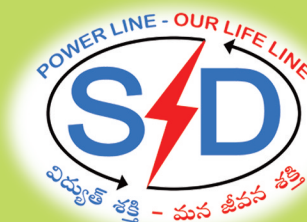


# SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

**TIRUPATI**



## 19<sup>th</sup> ANNUAL REPORT 2018 - 2019



Regd. Office : H.No. 19-13-65/A, Tiruchanoor Road,  
Behind Srinivasa Kalyana Mandapam, Kesavayanagunta, Tirupati,  
Andhra Pradesh, INDIA.  
Corporate Identity Number : U40109AP2000SGCO34118

19<sup>th</sup> ANNUAL REPORT 2018-2019

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QR SCAN CODE

### SOUTHERN POWER MOBILE APP

- › View & pay your electricity bills from your mobile
- › Register & track complaints through your mobile
- › Get payment history of last 10 transactions
- › Get the power supply information of your area
- › Get bill reminders
- › Provide your valuable feedback



Avoid Stay in

'Q'



and Pay Your Power Bills bu Using Mobile App



### SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

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Behind Srinivasa Kalyana Mandapam, Kesavayanagunta, Tirupati,  
Andhra Pradesh, INDIA.  
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## **SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED**

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

Corporate Identity Number, U40109AP2000SGC034118

Telephone No. 0877-2284109

Fax : 0877 - 2284112

Email : [cmd@southernpowerap.co.in](mailto:cmd@southernpowerap.co.in) Website : [apspdcl.in](http://apspdcl.in)

### **BOARD OF DIRECTORS :**

**SRI H.HARANATHA RAO**

CHAIRMAN & MANAGING DIRECTOR

**SRI M.M.NAYAK, IAS**

CHAIRMAN & MANAGING DIRECTOR

(upto 08.06.2019)

**SRI. DINESH PARUCHURI, IRS**

INDEPENDENT DIRECTOR

**SRI K.SITHARAMARAJU, IRAS**

DIRECTOR/FINANCE

**SMT N.P.DURGA**

WOMAN/INDEPENDENT DIRECTOR

**SRI M.VENKATESULU**

DIRECTOR/TECHNICAL

**SRI I.MOHAN RAO**

NON-WHOLE TIME DIRECTOR

**COMPANY SECRETARY**

**CS. B.V.S.PRAKASH, FCS**

### **AUDITORS**

**Cost Auditors:**

Secretarial Auditors

**BANKERS:**

KOMANDOOR & CO.TIRUPATI.

M/s NARASIMHA MURTHY & CO., HYDERABAD

M/s GMVDR & ASSOCIATES, HYDERABAD

STATE BANK OF HYDERABAD,

STATE BANK OF INDIA

### **REGISTERED OFFICE :**

D.No.19-13-65/A,

TIRUCHANOOR ROAD,

BEHIND SRINIVASA KALYANA MANDAPAM,

KESAVAYANAGUNTA,

TIRUPATI-517 503, CHITTOOR (DIST)

ANDHRA PRADESH

TELEPHONE : (0877) 2284109,

FAX : (0877) 2284112

PAN No. AAHCS4056Q

GSTReg No : 37AAHCS4056Q2ZM

TIN No. 37210282716







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

### OUR VISION

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

### OUR MISSION

#### Operational Objectives :

- ❖ 9 hours quality supply to agricultural consumers.
- ❖ Providing 24x7 uninterrupted power supply to all the consumers.
- ❖ Providing better service to the consumers.

#### Social Objectives :

- ❖ Minimisation of Electrical Accidents.
- ❖ Prompt Implementation of all Govt schemes.
- ❖ Reducing transformer failures.

#### Commercial Objectives :

- ❖ Minimizing of Aggregate Technical and Commercial Losses.
- ❖ Increasing of metered sales.
- ❖ Eliminating pilferage of energy.

#### Regulatory Objectives :

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

### CORE VALUES

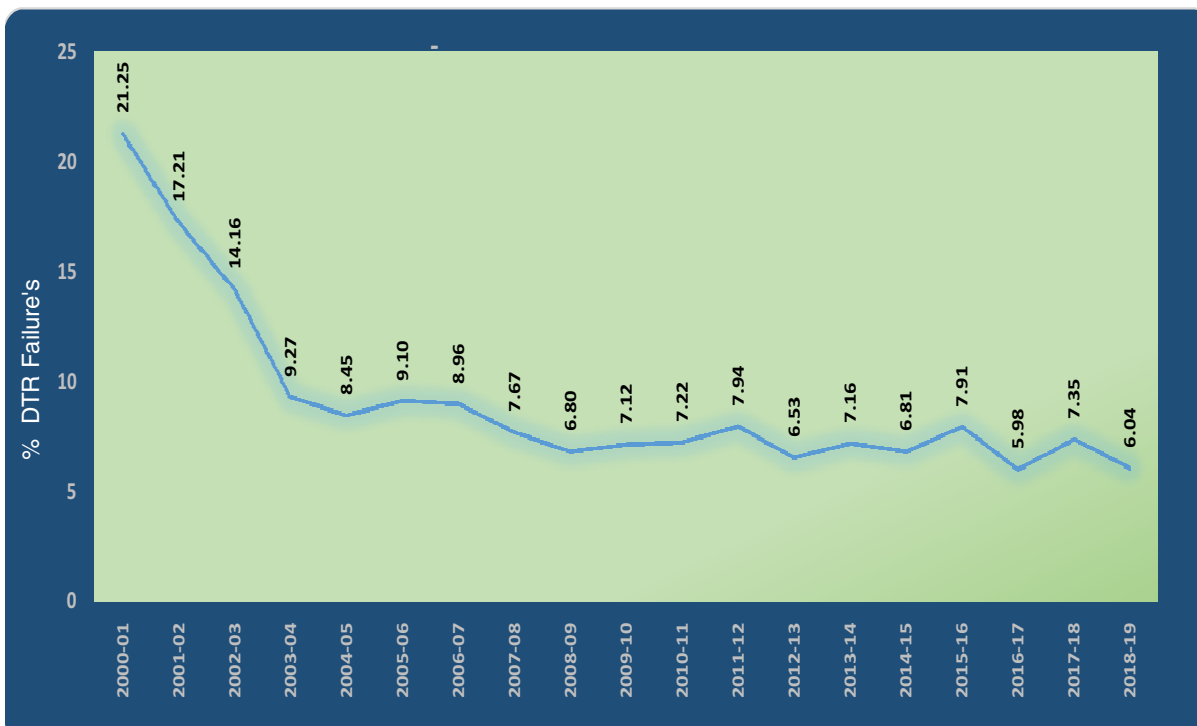
- ❖ Excellence in all aspects of the company.
- ❖ Honesty, integrity and ethical business.
- ❖ People, as the source of strength.
- ❖ Respect for the individual and personal growth.
- ❖ Tackling challenges and solving problems.
- ❖ Continued self improvement, never being satisfied.

*Energy saved is . . . . . Energy produced*

## APSPDCL PERFORMANCE HIGHLIGHTS

Year ended 31 <sup>st</sup> March	2019	2018	2017	2016	2015	2014
Units Sold (Million Units)	34888.89	31335.03	30734.43	28709.57	26361.61	18024.46
No. of 33/11 KV Sub stations	2205	2,157	2045	2015	1982	1461
Length of 33 KV line in KM	19997.88	19,684	18800	18660	18518	13042.38
Length of 11 KV line in KM	188789.72	1,80,435	173284	148615	143345	105673.92
Length of LT line in KM	261604.72	2,45,381	240136	217185	212289	156179.42
Number of Distribution Transformers	735586	6,98,305	544505	512619	460455	313976
Number of Power Transformers	2786	2669	2625	2592	2563	1884
No of Consumers	12278356	1,18,22,731	1,13,79,916	1,07,01,263	1,02,72,545	76,10,665
Distribution Losses (%)	8.26	8.31	8.47	8.48	10.31	10.68
Distribution Transformer failures (%)	7.1	7.35	5.98	7.91	6.81	7.16
AT & C Losses	11.46	11.01	14.42	11.84	12.16	11.68
Average Realisation per unit (₹)	4.29	4.34	4.50	4.50	3.50	3.59
<b>Financial Data (₹ In Crores)</b>						
Total income	23674.14	20499.44	16647.60	14928.6732	14611.43	9560.4787
Total Expenditure	31355.00	20503.94	18535.28	18356.0143	16286.13	9961.3166
Surplus / (Deficit)	(7680.87)	( 4.50 )	( 1887.68 )	(3427.3411)	( 1677 )	(4031.1533)
Paid up Equity Capital (₹ In Crores)	358.71	358.71	358.71	358.71	358.71	358.71

**Distribution Transformer Failure'S**

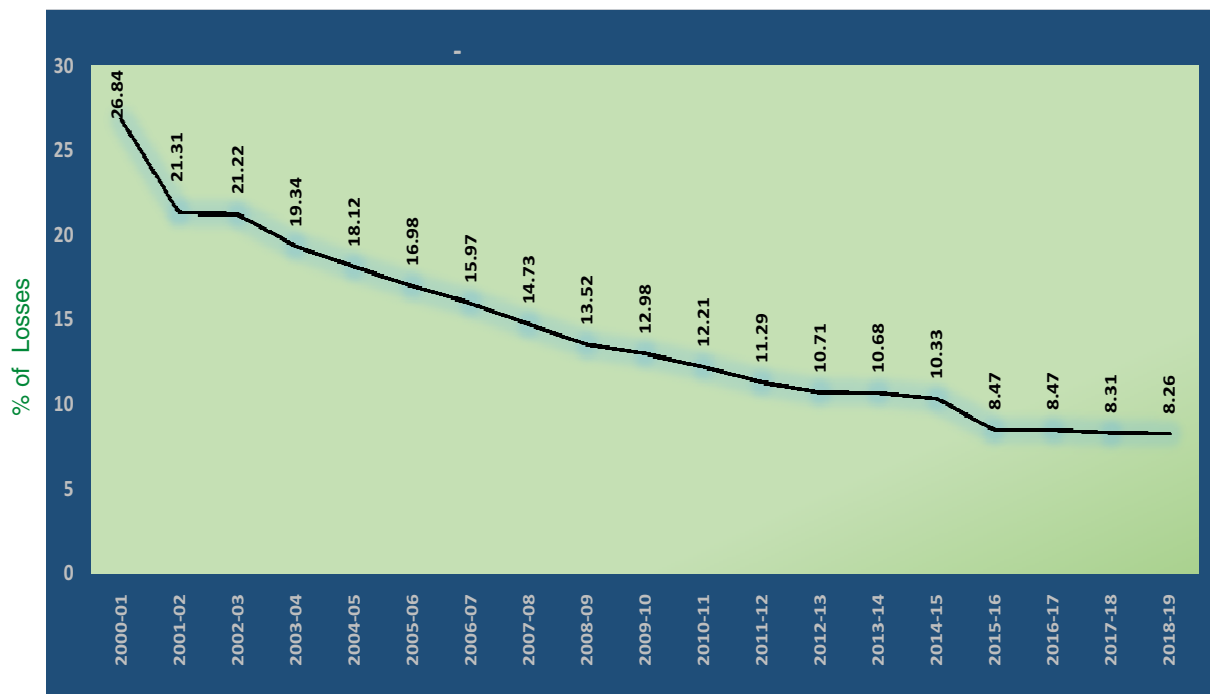


**AT & C Losses (%)**





**Distribution Losses (%)**



**Energy Sales**



# **19<sup>th</sup> ANNUAL REPORT 2018-2019**

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# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

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



Corporate Identity Number : U 40109AP2000SGC034118  
Telephone No. 0877-2284109 Fax : 0877 -2284112  
Email : cmd@southernpowerap.co.in Website : apspdcl.in

## Chairman & Managing Director's Statement

**Dear Shareholders,**

It is my pleasure to present the 19<sup>th</sup> (Nineteenth) Annual Report of Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati for the financial year 2018 -19.

I wish to inform that the Accounts of all the circles are prepared and it is successfully managed to implement many schemes during the year 2018-2019 in all the circles.



A brief General profile of the Company is furnished below :

S.No	Particulars	
1	Total Area under the control	1,18,119 Sq K.M
2	No. of Districts	8
3	No. of Zones	3
4	No. of Divisions	48
5	No. of Sub-Divisions	168
6	No. of EROs	76
7	No. of Sub-EROs	57
8	No. of Mandals	438
9	No. of Assembly constituencies	107

## Performance Review:

S. No.	Particulars	As on 31.03.2018	During the year 2018-19	As on 31.03.2019
1	Number of 33/11 KV Sub stations	2157	48	2205
2	Length of 33 KV line in KM	19684	313.88	19997.88
3	Length of 11 KV line in KM	180435	8354.72	188789.72
4	Length of LT KV line in KM	245381	15683.72	261604.72
5	Number of Distribution Transformers	698305	37281	735586
6	Power Transformers	2669	117	2786
7	Number of Consumers	11822731	455625	12278356
Year ended 31 <sup>st</sup> March		2017-2018	2018-2019	
Distribution Losses (%)		8.31	8026	
Distribution Transformer failures (%)		7.35	7.1	
AT & C Losses (%)		11.01	11.46	

**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 54110 cases were registered during the year 2018-19 .  
An amount of ₹ 5,53,96,500 were collected from Compounded cases.

**Board Meetings:**

The Board held its Four meetings on 13.06.2018, 20.08.2018, 14.12.2018, 22.03.2019 in the financial year 2018-19.

**Audit Committee Meetings:**

During the year under review, the Audit Committee has met 3 times on 20.08.2018, 14.12.2018 and on 22.03.2019.

**Corporate Social Responsibility Committee Meetings:**

In compliance with the provisions of Section 135 of the Companies Act, 2013, during the year under review, the CSR Committee has met on 20.08.2018.

**The Corporate Social Responsibility Policy:**

The CSR Committee recommended the CSR Policy to the Board. The Board in its 92<sup>nd</sup> meeting held on 21.07.2015 approved the CSR policy of the Company. The CSR policy was placed in the Website of the Company.

**Nomination and Remuneration Committee Meetings:**

In compliance with the provisions of Section 178 of the Companies Act, 2013, during the year under review, the Committee has met on 20.08.2018.

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.



**H. HARANATHA RAO**

Chairman & Managing Director



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

Regd. Office : H. No. 19-13-65/A Tiruchanoor Road,  
Behind Srinivasa Kalyana Mandapam, Kesavayanigunta, Tirupati, Andhra Pradesh, INDIA.  
Corporate Identity Number, U 40109AP2000SGC034118

Telephone No. 0877-2284109

Fax : 0877 -2284112

Email : cmd@southernpowerap.co.in

Website : www.apspdcl.in

### **NOTICE**

NOTICE is hereby given that the 19<sup>th</sup> (Nineteenth) Annual General Meeting of M/s. Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati will be held **on MONDAY, the 23<sup>rd</sup> of DECEMBER, 2019 AT 11.30 Hrs (11.30 A.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 at a shorter notice:

#### **Ordinary Business:**

1. **To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup>, March 2019 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.**

#### **Draft Resolution:**

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

“RESOLVED THAT the Audited Balance Sheet of the Company as on 31<sup>st</sup> March, 2019 the Profit & Loss Account and Cash flow statement for the year ended as on that date together with the Directors' Report, the Auditors' Report & Management replies, the Supplementary Audit Report of the Comptroller and Auditor General of India & Management replies and Secretarial Audit Report thereon for the F.Y. 2018-2019 as laid before the members at this meeting be and are hereby considered and adopted.”

2. **To take note of Statutory Auditor's appointment of M/s S.R.MOHAN & CO., Chartered Accountants, Anurag G- 79, First Main Road, Annanagar East, Chennai - 600102 made by the Comptroller and Auditor General of India for the financial year 2019-20 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 Year 2019-20 as per Section / Clause 142 of the Companies Act, 2013.**

#### **Draft Resolution:**

“RESOLVED THAT the appointment of M/s S.R.MOHAN & CO., Chartered Accountants, Anurag G- 79, First Main Road, Annanagar East, Chennai - 600102 as Statutory Auditors of the Company for the Financial Year 2019-2020 U/s 139 of Companies Act, 2013 vide Lr.No. **CA.V/COY/ANDHRA PRADESH, SOUPOW(1) /268, Dt.02.08.2019** of the Comptroller and Auditor General of India, New Delhi be and is hereby 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 hereby authorised to fix the remuneration and reimburse the actual out- of - pocket expenses payable to the Statutory Auditors for the Financial Year 2019-20.”

**// SPECIAL BUSINESS //**

**3. To enhance the Borrowing Powers of the Board to exercise the Borrowing powers U/s 179 ( 3 ) ( d ) & 180 ( 1 ) ( c ) of the Companies Act, 2013 and in this regard to consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:**

**Draft Resolution:**

“RESOLVED THAT in pursuance of the resolution passed by the company in the 17<sup>th</sup> Adjourned Annual General Meeting held on 30.12.2017 approving the total amount of borrowing limit to the Board of Directors of the Company to ₹ 15,000 Crores (Rupees Fifteen thousand Crores only) in relation to the exercise of borrowing powers, it is hereby approved that, pursuant to the provisions under the Sec 180 (1) (c) of Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and are hereby authorized to borrow money, from time to time, at their discretion either from the Company's Bank or any other Bank, Financial Institutions or any other lending institutions or persons on such terms and conditions as may be considered suitable for the purposes of the business of the Company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), will exceed the aggregate of the Paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount to be borrowed shall not exceed the sum of ₹ 22,000 Crore (Rupees Twenty Two Thousand Crores only) at any time.

“FURTHER RESOLVED THAT the Company Secretary of the Company be and is hereby authorized to file necessary forms with the Registrar of Companies.”

**4. To Lease / Create Fixed/Floating charge on the present and Future Assets,/ Mortgage the Assets of the Company by the board and in this regard to consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:**

**Draft Resolution:**

“RESOLVED THAT in pursuance of the resolution passed by the company in the 17<sup>th</sup> Adjourned Annual General Meeting held on 30.12.2017 approving the total amount of limit to the Board of Directors of the Company to ₹ 15,000 Crores (Rupees Fifteen thousand Crores only) in relation to the exercise of powers under Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, authorize the Board of Directors (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to lease, mortgage / hypothecate and/or create charge of all or any part of the immovable properties/or movable properties of the Company both present and future of every nature and kind whatsoever and for creating a floating charge on all or any of the movable properties of the Company and the whole of undertaking of the company to or in favour of Banks or Financial institutions or any other lending institutions for borrowing from time to time such sums of money as the Board of Directors of the Company deem requisite for the purpose of the business of the Company not withstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed the sum of ₹ 22,000 Crore (Rupees Twenty Two Thousand Crore only) at any time.”

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

“FURTHER RESOLVED THAT the Company Secretary of the Company be and is hereby authorized to file necessary forms with the Registrar of Companies.”

**5. To approve to realign the existing Memorandum of Association with Table 'A' of Schedule I of the Companies Act, 2013 and if thought fit to pass with or without modification, the following resolution as a Special Resolution:**

**Draft resolution:**

"RESOLVED THAT pursuant to Section 4, 13 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force and the Rules framed there under, consent of the members be and is hereby accorded to realign the existing Memorandum of Association with Table 'A' of Schedule I of the Companies Act, 2013."

"RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and is hereby authorized to file the necessary forms with the Registrar of Companies to give effect to the above resolution."

**6. To approve to realign the existing set of Articles of Association with Table 'F' of Schedule I of the Companies Act, 2013 and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:**

**Draft Resolution:**

RESOLVED THAT pursuant to the provisions of Section 5, 14 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force and the Rules framed there under, consent of the members be and is hereby accorded to realign the existing set of Articles of Association with Table 'F' of Schedule I of the Companies Act, 2013 .

"RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and is hereby authorized to file the necessary forms with the Registrar of Companies to give effect to the above resolution."

**7. To take note of Bifurcation of Andhra Pradesh Southern Power Distribution Company Limited, as Andhra Pradesh Southern Power Distribution Company Limited and Andhra Pradesh Central Power Distribution Corporation Limited vide G.O.Ms.No.41, Energy (Power-I), Dt.05.12.2019 and G.O.Rt.136, Energy (Power-I), Dt.10.12.2019 and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.**

**Draft Resolution:**

"RESOLVED THAT pursuant to provisions of Section 230 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force and G.O Ms.No.41, Energy (POWER.I) Department dated 05.12.2019 and G.O.Rt.136, Energy (Power-I) Department, Dt.10.12.2019 issued by Government of Andhra Pradesh and the relevant provisions of the Memorandum and Articles of Association of the Company and the other applicable laws, rules, regulations, bye-laws as the case may be and subject to the requisite approvals and to the necessary consents, permissions and approvals of relevant statutory or regulatory authorities and subject to the sanction of the Ministry of Corporate Affairs (MCA) and also subject to all such conditions and modifications as may be prescribed or imposed by any of the aforesaid relevant authorities while granting such approval, permissions and sanctions, which may be agreed to by the Company, the members of the company do hereby take note of the decision of Government of Andhra Pradesh to divide Southern Power Distribution Company of Andhra Pradesh Limited into two Distribution Companies viz., Andhra Pradesh Central Power Distribution Corporation Limited and Southern Power Distribution Company of Andhra Pradesh Limited."

"RESOLVED FURTHER THAT the Board of Directors or any Committee formed in this regard by the Board of Directors is/are hereby authorized:

1. To prepare Scheme of Arrangement in terms of Section.230 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016
2. To engage Auditors, legal advisors or any other consultants to prepare the Scheme of Arrangement as per the G.O Ms.No.41, Energy (POWER.I) Department dated 05.12.2019 and G.O.Rt.136, Energy (Power-I) Department, Dt.10.12.2019 issued by Government of Andhra Pradesh ."

“RESOLVED FURTHER THAT Chairman and Managing Director or any other Director or Chief General Manager (E&C) or Company Secretary be and is hereby authorized to make an application to Ministry of Corporate Affairs or any other statutory bodies for obtaining necessary approval for the division of APSPDCL into APSPDCL & APCPDCL and file the necessary forms with the Registrar of Companies to give effect to the above resolution.”

**8. To ratify the action for having fixed the remuneration of the cost auditors by the Board of directors for the F.Y. 2019-2020 and in this regard to consider and if thought fit, to pass the following with or without any modification as an ordinary resolution:**

**Draft Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 148 and any other provisions applicable of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory amendments/modifications), the cost auditors M/s Narasimha Murthy & Co, Cost Accountants, 3-6-365, 104 & 105, Pavani Estate, Y.V.Rao Mansion, Himayatnagar, Hyderabad-500029 appointed and remuneration fixed by the Board of Directors vide Board Resolution No. (16) in the 109<sup>th</sup> Board Meeting held on 22.03.2019 to conduct Cost Audit of the Company for the F.Y.2019-2020 with a cost audit fee of ₹ 1,35,000/- (Rupees One Lakh Thirty Five Thousand Only) plus applicable Service Tax and Out of pocket expenses & Travelling Expenses at actuals subject to a maximum of ₹ 50,000/- (Rupees Fifty Thousand only) Total ₹ 1,85,000/- (Total Rupees One Lakh Eighty Five thousands Only) be and is hereby ratified by the Shareholders of the Company.”

“FURTHER RESOLVED THAT the Board of Directors and/or the Company Secretary be and is hereby authorised to do such acts to give effect to the resolution.”

**BY ORDER OF THE BOARD OF DIRECTORS**

**For and on behalf of M/s. Southern Power Distribution Company of Andhra Pradesh Limited**

**Place: Tirupati.**



**(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 (C&AG) on the Annual Accounts for the financial year 2018-2019 shall be placed before the Shareholders at the Annual General Meeting of the Company.
4. Explanatory Statement pursuant to Sec 102(1) of the Companies Act, 2013 is enclosed.
5. Route map showing the venue of the meeting is enclosed and the same is available on the website of the company along with the notice.

**To**

**The Members of the Company/Directors  
M/s Komandoor & Co., Statutory Auditors,  
M/s Narasimha Murthy & Co, Cost Auditors,  
M/s GMVDR & Associates, Secretarial Auditors,  
All the Directors of the Company.**

**BY ORDER OF THE BOARD OF DIRECTORS****For and on behalf of M/s. Southern Power Distribution Company of Andhra Pradesh Limited****Place: Tirupati.**  
**(CS.B.V.S.PRAKASH, FCS)**  
**Company Secretary****Explanatory Statement**

(Pursuant to Section102(1) of the Companies Act, 2013)

**Special Business:Item No.3**

The Chairman informed that the Company in its 17<sup>th</sup> Adjourned Annual General Meeting held on 30.12.2017 passed /approved the following powers to the Board of Directors.

It is to submit, the Company in its Adjourned AGM held on 30.12.2017 passed /approved that the Board of Directors can borrow money, that the total amount shall not exceed the sum of ₹ 15,000 Cr.- In this regard, it is submitted that, the Company is taking Loans from M/s PFC Ltd /REC Ltd and Banks/ Financial Institution(s) and from Commercial Banks for project works, Schemes, and for Power Purchase etc., business purpose.

It is also to submit that the Company has to execute/implement various schemes for constructing sub-stations, erection of distribution transformers, implementation of High Voltage Distribution System, laying of new lines and electrification of un electrified villages, Hamlets and Dalitwadas, and seeking loan from World Bank for "Power For All" 24x7 and for additional Power Purchase as per the Directions of the Andhra Pradesh Power Co- ordination Committee from time to time, for which the Company needs to borrow from the Banks and/or various financial institutions.

Therefore, the Limit of Borrowing Powers of the Board of Directors U/s 179(3) (d) and 180(1) (c) may be enhanced in the Annual General Meeting of the Company to be held for the F.Y 2018-2019.

Therefore, the same is placed in the General meeting of the Members by way of special resolution for your approval.

None of the Directors and key Managerial Personnel, & their relatives are interested.

The Board of Directors recommend the resolution to be passed.

**Special Business: Item No. 4**

The Chairman informed that the Company in its 17<sup>th</sup> Adjourned Annual General Meeting held on 30.12.2017, passed /approved the following powers to the Board of Directors.

It is also to submit that the Company has to execute/implement various schemes for constructing sub-stations, erection of distribution transformers, implementation of High Voltage Distribution System, laying of new lines and electrification of un electrified villages, Hamlets and Dalitwadas, and seeking loan from World Bank for "Power For All" 24x7 and for additional Power Purchase as per the Directions of the Andhra Pradesh Power Co- ordination Committee from time to time, for which the Company needs to borrow from the Banks and/or various financial institutions.

Therefore, the Limit of Creation of charge of Powers of the Board of Directors U/s 179(3) and 180 (a) may be enhanced from existing ₹ 15000 Cr in the General Meeting of the Company to be held for the F.Y 2018-2019.



**Special Business: Item No. 5:**

It is to submit, as per the Companies Act, 2013, it is to realign the existing Memorandum of Association with Table 'A' of Schedule I of the Companies Act, 2013 .

As per the provisions of Sec.13 of the Companies Act, 2013 to realign the existing Memorandum of Association of the Company it requires the approval of members by way of Special resolution.

A copy of the realigned Memorandum of Association is available for inspection of all members at the Registered office of the Company during all working days and business hours.

Therefore, the same is placed in the General meeting of the Members by way of special resolution for your approval.

None of the Directors and key Managerial Personnel, & their relatives are interested.

The Board of Directors recommend the resolution to be passed.

**Special Business: Item No. 6:**

It is to submit that, as per the Companies act, 2013 it is to realign the existing set of Articles of Association with Table 'F' of Schedule I of the Companies Act, 2013 .

As per the provisions of Sec.14 of the Companies Act, 2013 to realign the Articles of Association of the Company requires the approval of members by way of Special resolution. Hence, Your directors recommend the resolution for your approval.

A copy of the proposed realigned Articles of Association is available for inspection of all members at the Registered office of the Company during all working days and business hours.

Therefore, the same is placed in the General meeting of the Members by way of special resolution for your approval.

None of the Directors and key Managerial Personnel, & their relatives are interested.

The Board of Directors recommend the resolution to be passed.

**Special Business: Item No. 7**

It is to submit that, the Govt. of A.P vide G.O Ms.No.41, Energy (POWER.I) Department dated 05.12.2019 and G.O.Rt.136, Energy (Power-I) Department, Dt.10.12.2019 has decided to divide Andhra Pradesh Southern Power Distribution Company Limited into two Distribution Companies viz., Andhra Pradesh Central Power Distribution Corporation Limited and Andhra Pradesh Southern Power Distribution Company Limited. In terms of MCA Notification No. GSR 582 (E) dated 13<sup>th</sup> June 2017, MCA has exclusive jurisdiction over Government Companies under various provisions of the Companies Act, 2013. Any Scheme of Arrangement between Government Companies should get the approval from Ministry of Corporate Affairs.

The Board of Directors or any Committee formed by the Board of Directors may be authorized to prepare Scheme of Arrangement in terms of Section.230 of the Companies Act, 2013 and to engage Auditors, legal advisors or any other consultants to prepare the Scheme of Arrangement and /or to advice the company on the apportionment of assets, liabilities, employees amongst APSPDCL & APCPDCL and any other matter connected therewith.

Therefore, the same is placed in the General meeting of the Members by way of special resolution for your approval.

None of the Directors and key Managerial Personnel, & their relatives are interested. The Board of Directors recommend the resolution to be passed.

