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## SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

### BOARD OF DIRECTORS:

SRI G. RAGHUMA REDDY

SRI C.SRINIVA SA RAO, IRAS

SRI T.SRINIVAS

SRI K.M.NAGENDER

SRI G S RAM MOHAN RAO

SRI S. SUBRAHMANYAM

CHAIRMAN & MANAGING DIRECTOR

DIRECTOR/FINANCE & P&MM

DIRECTOR/PROJECTS

DIRECTOR/OPERATIONS

DIRECTOR(NON WHOLE TIME)

DIRECTOR(NON WHOLE TIME)

### AUDIT COMMITTEE:

SRI G.S.RAM MOHAN RAO

SRI T.SRINIVAS

CHAIRMAN AUDIT COMMITTEE

MEMBER

MEMBER

### AUDITORS:

M/s. SHARAD & ASSOCIATES  
CHARTERED ACCOUNTANTS

### COMPANY SECRETARY:

SMT. K. SUJATHA

### BANKERS:

STATE BANK OF HYDERABAD

STATE BANK OF INDIA

ANDHRA BANK

SYNDICATE BANK

BANK OF INDIA

INDIAN OVERSEAS BANK

### REGD OFFICE:

D.No.6-1-50,

MINT COMPOUND,

LAKDIKAPUL,

HYDERABAD.



## SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

### NOTICE

To  
The Members of the Company

**NOTICE IS HEREBY GIVEN THAT THE 14<sup>th</sup> ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON 25<sup>th</sup> SEPTEMBER 2014, AT 11.00 AM AT THE REGISTERED OFFICE OF THE COMPANY AT 6-1-50, MINT COMPOUND, HYDERABAD TO TRANSACT THE FOLLOWING BUSINESS:**

#### **Ordinary Business:**

1. To receive consider and adopt the Audited Profit and Loss Account for the period ended 31-3-2014 and Balance Sheet as on 31-3-2014 along with Directors Report, Statutory Auditors Report and Comments of Comptroller and Auditor General of India, thereon.
2. To take note of the appointment of Statutory Auditors for the financial year 2014-15 under the provisions of Sec.139(5) of Companies Act, 2013 by Comptroller and Auditor General of India and fix the remuneration of Statutory Auditors for the Financial Year 2014-15.

“RESOLVED THAT pursuant to the provisions of Sec 142(1) and other applicable provisions of Companies Act, 2013 the Board of Directors be and are hereby authorized to fix the remuneration payable to Statutory Auditors M/s. Sharad & Associates, Chartered Accountants for the financial year 2014-15.”

BY THE ORDER OF THE BOARD OF DIRECTORS OF  
SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED.

SD/-

**K. SUJATHA**

Date: 03.09.2014

COMPANY SECRETARY

**Note:** A member entitled to attend and vote in person or by proxy.



## SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED [formerly Central Power Distribution Company of Andhra Pradesh Limited]

### DIRECTORS' REPORT

The Directors of your Company have great pleasure in presenting the 14<sup>th</sup> Annual Report of the Company, together with the Audited Accounts for the Financial Year ended on 31<sup>st</sup> March, 2014.

As per the AP Reorganisation Bill, 2013, your Company falls under the jurisdiction of State of Telangana. As per the Bill two circles have been allocated to the State of Andhra Pradesh. The Company with effect from 2.06.2014 covers five districts of Telangana. The name of the Company has been changed to Southern Power Distribution Company of Telangana Limited to reflect the State of Telangana.

The summarized financial results of the Company for the year ended on 31<sup>st</sup> March, 2014 and for the previous year are as follows:

#### FINANCIAL RESULTS

During the year under review, the Company could earn an aggregate income of ₹ 17061.44 crores. The financial performance of the Company is as follows:

| S.No | Particulars                             | 2013-14<br>(₹ .in Crores) | 2012-13<br>(₹ .in Crores) |
|------|---|---------------------------|---------------------------|
| 1.   | Revenue from Sale of Power              | 14,120.49                 | 11,185.62                 |
| 2.   | FSA                                     | —                         | 1666.67                   |
| 3.   | Revenue from Subsidies and Grants       | 1,627.49                  | 1,778.88                  |
| 4.   | Other Income                            | 1,089.92                  | 1,068.73                  |
| 5.   | Withdrawal of Depreciation on CC Assets | 223.54                    | 198.22                    |
|      | <b>Total Income</b>                     | <b>17,061.44</b>          | <b>15,898.12</b>          |
| 6.   | Power Purchase Cost                     | 15,255.51                 | 15,235.31                 |
| 7.   | Employee Benefit expense                | 852.72                    | 766.15                    |
| 8.   | Operation and Other Expenses            | 369.36                    | 340.26                    |
| 9.   | Interest and Finance Charges            | 1,000.61                  | 1,181.64                  |
| 10.  | Depreciation                            | 507.54                    | 452.79                    |

Cont...

| S.No | Particulars                     | 2013-14<br>(₹ .in Crores) | 2012-13<br>(₹ .inCrores) |
|------|---------------------------------|---------------------------|--------------------------|
| 11.  | Other Expenses                  | 3.77                      | 0.53                     |
| 12.  | FSA Written off                 | —                         | 948.17                   |
| 13.  | Fixed Assets RESCOs- Write Off  | —                         | 17.17                    |
| 14.  | FSA and Other Provisions        | —                         | 901.17                   |
| 15.  | Provision for Govt. Receivables | —                         | 3,877.87                 |
|      | <b>Total Expenses</b>           | <b>17,989.51</b>          | <b>23,721.06</b>         |
| 16.  | Profit/(Loss) Before Tax        | (928.07)                  | ( 7,822.94)              |
| 17.  | Provision for Income Tax        | —                         | —                        |
| 18.  | Deferred Tax Income Provision   | 116.83                    | 104.65                   |
|      | <b>Net Profit/(Loss)</b>        | <b>(811.24)</b>           | <b>(7,718.29)</b>        |

The Net Loss of the Company as on 31.03.2014 is ₹ 811.24 crores and the net worth of Company as on 31.03.2014 is showing a negative balance of ₹ 5962.37 crores. The losses are recoverable through true-up mechanism in Tariffs of ensuing years.

#### FINANCIAL RESTRUCTURING:

The company is covered under the Financial Restructuring Package 2012 of Government of India issued vide Office Memorandum No. 20/11/2012- APDRP, Ministry of Power. In accordance with the package the State Government had agreed to assume the liability to the extent of ₹ 8,600 crores as on 31.03.2013 incurred by four distribution companies on account of expensive power purchase, by way of guarantee bonds which will become Government bonds in next few years. The Government of Andhra Pradesh was communicated the same vide G.O. MS. No. 62 DT.14.11.2013. The liability of the Company is to the extent of ₹ 4033.54 crores. This would take care of the short term borrowings of the Company towards expensive power. The Company has issued bonds to the extent of ₹ 2,809.75 crores and the short terms loans to the extent of ₹ 1,223.79 crores were restructured.

The infrastructure of the Company as on 31.03.2014 is as follows:

| S.No. | Particulars               | Quantity     |
|-------|---------------------------|--------------|
| 1.    | 33/11 KV Substations      | 1558 Nos     |
| 2.    | Power Transformers        | 2420Nos      |
| 3.    | Distribution Transformers | 3,49,635 Nos |
| 4.    | 33KV Feeders              | 871 Nos      |
| 5.    | 11KV Feeders              | 6,132 Nos    |

### BOARD OF DIRECTORS:

The Board of Directors of the Company as on the date of this report is as follows:

| S.No | Name of the Director      | Designation   |
|------|---------------------------|---|
| 1.   | Sri G. Raghuma Reddy      | Director/ Comml and Chairman & Managing Director[FAC] |
| 2.   | Sri C.Srinivasa Rao, IRAS | Director/ Finance and P&MM                            |
| 3.   | Sri T.Srinivas            | Director/Projects & HRD                               |
| 4.   | Sri K.M.Nagender          | Director/Operations                                   |
| 5.   | Sri S.Subrahmanyam        | Director(Non-whole time)                              |
| 6.   | Sri G.S Rama Mohan Rao    | Director(Non-whole time)                              |

### CHANGES IN BOARD SINCE LAST REPORT [26.12.2013]:

- ♦ Sri S.A.M.Rizvi, IAS ceased to be Chairman & Managing Director/APCPDCL vide G.O.RT.No. 221 General Administration(SC-.A) Department, dt. 18.07.2014.
- ♦ Sri C. Srinivasa Rao was appointed as Director/Finance on 25.01.2014 as per G.O.Ms.No.5, Energy Power III dt:25.01.2014
- ♦ Sri G. S Rama Mohan Rao was appointed as Non whole time Director as a representative of Finance Department vide G.O.Rt.No.5 Energy (HR A2) Department dt.27.06.2014 in place of Sri A Sudhakar
- ♦ Sri A Sudhakar was nominated on the Board as Non whole time Director in place of Smt Pushpa Subrahmanyam, IAS as per G.O Rt. No.3639, Finance(OP-I) Dept. dt.11.10.2013.

| S.No. | Name of the Director          | Designation                  | Date of Change                                      |
|-------|-------------------------------|------------------------------|---|
| 1.    | Sri S.A.M.Rizvi, IAS          | Chairman & Managing Director | Appointed on 30.06.2013<br>Ceased on 19.07.2014     |
| 2.    | Sri C.Srinivasa Rao, IRAS     | Director/Finance and P & MM  | Appointed on 25.01.2014                             |
| 2.    | Sri G.S.Rama Mohan Rao        | Director (Non-whole time)    | Appointed on 02.07.2014                             |
| 3.    | Sri A.Sudhakar                | Director (Non-whole time)    | Appointed on 03.12.2013<br>and Ceased on 02.07.2014 |
| 4.    | Smt. Pushpa Subrahmanyam, IAS | Director (Non-whole time)    | Appointed on 28.07.2011<br>and Ceased on 03.12.2013 |
| 5     | Sri K.Venkata Narayana        | Director/HRD                 | Appointed on 05.02.2010<br>and Ceased on 04.02.2014 |

- ♦ Sri K Venkatanaryana, Director/HRD has ceased to be Director on completion of his tenure on 04.02.2014

### BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2013-14:

Board Meetings are held regularly and decisions taken in the best interests of the Company. During the Financial Year 2013-2014, Eight (8) Meetings of the Board of Directors were held on the following dates:

| S.No. | Dates of Board Meeting |
|-------|------------------------|
| 1.    | 24.05.2013             |
| 2.    | 28.09.2013             |
| 3.    | 16.11.2013             |
| 4.    | 19.12.2013             |
| 5.    | 23.12.2013             |
| 6.    | 16.01.2014             |
| 7.    | 28.01.2014             |
| 8.    | 19.02.2014             |

### COMPOSITION:

The composition of the Board of Directors of the Company communicated by Government vide G.O.Ms,No.19 Energy (Power.III) Department, dt.14.05.2012 is functional directors including Chairman & Managing Director is six and three non-whole time directors. The Directors are nominated by Government of Telangana as per Article 30(d) of Articles of Association.

The table below gives the details of Composition and category of Directors and participation during the Financial Year 2013-14:

| Directors   | Category of Directors | No. of Board Meetings Held | Meetings Attended | Remarks                 |
|---|-----------------------|----------------------------|-------------------|-------------------------|
| Sri V. Anil Kumar, IAS<br>Chairman & Managing Director  | CMD                   | 8                          | 1                 | Ceased on 30.06.2013    |
| Sri SAM Rizvi, IAS<br>Chairman & Managing Director  | CMD                   | 8                          | 8                 | Ceased on 18.07.2014    |
| Sri G. Raghuma Reddy<br>Director/ Comml and Chairman and<br>Managing Director [FAC]             | WTD                   | 8                          | 8                 |                         |
| Sri P. Rajagopal Reddy<br>Director/ Finance & P&MM  | WTD                   | 8                          | 2                 | Ceased on 01.11.2013    |
| Sri K. Venkata Narayana<br>Director /HRD  | WTD                   | 8                          | 7                 | Ceased on 04.02.2014.   |
| Sri C. Srinivas Rao, IRAS   | WTD                   | 8                          | 2                 | Appointed on 25.01.2014 |
| Sri T. Srinivas<br>Director/ Projects and HRD   | WTD                   | 8                          | 7                 |                         |
| Sri K. M. Nagender  | WTD                   | 8                          | 1                 |                         |
| Sri A. Sudhakar   | NWD                   | 8                          | 2                 |                         |
| Sri S. Subrahmanyam<br>Director/ Transmission/ APTRANSCO  | NWD                   | 8                          | 6                 |                         |
| * CMD- Chairman & Managing Director<br>WTD- Whole time Director<br>NWD- Non-whole time Director |                       |                            |                   |                         |

#### DATES OF LAST THREE ANNUAL GENERAL MEETINGS HELD:

| For the year | Venue   | No. of the Meeting | Date       | Time     |
|--------------|---|--------------------|------------|----------|
| 2011         | Corporate Office, 6-1-50,<br>Mint Compound, Hyderabad | 11th               | 29.09.2011 | 4.00 PM  |
| 2012         | Corporate Office, 6-1-50,<br>Mint Compound, Hyderabad | 12th               | 28.09.2012 | 12.00 PM |
| 2013         | Corporate Office, 6-1-50, Mint<br>Compound, Hyderabad | 13th               | 26.12.2013 | 2.00 PM  |

### CONSTITUTION OF AUDIT COMMITTEE:

In compliance with the provisions of Section 177 of Companies Act, 2013 (as amended), Audit Committee constituted by the Company consists of the following members.

| S.No | Name of the Director | Designation   |
|------|----------------------|---|
| 1.   | Sri S.Subrahmanyam   | Chairman of Audit Committee<br>(Non whole time Director)  |
| 2.   | Sri A.Sudhakar       | Member Audit Committee<br>(Non whole time Director) who was replaced by<br>Sri G S Rama Mohan Rao on 02.07.2014 |
| 3.   | Sri T.Srinivas       | Member Audit Committee Director/Projects and HRD  |

The Audit Committee was reconstituted due to the change in the position of Non-whole time Directors in the financial year 2013-14. Smt.Pushpa Subrahmanyam, IAS was nominated as a Chairman of Audit Committee in place of Sri K.Ranganatham, who has ceased to be Director of the Company on completion of his tenure and Sri S.Subrahmanyam was nominated as a Member of Audit Committee in place of Sri C.Chenna Reddy, who has ceased to be Director of the Company.

Sri S Subrahmanyam was nominated as a Chairman of Audit Committee in place of Smt.Pushpa Subrahmanyam, IAS, whose nomination has been withdrawn and Sri A Sudhakar was nominated in her place. Later the Finance Department as nominated Sri G.S.Ramamohan Rao in place of Sri A.Sudhakar on 02.07.2014 and Sri T Srinivas Director/Projects and HR was nominated as a Member of Audit Committee in place of Sri K Venkatanarayana.

The Audit Committee met Five times during the financial year 2013-14. The Annual Accounts for the year 2013-14 were reviewed by Audit Committee in its meeting held on 25.07.2014.

| Directors         | No. of Audit Committee Meetings Held | Meetings Attended | Remarks   |
|-------------------|--------------------------------------|-------------------|---|
| Sri K.Ranganatham | 5                                    | 0                 | Smt. Pushpa Subrahmanyam, IAS was nominated as Non-whole time Director in his place on 28.09.2013 |

Cont...

| Directors                     | No. of Audit Committee Meetings Held | Meetings Attended | Remarks  |
|-------------------------------|--------------------------------------|-------------------|--|
| Sri C.Chenna Reddy            | 5                                    | 1                 | Sri S.Subrahmanyam was nominated as Non-whole time Director in his place on 28.09.2013 |
| Sri K.Venkata Narayana        | 5                                    | 2                 | Sri T Srinivas was nominated in his place on 16.11.2013                                |
| Sri S.Subrahmanyam            | 5                                    | 4                 |  |
| Sri A.Sudhakar                | 5                                    | 1                 | Nominated in place of Smt. Pushpa Subrahmanyam, IAS                                    |
| Sri T.Srinivas                | 5                                    | 3                 |  |
| Smt. Pushpa Subrahmanyam, IAS | 5                                    | 0                 |  |

### AUDITORS OF THE COMPANY:

#### Satutory Auditor:

M/s Sharad & Associates, Chartered Accountants were appointed by Comptroller and Auditor General of India(C&AG) as the Statutory Auditors of the Company for the financial year 2013-14.

#### Cost Auditor:

M/s. Narasimha Murthy & Co, Cost Accountants were appointed as Cost Auditors of the Company for the financial year 2013-14.

#### Replies of Management to Audit Queries:

The replies to the queries of statutory auditor on annual accounts for the F.Y.2013-14 are enclosed as Annexure – 'A' and Annexure – 'B' to this report.

### HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS:

Your Company has given due importance to human resource development and follows the best HR Practices to build competence by way of training to improve the skills in a competitive and sustainable manner. The employee relations in the Company continue to be cordial and supportive.



## **TRAINING:**

In order to optimize contribution of the employees to the Company's business and operations, your Company is imparting necessary in-house and external training.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:**

The information in accordance with the provisions of Section 134(3)(m) of Companies Act, 2013 read with Companies Accounts Rules 2014, regarding conservation of energy, foreign exchange earning and outgo, is not furnished as they are not applicable to the Company.

### **Technology Absorption:**

The Company has been taking steps for reduction of losses and better customer services using information and technology. The Company has undertaken implementation of Smart Grid Pilot project to improve power reliability, quality, accurate billing and efficiency of the existing network. The pilot project has been undertaken on one 11KV feeder covering 40 consumers. The smart meters installed have enabled the Company to capture the entire real time data of consumers. These meters are enabling to identify the pilferages and control them. Based on the performance three more DTRs and feeders are being brought under the smart meters.

Apart from the above the Company is also undertaking the strengthening of net work under R-APDPRP and also implementing various IT initiatives such as DMS, SCADA, GIS Asset mapping and consumer indexing, Automatic Meter Reading.

## **PARTICULARS OF EMPLOYEES DRAWING SALARY MORE THAN PRESCRIBED LIMITS**

There are no employees drawing salary in excess of the limits prescribed under Company (Particulars of Employee) Rules, 1976.

### **DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors of your Company has met Eight times during the financial year 2013-14.

In accordance with Sec 134(5) of the Companies Act, 2013, the Directors of the Company hereby state that:

- (a) The Annual Accounts are prepared as per applicable accounting standards.
- b) The Accounting policies have been selected and were applied consistently and judgments and estimates that are reasonable and prudent were made, so as to give a true and fair view of state of affairs of the Company as at the end of the financial year 31<sup>st</sup> March, 2014 and of

the profit and loss of the Company for the year 2013-14. The rates of depreciation were adopted as per the Gazette notifications issued by the Ministry of Power, Government of India from time to time.

- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding assets of the Company; and preventing and detecting fraud and other irregularities.
- (d) The Annual Accounts are prepared on a going concern basis.
- (e) A proper system has been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

### **ACKNOWLEDGEMENTS:**

The Directors gratefully acknowledge the support extended by various agencies involved in the operations of the Company, including financial institutions. The Board of Directors wishes to place on record its sincere appreciation for the all round co-operation and contributions made by the officers and staff of the Company.

For and on behalf of the Board of TSSPDCL,

Place: Hyderabad

G Raghuma Reddy

Date: 25/09/2014

Chairman and Managing Director



## **Annexure A to the Directors' Report**

### **A. Company's Replies to the Auditors Qualifications / Reservations**

#### **To the Members of**

#### **Southern Power Distribution Company of Telangana Limited (Formerly Central Power Distribution Company of Andhra Pradesh Limited)**

#### **Report on financial statement**

1. We have audited the accompanying Financial Statements of Southern Power Distribution Company of Telangana Limited (Formerly Central Power Distribution Company of Andhra Pradesh Limited), ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the 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.

