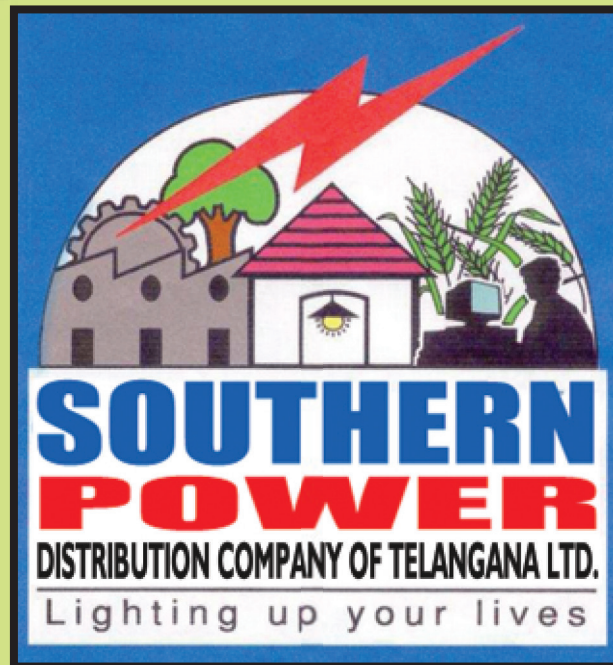


15th ANNUAL REPORT 2014 - 2015



**Southern Power Distribution Company
of Telangana Limited**



YADADRI, TELANGANA STATE

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Sri. Kalvakuntla Chandrashekar Rao
Hon'ble Chief Minister of Telangana



NOTICES





NOTICE OF ANNUAL GENERAL MEETING

To
The Members of the Company,
Southern Power Distribution Company of Telangana Limited.

NOTICE IS HEREBY GIVEN THAT THE 15th ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON WEDNESDAY, THE 30th DAY OF DECEMBER 2015, AT 4.00 PM 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 Balance Sheet, Profit & Loss Account and Cash flow Statement as on 31st March, 2015 along with Statutory Auditors Report, Secretarial Audit Report, Directors Report and the comments of the Comptroller and Auditor General of India thereon.
2. To take note on appointment of M/s. Brahmayya & Co, Chartered Accountants as Statutory Auditors of the Company appointed by the Comptroller and Auditor General of India for the Financial Year 2015-16 and authorized the Board to fix the remuneration of Statutory Auditors.

The Office of the Comptroller and Auditor General of India vide No/CA/COY/ANDHRA PRADESH, CENPOW(1)/122 dated 06/07/2015 appointed M/s. Brahmayya & Co, Chartered Accountants as Statutory Auditors of the Company for the financial year 2015-2016.

Draft resolution

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

“RESOLVED THAT the appointment of M/s Brahmayya & Co, Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2015-2016 by the Office of the Comptroller and Auditor General of India vide their letter No/CA/COY/ANDHRA PRADESH, CENPOW(1)/122 dated 06/07/2015 be noted.”



“RESOLVED FURTHER THAT, pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies act, 2013, the Board of Directors of the Company be and are hereby authorized to fix the remuneration payable to Statutory Auditors M/s Brahmayya & Co, Chartered Accountants and to provide for reimbursement of their actual out-of-pocket expenses for the Financial Year 2015-2016 if any.”

Special Business

3. Ratification of the remuneration of the Cost Auditor for the F.Y. 2015-16

Draft resolution

The Board considered recommendation of Audit Committee in regard to the appointment of M/s. BVR & Associates, Cost Accountants, Hyderabad, as Cost Auditor for the F.Y.2015-16 and it was decided to pay the remuneration of Rs.75,000/- (all inclusive).”

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, M/s. BVR & Associates, Cost Accountants, Hyderabad, Cost Auditors of the Company for the F.Y.2015-16 for a remuneration of Rs.75,000/- (all inclusive) as approved by board of directors of the company be and is hereby ratified.”

“FURTHER RESOLVED THAT Sri.Anil Kumar Voruganti, Company Secretary of the company be and is hereby authorized to file the requisite e-forms with the Registrar of Companies, Hyderabad and to do such other acts, deeds & things as may be deemed necessary to give effect to this resolution in this regard.”

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

**Date: 07.12.2015
Place: Hyderabad .**

**Sd/-
ANIL KUMAR VORUGANTI
COMPANY SECRETARY**

NOTE:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company.
2. Proxy form (MGT -11) is enclosed. Instrument appointing proxy shall be deposited at the registered office of the company by not less than 48 hours before the commencement of the meeting.
3. Pursuant to section 139 of the Companies Act, 2013 the Auditors of the Company are appointed by the Comptroller and Auditor General of India (C&AG). In terms of Sub Section (1) of the Section 142 of the Companies Act, 2013 remuneration of Auditors has to be fixed by the Company in the Annual General Meeting or in such manner as the Company in Annual General Meeting may determine.
4. The Comments of the Comptroller and Auditor General of India (C&AG) on the Annual Accounts for the FY. 2014-15 will be placed at the General Meeting of the Company



**STATEMENT OF MATERIAL FACTS OF SPECIAL BUSINESSES
REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT,
2013:**

The Board considered recommendation of Audit Committee in regard to the appointment of M/s. BVR & Associates, Cost Accountants, Hyderabad, as Cost Auditor for the F.Y.2015-16 and it was decided to pay the remuneration of Rs.75,000 (all inclusive).

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014 the remuneration of the Cost Auditors to be ratified by the shareholders at the annual general meeting of the company.

The Directors recommend ratification of Item No.3 of the notice.

None of the Promoters, Directors, Key Managerial Personnel and the relatives of the Directors & Key Managerial Personnel of the Company is in any way concerned or interested financially or otherwise in the above resolution.

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

Sd/-

**ANIL KUMAR VORUGANTI
COMPANY SECRETARY**

Date: 07.12.2015

Place: Hyderabad .

Route Map





NOTICE OF EXTRAORDINARY GENERAL MEETING

To
The Members of the Company,
Southern Power Distribution Company of Telangana Limited.

NOTICE IS HEREBY GIVEN THAT THE EXTRA ORDINARY GENERAL MEETING OF THE COMPANY WILL BE HELD AT SHORTER NOTICE ON WEDNESDAY THE 22ND DAY OF THE JUNE 2016, AT 01.00 P.M AT THE REGISTERED OFFICE OF THE COMPANY AT 6-1-50, MINT COMPOUND, HYDERABAD TO TRANSACT THE FOLLOWING BUSINESS:

1. To consider, review and take note of the Final Comments issued by Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the financial statements of Southern Power Distribution Company of Telangana Limited (Formerly Central Power Distribution Company of Andhra Pradesh Limited), Hyderabad for the year ended 31st March, 2015.

Draft Resolution:

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

The members of the company noted the comments issued by Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on accounts of the Company for the year ended 31st March, 2015.

“RESOLVED THAT the comments issued by Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on accounts of the Company for the year ended 31st March, 2015 be and are hereby **taken note of** along with the management replies and the suggestions made by CAG will be incorporated in the final sets for printing, if any.”

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

**Date: 13.06.2016
Place: Hyderabad.**

**Sd/-
ANIL KUMAR VORUGANTI
COMPANY SECRETARY**



NOTE:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company.
2. Proxy form (MGT-11) is enclosed. Instrument appointing proxy shall be deposited at the registered office of the company by not less than 48 hours before the commencement of the meeting.
3. The Final comments issued by Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on accounts of the Company for the year ended 31st March, 2015 will be placed at the Extra Ordinary General Meeting of the Company.

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

**Date: 13.06.2016
Place: Hyderabad.**

**Sd/-
ANIL KUMAR VORUGANTI
COMPANY SECRETARY**



Sri. G. Raghuma Reddy, CMD/TSSPDCL with Hon'ble CM Sri K.Chandrashekar Rao



BOARD OF DIRECTORS



Board of Directors



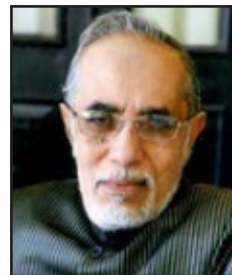
Sri G. Raghuma Reddy
Chairman & Managing Director



Sri T. Srinivas
Director (Projects & Commercial)



Sri J. Srinivasa Reddy
Director (Operations)



Sri Kamaluddin Ali Khan
Director (HR)



Sri G. S. Ram Mohan Rao,
Joint Secretary to Govt. Finance Dept,
Director (Non-whole time)



Sri S. Subrahmanyam,
Director (Non-whole time)

COMPANY SECRETARY

SRI. ANIL KUMAR VORUGANTI

STATUTORY AUDITORS

M/s. SHARAD & ASSOCIATES, CHARTERED ACCOUNTANTS

BANKERS & FINANCIAL INSTITUTIONS

**STATE BANK OF HYDERABAD
STATE BANK OF INDIA
ANDHRA BANK
SYNDICATE BANK
BANK OF INDIA
RURAL ELECTRIFICATION CORPORATION LIMITED (REC)
POWER FINANCE CORPORATION LIMITED (PFC) & OTHERS**

REGISTERED OFFICE

**6-1-50, Mint Compound, Hyderabad 500063, Telangana State, India.
www.ts southernpower.com**



CMD'S LETTER TO STAKE HOLDERS



Chairman and Managing Director Letter to Stakeholders.



Dear Stakeholders,

It is my pleasure to present the 15th (Fifteenth) Annual Report of Southern Power Distribution Company of Telangana Limited, Hyderabad for the Financial Year 2014-15.

I wish to inform that Consequent on Formation of Telangana State w.e.f. 02/06/2014, the APCPDCL was renamed as TSSPDCL duly excluding the Kurnool and Ananthapur Districts (i.e., Circles) which became part of Residuary State of Andhra Pradesh by merging the same with the existing APSPDCL in accordance with the provisions of A.P. Reorganization act, 2014 in G.O.Ms. No. 24 of Energy (CC) Department, Dt 29.05.2014, Government of Andhra Pradesh.

The statement of bifurcation of Assets and Liabilities as on 01.06.2014 in respect of Kurnool and Ananthapur circles between the TSSPDCL and APSPDCL, was prepared and approved by the TSSPDCL Board on 20/04/2015 and submitted to the Expert Committee for its approval as mentioned in the Schedule IX of AP Re organization Act 2014. The Approval is still awaited.

We are focusing majorly on Providing Reliable and uninterrupted Power

- On the day of Telangana State formation, 4-8 hours of load relief to domestic and other consumers and a day power holiday to industries was prevailing in the State.

TSSPDCL has taken pro-active steps to improve the power supply availability in the State through staggering of loads to 24 Hrs of day, entering into short term power purchase, procuring power through exchanges as per requirement and as of today are able to provide reliable uninterrupted power to all consumer of the State.

- In order to meet future demand requirements the DISCOMs are planning the following capacity addition:
 - 600 MW has been procured through competitive bidding.
 - PPA have been signed with Singareni Power and NTPC for a cumulative capacitive of 3600 MW which will ensure the State will be power sufficient in the coming years also
 - Tie up Short Term Power & procurement of power from exchanges as and when necessary.



Operations Improvement

- TSSPDCL is one of the best DISCOMS in India in terms of AT&C losses. The DISCOM through continuous effort was able to reduce AT&C loss from 15.62% in F.Y. 2013-14 to 11.67% in F.Y. 2014-15 making it one of the best performing DISCOMS. Going forward, the DISCOM has set itself a challenging target of reducing distribution loss of around 10.5% by F.Y. 2018-19.
- For entrepreneurs setting up new industries, TSSPDCL has tied up with TS iPASS which acts as a single window cell for providing all necessary clearances in a time bound & transparent manner with no hassles. This will ensure that the State will become a preferred destination for investors and help in the economic growth of the State.

Promotion of Solar energy

- TSSPDCL has been successful in harnessing the solar potential in the State. Accordingly, tender are being called for since 2012.
- Total 191MW solar power projects are commissioned as on 31.03.2015 and connected to grid and 607 MW is planned to commission in F.Y. 2015-16.
- TSDISCOMS have recently concluded the 2000 MW solar tender which is the largest in the country till date. The present solar tender is also innovative since it encourages distributed generation and optimization of available distribution network capacity.
- TSSPDCL is also a pioneer DISCOM in promoting solar rooftops. The DISCOMS provides online application & tracking facility for Net metering consumers. Due to the pro-active & customer friendly initiatives of the DISCOM technical feasibility has been issued for 23.5 MW of rooftop capacity of which 9.8 MW has been synchronized with the grid.

Smart Grid and New Technologies

- TSSPDCL has been adopting and investing in new technologies which are evolving in the distribution front such as GIS mapping, AMR solutions, and implementation of SCADA in towns and implementing WAN in key offices.
- A web portal for Complaint registration has been introduced in October with the objective of easy registration of complaints by any consumer round the clock and the web portal is already a success with the consumers and has registered a complaint resolution of 100%.
- TSSPDCL currently offers 6 modes for payment of the consumer bill. This is aimed at offering convenience to the consumer and this would also enable the consumer to pay the bills well within the due date.

- TSSPDCL offers the facility of tracking the application status for a new service connection, complaint resolution status and status of applications put in for net metering and proposed to implement online registration of new service connection for LT & HT.
- TSSPDCL has been adopting technology and has designed the consumer process in a manner which provides the consumer a lot of convenience and highest levels of transparency. Going forward, I would like to assure you that TSSPDCL would be taking all the necessary initiatives to make it one of the most customer centric discom across India.
- TSSPDCL has floated a tender to implement smart grid technology in Jeedimetla industrial area on a pilot basis.

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

Further, I sincerely acknowledge the invaluable support and co-operation of the Chairman & Managing Director, TSTRANSCO and Chairman & Managing Directors of TS NPDCL, TS GENCO, AP TRANSCO, AP GENCO & AP DISCOMS and the Secretary Energy Department, Government of Telangana, The Secretary, TSERC and other officials of the Govt. of Telangana, the Office of the Comptroller & Auditor General of India, the Bankers and Financial Institutions and look forward to their continued support in the future.

Thank You,

Sd/-

G. Raghuma Reddy
Chairman and Managing Director/TSSPDCL.



TSSPDCL BALAPUR SUB STATION



DIRECTOR'S REPORT





DIRECTOR'S REPORT

TO
The Members,
Southern Power Distribution Company of Telangana Limited.

The Directors are pleased to present the Fifteenth Annual Report on the business and operations of your company together with the Audited Statements of Accounts for the year ended on 31st March, 2015.

1. FINANCIAL RESULTS:

The financial results of the Company for the year ended 31st March, 2015 the Company could earn an aggregate income of **Rs. 16791.58 Crores**. The financial performance of the Company is as follows:

| S.No | Particulars | 2014-15 (Rs.in Crores) | 2013-14 (Rs.in Crores) |
|------|---|---------------------------|---------------------------|
| 1. | Revenue from Operations | 16760.93 | 16989.13 |
| 2. | Other Income | 30.64 | 72.30 |
| 3. | Withdrawal of Depreciation on CC Assets | 222.23 | 223.54 |
| | Total Income | 16791.58 | 17,061.44 |
| 4. | Power Purchase Cost | 14925.00 | 15,255.51 |
| 5. | Employee Benefit expense | 1028.86 | 852.72 |
| 6. | Operation and Other Expenses | 346.32 | 369.36 |
| 7. | Interest and Finance Charges | 780.97 | 1,000.61 |
| 8. | Depreciation | 476.06 | 507.54 |
| 9. | Other Expenses | 174.20 | 3.77 |
| 10. | FSA Written off | - | - |
| 11. | Fixed Assets RESCOs- Write Off | - | - |
| 12. | FSA and Other Provisions | - | - |
| 13. | Provision for Govt. Receivables | - | - |
| | Total Expenses | 17731.41 | 17,989.51 |
| 14. | Profit/(Loss) Before Tax | (939.86) | (928.07) |
| 15. | Provision for Income Tax | - | - |
| 16. | Deferred Tax Income Provision | 230.87 | 116.83 |
| | Net Profit/(Loss) | (1170.74) | (811.24) |

2. 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 Rs.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, will be taken over by the Government of Telangana over a period of 4 years subjected to FRBM. These bonds carry a interest of 9.95% on Rs.1460 Crores issued in first tranche and 10% on Rs.1349.75 Crores issued in Second tranche.