**Special Business: Item No. 8**

It is to inform that pursuant to the provisions of Section 148 and any other provisions applicable of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, in force, (including any statutory amendments/modifications) and rule 14 for the purpose of Sub-Section (3) of Section 148, the remuneration recommended by the Audit Committee and approved by the Board of Directors vide Board Resolution No. (16 ) in the 109 Board Meeting held on 22.03.2019 to conduct Cost Audit of the Company for the F.Y.2019-2020 with a cost audit fee of ₹ 1,35,000/- (Rupees One Lakh Thirty Five Thousand Only) plus applicable Tax and Out of pocket expenses & Travelling Expenses at actual subject to a maximum of ₹ 50,000/- (Rupees Fifty Thousand only) Total ₹ 1,85,000/- (Total Rupees One Lakh Eighty Five thousands Only) for the Cost Auditors M/s Narasimha Murthy & Co, for the financial year 2019-20 may be ratified by the Shareholders.

None of the Directors and key Managerial Personnel, & their relatives are interested

The Board of Directors recommend the resolution to be passed.

**BY ORDER OF THE BOARD OF DIRECTORS**

**For and on behalf of M/s. Southern Power Distribution Company of Andhra Pradesh Limited**

Place: Tirupati.



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

To

**The Members of the Company/Directors  
M/s Komandoor & Co., Statutory Auditors,  
M/s Narasimha Murthy & Co, Cost Auditors,  
M/s GMVDR & Associates, Secretarial Auditors,  
All the Directors of the Company.**

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

**Regd. Office : H. No. 19-13-65/A Tiruchanoor Road,  
Behind Srinivasa Kalyana Mandapam, Kesavayanigunta, Tirupati, Andhra Pradesh, INDIA.  
Corporate Identity Number, U 40109AP2000SGC034118  
Telephone No. 0877-2284109 Fax : 0877 -2284112  
Email : cmd@southernpowerap.co.in Website : www.apspdcl.in**

### NOTICE

NOTICE is hereby given that the 19th (Nineteenth) Adjourned Annual General Meeting of M/s. Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati will be held **on TUESDAY, the 31<sup>st</sup> of DECEMBER, 2019 AT 12.00 Noon at the Registered Office of the Company** D.No.19-13-65/A, Tiruchanoor Road, Behind Srinivasa Kalyanamandapam, Tirupati to transact the following business

#### Ordinary Business:

1. **To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup>, March 2019 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.**

#### Draft Resolution:

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

“RESOLVED THAT the Audited Balance Sheet of the Company as on 31<sup>st</sup> March, 2019 the Profit & Loss Account and Cash flow statement for the year ended as on that date together with the Directors' Report, the Auditors' Report & Management replies, the Supplementary Audit Report of the Comptroller and Auditor General of India & Management replies and Secretarial Audit Report thereon for the F.Y. 2018-2019 as laid before the members at this meeting be and are hereby considered and adopted.”

2. **To take note of Statutory Auditor's appointment of M/s S.R.MOHAN & CO., Chartered Accountants, Anurag G- 79, First Main Road, Annanagar East, Chennai - 600102 made by the Comptroller and Auditor General of India for the financial year 2019-20 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 Year 2019-20 as per Section/ Clause 142 of the Companies Act, 2013.**

#### Draft Resolution:

“RESOLVED THAT the appointment of M/s S.R.MOHAN & CO., Chartered Accountants, Anurag G- 79, First Main Road, Annanagar East, Chennai - 600102 as Statutory Auditors of the Company for the Financial Year 2019-2020 U/s 139 of Companies Act, 2013 vide Lr .No. **CA.V / COY / ANDHRA PRADESH, SOUPOW(1) / 268, Dt. 02.08.2019** 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 hereby authorised to fix the remuneration and reimburse the actual out-of-pocket expenses payable to the Statutory Auditors for the Financial Year 2019-20.”

**// SPECIAL BUSINESS //**

**3. To enhance the Borrowing Powers of the Board to exercise the Borrowing powers U/s 179 ( 3 ) ( d ) & 180 ( 1 ) ( c ) of the Companies Act, 2013 and in this regard to consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:**

**Draft Resolution:**

“RESOLVED THAT in pursuance of the resolution passed by the company in the 17<sup>th</sup> Adjourned Annual General Meeting held on 30.12.2017 approving the total amount of borrowing limit to the Board of Directors of the Company to ₹ 15,000 Crores (Rupees Fifteen thousand Crores only) in relation to the exercise of borrowing powers, it is hereby approved that, pursuant to the provisions under the Sec 180 (1) (c) of Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and are hereby authorized to borrow money, from time to time, at their discretion either from the Company's Bank or any other Bank, Financial Institutions or any other lending institutions or persons on such terms and conditions as may be considered suitable for the purposes of the business of the Company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), will exceed the aggregate of the Paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount to be borrowed shall not exceed the sum of ₹ 22,000 Crore (Rupees Twenty Two Thousand Crores only) at any time.

“FURTHER RESOLVED THAT the Company Secretary of the Company be and is hereby authorized to file necessary forms with the Registrar of Companies.”

**4. To Lease / Create Fixed/Floating charge on the present and Future Assets,/ Mortgage the Assets of the Company by the board and in this regard to consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:**

**Draft Resolution:**

“RESOLVED THAT in pursuance of the resolution passed by the company in the 17<sup>th</sup> Adjourned Annual General Meeting held on 30.12.2017 approving the total amount of limit to the Board of Directors of the Company to ₹ 15,000 Crores (Rupees Fifteen thousand Crores only) in relation to the exercise of powers under Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, authorize the Board of Directors (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to lease, mortgage / hypothecate and/or create charge of all or any part of the immovable properties/or movable properties of the Company both present and future of every nature and kind whatsoever and for creating a floating charge on all or any of the movable properties of the Company and the whole of undertaking of the company to or in favour of Banks or Financial institutions or any other lending institutions for borrowing from time to time such sums of money as the Board of Directors of the Company deem requisite for the purpose of the business of the Company not withstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed the sum of ₹ 22,000 Crore (Rupees Twenty Two Thousand Crore only) at any time.”

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

“FURTHER RESOLVED THAT the Company Secretary of the Company be and is hereby authorized to file necessary forms with the Registrar of Companies.”

**5. To approve to realign the existing Memorandum of Association with Table 'A' of Schedule I of the Companies Act, 2013 and if thought fit to pass with or without modification, the following resolution as a Special Resolution:**

**Draft resolution:**

“RESOLVED THAT pursuant to Section 4, 13 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force and the Rules framed there under, consent of the members be and is hereby accorded to realign the existing Memorandum of Association with Table 'A' of Schedule I of the Companies Act, 2013.”

“RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and is hereby authorized to file the necessary forms with the Registrar of Companies to give effect to the above resolution.”

**6. To approve to realign the existing set of Articles of Association with Table 'F' of Schedule I of the Companies Act, 2013 and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:**

**Draft Resolution:**

RESOLVED THAT pursuant to the provisions of Section 5, 14 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force and the Rules framed there under, consent of the members be and is hereby accorded to realign the existing set of Articles of Association with Table 'F' of Schedule I of the Companies Act, 2013.

“ RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and is hereby authorized to file the necessary forms with the Registrar of Companies to give effect to the above resolution.”

**7. To take note of Bifurcation of Andhra Pradesh Southern Power Distribution Company Limited, as Andhra Pradesh Southern Power Distribution Company Limited and Andhra Pradesh Central Power Distribution Corporation Limited vide G.O.Ms.No.41, Energy (Power-I), Dt.05.12.2019 and G.O.Rt.136, Energy (Power-I), Dt.10.12.2019 and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.**

**Draft Resolution:**

“RESOLVED THAT pursuant to provisions of Section 230 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force and G.O Ms.No.41, Energy (POWER.I) Department dated 05.12.2019 and G.O.Rt.136, Energy (Power-I) Department, Dt.10.12.2019 issued by Government of Andhra Pradesh and the relevant provisions of the Memorandum and Articles of Association of the Company and the other applicable laws, rules, regulations, bye-laws as the case may be and subject to the requisite approvals and to the necessary consents, permissions and approvals of relevant statutory or regulatory authorities and subject to the sanction of the Ministry of Corporate Affairs (MCA) and also subject to all such conditions and modifications as may be prescribed or imposed by any of the aforesaid relevant authorities while granting such approval, permissions and sanctions, which may be agreed to by the Company, the members of the company do hereby take note of the decision of Government of Andhra Pradesh to divide Southern Power Distribution Company of Andhra Pradesh Limited into two Distribution Companies viz., Andhra Pradesh Central Power Distribution Corporation Limited and Southern Power Distribution Company of Andhra Pradesh Limited.”



“RESOLVED FURTHER THAT the Board of Directors or any Committee formed in this regard by the Board of Directors is/are hereby authorized:

- i. To prepare Scheme of Arrangement in terms of Section.230 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016
- ii. To engage Auditors, legal advisors or any other consultants to prepare the Scheme of Arrangement as per the G.O Ms.No.41, Energy (POWER.I) Department dated 05.12.2019 and G.O.Rt.136, Energy (Power-I) Department, Dt.10.12.2019 issued by Government of Andhra Pradesh .”

“RESOLVED FURTHER THAT Chairman and Managing Director or any other Director or Chief General Manager (E&C) or Company Secretary be and is hereby authorized to make an application to Ministry of Corporate Affairs or any other statutory bodies for obtaining necessary approval for the division of APSPDCL into APSPDCL & APCPDCL and file the necessary forms with the Registrar of Companies to give effect to the above resolution.”

**8. To ratify the action for having fixed the remuneration of the cost auditors by the Board of directors for the F.Y. 2019-2020 and in this regard to consider and if thought fit, to pass the following with or without any modification as an ordinary resolution:**

**Draft Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 148 and any other provisions applicable of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory amendments/modifications), the cost auditors M/s Narasimha Murthy & Co, Cost Accountants, 3-6-365,104 & 105, Pavani Estate, Y.V.Rao Mansion, Himayatnagar, Hyderabad-500029 appointed and remuneration fixed by the Board of Directors vide Board Resolution No. (16) in the 109<sup>th</sup> Board Meeting held on 22.03.2019 to conduct Cost Audit of the Company for the F.Y.2019-2020 with a cost audit fee of ₹ 1,35,000/- ( Rupees One Lakh Thirty Five Thousand Only) plus applicable Service Tax and Out of pocket expenses & Travelling Expenses at actuals subject to a maximum of ₹ 50,000/- (Rupees Fifty Thousand only) Total ₹ 1,85,000/- (Total Rupees One Lakh Eighty Five thousands Only) be and is hereby ratified by the Shareholders of the Company.”

“FURTHER RESOLVED THAT the Board of Directors and/or the Company Secretary be and is hereby authorised to do such acts to give effect to the resolution.”

**BY ORDER OF THE BOARD OF DIRECTORS**

**For and on behalf of M/s. Southern Power Distribution Company of Andhra Pradesh Limited**

**Place: Tirupati.**



**(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 (C&AG) on the Annual Accounts for the financial year 2018-2019 shall be placed before the Shareholders at the Annual General Meeting of the Company.
4. Explanatory Statement pursuant to Sec 102(1) of the Companies Act, 2013 is enclosed.
  - i. Route map showing the venue of the meeting is enclosed and the same is available on the website of the company along with the notice.

**To**

**The Members of the Company/Directors  
M/s Komandoor & Co., Statutory Auditors,  
M/s Narasimha Murthy & Co, Cost Auditors,  
M/s GMVDR & Associates, Secretarial Auditors,  
All the Directors of the Company.**

**BY ORDER OF THE BOARD OF DIRECTORS**

**For and on behalf of M/s. Southern Power Distribution Company of Andhra Pradesh Limited**

**Place: Tirupati.**

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

**Explanatory Statement**

(Pursuant to Section 102(1) of the Companies Act, 2013)

**Special Business:Item No.3**

The Chairman informed that the Company in its 17<sup>th</sup> Adjourned Annual General Meeting held on 30.12.2017 passed /approved the following powers to the Board of Directors.

It is to submit, the Company in its Adjourned AGM held on 30.12.2017 passed /approved that the Board of Directors can borrow money, that the total amount shall not exceed the sum of ₹ 15,000 Cr.-

In this regard, it is submitted that, the Company is taking Loans from M/s PFC Ltd /REC Ltd and Banks/ Financial Institution(s) and from Commercial Banks for project works, Schemes, and for Power Purchase etc. business purpose.

It is also to submit that the Company has to execute/implement various schemes for constructing sub-stations, erection of distribution transformers, implementation of High Voltage Distribution System, laying of new lines and electrification of un electrified villages, Hamlets and Dalitwadas, and seeking loan from World Bank for "Power For All" 24x7 and for additional Power Purchase as per the Directions of the Andhra Pradesh Power Co - ordination Committee from time to time, for which the Company needs to borrow from the Banks and/or various financial institutions.

Therefore, the Limit of Borrowing Powers of the Board of Directors U/s 179(3) (d) and 180(1) (c) may be enhanced in the Annual General Meeting of the Company to be held for the F.Y 2018-2019.

Therefore, the same is placed in the General meeting of the Members by way of special resolution for your approval.

None of the Directors and key Managerial Personnel, & their relatives are interested.

The Board of Directors recommend the resolution to be passed.

**Special Business: Item No. 4**

The Chairman informed that the Company in its 17th Adjourned Annual General Meeting held on 30.12.2017, passed /approved the following powers to the Board of Directors.

It is also to submit that the Company has to execute/implement various schemes for constructing sub-stations, erection of distribution transformers, implementation of High Voltage Distribution System, laying of new lines and electrification of un electrified villages, Hamlets and Dalitwadadas, and seeking loan from World Bank for "Power For All" 24x7 and for additional Power Purchase as per the Directions of the Andhra Pradesh Power Co- ordination Committee from time to time, for which the Company needs to borrow from the Banks and/or various financial institutions.

Therefore, the Limit of Creation of charge of Powers of the Board of Directors U/s 179(3) and 180 (a) may be enhanced from existing ₹ 15000 Cr in the General Meeting of the Company to be held for the F.Y 2018-2019.

**Special Business: Item No. 5:**

It is to submit, as per the Companies Act, 2013, it is to realign the existing Memorandum of Association with Table 'A' of Schedule I of the Companies Act, 2013 .

As per the provisions of Sec.13 of the Companies Act, 2013 to realign the existing Memorandum of Association of the Company it requires the approval of members by way of Special resolution.

A copy of the realigned Memorandum of Association is available for inspection of all members at the Registered office of the Company during all working days and business hours.

Therefore, the same is placed in the General meeting of the Members by way of special resolution for your approval.

None of the Directors and key Managerial Personnel, &their relatives are interested.

The Board of Directors recommend the resolution to be passed.

**Special Business: Item No. 6:**

It is to submit that, as per the Companies act, 2013 it is to realign the existing set of Articles of Association with Table 'F' of Schedule I of the Companies Act, 2013 .

As per the provisions of Sec.14 of the Companies Act, 2013 to realign the Articles of Association of the Company requires the approval of members by way of Special resolution. Hence, Your directors recommend the resolution for your approval.

A copy of the proposed realigned Articles of Association is available for inspection of all members at the Registered office of the Company during all working days and business hours.

Therefore, the same is placed in the General meeting of the Members by way of special resolution for your approval.

None of the Directors and key Managerial Personnel, & their relatives are interested.

The Board of Directors recommend the resolution to be passed.

**Special Business: Item No. 7**

It is to submit that, the Govt. of A.P vide G.O Ms.No.41, Energy (POWER.I) Department dated 05.12.2019 and G.O.Rt.136, Energy (Power-I) Department, Dt.10.12.2019 has decided to divide Andhra Pradesh Southern Power Distribution Company Limited into two Distribution Companies viz., Andhra Pradesh Central Power Distribution Corporation Limited and Andhra Pradesh Southern Power Distribution Company Limited. In terms of MCA Notification No.GSR 582 (E) dated 13<sup>th</sup> June 2017, MCA has exclusive jurisdiction over Government Companies under various provisions of the Companies Act, 2013. Any Scheme of Arrangement between Government Companies should get the approval from Ministry of Corporate Affairs.

The Board of Directors or any Committee formed by the Board of Directors may be authorized to prepare Scheme of Arrangement in terms of Section.230 of the Companies Act, 2013 and to engage Auditors, legal advisors or any other consultants to prepare the Scheme of Arrangement and /or to advise the company on the apportionment of assets, liabilities, employees amongst APSPDCL & APCPDCL and any other matter connected therewith.

Therefore, the same is placed in the General meeting of the Members by way of special resolution for your approval.

None of the Directors and key Managerial Personnel, & their relatives are interested.

The Board of Directors recommend the resolution to be passed.

**Special Business: Item No. 8**

It is to inform that pursuant to the provisions of Section 148 and any other provisions applicable of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, in force, (including any statutory amendments/modifications) and rule 14 for the purpose of Sub-Section (3) of Section 148, the remuneration recommended by the Audit Committee and approved by the Board of Directors vide Board Resolution No. (16) in the 109 Board Meeting held on 22.03.2019 to conduct Cost Audit of the Company for the F.Y.2019-2020 with a cost audit fee of ₹ 1,35,000/- (Rupees One Lakh Thirty Five Thousand Only) plus applicable Tax and Out of pocket expenses & Travelling Expenses at actuals subject to a maximum of ₹ 50,000/- (Rupees Fifty Thousand only) Total ₹ 1,85,000/- (Total Rupees One Lakh Eighty Five thousands Only) for the Cost Auditors M/s Narasimha Murthy & Co, for the financial year 2019-20 may be ratified by the Shareholders.

None of the Directors and key Managerial Personnel, & their relatives are interested

The Board of Directors recommend the resolution to be passed.

**BY ORDER OF THE BOARD OF DIRECTORS**

**For and on behalf of M/s. Southern Power Distribution Company of Andhra Pradesh Limited**

**Place: Tirupati.**

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

To

**The Members of the Company/Directors  
M/s Komandoor & Co., Statutory Auditors,  
M/s Narasimha Murthy & Co, Cost Auditors,  
M/s GMVDR & Associates, Secretarial Auditors,  
All the Directors of the Company.**

## BOARD OF DIRECTORS' REPORT

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

Your Directors have pleasure in presenting the 19<sup>th</sup> (Nineteenth) Annual Report of the Company relating to Financial Year 2018-19 and trust the Annual Audited Accounts for the said year as circulated have been perused by all of you.

₹ in crores

Particulars	Note No	Figures as at the end of current reporting period 2018-19	Figures as at the end of Previous reporting period 2017-18
<u>Revenues:</u>			
I. Revenue from operations		17,278.01	15,371.45
II. Other Income		1,317.63	961.33
III. Revenue Subsidies and Grants (i.e., Govt reimbursement for agricultural sales/ consumption)		5,078.50	4,166.66
<b>Total Revenue (I + II + III) -</b>	<b>(A)</b>	<b>23,674.14</b>	<b>20,499.44</b>
<u>Expenses:</u>			
IV. Cost of Power Purchase		25,456.63	16,641.64
V. Employee benefit expenses		3,262.87	1,661.55
VI. Financial costs		1,129.51	946.80
VII. Depreciation and amortization expenses		826.77	720.59
VIII. Other expenses		679.22	533.36
<b>Total Expenses (IV+V+VI+VII+VIII)-(B)</b>		<b>31,355.00</b>	<b>20,503.94</b>
IX. Profit before exceptional and extraordinary items and tax <b>(A - B)</b>		(7,680.87)	(4.50)
X. Exceptional Items		-	-
XI. Profit before extraordinary items and tax (IX - X)		(7,680.87)	(4.50)
XII. Extraordinary Items		-	-
XIII. Profit before tax (XI - XII)		(7,680.87)	(4.50)
XIV. Provision for Taxation		-	-
XV. Profit(Loss) from the period from continuing operations(XIII-XIV)		(7,680.87)	(4.50)
XVI. Less: Transfer to Contingency Reserve		-	(2.52)
XVII. Profit/(Loss) for the period (XV-XVI)		(7,680.87)	(7.02)
XVIII. Earning per equity share:			
(1) Basic		(214.12)	(0.20)
(2) Diluted		(214.12)	(0.20)
Other Notes			
Statement of Accounting Policies			



### Performance Review :

S. No.	Particulars	As on 31.03.2018	Durint the year 2018-19	As on 31.03.2019
1	Number of 33/11 KV Sub stations	2157	48	2205
2	Length of 33 KV line in KM	19684	313.88	19997.88
3	Length of 11 KV line in KM	180435	8354.72	188789.72
4	Length of LT KV line in KM	245381	15683.72	261604.72
5	Number of Distribution Transformers	698305	37281	735586
6	Power Transformers	2669	117	2786
7	Number of Consumers	11822731	455625	12278356

Year ended 31 <sup>st</sup> March	2017-2018	2018-2019
Distribution Losses (%)	8.31	8.26
Distribution Transformer failures (%)	7.35	7.1
AT & C Losses (%)	11.01	11.46

- ❖ **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
99	3849	3056

### Dividend :

The Board has not declared any dividend for the year ended 31.03.2018

### 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 54303 cases were registered during the year 2018-19.

An amount of ₹ 5,53,96,500 were collected from compounded cases.

### 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 are as follows:

**Changes occurred From 1.4.2018 to 31.03.2019.**

Name of the Director	Date of appointment	Date of change
Smt N.P.Durga,	02.04.2018	30.07.2019
Sri M. Venkatesulu, Director (Technical)	06.09.2018	19.09.2019
Sri I.Mohan Rao, Non Whole Time Director/ Govt. Representative	03.08.2018	22.07.2019

**Changes occurred From 1.4.2019 to As on 21.10.2019**

Name of the Director/Chairman and Managing Director	Date of appointment	Date of change
Sri.M.M.,Nayak, IAS., Chairman & Managing Director	01.09.2017	08.06.2019
Sri H.Haranatha Rao, Chairman & Managing Director	22.07.2019	
Sri M.Venkatesulu, Director (Tech& HRD) CMD (FAC)	08.06.2019	22.07.2019
Sri I.Mohan Rao, Non Whole Time Director/ Govt. Representative	03.08.2018	22.07.2019
Sri B.A.V.P.Kumara Reddy, Non Whole Time Director/ Govt. Representative	22.07.2019	
Smt N.P.Durga,	02.04.2018	30.07.2019
Sri K.Sithamaraju, IRAS, Director (Finance)	16.02.2018	09.09.2019
Sri Dinesh Paruchuri, IRS Independent Director	09.11.2015	19.09.2019
Sri M. Venkatesulu, Director (Technical)	06.09.2018	19.09.2019
Sri KVN.Chakradhar Babu, IAS., JMD / AP TRANSCO – Independent Director	11.09.2019	
Smt J.Rhamadeevi, Woman Director	03.10.2019	

**Consequent to the above changes, the composition of the Board of Directors as on date**

1. Sri H.Haranatha Rao, - Chairman & Managing Director
2. Sri KVN.Chakradhar Babu, IAS - Non Whole Time/Independent Director
3. Sri B.A.V.P.Kumara Reddy, - Government Representative  
Deputy Secretary/ Energy, Dept.
4. Smt. J.Rhamadeevi - Woman Director

**Composition of Board of Directors during 2018-2019:**

Independent Directors: Sri Dinesh Paruchuri, IRS, Director (Finance)/APTRANSCO was appointed as Independent Director on 09.11.2015 and relived / ceased on 19-09-2019

**Non-Whole Time Directors:**

1. Sri I.Mohan Rao, Govt.Representative - Appointed on 03.08.2018 and ceased on 22.07.2019.
2. Smt. N.P.Durga, Independent/Woman Director appointed on 02.04.2018 and ceased on 30.07.2019.

**Whole Time Directors:**

Sri. M.M.Nayak, IAS:—Chairman and Managing Director

Sri. M.Venkatesulu, - Director (Tech& HRD) from 06.09.2018

Sri K.Sitharamaraju,IRAS., - Director (Finance) from 16.02.2018

**Board Meetings held in 2018-19:**

The Board held its Four meetings on 13.06.2018, 20.08.2018, 14.12.2018, 22.03.2019 in the financial year 2018-19.

Directors	Meetings attended
Er.M.M.Nayak, IAS Chairman & Managing Director	4
Sri Dinesh Paruchuri, IRS, JMD / APTRANSCO	3
Sri K.Sitharamaraju, IRAS, Director / Finance	4
Sri M.Venkatesulu, Director (Tech& HRD)	2
Sri I.Mohan Rao, Non Whole Time Director	2
Smt. N.P. Durga, Woman Director	3

### Directorships:

Sri M.M. Nayak, IAS., Chairman and Managing Director is acting as Nominee director in New and Renewable Energy Development Corporation of A.P. Ltd

### Annual General Meetings:

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

Year	Date of AGM	Venue of the AGM	Date of placing the Annual Report before the A.P. Legislative Assembly	Date of placing the Annual Report before the A.P. Legislative Council
2008-2009	25-09-2009	Registered office	04-03-2010	04-03-2010
2009-2010	14-12-2010	Registered office	16-12-2010	16-12-2010
2010-2011	30-09-2011	Registered Office	05-12-2011	04-12-2011
2011-212	29-09-2012	Registered Office	14-06-2013	19-06-2013
2012-2013	30-12-2013	Registered Office	12-03-2015	10-03-2015
2013-2014	26.09.2014	Registered Office	12-03-2015	10-03-2015
2014-2015	31.12.2015	Registered Office	29-03-2016	29-03-2016
2015-2016	29.09.2016	Registered office	16.03.2017	16.03.2017
2016-2017	30.12.2017	Registered office	03.04.2018	03.04.2018
2017-2018	24.12.2018	Registered office	08.02.2019	08.02.2019

### Composition of Audit Committee and changes therein during the Financial Year 2018-2019:

During the year under review, the Audit Committee has met 3 times on 20.08.2018 14.12.2018 and on 22.03.2019.

### The composition of the Audit Committee as on 31.03.2019 is as follows:

1. Sri Dinesh Paruchuri, IRS - Member of the Audit Committee.  
JMD / Director (Finance & Revenue)  
/ APTRANSCO / Hyderabad.
2. Sri M.Venkatesulu, - Member of the Audit Committee.  
Director (HRD & Tech))  
Sri I.Mohan Rao - Member of the Audit Committee

### Attendance at Audit Committee Meetings :

Directors	Meetings attended
Sri Dinesh Paruchuri, IRS.,	02
Sri M.Venkatesulu	02
Sri I.Mohan Rao	02

**Composition of Corporate Social Responsibility Committee and changes therein during the Financial year 2018-2019:**

In compliance with the provisions of Section 135 of the Companies Act, 2013, during the year under review, the CSR Committee has met on 20.08.2018.

**The composition of the CSR Committee as on 31.03.2019 is as follows:**

1. Sri.M.M.Nayak - Chairman
2. Sri Dinesh Paruchuri,IRS - Member  
Former JMD/Director (Finance)/  
APTRANSCO.
3. Sri K.Sitharamaraju, IRAS., - Member  
Director (Finance)

Directors	Meetings attended
Sri M.M.Nayak, IAS.,	01
Sri Dinesh Paruchuri, IRS.,	01
Sri K.Sitharamaraju, IRAS.,	01

**Composition of Nomination and Remuneration Committee and changes therein during the Financial year 2018-2019:**

In compliance with the provisions of Section 178 of the Companies Act, 2013, during the year under review, the Committee has met on 20.08.2018

**The composition of the Committee as on 31.03.2019.is as follows:**

1. Sri Dinesh Paruchuri, IRS - Chairman of the Committee.  
JMD / Director (Finance & Revenue) /  
APTRANSCO / Hyderabad.
2. Sri M.M. Nayak,IAS - Member of the Committee.  
Chairman & Managing Director/  
APSPDCL
3. Sri I.Mohan Rao - Member of the Committee

**Attendance at Nomination and Remuneration Committee Meetings:**

Directors	Meetings attended
Sri Dinesh Paruchuri, IRS.,	01
SriM.M.Nayak, IAS	01
Sri I.Mohan Rao	01

Regarding the statement on declaration by Independent Director under section 149, it is informed that it is a Government Company and the Directors are officials of the Government of Andhra Pradesh and the Directors have disclosed their interest and was noted in the Board Meeting. Further, it is informed that Clause (a) and (c) of Sub-sections (6) of Section 149 of the Companies Act, 2013 shall not apply to Government Company as per Notification of MCA Dt. 05.06.2015.

Regarding Policy on Directors appointment and remuneration including criteria for determining qualifications, positive attributes u/s 178(3) of the Companies Act, 2013, it is informed that it is a Government Company. The Government of Andhra Pradesh have issued guidelines in G.O.Ms.No.18, Energy (Power.III) Dept., Dt. 14.05.2012 for appointment of Directors in which Selection Procedure, Selection committee, Process of Selection of eligible persons, etc., were given. Section 197 of the Companies Act, 2013 shall not apply to Government Company as per Notification of MCA Dt. 5.06.2015 i.e., on Managerial remuneration.

Clause (e) of Sub-Section (3) of Section 134 of the Companies Act, 2013 shall not apply to Government Company as per Notification of MCA Dt.05.06.2015 i.e., policy on Directors appointment and remuneration etc.

Regarding, Loans and investments, all the Loans and Investments were made as per the provisions of the Companies Act, 1956/2013. Section 185 of the Companies Act, 2013 shall not apply to Government Company as per Notification of MCA Dt. 05.06.2015.

