaged including for the loans obtained from the banks.

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

3. In the absence of confirmation of interest demand by REC, in respect of the loans arranged by APTRANSCO, the interest charges have been accounted as communicated by APTRANSCO. The principal amount of loan at APTRANSCO relating to the company is Rs.125.86 crores as on 31.03.2013.

4. Claim has been made towards the interest reimbursement/adjustment on eligible GOAP loans, against the projects completed in time, but no adjustments have been made to the fixed assets/CWIP to which the loans relate, since no reply has been received till date.

5. 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. Hence, the same was transferred to Current Liabilities in the current financial year. Please refer to Note No.8.

**Note No. 4 Other Long Term Liabilities**

Amount in Rs.

<u>Other Long Term Liabilities</u>	As at 31 March 2013	As at 31 March 2012
Security Deposits from Consumers	10072658532	8069916139
<b>Total</b>	10072658532	8069916139

Security Deposits from LT Consumers	5331138860	4734909925
Security Deposits from HT Consumers	4741519671	3335006214
Security Deposits and Others	10072658532	8069916139



**Note No.5 - Long term Provisions**

Amount in Rs.

<u>Long Term Provisions</u>	As at 31 March 2013	As at 31 March 2012
	-	-
<b><u>5.1 Provisions for employee benefits</u></b>		
SPDCL Pension & Gratuity Trust	1249419723	1309377903
Provision for Gratuity	11965183	17220775
Provision for Leave Encashment	2756142133	2733792463
<b>Total</b>	<b>4017527039</b>	<b>4060391141</b>
Employee Related benefits: 1. Terminal Benefits: Pension & Gratuity : For the year 2012-13, the Company has paid Rs.65.04 Crores (Previous year Rs.65.04 Crores) to the Pension and Gratuity Trust. The company has made a provision of Rs.58.65 crores (Previous year Rs.48.87 crores) towards Gratuity and Pension benefits by taking the actual payment made during the year in line with the Actuarial valuation of prior years the provision is made on adhoc basis.  2. 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.1.19 crores (Previous year Rs.1.72 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.  3. Leave Encashment: Provision has been made for the liability towards Leave encashment of employees for Rs.17.14 crores (Previous year Rs.25.32 crores) , the provision amount made is almost equivalent to the payment made to the retired employees during the current year on an adhoc basis.		

**Note No. 6 - Short term borrowings**

Amount in Rs.

<u>Short Term Borrowings</u>	As at 31 March 2013	As at 31 March 2012
	-	-
<b><u>Secured</u></b>		
(a) Loans repayable on demand from Banks	38771606116	35179573910
(b) Security and other Deposits	1236664394	1099881899
<b>Total</b>	<b>40008270510</b>	<b>36279455809</b>



**(a) CC LIMITS & SHORT TERM LOANS POSITION OF APSPDCL AS ON 31.03.2013**

Amount in Rs.

Description	Loans Out standing as on 01- 04-2012	Receipts up to 31-03-2013	Re-Payments up to 31-03-2013	Loans Out standing as on 31-03- 2013
CC Limits - SBH	508456979	13448140080	12756344326	1200252733
CC Limits - Andhra Bank	991842881	0	991842881	0
CC Limits - APTRANSCO	200430000	0	200430000	0
Total CC Limits	1700729860	13448140080	12956774326	1200252733
<b>Short Term Loans</b>				
IOB Hyd	2500000000	3000000000	2500000000	3000000000
Andhra Bank TPT Hyd.	4500000000	5250000000	4500000000	5250000000
SBH	1000000000	1000000000	1000000000	1000000000
Bank Of Baroda TPT	1500000000	0	1500000000	0
Syndicate Bank Hyd.	3750000000	2000000000	2000000000	3750000000
Bank of India Hyd	1000000000	2000000000	1000000000	2000000000
Vijaya Bank Hyd	3000000000	3000000000	3000000000	3000000000
State Bank of Mysore	750000000	0	750000000	0
Oriental Bank of Commerce	1000000000	0	1000000000	0
Indian Bank TPT	6000000000	4000000000	4000000000	6000000000
Punjab&sindh Bank Hyd	2000000000	2000000000	2000000000	2000000000
Bank of Maharastra	500000000	0	500000000	0
Central Bank of India	2500000000	2500000000	2500000000	2500000000
Canara Bank	3000000000	0	0	3000000000
REC	0	4000000000	2166666667	1833333333
Total Short Term Loans	33000000000	28750000000	28416666667	33333333333
APTRANSCO Loan	478805000	3908385000	149209000	4237981000
Grand Total	33478805000	32658385000	28565875667	37571314333

(b).Security and Other deposits includes Retention money, Bid deposits, Security Deposits, EMD, Contribution work Deposits and Temporary Supply Deposits received from service and material vendors.: The value wise details a) Bid Deposits - Rs.18.97 crores, b) Security Deposits - Rs.21.72 crores c) Retention Money - Rs.42.67 crores d) EMD - Rs.7.06 crores e) Contributory work Deposits - Rs.10.92 crores and f) Temporary Supply Deposits: Rs.12.93 crores g) others - Rs.9.39 crores.

