

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

BALANCE SHEET AS AT 31st MARCH, 2021

Particulars	Note No	Figures as at the end of Current reporting period 2020-21 *	Figures as at the end of Previous reporting period 2019-20
		₹ in Crores	₹ in Crores
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	358.72	358.72
(b) Reserves and Surplus	2	(6,768.93)	(12,511.96)
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	11,501.31	14,353.97
(b) Other Long-term liabilities	4	1,082.44	2,851.92
(c) Long-term provisions	5	1,913.23	2,688.10
(3) Current Liabilities			
(a) Short-term borrowings	6	3,889.97	4,353.56
(b) Trade payables	7	14,814.44	18,984.27
(c) Other current liabilities (including current maturities of Long term debt)	8	4,358.32	5,124.00
(d) Short-term provisions	9	214.22	207.00
TOTAL		31,363.71	36,409.59
II. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment			
(i) Tangible assets	10	6,232.82	9,575.85
(ii) Intangible assets	10	16.35	11.72
(iii) Capital work-in-progress	10	1,851.68	2,590.77
(b) Non-current Investments	11	184.55	286.93
(c) Long term loans and advances	12	240.29	339.44
(2) Current assets			
(a) Inventories	13	210.89	409.57
(b) Trade receivables	14	6,768.05	6,773.55
(c) Cash and cash equivalents	15	360.42	515.81
(d) Short-term loans and advances	16	5,499.68	7,692.96
(e) Other current assets	17	9,998.98	8,213.00
TOTAL		31,363.71	36,409.59
Other Notes	26		
Statement of Accounting Policies	27		

* APSPDCL was bifurcated into APSPDCL and APCPDCL w.e.f 01-04-2020. Figures for the Current Reporting Period pertains to SPS Nellore, Chittoor, YSR Kadapa, Ananthapuramu and Kurnool Districts allocated to APSPDCL while the figures of the corresponding previous reporting period also include Krishna, Guntur and Prakasam Districts allocated to APCPDCL before bifurcation of APSPDCL into APSPDCL and APCPDCL vide Government of Andhra Pradesh G.O.MS.No.41, Energy (Power I) Department, Dt 05-12-2019.

As per our report of even date
For Basha & Narasimhan
Chartered Accountants

Firm's Regn. No: 0060315

CA K. NARASIMHA SAH
Partner

Membership No: 201777

Place: Tirupati

Date : 02-10-2021



For and on behalf of the Board

H. HARANATHA RAO
Chairman & Managing Director
DIN : 08530030

Y. LAKSHMI NARASIMHA
General Manager/(E&C)

V.N. BABU
Director (Finance)
DIN : 08772842

B.V.S. PRAKASH
Company Secretary



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2021

Particulars	Note No	Figures as at the end of Current reporting period 2020-21 *	Figures as at the end of Previous reporting period 2019-20
		₹ in Crores	₹ in Crores
I. Revenue from operations	18	13,193.21	17,476.13
II. Other Income	19	1,073.59	1,769.99
III. Revenue from Subsidies and Grants (i.e., Govt reimbursement for agricultural sales/consumption)	20	5,615.29	8,359.96
Total Income (I + II + III) - (A)		19,882.08	27,606.08
<u>Expenses:</u>			
IV. Cost of Power Purchase	21	15,309.89	21,022.16
V. Employee benefits expense	22	2,548.16	3,546.68
VI. Finance costs	23	961.56	1,307.04
VII. Depreciation and amortisation expense	24	708.64	1,034.05
VIII. Other expenses	25	352.24	695.05
Total Expenses (IV+V+VI+VII+VIII) - (B)		19,880.49	27,604.98
IX. Profit before exceptional and extraordinary items and tax (A - B)		1.59	1.10
X. Exceptional Items		-	-
XI. Profit before extraordinary items and tax (IX - X)		1.59	1.10
XII. Extraordinary Items		-	-
XIII. Profit before tax (XI - XII)		1.59	1.10
XIV. Current Tax		-	-
XV. Deferred Tax		-	-
XVI. Profit(Loss) for the year from continuing operations (XIII-XIV-XV)		1.59	1.10
XVII. Transfer to Contingency Reserve		-	-
XVIII. Profit/(Loss) for the year (XVI-XVII)		1.59	1.10
XIX. Earning per equity share in ₹ :			
(1) Basic		0.04	0.03
(2) Diluted		0.04	0.03
Other Notes	26		
Statement of Accounting Policies	27		

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As per our report of even date

For Basha & Narasimhan
Chartered Accountants

Firm's Regn. No: 0060315

CA K. Narasimha Sah

CA K. NARASIMHA SAH

Partner

Membership No: 201777

Place: Tirupati

Date : 02-10-2021



For and on behalf of the Board

H. Haranatha Rao
H. HARANATHA RAO

Chairman & Managing Director

DIN : 08530030

Y. Lakshmi Narasimhan
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General Manager/(E&C)

V.N. Babu
V.N. BABU

Director (Finance)

DIN : 08772842

B.V.S. Prakash
B.V.S. PRAKASH

Company Secretary



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2021

Particulars	Year ended 31-03-2021*		Year ended 31-03-2020	
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
A Cash flow from operating activities				
Net Profit / (Loss) before taxation		1.59		1.10
Adjustments for items in Profit & Loss Account				
Amortization of Capital Contributions	(187.14)		(413.81)	
Depreciation and Amortization	708.64		1,034.05	
Interest on Borrowings	961.56	1,483.06	1,307.04	1,927.27
Operating Profit / (Loss) before working capital changes		1,484.66		1,928.37
Adjustments for changes in Current Assets other than Cash and Cash Equivalents				
(Increase)/Decrease in Inventories	44.64		(63.13)	
(Increase)/Decrease in Trade receivables	(1,537.67)		(2,187.46)	
(Increase)/Decrease in Other Current Assets	(3,851.86)		(10.95)	
(Increase)/Decrease in Loans and Advances	(624.01)		(7.55)	
Adjustments for changes in Current Liabilities and Provisions				
Increase/(Decrease) in Current Liabilities	3,721.31		(3,113.29)	
Increase/(Decrease) in Short Term Provisions	132.63	(2,114.96)	1,032.06	(4,350.33)
Cash generated from Operations		(630.31)		(2,421.96)
Net cash flow from operating activities (Total of A)		(630.31)		(2,421.96)
B Cash flows from investing activities				
(Increase)/Decrease in Property, Plant and Equipment	(1,443.41)		(1,812.51)	
(Increase)/Decrease in Long Term Loans & Advances	11.95		-	
(Increase)/Decrease in Investments	-		(34.47)	
Net cash flow from investing activities (Total of B)		(1,431.46)		(1,846.99)
C Cash Flows from Financing Activities				
Increase/(Decrease) in borrowings	2,921.75		4,951.30	
Increase/(Decrease) in security and other deposits	(560.98)		293.11	
Increase/(Decrease) in Deferred Capital Contributions	277.09		440.22	
Increase/(Decrease) in Long Term Provisions	300.50			
Interest on Borrowings	(961.56)		(1,307.04)	
Net Cash flow from Financing Activities (Total of C)		1,976.80		4,377.59
D Net Increase/(Decrease) in cash and cash equivalents (D=A+B+C)		(84.97)		108.64
E Cash and Cash Equivalents				
At the beginning of the year		515.81		407.17
Transfer to APCPDCL (bifurcation)		(70.42)		-
		445.39		407.17
At the end of the year		360.42		515.81
F Net Increase / (Decrease) in cash and cash equivalents		(84.97)		108.64

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As per our report of even date

For and on behalf of the Board

For Basha & Narasimhan
Chartered Accountants
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H. HARANATHA RAO
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SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.1 - Share Capital

Share Capital	As at 31st March 2021		As at 31st March 2020	
	Number	₹ in Crores	Number	₹ in Crores
Authorised Share Capital				
Equity Shares of ₹10 each (Rupees Ten Only)	36,00,00,000	360.00	36,00,00,000	360.00
Issued Subscribed & Paid up Share Capital				
Equity Shares of ₹10 each (Rupees Ten Only)	35,87,15,309	358.72	35,87,15,309	358.72
Total	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 31st March 2021		As at 31st March 2020	
	Number	₹ in Crores	Number	₹ in Crores
Equity Shares of ₹10 each				
Opening Balance	35,87,15,309	358.72	35,87,15,309	358.72
Additions	--	--	--	--
Bought Back	--	--	--	--
Closing Balance	35,87,15,309	358.72	35,87,15,309	358.72

Note No. 1B. Details of Share Holders holding more than 5% shares in the company

Name of the Share holder	As at 31st March 2021		As at 31st March 2020	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Equity Shares				
Governor of Andhra Pradesh (vide GO. Ms. No.58 Dt.:09.05.2005)	35,87,15,309	100%	35,87,15,309	100%
Total	35,87,15,309	100%	35,87,15,309	100%

Note No. 1C. Terms/rights attached to Equity Shares

The Company has only one class of equity shares having par value of ₹10 per share. Entire equity shares are held by 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 number of equity shares held by the shareholders.



Note No.2 - Reserves and Surplus

Reserves and Surplus	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
2.1 Contingency Reserve		
Opening Balance	43.42	43.42
(+) Current Year Transfer	-	-
(-) Transfer to APCPDCL	(18.38)	-
Closing Balance - A	25.05	43.42
2.2 Deferred Capital Contributions (including Govt. Grants)		
Opening Balance	3,083.63	3,057.23
(+) Current Year Receipts	277.09	440.22
(-) Written Back in Current Year	(187.14)	(413.81)
(-) Transfer to APCPDCL	(1,264.55)	-
Closing Balance - B	1,909.04	3,083.63
2.3 Surplus		
Opening balance	(21,171.91)	(21,173.01)
(+) Net Profit/(Net Loss) for the current year	1.59	1.10
(+) Transfer to APCPDCL	9,409.74	-
Closing Balance - C	(11,760.58)	(21,171.91)
2.4 Merger Reserve - D	275.88	275.88
2.5 Capital Reserve	16.19	-
2.6 Grant - UDAY	5,257.02	5,257.02
(-) Transfer to APCPDCL	(2,491.52)	-
Closing Balance - E	2,765.50	5,257.02
Total (A+B+C+D+E)	(6,768.93)	(12,511.96)

1.1 Deferred capital contributions (Note No. 2.2) represent unamortised balance of Consumer contributions, Subsidies received from NREDCAP, Indiramma subsidies, IPDS and RGGVY subsidies received on capital account.

1.2 Contributed Assets:- During the year 2020-21, the company received Consumer contributions and Grants/subsidies amounting to ₹277.09 Crores (Previous year ₹440.22 Crores) which are not refundable in nature.

1.3 As against the above, an amount of ₹187.14 Crores (Previous year ₹413.81 Crores) has been charged as withdrawal/amortisation of consumer contributions and credited to Profit and Loss Account in proportion to the depreciation on the respective assets charged during the year 2020-21.

2. Merger Reserve represents an amount of ₹275.88 Crores being net deficit of assets and liabilities and deferred tax asset transferred to the company pursuant to demerger of TSSPDCL (erstwhile APCPDCL) Also refer to Note No. 26 Para Nos. 7.2, 7.3 & 7.4

3. Capital Reserve represents an amount of ₹16.19 Crores being excess of assets over liabilities allocated to APSPDCL consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements.

4. 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 was implemented during the FY 2016-17. Under this scheme, the Government of AP has cleared APSPDCL FRP loans, FRP Bonds and short term loans of ₹5,257.02 Crores during the FY 2016-17 as Capital grant.
5. Investments earmarked for Contingency reserve was utilised during the FY 2018-19 to meet cyclone rehabilitation works and will be replenished in future.
6. Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Reserves and Surplus to the tune of ₹ -5,635.29 Crores as at 31-03-2020 was allocated to APCPDCL.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.3 - Long-Term Borrowings		
Long-Term Borrowings	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
3.1 Secured		
(a) Term loans from Other Parties	10,441.89	11,586.21
(b) Term loans from Nationalised Banks (SBI)	865.10	1,760.60
Sub-Total A	11,307.00	13,346.81
3.2 Unsecured		
(a) Bonds :		
Bonds issued to Banks under FRP scheme	211.15	335.05
(b) Term loans from other parties :		
Loan from other Agencies	984.91	1,252.12
Loans from Govt of Andhra Pradesh	9.48	9.48
Sub-Total B	1,205.54	1,596.65
3.3 Long Term Borrowings (on merger) C	1,643.33	1,643.33
3.4 Others D	0.24	0.24
Total Long Term Borrowings (A+B+C+D) E	14,156.11	16,587.03
Less: Current maturities of Long term Borrowings F	2,654.80	2,233.06
Total (E-F)	11,501.31	14,353.97

LOANS POSITION

Name of the Loan	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
<u>Secured Loans :</u>		
Rural Electrification Corporation (REC)	4,410.46	5,210.79
Power Finance Corporation (PFC)	2,091.84	2,882.92
Power Trading Corporation (PTC)	35.47	185.00
State Bank of India	865.10	1,760.60
Andhra Pradesh Power Finance Corporation Ltd (APPFCL)	3,904.12	3,307.50
<u>Unsecured Loans :</u>		
Japan International Cooperation Agency (JICA)	133.22	264.86
Indian Renewable Energy Development Agency (IREDA)	533.70	875.00
World bank	317.99	112.26
Govt of Andhra Pradesh	9.48	9.48
Bonds issued to AP GENCO (FRP)	211.15	335.05
Long Term Borrowings (on merger)	1,643.33	1,643.33
Clearing Account	0.24	0.24
Total	14,156.11	16,587.03





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

1. All the Loans from Power Finance Corporation (PFC) / Rural Electrification Corporation (REC) and Banks are secured by charge on company's Property, Plant and Equipment commissioned out of the loan funds of above funding agencies. The rate of interest on these loans ranges from 8.75% p.a. to 12.50% p.a. except JICA which is at 0.65% p.a.
2. 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%.
3. Ananthapur and Kurnool Circles were 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 Crores was 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 Nos.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.
4. Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Long-Term Borrowings to the tune of ₹5,774.41 Crores as at 31-03-2020 was allocated to APCPDCL.
5. CAPEX Loans borrowed during the FY 2020-21 were agreed by APSPDCL and APCPDCL to be shared on loan utilisation basis. Hence, that portion of loan amount identified as belonging to APCPDCL were excluded from the books of accounts of APSPDCL. However, since actual loan covenants/agreements are not transferred in the name of APCPDCL, debt obligation is being met by APSPDCL and is recovered/recoverable from APCPDCL.
6. OPEX Loans borrowed during the FY 2020-21 were agreed by APSPDCL and APCPDCL to be shared in 63.02 : 36.98 ratio respectively. Hence, that portion of loan amount identified as belonging to APCPDCL was accounted separately. Since actual loan covenants/agreements were not transferred in the name of APCPDCL, debt obligation of APCPDCL is being met by APSPDCL and is recovered/recoverable from APCPDCL.
7. Claim has been made towards the interest reimbursement/adjustment of eligible GOAP loans against the projects completed in time. However, company has not received any acceptance of claim. Hence, no adjustments have been made to the Property, Plant and Equipment against such loans received.
8. Interest payable on Loans availed from APPFCL is being reimbursed by the Government of Andhra Pradesh. During the year, Interest amounting to ₹464.36 Crores was paid which was reimbursed by the Government of Andhra Pradesh. Out of ₹ 464.36 Crores, ₹ 292.64 Crores pertains to APSPDCL.
9. The interest rates for the term loans availed from APPFCL is @ 9% p.a and are secured by Movable Assets of the company.
10. The interest rates for the term loans availed from IREDA ranges from 10.50% p.a. to 10.84% p.a and are unsecured in nature.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Details of Government Guarantees to loans taken by APSPDCL as at 31-03-21

Sl.No.	Guarantee given to (Bank/Lender)	GO. No. & Date	Type of Loan	Guaranteed Amount (₹ in Crores)	Loan taken year	Amount of loan availed (₹ in Crores)
1	SBI, Vijayawada	G.O.Ms.No.36 dated 09.11.2018.	CAPEX	2,000	2017-18	2,000
2	SBI, Vijayawada		OPEX (CC Limits)	250	2017-18	250
3	SBI, Vijayawada	G.O Rt No.36, Dated:26.11.2019	OPEX	500	2019-20	500
4	REC	G.O.Ms.No.17 dated 14.06.2020.	OPEX	2,250	2020-21	2,250
5	PFC		OPEX	2,250	2020-21	2,250
6	REC	G.O.Ms.No.2 dated 06.03.2021	OPEX	650	2021-22 *	325
7	PFC		OPEX	650	2021-22 *	325
				8,550		7,900

* Loan was availed during the Financial Year 2021-22.