Regarding, contracts and arrangements with related parties referred to in Section (1) of 188, No contracts and arrangements were made. Section 188(1) of the Companies Act, 2013 shall not apply to Government Company as per Notification of MCADt. 05.06.2015.

Regarding, Register of Directors and Key Managerial Personnel and their Share holding shall not apply to this Company since it is a Government Company i.e. Section 170 of the Companies Act, 2013 shall not apply to Government Company as per Notification of MCADt.05.06.2015. Under Section 203 (1)(2) (3) and (4) of the Companies Act, 2013, Key Managerial Personnel were appointed.

#### **The Corporate Social Responsibility Policy:**

The CSR Committee recommended the CSR Policy to the Board. The Board in its 92<sup>nd</sup> meeting held on 21.07.2015 approved the CSR policy of the Company. The CSR policy was placed in the Website of the Company and is annexed to this report.

It is to inform that the Board Approved an amount of ₹ 1.00 Crore under CSR for the F.Y. 2017-2018 to the District Administration, Chittoor towards bringing digital education to the anganwadi Children Voluntarily as per the request of the District Collector, Chittoor.

Further, it is to inform that the Board Approved an amount of ₹ 3.00 Crore under CSR for the F.Y. 2018-2019 to the TUDA, Tirupati towards Construction of Road in front of Corporate Office, APSPDCL, Tirupati.



**Auditors of the Company:**

M/s. Komandoor & Co, TIRUPATI-517501, were appointed as the Statutory Auditors of the Company for the Financial Year 2018-2019Lr .No. CA.V/COY/ANDHRA PRADESH, SOUPOW (1)/ 1123, Dt.14.09.2018 of the Comptroller and Auditor General of India, New Delhi. The Auditors conducted the Audit and the report was submitted .

M/s S.R.MOHAN & CO., Chartered Accountants, Anurag G - 79, First Main Road, Annanagar East, Chennai – 600102 were appointed as Statutory Auditors of the Company for the Financial Year 2019-2020 vide Lr .No. CA.V/COY/ANDHRA PRADESH, SOUPOW (1)/268,Dt.02.08.2019 of the Comptroller and Auditor General of India, New Delhi. The appointment orders are placed in the Annual General Meeting.

**Cost Audit:**

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 2019-2020. And the appointment was filed with the Registrar of Companies, Hyderabad.

**Secretarial Audit:**

M/s GMVDR & Associates, Company Secretaries, Flat No. 403, 4<sup>th</sup> Floor, 1-10-12/ 5,6,7, Sri Sai Rajendra Pinnacle, Street 4, Ashok Nagar, Hyderabad – 500 020 were appointed for Secretarial Audit U/s 204 of the Companies Act, 2013 for the F.Y.2018-2019. The Secretarial Audit Report is annexed hereto and forms part of this report.

**Disclosure under the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013.**

The Company has in place as Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the work place(prevention, Prohibition and Redressal) Act, 2013. The Company has complied with provisions relating to constitution of Internal Complaints Committee.

The Committee has furnished the following information:

Complaints Received F.Y.2018-19	Complaints Disposed F.Y.2018-19	Balance F.Y.2018-19
01	01	Nil

**Particulars of Employees:**

There were no employees drawing remuneration in excess of the prescribed limits whose details are required to be disclosed under Act and the top ten list of Officers remuneration / salary particulars are given in the Annexure to this report.

**Deposits:**

During the year under review, the Company has not accepted any public deposits as per the provisions under the Companies Act 2013 / 1956.

Further it is informed that Clause (e) and (p) of Sub-Section (3) of Section 134 of the Companies Act,2013 shall not apply to Government Company as per Notification of MCA Dt. 05.06.2015.

The Board of Directors of the Company had taken note of the Notification of Ministry of Corporate Affairs Dt, 05.06.2015 in the 92<sup>nd</sup> Board Meeting held on 21.07.2015 on applicability of certain sections of the Companies Act, 2013 to Government Companies.

**Directors Responsibility Statement:**

In accordance with Sec.134(3) (c) and (5) 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 applied 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 the 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**



**H. Haranatha Rao**  
**(Chairman & Managing Director)**

**Place: Tirupati.**

### ***Contents of Corporate Social Responsibility Policy***

It is the endeavour of the Company to focus on the following broad activities.

- i. eradicating hunger, poverty and malnutrition, (promoting preventive health care including preventive health care) and sanitation (including contribution to the Swach Bharat Kosh setup by the Central Government for the promotion of Sanitation) and making available safe drinking water;
- ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;( including contribution to the Clean Ganga Fund setup by the Central Government or rejuvenation of river Ganga)
- v. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- vi. measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. training to promote rural sports, nationally recognised sports, Paralympics sports and Olympic sports;
- viii. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- x. rural development projects;
- xi. slum area development.

The Company may take up such other activities which are broadly covered under Schedule VII of the Act and any additions which may be made hereafter.

#### **The CSR committee will be responsible for:**

- Formulating the CSR policy in compliance to Section 135 of the Act read with the rules made thereunder.
- Identifying activities to be undertaken as per Schedule VII of the Companies Act 2013.
- Recommending to Board the CSR expenditure to be incurred.
- Recommending to Board, modifications to the CSR policy as and when required.
- regularly monitoring the implementation of the CSR policy

**Implementation:**

The investment and duration of programme will depend on its nature, extent of coverage and intended impact of the programme. It may be ensured that majority of the CSR activities are undertaken in Andhra Pradesh.

Implementation may be taken up through designated teams of executives at the respective units of the company or at corporate level under the programs as approved by the CSR Committee and the Board of the company.

The Board of company may also implement the CSR activities through a registered trust or a registered Society created either by the company or any other trust as may be approved by the company. The Company may also implement programmes in collaboration with its associate companies or other companies, wherever feasible.

**Execution of Programmes:**

Project activities identified may be implemented through employees, selected volunteers, specialized agencies, which may include Voluntary Organisations (NGOs), Elected local bodies such as Panchayats, Institutes / Academic Organisations, Trusts, Missions, Self Help Groups, Govt./Semi Govt. / Autonomous Organisations, Mahila Mandals/ Samitis, Professional Consultancy Organization etc.,

Initiatives of State Governments, District administration, Local Administration as well as Central Government Departments/ Agencies, Self-Help Groups etc., would be dovetailed / synergized with the initiatives taken by the Company.

Activities shall, as far as possible, be implemented in a project mode. For easy implementation, long-term CSR projects shall be broken down into medium-term and short-term plans. Each plan shall specify the CSR activities planned to be undertaken for each year. Accordingly, the budget shall be allocated for the implementation of these activities and achievement of targets set for each successive year, till the final completion of the project.

All the CSR activities shall be monitored by the Chairman and the CSR Committee.

**General:**

- A. The CSR Policy shall be recommended by the CSR Committee to the Board of Directors for its approval.
- B. The Company reserves the right to modify, cancel, add, or amend any of the above rules/ guidelines, with the recommendation of CSR Committee & approval of Board of Directors.
- C. Any or all provisions of the CSR policy shall be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from Government of India/MCA, from time to time.
- D. In case of doubt with regard to any of the provision of the policy and also in respect of matters not covered herein, the interpretation & decision of the CSR Committee shall be final.
- E. Certain projects/activities which are not approved by CSR Committee but are required to be implemented on an urgent basis in unforeseen circumstances relating to Natural calamity, can be taken up for implementation as per approval from the Chairman. The CSR Committee and Board of Directors would be appraised about such projects/activities during their next meeting.

## Particulars Relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

### CONSERVATION OF ENERGY

The steps taken by APSPDCL on Conservation of Energy are as follows:

#### 1. DSM based Efficient Lighting Programme (DELP) :

In DELP Phase - I 29,82,742 Nos. LED Bulbs were distributed in Guntur and Anantapur districts and the phase - I was completed in February, 2015.

In DELP Phase - II, 79,94,345 Nos. LED Bulbs were distributed in Krishna, Prakasam, SPSR Nellore, Chittoor, YSR Kadapa & Kurnool Districts and the phase - II was completed by March, 2016.

The details on distribution of LED Bulbs in APSPDCL are as follows :

S.No.	Name of the District	Total Targetted quantity of LED Bulbs (Nos.)	Total Quantity of LED Bulbs distributed / installed so far (Nos.)	Energy Savings (MU) during 03/18
1.	Guntur	1842000	1860897	14.05
2.	Ananthpur	1240000	1121845	8.22
3.	Krishna	1798304	1798304	9.63
4.	Prakasam	1189142	1189142	6.37
5.	Chittoor	1586920	1586920	8.50
6.	Nellore	1183001	1183001	6.33
7.	Kadapa	949401	949401	5.12
8.	Kurnool	1287577	1287577	6.93
	Total	11076345	10977087	65.15

#### 2. Agricultural Demand Side Management Scheme:

This project covers replacement of **65,000** Nos. old conventional Agricultural Pump sets with BEE 5 star rated 3 phase submersible 5 HP Energy Efficient Pump Sets (EEPS).

PMC Agreement was entered on 10.04.2017 with M/s.EESL, New Delhi. The Honourable APERC gave orders on O.P No.20 of 2017, dt.17.06.2017 to implement the Agricultural DSM Project in APSPDCL. The total cost of the Project is 292.54 Crores.

Workshops and Awareness programmes are conducted at the field level and Willingness registration forms are being collected from the farmers who are willing to replace their old conventional Pump Sets with BEE 5 star rated submersible Energy Efficient PumpSets (EEPS).

As on 29.06.2018, 18785 Nos. EEPS were installed and installation work of EEPS is under process by M/s. EESL.

Total No. of EEPS installed as on 31.03.2018 : 10580 Nos.

### 3. Implementation of Domestic Efficient Fans Program(DEFP):

(a) M/s. EESL has distributed 203117 Nos. Energy Efficient Fans in Vijayawada circle for which agreement was entered.

The Honourable APERC gave approval for distribution of 203117 Nos. Energy Efficient Fans in Krishna District with financial support of M/s. EESL, New Delhi.

#### The details of the DEFP program (Krishna District) is as follows:

Domestic consumers can avail up to 2 fans and Commercial consumers can avail up to 10 fans and Institutional (Industrial) consumers up to 50 fans under Upfront Payment Option.

(b) The Honourable APERC has given an order on OP No.25 of 2016, dt. 07.12.2016 for implementation of Domestic Efficient Fan Program in 7 Districts with financial support of M/s. EESL, New Delhi.

#### The details of the DEFP program (7 Districts) is as follows:

Domestic consumers can avail up to 4 fans and as per requirement basis to Commercial and Institutional (Industrial) consumers under Upfront Payment Option.

Domestic consumers can avail up to 2 fans under On Bill Financing (OBF) option.

M/s.EESL is not interested to take up the distribution of Fans in 7 districts.

### 4. Implementation of Energy Efficient Tube Lights Program (EETL):

M/s.EESL has furnished a proposal for Implementation of Energy Efficient Tube Lights Program (EETL) in all the districts of APSPDCL. As per instructions of the Principal Secretary, Energy Department, a consent letter was issued to M/s.EESL for distribution of Energy Efficient Tube Lights to the consumers on upfront payment basis @ ₹ 230 per each EETL. After enforcement of GST, a consent letter was issued to M/s.EESL for distribution of Energy Efficient Tube Lights to the consumers on upfront payment basis @ ₹ 220 per each EETL.

So far, M/s.EESL has distributed 24961 Nos. Energy Efficient Tube Lights in all the districts of APSPDCL.

### 5. Supply of two more LED bulbs to SC & ST families:

The Principal Secretary to Government, Energy, I & I informed that the social welfare department and the Tribal Welfare (EDN) department issued orders that, to supply two more LED bulbs to SC&ST beneficiaries under BPL in addition to the two LED bulbs already supplied by DISCOMs at subsidized rates to reduce power consumption and to save power by improving the efficiency by meeting the expenditure from SCSP&TSP funds allocated to the Energy department.

There are 7,38,624 services under SC category and 1,37,407 services under ST category existing as on November 2016 in APSPDCL. The total number of LED bulbs required for 8,76,031 services of SCs and STs families are 17,52,062. The distribution of LED bulbs to SC & ST families at free of cost is started from 2<sup>nd</sup> January 2017. Total number of LED bulbs distributed so far are 16,44,696 Nos.

### (iii) The Capital investment on Energy Conservation by APSPDCL:

₹ in Crores

S.No.	Type of Energy Conservation Equipment	Investment
1	30,82,000 Nos. 7W LED Bulbs under DELP Phase - I	93.14
2	79,94,345 Nos. 9W LED Bulbs under DELP Phase - II	88.50
3	65,000 Nos. of 5 HP Energy Efficient Pumpsets	292.54



## TECHNOLOGY ABSORPTION

### Online Feeder Monitoring System (OFMS)

Online Feeder Monitoring System has been established in APSPDCL to monitor 11KV feeder supply position through AMR technology for all Urban feeder 1202 Nos, and Rural feeders 7223 Nos. power supply status of 11 KV feeders is being monitored through Outage Management Systems (OMS). As on date R-APDRP & Non – RAPDRP feeders is shown in following table.

Sl. No.	District	R-APDRP		Non - R-APDRP		Total Feeders	
		No. of Feeders	Commn. Feeders	No. of Feeders	Commn. Feeders	Total No. of Feeders	Total Commn. Feeders
1	Vijayawada	266	261	768	760	1034	1021
2	Guntur	249	245	535	520	784	765
3	Ongole	82	79	979	949	1061	1028
4	Nellore	118	115	849	829	967	944
5	Tirupati	149	146	1226	1177	1375	1323
6	Kadapa	84	81	980	960	1064	1041
7	Kurnool	127	125	806	790	933	915
8	Anantapur	99	95	913	893	1012	988
9	CRDA	28	28	167	163	195	191
	<b>Total:</b>	<b>1202</b>	<b>1175</b>	<b>7223</b>	<b>7041</b>	<b>8425</b>	<b>8216</b>

An application developed and named OMS (Outage Management System) to view the 11 KV feeders supply status through the Web.

**Foreign Exchange earnings and out go : Nil**

## List of Top Ten Officers Salary / Remuneration particulars for the F.Y. 2018 - 2019:

S.No.	Name of the Officer Sarvasree	Designation	Age	Gross Salary during 2018-19	Qualification	Date of Joining / Total Service
1	T.Vanaja	Executive Director/ Projects	56	4244228	M.E (PS)	34
2	D.Yesunadhu	Chief General Manager/Planning	59	4154931	B.Tech	36
3	K.Santhosha Rao	Chief General Manager/ P&MM, IPC	57	4151010	B.Tech	32
4	B.Sangeetha Rao	Chief General Manager/ HRD	58	4141946	B.Tech	34
5	K.Bhaskar	Chief General Manager/ Planning	58	4069503	B.Tech	34
6	Haranatha Rao Hosuru	General Manager	58	4036537	B.Tech & MBA	33
7	Musala P Peeraiah	Chief Engineer/ Zone/Kurnool	58	4036213	B.Tech	33
8	Prasad Reddy RN	General Manager/ Corporate Office	57	4029355	M.Tech	33
9	Nagasayana Rao Nagalapuram	General Manager/RAC	58	4006681	B.Tech	33
10	Gangaiah Akkenaguntla chinna	Superintending Engineer/ Tech/Zone/ Kurnool	59	4000800	M.Tech	33

- Note: 1. The Salary/Remuneration particulars are given who are on rolls upto 31.03.2019.
2. All the Salary/Remuneration was fixed as per the Pay Scales fixed by the Pay Revision Committee recommendation and approval of the Government of Andhra Pradesh.

**FORM NO. MGT.9  
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31/03/2019

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS :**

i	CIN	U40109AP2000SGC034118
ii	Registration Date	30.03.2000
iii	Name of the Company	Southern Power Distribution Company of Andhra Pradesh Limited
iv	Category / Sub-Category of the Company	Public Company / Limited by Shares / State Government Company
v	Address of the Registered and contact details	H.No 19-13-65/A, Tiruchanoor Road, Behind office Srinivasa Kalyana Mandapam, Kesavayanigunta, TIRUPATI
vi	Whether listed company Yes / No	No
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Nil

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Power Distribution	9953	100.00

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sl. No.	Name and address of the Company	CIN /GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
No Holding, Subsidiary and Associate Companies					

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.Promoters</b>									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt (s)	0	35,87,15,309	35,87,15,309	100	0	35,87,15,309	35,87,15,309	100	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other..	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1):-</b>	<b>0</b>	<b>35,87,15,309</b>	<b>35,87,15,309</b>	<b>100</b>	<b>0</b>	<b>35,87,15,309</b>	<b>35,87,15,309</b>	<b>100</b>	<b>0</b>
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A) (2)</b>	<b>0</b>	<b>35,87,15,309</b>	<b>35,87,15,309</b>	<b>100</b>	<b>0</b>	<b>35,87,15,309</b>	<b>35,87,15,309</b>	<b>100</b>	<b>0</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0

<b>Sub-total (B)(1):-</b>	0	0	0	0	0	0	0	0	0
2. Non-Institutionsa) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individualsi)Individual shareholders holding nominal share capital upto ₹.1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(2):-Total Public</b>									
Shareholding (B)=(B)(1)+(B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	0	35,87,15,309	35,87,15,309	100	0	35,87,15,309	35,87,15,309	100	0

**(ii) Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbe-red to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbe-red to total shares	
1	Governor of Andhra Pradesh	35,87,15,300	100.00	0	35,87,15,300	100.00	0	0
2	Nominees of Governor of Andhra Pradesh (9 Nos)	9	negligible	0	9	negligible		
	Total	35,87,15,309	100.00	0	35,87,15,309	100.00	0	0

**(iii) Change in Promoters' Shareholding (please specify, if there is no change) :NIL**

The Company is a State Government company and 100% shareholding is held by Governor of Andhra Pradesh. There are changes in Nominees of Governor of Andhra Pradesh which will not be considered as change in Promoters.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL**

**(v) Shareholding of Directors and Key Managerial Personnel:**

The Company is a State Government company and 100% shareholding is held by Governor of Andhra Pradesh. There are changes in Nominees of Governor of Andhra Pradesh which will not be considered as change in Promoters

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

Amount in Rs.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9268,87,84,288	2633,46,01,837	----	11902,33,86,125
ii) Interest due but not paid	----	----	----	----
iii) Interest accrued but not due	503853490	-----		50,38,53,490
<b>Total (i+ii+iii)</b>	<b>9319,26,37,778</b>	<b>2633,46,01,837</b>	<b>----</b>	<b>11952,72,39,615</b>
Change in Indebtedness during the financial year				
• Addition	1302,20,62,792	3488,119,000	----	1651,01,81,792
Principal				
Interest				
• Reduction				
<b>Net Change</b>	<b>1302,20,62,792</b>	<b>348,81,19,000</b>	<b>----</b>	<b>1651,01,81,792</b>
Indebtedness at the end of the financial year				
i) Principal Amount	10618,56,44,205	29822720837	----	136008365042
ii) Interest due but not paid	----	----	----	----
iii) Interest accrued but not due	290,56,365	----	----	290,56,365
<b>Total (i+ii+iii)</b>	<b>106214700570</b>	<b>29822720837</b>	<b>----</b>	<b>13603,74,21,407</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Name of the MD / WTD and Manager	Remuneration (Amount in Rupees)						Ceiling as per Act.
		Gross salary	Stock Option	Sweat Equity	Comm- ission	Others	Total	
1	Sri M.M. Nayak, IAS Chairman & Managing Director	3586483	-	-	-	-	3586483	Not applicable
2.	Sri K.Sitharamaraju, IRAS., Director (Finance)	3017449	-	-	-	-	3017449	Not applicable
3	Sri P.Pulla Reddy, Director/ (HRD & Tech.)(upto June 2018)	935071	-	-	-	-	935071	Not applicable
4	Sri M.Venkatesulu, Director/ (HRD & Tech.) From September, 2018	1371282	-	-	-	-	1371282	Not applicable
	Total	8910285	-	-	-	-	8910285	



**B. Remuneration to other directors :**

Sl. No.	Name of the Director	Remuneration (Amount in Rupees)			
		Fee for attending board / committee meetings	Commission	Others	Total
A. INDEPENDENT DIRECTORS					
1	Smt N.P.Durga	15000	0	0	15000
B. Other non executive directors					
1	I.Mohan Rao	10000	0	0	10000
	(Non-Whole Time Directors)				
TOTAL					25000

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTM : NIL**

Sl. No.	Name of the MD / WTD and Manager	Remuneration (Amount Rupees)					
		Gross Salary	Stock Option	Sweat Equity	Commission	Others	Total
1	Company Secretary	1750271	-	-	-	-	1750271
	<b>TOTAL</b>						

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES :**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding Fees Imposed	Authority (RD/ NCLT/COURT Details)	Appeal made, if any (give Details)
A. COMPANY					
Penalty		NIL			
Punishment					
Compounding					
B. DIRECTORS					
Penalty		NIL			
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty		NIL			
Punishment					
Compounding					

For and on behalf of the Board

  
**H. HARANATHA RAO**  
 (Chairman & Managing Director)

## **SECRETARIAL AUDIT REPORT**

To,

The Members,

**Southern Power Distribution Company of Andhra Pradesh Limited**

H.No 19-13-65/A, Tiruchanoor Road,

Behind Srinivasa Kalyana Mandapam,

Kesavayanigunta,

TIRUPATI

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Southern Power Distribution Company of Andhra Pradesh Limited** (hereinafter referred as “the company” or “APSPDCL”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on **31.03.2019 complied** with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2019, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **(Not applicable to the Company during the Audit Period)**
- iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder; **(Not applicable to the Company during the Audit Period)**
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment only. The Company has not made any Overseas Direct Investment and not availed External Commercial Borrowings. **(Not applicable to the Company during the Audit Period)**
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the Audit Period)**
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not applicable to the Company during the Audit Period)**

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 w.e.f. October 28, 2014; **(Not applicable to the Company during the Audit Period)**
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 1992; **(Not applicable to the Company during the Audit Period)**
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the Audit Period)**
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period);** and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period)**
- (vi) Other laws applicable to the Company as per the representation made by the Management (given in Annexure-1)

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India.

We have **not examined the** compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

During the period under review and as per the explanations and clarifications given to us and there presentations made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above except the following:

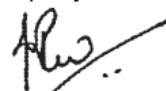
We further report that:

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Hyderabad

For GMVDR & Associates  
Company Secretaries



(G.M.V. Dhanunjaya Rao)

Proprietor

FCS # 9120 C.P # 5250

## **INDEPENDENT AUDITORS' REPORT**

**TO**

**THE MEMBERS OF**

**M/s. SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED**

**TIRUPATI**

### **Report on the Audit of the Standalone Financial Statements**

#### **Qualified Opinion**

We have audited the standalone financial statements of Southern Power Distribution Company of Andhra Pradesh Limited ("the Company"), which comprise the Balance sheet as at 31<sup>st</sup> March, 2019, and the statement of Profit and Loss and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2019 and loss, and its cash flows for the year ended on that date.

#### **Basis for Qualified Opinion**

##### **I. Purchase of Power:**

- a. With attention to the Note No. 7.1 & 7.2 of financial statements, relating to accounting of power purchase bills, debit / credit notes which are provisional and are subject to revision at a later date. The consequential impact on creditor's balances, loss for the year, if any, is presently not ascertainable.
- b. Non-confirmation / reconciliation of balances of the power suppliers for an amount of 21,505.19 Crores (Previous Year ₹ 11,951.25 Crores). The consequential impact on creditors balances, result for the year, if any, is presently not ascertainable.
- c. Note No: 21 Para 1 constitution of Andhra Pradesh Power Coordination Committee to facilitate purchase and trading of power on behalf of distribution companies in the State of Andhra Pradesh and legal status of the same could not be ascertained.
- d. During the year, Management has considered the differential claims amounting to ₹ 5,879.36 Crores from different Vendors for the share of the Company. However in the absence of confirmations from the respective vendors, we are unable to comment on the completeness of the Liability and its consequential impact on profit or loss of the company
- e. Claims of generators of power, disallowed in the earlier years and admitted during the year for an amount of ₹ 3,775.59 Crores has been considered under the current year cost. As a result current year cost is overstated to that extent.

##### **II. Merger of Two Circles with the company:**

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

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

Allocation has been carried out as per the Act except apportionment of employee related liabilities / receivables such as Liability on account of GIS Insurance, Savings fund and Self-funding Medical Scheme, Employee Liabilities towards Gratuity and Leave encashment, Liabilities of Pension & Gratuity Trust, GPF Trust, Loans & Advances of employees and Receivable towards APSEE Master P & G Trust which are not in conformity with Annexure 2 referred to in Clause XVIII of the G.O.Ms No 24.

However, Company incorporated the Assets and Liabilities balances on account of merger into certain suspense GL accounts, pending reconciliation.

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

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

The consequential impact of above said transactions on Assets, Liabilities, Profit and loss for the year, if any, is presently not ascertainable.

### **III. Loans Availed by the Company:**

1. As stated in Note 3.1, 3.2, 3.3, 26.1 to the Financial Statements and in the absence of external confirmations, which are subject to further reconciliation / adjustments.
    - a. On certain loan to an extent of ₹ 9.48 Crores (Previous Year ₹ 9.48 Crores) which is still in the name of APTRANSCO;
    - b. On Loans availed from certain banks, public financial institutions and other agencies including bonds for an amount of ₹ 2,856.71 Crores (Previous year ₹ 2,543.24Crores)
- The consequential impact on the Loan balances, interest payable, interest and loss for the year, if any, is presently not ascertainable.
2. Interest expense on Loans availed from government has not been recognized and the amount has not been quantified due to non availability of details for verification. Hence the consequential impact on loan balances, interest payable is not ascertainable.
  3. The Company has not made adequate disclosures in respect of Loans and Investments as required by Schedule III to the Companies Act 2013.

### **IV. Property, Plant & Equipment:**

The company has not complied completely with the provisions of Revised AS -10 – “Property, Plant & Equipment”.

- a. In respect of Freehold lands of carrying value ₹ 5.04 Crores (previous year ₹ 5.02 crores), data on lands acquired by purchase, gift or alignment by government are not available with the company. Further, the ownership documents viz. sale deed, gift deed on such lands are not fully available with the company. In the absence of the above said information we are unable to determine the state of ownership, any adjustments to the carrying amounts required.
- b. In case of certain assets of Buildings, Civil Works, Lines & Cable Network, Metering Equipment, Plant & Machinery, Furniture & Fixtures, Company has not capitalized the Assets at actual cost incurred instead capitalized on allocating the total cost incurred for all the assets on the basis of pre fixed percentages. In the absence of information of we are unable to ascertain the consequential impact on Asset balances, Accumulated depreciation, depreciation and financial statements of the Company.

- c. Capital work-in-progress, inter alia, includes balances pending capitalization for long-periods of time owing to pending analysis of status, value and obtaining of commissioning certificates. These result in understatement of Fixed Assets and depreciation charged.

During our Test check of the statement of on-going works, we observed incomplete details about the estimated amount as per work order, the status of works at the year end.

The consequential impact of adjustment, if any, on the financial statements is currently not ascertainable.

- d. Note 27, Statement on Accounting policies, Company is capitalizing Overheads and Employees cost @ 8.5% and 1.5% respectively of the capital working progress. During the year company has capitalized ₹.156.22crores (Previous Year ₹ 161.86 crores) of such expenditure. However, AS-10 prescribes to capitalize only such expenses attributable to the specific assets. The said policy is in non compliance of the Accounting Standard -10 and Accounting Standard – 16.
- e. Accumulated depreciation on assets sold/discarded during the year is not written back in accordance with AS-10 “Plant Property & Equipment”. In the event of replacement of an old asset with a new asset (Except Distribution Transformers), the new asset is capitalized at acquisition cost less the weighted average cost of replaced asset. However, such old assets are not retired from the books. The consequential impact on Asset balances, depreciation loss on financial statements is not ascertainable.
- f. In the event of retirement of distribution transformers, instead of retiring the actual asset company is retiring the asset on FIFO basis. The consequential impact on Asset balances, depreciation loss on financial statements is not ascertainable.
- g. The Company has not carried out any Techno-economic assessment during the year ended 31st March 2019 and hence identification of impairment loss and provision thereof, if any, has not been made. The same is not in accordance with the notified Accounting Standard 28 on Impairment of asset. The consequential impact of adjustment, if any, on the financial statements is currently not ascertainable. Refer Note no. 10.2 of Financial statements
- h. Note No 10 Para 3.3, depreciation is not provided on certain unidentified assets transferred from APCPDCL pertaining to the operation circles merged with the company.
- i. Note No. 10 Para 4 is invited wherein, consequent upon amendment to second transfer scheme vide G.O.Ms 142 DT. 29.09.2001 and the third transfer scheme vide G.O.Ms.396 dt.09.06.2005, the Company adopted the assets & liabilities and the balances against Power Purchase, loan liabilities, and receivables from Govt. of A.P at values stipulated in the respective government notifications, which are provisional and subject to further adjustment as may be determined by the State Government and audit. In the absence of relevant information, we are unable to express our opinion on the closing balances of such assets / liabilities transferred to the company under the aforementioned transfer schemes.

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

#### **V. Inventories:**

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



**VI. Employee Benefits:**

Note No. 5- Para 1 - Provision for pension, Gratuity, leave encashment and other retirement's benefits made does not comply with requirements of AS-15 "Employee benefits". Further, the disclosure requirements as per Schedule III of Companies Act 2013 are not complied in total. During the year, Actuarial Valuation has been done and company has made short provision towards employee benefits in the books as follows:-

1. Provision for Leave Encashment ₹ 1,142.29 Crores
2. Provision for Pension & Gratuity ₹ 857.59 Crores
3. Provision for Pension & Gratuity (Share of APGENCO Master trust) ₹ 12,165.93 Crores

Accordingly, total employee benefit expenses are understated by ₹ 14,165.81 Crores.