**Note No. 7- Trade payables**

Amount in Rs.

<u>Other Current Liabilities</u>	As at 31 March 2013	As at 31 March 2012
1.Sundry Creditors for Power Purchase	26046171020	16586285863
2.Sundry Creditors for Others	2396199625	2005706037
	28442370645	18591991900
<p>1. The Power purchase bills, debit/credit notes raised by the Generators are provisional and are subject to revision at a later date, which are accounted 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.</p> <p>2. Confirmations of balance as on 31.03.13 from the Generating Companies/Suppliers of power are yet to be obtained and these balances are subject to reconciliation and adjustments.</p> <p>3. The Power Purchase creditors of Rs.2604.62 crores (Previous Year Rs.1658.63 crores) is under reconciliation and confirmations is yet to be received.</p> <p>4. Sundry Creditors for Power Purchase includes Transmission Charges payable to APTransco Rs.208.25 Crores.</p> <p>5. Sundry creditors for others includes: a) Material creditors Rs.50.90crores b) Service/works creditors Rs.20.15 crores c) Net Pension Rs.19.83 crores d) Salaries Liabilities Rs.30.81 crores e) Insurance Rs.2.04 crores g) R&amp;R Bank Loans Rs.4.43 crores h) Year end provisions for salaries, Adm &amp; Gen Expenses, R&amp;M, and Interest and Finance Charages etc., Rs.76.75 crores i) others Rs.34.71 crore.</p>		

**Note No. 8 - Other Current Liabilities(Including current maturities of long term debt)**

Amount in Rs.

<u>Other Current Liabilities</u>	As at 31 March 2013	As at 31 March 2012
(a) <u>Current maturities of long-term debt</u>		
REC	3491015102	2536498424
PFC	71687277	71687272
SYNDICATE BANK	46017621	51096000
Bank of Baroda	43513416	43513416
Government Loan Fron AP	60567000	60567000
(b) i) Group Insurance Savings Fund	41594693	37538376
ii) Other Liabilities	323266768	430081851
<b>Total</b>	<b>4077661877</b>	<b>3230982339</b>
<p>1. Inter unit account shows a net difference (credit) of Rs.31.58 Crores (Previous year (Credit) of Rs.42.35 Crores) as at 31-03-2013 which is subject to reconciliation.</p>		

**Note No.9 Short Term Provisions**

Amount in Rs.

<u>Short Term Provisions</u>	As at 31 March 2013	As at 31 March 2012
Income Tax	8763204	49720507
Interest on Security Deposits	771365006	419204618
<b>Total</b>	<b>780128210</b>	<b>468925125</b>

1. No Provision has been made for the FY 2012-13 (Previous year Rs.1.83 crores) towards Income Tax u/s115JB of the Income Tax Act, 1961.

2. Deferred tax liability as per AS 22 has not been recognized in the books.

3. Tax disputes with various authorities:

3.1 The Present stage of Entry Tax: Entry tax Act has been quashed by Hon'ble Andhra Pradesh High court by its common order on 31.12.2007. Accordingly, the APSPDCL claimed for refund of 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.

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

Assessment Year	Authority before which the appeal is pending	Amount in Dispute (Rs.)	Description of the Appeal
2008-09	CIT(Appeals), Vijayawada	21,298,134	Interest on Delay Payment of TDS on Transmission Charges.
2009-10	CIT(Appeals), Vijayawada	25,429,035	Interest on Delay Payment of TDS on Transmission Charges.
2009-10	The ITAT, Hyderabad.	23,712,210	Disallowance of Provisions claimed u/s 115JB for calculation of MAT.
2010-11	CIT(Appeals), Guntur	342,055,900	Disallowance of ED expenditure, Amortization of Capital Contributions etc.,
2010-11	The ITAT, Vishakapatnam	86,038,464	TDS on Transmission & SLDC Charges and Lease Rentals.