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Note No.4 - Other Long-Term Liabilities

Other Long Term Liabilities	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
Trade Payables (Security Deposits)	1,082.44	2,851.92
Total	1,082.44	2,851.92

1. Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Other Long-Term Liabilities to the tune of ₹1,208.49 Crores as at 31-03-2020 was allocated to APCPDCL.

Note No.5 - Long-term Provisions

Long-Term Provisions	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
Provisions for employee benefits		
Pension and Gratuity Trust	1,893.24	2,657.63
General Provident Fund	19.98	30.09
Employees Welfare Fund	-	0.38
Total	1,913.23	2,688.10

Employee Related benefits:

1. Terminal Benefits: Pension & Gratuity :

For the year 2020-21, the Company has cleared a liability of ₹ 833.57 Crores (Previous year ₹484.40 Crores) to the Pension and Gratuity Trust.

2. The APSPDCL P&G Trust fund position and creating of liability through provision as per the Actuarial Valuation report as on 31.03.2021 are furnished here under.

Particulars	Pension & Gratuity Liability @ 26% share up to Mar 2029/2033 and 100% w.e.f. Mar 2029/2033 onwards	Gratuity for Employees who joined on or after 01.2.1999	Leave Encashment liability #	Total Employees future terminal benefits
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
Fund to be maintained as on 31-03-2021 as per Actuarial valuation report .	5,509.78	273.01	903.84	6,686.63
Less : Fund as on 31.03.2021	2,021.64	-	-	2,021.64
Less : Liability already provided	791.41	272.64	(13.75)	1,050.30
Provision to be made towards future commitment	2,696.74	0.37	917.59	3,614.70
Provision created during FY 2020-21	828.82	0.37	159.87	989.06
Short fall /(Excess)	1,867.92 *	0.00	757.72	2,625.64

Out of the above, an amount of ₹ 989.06 Crores (Previous year ₹1,546.99) has been created as provision during the FY 2020-21.

* The above shortfall provision has to be made in the next 3 financial years @ ₹ 875.21 per year.

Leave encashment provision is shown under Note No.9 - Short Term Provisions.



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3. Ananthapur and 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 basis allocation is adopted. These amounts are transferred to respective accounts during the FY 2015-16. Also, refer to Note No.26 para No. 7.2,7.3 & 7.4. However, corresponding share in the P & G Trust of M/s TSSPDCL (erstwhile APCPDCL) is not transferred to Pension and Gratuity Trust of APSPDCL.

4. Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Long Term Provisions to the tune of ₹1,075.38 Crores as at 31-03-2020 was allocated to APCPDCL. Out of total Pension and Gratuity provision amounting to ₹2,657.63 Crores as at 31-03-2020 in respect of employees joined on or before 31-01-1999 and Gratuity in respect of employees joined on or after 01-02-1999, ₹ 1,063.66 Crores was identified as belonging to APCPDCL. However, corresponding share in the P & G Trust of APSPDCL is yet to be transferred to APCPDCL.

Note No. 6 - Short-term Borrowings

Short-term Borrowings	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
(a) Loans repayable on demand		
<u>Secured</u>		
i. From Banks (CCs and ODs limits)	645.33	980.90
<u>Unsecured</u>		
i. From Others (TRANSCO Loan)	181.75	299.82
ii. Short term loan (Bills discount loan)	2,347.76	2,387.68
(b) Security and other Deposits	534.21	504.24
(c) Short term loans: Merger	180.92	180.92
Total	3,889.97	4,353.56

Note:

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

- a) Bid Deposits: ₹-1.86 Crores (Previous year ₹-1.83 Crores),
- b) Security Deposits: ₹21.60 Crores (Previous year ₹27.36 Crores)
- c) Retention Money: ₹31.37 Crores (Previous year ₹50.96 Crores)
- d) EMD: ₹17.29 Crores (Previous year ₹27.38 Crores)
- e) Contributory work Deposits: ₹46.60 Crores (Previous year ₹119.89 Crores)
- f) Temporary Supply Deposits: ₹3.07 Crores (Previous year ₹8.61 Crores) and
- g) Others: ₹416.12 Crores (Previous year ₹271.88 Crores).

2. Ananthapur and Kurnool Circles were 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 Crores is transferred by M/s TSSPDCL (erstwhile APCPDCL) as Short term borrowings by way of Energy basis allocation. Also, refer Note No.26 para No. 7.2,7.3 & 7.4.

3.No interest has been considered/ paid in the accounts against the above loans transferred under Merger Scheme due to non availability of details.

4. OPEX Loans borrowed during the FY 2020-21 were agreed by APSPDCL and APCPDCL to be shared in 63.02 : 36.98 ratio respectively. Hence, that portion of loan amount identified as belonging to APCPDCL was accounted separately. Since actual loan agreements/covenants were not transferred in the name of APCPDCL, debt obligation of APCPDCL is being met by APSPDCL and is recovered/recoverable from APCPDCL.

5. Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Short-Term Borrowings to the tune of ₹1,504.15 Crores as at 31-03-2020 was allocated to APCPDCL.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.7 - Trade payables

Trade Payables	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
1. Trade payables - Power Purchase	12,043.83	16,528.27
2. Payables - Others	1,897.38	1,582.78
i) Material & Service works creditor	343.80	351.34
ii) Pension	17.86	58.83
iii) Salary Liabilities	36.07	111.14
iv) Recovery & Remittances (including Insurance)	22.52	55.34
v) Year end provisions	583.90	300.44
vi) Electricity Duty Payable	387.75	547.21
vii) Debt Service Clearing A/c	373.08	26.09
viii) Advance for Sale of Scrap	108.18	114.46
ix) Others	24.23	17.95
3. Trade Payables - Merger	873.23	873.23
Total (1+2+3)	14,814.44	18,984.27

1. The Power purchase bills, debit/credit notes raised by the Generators are provisional and are subject to revision at a later date, which are accounted between the Distribution companies (APSPDCL and 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 Ananthapur and 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.

2. Consequent to Ananthapur and Kurnool Circles transfer into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms No. 24 dated : 29-05-2014, APSPDCL share is increased in the re-organised state of Andhra Pradesh and allocated between two Discoms (i.e., APSPDCL and APEPDCL) as to 65.73% and 34.27 % duly adjusted through IBSS done on monthly basis.

3. Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL as per G.O.MS.No. 41 Dated : 05-12-2019, APSPDCL share is revised and the new ratio between three Discoms (i.e., APSPDCL, APEPDCL and APCPDCL) is 40.44%, 36.22% and 23.34% respectively issued vide G.O.Ms.No.13 Dated 6th April, 2020 duly adjusted through IBSS done on monthly basis.

4. Confirmations of balance as on 31.03.2021 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.

5. 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





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6. As per the decision of Hon'ble High court A.P. order WP.No.9844 of 2019 dated:24.09.2019, an amount of ₹1,873.59 Crores (Previous year ₹2,106.68 Crores) provision was created in books for outstanding Power Purchase cost as on 31st March 2021 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 Hon'ble High Court order i.e., ₹2.44 per unit for solar generators and ₹2.43 per unit for wind generators as given below:

Particulars	Amount ₹ in Crores
Wind	1324.77
Solar	548.82
Total	1873.59

7. Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Trade Payables to the tune of ₹6615.05 Crores as at 31-03-2020 was allocated to APCPDCL.

Note No.8 - Other Current Liabilities

(Including current maturities of long term debt)

Other Current Liabilities	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
(a) <u>Current maturities of long-term debt</u>		
Rural Electrification Corporation Ltd (REC)	1,019.57	578.38
Power Finance Corporation (PFC)	1,293.33	964.56
State Bank of India	260.20	154.70
Others	81.70	535.42
(b) Payable to Other DISCOMS	1,064.19	2,711.08
(c) Inter unit Balances	429.31	40.14
(d) Group Insurance Savings Fund (GIS)	7.61	11.34
(e) Self Fund Medical Scheme (SFMS)	22.81	24.69
(f) Other Liabilities	179.61	103.68
Total	4,358.32	5,124.00

1. 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

2. Inter unit balances shows a net difference (credit) of ₹429.31 Crores (Previous year (Credit) of ₹40.14 Crores) which is subject to reconciliation.

3. Other Liabilities include ₹ 76.78 Crores represents difference arising out of non allocation of Current Bank Balances between APSPDCL and APCPDCL as per geographical basis of allocation in the bifurcation scheme of APSPDCL into APSPDCL and APCPDCL.

4. The excess/shortfall in the pool account between the Distribution Companies on account of power purchase and sale of power is accounted as Payable to Other DISCOMS.

5. Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Other Current Liabilities to the tune of ₹1,063.92 Crores as at 31-03-2020 was allocated to APCPDCL.



**SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED****Note No.9 - Short-term Provisions**

Short Term Provisions	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
Income Tax	0.88	0.88
Interest on Security Deposits	67.22	143.42
Provision for Leave Encashment *	146.12	62.70
Total	214.22	207.00

* 1. Provision for Leave Encashment was grouped under Other Current Liabilities (Note No.8) during F.Y. 2019-20. It is now re-grouped under Short-term Provisions.

2. Provision for Leave Encashment required as per Actuarial Valuation is ₹ 903.84 Crores as at 31-03-2021 (Refer Note.No.5). The short provision of ₹ 757.72 Crores will be provided in future.

3. Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Short-Term Provisions to the tune of ₹ 62.71 Crores as at 31-03-2020 was allocated to APCPDCL.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.10 - PROPERTY, PLANT AND EQUIPMENT

₹ in Crores

S NO	Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
		At the end of the year 31-03-2020	Additions/ Adjustments during the year	Retirement during the year *	At the end of the year 31-03-2021	At the end of the year 31-03-2020	Depreciation For the year	Retirement during the year *	At the end of the year 31-03-2021	Balance as at 31-03-2020	Balance as at 31-03-2021
	i. Tangible Assets										
1	Land and Land Rights	5.09	-	0.20	4.88	-	-	-	-	5.09	4.88
2	Buildings	197.58	4.12	33.94	167.76	54.27	5.02	4.00	55.29	143.31	112.47
3	Other Civil Works	116.95	1.73	62.06	56.62	15.49	1.67	5.04	12.13	101.46	44.49
4	Plant and Machinery	9,903.89	758.87	3,163.67	7,499.08	4,063.28	454.08	1,207.22	3,310.13	5,840.61	4,188.95
5	Lines and Cable Net work	6,655.23	180.00	2,718.63	4,116.60	3,923.97	169.22	1,449.80	2,643.39	2,731.27	1,473.22
6	Metering Equipment	1,407.82	64.21	586.00	886.02	777.68	68.46	303.68	542.47	630.13	343.56
7	Vehicles	5.42	0.79	1.60	4.60	4.56	0.18	1.41	3.33	0.86	1.27
8	Furniture and Fixtures	9.84	0.10	1.95	7.99	7.18	0.11	0.56	6.74	2.66	1.25
9	Office equipment	79.09	4.42	38.03	45.48	34.93	1.82	7.95	28.80	44.16	16.68
10	Computers & IT Equipment	82.31	4.18	41.21	45.28	35.22	2.27	9.04	28.45	47.09	16.83
11	Low Value Assets	0.95	0.06	0.65	0.37	0.95	0.06	0.65	0.37	(0.00)	(0.00)
12	Merger Assets -Balance	39.20	-	-	39.20	9.98	-	-	9.98	29.22	29.22
	Total	18,503.36	1,018.47	6,647.95	12,873.88	8,927.51	702.89	2,989.34	6,641.06	9,575.85	6,232.82
	ii. Intangible Assets										
1	Software	16.26	10.60	0.26	26.59	4.54	5.75	0.05	10.24	11.72	16.35
2	Goodwill	1.14	-	-	1.14	1.14	-	-	1.14	-	-
	Total	17.40	10.60	0.26	27.73	5.68	5.75	0.05	11.38	11.72	16.35
	iii. Capital work in Progress (CWIP)										
	Total										
	Grand Total	18,520.76	1,029.07	6,648.22	12,901.61	8,933.19	708.64	2,989.39	6,652.44	2,590.77	1,851.68
	Previous Year 2019-20	16,123.41	2,398.00	1.27	18,520.76	7,900.29	1,034.05	1.15	8,933.19	11,399.87	12,178.34

* Retirement during the year includes Cost of ₹ 6646.96 Crores and Accumulated Depreciation of ₹ 2986.46 Crores transferred to APCPDCL as a part of Bifurcation Scheme as per G.O.MS.No. 41 Dated : 05-12-2019.

1. Work Orders(AUC):

a) The total Work orders yet to be closed as on 31.03.2021 is 58828 Nos amounting to ₹ 1,842.59 Crores out of which 2 Nos amounting to ₹ 0.65 Crores for FY 2012-13, 1 Nos amounting to ₹ 0.01 Crores for FY 2013-14, 18 Nos amounting to ₹ 0.63 Crores for FY 2014-15, 594 Nos amounting to ₹ 32.40 Crores for FY 2015-16, 1726 Nos amounting to ₹ 61.82 Crores for FY 2016-17, 3710 Nos amounting to ₹ 116.72 Crores for FY 2017-18, 8443 Nos amounting to ₹ 240.95 Crores for FY 2018-19 and 16589 Nos amounting to ₹ 535.60 Crores for the FY 2019-20 and 27745 Nos amounting to ₹ 853.81 Crores for FY 2020-21 and also an amount of ₹ -0.20 Crores in assets clearing account.

b). Work order provision to the extent of ₹9.29 Crores created during the year.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

2. Impairment of Assets: Company has not carried out techno economic evaluation during the year. Hence, provision for impairment of assets is not made during the year as stipulated in Accounting Standard 28.	
3. Depreciation and Amortisation : 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. The Intangible Assets are amortised over a period of 5 years. 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 Ananthapur and Kurnool circles transferred from TSSPDCL (erstwhile APCPDCL) 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 09.06.2005 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 and 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 Sept.2001 amounting to ₹799.58 Crores at Gross value for which break up details are not available.	
4.2 Land: The particulars of land transferred during the second transfer, land acquired by the company after incorporation and land allotted by the different sources are yet to be identified.	
5. IT Initiations: Implementation of "SAP" ECC 6.0 in 2010-11: During the financial year 2010-11, the company 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/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. Ananthapur and 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 ₹1,150.07 Crores is transferred by M/s TSSPDCL (erstwhile APCPDCL) as Net assets book values only (i.e., after deducting depreciation) by way of Geographical allocation basis is adopted. Also refer to Note No.26 para No. 7.2, 7.3 & 7.4.	
7. Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Gross Block of Property, Plant and Equipment including CWIP amounting to ₹7,798.72 Crores and Accumulated Depreciation amounting to ₹2,986.46 Crores as at 31-03-2020 was allocated to APCPDCL.	