However, in the first year the government has not taken over the bonds as per G.O. No.62 Date 14.11.2013 and the same is expected to be taken over in the next 3 years.

3. STATE OF COMPANY'S AFFAIRS – 134(3)(I)

Introduction

With a vision to fulfill the expectations of the Government, the Telangana Southern Power Distribution Company Limited, which came into being on 2nd June 2014, with an objective of electricity to the people at an affordable price.

With its headquarters at Hyderabad, the TSSPDCL encompasses an area of five districts viz., Mahaboobnagar, Nalgonda, Medak and Rangareddy, Catering to the power requirements of more than 8 million consumers.



Having electrified 6,489 villages, 5,600 general hamlets, 2,059 tribal hamlets, 12,105 Dalit wadas and 5,806 weaker sections colonies, TSSPDCL is looking forward to meet many challenges with promise to deliver quality customer services through innovative programmes.

The philosophy of TSSPDCL is to enhance its performance and emerge stronger by the day to offer its customers the best and value for money.

OPERATIONAL PERFORMANCE

Significant achievements during F.Y. 2014-15 are given below:

- The Company has supplied 6932.86 MU Energy to the Agriculture Sector as against 6566 MU in the previous year. The energy supplied to agricultural sector constitutes 21.5% of total energy input in F.Y.2014-15 as 22.58% of total energy input in F.Y.2013-14. Assessment of agricultural energy is being done by ISI methodology approved by ERC from F.Y.2013-14.
- The Company achieved metered sales of 21555.54 MU in F.Y.2014-15 as against 18957.17 recorded in F.Y.2013-14. The metered sales percentage to energy input was at 67.20% in F.Y. 2014-15 as compared to 65.39% in F.Y.2013-14.
- Energy input was at 32,815.88 MU as against 36,717.20 MU in the previous year.
- The peak period demand met was 4633 MW as against the previous year 4989 MW.
- The maximum consumption on a day was 104.08 MU as against 101. 72 MU in the previous year.

Reduction of Energy Losses:

During F.Y. 2014-15, a number of measures were adopted that contributed to the on-going efforts to reduce energy losses. The initiatives include:

- Energy Audit of 26 Towns feeders and 178 Mandal Head Quarter feeders.
- Impact of above measures is apparent. The energy losses in F.Y. 2014-15 are significantly lower than the previous year. The Energy Losses to Energy Input percentage decreases to 11.65% in F.Y. 2014-15 as against 13.90% in F.Y. 2013-14.
- Arrested the Theft of Power by regular DPE wing by conducting Inspections and Special Intensive Inspections with the DPE & Operation Wings of all Circles. During the F.Y. 2014-15, in both HT & LT Connections total 122139 no of cases were booked in Pilferage, Un-authorized Usage, Back Billing/Short Billing and Development Charges.
- Total Rs. 91.57 Crores amount was assessed in HT & LT, by both DPE & Operation wings in respect of Pilferage, Un-authorized Usage, Back Billing/Short Billing and Development Charges in the F.Y. 2014-15.
- Total Rs. 77.53 Crores assessed amount was realized in HT & LT regarding all cases during the F.Y. 2014-15.

NOTE: The above data is exclusive of Anantapur and Kurnool Districts for both the F.Y. 2013-14 and 2014-15.

PROJECTS DATA

During F.Y. 2014-15 the following works have been completed to strengthen the distribution system and the infrastructure of the Company is as follows:

| S.No. | Particulars | As on 31.03.2014 | Achievement in FY - 2014-2015 | Total as on 31.03.2015 |
|-------|---|---------------------|----------------------------------|---------------------------|
| 1 | No. of 33 / 11 KV Substations | 1158 | 81 | 1239 |
| 2 | Lines | | | |
| | 33KV | 9313.83 | 219.67 | 9533.50 |
| | 11KV | 66163.51 | 3515.24 | 69678.75 |
| | 6.3 KV | | | |
| | Low Tension | 167070.88 | 2528.78 | 169599.66 |
| 3 | Distribution Transformers | 255490 | 37163 | 292653 |
| 4 | High Voltage Distribution System (HVDS) for Agriculture Pump Sets | 113152 | 13915 | 127067 |

ON GOING PROJECTS & SCHEMES STATUS AS ON 31-10-2015.

I. R-APDRP Part-A Project - Brief Overview:

- This scheme has been proposed to be implemented in towns & cities having population more than 30,000 as per 2001 census.
- Scheme cost: Rs.156.04 Crores, expenditure incurred as on 31-05-2015, Rs.148.52 Crores.
- Claim amount received : Rs. 93.62 Crores.
No of towns sanctioned : 16 No of towns completed: 16
Date of sanction: 27-02-2009. Date of completion: 05-03-2015.

II. R-APDRP - SCADA/DMS Project - Brief Overview:

- As per R-APDRP guide lines, implementation of SCADA/DMS project in the towns which have population of 4lakh and above (as per census 2001) and the energy consumption of 350 MU and above as on date, Hyderabad city was eligible as per the above criteria.
- Scheme cost: Rs.90.48 Crores, PFC loan amount: Rs.65.15 Crores, DISCOM contribution: Rs.25.33 Crores, claim amount received from PFC is Rs. 19.545 Crores.
- No of towns sanctioned: 1No. (HUA)
- Date of sanction: 30-06-2011. Scheduled date of completion: 29-05-2016.
- Expenditure incurred so far: Rs.3.432 Crores.
- The salient features of the scheme are: 1) SCADA control for all 228 Nos. of 33/11KV Sub-Stations. 2) DMS (Distribution Management System) for operation of 156 Nos. 11KV feeders in core city of Hyderabad. 3) Communication System.

III. R-APDRP – Part-B Project - Brief Overview:

- As per R-APDRP guidelines, towns with population of more than 30,000 and AT&C losses >15% are eligible for implementation of system improvement works under Part-B to bring down AT&C losses below 15%.
- Scheme cost: Rs.970.03 Crores, Expenditure incurred as on 27-10-2015 is Rs.820.2 Crores.
- Claim amount received: Rs.420.79 Crores.
- No of towns covered: 15Nos. No. of towns completed: 3Nos. Works in progress: 12Nos. Scheme period : 5 years
- Schedule date of completion: Suryapet-31.12.2015, HUA-30.06.2016, 10 Other towns-31.03.2017

IV. Integrated Power Development Scheme (IPDS)

- 6 Nos. Detailed Project Reports (DPRs) covering Distribution network strengthening works in 34 Towns of TSSPDCL have been prepared under IPDS Scheme at an estimated cost of Rs.461.57 Crores, and submitted to PFC (Nodal Agency) on 13.04.2015 for arranging sanction.
- As per Minutes of the 4th Monitoring Committee for IPDS, In-Principle approval has been accorded for an amount of Rs. 450.20 Crores + 2.25 Crores for PMA cost.

V. Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

- GoI has launched DDUGJY on 03.12.2014 for rural areas to meet the gap between supply and demand for agricultural and non-agricultural consumers. REC has approved the DDUGJY Scheme for an amount of Rs. 336.66 Crores + 1 or PMA cost .

VI. JICA Aided HVDS Projects in TSSPDCL

- HVDS Scheme under JICA funding is being implemented in rural districts for agriculture feeders with 16 packages and will be completed within 30 months i.e. by March 2018. It comprises 94085 Nos. pump sets for an amount of Rs 455.60 Crores JICA loan portion is Rs 377.20 Crores. Expenditure incurred till date is Rs 162.84 Crores. Claim amount received is Rs.41.55 Crores.
- Till to date 40877 No.s agriculture pump sets are covered under JICA HVDS.

VII. Smart Grid Pilot Project in TSSPDCL

- TSSPDCL has formulated Smart Grid Pilot Project in Jeedimetla and Shapur Nagar sections in Jeedimetla industrial Area, Rangareddy North Circle. On 13-08-2015 tenders are floated on e-procurement platform and Lol was issued on 28-10-2015 to M/s.ECIL, Hyderabad.
- The scheme covers 11,904 consumers including all categories and functionalities of TSSPDCL Smart Grid Pilot are

| | |
|-------------------------------|------------------------------|
| AMI for residential consumers | AMI for industrial consumers |
| Peak load management | Outage management |
| Power quantity. | |

- Ministry of Power has sanctioned Rs.41.82Crores with 50% grants and balance will be met with internal resources of utility and the project will be completed within 20 months.

4. Telangana Solar Power Policy 2015

In the last decade, due to increasing thrust of Governments across the world towards fuel conservation and clean energy, solar power capacity has increased by over 45 times and stands at about 184 GW in 2014. In India, capacity additions in solar power have been even more remarkable. In contrast to mere 10 MW in 2010, total solar capacity in India has grown to nearly 3000 MW in 2015.

This policy of GoTS on solar has provisions which aims at creating an enabling environment for prospective solar power developers to harness substantial quantum of solar power in the best possible manner. This in turn is expected to meet the objective of GoTS to provide competitive, reliable power supply to its consumers and also to ensure a sustainable fuel mix in the long run.

Some of the key benefits of the Policy are as mentioned below:

- Single window clearance
- Deemed conversion to Non-agricultural land status
- Exemption from Land ceiling Act
- Transmission and Distribution charges for wheeling of power
- Power scheduling and Energy Banking
- Electricity Duty(ED)
- Cross subsidy Surcharge(CSS)
- Grid Connectivity and Evacuation facility
- Payment of Development Charges and Layout fee
- Refund of VAT
- Refund of Stamp Duty
- PCB clearances
- Provisions under the Factories Act
- SOLAR ROOFTOP PROJECTS`

This policy shall come into operation with effect from the date of issue and shall remain applicable for a period of 5 years. All Solar Projects that are commissioned during the operative period shall be eligible for the incentives declared under this policy, for a period of ten (10) years from the date of commissioning.

STATUS ON POWER PROCUREMENT AS ON 01.11.2015:

Power Generation Installed Capacity:

| S.No. | Type of Power House | Total Installed Capacity in MW | Telangana Share in MW | TSSPDCL allocation in MW |
|--------------|---------------------|--------------------------------|-----------------------|--------------------------|
| 1 | Thermal | 5292.5 | 2852.13 | 2012.21 |
| 2 | Hydel | 3817.2 | 2057.09 | 1451.3 |
| 3 | Central Sector | 3048.54 | 1642.86 | 1159.05 |
| 4 | Joint Sector | 272 | 146.58 | 45.97 |
| 5 | IPPs | 2738.62 | 1475.84 | 1261.42 |
| 6 | Mini Power Plants | 74.31 | 40.05 | 20.31 |
| 7 | Non Conventional | 1363.66 | 734.88 | 126.9 |
| Total | | 16606.83 | 8949.43 | 6077.16 |

Solar Power:

Solar power projects synchronized to the grid:

| Solar Power Projects | Sale to Discom in MW | Third Party & Captive in MW | Solar Net Meter (Roof top) in MW | Total (MW) |
|----------------------|----------------------|-----------------------------|----------------------------------|----------------|
| | 166.25 | 116.672 | 6.40 | 289.322 |

Power Procurement:

Long Term:

Progress of case-1 long term tender for procurement of power 25 years from SDD:

| S.No. | Rank | Name of the Successful Bidder | Quantum in MW | TS Share in MW | TSSPDCL Share in MW | Levelized Tariff Rs./KWh | Status | Remarks |
|-------|------|--|---------------|----------------|---------------------|--------------------------|-------------------|----------------------------------|
| 1 | L2 | M/s. Thermal Powertech Corp. India Limited Source: Krishnapatnam, Nellore | 500 | 269.45 | 190.10 | 3.675 | PPA date 01.04.13 | Commenced supply from 21.05.2015 |

Medium Term:

Progress of case-1 medium term tender for procurement of power from 16.06.2013 to 15.06.2016:

| Sl. No. | Name of the Successful Bidder | PPA entered Quantum | Quantum subject to the PGCIL granted corridor | TS Share in MW | TSSPDCL Share in MW | Levelized Tariff Rs./KWh | SDD | Remarks |
|---------|---|---------------------|---|----------------|---------------------|--------------------------|----------|---|
| 1 | M/s KSK Mahanadi Source: Chattisgarh | 400 MW | 400 MW | 215.56 | 152.08 | 4.25 | 16.06.13 | Commenced the supply from 14 th August 2013. |

Short Term:

Statement of Purchase Orders Issued under Short Term Basis for Supply of Power for the period from 29.05.2015 to 26.05.2016:

| S.No. | Region | Quantum (Max) in MW | Band width of Tariff in Rs/Kwh (at delivery point) |
|--------------|--------------|--------------------------|--|
| 1 | Within State | 359.75 - 395.68 | 5.90 – 6.50 |
| 2 | Within SR | 998.1 - 1635.6 | 5.45 – 6.54 |
| 3 | Outside SR | 1285.56 - 1460.56 | 3.92 – 4.50 |
| Total | | 2643.41 - 3491.84 | |



5. DIVIDEND

As there is no Profits from operations, the Directors do not recommend any dividend in the F.Y.2014-15.

6. Details of the Deposits as per the Chapter V Section 73 of the Companies act,2013

The Company has not accepted any public deposits within the meaning of Section 73 of the Companies act, 2013 and as such no amount on account of principal or interest on public deposits was outstanding as on 31st March, 2015.

7. EXTRACT OF THE ANNUAL RETURN AS PER 92(3), RULE 12 IN FORM MGT 9 – 134(3)(A)

Form MGT 9 is enclosed as Annexure – A.

8. NUMBER OF MEETINGS OF THE BOARD – 134(3)(B)

The Number of Board Meeting held during the Financial Year and as on 31.11.2015 are as mentioned below:

| S. No. | Date of meeting | Total No. of Directors on the Date of Meeting | No. of Directors attended | % of Attendance |
|--------|-----------------|---|---------------------------|-----------------|
| 1. | 23.04.2014 | 7 | 6 | 85% |
| 2. | 13.06.2014 | 7 | 4 | 57% |
| 3. | 17.07.2014 | 7 | 5 | 71% |
| 4. | 25.07.2014 | 7 | 5 | 71% |
| 5. | 23.09.2014 | 6 | 5 | 83% |
| 6. | 25.09.2014 | 6 | 5 | 83% |
| 7. | 24.10.2014 | 6 | 5 | 83% |
| 8. | 05.12.2014 | 7 | 6 | 85% |
| 9. | 17.01.2015 | 7 | 5 | 71% |
| 10. | 24.02.2015 | 7 | 5 | 71% |
| 11. | 20.04.2015 | 8 | 6 | 75% |
| 12. | 26.06.2015 | 7 | 5 | 71% |
| 13. | 06.08.2015 | 6 | 5 | 83% |
| 14. | 30.09.2015 | 6 | 5 | 83% |
| 15. | 03.11.2015 | 6 | 5 | 83% |

9. DIRECTORS' RESPONSIBILITY STATEMENT AS PER 134(5) – 134(3)(C)

Pursuant to section 134(5) of the Companies Act, 2013, your directors confirm and report that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.

- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) The directors had prepared the annual accounts for the F.Y.2014-15 on a going concern basis; and
- e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

10. EXPLANATION/ COMMENTS BY THE BOARD ON EVERY QUALIFICATIONS, RESERVATIONS, ADVERSE REMARKS OR DISCLAIMERS MADE BY THE STATUTORY AUDITORS & THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS – 134(3)(F)

Statutory Auditor Report along with Management Reply is Enclosed at Annexure –B
Secretarial Auditor Report along with Management Reply is Enclosed at Annexure - C

11. PARTICULARS OF THE LOANS, GUARANTEES, SECURITY OR INVESTMENTS AND THE PURPOSE FOR WHICH THE LOAN, GUARANTEE OR SECURITY IS PROPOSED TO BE UTILISED BY THE RECIPIENT AS PER 186 – 134(3)(G)

Total Investment of the Company as on 31.03.2015 stood at 465.03 Crores as compared to the previous year investments Rs.295.61 Crores

| LONG TERM LOANS & ADVANCES | | |
|---|-----------------------------|-----------------------------|
| Particulars | As at March 31, 2015 | As at March 31, 2014 |
| | ₹ | ₹ |
| <u>a. Secured, Considered good</u> | | |
| Loans & Advances to employees | 49,620,026 | 34,492,546 |
| <u>b. Unsecured, Considered good</u> | | |
| Loans & Advances to employees | 15,213,009 | 12,234,239 |
| Deposits | 306,931,302 | 316,983,840 |
| Capital Advances | 310,904,520 | 195,449,613 |
| Total | 682,668,857 | 559,160,238 |
| <u>c. Secured Long term Loans & Advances to employees includes</u> | | |
| Housing Loan - Secured against House | 49,620,026 | 34,492,546 |
| Total | 49,620,026 | 34,492,546 |
| <u>d. Unsecured Long term Loans & Advances to employees includes</u> | | |
| Education Loans | (128,716) | 1,286,119 |
| Two Wheeler Loan | 2,888,023 | 5,733,921 |
| Four Wheeler Loan | 11,289,904 | 2,938,123 |
| Computer Loans | 2,494,994 | 2,371,715 |
| Marriage Advance | (1,331,196) | (95,639) |
| Total | 15,213,009 | 12,234,239 |

e. Current portion of the long term loans & advances to employees (Secured & unsecured) is not ascertainable.

| | | |
|---------------------------------------|--------------------|--------------------|
| f. Unsecured Deposits Includes | | |
| Court Authorities | 65,256,858 | 62,658,835 |
| Telephone authorities | 629,696 | 820,132 |
| Other Deposits | 241,044,748 | 253,504,873 |
| Total | 306,931,302 | 316,983,840 |

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.

h. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Long Term Loans & Advances to the tune of ₹ 14739593 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

| SHORT TERM LOANS & ADVANCES | | |
|---|-----------------------------|-----------------------------|
| Particulars | As at March 31, 2015 | As at March 31, 2014 |
| | ₹ | ₹ |
| a. Secured, considered good | | |
| Recoverable from employees | 804,241 | 116,704 |
| b. Unsecured, considered good | | |
| Loans & Advances to employees | 6,175,433 | 39,895,563 |
| Advance Tax (including TDS Receivable & Refunds Receivable) (Net) | 14,536,512 | 7,361,895 |
| Advance to Suppliers | 150,652,137 | 152,807,309 |
| Government Receivables | 44,148,061,108 | 41,996,233,135 |
| Provision for Government Receivables - Additional Power | (38,778,739,156) | (38,778,739,156) |
| Other Loans & Advances | 11,354 | 3,136 |
| Total | 5,541,501,629 | 3,417,678,586 |

c. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the Transfer of balances and values to/from APSPDCL is subject to approval from Expert Committee formed by the Government of India.

12. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH THE RELATED PARTIES ALONG WITH THE JUSTIFICATION FOR ENTERING INTO SUCH TRANSACTIONS AS PER 188(1)–134(3)(H) & RULE 8(2) - FORM AOC 2

The Ministry of Corporate Affairs (MCA) vide Notification dated June 5, 2015, has exempted the government companies from Related Party Transactions under Section 188(1) & 188(2)

13. AMOUNT PROPOSED TO BE CARRIED TO RESERVES – 134(3)(J)

Rs.(1170.74) Crores was carried to Reserves for the F.Y. 2014-15.

14. MATERIAL CHANGES & COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY, OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT – 134(3)(L)

1. Consequent on Formation of Telangana State w.e.f. 02/06/2014, the APCPDCL has been renamed with TSSPDCL duly excluding the Kurnool and Ananthapur circles which have become part of Residuary State of Andhra Pradesh and merged the two circles with the Existing APSPDCL.
2. Since for bifurcation of assets and Liabilities as on 01.06.2014 in respect of Kurnool and Ananthapur circles between the TSSPDCL and APSPDCL, the Expert Committee is formed and as per the instructions of the Committee and guidelines of G. O. Ms. No. 24 issued by the Government and also as per the AP Reorganization Act, 2014, the statement of bifurcation of Assets and Liabilities have been prepared and approved by the TSSPDCL Board on 20/04/2015 and submitted to the Expert Committee for its approval on and the Approval is awaited.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO – 134(3)(M) & RULE 8(3)

Statement is enclosed at Annexure –D

16. DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY, INCLUDING THE IDENTIFICATION THEREIN OF THE ELEMENTS OF RISK, WHICH IN THE OPINION OF THE BOARD MAY THREATEN THE EXISTENCE OF THE COMPANY – 134(3)(N)

The Company is faced with risks of different types, all of which need different approaches for mitigation. Various risks associated with the business of the Company are given below:

Operational risk: To mitigate operational risks associated with distribution network, the company invests significant resources in the maintenance and protection of its critical equipments, details of which were mentioned above.

Regulatory risk: Electricity is a highly regulated sector. This exposes the company to risks with respect to changes in policies and regulations which are similar to all players in the sector.

Financial risk: Company is having a loss of (Rs. 1170.74 Crores) and borrowing amounting to Rs.5943.67 Crore as on 31.3.2015. As per Financial Restructuring Package (FRP-2012) of Govt. of India whose details are mentioned above in item no.2 of the Directors Report in details.

The Board of Directors of the Company are competent to take decisions on the Risk mitigation and take appropriate measures for risk management.

17. DETAILS OF THE POLICY DEVELOPED AND IMPLEMENTED ON THE CSR AND THE INITIATIVES TAKEN, COMPOSITION OF CSR COMMITTEE – 134(3)(O), RULE 9 & ANNEXURE TO THE CSR RULES

The Present Corporate Social Responsibility (CSR) Committee Consisting of the following members:

| S.No | Name | Designation |
|------|-------------------------|---|
| 1. | Sri T. Srinivas | Director/Projects & Commercial (I/c) / TSSPDCL — Member |
| 2. | Sri J. Srinivas Reddy | Director/Operations /TSSPDCL |
| 3. | Sri G. S. Ram Mohan Rao | Joint Secy to Government of Telangana, Finance Dept – Director (Non whole time) |

The Company shall take the necessary Corporate Social Responsibility (CSR) Activities as and when required according to the company policy and CSR Committee shall monitor the same.

18. IF THE COMPANY FAILS TO SPEND THE REQUIRED AMOUNT ON CSR, THE REASONS THEREOF – 135(5)

Reasons for failure to spend the required amount on CSR

Since the company is not having any profits and having a loss of (Rs. 1170.74 Crores), the company couldn't spend any amount on CSR. Hence this clause is not applicable.

However, the Company shall take the necessary Corporate Social Responsibility (CSR) Activities as and when required according to the company policy and CSR Committee shall monitor the same.

19. DETAILS OF THE DIRECTORS/ KMP – APPOINTED AND RESIGNED – RULE 8(5)(III)

| Name of the Director | Nominee Director | Date of appointment | Date of cessation, if applicable |
|---------------------------------|---|---------------------|----------------------------------|
| Sri Syed Ali Murtaza Rizvi, IAS | Chairman and Managing Director/ TSSPDCL | 30/6/2013 | 19/7/2014 |
| G. Raghuma Reddy | Chairman and Managing Director | 26/11/2014 | NA |
| Sri C. Srinivasa Rao | Director/ Finance | 25/1/2014 | 26/6/2015 |
| Sri T. Srinivas | Director/Projects | 31/7/2013 | NA |
| Sri K.M. Nagender | Director/Commercial | 31/7/2013 | 2/5/2015 |
| Sri J. Srinivas Reddy | Director/operation | 26/11/2014 | NA |
| Sri Mir Kamaluddin Ali Khan | Director/HR | 27/3/2015 | NA |
| Smt K.Sujatha | Company Secretary | 04/2/2002 | 31/5/2015 |
| Sri V. Anil Kumar | Company Secretary | 21/7/2015 | NA |

Note

1. Smt. K. Sujatha, was resigned w.e.f. 29/05/2015 vide Memo. No. CGM (HRD) / GM (IR & L, Adm) /AS (Per-Ser)/ PO-A/62-A1/2012, Dt: 29.05.2015.
2. Mr. V. Anil Kumar was appointed as Company Secretary vide SP.O.O.(CGM-HRD)Ms.No.531, dt:19.06.2015.

20. THE FACT OF RESIGNATION OF ANY DIRECTOR – 168(1)

Mr. Syed Ali Murtaza Rizivi, IAS resigned w.e.f 19/07/2014, due to the withdrawal of nomination by Government of Telangana vide G.O.r.t.No221 dated 18th July, 2014.

Mr. K. M. Nagender was resigned w.e.f. 02/05/2015, due to his health conditions suffering from Low Back Ache (Multi Level disc Prolapse) vide: Government Letter No. 551/HR.A1/2015-1, Dt: 02.05.2015.

Mr. C. Srinivasa Rao, IRAS was resigned w.e.f. 26/06/2015, due to the withdrawal of nomination by Government of Telangana vide G.O.RS No. 63 Energy (HR.A1) DEPARTMENT DT: 24.06.2015.

The category wise employee's filled is indicated below:

| Sl. No | Name of the Category | FY 2014-15 | FY 2013-14 |
|--------|--------------------------------|------------|------------|
| 1 | Engineering service | 1,711 | 2,235 |
| 2 | Accounts and P&G service | 2,085 | 2,995 |
| 3 | O&M and construction service | 6,021 | 9,034 |
| 4 | Others (including deputations) | 86 | 115 |
| | Total | 9,903 | 14,379 |

2. Training to Employees: Based on the needs identified for development of required competencies, a variety of training programmes for both functional and behavioural aspects have been conducted across the organization. During F.Y.2014-15 training has been imparted to 4,397 employees regarding new technologies in Power Sector, IT initiatives, HR activities.

3. Employees welfare: Total 76 (Seventy Six) dependents of deceased employees have been provided employment in the company under compassionate grounds during the F.Y.2014-15.

21. Appointment, Qualifications & Remuneration & EVOLUTION OF THE BOARD OF DIRECTORS Section 134(3)(e) & Section 134(3)(p) &

The Ministry of Corporate Affairs (MCA) vide Notification dated June 5, 2015, has exempted the Government companies from the Policy on appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a directors etc.,

22. DETAILS OF THE SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS/ TRIBUNALS AND LITIGATION SUMMARY

STATEMENT SHOWING THE DETAILS COURT CASES PENDING AS ON DT: 31-03-2015

(Rs. in Crores)

| Circle | LT | | HT | | TOTAL | |
|---------------------|--------------|-------------|--------------|---------------|--------------|---------------|
| | No. Of Cases | Amount | No. Of Cases | Amount | No. Of Cases | Amount |
| Mahabubnagar | 0 | 0 | 161 | 70.69 | 161 | 70.69 |
| Medak | 0 | 0 | 333 | 75.57 | 333 | 75.57 |
| Nalgonda | 123 | 0.88 | 355 | 100.65 | 478 | 101.53 |
| Hyderabad (Central) | 29 | 0.24 | 69 | 14.18 | 98 | 14.42 |
| Hyderabad (North) | 60 | 0.35 | 186 | 27.27 | 246 | 27.62 |
| Hyderabad (South) | 53 | 0.39 | 33 | 2.64 | 86 | 3.03 |
| Rangareddy (East) | 73 | 0.61 | 143 | 11.79 | 216 | 12.4 |
| Rangareddy (Noth) | 21 | 0.04 | 248 | 36.59 | 269 | 36.63 |
| Rangareddy (South) | 342 | 2.41 | 215 | 82.03 | 557 | 84.44 |
| Total | 701 | 4.92 | 1743 | 421.41 | 2444 | 426.33 |

23. DISCLOSURE OF THE COMPOSITION OF AUDIT COMMITTEE AND WHERE THE BOARD HAS NOT ACCEPTED ANY RECOMMENDATION OF THE AUDIT COMMITTEE, THE REASONS FOR NOT ACCEPTING SUCH RECOMMENDATIONS – 177(8)

Present Audit Committee composition is as follows: -

| S.No. | Name | Designation |
|-------|-------------------------|--|
| 1 | Sri S. Subrahmanyam | Director/Projects/APTRANSCO (Non-whole time Director) |
| 2 | Sri G.S. Rama Mohan Rao | Joint Secretary to Govt. Finance Dept.,(Non whole time Director) |
| 3 | Sri T. Srinivas | Director/Projects & Commercial (I/c) |

The board has considered and accepted all the recommendations of the Audit Committee and there are no recommendations which were not accepted during the F.Y.2014-15.

24. PARTICULARS OF THE EMPLOYEES & EMPLOYEE WELFARE

- 1. Manpower:** The manpower (officers and staff) stood at 9,903 for the F.Y.2014-15 when compared to the strength of 14,379 for F.Y. 2013-14.

25. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM – 177(9) & (10)

Board approved the Vigil Mechanism Policy -2015 pursuant to Section 177 (9) of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014 at its board meeting held on 06th August, 2015 for directors and employees to report to the management instances of irregularity, unethical practices and /or misconduct in line with the above policy. The details of such policy were communicated to all offices apart from disclosing in the Company's website www.tssouthernpower.com.

Vigil Mechanism was constituted Vide: S.O.O. (CS) Ms.No.638, Dt: 18.08.2015 with the following members to provide the adequate safeguards against the victimization of employees and directors.

| S.No. | Name | Designation |
|-------|-------------------------|---|
| 1. | Sri T. Srinivas | Director/Projects & Commercial (I/c) / TSSPDCL — Member |
| 2. | Sri J. Srinivas Reddy | Director/Operations/TSSPDCL |
| 3. | Sri G. S. Ram Mohan Rao | Joint Secy to Government of Telangana, Finance Dept – Director (Non whole time) |

26. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

A Complaints Committee was constituted with the members indicated therein to prevent or deter the commission of acts of Sexual harassment on women employees in APCPDCL (Now TSSPDCL) for holding the office for a period of one year. Consequently, on completion of one year period, the committee was re - constituted vide reference SP.O.O.CGM (HRD) Rt. No. 380, Dt: 07.04.2015 with the members as indicated therein to hold office till 31.12.2015.

Complaints Committee was Constituted Vide: SP.O.O.CGM (HRD) Rt.No.842, Dt: 03.11.2015.

The following officers were nominated for the Complaints Committee:

| S.No. | Name | Designation |
|-------|--|--------------|
| 1. | Smt. K. Shobha Rani, Ex. General Manager (P&A)Now CGM/Member (Accts)/CGRF.II | Chair person |
| 2. | Sri B. Redya Naik AS(Per)/ Corp.Office | Member |
| 3. | Smt. M. Jyothi Rani, Divisional Engineer/ Telecom / SCADA | Member |
| 4. | Smt. G. Sudha, Assistant Secretary(IR) | Member |
| 5. | Smt. Sandhya Sri, ADE/Projects | Member |
| 6. | Sri R. Narender Reddy, ADE/MPP | Member |

27. INTERNAL AUDIT

The Board approved the following firms as Internal Auditors for the F.Y. 2015-16 at the Board Meeting held on 30.09.2015.

| S.No. | Circles/set of Circles | Chartered Accountant Firm | L1Per Month |
|-------|--|---------------------------------------|-------------|
| 1. | Mahabubnagar | M/s. B. Srinivas Rao & Co., Hyderabad | 39,000 |
| 2. | Nalgonda | Sampath & Ramesh, Hyderabad | 39,000 |
| 3. | Medak and Siddipet (Including Corporate Office Unites and SCADA Circles) | Sriram & Co., Hyderabad | 39,000 |
| 4. | Ranga Reddy (North, South & East)[including Master Plan & RR Lines Circles] | Eswar & Co., Hyderabad | 37,000 |
| 5. | Hyderabad Circles (North, Central & South) | Niranjan & narayan, Hyderabad | 37,000 |

Note: M/s. Umamaheshwara Rao & Co., Chartered Accountant Firm, which was allotted Mahabubnagar Circle for internal audit at L1 rate of Rs. 39,000/- per month, have, vide their letter dtd: 24.11.2015, expressed their unwillingness to conduct the audit because of pre - commitments.