**VII. Government Grants:**

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

**VIII. Borrowing Costs:**

Note 23 & 27.10 of Statement of Accounting policies states that interest during construction is calculated and capitalized at the rate specified for each scheme from the date of expenditure incurred till the date of Capitalization. During the year, company has capitalized ₹ 161.02 crores (Previous Year ₹ 149.24 crores) of such interest. However, company is unable to identify the borrowing cost incurred specifically for a particular asset and hence, capitalizing the interest cost at the weighted average rate of borrowing cost incurred during the previous year. However, Accounting standard -16 prescribes a different method for capitalization of borrowing costs for general borrowings. The capitalization rate should be the weighted average of borrowings costs applicable to the borrowings that are outstanding during the year. Accordingly, capitalization should be determined by applying the rate arrived as per standard.

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

**IX. Taxes on Income:**

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

**X. Earnings per Share:**

The cumulative effect of the non-compliance of the above and other qualifications in the para below, on the Earnings per share vide Accounting standard 20 is not quantifiable since adequate information is not presently available with the Company to quantify the financial impact on non-compliance of these Accounting Standards.

**XI. Others:**

- a. Refer Note 14 -2, company has recognized disputed amount of ₹ 393.76 crores as revenue up to March 2019 and these amounts are considered as Good by the Company. Moreover, company has not created any provision for the said amount.

- b. Note No. 14 - Non-provision of bad and doubtful debts in consonance with the accounting policy of the Company.
- c. Note No.8 Para 1 non-reconciliation of Inter Unit accounts to the extent of ₹ 15.51 Crores (previous year ₹ 34.40 Crores).
- d. Note No.10 Para 5 The input controls in the SAP in respect of capturing data and recording of transactions, access control system, disaster data recovery plans and backups needs to be reviewed and duly certified by independent agency as regards to its adequacy. However, independent system Audit on SAP implementation is not carried out since Go-live of the project.
- e. At present, company is Accounting Power Purchase related transactions in Quality Server of SAP and on a later date transferred to Production server. Moreover, there are no checks and controls established to check the validity of the data entered in the Production server, periodic reconciliation of transactions recorded in Production server with Quality Server. In the absence of Controls and documented reconciliation we are unable to quantify the impact of misstatements on financial statements in respect of Power Purchase related transactions.
- f. Refer Note 26 Para 9, regarding contingent liabilities amounts as disclosed in respect of claims/ pending court/ arbitration/ legal/ tax cases and Commitments in respect of estimated amounts of Contract remaining to be executed on Capital Account have not been properly compiled and ascertained as per AS – 29 “Provisions, Contingent Liabilities and Contingent Assets”. In absence of details, we are unable to quantify the same.
- g. Refer Note 26 -1, Balance of Trade receivables, Trade payables, Suppliers, Contractors, Loans and Advances and other balances are subject to confirmations and further adjustments upon reconciliation. In the absence of required information, we are unable to comment upon the impact thereof on financial statements.
- h. Refer Note No. 26 Para 6, the company has not properly identified the Enterprises qualifying under the definition of Medium and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). In absence of details, we are unable to quantify the same.1)
- i. During the year under review certain allegations levelled, while execution and procurement of Cover Conductor, writ petition has filed before the Hon’ble High Court of A.P to enquiry in to the matter. Accordingly, Commissioner of Inquiries was appointed. Hence, Company expressed their inability to furnish the detail on the above subject citing pending enquiry.

In the absence of adequate information and non-confirmation from the management we are not in a position to comment on the fraud reporting on the above transaction. However apart from the above transaction, our audit procedures have not indicated any material fraudulent transactions during the course of our Audit.

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Emphasis of Matter**

We draw attention to Note 12 Para 4, As per decision of APPCC and Govt Of AP (GOAP) permission to buy out, agreement for buyout of the project Dt 8-2-2016 and continuation agreement dated: 22 April 2016, advance of ₹ 289.55 Crores paid by APDISCOMs to GVK Industries Ltd. As per handing over minutes dated: 22 April 2016, control over plant and its assets were taken over by APDISCOMs with effect from 22 April 2016 and energy generated was shared between DISCOMs as per Power allocation Ratio decided by Govt vide GOMS no: 20 dated: 08th May 2014.

APPCC in its meeting held on 19th June 2017, it was decided to handover the GVK assets/plant to APGENCO from APDISCOMs as the APGENCO is in the core business of Generation. The legal formalities are in process, to transfer the assets in favor of APGENCO. In view of above, amounts paid to GVK towards purchase consideration shown as advance in the books of APDISCOMs.

We draw attention to Note 21 Para 1-3, The APPCC was established as an institutional arrangement for smooth transition of power purchase functions and to have co-ordination among the DISCOMs as per the G.O.Ms.No.59, Dated 07-06-2005.

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. Our Opinion is not modified in respect of this matter

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ➔ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ➔ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ➔ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ➔ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ➔ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, we give in the Annexure – A, a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143 (5) of the Companies Act 2013, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B, to this report a statement on the directions issued by Comptroller & Auditor General of India, to the extent applicable.
3. As required by section 143 (3)(i) of the Companies Act 2013, we give in the Annexure C, to this report, with respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls,
4. As required by Section 143(3) of the Act, we report that:
  - a) Except for the matters described in the Basis for Qualified Opinion Paragraph above, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) Except for the matters described in the Basis for Qualified Opinion Paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
  - d) Except for the matters described in the Basis for Qualified Opinion Paragraph above, in our opinion, the Balance Sheet, the statement of Profit and Loss and Cash flow statement dealt with by this Report comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 more particularly non-compliance of Accounting Standards AS-2, AS-9, AS-10, AS-12, AS-15, AS 16, AS-20, AS-22 and AS-28.
  - e) The matter described in the Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) Being a Government Company the Company is exempt from the provisions of section 164(2) of the Act regarding disqualification of Directors, in terms of circular NO. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India.
  - g) Being a Government Company the Company is exempt the provisions of section 197 of the Act, in terms of circular NO. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India. Hence, reporting on managerial remuneration is not applicable.
  - h) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
    - i. The Company has disclosed pending litigations which would impact its Financial Statements as referred in Note no 9 Para 1.1 and 4 of the Financial Statements, except for the matters described in the Basis for Qualified Opinion.
    - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
    - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund.

Place: Tirupati

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

  
Nagendraiah Tadikonda  
Partner  
Membership No. 226246

## **ANNEXURE A TO THE AUDITORS' REPORT**

**Annexure to the Auditor's Report for the year ended 31<sup>st</sup> March, 2019  
(As referred to in Paragraph 1 in Report on other Legal and Regulatory  
Requirements of our report of even date to the members of  
The Southern Power Distribution Company of Andhra Pradesh Limited on  
the financial statements for the year ended 31<sup>st</sup> March, 2019)**

- i.
- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets subject to updation of SAP. However, the said details are not available for certain unidentified fixed assets transferred from TSSPDCL (formerly APCPDCL) occasioned by AP State bifurcation (pertaining to Kurnool and Ananthapur circles).
- b. We were informed that the fixed assets have not been physically verified by the management during the year; hence we are unable to comment on the discrepancy, if any between the physical balance and book records.
- c. Based on the audit procedures conducted by us and on the basis of our examination of records of the company, the ownership documents viz. sale deed, gift deed etc on immovable properties are not fully available with the company. Further, the immovable properties transferred in pursuant to Demerger TSSPDCL (Formerly APCPDCL) are not registered in the name of the company. In the absence of the above said information we are unable to determine the state of ownership and titles against such properties.
- ii. According to the information provided to us and audit procedures conducted by us, the company is following a system of perpetual inventory verification in all locations at reasonable intervals during the year. As explained to us material discrepancies noticed on physical verification of inventory as compared to the book records have been properly dealt with in the books of accounts.
- iii. According to the information provided to us and audit procedures conducted by us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of Clause iii (a), iii (b), iii (c) of the order are not applicable to the Company.
- iv. According to the information and explanations given to us and based on the audit procedures conducted by us,
- The company has not given any loans and advances to the parties covered under section 185 of the companies Act. Thus, there is no non compliance of provisions of Section 185.
- The company has not given any loans and guarantee or providing and security in connection with a loan, to any person or other body corporate and acquiring securities of any other body corporate against the provisions of Section 186 of Companies Act 2013 .
- v. According to the information & explanation given to us, the Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013. Hence, the provisions of Clause v of the order are not applicable to the Company.
- vi. The Central Government of India has prescribed the maintenance of Cost records under Section 148(1) of the Act. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.



- vii. (a) Based on our examination of books of accounts and according to the information and explanations given to us in our opinion the company is regular in depositing the undisputed statutory dues, including Provident Fund, , Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities and there were no arrears of such dues at the year-end which have remained outstanding for a period of more than six months from the date they become payable.
- (b) Due to Mismatch of Quarterly TDS returns, demand has been received from the concerned ITO (TDS) for which necessary corrective action has to be taken by revising the Quarterly TDS returns. The aggregate of such TDS defaults is ₹ 4.50 Crores.

**Tax disputes with various authorities:**

1. APSPDCL filed WPs before Hon'ble High Court relating to Entry Tax. The details are as under.

Asst. Period	Disputed Demand in Crores	Paid in (Crores)
2002-03	2.00	1.20
2003-04	2.69	2.69
2004-05	4.86	2.91
2005-06	3.01	1.82
2006-07	1.18	1.18
2007-08	0.09	0.04
2010-11	0.72	0.18
2011-12	0.56	0.14
2012-13	0.85	0.21
2013-14	1.25	0.31
2015-16	26.85	6.71
2016-17	22.47	5.62
2017-18 ( Apr to June)	3.15	0.79
<b>Total</b>	<b>88.31</b>	<b>28.47</b>

**2. Pending Appeals in respect of Income Tax/TDS, VAT & Service Tax before various Tax Authorities.**

Year & Subject	Authority before which the appeal is pending	Amount Dispute ₹ in Crore	Status
2007-08 to 2011-12 ( 6 Circles) - VAT ON PRESUMPTIVE SALE OF METERS	Hon'ble High Court, Hyderabad,	32.11	1.The CTO/TPT issued demand Notice for payment of VAT on Presumptive sale of Meters to Consumers which is not Correct. (1) WP filed in High Court vide No.3697/2014 and is pending.
			(2) CTD withdraws their demand notice with a view to levy tax as Lease Rentals. This is subjudice.
			(3) New Demand Notice for payment of VAT of ₹.32.11 Cr as VAT on Lease Rentals has been received.
			(4) As per the approval of Management, New WP 14870/2018 has been filed in High Court and stay orders were granted.
2012-13 to 2013-14- VAT ON PRESUMPTIVE SALE OF METERS	Hon'ble High Court, Hyderabad,	16.11	The CTO/TPT issued demand Notice for payment of VAT on Presumptive sale of Meters to Consumers which is not Correct.(1) WP filed by us in High Court vide No.41927/2017 and is pending.
			(2) Addl Commissioner/Legal CTD, VJA issued SCN to levy VAT as Lease Rentals (instead of Sale ). The CTD has not considered APSPDCL objections and WP NO.1900/2019 has been filed before High Court and Stay Orders were granted.
2007-08 to 2009-10 - Levy of IT-TDS	Hon'ble High Court, Hyderabad,	6.45	(1) The ITO/TPT issued Demand Notice for Non-deduction of TDS. APSPDCL filed Appeal filed before commissioner of Appeal/TPT and got Favourable Orders.
			(2) Aggrieved by the above Orders , ITO/TPT filed appeal Before ITAT /Vizag vide No. 1217 of 2010 on Jurisdictional issue and Appeal Nos 452,453,454 of 2010 were filed by APSPDCL on Non-deduction of TDS on Lease Rentals paid to Debt Recovery Tribunal ( Payable to M/ s.Klenn& Marshall) . The Disputed areas are (a) Jurisdiction of CIT/TPT and (b) Under which Section TDS is to be calculated (c) Validity of TDS Certificate with retrospective effect.(d) Whether TDS is to be made on payments to DRT. The Appeal are pending.
2007-08 to 2009-10 Levy of Interest on the delayed TDS as above case	Hon'ble High Court, Hyderabad,	4.67	(1) Aggrieved by the Demand Notice in respect of Interest , Appeal filed before CIT(A)/VJA and got favourable Orders.
			(2) The ITO filed Miscellaneous Appeal on the Orders of CIT(A)/VJA before ITAT /H/ vide Appeal Nos.1327/H/2014 & 1328/H/2014 . These appeals are won by APSPDCL.

Year & Subject	Authority before which the appeal is pending	Amount Dispute ₹ in Crore	Status
			<p>(3) The ITO again filed Miscellaneous Appeal on the Orders of ITAT in Appeal Nos.1327/H/2014 &amp; 1328/H/2014 , before (1) ITAT/H/ vide Appeal Nos 29/H/2016&amp; 30/H/2016. These appeal also won by APSPDCL.</p> <p>(4)The ITO filed in ITAT, The ITAT/H pronounce judgement on Appeal Nos 29/H/2016&amp; 30/H/2016 which is favour of APSPDCL. Aggrieved by these orders the ITO filed WP in High court vide No. 333 &amp;382 of 2017 and the cases are pending.</p>
Non Remittance of Service Tax in estimates	CESTAT / Hyderabad	4.62	APSPDCL has filed appeals before various adjudication authorities by depositing the required amounts as per the Act. But our pleas are not considered. Hence filed appeal before CESTAT/Hyd. Hon'ble CESTAT/Hyd considered our appeals remanded back the cases for consideration.
Levy of Service Tax on Wheeling Charges Cross Subsidy Charges ets	CESTAT / Hyderabad	10.72	The Commisisoner of Central Tax /Tirupati issued Order -OIO No TTD-EXCUS-000-COM-01-19-20 dt.16.04.19 for payment Sercvice Tax on Wheeling Charges, Cross subsidy charges etc.,. APSPDCL has filed objections but same were not considered. Hence filed appeal before CESTAT/Hyd and the appeal is pending.
AY 2009-10 to 2014-15- Grants & Consumer Contributions	ITAT / Hyderabad	958.90	APSPDCL has won the case at CIT(Appeals) Tirupati and ITAT/Hyderabad. Against the orders passed by the ITAT/Hyderabad, Income tax department has approached to Hon'ble high court/Amaravathi . Now case is pending at Hon'ble high court / Amaravathi.

- viii. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institutions or banks or debenture holders except on certain loans transferred on merger of Ananthapur & Kurnool operation circles, which are unascertained.
- ix. Based on our audit procedures and as per the information and explanations given by the management, the company has not raised any money through any public offers. Hence, application of money for the purpose for which those are raised is not applicable. In respect of term loans raised during the year, the company has not maintained proper sufficient records to verify the end use of term loans and therefore we are not able to report whether the same have been applied for the purpose for which they are raised
- x. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, and according to the information and explanations given to us, we have neither come across any material instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management except as mentioned below


During the year under review certain allegations levelled, while execution and procurement of Cover Conductor, writ petition has filed before the Hon'ble High Court of A.P to enquiry in to the matter. Accordingly, Commissioner of Inquiries was appointed. Hence, Company expressed their inability to furnish the detail on the above subject citing pending enquiry.

In the absence of adequate information and non-confirmation from the management we are not in a position to comment on the fraud reporting on the above transaction.

- xi. Since Government Company is exempted from the provisions of section 197 of companies act 2013, clause (xi) of the order is not applicable.
- xii. According to the information and explanations given to us and based on audit procedures conducted by us, as the company is not a Nidhi company, clause (xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on audit procedures conducted by us, all the transactions with related parties are in compliance with sections 177 and 188 of Companies act, 2013, wherever applicable and the details have been disclosed in the financial statements etc., as required by applicable accounting standards.
- xiv. According to the information and explanations given to us and based on audit procedures conducted by us, as the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and so clause (xiv) of the order is not applicable.
- xv. According to the information and explanations given to us and based on audit procedures conducted by us, as the company has not entered into any non-cash transactions with directors or persons connected with him. Hence, clause (xv) of the order is not applicable.
- xvi. According to the information and explanations given to us and based on audit procedures conducted by us, as the company is not required to be registered under section 45-IA of RBI Act, 1934/ Hence, clause (xvi) of the order is not applicable.

Place: Tirupati

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

  
Nagendranadh Tadikonda  
Partner  
Membership No. 226246

## **Annexure B to the Auditors' Report**

**(As referred to in Paragraph 2 in Report on other Legal and Regulatory Requirements of our report of even date to the members of The Southern Power Distribution Company of Andhra Pradesh Limited on the financial statements for the year ended 31st March, 2019)**

As required by section 143 (5) of the Companies Act 2013, we give in the Annexure B, to this report a statement on the directions and sub directions issued by Comptroller & Auditor General of India, to the extent applicable and according to the information and explanations given to us during the course of our audit and the audit procedures conducted by us, we report that we report that:

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

- 1) **Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated**

Company has an ERP system (SAP) to process all the accounting transactions through IT system. However, Company is using separate software to measure and record individual transactions of billing to Customers. These transactions will be uploaded to SAP using an interface tool.

Further, at present, company is Accounting Power Purchase related transactions in Quality Server of SAP and on a later date uploading the data to Production server. Moreover, there are no checks and controls established to check the validity of the data entered in the Production server, periodic reconciliation of transactions recorded in Production server with Quality Server.

- 2) **Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.**

As per the information and records produced before us, there are no cases of restructuring of any loan or cases of waiver write off of debts loans interest etc made by any lender due to the company's inability to repay the loan during the year under review.

- 3) **Whether fundes received / receivable for SPDCL schemes from central/state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.**

We have observed that the grants received for various schemes have been utilized for the said purpose and accounted for during the Year. However assets created out of the Grants were not identifiable on one to one with Scheme in the books of account.

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

**Whether the company has made adequate provisions towards pension, gratuity and leave encashment liability of APSEB origin employees (retired and serving) and gratuity and liability of employees recruited on or after 1<sup>st</sup> February 1999**

- Provision on Leave encashment is under stated by ₹ 1142.29 Crores.
- Provision on Pension and Gratuity of APSPDCL is under stated by ₹ 857.59 Crores
- Provision on Employee benefits towards Pension and Gratuity of APSEB (retired and serving) employees and employees recruited on or after 1.2.1999 is understated by ₹ 12165.93 Crores

**Whether the Company accounted for the power purchase at the rates approved by the regulatory Commission through its tariff order and made provisions for the unpaid power purchase cost and other charges as on 31<sup>st</sup> March 2019.**

As per the information provide to us and explanations given to us, during the year company has made provision for the differential amount between allowed cost as per APERC and PPA rate. However, the completeness of claims and confirmations from vendors are yet to be received.

**Whether the company has reconciled the unpaid power purchase cost and transmission charges outstanding as on 31 March 2019**

During the year company has performed reconciliation of unpaid power purchase cost and chargres outstanding as on 31 March 2019. However, in the absence of independent confirmation from the vendors we cannot comment on the completeness of the reconciliation.

**Whether the company has system for monitoring mobilization advances and recovery of principal and interest as per Contract / Agreement terms**

Based on our Audit procedures and verification of documents on test check basis, company is recovering mobilization advances as per Contract terms. Further, company has not stipulating for interest on such mobilization advances in respective contracts or agreements.

**Whether the company has system for monitor the Bank Guarantees and for extension or encashment of the same before expiry of Bank Guarantees.**


Based on the records produced before us for verification, the company has system for monitoring Bank Guarantees (BG). We have also observed that the controls for extension of the same are in place before expiry of Bank Guarantees. However we recommend complete systemization of monitoring BGs through ERP.

**Whether the company has system to monitor the Contracts terminated at the risk and cost of the defaulting contractors and to monitor the realization of risk and cost amount within realiable time.**

Based on the records produced before us for verification, the company is stipulating the performance Bank guarantees, retention amount, clauses for imposing Liquidated damages in the contracts or Agreements to recover the Cost from the defaulting Contractors.

Place: Tirupati

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

  
Nagendranadh Tadikonda  
Partner  
Membership No. 226246

## **Annexure C to the Auditors' Report**

### **Annexure to the independent auditor's report of even date on the standalone financial statements of Andhra Pradesh Southern Power Distribution Company limited.**

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

We have audited the internal financial controls over financial reporting of Andhra Pradesh Southern Power Distribution Company Limited. ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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



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

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Basis of Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2019:

The Company's internal financial controls over existence, completeness, valuation and allocation of Property, Plant & Equipment and capital work-in progress (including material lying at site) are not operating effectively.

- The Company did not have an appropriate internal control system over maintenance of Property, Plant & Equipment & Capital work-in progress (CWIP) records, impairment of Property, Plant & Equipment & CWIP and physical verification of Property, Plant & Equipment & CWIP.
- Further, internal control system over capitalization of value, manner of capitalization and allocation of administrative cost and finance cost is not adequate and done on adhoc basis without identifying the expenses directly attributable to the capital Asset / Project / CWIP. Also, such rate is applied irrespective of the interruptions if any. These material weaknesses could potentially result in material misstatement of Company's Property, Plant & Equipment, CWIP, depreciation and expenses.
- The Company did not have an appropriate internal financial control system for physical verification of items of Property, Plant & Equipment of the company at various Divisions, Circles and Head Office at reasonable interval and adjustment of material discrepancies noticed during such verification
- The Company did not have an appropriate internal financial control system to correlate capital expenditure incurred with the grants/subsidy received, which could potentially result in incorrect recognition of deferred revenue income
- The Company did not have an appropriate internal financial control system for ensuring capitalization of Property, Plant & Equipment as and when the same is ready for use due to delayed issue of work completion certificate by engineering department. This could potentially result into under capitalization of Property, Plant & Equipment and corresponding effect on the operational results due to lower charge of depreciation

- The Company did not have an appropriate internal financial control system on Accounting of assets discarded in the books of account

The Company's internal financial control over reconciliation of differences between Trade Receivables as per books of accounts and Consumer Ledger, identification of old outstanding trade receivables and assumption for provision for doubtful debts, matching of Sundry Debtors Collection accounts and maintenance of details/ adjustment of Advance consumption charges against temporary connections are not operating effectively. These material weaknesses could potentially result in material misstatement of trade receivables, liability and income of the Company.

- The Company's internal financial control over seeking balance confirmations and periodic review of balances from various suppliers, service providers, consumers etc. These material weaknesses could potentially result in material misstatement in trade payables, trade receivables, liability and income of the Company.
- The Company's internal controls over reduction in distribution losses are not operating effectively. There is significant difference between the units of energy purchased and sold which indicate that internal control over billing and theft is not operating effectively. This material weakness has impacted the revenue and overall financial position of the Company.
- The Company's design and implementation of Controls and procedures to ensure adherence to mandatory accounting standards and generally accepted Accounting Principles are not adequate and have material impact on the financial statements.
- The Company's internal financial control over accounting of power procured is not operating effectively as Company is maintaining transactions pertaining to Power Purchases in Quality server of SAP and uploaded in regular production server at month end. There are no checks and balances on these uploaded data. This is resulting in lack of Audit trail in Production server and redundancy of work.
- This could potentially result in misstatement in Company's Trade payables and power purchase cost.
- The Company's internal financial control over maintenance of subsidiary records, timely adjustments of advances to suppliers and provision for liabilities are not operating effectively. Certain subsidiary records are either not properly maintained or are updated at year-end and advances are adjusted and liabilities are accounted on the basis of bill received/cut-off date and not at the time when services and/or goods are received. These material weaknesses could potentially result in misstatement of expenses, assets and liabilities.

### **Qualified Opinion**

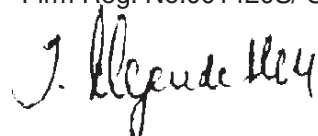
Being the Government undertaking, the Company's internal control process over financial reporting is designed by way of various Manuals, Rules, Circulars and instructions issued from time to time and our opinion is based on the internal control process over financial reporting as defined therein. During the course of our audit of financial statements, we have on test-checking basis and on review of adequacy of internal control process over financial reporting, have identified some gaps both in adequacy of design of control process and its effectiveness which have been reported in "Basis of Qualified Opinion" above. However, the Company has no comprehensive model for internal control over financial reporting incorporating risk assessment, control process and gap tracking along with the description of objective, process and risk associated thereof, as per the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. The system of internal financial controls over financial reporting with regard to the Company were not made available to us to enable us to determine if the Company has established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at 31<sup>st</sup> March, 2019.

In our opinion, with a exception of the matters described in Para above and except for the effects/ possible effects of the material weaknesses described in “Basis of Qualified Opinion” above, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31<sup>st</sup>, 2019. The Company is yet to be established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have also audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of the Company, which comprise the Balance Sheet as at March 31<sup>st</sup>, 2019, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 31<sup>st</sup> March, 2019 financial statements of the Company and this report affect our report on financial statements, which expressed a qualified opinion on those financial statements.

Place: Tirupati

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



Nagendranadh Tadikonda  
Partner  
Membership No. 226246

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

Southern Power Distribution Company  
of Andhra Pradesh Limited

### Addendum to independent Auditors Report

To

The Members

M/s. Southern Power Distribution Company of Andhra Pradesh Limited  
Tirupati

We have audited the financial statements of Southern Power Distribution Company of Andhra Pradesh Limited for the year ended 31-03-2019 and issued our report Dt. 21-10-2019

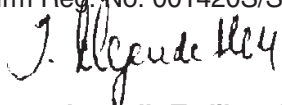
We draw attention to the matters described in Basis for Qualified opinion paragraph, the effects/possible effects of which and matters where we are unable to obtain appropriate audit evidences, individuality or in aggregate, are material to the financial statements. The effects of the matters described in the said paragraph, which could be reasonably determined / qualified, on the elements of accompanying financial statements is tabulated as under

Sl No.	Description	Overstated	₹ In Crores	
			Understated	Report Ref
1	Current year Cost - Cost of Power Purchase	3,775.59		Para - i) e
2	Prior Period Cost - Cost of Power Purchase		3,775.59	Para - i) e
3	Provision for Leave Encashments - Long term Provisions		1,142.29	Para - vi) 1
4	Provision for Pension & Gratuity - Long term Provisions		857.59	Para - vi) 2
5	Provision for Pension & Gratuity (Share of APGENCO Master trust) - Long term Provisions		12,165.93	Para - vi) 3
6	Employee benefit expenses		14,165.81	Para - vi)
7	Disputed Amount recognised as Revenue income	69.32		Para - xi) a
8.	Disputed Amount Recognised as Revenue Trade Receivables	393.76		Para - xi) a

Accordingly, the ascertainable total loss for the year is understated by ₹ 14,235.13 Crores (Current year loss ₹ 10,459.54 prior period loss ₹ 3775.59 crores). The effects / possible effect of the others qualifications mentioned in the said paragraph of our independent Auditors report are not ascertainable.

The above aggregate quantification of qualification is inadvertently missed in our independent Auditors report dt. 21-10-2019 Hence, the addendum is issued and this addendum forms part of our independent Auditors report dt. 21-10-2019

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

  
(Nagendranadh Tadikonda)  
Partner  
M.N. 226246



Save Energy ... Save Power...

**M/s Komandoor & Co LLP,**  
Chartered Accountants,  
Firm Reg. No.001420S/ S200034

**Southern Power Distribution Company  
of Andhra Pradesh Limited**

To

**The Chairman & Managing Director,**  
M/s. Southern Power Distribution Company of Andhra Pradesh Limited  
Tirupati

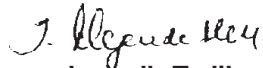
Respected Sir,

Sub. : Addendum to our Independent Audit Report

Please find enclosed Addendum to our Independent Auditors Report of your company,  
This addendum forms part of our Main Audit report dt. 21-10-2019

Our replies and remarks to the Provisional Comments of Principal Accountant General  
(Audit) are provided separately duly signed by our Tirupati Branch Partner Mr. Rakesh,  
FCA.