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Note No.11 - Non-Current Investments

Non-Current Investments	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
a) Share Capital in RESCO - Kuppam, Chittoor	0.29	0.29
b) Investment in Shares	103.62	206.00
c) Others - Merger	80.64	80.64
Total	184.55	286.93
Aggregate Book Value of Un Quoted Investments	184.55	286.93
Total	184.55	286.93

Investments in Shares includes

1. Investments include Equity participation in 1600MW Power Project at Krishna Patnam in Nellore District. The company share was 10.91% (out of 49%) amounting to ₹205.80 Crores towards its share capital in Andhra Pradesh Power Development Company Limited (APPDCL). Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, ₹102.38 Crores (5.43%) were allotted to APCPDCL and balance ₹103.42 Crores (5.48%) to APSPDCL. However, transfer of shares in the name of APCPDCL is pending.

2. Ananthapur and Kurnool Circles are merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms No.24 dated : 29-05-2014. Accordingly, certain investments are transferred to company pursuant to above merger. However, the ownership instruments are not transferred to the company. Hence, the Company is unable to recognise the income accrued on such investments.

3. Ananthapur and Kurnool Circles (Formerly APCPDCL) share of investment in APPDCL, Coastal Tamil Nadu 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 Crores, for which details of number of shares and value of each company is yet to be identified and transferred in the name of APSPDCL. Also, refer to Note No. 26 para No.7.2, 7.3 & 7.4.

4. The Hon'ble Andhra Pradesh Electricity Regulatory Commission (APERC) vide its Retail Supply Tariffs Order for FY 2021-22 dated 25-03-2021, directed DISCOMs to take action and report compliance on take over of RESCO - Kuppam, Chittoor since they failed to secure recommendations from the State Government for granting license exemption by APERC.

Note No.12 - Long Term Loans and Advances

Long Term Loans and Advances	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
Capital advances to suppliers/ contractors	29.52	35.58
Capital Advance - GVK Buy out	133.64	212.07
Loans and advances to employees and others	18.13	40.41
Deposits with Courts and others	72.21	74.11
Loans to employees - Merger	4.46	4.46
Sub total	257.96	366.63
Less: Provision of Doubtful Advances	17.67	27.19
Total	240.29	339.44





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- 1) Loans and Advances to Directors - NIL.
- 2) Loans Guaranteed by Directors During the FY 2020-21 - 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) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Long Term Loans and Advances to the tune of ₹87.21 Crores as at 31-03-2020 was allocated to APCPDCL.

5.GVK INDUSTRIES LIMITED - STAGE I - ASSETS BUYOUT:

- i. 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 I/2014 dated 28th October 2015, agreement for buyout of the project dated: 08 Feb 2016 and continuation agreement dated: 22nd April 2016, advance of ₹289.55 Crores paid by APDISCOMs to GVK Industries Ltd. As per handing over minutes dated: 22nd April 2016, control over plant and its assets were taken over by APDISCOMs with effect from 22nd April 2016 and energy generated was shared between DISCOMs as per Power allocation Ratio decided by Govt vide GO Ms No. 20 dated 08th May 2014 & later revised vide as per G.O.MS.No.13 Dated : 06-04-2020.
- ii. Operating expenses incurred to operate the plant also shared between two APDISCOMs in the ratio of APEPDCL-34.27% and APSPDCL - 65.73% up to 31-03-2020 and later revised ratio between APEPDCL - 36.22%, APSPDCL - 40.44% and APCPDCL - 23.34% as per G.O.No.13 Dated : 06-04-2020.
- iii. As per agreement, GVK buy out price is given below:

₹ in Crores			
Particulars	Total	APSPDCL	APEPDCL
Share	100%	65.73%	34.27%
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/Inventory	4.70	3.09	1.61
Total	332.15	218.32	113.83

iv. Further, recoverable amount of ₹32.33 Crores, relates to GVK expansion project which was adjusted against purchase consideration/buyout price of GVK Industries Ltd as per agreement dated:22 April 2016. An amount of ₹0.75 Crores was remitted on 12th May 2016 towards TDS U/s.194IA of IT Act 1961.

v. 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 Crores			
Particulars	Amount	APSPDCL	APEPDCL
	100%	65.73%	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
Total	322.63	212.07	110.57

vi. 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. Consequent to the bifurcation of APSPDCL into APSPDCL and APCPDCL, ₹78.42 Crores was allotted to APCPDCL and balance ₹133.65 Crores to APSPDCL.

vii. As GVK is not coming forward to execute sale deed and transfer of the project assets in the name of APDISCOMs/APGENCO, APEPDCL has filed a complaint vide C.C.S.R.No. 3011 before VII Addl. Judicial First Class Magistrate Court, Rajamahendravaram and the FIR was filed vide Crime No. 166 of 2021 in S.H.O. Kadiam Police station. In this regard, as per the approval of competent authority APDISCOMs have filed petition before Hon'ble APERC as O.P.No. 59 of 2021.



Note No.13 - Inventories

Inventories	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
Stores and spares	31.79	51.46
Stores and spares - Consumables	169.37	326.45
Scrap Materials	17.74	45.45
Less: Materials stock excess/shortage pending investigation	-	-
Less: Provision for non-moving and obsolete stock	(8.01)	(13.80)
Total	210.89	409.57

1) Inventory includes unidentified balances of ₹0.16 Crores transferred to company in pursuant to demerger of TSSPDCL (erstwhile APCPDCL). Please refer Note No.26 para No. 7.2, 7.3 & 7.4.

2) Inventory does not include ₹ 0.39 Crores (Previous year ₹ 5.39 Crores) materials received but pending inspection and acceptance.

3) There are no imported raw materials, spare parts and components consumed during the financial year. During the year provision has been made towards for non-moving, obsolete stock of ₹8.01 Crores (Previous year ₹13.80 Crores).

4) Inventory is mainly used in connection with Repairs and Maintenance works though some part may be used for Capital Works as well. Since classification of inventory based on usage is not feasible, entire inventory is grouped under current assets.

5) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Inventories to the tune of ₹154.04 Crores as at 31-03-2020 was allocated to APCPDCL.

Note No.14 - Trade Receivables

Trade Receivables	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
SUNDRY DEBTORS		
Outstanding Six Months or less	1,023.97	2,236.69
Outstanding More than Six months	5,896.12	4,733.76
Sub Total	6,920.09	6,970.45
Considered Good	6,768.05	6,773.55
Considered Doubtful	152.04	196.90
Total Debtors Outstanding	6,920.09	6,970.45
Less: Provision for doubtful debts	152.04	196.90
Net Debtors	6,768.05	6,773.55
Total	6,768.05	6,773.55

1. Sundry Debtors:

1.1 The Sundry debtors account shows a balance of ₹ 6,920.12 Crores as per the Financial ledger and ₹6,950.07 Crores as per the Consumer ledger since there are opening balance mismatches and differences in LT and HT Customer balances which are under reconciliation.

1.2 The credit balance in the Sundry debtors amounting to ₹125.70 Crores (Previous year ₹153.29 Crores) is netted off against debit balance in Sundry debtors.

1.3 No provision has been made towards Bad and Doubtful Debts during the year (Previous year Nil). The company has changed the Accounting Policy of making provision for Bad and Doubtful Debts during the year (Refer Statement of Accounting Policies Note No.27 - Point No.2 (ii)). As per the existing accounting policy, the company is required to make a provision towards bad and doubtful debts for ₹1,616.35 Crores. As per the revised accounting policy, the provision for bad and doubtful debts required is ₹102.61 Crores. Since the company is already having ₹ 152.04 Crores as provision, no additional provision was made during the year. Due to change in Accounting Policy, the requirement for provision for Bad and Doubtful Debts has reduced by ₹1,513.74 Crores.



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

2. M/s APGPCL is captive generating plant, MOU entered into AP TRANSCO for wheeling of energy to their participating industries.

As per the MOU clause no. 17(a) of M/s APGPCL, 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.

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 such disputed amounts as per the above stay order and arrears accumulated to ₹518.99 Crores (Previous year ₹539.24 Crores) to the end of March 2021.

3. Ananthapur and Kurnool Circles were 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 ₹ 546.59 Crores is transferred by M/s TSSPDCL (formerly APCPDCL) as sundry debtors by way of geographical allocation basis is adopted. Also refer to Note no 26 para 7.3 & 7.4.

4.1 The billing for all categories of consumers except agriculture free category consumers is carried out on monthly basis. In respect of agricultural free category consumers, customer charges are billed on half-yearly basis.

4.2 The amount billed to LT Consumers in a month was accounted to financial ledger in the subsequent month until May 2019 billed amount. From June 2019 onwards, the amount billed in a month is accounted to financial ledger in the month of billing itself. Consequently, 13 months billed amount was posted to financial ledger of 2019-20 and unbilled revenue portion to that extent for the year ended 31-03-2020 was adjusted accordingly.

5. Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Trade Receivables to the tune of ₹1,543.17 Crores as at 31-03-2020 was allocated to APCPDCL.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

STATEMENT SHOWING AGE WISE TRADE RECEIVABLES FROM GOVERNMENT DEPARTMENTS AS AT 31-03-2021

₹ in Crores

Sl.No.	Name of the Department	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 Years	3 to 4 years	More than 4 years	Total
1	Local Bodies	251.29	226.03	408.96	342.22	543.64	544.33	2,316.46
2	Irrigation & C A D	474.47	399.60	407.45	442.31	455.15	395.38	2,574.35
3	RWS	45.62	52.65	41.56	40.52	49.50	47.33	277.18
4	Satya Sai Water Works	35.60	35.64	29.54	27.86	26.52	36.04	191.20
5	Panchayathi Raj & Rural Development	15.75	14.53	13.70	8.67			52.65
6	Govt. Lift Irrigation	15.50	14.17	6.54	5.80	4.53	4.48	51.02
7	Revenue	7.28	6.40	5.89	1.42			20.99
8	Municipal Adm & Urban Dev.	15.79	5.08					20.87
9	Srisaillam Project	4.50	3.42	2.91	2.57	2.22	1.93	17.55
10	Health, Medical & Family welfare	15.30	0.87					16.17
11	Other State Government Departments	51.79	6.38	2.79	1.59	1.56	1.33	65.44
	State Government of AP (Sub-Total)	932.89	764.77	919.34	872.96	1,083.12	1,030.82	5,603.89
12	Central Govt Departments	8.83						8.83
	Grand Total	941.72	764.77	919.34	872.96	1,083.12	1,030.82	5,612.72



Note No.15 - Cash and Cash Equivalents		
Cash and Cash Equivalents	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
a) Balance with Scheduled Banks		
i) Current A/c	322.75	495.30
ii) Deposit Accounts	19.86	3.31
b) Cheques, drafts on hand	0.00	0.00
c) Cash on hand	3.44	2.83
d) Other Balance - Merger	14.37	14.37
Total	360.42	515.81

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 Ananthapur and Kurnool Circles were 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 ₹ 14.37 Crores is transferred by M/s TSSPDCL (formerly APCPDCL) as Other Balance - Merger. Also refer to Note no 26 para 7.3 & 7.4.

1.4 Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Cash and Cash Equivalents to the tune of ₹70.42 Crores as at 31-03-2020 was allocated to APCPDCL.



Note No.16 - Short Term Loans and Advances

Short Term Loans and Advances (Unsecured - Considered Good)	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
1. Trade advances- Power Purchase	4,873.26	7,617.22
2. Other Advances	6.24	8.67
a) TDS and Prepaid tax	5.59	7.58
b) Advance Fringe Benefit Tax (I-II)	0.20	0.20
c) Advance to Cheyyuru power project	0.45	0.89
3. Deposits with Govt Dept and others	553.11	0.00
4. Short term loans and advances (on merger)	67.07	67.07
Total	5499.68	7692.96

1. Anantapur & 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 Crores is transferred by M/s TSSPDCL (formerly APCPDCL) as short term loans and advances by way of energy, geographical and corporate ratio allocation basis is adopted. Also, refer to Note No 26 para No.7.2,7.3 & 7.4.

2. Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Short term loans and Advances to the tune of ₹2817.29 Crores as at 31-03-2020 was allocated to APCPDCL.

Note No.17 - Other Current Assets

Other Current Assets	As at 31st March 2021	As at 31st March 2020
	₹ in Crores	₹ in Crores
i) Receivables from GoAP	9015.88	7329.95
ii) Receivables from others	174.95	186.58
iii) Other current assets incl. Unbilled revenue	788.30	674.79
iv) Self Fund medical scheme - Investments	19.84	21.68
Total	9998.98	8213.00

1) Receivables from GoAP include ₹ 7,259.91 Crores towards tariff subsidy and ₹ 1,295.20 Crores towards book losses taken over by the Government of Andhra Pradesh as per UDAY Agreement (FY 2019-20) . Out of ₹ 7,259.91 Crores tariff subsidy, ₹2,216.23 Crores pertains to FY 2018-19, ₹1820.48 Crores pertains to FY 2019-20 and ₹3223.20 Crores pertains to FY 2020-21 respectively.

2) Receivables from GoAP include an amount of ₹186.97 Crores (Previous Year ₹200.53 Crores) towards Subsidy extended to SC & ST LT Cat 1 Consumers and ₹202.91 Crores (Previous Year ₹322.24 Crores) towards subsidy extended to consumers of Aqua culture.

3) Other Current Assets include Unbilled Revenue ₹939.21 Crores (Previous Year ₹825.69 Crores), Unbilled Revenue - Merger ₹-123.89 Crores (Previous Year ₹ -123.89 Crores) and unidentified balances of Other Current Assets - Merger ₹-27.02 Crores (Previous Year ₹ -27.02 Crores). Please refer Note No.26 para No.7.2, 7.3 and 7.4.

4) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Other Current Assets to the tune of ₹2065.87 Crores as at 31-03-2020 was allocated to APCPDCL.

As per our report of even date

For and on behalf of the Board

For Basha & Narasimhan

Chartered Accountants

Firm's Regn. No: 006031S

K.N.

CA K. NARASIMHA SAH

Partner

Membership No: 201777

Place: Tirupati

Date : 02-10-2021



H. Haranatha Rao
H. HARANATHA RAO

Chairman & Managing
Director

DIN : 08530030

Y. Lakshmi Narasiah
Y. LAKSHMI NARASIAH
General Manager/(E&C)

V.N. Babu
V.N. BABU

Director (Finance)

DIN : 08772842

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



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.18 - Revenue from operations

REVENUE FROM OPERATIONS	Figures for the Current reporting period 01.04.2020 to 31.03.2021	Figures for the Previous reporting period 01.04.2019 to 31.03.2020
	₹ in Crores	₹ in Crores
1. Revenue from Sale of Power		
a) Between DISCOMS	3,876.82	1,951.66
b) L.T. Supply	4,031.77	7,702.25
c) H.T. Supply	5,181.05	7,645.67
2. Income from Inter State Sale of Power	0.23	7.18
3. Other Receipts	103.34	169.37
4. Electricity Duty	81.46	155.44
Revenue from Sale of Power	13,274.67	17,631.57
Less: Electricity Duty	81.46	155.44
Net Revenue from sale of power	13,193.21	17,476.13

Consumption figures for the year 2020-21 given below are based on the actual consumption in respect of categories I to V except in case of Category V - 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	Revenue in ₹ Crores *	Avg. Rate per unit ₹
Domestic - Category -I	5,011.64	35.15%	1,619.94	3.23
Commercial & Others - Category -II	806.86	5.66%	793.49	9.83
Industry- Category -III	505.93	3.55%	377.69	7.47
Institutional - Category - IV	653.77	4.59%	488.75	7.48
Agriculture & Related - Category - V	7,277.65	51.05%	267.46	0.37
Low Tension (LT) Total	14,255.85	100.00%	3,547.33	2.49
High Tension (HT)				
Townships, Colonies, Gated communities & Villas - Category - I	15.69	0.22%	11.35	7.23
Commercial & Others - Category -II	293.46	4.07%	307.70	10.49
Industry- Category -III	4,266.81	59.23%	3,003.66	7.04
Institutional - Category - IV	541.49	7.52%	458.95	8.48
Agriculture & Related - Category - V	1,658.48	23.02%	1,148.25	6.92
Electricity Co-Operative Societies	428.43	5.95%	16.46	0.38
High Tension (HT) Total	7,204.34	100.00%	4,946.37	6.87
LT + HT Total (FY 2020-21)	21,460.20	100.00%	8,493.71	3.96
LT + HT Total (Previous Year 2019-20)	35,158.60	100.00%	15,885.74	4.52

* Category Wise Revenue consists of Energy Charges, Fixed Charges and Demand Charges only.