**Note No.-10 : Non- Current Assets**
**A) FIXED ASSETS**

S NO	Asset Group	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
		At the end of the year 31-03-2012	Additions during the year	Adjustments/Deuctions during the year	At the end of the year 31-03-2013	At the end of the year 2012	Depreciation For the year	Adjustments/Deuctions during the year	At the end of the year 31-03-2012	Balance as at 01-04-2012	Balance as at 31-03-2013
a. Tangible Assets											
1	Land and Land Rights	41079850	610915		41690765	-			-	41079850	41690765
2	Buildings	429915476	16313544	326078	445902942	158389662	13175747	15595	171549814	271525814	274353128
3	Other Civil Works	81354438	13820170	859659	94314949	6204469	2509309	41112	8672666	75149969	85642283
4	Plant and Machinery	23728034126	2144371583	59451915	25812953795	9374371511	1697281663	43013104	11028640070	14353662615	14784313725
5	Lines and Cable Net work	29148241016	1327454148	2282316	30473412848	14599508578	1932010525	1533138	16529985965	14548732438	13943426883
6	Metering Equipment	2695019699	609851756	6616902	3298254553	831857295	324047197	4250926	1151653566	1863162405	2146600988
7	Vehicles	32912021	0		32912021	29508573	110128		29618701	3403448	3293320
8	Furniture and Fixtures	55807180	269504		56076684	47043082	614789		47657871	8764098	8418813
9	Office equipment	218820323	327554		219147877	174888671	15241126		190129797	43931652	29018080
10	Computers & IT Equipment	167309519	3435194		170744713	63327214	21492380		84819594	103982306	85925119
11	Low Value Assets	1227138	325293		1552431	1227137	325292		1552429	0	2
Total		56599720786	4116779661	69536870	60646963578	25286326192	4006808155	48,853,875	29244280472	31313394594	31402683105

**b. Intangible Assets**

1	Software	23894419	-		23894419	14930299	3,969,561		18899860	8964120	4994559
2	Goodwill	11390000	-		11390000	11390000			11390000	-	-
<b>Total</b>		<b>35284419</b>	<b>-</b>	<b>-</b>	<b>35284419</b>	<b>26320299</b>	<b>3,969,561</b>		<b>30289860</b>	<b>8964120</b>	<b>4994559</b>

**C. Capital work in Progress**

<b>Total</b>										3921592862	7404980999
Grand Total	56635005205			60682247996	25312646491	4010777716			29274570332		



1. Work Orders: The total work order are yet to be closed as on 31.03.2013 is 33984, out of which 1840 nos. pertaining to year 2010-11 and for the year 2011-12 is 7879 nos. and 2012-13 is 24265 nos.
2. Impairment of Assets: There has been no impairment of assets during the year, hence no provision made for impairment of assets as stipulated in Accounting Standard 28.
3. Depreciation: 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. 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.
4. As per the Andhra Pradesh Gazette Notification No., 396 dated 09.06.2005, for Assets and Liabilities pertaining to the Bulk Supply Undertaking of APTRANSCO have to be transferred to Discoms on the Effective Date being 09.06.05 with due accounting adjustments. However only the Power Purchase and Loan Liabilities and the corresponding Receivables from Govt. of A.P. in the books of APTRANSCO pertaining to Southern Power Distribution Company of A.P Limited have been identified for transfer and the same has been adopted in the books of the Company, which is subject to revision based on the valuation to be carried out by an independent Chartered Accountant appointed by APTRANSCO and also subject to approval and amendment to the Gazette Notification, by the Government of Andhra Pradesh.
4.1 The Opening balances of Assets & Liabilities as on 1-04-2000 has been adopted in the books as per the Second Transfer scheme notified by the Government Order Notification dated 29th September 2001 amounting to Rs.799.58 crores at gross value for which break up details are not available.
4.2 Land: The particulars of land transferred during the second transfer, land acquired by the company after incorporation and land allotted by the different sources are yet to be identified
5. IT Initiations: Implementation of "SAP" ECC 6.0 in 2010-11: During the financial year 2010-11, the company has implemented SAP ECC 6.0 version with effect from 1st May 2010 for better internal control system and effective maintenance of Books of accounts. Unit Wise Opening balances to the extent available i.e. net balances for each account are now reflected in the Trial Balance of the respective Business Area wise/unit in the financial year 2011-12. Reconciliation of Line items and Business Area /unit opening balances is in progress. GL Balances which are not directly identifiable against any Business Area are kept in the Business Area 9999 – GM/Costing unit including unidentifiable balances taken over in 2nd Transfer Scheme.

**Note No.11 Non-Current Investments**

Amount in Rs.

Non-Current Investments	As at 31 March 2013	As at 31 March 2012
a) Share Capital in Resco- Kuppam, Chittoor	2905000	2905000
b) Investment in Shares of APPDC 13,43,50,000 shares of Rs.10 each fully paid)	1343500000	870400000
Total	1346405000	873305000
Aggregate Book Value of Un Quoted Investments	1346405000	873305000
Total	1346405000	873305000
Investments 1. Investments include Equity participation in 1600MW Power Project at Krishna Patnam in Nellore District. The company share is 10.91% (out of 49) an amount of Rs.134.35 Crores upto 31.03.2013 (Previous year Rs.87.04 Crores)- towards its share capital in Andhra Pradesh Power Development Company Limited. 2. The company has further sanctioned investment of Rs.76.40 crores in the share capital of A. P. Gas Power Corporation Limited.		