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

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

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

relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

| <b>STATUTORY AUDITORS' REPORT</b>   | <b>COMPANY'S REPLY</b>   |
|---|--|
| <b>6. Basis for Disclaimer Opinion</b>  |  |
| <p><b>i. PURCHASE OF POWER:</b></p> <p>In Terms of GO. Ms. 53, Energy (Power III), April 28, 2008, more specifically defined in the Note No. 4 of Notes forming part of Financial Statements the Government of Andhra Pradesh has reallocated the power sharing among the all DISCOM's with retrospective effect from June 9, 2005, however no adjustments are carried out for the transactions already incorporated in the books of accounts till March 31, 2008 at the original ratio of allocation. The impact of such revision, if any, on the power purchase and its corresponding liabilities/receivables could not be ascertained.</p> | <p>Regarding ratio of reallocation of Power with prospective effect, request has been made to the Govt. of AP. by APPCC.</p> |
| <p><b>ii. BALANCES CONFIRMATION</b></p> <p>The Company has not obtained confirmations of balances from Sundry Creditors, Loans &amp; Advances, Current Liabilities and receivables. Balances under these heads are subject to reconciliation and review. The impact, if any that may result on reconciliation and review of the balances under various heads in</p>   | <p>The Company is in the process of obtaining confirmation of balances.</p>  |

|   |   |
|---|---|
| <p>Assets and Liabilities could not be determined.</p>  |   |
| <p><b>iii. Un-reconciled Balances</b></p>   |   |
| <p>a. Balances with Scheduled Banks in current accounts include un-reconciled items and there are unidentified credits in the bank accounts to the tune of ₹7.62 crores (Previous year ₹2.85 crores). Similarly, Inter Unit Accounts (Circles) remain un-reconciled with a balance of ₹7.29 Crores (Previous Year ₹2.49 Crores). The impact of these on the Loss and Assets &amp; Liabilities could not be ascertained.</p> <p>b. The balance from APSEE Master P &amp; G Trust amounting to ₹45.03 Crores (Previous year ₹43.72 Crores) is not reconciled nor the balance conformation obtained</p> <p>c. The company has not identified various creditors under Resco's liability which are long outstanding and un-reconciled.</p> | <p>The reconciliation will be done during the FY 2014-15.</p>   |
| <p><b>iv. Compliances To MSME Act, 2006</b></p>   |   |
| <p>Note No. 32 to the Financial Statements, the Company has not completed the process of collecting the information relating the Small and Micro units rendering service or supplying goods to the Company. Hence we are unable to determine whether there was delay in making payment to such entities and thus interest for such delay as required under MSME Act, 2006, thus we are unable to ascertain the impact on the loss and liabilities of the company.</p>   | <p>The Company is in the process of identifying the Micro, Small and Medium Enterprises as defined under "The Micro, Small and Medium Enterprises Development Act, 2006". However, the Company is prompt in making payments to all Enterprises as per Purchase Order terms.</p> |

|  |   |
|--|---|
| <p><b>v Inter Corporate Deposits</b></p>   |   |
| <p>During the year Company has credited a sum of ₹.2.20 Crores representing settlement/ reconciliation of Inter Corporate Deposits among DISCOMs in consultation with APPCC as at 31.03.2010. In our opinion these settlements were arrived at without reviewing the substance of the transactions entered into prior to 31.03.2010 and accordingly loss and Current Liabilities have been understated by ₹ 2.20 Crores.</p>   | <p>ICDs were reconciled upto 31st March 2014. ICDs upto 31st March 2010 were taken as a base for reconciliation, in this process we could understand that some entries were not journalized in the books of DISCOMS which were now taken into duly reconciling and accepted by other DISCOMs and the same was certified by Internal Auditors M/s Sagar &amp; Associates, Chartered Accountants.</p> |
| <p><b>7. Basis for Qualified Opinion</b></p>   |   |
| <p>I. Consumer Contribution And Government Grants</p> <p>a) Reference is invited to Note No. 6(a) of Notes forming part of Financial Statements, that the company is crediting amounts received from the consumers and Government towards tangible assets directly to the reserves on receipt of the amount, even before the asset is created, which results in non-identification of assets created out of such contribution. Similarly, in the case of Deposit Works, deposits received from consumers are carried in the books as liabilities without identifying the assets created out of such contracts and recognizing Consumer Contribution upon completion of assets. The impact on the carrying value of Fixed Assets and Consumer Contribution could not be ascertained.</p> <p>b) It was observed that amortization of assets are being made on the basis of proportionate value of the assets</p> | <p>The Depreciation on the consumer contributed assets including Grants is being written back to the Profit and Loss based on the proportionate value of the assets built out of the Consumer Contributions, as they cannot be matched with the assets created out of such contributions.</p>   |

|   |                                    |
|---|------------------------------------|
| <p>to the Consumer contributions instead of identifying the individual assets created out of such Consumer Contributions and Government Grants. Due to this practice, in our opinion amortization is being written back for those assets which are not created and also for those assets which are retired/devoluted/scrapped. Assets yet to be created out of these funds and assets which have been devoluted/scrapped/retired, which were put into use out of these funds, could not be ascertained. The Impact on the loss and the reserves &amp; surplus could not be ascertained.</p> <p>c) The company has received Capital grants through various schemes sponsored by Government of India or Government of Andhra Pradesh, viz., RGGVY, Indiramma scheme and Indira Jalaprabha where in disclosure with respect to utilization of the grants and the assets created there to has not been provided by the company, in accordance with the paragraph no.'12.1 of Accounting standard 12 - Accounting for Government Grants.</p> |                                    |
| <p><b>ii. TANGIBLE ASSETS AND DEPRECIATION THEREOF:</b></p> <p>a. It was observed that defective meters which are being replaced with new meters are not being devoluted from the SAP accounting system and there is no subsequent tracking of such devoluted meters, these results in asset being carried in the books in spite of non-existence. Furthermore it was observed that new meters installed in lieu of the</p>   | <p>Noted for future compliance</p> |

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| <p>defective meters are reduced from the stock but the same is not being capitalized, thus resulting in non-adherence to the Accounting Standard 10 - "Accounting for fixed assets". The impact on the carrying value of asset and the consequential effect on the depreciation and the loss could not be ascertained.</p> <p>b. Capitalization of employee cost of ₹ 72.91 Crores (Previous year ₹ 58.70 Crores) and Administrative and General Expenses of ₹ 12.83 crores (Previous year ₹ 10.35 crores) is being carried out at 10% on the cost of capital works, more specifically detailed in Note No. 3 (vi)(a) of Notes forming part of Financial Statements, instead of capitalizing the directly attributable costs in accordance with Accounting Standard - 10, 'Accounting for Fixed Assets'. The impact on the carrying value of asset and the consequential effect on the depreciation and the loss could not be ascertained.</p> | <p>Ten Percent of the Cost of Capital Works is capitalized towards Employee Cost and Administrative &amp; General Expenses, as the Operation Circles are executing both Capital Works and Operation &amp; Maintenance Works, and it is not practicable to maintain records to identify the man hours spent by the staff on Capital Works.</p> |
| <p><b>iii. TRADE RECEIVABLES</b></p> <p>a. Reference is invited to note no 3 (xiii) (b) where in the company has stated that the provision is based on receivables which are older than 60 months which in our opinion is not commensurate with the size and the nature of operation of the company and further considering company's internal policy with regard to disconnection, bill stopping and recovery. The impact of this practice of the company on the loss and carrying value of trade receivables could not be ascertained.</p>   | <p>The existing provision covers the arrears against Bill Stopped Services, UDC services and arrears involved in Court cases. However the age wise analysis for creation of provision for bad and doubtful debts will be reviewed.</p>  |

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| <p>b. Reference is invited to note no 20 of the notes forming part of financial statements, the company has carried a provision for doubtful debts to the tune of ₹ 517.87 Crores (Previous year ₹ 536.70 Crores) during the reporting period. Thus, in our opinion the provision carried is inadequate and is been historically carried in the books instead of re-assessing the requirement for provision in the light of operations for the year as at each balance sheet date. The impact of this practice of the company on the loss and carrying value of trade receivables could not be ascertained.</p> |   |
| <p><b>iv. Revenue Recognition</b></p> <p>Progressive meter readings against disconnected services were observed. In these cases the company raises bills against the consumers and recognizes the revenue, which in our opinion is not in accordance with the Accounting Standard - 9 "Revenue Recognition", since there exists an uncertainty of collection of the receivables. The impact on the loss and consequential effect on trade receivables could not be ascertained.</p>   | <p>Noted for future guidance. It will be implemented duly modifying the Billing Software.</p> |
| <p><b>v. Discontinuing operations</b></p> <p>Reference is invited to note no 41 where in view of division of State of Andhra Pradesh in to Telangana and Andhra Pradesh (residuary) 2 circles namely Anantapur and Kurnool of the company has been de-merged out to SPDCL. In accordance with para 15 of Accounting Standard -24</p>  | <p>Disclosure regarding AP Reorganisation has been made vide Note no.41.</p>                  |

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| <p>"Discontinuing Operations", initial disclosure event is triggered on 1st March 2014 in terms of AP Reorganisation Act, 2014 being enacted. In our opinion the company has not made appropriate disclosure as mandated by the standard.</p>   |  |
| <p><b>8. Basis for Adverse Opinion</b></p>  |  |
| <p><b>I. TANGIBLE ASSETS</b></p> <p>a. Tangible Assets created out of the capital work orders and put to use as at March 31, 2014 has not been capitalized in the books as the work completion certificate were not furnished and work order was not closed resulting in non-compliance with Accounting Standard - 10 "Accounting for Fixed Assets The impact of these on the carrying value of asset and consequential effect on depreciation and the loss could not be ascertained.</p> <p>b. Computers &amp; IT equipment's, Furniture and Fixtures and Office Equipment purchased and not put to use are being classified as Inventories and capital work in progress, instead of capitalizing in accordance with the Accounting Standard - 10 "Accounting for fixed assets", accordingly depreciation on such assets are not being charged to the statement of profit &amp; loss as the asset are ready for its intended use, thus resulting in non-compliance to Accounting Standard - 6 "Depreciation". The impact of these on the carrying value of asset and consequential effect on depreciation and the loss could not be ascertained.</p> | <p>The company is reviewing the closure of work orders regularly and steps are being taken to fasten the process of capitalization duly obtaining the work completion certificates.</p> <p>Meters, Sim and Modem of GPRS to be assembled for using the same in the field. Hence, they cannot be put to use readily and are treated as inventory.</p> |

## ii. ELECTRICITY DUTY

It was observed that interest on electricity duty billed and recovered from consumers has been accounted as income amounting to the tune of ₹3.81Crores (Previous year ₹3.47 Crore) instead of passing it on to the Government of Andhra Pradesh. It is pertinent to note that electricity duty being statutory levy, the authority to levy such interest arises from Andhra Pradesh Electricity duty Act, 1939 read with Section 24 (1) of Indian Electricity Act, 1910; hence the same cannot form part of income of the company even though the company is prompt in making the payment of electricity duty. Accordingly loss is being understated and accordingly liability is understated to the extent of ₹3.21 Crores (Previous year ₹ 3.21 Crores).

The Company is paying the Electricity Duty to the State Government on the units billed whether the electricity duty is realized or otherwise. Hence the interest charged by the company on late payment of electricity duty by consumers is treated as income of the company. The Company is making the payment by utilizing of CC limit with Banks and on which interest @12.75% p.a is being paid.

iii. Unascertained amount of aforesaid basis of opinions is much higher than the ascertained amount that will have an effect on the Profit, Assets and Liabilities and furnishing the aggregate effect of only the ascertained amounts will not be appropriate. Hence we are not furnishing the aggregate effect of the ascertained amount on the loss, assets and liabilities.

## 9. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in basis for disclaimer opinion paragraph, basis for qualified opinion paragraph and basis for adverse opinion paragraph, the aforesaid Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2014;
- ii) in the case of statement of profit and loss, of the Loss for the year ended on that date; and

iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## 10. Emphasis of Matter

Without qualifying our opinion, we draw attention to:

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| <p>i. Note No. 4 of Notes Forming part of Financial Statements regarding the Third Transfer Scheme, in terms of which the Bulk Supply Undertaking and Power Purchase Agreements were transferred from APTRANSCO to Distribution Companies in specified ratio with effect from 09/06/2005 and subsequent revision of the ratio of allocation with effect from April 2008. In order to facilitate purchase and trading of power, the Government of Andhra Pradesh has constituted one apex committee and two sub-committees. The Transactions of Sale of Power, to the entities other than the four Distribution Companies and Purchase of Power as also allocation of Cost of Purchase of Power amongst the four Distribution Companies are subject to audit by an Independent Firm of Chartered Accountants. The statements of purchase and sale, as intimated by the Committee and certified by the independent firm of Chartered Accountants are incorporated in the Books of the Company and have been accepted by us. It may be mentioned that these Committees are not legal entities.</p> | <p>Informative.</p> |
| <p>ii. Note No.40 of Notes forming part of Financial Statements regarding loan liability of the company against R-APDRP Scheme from Power Finance</p>   | <p>Informative</p>  |

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| <p>Corporation wherein in terms of the loan Agreement Company is liable to repayment of the loan however the company has sought for extension of time and expects the same to be approved.</p>   |                    |
| <p>iii. Note No.41 of Notes forming part of Financial Statements regarding bifurcation of State of Andhra Pradesh and consequent change in the name, geographic operational regions and ownership of the Company post the Balance Sheet date.</p>  | <p>Informative</p> |
| <p>iv. Note No.42 of Notes forming part of Financial Statements regarding Financial Restructuring Scheme (FRP) implemented by Ministry of Power, Government of India during the year under reference wherein Short Term Loans and certain liabilities towards power purchase/ Transmission Charges of the Company have been swapped by the issue of Bonds by the Company which is guaranteed and payable by Government of Andhra Pradesh/ Telangana. This event substantially impacts the financial position of the Company resulting in decrease in Short Term Liabilities, increase in Long Term Liabilities as also decrease in Interest cost to the Company.</p> | <p>Informative</p> |

## Report on other legal and regulatory requirements

11. As required by the companies (Auditor's Report) Order, 2003 ("the order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
12. As required by section 227(3) of the Act, we report that:
  - i. Except for the matters described in basis for disclaimer opinion paragraph and basis for qualified opinion paragraph, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii. Except for the possible effects of the matters described in basis for disclaimer opinion paragraph, basis for qualified opinion paragraph and basis for adverse opinion paragraph, in our opinion, proper books of account as required by law have been kept by the company so far as appear from our examination of those books and proper returns adequate for the purposes of our audit have been received from power purchase committee;
  - iii. The Financial statements dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
  - iv. Except for the possible effects of the matter described in basis of disclaimer opinion paragraph, basis of qualified opinion paragraph and basis of adverse opinion paragraph, in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
  - v. As the company is a government company, the provisions of Section 274 Sub Section 1 (g) of the Companies Act, 1956 is not applicable.

### 13. Other Matters

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| <ol style="list-style-type: none"> <li>i. It was observed that the recoveries from employees towards Group Insurance Schemes and family benefit fund schemes and contributions payable to provident funds and pension funds are being utilized towards operations of the company instead of investing the funds outside the business and</li> </ol> | <p>Noted for future guidance.</p> |
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| <p>paying it to the respective trust or fund.</p> <p>ii. Company is carrying an amount of ₹ .31.70 Crores (Previous Year ₹ .30.85 Crores) towards deposits with various Court Authorities as at the Balance Sheet date. Details of Court cases, their status and possible impact of the Judgement has not been analyzed and disclosed by the Company.</p> | <p>The latest status of the cases is disclosed in Notes No.31.</p>   |
| <p>For <b>SHARAD &amp; ASSOCIATES</b><br/><b>Chartered Accountants</b><br/><b>Firm registration number: 06377S</b><br/><b>Sd/-</b><br/><b>SHARAD SINHA</b><br/>Partner<br/>Membership No.: 202692<br/>Place: Hyderabad<br/>Date: 25.07.2014</p>   | <p><b>For and on behalf of the Company</b><br/><br/><b>Sd/-</b><br/>G RAGHUMA REDDY<br/>Chairman &amp; Managing Director<br/>Place : Hyderabad<br/>Date : 25.07.2014</p> |

**Annexure referred to paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date**

Re: Southern Power Distribution Company of Telangana Limited (Formerly Central Power Distribution Company of Andhra Pradesh Limited) **[the company]**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other record examined by us in the normal course of audit we report that:

1. a) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets except for land. Informative

b) The physical verification of tangible assets which was due in financial year 2010-11 in accordance with a phased programme of verifying all tangible assets once in three years has not undertaken the exercise even during the year. Noted

c) Assets disposed/scrapped during the year were not substantial so as to affect the going concern status of the company. Noted

2. a) Management has conducted physical verification of stores, spare parts, and components and other materials lying in main stores as also at Division/ Section offices during the year and in our opinion, the Informative

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| <p>frequency of verification is reasonable</p>   |   |
| <p>b) In our opinion, the procedure of physical verification followed by the management was reasonable and adequate in relation to the size of the company and the nature of it's business</p>   | Informative                                   |
| <p>c) Company has maintained proper records of stores, spare parts, components and other materials. In our opinion material discrepancy noticed has been adjusted in the books of accounts.</p>  | Informative                                   |
| <p>3. In our opinion, company has not granted or taken loans, secured or unsecured, to companies, firms or other parties covered in the register required to be maintained U/s 301 of the companies Act, 1956. Accordingly, provisions of clauses 4 (iii) (a) to (g) of the Order are not applicable.</p>                                    | Noted   |
| <p>4. Few instances of internal control lapses have been identified by us in the areas of reconciliation of accounts, remittances in transit, inter unit balances, under disconnected services and accounting of capital and revenue work orders and in our opinion there has been continuing failure to correct these major weaknesses.</p> | The observation is noted for future guidance. |
| <p>5. In our opinion, there were no transactions that need to be entered in the register maintained U/s 301 of the Companies Act, 1956. Accordingly, provisions of clauses 4 (v) (a) to (v) (b) of the Order are not applicable.</p>   | Informative                                   |

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| <p>6. The company has not accepted any deposits from the public, within the meaning of Sections 58A and 58AA or any other relevant provisions of Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, provisions of clause 4(vi) of the Order are not applicable.</p>  | <p>Informative</p> |
| <p>7. In our opinion, the internal audit function carried out during the year by firms of chartered accountants appointed by the management is commensurate with the size of the company and the nature of its business subject to the Internal Auditing Standards and Frameworks issued by The Institute of Chartered Accountants of India being adopted by the Company.</p>                    | <p>Noted</p>       |
| <p>8. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 in respect to its services and are of the opinion that, prima facie, the prescribed accounts and records have been maintained.</p>         | <p>Informative</p> |
| <p>9 a) Undisputed statutory dues including provident fund ,ESI, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities though there have been delays in few cases. However with respect to provident fund the company has not paid the</p> | <p>Informative</p> |

contribution to its own managed Trust on regular basis.

b) The dues outstanding of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

| S. NO. | Name of the Statute                                | Nature of Dues  | Amount (₹. in Crores) | Period to which the amount relates | Forum where dispute is pending  |
|--------|--|---|-----------------------|------------------------------------|---------------------------------|
| 1      | A.P. Tax on Entry of Goods in Local Area Act, 2001 | Demand of Entry tax on Goods purchased from outside state | 44.52                 | 2002 TO 2006                       | Supreme Court of India          |
| 2      | A.P. General Sales Tax Act, 1956                   | Sales Tax   | 1.34                  | 2001 to 2005                       | AP Sales Tax Appellate Tribunal |
| 3      | A.P. VAT Act, 2005                                 | VAT   | 63.10                 | 2005 to 2011                       | High Court of A P               |

Informative

10. The company has accumulated losses in excess of fifty per cent of its net worth and the company has incurred cash losses in the financial year under audit and in the immediately preceding financial year. The effects of un-quantified opinions have not been taken into consideration for arriving at the cash losses for the financial year

Informative

11. In our opinion, the company has not defaulted in repayment of dues to any financial institution or banks. Accordingly, the provisions of clause 4 (xi) of the order is not applicable to the company.

Informative

12. The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, other than housing loans to staff wherein mortgage of house property has been obtained by the company.