1. APSDCCL has filed true-up petitions for the FY 2019-20 with Hon'ble APERC for approval of Additional Cost incurred over and above Hon'ble APERC approval as per Regulation No.4 of 2005 Sub clause 10 in O.P.No.37/2021 for ₹1167.75. The true-up cost is yet to be approved.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.19 - Other Income

OTHER INCOME	Figures for the Current reporting period 01.04.2020 to 31.03.2021	Figures for the Previous reporting period 01.04.2019 to 31.03.2020
	₹ in Crores	₹ in Crores
1. Interest on Staff Loans & Advances	0.29	0.29
2. Delayed Payment Charges from Consumers	830.30	857.19
3. UI (Unscheduled Inter Change) Income	7.07	17.76
4. Miscellaneous Receipts	58.12	25.01
5. Other receipts	34.56	538.69
6. Amortization of Capital Contributions	187.14	413.81
SUB-TOTAL	1,117.47	1,852.75
7. Income relating to Prior Years		
a) Prior Period Receipts/Withdrawals	(45.72)	(68.70)
b) Other Excess Provisions	-	5.01
SUB-TOTAL	(45.72)	(63.69)
8. Prior Period Expenses / Losses		
a) Operating Expenses	-	(0.12)
b) Employee Costs	0.56	(0.56)
c) Prior Periods other charges	1.28	(18.39)
SUB-TOTAL	1.83	(19.07)
Net prior period credits/(charges) (7+8)	(43.88)	(82.76)
OTHER INCOME- TOTAL	1,073.59	1,769.99

1. Amortization of capital contributions: This amount relates to the relatable portion of depreciation charged on assets created out of Government Grants and contributions from consumers.

Note No.20 - Revenue from Subsidies and Grants

REVENUE FROM SUBSIDIES AND GRANTS	Figures for the Current reporting period 01.04.2020 to 31.03.2021	Figures for the Previous reporting period 01.04.2019 to 31.03.2020
	₹ in Crores	₹ in Crores
1. Tariff Subsidy from Government		
a) Regular subsidy	5,615.29	5,777.68
b) Additional subsidy	-	660.90
c) Revenue grant	-	1,921.38
Total	5,615.29	8,359.96

1. Regular subsidy : The tariff order for FY 2020-21 issued by the Hon'ble Andhra Pradesh Electricity Regulatory Commission (APERC) specified a tariff subsidy of ₹ 7,247.18 Crores for APSPDCL before bifurcation of APSPDCL into APSPDCL and APCPDCL. Later, the Hon'ble APERC addressed a letter to the Secretary, Energy, Government of Andhra Pradesh vide Lr.No.APERC/Secy./Tariff/F:83/D.No.363/20, Date: 26-08-2020 that out of the total subsidy amounting to ₹ 7,247.18 Crores ordered to be paid to APSPDCL by the Government of Andhra Pradesh, ₹ 1,631.89 Crores shall be paid to APCPDCL. Therefore, subsidy receivable by APSPDCL for FY 2020-21 works out to ₹ 5,615.29 Crores (₹ 7,247.18 Crores - ₹ 1,631.89 Crores). Out of ₹ 5,615.29 Crores receivable, an amount of ₹2,392.09 Crores is received during the FY 2020-21 and balance amounting to ₹3223.20 Crores is transferred to Receivables from GoAP . Refer Note No.17.





Note No.21 - Cost of Power Purchase

COST OF POWER PURCHASE	Figures for the Current reporting period 01.04.2020 to 31.03.2021	Figures for the Previous reporting period 01.04.2019 to 31.03.2020
	₹ in Crores	₹ in Crores
1. Transmission and SLDC Charges	1,120.10	1,855.33
2. Power Purchase & Others	14,226.98	18,602.43
Total power purchase cost booked	15,347.09	20,457.77
Less: Rebate on Power Purchase	37.20	19.49
Net Power Purchase cost	15,309.89	20,438.28
3. Pension Bonds Interest amount to APGENCO	-	583.88
Total power purchase cost	15,309.89	21,022.16

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

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

3.1. The Government of Andhra Pradesh (GoAP) vide G.O.Ms.No.58, Energy (Power-III), dated: 07-06-2005 notified the transfer of Bulk Supply Undertaking and Power Purchase Agreements from Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) to the four Distribution Companies (DISCOMs), in specified ratios, as on 09-06-2005. The GoAP vide G.O.Ms.No.53, Energy (Power-III), dated: 28.04.2008, amended the share of four DISCOMs in the Generating Stations as per above 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.

3.2. The GoAP vide G.O.Ms.No.20, Energy (Power-III), dated 08.05.2014, amended the share of four DISCOMs in the Generating Stations and the revised share of APSPDCL is 30.31% (including Ananthapur and Kurnool circles Share of 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 the transfer to Ananthapur and Kurnool Circles into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act.2014 and G.O. Ms. No.24 dated 29-05-2014, APSPDCL share is increased in the re-organised state of Andhra Pradesh and allocated between two Discoms (i.e., APSPDCL and APEPDCL) at 65.73% and 34.27%. The cost of power purchase is allocated accordingly.

3.3. The GoAP vide G.O.Ms.No.13, Energy (Power-III), dated 06.04.2020, amended the share of three DISCOMs in the Generating Stations and revised the allocation of Power Purchase Ratio consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL w.e.f 01.04.2020 in respect of all the existing Power Purchase Agreements (PPAs) of combined purchases except for the projects exclusively allocated on the basis of geographical location and other PPAs entered into by individual DISCOMs. The cost of power purchase is allocated accordingly.

3.4. As per GoAP 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) needs to be modified with retrospective effect to give effect to DISCOM wise actual energy draws which are adjusted against the allocated energy draws, converted into Rupee terms and allocated to the Discoms using predetermined methodology and basis. A committee was formed to finalise monthly IBSS settlement adjustment entries between APSPDCL and APEPDCL. As per decisions of APPCC meeting (8/2020) dated 04.09.2020, the management has approved for considering the date of cancellation of ratios with effect from 01.04.2019 instead of retrospective effect, as mentioned in the GO MS no.116 dated 01.10.2019.

4. Additional interest on pension bonds claimed by APGENCO amounting to ₹ 372.65 Crores (Previous year ₹ 583.88 Crores - Refer Note No.22) is shown as part of Employee Benefits Expense based on the request made by DISCOMS and allowed by the Hon'ble Andhra Pradesh Electricity Regulatory Commission vide Page No. 103 of the Retail Supply Tariff Order issued on 25-03-2021.

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

Energy Purchased	Purchases In MUs	Amount ₹ In Crores
FY: 2001-02	8,838.00	1,729.15
FY: 2002-03	9,561.00	1,965.19
FY: 2003-04	10,026.00	1,987.96
FY: 2004-05	11,060.00	2,050.99





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FY: 2005-06	10,983.85	2,238.98
FY: 2006-07	12,329.55	2,564.00
FY: 2007-08	12,663.01	3,012.16
FY: 2008-09	13,805.48	4,228.55
FY: 2009-10	15,741.05	4,592.51
FY: 2010-11	16,449.08	5,061.12
FY: 2011-12	18,474.87	6,339.00
FY: 2012-13	18,417.74	7,902.72
FY: 2013-14	20,179.12	8,083.16
FY : 2014-15	29,398.24	13,016.49
FY : 2015-16	33,268.56	14,976.07
FY : 2016-17	34,826.98	15,137.22
FY : 2017-18	38,639.17	16,711.31
FY : 2018-19	41,594.61	21,777.65
FY : 2019-20	45,217.52	21,041.65
FY : 2020-21	23,246.13	15,347.09

Note No.22 - Employee Benefits Expense

EMPLOYEE BENEFITS EXPENSE	Figures for the Current reporting period 01.04.2020 to 31.03.2021	Figures for the Previous reporting period 01.04.2019 to 31.03.2020
	₹ in Crores	₹ in Crores
1. Salaries, Wages and Bonus	1,279.10	2,108.72
2. Pension Contribution & Terminal Benefits	991.84	1,551.81
3. Additional Interest on Pension Bonds to APGENCO *	372.65	-
4. Employees Welfare expenses	3.00	3.97
	2,646.59	3,664.50
Less: Employees Cost Capitalised	98.43	117.82
Total	2,548.16	3,546.68
<p>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 2020-21 an amount of ₹63.16 Crores (Previous Year ₹87.49 Crores) has been contributed.</p> <p>* 2. Additional interest on pension bonds claimed by APGENCO amounting to ₹ 372.65 Crores (Previous year ₹ 583.88 Crores shown as a part of cost of power purchase. Refer Note No.21) based on the request made by DISCOMS and allowed by the Hon'ble Andhra Pradesh Electricity Regulatory Commission vide Page No. 103 of the Retail Supply Tariff Order issued on 25-03-2021.</p> <p>3.The company has provided an amount of ₹ 989.06 Crores (Previous year ₹ 1,546.99 Crores) towards employees long term benefits as per the actuarial valuation report during the FY 2020-21 (Refer Note No.5)</p>		





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.23 - Finance Costs

Finance Costs	Figures for the Current reporting period 01.04.2020 to 31.03.2021	Figures for the Previous reporting period 01.04.2019 to 31.03.2020
	₹ in Crores	₹ in Crores
1. Interest on State Government Loans/REC/PFC and Other financial institutions	383.27	474.93
2. Interest on Short term loans including OD s and CC Limits	507.66	650.54
3. Interest on others(Interest on Consumption Deposit etc.)	160.38	288.30
	1,051.31	1,413.77
Less: Interest and Finance Charges Capitalised	87.52	102.19
Less: Interest on Fixed Deposits/Short term funds	2.24	4.54
Total	961.56	1,307.04
a) Interest Capitalization: Interest capitalized during the year is ₹87.52 Crores (Previous Year ₹102.19 Crores) as per Accounting Standard -16.		
b) The interest on short term loans charged to P&L Account is the allocated share from the pool account.		
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).		
d) Interest on Capex Loans availed by APSPDCL during the year were shared between APSPDCL and APCPDCL on Loan utilisation basis as agreed between the companies.		
e) Interest on Opex Loans availed by APSPDCL during the year were shared in ratio of 63.02 : 36.98 between APSPDCL and APCPDCL respectively as agreed between the companies.		

Note No.24 - Depreciation and Amortisation Expense

Depreciation and Amortisation expense	Figures for the Current reporting period 01.04.2020 to 31.03.2021	Figures for the Previous reporting period 01.04.2019 to 31.03.2020
	₹ in Crores	₹ in Crores
Depreciation	702.89	1,032.02
Amortisation	5.75	2.02
Total	708.64	1,034.05



Note No.25 - Other Expenses

	Other Expenses	Figures for the Current reporting period 01.04.2020 to 31.03.2021		Figures for the Previous reporting period 01.04.2019 to 31.03.2020	
		₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
1	License fees		2.74		4.16
2	Repairs and Maintenance:				
	a) Plant and Machinery	241.74		424.26	
	b) Buildings	0.39		0.39	
	c) Others	10.15	252.28	29.60	454.25
3	Rent (including Lease Rentals)		0.43		1.24
4	Rates & Taxes		1.34		1.63
5	Insurance		0.62		0.71
6	Telephone Charges		8.69		11.68
7	Postage & Telegrams		0.11		0.22
8	Legal Charges		3.62		3.44
9	Audit Expenses and Fees:				
	a) Statutory Audit Fees	0.17		0.17	
	b) Tax Audit Fees	0.02		0.02	
	c) Cost Audit Fees	0.02		0.02	
	d) Secretarial Audit Fees	0.01		0.01	
	e) Audit Expenses	0.04	0.25	0.05	0.25
10	Other Professional Charges		2.58		5.54
11	Out Sourcing Expenses		42.09		83.21
12	Printing & Stationery		4.07		5.03
13	Advertisement		0.71		2.07
14	Electricity Charges		10.26		16.14
15	Conveyance and Travelling Expenses		15.16		27.86
16	Other Expenses		22.45		47.32
17	Miscellaneous provisions/losses/write-offs		2.21		51.09
	Total		369.61		715.84
18	Less: Administration & General Expenses Capitalised		17.37		20.79
	Total		352.24		695.05


1.Repairs and maintenance-Others includes an amount of ₹3.10 Crores (Previous Year ₹10.38 Crores) incurred for the FY 2020-21 towards DELP scheme.

As per our report of even date

For Basha & Narasimhan

Chartered Accountants

Firm's Regn. No: 006031S


CA K. NARASIMHA SAH

Partner

Membership No: 201777

Place: Tirupati

Date : 02-10-2021




H. HARANATHA RAO


Chairman & Managing Director

DIN : 08530030


Y. LAKSHMI NARASIMHAN

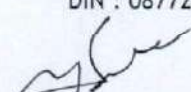
General Manager/(E&C)

For and on behalf of the Board


V.N. BABU

Director (Finance)

DIN : 08772842


B.V.S. PRAKASH

Company Secretary



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Note No.26 - Other Notes

1. Balances in sundry debtors, sundry creditors, other claims and receivables, Deposits & retention money of suppliers and contractors, ICD, Deposits for electrification service connections, liability for capital supplies, O&M supplies and loans and advances as at 31.03.2021 are subject to reconciliation and confirmation and adjustments.

2.1 COVID-19 Pandemic :

The impact of Covid-19 Pandemic was largely disruptive in terms of economic activities as well as loss of human lives. Almost all the sectors have been adversely affected by the impact of the pandemic. Being a Government Company and supplying essential services (Electricity Supply), our company's ability to continue as a Going Concern is not affected due to Covid-19 Pandemic.

2.2 Going Concern:

Though the net worth of the company is negative, the same does not affect the Company's ability to continue as a going concern since:

- The Company has been honouring all its long term and short term financial commitments promptly in spite of the losses in the last few years.
- The Company's entitlement of about ₹ 2,013.77 Crores towards true up claim approved by APERC as per its order dated 27-08-2021 (to be recovered from the consumers in the FY 2021-22) and other pending true up claims and
- The Central and State Governments will render the required assistance to enable the company which is wholly owned by the Government of Andhra Pradesh, to continue its operations uninterruptedly as the business activity of the company i.e. distribution of electricity, is very essential and crucial to the economy and is a rate regulated activity.

Hence, in the opinion of the management, the company has the ability to continue as a going concern and carry on its operations uninterruptedly in the foreseeable future and the financial statements are prepared on going concern assumption.

3. Segment Reporting as per AS-17 is not applicable since distribution and retail supply of power is the primary and only reportable segment of the company.

