



# **SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED TIRUPATI.**

## **14<sup>th</sup> ANNUAL REPORT 2013 - 14**



 **Save Power  
Save Energy**

19-13-65/A, Corporate Office, Vidyut Nilayam, TIRUPATI - 517 503.  
PH : 0877-2284109, FAX : 0877-2284111  
website : [www.apspdcl.in](http://www.apspdcl.in)





**Sri H. Y. Dora Chairman & Managing Director addressing on the occasion of Independence Day Celebrations, Vidyut Nilayam, Tirupati.**



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

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



**Dignitaries at Andhra Kesari Tanguturi Surya Prakasam Jayanthi Celebration, at Vidyut Nilayam, Tirupati.**





## **14<sup>th</sup> ANNUAL REPORT F.Y. 2013-2014**

### **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	CHAIRMAN & MANAGING DIRECTOR
Sri. SYED BILAL BASHA	DIRECTOR (FINANCE)
Sri. C.RADHA KRISHNA	DIRECTOR ( OPERATION)
Sri. T.RAM SINGH	DIRECTOR ( PROJECTS)
Sri. J.NAGESWARARAJU	DIRECTOR (HRD & IR)
Sri. P.PULLAREDDY	DIRECTOR(P& MM& IPC& CIVIL)
Sri. K.VENKATESWARARAO	PART-TIME OFFICIAL DIRECTOR
Sri. P.SATYAMOORTHY	NON-WHOLE TIME DIRECTOR

#### **COMPANY SECRETARY**

CS. B.V.S.PRAKASH, FCS

#### **AUDIT COMMITTEE**

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

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.

#### **Cost Auditors**

M/s Narasimha Murthy & Co., Hyderabad  
3-6-365, 104 & 105, Pavani Estate, Himayat Nagar, Hyderabad.

#### **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  
website : www.apsdcl.in



# SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

## BOARD OF DIRECTORS



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



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



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



**Sri P. Satyamoorthy**  
Director (Fin & Rev) AP Transco (FAC)  
Non whole time Director



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



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



**Sri P. Pulla Reddy**  
Director (P & MM & IPC & Civil)



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



## **14th ANNUAL REPORT 2013-2014**

### **CONTENTS**

<b><u>Sl.No.</u></b>	<b><u>Particulars</u></b>	<b><u>Page No.'s</u></b>
1.	Chairman and Managing Director's Statement	1-2
2.	Notice	3-4
3.	Directors' Report	5-11
4.	Auditors' Report & Management Replies	12-23
5.	C&AG Comments & Management Replies	24-29
6.	Balance Sheet	30
7.	Profit /Loss Account	31
8.	Cash Flow statement	32
9.	Notes to Balance Sheet & Profit /Loss Account	33-53
10.	Balance Sheet abstract and Company's General Business Profile	54
11.	Proxy form	55



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

### **OUR VISION**

To create an organization that is profitable, viable, responsive, serving the needs of the customers, 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:***

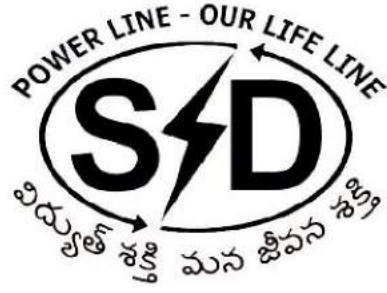
- ❖ To function as per the guidelines issued by APERC.
- ❖ To continuously monitor the progress of various directives issued by APERC.
- ❖ To comply with the companies Act 2013.

### **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*

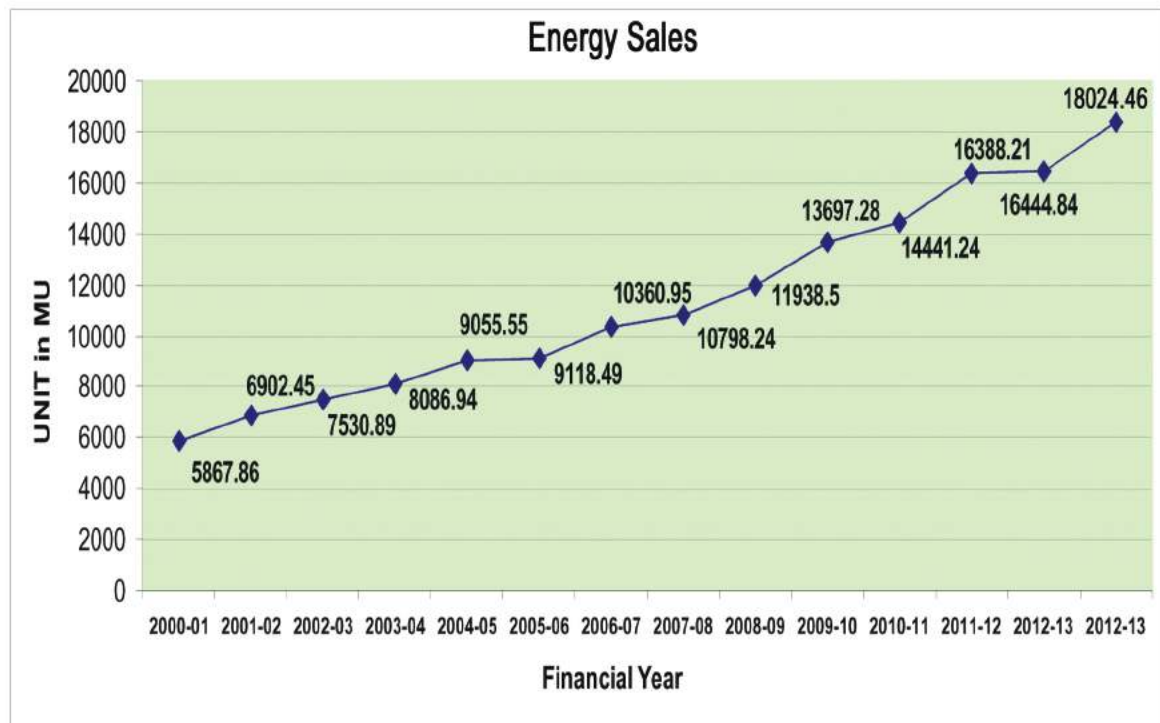
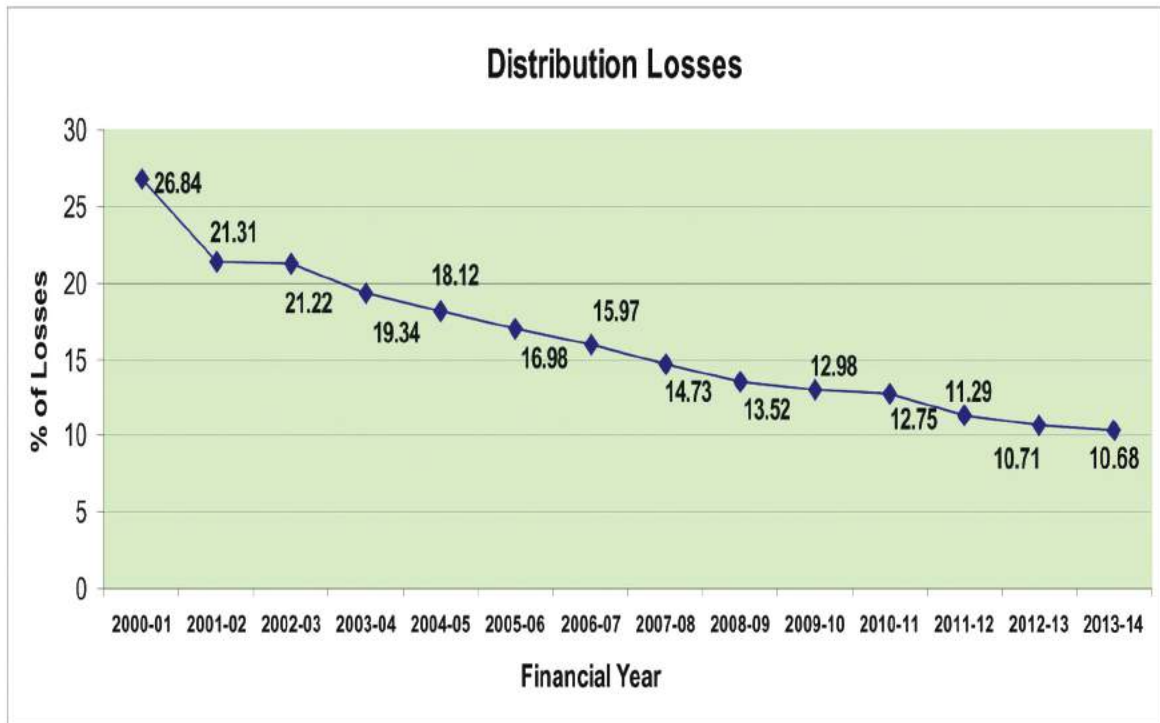




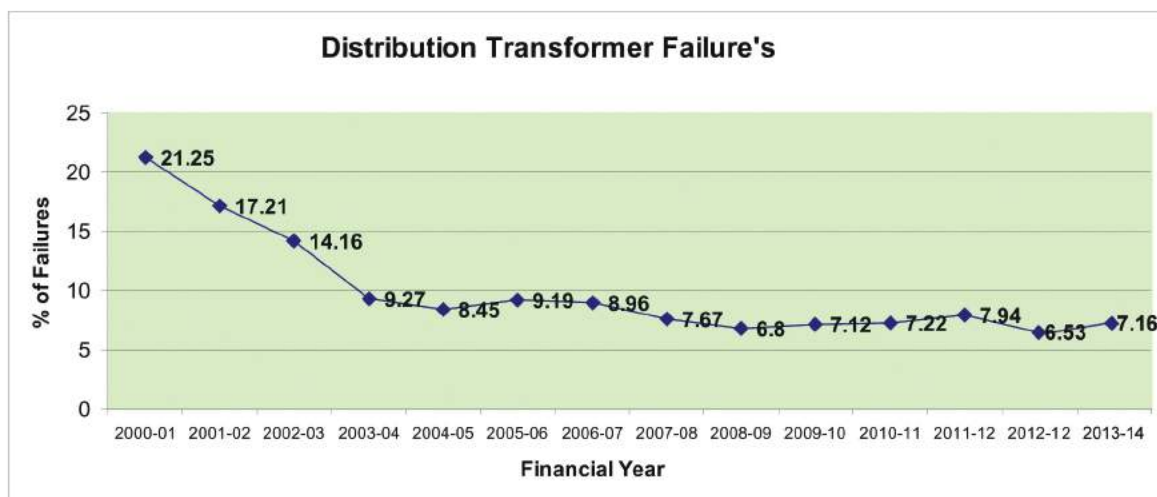
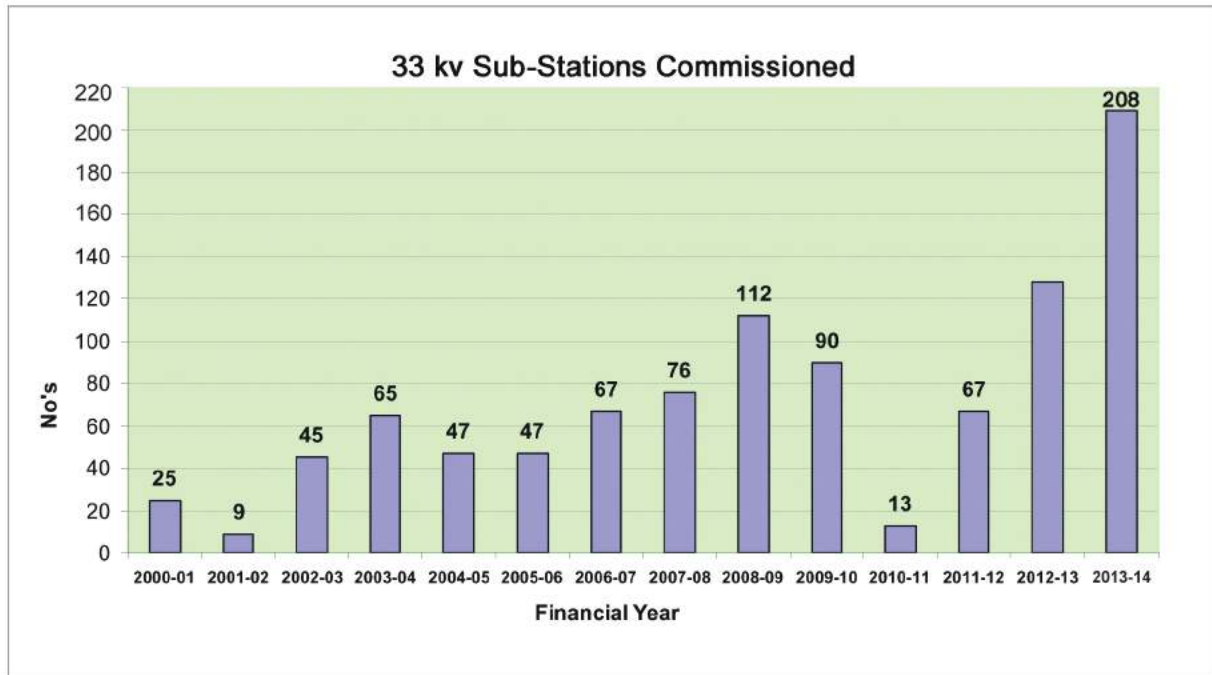
## APSPDCL PERFORMANCE HIGHLIGHTS