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

  
**(Nagendraiah Tadikonda)**  
Partner  
M.N. 226246

Copy to

Principal Accountant General (Audit),  
Andhra Pradesh,  
Hyderabad

## REPLIES TO THE STATUTORY AUDITORS REPORTS

<b>M/s Komandoor &amp; Co LLP, Chartered Accountants,</b> Firm Reg. No.001420S/ S200034	<b>Southern Power Distribution Company of Andhra Pradesh Limited</b>
<b>Auditors Report-FY 2018-19</b>	Replies of the company forming part of the Director's Report to the members under section 217(3) of the Companies Act, 2013
<b>Basis for Qualified Opinion</b> In the absence of relevant information we are unable assess the impact on accounts could not be quantified on the following issues:	
a. With attention to the Note No. 7.1& 7.2 of financial statements, relating to accounting of power purchase bills, debit / credit notes which are provisional and are subject to revision at a later date. The consequential impact on creditor's balances, loss for the year, if any, is presently not ascertainable.	All the Power Purchase Cost pertaining to 2018-19 taken in to the Books of Accounts. However Supplementary Claims pertaining to 2018 – 19 claimed in 2019 – 20 (Up to June'2019 bills) also taken in to Books of Accounts.
b. Non-confirmation / reconciliation of balances of the power suppliers for an amount of ₹ 21,505.19 Crores (Previous Year ₹ 11,951.25 Crores). The consequential impact on creditors balances, result for the year, if any, is presently not ascertainable.	Vendor wise balances list is furnished to end of 31.03.19 and letters addressed to vendors for certification of balances and the same is awaited.
c. Note No: 21 Para 1 constitution of Andhra Pradesh Power Coordination Committee to facilitate purchase and trading of power on behalf of distribution companies in the State of Andhra Pradesh and legal status of the same could not be ascertained.	The Govt. of AP has issued orders vide Go.Ms.No.59 dated 07.08.2015 & G.o.Ms.No.21 dated 12.5.2014, for formation and functioning of APPCC.
d. During the year, Management has considered the differential claims amounting to ₹ 5,879.36 Crores from different Vendors for the share of the Company. However in the absence of confirmations from the respective vendors, we are unable to comment on the completeness of the Liability and its consequential impact on profit or loss of the company	An amount of ₹ 2921.48 crore was claimed by the APPDCL as per the APERC OP No. 47 of 2017 and IA No.28 of 2017 dated 02-03-2019 remaining the amount differential FCA claimed by the AP Genco and TS Genco. The reconciliation is under process.
e. Claims of generators of power, disallowed in the earlier years and admitted during the year for an amount of ₹ 3,775.59 Crores has been considered under the current year cost. As a result current year cost is overstated to that extent.	The books were closed upto 2017-18, hence the total cost up to the FY 2017-18 is booked during the year 2018-19.

## **II. Merger of Two Circles with the company**

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

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

Allocation has been carried out as per the Act except apportionment of employee related liabilities / receivables such as Liability on account of GIS Insurance, Savings fund and Self-funding Medical Scheme, Employee Liabilities towards Gratuity and Leave encashment, Liabilities of Pension & Gratuity Trust, GPF Trust, Loans & Advances of employees and Receivable towards APSEE Master P & G Trust which are not in conformity with Annexure 2 referred to in Clause XVIII of the G.O.Ms No 24.

However, Company incorporated the Assets and Liabilities balances on account of merger into certain suspense GL accounts, pending reconciliation.

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

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

The consequential impact of above said transactions on Assets, Liabilities, Profit and loss for the year, if any, is presently not ascertainable.

The demerger scheme as per AP Reorganization Act, 2014 in agreed to and signed by the both entities of two states and approved by the Export committee. The physical transfer of assets and liabilities on mutual agreement or by making payment or adjustment through any other mode as may be agreed to by the successor states as per section 53 of AP Reorganization Act, 2014, action is still awaited apart from employees final allocation and related issues.

## **III. Loans Availed by the Company**

1. 1. As stated in Note 3.1, 3.2, 3.3, 26.1 to the Financial Statements and in the absence of external confirmations, which are subject to further reconciliation / adjustments.



<p><b>a)</b> On certain loan to an extent of ₹ 9.48 Crores (Previous Year ₹ 9.48 Crores) which is still in the name of APTRANSCO.</p>	<p>The said loans are transferred to Company under third transfer scheme. However, these loans are not endorsed separately in the name of the company.</p>
<p><b>b)</b> On Loans availed from certain banks, public financial institutions and other agencies including bonds for an amount of ₹ 2,856.71 Crores (Previous year ₹ 2,543.24 Crores). The consequential impact on the Loan balances, interest payable, interest and loss for the year, if any, is presently not ascertainable.</p>	<p>It is inclusive of merger portion loan amount of ₹ 1643.33 crore, which is serviced by TSSPDCL and for the remaining loans an amount of ₹ 500 cr confirmed from IREADA, ₹ 335.05 crore is FRP Bonds amount, and balance amount of ₹ 378.33 cr confirmation is not available. However the company is taking steps to obtain the loan confirmations from all Financial institutions.</p>
<p>2. Interest expense on Loans availed from government has not been recognized and the amount has not been quantified due to non availability of details for verification. Hence the consequential impact on loan balances, interest payable is not ascertainable.</p>	<p>The said loans are transferred to Company under third transfer scheme. The interest amount not paid so far, principal amount paid up to the FY 2014-15 only.</p>
<p>3. The Company has not made adequate disclosures in respect of Loans and Investments as required by Schedule III to the Companies Act 2013.</p>	<p>Noted for future guidance</p>
<p><b><u>IV. Property, Plant &amp; Equipment</u></b></p> <p>The company has not complied completely with the provisions of Revised AS -10 – “Property, Plant &amp; Equipment”.</p> <p><b>a).</b> In respect of Freehold lands of carrying value ₹ 5.04 Crores (previous year ₹ 5.02 crores), data on lands acquired by purchase, gift or alignment by government are not available with the company. Further, the ownership documents viz. sale deed, gift deed on such lands are not fully available with the company. In the absence of the above said information we are unable to determine the state of ownership, any adjustments to the carrying amounts required.</p>	<p>Majority of the above properties are given as Gifts or assigned by the Government. Company is in follow up with concerned officials for obtaining the necessary documents.</p>
<p><b>b).</b> In case of certain assets of Buildings, Civil Works, Lines &amp; Cable Network, Metering Equipment, Plant&amp; Machinery, Furniture&amp; Fixtures, Company has not capitalized the Assets at actual cost incurred instead capitalized on allocating the total cost incurred for all the assets on the basis of pre fixed percentages. In the absence of information of we are unable to ascertain the consequential impact on Asset balances, Accumulated depreciation, depreciation and financial statements of the Company.</p>	<p>The percentage method is used only for actual cost incurred. There is no prefixed percentage exists.</p>

<p>c. Capital work-in-progress, inter alia, includes balances pending capitalization for long-periods of time owing to pending analysis of status, value and obtaining of commissioning certificates. These result in understatement of Fixed Assets and depreciation charged.</p> <p>During our Test check of the statement of on-going works, we observed incomplete details about the estimated amount as per work order, the status of works at the year end.</p> <p>The consequential impact of adjustment, if any, on the financial statements is currently not ascertainable.</p>	<p>Company is taking efforts to complete the pending item to be capitalised .</p> <p>Every estimate is sanctioned only if details of materials and labour is provided. Hence, there are no chance incomplete details in estimate amount.</p>
<p>d). Note 27, Statement on Accounting policies, Company is capitalizing Overheads and Employees cost @ 8.5% and 1.5% respectively of the capital working progress. During the year company has capitalized ₹ 156.22 crores (Previous Year ₹ 161.86 crores) of such expenditure. However, AS-10 prescribes to capitalize only such expenses attributable to the specific assets. The said policy is in non compliance of the Accounting Standard -10 and Accounting Standard – 16.</p>	<p>The company adopted the policy of Capitalizing the Overheads and Employee cost on the basis of our experience of last several years. It is a Managerial policy.</p>
<p>e. Accumulated depreciation on assets sold / discarded during the year is not written back in accordance with AS-10 “Plant Property &amp; Equipment”. In the event of replacement of an old asset with a new asset (Except Distribution Transformers), the new asset is capitalized at acquisition cost less the weighted average cost of replaced asset. However, such old assets are not retired from the books. The consequential impact on Asset balances, depreciation loss on financial statements is not ascertainable</p>	<p>Owing to Practical problems involved, company is following the above procedures. However, necessary efforts will be initiated to comply with the Accounting Standards</p>
<p>f. In the event of retirement of distribution transformers, instead of retiring the actual asset company is retiring the asset on FIFO basis. The consequential impact on Asset balances, depreciation loss on financial statements is not ascertainable.</p>	<p>Since assets of company are voluminous, scattered in field and difficulties in identifying the Asset, Company is following the policy of retirement on FIFO basis. However, Company will lookout for alternate options to identify the exact asset at the time of retirement.</p>

<p>g. The Company has not carried out any Techno-economic assessment during the year ended 31st March 2019 and hence identification of impairment loss and provision thereof, if any, has not been made. The same is not in accordance with the notified Accounting Standard 28 on Impairment of asset. The consequential impact of adjustment, if any, on the financial statements is currently not ascertainable. Refer Note no. 10.2 of Financial statements</p>	<p>Necessary measures will be initiated to comply with the requirements of the Accounting Standard on impairment of Assets.</p>
<p>h. Note No 10 Para 3.3, depreciation is not provided on certain unidentified assets transferred from APCPDCL pertaining to the operation circles merged with the company.</p>	<p>Company has completed the verification and reconciliation of transferred Assets and Liabilities (Other than employee related items) and forwarded the observations and comments to TSSPDCL for their confirmation and needful action. Till the date of Audit company has not received reply from TSSPDCL. However this will finalized during the FY 2019-20.</p>
<p>a. Note No. 10 Para 4 is invited wherein, consequent upon amendment to second transfer scheme vide G.O.Ms 142 DT. 29.09.2001 and the third transfer scheme vide G.O.Ms.396 dt.09.06.2005, the Company adopted the assets &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.</p> <p>The consequential impact on the capital work-in progress, fixed assets, depreciation and amortization and loss for the year owing to above stated qualifications, if any, is presently not ascertainable.</p>	<p>A letter will be addressed to AP Transco and Govt. of AP for appropriate action on the stated subject. On receipt information /orders on the subject necessary entries will be made in the books of accounts.</p>
<p><b>V. Inventories</b></p> <p>a. The company is valuing the stores &amp; spares, obsolete stock and scrap materials on weighted average cost. However, it should be valued at cost or NRV whichever is lower leading to non compliance with AS -2. In absence of relevant information and audit trail we are not in a position to quantify the impact thereof.</p>	<p>As the Quantity of Inventory is voluminous and practical problems in ascertaining NRV, Company is following to value inventory on Weighted average method consistently.</p>

<p>b In case of devolution of materials to stores, the rate adopted by the SAP, is at current purchase price and not the price at which it was issued</p>	<p>APSPDCL are following the practice from years. Company will examine the possibilities of issuing the materials at historical cost of the material</p>
<p><b>VI EMPLOYEE BENEFITS:</b></p> <p>Note No. 5- Para 1 - Provision for pension, Gratuity, leave encashment and other retirement's benefits made does not comply with requirements of AS-15 "Employee benefits". Further, the disclosure requirements as per Schedule III of Companies Act 2013 are not complied in total. During the year, Actuarial Valuation has been done and company has made short provision towards employee benefits in the books as follows:-</p> <ol style="list-style-type: none"> <li>1. Provision for Leave Encashment ₹ 1,142.29 Crs.</li> <li>2. Provision for Pension &amp; Gratuity ₹ 857.59 Crs</li> <li>3. Provision for Pension &amp; Gratuity (Share of APGENCO Master trust) ₹ 12,165.93 Crs.</li> </ol> <p>Accordingly, total employee benefit expenses are understated by ₹ 14,165.81 Crores.</p>	<p>APSPDCL provided provision for pension, Gratuity, leave encashment and other retirement's benefits as per the Actuarial valuation report dated : 04-07-2019 as under</p> <ol style="list-style-type: none"> <li>1. Provision made for Current liability portion only ,balance amount provision to be provided in future.</li> <li>2. Provision made for total amount as per actuarial valuation report in respect of 26 % share.</li> <li>3. Provision to be made in future for the Master Trust share (74%+100%) after 2029/2033.</li> </ol> <p>Further the APSPDCL management has increased its present monthly contribution from ₹ 32.64 Crs to ₹ 70.00 Crs with effect from October 2019 to meet the Master Trust share after 2029/2033.</p>
<p><b>VII. Government Grants</b></p> <p>Assets purchased under RGGVY scheme from Government grants is not shown separately as required under AS-12 "Accounting for Government Grants".</p>	<p>The subject will be examined in detail and action will be taken in the ensuing years.</p>
<p><b>VIII. Borrowing Costs:</b></p> <p>Note 23 &amp; 27.10 of Statement of Accounting policies states that interest during construction is calculated and capitalized at the rate specified for each scheme from the date of expenditure incurred till the date of Capitalization. During the year, company has capitalized ₹ 161.02 crores (Previous Year ₹ 149.24 crores) of such interest. However, company is unable to identify the borrowing cost incurred specifically for a particular asset and hence, capitalizing the interest cost at the weighted average rate of borrowing cost incurred during the</p>	<p>Company will make necessary efforts to identify qualifying assets to the extent possible and will capitalize the borrowing costs of specific borrowings directly to Asset. Similarly, in case of other borrowings necessary efforts will be made to comply with the Accounting standards.</p>

<p>previous year. However, Accounting standard -16 prescribes a different method for capitalization of borrowing costs for general borrowings. The capitalization rate should be the weighted average of borrowings costs applicable to the borrowings that are outstanding during the year. Accordingly, capitalization should be determined by applying the rate arrived as per standard.</p> <p>The consequential impact on the capital work-in progress, fixed assets, depreciation and amortization and loss for the year owing to above deviation from accounting standard, if any, is presently not ascertainable.</p>	
<p><b>IX. Taxes on Income</b></p> <p>Deferred Tax asset / liability has not been recognized by the Company towards the tax effect of timing difference between taxable income and Accounting Income including accumulated losses in the accounts as required under AS-22 "Accounting for Taxes on Income". The impact of above deviation is presently not quantifiable.</p>	<p>Noted for future compliance</p>
<p><b>X. Earnings per Share</b></p> <p>The cumulative effect of the non-compliance of the above and other qualifications in the para below, on the Earnings per share vide Accounting standard 20 is not quantifiable since adequate information is not presently available with the Company to quantify the financial impact on non-compliance of these Accounting Standards.</p>	<p>Noted for future compliance</p>
<p><b>XI. Others:</b></p> <p>a. Refer Note 14 -2, company has recognized disputed amount of ₹ 393.76 crores as revenue up to March 2019 and these amounts are considered as Good by the Company. Moreover, company has not created any provision for the said amount.</p>	<p>Noted for future compliance</p>
<p>b Note No. 14 - Non-provision of bad and doubtful debts in consonance with the accounting policy of the Company</p>	<p>Noted for future compliance</p>
<p>c. Note No.8 Para 1 non-reconciliation of Inter Unit accounts to the extent of ₹ 15.51 Crores (previous year ₹ 34.40 Crores).</p>	<p>₹ 8.81 crore was reconciled and the remaining balance reconciliation is under process.</p>

<p>d. Note No.10 Para 5 The input controls in the SAP in respect of capturing data and recording of transactions, access control system, disaster data recovery plans and backups needs to be reviewed and duly certified by independent agency as regards to its adequacy. However, independent system Audit on SAP implementation is not carried out since Go-live of the project.</p>	<p>Noted for future compliance</p>
<p>e. At present, company is Accounting Power Purchase related transactions in Quality Server of SAP and on a later date transferred to Production server. Moreover, there are no checks and controls established to check the validity of the data entered in the Production server, periodic reconciliation of transactions recorded in Production server with Quality Server. In the absence of Controls and documented reconciliation we are unable to quantify the impact of misstatements on financial statements in respect of Power Purchase related transactions.</p>	<p>Noted for Future Compliance. The required action for accounting of power purchase transactions in production server with checks and controls and reconciliation will be established to reflect true financials in line with audit observations.</p>
<p>f. Refer Note 26 Para 9, regarding contingent liabilities amounts as disclosed in respect of claims/ pending court/ arbitration/ legal/ tax cases and Commitments in respect of estimated amounts of Contract remaining to be executed on Capital Account have not been properly compiled and ascertained as per AS – 29 “Provisions, Contingent Liabilities and Contingent Assets”. In absence of details, we are unable to quantify the same.</p>	<p>Confirmation will be obtained and reconciliation will be done in coordination with APPCC establishment.</p>
<p>g. Refer Note 26 -1, Balance of Trade receivables, Trade payables, Suppliers, Contractors, Loans and Advances and other balances are subject to confirmations and further adjustments upon reconciliation. In the absence of required information, we are unable to comment upon the impact thereof on financial statements</p>	<p>Letter addressed to Generators and awaiting for Confirmations.</p>
<p>h. Refer Note No. 26 Para 6, the company has not properly identified the Enterprises qualifying under the definition of Medium and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). In absence of details, we are unable to quantify the same.1)</p>	<p>The company is in the process of identifying the Micro, small and medium enterprises as defined under “The Micro, Small and Medium Enterprises Development Act, 2006”. However, the company is prompt in making payments to all enterprises as per purchase order terms.</p>

i During the year under review certain allegations levelled, while execution and procurement of Cover Conductor, writ petition has filed before the Hon'ble High Court of A.P to enquiry in to the matter. Accordingly, Commissioner of Inquiries was appointed. Hence, Company expressed their inability to furnish the detail on the above subject citing pending enquiry.

In the absence of adequate information and non-confirmation from the management we are not in a position to comment on the fraud reporting on the above transaction. However apart from the above transaction, our audit procedures have not indicated any material fraudulent transactions during the course of our Audit.

Details will be furnished after finalization of the enquiry with the commissioner of Enquiry/ GAD(COI) department vide G.O. RT. No.46 Dt: 15-.04.2019.

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



**(Nagendranadh Tadikonda)**  
Partner  
M.N. 226246

For and on behalf of the Board



**H. HARANATHA RAO**  
(Chairman & Managing Director)

Place : Tirupati



<b>M/s Komandoor &amp; Co LLP, Chartered Accountants, Firm Reg. No.001420S/ S200034</b>	<b>Southern Power Distribution Company of Andhra Pradesh Limited</b>
<b>AUDITOR'S REPORT- Annexure - A</b>	<b>Replies of the company forming part of the Director's Report to the members under section 217(3) of the Companies Act, 2013</b>
a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets subject to updation of SAP. However, the said details are not available for certain unidentified fixed assets transferred from TSSPDCL (formerly APCPDCL) occasioned by AP State bifurcation (pertaining to Kurnool and Ananthapur circles).	Un-identified fixed assets from TSSPDCL occasioned by AP Reorganization Act, 2014 will be reconciled during the FY 2019-20.
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.	Physical Assets verification reports will be developed for each class of assets and verification will be undertaken as per periodic standards in future years.
c. Based on the audit procedures conducted by us and on the basis of our examination of records of the company, the ownership documents viz. sale deed, gift deed etc on immovable properties are not fully available with the company. Further, the immovable properties transferred in pursuant to Demerger TSSPDCL (Formerly APCPDCL) are not registered in the name of the company .In the absence of the above said information we are unable to determine the state of ownership and titles against such properties.	Action is being taken during the FY 2019-20 to get the immovable properties transferred in the name of APSPDCL.
viii. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institutions or banks or debenture holders except on certain loans transferred on merger of Ananthapur & Kurnool operation circles, which are unascertained.	Since the details of loans transferred on merger pertaining to Anantapur and Kurnool circles are not received, no provision has been made in the accounts. Further the required adjustments as per Section 53 of AP Reorganization Act 2014 is awaited.

ix). Based on our audit procedures and as per the information and explanations given by the management, the company has not raised any money through any public offers. Hence, application of money for the purpose for which those are raised is not applicable. In respect of term loans raised during the year, the company has not maintained proper sufficient records to verify the end use of term loans and therefore we are not able to report whether the same have been applied for the purpose for which they are raised.

All loans taken from institutions was utilized properly.

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



**(Nagendranadh Tadikonda)**  
Partner  
M.N. 226246

For and on behalf of the Board



**H. HARANATHA RAO**  
(Chairman & Managing Director)

Place : Tirupati

**प्रधान महालेखाकार (लेखापरीक्षा) का कार्यालय  
आन्ध्र प्रदेश, हैदराबाद - 500 004.**

**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT)  
ANDHRA PRADESH, HYDERABAD - 500 004.**

**No. PAG (Audit) / AP/ES-PSUs (Power) / APSPDCL / AA 2018-19/122 Date . 31-12-2019**

**To**

**The Chairman and Managing Director,  
Southern Power Distribution Company of A.P. Limited,  
Srinivasapuram, Thiruchanoor,  
Tirupati = 517 503.**

Sir,

Sub : Comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on the Financial Statement of Southern Power Distribution Company of AP Limited for the year ended 31 March 2019.

\*\*\*

I am to forward herewith comments of the comptroller and Auditor General of India (C&AG) under Section 143 (6) (b) of the companies Act 2013 on the Financial Statements of your company for the year ended 31 March 2019 for necessary action. You are requested to communicate / furnish the following.

1. The date of placing Annual Report for the year 2018-19 together with the financial statements, comments of the C&AG and independent auditor's report before the shareholders of the company. A copy of the proceedings of the meeting held in this regard may be furnished.
2. The date of forwarding the Annual Report and financial statements of the company for the year 2018-19 together with the auditor's report and comments of the C&AG to the State Government for being placed before the Legislature of Andhra Pradesh may be communicated.
3. Ten copies of the Annual Report for the year 2018-19 may be furnished in due course. PDF copy of the Annual Report may also be furnished for our record and reference.

Receipt of this letter along with the enclosure may please be acknowledged.

Yours Faithfully,

Encl : As stated.

  
Sr. Deputy Accountant General (ES)

## **Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of Southern Power Distribution Company of A.P. Limited, Tirupati for the year ended 31 March 2018**

The preparation of financial statements of Southern Power Distribution Company of A.P. Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 08 October 2019.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Southern Power Distribution Company of A.P. Limited for the year ended 31 March 2019 under section 143 (6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. The Audit Report has been revised by the statutory auditor to give effect to some of my audit observations raised during the supplementary audit,

In addition, I would like to highlight the following significant matters under section 143(6) (b) of the Act 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:

### **Expenses**

#### **1. Cost of Power Purchase (Note 21): ₹ 25,456.63 crore**

The above was understated by ₹ 148.11 crore due to short provision/ non-provision of liability towards the following power purchase costs. Consequently, Trade Payables and Loss for the year were understated by the same amount.

a). During the year, AP Discoms availed 3,295.27 MUs energy from power traders on returnable basis to be returned with five per cent extra units. The company has not made provision for the extra five per cent energy to be returned. Further, provision was made at ₹ 3.741 per unit instead of ₹ 4 per unit (lower of average purchase cost for the year at ₹ 6.33 per unit and ₹ 4 per unit being the amount payable to the traders in case of failure to return the power). The company made provision for ₹ 1,232.76 crore as against the provision to be made at ₹ 1,384.01 crore for 3,460.04 MUs (including five per cent extra) at ₹ 4 per unit, resulting in short provision of ₹ 99.42 crore { ₹ 1,384.01 crore - ₹ 1,232.76 crore X 65.73 per cent being the share of the company }.

b) Non-provision of ₹ 27.59 crore towards the power purchased from APGENCO during December 2018 to March 2019 from its solar power plant at Talaricheruvu, in Ananthapuram district

c) Non-provision of ₹ 2.58 crore being the heavy water make up adjustment charges and differential income tax for 2018-19 claimed by M/s Nuclear Power Corporation of India Ltd, Kaiga in its April 2019 and May 2019 power purchase bills and

d) Non-provision of ₹ 18.52 crore towards the revised power purchase cost claimed by M/s NTPC during April 2019 to August 2019 for the power supplied during 2018-19.

- ii). The above was overstated by ₹ 1,001.95 crore due to excess booking of energy charges / non-accountal of excess paid energy charges recoverable in respect of the following. Consequently, Trade Payables and Loss for the year were overstated by the same amount
- a). Non-accountal of ₹ 15.64 crore recoverable from M/s Spectrum Power Generation Limited towards fixed cost paid for the period April 2016 to October 2017 in excess of the rates specified in APERC Retail Supply Tariff Orders.
- b). Excess booking of fixed cost of ₹ 96.95 crore payable to M/s APPDCL for March 2019 due to booking the amount twice.
- c). Non-accountal of ₹ 47.42 crore being the excess paid fixed and variable cost pertaining to the years 2015-18 recoverable from M/s Lanco Kodapalli Power Ltd. and
- d). For the years 2015-19, fixed cost payable to APPDCL for the energy despatched from its Krishnapatnam power plant was ₹ 4,506.14 crore after the fixed cost approved (March 2019) by APERC. Against this, company accounted for fixed cost of ₹ 5,787.04 crore which resulted in excess accountal of fixed cost by ₹ 1,280.90 crore. (₹ 5,787.04 crore – ₹ 4,506.14 crore) out of which the share of the company was ₹ 841.94 crore (₹ 1,280.90 X 65.73 per cent).
- iii. The above included ₹ 246.29 crore being the surcharge paid during the year due to delay in payment of power purchase bills. As the surcharge was paid due to the failure of the company to pay the energy bills in time, the same should have been booked under Other Expenses. This had resulted in overstatement of Cost of Power Purchase and understatement of Other Expenses by ₹ 246.29 crore.
- iv. The above included an amount of ₹ 2,481.70 crore being the power purchase cost pertaining to the years 2014-18. Booking of prior years power purchase cost to current year was against the provisions of AS 5 and the same resulted in overstatement of Cost of Power Purchase and understatement of Prior Period Expenditure by ₹ 2481.70 Crore.

**B. Balance Sheet****Equity and Liabilities****Current Liabilities****Other current liabilities (Note 8) - ₹ 6,245.04 Crore**

2. The above was understated by ₹ 22.74 crore due to non-accountal of forfeited amount refundable to the Solar Power Developers (SPDs). As per APERC orders (August 2018), the company has to refund ₹ 29.43 crore to the SPDs towards the bank guarantees submitted by the SPDs forfeited earlier. Out of the total refundable amount of ₹ 29.43 crore, the company refunded ₹ 6.69 crore during the year but no provision was made for the balance amount of ₹ 22.74 crore (₹ 29.43 crore - ₹ 6.69 crore). This had resulted in understatement of Other Current Liabilities and Loss for the year by ₹ 22.74 crore .

**Assets****3. Current Assets****Other Current Assets (Note 17) – ₹ 8,202.05 crore**

This was overstated by ₹ 119.43 crore due to non-adjustment of amount received from sale of scrap against receivables. This had also resulted in overstatement of Trade Payables by similar amount. In spite of past assurances by the company that necessary adjustments will be made in 2017-18 and 2018-19 financial statements, the same was not done

**4. Notes to Financial Statements**

- i). The company did not disclose Contingent Liability for ₹ 257.73 crore towards fixed charges bills claimed by M/s Reliance Infrastructure Ltd., for the years 2011-18 which was disputed by the company. Even though the issue is pending before CERC/Courts, the company did not disclose Contingent Liability pending disposal of the matter in spite of repeated comments.
- ii). The disclosure made in the sub-note 5 under Note 7 - Trade Payables is incorrect as there was no record to substantiate the disclosure that management will disallow the Must Run Incentive (MRI) from the payables to Wind generators with retrospective effect.

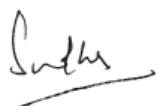
**5. Statement of Accounting Policies (Note 27)****Depreciation :**

The Company disclosed that it had adopted depreciation rates as per G.O. No. 265 (SE) dated 27 March 1994 issued under Electricity Supply Act, 1948. In this G.O, depreciation rates in respect of capacitor banks, computers/IT equipment, software and intangible assets is not specified. However, the company did not disclose the depreciation rates adopted for these assets. Failure to do so had resulted in non-compliance of the provisions of Companies Act, 2013 and Accounting Standard 10 (Revised). In the absence of the requisite data pertaining to the dates of capitalisation etc., of each of the asset under the above asset classes, the impact on Depreciation and Loss could not be ascertained.