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

5. Amounts presented are in Rupees Crores except as otherwise stated and have been rounded off to nearest two decimal Crores.

6. There are no dues pending as at 31st March 2021 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 Ananthapur and Kurnool Circles :

7.1 Consequent to the promulgation of AP Reorganization Bill 2014 (The Act), the Assets and Liabilities of operation circles of Ananthapur and Kurnool of TSSPDCL (formerly 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 / Short Term 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 up to FY 2020-21 and balance items are yet to be identified.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

SL No	Note No	Details	Un-identified items up to FY 2020-21	Un-identified items up to FY 2019-20
			₹ in Crores	₹ in Crores
1	2	RESERVE & SURPLUS	275.88	275.88
2	3	LONG TERM BORROWINGS	1,643.33	1,643.33
3	4	OTHER LONG TERM LIABILITIES	0.05	0.05
4	5	LONG TERM PROVISIONS	-	-
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	-	-
Total Liabilities			3,074.15	3,074.15
9	10	FIXED ASSETS (Including accumulated depreciation)	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	-	-
14	15	CASH & CASH EQUIVALENTS	14.37	14.37
15	16	SHORT TERM LOANS & ADVANCES	67.07	67.07
16	17	OTHER CURRENT ASSETS	(150.90)	(150.90)
Total Assets			45.01	45.01

7.4 The above Assets and Liabilities are adopted in APSPDCL accounts, subject to modifications after verification and reconciliation by both the entities and approval by the Expert Committee, Govt. of A.P., 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(C)/D.NO. 215/19 Date:24-8-2019 for approval from the Govt of AP.

8 . Bifurcation of APSPDCL in to APSPDCL and APCPDCL

8.1. The Govt of AP has issued G.O.MS.No. 41 Dated: 05-12-2019 for division of Southern Power Distribution Company of Andhra Pradesh Limited into two Distribution Companies viz., Andhra Pradesh Central Power Distribution Corporation Limited (APCPDCL) and Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) with the following composition of the Districts:-

APSPDCL	APCPDCL
HQ: Tirupati	HQ: Vijayawada
SPS Nellore	Krishna
Chittoor, YSR Kadapa	Guntur and
Ananthapuramu and Kurnool	Prakasam

8.2 The new Discom APCPDCL was registered under the Companies Act, 2013 on 24.12.2019, however no business transaction has been recorded in the books of APCPDCL up to 31.03.2020. APCPDCL has got license from APERC w.e.f. 01.04.2020 for distribution of power supply to the consumers located in 3 districts .i.e., Krishna , Guntur and Prakasam .

8.3 Letters were addressed to Lenders/Financial Institutions/Creditors for receipt of No Objection Certificate (NOC) relating to bifurcation of APSPDCL into APSPDCL and APCPDCL w.e.f 01-04-2020, which are yet to be received.

8.4 Letters were yet to be addressed to MCA, ROC for approval relating to bifurcation of APSPDCL into APSPDCL and APCPDCL w.e.f 01-04-2020.





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

8.5	As per GO Ms No.41. Energy (Power.I) dated: 05-12-2019 issued by Government of Andhra Pradesh, immovable assets will be divided based on the location and movable assets and liabilities will be divided based on 35% CPDCL : 65% SPDCL with the exclusion of amounts pertaining to Ananthapur and Kurnool Circles. M/s Ramraj & Co Chartered Accountants was appointed for bifurcation of Assets and Liabilities between APSPDCL and APCPDCL as at 31-03-2020. In certain items, the bifurcation method adopted by the company deviated from the method prescribed in G.O.Ms No.41 Energy (Power.I) dated 05.12.2019, as the actual bifurcation of assets and liabilities as on 31.03.2020 was done keeping in view of the nature and character of each asset/liability. A letter was addressed to the Government of Andhra Pradesh requesting to ratify the method actually adopted for bifurcation of assets and liabilities. The Govt of Andhra Pradesh vide G.O.Ms.No.12, Energy (OP.A3) Department dated 18.09.2021 issued orders giving acceptance/consent/of the Bifurcation of Accounts of two companies M/s APSPDCL and M/s APCPDCL. The company is yet to apply and obtain approval for the bifurcation from Ministry of Corporate Affairs (MCA) / Registrar of Companies (ROC) as per the provisions of the Companies Act, 2013.			
8.6	The Assets and Liabilities as at 31-03-2020 bifurcated between APSPDCL and APCPDCL as per bifurcation report were as follows:			
Note	Particulars	Audit Report figures 31-03- 2020	APCPDCL	APSPDCL
		₹ in Crores	₹ in Crores	₹ in Crores
	Equity & Liabilities			
	(1) Shareholder's funds			
1	(a) Share Capital	358.72	-	358.72
2	(b) Reserves and Surplus	(12,511.96)	(5,635.29)	(6,876.66)
	(2) Non-Current liabilities			
3	(a) Long-term borrowings (Includes current maturities)	16,587.03	5,774.41	10,812.62
4	(b) Other long term liabilities	2,851.92	1,208.49	1,643.43
5	(c) Long term provisions	2,688.10	1,075.38	1,612.72
	(3) Current Liabilities			
6	(a) Short-term borrowings	4,353.56	1,504.15	2,849.41
7	(b) Trade Payables	18,984.27	6,615.05	12,369.22
8	(c) Other current liabilities	2,953.64	1,063.92	1,889.73
9	(d) Short term provisions	144.30	62.71	81.58
	TOTAL (I)	36,409.59	11,668.82	24,740.76
	Assets			
	(1) Non-Current Assets			
	(a) Fixed Assets			
10	(i) Tangible Assets	9,575.85	3,658.28	5,917.57
10	(ii) Intangible Assets	11.72	0.22	11.50
10	(iii) Capital work-in-progress	2,590.77	1,153.75	1,437.01
11	(b) Non-Current Investments	286.93	102.38	184.55
12	(c) Long term loans and advances	339.44	87.21	252.24
	(2) Current Assets			
13	(a) Inventories	409.57	154.04	255.53
14	(b) Trade Receivables	6,773.55	1,543.17	5,230.38
15	(c) Cash and cash equivalents	515.81	70.42	445.39
16	(d) Short-term loans and advances	7,692.96	2,817.29	4,875.67
17	(e) Other Current Assets	8,213.00	2,065.87	6,147.13
	TOTAL (II)	36,409.59	11,652.63	24,756.96
	Excess of Assets over Liabilities (Rounded)			16.19
8.7	The excess of Assets over Equity & Liabilities allocated to APSPDCL amounting to ₹ 16.19 Crores is transferred to Capital Reserve.			
8.8	The Account balances of Assets, Liabilities and Accumulated loss as at 31.03.2020 pertaining to Krishna, Guntur and Prakasam Districts (APCPDCL) were made Nil in the books of accounts of APSPDCL during the FY 2020-21. Where Assets and liabilities were not allocated between APSPDCL and APCPDCL on Geographical basis, the difference arising out of such allocation was kept separately in Business Area 9101 of APSPDCL.			





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

8.9 Bifurcation was done w.e.f. 01.04.2020, the accounting transactions of both APSPDCL and APCPDCL were carried out in SAP common server till 31.12.2020. Further, during 01.01.2021 to 31.03.2021, APSPDCL made some transactions on behalf of APCPDCL. To identify the transactions relating to APCPDCL (excluding Power Purchase transactions) during the F.Y. 2020-21 the company appointed M/s. Komandoor & Co. LLP, Chartered Accountants..

9. Related party disclosures.

Key Management Personnel:			
	Name of the Key personnel	Salary / Remuneration	
		F.Y. 2020-21	F.Y. 2019-20
		₹ in Crores	₹ in Crores
I	Chairman and Managing Director		
	1.H.HARANATHA RAO (w.e.f 22.07.2019)	0.52	0.30
	2.M M NAYAK (up to 08.06.2019)	0.00	0.07
II	Other Directors & Company Secretary		
	1.K.Sitaramaraju, Director/Finance (up to 09.09.2019)	0.00	0.13
	2.V.N.Babu, Director/Finance (w.e.f 11.05.2020)	0.43	0.00
	3.Venkateswarlu, Director/Tech (up to 19.09.2019)	0.00	0.23
	4.P.Kaladhara Rao, Director/Projects (w.e.f. 29.01.2020)	0.49	0.06
	5.BVS Prakash, Company Secretary	0.20	0.18

10. Court Cases/ Legal Disputes/ Contingent Liabilities

Particulars	31-03-2021	31-03-2020
	₹ in Crores	₹ in Crores
i) Claims against the company not acknowledged as debts	11.22	11.16
ii) Estimated amount of contracts remaining to be executed on capital account and not provided for	3,418.14	5,539.25
iii) NCE Wind & Solar generators (CUF & GBI limitation for FY2016-17 to FY2018-19) surcharge and other cases dealt by APPCC, Vijayawada	682.16	1,314.34
iv) Letter of credit (LC) outstanding	244.39	238.00
v) Tax Matters	1,973.20	1,567.29





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

1	ENTRY TAX:				
	<p>GIST: G.O. Ms. No. 367, Dt. 22.06.2002 was issued by Government of A.P. to levy Entry Tax on the Goods purchased from other States wherein Transformers, Conductors, Electrical Goods, Switches etc., were specified for the purpose of Entry Tax.</p> <ul style="list-style-type: none"> Later, G.O. Ms. No. 552, Dt. 12.09.2002 was issued in partial modification of the above G.O. in which the conductors were retained but transformers, electrical goods etc., were deleted. Hence APSPDCL took the stand that only conductors are subject to entry tax and not transformers/electrical goods with effect from 12.09.2002 (i.e., date of second notification) and hence entry tax has been paid to Commercial tax Department on Conductors only. However, the Commercial Tax Officer issued notices from time to time from 2002 to 2006 for balance tax levied on Transformers and other materials though the same were not taxable as per law. Further, APSPDCL also objected that the Entry Tax is payable by the Seller and not by the Company because the property in the goods, while entering into the State, do not belong to the Company but to the Seller until the check measurement is done by the Company. These contentions have not found favour with Sales Tax Authorities. APSPDCL has contested in various Appellate authorities, Appellate Tribunals and finally in High Court of Andhra Pradesh in various Writ Petitions on the Entry Tax demand raised by the Commercial Tax Department. Hon'ble AP High Court by its common order dt. 31.12.2007 quashed the levy of Entry Tax duly ordering that the levy of entry tax under the A.P. Tax on Entry of Goods into Local Areas Act, 2001 is Unconstitutional. Aggrieved by the Orders of Hon'ble High Court, the Commercial Tax Department approached Hon'ble Supreme Court of India. Hon'ble Supreme Court Delivered Judgement on the above case during May'2017 holding that " THE LEVY OF ENTRY TAX BY STATE GOVERNMENT IS CONSTITUTIONAL " and further directed the respondents to file Writ Petitions before local High Courts for settlement of Other issues. Accordingly on approval, Writ Petitions were filed before the Hon'ble High Court of Andhra Pradesh in respect of Entry Tax Demand. The Commercial Tax Officer/TPT-II Circle/ Tirupati issued Demand Notices for the further period up to 2017. APSPDCL filed Writ Petitions on all the demand notices by depositing the required amounts as per court orders. All the cases are pending before Hon'ble High Court of AP. The details of the cases are as under. 				
	Asst.Period	WP NO	Disputed Demand ₹ in Crores	Demand Paid ₹ in Crores	Remarks/Present Status
	2002-03	31785/2017	2.00	1.20	Pending before the Hon'ble High Court of Andhra Pradesh
	2003-04	46221/2018	2.69	2.69	
		31079/2017	0.00	0.00	
		31096/2017	0.00	0.00	
		31788/2017	0.00	0.00	
		46846/2018	0.00	0.00	
	2004-05	39176/2017	4.86	2.91	
		46217/2018	0.00	0.00	
		45412/2017	0.00	0.00	
		31802/2017	0.00	0.00	
		1274/2018	0.00	0.00	
	2005-06	39115/2017	3.01	1.82	
	2006-07	--	1.18	1.18	
	2007-08	--	0.09	0.04	
	2008-09	--	--	--	
	2009-10	--	--	--	
	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	
	2014-15	1984 / 2019	18.64	4.66	
	2015-16	1948 / 2019	26.85	6.71	
	2016-17	1966 / 2019	22.47	5.62	
	2017-18	1969 / 2019	3.15	0.79	
	Total		88.31	28.47	





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

2 VALUE ADDED TAX (VAT):					
GIST: The Commercial Tax Department, Tirupati issued demand Notice for payment of VAT on Presumptive sale of Meters to Consumers by taking Application fee, Development Charges & Security deposit paid by consumers for obtaining New Service Connection. The contention of Commercial Tax Department is not correct since Meters are not being sold/leased to consumers and they are the property of APSPDCL. Hence, APSPDCL filed Writ Petitions before the Hon'ble High Court of Andhra Pradesh. The details are as under.					
	Assessment Year & Subject	WP NO	Disputed Demand ₹ in Crores	Demand Paid ₹ in Crores	Remarks/Present Status
2.1	2007-08 to 2011-12 VAT ON PRESUMPTIVE SALE OF METERS	3697/2014 & 14870/2018	32.11	-NIL-	2 Nos Cases on the same subject matter & period (1) As Meter Sold and (2) As meters leased out to consumers. Hon' High Court of Andhra Pradesh issued Stay Orders and the cases are pending.
2.2	2012-13 to 2013-14- VAT ON PRESUMPTIVE SALE OF METERS	41927/2017 & 1900/2019	16.11	-Nil-	2 Nos Cases on the same subject matter & period (1) As Meter Sold and (2) As meters leased out to consumers. Hon' High Court of Andhra Pradesh issued Stay Orders and the cases are pending.
2.3	2014-15 to 2016-17- VAT ON PRESUMPTIVE LEASEING OF METERS	19680/2019	45.10	-Nil-	WP filed by APSPDCL before the Hon'ble High Court of Andhra Pradesh. Stay Orders were issued. The case is pending .
Total			93.32	-NIL-	
3 INCOME TAX-TDS:					
3.1 Non-Remittance of TDS on Lease Rentals					
GIST: M/s APTRANSCO entered an agreement with M/s.Klenn & Marshall for supply of Capacitor Banks on Lease Rental Basis. Due to unbundling of Distribution companies, APSPDCL had to pay lease rents to M/s.Klenn & Marshall. M/s Klenn & Marshall approached Debt Recovery Tribunal (DRT) for their reasons. As per the Orders of DRT, APSPDCL paid lease rental amounts directly to DRT with out making TDS under the view that the sums are being paid to Judiciary. The ITO/Tirupati issued Demand Notice for non-payment of TDS on the amounts paid to DRT. APSPDCL filed an appeal before the Commissioner of Appeals. As there are no favourable orders from Commissioner of Appeals, M/s. APSPDCL filed an appeal before ITAT / Hyd. Later, the Case was transferred to ITAT /Vizag. APSPDCL appointed Sri C.P.Ramaswamy, Retired Commissioner of Income tax and practicing tax consultant, Hyderabad to represent the case before ITAT/Vishakhapatnam.					