Informative

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| <p>13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the order are not applicable to the Company.</p>   | <p>Informative</p> |
| <p>14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4 (xiv) of the order are not applicable to the Company.</p>  | <p>Informative</p> |
| <p>15. In our opinion, company has not given any guarantee for loans taken by others from financial institution or banks. Accordingly, the provisions of clause 4 (xv) of the Order are not applicable.</p>  | <p>Informative</p> |
| <p>16. In our opinion, the Company has applied term loans for the purpose for which the loans were obtained.</p>   | <p>Informative</p> |
| <p>17. In our opinion and on overall examination of the balance sheet and cash flow statement of the company, we are of the opinion that the funds raised on short term basis, prima facie, have not been used for long term investment and vice versa.</p>      | <p>Informative</p> |
| <p>18. In our opinion, the company has not made preferential allotment during the year to the parties listed in the register maintained U/s 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (xviii) of the Order are not applicable.</p> | <p>Informative</p> |
| <p>19. The company has issued debenture during the year in accordance within the Financial Restructure Plan approved by the Government of India however as certified by the management the compliance to</p>   | <p>Informative</p> |

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| <p>section 117A of the Companies Act, 1956 is not required since these debentures are to public as also guaranteed by Government of Andhra Pradesh.</p>   |   |
| <p>20.The company has not raised any money through issue of shares to the public during the year. Accordingly, the provisions of clause 4 (xx) of the Order are not applicable.</p>   | <p>Informative</p>  |
| <p>21.In our opinion, the Company is susceptible to frauds on the company owing to power theft and such frauds have been noticed and reported during the year however considering the fact that such matters are subjudice amount involved could not be adjudged independently. Further, no frauds by the company has been noticed or reported during the year.</p> | <p>Informative</p>  |
| <p><b>for SHARAD &amp; ASSOCIATES</b><br/><b>Chartered Accountants</b><br/><b>Firm registration number: 06377S</b></p> <p>Sd/-</p> <p><b>SHARAD SINHA</b><br/><b>Partner</b><br/><b>Membership No.: 202692</b></p> <p><b>Place: Hyderabad</b><br/><b>Date: 25.07.2014</b></p>   | <p><b>For and on behalf of the Company</b></p> <p>Sd/-</p> <p><b>G RAGHUMA REDDY</b><br/><b>Chairman &amp; Managing Director</b></p> <p><b>Place : Hyderabad</b><br/><b>Date : 25.07.2014</b></p> |

## Annexure B to the Directors' Report

### C & AG REPORT:

No. PAG(E&RSA)/ES-II(P)/TSSPDCL/I/2014-15/ 144 Dated 25.09.2014

To

The Chairman and Managing Director,  
Southern Power Distribution Company of Telangana Limited,  
Hyderabad.

Sir,

Sub: Comments on the accounts of Southern Power Distribution Company of Telangana Limited, Hyderabad for the year ended 31st March 2014.

\* \* \*

- ♦ I am to forward herewith Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act 1956 on the accounts of your company for the year ended 31 March 2014 for necessary action.
- ♦ The date of placing of Comments along with Annual Accounts and Auditors' Report before the Shareholders of the Company may be intimated and a copy of the proceedings of the meeting furnished.
- ♦ The date of forwarding the Annual Report and the Annual Accounts of the Company together with the Auditors' Report and Comments of the Comptroller and Auditor General of India to the State Government for being placed before the Legislature may also be communicated,
- ♦ Ten copies of the Annual Report for the year 2013-14 may be furnished in due course.

The receipt of this letter along with enclosures may please be acknowledged.

Yours faithfully,

Encl: As above.

Sd/-

Principal Accountant General (E&RSA)



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2014**

The preparation of financial statements of Southern Power Distribution Company of Telangana Limited, Hyderabad for the year ended 31st March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 25th July, 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Southern Power Distribution Company of Telangana Limited, Hyderabad for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

| COMMENT  | COMPANY'S REPLY |
|--|-----------------|
| <p><b>1. Short term Loans and Advances (Note No. 22)</b></p> <p><b>Government Receivables - ₹ 4199.62 crore</b></p> <p>The above is understated by ₹118.35 crore due to netting of the advance amount received towards RLNG subsidy against the above. This has also resulted in understatement of 'Current Liabilities' to the same extent.</p> | <p>Noted</p>    |

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| <p><b>2. Contingent Liabilities (Note No 31)</b></p> <p>The company has not accounted for the Transmission and SLDC charges payable to APTRANSCO to the extent of ₹34.33 crore disputing the charges on excess power drawn over the quantity allowed by the APERC. The fact should have been disclosed in the notes to accounts.</p> | <p>Noted</p>   |
| <p><b>For and on behalf of the Comptroller<br/>and<br/>Auditor General of India</b></p> <p><b>Sd/-</b></p> <p><b>Principal Accountant General (E&amp;RSA)</b></p> <p>Place : Hyderabad<br/>Date : 25.09.2014</p>   | <p><b>For and on behalf of the Board of<br/>Directors</b></p> <p><b>Sd/-</b></p> <p><b>G RAGHUMA REDDY</b></p> <p><b>Chairman &amp; Managing Director</b></p> <p>Place : Hyderabad<br/>Date : 25.09.2014</p> |



SHARAD & ASSOCIATES  
CHARTERED ACCOUNTANTS

## Report of the Independent Auditors on the Financial Statements

To the Members of

Southern Power Distribution Company of Telangana Limited (Formerly Central Power Distribution Company of Andhra Pradesh Limited)

### Report on financial statement

1. We have audited the accompanying Financial Statements of Southern Power Distribution Company of Telangana Limited (Formerly Central Power Distribution Company of Andhra Pradesh Limited), ["the company"], which comprise the Balance Sheet as at March 31, 2014, the 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.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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6-3-1099/1/6, 1<sup>ST</sup> Floor, Hotel Katriya Lane, off Raj Bhavan Road, Somajiguda, Hyderabad- 500082

Phone no: 040-23396583; 66665276; 9849021401

E-Mail: sas.cas1993@gmail.com

Branches: Guntur, Raipur & Sambalpur



4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Qualified Opinion.

## 6. Basis for Disclaimer Opinion

### i. Purchase Of Power

In Terms of GO. Ms. 53, Energy (Power III), April 28, 2008, more specifically defined in the Note No. 4 of Notes forming part of Financial Statements the Government of Andhra Pradesh has reallocated the power sharing among the all DISCOM's with retrospective effect from June 9, 2005, however no adjustments are carried out for the transactions already incorporated in the books of accounts till March 31, 2008 at the original ratio of allocation. The impact of such revision, if any, on the power purchase and its corresponding liabilities/receivables could not be ascertained.

### ii. Balances Confirmation

The Company has not obtained confirmations of balances from Sundry Creditors, Loans & Advances, Current Liabilities and receivables. Balances under these heads are subject to reconciliation and review. The impact, if any that may result on reconciliation and review of the balances under various heads in Assets and Liabilities could not be determined.



### iii. Un-reconciled Balances

- a. Balances with Scheduled Banks in current accounts include un-reconciled items and there are unidentified credits in the bank accounts to the tune of ₹ 7.62 Crores (Previous year ₹ 2.85 Crores). Similarly, Inter Unit Accounts (Circles) remain un-reconciled with a balance of ₹ 7.29 Crores (Previous Year ₹ 2.49 Crores). The impact of these on the Loss and Assets & Liabilities could not be ascertained.
- b. The balance from APSEE Master P & G Trust amounting to ₹ 45.03 Crores (Previous year ₹ 43.72 Crores) is not reconciled nor the balance confirmation obtained
- c. The company has not identified various creditors under Resco's liability which are long outstanding and un-reconciled.

### iv. Compliances To MSME Act, 2006

Note No. 32 to the Financial Statements, the Company has not completed the process of collecting the information relating the Small and Micro units rendering service or supplying goods to the Company. Hence we are unable to determine whether there was delay in making payment to such entities and thus interest for such delay as required under MSME Act, 2006, thus we are unable to ascertain the impact on the loss and liabilities of the company.

### v. Inter Corporate Deposits

During the year Company has credited a sum of ₹ 2.20 Crores representing settlement/ reconciliation of Inter Corporate Deposits among DISCOMs in consultation with APPCC as at 31.03.2010. In our opinion these settlements were arrived at without reviewing the substance of the transactions entered into prior to 31.03.2010 and accordingly loss and Current Liabilities have been understated by ₹ 2.20 Crores.

## 7. Basis for Qualified Opinion

### i. Consumer Contribution And Government Grants

- a) Reference is invited to Note No. 6(a) of Notes forming part of Financial Statements, that the company is crediting amounts received from the

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consumers and Government towards tangible assets directly to the reserves on receipt of the amount, even before the asset is created, which results in non-identification of assets created out of such contribution. Similarly, in the case of Deposit Works, deposits received from consumers are carried in the books as liabilities without identifying the assets created out of such contracts and recognizing Consumer Contribution upon completion of assets. The impact on the carrying value of Fixed Assets and Consumer Contribution could not be ascertained.

- b) It was observed that amortization of assets are being made on the basis of proportionate value of the assets to the Consumer Contributions instead of identifying the individual assets created out of such Consumer Contributions and Government Grants. Due to this practice, in our opinion amortization is being written back for those assets which are not created and also for those assets which are retired/devoluted /scrapped. Assets yet to be created out of these funds and assets which have been devoluted /scrapped/retired, which were put into use out of these funds, could not be ascertained. The Impact on the loss and the reserves & surplus could not be ascertained.
- c) The company has received Capital Grants through various schemes sponsored by Government of India or Government of Andhra Pradesh, viz., RGGVY, Indirama scheme and Indira Jalaprabha where in disclosure with respect to utilization of the grants and the assets created there to has not been provided by the company, in accordance with the paragraph no.12.1 of Accounting Standard 12 -Accounting for Government Grants.

## ii. Tangible Assets And Depreciation thereof:

- a. It was observed that defective meters which are being replaced with new meters are not being devoluted from the SAP accounting system and there is no subsequent tracking of such devoluted meters, these results in asset being carried in the books inspite of non-existence. Furthermore it was observed that new meters installed in lieu of the defective meters are reduced from the stock but the same is not being capitalized, thus resulting in non-adherence to the Accounting Standard 10 - "Accounting for fixed assets". The impact on the carrying value of asset and the consequential effect on the depreciation and the loss could not be ascertained.

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- b. Capitalization of employee cost of ₹ 72.91 Crores (Previous year ₹ 58.70 Crores) and Administrative and General Expenses of ₹ 12.83 crores (Previous year ₹ 10.35 crores) is being carried out at 10% on the cost of capital works, more specifically detailed in Note No. 3 (vi)(a) of Notes forming part of Financial Statements, instead of capitalizing the directly attributable costs in accordance with Accounting Standard - 10, 'Accounting for Fixed Assets'. The impact on the carrying value of asset and the consequential effect on the depreciation and the loss could not be ascertained.

### iii. Trade Receivables

- a. Reference is invited to note no 3 (xiii) (b) where in the company has stated that the provision is based on receivables which are older than 60 months which in our opinion is not commensurate with the size and the nature of operation of the company and further considering company's internal policy with regard to disconnection, bill stopping and recovery. The impact of this practice of the company on the loss and carrying value of trade receivables could not be ascertained.
- b. Reference is invited to note no 20 of the notes forming part of financial statements, the company has carried a provision for doubtful debts to the tune of ₹ 517.87 Crores (Previous year ₹ 536.70 Crores) during the reporting period. Thus, in our opinion the provision carried is inadequate and is been historically carried in the books instead of re-assessing the requirement for provision in the light of operations for the year as at each balance sheet date. The impact of this practice of the company on the loss and carrying value of trade receivables could not be ascertained.

### iv. Revenue Recognition

Progressive meter readings against disconnected services were observed. In these cases the company raises bills against the consumers and recognizes the revenue, which in our opinion is not in accordance with the Accounting standard - 9 "Revenue Recognition", since there exists an uncertainty of collection of the receivables. The impact on the loss and consequential effect on trade receivables could not be ascertained.

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## v. Discontinuing operations

Reference is invited to note no 41 where in view of division of State of Andhra Pradesh in to Telangana and Andhra Pradesh (residuary) 2 circles namely Anantapur and Kurnool of the company has been de-merged out to SPDCL. In accordance with para 15 of Accounting Standard -24 "Discontinuing Operations", initial disclosure event is triggered on 1st March 2014 in terms of AP Reorganisation Act, 2014 being enacted. In our opinion the company has not made appropriate disclosure as mandated by the standard.

## 8. Basis for Adverse Opinion

### i. Tangible Assets

- a. Tangible Assets created out of the capital work orders and put to use as at March 31, 2014 has not been capitalized in the books as the work completion certificate were not furnished and work order was not closed resulting in non-compliance with Accounting Standard - 10 "Accounting for Fixed Assets". The impact of these on the carrying value of asset and consequential effect on depreciation and the loss could not be ascertained.
- b. Computers & IT equipment, Furniture and fixtures and office equipment purchased and not put to use are being classified as Inventories and capital work in progress, instead of capitalizing in accordance with the Accounting Standard - 10 "Accounting for fixed assets", accordingly depreciation on such assets are not being charged to the statement of profit & loss as the asset are ready for its intended use, thus resulting in non-compliance to Accounting Standard - 6 "Depreciation". The impact of these on the carrying value of asset and consequential effect on depreciation and the loss could not be ascertained.

### ii. Electricity Duty

It was observed that interest on electricity duty billed and recovered from consumers has been accounted as income amounting to the tune of ₹3.81Crores (Previous year ₹3.47 Crore) instead of passing it on to the Government of Andhra Pradesh. It is pertinent to note that electricity duty being statutory levy, the authority to levy such interest arises from Andhra



Pradesh Electricity duty Act, 1939 read with Section 24 (1) of Indian Electricity Act, 1910; hence the same cannot form part of income of the company even though the company is prompt in making the payment of electricity duty. Accordingly loss is being understated and accordingly liability is understated to the extent of ₹ 3.21 Crores (Previous year ₹ 3.21 Crores).

- iii. Unascertained amount of aforesaid basis of opinions is much higher than the ascertained amount that will have an effect on the Profit, Assets and Liabilities and furnishing the aggregate effect of only the ascertained amounts will not be appropriate. Hence we are not furnishing the aggregate effect of the ascertained amount on the loss, assets and liabilities.

## 9. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in basis for disclaimer opinion paragraph, basis for qualified opinion paragraph and basis for adverse opinion paragraph, the aforesaid Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2014;
- ii) in the case of statement of profit and loss, of the Loss for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## 10. Emphasis of Matter

**Without qualifying our opinion, we draw attention to:**

- i. Note No. 4 of Notes Forming part of Financial Statements regarding the Third Transfer Scheme, in terms of which the Bulk Supply Undertaking and Power Purchase Agreements were transferred from APTRANSCO to Distribution Companies in specified ratio with effect from 09/06/2005 and subsequent

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revision of the ratio of allocation with effect from April 2008. In order to facilitate purchase and trading of power, the Government of Andhra Pradesh has constituted one apex committee and two sub-committees. The Transactions of Sale of Power, to the entities other than the four Distribution Companies and Purchase of Power as also allocation of Cost of Purchase of Power amongst the four Distribution Companies are subject to audit by an Independent Firm of Chartered Accountants. The statements of purchase and sale, as intimated by the Committee and certified by the independent firm of Chartered Accountants are incorporated in the Books of the Company and have been accepted by us. It may be mentioned that these Committees are not legal entities.

- ii. Note No.40 of Notes forming part of Financial Statements regarding loan liability of the company against R-APDRP Scheme from Power Finance Corporation wherein in terms of the loan Agreement Company is liable to repayment of the loan however the company has sought for extension of time and expects the same to be approved.
- iii. Note No.41 of Notes forming part of Financial Statements regarding bifurcation of State of Andhra Pradesh and consequent change in the name, geographic operational regions and ownership of the Company post the Balance Sheet date.
- iv. Note No.42 of Notes forming part of Financial Statements regarding Financial Restructuring Scheme (FRP) implemented by Ministry of Power, Government of India during the year under reference wherein Short Term Loans and certain liabilities towards power purchase/Transmission Charges of the Company have been swapped by the issue of Bonds by the Company which is guaranteed and payable by Government of Andhra Pradesh/Telangana. This event substantially impacts the financial position of the Company resulting in decrease in Short Term Liabilities, increase in Long Term Liabilities as also decrease in Interest cost to the Company.

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

11. As required by the companies (Auditor's Report) Order, 2003 ("the order") issued by the central government of India in terms of sub-section (4A) of section

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227 of the act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.

## **12. As required by section 227(3) of the Act, we report that:**

- i. Except for the matters described in basis for disclaimer opinion paragraph and basis for qualified opinion paragraph, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. Except for the possible effects of the matters described in basis for disclaimer opinion paragraph, basis for qualified opinion paragraph and basis for adverse opinion paragraph, in our opinion, proper books of account as required by law have been kept by the company so far as appear from our examination of those books and proper returns adequate for the purposes of our audit have been received from power purchase committee;
- iii. The Financial statements dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
- iv. Except for the possible effects of the matter described in basis of qualified opinion paragraph and basis of adverse opinion paragraph, in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- v. As the company is a government company, the provisions of Section 274 Sub Section 1 (g) of the Companies Act, 1956 is not applicable.

## **13. Other Matters**

- i. It was observed that the recoveries from employees towards Group Insurance Schemes and Family Benefit Fund schemes and contributions payable to provident funds and pension funds are being utilized towards operations of the company instead of investing the funds outside the business and paying it to the respective trust or fund.

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- ii. Company is carrying an amount of ₹31.70 Crores (Previous Year ₹30.85 Crores) towards deposits with various Court Authorities as at the Balance Sheet date. Details of Court cases, their status and possible impact of the Judgement has not been analyzed and disclosed by the Company.

For SHARAD & ASSOCIATES

Chartered Accountants

Firm Regn.No: 006377S

Sd/-

SHARAD SINHA

Partner

M No.: 202692

Place: Hyderabad

Date: 25.07.2014

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## Report of the independent auditors on the financial statements

Annexure referred to paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Southern Power Distribution Company of Telangana Limited (Formerly Central Power Distribution Company of Andhra Pradesh Limited) [the company]

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other record examined by us in the normal course of audit we report that:

1.

- (a) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets except for land.
- (b) The physical verification of tangible assets which was due in financial year 2010-11 in accordance with a phased programme of verifying all tangible assets once in three years has not undertaken the exercise even during the year.
- (c) Assets disposed/scrapped during the year were not substantial so as to affect the going concern status of the company.

2.

- (a) Management has conducted physical verification of stores, spare parts, and components and other materials lying in main stores as also at Division/ Section offices during the year and in our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedure of physical verification followed by the management was reasonable and adequate in relation to the size of the company and the nature of it's business.
- (c) Company has maintained proper records of stores, spare parts, components and other materials. In our opinion material discrepancy noticed has been adjusted in the books of accounts.

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3. In our opinion, company has not granted or taken loans, secured or unsecured, to companies, firms or other parties covered in the register required to be maintained U/s 301 of the companies Act, 1956. Accordingly, provisions of clauses 4 (iii) (a) to (g) of the Order are not applicable.
4. Instances of internal control lapses have been identified by us in the areas of reconciliation of accounts, remittances in transit, inter unit balances, under disconnected services and accounting of capital and revenue work orders and in our opinion there has been continuing failure to correct these major weaknesses.
5. In our opinion, there were no transactions that need to be entered in the register maintained U/s 301 of the Companies Act, 1956. Accordingly, provisions of clauses 4 (v) (a) to (v) (b) of the Order are not applicable.
6. The company has not accepted any deposits from the public, within the meaning of Sections 58A and 58AA or any other relevant provisions of Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, provisions of clause 4 (vi) of the Order are not applicable.
7. In our opinion, the internal audit function carried out during the year by firms of chartered accountants appointed by the management is commensurate with the size of the company and the nature of its business subject to the Internal Auditing Standards and Frameworks issued by The Institute of Chartered Accountants of India being adopted by the Company.
8. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 in respect to its services and are of the opinion that, prima facie, the prescribed accounts and records have been maintained.
9. (a) Undisputed statutory dues including provident fund, ESI, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities though there have been delays in few cases.

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However with respect to provident fund the company has not paid the contribution to it's own managed Trust on regular basis.

- (b) The dues outstanding of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

| S. No | Name of the Statute                                | Nature of Dues  | Amount (₹ in Crores) | Period to which the amount relates | Forum where dispute is pending  |
|-------|--|---|----------------------|------------------------------------|---------------------------------|
| 1.    | A.P. Tax on Entry of Goods in Local Area Act, 2001 | Demand of Entry tax on Goods purchased from outside state | 44.52                | 2002 to 2006                       | Supreme Court of India          |
| 2.    | A.P. General Sales Tax Act, 1956                   | Sales Tax   | 1.34                 | 2001 to 2005                       | AP Sales Tax Appellate Tribunal |
| 3.    | A.P.VAT Act, 2005                                  | VAT   | 63.10                | 2005 to 2011                       | High Court of A.P.              |

10. The company has accumulated losses in excess of fifty per cent of it's net worth and the company has incurred cash losses in the financial year under audit and in the immediately preceding financial year. The effects of un-quantified opinions have not been taken into consideration for arriving at the cash losses for the financial year.
11. In our opinion, the company has not defaulted in repayment of dues to any financial institution or banks. Accordingly, the provisions of clause 4 (xi) of the order is not applicable to the company.
12. The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, other than housing loans to staff wherein mortgage of house property has been obtained by the company.