**Note No.12 Long Term Loans and Advances**

Amount in Rs.

	As at 31 March 2013	As at 31 March 2012
<b>Long Term Loans and Advances</b>		
a. Capital Advances	1759583929	1007010150
Loans and advances to suppliers/contractors, employees and other related parties		
<b>Total</b>	1759583929	1007010150
a) Loans and Advances to Directors - NIL.		
b) Loans Guaranteed by Directors During the FY 2012-13 - Nil.		
Court Cases/ Legal Disputes/ Contingent Liabilities		Rs. in Crores
Particulars	31-03-2013	31-03-2012
i. Claims against the company not acknowledged as debts	2.15	2.89
ii. Estimated amount of contracts remaining to be executed on capital account and not provided for	861.14	824.10

**Note 13- Inventories**

Amount in Rs.

Inventories	As at 31 March 2013	As at 31 March 2012
Stores and spares	1506260854	1321283954
Less:Materials stock excess/shortage pending investigation	0	0
Less:Provision for non-moving and obsolete stock	(137386721)	(114532270)
<b>Total</b>	<b>1368874133</b>	<b>1206751684</b>
1. Inventories:		
a. There is a net shortage of Rs. Nil (Previous year Rs.Nil) between the physical inventory of stores and spares (as certified by the management) and the value as per the financial ledger as on 31.03.2013.		
b. Inventory includes Rs.10.33 crores (Previous year Rs.0.56 crores) materials received but pending inspection and acceptance.		
c. There are no imported raw materials, spare parts and components consumed during the financial year. The value of indigenous raw materials, spare parts and components consumed during the year is Rs. 18.14 crores.		
d. Provisions of Rs.2.82crores has been made for the current year towards Non-moving, unserviceable and obsolete inventories (upto previous year Rs.11.45 crores) the same is considered adequate by the Management.		
An amount of Rs.53.00 Lakhs was reversed from provision account during the FY 2012-13 towards the book value of Non-moving/obsolete material sold during the year.		
e. The Inventory position is as follows :		
Opening Stock	Rs.132.13 Crores *	
Receipts during the year	Rs.474.00 Crores	
Issues during the year	Rs.455.51 Crores	
Closing Stock	Rs.150.62 Crores **	
*including provision for non-moving, obsolete and unserviceable stock of Rs.13.74 crores.		
f. Further the value of inventories as at the close of the year includes materials procured from and out of the grants received from Government.		



**Note No.14 Trade Receivables**

Amount in Rs.

Trade Receivables	As at 31 March 2013	As at 31 March 2012
Accrued Income from Sale of Power - A	23057676299	26815660549
<b>SUNDRY DEBTORS</b>		
Debts Outstanding Less than one year	2276713000	1467584000
Debts Outstanding More than one year	4710564098	4032491035
	6987277098	5500075035
Considered Good	5973777098	4486575035
Considered Doubtful	1013500000	1013500000
Total Debtors Outstanding	6987277098	5500075035
Less: Provision for doubtful debts	1013500000	1013500000
Net Debtors - B	5973777098	4486575035
<b>Total - A + B</b>	<b>29031453397</b>	<b>31302235584</b>

1(a). 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.

1(b) The details of Accrued Income from Sale of Power is as follows in rupees;

S Dr Unbilled Rev	5809575969
FSA 2010-11	3851558222
FSA 2011-12	9332300000
FSA 2012-13	4064242108
<b>Total</b>	<b>23057676299</b>

**2. Debtors:**

2.1 The credit balance in the Sundry debtors amounting to Rs.18.47 Crores (Previous year Rs.54.56 crores) is netted off from the Sundry debtors.

2.2 As per the Financial ledger the Sundry debtors account shows a balance of Rs.698.73 crores where as, as per the Consumer ledger the balance shown is Rs.732.57 crores and there is a opening balance difference of Rs.33.84 which is available in GL A/c.No.2300290 & 2300310, which is (Previous year Rs.33.97 crores) under reconciliation.

2.3 Arrears accumulated in debtors over and above 4 years is Rs.186.97 crores and the balance available/already provided is Rs.101.35 crores Due to non-determination of written off towards bad and doubtful debts in the current year, no provision is made for the debtors outstanding more than 4 years (Previous year Rs.nil).



**Note No.15 Cash & Cash Equivalents**

Amount in Rs.

Cash & Cash Equivalents	As at 31 March 2013	As at 31 March 2012
a) Cash on Hand (including cheques, DD's and Stamps on Hand & Cash -in- transit	196643690	146093290
b) Balance with Scheduled Banks		
i) in current A/c	2694512414	2874729491
ii) in Deposit Accounts	346881625	1111714489
c) Remittances in Transit	7906825	371219
<b>Total</b>	<b>3245944554</b>	<b>4132908489</b>

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

1.2. The payments towards power purchases and receipts of inter-state sale of power are effected through the above said Bank account by the Andhra Pradesh Power Co-ordination Committee.