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Assessment Year & Subject	Appeal No.	Disputed Demand ₹ in Crores	Demand Paid ₹ in Crores	Remarks/Present Status
2007-08 to 2009-10 - Non Recovery of TDS on Lease Payments paid to DRT on behalf of M/s.Klenn & Marshall	(1) 1217/H/2010, (2) 517/V/2019 & (3) 518/V/2019	0.38	-Nil-	Hon'ble Tribunal considered the case for Statistical Purpose only and remit the matter back to the file of AO for denovo consideration and decide the case as afresh.
3.2 Levy of Interest on unrecovered and remitted TDS				
GIST: The ITO/TPT issued demand Notice for payment of interest for delay on the Non-Remitted TDS of ₹8.19 Crores. M/s.APSDCL filed appeals before various adjudicating authorities and got favourable orders. Aggrieved by these orders, IT Department filed Miscellaneous petitions in High Court.				
Assessment Years & Subject	Appeal No.	Disputed Demand ₹ in Crores	Demand Paid ₹ in Crores	Remarks/Present Status
2007-08 to 2009-10	M.A No. 333 & 382 of 2017	4.67	-Nil-	Case is Pending.
4 Service Tax -				
4.1 Non remittance of Service Tax in Estimates				
GIST: The Service Tax Department issued Notices to certain Divisional Engineers of Operation under the territorial jurisdiction of Operation Circles Vijayawada, Guntur, Ongole and Nellore to remit the Service Tax included in Consumer Estimates. Aggrieved by the Notices, APSDCL, through its consultants, preferred an appeal to the Service Tax Department contending that APSDCL is not providing service to the consumer directly and the Service Tax mentioned in the estimates is to reimburse the contractor who executes the work and will be paid to the contractor along with work bills submitted by him and hence the Demand notices issued by the Service Tax Department for payment of Service Tax mentioned in the estimates are void. The dispute is pending since long time. The appeals preferred by APSDCL were rejected by the Commissioner of Appeals and hence APSDCL filed an appeal to the Central Excise Customs and Service Tax Appellate Tribunal (CESTAT), Hyderabad. The details are as under				
Assessment Year & Subject	Appeal No.	Disputed Demand ₹ in Crores	Demand Paid ₹ in Crores	Remarks/Present Status
Non Remittance of Service Tax in estimates	CESTAT/HYD	4.62	1.72	Hon'ble CESTAT/Hyderabad considered our appeals remanded back the cases for consideration. The adjudication is under process.
4.2 Levy of Service Tax on Wheeling charges etc				
GIST: The GST Intelligence wing of Visakhapatnam conducted an enquiry on the accounts of APSDCL for the Period from 01.07.2012 to 30.06.2017 and proposed levy of Service Tax on certain incomes such as Wheeling Charges, Cross subsidy charges, Penalties from contractors etc. . Based on this, the Commissioner of Central Tax /Tirupati issued an 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.,. The objections filed by APSDCL were not considered and hence filed an appeal before CESTAT/Hyd and the appeal is pending. The details are as under				
Assessment Year & Subject	Appeal No.	Disputed Demand ₹ in Crores	Demand Paid ₹ in Crores	Remarks/Present Status
Levy of Service Tax on Wheeling Charges, Cross Subsidy Charges etc.	CESTAT/HYD	10.72	-Nil-	Appeal is pending before CESTAT/Hyd





SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

5 INCOME TAX- CONSUMER CONTRIBUTIONS & GRANTS treating as Revenue Receipts instead of Capital Receipts

Sl No	Assessment Year & Subject	Authority before which the appeal is pending	Amount in Dispute (₹ in Crores)	Remarks/Present Status
5.1	AYs 2009-10 to 2014-15 Grants & Consumer contributions	Hon'ble High Court of A.P.	958.90	Appeals filed by APSPDCL were decided in favour of APSPDCL by CIT(Appeals), Tirupati and ITAT/Hyderabad. Against the orders passed by the ITAT/Hyderabad, Income tax department approached the Hon'ble high court of Andhra Pradesh. The case is pending at the Hon'ble high court of Andhra Pradesh.
5.2	AY 2017-18 Grants & Consumer contributions	CIT(A), Tirupati	406.37	APSPDCL filed an appeal at CIT (Appeals), Tirupati against the Assessment order passed by the ACIT Circle 1 (1), Tirupati . The case is pending at CIT(Appeals), Tirupati
5.3	AY 2018-19 Grants & Consumer contributions and Excess Contribution to Provident Fund or Superannuation Fund	CIT(A), Tirupati	405.91	APSPDCL filed an appeal at CIT (Appeals), Tirupati against the Assessment order passed by the ACIT Circle 1 (1), Tirupati . The case is pending at CIT(Appeals), Tirupati

6. Consequent to bifurcation of APSPDCL into APSPDCL and APCDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the tax matters pending before various tax authorities relate to both the companies.

As per our report of even date

For Basha & Narasimhan

Chartered Accountants

Firm's Regn. No: 006031S

CA K. NARASIMHA SAH

Partner

Membership No: 201777

Place: Tirupati

Date : 02-10-2021



H. HARANATHA RAO

Chairman & Managing Director

DIN : 08530030

Y. LAKSHMI NARASAIH

General Manager / (E&C)

For and on behalf of the Board

V.N. BABU

Director (Finance)

DIN : 08772842

B.V.S. PRAKASH

Company Secretary

ED ACCU



SOUTHERN POWER DISTRIBUTION

COMPANY OF A.P.LIMITED :: TIRUPATI

Note No.27 - Statement of Accounting Policies

1. Basis of Preparation of Accounts:

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

2. Income & Expenditure :

- i) The company adopts accrual system of accounting to recognize Income and Expenditure.
- ii) **Provision for Bad & Doubtful debts is made on Debtors for sale of power outstanding for a period of more than 4 years, except for receivables from Government Departments/Government Companies and amount involved in Court Cases.**

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. Property, Plant and Equipment:

- i) Property, Plant and Equipment 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:
 - a) 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
 - b) 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:

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 and on behalf of the Board

For Basha & Narasimhan
Chartered Accountants

Firm's Regn. No: 006031S

CA K. NARASIMHA SAH
Partner

Membership No: 201777

Place: Tirupati

Date : 02-10-2021



H. HARANATHA RAO
Chairman & Managing
Director
DIN : 08530030

Y. LAKSHMI NARASIAH
General Manager/(E&C)

V.N. BABU
Director (Finance)

DIN : 08772842

B.V.S. PRAKASH
Company Secretary



INDEPENDENT AUDITOR'S REPORT

To
The Members of
M/s. Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Southern Power Distribution Company of Andhra Pradesh Limited ("the Company"), which comprise the Balance sheet as at 31st March, 2021, 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 31st March, 2021 and profit, and its cash flows for the year ended on that date.

Basis for Qualified Opinion

I. Purchase of Power:

- With attention to the Note No. 7.1 & 7.4 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, profit or loss for the year, if any, is presently not ascertainable.
- Non-confirmation / reconciliation of balances of the power suppliers for an amount of ₹ 12,043.73 Crores (Previous Year ₹ 16,528.27 Crores). The consequential impact on creditor's balances, result for the year, if any, is presently not ascertainable.
- Note No. 21 Para 1 constitution of Andhra Pradesh Power Coordination Committee (APPCC) 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. On test check basis we have verified and identified Provision of ₹ 635.86 Crores made towards Power purchase cost in the earlier years that has been reversed during the current year. As a result, current year cost is understated to that extent.
- e. On test check basis we have verified and identified Provision of ₹ 1,273.99 Crores made towards Power purchase cost of the earlier years that has been booked during the current year. As a result, current year cost is overstated to that extent.

II. Merger of Two Circles with the company (2014):

Consequent to the promulgation of AP Reorganization Act 2014, the Assets and Liabilities of operation circles of Ananthapuramu and Kurnool of M/s. Southern Power Distribution Company of Telangana Limited (TSSPDCL), formerly M/s. Central Power Distribution Company of AP Limited (APCPDCL), are merged with M/s. Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL).

TSSPDCL (erstwhile APCPDCL) 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 AP Reorganization Act, 2014 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 dated 29.05.2014.

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 Property, Plant and Equipment 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 or loss for the year, if any, is presently not ascertainable.

III. Bifurcation of Company (2020):

- a. The Government of Andhra Pradesh issued G.O.Ms. No. 41 dated 05.12.2019 for division of Southern Power Distribution Company of Andhra Pradesh Limited



(APSPDCL) into two Distribution Companies viz., Andhra Pradesh Central Power Distribution Corporation Limited (APCPDCL) and Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) with the following composition of the Districts -

- APSPDCL: Tirupati (HQ), SPS Nellore, Chittoor, YSR Kadapa, Ananthapuramu and Kurnool.
- APCPDCL: Vijayawada (HQ), Krishna, Guntur and Prakasam.

The new Discom APCPDCL was registered under the Companies Act, 2013 on 24.12.2019, and received license for distribution of power supply from Hon'ble Andhra Pradesh Electricity Regulatory Commission (APERC) w.e.f. 01.04.2020.

As per G.O.Ms No.41 Energy (Power.I) dated: 05.12.2019 issued by Government of Andhra Pradesh, immovable assets had to be divided based on the location and movable assets and liabilities had to be divided based on 35% APCPDCL and 65% APSPDCL with the exclusion of amounts pertaining to Ananthapuramu and Kurnool Circles. M/s. Ramraj & Co Chartered Accountants were appointed for bifurcation of Assets and Liabilities between APSPDCL and APCPDCL as at 31.03.2020. In certain items, the bifurcation method adopted by the company deviated from the method prescribed in G.O.Ms No.41 Energy (Power.I) dated 05.12.2019, as the actual bifurcation of assets and liabilities as on 31.03.2020 was done keeping in view of the nature and character of each asset/liability. The division of manpower between both the companies was not covered in this report. Further, book values of assets and liabilities were bifurcated instead of their fair market values. In the absence of required information, we are unable to comment upon the impact thereof on financial statements.

- b. The method of bifurcation adopted was accepted and approved by management of both APSPDCL and APCPDCL. A letter was addressed to the Government of Andhra Pradesh requesting them to ratify the method actually adopted for bifurcation of assets and liabilities. The Government of Andhra Pradesh vide G.O.Ms.No.12, Energy (OP.A3) Department dated 18.09.2021 issued orders giving acceptance/consent for the Bifurcation of Accounts of two companies. However, the company is yet to apply and obtain approval for the bifurcation from Ministry of Corporate Affairs (MCA) / Registrar of Companies (ROC) as per the provisions of the Companies Act, 2013.
- c. Though bifurcation was done w.e.f. 01.04.2020, the accounting transactions of both APSPDCL and APCPDCL were carried out in SAP common server till 31.12.2020. Further, during 01.01.2021 to 31.03.2021, APSPDCL made some transactions on behalf of APCPDCL. To identify and process the transactions relating to APCPDCL during the F.Y. 2020-21 the company appointed M/s. Komandoor & Co. LLP,



Chartered Accountants. As mentioned in the report the bifurcation was done for effecting the funds between APSPDCL & APCPDCL. However, instead of fund flow basis, to ensure that all transactions are covered including transactions where fund flow has not yet happened, the bifurcation should have been done on transaction level. Further, the bifurcation of transactions carried out during the F.Y. 2020-21 is subject to confirmation and reconciliation by both the companies. Also, the division of manpower between APSPDCL and APCPDCL is not covered in this report. In the absence of required information, we are unable to comment upon the impact thereof on financial statements.

- d. The TDS and TCS entries pertaining to F.Y. 2020-21 appearing in Form No. 26AS has not been bifurcated between APSPDCL and APCPDCL. In the absence of required information, we are unable to comment upon the impact thereof on financial statements.
- e. Loans and borrowings from Lenders and Financial Institutions were bifurcated in the books of APSPDCL and APCPDCL. However, the loan agreement/ covenants are not yet transferred in the name of APCPDCL. Further, modification of charges is yet to be done for loans transferred to APCPDCL. Letters were addressed to Lenders/Financial Institutions/Creditors for receipt of No Objection Certificate (NOC) relating to bifurcation of APSPDCL into APSPDCL and APCPDCL. However, the company is yet to receive the NOCs from the respective lenders/financial institutions/creditors.

IV. Loans availed by the Company:

- a. As stated in Note No. 3.1, 3.2, 3.3, 3.7, 6.2 and 26.1 to the Financial Statements, Loans availed from certain banks, public financial institutions and other agencies including Bonds for an amount of ₹ 2,524.54 Crores are subject to external confirmations and further adjustments upon reconciliation -
 - i. Japan International Cooperation Agency (JICA)
 - ii. World Bank (Asian Infrastructure Investment Bank (AIIB) and International Bank for Reconstruction and Development (IBRD))
 - iii. Power Finance Corporation Ltd. - Restructured Accelerated Power Development and Reforms Programme (PFC R-APDRP)
 - iv. Loans availed from AP Government (which is still in the name of M/s. Transmission Corporation of Andhra Pradesh (AP TRANSCO))
 - v. Financial Restructuring Plan (FRP) Bonds issued to Andhra Pradesh Power Generation Corporation (AP Genco)
 - vi. Loans and Borrowings transferred from TSSPDCL (formerly APCPDCL)



The consequential impact on the Loan balances, interest payable, interest expense, Profit or loss for the year, if any, is presently not ascertainable.

- b. Interest expense and penal interest (if any), and Interest Provision on Loans availed from the below mentioned Institutions (Refer Note No. 3, 6) has not been recognized and the amount has not been quantified due to non-availability of details for verification. It is not in accordance with AS-29 "Provisions, Contingent Liabilities and Contingent Assets". Hence the consequential impact on loan balances, interest payable and profit or loss for the year, is not ascertainable.
- i. Japan International Cooperation Agency (JICA)
 - ii. World Bank (Asian Infrastructure Investment Bank (AIIB) and International Bank for Reconstruction and Development (IBRD))
 - iii. Power Finance Corporation Ltd. - Restructured Accelerated Power Development and Reforms Programme (PFC R-APDRP)
 - iv. Loans availed from AP Government (which is still in the name of M/s. Transmission Corporation of Andhra Pradesh (AP TRANSCO))
 - v. Financial Restructuring Plan (FRP) Bonds issued to Andhra Pradesh Power Generation Corporation (AP Genco)
 - vi. Loans and Borrowings transferred from TSSPDCL (formerly APCPDCL)
- c. The interest on APPFCL loan is being received from the Government of Andhra Pradesh as a Grant. It is subsequently paid to APPFCL by the company on monthly basis. The company is not recognizing the interest expense and income from government grant in its books of account. Hence, interest expense (including Interest Provision of ₹ 1.95 Crores) is understated by ₹ 294.59 Crores and income from Government Grant (including accrued Income from Government Grant of ₹ 1.95 Crores) is understated by ₹ 294.59 Crores. The net impact on profit and loss account is NIL.
- d. In Note No. 6, the Company has disclosed ₹ 2,347.76 Crores (Previous year: 2,387.68) as Short Term Loan. However, this pertains to Sale Bill Discounting facility availed by NTPC Limited (NTPC) with their banker HDFC Bank Limited (HDFC) for energy supplied to APSPDCL. As per the arrangement, in case of default in payment of energy dues on due date by APSPDCL, NTPC would indemnify HDFC Bank Ltd. As such risk and reward is lying with NTPC. In this arrangement APSPDCL does not have any credit facilities with HDFC Bank Ltd. Hence, it is appropriate to classify this amount under Note No. 7, Trade Payables instead of Note No. 6 Short Term Borrowings. Hence, the Short Term Borrowings is overstated and Trade Payables is understated to this extent.
- e. The Company has not made adequate disclosures in respect of Loans as required by Schedule III to the Companies Act 2013 ("the Act").



V. Property, Plant & Equipment:

The company has not complied completely with the provisions of Revised Accounting Standard (AS)-10 "Property, Plant & Equipment".

- a. In respect of Freehold lands of carrying value ₹ 4.88 Crores (Previous year ₹ 5.09 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.
- b. In case of certain assets of Buildings, Civil Works, Lines & Cable Network, Metering Equipment, Plant & Machinery, the Company has not capitalized the Assets at actual cost incurred instead capitalized on allocating the total cost incurred for all the above mentioned assets on the basis of certain percentages on a case to case basis. In the absence of information, we are unable to ascertain the consequential impact on Asset balances, Accumulated depreciation and depreciation in the 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 Property, Plant and Equipment and depreciation charged.