The Board approved the appointment of M/s. B. Srinivas Rao & Co., as Internal Auditor of Mahabubnagar Circle in place of M/s. Umamaheshwara Rao & Co., on 7th December, 2015.



28. STATUTORY AUDITORS

Statutory Auditor

M/s. Sharad & Associates Chartered Accountants, were appointed by the Comptroller and Auditor General of India (CAG) as Statutory Auditors of the Company for the F.Y. 2014 -15.

The Company has received a letter of appointment from the office the Comptroller and Auditor General of India, New Delhi of vide No/CA/COY/ANDHRA PRADESH, CENPOW(1)/122 dated 06/07/2015 M/s. Brahmayya & CO (SR0013) as Statutory Auditors for the F.Y. 2015-16.

Secretarial Auditor:

Sri P. Vithal Kumar, Company Secretary in Practice was appointed as Secretarial Auditors of the Company for the F.Y. 2014-15.

Cost Auditor:

M/s BVR & Associates, Cost Accountants was appointed as Cost Auditors of the Company for the F.Y. 2014-15.

29. ACKNOWLEDGEMENTS

Your Directors acknowledge the invaluable support and co-operation of the Chairman & Managing Director, TS TRANSCO and Chairman & Managing Directors of TS NPDCL, TS GENCO, AP TRANSCO, AP GENCO & AP DISCOMS.

We take this opportunity to thank the Secretary, Energy Department, Government of Telangana, The Secretary, TSERC and other officials of the Govt. of Telangana, the Office of the Comptroller & Auditor General of India, the Bankers and Financial Institutions and look forward to their continued support in the future.

We also wish to congratulate the employees as well as the Employee's Unions and the Engineers' and Officers' Associations of TSSPDCL, for their invaluable services.

For and on behalf of the Board of Directors

TSSPDCL

CIN - U40109TG2000SGC034116

Place : Hyderabad

Date : 07.12.2015.

Sd/-

Sri G. Raghuma Reddy
Chairman and Managing Director
DIN- 02943771

Annexure A

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31/03/2015.

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

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-----|--|---|
| i) | CIN: | U40109TG2000SGC034116 |
| | Registration Date [DDMMYY] | 30.03.2000 |
| ii) | Category of the Company [Pl. tick] | A Government of Telangana Undertaking (State Govt. Company) Unlisted Public Company |
| | Whether shares listed on recognized Stock Exchange(s) | No |
| Vi) | NAME AND REGISTERED OFFICE ADDRESS OF COMPANY: | |
| | Company Name | Southern Power Distribution Company of Telangana Limited. |
| | Address | Corporate office, # 6-1-50, Mint Compound, Lakdikapool. |
| | Town / City | Hyderabad |
| | State | Telangana State |
| | Pin Code: | 500063 |
| | Country Name : | India |
| | Country Code | +91 |
| | Telephone (With STD Area Code Number) | 040-23431011 |
| | Fax Number : | NA |
| | Email Address | cs-cpdcl@tssouthernpower.com |
| | Website | www.tssouthernpower.com |
| | Name of the Police Station having jurisdiction where the registered office is situated | Saifabad Police Station |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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



| S.No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|-------|---|--|------------------------------------|
| 1. | Distribution and Retail supply of Electricity in the licensed area of the company i.e, Hyderabad, Ranga Reddy, Nalgona, Medak & Mahaboob Nagar. | 35109 / Collection and distribution of electric energy to households, industrial, commercial and other users n.e.c | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :-

| S.No. | NAME AND ADDRESS OF THE COMPANY | CIN | Holding Company/Subsidiary Associate |
|-------|---|-----------------------|---|
| 1. | Southern Power Distribution Company of Telangana Limited. Corporate office, # 6-1-50, Mint Compound, Hyderabad - 500063, Telangana State. | U40109TG2000SGC034116 | Not Applicable (State Government of Telangana Undertaking) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year (as on 31-March-2014) | | | | No. of Shares held at the end of the year (as on 31-March-2015) | | | | % Change during the year |
|--|---|-------------|---------------|-------------------|---|-------------|---------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter s | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) State Govt(s) | 0 | 728,479,600 | 7,284,796,000 | 99.99% | 0 | 728,479,600 | 7,284,796,000 | 99.99% | NIL |
| d) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Any other | 0 | 9 | 90 | 0.01% | 0 | 9 | 90 | 0.01% | 0 |
| Total shareholding of Promoter (A) | 0 | 728,479,600 | 7,284,796,000 | 99.99% | 0 | 728,479,600 | 7,284,796,000 | 99.99% | NIL |
| B. Public Shareholding | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 0 | 728,479,609 | 7,284,796,090 | 100% | 0 | 728,479,609 | 7,284,796,090 | 100% | NIL |

B) Shareholding of Promoter

| S.No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change |
|-------|----------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|----------------------------------|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | in share holding during the year |
| 1 | Governor of Andhra Pradesh | 728,479,600 | 100 % | 0 | 0 | 0 | 0 | (-100) |
| 2 | Governor of Telangana | 0 | 0 | 0 | 728,479,600 | 100 % | 0 | 100 |
| | Total | 728,479,600 | 100 % | 0 | 728,479,600 | 100 % | 0 | 0 |

- The Share capital held by the Hon'ble Governor of Andhra Pradesh transferred to Hon'ble Governor of Telangana on account of bifurcation of the state as per A.P. Reorganization Act 2014 and G. O. Ms. No. 11, Energy (Budget) Department, Dated: 18.10.2014.

C) Change in Promoters' Shareholding (please specify, if there is no change)

| S.No. | Shareholder's Name | Shareholding at the beginning of the year (01.04.2014) | | | Share holding at the end of the year (31.03.2015) | | | % change in share holding during the year |
|-------|--|--|----------------------------------|--|---|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | Sri Sri Mrutunjay Sahoo, IAS Special Chief Secretary to Govt (FAC) Energy Dept. | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. | Sri Shailendra Kumar Joshi, IAS Special Chief Secretary to Govt (FAC) Energy Dept. | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. | Sri Arvind Kumar, IAS Secretary to Energy Dept, Govt of Telangana | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 4. | Sri Suresh Chanda, IAS Ex-Chairman and Managing Director TSTRANSCO | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| 5. | Sri S.A.M. Rizvi, IAS, Ex-Chairman and Managing Director/TSSPDCL | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| 6. | Sri Kartikeya Mishra, IAS Ex-Chairman and Managing Director /TSNPDCL, Warangal | 1 | 0 | 0 | 1 | 0 | 0 | 0 |



| | | | | | | | | |
|-----|--|---------------------|-------------|---|---------------------|-------------|---|---|
| 7. | Sri H.Y. Dora Chairman and Managing Director /APSPDCL/Tirupathi | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| 8. | Sri M.V. Seshagiri Babu, IAS CMD/APEPDCL, Visakhapatnam | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| 9. | Sri G .Raghuma Reddy Director commercial & Chairman and Managing Director (FAC),TSSPDCL | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| 10. | Sri K. Venkata Narayana Ex-Director/HRD/ TSSPDCL | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| 11. | Sri T. Srinivas Director (Projects), TSSPDCL | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| 12. | Sri .S. Satyanarayana Assistant Secretary(FAC) representative on behalf of Governor of Telangana) | 72,84,79,600 | 0 | 0 | 72,84,79,600 | 0 | 0 | 0 |
| | Total | 72,84,79,609 | 100% | | 72,84,79,609 | 100% | | |

Note : 1 share is transferred within in the Financial year from Mruthunjaya Sahoo to Shaildra kumar Joshi

D) Shareholding Pattern of top ten Shareholders: 31.3.2015

(Other than Directors, Promoters and Holders of GDRs and ADRs):-

| S.No. | Other then Director's | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-------|---|---|----------------------------------|---|---------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the compar |
| | For Each of the Directors | | | | |
| 1 | Sri .S. Satyanarayana Assistant Secretary(FAC) representative on behalf of Governor of Telangana) | | | | |
| A | At the beginning of the year | 72,84,79,600 | 99.99% | 72,84,79,600 | 99.99% |
| B | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 0 | 0 | 0 | 0 |
| c | At the end of the year | 72,84,79,600 | 99.99% | 72,84,79,600 | 99.99% |

E) Shareholding of Directors and Key Managerial Personnel: 31.03.2015

| S.No. | Name of the Director's | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Sri S.A.M. Rizvi, IAS, Ex-Chairman and Managing Director/TSSPDCL | | | | |
| A | At the beginning of the year | 1 | 0 | 1 | 0 |
| B | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 0 | 0 | 0 | 0 |
| C | At the end of the year | 1 | 0 | 1 | 0 |
| 2 | Sri G .Raghuma Reddy Director commercial & Chairman and Managing Director (FAC),TSSPDCL | | | | |
| A | At the beginning of the year | 1 | 0 | 1 | 0 |
| B | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 0 | 0 | 0 | 0 |
| C | At the end of the year | 1 | 0 | 1 | 0 |
| 3 | Sri K. Venkata Narayana Ex- Director/HRD/ TSSPDCL | | | | |
| A | At the beginning of the year | 1 | 0 | 1 | 0 |
| B | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 0 | 0 | 0 | 0 |
| C | At the end of the year | 1 | 0 | 1 | 0 |
| 4 | Sri T. Srinivas Director (Projects), TSSPDCL | | | | |
| A | At the beginning of the year | 1 | 0 | 1 | 0 |
| B | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 0 | 0 | 0 | 0 |
| C | At the end of the year | 1 | 0 | 1 | 0 |

F) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment :-

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|--|--------------------|-------------|-----------------------|
| Indebtedness at the beginning of the financial year | 44,603,327,132 | 28,249,241,766 | - | 72,852,568,898 |
| i) Principal Amount | - | | | |
| ii) Interest due but not paid | - | | | |
| iii) Interest accrued but not due | - | | | |
| Total (i+ ii+ iii) | - | | | |
| Change in Indebtedness during the financial year | - | | | |
| * Addition | - | 53,812,009 | - | |
| * Reduction | 12,792,249,441 | - | 40,483,437 | |
| Net Change | - | | | |
| Indebtedness at the end of the financial year | 31,811,077,691 | 28,303,053,775 | 847,286,776 | |
| i) Principal Amount | - | | | |
| ii) Interest due but not paid | - | | | |
| iii) Interest accrued but not due | - | | | |
| Total (i+ ii+ iii) | 31,811,077,691 | 28,303,053,775 | - | 60,114,131,466 |

V. REMUNERATION OF DIRECTOR AND KEY MANAGERIAL PERSONNEL

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

| S.No. | Particulars of Remuneration | G. Raghuma Reddy (CMD) | T. Srinivas(D/P) | J. Srinivas Reddy D(O) | Mir Kamaluddin Ali Khan(Dir/HR) |
|-------|---|------------------------|------------------|------------------------|---------------------------------|
| 1. | Gross salary (a) Salary as per provisions contained in section17(1) of the Income - tax Act,1961 (b) Value of perquisites u/s 17(2)Income-tax Act, 1961 (c) Profits in lieu of salary undersection17(3) Income – tax Act, 1961 | NA | NA | NA | NA |
| 2. | Stock Option | NA | NA | NA | NA |
| 3. | Sweat Equity | NA | NA | NA | NA |
| 4. | Commission - as % of profit - others, specify... | NA | NA | NA | NA |
| 5. | Others, please specify(Total deductions Professional Tax & Income Tax) | NA | NA | NA | NA |
| | Total(A) | NA | NA | NA | NA |
| | Ceiling as per the Act | NA | NA | NA | NA |

B. Remuneration to other directors (Non Whole time Directors)

| S.No. | Particulars of Remuneration | Name of the Director | Name of the Director | Name of the Director |
|-------|--|--|----------------------|----------------------|
| | | G. S. Ram Mohan Rao Joint Secretary to Finance Dept, Govt of Telangana | S. Subrahmanyam | A. Sudhakar |
| 3. | Non whole time Directors ·Fee for attending board and committee meetings ·Commission | NA | NA | NA |
| | Total Amount | NA | NA | NA |
| | Overall Ceiling as per the Act | Within the ceiling | Within the ceiling | Within the ceiling |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|---|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contain ed in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | NA | 19,29,696 | NA | NA |
| 2. | Stock Option | NA | NA | NA | NA |
| 3. | Sweat Equity | NA | NA | NA | NA |
| 4. | Commission -as % of profit -others, specify... | NA | NA | NA | NA |
| 5. | Others, please specify (deductions Provident Fund & Professional tax) | NA | 4,34,844 | NA | NA |
| | Total | NA | 14,94,852 | NA | NA |

VI. PENALIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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



INDEPENDENT AUDITOR'S REPORT





MODEL SUB STATION CPTI, ERRAGADDA.



Independent Auditors' Report

To The Members of,
Southern Power Distribution Company of Telangana Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of Southern Power Distribution Company of Telangana Limited ("the company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the 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

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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.

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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances.



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis of Qualified opinion

1. Purchase of Power & Trade Payables

a. In Terms of GO. Ms. 53, Energy (Power III), April 28, 2008, more specifically defined in the Note No. 3.2 of Notes forming part of Financial Statements the Government of Andhra Pradesh 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 effect on liabilities/receivables could not be ascertained.

b. Reference is invited to Note No 25 of Notes forming part of financial statements the Power purchase cost includes costs which are recognised on provisional basis instead of actual cost incurred by the Company. The Impact of such recognition on the statement of profit & loss and the consequential effect on the liabilities could not be ascertained.

c. Reference is invited to Note 10 of Notes forming part of the financial statements where the trade payables stated are subject to confirmation of balances by each supplier/vendors. The Company has not obtained the balance confirmation certificates. The Impact of non-confirmation on balances on the carrying balances of trade payables and consequential effect, if any, on the loss of the company could not be ascertained.

d. On our verification it was observed that the M/s Transmission Corporation of Andhra Pradesh Limited (AP Transco) has claimed additional SLDC Charges which the company has disputed and as informed to us the matter is pending before Electricity Regulatory Commission of the State. As the charges claimed by the AP Transco is pending in our opinion the company has to disclose such charges claimed as Contingent liability. This results in Non Compliance to AS – 29 "Provisions, Contingent Liabilities and Contingent Assets"

2. 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 ` 1.99 crores (Previous year ` 21.7 crores). Similarly, Inter Unit Accounts (Circles) remain un-reconciled with a balance of ` 6.18

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Branches at: Guntur, Raipur & Sambalpur



a. Crores (Previous Year Rs. 7.29 Crores). The impact of these on the Loss and Assets & Liabilities of the company could not be ascertained.

b. Balance with APSEE Master P & G Trust amounting to Rs. 46.10 crores (Previous year Rs. 45.03 crores) is unreconciled and balance confirmation from the trust is not obtained by the company. The Impact of these non-compliances on the loss and Assets & Liabilities of the company could not be ascertained.

c. The company has not identified various Payables and Receivables under Resco's liability and Assets which are long outstanding and un-reconciled. The Impact of such non-identification on the liabilities and consequential effect on the Assets and Liabilities or Loss, if any, could not be ascertained.