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13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund /society. Accordingly, the provisions of clause 4 (xiii) of the order is not applicable to the company.
14. In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable.
15. In our opinion, company has not given any guarantee for loans taken by others from financial institution or banks. Accordingly, the provisions of clause 4 (xv) of the Order are not applicable.
16. In our opinion, the Company has applied terms loans for the purpose for which the loans were obtained.
17. In our opinion and on overall examination of the balance sheet and cash flow statement of the company, we are of the opinion that the funds raised on short term basis, prima facie, have not been used for long term investment and vice versa.
18. In our opinion, the company has not made preferential allotment during the year to the parties listed in the register maintained U/s 301 of the Companies Act, 1956 . Accordingly, the provisions of clause 4 (xviii) of the Order are not applicable.
19. The company has issued debenture during the year in accordance within the Financial Restructure Plan approved by the Government of India however as certified by the management the compliance to section 117A of the Companies Act, 1956 is not required since these debentures are to public as also guaranteed by Government of Andhra Pradesh.
20. The company has not raised any money through issue of shares to the public during the year. Accordingly, the provisions of clause 4 (xx) of the Order are not applicable.



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21. In our opinion, the Company is susceptible to frauds on the company owing to power theft and such frauds have been noticed and reported during the year however considering the fact that such matters are subjudice amount involved could not be adjudged independently. Further, no frauds by the company has been noticed or reported during the year

For SHARAD & ASSOCIATES

Chartered Accountants

Firm Regn.No: 006377S

Sd/-

SHARAD SINHA

Partner

M No.: 202692

Place: Hyderabad

Date: 25.07.2014

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# SOUTHERNPOWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Formerly Central Power Distribution Company of A P Ltd)

## BALANCE SHEET AS AT 31ST MARCH, 2014



|           | Particulars  | Note No. | As at March 31, 2014<br>₹ | As at March 31, 2013<br>₹ |
|-----------|--|----------|---------------------------|---------------------------|
| <b>I</b>  | <b>EQUITY AND LIABILITIES</b><br>ఈక్విటీ మరియు అప్పులు     |          |                           |                           |
| <b>1</b>  | <b>Shareholders' Funds</b><br>వాటా దారుల నిధి              |          |                           |                           |
|           | (a) Share Capital<br>వాటా మూలధనము                          | 5        | 7,284,796,090             | 7,284,796,090             |
|           | (b) Reserves and Surplus<br>నిధి మరియు మిగులు              | 6        | (66,817,430,458)          | (60,382,977,833)          |
|           | (c) Money received against share warrants                  |          | —                         | —                         |
| <b>2</b>  | <b>Share application money pending allotment</b>           |          |                           |                           |
| <b>3</b>  | <b>Non-Current Liabilities</b><br>ప్రస్తుతేతర అప్పులు      |          |                           |                           |
|           | (a) Long-term Borrowings<br>దీర్ఘకాలిక                     | 7        | 72,852,568,898            | 28,134,029,035            |
|           | (b) Deferred tax liabilities (Net)<br>వాయిదా వేయబడిన పన్ను |          | —                         | —                         |
|           | (c) Other Long term liabilities<br>ఇతర దీర్ఘకాలిక అప్పులు  | 8        | 1,285,292,141             | 1,399,747,001             |
|           | (d) Long-term Provisions<br>దీర్ఘకాలిక కేటాయింపులు         | 9        | 4,443,364,935             | 3,411,105,925             |
| <b>4</b>  | <b>Current Liabilities</b><br>(ప్రస్తుత అప్పులు)           |          |                           |                           |
|           | (a) Short-term Borrowings<br>స్వల్పకాలిక రుణములు           | 10       | 11,516,965,307            | 45,421,055,222            |
|           | (b) Trade Payables<br>వ్యాపార నిమిత్తం చెల్లింపులు         | 11       | 49,122,642,741            | 61,686,445,133            |
|           | (c) Other Current Liabilities<br>ఇతర ప్రస్తుత అప్పులు      | 12       | 36,565,487,256            | 33,421,185,559            |
|           | (d) Short-term Provisions<br>స్వల్ప కాలిక కేటాయింపులు      | 13       | 4,292,047,808             | 1,444,152,563             |
|           | <b>TOTAL (మొత్తము)</b>                                     |          | <b>120,545,734,718</b>    | <b>121,819,538,696</b>    |
| <b>II</b> | <b>ASSETS (ఆస్తులు)</b>                                    |          |                           |                           |
| <b>1</b>  | <b>Non-Current Assets</b><br>ప్రస్తుతేతర ఆస్తులు           |          |                           |                           |
|           | (a) Fixed Assets స్థిర ఆస్తులు                             |          |                           |                           |
|           | (i) Tangible Assets<br>స్పర్శ చరమైన ఆస్తులు                | 14       | 46,353,312,336            | 41,291,779,152            |

Cont...

|          | Particulars  | Note No. | As at March 31, 2014<br>₹ | As at March 31, 2013<br>₹ |
|----------|--|----------|---------------------------|---------------------------|
|          | (ii) Intangible Assets<br>అస్పృశ్య ఆస్తులు                             |          | 90,183,700                | 125,308,954               |
|          | (iii) Capital Work in Progress<br>జరుగుచున్న పనులపై పెట్టుబడులు        |          | 9,159,798,313             | 8,292,963,881             |
|          | (iv) Intangible assets under development                               |          | —                         | —                         |
|          | (b) Non-Current Investments<br>ప్రస్తుతేతర పెట్టుబడులు                 | 15       | 2,956,193,606             | 2,767,766,606             |
|          | (c) Deferred Tax Assets (Net)<br>వాయిదా వేయబడిన పన్ను                  | 16       | 2,831,043,031             | 1,662,696,563             |
|          | (d) Long-term loans and advances<br>దీర్ఘకాలిక అప్పులు మరియు బయానాలు   | 17       | 559,160,238               | 413,972,252               |
|          | (e) Other Non-current Assets<br>ఇతర ప్రస్తుతేతర ఆస్తులు                | 18       | 73,003,101                | 67,686,366                |
| <b>2</b> | <b>Current Assets</b> ప్రస్తుత ఆస్తులు                                 |          |                           |                           |
|          | (a) Current Investments<br>ప్రస్తుత పెట్టుబడులు                        | —        | —                         | —                         |
|          | (b) Inventories<br>సరకు నిల్వ  | 19       | 2,322,051,692             | 2,192,203,011             |
|          | (c) Trade Receivables<br>వ్యాపార నిమిత్తం రాబడులు                      | 20       | 23,747,441,691            | 14,371,915,778            |
|          | (d) Cash and cash equivalents<br>నగదు నిల్వ                            | 21       | 2,339,597,712             | 2,339,333,053             |
|          | (e) Short-term Loans and Advances<br>స్వల్పకాలిక అప్పులు మరియు బయానాలు | 22       | 3,417,678,586             | 626,518,333               |
|          | (f) Other Current Assets<br>ఇతర ప్రస్తుత ఆస్తులు                       | 23       | 26,696,270,712            | 47,667,394,746            |
|          | <b>Total</b> (మొత్తము)   |          | <b>120,545,734,718</b>    | <b>121,819,538,695</b>    |

Notes Forming part of Financial Statements 1-44

The Schedules referred to above and the notes thereon form an integral part of the Balance Sheet As per our report of even date

|  |   |                           |
|--|---|---------------------------|
| <b>For M/s Sharad &amp; Associates</b> | For and on behalf of the Company        |                           |
| <b>Chartered Accountants</b>           | Sd/-                                    | Sd/-                      |
| Firm Regn No.06377S                    | G RAGHUMA REDDY                         | C SRINIVASA RAO           |
| Sd/-                                   | <b>Chairman &amp; Managing Director</b> | <b>Director (Finance)</b> |
| SHARAD SINHA                           |   |                           |
| <b>Partner</b>                         | Sd/-                                    | Sd/-                      |
| M. No 202692                           | R NARAYANA REDDY                        | K.SUJATHA                 |
| Date : 25.07.2014                      | <b>Chief General</b>                    | <b>Company</b>            |
| Place: Hyderabad                       | <b>Manager(Finance)</b>                 | <b>Secretary</b>          |

## SOUTHERNPOWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Formerly Central Power Distribution Company of A P Ltd)

### PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

| Particulars |  | Note No. | 2013-14<br>₹           | 2012-13<br>₹            |
|-------------|--|----------|------------------------|-------------------------|
| I           | Revenue from Operations  | 24       | 169,091,466,088        | 156,772,175,445         |
|             | Less: Electricity Duty Paid  |          | (1,435,555,199)        | (954,341,328)           |
|             | Net Revenue from Operations<br>నిర్వహణ ద్వారా రివిన్యూ   |          | 167,655,910,889        | 155,817,834,117         |
| II          | Other Income<br>ఇతర ఆదాయము   | 25       | 2,958,465,352          | 3,163,266,613           |
| III         | <b>Total Revenue</b> మొత్తం రివిన్యూ   |          | <b>170,614,376,241</b> | <b>158,981,100,730</b>  |
|             | Expenses (వ్యయము)  |          |                        |                         |
|             | Power Purchase Expense<br>విద్యుత్తు కొనుగోలు  | 26       | 152,555,107,089        | 152,353,052,978         |
|             | Employee Benefit expense<br>ఉద్యోగుల జీత భత్యాలు   | 27       | 8,527,177,486          | 7,661,488,812           |
|             | Operation and Other Expenses<br>నిర్వహణ మరియు ఇతర ఖర్చులు  | 28       | 3,693,651,201          | 3,402,593,135           |
|             | Finance Costs<br>ఆర్థిక వ్యయములు   | 29       | 10,006,150,953         | 11,816,422,896          |
|             | Depreciation and amortisation expense<br>తరుగుదల   |          | 5,075,366,127          | 4,527,902,075           |
| IV          | <b>Total Expenses</b> (మొత్తము వ్యయము)   |          | <b>179,857,452,856</b> | <b>179,761,459,896</b>  |
| V           | <b>Profit before exceptional &amp; extraordinary items and tax (III-IV)</b><br>పన్ను, ఎక్స్‌ప్లనల్ మరియు అతీతములకు ముందు లాభము |          | <b>(9,243,076,615)</b> | <b>(20,780,359,166)</b> |
| VI          | Exceptional Items ఎక్స్‌ప్లనల్ ఐటమ్స్  | 30       | 37,665,582             | 57,449,024,382          |
| VII         | <b>Profit before extraordinary items and tax (V-VI)</b>  |          | <b>(9,280,742,198)</b> | <b>(78,229,383,548)</b> |
| VIII        | <b>Extraordinary Items</b><br>అతీతములు   |          | —                      | —                       |
| IX          | <b>Profit before tax (VII-VIII)</b><br>పన్నుకు ముందు లాభము   |          | <b>(9,280,742,198)</b> | <b>(78,229,383,548)</b> |
| X           | Tax Expense: పన్ను వ్యయము  |          |                        |                         |
|             | (1) Current Tax ప్రస్తుత పన్ను   |          | —                      | —                       |
|             | (2) Deferred Tax వాయిదా వేయబడిన పన్ను  |          | (1,168,346,468)        | (1,046,486,390)         |

Cont...

| Particulars  |   | Note No.                                  | 2013-14<br>₹              | 2012-13<br>₹            |
|--|---|---|---------------------------|-------------------------|
| XI   | <b>Profit (Loss) for the period from continuing operations (IX-X)</b><br>నికర లాభము |   | <b>(8,112,395,730)</b>    | <b>(77,182,897,158)</b> |
| XII  | <b>Profit/(loss) from discontinuing operations</b>                                  |   | —                         | —                       |
| XIII   | <b>Tax expense of discontinuing operations</b>                                      |   | —                         | —                       |
| XIV  | <b>Profit/(loss) from discontinuing operations (after tax) (XII-XIII)</b>           |   | —                         | —                       |
| XV   | <b>Profit /(Loss) for the period (XI +XIV)</b><br>నికర లాభము                        |   | <b>(8,112,395,730)</b>    | <b>(77,182,897,158)</b> |
| XVI  | <b>Earnings per equity share:</b>   |   |                           |                         |
|  | (1) Basic   |   | (11.136)                  | (105.951)               |
|  | (2) Diluted   |   | (11.136)                  | (105.951)               |
| Notes Forming part of Financial Statements 1-44  |   |   |                           |                         |
| Schedules Referred to above and notes attached thereto form integral part of Statement of Profit & Loss. |   |   |                           |                         |
| As per our report of even date   |   | For and on behalf of the Company          |                           |                         |
| <b>For M/s Sharad &amp; Associates</b>   |   | Sd/-                                      | Sd/-                      |                         |
| <b>Chartered Accountants</b>   |   | G RAGHUMA REDDY                           | C SRINIVASA RAO           |                         |
| Firm Reg. No.06377S  |   | <b>Chairman &amp; Managing Director</b>   | <b>Director (Finance)</b> |                         |
| Sd/-   |   |   |                           |                         |
| SHARAD SINHA   |   |   |                           |                         |
| <b>Partner</b>   |   |   |                           |                         |
| M. No 202692   |   | Sd/-                                      | Sd/-                      |                         |
| Date : 25.07.2014  |   | R NARAYANA REDDY                          | K.SUJATHA                 |                         |
| Place: Hyderabad   |   | <b>Chief General<br/>Manager(Finance)</b> | <b>Company Secretary</b>  |                         |

## SOUTHERNPOWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Formerly Central Power Distribution Company of A P Ltd)

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

|  | Year Ended 31st March, 2014 |                         | Year Ended 31st March, 2013 |                         |
|--|-----------------------------|-------------------------|-----------------------------|-------------------------|
|  | ₹                           | ₹                       | ₹                           | ₹                       |
| <b>A. Cash flows from operating activities:</b>                        |                             |                         |                             |                         |
| Net Profit before tax  | (9,280,742,198)             |                         | (78,229,383,548)            |                         |
| <b>Adjustments :</b>   |                             |                         |                             |                         |
| <b>Add:</b> Depreciation   | 5,075,366,127               |                         | 4,527,902,075               |                         |
| <b>Add:</b> Interest on Long Term Borrowings                           | 3,990,070,362               |                         | 2,647,197,808               |                         |
| <b>Less:</b> Withdrawal of Depreciation on Consumer Contributed Assets | 2,235,394,777               |                         | 1,982,255,802               |                         |
| <b>Operating profit before working capital changes</b>                 | <b>(2,450,700,486)</b>      |                         | <b>(73,036,539,468)</b>     |                         |
| <b>Increase/Decrease in Non-Current Liabilities</b>                    |                             |                         |                             |                         |
| Increase in Other Long Term Liabilities                                | 665,160                     |                         | 42,935,260                  |                         |
| Increase in Long Term Provisions                                       | 1,032,259,010               |                         | 368,538,022                 |                         |
| <b>Increase/(Decrease) in Non-Current Assets</b>                       |                             |                         |                             |                         |
| Increase in Long-term Loans & Advances                                 | (22,660,248)                |                         | (60,260,312)                |                         |
| Increase in Other Non-current Assets                                   | (5,316,735)                 |                         | (8,099,953)                 |                         |
| <b>Changes in Working Capital :</b>                                    |                             |                         |                             |                         |
| <b>(Increase)/ Decrease in Current Liabilities</b>                     |                             |                         |                             |                         |
| Increase in Short Term Borrowings                                      | (33,904,089,915)            |                         | 3,183,302,936               |                         |
| Increase in Trade Payables   | (12,563,802,392)            |                         | 11,653,227,530              |                         |
| Increase in Other Current Liabilities                                  | 3,144,301,697               |                         | 12,032,811,427              |                         |
| Increase in Short Term Provisions                                      | 2,847,895,245               |                         | 103,471,451                 |                         |
| <b>Increase/(Decrease) in Current Assets</b>                           |                             |                         |                             |                         |
| Increase in Inventories  | (129,848,680)               |                         | (95,132,970)                |                         |
| Increase in Trade Receivables  | (9,375,525,913)             |                         | (3,072,200,464)             |                         |
| Decrease in Short-term Loans & Advances                                | (2,791,160,254)             |                         | 52,834,731,063              |                         |
| Decrease in Other Current Assets                                       | 20,945,052,927              |                         | 5,261,811,582               |                         |
| <b>Cash generated from operations</b>                                  | <b>(33,272,930,585)</b>     |                         | <b>9,208,596,104</b>        |                         |
| Income taxes Paid  | -                           |                         | -                           |                         |
| <b>Net cash flow before extraordinary item</b>                         | <b>(33,272,930,585)</b>     |                         | <b>9,208,596,104</b>        |                         |
| <b>Net Cash from Operating Activities</b>                              |                             | <b>(33,272,930,585)</b> |                             | <b>9,208,596,104</b>    |
| <b>B. Cash flows from investing activities:</b>                        |                             |                         |                             |                         |
| Purchases/Adjustments relating to Fixed Assets                         | (10,101,774,057)            |                         | (9,209,568,608)             |                         |
| Increase in Capital Work in Progress                                   | (866,834,432)               |                         | (880,961,564)               |                         |
| Increase in Non-Current Investments                                    | (188,427,000)               |                         | (996,000,000)               |                         |
| Decrease in Capital Advances   | (122,527,737)               |                         | 167,253,462                 |                         |
| Increase in Other Long Term Liabilities                                | (115,120,020)               |                         | 106,030,093                 |                         |
| <b>Net cash flow from investing activities</b>                         |                             | <b>(11,394,683,246)</b> |                             | <b>(10,813,246,617)</b> |
| <b>C. Cash flows from financing activities:</b>                        |                             |                         |                             |                         |
| Consumer Contributions Received  | 3,854,173,116               |                         | 4,007,598,879               |                         |

Cont...

|  | Year Ended 31st March, 2014 |                       | Year Ended 31st March, 2013 |                      |
|--|-----------------------------|-----------------------|-----------------------------|----------------------|
|  | ₹                           | ₹                     | ₹                           | ₹                    |
| Increase in Long Term Borrowings   | 44,718,539,863              |                       | 1,228,957,855               |                      |
| Interest paid on Long Term Borrowings                                      | (3,990,070,362)             |                       | (2,647,197,808)             |                      |
| Increase in Contingency Reserve  | 54,308,494                  |                       | 46,593,990                  |                      |
| Increase in GIS Saving Fund  | 6,397,619                   |                       | 5,435,345                   |                      |
| Self Funding Medical Scheme  | 24,529,760                  |                       | 24,097,855                  |                      |
| <b>Net cash used in financing activities</b>                               |                             | <b>44,667,878,489</b> |                             | <b>2,665,486,116</b> |
| <b>Net Increase/ Decrease in cash and cash equivalents during the year</b> |                             | <b>264,659</b>        |                             | <b>1,060,835,604</b> |
| <b>Cash and cash equivalents at the beginning of the year</b>              |                             | <b>2,339,333,053</b>  |                             | <b>1,278,497,452</b> |
| <b>Cash and cash equivalents at the end of the year</b>                    |                             | <b>2,339,597,712</b>  |                             | <b>2,339,333,053</b> |

For and on behalf of the Company

As per our report of even date  
For M/s Sharad & Associates  
Chartered Accountants  
Firm Regn No.063775

Sd/-  
SHARAD SINHA  
Partner  
M. No 202692  
Date : 25.07.2014  
Place: Hyderabad

Sd/-  
G RAGHUMA REDDY  
Chairman & Managing Director

Sd/-  
R NARAYANA REDDY  
Chief General Manager(Finance)

Sd/-  
C SRINIVASA RAO  
Director (Finance)

Sd/-  
K.SUJATHA  
Company Secretary



# **SOUTHERN POWER DISTRIBUTION CO. OF TELANGANA LTD.**

## **(Formerly Central Power Distribution Company of A P Ltd)**

### **Notes to financial statements for the year ended 31st March, 2014**

#### **1. Company Overview**

Central Power Distribution Company Andhra Pradesh Limited was incorporated under the Companies Act 1956 as a public limited company under the second transfer scheme notified by the Government of Andhra Pradesh (GoAP) (vide G.O.Ms.No.35, Energy (Power-II) dated 31-03-2000), 30-03-2000 to carry on the business of distribution and retail supply of power in the geographical spread of districts in Andhra Pradesh and commenced commercial operations from 01-04-2000. Company is a government company as defined under section 619 of the Companies Act, 1956 and company is not listed under in any stock exchange.

#### **2. Basis of preparation**

The financial statements are prepared under the historical cost convention on accrual basis, in accordance with Indian Generally Accepted Accounting Principles ("GAAP") and mandatory accounting standards as prescribed in the Companies (Accounting Standard) Rules, 2006 the provision of the Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto is use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

#### **3. Significant accounting policies**

##### **i) Change in accounting policy**

Presentation and disclosure of financial statements

The Revised Schedule VI notified by under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

##### **ii) Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during reporting period. Examples of such estimates include estimates of expected contract costs to be incurred to complete contracts, provision for doubtful debts, further obligations under employee retirement benefit plans and



estimated useful life of fixed assets actual results could differ from these estimates. Any changes in estimates are adjusted prospectively.