In the absence of information, we are unable to ascertain the consequential impact on Asset balances and depreciation in the financial statements of the Company.

- d. Note No. 27 Para 7, Statement on Accounting policies, Company is capitalizing Overheads and Employees cost @ 8.5% and 1.5% respectively of the capital work in progress. During the year company has capitalized ₹ 115.8 Crores (Previous Year ₹ 138.61 Crores) of such expenditure. However, AS-10 prescribes to capitalize only such expenses attributable to the specific assets. The said policy is not in compliance with AS-10.
- e. Accumulated depreciation on assets sold/discarded during the year is not written back in accordance with AS-10. In the event of replacement of an old asset with a new asset (Except Distribution Transformers and Burnt Meters), 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 assets on First-in-First-out (FIFO) basis. The consequential impact on Asset balances, depreciation loss on financial statements is not ascertainable.
- g. In respect of "burnt meters" which are replaced with "new meters", the Company continues to carry the written down value of the "burnt meters" in the company's books of account, which is not in accordance with the AS-10, as the same are no longer in existence. The consequential impact on Asset balances, depreciation loss on financial statements is not ascertainable.
- h. The Company has not carried out any Techno-economic assessment during the year ended 31st March 2021 and hence identification of impairment loss and provision thereof, if any, has not been made. The same is not in accordance with the notified AS-28 "Impairment of Assets". The consequential impact of adjustment, if any, on the financial statements is currently not ascertainable. Refer Note No. 10.2 of financial statements.
- i. Note No. 10 Para 3.3, depreciation is not provided on certain unidentified assets transferred from TSSPDCL (formerly APCPDCL) pertaining to the operation circles merged with the company.
- j. Note No. 10 Para 4 is invited wherein, consequent upon amendment to second transfer scheme vide G.O.Ms No. 142 dated 29.09.2001 and the third transfer scheme vide G.O.Ms. No. 396 dated 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.
- k. Capital Advances (Note No. 12) includes ₹ 133.64 Crores towards cost of fixed assets and inventory (stores & spares/naptha) in respect of 216 MW gas based power plant in Jegurupadu acquired in April 2016 from M/s. GVK Industries Limited (GVK) in association with M/s. Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL) (company share 65.73% and APEPDCL share 34.27%) and renamed the same as Godavari Gas Power Plant (GGPP). On the ground that Distribution Companies (DISCOMs) have no expertise in running the power plants, AP DISCOMs proposed to handover GGPP to M/s. Andhra Pradesh Power Generation Corporation (APGENCO) and booked the buyout price under Capital Advances. Pending transfer of GGPP to APGENCO, the plant was operated during 2016-2021 and the energy generated was utilized by the AP DISCOMs. Though the asset acquired was put to use, amount paid to GVK for acquiring GGPP is still continued



under Capital Advances. This has resulted in overstatement of Capital Advances and understatement of Property, Plant and Equipment and Inventory by ₹ 133.64 Crores. In the absence of details of remaining useful life of the asset, impact on depreciation and impairment loss are not ascertainable.

The consequential impact on the capital work-in progress, Property, Plant and Equipment, depreciation and amortization, impairment, profit or loss for the year owing to above stated qualifications, if any, is presently not ascertainable.

VI. Inventories:

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

VII. Employee Benefits:

Note No. 5 Para 1 - Provision for Pension, Gratuity, Leave encashment and other retirement benefits made does not comply with requirements of AS-15 "Employee benefits". Further, the disclosure requirements as per Schedule III of the Act are not complied in total.

As per the Actuarial Report issued by Radgo & Company dated 28.09.2021, the Pension and Gratuity liability and Leave encashment liability, and shortfalls in provision are provided below:

Sl. No.	Particulars	Required Provision as on 31.03.2021	Actual Provision as on 31.03.2021	Shortfall
		₹ in Crores		
1	Leave Encashment	903.84	146.12	757.72
2	Unit Trust	3,488.15	1,620.23	1,867.92
3	Master Trust*	4,100.93	0	4,100.93
Total		8,492.92	1,766.35	6,726.57



*The Master Trust liability (74% till 2029/2033) is to be borne by APGENCO. However, in the absence of information regarding the liability towards APSEE Master Pension and Gratuity Trust in the books of APGENCO for APSPDCL's share as on 31.03.2021, we are unable to ascertain the net liability of APSPDCL in case of any shortfall in creation of liability by AP GENCO. In the absence of such information, on prudence basis, in our opinion, employee benefit expenses of APSPDCL are understated by ₹ 6,726.57 Crores.

The company has not conducted Actuarial Valuation to determine its liability for the General/Major ailments Medical Policy Scheme. In the absence of Actuarial Valuation, we are unable to quantify the obligation and the provision is understated to this extent.

VIII. Government Grants:

Assets purchased under Government Grant Schemes are not shown separately as required under AS-12 "Accounting for Government Grants".

The contributions received from consumers and specific grants from the State/Central Governments or their agencies for creation of tangible assets are recognized as "Reserves" on receipt basis, even before the creation of the said assets. As stated in Note No. 27 Para 13 in Statement of Accounting Policies, these are amortized as per weighted average rate of depreciation on the Gross Block of assets built out of the said contributions and grants, instead of the specific assets created with the said contributions/ grants, which is contrary to AS-12. The consequential impact on the carrying value of Government Grants and Consumer Contribution, profit or loss for the year, if any, is presently not ascertainable.

IX. Borrowing Costs:

Note No. 27 Para 10, 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 ₹ 87.52 Crores (Previous Year ₹ 102.19 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 average rate of borrowing cost incurred during the previous year. However, AS-16 "Borrowing Costs" 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, Property, Plant and Equipment, depreciation and amortization and profit or loss for the year owing to above deviation from accounting standard, if any, is presently not ascertainable.



X. Cash and Cash Equivalents

The Bank Reconciliation Statements prepared by the company for the year ended 31st March, 2021 contains many outstanding unidentified entries amounting to ₹ 1.25 Crores (Board Excess) and ₹ 7.08 Crores (Bank Excess). Out of these, unidentified entries more than one year old entries are ₹ 0.95 Crores (Board Excess) and ₹ 4.50 Crores (Bank Excess) respectively. In the absence of required information, we are unable to comment upon the impact thereof on financial statements.

XI. 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.

XII. 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 AS-20 "Earnings per Share" 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.

XIII. Others:

- a. Refer Note No. 14 Para 2, company has recognized disputed amount of ₹ 518.99 crores (Previous year ₹ 539.24 Crores) as revenue up to 31st March 2021 and these amounts are considered as Good by the Company. Moreover, company has not created any provision for the said amount.
- b. Refer Note No. 27 Para 2 and Note No. 14 Para 1.3, Statement of Accounting Policies, Provision for Bad and Doubtful Debts has been modified during F.Y. 2020-21. The new accounting policy states that "Provision for Bad & Doubtful debts is made on Debtors for sale of power outstanding for a period of more than 4 years, except for receivables from Government Departments/ Government Companies and amount involved in Court Cases." As per the revised Accounting Policy, no Provision is required to be created for all court cases. However, as per AS - 9 "Revenue Recognition", when uncertainty in ultimate collection arises subsequent to revenue recognition, a provision for doubtful debts should be made to the extent of uncertain revenue. Hence, the revised accounting policy is not in accordance with AS - 9 "Revenue Recognition". The provision for bad and doubtful debts is understated by ₹ 932.78 Crores.



- c. AP Discoms had filed an appeal CA No. 4463/2015 against M/s. Lanco Kondapalli Power Ltd. with the Hon'ble Supreme Court against the order dated 12.01.2015 of Hon'ble APTEL vide appeal No. 154/14 to repay recovered amount towards liquidated damages for delay in commencement of Generation. The Hon'ble Supreme Court had dismissed the appeal and subsequently payment was made by APEPDCL and APSPDCL. However, for payments made in F.Y. 2020-21, the share of APCPDCL (of ₹ 6.59 Crores) was not bifurcated. Hence, expenditure is overstated to that extent.
- d. We report that the following accounts have not been reconciled as at 31st March 2021 and accordingly we are unable to express an opinion on the effect of said un-reconciled amounts on the Profit or Loss of the company for the year:
- Note No.8 Para 2 non-reconciliation of Inter Unit accounts to the extent of ₹ 429.31 Crores credit balance (previous year ₹ 40.14 Crores credit balance).
 - Amount appearing under "Debt Service Clearing A/c" (Refer Note 7) with a credit balance of ₹ 373.08 Crores (previous year ₹ 26.09 Crores credit balance).
- e. 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.
- f. The Company is using separate software to measure and record individual transactions of billing to Customers. These transactions are posted/uploaded into SAP on a monthly frequency by executing Transaction Codes for Demand and Collection in the case of LT customers. For HT customers, the data from Billing Software is uploaded by HT Wing of each circle office on a monthly basis. As referred in Note No. 14 Para 1.1, there is difference in Debtor Balances as per Financial Ledger and Consumer Ledger which is under reconciliation. In the absence of details and pending reconciliation we are unable to quantify the impact of misstatements on financial statements in respect of Revenue and Trade Receivables.
- g. At present, company is Accounting Power Purchase related transactions in 555 Server of SAP and on a later date transferred to 999 server. Moreover, there are no checks and controls established to check the validity of the data entered in the 999 server and periodic reconciliation of transactions recorded in 999 server with 555 Server. In the absence of Controls and documented reconciliation, we are unable to quantify the impact of misstatements on financial statements, if any, in respect of Power Purchase related transactions.



- h. Refer Note No. 26 Para 10, regarding contingent liability amounts as disclosed in respect of claims/ pending court/ arbitration/ legal/ tax cases and Capital 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 the above details, we are unable to quantify the same.

Further, the bifurcation of certain contingent liabilities (Refer Note No. 26 Para 10) into various discoms has not been carried out.

- i. Refer Note No. 26 Para 1, Balance of Trade receivables, Trade payables, Suppliers, Contractors, ICD (DISCOMs), 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.
- j. Since implementation of SAP in APPCC, opening balances were not posted in APPCC 555 client. Hence, closing balances at APPCC as on 31st March 2021 are subject to posting and reconciliation of opening balances. Further, vendor closing balances in SAP as on 31st Mar 2021 have not been reconciled with vendor files maintained in APPCC. In the absence of required information, we are unable to comment upon the impact thereof on financial statements.
- k. 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.

l. Reporting on Allegations:

- Certain allegations were levelled, while execution and procurement of Cover Conductor from M/s. Raychem-RPG Pvt. Ltd. In this regard, a writ petition (WP (PIL) No. 349/2018) had been filed before the Hon'ble High Court of A.P. to enquire into the matter. Accordingly, Commissioner of Inquiries was appointed vide G.O. Rt. No. 46 dated 15.04.2019 to enquire into the allegations. We were informed that the Commissioner of Enquiry Report is yet to be received. Hence, Company expressed their inability to furnish the detail on the above subject citing pending enquiry.
- Certain allegations were levelled, while execution and procurement of Electrostatic Energy meters from M/s. Avenir Technologies Pvt. Ltd. In this regard, a writ petition (WP (PIL) No. 65/2019) had been filed before the Hon'ble High Court of A.P. to enquire into the matter. We were informed that,



based on the report received from the Secretary to Government, Energy Department, Govt. of A.P. explanation of the officials / retired officers were called for and a report was submitted to the Secretary to Government, Energy Department, Govt. of A.P. We were informed that based on the recommendations of the DISCOM Board, a letter was addressed to the Govt. of AP which decided to withdraw its Letter dated 11.09.2020. However, the case is still pending at Hon'ble High Court of A.P.

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 transactions. However apart from the above transactions, our audit procedures have not indicated any material fraudulent transactions during the course of our Audit.

- m. Note No. 17, Other current assets include an amount of ₹ 3.61 Crores (Previous year ₹ 15.38 Crores) which is debited to employee account which represents cost of materials drawn for projects but not adjusted due to non-submission of details. The impact on the accounts is not ascertained.
- n. Note No. 17, Other current assets is overstated by ₹ 89.24 Crores (Previous year ₹ 109.18 Crores) due to non-adjustment of amount received from sale of scrap against receivables. This has also resulted in overstatement of Trade Payables (Note No. 7) by ₹ 89.24 Crores.

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Institute of Chartered Accountants of India's (ICAI) Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



The effects/possible effects of which and matters where we are unable to obtain appropriate audit evidence, individually or in aggregate, are material to the financial statements. The effects of the matters which could be reasonably determined/quantified, on the elements is tabulated as under:

Sl. No.	Description	₹ in crores		Report Ref.
		Overstated	Understated	
1	Current year cost – Cost of Power Purchase	1,273.99	635.86	I (d),(e)
2	Prior period cost – Cost of Power Purchase	635.86	1,273.99	I (d),(e)
3	Interest Expense (including Provision)		294.59	IV (c)
4	Income from Government Grant		294.59	IV (c)
5	Interest Payable on Loan (Provision)		1.95	IV (c)
6	Government Grant Receivable		1.95	IV (c)
7	Short Term Borrowings (Sale Bill Discounting)	2,347.76		IV (d)
8	Trade Payables (Sale Bill Discounting)		2,347.76	IV (d)
9	Provision for Leave Encashment		757.72	VII
10	Provision for Pension & Gratuity (including APSEE Master Trust)		5,968.85	VII
11	Employee Benefit Expenses (9+10)		6,726.57	VII
12	Disputed Amount recognized as Revenue Income	518.99		XIII (a)
13	Disputed Amount recognized as Revenue Trade Receivables	518.99		XIII (a)
14	Provision for Bad and Doubtful Debts		932.78	XIII (b)
15	Trade Receivables	932.78		XIII (b)
16	Power Purchase Cost	6.59		XIII (c)
17	Advance for Sale of Scrap	89.24		XIII (n)
18	Receivables against Scrap Sale	89.24		XIII (n)



Accordingly, the ascertainable Total Loss for the year is understated by ₹8,171.75 Crores, that is, instead of Profit of ₹ 1.59 crores as reported in the Financial Statements, the ascertainable Total Loss for the year would be ₹8,173.34 Crores. The effects / possible effects of the other qualifications are not ascertainable.

Emphasis of Matter

- We draw attention to Note 12 Para 5, as per decision of APPCC and Govt. of AP (GOAP) permission to buy out, agreement for buyout of the project dated 08.02.2016 and continuation agreement dated 22.04.2016, advance of ₹ 289.55 Crores paid by APDISCOMs to GVK Industries Ltd. As per handing over minutes dated 22.04.2016, control over plant and its assets were taken over by APDISCOMs with effect from 22.04.2016 and energy generated was shared between DISCOMs as per Power allocation Ratio decided by Govt. vide G.O.Ms.No.20 dated 08.05.2014.

APPCC in its meeting held on 19.06.2017, it was decided to handover the GVK assets/plant to APGENCO from APDISCOMs as APGENCO is in the core business of Power 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.

As GVK is not coming forward to execute sale deed and transfer of the project assets in the name of APDISCOMs/APGENCO, APEPDCL has filed a complaint vide C.C.S.R.No. 3011 before VII Addl. Judicial First Class Magistrate Court, Rajamahendravaram and the FIR was filed vide Crime No. 166 of 2021 in S.H.O. Kadiam Police station.

In this regard, as per the approval of competent authority APDISCOMs have filed petition before Hon'ble APERC as O.P.No. 59 of 2021.