3. Balance Confirmations

The Company has not obtained confirmations of balances for Loans & Advances, Investments and 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.

4. Compliances to MSME Act, 2006

Note No. 31 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 the consequential interest for such delay as required under MSME Act, 2006. The impact, if any, on the loss and liabilities of the company on account of this non-compliance could not be ascertained.

5. Consumer Contribution And Government Grants

a. Reference is invited to Note No. 2.8 & 5 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. Assets yet to be created out of these funds and assets which have been devoluted/scrapped/retired and those which were put into use out of these funds, could not be ascertained. The impact on the carrying value of Fixed Assets and Consumer Contribution could not be ascertained, put into use out of these funds, could not be ascertained. 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. 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., RGGY, 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.

d. Reference is invited to note no 1 of Notes forming part of the financial statements wherein due to the demerger of two circles of Ananthapur and Kurnool districts the consumer contribution received against the assets concerned have been apportioned on the basis of geographical values however due to the impact of amortization methods adopted by the company the carrying value of Consumer contribution does not match in tandem with the carrying value of tangible assets and CWIP.

6. Tangible Assets And Depreciation there of:

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 result 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.

b. Capitalization of employee cost of Rs.78.23 Crores (Previous year Rs.72.91 Crores) and Administrative and General Expenses of Rs.13.76 crores (Previous year Rs. 12.83 crores) is being carried out at 10% on the cost of capital works, more specifically detailed in Note No. 2.5 (c) 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, on the carrying value of asset and the consequential effect on the depreciation and the loss could not be ascertained.



c. *Tangible Assets created out of the capital work orders and put to use as at March 31, 2015 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.*

d. *Computers & 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 & 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.*

e. *Reference is invited to Note no 18 of Notes forming part of the financial statements wherein inventories are classified as Stores and Spares including items which are in the nature of capital assets, stand by equipment's and maintenance materials. In our opinion all those materials which are used for the purpose of construction/erection of fixed assets including stand by equipment's should be classified as fixed asset in terms of Accounting Standard – 10 “Accounting for Fixed Assets” and classify them as Non-Current Assets in accordance with Schedule III of the Companies Act, 2013. The impact of such non-compliance on the financial statements could not be ascertained.*

7. Inventories

Reference is invited to Note no 18 of the Notes forming part of the financial statements where the carrying value of all materials in stores are stated wherein such value as stated does not include all the charges which are incurred towards bringing such materials to the location. The cost incurred towards price difference of Rs. 9.62 Crores (Previous year Rs.2.49 Crores) and testing charges of Rs.1.26 Crores (Previous year Rs.1.21 Crores) are not included in carrying values of materials, thus value of materials is understated to the extent of Rs.10.88 Crores (Previous year Rs.3.70 Crores) and consequentially the loss is overstated by the same amount.

8. Revenue Recognition, Trade Receivable and Provision thereof

a. *On our verification of the underlying records progressive meter readings against disconnected services were observed. In these cases the company raises bills against the consumers and recognizes them as 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.*



b. On our verification of the underlying records of HT Customers (EBS) it was observed that balances in the EBS does not match with the financial records i.e SAP accounting system. The balances in SAP exceeds balances in EBS by Rs.1.63 Crores, thus in our opinion the company does not have an adequate mechanism in place to incorporate the balances from EBS to SAP and accordingly the balances of Trade receivables as stated in Note No 20 of Notes forming part of the financial statements is overstated to the extent of Rs.1.63 Crores.

9. Deferred Tax

The Deferred tax has been recognized by considering the timing difference of depreciation, by excluding other timing differences such as gratuity, Leave encashment and provision for bad and doubt debts. Further the deferred tax is computed on the timing difference of the depreciation and also on the unabsorbed depreciation as per Income Tax Act, 1961 which in our opinion is not in compliance to Accounting Standard 22 – Accounting for Taxes. The impact of this non-compliance could not be ascertained.

10. Cash Flow Statements

The Company has prepared cash flow Statements as required under Accounting Standards and the Act however the cash flow statement presented is not in accordance with Accounting Standard 3 where the company has not disclosed the Proceeds from the Sale of, Fixed Assets including the demerger values bifurcated to APSPDCL and Investments separately instead has disclosed the Net off value of Purchase and Sale of Fixed Assets and Investments.

11. Demerger – Accounting and its Legal Implications

a. Reference is invited to Note No 1 of Notes forming part of financial statements where consequent to the enactment of the AP Reorganisation Act, 2014 from June 1, 2014 the state of Andhra Pradesh was divided into Telangana (New State) and Andhra Pradesh (Residuary) accordingly two circle offices geographically located in the Ananthapur and Kurnool in districts has been demerged out to APSPDCL from the company. The effect of demerger proposal on the financial statements have been provided for however the approval of the demerger proposal from the committee constituted by the Union Government of India is awaited. The impact of this non approved transaction on receivables from APSPDCL could not be ascertained.

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b. Consequent to the enactment of the AP Reorganisation Act, 2014 the Assets and Liabilities had to be bifurcated based on the GO Ms.No.24 of 2014 however the Company has bifurcated the assets and liabilities in deviation from this GO with respect to Employee related Liabilities and Advances and receivables from employees, Term Loans from term lending institutions and provision for recovery/write offs. The impact of this non-compliance on the financial statement could not be ascertained.

c. Reference is invited to Note No 1 where in view of division of State of Andhra Pradesh in to Telangana and Andhra Pradesh (residuary) 2 circles namely Ananthapur and Kurnool of the company has been demerged out to SPDCL. In accordance with Para 23 of Accounting Standard -24 "Discontinuing Operations", the company has to disclose the gain or loss that is recognised on such demerger which in our opinion the company has not made appropriate disclosure as mandated by the standard.

12. Provisions

a. The Company has not carried out actuarial valuation as at March 31, 2015, hence in our opinion provision made for the year ended March 31, 2015 is not in accordance with Accounting Standard – 15 "Employee Benefits (Revised)". The Impact on the financial statements could not be determined.

b. Reference is invited to Note No 21 in notes to accounts with respect to provision against government receivables, in our opinion since the financial restructuring plan has been implemented wherein State Government has to take over the bonds issued by the company within the span of period as described under the scheme, the provisions created in the previous year need not be carried forward and the same should have been written back to the Statement of Profit or loss. Accordingly the loss have been overstated by Rs.3877.87 Crores and receivables were understated by Rs.3877.87 Crores.

13. 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 Rs.3.66 Crores (Previous year Rs.3.81 Crores) 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 profit is being overstated and accordingly liability is understated to the extent of Rs.3.66 Crores (Previous year Rs.3.81 Crores).



14. 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.

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 qualified 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 the accounting principles generally accepted in India;

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

1. Note No. 3 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.
2. 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.
3. Note No.1 of Notes forming part of Financial Statements regarding bi-furcation of State of Andhra Pradesh and consequent change in the name, geographic operational regions and ownership of the Company.

Our opinion is not modified in respect of these matters.

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Branches at: Guntur, Raipur & Sambalpur



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.

ii. Company is carrying an amount of Rs.6.52 Crores (Previous Year Rs.6.26 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 analysed and disclosed by the Company.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, the extent applicable.

2. As required by Section 143(5) of the Act, we give in Annexure 'B', statement on the directions issued by Comptroller & Auditor General of India, to the extent applicable.

3. As required by Section 143(3) of the Act, we report that:

As required by section 143(3) of the Act, we report that:

a) Except for the possible effects of the matters described in basis for qualified opinion paragraph, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) Except for the possible effects of the matters described in basis for qualified opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books

c) Except for the possible effects of the matters described in basis for qualified opinion paragraph, the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) Except for the possible effects of the matters described in basis for qualified opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) The going concern matter described in sub-paragraph (b) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.



SHARAD & ASSOCIATES
CHARTERED ACCOUNTANTS

f) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

g) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;

ii. The Company has not made any provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

Place : Hyderabad.

Date : 7th December, 2015.

For Sharad & Associates
Chartered Accountants
(FRN .006377S)

Sd/-

Sharad Sinha

Partner

Membership No.202692

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Annexure B referred to in our Independent Auditor's Report

The annexure referred to in our Independent Auditor's Report to the members of the Company on the financial statement for the year ended March 31, 2015, we report that:

I. Disinvestments.

The Company, during the year, was not selected for disinvestment.

II. Waiver/ Write off of debts/loans/interest etc.

We did not come across any case of waiver of debt or loan or interest or other charges by the Company, during the year.

III. Inventories lying with third parties and assets received as gift from Government or other authorities.

We are informed that no inventory of the Company is lying with third parties as at the end of the year.

Further, during the year Company has received Land parcels from government authorities or others as gift and the same has been appropriately accounted in the books of the Company.

IV. Pending Legal / Arbitration cases:

Following are the details of age-wise analysis, including reasons for pendency, of legal / arbitration cases pending as on March 31, 2015.

| Sl.No | Circle | No of cases and period of pendency | | | | Reasons for pendency |
|-------|---------------|------------------------------------|--------------|--------------|-------------------------|-----------------------------------|
| | | Upto 1 Year | 1-2 years | 2-3 years | More than 3 years | |
| 1 | Mahaboobnagar | 75 | 31 | 15 | 40 | Court proceedings are in progress |
| 2 | Nalgonda | 116 | 145 | 46 | 171 | -do- |
| 3 | Medak | 58 | 75 | 26 | 174 | -do- |
| 4 | RR-East | 54 | 35 | 10 | 117 | -do- |
| 5 | RR-North | 41 | 49 | 22 | 157 | -do- |
| 6 | RR-South | 145 | 126 | 98 | 188 | -do- |
| 7 | HYD-North | 46 | 15 | 36 | 149 | -do- |
| 8 | HYD-South | 35 | 5 | 15 | 31 | -do- |
| 9 | HYD-Central | 60 | 25 | 0 | 13 | -do- |
| | TOTAL | 630 | 506 | 268 | 1040 | |

Place : Hyderabad.
Date : 7thDecember, 2015.

for Sharad & Associates
Chartered Accountants
(FRN .006377S)

Sd/-
Sharad Sinha
Partner
Membership No.202692



Annexure A (CARO Report) referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

(i) In respect of Fixed Assets:

(a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for land;

(b) Fixed assets have not been physically verified by the management at reasonable intervals either during the reporting period or in prior years. Accordingly, material discrepancies, if any, cannot be commented upon;

(ii) In respect of Inventories

(a) In our opinion and according to the explanations and information's provided to us, the management carries out the physical verification of inventories at reasonable intervals

(b) In our opinion and according to the explanations and information's provided to us, the procedures adopted by the management to carry out the physical verification of inventories are commensurate with the size of the company

(c) In our opinion and according to the explanations and information's provided to us, the company is maintaining proper records for inventories and no material discrepancies were noted during the physical verification

(iii) In our opinion and according to the information and explanations given to us, the company has not granted unsecured loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Accordingly, provisions of Clauses (iii) (a) and (b) of the Order are not applicable.

(iv) According to information and explanation given to us, Company has adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of material and supplies, fixed assets and for the sale of services however instances of internal control lapses were noticed by us in the areas of accounting of capital work orders and consumption under disconnected services. In our opinion there has been continuing failure to correct these major weaknesses.

(v) In our opinion and according to information and explanations given to us, the company has not accepted any deposits from the public, as referred to sections 73 to 76 and any other provisions of the Act and Companies Rules frames there under. Accordingly, provisions of Clause (v) of the Order are not applicable to the Company

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1)(d) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) In respect to statutory dues:

a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues have been generally regularly deposited with the appropriate authorities *except for delays in few cases as mentioned below and provident fund contributions being not remitted to it's own managed Trust*. According to the information and explanations given to us, the below mentioned undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2015 for a period of more than six months from the date of becoming payable.

| S.NO. | Name of the Statute | Nature of Dues | Amount (in Rs.Crores) | Period to which the amount relates |
|-------|---------------------|------------------------|-----------------------|------------------------------------|
| 1 | Income Tax Act 1961 | Tax Deducted at Source | 7.35 | 2011-12 to 2015-16 |

b) According to records of company, there are no dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute.

| S.NO. | Name of the Statute | Nature of Dues | Amount (Rs.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 | 2002-2003 | Supreme Court of India |
| 2. | A.P. General Sales Tax Act, 1956 | Sales Tax | 1.34 | 2001 to 2006 | AP Sales Tax Appellate Tribunal |
| 3. | A.P. VAT Act, 2005 | VAT | 63.10 | 2005 to 2008 | High Court of A.P. |
| 4. | Income Tax Act 1961 | Income Tax | 9.25 | 2007-08, 2008-09, and 2009-10 (A.Y) | Income Tax Appellate Tribunal |
| 5. | Income Tax Act 1961 | Income Tax | 1206.72 | 2013-14 (A.Y) | Income Tax Appellate Tribunal |

(c) In our opinion and according to the information and explanations given to us the company is not required to transfer any amount to Investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made there under

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(viii) In our opinion, the Company has accumulated losses as at the end of the financial year in excess of fifty percent of its net worth and has incurred cash loss during the financial year under report and also during preceding financial year.

(ix) In our opinion and according to the information and explanation given to us, the Company has not defaulted any repayment of dues to financial institution or banks. Accordingly, the provisions of Clause (ix) of the Order are not applicable to the Company.

(x) In our opinion and according to the information and explanation given to us, the company has not given corporate guarantee for loans taken by others except for implied guarantee being extended in terms of Long Term Loans transferred to M/s Southern Power Distribution Company of Andhra Pradesh Limited post demerger of the Company for which new loan agreements have not been executed. In the absence of express terms and conditions associated with this guarantee we are unable to comment on the matter.

(xi) According to the information and explanation provided to us the company has raised term loans during the year. Term loans outstanding at the beginning of the year and those raised during the year have been applied for the purpose for which they were raised.

(xii) In our opinion, the Company is susceptible to frauds on the Company in terms of power theft and such frauds have been noticed and reported during the year however considering the fact that such matters are sub judice and in the absence of non furnishing of accurate data by the Company in this regard, amounts involved could not be adjudged independently. Further, no fraud by the company has been noticed or reported during the year.

Place : Hyderabad
Date : Dec 7th 2015.

For **SHARAD & ASSOCIATES**
Chartered Accountants
Firm Regn No: 006377S

Sd/-
SHARAD SINHA
Partner
M No. 202692

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Annexure B to the Directors Report

A Company's Replies to the Auditors Qualification /Reservations

To
The Members of,
Southern Power Distribution Company of Telangana Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of Southern Power Distribution Company of Telangana Limited ("the company"), which comprises the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the 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

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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.