1.3. Cash-in-transit includes Cheques and DDs on hand amounting to Rs.0.51 crores (Previous Year Rs.2.27 crores) as at 31.03.2013 in various units

**Note No.16 Short Term Loans and Advances**

Amount in Rs.

Short Term Loans and Advances (Unsecured- Considered Good)	As at 31 March 2013	As at 31 March 2012
	,	,
a) Share Application Amount with APPDC	163400000	161700000
b) Tax Deducted at Source	10568317	27921779
Advance Income Tax	47615761	33908578
c) Advance Fringe Benefit Tax Paid	37554305	37554305
Less: Provision for Fringe Benefit Tax	35561860	35561860
	1992445	1992445
d) Deposits with Others	94607673	95273926
e) Pool Imbalance account	693214855	1226360869
f) advance to cheyyur power project	8908000	8908000
	1020307051	1556065597
Less : Provision for dimunition in the value of Investments	0	0
<b>Total</b>	<b>1020307051</b>	<b>1556065597</b>
1. 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.		
2. An amount of Rs.89.08 lakhs was paid to M/s Coastal Tamil Nadu Power Limited projects (Ultra Mega Power Project) at Cheyyuru towards commitment advance		

**Note No.17 Other Current Assets**

Amount in Rs.

Other Current Assets	As at 31 March 2013	As at 31 March 2012
	,	,
i) from GOAP	250569462	29702933927
ii) from others	411073006	498208366
iii) Provision for cash theft	5800000	0
<b>Total</b>	<b>667442468</b>	<b>30201142293</b>
1) The total Cash Embezzlement at Thiruvvur ERO, Vijayawada Circle is Rs.85.00 Lakh. The cash embezzlement to the end of 31.03.2013 is Rs.58.00 Lakh. Hence provision has been made for Rs.58.00 Lakh.		
2) The reason for steep decrease in the Other current assets from GOAP is due to provision for Govt. Receivables of Rs.2362.44 Crore and Additional power purchase subsidy received from GOAP during the year.		

**NOTE NO - 18 : Revenue From Operations**

Amount in Rs.

	REVENUE FROM OPERATIONS	Figures as at the end of current reporting period 2012-13	Figures as at the end of previous reporting period 2011-12
1	Revenue from Sale of Power		
a)	Between DISCOMS	(86838290)	646848204
b)	L.T. Supply	34555650124	30968335447
c)	H.T. Supply	30284912678	27436537726
2	Income from Inter State Sale of Power	201752783	388327711
3	Other Receipts	1054962681	951677128
	Revenue from Sale of Power	66010439976	60391726215
	Less: Electricity Duty	659206265	668097352
	Net Revenue from sale of power	65351233711	59723628863

Revenue from sale of power includes Rs.836.47crores (Previous year Rs1160.71 crores) of Fuel Surcharge Adjustment (FSA) Charges for the year 2012-13 is accounted based on the approval given by APERC.

Consumption figures for the year 2012-13 is given below are based on the actual consumption in respect of categories I to VIII except in case of category 5 - Agriculture which is based on the readings of meters provided on the LV side of the distribution transformers feeding agricultural loads.

	Units in MUs	% of total units sold	Avg.Real. in Rs. per unit
Low Tension (LT)			
Domestic supply - Category -I	4221.00	37.63	2.72
Non-Domestic supply - Category -II	983.56	9.01	6.76
Industrial Supply- Category -III	965.28	9.04	5.74
Cottage Industries - Category - IV	22.17	0.22	2.69
Irrigation and Agriculture Category - V	4587.91	39.87	0.01
Public Lighting - Category - VI	394.51	3.77	2.94
General Purpose - Category - VII	48.47	0.45	4.70
Temporary Supply - Category - VIII	0.59	0.01	9.35
LT. Total	11223.49	100	2.24
High Tension (HT)			
Industrial Segregated - Category - I	3889.21	75.7	5.33
Industrial Non-Segregated - Category - II	424.14	6.98	7.42
Irrigation and Agriculture - Category - IV	36.27	1.13	2.75
Railway Traction - Category - V	609.65	10.48	5.32
Colony Lighting - Category - VI	27.35	0.65	5.53
Electricity Co-Operative Societies	234.74	5.07	0.31
Temporary Supply	0.00	0	0.00
HT. TOTAL	5221.36	100	5.26
LT + HT Total	16444.84	100	3.20
LT + HT Total (Previous Year 2011-12)	16388.21	100	2.64



**NOTE NO - 19 : Other Income**

Amount in Rs.