Year ended 31 <sup>st</sup> March	2014	2013	2012	2011	2010	2009
Units Sold (Million Units)	18024.46	16444.84	16388.21	14441.24	13697.28	11938.50
No. of 33/11 KV Sub stations	1461	1253	1125	1058	1045	955
Length of 33 KV line in KM	13042.38	12069.21	11452.63	11125.52	11506.29	10891.65
Length of 11 KV line in KM	105673.92	101847.36	99211.86	95685.94	91863.79	84734.16
Length of LT line in KM	156179.42	154230.60	151798.34	147403.81	141082.90	139692.10
Number of Distribution Transformers	313976	300244	280985	276420	249957	226238
Number of Power Transformers	1884	1570	1440	1373	1357	1261
No of Consumers	7610665	7326195	7026704	6716034	63,97,861	6021853
Distribution Losses (%)	10.68	10.71	11.29	12.75	12.98	13.52
Distribution Transformer failures (%)	7.16	6.53	7.94	7.22	7.12	6.80
AT @C Losses	* 11.68	9.90	11.12	12.76	11.94	12.96
Average Realisation per unit (Rs.)	3.59	3.20	2.64	2.32	2.32	2.27
<b>Financial Data (Rs. In Crores)</b>						
Total income	9560.4787	8227.3466	7914.2702	6798.6442	5769.2617	5302.13
Total Expenditure	9961.3166	12900.2567	7906.7723	6799.1570	5765.2815	5291.15
Surplus / (Deficit)	4031.1533	4675.2844	3.4489	3.0249	3.9802	10.98
Paid up Equity Capital (Rs. In Crores)	358.71	358.71	358.71	358.71	358.71	358.71

\* Read as 8.91









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

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

Chairman & Managing Director's Statement

Dear Share holders,

It is my pleasure to present the 14th (Fourteenth) Annual Report of Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati for the year 2013-14.

Performance Review :

S.No	Particulars	As on 31-3-2013	During the Year	As on 31.03.2014
1	Number of 33/11 KV Sub stations	1253	208	1461
2	Length of 33 KV line in KM	12069.21	978.17	13042.38
3	Length of 11 KV line in KM	101847.36	3826.56	105673.92
4	Length of LT line in KM	154230.60	1948.82	156179.42
5	Number of Distribution Transformers	300244	13732	313976
6	Power Transformers	1570	314	1884
7	Number of Consumers	73,26,195	2,84,470	76,10,665

## **(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.



- ✧ 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. Due to this , now the consumer can get all the materials drawn against his work in the CSC itself simply submitting his registration number.
- ✧ On 02-06-2014, Ananthapur and Kurnool circles were merged with APSPDCL.SAP data pertaining to these two circles is migrated from APCPDCL SAP server to APSPDCL.
- ✧ DTR tracking system is integrated with SAP. Due to this failed DTR replacement details are completely available in SAP.
- ✧ List of open work orders Operation , Circle and Division wise are available for easy access by all end users in ZDASHBOARD.
- ✧ List of pending applications for which estimates are not created is also available in ZDASHBOARD.

### 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
157	3776	3137	83%

Recruitment: During the year 2013-2014, 106 Junior Assistants and 1220 Junior Lineman Posts were filled.

SPANDANA: Every Monday, this programme is being conducted for redressal of Grievances of all stakeholders of the Company. From October, 2013 a total number of 88 complaints were received and out of that 85 were closed up to end of August, 2014.

On-line Spandana: Under on-line, a total number of 734 applications were received for redressal and out of that only 4 are pending up to the end of August, 2014.

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.



Chairman & Managing Director



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

Regd. Office: H.No.19-13-65/A, Tiruchanoor Road, Behind Srinivasa Kalyana Mandapam, Kesavayanigunta, TIRUPATI, Andhra Pradesh, INDIA.

Corporate Identity Number : U40109AP2000SGC034118

Telephone No.0877-2284109  
Email : cmd@southernpowerap.co.in

Fax : 0877-2284111  
Website: www.apspdcl.in

**NOTICE**

**To  
The Members of the Company**

NOTICE is hereby given that the 14TH (Fourteenth ) Annual General Meeting of the Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati will be held on Friday the 26th September, 2014 AT 13.00 Hrs( 1.00 P.M) at the Registered Office of the Company D.No.19-13-65/A, Tiruchanoor Road, Behind Srinivasa Kalyanamandapam, Tirupati to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st, March 2014 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 Auditor's appointment made by the Comptroller and Auditor General Of India for the Financial year 2014-15 under the provisions of Sec. 139 of Companies Act, 2013 and to authorize the Board to fix the remuneration of Statutory Auditors for the Financial 2014-15 as per Section/Clause 142 of the Companies Act, 2013.

To Consider and if thought fit to pass the following resolution(s) with or without modification(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 2014-2015 vide Lr .No. CA.V/COY/ANDHRA PRADESH, SOUPOW (1)/553, Dt.04.08.2014 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 142 of the Companies Act, 2013 and other applicable provisions/guidelines, if any, 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 2014-15."

BY ORDER OF THE BOARD OF DIRECTORS  
For and on behalf of Southern Power Distribution Company of Andhra Pradesh Limited



Place: Tirupati  
Date: 01.09.2014

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



**Note:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the Proxy need not be a member of the Company.
2. Proxy form is enclosed. Instrument appointing proxy shall be deposited at the Registered office of the Company by not less than 48 hours before Commencement of the meeting.
3. The Comments of the Comptroller and Auditor General of India( CAG) on the Annual Accounts for the Financial year 2013-2014 shall be placed before the Shareholders at the Annual General Meeting of the Company.



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

Place: Tirupati.

Date: 01.09.2014

To  
The Members of the Company,  
M/s RAM RAJ & Co., Statutory Auditors,  
M/s Narasimha Murthy & Co, Cost Auditors,  
All the Directors of the Company.

## DIRECTORS' REPORT

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

Your Directors have pleasure in presenting the 14th (Fourteenth) Annual Report of the Company relating to Financial Year 2013-14 and trust the Annual Audited Accounts for the said year as circulated have been perused by all of you.

Amount in Rs.

Particulars	Figures as at the end of current reporting period 2013-14	Figures as at the end of previous reporting period 2012-13
I. Revenue from operations	73274489828	65351233711
II. Other Income	3650897958	3192232342
III. Revenue Subsidies and Grants	18679400000	13730000000
<b>Total Revenue (I + II + III) - (A)</b>	<b>9560,47,87,786</b>	<b>8227,34,66,053</b>
<u>Expenses:</u>		
IV. Cost of Power Purchase	80536263561	78663553621
V. Employee benefit expense	8541103696	5762186300
VI. Financial costs	4228373933	6548609418
VII. Depreciation and amortization expense	4396093449	4010777716
VIII. Other expenses	1911332093	34017440407
<b>Total Expenses (IV + V + VI + VII + VIII) - (B)</b>	<b>9961,31,66,732</b>	<b>12900,25,67,462</b>
IX. Profit before exceptional and extraordinary items and tax <b>(A - B)</b>	<b>(4008378946)</b>	<b>(46729101409)</b>
X. Exceptional Items	0	0
XI. Profit before extraordinary items and tax <b>(IX - X)</b>	<b>(4008378946)</b>	<b>(46729101409)</b>
XII. Extraordinary Items	0	0
XIII. Profit before tax <b>(XI - XII)</b>	<b>(400,83,78,946)</b>	<b>(4672,91,01,409)</b>
XIV. Provision for Taxation	0	0
XV. Profit(Loss) from the period from continuing operations <b>(XIII-XIV)</b>	<b>(4008378946)</b>	<b>(46729101409)</b>
XVI Less: Transfer to Contingency Reserve	(22774375)	(23742765)
<b>XVII. Profit/(Loss) for the period (XV - XVI)</b>	<b>(403,11,53,321)</b>	<b>(4675,28,44,174)</b>



It is to inform that the Company in its Board of Directors Meeting Held on 16.01.2014 approved to accept for restructuring of total short term loans of Rs. 3083 Cr. (Rupees Three thousand Eighty Three Crore only ) and issued bonds as per the FRP scheme of GoI dt.05.10.2012 and approval of GoAP issued in G.O.Ms.No.62, Energy (Power -III) department Dated 14.11.2013, GoAP letter No.5062/PR-III(2)/2012, Dt.31.12.2013 and Chairman /APPCC letter No.CMD/Dir(F&R)/SAO/9/14, Dt.10.1.2014 accepting all other terms and conditions mentioned in the sanctioned letter of the concerned Banks and formally conveyed the acceptance to the concerned Banks, as per the list of Banks and amounts noted against each Bank mentioned below.

Sl. No.	Name of the Bank	Bonds issued (Rs. Cr.)	Loans restructured (Rs. Cr.)
1	Andhra Bank	262.5	262.5
2	Bank of India	100	100
3	Central Bank of India	125	125
4	Canara Bank	150	150
5	IOB	150	150
6	Indian Bank	300	300
7	Punjab & Sindh Bank	100	100
8	SBH	50	50
9	Syndicate Bank	187.5	120.5
10	Vijaya Bank	150	150
TOTAL		1575	1508

Further it is to inform that the Company had issued Bonds to APTRANSCO for Rs.130.72Cr and APGENCO for Rs.534.48 Cr.

(SAP)Utilisation in the Company:

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- 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 formulating the balance sheet is 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. Due to this, now the consumer can get all the materials drawn against his work in the CSC itself simply submitting his registration
- On 02-06-2014, Ananthapur and Kurnool circles were merged with APSPDCL. SAP data pertaining to these two circles is migrated from APCPDCL SAP server to APSPDCL SAP .
- DTR tracking system is integrated with SAP. Due to this, failed DTR replacement details are completely available in SAP.
- List of open work orders Operation wise, Circle wise and Division wise are available for easy access by all end users in ZDASHBOARD.
- List of pending applications for which estimates are not created is also available ZDASHBOARD

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
157	3776	3137	83%

Recruitment : During the year 2013-2014 , 106 Junior Assistants and 1220 Junior Lineman Posts were filled.

#### Dividend

The Board of Directors have not declared any dividend during the year ended 31.03.14.

#### Energy Sales

The Company's total sales increased to 18024.46 MUs in 2013-14 from 16444.84 MUs in 2012-13.