**6. Other Comments**

- i). The accounts of the company included balances in several ledger accounts carried forward over the years without any details. A test check of 13 ledger accounts revealed a net debit balance of ₹ 2,204.50 crore being carried forward since March 2010 without any adjustment. This impacts the true and fair view of the financial statements.
- ii). Power Purchase Agreements entered into by the AP Discoms include clause as per which they have to pay surcharge in case of delay in payment of energy bills to the generators. The company has not made provision towards surcharge on delayed payments even though outstanding dues to generators stood at ₹ 23,618.35 crore as on 31 March 2019. On the other hand, the company is accounting the delayed payment surcharge on the dues receivable from its consumers on accrual basis. In the absence of details, provision not made towards the delayed payment surcharge on the dues payable to the generators and its impact on the Loss for the year is not ascertainable

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

**L.V SUDHIR KUMAR****Principal Accountant General(Audit)**

Place : Hyderabad

Date: 31-12-2019





	<b>Replies to Final Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of Southern Power Distribution Company of A.P. Limited, Tirupati for the year ended 31 March 2019.</b>	<b>Replies of the company forming part of the Director's Report to the members</b>
Para	<b>Expenses</b>	
1	<p><b>1. Cost of Power Purchase (Note 21): ₹ 25,456.63 crore</b></p> <p>The above was understated by ₹ 148.11 crore due to short provision/ non-provision of liability towards the following power purchase costs. Consequently, Trade Payables and Loss for the year were understated by the same amount.</p> <p>a). During the year, AP Discoms availed 3,295.27 MUs energy from power traders on returnable basis to be returned with five per cent extra units. The company has not made provision for the extra five per cent energy to be returned. Further, provision was made at ₹ 3.741 per unit instead of ₹ 4 per unit (lower of average purchase cost for the year at ₹ 6.33 per unit and ₹ 4 per unit being the amount payable to the traders in case of failure to return the power). The company made provision for ₹ 1,232.76 crore as against the provision to be made at ₹ 1,384.01 crore for 3,460.04 MUs (including five per cent extra) at ₹ 4 per unit, resulting in short provision of ₹ 99.42 crore { ₹ 1,384.01 crore - ₹ 1,232.76 crore X 65.73 per cent being the share of the company }.</p>	<p>a) As per terms &amp; conditions of LOI issued for swapping of energy between AP DISCOMS and traders, the APDISCOM must return energy 105% of the energy supplied by traders. In this regard, it is to submit that as per swapping procedure APDISCOMS will get revenue in the FY 2018-19 against energy availed in the current year 2018-19 and energy must be returned @ 105 % in the FY 2019-20 &amp; expenditure will also incur in the next year 2019-20 against returned energy. Accordingly, APDISCOMS provided provision for expenditure @ 100% in the FY 18-19 and the same will be reversed in year 2019-20. After reversal of provision the actual cost @ 105% will be booked in the books of accounts in the FY 2019-20. APDISCOMS provided provision for expenditure 100% only instead of 105% in 2018-19. However the audit point is noted for future guidance.</p>
	<p>i. b). Non-provision of ₹ 27.59 crore towards the power purchased from APGENCO during December 2018 to March 2019 from its solar power plant at Talaricheruvu, in Ananthapuram district</p>	<p>b). M/s APGenco has raised invoices without proper supporting documents such as PPA, COD, JMRs and APERC consent as such letters has been addressed to AP Genco requesting to furnish the same. As APERC consent for the project is not available. Hence provision could not made for the FY 2018-19. However the audit point is noted for future guidance.</p>
	<p>c) Non-provision of ₹ 2.58 crore being the heavy water make up adjustment charges and differential income tax for 2018-19 claimed by M/s Nuclear Power Corporation of India Ltd, Kaiga in its April 2019 and May 2019 power purchase bills and</p> <p>d) Non-provision of ₹ 18.52 crore towards the revised power purchase cost claimed by M/s NTPC during April 2019 to August 2019 for the power supplied during 2018-19.</p>	<p>c &amp; d) The revision of energy charges and differential fixed charges was received during the FY 2019-20.</p> <p>The APDISCOMS/APPCC filed True-Up Petition before the Hon'ble APERC for the FY 2018-19 duly considering the Power Purchase Cost in books of accounts for the FY 2018-2019. Since True up petition already filed before Hon'ble commission this bill taken-up for the FY 2019-2020. However the audit point is noted for future guidance.</p>



<p><b>ii).</b> The above was overstated by ₹ 1,001.95 crore due to excess booking of energy charges/ non-accountal of excess paid energy charges recoverable in respect of the following. Consequently, Trade Payables and Loss for the year were overstated by the same amount</p> <p><b>a).</b> Non-accountal of ₹ 15.64 crore recoverable from M/s Spectrum Power Generation Limited towards fixed cost paid for the period April 2016 to October 2017 in excess of the rates specified in APERC Retail Supply Tariff Orders.</p>	<p>a). At the time closing of books for the FY 2018-19 the reconciliation has not been made in respect of M/s Spectrum Power Generation Limited towards fixed cost paid for the period April 2016 to October 2017 in excess of the rates specified in APERC Retail Supply Tariff Orders. Hence the provision could not made. the necessary entries will made during the FY 2019-20. However the audit point is noted for future guidance</p>
<p>b). Excess booking of fixed cost of ₹ 96.95 crore payable to M/s APPDCL for March 2019 due to booking the amount twice.</p> <p>c). Non-accountal of ₹ 47.42 crore being the excess paid fixed and variable cost pertaining to the years 2015-18 recoverable from M/s Lanco Kodapalli Power Ltd. and</p>	<p>b). The APPDCL has claimed an amount of ₹ 2293.59 Crs on 12-03-2019 towards differential Fixed Cost for the period from 2015-16 to 2018-19 which includes ₹ 96.95 Crs. In this regard, subject to verification the APSPDCL taken total claim in the books of accounts of 2018-19 on provisional basis. The excess fixed charges ₹ 96.95 Crs will be recovered during FY 2019-20. However the audit point is noted for future guidance.</p> <p>c). At the time closing of books for the FY 2018-19 the reconciliation has not been made in respect of M/s Lanco Kodapalli Power Ltd towards excess paid fixed and variable cost. Hence the provision could not made. the necessary entries will made during the FY 2019-20. However the audit point is noted for future guidance.</p>
<p>d). For the years 2015-19, fixed cost payable to APPDCL for the energy despatched from its Krishnapatnam power plant was ₹ 4,506.14 crore after the fixed cost approved (March 2019) by APERC. Against this, company accounted for fixed cost of ₹ 5,787.04 crore which resulted in excess accountal of fixed cost by ₹ 1,280.90 crore. (₹ 5,787.04 crore – ₹ 4,506.14 crore) out of which the share of the company was ₹ 841.94 crore (₹ 1,280.90 X 65.73 per cent).</p>	<p>d). The APDISCOMS accounted total claim of FC ₹ 3489.41 Crs &amp; VC ₹ 955.25 Crs in 2018-19 on provisional basis only. The claims are under circulation for confirmation by respective Commercial wing and SLDC wing.</p> <p>On verification of claims, with regard to differential FC claim, there is a variation in claim of availabilities between APPDCL and APSLDC and with regard to differential VC claim M/s APPDCL not produced the proof of Coal details as requested by APDISCOMS. Both the claims under verification and soon on receipt of confirmation on availabilities, the same will be accounted in the FY 2019-20.</p>

2	<b>B.Balance Sheet</b>	
	<b>Equity and Liabilities</b> <b>Current Liabilities</b> <b>Other current liabilities (Note 8) - ₹ 6245.04 Cr</b> <p>2. The above was understated by ₹ 22.74 crore due to non-accountal of forfeited amount refundable to the Solar Power Developers (SPDs). As per APERC orders (August 2018), the company has to refund ₹ 29.43 crore to the SPDs towards the bank guarantees submitted by the SPDs forfeited earlier. Out of the total refundable amount of ₹ 29.43 crore, the company refunded ₹ 6.69 crore during the year but no provision was made for the balance amount of ₹ 22.74 crore (₹ 29.43 crore - ₹ 6.69 crore). This had resulted in understatement of Other Current Liabilities and Loss for the year by ₹ 22.74 crore .</p>	<p>Instalment amount was paid as per schedules. However the Audit point is noted, the provision will be made during the FY 2019-20.</p>
3	<b>Assets</b> <b>Current Assets</b> <b>Other Current Assets (Note 17) – ₹ 8202.05 crore</b> <p>This was overstated by ₹ 119.43 crore due to non-adjustment of amount received from sale of scrap against receivables. This had also resulted in overstatement of Trade Payables by similar amount. In spite of past assurances by the company that necessary adjustments will be made in 2017-18 and 2018-19 financial statements, the same was not done</p>	<p>Audit point is noted, Both GL accounts .i.e., sale of scrap against receivables and Advance scrap sale is to be setoff. This will be done in the FY 2019-20.</p>
4	<b>Notes to Financial Statements</b> <p>i). The company did not disclose Contingent Liability for ₹ 257.73 crore towards fixed charges bills claimed by M/s Reliance Infrastructure Ltd., for the years 2011-18 which was disputed by the company. Even though the issue is pending before CERC/Courts, the company did not disclose Contingent Liability pending disposal of the matter in spite of repeated comments.</p> <p>ii). The disclosure made in the sub-note 5 under Note 7 - Trade Payables is incorrect as there was no record to substantiate the disclosure that management will disallow the Must Run Incentive (MRI) from the payables to Wind generators with retrospective effect.</p>	<p>M/s Reliance Infrastructure Ltd has made claims without generation of power and as per Legal advisor, in the absence of primary fuel, the company cannot declare with alternate fuel, the fuel supply risk is with fuel supplier and the generator, not with Discoms. There fore the claiming of said bills is not tenable. Hence contingent liability is not required.</p> <p>ii). Audit point is noted, the matter will be brought to the notice to the higher authorities for further guidance.</p>
5	<b>Statement of Accounting Policies (Note 27)</b> <b>Depreciation :</b> <p>The Company disclosed that it had adopted depreciation rates as per G.O. No. 265 (SE) dated 27 March 1994 issued under Electricity Supply Act, 1948. In this G.O, depreciation rates in respect of capacitor banks, computers/IT equipment, software and intangible assets is not specified. However, the company did not disclose the depreciation rates adopted for these assets. Failure to do so had resulted in non-compliance of the provisions of Companies Act, 2013 and Accounting Standard 10 (Revised). In the absence of the requisite data pertaining to the dates of capitalisation etc., of each of the asset under the above asset classes, the impact on Depreciation and Loss could not be ascertained.</p>	<p>APSPDCL is adopting depreciation rates as specified in Ministry of Power Gazette. But some of the following assets rates are silent in the gazette. Hence APSPDCL adopted similar nature of Assets rates as specified in Ministry of Power Gazette as under. Capacitor banks : There is no specific rates in MOP and Companies act also hence APSPDCL adopted similar nature of assets rates. Software and Intangible assets : No rates specified in MOP and Companies act also, further software is an intangible asset and which can be depreciated over an approximate period of 5 Years as per AS-26, Hence APSPDCL is adopted 20% rate. Computers : Computers treated as office equipments and rates adopted as specified in the MOP Gazette.</p>

<p>6</p>	<p><b>Other Comments</b></p> <p>i) The accounts of the company included balances in several ledger accounts carried forward over the years without any details. A test check of 13 ledger accounts revealed a net debit balance of ₹ 2,204.50 crore being carried forward since March 2010 without any adjustment. This impacts the true and fair view of the financial statements.</p> <p>ii). Power Purchase Agreements entered into by the AP Discoms include clause as per which they have to pay surcharge in case of delay in payment of energy bills to the generators. The company has not made provision towards surcharge on delayed payments even though outstanding dues to generators stood at ₹ 23,618.35 crore as on 31 March 2019. On the other hand, the company is accounting the delayed payment surcharge on the dues receivable from its consumers on accrual basis. In the absence of details, provision not made towards the delayed payment surcharge on the dues payable to the generators and its impact on the Loss for the year is not ascertainable</p>	<p>Audit point is noted, Action will be initiated to clear the pending GI accounts .</p> <p>The APDISCOMS accounted delayed payment surcharges as per claims made by central generating stations including NTECL Valluru during the FY 2018-19 only after payments. However delayed payment surcharges will be accounted on receipt of claims from respective generating stations.</p>
	<p><b>for and on behalf of the Comptroller and Auditor General of India</b></p> <p></p> <p><b>L.V. SUDHIR KUMAR</b> Principal Accounts General (Audit)</p> <p>Place: Hyderabad. Date: 31.12.2018.</p>	<p>For and on behalf of the Board</p> <p></p> <p><b>H. HARANATHA RAO</b> (Chairman &amp; Managing Director)</p> <p>Place: Tirupati</p>

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**FINANCIAL** **STATEMENTS**



*Save Energy ... Save Power...*

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

### BALANCE SHEET AS AT 31ST MARCH, 2019

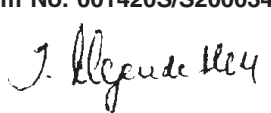
₹ in Crore

Particulars	Note No.	Figures as at the end of current reporting period 2018-19	Figures as at the end of previous reporting period 2017-18
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	358.72	358.72
(b) Reserves and Surplus	2	(12,539.46)	(5,112.58)
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	9,402.68	9,905.01
(b) Other Long term liabilities	4	2,558.81	2,298.84
(c) Long term provisions	5	1,648.79	631.31
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	6	1,774.44	1,327.07
(b) Trade payables	7	23,618.35	13,789.40
(c) Other current liabilities (including current maturities of Long term debt)	8	6,245.04	3,676.89
(d) Short-term provisions	9	151.54	132.23
<b>Total</b>		<b>33,218.91</b>	<b>27,006.88</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) <i>Fixed assets(Net)</i>			
(i) Tangible assets	10	8,221.17	6,816.74
(ii) Intangible assets	10	1.94	0.16
(iii) Capital work-in-progress	10	3,457.94	3,346.31
(b) Non-current investments	11	287.43	286.93
(c) Long term loans and advances	12	304.47	320.55
<b>(2) Current assets</b>			
(a) Inventories	13	65.24	78.73
(b) Trade receivables	14	4,566.22	3,821.73
(c) Cash and cash equivalents	15	427.04	517.88
(d) Short-term loans and advances	16	7,685.41	8,120.12
(e) Other current assets	17	8,202.05	3,697.74
<b>Total</b>		<b>33,218.91</b>	<b>27,006.88</b>

As per our report of even date

For M/s Komandoor & Co.,LLP  
Chartered Accountants.

Firm No. 001420S/S200034


  
NAGENDRANADH TADIKONDA  
Partner  
Membership No. 226246

  
H. HARANATHA RAO  
(Chairman & Managing Director)

  
V.V. GOPALA KRISHNA MURTHY  
Chief General Manager / R&C

For and on behalf of the Board

  
KVN CHAKRADHAR BABU, IAS  
Director

  
B.V.S. PRAKASH  
Company Secretary

Place:TIRUPATI

# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED


## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Crores

Particulars	Note No.	Figures as at the end of current reporting period 2018-19	Figures as at the end of previous reporting period 2017-18
<b>Revenue :</b>			
I. Revenue from operations	18	17,278.01	15,371.45
II. Other Income	19	1,317.63	961.33
III. Revenue Subsidies and Grants (i.e., Govt. reimbursement for agricultural sales / Consumption)	20	5,078.50	4,166.66
<b>Total Revenue (I + II + III) -(A)</b>		<b>23,674.14</b>	<b>20,499.44</b>
<b>Expenses:</b>			
IV. Cost of Power Purchase	21	25,456.63	16,641.64
V. Employee benefit expenses	22	3,262.87	1,661.55
VI. Financial costs	23	1,129.51	946.80
VII. Depreciation and amortization expenses	24	826.77	720.59
VIII. Other expenses	25	679.22	533.36
<b>Total Expenses (IV+V+VI+VII+VIII)-(B)</b>		<b>31,355.00</b>	<b>20,503.94</b>
IX. Profit before exceptional and extraordinary items and tax (A-B)		(7,680.87)	(4.50)
X. Exceptional Items		-	-
XI. Profit before extraordinary items and tax (IX - X)		(7,680.87)	(4.50)
XII. Extraordinary Items		-	-
XIII. Profit before tax (XI - XII)		(7,680.87)	(4.50)
XIV. Provision for Taxation		-	-
XV. Profit(Loss) from the period from continuing operations (XIII-XIV)		(7,680.87)	(4.50)
XVI. Less: Transfer to Contingency Reserve		-	(2.52)
XVII. Profit/(Loss) for the period (XV - XVI)		(7,680.87)	(7.02)
XVIII. Earning per equity share:			
(1) Basic		(214.12)	(0.20)
(2) Diluted		(214.12)	(0.20)
Other Notes	26		
Statement of Accounting Policies	27		

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

For and on behalf of the Board

  
NAGENDRANADH TADIKONDA  
Partner  
Membership No. 226246

  
H. HARANATHA RAO  
(Chairman & Managing Director)

  
KVN CHAKRADHAR BABU, IAS  
Director

Place:TIRUPATI

  
V.V. GOPALA KRISHNA MURTHY  
Chief General Manager / R&C

  
B.V.S. PRAKASH  
Company Secretary



# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

## CASH FLOW STATEMENT

₹ in Crores

S.No.	Particulars	Year ending 31-03-2019		Year ending 31-03-2018	
<b>A</b>	<b>Cash flow from operating activities</b>				
	Net profit before taxation		(7,680.87)		(7.02)
	<b>Adjustments for items in Profit &amp; Loss Account</b>				
	Amortization of Capital Contributions	(380.46)		(322.95)	
	Depreciation & Amortisation	826.77		720.59	
	Interest Income	(8.53)		(6.20)	
	Interest Expense	1,138.04	1,575.83	953.01	1,344.44
	<b>Operating Profit before working capital changes</b>		<b>(6,105.04)</b>		<b>1,337.42</b>
	<b>Adjustments for changes in Current Assets other than Cash and Cash Equivalents</b>				
	Inventories	13.48		14.69	
	Trade Receivables	(744.49)		(1,092.52)	
	Other Current Assets	(4,504.30)		(1,523.05)	
	Loans and Advances	434.71		(4,546.12)	
	<b>Adjustments for changes in Current Liabilities &amp; provisions</b>				
	Current Liabilities	12,844.47		7,064.50	
	Provisions	1,036.80	9,080.68	45.26	(37.25)
	<b>Cash generated from Operations</b>		<b>2,975.64</b>		<b>1,300.16</b>
	<b>Net cash flow from operating activities</b>		<b>2,975.64</b>		<b>1,300.16</b>
<b>B</b>	<b>Cash flows from investing activities</b>				
	Purchase of fixed assets /CWIP	(2,344.62)		(2,230.90)	
	Interest on Investments	8.53		6.20	
	Interest on contingency reserve investments	-		2.52	
	(Increase)/Decrease in Investments	15.58		(17.97)	
	<b>Net cash flow from investing activities</b>		<b>(2,320.52)</b>		<b>(2,240.15)</b>
<b>C</b>	<b>Cash Flows from Financing Activities</b>				
	Receipt towards UDAY Scheme Grant	-		-	
	Proceeds from borrowings	(502.34)		761.47	
	Increase in security and other deposits	259.97		209.15	
	Additions to Deferred Capital Contributions	634.44		933.48	
	Interest on Borrowings	(1,138.04)		(953.01)	
	<b>Net Cash flow from Financing Activities</b>		<b>(745.96)</b>		<b>951.10</b>
<b>D</b>	<b>Net Increase/Decrease in cash and cash equivalents</b>		<b>(90.84)</b>		<b>11.11</b>
<b>E</b>	<b>Cash and Cash Equivalents</b>				
	At the beginning of the period		517.88		506.76
	At the end of the period		427.04		517.88
<b>F</b>	<b>Net Increase/Decrease in cash and cash equivalents</b>		<b>(90.84)</b>		<b>11.11</b>

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

For and on behalf of the Board

*J. Nagendra Reddy*

**H. HARANATHA RAO**  
(Chairman & Managing Director)

**KVN CHAKRADHAR BABU, IAS**  
Director

**NAGENDRANADH TADIKONDA**  
Partner  
Membership No. 226246

**V.V. GOPALA KRISHNA MURTHY**  
Chief General Manager / R&C

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

Place:TIRUPATI

# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

## Note No. - 1 Share Capital

₹ in Crores

Share Capital	As at 31 March 2019		As at 31 March 2018	
	Number	₹	Number	₹
<b>Authorised Share Capital</b>				
Equity Shares of ₹10 each Total Shares (Rupees Ten Only)	36,00,00,000	360.00	360,000,000	360.00
<b>Issued Subscribed &amp; Paid up Share Capital</b>				
Equity Shares of ₹10 each (Rupees Ten Only)	35,87,15,309	358.72	35,87,15,309	358.72
<b>Total</b>	35,87,15,309	358.72	35,87,15,309	358.72

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

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

	Particulars	As at 31 March 2019		As at 31 March 2018	
		Number	₹ in Crores	Number	₹ in Crores
<b>A</b>	Equity Shares of ₹10 each				
	Opening Balance	35,87,15,309	358.72	35,87,15,309	358.72
	Additions	-	-	-	-
	Bought Back	-	-	-	-
	<b>Closing Balance</b>	35,87,15,309	358.72	35,87,15,309	358.72

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

Name of the Share Holder	As at 31 March 2019		As at 31 March 2018	
	No. of shares held	% of Holding	No. of shares held	% of Holding
<b>Equity Shares</b>				
Governor of Andhra Pradesh (vide GO. Ms. No.58 Dt.09.05.2005)	35,87,15,309	100 %	35,87,15,309	100 %
<b>Total</b>	35,87,15,309	100 %	35,87,15,309	100 %

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

The Company has only one class of equity shares having at par value of ₹ 10 per share. Entire equity shares are held by the Government of Andhra Pradesh.

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

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

## **Note No. 2 Reserves & Surplus**

₹ in Crores

<b>Reserves &amp; Surplus</b>	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
<b>2.1 Contingency Reserve</b>		
Opening Balance	43.42	40.90
(+) Current Year Transfer	0.00	2.52
Closing Balance - <b>A</b>	43.42	43.42
<b>2.2 Deferred capital Contributions including Govt Grants</b>		
Opening Balance	2,803.24	2,192.71
(+) Current Year Transfer	634.44	933.48
(-) Written Back in Current Year	(380.46)	(322.95)
Closing Balance - <b>B</b>	<b>3,057.23</b>	<b>2,803.24</b>
<b>2.3 Surplus</b>		
Opening balance	(13,492.14)	(13,485.12)
(+) Net Profit/(Net Loss) For the current year	(7,680.87)	(4.50)
(-) Transfer to Contingency Reserve	0.00	(2.52)
Closing Balance - <b>C</b>	(21,173.01)	(13,492.14)
<b>2.4 Merger Reserve - D</b>	275.88	275.88
<b>2.5 Grant - Uday - E</b>	5257.02	5257.02
<b>Total (A + B + C+D+E)</b>	<b>(12,539.46)</b>	<b>(5,112.58)</b>
<p>1. Deferred capital contributions (Note No. 2.2) represent unamortized balance of consumer contributions, Subsidies received from NREDCAP, Indiramma subsidies, IPDS and RGGVY subsidies received on capital account.</p> <p>Contributed Assets:- During the year 2018-19 the company has received towards consumer contributions and subsidies an amount of ₹ 634.44 crore ( Previous year is ₹ 933.48 crore).</p> <p>As against the above, an amount of ₹ 380.46 crore (Previous year is ₹ 322.95 crore) has been charged as withdrawal/amortization of consumer contributions and credited to Profit and Loss Account, which is in proportion to the depreciation on the respective assets charged during the year 2018-19.</p>		
<p>2. Merger Reserve represents an amount of ₹ 275.88 crore being net deficit of assets &amp; liabilities and deferred tax asset transferred to the company pursuant to demerger of TSSDCL (erstwhile APCPDCL) Also refer to Note No:26 para No. 7.2,7.3 &amp; 7.4</p>		
<p>3. GOI Ministry of Power has notified UDAY (Ujwal Discom Assurance Yojana) scheme for the financial turn around of Power Distribution Companies (DISCOMS) Tripartite MOU was entered with GOI, GOAP and APDISCOMS on 24.06.2016 and Govt. of AP has issued G.O.Ms.No.27 Dated.26.07.2016 for implementation of UDAY Scheme. The UDAY Scheme implemented during the FY 2016-17. Under this scheme, the Government of AP during the FY 2016-17 has repaid / given ₹ 5257.02 crore as Capital grant.</p>		
<p>4. Investments earmarked for Contingency reserve are utilised during the year to meet cyclone rehabilitation works and will be replenished in future</p>		

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

## **Note No. 3 Long Term Borrowings**

₹ in Crores

<b>Long Term Borrowings</b>	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
<b>3.1 Secured</b>		
(a) Term loans from Other Parties	8,202.29	8,748.49
(b) Term loans from Nationalised Banks (SBI)	1865.54	0.00
<b>Sub-Total A</b>	<b>10,067.83</b>	<b>8,748.49</b>
<b>3.2 Unsecured</b>		
(a) Bonds		
Bonds issued to Banks under FRP scheme	335.05	335.05
(b) Term loans from other parties :		
Loan from other Agencies	264.86	264.86
Loans from Govt of Andhra Pradesh	9.48	9.48
<b>Sub-Total B</b>	<b>609.39</b>	<b>609.39</b>
<b>3.3 Long Term Borrowings (on merger) C</b>	<b>1,643.33</b>	<b>1,643.33</b>
<b>d) Others D</b>	<b>23.81</b>	<b>0.26</b>
<b>Total Long Term Borrowings (A+B+C+D) E</b>	<b>12,344.37</b>	<b>11,001.46</b>
Less: Current maturities of Long term Borrowings F	2,941.69	1,096.45
<b>Total (E-F)</b>	<b>9,402.68</b>	<b>9,905.01</b>

### **LOANS POSITION**

<b>Name of the Loan</b>	<b>As at 31 March 2019</b> ₹	<b>As at 31 March 2018</b> ₹
<b>Secured</b>		
Rural Electrification Corporation (REC)	4,996.36	6,371.87
Power Finance Corporation (PFC)	2,380.75	2,076.62
Power Trading Corporation (PTC)	245.00	300.00
Loan from SBI	1865.54	0.00
IREDA loan	500.00	0.00
World bank loan	80.18	0.00
<b>Unsecured</b>		
Loan from JICA	264.86	264.86
Loans from Govt of Andhra Pradesh	9.48	9.48
Bonds issued to AP GENCO (FRP)	335.05	335.05
Long Term Borrowings- (on merger)	1,643.33	1,643.33
Loan Cleaning	23.81	0.00
<b>Total</b>	<b>12,344.37</b>	<b>11,001.20</b>

- All the Loans from Power Finance Corporation (PFC) / Rural Electrification Corporation (REC) and Banks are secured by charge on company's Fixed Assets commissioned out of the loan funds of above funding agencies. The rate of interest on these loans ranges from 6.5%p.a to 13%p.a
- Interest expense on government loans for various schemes is not recognised during the year. Rate of interest on such loans varies from 1% to 7.85%.
- Anantapuram & Kurnool Circles are merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act.2014 and G.O. Ms. No. 24 dated 29-05-2014. In the merger/demerger process, an amount of ₹ 1643.33 crore is transferred by M/s TSSPDCL (formerly APCPDCL) as Long Term Borrowings on the basis of Energy and Scheme wise allocation. Hence, the same is adopted into Books of Account. Refer to Note No 26 para No.7.2,7.3 & 7.4. However, repayment schedule and other loan covenants are not given to the company at the time of merger. Hence, in the absence of above details company is unable to pay principal or recognise/pay the interest liability.
- During the year term loans availed from SBI and IREDA Interest rates are @8.75% p.a and @ 10% p.a respectively.

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

### Note No. 4 Other Long Term Liabilities

₹ in Crores

Other Long Term Liabilities	As at 31 March 2019	As at 31 March 2018
Consumption Deposits from Consumers	2,558.81	2,298.84
<b>Total</b>	<b>2,558.81</b>	<b>2,298.84</b>
<b>Details of Consumption Deposits from Consumers</b>		
Consumption Deposits from LT Consumers	1,202.27	1,014.70
Consumption Deposits from HT Consumers	1,356.54	1,284.14
<b>Total</b>	<b>2,558.81</b>	<b>2,298.84</b>

### Note No. 5 Long Term Provisions

₹ in Crores

Long Term Provisions	As at 31 March 2019	As at 31 March 2018
<b>5.1 Provisions for employee benefits</b>		
Pension & Gratuity	1,610.55	601.29
GPF	38.14	30.15
EWf	0.11	-0.13
Other Long term provisions	0.00	0.00
<b>Total</b>	<b>1,648.79</b>	<b>631.31</b>

Employee Related benefits:

- Terminal Benefits: Pension & Gratuity :  
For the year 2018-19, the Company has cleared liability ₹ 430.97 Crore (Previous year ₹ 386.71 Crore) to the Pension and Gratuity Trust.
- The fund position and provision created details as per the Actuarial valuation reports in respect of 26% share of APSPDCL are here under.

Particulars	Pension & Gratuity employees who are rolls on 30.01.1999	Gratuity for EPF employees	Total
	₹ in Crores	₹ in Crores	₹ in Crores
Fund to be maintained as on 31-03-2019 as per Actuarial valuation report	3,034.63	311.18	3,345.81
Less : Fund as on 31.03-2019	1,735.26	0	1,735.26
Less : Liability already provided	162.24	70.91	233.15
Provision made during the FY 2018-19 for future commitment	1,137.13	240.27	1,377.40

- The above amount 1377.4 Crore (Previous year Nil) has been created a provision for FY 2018 -19
- Anantapuram & Kurnool Circles are merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act.2014 and G.O. Ms. No. 24 dated 29-05-2014. In the merger/demerger process, an amount of ₹ 167.30 crores is transferred by M/s TSSPDCL (erstwhile APCPDCL) as Long Term provisions for employees by way of Employee division basis allocation is adopted. These amounts are transferred to respective accounts during the FY 2015-16 and also refer to Note No.26 para No. 7.2,7.3 & 7.4. However, corresponding share in the P & G Trust of APCPDCL are not transferred to P & G Trust of APSPDCL.