	OTHER INCOME	Figures as at the end of current reporting period 2012-13	Figures as at the end of previous reporting period 2011-12
1	Interest on		
	a) Staff Loans & Advances	676462	668536
2	Delayed Payment Charges from Consumers	1257020590	600564996
3	U I (Unscheduled Inter Change) Income	39470857	9056018
4	Miscellaneous Receipts	561378887	311728024
5	Amortization of Capital Contributions	1347667070	1157693559
	<b>SUB-TOTAL</b>	<b>3206213867</b>	<b>2079711132</b>
6	Income relating to Prior Years		
	a) Prior Period Receipts	(12270224)	(151889532)
	b) Other Excess Provisions	(573932)	11874484
	<b>SUB-TOTAL</b>	<b>(12844156)</b>	<b>(140015048)</b>
7	Prior Period Expenses / Losses		
	a) Operating Expenses	(152904)	(50639031)
	b) Employee Costs	(2666755)	(124677034)
	c) Interest & Other Finance Charges	138704	(1269847)
	d) Prior Periods other charges	3818324	(32169170)
	<b>SUB-TOTAL</b>	<b>1137369</b>	<b>(208755082)</b>
	Net prior period credits/(charges) ( 6 - 7 )	(13981525)	68740034
	<b>OTHER INCOME- TOTAL</b>	<b>3192232342</b>	<b>2148451166</b>

1. Amortization of capital contributions: The amount of amortization of capital contributions relates to the rateable portion of depreciation charged on total assets and created out of Government Grants and contributions from consumers Hence credited to P&L Account.

2. Balance amount of Rs.18.16 Crores under DC works contribution on 31.03.2010 is recognised as income during the year, under the assumption that, all works would have been completed prior to 31.03.2010.

**NOTE NO - 20 : Revenue Subsidies and Grants**

Amount in Rs.

	REVENUE SUBSIDIES AND GRANTS	Figures as at the end of current reporting period 2012-13	Figures as at the end of previous reporting period 2011-12
1	Tariff Subsidy from Government	13730000000	10171222000
2	Additional subsidies from Government	0	7099400000
	<b>Total</b>	<b>13730000000</b>	<b>17270622000</b>

a) out of the Rs.1373 crores an amount of Rs.5.44 crores is due from the GOAP for the year 2012-13



**NOTE NO.21 : Cost Of Power Purchase**

Amount in Rs.

	<b>COST OF POWER PURCHASE</b>	<b>Figures as at the end of current reporting period 2012-13</b>	<b>Figures as at the end of previous reporting period 2011-12</b>
1	Transmission & SLDC Charges	4279995895	3829854912
2	Power Purchase & Others	74747192736	59560208668
	Cost of Power Purchase	79027188631	63390063580
	Less: Rebate on Power Purchase	363635009	534509943
	Power Purchase Cost after Rebate	78663553621	62855553637
<p>1. The APPCC was established as an institutional arrangement for smooth transition of power purchase functions and co-ordinations among the DISCOMs as per the G.O.Ms.No.59,Dated 07-06-2005.</p> <p>2.The cost of power purchase is finalized at APPCC level. The power purchases and its accounting are being carried out by the Andhra Pradesh Power Coordination Committee (APPCC) , and are sent to the Distribution Companies. The amount as certified by M/s. Sagar &amp; Associates, Chartered Accountants, Hyderabad the Internal Auditors of APPCC has been adopted in the books of accounts of the Company in toto.</p> <p>3. The company has paid Rs 17.92 Crores (Previous year Rs.13.38 crores) as Unscheduled inter change charges. This has been accounted to Power Purchase Cost.</p> <p>4.The Government of Andhra Pradesh (GoAP) vide G.O.Ms.No.58, Energy (Power-III), dated:07-06-2005 notified the transfer of Bulk Supply Undertaking and Power Purchase Agreements from Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) to the four Distribution Companies (DISCOMs), in specified ratios, as on 09-06-2005. The GoAP vide G.O.Ms.No.53, Energy (Power-III), dated: 28.04.2008, amended the share of four DISCOMs in the Generating Stations as per which the revised share of APSPDCL is 22.27%. This G.O. shall be deemed to have come into force with retrospective effect from 09.06.2005. The retrospective implementation of the G.O. involves so many calculations, revisions, etc. The Andhra Pradesh Power Co-ordination Committee (APPCC) has requested the GoAP to amend the date of implementation from April, 2008 onwards.</p> <p>5. The power purchase cost includes APTEL payments Rs.183.81 crores made during the year.</p>			

**Quantitative Details of Purchase of energy and cost of power purchase:**

Energy Purchased	Purchases	Amount
	In MU	Rs. In Crores
FY: 01-02	8838.00	1729.15
FY: 02-03	9561.00	1965.19
FY: 03-04	10026.00	1987.96
FY: 04-05	11060.00	2050.99
FY: 05-06	10983.85	2238.98
FY : 06-07	12329.55	2564.00
FY : 07-08	12663.01	3012.16
FY : 08-09	13805.48	4228.55
FY: 09-10	15741.05	4592.51
FY: 10-11	16449.08	5061.12
FY: 11-12	18474.87	6339.00
FY: 12-13	18417.74	7902.72

**NOTE NO - 22 : Employee Benefit Expense**

Amount in Rs.