#### Performance Review :

S.No	Particulars	As on 31-3-2013	During the Year	As on 31.03.2014
1	Number of 33/11 KV Sub stations	1253	208	1461
2	Length of 33 KV line in KM	12069.21	978.17	13042.38
3	Length of 11 KV line in KM	101847.36	3826.56	105673.92
4	Length of LT line in KM	154230.60	1948.82	156179.42
5	Number of Distribution Transformers	300244	13732	313976
6	Power Transformers	1570	314	1884
7	Number of Consumers	7326195	284470	7610665

Year ended 31 <sup>st</sup> March	2012-13	2013-2014
Distribution Losses (%)	10.71	10.68
Distribution Transformer failures (%)	6.53	7.16
AT & C Losses (%)	9.90	11.68*

\* Revised as 8.91



### 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 18117 cases were reported during the year 2013-14 . During the year 17797 cases were compounded and Rs.2,33,01,500 were 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 and during the Financial Year are as follows:

Name of the Director	Date of appointment	Date of change
Sri. P.Pullu Reddy	02.06.2014	

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.RadhaKrishna	01.08.2013	
Sri K.Vidya Sagar Reddy	11.08.2011	11.08.2013
Sri. H.Y.Dora	31.08.2013	
Dr.K.S.Uma,IES.,	28.07.2011	25.11.2013
Sri.K.Venkateswara Rao.	25.11.2013	
Sri P.P ulla Reddy	02.06.2014	

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   | - Part - time Official Director<br>Additional Secretary to Government<br>Finance Department,A.P.Secretariat,<br>Hyderabad. |
| 8. Sri P. Pulla Reddy,   | - Director (purchases &Material<br>Management &IPC&Civil)  |

**Board Meetings held in 2013-14:**

The Board held its meetings on 29.06.2013, 26.09.2013, 17.11.2013, 18.12.2013 and 30.12.2013, 16.01.2014 and 10.03.2014 in the financial year 2013-14 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	1
Er H.Y. Dora Chairman and Managing Director	6
Sri. Syed Bilal Basha	6
Sri.G.Ramakrishna Reddy	6
Er. S.Viswanatham	1
Er. T.Ram Singh	5
Er. C Radha krishna	5
Er.J.Nageswara Raju	5
Sri.K.Venkateswara Rao	2

**DIRECTORSHIPS:**

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 years are as under:

Year	Date	Venue
2006-2007	27-11-2007	Registered office
2007-2008	29-09-2008	Registered office
2008-2009	25-09-2009	Registered office
2009-2010	14-12-2010	Registered office
2010-2011	30-09-2011	Registered Office
2011-212	29-09-2012	Registered Office.
2012-2013	30-12-2013	Registered Office.

**The limit of borrowing powers and to mortgage/hypothecate/or charge on the Assets of the Company under the Section 180 of the Companies Act, 2013.**

The limit of borrowing powers, and to mortgage/hypothecate/or charge on the Assets of the Company under the Section 180 of the Companies Act, 2013 [erstwhile Sec 293 (1) (d) of companies Act, 1956] and other applicable provisions, if any, of the companies Act, 2013 enhanced up to Rs 8000 crores from Rs.6500 Cr to the Board of Directors of the company in the Annual General Meeting held on 30.12.2013.



**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 29.06.2013, 26.09.2013 17.11.2013, 30.12.2013 and 10.03.2014. 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.P, Secretariat, Hyderabad.

**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 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 2nd 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 2013-14. 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 2014-15. The Form 23 C was filed with the Registrar of Companies, Hyderabad vide SRN S30429542,Dt 27.06.2014..

**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 & Auditor General of India (CAG) and financial review by CAG of India on the accounts of the Company for the year ended 31st March, 2014 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**

There were no employees drawing remuneration in excess of the prescribed limits whose details are required to be disclosed under the Act.

**Deposits**

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

**Investments**

The Company had invested Rs.167,81,00,000 in Andhra Pradesh Power Development Company Limited, Hyderabad from 04.12.2009 to 31.03.2014.

**Directors Responsibility Statement**

The Board of Directors of your Company have met 7 (Seven) times during the financial year 2013-14.

In accordance with Sec. 134 of the Companies Act, 2013 the Directors of the Company hereby state that:

- (a) In the preparation of the Annual accounts ,the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applies them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and the profit and loss of the company for period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis; and
- (e) The directors had devised proper systems to; ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**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 , Contractors 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



Chairman & Managing Director



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

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

#### **Report on the Financial Statements:**

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, 2014 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, 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. 2199.40 Crores of loan from REC, an amount of Rs.79.20 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: 9-1 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 deductin.**
  - 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: 26 Para 8 Contingent Liabilities reported are, in our opinion, are exclusive of court cases pertaining to power purchases & Undrawn/ under drawn power in case of open access purchase cases.**
- 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 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.**
  - d. **Note No. 7-1 &2 accounting of power purchase bills, debit / credit notes and non confirmation / reconciliation of balances of the power suppliers.**



- e. *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. 19 : Non recognition of income on Deposit Contributory Work, which is not ascertainable.*
- 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. 120.49 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:

In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2014;

- i. In the case of the statement of profit and loss, of the loss for the year ended on that date; and
- ii. In the case of the Cash Flow statement, of the cash flow for the year ended on the date.

Report on Other Legal and Regulatory Requirements

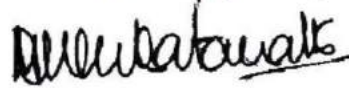
7. As the Company is governed by the Electricity Act, 2003, the provisions of the said act where applicable have prevailed over the Companies Act, 1956.
8. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended by the Companies (Auditor's Report) Amendment Order 2004, issued 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 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 **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: TIRUPATI

Date: 22-07-2014

For Ramraj & Co.,



Chartered Accountants  
FR No.002839S

**(CAMC VENKATANATH)**

**Partner**

**M.No.210007**



## ANNEXURE TO THE AUDITOR'S 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, 2014)

1. In respect of Fixed Assets
  - a. The Company is 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
  - a) According to the information and explanation given to us, Company is following a system of perpetual inventory verification at all the locations
  - b) 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.***
  - c) The company is maintaining proper records of inventory. As explained to us material discrepancies noticed on physical verification of inventory as compared to the book records have been properly dealt with in the books of accounts.
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, adequate training of personnel and Cash Management.***
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 year end 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 31st March 2014 other than those indicated below:

Nature of dues	Unpaid Amount (Rs. In lakhs)	Period to which the amount relates	Forum where pending
Disallowance of Unabsorbed depreciation	2499.35	2008-09	CIT (Appeals) Guntur
Disallowance of provisions claimed under section 115JB for calculation of MAT	- Nil -	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.
Disallowance of Consumer Contribution – treating it as revenue item, Prior period items and Distribution Licence fees	14952.65	2011-12	CIT-( Appeals) Guntur.

10. Company has an accumulated loss of Rs. 4931.42 Crores as at March 31, 2014 (Rs.4528.30 Crores as at 31.3.2013) and has not incurred cash loss in the current financial year ended on that date and has incurred 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.

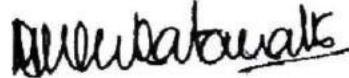


17. According to the Cash flow statement and other records examined by us and according to the information and explanation given to us, on an overall basis, funds raised on short term basis have prima facie, not been used during the year for long term investment.
18. Company has not made any preferential 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.0.27 (Previous Year 0.58) Crores on account of theft of cash and on account of theft of energy to an extent of Rs.2.33 (Previous Year Rs.2.47) Crores is noticed. We have neither come across any other 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: 22-07-2014

For Ramraj & Co.,



Chartered Accountants  
FR No.002839S

**(CA MC VENKATANATH)**

**Partner**

**M.No.210007**



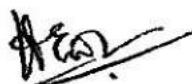
<b>M/s. RAMRAJ &amp; CO., CHARTERED ACCOUNTANTS, BANGALORE</b>		<b>SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED</b>
<b>AUDITORS' REPORT</b>		<b>Replies of the Company forming part of the Director's Report to the members under Section 217(3) of the Companies Act, 1956.</b>
(i)	<i>Note 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. 2199.40 Crores of loan from REC, an amount of Rs. 79.20 Crores is still in the name of APTRANSCO, which is subject to confirmation</i>	Since APTransco has confirmed the loan of Rs.79.20 Crore to the end of 31.03.2014.
(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. M/s.Hewitt Associates(India) Pvt. Ltd has submitted the report up to FY 2011-12 and for the FYs 2012-13 and 2013-14 it is expected to be received before 31.12.2014. Hence, AS-15 will be complied with from FY 14-15 onwards.
(iv)	<i>Note No: 9-1 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>Note No. 10- 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 deduction.</i>	Noted for future Guidance

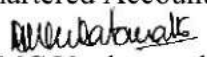
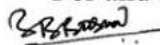
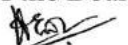


(vii)	<i>Note No. 10- c The WDV of the replaced asset, which is not in accordance with AS-10 “Accounting for Fixed Assets”.</i>	Noted for future Guidance
(viii)	<i>Note No. 10- d In the absence of uniform practice/system for closure of work orders, capitalization of such works is not as per the requirements of AS-10 and consequential effects on charge of Depreciation and non compliance of AS-6 “Depreciation Accounting”</i>	Noted for future Guidance
(ix)	<i>Note No. 10- e 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>Note No. 10- 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</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: 26 Para 8 Contingent Liabilities reported are, in our opinion, are exclusive of court cases pertaining to power purchases.</i>	Noted for future Guidance

(xiv)	<b><i>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.</i></b>	Government of AP vide G.o.Ms.No.59 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 31.03.2014 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 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
(xvii)	<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.
(xviii)	<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 made by the power suppliers and disputes on power purchase etc., the said cost could not be reviewed by us.</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.



(xix)	<i>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.</i>	The difference between actual issued price and devolution price is being adjusted through price variation general ledger. The net balance of price variation general ledger as at the end of the year is being transferred to asset account and hence no impact on accounts.
(xx)	<i>Note No. 19 : Non recognition of income on Deposit Contributory Work.</i>	Noted for future Guidance
(xxi)	<i>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.120.49 Crores.</i>	Due to non-determination of written off towards bad and doubtful debts, no provisions is made.
	<p>M/s RAMRAJ &amp; CO., Chartered Accountants</p>  <p>(MC.Venkatanath) Partner</p> <p>Place:Tirupati Date: 22-07-2014</p>	<p>For and on behalf of the Board</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Director (Finance)</p> </div> <div style="text-align: center;">  <p>(Chairman &amp; Managing Director)</p> </div> </div> <p>Place: Tirupati Date: 22-07-2014</p>

<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>subject to updation.</b>	Since updated the Fixed Asset Register.
(ii)	<i>We were informed that the Fixed Assets have <b>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.</b></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>needs to be strengthened</b> in relation to the size of the Company and the nature of its business <b>more particularly in identifying, obsolescence, non moving and slow moving stores.</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>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.</b>	Efforts are being taken to strengthen the Internal Audit to make it commensurate with the size and nature of business of the Company
	M/s RAMRAJ & CO., Chartered Accountants  (MC.Venkatanath) Partner Place: Tirupati Date: 22-07-2014	For and on behalf of the Board  Director (Finance)  (Chairman & Managing Director)  Place: Tirupati Date: 22-07-2014



**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 31 MARCH 2014.**

The preparation of financial statements of Southern Power Distribution Company of Andhra Pradesh Limited, Tirupathi for the year ended 31 March 2014 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 22 July 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Southern Power Distribution Company of Andhra Pradesh Limited, Tirupathi for the year ended 31 March 2014. 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. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

**A. Comments on Profitability:**

Statement of Profit and Loss

Income

Revenue from operations (Note No. 18)

Revenue from Sale of Power

H.T. Supply - ₹ 3911.86 crore

1. The above is overstated by ₹ 76.96 crore due to non-withdrawal of 50 *per cent* of Restriction and Controls (R&C) penalties levied during the period from 14 September 2012 to 31 August 2013 as per the orders of APFRC (April 2014). This has also resulted in overstatement of 'Sundry Debtors' and understatement of 'Loss before Tax' by ₹ 76.96 crore.