### iii) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals of accruals of past or future cash receipts of payment. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

### iv) Revenue recognition

#### a) Sale of Power:

- i) Revenue from Sale of Power is accounted for based on demand raised on consumers. Tariff rates for sale of power are as per Tariff Order of The Andhra Pradesh Electricity Regulatory Commission as approved for the year.
- ii) The Unbilled Revenue is recognised in the books of accounts on 'actual basis', considering the events occurring after balance sheet date.
- iii) Bills raised for theft of energy, whether on a consumer or an outsider are not recognized in full until the final assessment order is received from the competent authority of the Company. The amount received against initial assessment is treated as "Other Deposits".
- iv) Sale of Power under open access mechanism is entered into by APPCC on behalf of the company in terms of swap arrangements entered into with other traders/developers. The terms of swap transactions are to get back/return the power @ 105% of the power lent/borrowed.

#### b) Other Income

- i) Miscellaneous receipts are accounted on accrual basis.
- ii) Recoveries whether from employees or outsiders are accounted as and when collected.

Interest accrued on long term investment during the year is credited to 'Contingency Reserve'.

#### v) Fixed assets

Fixed Assets of the Company are stated in the books of account and disclosed in annual accounts at Historical Cost, which includes incidental cost related to acquisition and installation. Intangible assets are recognized as per the criteria specified in Accounting Standard-26 "Intangible Assets" issued by the Institute of Chartered Accountants of India.

## vi) Capital work in progress

Fixed asset under construction, advance paid towards acquisition and cost of asset not put to use before the year end, are disclosed as capital work in progress, which further includes

- a) Ten percent of the Cost of Capital Works capitalized to Capital Works towards Employee Cost and Administration & General Expenses, as the Operation Circles are executing both Capital Works and Operation & Maintenance Works and it is not practicable to maintain records to identify the man hours spent by the staff on Capital Works.
- b) Interest relating to construction period is calculated based on the average interest rate of loans drawn under a Scheme and capitalized. The interest is calculated from the date of expenditure incurred on respective Work Orders of the Scheme.

## vii) Consumers contributions, grants and subsidies for capital assets

These are recognized in the Profit & Loss statement by allocating them over the periods and in proportion in which depreciation on assets concerned is charged.

## viii) Investments

Investments are classified as long term based on intent of the management at the time of acquisition. Long term investments are stated at cost and provision is made to recognize any decline, other than temporary, in the value of the investments.

## ix) Inventories

Inventories are valued at cost. Cost is determined on weighted average basis. Cost includes insurance, freight, taxes and all other incidental expenses incurred to bring the inventories up to the Stores.

## x) Depreciation

- a) Depreciation on Fixed Assets is provided under the 'Straight Line Method' upto 90% of the original cost of assets, at the rates notified by the Ministry of Power, Government of India vide Notification No. S.O.266 (E) dated 29th March, 1994.
- b) Depreciation is calculated from the date of capitalisation or procurement of the asset.
- c) In respect of the following Assets the rates applied as per MoP are different from rates prescribed under Schedule XIV of Companies Act, 1956-

| Description of Asset                          | Schedule XIV Rates | MoP Rates |
|---|--------------------|-----------|
| Buildings and Other Civil Works               | 1.63%              | 3.02%     |
| Battery Chargers                              | 4.75%              | 33.40%    |
| Material Handling Equipments                  | 4.75%              | 7.84%     |
| Meters / Meter Equipments                     | 4.75%              | 12.77%    |
| Office Equipments and Air Conditioners        | 4.75%              | 12.77%    |
| Plant & Machinery and Lines, Cables & Network | 4.75%              | 7.84%     |
| Capacitor Banks                               | 4.75%              | 5.27%     |
| Furniture & Fixtures                          | 6.33%              | 12.77%    |
| Vehicle – Car / Jeep / Scooter / Motor Cycle  | 9.50%              | 33.40%    |
| Vehicle – Lorry / Truck                       | 11.31%             | 33.40%    |
| Computers and IT Equipments                   | 16.21%             | 12.77%    |

## xi) Employee benefits

### a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc. are recognized in the statement of profit and loss in the period in which the employee renders the related service.

### b) Long term employee benefits

#### Defined contribution plans

The company deposits the contributions for provident fund scheme to appropriate authorities and these contributions are recognized in the statement of profit and loss in the financial year to which they relate.

#### Defined benefit plans

The companies gratuity and pension plan are the defined benefit plans. The present value of gratuity and pension obligation under such defined benefit plans are determined based on actuarial valuation carried out by an independent actuary using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present valuation of the obligation under defined benefit plans, is based on the market yield on government securities as at the valuation date having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the statement of Profit and Loss.

## Other employee benefits

Benefits under the company's leave encashment scheme constitute other employee benefits. The liability in respect of leave encashment is incorporated on the basis of actuarial valuation carried out by an independent actuary at the year end.

## xii) Taxes on income

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax.

## xiii) Provision and contingencies

- a) The company recognizes a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the balance sheet date and adjusted



to reflect management's current estimates.

- b) Provision for doubtful debts are recognised based on the receivables outstanding for more than 60 months.

#### **xiv) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### **xv) Accounting for Amalgamation**

Accounting for Amalgamation in the nature of merger has been carried out in terms of pooling interest method which requires line by line item additions of respective assets and liabilities. Amalgamation was considered as in the nature of merger since the all assets and liabilities taken over in the books of accounts at the carrying amount of the Transferor Company and business of the transferor company is being carried on in the transferee company after the scheme of merger.

#### **xvi) Borrowing Cost**

Interest during construction of the capital asset is being capitalized at an average interest rate of loans availed.

### **4. THIRD TRANSFER SCHEME BALANCES**

- (a) 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 share of the Company in generation capacities of all generating stations allocated to the four DISCOMs is 43.48%.

The GOAP has, vide G.O. Ms No.53, Energy (Power-III), dated: 28.04.2008, amended the share of four DISCOMs in the Generating Stations as per which the revised share of APCPDL is 46.06%. 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 many calculations, revisions, etc. The Andhra Pradesh Power Co-ordination Committee (APPCC) has requested the GoAP to amend the date of implementation from April, 2008 onwards.

The Accounting of Purchase of Power as disclosed in the Note No. 26 is based on the revised share of 46.06%.

Consequent on enactment of AP Reorganisation Bill, 2014 the Power Purchase ratio has been revised to 38.02% w.e.f 02.06.2014, vide G O Ms. No.20 dated 08.05.2014.

- (b) The cost of Power Purchase, Inter-State Sale of power and its accounting are being carried out by the APPCC, and are intimated to the DISCOMs, which are adopted in the Company's books.

## 5- SHARE CAPITAL

| The Authorised, issued, subscribed and fully paid up share capital comprises of equity shares having par value of Rs.10 each as follows |                         |                         |
|---|-------------------------|-------------------------|
| Particulars   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|   | ₹                       | ₹                       |
| <b>Authorised</b>   |                         |                         |
| 100,00,00,000 Equity shares of ₹ 10 each  | 10,000,000,000          | 10,000,000,000          |
| <b>Issued, Subscribed And Paid-up</b>   |                         |                         |
| 72,84,79,609 Equity shares of ₹ 10/ each fully paid up<br>(Previous Year 72,84,79,609 Equity shares of ₹ 10/ each)                      | 7,284,796,090           | 7,284,796,090           |
| <b>TOTAL</b>  | <b>7,284,796,090</b>    | <b>7,284,796,090</b>    |

### a. Reconciliation of Shares Outstanding at the beginning and at the end of the year

| Particulars                                     | As at 31st March 2014 |               | As at 31st March 2013 |               |
|---|-----------------------|---------------|-----------------------|---------------|
|   | Number                | ₹             | Number                | ₹             |
| Shares outstanding at the beginning of the year | 728,479,609           | 7,284,796,090 | 728,479,609           | 7,284,796,090 |
| Shares Issued during the year                   | —                     | —             | —                     | —             |
| Shares bought back during the year              | —                     | —             | —                     | —             |
| Shares outstanding at the end of the year       | 728,479,609           | 7,284,796,090 | 728,479,609           | 7,284,796,090 |

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

| Name of Shareholder   | As at 31st March 2014 |                 | As at 31st March 2013 |                 |
|---|-----------------------|-----------------|-----------------------|-----------------|
|   | No. of<br>Shares held | % of<br>Holding | No. of<br>Shares held | % of<br>Holding |
| <b>Equity Shares</b>  |                       |                 |                       |                 |
| Government of Andhra Pradesh<br>(Vide GO. Ms.No.58 Dt:09.06.2005) | 728,479,609           | 100%            | 728,479,609           | 100%            |
| <b>Total</b>  | <b>728,479,609</b>    | <b>100%</b>     | <b>728,479,609</b>    | <b>100%</b>     |

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

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

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

### 6 - RESERVES & SURPLUS

| Reserves & Surplus  | As at March 31,<br>2014<br>₹ | As at March 31,<br>2013<br>₹ |
|---|------------------------------|------------------------------|
| <b>a. Consumer Contribution towards capital assets</b>    |                              |                              |
| Opening Balance   | 23,915,615,837               | 20,054,290,562               |
| (+) Current Year Transfer                                 | 3,853,017,376                | 3,861,325,275                |
| <b>Closing Balance</b>                                    | <b>27,768,633,213</b>        | <b>23,915,615,837</b>        |
| <b>b. Subsidies towards cost of capital assets</b>        |                              |                              |
| Opening Balance   | 714,813,781                  | 714,813,781                  |
| (+) Current Year Transfer                                 | (12,090)                     |                              |
| <b>Closing Balance</b>                                    | <b>714,801,691</b>           | <b>714,813,781</b>           |
| <b>c. Grants/Donations towards cost of capital assets</b> |                              |                              |
| Opening Balance   | 2,819,587,462                | 2,673,313,858                |
| (+) Current Year Transfer                                 | 1,167,829                    | 146,273,604                  |
| <b>Closing Balance</b>                                    | <b>2,820,755,291</b>         | <b>2,819,587,462</b>         |
| <b>Total (Closing balance of a+b+c)</b>                   | <b>31,304,190,195</b>        | <b>27,450,017,080</b>        |
| Less: Withdrawal towards cost of Capital Assets           | (12,167,709,509)             | (9,932,314,732)              |
| <b>Total</b>  | <b>19,136,480,686</b>        | <b>17,517,702,347</b>        |
| <b>d. GIS - Insurance &amp; Saving Fund</b>               |                              |                              |
| Opening Balance   | 36,178,399                   | 30,743,054                   |
| (+) Current Year Transfer                                 | 6,397,619                    | 5,435,345                    |
| <b>Closing Balance</b>                                    | <b>42,576,018</b>            | <b>36,178,399</b>            |
| <b>e. Self Funding Medical Scheme</b>                     |                              |                              |
| Opening Balance   | <b>24,097,855</b>            | -                            |
| (+) Current Year Transfer                                 | 24,529,760                   | <b>24,097,855</b>            |
| <b>Closing Balance</b>                                    | <b>48,627,615</b>            | <b>24,097,855</b>            |

Cont...

| Reserves & Surplus                                | As at March 31,<br>2014<br>₹ | As at March 31,<br>2013<br>₹ |
|---|------------------------------|------------------------------|
| <b>f. Statutory Reserves:</b>                     |                              |                              |
| <b>Contingency Reserve Fund</b>                   |                              |                              |
| Opening Balance                                   | 337,182,763                  | 310,859,719                  |
| (+) Current Year Interest received and reinvested | 28,237,387                   | 26,323,044                   |
| <b>Closing Balance</b>                            | <b>365,420,150</b>           | <b>337,182,763</b>           |
| <b>g. Surplus</b>                                 |                              |                              |
| Opening Balance                                   | (78,298,139,198)             | (1,105,674,544)              |
| (+) Current Year Transfers                        | -                            | (9,567,496)                  |
| (+) Net Profit/(Net Loss) For the Current Year    | (8,112,395,730)              | (77,182,897,158)             |
| <b>Closing Balance</b>                            | <b>(86,410,534,928)</b>      | <b>(78,298,139,198)</b>      |
| <b>Total</b>                                      | <b>(66,817,430,458)</b>      | <b>(60,382,977,833)</b>      |

- g. During the year 2013-14, the Company has received Consumer Contribution (including Subsidies, Grants and Donations towards Cost of Capital Assets) amounting to ₹ 385.42 Crores (Previous year ₹ 400.76 Crores). In proportion in which depreciation on the concerned assets has been charged during the year 2013-14, an amount of ₹ 223.54 Crores (Previous year ₹ 198.23 Crores) has been treated as withdrawal from consumer contribution and credited to Profit and Loss Account.
- h. **GIS Insurance & savings fund:** With effect from 01.07.1985 Employees Group Insurance Scheme was introduced in the place of erstwhile Family Benefit Fund Scheme. As per the said Scheme the contributions of the Employees consists of two portions, the Insurance portion and the Savings portion. The future liability of the Company as per the said Scheme could not be ascertained. The closing balance of the Savings Fund held as on 31.03.2014 is ₹ 4.27 Crores (Previous Year ₹ 3.67 Crores). The Closing balance of GIS Insurance Fund as at 31.03.2014 is ₹ 0.01 Crores Debit balance (Previous year ₹ 0.05 Crores Debit Balance). During the year the Interest on Savings & insurance Fund of ₹ 0.71 Crores (Previous Year ₹ 0.58 Crores) has been debited and is shown under the Head 'Interest and Finance Charges'.

## 7 LONG TERM BORROWINGS

| Long Term Borrowings  | As at March<br>31, 2014<br>₹ | As at March<br>31, 2013<br>₹ |
|---|------------------------------|------------------------------|
| <b>SECURED</b>  |                              |                              |
| <b>Term Loans</b>   |                              |                              |
| from banks  | 12,545,608,420               | 11,760,753,551               |
| from other parties  | 19,819,741,619               | 15,746,108,709               |
| Term Loans on FRP Scheme<br>(On hypothecation of Current Assets)              | 12,237,977,093               | —                            |
| <b>UNSECURED</b>  |                              |                              |
| Bonds/Debentures - APSEB Bonds 2004 Series<br>(Maturity date - July 11, 2014) | —                            | 367,500,000                  |
| Loan from Government of Andhra Pradesh  | 151,741,766                  | 259,666,775                  |
| Bonds issued under FRP Scheme   | 28,097,500,000               | —                            |
| <b>Sub-Total</b>  | <b>28,249,241,766</b>        | <b>627,166,775</b>           |
| <b>TOTAL</b>  | <b>72,852,568,898</b>        | <b>28,134,029,035</b>        |

### a. Secured Term Loans from Banks includes

| <u>Secured term Loans from banks</u>                                       | As at March<br>31, 2014<br>₹ | As at March<br>31, 2013<br>₹ |
|--|------------------------------|------------------------------|
| Syndicate Bank (Hyp of Transmission & Distribution Lines and Sub Stations) | 1,540,804,120                | 1,789,516,347                |
| Canara Bank (HVDS)   | 333,869,380                  | 385,864,562                  |
| Canara Bank (Hyp of Transmission & Distribution Lines and Sub Stations)    | 958,359,250                  | 793,684,327                  |
| State Bank of Hyderabad<br>(Hyp of Transmission & Distribution Lines)      | 4,743,745,124                | 2,849,952,865                |
| Corporation Bank (Hyp of Metering Equipment)                               | 1,545,615,485                | 1,748,380,213                |
| Syndicate Bank (Debt Swapping)   | —                            | 290,683,218                  |

Cont...

| <u>Secured term Loans from banks</u>                         | As at March<br>31, 2014<br>₹ | As at March<br>31, 2013<br>₹ |
|--|------------------------------|------------------------------|
| Andhra Bank (Debt Swapping)                                  | —                            | 127,360,049                  |
| Karnataka Bank<br>(Hyp of Transmission & Distribution Lines) | 144,649,645                  | 228,534,695                  |
| Syndicate Bank<br>(Hyp of Transmission & Distribution Lines) | 3,278,565,416                | 3,546,777,275                |
| <b>TOTAL</b>   | <b>12,545,608,420</b>        | <b>11,760,753,551</b>        |

**b. Secured term Loans from Others includes**

| <u>Secured term Loans from Others</u>   | As at March<br>31, 2014<br>₹ | As at March<br>31, 2013<br>₹ |
|---|------------------------------|------------------------------|
| Rural electrification corporation (guaranteed<br>by Government of Andhra Pradesh) | 16,482,087,614               | 12,848,273,093               |
| Power Finance Corporation<br>(Hyp of Future Assets)                               | 3,337,654,005                | 2,897,835,616                |
| <b>TOTAL</b>  | <b>19,819,741,619</b>        | <b>15,746,108,709</b>        |

- c) Term Loans on FRP Scheme are guaranteed by Government vide GO MS 11 Dt.18.02.2014.
- d) Bonds Issued under FRP Scheme are guaranteed by GoAP vide GO Ms No.62 Dt 14.11.2013 will be taken over by Government over a period of four years subject to FRBM. These Bonds carry interest @9.95% on ₹1460 crores issued in First Tranch and 10% on ₹1349.75 Crores issued in Second Tranch.



**SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**  
(Formerly Central Power Distribution Company of A P Ltd)

| e. Repayment Schedule of Term Loans |                        |                               |        |                       |          |                    |                        |                    |                         |                  |                     |
|-------------------------------------|------------------------|-------------------------------|--------|-----------------------|----------|--------------------|------------------------|--------------------|-------------------------|------------------|---------------------|
| S. No.                              | NAME OF THE BANK       | Loan Drawn as on 31.03.2014 ₹ | ROI    | Repayment Periodicity | Tenure   | No. of instalments | No. of instalments due | Repayment Due Date | No. of instalments paid | Mortorium Period | Each instalment ₹   |
| 1                                   | CANARA BANK (HVDS)     | 38,54,69,382                  | 11.45% | Quarterly             | 13 Years | 40 (QUARTERLY)     | 30 (QUARTERLY)         | 30.11.2011         | 10                      | 3 YEARS          | 1,29,00,000         |
| 2                                   | CANARA BANK (T&D)      | 108,23,59,250                 | 11.15% | Quarterly             | 13 Years | 40 (QUARTERLY)     | 35 (QUARTERLY)         | 31.03.2013         | 5                       | 3 YEARS          | 3,10,00,000         |
| 3                                   | SYNDICATE BANK-247     | 178,78,04,122                 | 11.15% | Quarterly             | 12 Years | 40 (QUARTERLY)     | 29 (QUARTERLY)         | 29.09.2011         | 11                      | 2 YEARS          | 6,17,50,000         |
| 4                                   | CORPORATION BANK       | 174,56,15,485                 | 12.00% | Quarterly             | 13 Years | 40 (QUARTERLY)     | 35 (QUARTERLY)         | 31.03.2013         | 5                       | 3 YEARS          | 5,00,00,000         |
| 5                                   | KARNATAKA BANK         | 22,79,82,985                  | 12.50% | Monthly               | 07 Years | 72 (MONTHLY)       | 33 (MONTHLY)           | 31.01.2011         | 39                      | 1 YEAR           | 69,44,445           |
| 6                                   | SBH (TERM LOAN) 200    | 184,51,29,926                 | 11.45% | Quarterly             | 13 Years | 40 (QUARTERLY)     | 37 (QUARTERLY)         | 31.07.2013         | 3                       | 3 YEARS          | 5,00,00,000         |
| 7                                   | SYNDICATE BANK-355     | 354,48,15,416                 | 11.25% | Quarterly             | 13 Years | 40 (QUARTERLY)     | 40 (QUARTERLY)         | 30.08.2014         | 0                       | 3 YEARS          | 8,87,50,000         |
| 8                                   | SBH (TERM LOAN) 310    | 309,86,15,200                 | 11.70% | Quarterly             | 13 Years | 40 (QUARTERLY)     | 40 (QUARTERLY)         | 31.03.2016         | 0                       | 3 YEARS          | 7,75,00,000         |
|                                     | <b>TOTAL</b>           | <b>1371,77,91,766</b>         |        |                       |          |                    |                        |                    |                         |                  | <b>30,13,44,445</b> |
|                                     | <b>TERM LOANS -FRP</b> |                               |        |                       |          |                    |                        |                    |                         |                  |                     |

Cont...



**SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**  
(Formerly Central Power Distribution Company of A P Ltd)

| e. Repayment Schedule of Term Loans |                        |                               |        |                       |          |                    |                        |                    |                         |                  |                     |
|-------------------------------------|------------------------|-------------------------------|--------|-----------------------|----------|--------------------|------------------------|--------------------|-------------------------|------------------|---------------------|
| S. No.                              | NAME OF THE BANK       | Loan Drawn as on 31.03.2014 ₹ | ROI    | Repayment Periodicity | Tenure   | No. of instalments | No. of instalments due | Repayment Due Date | No. of instalments paid | Mortorium Period | Each instalment ₹   |
| <b>TERM LOANS - FRP</b>             |                        |                               |        |                       |          |                    |                        |                    |                         |                  |                     |
| 1                                   | ANDHRA BANK            | 262,50,00,000                 | 11.50% | Monthly               | 10 YEARS | 84( MONTHLY)       | 84( MONTHLY)           | 31.03.2016         | 0                       | 3 YEARS          | 3,12,50,000         |
| 2                                   | BANK OF INDIA,         | 175,00,00,000                 | 11.50% | Monthly               | 10 YEARS | 84( MONTHLY)       | 84( MONTHLY)           | 31.03.2016         | 0                       | 3 YEARS          | 2,08,33,333         |
| 3                                   | CENTRAL BANK OF INDIA, | 125,00,00,000                 | 11.50% | Monthly               | 10 YEARS | 84( MONTHLY)       | 84( MONTHLY)           | 31.03.2016         | 0                       | 3 YEARS          | 1,48,80,952         |
| 4                                   | FEDERAL BANK           | 37,50,00,000                  | 11.50% | Monthly               | 10 YEARS | 84( MONTHLY)       | 84( MONTHLY)           | 31.03.2016         | 0                       | 3 YEARS          | 44,64,286           |
| 5                                   | INDIAN OVERSEAS BANK   | 125,00,00,000                 | 11.50% | Monthly               | 10 YEARS | 84( MONTHLY)       | 84( MONTHLY)           | 31.03.2016         | 0                       | 3 YEARS          | 1,48,80,952         |
| 6                                   | INDIAN BANK            | 175,00,00,000                 | 11.50% | Monthly               | 10 YEARS | 84( MONTHLY)       | 84( MONTHLY)           | 31.03.2016         | 0                       | 3 YEARS          | 2,08,33,333         |
| 7                                   | PUNJAB&SIND BANK       | 100,00,00,000                 | 11.50% | Monthly               | 10 YEARS | 84( MONTHLY)       | 84( MONTHLY)           | 31.03.2016         | 0                       | 3 YEARS          | 1,19,04,762         |
| 8                                   | VIJAYA BANK            | 150,00,00,000                 | 11.50% | Monthly               | 10 YEARS | 84( MONTHLY)       | 84( MONTHLY)           | 31.03.2016         | 0                       | 3 YEARS          | 1,78,57,144         |
| 9                                   | SBH T L - FRP SCHEME   | 73,79,77,093                  | 11.50% | Monthly               | 10 YEARS | 84 INSTALMENTS     | 84 INSTALMENTS         | 31.03.2016         | 0                       | 3 YEARS          | 89,28,571           |
|                                     | <b>TOTAL</b>           | <b>1223,79,77,093</b>         |        |                       |          |                    |                        |                    |                         |                  | <b>14,58,33,334</b> |

## 8 OTHER LONG TERM LIABILITIES

| Other Long Term Liabilities | As at March 31, 2014<br>₹ | As at March 31, 2013<br>₹ |
|-----------------------------|---------------------------|---------------------------|
| (a) Vendor Deposits         | 887,770,213               | 1,008,761,046             |
| (b) Contribution Works      | 343,717,139               | 337,846,326               |
| (c) Other Liabilities       | 53,804,789                | 53,139,629                |
| <b>TOTAL</b>                | <b>1,285,292,141</b>      | <b>1,399,747,001</b>      |

## 9 LONG TERM PROVISIONS

| Long Term Provisions                   | As at March 31, 2014<br>₹ | As at March 31, 2013<br>₹ |
|--|---------------------------|---------------------------|
| <b>Provision for employee benefits</b> |                           |                           |
| Gratuity (unfunded)                    | 217,008,222               | 164,008,494               |
| Leave Encashment (unfunded)            | 4,226,356,713             | 3,247,097,431             |
| <b>TOTAL</b>                           | <b>4,443,364,935</b>      | <b>3,411,105,925</b>      |

a. During the year an amount of ₹ 20.16 Crores (Previous Year ₹ 15.38 Crores) has been incurred towards Leave Encashment by way of direct debit to Provision for Leave Encashment Account.

b. Further, during the year the Company has carried out Actuarial Valuation of Leave Encashment. The Company has made a provision of ₹ 118.08 Crs towards Leave Encashment during the year (Previous Year ₹ 46.58 Crores) based on actuarial valuation report for the year ended March 31, 2014.

c. Employees who have joined on or after 01.02.1999 These employees are covered by Employees' Provident Fund & Miscellaneous Provisions Act 1952 and Employees' Provident Fund Scheme, 1952. Gratuity for eligible employees provided by the Company for the year is ₹ 6.90 Crores (Previous Year ₹ 6.23 Crore).

## 10 SHORT TERM BORROWINGS

| Short Term Borrowings                                 | As at<br>March 31, 2014<br>₹ | As at<br>March 31, 2013<br>₹ |
|---|------------------------------|------------------------------|
| <b>Secured</b>  |                              |                              |
| <b>(a) Loans repayable on demand</b>                  |                              |                              |
| from banks<br>(SBH - Hypothecation of Current Assets) | 2,703,698,135                | 2,991,954,717                |
|   | <b>2,703,698,135</b>         | <b>2,991,954,717</b>         |
| <b>Unsecured</b>                                      |                              |                              |
| <b>(a) Loans repayable on demand</b>                  |                              |                              |
| from banks  | 750,000,000                  | 30,750,000,000               |
| from other parties                                    | 8,063,267,172                | 11,679,100,505               |
|   | <b>8,813,267,172</b>         | <b>42,429,100,505</b>        |
| <b>TOTAL</b>  | <b>11,516,965,307</b>        | <b>45,421,055,222</b>        |

### a. Unsecured Short Term Loans from Banks includes

| <u>Unsecured Short Term Loans from banks</u> | As at<br>March 31, 2014<br>₹ | As at<br>March 31, 2013<br>₹ |
|--|------------------------------|------------------------------|
| Tamilnadu Merchantaile Bank                  | 750,000,000                  | 1,000,000,000                |
| Bank of India                                | —                            | 3,500,000,000                |
| Andhra Bank                                  | —                            | 5,250,000,000                |
| Syndicate Bank                               | —                            | 3,750,000,000                |
| Canara Bank                                  | —                            | 2,000,000,000                |
| State Bank of Mysore                         | —                            | 1,000,000,000                |
| Vijaya Bank                                  | —                            | 3,000,000,000                |
| Federal Bank                                 | —                            | 750,000,000                  |
| Central Bank of India                        | —                            | 2,500,000,000                |
| Punjab & Sind Bank                           | —                            | 2,000,000,000                |
| Oriental Bank of Commerce                    | —                            | —                            |
| Indian Bank, Koti                            | —                            | 3,500,000,000                |
| Union Bank of India                          | —                            | —                            |
| Bank of Maharastra                           | —                            | —                            |
| Indian Overseas Bank                         | —                            | 2,500,000,000                |
| <b>TOTAL</b>                                 | <b>750,000,000</b>           | <b>30,750,000,000</b>        |

- b) The loan from State Bank of Hyderabad on Hypothecation of Current Assets carry interest rate @ 12.75%.

## 11 TRADE PAYABLES

| Trade Payables   | As at<br>March 31, 2014<br>₹ | As at<br>March 31, 2013<br>₹ |
|--|------------------------------|------------------------------|
| <b>Unsecured</b>   |                              |                              |
| APEPDCL  | 10,349,999,247               | 9,664,865,278                |
| APNPDCL  | (235,085,984)                | (2,193,414,631)              |
| APSPDCL  | 3,914,580,223                | 6,747,672,654                |
| APTRANSCO  | 610,249,674                  | 2,515,269,895                |
| Other Payables   | 34,482,899,581               | 44,952,051,937               |
| <b>Total</b>   | <b>49,122,642,741</b>        | <b>61,686,445,133</b>        |
| a) Other Payables includes Power Purchase Creditors to the tune of ₹ .3125.79 Crores (Previous Year ₹ .4236.56 Crores) |                              |                              |
| b) NPDCL is owing to the company of Rs.23.51 Crores (Previous Year Rs.219.34 Crores).                                  |                              |                              |

## 12 OTHER CURRENT LIABILITIES

| Other Current Liabilities            | As at<br>March 31, 2014<br>₹ | As at<br>March 31, 2013<br>₹ |
|--------------------------------------|------------------------------|------------------------------|
| Current maturities of long-term debt | 3,562,214,376                | 4,524,582,203                |
| Employee related liabilities         | 988,606,991                  | 896,090,233                  |
| Statutory Liability                  | 371,128,954                  | 268,431,357                  |
| Advance from Customers               | 467,507,644                  | 510,983,067                  |
| Consumer Deposits                    | 22,473,525,220               | 20,305,884,274               |
| Gov. opf AP SC/ST Payable            | 43,238,926                   | 44,878,565                   |
| Inter Unit Accounts                  | 72,910,989                   | 24,929,691                   |
| Interest Payable on Consumer Deposit | 1,757,880,533                | 1,624,384,221                |
| APCPDCL Pension & Gratuity Trust     | 1,451,015,922                | 1,044,154,261                |
| APCPDCL GPF Trust                    | 379,680,928                  | 334,530,991                  |
| Other Liabilities                    | 4,997,776,773                | 3,842,336,697                |
| <b>Total</b>                         | <b>36,565,487,256</b>        | <b>33,421,185,559</b>        |

Cont...

|  |
|--|
| a. The Company owes ₹ 145.10 Crores to APCPDCL P & G Trust as on 31.03.2014 (Previous Year ₹ 104.42 Crores).   |
| b. The Company owes ₹ 37.97 Crores (Previous Year ₹ 33.45 Crores) to APCPDCL GPF Trust. Interest on GPF for the financial year 2013-14 of ₹ 2.83 Crores (Previous Year ₹ 3.41 Crores) has been debited to Profit and Loss Account. |
| <b>c. Employees who joined prior to 1.02.1999</b>  |
| i. The Company, based on the Actuary Report dated 23rd March 2014, has contributed 18.63% of Basic & DA towards Pension & Gratuity to the APCPDCL Pension & Gratuity Trust.  |
| ii. During the year, the amount charged to Profit & Loss account is ₹ 102.29 Crores (Previous Year ₹ 120.01 Crores) towards provision for Pension & Gratuity.  |
| iii. These employees are covered by General Provident Fund and are eligible for Gratuity and Pension. The GPF is administered by APCPDCL PF Trust.   |
| iv. The funds of Pension and Gratuity are held jointly by Master Trust, administered by APGENCO, and APCPDCL Pension & Gratuity Trust, and payments are made in the ratio of 74:26 respectively.                                   |

### 13. SHORT TERM PROVISIONS

| Short Term Provisions         | As at March 31, 2014<br>₹ | As at March 31, 2013<br>₹ |
|-------------------------------|---------------------------|---------------------------|
| Provision for Employee cost   | 56,134,787                | 36,172,466                |
| RPF Fund                      | 228,770                   | 228,770                   |
| Provision for Admin Expenses  | 121,712,846               | 120,635,973               |
| Provision for Compensation    | 549,000                   | 559,000                   |
| Provision for CWIP            | 139,262,708               | 45,652,362                |
| Provision for Interest        | 1,558,719,970             | 1,174,559,549             |
| Provision for O&M works       | 81,706,337                | 65,183,203                |
| Provision for R & C Penalties | 2,332,459,790             | -                         |
| Audit fee Payable             | 1,273,600                 | 1,161,240                 |
| Provision for Income Tax      | -                         | -                         |
| <b>Total</b>                  | <b>4,292,047,808</b>      | <b>1,444,152,563</b>      |



**SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LTD.**  
(Formerly Central Power Distribution Company of A.P. Ltd)  
**Schedule 14 - Fixed Assets**

| S. No    | Particulars                                | Gross Block           |                       |                        |  |                                 |                       | Depreciation & Amortisation |                                  |                                 |                        |                       |                       | Net Block            |  |
|----------|--|-----------------------|-----------------------|------------------------|--|---------------------------------|-----------------------|-----------------------------|----------------------------------|---------------------------------|------------------------|-----------------------|-----------------------|----------------------|--|
|          |  | As at April 1, 2013   | Additions             | Deletions/ Adjustments | Acquired through business combinations | Transaction exchange difference | As at 31st March 2014 | As at 1st April 2013        | Depreciation charge for the year | Transaction exchange difference | Deletions/ Adjustments | As at 31st March 2014 | As at 31st March 2014 | As at March 31, 2013 |  |
|          |  | ₹                     | ₹                     | ₹                      | ₹                                      | ₹                               | ₹                     | ₹                           | ₹                                | ₹                               | ₹                      | ₹                     | ₹                     | ₹                    |  |
| <b>a</b> | <b>TANGIBLE ASSETS</b>                     |                       |                       |                        |  |                                 |                       |                             |                                  |                                 |                        |                       |                       |                      |  |
|          | Land                                       | 70,677,714            | 37,950                | -                      | -                                      | 70,715,664                      | -                     | -                           | -                                | -                               | -                      | -                     | 70,715,664            | 70,677,714           |  |
|          | Buildings                                  | 2,189,916,859         | 1,45,418,714          | -                      | -                                      | 2,335,335,573                   | 400,279,219           | 67,798,161                  | -                                | -                               | 468,077,380            | 1,867,258,193         | 1,789,637,640         |                      |  |
|          | Other Civil Works                          | 560,667,267           | 1,61,791,727          | -                      | -                                      | 722,458,994                     | 45,762,993            | 18,719,979                  | -                                | -                               | 64,482,972             | 657,976,022           | 514,904,275           |                      |  |
|          | Plant and Machinery                        | 34,746,289,148        | 4,824,116,307         | 314,099                | -                                      | 39,570,091,356                  | 14,002,831,704        | 2,411,052,471               | 277,876                          | -                               | 16,413,606,300         | 23,156,485,057        | 20,743,457,444        |                      |  |
|          | Lines and Cable Network                    | 30,127,583,569        | 3,488,643,705         | -                      | -                                      | 33,616,227,274                  | 15,857,290,708        | 1,754,305,417               | -                                | -                               | 17,611,596,125         | 16,004,631,149        | 14,270,292,861        |                      |  |
|          | Meters and Measuring equipment             | 7,415,734,238         | 1,307,038,979         | -                      | -                                      | 8,722,773,217                   | 4,188,132,270         | 666,901,545                 | -                                | -                               | 4,855,033,814          | 3,867,739,403         | 3,227,601,968         |                      |  |
|          | Vehicles                                   | 36,947,190            | -                     | 367,778                | -                                      | 36,579,412                      | 33,243,984            | 5,017                       | 331,000                          | -                               | 32,918,001             | 3,661,411             | 3,703,206             |                      |  |
|          | Furniture and Fixtures                     | 83,076,988            | 5,732,561             | -                      | -                                      | 88,809,549                      | 46,123,416            | 7,189,275                   | -                                | -                               | 53,312,692             | 35,496,858            | 36,953,572            |                      |  |
|          | Office Equipment                           | 215,524,084           | 34,467,921            | -                      | -                                      | 249,992,005                     | 110,179,919           | 20,598,907                  | -                                | -                               | 130,778,826            | 119,213,179           | 105,344,165           |                      |  |
|          | Air Conditioners                           | 13,985,769            | 535,118               | -                      | -                                      | 14,520,887                      | 3,744,208             | 1,791,547                   | -                                | -                               | 5,535,755              | 8,985,132             | 10,241,562            |                      |  |
|          | Computer & IT Equipment                    | 772,374,368           | 1,33,486,058          | -                      | -                                      | 905,860,426                     | 253,409,622           | 91,300,536                  | -                                | -                               | 344,710,158            | 561,150,268           | 518,964,746           |                      |  |
|          | Fixed Assets - RECOs                       | -                     | -                     | -                      | -                                      | 0                               | -                     | -                           | -                                | -                               | -                      | -                     | -                     |                      |  |
|          | <b>Total</b>                               | <b>76,232,777,195</b> | <b>10,101,269,040</b> | <b>681,877</b>         | <b>-</b>                               | <b>86,333,364,358</b>           | <b>34,940,998,043</b> | <b>5,039,662,855</b>        | <b>-</b>                         | <b>608,876</b>                  | <b>39,980,052,022</b>  | <b>46,353,312,336</b> | <b>41,291,779,152</b> |                      |  |
|          | <b>INTANGIBLE ASSETS</b>                   |                       |                       |                        |  |                                 |                       |                             |                                  |                                 |                        |                       |                       |                      |  |
| <b>b</b> | <b>Computer Software</b>                   | 195,956,038           | 578,017               | -                      | -                                      | 196,534,056                     | 70,647,084            | 35,703,271                  | -                                | -                               | 106,350,356            | 90,183,700            | 125,308,954           |                      |  |
|          | <b>Total</b>                               | <b>195,956,038</b>    | <b>578,017</b>        | <b>-</b>               | <b>-</b>                               | <b>196,534,056</b>              | <b>70,647,084</b>     | <b>35,703,271</b>           | <b>-</b>                         | <b>-</b>                        | <b>106,350,356</b>     | <b>90,183,700</b>     | <b>125,308,954</b>    |                      |  |
| <b>c</b> | <b>Capital Work in Progress</b>            | 8,292,963,881         | 11,228,366,667        | 10,361,532,235         | -                                      | 9,159,798,313                   | -                     | -                           | -                                | -                               | -                      | 9,159,798,313         | 8,292,963,881         |                      |  |
|          | <b>Total</b>                               | <b>8,292,963,881</b>  | <b>11,228,366,667</b> | <b>10,361,532,235</b>  | <b>-</b>                               | <b>9,159,798,313</b>            | <b>-</b>              | <b>-</b>                    | <b>-</b>                         | <b>-</b>                        | <b>-</b>               | <b>9,159,798,313</b>  | <b>8,292,963,881</b>  |                      |  |
| <b>d</b> | <b>Intangible Assets under development</b> |                       |                       |                        |  |                                 |                       |                             |                                  |                                 |                        |                       |                       |                      |  |
|          | <b>Total</b>                               | <b>-</b>              | <b>-</b>              | <b>-</b>               | <b>-</b>                               | <b>-</b>                        | <b>-</b>              | <b>-</b>                    | <b>-</b>                         | <b>-</b>                        | <b>-</b>               | <b>-</b>              | <b>-</b>              |                      |  |
|          | <b>GRAND TOTAL</b>                         | <b>84,721,697,114</b> | <b>21,330,213,724</b> | <b>10,362,214,112</b>  | <b>-</b>                               | <b>95,689,696,726</b>           | <b>35,011,645,127</b> | <b>5,075,366,127</b>        | <b>608,876</b>                   | <b>40,086,402,377</b>           | <b>55,603,294,349</b>  | <b>49,710,051,988</b> |                       |                      |  |
|          | <b>Grand Total of Previous Year</b>        | <b>74,639,241,134</b> | <b>19,132,845,613</b> | <b>9,050,389,633</b>   | <b>-</b>                               | <b>84,721,697,114</b>           | <b>30,491,817,247</b> | <b>4,527,902,075</b>        | <b>-</b>                         | <b>8,074,195</b>                | <b>35,011,645,127</b>  | <b>49,710,051,988</b> | <b>44,147,423,890</b> |                      |  |



**SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**  
(Formerly Central Power Distribution Company of A.P. Ltd)

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**15. NON CURRENT INVESTMENT (at Cost)**

| A. Sr. No. | Details of Trade Investments              |  |                       |                       |                   |                          |                       | Amount (₹)            |  |
|------------|---|--|-----------------------|-----------------------|-------------------|--------------------------|-----------------------|-----------------------|--|
|            | Name of the Body Corporate                | Subsidiary / Associate / JV / Controlled Entity / Others | No. of Shares/Units   |                       | Quoted / Unquoted | Partly Paid / Fully paid | As at 31st March 2014 | As at 31st March 2013 |  |
| (1)        | (2)                                       | (3)  | As at 31st March 2014 | As at 31st March 2013 | (6)               | (7)                      | (10)                  | (11)                  |  |
| a)         | APPDCL                                    | Others   | 232,020,000           | 146,020,000           | Unquoted          | Fully Paid               | 2,595,200,000         | 2,420,200,000         |  |
|            | <b>Share Application Money</b>            |  |                       |                       |                   |                          |                       |                       |  |
| b)         | Coastal Taminadu                          | Others   | —                     | —                     | N/A               |                          | 18,424,000            | 18,424,000            |  |
| c)         | M/s Ghogarpalli Integrated Power Co., Ltd | Others   | —                     | —                     | N/A               |                          | 8,800,000             | 8,800,000             |  |
|            | <b>Total</b>                              |  |                       |                       |                   |                          | <b>2,622,424,000</b>  | <b>2,447,424,000</b>  |  |