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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

| STATUTORY AUDITOR'S REPORT | COMPANY'S REPLY |
|--|---|
| Basis of Qualified opinion | |
| 1. Purchase of Power & Trade Payables | |
| a. In Terms of GO. Ms. 53, Energy (Power III), April 28, 2008, more specifically defined in the Note No. 3.2 of Notes forming part of Financial Statements the Government of Andhra Pradesh 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 effect on liabilities/receivables could not be ascertained. | Regarding ratio of reallocation of power with prospective effect, request has been made to the Govt. of Telangana by TSPCC. |
| b. Reference is invited to Note No 25 of Notes forming part of financial statements the Power purchase cost includes costs which are recognized on provisional basis instead of actual cost incurred by the Company. The Impact of such recognition on the statement of profit & loss and the consequential effect on the liabilities could not be ascertained. | Power cost is determined at TSPCC. Noted for compliance |
| c. Reference is invited to Note 10 of Notes forming part of the financial statements where the trade payables stated are subject to confirmation of balances by each supplier/vendors. The Company has not obtained the balance confirmation certificates. The Impact of non-confirmation on balances on the carrying balances of trade payables and consequential effect, if any, on the loss of the company could not be ascertained. | The company is in the process of obtaining confirmation of balances |
| d. On our verification it was observed that the M/s Transmission Corporation of Andhra Pradesh Limited (AP Transco) has claimed additional SLDC Charges which the company has disputed and as informed to us the matter is pending before Electricity Regulatory Commission of the State. As the charges claimed by the AP Transco is pending in our opinion the company has to disclose such charges claimed as Contingent liability. This results in Non Compliance to AS – 29 "Provisions, Contingent Liabilities and Contingent Assets" | Noted |
| 2. 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 ₹ 1.99 crores (Previous year ₹ 21.7 crores). Similarly, Inter Unit Accounts (Circles) remain un-reconciled with a balance of ₹ 6.18 Crores (Previous Year ₹ 7.29 Crores). The impact of these on the Loss and Assets & | Reconciliation will be done during the FY 2015-16. |

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| <i>Liabilities of the company could not be ascertained.</i> | |
| b. Balance with APSEE Master P & G Trust amounting to ₹ 46.10 crores (Previous year ₹ 45.03 crores) is unreconciled and balance confirmation from the trust is not obtained by the company. The Impact of these non compliances on the loss and Assets & Liabilities of the company could not be ascertained. | Reconciliation will be done during the FY 2015-16. |
| c. The company has not identified various Payables and Receivables under Resco's liability and Assets which are long outstanding and-un reconciled. The Impact of such non-identification on the liabilities and consequential effect on the Assets and Liabilities or Loss, if any, could not ascertained. | Reconciliation will be done during the FY 2015-16. |
| 3. Balance Confirmations | |
| The Company has not obtained confirmations of balances for Loans & Advances, Investments and 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. | The Company is in the process of obtaining confirmation of balances. |
| 4. Compliances to MSME Act, 2006 | |
| Note No. 31 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 the consequential interest for such delay as required under MSME Act, 2006. The impact, if any, on the loss and liabilities of the company on account of this non compliance could not be ascertained. | 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. |
| 5. Consumer Contribution And Government Grants | |
| a. Reference is invited to Note No. 2.8 & 5 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. Assets yet to be created out of these funds and assets which have been devaluated/scrapped/retired and those which were put into use out of these funds, could not be ascertained. The impact on the carrying value of Fixed Assets and Consumer Contribution could not be ascertained. | This practice has been consistently followed since the beginning and re-working could of data could be an impossible task at this stage. |

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| <p>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. The Impact on the loss and the reserves & surplus could not be ascertained.</p> | <p>As noted mentioned above.</p> |
| <p>c. The company has received Capital grants through various schemes sponsored by Government of India or Government of Andhra Pradesh, viz., RGGY, 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>Noted for compliance.</p> |
| <p>d. Reference is invited to note no 1 of Notes forming part of the financial statements wherein due to the demerger of two circles of Ananthapur and Kurnool districts the consumer contribution received against the assets concerned have been apportioned on the basis of geographical values however due to the impact of amortization methods adopted by the company the carrying value of Consumer contribution does not match in tandem with the carrying value of tangible assets and CWIP.</p> | <p>Demerger proposal is subject to final approval by the Government and corrective steps would be taken at the time of final settlement.</p> |
| <p>6. Tangible Assets And Depreciation thereof:</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 result 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.</p> | <p>Noted for future compliance.</p> |
| <p>b. Capitalization of employee cost of ₹ 78.23 Crores (Previous year ₹ 72.91 Crores) and Administrative and General Expenses of ₹ 13.76 crores (Previous year ₹ 12.83 crores) is being carried out at 10% on the cost of capital works, more specifically detailed in Note No. 2.5 (c) 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 employees cost and Administrative & General Expenses, as the operation circles are executing both capital works and operation and maintenance works, and it is not practicable to maintain records to identify the man hours spent by the staff on capital works.</p> |

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| <p>c. Tangible Assets created out of the capital work orders and put to use as at March 31, 2015 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>The company is reviewing the closure of work orders on an ongoing basis and steps are being taken to expedite the process of capitalization duly obtaining the work completion certificates.</p> |
| <p>d. Computers & 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 & 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>These assets are earmarked for installation /use at various field units hence could not be put to use at the end of the year and are treated as inventory.</p> |
| <p>e. Reference is invited to Note no 18 of Notes forming part of the financial statements wherein inventories are classified as Stores and Spares including items which are in the nature of capital assets, stand by equipment’s and maintenance materials. In our opinion all those materials which are used for the purpose of construction/erection of fixed assets including stand by equipment’s should be classified as fixed asset in terms of Accounting Standard – 10 “Accounting for Fixed Assets” and classify them as Non-Current Assets in accordance with Schedule III of the Companies Act, 2013. The impact of such non-compliance on the financial statements could not be ascertained.</p> | <p>This practice is being consistently followed by the Company however management would review the practice and take corrective steps if necessary in future.</p> |
| <p>7. Inventories</p> | |
| <p>Reference is invited to Note no 18 of the Notes forming part of the financial statements where the carrying value of all materials in stores are stated wherein such value as stated does not include all the charges which are incurred towards bringing such materials to the location. The cost incurred towards price difference of ₹ 9.62 Crores (Previous year ₹ 2.49 Crores) and testing charges of ₹ 1.26 Crores (Previous year ₹ 1.21 Crores) are not included in carrying values of materials, thus value of materials is understated to the extent of ₹ 10.88 Crores (Previous year ₹ 3.70 Crores) and consequentially the loss is overstated by the same amount.</p> | <p>Company will strengthen its accounting system to capture such costs in the valuation of inventory on timely basis.</p> |

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| 8. Revenue Recognition, Trade Receivable and Provision thereof | |
| <p>a. On our verification of the underlying records progressive meter readings against disconnected services were observed. In these cases the company raises bills against the consumers and recognizes them as 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. On our verification of the underlying records of HT Customers (EBS) it was observed that balances in the EBS does not match with the financial records i.e SAP accounting system. The balances in SAP exceeds balances in EBS by ₹ 1.63 Crores, thus in our opinion the company does not have an adequate mechanism in place to incorporate the balances from EBS to SAP and accordingly the balances of Trade receivables as stated in Note No 20 of Notes forming part of the financial statements is overstated to the extent of ₹ 1.63 Crores.</p> | <p>The same will be reconciled immediately.</p> |
| 9. Deferred Tax | |
| <p>The Deferred tax has been recognized by considering the timing difference of depreciation, by excluding other timing differences such as gratuity, Leave encashment and provision for bad and doubt debts. Further the deferred tax is computed on the timing difference of the depreciation and also on the unabsorbed depreciation as per Income Tax Act, 1961 which in our opinion is not in compliance to Accounting Standard 22 – Accounting for Taxes. The impact of this non-compliance could not be ascertained.</p> | <p>Deferred Tax has been arrived at based on the advisory of our tax consultants.</p> |
| 10. Cash Flow Statements | |
| <p>The Company has prepared cash flow Statements as required under Accounting Standards and the Act however the cash flow statement presented is not in accordance with Accounting Standard 3 where the company has not disclosed the Proceeds from the Sale of, Fixed Assets including the demerger values bifurcated to APSPDCL and Investments separately instead has disclosed the Net off value of Purchase and Sale of Fixed Assets and Investments.</p> | <p>Noted for future compliance</p> |
| 11. Demerger – Accounting and its Legal Implications | |
| <p>a. Reference is invited to Note No 1 of Notes forming part of financial statements where consequent to the enactment of the AP Reorganization Act, 2014 from June 1, 2014 the state of Andhra Pradesh was divided into Telangana (New State) and Andhra Pradesh (Residuary) accordingly two circle offices geographically located in the Ananthapur and Kurnool in districts has been demerged out to APSPDCL from the company. The effect of demerger proposal on the financial statements have been provided for however the approval of the demerger proposal from the committee constituted by the Union Government of</p> | <p>Company is awaiting appropriate approvals however SPDCL of AP has accepted the demerger proposal as submitted and accounted.</p> |

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| <p>India is awaited. The impact of this non approved transaction on receivables from APSPDCL could not be ascertained.</p> | |
| <p>b. Consequent to the enactment of the AP Reorganization Act, 2014 the Assets and Liabilities had to be bifurcated based on the GO Ms.No.24 of 2014 however the Company has bifurcated the assets and liabilities in deviation from this GO with respect to Employee related Liabilities and Advances and receivables from employees, Term Loans from term lending institutions and provision for recovery/write offs. The impact of this non compliance on the financial statement could not be ascertained.</p> | <p>Actual settlement would be made upon approval by the Government .</p> |
| <p>c. Reference is invited to Note No 1 where in view of division of State of Andhra Pradesh in to Telangana and Andhra Pradesh (residuary) 2 circles namely Ananthapur and Kurnool of the company has been de-merged out to SPDCL. In accordance with Para 23 of Accounting Standard- 24 “Discontinuing Operations”, the company has to disclose the gain or loss that is recognized on such demerger which in our opinion the company has not made appropriate disclosure as mandated by the standard.</p> | <p>Informative</p> |
| <p>12. Provisions</p> | |
| <p>a. The Company has not carried out actuarial valuation as at March 31, 2015, hence in our opinion provision made for the year ended March 31, 2015 is not in accordance with Accounting Standard 15 “Employee Benefits (Revised)”. The Impact on the financial statements could not be determined.</p> | <p>Actuarial valuation will be obtained as at 31.03.2016 and liability accounted per that report.</p> |
| <p>b. Reference is invited to Note No 21 in notes to accounts with respect to provision against government receivables, in our opinion since the financial restructuring plan has been implemented wherein State Government has to take over the bonds issued by the company within the span of period as described under the scheme, the provisions created in the previous year need not be carried forward and the same should have been written back to the Statement of Profit or loss. Accordingly the loss have been overstated by ₹ 3877.87 Crores and receivables were understated by ₹ 3877.87 Crores.</p> | <p>Bonds are to be taken over by the Government at the end of 4 years from the issue thereof in phased manner. Provisions will be written back in proportion to the Bonds taken over each year in future.</p> |
| <p>13. Electricity Duty</p> | |
| <p>It was observed that interest on electricity duty billed and recovered from consumers has been accounted as income amounting to the tune of ₹ 3.66 Crores (Previous year ₹ 3.81 Crores) 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</p> | <p>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 the consumers is treated as income of the company. The company is making the payment by utilizing of Short term borrowings with Banks, REC & PFC.</p> |

| | |
|---|--------------|
| of electricity duty. Accordingly profit is being overstated and accordingly liability is understated to the extent of ₹ 3.66 Crores (Previous year ₹ 3.81 Crores). | |
| 14. 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. | Noted |
| Qualified Opinion | |
| <p>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 qualified 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 the accounting principles generally accepted in India;</p> <p>a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;</p> <p>b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and</p> <p>c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.</p> | |
| <p>Emphasis of Matters</p> <p>We draw attention to the following matters in the Notes to the financial statements:</p> <p>1. Note No. 3 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> | Informative. |
| <p>2. 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.</p> | Informative. |

| | |
|--|--|
| 3. Note No.1 of Notes forming part of Financial Statements regarding bi-furcation of State of Andhra Pradesh and consequent change in the name, geographic operational regions and ownership of the Company. | Informative. |
| Our opinion is not modified in respect of these matters. 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. | Noted for future guidance. |
| ii. Company is carrying an amount of ₹ 6.52 Crores (Previous Year ₹ 6.26 Crores) towards deposits with various Court Authorities as at the Balance Sheet date. Details of Court cases, their status and possible impact of the Judgment has not been analyzed and disclosed by the Company. | The latest status of the cases is disclosed in Notes No.31 |

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, the extent applicable.
2. As required by Section 143(5) of the Act, we give in Annexure 'B', statement on the directions issued by Comptroller & Auditor General of India, to the extent applicable.
3. As required by Section 143(3) of the Act, we report that:
 - a. Except for the possible effects of the matters described in basis for qualified opinion paragraph, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. Except for the possible effects of the matters described in basis for qualified opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c. Except for the possible effects of the matters described in basis for qualified opinion paragraph, the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. Except for the possible effects of the matters described in basis for qualified opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e. The going concern matter described in sub-paragraph (b) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f. On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- g. With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company has not made any provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **SHARAD & ASSOCIATES**
Chartered Accountants
Firm registration Number: 06377 S

Sd/-
SHARAD SINHA
Partner
Membership No.202692

Place: Hyderabad
Date: 07.12.2015.

For and on behalf of the Company
TSSPDCL

Sd/-
G RAGHUMA REDDY
Chairman & Managing Director
DIN- 02943771

Place: Hyderabad
Date: 07.12.2015.



Annexure B 1 referred to in our Independent Auditor's Report

The annexure referred to in our Independent Auditor's Report to the members of the Company on the financial statement for the year ended March 31, 2015, we report that:

| | |
|---|-------------|
| I. Disinvestments. | |
| The Company, during the year, was not selected for disinvestment. | Informative |
| II. Waiver/ Write off of debts/loans /interest etc. | |
| We did not come across any case of waiver of debt or loan or interest or other charges by the Company, during the year. | Informative |
| III. Inventories lying with third parties and assets received as gift from Government or other authorities. | |
| We are informed that no inventory of the Company is lying with third parties as at the end of the year. Further, during the year Company has received Land parcels from government authorities or others as gift and the same has been appropriately accounted in the books of the Company. | Informative |

IV. Pending Legal / Arbitration cases:

Following are the details of age- wise analysis, including reasons for pendency, of legal / arbitration cases pending as on March 31, 2015.

| Sl.No | Circle | No of cases and period of pendency | | | | Reasons for pendency | Informative |
|-------|---------------|------------------------------------|-----------|-----------|-------------------|-----------------------------------|-------------|
| | | Up to 1 Year | 1-2 years | 2-3 years | More than 3 years | | |
| 1 | Mahaboobnagar | 75 | 31 | 15 | 40 | Court proceedings are in progress | |
| 2 | Nalgonda | 116 | 145 | 46 | 171 | -do- | |
| 3 | Medak | 58 | 75 | 26 | 174 | -do- | |
| 4 | RR - East | 54 | 35 | 10 | 117 | -do- | |
| 5 | RR - North | 41 | 49 | 22 | 157 | -do- | |
| 6 | RR - South | 145 | 126 | 98 | 188 | -do- | |
| 7 | HYD - North | 46 | 15 | 36 | 149 | -do- | |
| 8 | HYD -South | 35 | 5 | 15 | 31 | -do- | |
| 9 | HYD - Central | 60 | 25 | 0 | 13 | -do- | |
| | TOTAL | 630 | 506 | 268 | 1040 | | |

For **SHARAD & ASSOCIATES**
Chartered Accountants
Firm registration Number: 06377 S

Sd/-
SHARAD SINHA
Partner
Membership No.202692

Place: Hyderabad
Date: 07.12.2015.

For and on behalf of the Company
TSSPDCL

Sd/-
G RAGHUMA REDDY
Chairman & Managing Director
DIN:02943771

Place: Hyderabad
Date: 07.12.2015.