**Balance sheet****Assets****Non-current Assets****Fixed assets (Note No. 10)****Capital work-in-progress ₹ 1376.08 crore**

2. The above is overstated by ₹ 6.44 crore due to non accountal of interest earned on mobilisation advances given to various contractors executing capital works. The Company is capitalising the interest during construction period (IDC). As such, the interest realized (₹ 5.56 crore) and interest accrued (₹ 87.69 lakh) on these mobilisation advances which were met through loan funds, need to be credited to the works expenditure. The Company is crediting the amount of interest realised on mobilisation advances to other income and no provision of interest accrued up to March 2014 was made. This has resulted in understatement of 'Other current assets' by ₹ 87.69 lakh and overstatement of 'Other Income' by ₹ 5.56 crore. This has also resulted in overstatement of 'Loss before Tax' by ₹ 5.56 crore.

3. The above is further understated by ₹ 10.21 crore due to non-capitalization of the capital works relating to (i) Sub-Stations (₹ 6.74 crore). (ii) Power Transformers drawn for Augmentation (₹ 1.63 crore) and (iii) Office Building (₹ 1.84 crore). though they were completed and put to use prior to 31 March 2014. This has also resulted in understatement of Tangible Assets by ₹ 10.21 crore with consequential understatement of 'Depreciation for the year' and 'Loss before Tax' by ₹ 1.27 crore.

**B. Comments on Financial Position:****Balance sheet****Assets****Current Assets****Other current assets (Note No. 17)****From GOAP - ₹ 191.88 crore**

4. The above is understated by ₹ 57.22 crore due to adjustment of the advance amount received towards Re-gassified Liquefied Natural Gas (RLNG) subsidy against other receivables from Government. This has also resulted in understatement of "Current Liabilities" to the same extent.

**C. Comments on Disclosure:****Contingent Liabilities**

5. The Company has not accounted for the Transmission and State Load Dispatch Centre (SLDC) charges payable to APTRANSCO for the year 2013-14 to the extent of ₹ 17.85 crore



disputing the charges on excess power drawn over the quantity allowed by the APERC. The fact should have been disclosed in the Notes to Accounts.

#### **D. Comments on Auditors' Report:**

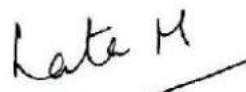
##### **Independent Auditors' Report**

6. In the para 6(iii) of the Auditors' Report, the Statutory Auditors reported that provision for Pension, gratuity, Leave encashment and other retirement benefits made does not comply with requirements of AS-15 "Employee Benefits". In this case, the Statutory Auditors did not quantify the effect of it on profit. During the previous year, the Company provided the liability on adhoc basis. As per the adhoc estimation made, the Company has to provide ₹ 160.72 crore towards pension and gratuity and ₹ 186.48 crore towards employers' contribution to P& G trust. This has resulted in understatement of 'Loss before Tax' by ₹ 347.20 crore due to not following the consistent procedure.

Place: Hyderabad

Date : 24-09-2014.

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





(LATA MALLIKARJUNA)  
Account General (E & RSA)

Sl. No.	COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED, TIRUPATI FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH 2014.	REPLIES OF THE COMPANY FORMING PART OF THE DIRECTOR'S REPORT TO THE MEMBERS UNDER SECTION 217(3) OF THE COMPANIES ACT, 1956.
1	2	3
	<b>A. Comments on Profitability</b>	
1	<p><b>Statement of Profit and Loss</b>  <b>Income</b>  <b>Revenue from operations (Note No. 18)</b>  <b>Revenue from Sale of Power</b>  <b>H.T. Supply – ₹ 3911.86 crore</b>  1. The above is overstated by ₹ 76.96 crore due to non-withdrawal of 50 <i>per cent</i> of R&amp;C penalties levied during the period from 14 September 2012 to 31 August 2013 as per the orders of APERC (April 2014). This has also resulted in overstatement of 'Sundry Debtors' and understatement of 'Loss before Tax' by ₹ 76.96 crore.</p>	<p>The orders of APERC were made in April 2014. We would like to state that as there are large number of cases which are <i>subjudice</i> and pending and Open Access settlements could not be completed for want of full data from different sources to implement the APERC orders. The 50% waiver of R&amp;C Penalties also pertain to the year 2012-13 and 2013-14 and cannot be withdrawn from the Revenue for the current year. In the absence of the exact amount to be waived/refunded at the time of closure of accounts for FY 2013-14, no adjustment was considered. Further, the Revenue has been recognized as per AS 9 and since the demands have not yet been withdrawn in the books of account as at 31.03.2014, this has not been recognized. However, the same will be reviewed and exact quantum of waiver of penalty will be assessed with reference to details and effected in the FY 2014-15.</p>
2	<p><b>Balance sheet</b>  <b>Assets</b>  <b>Non-current Assets</b>  <b>Fixed assets (Note 10)</b>  <b>Capital work-in-progress: ₹ 1376.08 crore</b>    2. The above is overstated by ₹ 6.44 crore due to non accountal of interest earned on mobilisation advances given to various contractors executing capital works. The Company is capitalising the interest during construction period (IDC). As such, the interest realized (₹ 5.56 crore) and interest accrued (₹ 87.69 Lakh) on these mobilisation advances which were met through loan funds, need to be credited to the works expenditure. The Company is crediting the amount of interest realised on mobilisation advances to other income and no provision of interest accrued up to March 2014 was made. This has resulted in understatement of 'Other current assets' by ₹ 87.69 lakh and overstatement of 'Other Income' by ₹ 5.56 crore. This has also resulted in overstatement of 'Loss before Tax' by Rs. 5.56 crore.</p>	<p>The Company has been consistently accounting the interest on mobilization advances given to various contractors as an income. The Company has been capitalizing the interest on borrowings as per AS 16. The mobilization advances are also given by the company pending receipt of loans from the Financial Institutions and not precisely identifiable to such advances made out of project fund. Further, as per AS 16, income from investments on short term funds of project can be set off against the interest capitalized. The mobilization advances is not in the nature of investments but given in terms of contractual obligations. Hence, interest received amounting to ₹ 5.56 crores and accrued amounting to 0.88 crore, aggregating ₹ 6.44 Crore has been accounted as in the earlier years.</p>
3	<p>The above is further understated by ₹ 10.21 crore due to non-capitalization of (i) the capital works relating to Sub-Stations (₹ 6.74 crore), (ii ) Power Transformers drawn for Augmentation (₹ 1.63 crore) and (iii) Office Building (₹ 1.84 crore), though they were completed and put to use prior to 31<sup>st</sup> March, 2014. This has also resulted in understatement of Tangible Assets by ₹ 10.21 crore with consequential understatement of 'Depreciation for the year' and 'Loss before Tax' by ₹ 1.27 crore.</p>	<p>We would like to state that during the course of execution of works, number of deviations have necessitated to meet the requirement. After completion of the work, the actual deviations have been arrived at and submitted to the competent authority for approval. Soon after the approvals are received the same will be capitalized during next financial year.</p>



	<b>B. Comments on Financial Position</b>	
4	<p><b>Balance Sheet</b>  <b>Assets</b>  <b>Current Assets</b>  <b>Other current assets (Note No. 17)</b>  <b>From GOAP – ₹ 191.88 crore</b></p> <p>The above is understated by ₹ 57.22 crore due to adjustment of the advance amount received towards Re-gassified Liquefied Natural Gas (RLNG) subsidy against the receivables from Government. This has also resulted in understatement of 'Current Liabilities' to the same extent.</p>	<p>There was a acute power shortage in the state and GOAP has decided to supply eight hours power supply to agriculture category. To meet the shortages, the Govt. has proposed to run the spare capacity of IPPs on naphtha and RLNG. The Govt. has agreed to meet the cost of generation power generated out of naphtha and RLNG thereby, GOAP has given advance to the DISCOMS.</p> <p>Meanwhile there are certain issues that IPPs are raising in respect of rebate on naphtha generation equivalent to the Gas cost and APDISCOMS have not decided on the request made by the IPPs. Therefore, till the above settlement is made, the advance will be kept in govt. receivables.</p> <p>In view of the above and impending issues with IPPs in respect of rebate on naphtha and RLNG generation, the amount is kept in govt receivables which are most appropriate at this juncture.</p>
5	<p><b>C. Comments on Disclosure</b>  <b>Contingent Liabilities</b></p> <p>The Company has not accounted for the Transmission and SLDC charges payable to APTRANSCO for the year 2013-14 to the extent of ₹ 17.85 crore disputing the charges on excess power drawn over the quantity allowed by the APERC. The fact should have been disclosed in the Notes to Accounts.</p>	<p>The APDISCOMS/ APPCC are paying Transmission Charges and SLDC Charges for the Transmission Capacity approved by the Hon'ble APERC in its orders of Multi Year Tariff (MYT). The MYT is determined by Hon'ble APERC only on provisional basis and subject to true up at the end of the Multi Year Tariff (MYT). Further, it is relevant and pertinent to refer to clause 10.7 of Regulation 5 of 2005 of Hon'ble APERC, wherein for the purpose of sharing gains and losses with the users, only aggregate gains or losses for the control period as a whole will have to be considered. The commission will review the gains or losses for each item of ARR and make appropriate adjustments wherever required.</p> <p>Therefore, APDISCOMS/ APPCC had considered and paid for the capacity approved by the commission. As and when the commission takes up the review of transmission tariff, the gains or losses get trued up, ultimately the payment made by the DISCOMS is sufficient to cover entire claim.</p>

6	<p><b>D. Comments on Auditors' Report:</b></p> <p><b>Independent Auditors' Report</b></p> <p>In the para 6(iii) of the Auditors' Report, the Statutory Auditor reported that provision for Pension, gratuity, Leave encashment and other retirement benefits made does not comply with requirements of AS-15 "Employee Benefits". In this case the Statutory Auditor did not quantify the effect of it on profit. During the previous year, the company provided the liability on adhoc basis, As per the adhoc estimation made, the company has to provide ₹ 160.72 crore towards pension and gratuity and ₹ 186.48 crore towards employers' contribution to P &amp; G trust. This has resulted in understatement of , the 'Loss before Tax' is understated by ₹ 347.20 crore due to not following the consistent procedure.</p>	<p>We would like to state that the Actuarial valuation report for the year 2011-12 was received only during March 2014 and the reports for the years 2012-13 &amp; 2013-14 is expected to be received during November 2014. Soon after receipt of the report from M/s Hewitt Associates Pvt. Ltd., the liability for the terminal benefits will be provided for the year 2012-13 &amp; 2013-14. Since the actual assessment for the year 2011-12 only is received from Actuary, ad-hoc provision has been made for the year 2011-12 amounting to ₹ 310.40 Crores. This has also been disclosed amply in Note No. 5 under Long Term Provisions.</p>
	<p>For and on the behalf of the Comptroller and Auditor General Of India.</p>  <p>Place: Hyderabad      Sd/- (<b>LATA MALLIKARJUNA</b>) Date: 24.09.2014      Accountant General (F. &amp; RSA)</p>	<p>For and on behalf of the APSPDCL Board</p>  <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">   <b>Director (Finance)</b> </div> <div style="text-align: center;">   <b>Chairman &amp; Managing Director</b> </div> </div> <p>Place: Tirupati Date: 26-09-2014</p>



## BALANCE SHEET AS AT 31ST MARCH, 2014

Amount in Rs.