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| B. Details of Other Investments |   |   |                       |                     |                   |                          |                     |                     |                      |
|---------------------------------|---|---|-----------------------|---------------------|-------------------|--------------------------|---------------------|---------------------|----------------------|
| Sr. No.                         | Name of the Body Corporate  | Subsidiary / Associate / JV/ Controlled Entity / Others | No. of Shares / Units |                     | Quoted / Unquoted | Partly Paid / Fully paid | Amount (₹)          |                     |                      |
|                                 |   |   | As at 31 March 2014   | As at 31 March 2013 |                   |                          | As at 31 March 2014 | As at 31 March 2013 |                      |
| <b>1</b>                        | <b>Investments in Government or Trust securities</b>  |   |                       |                     |                   |                          |                     |                     |                      |
|                                 | AP TRANSCO – VIDYUT BONDS (Market Value Rs.10,00,000/- per Bond)  | Others  | 132                   | 132                 | Quoted            | Fully Paid               | 132000000           | 132000000           |                      |
|                                 | 8.74% APPFC Bonds (Market Value Rs.10,00,000/- per Bond)  | Others  | 47                    | 47                  | Quoted            | Fully Paid               | 470000000           | 470000000           |                      |
|                                 | 9.97% APPFC Bonds (Market Value Rs.10,00,000/- per Bond)  | Others  | 24                    | 24                  | Quoted            | Fully Paid               | 240000000           | 240000000           |                      |
|                                 | 9.64% APPFC Bonds (Market Value Rs.10,00,000/- per Bond)  | Others  | 22                    | 22                  | Quoted            | Fully Paid               | 220000000           | 220000000           |                      |
|                                 | 5.64% Govt of India Securities  | Others  | 200000                | 200000              | Unquoted          | Fully Paid               | 19876333            | 19876333            |                      |
|                                 | 8.35% Govt of India Securities  | Others  | 172000                | 172000              | Unquoted          | Fully Paid               | 19435713            | 19435713            |                      |
|                                 | 8.07% Govt of India 2017 Bonds  | Others  |                       |                     | Unquoted          | Fully Paid               | 4301560             | 4301560             |                      |
|                                 | 8.2 APWRDC Non Convertible  | Others  | –                     | 104                 | Unquoted          | Fully Paid               | –                   | 10400000            |                      |
|                                 | 8.5% APSFC – Unsecured, Redeemable, Non Convertible, Non SLR Bonds Series II–2008 (Market Value Rs.10,00,000/- per Bond)  | Others  | 128                   | 16                  | Unquoted          | Fully Paid               | 12800000            | 16000000            |                      |
|                                 | 9.15% AP5FC – Unsecured, Redeemable, Non Convertible, Non SLR Bonds Series VI–2013 (Market Value Rs.10,00,000/- per Bond) | Others  | 14                    | 14                  |                   |                          | 14000000            | 14000000            |                      |
|                                 | Investment in MAH SID @ 9.25%   | Others  |                       | –                   |                   |                          | 18,027,000          | –                   |                      |
|                                 | INVESTMENT IN APSFC SERIES VII/2014 FRO (Market Value Rs.1,00,000/- per Bond)   |   | 9                     | –                   |                   |                          | 9,000,000           | –                   |                      |
| <b>2</b>                        | <b>Investments in Mutual Funds</b>  |   |                       |                     |                   |                          |                     |                     |                      |
|                                 | SBI MUTUAL FUNDS (Market Value Rs.1,1815 per Unit)  | Others  | 1111241,895           | 1111241,895         | Quoted            | Fully Paid               | 11329000            | 11329000            |                      |
|                                 | <b>Total</b>  |   |                       |                     |                   | <b>Grand Total</b>       | <b>333,769,606</b>  | <b>320,342,606</b>  | <b>2,767,766,606</b> |

a. Shares worth of Rs 17.50 Crores were allotted during the financial year 2014-15 which has been considered as investments due to event has been occurred after the balance sheet date.

b. Gross Interest earned on Investments earmarked for Contingency Reserve Fund are reinvested.

## 16 DEFERRED TAX

| Particulars  | As at<br>March 31, 2014<br>₹ | As at<br>March 31, 2013<br>₹ |
|--|------------------------------|------------------------------|
| <b>Deferred Tax Liabilities</b>  |                              |                              |
| Opening Balance  | 1,209,915,914                | 1,209,915,914                |
| Fixed Assets : Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting | —                            | —                            |
| <b>Gross deferred tax liability</b>  | <b>1,209,915,914</b>         | <b>1,209,915,914</b>         |
| <b>Deferred Tax Asset</b>  |                              |                              |
| Opening Balance  | 2,872,612,477                | 1,826,126,087                |
| Unabsorbed Depreciation  | 1,168,346,468                | 1,046,486,390                |
| <b>Gross deferred tax asset</b>  | <b>4,040,958,945</b>         | <b>2,872,612,477</b>         |
| <b>Net Deferred Tax Liability/(Asset)</b>  | <b>2,831,043,031</b>         | <b>1,662,696,563</b>         |

## 17 LONG TERM LOANS & ADVANCES

| Long Term Loans & Advances            | As at<br>March 31, 2014<br>₹ | As at<br>March 31, 2013<br>₹ |
|---------------------------------------|------------------------------|------------------------------|
| <b>a. Secured, Considered good</b>    |                              |                              |
| Loans & Advances to employees         | 34,492,546                   | 20,224,601                   |
| Miscellaneous losses and write - offs | —                            | —                            |
| <b>b. Unsecured, Considered good</b>  |                              |                              |
| Loans & Advances to employees         | 12,234,239                   | 12,323,658                   |
| Deposits                              | 316,983,840                  | 308,502,117                  |
| Capital Advances                      | 195,449,613                  | 72,921,876                   |
| <b>Total</b>                          | <b>559,160,238</b>           | <b>413,972,252</b>           |

### c. Secured Long term Loans & Advances to employees includes

| Secured Long term Loans & Advances to employees includes | As at<br>March 31, 2014<br>₹ | As at<br>March 31, 2013<br>₹ |
|--|------------------------------|------------------------------|
| Housing Loan - Secured against House                     | 34,492,546                   | 20,224,601                   |
| <b>Total</b>   | <b>34,492,546</b>            | <b>20,224,601</b>            |

Cont...

| d. Unsecured Long term Loans & Advances to employees includes  |                                  |                                  |
|--|----------------------------------|----------------------------------|
| <b>Unsecured Long term Loans &amp; Advances to employees includes</b>  | <b>As at March 31, 2014</b><br>₹ | <b>As at March 31, 2013</b><br>₹ |
| Education Loans  | 1,286,119                        | 1,562,819                        |
| Two Wheeler Loan   | 5,733,921                        | 4,749,585                        |
| Four Wheeler Loan  | 2,938,123                        | 3,641,861                        |
| Computer Loans   | 2,371,715                        | 2,149,752                        |
| Marriage Advance   | (95,639)                         | 219,641                          |
| <b>Total</b>   | <b>12,234,239</b>                | <b>12,323,658</b>                |
| e. Current receivables of the loans & advances to employees (Secured & unsecured) could not be ascertainable.  |                                  |                                  |
| f. Unsecured Deposits Includes   |                                  |                                  |
| <b>Unsecured Deposits includes</b>   | <b>As at March 31, 2014</b><br>₹ | <b>As at March 31, 2013</b><br>₹ |
| Court Authorities  | 62,658,835                       | 62,164,568                       |
| Telephone authorities  | 820,132                          | 672,616                          |
| Other Deposits   | 253,504,873                      | 245,664,934                      |
| <b>Total</b>   | <b>316,983,840</b>               | <b>308,502,117</b>               |
| g. Other Deposits includes ₹ 21.30 Crores (Previous Year ₹ 21.30 Crores) towards disputed Entry tax and Sales tax deposited by the company with the Commercial Tax Officer as per the orders of APSTAT and Hon'ble High Court. |                                  |                                  |

## 18. OTHER NON CURRENT ASSETS

| <b>Other Non Current Assets</b>  | <b>As at March 31, 2014</b><br>₹ | <b>As at March 31, 2013</b><br>₹ |
|--|----------------------------------|----------------------------------|
| <b>a. Secured, considered good</b>   |                                  |                                  |
| Long Term Receivables from Employees   | 68,738,648                       | 63,605,911                       |
| <b>b. Unsecured, considered good</b>   |                                  |                                  |
| Receivable from ITI, Chennai   | 4,264,453                        | 4,080,455                        |
| <b>Total</b>   | <b>73,003,101</b>                | <b>67,686,366</b>                |
| c. Receivable from ITI towards 50% apprentice salaries paid by the company.  |                                  |                                  |
| d. Long Term Receivables from Employees includes amount recoverable on account of Work Orders and Misappropriations. |                                  |                                  |

## 19 INVENTORIES

| Inventories  | As at March 31, 2014<br>₹ | As at March 31, 2013<br>₹ |
|--|---------------------------|---------------------------|
| Stores and Spares  | 2,366,841,990             | 2,280,154,885             |
| Less: Provision for Recovery/<br>Write Off of Cost Materials | 44,790,298                | 87,951,874                |
| <b>Total</b>   | <b>2,322,051,692</b>      | <b>2,192,203,011</b>      |

## 20 TRADE RECEIVABLES

| Trade Receivables  | As at March 31, 2014<br>₹ | As at March 31, 2013<br>₹ |
|--|---------------------------|---------------------------|
| Trade Receivables outstanding for a period less than six months from the Secured, considered good  |                           |                           |
| Secured, considered good   | 2,098,194,996             | 2,807,960,623             |
| Unsecured, considered good   | 4,958,776,049             | 2,467,177,503             |
| Unsecured, considered doubtful   |                           |                           |
| Less: Provision for doubtful debts   |                           | —                         |
|  | 7,056,971,045             | 5,275,138,126             |
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment   |                           |                           |
| Secured, considered good   | 5,470,746,856             | 5,418,999,021             |
| Unsecured, considered good   | 11,532,126,910            | 3,990,181,750             |
| Unsecured, considered doubtful   | 4,866,298,744             | 5,054,635,159             |
| Less: Provision for doubtful debts   | (4,866,298,744)           | (5,054,635,159)           |
| Less: Provision for doubtful debts FSA   | (312,403,119)             | (312,403,119)             |
|  | <b>16,690,470,647</b>     | <b>9,096,777,652</b>      |
| <b>Total</b>   | <b>23,747,441,691</b>     | <b>14,371,915,778</b>     |
| <p>a. The above trade receivables includes, Court Cases of ₹. 396.86 Crores (Previous Year ₹. 362.34 Crores), R R Act Cases ₹. 177.14 Crores (Previous Year ₹.32.74 Crores), Bill Stopped/Disconnected Services ₹. 404.45 Crores (Previous Year ₹. 338.68 Crores).</p> |                           |                           |

## 21. CASH & CASH EQUIVALENTS

| Cash and Cash equivalents   | As at March 31, 2014 | As at March 31, 2013 |
|---|----------------------|----------------------|
| <b>1. Cash and Cash Equivalents</b>   | ₹                    | ₹                    |
| a. Balances with banks  |                      |                      |
| - In Current Accounts   | 1,954,053,106        | 2,021,475,322        |
| - Remittance in Transit   | 210,432              | (1,154,977)          |
| - In Deposits with Original Maturity less than 3 Months   | 62,894,306           | 348,306              |
| b. Cash on hand   | 322,312,426          | 318,601,870          |
| c. Postage & Stamps   | 127,442              | 62,532               |
| <b>Total</b>  | <b>2,339,597,712</b> | <b>2,339,333,053</b> |
| d. Bank Reconciliation Statement reflects unidentified credits in Bank Statements to the tune of ₹ 21.70 Crores as at March 31, 2014.   |                      |                      |
| e. Remittance in Transit includes ₹ 0.12 Crores (Previous year ₹ 0.12 Crores) on account of excess credit given by SBH and other Banks. |                      |                      |

## 22. SHORT TERM LOANS & ADVANCES

| Short Term Loans & Advances                                       | As at March 31, 2014 | As at March 31, 2013 |
|---|----------------------|----------------------|
|   | ₹                    | ₹                    |
| <b>a. Secured, considered good</b>                                |                      |                      |
| Recoverable from employees  | 116,704              | 699,990              |
| <b>b. Unsecured, considered good</b>                              |                      |                      |
| Loans & Advances to employees                                     | 39,895,563           | 11,745,290           |
| Advance Tax (including TDS Receivable & Refunds Receivable) (Net) | 7,361,895            | 1,642,576            |
| Advance to Suppliers  | 152,807,309          | 449,161,954          |
| Government Receivables  | 41,996,233,135       | 38,942,005,504       |
| Provision for Government Receivables - Additional Power           | (38,778,739,156)     | (38,778,739,156)     |
| Other Loans & Advances  | 3,136                | 2,175                |
| <b>Total</b>  | <b>3,417,678,586</b> | <b>626,518,333</b>   |

## 23 OTHER CURRENT ASSETS

| Other Current Assets   | As at<br>March 31, 2014<br>₹ | As at<br>March 31, 2013<br>₹ |
|--|------------------------------|------------------------------|
| Fixed asset retired from active use and held for disposal  | 672,296                      | 672,296                      |
| Interest Accrued on Fixed Deposits   | 26,525                       | 26,525                       |
| Interest Accrued on Investments  | 26,071,108                   | 20,270,945                   |
| Unbilled Revenue - Trade Receivables   | 14,508,318,287               | 12,483,368,929               |
| FSA Revenue - Receivables  | 11,698,543,596               | 34,669,675,212               |
| APSEE Master P & G Trust   | 450,373,866                  | 437,209,669                  |
| Other Receivables  | 12,265,034                   | 56,171,170                   |
| <b>TOTAL</b>   | <b>169,091,466,088</b>       | <b>156,772,175,445</b>       |
| a. APSEE Master P & G trust owes to the company to the tune of ₹ 45.04 Crores (Previous year ₹43.72Crores) as at March 31, 2014. |                              |                              |

## 24 REVENUE FROM OPERATIONS

| Particulars              | 2013 - 14<br>₹ | 2012 - 13<br>₹ |
|--------------------------|----------------|----------------|
| <b>Sale of energy</b>    |                |                |
| LT Supply                | 53,947,561,613 | 45,255,927,255 |
| HT Supply                | 85,505,980,311 | 64,470,559,618 |
| Interstate Sales         | 6,930,587,539  | 1,708,027,472  |
| FSA                      | (204,862)      | 16,666,742,017 |
| Tariff Subsidy           | 16,274,900,001 | 17,788,800,000 |
| Additional Power Subsidy | —              | —              |
| Customer Charges         | 3,186,805,520  | 3,084,013,196  |
| Theft of Power           | 177,635,872    | 187,712,333    |
| DPS Income               | 3,879,573,254  | 2,801,736,682  |

Cont...

| Particulars              | 2013 - 14<br>₹         | 2012 - 13<br>₹         |
|--------------------------|------------------------|------------------------|
| R & C Penalties          | (1,947,250,684)        | 3,594,611,412          |
| Other Operating Revenues | 1,135,877,524          | 1,214,045,462          |
| <b>Total</b>             | <b>169,091,466,088</b> | <b>156,772,175,445</b> |

a. As per Company's accounting policy, unbilled revenue as at the year end of the financial year has been provided in the books of accounts which works out to ₹ 1450.83 Crores (Previous Year ₹ 1091.18 Crores).

b. Regarding collection of Electricity Duty from Ferro Alloy units, the element of electricity duty is not being collected and remitted, pending receipt of clarification from GoAP on G.O. Ms. No.123 dated 23.10.2003. The amount for the years 2003 - 04 to 2010 - 11 works out to ₹ 12.95 Crores (Upto Previous Year ₹ 12.95 Crores). However ED is being levied on Ferro Alloys from 1.04.2011.

## 25. OTHER INCOME

| Particulars  | 2013 - 14<br>₹       | 2012 - 13<br>₹       |
|--|----------------------|----------------------|
| <b>Interest Income</b>   |                      |                      |
| Bank   | 11,182,640           | 3,919,030            |
| Staff  | 677,197              | 694,569              |
| Others   | 43,546,869           | 40,449,906           |
| Rent from Companies Fixed Assets   | 4,873,840            | 3,404,671            |
| Sale of Scrap  | 43,620,999           | 34,441,988           |
| Penalties from Suppliers   | 34,582,055           | 101,195,623          |
| Miscellaneous Income   | 15,978,287           | 10,797,787           |
| Other Income   | 568,608,688          | 986,107,237          |
| Amortization of Consumer Contribution, Subsidies & Grants towards Fixed Assets | 2,235,394,777        | 1,982,255,802        |
| <b>Total</b>   | <b>2,958,465,352</b> | <b>3,163,266,613</b> |

a. As per the Company's Policy, interest on loans given to employees is recovered immediately after repayment of the principal loan amount.

b. Other Income Includes Prior Period Income to the extent of ₹ 46.77 Crores - Debit (Previous year income ₹ 3.64 Crores)

## 26. POWER PURCHASE EXPENSES

| <b>Cost of Materials</b>          | <b>2013-14</b><br>₹    | <b>2012-13</b><br>₹    |
|-----------------------------------|------------------------|------------------------|
| Purchase of Power - Fixed Cost    | 29,069,421,234         | 45,069,758,162         |
| Purchase of Power - Variable Cost | 112,981,256,735        | 96,687,815,279         |
| Transmission Charges              | 7,614,523,713          | 8,433,280,927          |
| Other Power Purchase Cost         | 2,889,905,407          | 2,162,198,610          |
| <b>Total</b>                      | <b>152,555,107,089</b> | <b>152,353,052,978</b> |

## 27. EMPLOYEE BENEFIT EXPENSE

| <b>Employee Benefits Expense</b>     | <b>2013-14</b><br>₹  | <b>2012-13</b><br>₹  |
|--------------------------------------|----------------------|----------------------|
| Salaries and incentives              | 6,583,689,504        | 6,144,607,533        |
| Contributions to Provident Funds     | 250,501,753          | 220,808,960          |
| Pension Benefits                     | 2,303,543,886        | 1,760,028,071        |
| Director's Remuneration & Allowances | 6,603,216            | 5,259,287            |
| Director's Sitting Fees              | 42,248               | 52,186               |
| Staff welfare expenses               | 111,894,223          | 117,733,895          |
| Less: Employee Cost Capitalised      | (729,097,344)        | (587,001,120)        |
| <b>Total</b>                         | <b>8,527,177,486</b> | <b>7,661,488,812</b> |

a. Salaries and incentives includes prior period expenses to the extent of ₹ 0.17 Crores (Previous year ₹ 0.08 Crores)

## 28 OPERATION & OTHER EXPENSES

| <b>a. Operations &amp; Other expenses includes</b> |                       |                       |
|--|-----------------------|-----------------------|
| <b>Operation &amp; Other expenses</b>              | <b>2013 - 14</b><br>₹ | <b>2012 - 13</b><br>₹ |
| Advertisement                                      | 20,160,071            | 27,242,572            |
| Collection Agency Expenses                         | 7,539,366             | 3,509,873             |
| Consultancy Charges                                | 10,082,040            | 12,652,138            |
| Consumer Service Centre Charges                    | 6,852,660             | 5,525,583             |
| Contract Labour Charges                            | 43,391,820            | 219,207,282           |
| Electricity Charges                                | 89,415,751            | 70,029,647            |
| Insurance  | 540,692               | 504,146               |
| Inventories Handling Charges                       | 25,376,199            | 22,461,922            |
| Legal Charges                                      | 3,148,526             | 15,888,200            |
| Licence fees — APERC                               | 27,134,189            | 27,358,701            |
| Office Maintenance                                 | 4,782,018             | 5,420,519             |
| Other Expenses                                     | 64,482,325            | 54,137,390            |
| Postage & Telegrams                                | 1,754,061             | 1,844,363             |
| Printing & Stationery                              | 45,650,845            | 43,335,748            |
| Professional Charges                               | 196,058,596           | 180,723,438           |
| R&M — Others                                       | 30,986,893            | 14,683,025            |
| Rates & taxes                                      | 42,854,861            | 37,972,191            |
| Rent   | 4,039,945             | 5,299,483             |
| Repairs to Buildings & Civil works                 | 10,737,262            | 12,247,950            |
| Repairs to Plant and Machinery                     | 2,591,122,097         | 2,136,784,141         |
| Repairs to Vehicles                                | 47,742,629            | 40,730,305            |
| Telephone & Communication                          | 43,899,153            | 45,884,887            |
| Training Exp                                       | 3,205,110             | 2,745,436             |
| Travelling Expense                                 | 245,587,908           | 261,445,824           |