<b>EMPLOYEE BENEFIT EXPENSE</b>		<b>Figures as at the end of current reporting period 2012-13</b>	<b>Figures as at the end of previous reporting period 2011-12</b>
		-	-
1	Salaries, Wages and Bonus	5469413938	5225489136
2	Pension Contribution & Terminal Benefits	789954479	671846646
3	Employees Welfare expenses	15641627	12347503
		6275010044	5909683285
	Less: Employees Cost Capitalised	512823744	268381782
	<b>Total</b>	<b>5762186300</b>	<b>5641301503</b>
1. Provident Fund :The company has implemented Employees Provident Fund Scheme, 1952 from the financial year 2002-03 for employees who have joined after 1.2.99 or from the date of employment, which ever is later. During the year an amount of Rs. 19.46 crores (Previous Year Rs. 17.10 crores) has been contributed.			

**NOTE NO - 23 : Financial Costs**

Amount in Rs.

<b>Financial Costs</b>		<b>Figures as at the end of current reporting period 2012-13</b>	<b>Figures as at the end of previous reporting period 2011-12</b>
		-	-
1	Interest on State Government Loans/REC/PFC	2239563140	2091974832
2	Interest on loans from Financial Institutions and Banks (short term Loan)	3838751624	3047653045
3	Interest on others	832991127	461290736
		6911305891	5600918614
		282424054	81137798
	Less: Interest and Finance Charges Capitalised		
	Less: Interest on Fixed Deposits/Short term investments	80272419	162249500
	<b>Total</b>	<b>6548609418</b>	<b>5357531317</b>
a) Interest Capitalization: Interest capitalized during the year is Rs.28.24 crores (Previous Year Rs.8.11 crores) as per Accounting Standard -16. b) The interest on short term loans charged to P&L Account is the allocated share from the pool account.			

**NOTE NO - 24 : Depreciation & Amortization expense**

Amount in Rs.

<b>Depreciation &amp; Amortization expense</b>		<b>Figures as at the end of current reporting period 2012-13</b>	<b>Figures as at the end of previous reporting period 2011-12</b>
		-	-
1	Depreciation	4006808155	3716885921
2	Amortization	3969561	62440210
	<b>Total</b>	<b>4010777716</b>	<b>3779326131</b>

**NOTE NO. 25 : Other Expenses**

Amount in Rs.

	Other Expenses	Figures as at the end of current reporting period 2012-13		Figures as at the end of Previous reporting period 2011-12	
1	Licence fees		14530399		13144828
2	Repairs and Maintenance to				
	a) Plant and Machinery	979810800		708904763	
	b) Buildings	1745523		1972432	
	c) Others	22291757	1003848081	16142351	727019546
3	Rent (including Lease Rentals)		11637161		11724120
4	Rates & Taxes		6036311		7143229
5	Insurance		555532		487365
6	Telephone Charges		41422674		28476171
7	Postage & Telegrams		2081735		2061629
8	Legal Charges		20775452		6218730
9	Audit Expenses and Fees : of which				
	a) Statutory Audit Fees(Incl. Cost audit)	1123600		898880	
	b) Audit Expenses	207756		400000	
	c) Tax Audit Fees	112360	1443716	112360	1411240
10	Other Professional Charges		267840923		251239051
11	Printing & Stationery		23067603		18688966
12	Advertisement		13263249		4021868
13	Electricity Charges		64522824		52116783
14	Conveyance and Traveling Expenses		174699169		173751543
15	E-Seva Collection Charges		0		28921144
16	Other Expenses		196890085		141885365
17	Miscellaneous provisions losses and write-offs		8640842852		13050732
18	Provision for Govt.Receivables		23624480968		
			34107938733		1481362308
	Less: Administration & General Expenses Capitalised		90498327		47351354
	<b>Total</b>		<b>34017440407</b>		<b>1434010954</b>

1. Miscellaneous losses and write-offs includes an amount of Rs.454.53 has been write-off towards the FSA amount disallowed by the APERC which was recognised as income during the years 2010-11 and 2011-12.

2. FSA Rs.344.50 Crores and Rs.41.11 Crores for FY 2009-10 and 2010-11 respectively charged to expenditure during the year conservatively.

3. Government receivables to the extent of Rs.20.01 crores is withdrawn conservatively.

4. The provision has been made for the Govt.Receivables Rs.2362.44 crore is considered as doubtful which was previously considered as receivable from the Government.