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

## **Note No. 6 Short Term Borrowings**

₹ in Crores

Short Term Borrowings	As at 31 March 2019	As at 31 March 2018
<b>(a) Loans repayable on demand</b>		
<b><u>Secured</u></b>		
(i) From Banks (CCs and Ods Limits)	550.72	520.39
<b><u>Unsecured</u></b>		
(i) From Others (Transco Loan)	524.82	199.82
<b>(b) Security and other Deposits</b>	517.98	425.94
<b>(c) Short term Loans - merger</b>	<b>180.92</b>	180.92
<b>Total</b>	<b>1,774.44</b>	<b>1,327.07</b>
<p>Note :</p> <p>1) Security and Other deposits includes Retention money, Bid deposits, Security Deposits, EMD, Contribution work Deposits and Temporary Supply Deposits received from service and material vendor. The value wise details</p> <p>a) Bid Deposits ₹(-)1.80 crore (Previous year ₹(-) 1.56 crore),</p> <p>b) Security Deposits ₹ 30.21 crore (Previous year ₹ 34.83 crore)</p> <p>c) Retention Money ₹ 75.71 crore ( Previous year ₹ 98.02 crore)</p> <p>d) EMD ₹ 23.27 crore (Previous year ₹ 24.60 crore)</p> <p>e) Contributorywork Deposits ₹ 137.92 crore ( Previous year ₹ 100.30 crore)</p> <p>f) Temporary Supply Deposits : ₹ 4.93 crore ( Previous year ₹ 4.56 crore) and</p> <p>g) others ₹ 187.66 crore (Previous year ₹165.19 crore).</p> <p>2) Anantapuram &amp; Kurnool Circles are merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act.2014 and G.O. Ms No. 24 dated : 29-05-2014. In the merger/demerger process, an amount of ₹ 180.92 crore is transferred by M/s TSSPDCL (erstwhile APCPDCL) as Short term borrowings by way of Energy basis allocation is adopted and also refer to Note no 26 para no 7.2,7.3 &amp; 7.4</p> <p>3) No interest has been considered/ paid in the accounts against the above loans transferred under Merger Scheme due to non availability of details.</p>		

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

## **Note No. 7 Trade Payables**

₹ in Crores

Other Current Liabilities	As at 31 March 2019	As at 31 March 2018
1. Trade Payables Power Purchase	21,505.19	11,951.25
2. Payables - Others	1,239.93	964.92
i) Material & Service works creditor	232.19	182.66
ii) Pension	58.21	44.85
iii) Salary Laibilities	111.45	71.72
iv) Recovery in Remittance (including Insurance)	44.50	33.78
v) Year end Provisions	193.37	176.31
vi) Others	600.20	455.60
3. Trade Payables - Merger	873.23	873.23
<b>Total (1+2+3)</b>	<b>23,618.35</b>	<b>13,789.40</b>

- The Power purchase bills, debit/credit notes raised by the Generators are provisional and are subject to revision at a later date, which are accounted between the Distribution companies (APSPDCL & APEPDCL) in the ratio specified in the G.O.Ms.No.20, Energy (Power-III), dated: 08.05.2014, amended the share of four DISCOMs in the Generating Stations as per which the revised share of APSPDCL is 30.31% ( including Anantapuram & Kurnool circles Share 8.04%) out of Four Discoms of Andhra pradesh and Telangana (i.e., APSPDCL, APEPDCL, TSSPDCL (erst while APCPDCL) and TSNPDCL, till 01.06.2014. Consequent to Anantapuram & Kurnool Circles transfer into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act.2014 and G.O. Ms No. 24 dated : 29-05-2014, APSPDCL share is increased in the re-orgnased state of Andhra pradesh and allocated between two Discoms (i.e.,APSPDCL and APEPDCL) as to 65.73% and 34.27 % duly adjusted through IBSS done on monthly basis.
- Confirmations of balance as on 31.03.19 from the Generating Companies/Suppliers of power, Material and service creditors, Other payables are yet to be obtained and these balances are subject to reconciliation and adjustments.
- Trade payables - Merger represents balances transferred to company in pursuant to demerger of TSSPDCL(erstwhile APCPDCL). Please refer Note No .26 para No. 7.2,7.3 & 7.4
- Trade payables ( Power purchase) have not been adjusted to the extent of ₹ 7613.87 crore which has been paid to APGENCO and others.( Disclosure in Note No.16 Trade Advances).
- As per the development of Wind power policy 2015, GOAP extended certain incentives to Wind power generators. However, nothing is specified in the policy that these incentives should born by respective Discoms.Hence, management will disallow the MRI from the payables to Wind generators with retrospective efect and re-direct the generators to approach and claim the MRI from GOAP.
- As per decision Honourable High court order WP.No.9844 of 2019 dated:24.09.2019, provision was created in books for outstanding Power Purchase cost as on 31st March 2019 in respect of Solar and Wind energy purchases to an extent of difference between “contracted rate” as per PPA and “interim rate” as mentioned in the above Honourable High Court order ie, ₹ 2.44 per unit for solar generators and ₹ 2.43 per unit for wind generators as given below:



Particulars	Amount ₹ in Crores
Wind	408.48
Solar	231.12
<b>Total</b>	<b>639.60</b>

7. Trade payables includes Un paid / dis allowed cost an amount of ₹ 3,775.59 crore for the period from FY. 2014-15 to FY. 2017-18

### Note No. 8 - Other Current Liabilities

(Including current maturities of long term debt)

₹ in Crores

Other Current Liabilities	As at 31 March 2019 ₹	As at 31 March 2018 ₹
<b>(a) Current maturities of long-term debt</b>		
REC	848.48	530.16
PFC	1,221.94	506.12
IREDA	500.00	0.00
SBI	205.20	0.00
Others	166.07	60.17
<b>(b) Interest accrued and due on borrowings</b>		
i) Group Insurance Savings Fund	10.20	8.88
ii) Other Liabilities	142.67	137.13
iii) Self Fund medical scheme	17.27	16.13
<b>(c) Liability for Leave Encashment</b>	47.20	118.26
<b>(d) Inter Corporate Deposits (Pool imbalance account)</b>	3,086.01	2,300.05
<b>Total</b>	<b>6245.04</b>	<b>3676.89</b>

- Group Insurance savings fund, Other liabilities and Self Fund Medical scheme includes balances(identified and Unidentified) transferred to company in pursuant to demerger of TSSPDCL(erstwhile APCPDCL). Please refer Note No.26 para No. 7.2,7.3 & 7.4
- Inter unit account shows a net difference (credit) of ₹ 15.51 crore (Previous year (Credit) of ₹ 34.40 crore) as at 31-03-2019 which is subject to reconciliation which is included in other liabilities.
- The excess/shortfall in the pool account between the Distribution Companies on account of power purchase and sale of power is accounted as Inter Discom adjustment account (Pool Imbalance Account).

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

## **Note No. 9 - Short Term Provisions**

₹ in Crores

Short Term Provisions	As at 31 March 2019 ₹	As at 31 March 2018 ₹
Income Tax	0.88	0.88
Interest on Security Deposits	150.67	131.35
<b>Total</b>	<b>151.54</b>	<b>132.23</b>

### **1. Tax disputes with various authorities:**

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

The Hon'ble Supreme Court of India Nine Judge division bench has pronounced that the levy of Entry tax by states is constitutional and referred the case to Divisional Bench to decide other issues. The Division Bench Supreme court has examined the case and referred the case to High courts of respective states by allowing time to file Writ petitions by the respondents. Accordingly writ petitions were filed in Hon'ble High Court. The Commercial Tax Department, Govt of AP has issued Demand Notices for further periods also. APSPDCL filed WPs before Hon'ble High Court. The details are as under/

Asst. Period	WP No	Disputed Demand in Rs.	Paid in Rs.
2002-03	31785/2017	2.00	1.20
2003-04	46221/2018	2.69	2.69
2004-05	39176/2017	4.86	2.91
2005-06	39115/2017	3.01	1.82
2006-07	--	1.18	1.18
2007-08	--	0.09	0.04
2010-11	1895/2019	0.72	0.18
2011-12	1893/2019	0.56	0.14
2012-13	1935/2019	0.85	0.21
2013-14	1899/2019	1.25	0.31
2015-16	1948/2019	26.85	6.71
2016-17	1966/2019	22.47	5.62
2017-18	1969/2019	3.15	0.79
	<b>Total</b>	<b>88.31</b>	<b>28.47</b>

### **2. Pending Appeals in respect of Income Tax / TDS, VAT & Service Tax before various Tax Authorities.**

Assessment Year & Subject	Authority before which the appeal is pending	Amount in Dispute (₹ in crore)	Status
2007-08 to 2011-12 (6 Circle)-VAT ON PRESUMPTIVE SALE OF METERS	Hon'ble High Court, Hyderabad	32.11	<p>(1) The CTO / TPT issued demand Notice for payment of VAT on Presumptive sale of Meters to Consumers which is not Correct. (1) WP filed in High Court vide No. 3697/2014 and is pending</p> <p>(2) CTD withdraws their demand notice with a view to levy tax as Lease Rentals. This is subjudice</p> <p>(3) New Demand Notice for payment of VAT of ₹ 32.11 Cr as VAT on Lease Rentals has been received</p> <p>(4) As per the approval of Management, New WP 14870/2018 has been filed in High Court and stay orders were granted.</p>
2012-13 to 2013-14- VAT ON PRESUMPTIVE SALE OF METERS	Hon'ble High Court, Hyderabad	16.11	<p>The CTO / TPT issued demand Notice for payment of VAT on Presumptive sale of Meters to Consumers which is not Correct. (1) WP filed by us in High Court vide No. 41927 / 2017 and is pending.</p> <p>(2) Addl Commissioner / Legal CTD, VJA issued SCN to levy VAT as Lease Rentals (instead of Sale). The CTD has not considered APSPDCL objections and WP No. 1900 / 2019 has been filed before High Court and Stay Orders were granted.</p>
2007-08 to 2009-10 - Levy of IT - TDS	The ITAT, Vishakhapatnam	6.45	<p>(1) The ITO / TPT issued Demand Notice for Non-deduction of TDS, APSPDCL filed Appeal filed before commissioner of Appeal / TPT and got Favourable Orders.</p> <p>(2) Aggrieved by the above Orders, ITO / TPT filed appeal Before ITAT / Vizag vide No. 1217 of 2010 were filed by APSPDCL on Non - deduction of TDS on Lease Rentals paid to Debt Recovery Tribunal (Payable to M/s. Klenn &amp; Marshall). The Disputed areas are (a) Jurisdiction of CIT / TPT and (b) Under which Section TDS is to be calculated (c) Validity of TDS Certificate with retrospective effect. (d) Whether TDS is to be made on payments to DRT. The Appeal are pending.</p>
2007-08 to 2009-10 - Levy of Interest on the delayed TDS as above case	Hon'ble High Court, Hyderabad,	4.67	<p>(1) Aggrieved by the Demand Notice in respect of Interest, Appeal filed before CIT (A) / VJA and got favourable Orders.</p> <p>(2) The ITO filed Miscellaneous Appeal on the Orders of CIT (A)/VJA before ITAT / H / vide Appeal Nos. 1327 / H / 2014 &amp; 1328 / H / 2014. These appeals are won by APSPDCL.</p> <p>(3) The ITO again filed Miscellaneous Appeal on the orders of ITAT in Appeal No. 1327/H/ 2014 &amp; 1328 /H/20164, before (1) ITAT / H / vide Appeal Nos 29/H/2016 &amp; 30/H/2016. These appeal also won by APSPDCL.</p> <p>(4) The ITO filed in ITAT, the ITAT / H pronounce judgement on Appeal Nos 29 / H 2016 &amp; 30/H/2016 which is favour of APSPDCL. Aggrieved by these orders the ITO filed WP in High Court vide No. 333 &amp; 382 of 2017 and the cases are pending</p>
Non Remittance of Service Tax in estimates	CESTAT / Hyderabad	4.62	APSPDCL has filed appeals before various adjudication authorities by depositing the required amount as per the Act. But our pleas are not considered. Hence filed appeal before CESTAT/Hyd. Hon'ble CESTAT/Hyd considered our appeals remanded back the cases for consideration.
Levy of Service Tax on Wheeling Charges, Cross Subsidy Charges etc	CESTAT / Hyderabad	10.72	The Commissioner of Central Tax / Tirupati issued Order OIO No TTD-EXCUS-000-COM-01-19-20 dt. 16.04.19 for payment Service Tax on Wheeling Charges, Cross subsidy charges etc., APSPDCL has filed objections but same were not considered. Hence filed appeal before CESTAT / Hyd and the appeal is pending.
AY 2009-10 to 2014-15 Grants & Consumer Contributions	ITAT / Hyderabad	958.20	APSPDCL has won the case at CIT (Appeals) Tirupati and ITAT / Hyderabad. Against the orders passed by the ITAT / Hyderabad. Income tax department has approached to Hon'ble high court / Amaravathi. Now case is pending at hon'ble high court / Amaravathi.

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

## **Note No. 10 - Non - Current Assets**

### **A) FIXED ASSETS**

₹ in Crores

Asset Group	GROSS BLOCK			DEPRECIATION & AMORTISATION			Net Block	
	At the end of the year 31-03-2018	Additions during the year	Adjustments /Deductions during the year	At the end of the year 31-03-2019	Depreciation For the year	Adjustments/ Deductions during the year	At the end of the year 31-03-2019	Balance as at 01-04-2018
<b>a. Tangible Assets</b>								
1 Land and Land Rights	5.04	0.00	0.00	5.04				5.04
2 Buildings	176.68	11.12	0.00	187.80	5.49	0.00	48.43	133.74
3 Other Civil Works	82.53	15.95	0.03	98.46	2.73	0.00	12.22	73.04
4 Plant and Machinery	6792.04	1544.67	8.49	8328.22	465.12	5.99	3457.48	3793.69
5 Lines and Cable Net work	5637.15	455.74	5.63	6087.27	245.11	0.00	3637.14	2245.12
6 Metering Equipment	1071.23	148.73	2.59	1217.37	100.81	0.00	662.25	509.79
7 Vehicles	5.07	0.00	0.00	5.07	0.23	0.00	4.41	0.89
8 Furniture and Fixtures	8.53	0.86	0.00	9.40	0.27	0.00	6.83	1.98
9 Office equipment	32.85	35.27	0.02	68.10	3.43		29.08	7.20
10 Computers & IT Equipment	41.88	29.51	0.00	71.38	3.48		28.32	17.03
11 Low Value Assets	0.39	0.12	0.00	0.51	0.12	0.00	0.51	0.00
12 Merger Assets -Balance	39.20	0.00	0.00	39.20	0.00	0.00	9.98	29.22
<b>Total</b>	<b>13892.60</b>	<b>2241.98</b>	<b>16.77</b>	<b>16117.81</b>	<b>826.77</b>	<b>6.00</b>	<b>7896.64</b>	<b>6816.74</b>
<b>b. Intangible Assets</b>								
1 Software	2.62	1.84		4.46	0.06		2.52	0.16
2 Goodwill	1.14			1.14			1.14	0.00
<b>Total</b>	<b>3.76</b>	<b>1.84</b>		<b>5.60</b>	<b>0.06</b>		<b>3.66</b>	<b>0.16</b>
<b>c. Capital work in Progress</b>								
<b>Total</b>								<b>3346.31</b>
<b>Grand Total</b>	<b>13,896.36</b>	<b>2243.82</b>	<b>16.77</b>	<b>16123.41</b>	<b>826.83</b>	<b>6.00</b>	<b>7900.29</b>	<b>10163.21</b>
								<b>11,681.05</b>



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

1.	Work Orders(AUC):The total work orders yet to be closed as on 31.03.2019 is 118829 Nos amounting to ₹.3136.91 crore out of which 4 Nos amounting to ₹ 0.26 crore pertaining to FY 2010-11, 22 Nos amounting to ₹ 86 crore for FY 2011-12, 30 Nos amounting to ₹ 1.86 crore for FY 2012-13, 63 Nos amounting to ₹ 2.47 crore for FY 2013-14, 343 Nos amounting to ₹ 13.73 crore for FY 2014-15, 4592 Nos amounting to ₹ 177.07 crore for FY 2015-16, 17082 Nos amounting to ₹ 472.63 crore for FY 2016-17, 33964 Nos amounting to ₹ 1030.51 crore for FY 2017-18 and 62729 Nos amounting to ₹ 1437.50 crore.
2.	Impairment of Assets : Company has not carried out techno economic evaluation during the year. Hence, provision for impairment of assets is not made during the year as stipulated in Accounting Standard 28.
3.	<b>Depreciation:</b>
3.1	In accordance with the Part B of Schedule II of the Companies Act 2013, the Company is charging Depreciation at the rates notified under G.O.No.265(SE) dated 27.03.1994 issued under Electricity Supply Act, 1948.
3.2	In the absence of individual break-up details of assets transferred under second transfer scheme, depreciation has been charged on fixed assets under Straight Line Method on the Opening Gross Block of assets as on 1.4.2000
3.3	In the case of Assets pertaining to Anantapuram & Kurnool circles transferred from APCPDCL (TSCPDCL) on account of AP Reorganisation Act 2014, Depreciation is charged on straight line method on the opening balance of Gross Block of assets as on 01.06.2014, only to the extent of Assets identified out of total transferred assets.
4.	As per the Andhra Pradesh Gazette Notification No. 396 dated 09.06.2005, for Assets and Liabilities pertaining to the Bulk Supply Undertaking of APTRANSCO have to be transferred to Discoms on the Effective Date being 09.06.05 with due accounting adjustments. However only the Power Purchase and Loan Liabilities and the corresponding Receivables from Govt. of A.P. in the books of APTRANSCO pertaining to Southern Power Distribution Company of A.P. Limited have been identified for transfer and the same has been adopted in the books of the Company, which is subject to revision based on the valuation to be carried out by an independent Chartered Accountant appointed by APTRANSCO and also subject to approval and amendment to the Gazette Notification, by the Government of Andhra Pradesh.
4.1	The Opening balances of Assets & Liabilities as on 1-04-2000 has been adopted in the books as per the Second Transfer scheme notified by the Government Order Notification dated 29th September 2001 amounting to ₹ 799.58 crore at gross value for which break up details are not available.
4.2	Land: The particulars of land transferred during the second transfer, land acquired by the company after incorporation and land allotted by the different sources are yet to be identified
5.	<b>IT Initiations:</b> Implementation of "SAP" ECC 6.0 in 2010-11: During the financial year 2010-11, the company has implemented SAP ECC 6.0 version with effect from 1st May 2010 for better internal control system and effective maintenance of Books of accounts. Unit Wise Opening balances to the extent available i.e. net balances for each account are now reflected in the Trial Balance of the respective Business Area wise/unit in the financial year 2011-12. Reconciliation of Line items and Business Area /unit opening balances is in progress. GL Balances which are not directly identifiable against any Business Area are kept in the Business Area 9999 – GM/Costing unit including unidentifiable balances taken over in 2nd Transfer Scheme.
6.	Anantapuram & Kurnool Circles are merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act.2014 and G.O. Ms No. 24 dated : 29-05-2014. In the merger/demerger process, an amount of ₹ 1150.07 crore is transferred by M/s TSSPDCL (erstwhile APCPDCL) as Net assets book values only( i.e., after deducting depreciation ) by way of Geographical basis allocation is adopted and also refer to Note No.26 para No. 7.2, 7.3& 7.4

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

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

₹ in Crores

<b>Non - Current Investments</b>	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
	₹	₹
a) Share Capital in Resco- Kuppam, Chittoor	0.29	0.29
b) Investment in Shares	206.50	206.00
c) Others - Merger	80.64	80.64
<b>Total</b>	<b>287.43</b>	<b>286.93</b>
Aggregate Book Value of Un Quoted Investments	287.43	286.93
<b>Total</b>	<b>287.43</b>	<b>286.93</b>

### **Investments in Shares includes**

- Investments include Equity participation in 1600MW Power Project at Krishna Patnam in Nellore District. The company share is 10.91% (out of 49%) an amount of ₹ 205.80 Crore up to 31.03.2017 towards its share capital in Andhra Pradesh Power Development Company Limited.
- During the FY 2018-19 an amount ₹ 50 Lakhs ( Previous year ₹ 20 lakhs) has invested in APSEEDCO LIMITED as a financial assistant for devlopement activities .
- Anantapuram & Kurnool Circles are merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act.2014 and G.O. Ms No.24 dated : 29-05-2014. Accordingly,certain investments are transferred to company pursuant to above merger. However, the ownership instruments are not transferred to the company. Hence, the Company is unable to recognise the income accrued on such investments.
- Anantapuram & Kurnool Circles ( Formerly APCPDCL) share of investment in APPDCL, Coastal Tamilnadu Power, M/s. Ghogarpalli Integrated Power Co. Ltd., and certain other investments of body corporates and Mutual funds have been allocated on the basis of Energy Ratio, to the extent of ₹ 80.64 crore, for which details of no of shares and value of each company is yet to be identified and transferred in the name of APSPDCL and refer to Note No. 26 para No.7.2, 7.3 & 7.4.

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

₹ in Crores

<b>Long Term Loans and Advances</b>	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
	₹	₹
Capital advances to suppliers/ contractors	13.40	43.62
Capital Advance - Buy out	212.07	212.07
Loans and advances to employees and others	37.56	33.21
Deposits with Govt Dept& others	64.17	54.38
Loans to employees - Merger	4.46	4.46
<b>Sub Total</b>	<b>331.66</b>	<b>347.74</b>
Less: Provision of Doubtful Advances	27.19	27.19
<b>Total</b>	<b>304.47</b>	<b>320.55</b>

- Loans and Advances to Directors – NIL.
- Loans Guanranteed by Directors During the FY 2018-19 - Nil.



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

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

1. As per decision of APPCC meeting dated : 06-04-2015 and Govt of AP (GOAP) permission to buy out vide its approval ref : 2374 / Power 1 / 2014 dated 28<sup>th</sup> October 2015, agreement for buyout of the project dated : 08 Feb 2016 and continuation agreement dated : 22 April 2016 advance of ₹ 289.55 Crores paid by APDISCOMs to GVK Industries Ltd.,. As per handing over minutes dated : 22 April 2016, Control over plant and its assets were taken over by APDISCOMs with effect from 22 April 2016 and energy generated was shared between DISCOMs as per Power allocation Ratio decided by Govt vide GO Ms.No. 20 dated 08<sup>th</sup> May, 2014.
2. Operating expenses incurred to operate the plant also shared between two APDISCOMs in the ratio of APEPDCL - 34.27% and APSPDCL -65.73%
3. As per agreement, GVK buy out price is given below.

₹ In Crore

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

4. Further, recoverable amount of ₹ 32.33 crores, relates to GVK expansion project was adjusted against purchase consideration / buyout price of GVK Industries Ltd. as per agreement dated : 22 April 2016. An amount of ₹ 0.75 Crores remitted as on 12 May 2016 towards TDS U/s. 194 IA of IT Act 1961.
5. Consideration of ₹ 322.63 crores was paid as against total consideration payable of ₹ 332.15 Crores and the details of payment are given below. :

₹ In Crore

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

APPCC in its meeting held on 19th June 2017, It was decided to handover the GVK assets / plant to APGENCO from APDISCOMs as the APGENCO is in the core business of Generation. The legal formalities are in process, to transfer the assets in favour of APGENCO. In view of the above, amounts paid to GVK towards purchase consideration shown as advance in the books of APDISCOMs.



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

### Note No. 13 - Inventories

₹ in Crores

Inventories	As at 31 March 2019 ₹	As at 31 March 2018 ₹
Stores and spares	48.43	65.17
Scrap Materials	28.17	25.35
Less:Materials stock excess/shortage pending investigation	0.00	0.06
Less:Provision for non-moving and obsolete stock	-11.35	-11.85
<b>Total</b>	<b>65.24</b>	<b>78.73</b>

- Inventory includes unidentified balances of ₹ 0.16 crore transferred to company in pursuant to demerger of TSSPDCL(erst while APCPDCL). Please refer Note No. 26 para No. 7.2,7.3 & 7.4
- Inventory does not include ₹ 8.11 crore (Previous year ₹ 7.23crore) materials received but pending inspection and acceptance.
- There are no imported raw materials, spare parts and components consumed during the financial year.Stores & Spare parts and scrap material movement during the year is as follows:

	Stores &Spares	Scrap Materials
Opening Stock	₹ 65.17 Crore *	₹ 25.35 Crore
Receipts during the year	₹ 62.84 Crore	₹ 6.56 Crore
Issues during the year	₹ 79.58 Crore	₹ 3.74 Crore
Closing Stock	₹ 48.43 Crore *	₹ 28.17 Crore

\*Including provision for non-moving,obsolete and unserviceable stock of ₹ 11.35 crore (Previous year ₹ 11.85 crore) and inclusive of material Short / Excess.

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

## **Note No. 14 - Trade Receivables**

₹ in Crores

Trade Receivables	As at 31 March 2019 ₹	As at 31 March 2018 ₹
<b>SUNDRY DEBTORS</b>		
Outstanding Six months or less	1712.21	2449.37
Outstanding More than Six months	3050.90	1569.25
Sub Total	<b>4763.11</b>	<b>4018.62</b>
Considered Good	4566.22	3821.73
Considered Doubtful	196.90	196.90
Total Debtors Outstanding	4763.11	<b>4018.63</b>
Less: Provision for doubtful debts	<b>196.90</b>	<b>196.90</b>
Net Debtors	<b>4566.22</b>	<b>3821.73</b>
<b>Total</b>	<b>4566.22</b>	<b>3821.73</b>
<p>1. Sundry Debtors:</p> <p>1.1 As per the Financial ledger the Sundry debtors account shows a balance of ₹ 4763.11 crore where as, as per the Consumer ledger the balance shown is ₹ 4825.33 crore since there is a opening balance mismatches and differences in LT and HT which is under reconciliation.</p> <p>1.2 The credit balance in the Sundry debtors amounting to ₹ 502.81 crore (Previous year ₹ 490.91 crore) is netted off from the Sundry debtors.</p> <p>1.3 No Provision has been made during the year (Previous year ₹ 58.87 crore) towards bad and doubtful debts for the debtors .</p>		
<p>2. M/s APGPCL is captive generating plant, MOU entered into AP Transco for wheeling of energy to their participating industries.</p> <p>As per the MOU clause no. 17(a) of M/s APGPCL.</p> <p>It is agreed that if the power generation by the M/s APGPCL could not be utilised by the participating industries (Consumers) either in full or in part, then AP Transco/AP Discoms shall have the first claim to utilise such power.</p> <p>But M/s APGPCL has allocated Un utilised/surplus energy to other participating industries over and above their share, APSPDCL is not allowed such surplus energy and limited their fixed share since the APSPDCL is having the first right to claim surplus energy. Against these M/s APGPCL has approached to Hon'ble High court vide WA No.2469/05 and got stay orders and the case is now pending at Hon'ble High court. The consumers are not paying the such disputed amount as per the above stay order and arrears accumulated ₹ 393.76 crore (previous year ₹ 324.44 crore) to the end of March 2019.</p>		
<p>3. Trade receivables includes an amount of ₹ 19.87 crore (previous year ₹ 30.28 crore) received from Unidentified customers.</p>		

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

### Note No. 15 - Cash & Cash Equivalents

₹ in Crores

Cash & Cash Equivalents	As at 31 March 2019 ₹	As at 31 March 2018 ₹
a) Cash on Hand (including cheques, DD's and Stamps on Hand.)	6.65	9.38
b) Balance with Scheduled Banks		
i) in current A/c	389.82	431.10
ii) in Deposit Accounts	16.19	63.01
c) Remittances in Transit	0.01	0.00
d) Other Balance - Merger	14.37	14.37
<b>Total</b>	<b>427.04</b>	<b>517.88</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 ₹ 0.1 crore as at 31.03.2019 (Previous Year ₹ 0 crore) in various units
- 1.4. Other Balance - Merger represents balances transferred pursuant to merger of 2 circles from APCPDCL, includes certain current account balances and deposits with banks for which details are not available.

### Note No. 16 - Short Term Loans and Advance

₹ in Crores

Short Term Loans and Advances (Unsecured- Considered Good)	As at 31 March 2019 ₹	As at 31 March 2018 ₹
1) Trade advances- Power Purchase	7613.87	8046.59
2) Other Advances	4.47	6.46
a) TDS and Prepaid tax	3.38	5.37
b) Advance Fringe benefit Tax (i-ii)	0.20	0.20
c) Advance to cheyyur power project	0.89	0.89
3) Short term loans and advances (on merger)	67.07	67.07
<b>Total (1+2+3)</b>	<b>7685.41</b>	<b>8120.12</b>

1. Anantapuram & Kurnool Circles are merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act.2014 and G.O. Ms.No.24 dated 29-05-2014. In the merger/demerger process, an amount of ₹ 67.23 crore is transferred by M/s TSSPDCL (formerly APCPDCL) as short term loans and advances by way of energy, geographical and corporate ratio basis allocation is adopted and also refer to Note No 26 para No.7.2,7.3 & 7.4.