Cont...

| <b>Operation &amp; Other expenses</b>   | <b>2013 - 14</b><br>₹ | <b>2012 - 13</b><br>₹ |
|---|-----------------------|-----------------------|
| Vehicle Hire charges  | 254,108,857           | 257,226,204           |
| Less: Administration & General Exp Capitalised  | (128,276,273)         | (103,540,311)         |
| <b>Total</b>  | <b>3,692,377,601</b>  | <b>3,401,320,654</b>  |
| b. Other Expenses includes prior period expenses to the extent of ₹ 1.31 Crores (Previous year ₹ 2.47 Crores) |                       |                       |
| <b>c. Payment to Auditors</b>   |                       |                       |
| <b>Audit Fess</b>   | <b>2013 - 14</b><br>₹ | <b>2012 - 13</b><br>₹ |
| Payments to the auditor as auditor *  | 1,123,600             | 1,122,480             |
| for taxation matters,   |                       |                       |
| for company law matters,  |                       |                       |
| for management services,  |                       |                       |
| for other services,   |                       |                       |
| for reimbursement of expenses;  | 150,000               | 150,000               |
| <b>Total</b>  | <b>1,273,600</b>      | <b>1,272,480</b>      |
| * Includes service tax  |                       |                       |
| <b>Grand Total (a+c)</b>  | <b>3,693,651,201</b>  | <b>3,402,593,134</b>  |

## 29. FINANCE COSTS

| Finance Costs  | 2013 - 14<br>₹        | 2012 - 13<br>₹        |
|--|-----------------------|-----------------------|
| <b>Interest expense</b>  |                       |                       |
| Interest on Long Term Loans  | 4,495,335,980         | 2,647,197,808         |
| Interest on Short Term Loans   | 4,158,602,349         | 7,921,293,173         |
| Interest on Consumption Deposits   | 1,759,023,563         | 1,613,718,465         |
| Others   | 82,306,385            | 85,006,398            |
| Bank Charges   | 16,148,294            | 26,640,483            |
| Less: Interest Capitalised   | (505,265,618)         | (477,433,430)         |
| <b>Total</b>   | <b>10,006,150,953</b> | <b>11,816,422,896</b> |
| Interest on Long Term Loans includes ₹. 53.90 Crores towards interest related to Prior Period. |                       |                       |

## 30 EXCEPTIONAL ITEMS

| Exceptional Items                       | 2013 - 14<br>₹    | 2012 - 13<br>₹        |
|---|-------------------|-----------------------|
| Assets Scrapped                         | 73,001            | 1,773,988             |
| Bad Debts Written Off                   | —                 | 9,481,700,000         |
| Provision for Govt. Rcbls & Others      | 0                 | 9,011,617,584         |
| Provision for Govt. Rcbls - Addtl Power | 0                 | 38,778,739,156        |
| Loss on Obsolescence of Fixed Assets    | 0                 | 171,745,456           |
| Compensation                            | 23,658,319        | 17,462,665            |
| Others                                  | (10,992,349)      | (926,266)             |
| Price Variation                         | 24,926,611        | (13,088,201)          |
| <b>Total</b>                            | <b>37,665,582</b> | <b>57,449,024,382</b> |

### 31 CONTINGENT LIABILITIES

| Contingent liabilities and commitments<br>(to the extent not provided for)                         | 31 - Mar - 14<br>₹ in Crores | 31 - Mar - 13<br>₹ in Crores |
|--|------------------------------|------------------------------|
| <b>(i) Contingent Liabilities</b>  |                              |                              |
| (a) Claims against the company not acknowledged as debt  | 12.54                        | 11.97                        |
| (b) Disputed Income Tax (TDS - Transmission Charges)   | —                            | 93.26                        |
| (c) Disputed Entry tax   | 33.25                        | 33.25                        |
| (d) Sales tax Penalty against G Form (Cement purchases)  | 1.34                         | 1.34                         |
| (e) Liability under AP VAT Act 2005 (April 2005 to 2009-10)  | 63.10                        | 63.10                        |
| (f) Other money for which the company is contingently liable                                       | 4.26                         | 4.26                         |
|  | <b>114.49</b>                | <b>207.18</b>                |
| <b>(ii) Commitments</b>  |                              |                              |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for | 331.83                       | 274.62                       |
|  | <b>331.83</b>                | <b>274.62</b>                |
| <b>Grand Total (i+ii)</b>  | <b>446.32</b>                | <b>481.80</b>                |

32. The Company is in the process of identifying the Micro, Small and Medium Enterprises as defined under "The Micro, Small and Medium Enterprises Development Act, 2006". However, the Company is prompt in making payments to all Enterprises as per Purchase Order terms.
33. A fire occurred at 2 SPM sheds of the company during May & June 2013 resulting in loss of equipments/inventory to tune of ₹.0.39 Crores and these materials were not covered under insurance. No effect has been given to the financial statements as at 31st March, 2014.
34. Family benefit fund: As a result of introduction of the Group Insurance Scheme with effect from 01.07.1985, the amounts payable to the employees as per the Family Benefit Fund (FBF) Scheme as on that date have been frozen. The balance also carries interest at the rates as specified in the FBF Scheme. The

future liability towards principal and interest to date will be accounted when payments are made. During the year the Interest on Family Benefit Fund of ₹ 0.09 Crores (Previous Year ₹0.13 Crores) has been paid and is shown under the Head 'Interest and Finance Charges'.

35. Income-tax assessments for the Assessment Years 2012-13 to 2013-14 are pending. For the Assessment Years 2005-06, 2006-07, 2008-09 & 2009-10, the Assessing Officer has added ₹16.90 Crores, ₹ 0.70 Crores, ₹108.28 Crores & ₹60.77 Crores respectively to the income returned by the Company. The Company has filed an appeal against the 'additions' in Assessment Years 2005-06, 2006-07 with CIT (Appeals) and for the Asst years 2008-09 & 2009-10 with Income Tax Appellant Tribunal. The Company is of the opinion that no provision is necessary in respect of disputed additions. Any further provision required in respect of disputed addition will be considered on completion of Appellate Proceedings."
36. Sales-Tax assessments for the years 2010-11, 2011-12 & 2012-13 are pending.
37. Cost Audit has become mandatory for the company from Financial year 2011-12 onwards. The company has appointed Cost auditor and cost audit is completed for the financial year 2012-13.

| Particulars               | 2013 - 14 | 2012 - 13 |
|---------------------------|-----------|-----------|
| Energy Input (Discom)     | 36,717.20 | 35327.78  |
| Sale of Energy (KVAH Mus) | 32,378.26 | 30634.60  |

### 38. Quantitative Information

MU's

39. The requirements of the following Accounting Standards issued by the ICAI are not applicable to the Company-

|   |
|---|
| AS 7 Construction Contracts   |
| AS 17 Segment Reporting since Distribution and Retail Supply of Power comprises the only primary & reportable segment.                          |
| AS18 Related Party Disclosures since the Company is a State Government Company and falls within the designation of 'State Controlled Enterprise |
| AS21 Consolidated Financial Statements, since the Company does not have any Subsidiary Company.   |
| AS23 Accounting for Investments in Associates in Consolidated Financial Statements  |
| AS 25 Interim Financial Reporting   |
| AS 27 Financial Reporting of Interest in Joint Ventures   |

40. Power Finance Corporation has sanctioned loan under Scheme R-APDRP which was implemented by Ministry of Power, Government of India. The Corporation has sanctioned ₹240.18 Crores and ₹251.46 Crores towards PART – A and PART – B of the scheme respectively. These loans are subject to conversion as grant upon satisfaction of terms & conditions specified in the sanction letter i.e., project should be completed within 5 years from the date of sanction. The project has not been completed in PART – A of the scheme where the time limit has expired, however the management has requested for extension of time and the management is confident of the sanction for extension of time and hence repayment has not been commenced. The Project of PART – B of the Scheme is not completed and the time limit has not expired as at the balance sheet date.

41. Consequent on enactment of AP Reorganisation Bill, 2014, the name of the Company has been changed to Southern Power Distribution Company of Telangana Limited w.e.f 02.06.2014. As such, the Operation Circles Anantapur and Kurnool which were under the jurisdiction of erstwhile APCPDCL, were tagged in the territorial jurisdiction of Southern Power Distribution Company of A P Limited from the appointed day i.e., 02.06.2014. As such, the Share Capital held by GoAP in the books of APCPDCL is transferred to Telangana Government. As the two districts of Anantapur and Kurnool fall under the jurisdiction of residual state of Andhra Pradesh, the assets and liabilities of the two circles Anantapur and Kurnool shall be transferred to APSPDCL based on the audited balance sheet of TSSPDCL (Formerly APCPDCL) as on 01.06.2014 which will be prepared as per the guidelines issued under the G.O. Ms.No.24 Dt. 29.05.2014.

42. As per the Financial Restructuring Scheme announced and implemented by Ministry of Power during October, 2012, A P Discoms were permitted to restructure its Short Term Loans and Power Purchase Payables beyond 60 days. As per the Scheme, 50% of Short Term Liabilities were swapped by issue of Bonds by DISCOMs to Banks, AP Genco and AP Transco amounting to ₹2809 Crores which will be taken over by GoAP over a period of four years in lieu of receivables from them. State Government will be funding for Interest payable on Bonds issued by DISCOMs. Balance of 50% were restructured as Term Loans with Government Guarantee, vide G O Ms No.11, Dt 18.02.2014 amounting to ₹1225 Crores.

43. Previous year figures have been regrouped wherever necessary.

44. Amounts represented in the financial statements have been rounded off to the nearest rupee



As per our report of even date

**For SHARAD & ASSOCIATES  
Directors**

**Chartered Accountants**

**Firm Reg No. 06377S**

**Sd/-**

**SHARAD SINHA**

**Partner**

**M. No 202692**

**Date: 25.07.2014**

**Place: Hyderabad**

**For and on Behalf of Board of**

**Sd/-**

**G RAGHUMA REDDY**

**Chairman &  
Managing Director**

**Sd/-**

**R NARAYANA REDDY**

**Chief General  
Manager(Finance)**

**Sd/-**

**C SRINIVASA RAO**

**Director (Finance)**

**Sd/-**

**K. SUJATHA**

**Company Secretary**

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

### I Registration Details :

State Code 

|   |   |
|---|---|
| 0 | 1 |
|---|---|

Registration No. 

|   |   |   |   |   |
|---|---|---|---|---|
| 3 | 4 | 1 | 1 | 6 |
|---|---|---|---|---|

Balance Sheet Date : 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 3 | 1 | 0 | 3 | 2 | 0 | 1 | 4 |
|---|---|---|---|---|---|---|---|

### II Capital raised during the Year (Rs. In Thousands)

Public Issue  

|  |  |  |  |  |   |   |   |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  | N | I | L |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|

Right Issue  

|  |  |  |  |  |  |   |   |   |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  | N | I | L |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|

### III Position of Mobilisation and Deployment of Funds Rs. In Thousands)

Total Liabilities  

|  |  |  |  |  |   |   |   |   |   |   |   |   |   |
|--|--|--|--|--|---|---|---|---|---|---|---|---|---|
|  |  |  |  |  | 1 | 2 | 0 | 5 | 4 | 5 | 7 | 3 | 5 |
|--|--|--|--|--|---|---|---|---|---|---|---|---|---|

Total Assets  

|  |  |  |  |  |   |   |   |   |   |   |   |   |   |
|--|--|--|--|--|---|---|---|---|---|---|---|---|---|
|  |  |  |  |  | 1 | 2 | 0 | 5 | 4 | 5 | 7 | 3 | 5 |
|--|--|--|--|--|---|---|---|---|---|---|---|---|---|

#### Sources of Funds

Paid-up Capital  

|  |  |  |  |  |  |   |   |   |   |   |   |   |
|--|--|--|--|--|--|---|---|---|---|---|---|---|
|  |  |  |  |  |  | 7 | 2 | 8 | 4 | 7 | 9 | 6 |
|--|--|--|--|--|--|---|---|---|---|---|---|---|

Reserves & Reserve Funds  

|  |  |  |  |  |  |   |   |   |   |   |   |   |   |
|--|--|--|--|--|--|---|---|---|---|---|---|---|---|
|  |  |  |  |  |  | 1 | 9 | 5 | 9 | 3 | 1 | 0 | 5 |
|--|--|--|--|--|--|---|---|---|---|---|---|---|---|

Un Secured Loans  

|  |  |  |  |  |   |   |   |   |   |   |   |   |
|--|--|--|--|--|---|---|---|---|---|---|---|---|
|  |  |  |  |  | 3 | 7 | 0 | 6 | 2 | 5 | 0 | 9 |
|--|--|--|--|--|---|---|---|---|---|---|---|---|

  
Application of Funds

Secured Loans  

|  |  |  |  |  |   |   |   |   |   |   |   |   |
|--|--|--|--|--|---|---|---|---|---|---|---|---|
|  |  |  |  |  | 4 | 7 | 3 | 0 | 7 | 0 | 2 | 5 |
|--|--|--|--|--|---|---|---|---|---|---|---|---|

Net Fixed Assets  

|  |  |  |  |  |   |   |   |   |   |   |   |   |
|--|--|--|--|--|---|---|---|---|---|---|---|---|
|  |  |  |  |  | 4 | 6 | 4 | 4 | 3 | 4 | 9 | 6 |
|--|--|--|--|--|---|---|---|---|---|---|---|---|

Investments  

|  |  |  |  |  |  |   |   |   |   |   |   |   |
|--|--|--|--|--|--|---|---|---|---|---|---|---|
|  |  |  |  |  |  | 2 | 9 | 5 | 6 | 1 | 9 | 4 |
|--|--|--|--|--|--|---|---|---|---|---|---|---|

Net Current Assets  

|  |  |  |  |  |   |   |   |   |   |   |   |   |   |   |
|--|--|--|--|--|---|---|---|---|---|---|---|---|---|---|
|  |  |  |  |  | ( | 3 | 1 | 4 | 5 | 7 | 1 | 3 | 7 | ) |
|--|--|--|--|--|---|---|---|---|---|---|---|---|---|---|

Misc Expenditure  

|  |  |  |  |  |  |   |   |   |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  | N | I | L |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|

Accumulated Losses  

|  |  |  |  |  |  |   |   |   |   |   |   |   |   |
|--|--|--|--|--|--|---|---|---|---|---|---|---|---|
|  |  |  |  |  |  | 8 | 6 | 4 | 1 | 0 | 5 | 3 | 5 |
|--|--|--|--|--|--|---|---|---|---|---|---|---|---|

### IV Performance of Company (Rs. In Thousands)

Turnover  

|  |  |  |  |  |  |   |   |   |   |   |   |   |   |   |
|--|--|--|--|--|--|---|---|---|---|---|---|---|---|---|
|  |  |  |  |  |  | 1 | 7 | 0 | 6 | 1 | 4 | 3 | 7 | 6 |
|--|--|--|--|--|--|---|---|---|---|---|---|---|---|---|

Total Expenditure  

|  |  |  |  |  |  |   |   |   |   |   |   |   |   |   |
|--|--|--|--|--|--|---|---|---|---|---|---|---|---|---|
|  |  |  |  |  |  | 1 | 7 | 8 | 7 | 2 | 6 | 7 | 7 | 2 |
|--|--|--|--|--|--|---|---|---|---|---|---|---|---|---|

Profit/(Loss) Before Tax  

|  |  |  |  |  |  |   |   |   |   |   |   |   |   |   |
|--|--|--|--|--|--|---|---|---|---|---|---|---|---|---|
|  |  |  |  |  |  | ( | 8 | 1 | 1 | 2 | 3 | 9 | 6 | ) |
|--|--|--|--|--|--|---|---|---|---|---|---|---|---|---|

Profit/(Loss) After Tax  

|  |  |  |  |  |  |   |   |   |   |   |   |   |   |   |
|--|--|--|--|--|--|---|---|---|---|---|---|---|---|---|
|  |  |  |  |  |  | ( | 8 | 1 | 1 | 2 | 3 | 9 | 6 | ) |
|--|--|--|--|--|--|---|---|---|---|---|---|---|---|---|

Earning per Share  

|  |  |  |  |  |  |   |   |   |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  | N | I | L |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|

### V Generic Names of Three Principal Products / Services of the Company

(as per monetary terms)

Item Code (ITC Code)

Product Description :

NA

Distribution and Retail Supply of Power



## Southern Power Distribution Company of Telangana Limited

### Average Realisation from Sale of Power Schedule - 3 for FY 2013-14

| Consumer Category              | No. of Consumers | KWH Sales (MU)  | KVAH Sales (MU) | Revenue (Rs.Crs) | % of Units Sold ON kvah | Average Realisation (Rs/Unit) kvah | 2012-13 Average Realisation (Rs/Unit) (kvah) |
|--------------------------------|------------------|-----------------|-----------------|------------------|-------------------------|------------------------------------|--|
| L.T. Cat.-I Domestic           | 6279122          | 6524.54         | 6525.69         | 2,455.44         | 33.02                   | 3.76                               | 3.49   |
| L.T. Cat.-II Non-Domestic      | 802824           | 2020.05         | 2115.77         | 1,929.74         | 10.71                   | 9.12                               | 7.16   |
| L..T.Cat-III Industrial        | 52413            | 962.81          | 1056.84         | 724.17           | 5.35                    | 6.85                               | 6.03   |
| L.T. Cat-IV Cottage Industries | 6586             | 16.95           | 17.07           | 7.06             | 0.09                    | 4.14                               | 3.00   |
| L.T. Cat-V Agriculture         | 1099118          | 9190.49         | 9190.49         | 46.40            | 46.51                   | 0.05                               | 0.05   |
| L.T. Cat-VI Street Lights      | 78078            | 776.76          | 778.88          | 427.69           | 3.94                    | 5.49                               | 3.31   |
| L.T. Cat-VII General Purpose   | 32606            | 73.58           | 74.32           | 50.46            | 0.38                    | 6.79                               | 4.88   |
| L.T. Cat-VIII Temporary Supply | 82               | 1.00            | 1.00            | 2.72             | 0.01                    | 27.17                              | 10.19  |
| <b>L.T. Total</b>              | <b>8350829</b>   | <b>19566.18</b> | <b>19760.07</b> | <b>5,643.68</b>  | <b>100.00</b>           | <b>2.86</b>                        | <b>2.49</b>                                  |
| H.T. Cat.I Industrial          | 5141             | 9573.95         | 9783.42         | 6,354.69         | 77.53                   | 6.50                               | 5.31   |
| H.T. Cat.II Others             | 2633             | 1643.81         | 1703.29         | 1,462.81         | 13.50                   | 8.59                               | 7.22   |
| H.T. Cat.III Aviation          | 19               | 61.64           | 61.84           | 42.14            | 0.49                    | 6.81                               | 5.09   |
| H.T. Cat.IV Agricultural       | 332              | 698.63          | 731.42          | 386.14           | 5.80                    | 5.28                               | 2.95   |
| H.T. Cat.V Railway Traction    | 6                | 157.56          | 161.44          | 104.13           | 1.28                    | 6.45                               | 5.47   |
| H.T. Cat.VI Residential        | 102              | 120.32          | 125.47          | 76.07            | 0.99                    | 6.06                               | 5.45   |
| H.T. Temp.                     | 117              | 47.63           | 51.32           | 72.86            | 0.41                    | 14.20                              | 13.32  |
| <b>H.T. Total</b>              | <b>8350</b>      | <b>12303.54</b> | <b>12618.20</b> | <b>8498.84</b>   | <b>100.00</b>           | <b>6.74</b>                        | <b>5.53</b>                                  |
| <b>L.T. + H.T. Total</b>       | <b>8359179</b>   | <b>31869.73</b> | <b>32378.26</b> | <b>14,142.52</b> | <b>14120.47</b>         | <b>4.37</b>                        | <b>3.64</b>                                  |
| Add: Electricity Duty          |                  |                 |                 | 121.51           | <b>143.56</b>           |                                    |  |
| <b>Gross Revenue</b>           |                  |                 |                 | <b>14,264.03</b> |                         |                                    |  |