Annexure B referred to in 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)

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:

| | |
|--|-------------|
| (i) In respect of Fixed Assets: | |
| (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for land; | Informative |
| (b) <i>Fixed assets have not been physically verified by the management at reasonable intervals either during the reporting period or in prior years. Accordingly, material discrepancies, if any, cannot be commented upon;</i> | Informative |
| (ii) In respect of Inventories | |
| (a) In our opinion and according to the explanations and information's provided to us, the management carries out the physical verification of inventories at reasonable intervals | Informative |
| (b) In our opinion and according to the explanations and information's provided to us, the procedures adopted by the management to carry out the physical verification of inventories are commensurate with the size of the company | Informative |
| (c) In our opinion and according to the explanations and information's provided to us, the company is maintaining proper records for inventories and no material discrepancies were noted during the physical verification. | Informative |
| (iii) In our opinion and according to the information and explanations given to us, the company has not granted unsecured loans , secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Accordingly, provisions of Clauses (iii) (a) and (b) of the Order are not applicable. | Noted |
| (iv) According to information and explanation given to us, Company has adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of material and supplies, fixed assets and for the sale of services however instances of instances of internal control lapses were noticed by us in the areas of accounting of capital work orders and consumption under disconnected services. In our opinion there has been continuing failure to correct these major weaknesses. | Noted |

| (v) In our opinion and according to information and explanations given to us, the company has not accepted any deposits from the public, as referred to sections 73 to 76 and any other provisions of the Act and Companies Rules frames there under. Accordingly, provisions of Clause (v) of the Order are not applicable to the Company | Informative | | | | | | | | | | |
|---|---------------------|------------------------|--------------------|------------------------------------|------------------------------------|----|---------------------|------------------------|------|--------------------|-------------|
| (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1)(d) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. <i>We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.</i> | Informative | | | | | | | | | | |
| (vii) In respect to statutory dues: | | | | | | | | | | | |
| a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues have been generally regularly deposited with the appropriate authorities <i>except for delays in few cases as mentioned below and provident fund contributions being not remitted to it’s own managed Trust.</i> According to the information and explanations given to us, the below mentioned undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2015 for a period of more than six months from the date of becoming payable. <table><tr><th>S.NO.</th><th>Name of the Statute</th><th>Nature of Dues</th><th>Amount (in Crores)</th><th>Period to which the amount relates</th></tr><tr><td>1.</td><td>Income Tax Act 1961</td><td>Tax Deducted at Source</td><td>7.35</td><td>2011-12 to 2015-16</td></tr></table> | S.NO. | Name of the Statute | Nature of Dues | Amount (in Crores) | Period to which the amount relates | 1. | Income Tax Act 1961 | Tax Deducted at Source | 7.35 | 2011-12 to 2015-16 | Informative |
| S.NO. | Name of the Statute | Nature of Dues | Amount (in Crores) | Period to which the amount relates | | | | | | | |
| 1. | Income Tax Act 1961 | Tax Deducted at Source | 7.35 | 2011-12 to 2015-16 | | | | | | | |
| b)According to records of company, there are no dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute. | Informative | | | | | | | | | | |

| S.NO. | Name of the Statute | Nature of Dues | Amount (₹ in Crores) | Period to which the | Forum where dispute is pending |
|-------|---|---|----------------------|-------------------------------------|---------------------------------|
| | | | | amount relates | |
| 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 | 2002-2003 | Supreme Court of India |
| 2 | A.P. General Sales Tax Act, 1956 | Sales Tax | 1.34 | 2001 to 2006 | AP Sales Tax Appellate Tribunal |
| 3 | A.P. VAT Act, 2005 | VAT | 63.10 | 2005 to 2008 | High Court of A.P. |
| 4 | Income Tax Act 1961 | Income Tax | 9.25 | 2007-08, 2008-09, and 2009-10 (A.Y) | Income Tax Appellate Tribunal |
| 5 | Income Tax Act 1961 | Income Tax | 1206.72 | 2013-14 (A.Y) | Income Tax Appellate Tribunal |

| | |
|--|-------------|
| (c) In our opinion and according to the information and explanations given to us the company is not required to transfer any amount to Investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made there under | Informative |
| (viii) In our opinion, the Company has accumulated losses as at the end of the financial year in excess of fifty percent of its net worth and has incurred cash loss during the financial year under report and also during preceding financial year. | Informative |
| (ix) In our opinion and according to the information and explanation given to us, the Company has not defaulted any repayment of dues to financial institution or banks. Accordingly, the provisions of Clause (ix) of the Order are not applicable to the Company. | Informative |

| | |
|--|-------------|
| (x) In our opinion and according to the information and explanation given to us, the company has not given corporate guarantee for loans taken by others except for implied guarantee being extended in terms of Long Term Loans transferred to M/s Southern Power Distribution Company of Andhra Pradesh Limited post demerger of the Company for which new loan agreements have not been executed. In the absence of express terms and conditions associated with this guarantee we are unable to comment on the matter. | Informative |
| (xi) According to the information and explanation provided to us the company has raised term loans during the year. Term loans outstanding at the beginning of the year and those raised during the year have been applied for the purpose for which they were raised. | Informative |
| (xii) In our opinion, the Company is susceptible to frauds on the Company in terms of power theft and such frauds have been noticed and reported during the year however considering the fact that such matters are subjudice and in the absence of non furnishing of accurate data by the Company in this regard, amounts involved could not be adjudged independently. Further, no fraud by the company has been noticed or reported during the year. | Informative |

For SHARAD & ASSOCIATES
Chartered Accountants
Firm registration Number: 06377 S

Sd/-
SHARAD SINHA
Partner
Membership No.202692

Place: Hyderabad
Date: 07.12.2015.

For and on behalf of the Company
TSSPDCL

Sd/-
G RAGHUMA REDDY
Chairman & Managing Director
DIN : 02943771

Place: Hyderabad
Date: 07.12.2015.



Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Southern Power Distribution Company of Telangana Ltd,
6-1-50, Corporate Office,
Mint Compound, Hyderabad – 500063.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Southern Power Distribution Company of Telangana Ltd. (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Southern Power Distribution Company of Telangana Ltd's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Southern Power Distribution Company of Telangana Ltd. ("the Company") for the financial year ended on 31.03.2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA'), Securities and Exchange Board of India Act, 1992 (SEBI) and SEBI Guidelines and Regulations to the extent they are applicable.
- (iii) The Electricity Act, 2013 read with the Electricity Rules, 2005 and Regulations of the appropriate Commission issued from time to time.

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. The Company is yet to comply with the provisions of Section 149(4) of the Companies Act, 2013 relating to appointment of Independent Directors on its Board.
2. The Company is yet to comply with the provisions of Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 relating to appointment of Woman Director on its Board.

I further report that:

Subject to Para Nos. 1 & 2 above, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that in view of the size and operations of the company, the systems and processes adopted in the company are inadequate to minor and ensure compliance with applicable laws, rules, regulations and guidelines. The Company is advised to put in place an integrated Legal Compliance Management System with periodical reporting to the Board.

I further report that during the audit period the company has come under the purview of the AP Re-organisation Act, 2014 and subject to the provisions of the said Act in relation to bifurcation of assets and liabilities of Power Distribution Companies.

Place: Visakhapatnam
Date : 07.12.2015.

Sd/-
P. VITHAL KUMAR
ACS/FCS No.14440
CP No. 8224

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.



'Annexure A'

To
The Members,
Southern Power Distribution Company of Telangana Ltd,
6-1-50, Corporate Office,
Mint Compound, Hyderabad – 500 063.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the content of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained Management representation about compliance with laws, rules and regulations, happening of events, etc.
5. Compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Visakhapatnam
Date : 07.12.2015.

Sd/-
P. VITHAL KUMAR
ACS/FCS No:14440
CP No:8224

Annexure 'C' to Directors Report

Management Reply to the Secretarial Auditor Observations:

| Observations of the Secretarial Auditor | Management Reply to the Observations of the Secretarial Auditor |
|--|---|
| <p>1. The Company has not complied with the provisions of Section 149(4) of the Companies Act, 2013 relating to appointment of Independent Directors on its Board.</p> | <p>TSSPDCL is a State Government Company within the meaning of section 2(45) of the Companies Act, 2013 and as per Article 30(d) of Articles of Association of the Company, Powers to appoint Directors vests with Government of Telangana (acting through Energy Department).</p> |
| <p>2. The Company has not complied with the provisions of Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 relating to appointment of Woman Director on its Board.</p> | <p>The Company or its Board is not vested with any powers in the said matter and hence the matter is being followed up rigorously with the Energy Department and Several Letters were addressed to Energy Department, Government of Telangana to expedite the process of Appointment of Independent Directors and Women Directors on the Board to comply with Section 149 of the Companies act, 2013 and awaiting for the orders.</p> |



Annexure 'D' TO THE DIRECTORS' REPORT

Particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as per Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 & 2014.

A. Conservation of Energy:

a) Energy conservation measures taken;

Following initiatives has been taken for Energy conservation during F.Y. 2014-15 :

1. 100KW roof top solar power plant at corporate office, Hyderabad. The plant generating an average 500 520(KWh) units per day.
2. Out of 17.38MW Solar net meters roof top applications registered 7.00MW is connected to the grid.
3. Procurement of 1323(63 KVA) and 332 (100KVA) five star rated distribution transformers for reduction of energy losses.
4. 13915 High Voltage Distribution System (HVDS) for Agriculture Pump Sets were set up during the Financial Year.
5. Distribution about 11 Lakhs CFL Units against incandescent bulbs in GHMC area
6. Installed 2 KVAR capacitors to 2700 Agriculture Pump sets.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy; Company has incurred capital expenditure of Rs. 1211.82 crore during F.Y.2014-15.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods; The Energy Losses to Energy Input percentage decreases to 11.65% in F.Y. 2014-15 as against 13.90% in F.Y. 2013-14.

Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto.

Not Applicable

B Technology absorption :

e) Efforts made in technology absorption

1. Implementing IRDA meters 28 Lakhs and 90% of billing is being done through them
2. Implementing AMR for HT Services and monitoring 11 KV Feeders in GHMC area.
3. Meter Data Acquisition System (MDAS) is being implemented.
4. 700 Nos. GPRS enabled smart meters installed at Green lands area in Hyderabad for ensuring remote operations & controls Subsequently smart Grid project is contemplated for 5000 services, DTRs & 11 KV feeders in Jeedimetla substation area with an estimated cost of Rs.44 Crores funded by GOI

C Foreign exchange earnings and outgo

f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans;

Not Applicable

g) Total foreign exchange used and earned.

NIL



SOLAR PANELS - CORPORATE OFFICE



FINANCIAL STATEMENTS





SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Formerly Central Power Distribution Company of A. P. Ltd)

BALANCE SHEET AS AT 31ST MARCH, 2015

| | Particulars | Note No. | As at March 31, 2015 ₹ | As at March 31, 2014 ₹ |
|----|--|----------|---------------------------|---------------------------|
| I | EQUITY AND LIABILITIES ఈక్విటీ మరియు అప్పులు | | | |
| 1 | Shareholders' Funds వాటా దారుల నిధి | | | |
| | (a) Share Capital వాటా మూలధనము | 4 | 7,284,796,090 | 7,284,796,090 |
| | (b) Reserves and Surplus నిధి మరియు మిగులు | 5 | (57,420,141,130) | (66,817,430,459) |
| | (c) Money received against share warrants | | - | - |
| 2 | Share application money pending allotment | | | |
| 3 | Non-Current Liabilities ప్రస్తుతేతర అప్పులు | | | |
| | (a) Long-term Borrowings దీర్ఘకాలిక అప్పులు | 6 | 60,114,131,466 | 72,852,568,898 |
| | (b) Deferred tax liabilities (Net) వాయిదా వేయబడిన పన్ను | | - | - |
| | (c) Other Long term liabilities ఇతర దీర్ఘకాలిక అప్పులు | 7 | 1,176,366,784 | 1,285,292,141 |
| | (d) Long-term Provisions దీర్ఘకాలిక కేటాయింపులు | 8 | 6,623,469,694 | 4,443,364,935 |
| 4 | Current Liabilities (ప్రస్తుత అప్పులు) | | | |
| | (a) Short-term Borrowings స్వల్పకాలిక రుణములు | 9 | 7,948,513,011 | 11,516,965,307 |
| | (b) Trade Payables వ్యాపార నిమిత్తం చెల్లింపులు | 10 | 56,287,549,525 | 49,122,642,741 |
| | (c) Other Current Liabilities ఇతర ప్రస్తుత అప్పులు | 11 | 42,981,632,919 | 36,565,487,256 |
| | (d) Short-term Provisions స్వల్ప కాలిక కేటాయింపులు | 12 | 1,023,171,262 | 4,292,047,808 |
| | TOTAL (మొత్తము) | | 126,019,489,622 | 120,545,734,717 |
| II | ASSETS (ఆస్తులు) | | | |
| 1 | Non-Current Assets ప్రస్తుతేతర ఆస్తులు | | | |
| | (a) Fixed Assets స్థిర ఆస్తులు | | | |
| | (i) Tangible Assets స్పర్శ చరమైన ఆస్తులు | 13 | 42,279,096,194 | 46,353,312,336 |

| | Particulars | Note No. | As at March 31, 2015 ₹ | As at March 31, 2014 ₹ |
|----------|---|----------|------------------------------|------------------------------|
| | (ii) Intangible Assets అస్పృశ్య ఆస్తులు | | 59,720,120 | 90,183,700 |
| | (iii) Capital Work in Progress జరుగుచున్న పనులపై పెట్టుబడులు | | 9,255,592,133 | 9,159,798,313 |
| | (iv) Intangible assets under development | | - | - |
| | (b) Non-Current Investments ప్రస్తుతేతర పెట్టుబడులు | 14 | 4,650,350,239 | 2,956,193,606 |
| | (c) Deferred Tax Assets (Net) వాయిదా వేయబడిన పన్ను | 15 | 28,266,214 | 2,831,043,031 |
| | (d) Long-term loans and advances దీర్ఘకాలిక అప్పులు మరియు బయనాలు | 16 | 682,668,857 | 559,160,238 |
| | (e) Other Non-current Assets ఇతర ప్రస్తుతేతర ఆస్తులు | 17 | 52,563,275 | 73,003,101 |
| 2 | Current Assets ప్రస్తుత ఆస్తులు | | | |
| | (a) Current Investments ప్రస్తుత పెట్టుబడులు | - | - | - |
| | (b) Inventories సరకు నిల్వ | 18 | 2,301,926,075 | 2,322,051,692 |
| | (c) Trade Receivables వ్యాపార నిమిత్తం రాబడులు | 19 | 17,373,981,757 | 23,747,441,692 |
| | (d) Cash and cash equivalents నగదు నిల్వ | 20 | 2,367,945,639 | 2,339,597,712 |
| | (e) Short-term Loans and Advances స్వల్పకాలిక అప్పులు మరియు బయనాలు | 21 | 5,541,501,629 | 3,417,678,586 |
| | (f) Other Current Assets ఇతర ప్రస్తుత ఆస్తులు | 22 | 41,425,877,488 | 26,696,270,711 |
| | Total (మొత్తము) | | 126,019,489,622 | 120,545,734,717 |

Notes Forming part of Financial Statements 1-42

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

For and on behalf of the Company
TSSPDCL

For SHARAD & ASSOCIATES
Chartered Accountants
Firm Regn No. 063775

Sd/-
SHARAD SINHA
Partner
M. No.202692
Date : Dec 7th, 2015
Place : Hyderabad.