Particulars	Note No	Figures as at the end of current reporting period 2013-14	Figures as at the end of Previous reporting period 2012-13
		₹	₹
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholder's Funds			
(a) Share Capital	1	3587153090	3587153090
(b) Reserves and Surplus	2	(35856208907)	(33036698503)
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	60834937819	19303597797
(b) Other Long term liabilities	4	11180651780	10072658532
(c) Long term provisions	5	6492527403	4056142469
(3) Current Liabilities			
(a) Short-term borrowings	6	6121055950	40008270510
(b) Trade payables	7	22318287369	28533721558
(c) Other current liabilities(including current maturities of Long term debt)	8	4447156489	4077661877
(d) Short-term provisions	9	903112552	780128210
<b>Total</b>		<b>80028673545</b>	<b>77382635539</b>
<b>II. Assets</b>			
(1) Non-current assets			
(a) Fixed assets(Net)			
(i) Tangible assets	10	32012541596	31402683105
(ii) Intangible assets	10	1024998	4994559
(iii) Capital work-in-progress	10	13760768316	7404980999
(b) Non-current investments	11	1681005000	1346405000
(c) Long term loans and advances	12	1622194434	1798199359
(2) Current assets			
(a) Inventories	13	1589362628	1368874133
(b) Trade receivables	14	22185839983	29031453397
(c) Cash and cash equivalents	15	4104704409	3245944554
(d) Short-term loans and advances	16	575777822	1020307051
(e) Other current assets	17	2495454359	758793381
<b>Total</b>		<b>80028673545</b>	<b>77382635539</b>
Other Notes	26		
Statement of Accounting Policies	27		

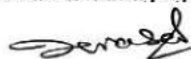
As per our report of even date  
For M/s Ramraj & Co.  
Chartered Accountants.  
Firm No.002839S

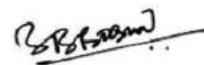
For and on behalf of the Board




Partner  
Membership No.210007  
Date:-22.07.2014  
Place : Tirupati

  
Chairman & Managing Director

  
T. HANUMATH PRASAD  
Chief General Manager/Finance

  
SYED BILAL BASHA  
Director ( Finance)

  
B.V.S. PRAKASH  
Company Secretary

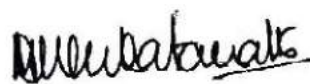
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

Amount in Rs.

Particulars	Note No	Figures as at the end of current reporting period 2013-14	Figures as at the end of previous reporting period 2012-13
		₹	₹
I. Revenue from operations	18	73274489828	65351233711
II. Other Income	19	3650897958	3192232342
III. Revenue Subsidies and Grants	20	18679400000	13730000000
<b>Total Revenue (I + II + III) - (A)</b>		<b>95604787786</b>	<b>82273466053</b>
<u>Expenses:</u>			
IV. Cost of Power Purchase	21	80536263561	78663553621
V. Employee benefit expense	22	8541103696	5762186300
VI. Financial costs	23	4228373933	6548609418
VII. Depreciation and amortization expense	24	4396093449	4010777716
VIII. Other expenses	25	1911332093	34017440407
<b>Total Expenses (IV + V + VI + VII + VIII) - (B)</b>		<b>99613166732</b>	<b>129002567462</b>
IX. Profit before exceptional and extraordinary items and tax (A - B)		(4008378946)	(46729101409)
X. Exceptional Items		0	0
XI. Profit before extraordinary items and tax (IX - X)		(4008378946)	(46729101409)
XII. Extraordinary Items		0	0
XIII. Profit before tax (XI - XII)		(4008378946)	(46729101409)
XIV. Provision for Taxation		0	0
XV. Profit(Loss) from the period from continuing operations(XIII-XIV)		(4008378946)	(46729101409)
XVI Less: Transfer to Contingency Reserve		(22774375)	(23742765)
XVII. Profit/(Loss) for the period (XV - XVI)		(4031153321)	(46752844174)
XVIII. Earning per equity share:			
(1) Basic		(11.24)	(130.33)
(2) Diluted		-	-
Other Notes	26		
Statement of Accounting Policies	27		

As per our report of even date  
For M/s Ramraj & Co.  
Chartered Accountants.  
Firm No.002839S

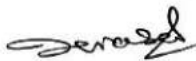
For and on behalf of the Board




CA.M.C.VENKATANATH  
Partner  
Membership No.210007  
Date:-22.07.2014  
Place : Tirupati



H.Y.DORA  
Chairman & Managing Director



T.HANUMATH PRASAD  
Chief General Manager/Finance



SYED BILAL BASHA  
Director ( Finance)



B.V.S.PRAKASH  
Company Secretary



**CASH FLOW STATEMENT**

Amount in Rs.

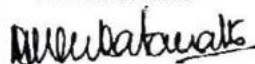
	Particulars	Year ending 31-03-2014		Year ending 31-03-2013	
		₹	₹	₹	₹
<b>A</b>	<b>Cash flow from operating activities</b>				
	Net profit before taxation		(4031153321)		(46752844174)
	<b>Adjustments for items in Profit &amp; Loss Account</b>				
	Amortization of Capital Contributions	(1522045766)		(1347667070)	
	Depreciation & Amortisation	4392123888		4006808155	
	Interest Income	(88616943)		(80272419)	
	Interest Expense	4050488530	6831949709	6078314764	8657183430
	<b>Operating Profit before working capital changes</b>		<b>2800796388</b>		<b>(38095660744)</b>
	<b>Adjustments for changes in Current Assets other than Cash and Cash Equivalents</b>				
	Income accrued but not due	7740176908		3757984250	
	Inventories	(220488495)		(162122449)	
	Sundry Debtors	(894563494)		(1487202063)	
	Receivables	(1736660979)		29533699825	
	Loans and Advances	444529229		535758546	
	<b>Adjustments for changes in Current Liabilities &amp; provisions</b>				
	Current Liabilities	(5825786341)		9953137511	
	Provisions	2559369276	2066576105	268338982	42399594602
	<b>Cash generated from Operations</b>		<b>4867372492</b>		<b>4303933858</b>
	Less: Provision for Income Tax/Fringe Benefit Tax		0		0
	<b>Net cash flow from operating activities</b>		<b>4867372492</b>		<b>4303933858</b>
<b>B</b>	<b>Cash flows from investing activities</b>				
	Purchase of fixed assets /CWIP	(11322891327)		(7530630928)	
	Interest on Investments	88616943		80272419	
	Interest on contingency reserve investments	22774375		23742765	
	(Increase)/Decrease in Investments	(334600000)		(473100000)	
	<b>Net cash flow from investing activities</b>	<b>(11546100008)</b>	<b>(11546100008)</b>	<b>(7899715744)</b>	<b>(7899715744)</b>
<b>C</b>	<b>Cash Flows from Financing Activities</b>				
	Proceeds from borrowings	64571384220		51580756544	
	Increase in security and other deposits	258162895		0	
	Additions to Deferred Capital Contributions	2710964188		2665513062	
	Repayment of borrowings	(55952535403)		(45459136891)	
	Interest on Borrowings	(4050488530)		(6078314764)	
	<b>Net Cash flow from Financing Activities</b>	<b>7537487370</b>	<b>7537487370</b>	<b>2708817951</b>	<b>2708817951</b>
<b>D</b>	<b>Net Increase/Decrease in cash and cash equivalents</b>		<b>858759854</b>		<b>(886963935)</b>
<b>E</b>	<b>Cash and Cash Equivalents</b>				
	At the beginning of the period		3245944554		4132908489
	At the end of the period		4104704409		3245944554
<b>F</b>	<b>Net Increase/Decrease in cash and cash equivalents</b>		<b>858759854</b>		<b>(886963935)</b>

As per our report of even date

For M/s Ramraj &amp; Co.

Chartered Accountants.

Firm No.002839S



C.A.M.C.VENKATANATH

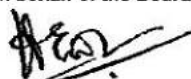
Partner

Membership No.210007

Date:-22.07.2014

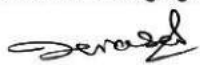
Place : Tirupati

For and on behalf of the Board



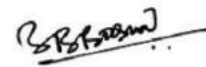
H.Y. DORA

Chairman &amp; Managing Director



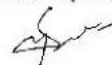
T. HANUMATH PRASAD

Chief General Manager/Finance



SYED BILAL BASHA

Director ( Finance)



B.V.S.Prakash

Company Secretary

**Note No. 1 - SHARE CAPITAL**

Amount in Rs.

Share Capital	As at 31 March 2014		As at 31 March 2013	
	Number	Amount	Number	Amount
		₹		₹
<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 2013-14 is Rs.(-)11.24 and for previous Year Rs.(-)130.33				

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**

	Particulars	As at March 31.2014		As at March 31.2013	
		Number	₹	Number	₹
A	Equity Shares of Rs.10 each				
	Opening Balance	358715309	3587153090	358715309	3587153090
	Additions	—	—	—	—
	Bought Back	—	—	—	—
	Closing Balance	358715309	3587153090	358715309	3587153090

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

Name of the Share holder	As at March 31.2014		As at March 31.2013	
	No. of shares held	% of Holding	No. of shares held	% of Holding
<b>Equity Shares</b>				
Pradesh (vide GO. Ms. No.58)	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,

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 shareholders.



**Note No. 2 RESERVES & SURPLUS**

Amount in Rs.

<b>Reserves &amp; Surplus</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
	<b>₹</b>	<b>₹</b>
<b>2.1 Contingency Reserve</b>		
Opening Balance	244964517	221221752
(+) Current Year Transfer	22774375	23742765
Closing Balance - <b>A</b>	267738892	244964517
<b>2.2 Deferred capital Contributions</b>		
Opening Balance	12001378410	10683532418
(+) Current Year Transfer	2710964188	2665513062
(-) Written Back in Current Year	(1522045766)	(1347667070)
Closing Balance - <b>B</b>	13190296832	12001378410
<b>2.3 Surplus</b>		
Opening balance	(45283041430)	1469791852
(+) Net Profit/(Net Loss) For the current year	(4008378946)	(46729101409)
(-) Transfer to Contingency Reserve	(22824255)	(23731873)
Closing Balance - <b>C</b>	(49314244631)	(45283041430)
<b>Total (A + B + C)</b>	<b>(35856208907)</b>	<b>(33036698503)</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. Consumer Contributed Assets: During the year 2013-14 the company has received towards consumer contribution (including subsidies and Grants towards Cost of Capital Assets) amounting to ₹ 271.09 Crores (Previous year 2012-13 is ₹ 266.55 Crores). In proportion in which depreciation on the concerned assets has been charged during the year 2013-14, an amount of ₹ 152.20 Crores (Previous year 2012-13 is ₹ 134.76 crores) has been treated as withdrawal/amortization of consumer contribution and credited to Profit and Loss Account.

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

₹ 24.80 crores is received upto the year under Indira Jala Prabha from GOAP. Cost booked upto this year under this programme is ₹ 24.91 crores. Out of which ₹ 14.06 crores is capitalized and asset under construction is ₹ 10.85 crores.

**4. Energisation of SC & ST habitations GL A/c Nos: 5500302 & 5500303**

An amount of ₹ 10.00 crores and ₹ 2.02 crores received under SC & ST habitations during the Year 2013-14 respectively and Cost booked is ₹ 0.17 crore & ₹ 0.23 crore for SC & ST habitations respectively and is in AUC.

**Note No. 3 LONG TERM BORROWINGS**

Amount in Rs.