- We draw attention to Note No. 21 Paras 1- 3.1: 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. The power purchases and its accounting are being carried out by APPCC and are sent to the Distribution Companies.
- We draw attention to Note No. 15 Para No. 1.1 of the financial statements, wherein a Bank account in the name of A.P. Power Distribution Companies Pool Account had been opened by all the Distribution companies jointly which is being operated by the nominees of APPCC. As this is a single account, Distribution company wise confirmation of balances are not provided by the Banker.



- The Government of Andhra Pradesh issued G.O.Ms. No. 41 dated 05.12.2019 for division of APSPDCL into APSPDCL and APCPDCL. The companies got bifurcated w.e.f. 01.04.2020. However, the GST returns filed by APSPDCL for the period 01.04.2020 to 31.12.2020 included turnover of APCPDCL as well. The GST paid by APSPDCL on behalf of APCPDCL would be recovered from APCPDCL.
- We draw attention to Note No. 26 Para No. 2.1 of the financial statement in which the Company describes the impact arising from the COVID-19 Pandemic.

Our Opinion is not modified in respect of these matters.

Other Matter

During the year, certain Government Schemes were carried out by the company, which include The Integrated Power Development Scheme (IPDS), Deen Dayal Upadhyaya Gram Jyoti Yojana (DDGYJ) and World Bank 24x7 Power for All Schemes. The IPDS and DDGYJ Schemes have been audited by other auditors whose report has been furnished to us by the management. However, the report for World Bank 24x7 Power for All Scheme is yet to be furnished to us.

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 are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting 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 SA's 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 SA's, 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 Act, 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.


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 section 143(11) 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 Act, on the basis of verification 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 Act, 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, AS-28 and AS-29.
- 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 from 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:
- The Company has disclosed pending litigations which would impact its Financial Statements as referred in Note No 26 Para 10 of the Financial Statements, except for the matters described in the Basis for Qualified Opinion.
 - The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Basha & Narasimhan
Chartered Accountants
Firm's Registration No.: 006031S


K. Narasimha Sah
Membership No. 201777
ICAI UDIN: 21201777AAAABA6490



Place: Tirupati
Date: 02-10-2021



Annexure A to the Auditors' Report

Annexure to the Auditor's Report for the year ended 31st March, 2021

(As referred to in Paragraph 1 in Report on other Legal and Regulatory Requirements of our report of even date to the Members of The Southern Power Distribution Company of Andhra Pradesh Limited on the financial statements for the year ended 31st March, 2021)

- i. (a) The Company has to maintain proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and updation of data in SAP. However, the said details are not available for certain unidentified Property, Plant and Equipment transferred from TSSPDCL (formerly APCPDCL) occasioned by AP State bifurcation (pertaining to Kurnool and Ananthapuramu circles).
- (b) We were informed that the Property, Plant and Equipment 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 of 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 inventory verification in all locations once in a year. As explained to us, 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) to (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,

(a) The company has not given any loans and advances to the parties covered under Section 185 of the Act. Thus, there is no noncompliance of provisions of Section 185.

(b) The company has not given any loans and guarantees or providing any 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 the Act.

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 Act. 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, Goods and Service Tax (GST) 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. However, Electricity Duty is not being paid by the Company and outstanding Electricity Duty payable as on 31.03.2021 is ₹ 387.75 Crores.

(b) Due to Mismatch of data in Quarterly TDS returns, demand has been received from the concerned ITO (TDS) for which necessary corrective action has to be taken. The aggregate amount of such TDS defaults is ₹ 0.04 Crores.



Tax disputes with various authorities:

According to the records of the company dues on account of any dispute with respect to Goods and Service Tax, Income Tax, Sales Tax, Value Added Tax, Customs Duty, Excise Duty, Service Tax, Entry Tax, Cess and the particulars are furnished below:

Nature of Statute	Nature of Dues	Period to which the amount relates / Subject	Disputed Demand* (₹ In crores)	Forum where dispute is pending
AP Entry Tax Act, 2001	Entry Tax	2002-03 / Entry Tax on Purchase of Goods	2.00	Honourable High Court of A.P.
AP Entry Tax Act, 2001	Entry Tax	2003-04 / Entry Tax on Purchase of Goods	2.69	Honourable High Court of A.P.
AP Entry Tax Act, 2001	Entry Tax	2004-05 / Entry Tax on Purchase of Goods	4.86	Honourable High Court of A.P.
AP Entry Tax Act, 2001	Entry Tax	2005-06 / Entry Tax on Purchase of Goods	3.01	Honourable High Court of A.P.
AP Entry Tax Act, 2001	Entry Tax	2006-07 / Entry Tax on Purchase of Goods	1.18	Honourable High Court of A.P.
AP Entry Tax Act, 2001	Entry Tax	2007-08 / Entry Tax on Purchase of Goods	0.09	Honourable High Court of A.P.
AP Entry Tax Act, 2001	Entry Tax	2010-11 / Entry Tax on Purchase of Goods	0.72	Honourable High Court of A.P.
AP Entry Tax Act, 2001	Entry Tax	2011-12 / Entry Tax on Purchase of Goods	0.56	Honourable High Court of A.P.
AP Entry Tax Act, 2001	Entry Tax	2012-13 / Entry Tax on Purchase of Goods	0.85	Honourable High Court of A.P.
AP Entry Tax Act, 2001	Entry Tax	2013-14 / Entry Tax on Purchase of Goods	1.25	Honourable High Court of A.P.
AP Entry Tax Act, 2001	Entry Tax	2014-15 / Entry Tax on Purchase of Goods	18.64	Honourable High Court of A.P.
AP Entry Tax Act, 2001	Entry Tax	2015-16 / Entry Tax on Purchase of Goods	26.85	Honourable High Court of A.P.
AP Entry Tax Act, 2001	Entry Tax	2016-17 / Entry Tax on Purchase of Goods	22.47	Honourable High Court of A.P.
AP Entry Tax Act, 2001	Entry Tax	2017-18 / Entry Tax on Purchase of Goods	3.15	Honourable High Court of A.P.
VAT Act, 2005	Value Added Tax (VAT)	2007-08 to 2011-12 / VAT on Presumptive Sale of Meters	32.11	Honourable High Court of A.P.
VAT Act, 2005	Value Added Tax (VAT)	2012-13 to 2013-14 / VAT on Presumptive Sale of Meters	16.11	Honourable High Court of A.P.
VAT Act, 2005	Value Added Tax (VAT)	2014-15 to 2016-17 / VAT on Presumptive Sale of Meters	45.10	Honourable High Court of A.P.
Income Tax Act, 1961	Tax Deducted at Source (TDS)	2007-08 to 2009-10 TDS on Lease Payments	0.38	Assessing Officer (AO)
Income Tax Act, 1961	Tax Deducted at Source (TDS)	2007-08 to 2009-10 Interest on Delayed TDS	4.67	Honourable High Court of A.P.
Finance Act, 1994	Service Tax	Non-Remittance of Service Tax in Estimates	4.62	Honourable CESTAT, Hyderabad
Finance Act, 1994	Service Tax	Service Tax on Wheeling Charges, Cross Subsidy Charges etc.	10.72	Honourable CESTAT, Hyderabad
TOTAL			202.03	

* Certain disputed amounts include share of APCPDCL prior to bifurcation on 01.04.2020.



Nature of Statute	Nature of Dues	Period to which the amount relates / Subject	Amount in Dispute* (₹ In crores)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2009-10 to 2014-15 Grants & Consumer contributions	958.90	Honourable High Court of A.P.
Income Tax Act, 1961	Income Tax	AY 2017-18 Grants & Consumer contributions	406.37	CIT (Appeals), Tirupati
Income Tax Act, 1961	Income Tax	AY 2018-19 Grants & Consumer contributions and Excess Contribution to Provident Fund or Superannuation Fund	405.91	CIT (Appeals), Tirupati
TOTAL			1771.18	

* Certain disputed amounts include share of APCPDCL prior to bifurcation on 01.04.2020.

- 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 Ananthapuramu & 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 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 those mentioned in Para XIII (I) of our Independent Auditor's Report.
- 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 transactions.
- xi. Since Government Company is exempted from the provisions of section 197 of the Act, 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 the Act, 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, the company has not entered into any non-cash transactions with directors or persons connected with them. 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, 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
Date: 02-10-2021

For Basha & Narasimhan
Chartered Accountants
Firm's Registration No.: 006031S


K. Narasimha Sah
Membership No. 201777
ICAI UDIN: 21201777AAAABA6490



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, 2021)

As required by section 143(5) of the Act, 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:

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

- 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 are posted/uploaded into SAP on a monthly frequency by executing Transaction Codes for Demand and Collection in the case of LT customers. For HT customers, the data from Billing Software is uploaded by HT Wing of each circle office on a monthly basis. The differences between Financial ledger (SAP) and Consumer ledger (Billing Software) is yet to be reconciled.

Further, at present, company is Accounting Power Purchase related transactions in 555 Server of SAP and on a later date uploading the data to 999 server. Moreover, there are no checks and controls established to check the validity of the data and there are no periodic reconciliation of transactions.

The above-mentioned differences are subject to reconciliation. Hence, we are unable to comment upon the impact thereof on financial statements.



- 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 and on the basis of our verification of the records, 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 funds received / receivable for specific schemes from central/state agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation

During the year, certain Government Schemes were carried out by the company, which include The Integrated Power Development Scheme (IPDS), Deen Dayal Upadhyaya Gram Jyoti Yojana (DDGYJ) and World Bank 24x7 Power for All Schemes. The IPDS and DDGYJ Schemes has been audited by other auditors whose report has been furnished to us by the management. However, the report for World Bank 24x7 Power for All Scheme is yet to be furnished to us.

According to the information and explanation given to us and on the basis of our verification of the records, 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 basis with the Scheme in the books of account.

Place: Tirupati
Date: 02-10-2021

For Basha & Narasimhan
Chartered Accountants
Firm's Registration No.: 006031S


K. Narasimha Sah
Membership No. 201777
ICAI UDIN: 21201777AAAABA6490



Annexure C to the Auditors' Report

Annexure to the Independent Auditor's Report of even date on the financial statements of Southern Power Distribution Company of Andhra Pradesh Limited.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.

We have audited the internal financial controls over financial reporting of Southern Power Distribution Company of Andhra Pradesh Limited. ("the Company") as of March 31st, 2021 in conjunction with our audit of the 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 ICAI. 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 Act.

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, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls.

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 control 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 controls 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 controls 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 controls 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 controls 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 weaknesses have been identified as at 31st March, 2021:

- 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 records and impairment testing of Property, Plant & Equipment and Capital work-in progress (CWIP).
- The Company did not have an appropriate internal financial control system for physical verification of items of Property, Plant & Equipment and Capital work-in progress (CWIP) of the company at various Divisions, Circles and Corporate Office at reasonable intervals and adjustment of material discrepancies noticed during such verification.
- Further, internal control system over capitalization of value, manner of capitalization and allocation of employee cost, finance cost, administrative cost and general expenses is not adequate and has been done on ad-hoc 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 in the value of Company's Property, Plant & Equipment, CWIP, depreciation and expenses.
- 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 timely capitalization of Property, Plant & Equipment as and when the same is ready for use, due to delayed issuance of work completion certificate by the engineering department. This could potentially result in under-capitalization of Property, Plant & Equipment and lower charge of depreciation.
- The Company did not have an appropriate internal financial control system on Accounting of assets which are replaced/discarded/dismantled.
- 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, assumption for provision for bad and doubtful debts, matching of Sundry Debtors Collection accounts and maintenance of details/adjustment of advance consumption charges against temporary connections



could be strengthened further. 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. are not operating effectively. 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 could be further strengthened. There is significant difference between the units of energy purchased and sold, which indicate that internal control over billing and theft prevention/detection needs improvement. These material weaknesses have 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 555 server of SAP which are uploaded to 999 server at month end. There are no sufficient checks and balances on these uploaded data. This results in lack of Audit trail 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 posting/upload of data from Billing Software to SAP can be further strengthened. There are no sufficient checks and balances on these uploaded data. This could potentially result in misstatement in Company's Trade receivables and revenue from sale of power.
- Documentation and risk control matrix (RCM) for the internal financial controls followed by the entity is not maintained.
- The evidence showing Information Technology General Controls (ITGCs), viz. Change Management controls, Access controls and SOD control validations and review documentation were not available. Further, there is no documentation available for the input controls in SAP in respect of capturing data and recording of transaction, access control system, disaster data recovery review validation. In absence of the above said evidence we are unable to conclude whether ITGCs are operating effectively throughout the year. Independent System audit on SAP implementation is not carried out since Go-Live of the Project.
- There is no specific reporting format for the Internal Audit reports and the system of follow up for the long pending unattended audit paras and compliances for the audit observations has to be improved.



- 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 date of receipt of bill/cut-off date and not at the time when actual services and/or goods are received. These material weaknesses could potentially result in misstatement of expenses, assets and liabilities.

As informed to us, the Company has recently formed Internal Financials Control Committee to strengthen the deficiencies in the effectiveness and adequacy of internal controls. The Committee should address the above mentioned points on priority basis.

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-check 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 tracking of gaps 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 ICAI. 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 31st March, 2021.


In our opinion, with the 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 31st, 2021. The Company is yet to establish its internal financial control over financial reporting considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI.

We have also audited, in accordance with the Standards on Auditing issued by ICAI, as specified under Section 143(10) of the Act, the financial statements of the Company, which comprise the Balance Sheet as at March 31st, 2021, 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 31st March, 2021 financial statements of the Company and this report affect our report on financial statements, which expressed a qualified opinion on those financial statements.

For Basha & Narasimhan
Chartered Accountants
Firm's Registration No.: 006031S


K. Narasimha Sah
Membership No. 201777
ICAI UDIN: 21201777AAAA6490



Place: Tirupati
Date: 02-10-2021



महालेखाकार (लेखापरीक्षा) का कार्यालय
आंध्र प्रदेश
Office of the Accountant General (Audit)
Andhra Pradesh

Lr. No. AG(Audit)/AP/TSC(PSUs)/AMG-II/AA/APSPDCL/2021-22/151 Date: 29-12-2021

To
The Chairman and Managing Director
Southern Power Distribution Company of Andhra Pradesh Limited
Vidyut Nilayam,
19-13-65/A,
Keshavayanagunta, Tirupthi
517501

Sir,

Sub: Comments on the Annual Accounts of Southern Power Distribution Company of Andhra Pradesh Limited for the year 2020-21.

1. I am to forward herewith 'NIL' comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 financial statements of your Company for the year ended 31 March 2021 for necessary action.
2. The date of placing of 'NIL' comments along with financial statements and Auditors' Report before the shareholders of the Company may please be intimated and a copy of the proceedings of the meeting furnished.
3. The date of forwarding the annual report for year ended 31 March 2021 and financial statements of the Company together with the Auditors Report and 'NIL' comments of the Comptroller and Auditor General of India to the State Government for being placed before the Legislature may also be intimated.
4. Five copies of the annual report for the year ended 31 March 2021 may be furnished in due course.
5. The receipt of this letter along with enclosures may please be acknowledged.

Yours faithfully,

Deputy Accountant General/AMG-II

Encl: As Above

ANNEXURE -I

**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 ANDHRA PRADESH LIMITED FOR THE YEAR ENDED
31 MARCH 2021.**

The preparation of financial statements of Southern Power Distribution Company of Andhra Pradesh Limited For the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) 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 02.10.2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Southern Power Distribution Company of Andhra Pradesh Limited for the year ended 31 March 2021 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.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

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

Hema

Place: Vijayawada
Date: 29-12-2021

Accountant General/Audit