**NOTE NO. 26 : Other Notes**

1. Balances in sundry debtors, sundry creditors, other claims and receivables, Deposits & retentions of suppliers and contractors, Deposits for electrification service connections, liability for capital supplies, O&M supplies and loans and advances as on 31.03.2013 are subject to reconciliation and confirmation and adjustments.
2. Service tax liability on supervisory charges included in DC works, since under quantification, no provision has been made
3. Segment Reporting as per AS-17, since distribution and retails supply of power comprises primary and reportable segment, hence not applicable
4. Previous year figures have been regrouped/re-classified wherever necessary.
5. Amounts have been rounded off to nearest rupees.
6. There are no dues pending as at 31st March 2013 to suppliers/ contractors/ service providers who are registered as Micro, Small Or Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.
7. Related party disclosures.

Payments and Benefits to Directors			Figures in Rs.	
Sl. No.	Particulars	F.Y : 2012-13		FY : 2011-12
		Chairman and Managing Director	Other Directors	Chairman and Managing Director
1	Salary / Remuneration	1007586	2448062	1011059
2	Travelling Expenses	255067	422011	260508
	<b>Total</b>	<b>1262653</b>	<b>2870073</b>	<b>1271567</b>
				<b>2975080</b>

**Key Management Personnel:**

Name	Remuneration for 2012-13	Remuneration for 2011-12
Mr.K.Vidya Sagar Reddy	1007586	1011059
Mr.V.Krishna Murthy	Nil	502305



**NOTE No. 27****STATEMENT OF ACCOUNTING POLICIES****1. Basis of Preparation of Accounts:**

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

**2. Income & Expenditure :**

- i) The company adopts accrual system of accounting to recognize Income and Expenditure.
- ii) Provision for Bad & Doubtful debts is made on Debtors for sale of power outstanding for a period of more than 4 years.

**3. Revenue Recognition :**

- i) Revenue from sale of power is recognized
  - 1. in respect of completed billing cycle, on the basis of demand raised
  - 2. in respect of uncompleted billing cycle, on the basis of estimation and
  - 3. 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), 31<sup>st</sup>, 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) Non Current investments are valued at cost.
- ii) Current investments are valued at cost or market value whichever is lower.

**9. Inventories:**

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

**10. Borrowing Cost:**

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

**11. Liabilities:**

All known liabilities are recorded and provided in the accounts.

**12. Employees' Retirement Benefits :**

The Company follows defined benefit plan with regard to Pension & Gratuity through APSPDCL Pension & Gratuity Trust.

The actuarial valuation for Employee Retirement Benefits in respect of Pension and Gratuity is being done at the intervals not exceeding three years. Accordingly provisions are made at the rates prescribed in the actuarial valuation.

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

a) Grants, subsidies and Consumer contributions received on capital account are 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.

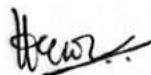
As per our report of even

For and on behalf of the Board

For Ramraj & Co.,  
Chartered Accountants  
Firm Reg. No.002839S

  
(CA M.C. Venkatanath)

Partner  
M.No.210007



H.Y. DORA  
Chairman & Managing



SYED BILAL BASHA  
Director (Finance)



T. HANUMATH PRASAD  
Chief General Manager  
(Finance)



B.V.S. PRAKASH  
Company Secretary

Place: Tirupati  
Date :18.12.2013



**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	:	31-03-2013

**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	:	77252669
Total Assets	:	77252669

**Sources of Funds**

Paid up Capital	:	3587153
Reserves & Surplus	:	-45038077
Deferred Capital Contributions	:	12001378
Secured Loans	:	18725931
Unsecured Loans	:	577667

**Application of Funds**

Net Fixed Assets	:	31407678
CWIP	:	7404981
Investments	:	1346405
Net Current Assets	:	-37974410
Miscellaneous Expenditure	:	-

**IV. Performance of the Company**

	:	(Rupees in Thousands)
Turnover	:	82273466
Total Expenditure	:	129002567
Profit/(Loss) before Tax for the Year	:	-46729101
Profit/(Loss) after Tax for the Year	:	-46729101
Net Prior Period Credits/(Charges)	:	-
Profit after Contingency Reserve	:	-46752844
Earnings per Share	:	Rs. -130.33
Dividend Rate%	:	NIL

**V. Generic Names of Principal products/  
Services of the Company**

PAN NO **AAHCS4056Q**

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 Andhra Pradesh Limited hereby

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

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

the 13<sup>th</sup> Annual General Meeting of the Company to be held on MONDAY

**The 30<sup>th</sup> December, 2013 at 4.30 Hrs.(4.30 PM)** or at any adjournment thereof at the

Registered Office of the Company.

Please  
Affix  
Rs.1/-  
Revenue  
Stamp

Signed this..... Day of ..... 2013.

Place:

Date :



**The CMD & Directors on the occasion of Mahatma Gandhi Jayanthi Celebration at Vidhyuth Nilyam, Tirupati.**



**The CMD & Directors on the occasion of Republicday Celebrations at Vidhyuth Nilyam, Tirupati.**