<u>Long Term Borrowings</u>	As at 31 March 2014	As at 31 March 2013
<b>3.1 Secured</b>	₹	₹
(a) Term loans from banks :		
SYNDICATE BANK	0	31015444
(b) Term loans from Other Parties :		
REC	21994046574	17756662208
PFC	1198084151	938253493
Term Loans from Banks(FRP)	15080000000	
Sub-Total <b>A</b>	38272130725	18725931145
<b>3.2 Unsecured</b>		
(a) Term loans from banks :		
Loan from Bank of Baroda	0	43348179
(b) Term loans from Other Parties:		
Loans from Govt of Andhra Pradesh	160007094	221218474
Vidyut Bonds	0	313100000
Bonds issued to Banks against STLs and Vendors(FRP)	22402800000	0
Sub-Total <b>B</b>	22562807094	577666653
<b>Total A + B</b>	60834937819	19303597798

**Break up for Long Term Borrowings**

<u>Long Term Borrowings</u>	As at 31 March 2014	As at 31 March 2013
	₹	₹
SYNDICATE BANK	31015444	77033065
REC	25104292103	21247677310
PFC	1310717080	1009940770
Term Loans from Banks(FRP)	15080000000	0
Loan from Bank of Baroda	43348179	86861595
Loans from Govt of Andhra Pradesh	220574094	281785474
Vidyut Bonds	313100000	313100000
Bonds issued to Banks for STLs(FRP)	22402800000	0
<b>Total Long Term Borrowings</b>	64505846900	23016398214



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 ₹7275.46 Crores (Previous year ₹6318.94 Crores) up to 31.03.14 have been mortgaged including for the loans obtained from the banks.
2. R-APDRP: Restructured Accelerated Power Development & Reforms Programme -(R-APDRP) : The quadripartite agreement entered with Govt. of AP, MOP, PFC & APSPDCL. R-APDRP during XI plan is financed by GOI through M/s PFC Ltd (Nodal agency). The Focus of the programme shall be on actual, demonstrable performance in terms of sustained loss reduction. It is proposed to cover Urban areas - Towns and Cities with population more than 30,000. This Project under the scheme shall be taken up into two parts. 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 ₹265.94 crores. The company has received an amount of ₹103.25 crores upto 31.03.2014. Out of which the bank balance available as at March 31st, 2014 is ₹6.36 Crore and the assets capitalization made upto the year under R-APDRP is ₹31.44 crores and Asset Under Construction (AUC) is ₹98.21 crores. The total expenditure incurred upto 31.03.2014 is ₹129.65 crores.
3. All the Loans other than GOAP loans, loans taken in third transfer scheme and CC Limits are having Escrow charge.
4. In the absence of confirmation of interest demand by REC, in respect of the loans arranged by APTRANSCO, the interest charges have been accounted as communicated by APTRANSCO. The principal amount of loan at APTRANSCO relating to the company is ₹79.20 crores as on 31.03.2014.
5. The liabilities taken over include Vidyut Bonds 1/2002 series amounting to ₹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 FY 2014-15. Hence, the same was transferred to Current Liabilities in the current financial year vide Note No.8.
6. During the year on the lines of Financial Restructuring Plan (FRP), framed by Government of India, and in consonance with G.O.MS.No.62 Dt.14.11.2013, issued by GOAP, short term loans payable to various banks to the extent of ₹3083 crores have been converted into long term loans. Of which ₹1508 crores is restructured as long term loan, secured by current assets on pari-passu basis and ₹1575 crores as bonds and are unsecured in nature. On similar lines trade payables worth of ₹665.28 crores have also been converted into bonds. The tennure of all the Bonds issued is 15 years with a special condition attached to the issue, is the option given to the Govt. of Andhra Pradesh to take over these bonds over the next 2-5 year Bonds to the tune of ₹841.60 Crores carry an interest of 9.95% , ₹86.18 Crores @10% and ₹1312.50 crores @ 10.09% with face value of ₹10 Lakhs each. The interest commitment on these bonds lies with the Government of Andhra Pradesh.
7. Claim has been made towards the interest reimbursement/adjustment of 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.

### Note No. 4 OTHER LONG TERM LIABILITIES

Amount in Rs.

<u>Other Long Term Liabilities</u>	As at 31 March 2014	As at 31 March 2013
	₹	₹
Consumption Deposits from Consumers	11180651780	10072658532
<b>Total</b>	<b>11180651780</b>	<b>10072658532</b>

#### Details of Consumption Deposits from Consumers

Consumption Deposits from LT Consumers	5948933625	5331138860
Consumption Deposits from HT Consumers	5231718155	4741519671
<b>Total</b>	<b>11180651780</b>	<b>10072658532</b>

### Note No.5 - LONG TERM PROVISIONS

Amount in Rs.

<u>Long Term Provisions</u>	As at 31 March 2014	As at 31 March 2013
	₹	₹
<b>5.1 Provisions for employee benefits</b>		
Pension & Gratuity	3745039023	1300000336
Leave Encashment	2747488380	2756142133
<b>Total</b>	<b>6492527403</b>	<b>4056142469</b>

#### Employee Related benefits:

##### 1. Terminal Benefits: Pension & Gratuity :

For the year 2013-14, the Company has paid ₹65.04 Crores (Previous year ₹65.04 Crores) to the Pension and Gratuity Trust. The company also made an adhoc provision of ₹310.40 crores (Previous year ₹58.65 crores) towards Gratuity and Pension benefits by taking Actuarial valuation report for the year 2011-12. Actuarial Valuation Report for the year 2013-14 yet to be received.

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 ₹0.91 crores (Previous year ₹1.19 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 is ₹ nil (Previous year ₹17.14 crores).



**Note No. 6 - SHORT TERM BORROWINGS**

Amount in Rs.

<u>Short Term Borrowings</u>	As at 31 March 2014	As at 31 March 2013
	₹	₹
<u>Secured</u>		
(a) Loans repayable on demand from Banks	4626228661	38771606116
(b) Security and other Deposits	1494827289	1236664394
<b>Total</b>	<b>6121055950</b>	<b>40008270510</b>

(a) Loans repayable on demand from Banks/APTransco Position as on 31.03.2014

Amount in Rs.

Description	Loans Out standing as on 01-04-2013	Receipts up to 31-03-2014	Re-Payments up to 31-03-2014	Loans Out standing as on 31-03-2014
CC Limits - SBH	1200252733	8084151000	8034395122	1250008611
CC Limits operated by MPL	39050			39050
<b>Total CC Limits (A)</b>	<b>1200291783</b>	<b>8084151000</b>	<b>8034395122</b>	<b>1250047661</b>
<b>Short Term Loans</b>				
	3000000000	0	3000000000	0
Andhra Bank TPT Hyd.	5250000000	0	5250000000	0
SBH	1000000000	0	1000000000	0
Syndicate Bank Hyd.	3750000000	1750000000	5500000000	0
Bank of India Hyd	2000000000	2000000000	4000000000	0
Vijaya Bank Hyd	3000000000	0	3000000000	0
Indian Bank TPT	6000000000	2000000000	8000000000	0
Punjab&sindh Bank Hyd	2000000000	2000000000	4000000000	0
Central Bank of India	2500000000	0	2500000000	0
Canara Bank	3000000000	3000000000	6000000000	0
REC	1833333333	0	1833333333	0
<b>Total Short Term Loans (B)</b>	<b>3333333333</b>	<b>10750000000</b>	<b>4408333333</b>	<b>0</b>
<b>APTRANSCO Loan (C)</b>	<b>4237981000</b>	<b>0</b>	<b>861800000</b>	<b>3376181000</b>
<b>Grand Total (A+B+C)</b>	<b>38771606116</b>	<b>18834151000</b>	<b>52979528455</b>	<b>4626228661</b>

(a).During the year, short term loans payable to various banks to the extent of ₹ 3083 crores have been converted into long term loans. Refer Note. 3 para 6.

(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 ₹ 2.84 crores, b) Security Deposits ₹ 29.72 crores c) Retention Money ₹ 68.84 crores d) EMD ₹ 6.62 crores e) Contributory work Deposits ₹ 25.82 crores and f) Temporary Supply Deposits ₹ 12.57 crores g) others ₹ 3.07 crores.

**Note No. 7- TRADE PAYABLES**

Amount in Rs.

<u>Other Current Liabilities</u>	As at 31 March 2014	As at 31 March 2013
	₹	₹
1.Sundry Creditors for Power Purchase	17784778020	24829450968
2.Sundry Creditors for Others	4533509349	3704270590
<b>Total</b>	<b>22318287369</b>	<b>28533721558</b>

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.

2. Confirmations of balance as on 31.03.14 from the Generating Companies/ Suppliers of power are yet to be obtained and these balances are subject to reconciliation and adjustments. The Power Purchase creditors of ₹ 1778.48 crores (Previous Year ₹ 2482.94 crores) is under reconciliation and confirmations is yet to be received.

3. Sundry Creditors for Power Purchase includes Transmission Charges payable to APTransco as on 31.03.2014 is ₹ 110.11 Crores(Previous year ₹ 208.25 crore).

4. Sundry creditors for others includes: a) Material creditors & Service/works creditors ₹ 54.13 crores c) Pension ₹ 22.80 crores d) Salaries Liabilities ₹ 36.85 crores e) Insurance ₹ 2.22 crores g) R&R Bank Loans ₹ 4.57 crores h) Year end provisions for salaries, Adm & Gen Expenses, R&M, Interest & Finance Charages and O&M and capital works etc., ₹ 164.27 crores i) others ₹ 168.51 crore.

5. Trade payables worth of ₹ 665.28 crores have been converted into bonds - refer Note 3 para 6

**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 2014	As at 31 March 2013
	₹	₹
<u>(a) Current maturities of long-term debt</u>		
REC	3110245529	3491015102
PFC	112632929	71687277
SYNDICATE BANK	31015444	46017621
Bank of Baroda	43348179	43513416
Government Loan From AP	60567000	60567000
<u>(b) Interest accrued and due on borrowings</u>		
i) Vidyut Bonds	313100000	0
ii) Group Insurance Savings Fund	47482281	41594693
iii) Other Liabilities	328248229	323266768
c) Pool Imbalance Account	400516898	0
<b>Total</b>	<b>4447156489</b>	<b>4077661877</b>

1. Inter unit account shows a net difference (credit) of ₹ 31.34 Crores (Previous year (Credit) of ₹ 31.58 Crores) as at 31-03-2014 which is subject to reconciliation.

2. The excess/shortfall in the pool bank account balance between the Distribution Companies on account of power purchase and sale of power is accounted as Pool Imbalance Account.



## Note No.9 SHORT TERM PROVISIONS

Amount in Rs.

<u>Short Term Provisions</u>	As at 31 March 2014	As at 31 March 2013
	₹	₹
Income Tax	8763204	8763204
Interest on Security Deposits	894349348	771365006
<b>Total</b>	<b>903112552</b>	<b>780128210</b>

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

2. Tax disputes with various authorities:

2.1 The Present stage of Entry Tax: Entry tax Act has been quashed by Hon'ble Andhra Pradesh High court by its common order on 31.12.2007. Accordingly, the APSPDCL claimed for refund of ₹ 9.84 crores 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 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	The CIT(Appeals), Guntur	249,935,110	Disallowance of unabsorbed depreciation claimed by the Company.
2009-10	The ITAT, Hyderabad.	23,712,210	Disallowance of Provisions claimed u/s 115JB for calculation of MAT.
2010-11	The 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.
2011-12	The CIT(Appeals), Guntur	1,495,265,230	Disallowance of Consumer Contributions treating it as Revenue Receipts, Prior Period Expenses and Distribution License Fees.

### Note No.-10 : NON - CURRENT ASSETS

**A) FIXED ASSETS**

Amount in Rs.