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

### Note No. 17 - Other Current Assets

₹ in Crores

Other Current Assets	As at 31 March 2019 ₹	As at 31 March 2018 ₹
i) Receivables from GOAP	6392.18	2168.38
ii) Receivables from others	286.17	168.54
iii) Other current assets incl. Unbilled revenue	1509.45	1360.82
iv) Self Fund medical scheme - Investments	14.25	0.00
<b>Total</b>	<b>8202.05</b>	<b>3697.74</b>
<p>1) Others includes total Cash Embezzlement at Thiruvvur ERO, Vijayawada Circle is ₹ 84.50 Lakh. The management vide Memo No.CGM/HRD/JS/GM/DGM(DC) /PO(DC) /JPO.4/ F103/VJA/ D.No718/ 16 Dt :25-04-2016 has issued final orders to recover the entire embezzlement amount from the responsible officers/employees. Out of which an amount of ₹ 20.40 lakh (previous year ₹. 13.60 lakh) has been recovered up to the FY 2018-19.</p>		
<p>2) Receivables from GOAP includes tariff subsidy an amount of ₹ 5902.08 crore and ₹ 94.5 crore (5% Losses of FY 2016-17 taken over under uday scheme) due from GOAP. Against the above an amount of ₹ 3305.19 crore subsidy and ₹ 94.5 crore ( 5% Losses of FY 2016-17 taken over under uday scheme) is cleared by the Govt through adjusted(issue of Bonds by APPFCL) against payables to AP Genco and APPDCL on 23-04-2019 on behalf of APDiscomss during April 2019.</p>		
<p>3) Other Current Assets includes Unbilled Revenue ₹ 1660.35 crore (Prev Year ₹ 1511.72 crore), Unbilled Revenue - Merger ₹-123.89 crore (Prev. Year ₹ -123.89 crore) and unidentified balances of Other Current Assets - Merger ₹ 27.02 crore (Prev. Year ₹ 27.02 crore). Please refer Note No.26 para No.7.2, 7.3 and 7.4</p>		
<p>4) The billing for domestic, commercial and general-purpose categories of consumers is carried out on monthly basis in Towns and Mandal head quarters and Bi-monthly basis for other than Mandal head quarters. For other categories of consumers billing is done on monthly basis. From 01-11-2016 on wards for Bi-monthly billed services are converted to monthly billing. The agricultural free category consumers' customer charges are billed half-yearly where the services are not linked to domestic services.</p>		

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

## **Note No. 18 - Revenue From Operations**

₹ in Crores

REVENUE FROM OPERATIONS	Figures for the current reporting period 01.04.2018 to 31.03.2019 ₹	Figures for the previous reporting period 01.04.2017 to 31.03.2018 ₹
1. Revenue from Sale of Power		
a) Between DISCOMS	1661.49	1242.38
b) L.T. Supply	7327.50	6632.16
c) H.T. Supply	7623.42	6956.43
2. Income from Inter State Sale of Power	589.31	520.13
3. Other Receipts	<b>76.29</b>	<b>149.29</b>
4. Electricity Duty	140.17	128.93
Revenue from Sale of Power	17418.18	15500.38
Less: Electricity Duty	140.17	128.93
Net Revenue from sale of power	<b>17278.01</b>	<b>15371.45</b>

Consumption figures for the year 2018-19 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. ₹ Per Unit
Domestic supply - Category –I	8672.82	36.72%	3.73
Non-Domestic supply - Category –II	1907.34	8.08%	10.46
Industrial Supply- Category –III	2303.37	9.75%	6.10
Cottage Industries - Category – IV	44.29	0.19%	4.20
Irrigation and Agriculture Category - V	9832.49	41.63%	0.05
Public Lighting - Category - VI	745.64	3.16%	7.13
General Purpose - Category - VII	109.81	0.46%	8.10
Temporary Supply - Category – VIII	1.32	0.01%	18.12
LT. Total	<b>23617.08</b>	<b>100.00%</b>	<b>3.10</b>
High Tension (HT)			
Industrial Segregated - Category - I	7629.95	67.69%	7.21
Industrial Non-Segregated - Category – II & III	904.07	8.02%	9.86
Irrigation and Agriculture - Category – IV	1427.81	12.67%	5.49
Railway Traction - Category – V	818.64	7.26%	5.01
Colony Lighting – Category - VI	28.76	0.26%	5.97
Electricity Co-Operative Societies	462.59	4.10%	0.33
Temporary Supply	0.00	0.00%	0.00
HT. TOTAL	<b>11271.80</b>	<b>100.00%</b>	<b>6.76</b>
LT + HT Total (FY 2018-19)	<b>34888.89</b>	<b>100.00%</b>	<b>4.29</b>
LT + HT Total (Previous Year 2017-18)	<b>31335.03</b>	<b>100.00%</b>	<b>4.34</b>

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

## **Note No. 19 - Other Income**

₹ in Crores

OTHER INCOME	Figures for the current reporting period 01.04.2018 to 31.03.2019 ₹	Figures for the previous reporting period 01.04.2017 to 31.03.2018 ₹
1. Interest on Staff Loans & Advances	0.31	0.94
2. Delayed Payment Charges from Consumers	654.46	538.23
3. U I (Unscheduled Inter Change) Income	34.51	25.87
4. Miscellaneous Receipts	333.04	101.40
5. Amortization of Capital Contributions	380.46	322.95
<b>SUB-TOTAL</b>	<b>1402.77</b>	<b>989.39</b>
<b>6. Income relating to Prior Years</b>		
a) Prior Period Receipts/Withdrawals	(36.70)	-24.86
b) Other Excess Provisions	0.00	-2.60
<b>SUB-TOTAL</b>	<b>-36.70</b>	<b>-27.46</b>
<b>7. Prior Period Expenses / Losses</b>		
a) Operating Expenses	0.15	0.16
b) Employee Costs	(49.00)	0.00
c) Interest & Other Finance Charges	0.00	-0.27
d) Prior Periods other charges	0.40	-0.50
<b>SUB-TOTAL</b>	<b>(48.45)</b>	<b>(0.61)</b>
Net prior period credits/(charges) ( 6 - 7 )	<b>(85.15)</b>	<b>(25.06)</b>
<b>OTHER INCOME- TOTAL</b>	<b>1317.63</b>	<b>961.33</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**

₹ in Crores

REVENUE SUBSIDIES AND GRANTS	Figures for the current reporting period 01.04.2018 to 31.03.2019 ₹	Figures for the previous reporting period 01.04.2017 to 31.03.2018 ₹
1. Tariff Subsidy from Government		
a) Regular Subsidy	4937.00	3402.90
b) Additional Subsidy	0	763.76
c) Revenue grant	141.50	0.00
<b>Total</b>	<b>5078.50</b>	<b>4166.66</b>

1. Out of the above an amount of ₹ 1023.4 crore is received during the FY 2018-19, remaining amount of ₹ 3913.60 crore was transferred to Govt receivable account. Further an amount of ₹ 1316.50 crore loans was cleared by the Govt through Issue of Bonds by APPFCL on 23-04-2019 on behalf of APDiscoms during April 2019.

2. Revenue grant includes an amount of ₹ 94.5 crore ( lossess of FY 2016-17 to be taken over by the Govt of AP as per the UDAY agreement ) is recognised and transferred to Govt receivable account. Which is adjsted (By way of issuing Bonds by APPFCL) against the power purchase payables of AP Genco & APPDCL during April, 2019 and An amount of ₹ 47.00 crore received from Govt of AP as incentive for Grid connected renewable energy has considered as a revenue grant.

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

### Note No. 21: - Cost of Power Purchase

₹ in Crores

COST OF POWER PURCHASE		Figures for the current reporting period 01.04.2018 to 31.03.2019	Figures for the previous reporting period 01.04.2017 to 31.03.2018
1.	Transmission & SLDC Charges	1695.22	1134.75
2.	Power Purchase & Others	20082.43	15576.56
	Total Cost of Power Purchase for FY 2018-19	<b>21777.65</b>	<b>16711.31</b>
3.	Un Paid / Disallowed cost from FY 2014-15 to FY 2017-18	3775.59	0.00
	Total power purchase cost booked	<b>25553.24</b>	<b>16711.31</b>
	Less : Rebate on Power Purchase	96.60	69.67
	Total Power Purchase Cost	<b>25456.63</b>	<b>16641.64</b>

- The APPCC was established as an institutional arrangement for smooth transition of power purchase functions and to have co-ordination among the DISCOMs as per the G.O.Ms.No.59, Dated 07-06-2005.
- 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.
- 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.
  - The GoAP vide G.O.Ms.No.20, Energy (Power-III), dated: 08.05.2014, amended the share of four DISCOMs in the Generating Stations as per which the revised share of APSPDCL is 30.31% (including Anantapuram & Kurnool circles Share 8.04%) out of Four Discoms of Andhra Pradesh and Telangana i.e., APSPDCL, APEPDCL, TSSPDCL (erstwhile APCPDCL) and TSNPDCL, till 01.06.2014. Consequent to Anantapuram & Kurnool Circles transfer into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act.2014 and G.O. Ms No. 24 dated : 29-05-2014, APSPDCL share is increased in the re-orgnased state of Andhra Pradesh and allocated between two Discoms ( i.e., APSPDCL and APEPDCL) as to 65.73% and 34.27%. The cost of power purchase is allocated accordingly.
  - The above Power purchase cost includes disallowed cost of ₹ 3775.59 crore for the period from FY 2014-15 to FY 2017-18.
  - As per Govt orders vide G.O.RT No: 118 dated : 27 July 2017, Non-Conventional Energy(NCE) Power purchase cost between APSPDCL and APEPDCL allocated based on power sharing Ratio i.e., 65.73% and 34.27% respectively. Further as per Govt Orders vide G.O Rt No. 116 dated 01.10.2019, Government has cancelled the above allocation with retrospective effect and advised to allocate NCEs power based on Geographical location. To implement above decision, monthly Interim Balancing and Settlement System(IBSS) need to modified with retrospective effect to give effect DISCOM wise actual energy draws are adjusted against the allocated energy draws, converted into Rupee terms and allocated to the Discoms using predetermined methodology and basis.

The monthly IBSS need to be reworked by IBSS Committee so that the adjustment entries between APSPDCL and APEPDCL will be incorporated in financial year 2019-20.



<b>Quantitative Details of Purchase of energy and cost of power purchase:</b>		
<b>Energy Purchased Period</b>	<b>Purchases</b>	<b>Amount</b>
	<b>In Mus</b>	<b>₹ In Crores</b>
FY: 2001-02	8838.00	1729.15
FY: 2002-03	9561.00	1965.19
FY: 2003-04	10026.00	1987.96
FY: 2004-05	11060.00	2050.99
FY: 2005-06	10983.85	2238.98
FY: 2006-07	12329.55	2564.00
FY: 2007-08	12663.01	3012.16
FY: 2008-09	13805.48	4228.55
FY: 2009-10	15741.05	4592.51
FY: 2010-11	16449.08	5061.12
FY: 2011-12	18474.87	6339.00
FY: 2012-13	18417.74	7902.72
FY: 2013-14	20179.12	8083.16
FY: 2014-15	29398.24	13016.49
FY: 2015-16	33268.56	14976.07
FY: 2016-17	34826.98	15137.22
FY: 2017-18	38639.17	16711.31
FY: 2018-19	41594.61	21777.65

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

### Note No. 22: - Employees Benefit Expenses

₹ in Crores

EMPLOYEE BENEFIT EXPENSES	Figures for the current reporting period 01.04.2018 to 31.03.2019	Figures for the previous reporting period 01.04.2017 to 31.03.2018
1. Salaries, Wages and Bonus	2007.90	1403.79
2. Pension Contribution & Terminal Benefits	1389.49	392.60
3. Employees Welfare expenses	3.27	2.76
	<b>3395.66</b>	<b>1799.14</b>
Less: Employees Cost Capitalised	132.79	137.58
<b>Total</b>	<b>3262.87</b>	<b>1661.55</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 FY 2018-19 an amount of ₹ 80.34 crore (Previous Year ₹ 59.39 crore) has been contributed.
2. An amount of ₹1377.40 crore provision made during the year for employees future terminal benefits as per the actuarial report ( in respect of 26%) as detailed below.

Particulars	Pension & Gratuity employees who are rolls on 30.01.1999	Gratuity for EPF employees	Total
	₹ in Crores	₹ in Crores	₹ in Crores
Fund to be maintained as on 31-03-2019 as per Actuarial valuation report	3,034.63	311.18	3,345.81
Less : Fund as on 31.03-2019	1,735.26	0	1,735.26
Less : Liability already provided	162.24	70.91	233.15
Provision made for future commitment	1,137.13	240.27	1,377.40

### Note No. 23 : - Financial Costs

₹ in Crores

Financial Costs	Figures for the current reporting period 01.04.2017 to 31.03.2018 ₹	Figures for the previous reporting period 01.04.2016 to 31.03.2017 ₹
1. Interest on State Government Loans /REC/PFC and other financial Institutions	645.72	518.81
2. Interest on Short term Loans including ODs and CC Limits	491.88	448.11
3. Interest on others (Interest on Consumption Deposit etc)	161.46	135.32
	1299.06	1102.24
Less: Interest and Finance Charges Capitalised	161.02	149.24
Less: Interest on Fixed Deposits/Short term investments	8.53	6.20
<b>Total</b>	<b>1129.51</b>	<b>946.80</b>
<p>a) Interest Capitalization: Interest capitalized during the year is ₹ 161.02crore (Previous Year ₹ 149.24 crore) as per Accounting Standard -16.</p> <p>b) The interest on short term loans charged to P&amp;L Account is the allocated share from the pool account.</p> <p>c) No interest has been considered / paid in the accounts against the Govt loans and loans transferred under Merger Scheme (due to non availability of details for merger loans)</p>		

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

### Note No. 24 : - Depreciation & Amortization Expenses

₹ in Crores

Depreciation & Amortization expense	Figures for the current reporting period 01.04.2018 to 31.03.2019 ₹	Figures for the previous reporting period 01.04.2017 to 31.03.2018 ₹
Depreciation	826.71	720.56
Amortization	0.06	0.03
<b>Total</b>	<b>826.77</b>	<b>720.59</b>

**Note No. 25 : - Other Expenses**

₹ in Crores

S. No.	Other Expenses	Figures for the current reporting period 01.04.2018 to 31.03.2019		Figures for the previous reporting period 01.04.2017 to 31.03.2018	
		₹	₹	₹	₹
1	Licence fees		4.25		4.13
2	Repairs and Maintenance to				
	a) Plant and Machinery	433.46		263.18	
	b) Buildings	1.29		0.70	
	c) Others	44.92	479.68	54.62	318.50
3	Rent (including Lease Rentals)		1.39		1.45
4	Rates & Taxes		11.51		2.03
5	Insurance		0.17		0.13
6	Telephone Charges		14.67		10.19
7	Postage & Telegrams		0.22		0.28
8	Legal Charges		3.06		0.51
9	Audit Expenses and Fees : of which				
	a) Statutory Audit Fees	0.14		0.13	
	b) Tax Audit Fees	0.01		0.01	
	c) Cost Audit Fees	0.02		0.02	
	d) Secretarial Audit Fees	0.01		0.01	
	e) Audit Expenses	0.04		0.04	
	f) Cost & Sectl Audit Expences	0.01			
	g) Others	0.05	0.27	0.01	0.21
10	Other Professional Charges		73.43		70.03
11	Printing & Stationery		5.20		5.63
12	Advertisement		2.62		1.20
13	Electricity Charges		15.72		14.78
14	Conveyance and Travelling Expenses		25.59		30.23
15	Other Expenses		40.05		35.40
16	Miscellaneous provisions/losses/ write-offs		24.81		62.93
			<b>702.65</b>		<b>557.64</b>
	Less: Administration & General Expenses Capitalised		23.43		24.2
	<b>Total</b>		<b>679.22</b>		<b>533.36</b>

1. Repairs and maintenance-Others includes an amount of ₹ 47.54 crore (Prev. Year ₹ 49.80 crore) incurred for the FY 2018-19 towards DELP scheme

### Note No. 26 - Other Notes

1. Balances in sundry debtors, sundry creditors, other claims and receivables, Deposits & retentions of suppliers and contractors, Deposits for electrification service connections, liability for capital supplies, O&M supplies and loans and advances as on 31.03.2019 are subject to reconciliation and confirmation and adjustments.
2. Service tax liability on supervisory charges included in DC works, since under quantification, no provision has been made.
3. Segment Reporting as per AS-17, since distribution and retails supply of power comprises primary and reportable segment, hence not applicable
4. Previous year figures have been regrouped/re-classified wherever necessary.
5. Amounts presented are Rupees in Crores except otherwise stated and have been rounded off to nearest crore.
6. There are no dues pending as at 31st March 2019 to suppliers/ contractors/ service providers who are registered as Micro, Small or Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.
7. **Merger of Anantapur and Kurnool Circles :**
  - 7.1 Consequent to the promulgation of AP Reorganization Bill 2014 (The Act), the Assets and Liabilities of operation circles of Anantapur and Kurnool of TSSPDCL (APCPDCL) were required to be merged with APSPDCL.
  - 7.2 M/s TSSPDCL have furnished financial statements as at 01.06.2014 duly audited by M/s Sharad & Associates, Chartered Accountants, Hyderabad vide Lr No. Dir(fin)/CGM(fin)/GM(accts)/AO(A&B)/D.No.50/15 Dt:30.04.2015. The audit certificate has stated that the allocation of assets and liabilities as at 01.06.2014 and income and expenditure from 01.04.2014 to 01.06.2014 has been carried out as per the ACT except apportionment of employee related liabilities / receivables such as Liability on account of GIS Insurance, Savings fund and Self-funding Medical Scheme, Employee Liabilities towards Gratuity and Leave encashment, Liabilities towards APCPDCL Pension & Gratuity Trust and APCPDCL GPF Trust, Long Term / shortterm Loans & Advances of employees and Receivable towards APSEE Master P & G Trust which are not in conformity with Annexure 2 referred to in Clause XVIII of the G.O.Ms No 24.
  - 7.3 The company reviewed the said financial statements with the books of accounts and adopted the same during the FY 2014-15 subject to certain unidentified items out of which some of the items were identified during up to this FY 2018-19 and balance items yet to be identified. ₹ in Crores

Sl. No	Note No	Details	Un identified items up to FY 2018-19 ₹	Un identified items up to FY 2017-18 ₹
1	2	RESERVE & SURPLUS	275.88	275.88
2	3	LONG TERM BORROWINGS	1643.33	1643.33
3	4	OTHER LONG TERM LIABILITIES	0.05	0.04
4	5	LONG TERM PROVISIONS	0.00	0.00
5	6	SHORT TERM LOANS	180.92	180.92
6	7	TRADE PAYABLES	873.23	873.23
7	8	OTHER CURRENT LIABILITIES	100.74	100.74
8	9	SHORT TERM PROVISIONS	0.00	0.00
<b>Total Liabilities</b>			<b>3074.15</b>	<b>3074.15</b>
9	10	FIXED ASSETS ( Including accumulated depreceation)	29.22	29.22
10	11	NON CURRENT INVESTMENTS	80.64	80.64
11	12	LONG TERM LOANS & ADVANCES	4.46	4.46
12	13	INVENTORIES	0.16	0.16
13	14	TRADE RECEIVABLES	-123.89	-123.89
14	15	CASH & CASH EQUIVALENTS	14.37	14.37
15	16	SHORT TERM LOANS & ADVANCES	67.07	67.07
16	17	OTHER CURRENT ASSETS	-27.02	-27.02
<b>Total Assets</b>			<b>45.01</b>	<b>45.01</b>

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

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

## 8. RELATED PARTY DISCLOSURES.

### PAYMENTS AND BENEFITS TO DIRECTORS

₹ in Crores

S. No.	Particulars	F.Y : 2018-19		FY : 2017-18	
		Chairman and Managing Director ₹	Other Directors ₹	Chairman and Managing Director ₹	Other Directors ₹
1	Salary / Remuneration	0.36	0.48	0.26	0.38
2	Travelling Expenses	0.18	0.05	0.06	0.05
	<b>Total</b>	<b>0.54</b>	<b>0.53</b>	<b>0.32</b>	<b>0.43</b>

### KEY MANAGEMENT PERSONNEL:

₹ in Crores

S. No.	Name	Remuneration for 2018-19	Remuneration for 2017-18
1	M.M. NAYAK	0.36	0.26

## 9. COURT CASES/ LEGAL DISPUTES/ CONTINGENT LIABILITIES

₹ in Crores

S. No.	PARTICULARS	31/03/2019 ₹	31/03/2018 ₹
i.	Claims against the company not acknowledged as debts	12.16	10.96
ii.	Estimated amount of contracts remaining to be executed on capital account and not provided for	3947.55	2995.15
iii.	NCE_Wind & Solar Generators (CUF & GBI Limitation for 2016-17 to FY 2018-19), Surcharge and other expenses	960.20	0
iv.	Letter of credit (LC) outstanding as on 31.03.2019	275.71	0



**Save Energy ... Save Power...**



# **APSPDCL**

**ACCOUNTING**  
**PRINCIPLES & POLICIES**



*Save Energy ... Save Power...*

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

### **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 :**

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 :**

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

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

For and on behalf of the Board



**NAGENDRANADH TADIKONDA**  
Partner  
Membership No. 226246

Date:21.10.2019  
Place:TIRUPATI




**H. HARANATHA RAO**  
(Chairman & Managing Director)



**V.V. GOPALA KRISHNA MURTHY**  
Chief General Manager / R&C



**KVN CHAKRADHAR BABU, IAS**  
Director



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

## STATEMENT PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 2013

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

<b>I. Registration Details :</b>	
Registration No.	: U40109AP2000SGC034118
State Code	: 01
Balance Sheet Date	: 31-03-2019
<b>II. Capital raised during the Year</b>	: (Rupees in Crores)
Public Issue	: -
Rights Issue	: -
Bonus Issue	: -
Private Placement	: -
	:
<b>III. Position of Mobilisation and Development</b>	: (Rupees in Crores)
Total Liabilities	: 33219
Total Assets	: 33219
<b>Sources of Funds</b>	
Paid up Capital	: 358.72
Reserves & Surplus	: (12539.46)
Secured Loans	: 10067.83
Unsecured Loans	: 609.39
	:
<b>Application of Funds</b>	
Net Fixed Assets	: 8223.12
CWIP	: 3457.94
Investments	: 287.43
Net Current Assets	: -10843.42
Miscellaneous Expenditure	: -
	:
<b>IV. Performance of the Company</b>	: (Rupees in Crores)
Turnover	: 23674.14
Total Expenditure	: 31355.00
Profit/(Loss) before Tax for the Year	: -7680.87
Profit/(Loss) after Tax for the Year	: -7680.87
Net Prior Period Credits/(Charges)	: -
Profit after Contingency Reserve	: -7680.87
Earnings per Share	: -214.12
	:
<b>V. Generic Names of Principal products/ Services of the Company</b>	: NIL
PAN No.	: AAHCS4056Q
Item Code No.	: N.A.
Product Description	: Distribution of Power

**FORM NO. MGT - 11****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: U40109AP2000SGC034118  
Name of the company : **SOUTHERN POWER DISTRIBUTION COMPANY OF A.P LIMITED**  
Registered office : H.No.19-13-65/A, Tiruchanoor Road,  
Behind Srinivasa Kalyana Mandapam, Kesavayanigunta,  
TIRUPATI - 517 501

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

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 17<sup>TH</sup> Annual General meeting of the company, to be held on the Wednesday, 01.11.2017 At 13.00 Hrs at the Registered office, Tirupati and at any adjournment thereof in respect of such resolutions as are indicated below :



S.I. No.	Resolutions
<b>ORDINARY BUSINESS :</b>	
1	<p>“RESOLVED THAT the Audited Balance Sheet of the Company as on 31<sup>st</sup> March, 2019 the Profit &amp; Loss Account and Cash flow statement for the year ended as on that date together with the Directors’ Report, the Auditors’ Report &amp; Management replies, the Supplementary Audit Report of the Comptroller and Auditor General of India &amp; Management replies and Secretarial Audit Report thereon for the F.Y. 2018-2019 as laid before the members at this meeting be and are hereby considered and adopted.”</p>
2	<p>“RESOLVED THAT the appointment of M/s S.R.MOHAN &amp; CO., Chartered Accountants, Anurag G- 79, First Main Road, Annanagar East, Chennai - 600102 as Statutory Auditors of the Company for the Financial Year 2019-2020 U/s 139 of Companies Act, 2013 vide Lr.No. <b>CA.V/ COY/ ANDHRA PRADESH, SOUPOW(1) /268, Dt.02.08.2019</b> of the Comptroller and Auditor General of India, New Delhi be and is here by noted.”</p> <p>“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 hereby authorised to fix the remuneration and reimburse the actual out- of - pocket expenses payable to the Statutory Auditors for the Financial Year 2019-20.”</p>
<b>SPECIAL BUSINESS :</b>	
3	<p>“ RESOLVED THAT in pursuance of the resolution passed by the company in the 17<sup>th</sup> Adjourned Annual General Meeting held on 30.12.2017 approving the total amount of borrowing limit to the Board of Directors of the Company to ₹ 15,000 Crores (Rupees Fifteen thousand Crores only) in relation to the exercise of borrowing powers, it is hereby approved that , pursuant to the provisions under the Sec 180 (1) (c) of Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and are hereby authorized to borrow money, from time to time, at their discretion either from the Company’s Bank or any other Bank, Financial Institutions or any other lending institutions or persons on such terms and conditions as may be considered suitable for the purposes of the business of the Company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business), will exceed the aggregate of the Paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount to be borrowed shall not exceed the sum of ₹ 22,000 Crore (Rupees Twenty Two Thousand Crores only) at any time.</p> <p>“FURTHER RESOLVED THAT the Company Secretary of the Company be and is hereby authorized to file necessary forms with the Registrar of Companies.”</p>
4	<p>“ RESOLVED THAT in pursuance of the resolution passed by the company in the 17<sup>th</sup> Adjourned Annual General Meeting held on 30.12.2017 approving the total amount of limit to the Board of Directors of the Company to ₹ 15,000 Crores (Rupees Fifteen thousand Crores only) in relation to the exercise of powers under Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, authorize the Board of Directors (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to lease, mortgage / hypothecate and/or create charge of all or any part of the immovable properties/or movable properties of the Company both present and future of every nature and kind whatsoever and for creating a floating charge on all or any of the movable properties of the Company and the whole of undertaking of the</p>

S.I. No.	Resolutions
<b>ORDINARY BUSINESS :</b>	
	<p>company to or in favour of Banks or Financial institutions or any other lending institutions for borrowing from time to time such sums of money as the Board of Directors of the Company deem requisite for the purpose of the business of the Company not withstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed the sum of ₹ 22,000 Crore (Rupees Twenty Two Thousand Crore only) at any time."</p> <p>"FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to finalize the terms and conditions for creating aforesaid mortgage or hypothecation or create charge and to do all acts, things as may be necessary".</p> <p>"FURTHER RESOLVED THAT the Company Secretary of the Company be and is hereby authorized to file necessary forms with the Registrar of Companies."</p>
5	<p>"RESOLVED THAT pursuant to Section 4, 13 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force and the Rules framed there under, consent of the members be and is hereby accorded to realign the existing Memorandum of Association with Table 'A' of Schedule I of the Companies Act, 2013."</p> <p>"RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and is hereby authorized to file the necessary forms with the Registrar of Companies to give effect to the above resolution."</p>
6	<p>"RESOLVED THAT pursuant to the provisions of Section 5, 14 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force and the Rules framed there under, consent of the members be and is hereby accorded to realign the existing set of Articles of Association with Table 'F' of Schedule I of the Companies Act, 2013 ."</p> <p>" RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and is hereby authorized to file the necessary forms with the Registrar of Companies to give effect to the above resolution."</p>
7	<p>"RESOLVED THAT pursuant to provisions of Section 230 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force and G.O Ms.No.41, Energy (POWER.I) Department dated 05.12.2019 and G.O.Rt.136, Energy (Power-I) Department, Dt.10.12.2019 issued by Government of Andhra Pradesh and the relevant provisions of the Memorandum and Articles of Association of the Company and the other applicable laws, rules, regulations, bye-laws as the case may be and subject to the requisite approvals and to the necessary consents, permissions and approvals of relevant statutory or regulatory authorities and subject to the sanction of the Ministry of Corporate Affairs (MCA) and also subject to all such conditions and modifications as may be prescribed or imposed by any of the aforesaid relevant authorities while granting such approval, permissions and sanctions, which may be agreed to by the Company, the members of the company do hereby take note of the decision of Government of Andhra Pradesh to divide Southern Power Distribution Company of Andhra Pradesh Limited into two Distribution Companies viz., Andhra Pradesh Central Power Distribution Corporation Limited and Southern Power Distribution Company of Andhra Pradesh Limited."</p>

S.I. No.	Resolutions
	<p>“ RESOLVED FURTHER THAT the Board of Directors or any Committee formed in this regard by the Board of Directors is/are hereby authorized:</p> <p>i. To prepare Scheme of Arrangement in terms of Section.230 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016</p> <p>ii. To engage Auditors, legal advisors or any other consultants to prepare the Scheme of Arrangement as per the G.O Ms.No.41, Energy (POWER.I) Department dated 05.12.2019 and G.O.Rt.136, Energy (Power-I) Department, Dt.10.12.2019 issued by Government of Andhra Pradesh .”</p> <p>“ RESOLVED FURTHER THAT Chairman and Managing Director or any other Director or Chief General Manager (E&amp;C) or Company Secretary be and is hereby authorized to make an application to Ministry of Corporate Affairs or any other statutory bodies for obtaining necessary approval for the division of APSPDCL into APSPDCL &amp; APCPDCL and file the necessary forms with the Registrar of Companies to give effect to the above resolution.”</p>
8	<p>“RESOLVED THAT pursuant to the provisions of Section 148 and any other provisions applicable of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory amendments/modifications), the cost auditors M/s Narasimha Murthy &amp; Co, Cost Accountants, 3-6-365,104 &amp; 105, Pavani Estate, Y.V.Rao Mansion, Himayatnagar, Hyderabad-500029 appointed and remuneration fixed by the Board of Directors vide Board Resolution No. (16) in the 109<sup>th</sup> Board Meeting held on 22.03.2019 to conduct Cost Audit of the Company for the F.Y.2019-2020 with a cost audit fee of ₹ 1,35,000/- (Rupees One Lakh Thirty Five Thousand Only) plus applicable Service Tax and Out of pocket expenses &amp; Travelling Expenses at actuals subject to a maximum of 50,000/- (Rupees Fifty Thousand only) Total ₹ 1,85,000/- (Total Rupees One Lakh Eighty Five thousands Only) be and is hereby ratified by the Shareholders of the Company.”</p> <p>“FURTHER RESOLVED THAT the Board of Directors and/or the Company Secretary be and is hereby authorised to do such acts to give effect to the resolution.”</p>

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

Signature of shareholder

Signature of Proxy holder(s)

Please  
affix  
Revenue  
Stamp

**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.