S NO	Asset Group	GROSS BLOCK			DEPRECIATION & AMORTISATION			NET BLOCK		
		At the end of the year 31-03-2013	Additions during the year	Adjustments/Deuctions during the year	At the end of the year 31-03-2013	Depreciation For the year	Adjustments/Deuctions during the year	Balance as at 04-2013	Balance as at 31-03-2014	
a. Tangible Assets										
1	Land and Land Rights	41690765	252480		41943245	-		41690765	41943245	
2	Buildings	445902942	91723226	11064	537615104	171549814	14430875	274353128	351634415	
3	Other Civil Works	94314948	49585953	19868	143881034	8672666	3539131	85642282	131669237	
4	Plant and Machinery	25812953795	2773870652	41327650	28545496796	11028661879	30865243	14784291916	15641392891	
5	Lines and Cable Net work	30473412848	1578985240	15911797	32036486291	16529970496	0	13943442352	13456405800	
6	Metering Equipment	3298254553	527950908	7583569	3818621892	1151647226	392737375	2146607328	2278250417	
7	Vehicles	32912021	0		32912021	29618701	2117	3293320	3291203	
8	Furniture and Fixtures	56076684	195607		56272291	47657871	642916	8418813	7971504	
9	Office equipment	219147877	2706542	223	221854196	190129797	1910121	29018080	29814279	
10	Computers & IT Equipment	170744713	5406637		176151350	84819594	21163153	85925119	70168603	
11	Low Value Assets	1552431	1281637	701	2833368	1552429	1280936	2	2	
Total		60646963577	5031958881	64854871	65614067587	29244280472	4392123888	31402683105	32012541596	

**b. Intangible Assets**

1	Software	23894419	-		23894419	18899860	3,969,561	22869421	4994559	1024998
2	Goodwill	11390000	-		11390000	11390000		11390000	-	-
	<b>Total</b>	<b>35284419</b>	<b>-</b>		<b>35284419</b>	<b>30289860</b>	<b>3,969,561</b>	<b>34259421</b>	<b>4994559</b>	<b>1024998</b>

**C. Capital work in Progress**

								7404980999	13760768316
	<b>Total</b>							<b>7404980999</b>	<b>13760768316</b>
	<b>Grand Total</b>	<b>60682247996</b>	<b>65649352006</b>	<b>29274570332</b>	<b>4396093449</b>	<b>33635785412</b>		<b>38812658664</b>	<b>45774334911</b>



1. Work Orders (AUC): The total work orders yet to be closed as on 31.03.2014 is 36,154, out of which 106 nos. pertaining to year 2010-11 and for the year 2011-12 is 1831 nos. and 2012-13 is 7948 nos. and for the 2013-14 is 26,269.
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 ₹ 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 2014	As at 31 March 2013
a) Share Capital in Resco- Kuppam, Chittoor	2905000	2905000
b) Investment in Shares of APPDC 16,78,10,000 shares of ₹ 10 each fully paid)	1678100000	1343500000
<b>Total</b>	1681005000	1346405000
Aggregate Book Value of Un Quoted Investments	1681005000	1346405000
<b>Total</b>	1681005000	1346405000

#### 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 ₹ 168.10 Crores upto 31.03.2014 (Previous year ₹ 134.35 Crores of ₹ 10 each fully paid)- towards its share capital in Andhra Pradesh Power Development Company Limited.

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

Amount in Rs.

Long Term Loans and Advances	As at 31 March 2014	As at 31 March 2013
	₹	₹
Loans and advances to suppliers/ contractors, employees and other related parties	1894114797	2070119722
Less: Provision of Doubtful Advances	271920363	271920363
<b>Total</b>	<b>1622194434</b>	<b>1798199359</b>

a) Loans and Advances to Directors - NIL.

b) Loans Guaranteed by Directors During the FY 2013-14 - Nil.

**Note 13 INVENTORIES**

Amount in Rs.

<u>Inventories</u>	As at 31 March 2014	As at 31 March 2013
	₹	₹
Stores and spares	1694707144	1506260854
Less: Materials stock excess/shortage pending investigation	(2161)	0
Less: Provision for non-moving and obsolete stock	(105342355)	(137386721)
<b>Total</b>	<b>1589362628</b>	<b>1368874133</b>

1. Inventories:

a. There is a net excess of ₹ 2161 (Previous year ₹ Nil) between the physical inventory of stores and spares (as certified by the management) and the value as per the financial ledger as on 31.03.2014. The same has been regularised in May, 14.

b. Inventory includes ₹ 4.64 crores (Previous year ₹ 10.33 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 ₹ 27.26 crores.

d. The excess Provision of ₹ 3.20 crores as on 31.03.14 has been reversed for the current year towards Non-moving, unserviceable and obsolete inventories.

e. The Inventory position is as follows :

Opening Stock	₹ 150.62 Crores *
Receipts during the year	₹ 616.00 Crores
Issues during the year	₹ 597.15 Crores
Closing Stock	₹ 169.47 Crores *

\*including provision for non-moving, obsolete and unserviceable stock of ₹ 10.53 crores (Previous year ₹ 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 2014	As at 31 March 2013
	₹	₹
Accrued Income from Sale of Power - A	15317499391	23057676299
<b>SUNDRY DEBTORS</b>		
Debts Outstanding Less than one year	2122309000	2276713000
Debts Outstanding More than one year	5759531592	4710564098
	7881840592	6987277098
Considered Good	6868340592	5973777098
Considered Doubtful	1013500000	1013500000
Total Debtors Outstanding	7881840592	6987277098
Less: Provision for doubtful debts	1013500000	1013500000
Net Debtors - B	6868340592	5973777098
<b>Total - A + B</b>	<b>22185839983</b>	<b>29031453397</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. However, during the current FY 2013-14 the two spells billing of the previous month taken into current month Trial Balance instead of second spell of previous month and first spell of current month in the previous years.

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

S Dr Unbilled Rev	9518053902
FSA 2011-12	5799445489
Total	15317499391

2. Debtors:

2.1 The credit balance in the Sundry debtors amounting to ₹ 232.00 Crores (Previous year ₹ 18.47 crores) is netted off from the Sundry debtors.

2.2 As per the Financial ledger the Sundry debtors account shows a balance of ₹ 788.18 crores where as, as per the Consumer ledger the balance shown is ₹ 825.71 crores and there is a opening balance difference of ₹ 37.91 crores which is available in GL A/c.No.2300290 & 2300310, which is (Previous year ₹ 33.84 crores).The net difference between Consumer Ledger and Financial Ledger is ₹ 0.38 Crore is under reconciliation.

2.3 Arrears accumulated in debtors over and above 4 years is ₹ 221.84 crores and provided for doubtful debts is ₹ 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 ₹ nil).

### Note No.15 CASH & CASH EQUIVALENTS

Amount in Rs.

Cash & Cash Equivalents	As at 31 March 2014	As at 31 March 2013
	₹	₹
a) Cash on Hand (including cheques, DD's and Stamps on Hand)	238822402	191510048
b) Balance with Scheduled Banks		
i) in current A/c	3050933660	2694512414
ii) in Deposit Accounts	788767163	346881625
c) Remittances in Transit	26181184	13040467
<b>Total</b>	<b>4104704409</b>	<b>3245944554</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. Remittance-in-transit includes Cheques and DDs on hand amounting to ₹ 2.45 crores (Previous Year ₹ 0.51 crores) as at 31.03.2014 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 2014	As at 31 March 2013
	₹	₹
a) Share Application Amount with APPDC	379900000	163400000
b) Tax Deducted at Source	15075140	10568317
c) Prepaid Income Tax	71327971	47615761
d) Advance Fringe Benefit Tax	1992445	1992445
e) Deposits with Others	98574266	94607673
f) Pool Imbalance account	0	693214855
g) Advance to cheyyur power project	8908000	8908000
<b>Total</b>	<b>575777822</b>	<b>1020307051</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.

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



### Note No.17 : OTHER CURRENT ASSETS

Amount in Rs.

Other Current Assets	As at 31 March 2014	As at 31 March 2013
	₹	₹
i) from GOAP	25739527420	24071257486
Less: Provision for Govt.Receivables	23820688024	23820688024
	1918839396	250569462
ii) from others	576614963	508223919
<b>Total</b>	<b>2495454359</b>	<b>758793381</b>

1) Others includes total Cash Embezzlement at Thiruvvur ERO, Vijayawada Circle is ₹ 84.50 Lakh.

2) An amount of ₹ 250.17 Crores is claimed as interest from the Govt of Andhra Pradesh on Bonds (Refer Note No.3.6).

### Note No - 18 : REVENUE FROM OPERATIONS

Amount in Rs.

REVENUE FROM OPERATIONS	Figures as at the end of current reporting period 2013-14	Figures as at the end of previous reporting period 2012-13
	₹	₹
1. Revenue from Sale of Power		
a) Between DISCOMS	(63354251)	(86838290)
b) L.T.Supply	33431970511	34555650124
c) H.T. Supply	39118561274	30284912678
2. Income from Inter State Sale of Power	414426265	201752783
3. Other Receipts	1054462711	1054962681
Revenue from Sale of Power	73956066510	66010439976
Less: Electricity Duty	681576682	659206265
<b>Net Revenue from sale of power</b>	<b>7327448928</b>	<b>65351233711</b>

Consumption figures for the year 2013-14 is given below are based on the actual consumption in respect of categories I to VIII except in case of category 5 - Agriculture which is based on the readings of meters provided on the LV side of the distribution transformers feeding agricultural loads.

Low Tension (LT)	Units in MUs	% of total units sold	Avg.Real. in ' per unit
Domestic supply - Category - I	4428.14	36.35%	2.92
Non-Domestic supply - Category - II	977.02	8.02%	7.76
Industrial Supply- Category - III	866.11	7.11%	6.64
Cottage Industries - Category - IV	21.58	0.18%	3.82
Irrigation and Agriculture - Category - V	5513	45.26%	0.00
Public Lighting - Category - VI	327.53	2.69%	5.18
General Purpose - Category - VII	47.13	0.39%	6.49
Temporary Supply - Category - VIII	0.97	0.01%	0.04
<b>LT. Total</b>	<b>12181.94</b>	<b>100.00%</b>	<b>2.33</b>
High Tension (HT)			
Industrial Segregated - Category - I	4412.70	75.53%	6.49
Industrial Non-Segregated - Category - II	455.35	7.79%	7.47
Irrigation and Agriculture - Category - IV	48.69	0.83%	1.91
Railway Traction - Category - V	646.15	11.06%	6.27
Colony Lighting - Category - VI	22.16	0.38%	5.94
Electricity Co-Operative Societies	257.39	4.41%	0.34
Temporary Supply	0.08	0.00%	0.00
<b>HT. TOTAL</b>	<b>5842.52</b>	<b>100.00%</b>	<b>6.23</b>
<b>LT + HT Total (FY 2013-14)</b>	<b>18024.46</b>	<b>100.00%</b>	<b>3.59</b>
<b>LT + HT Total (Previous Year 2012-13)</b>	<b>16444.84</b>	<b>100.00%</b>	<b>3.20</b>

**Note No - 19 : OTHER INCOME**

Amount in Rs.

OTHER INCOME	Figures as at the end of current reporting period 2013-14	Figures as at the end of previous reporting period 2012-13
	₹	₹
1. Interest on Staff Loans & Advances	1745194	676462
2. Delayed Payment Charges from Consumers	1555951261	1257020590
3. U I (Unscheduled Inter Change) Income	79299566	39470857
4. Miscellaneous Receipts	529297470	561378887
5. Amortization of Capital Contributions	1522045766	1347667070
SUB-TOTAL	3688339257	3206213867
6. Income relating to Prior Years		
a) Prior Period Receipts	(40086300)	(12270224)
b) Other Excess Provisions	(338230)	(573932)
SUB-TOTAL	(40424530)	(12844156)
7. Prior Period Expenses / Losses		
a) Operating Expenses	(3628615)	(152904)
b) Employee Costs	151911	(2666755)
c) Interest & Other Finance Charges	28173	138704
d) Prior Periods other charges	465301	3818324
SUB-TOTAL	(2983231)	1137369
Net prior period credits/(charges) ( 6 - 7 )	(37441299)	(13981525)
<b>OTHER INCOME- TOTAL</b>	<b>3650897958</b>	<b>3192232342</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.

**Note No - 20 : REVENUE SUBSIDIES AND GRANTS**

Amount in Rs.

REVENUE SUBSIDIES AND GRANTS	Figures as at the end of current reporting period 2013-14	Figures as at the end of previous reporting period 2012-13
	₹	₹
1. Tariff Subsidy from Government	18679400000	13730000000
Total	18679400000	13730000000



**Note No. 21 : COST OF POWER PURCHASE**

Amount in Rs.

COST OF POWER PURCHASE	Figures as at the end of current reporting period 2013-14	Figures as at the end of previous reporting period 2012-13
	₹	₹
1. Transmission & SLDC Charges	3904902996	4279995895
2. Power Purchase & Others	76926699515	74747192736
Cost of Power Purchase	80831602511	79027188631
Less: Rebate on Power Purchase	295338950	363635009
Power Purchase Cost after Rebate	80536263561	78663553621

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.

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

3. The company has paid ₹ 1.53 Crores (Previous year ₹ 17.92 crores) as Unscheduled inter change charges. This has been accounted to Power Purchase Cost.

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.

5. The power purchase cost includes ₹ 218.67 Crore due to NCE vendors as per the directions given by the Hon'ble Supreme court of India against the orders of APTEL. As against this ₹ 218.67 crore, an amount of ₹ 107.31 crore paid during March, 2014.

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

Energy Purchased	Purchases	Amount
	In Mus	In Crores
FY: 01-02	8838.00	1729.15
FY: 02-03	9561.00	1965.19
FY: 03-04	10026.00	1987.96
FY: 04-05	11060.00	2050.99
FY: 05-06	10983.85	2238.98
FY : 06-07	12329.55	2564.00
FY : 07-08	12663.01	3012.16
FY : 08-09	13805.48	4228.55
FY: 09-10	15741.05	4592.51
FY: 10-11	16449.08	5061.12
FY: 11-12	18474.87	6339.00
FY: 12-13	18417.74	7902.72
FY: 13-14	20179.12	8083.16

**Note No - 22 : EMPLOYEE BENEFIT EXPENSES**

Amount in Rs.		
EMPLOYEE BENEFIT EXPENSE	Figures as at the end of current reporting period 2013-14	Figures as at the end of previous reporting period 2012-13
	₹	₹
1. Salaries, Wages and Bonus	5932872272	5469413938
2. Pension Contribution & Terminal Benefits	3339087722	789954479
3. Employees Welfare expenses	16069702	15641627
	9288029696	6275010044
Less: Employees Cost Capitalised	746926001	512823744
<b>Total</b>	<b>8541103696</b>	<b>5762186300</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 ₹ 23.05 crores (Previous Year ₹ 19.46 crores) has been contributed.

**Note No. - 23 : FINANCIAL COSTS**

Amount in Rs.		
Financial Costs	Figures as at the end of current reporting period 2013-14	Figures as at the end of previous reporting period 2012-13
	₹	₹
1. Interest on State Government Loans/REC/PFC	2673602973	2239563140
2. Interest on loans from Financial Institutions and Banks (short term Loan)	1376885557	3838751624
3. Interest on others(Interest on Consumption Deposit etc)	936208601	832991127
	4986697131	6911305891
Less: Interest and Finance Charges Capitalised	669706254	282424054
Less: Interest on Fixed Deposits/Short term investments	88616943	80272419
<b>Total</b>	<b>4228373933</b>	<b>6548609418</b>

a) Interest Capitalization: Interest capitalized during the year is ₹ 66.97 crores (Previous Year ₹ 28.24 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 EXPENSES**

Amount in Rs.

Depreciation & Amortization expense	Figures as at the end of current reporting period 2013-14	Figures as at the end of previous reporting period 2012-13
	₹	₹
Depreciation	4392123888	4006808155
Amortization	3969561	3969561
<b>Total</b>	<b>4396093449</b>	<b>4010777716</b>

**NOTE NO. 25 : OTHER EXPENSES**

Amount in Rs.

	Other Expenses	Figures as at the end of current reporting period 2013-14		Figures as at the end of Previous reporting period 2012-13	
		₹	₹	₹	₹
1	Licence fees		14498532		14530399
2	Repairs and Maintenance to				
	a) Plant and Machinery	1190553156		979810800	
	b) Buildings	1596130		1745523	
	c) Others	25377647	1217526933	22291757	1003848081
3	Rent (including Lease Rentals)		14682853		11637161
4	Rates & Taxes		13786683		6036311
5	Insurance		613350		555532
6	Telephone Charges		46311441		41422674
7	Postage & Telegrams		2179903		2081735
8	Legal Charges		8406999		20775452
9	Audit Expenses and Fees : of				
	a) Statutory Audit				
	Fees(Incl.Cost audit)	1162926		1123600	
	b) Audit Expenses	450000		207756	
	c) Tax Audit Fees	112360	1725286	112360	1443716
10	Other Professional Charges		283605307		267840923
11	Printing & Stationery		19324491		23067603
12	Advertisement		9373004		13263249
13	Electricity Charges		92075363		64522824
14	Conveyance and Traveling		173546710		174699169
15	Other Expenses		168943580		196890085
16	Miscellaneous provisions/losses/ write-offs		(24854684)		8640842852
17	Provision for Govt.Receivables		0		23624480968
18	SRPC Charges		1396829		
			2043142579		34107938733
	Less: Administration & General Expenses Capitalised		131810487		90498327
	<b>Total</b>		<b>1911332093</b>		<b>34017440407</b>

**NOTE NO. 26 : OTHER NOTES**

- 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 31.03.2014 are subject to reconciliation and confirmation and adjustments.
- Service tax liability on supervisory charges included in DC works, since under quantification, no provision has been made
- Segment Reporting as per AS-17, since distribution and retails supply of power comprises primary and reportable segment, hence not applicable
- Previous year figures have been regrouped/re-classified wherever necessary.
- Amounts have been rounded off to nearest rupee.
- There are no dues pending as at 31st March 2014 to suppliers/ contractors/ service providers who are registered as Micro, Small Or Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.
- Related party disclosures.

<b>Payments and Benefits to Directors</b>				<b>Amount in Rs.</b>	
<b>Sl. No</b>	<b>Particulars</b>	<b>F.Y : 2013-14</b>		<b>FY : 2012-13</b>	
		<b>Chairman and Managing Director</b>	<b>Other Directors</b>	<b>Chairman and Managing Director</b>	<b>Other Directors</b>
		<b>₹</b>	<b>₹</b>	<b>₹</b>	<b>₹</b>
1	Salary / Remuneration	686160	3941192	1007586	2448062
2	Travelling Expenses	169434	440213	255067	422011
	<b>Total</b>	<b>855594</b>	<b>4381405</b>	<b>1262653</b>	<b>2870073</b>

**Key Management Personnel:**

<b>Name</b>	<b>Remuneration for 2013-14</b>	<b>Remuneration for 2012-13</b>
H.Y.Dora	686160	0
Mr.K.Vidya Sagar Reddy	505990	1007586

**8. Court Cases/ Legal Disputes/ Contingent Liabilities**
**Rs. in Crores**

<b>Particulars</b>	<b>31-03-2014</b>	<b>31-03-2013</b>
	<b>₹</b>	<b>₹</b>
i. Claims against the company not acknowledged as debts	3.38	2.15
ii. Estimated amount of contracts remaining to be executed on capital account and not provided for	446.07	861.14



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

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

**2. Income & Expenditure :**

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

**3. Revenue Recognition :**

- i) Revenue from sale of power is recognized
  - a) in respect of completed billing cycle, on the basis of demand raised
  - b) in respect of uncompleted billing cycle, on the basis of estimation and
  - c) in respect of billing towards theft of power, upon certification of assessment by the competent authority of the company.
- ii) Other Income is recognized on accrual basis except interest on employee loans which is recognized on cash basis.

**4. Power Purchase:**

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

**5. Fixed Assets:**

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

**6. Depreciation :**

- i) The Company is charging Depreciation at the rates notified under G.O No.265 (SE) dated 27.03.1994 issued under Electricity Supply Act, 1948.
- ii) Depreciation has been provided on Straight Line Method over the 'estimated useful life of the asset' on the Gross Block of Assets.
- iii) Depreciation on deletion to Assets during the year is charged on prorata basis
- iv) Depreciation on the asset is not charged from the year in which:
 

Current year depreciation along with the depreciation charged in the previous year(s) becomes equal to more than 90 percent of the cost of the asset or

The asset permanently ceases to be used by the Company whichever is earlier.

**7. Capital work in progress :**

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

**8. Investments :**

- i) Non Current investments are valued at cost.
- ii) Current investments are valued at cost or market value whichever is lower.

9. Inventories :  
Inventories representing Stores and Spares are valued at weighted average cost basis. The cost includes insurance, freight, taxes and all other connected expenses.
10. Borrowing Cost :  
Interest during construction is calculated and capitalised at the rate specified for each scheme from the date of expenditure incurred till the date of capitalization.
11. Liabilities:  
All known liabilities are recorded and provided in the accounts.
12. Employees' Retirement Benefits :  
The Company follows defined benefit plan with regard to Pension & Gratuity through APSPDCL Pension & Gratuity Trust. The actuarial valuation for Employee Retirement Benefits in respect of Pension and Gratuity is being done at the intervals not exceeding three years. Accordingly provisions are made at the rates prescribed in the actuarial valuation.
13. Government Grants and Consumer Contribution:  
a) Grants, subsidies and Consumer contributions received on capital account are amortized and recognized in the Profit & loss Account as per weighted average rate of depreciation on the Gross Block of Assets to which they pertain to.
14. Intangible Assets :  
Intangible Assets are amortized over the useful life of the assets.
15. Taxes on Income :  
a. Current Tax is determined as the amount of tax payable in respect of taxable income for the period.

As per our report of even date

For M/s Ramraj & Co.

Chartered Accountants.

Firm No: 002839S



CAM.C.VENKATNATH

Partner.

Membership No: 210007

For and on behalf of the Board



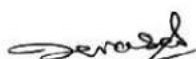
H.Y.DORA

Chairman & Managing Director



SYED BILAL BASHA

Director (Finance)



T. HANUMATH PRASAD

Chief General Manager (Finance)



B.V.S. PRAKASH

Company Secretary

Place : Tirupati

Date : 22 .07. 2014



**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.	: U40109AP2000SGC034118
State Code	: 01
Balance Sheet Date	: 31-03-2014
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	: 80028674
Total Assets	: 80028674
Sources of Funds	
Paid up Capital	: 3587153
Reserves & Surplus	: (49046506)
Deferred Capital Contributions	: 13190297
Secured Loans	: 38272131
Unsecured Loans	: 22562807
Application of Funds	
Net Fixed Assets	: 32013567
CWIP	: 13760768
Investments	: 1681005
Net Current Assets	: (2838473)
Miscellaneous Expenditure	: -
IV. Performance of the Company	: (Rupees in Thousands)
Turnover	: 95604788
Total Expenditure	: 99613167
Profit/(Loss) before Tax for the Year	: (4008379)
Profit/(Loss) after Tax for the Year	: (4008379)
Net Prior Period Credits/(Charges)	: -
Profit after Contingency Reserve	: (4031153)
Earnings per Share	: (11.24)
V. Generic Names of Principal products/ Services of the Company	NIL
PAN NO	AAHCS4056Q
Item Code No.	N.A.
Product Description	Distribution of Power

## **PROXY FORM**

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

CIN:

Name of the company:

Registered office:

Name of the member (s)

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: ..... Address: .....

E-mail Id: .....

Signature: ....., or failing him

2. Name: ..... Address: .....

E-mail Id: .....

Signature: ....., or failing him

3. Name: ..... Address: .....

E-mail Id: .....

Signature: ....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the .....Annual general meeting/ Extraordinary general meeting of the company, to be held on the ..... day of..... At..... a.m. / p.m. at.....(place) and at any adjournment thereof in respect of such resolutions as are indicated below:

### **Resolution No.**

1.....

2.....

3.....

Signed this..... day of..... 20....

Signature of shareholder

Signature of Proxy holder(s)

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.









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

**# 19-13-65/A, Srinivasapuram, TIRUPATI - 517503. A.P.**

**Ph: (0877)2284109, Fax: 0877-2284111**

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