Sd/-
G. Raghuma Reddy
Chairman & Managing Director
Din : 02943771

Sd/-
M. Radhakishan
Chief General Manager (Finance)

Sd/-
T. Srinivas
Director (Project & Commercial)
Din : 06666974

Sd/-
Anil Kumar Voruganti
Company Secretary
M.No. A31323



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Formerly Central Power Distribution Company of A. P. Ltd)

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

| S.No. | Particulars | Note No. | 2014-15 ₹ | 2013-14 ₹ |
|-------|---|----------|------------------------|------------------------|
| I | Revenue from Operations నిర్వహణ ద్వారా రెవిన్యూ | 23 | 167,609,382,563 | 169,891,305,666 |
| II | Other Income ఇతర ఆదాయము | 24 | 306,417,646 | 723,070,575 |
| III | Total Revenue మొత్తం రెవిన్యూ | | 167,915,800,209 | 170,614,376,241 |
| | Expenses (వ్యయము) | | | |
| | Power Purchase Expense విద్యుత్తు కొనుగోలు | 25 | 149,250,044,407 | 152,555,107,089 |
| | Employee Benefit expense ఉద్యోగుల జీత భత్యాలు | 26 | 10,288,673,214 | 8,527,177,486 |
| | Operation and Other Expenses నిర్వహణ మరియు ఇతర ఖర్చులు | 27 | 3,463,255,353 | 3,693,651,201 |
| | Finance Costs ఆర్థిక వ్యయములు | 28 | 7,809,748,242 | 10,006,150,953 |
| | Depreciation and amortisation expense తరుగుదల | 13 | 4,760,632,667 | 5,075,366,127 |
| IV | Total Expenses (మొత్తము వ్యయము) | | 175,572,353,884 | 179,857,452,856 |
| V | Profit before exceptional & extraordinary items and tax (III-IV) పన్ను, ఎక్స్‌ప్లస్‌నల్ మరియు అతీతములకు ముందు లాభము | | (7,656,553,675) | (9,243,076,615) |
| VI | Exceptional Items ఎక్స్‌ప్లస్‌నల్ ఐటమ్స్ | 29 | 1,742,088,953 | 37,665,582 |
| VII | Profit before extraordinary items and tax (V-VI) | | (9,398,642,628) | (9,280,742,198) |
| VIII | Extraordinary Items అతీతములు | | - | - |
| IX | Profit before tax (VII-VIII) పన్నుకు ముందు లాభము | | (9,398,642,628) | (9,280,742,198) |
| X | Tax Expense: పన్ను వ్యయము | | | |
| | (1) Current Tax ప్రస్తుత పన్ను | | - | - |
| | (2) Deferred Tax వాయిదా వేయబడిన పన్ను | | 2,308,759,808 | (1,168,346,468) |

Cont...

| S.No. | Particulars | Note No. | 2014-15 ₹ | 2013-14 ₹ |
|---|---|---|---|-----------------|
| XI | Profit (Loss) for the period from continuing operations (VII-VIII) నికర లాభము | | (11,707,402,436) | (8,112,395,730) |
| XII | Profit/(loss) from discontinuing operations | | - | - |
| XIII | Tax expense of discontinuing operations | | - | - |
| XIV | Profit/(loss) from discontinuing operations (after tax) (XII-XIII) | | - | - |
| XV | Profit /(Loss) for the period (XI +XIV) నికర లాభము | | (11,707,402,436) | (8,112,395,730) |
| XVI | Earnings per equity share: | | | |
| | (1) Basic | | (16.071) | (11.136) |
| | (2) Diluted | | (16.071) | (11.136) |
| Notes Forming part of Financial Statements 1 - 42 | | | | |
| 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 TSSPDCL | | |
| For SHARAD & ASSOCIATES Chartered Accountants Firm Regn No. 063775 | | Sd/- G. Raghuma Reddy Chairman & Managing Director Din : 02943771 | Sd/- T. Srinivas Director (Project & Commercial) Din : 06666974 | |
| Sd/- SHARAD SINHA Partner M. No.202692 Date : Dec 7 th , 2015 Place : Hyderabad. | | Sd/- M. Radhakishan Chief General Manager (Finance) | Sd/- Anil Kumar Voruganti Company Secretary M.No. A31323 | |



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Formerly Central Power Distribution Company of A. P. Ltd)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

| Particulars | Year Ended 31st March, 2015 | | Year Ended 31st March, 2014 | |
|---|-----------------------------|----------------------|-----------------------------|-------------------------|
| | ₹ | ₹ | ₹ | ₹ |
| A . Cash flows from operating activities: | | | | |
| Net Profit before tax | (9,398,642,628) | | (9,280,742,198) | |
| Adjustments : | | | | |
| Add: Depreciation | 4,760,632,667 | | 5,075,366,127 | |
| Add: Interest on Long Term Borrowings | 3,274,584,664 | | 3,990,070,362 | |
| Less: Interest on Investments | (31,505,102) | | | |
| Add: Loss on Sale of Fixed Assets | | | - | |
| Add: Provision for Doubtful Debts | 1,742,088,953 | | - | |
| Add: Non Cash Expenditure | | | | |
| Less: Withdrawal of Depreciation on Consumer Contributed Assets | 2,222,337,824 | | (2,235,394,777) | |
| Operating profit before working capital changes | 2,569,496,379 | | (2,450,700,486) | |
| Changes in Working Capital | | | | |
| Increase/(Decrease) in Non-Current Liabilities | | | | |
| Other Long Term Liabilities | (8,939,874) | | 665,160 | |
| Long Term Provisions | 2,180,104,760 | | 1,032,259,010 | |
| (Increase)/Decrease in Non-Current Assets | | | | |
| Long-term Loans & Advances | (8,053,712) | | (22,660,248) | |
| Other Non-current Assets | 20,439,825 | | (5,316,735) | |
| Increase/(Decrease) in Current Liabilities | | | | |
| Short Term Borrowings | (3,568,452,296) | | (33,904,089,915) | |
| Trade Payables | 7,164,906,785 | | (12,563,802,392) | |
| Other Current Liabilities | 6,416,145,663 | | 3,144,301,697 | |
| Short Term Provisions | (3,268,876,546) | | 2,847,895,245 | |
| Increase/(Decrease) in Current Assets | | | | |
| Inventories | 20,125,617 | | (129,848,680) | |
| Trade Receivables | 6,373,459,934 | | (9,375,525,913) | |
| Short-term Loans & Advances | (2,123,823,043) | | (2,791,160,254) | |
| Other Current Assets | (14,729,606,777) | | 20,945,052,927 | |
| Cash generated from operations | 1,036,926,714 | | (33,272,930,585) | |
| Income taxes Paid | - | | - | |
| Net cash flow before extraordinary item | 1,036,926,714 | | (33,272,930,585) | |
| Net Cash from Operating Activities | | 1,036,926,714 | | (33,272,930,585) |

Cont...

| | | | | |
|--|------------------|-------------------------|------------------|-------------------------|
| B. Cash flows from investing activities: | | | | |
| Purchases/Investments of Fixed Assets | (655,952,945) | | (10,101,774,056) | |
| Purchases/Investments in Capital Work in Progress | (95,793,820) | | (866,834,432) | |
| Demerger of Ananthapur and Kurnool Circles | 19,007,153,597 | | | |
| Increase in Investments | (1,694,156,633) | | (188,427,000) | |
| Disposal of Investments | | | | |
| Investment in Capital Advances | (115,454,907) | | (122,527,737) | |
| Increase in Other Long Term Liabilities | (99,985,483) | | (115,120,020) | |
| Net cash flow from investing activities | | 16,345,809,810 | | (11,394,683,245) |
| C. Cash flows from financing activities: | | | | |
| Consumer Contributions Received | (1,392,672,849) | | 3,854,173,116 | |
| Increase in Long Term Borrowings | (12,738,437,432) | | 44,718,539,863 | |
| Interest paid on Long Term Borrowings | (3,274,584,664) | | (3,990,070,362) | |
| Increase in Contingency Reserve | 68,951,403 | | 54,308,494 | |
| Increase in GIS Saving Fund | (7,454,996) | | 6,397,619 | |
| Self Funding Medical Scheme | (10,190,059) | | 24,529,760 | |
| Net cash used in financing activities | | (17,354,388,596) | | 44,667,878,489 |
| Net Increase/ Decrease in cash and cash equivalents during the year | | 28,347,928 | | 264,659 |
| Cash and cash equivalents at the beginning of the year | | 2,339,597,712 | | 2,339,333,053 |
| Cash and cash equivalents at the end of the year | | 2,367,945,639 | | 2,339,597,712 |

As per our report of even date

For SHARAD & ASSOCIATES
Chartered Accountants
Firm Regn No. 063775

Sd/-
SHARAD SINHA
Partner
M. No.202692
Date : Dec 7th, 2015
Place : Hyderabad.

Sd/-
G. Raghuma Reddy
Chairman & Managing Director
Din : 02943771

Sd/-
M. Radhakishan
Chief General Manager (Finance)

For and on behalf of the Company
TSSPDCL

Sd/-
T. Srinivas
Director (Project & Commercial)
Din : 06666974

Sd/-
Anil Kumar Voruganti
Company Secretary
M.No. A31323



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED **(Formerly Central Power Distribution Company of Andhra Pradesh Limited)**

Notes to financial statements for the year ended 31st March, 2015

1. Company Overview

Southern Power Distribution Company of Telangana Limited (Formerly Central Power Distribution Company Andhra Pradesh Limited)[The Company] 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 394 of the Companies Act, 1956 and company is not listed under in any stock exchange.

During the reporting period States of Andhra Pradesh was bi-furcated as States of Telangana and residual State of Andhra Pradesh. Vide AP Reorganisation Act, 2014 [APR Act] w.e.f. 02.06.2014. In terms of Schedule XII to the APR Act, two operating business circles of the Company, namely, Ananthpur and Kurnool, were de-merged and Assets and Liabilities were transferred in terms of GO Ms. No.24 Dt. 29.05.2014 issued by Government of Andhra Pradesh.

2. Significant accounting policies.

2.1. 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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

2.2. Use of estimates

In preparation of the financial statements in conformity with GAAP, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. Significant judgements and estimates about the carrying amount of assets and liabilities include useful lives of tangible and intangible assets, impairment of tangible assets, intangible assets including goodwill, investments, contract costs to be incurred to complete contracts, provision for doubtful debts, employee benefits and other provisions and recoverability of deferred tax assets.

2.3. 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 or payment. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (Formerly Central Power Distribution Company of Andhra Pradesh Limited)

2.4. 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 / Telangana Electricity Regulatory Commission as approved for the reporting period.

ii) 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/TPCC on behalf of the company in terms of swap arrangements 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.
- iii) Interest accrued on long term investment during the reporting period is credited to 'Contingency Reserve'.

2.5. Fixed assets

a) Tangible 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 less accumulated depreciation. Borrowing costs during the period of construction/installation is added to the cost of the eligible tangible assets. Lands which are received in the form of gifts were accounted at stamp duty value.

b) Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and net of impairments, if any. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and its cost can be measured reliably. Intangible assets having finite useful lives are amortised on a straight-line basis over their estimated useful lives.

c) 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

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.



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (Formerly Central Power Distribution Company of Andhra Pradesh Limited)

- 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.

Consequent to demerger of operating circles Ananthapur and Kurnool with APSPDCL, fixed assets were bifurcated and transferred to APSPDCL on Geographical basis for the assets located geographically in the circles of Ananthapur and Kurnool, common assets located at Corporate office part value has been shared in Energy ratio including Capital Work-in - progress.

2.6. 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. In view of the management, Schedule II to the Companies Act, 2013 is not mandatorily applicable to the Company.
- b) Depreciation is calculated from the date of capitalisation or procurement of the asset.
- c) With respect to the following Assets the rates applied during the previous reporting period, as per MoP are different from rates prescribed under Schedule II of Companies Act, 2013.

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

Management has not carried out an assessment of effective rates as per Schedule-II to the Companies Act, 2013 and thus such information is not furnished for the reporting period.

On the event of demerger of the company with APSPDCL, the accumulated value of depreciation is transferred with respective of the fixed assets shared



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Formerly Central Power Distribution Company of Andhra Pradesh Limited)

2.7. Impairment

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

An impairment loss is recognised in the Statement of Profit and Loss if the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and value in use.

An impairment loss recognised on asset is reversed when the conditions warranting impairment provision no longer exists.

2.8. Consumers contributions, grants and subsidies

Consumer contributions are collected as per Tariff Order for the year towards Deposit works. These are recognized in the Statement of Profit or Loss by allocating them over the periods and in proportion in which depreciation on assets concerned is charged.

Grants and subsidies received from State Government towards expensive power purchase and other government sponsored schemes are recognized in the Statement of Profit or Loss on accrual basis.

Consequent to the Andhra Pradesh State bifurcation resulted in demerger of the company with APSPDCL the part value of the Anathapur and Kurnool circles were shared to APSPDCL on Energy Consumption basis.

2.9. 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.

On the date of Balance Sheet the investments made with the AP Government, AP Transco, AP Genco and APPDCL, the status of these Investments were yet to be finalized as these entities were undergone demergers on the event of State Bifurcation and settlement between the Telangana Government and Andhra Pradesh Government is yet to settled.

2.10. Inventories

Inventories includes materials and supplies purchased to be consumed in rendering of services and work in progress and also includes machinery spares and stores items which are to be used in connection with fixed assets and 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.

Consequent to demerger of the company with APSPDCL the value of inventories has been shared on geographical basis



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED **(Formerly Central Power Distribution Company of Andhra Pradesh Limited)**

2.11. 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.

Consequent to demerger of the company with APSPDCL as on the part of Ananthapur and Kurnool Circles demerged the value of Employee benefits carried as provisions is shared on the basis of corporate ratio as defined in GOMs 24 dt 29-05-2014.

2.12. 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.

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Formerly Central Power Distribution Company of Andhra Pradesh Limited)



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.

Consequent to demerger of the company with APSPDCL as on the part of Ananthapur and Kurnool Circles demerged the value of Deferred Tax is shared on the basis of energy ratio.

2.13. 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 recognized based on non litigated receivables outstanding for more than 60 months.
- c) Consequent to demerger of the company with APSPDCL on the part of circles Ananthapur and Kurnool was shared on geographical basis and corporate ratio.

2.14. Accounting for Demerger

Consequent to bi-furcation of the State of Andhra Pradesh, two operating Circles of the Company was demerged effective the appointed date, i.e., 02.06.2014 in terms with Schedule XII to the APR Act. Accordingly, Assets and Liabilities of the Company was bi-furcated based on GO Ms. No.24 issued by united State of Andhra Pradesh. Financial Statements relating to this bi-furcation was adopted by the Board of the Company and Certified by Independent Chartered Accountants, Comptroller and Auditor General of India and submitted to Expert Committee constituted under the APR Act. However in the case of Employees related assets and liabilities, certain -Long Term Liabilities, Long Term Loans and Advances, Cash and Cash Equivalents and Long Term Receivables the basis of bifurcation as specified in the GO mentioned above could not followed and another basis was used for bi furcation of Assets and Liabilities.

2.15. 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.



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (Formerly Central Power Distribution Company of Andhra Pradesh Limited)

3. THIRD TRANSFER SCHEME BALANCES

- (a) The then 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. 25 is based on the revised share of 46.06% and consequent to enactment of AP Reorganisation Bill, 2014 the Power Purchase ratio has been further 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/TPCC and are intimated to the DISCOMs, which are adopted in the Company's books.

4 - 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 March 31, 2015 | As at March 31, 2014 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Authorised | | |
| 100,00,00,000 Equity shares of ₹10 each | 10,000,000,000 | 10,000,000,000 |
| Issued, Subscribed And Paid-up | | |
| 72,84,79,609 Equity shares of ₹10/ each fully paid up (Previous Year 72,84,79,609 Equity shares of ₹10/ each) | 7,284,796,090 | 7,284,796,090 |
| TOTAL | 7,284,796,090 | 7,284,796,090 |

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

| Particulars | As at 31st March 2015 | | As at 31st March 2014 | |
|---|-----------------------|---------------|-----------------------|---------------|
| | 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 2015 | | As at 31st March 2014 | |
|---|-----------------------|--------------|-----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Equity Shares | | | | |
| Government of Telangana (Vide GO. Ms.No.58 Dt:09.06.2005) | 728,479,609 | 100% | - | - |
| Government of Andhra Pradesh (Vide GO. Ms.No.58 Dt:09.06.2005) | - | - | 728479609 | 100% |
| Total | 728,479,609 | 100% | 728479609 | 100% |

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 Telangana. 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.

d. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements, The Transfer of balances and values to APSDCL is subject to approval from Expert Committee formed by the Government of India.

5 - RESERVES & SURPLUS

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|---|-------------------------|-------------------------|
| | ₹ | ₹ |
| a. Consumer Contribution towards capital assets | | |
| Opening Balance | 27,768,633,213 | 23,915,615,837 |
| (+) Current year Receipts | 3,459,538,090 | 3,853,017,377 |
| (-) Transfer on Demerger | (4,850,686,105) | - |
| Closing Balance | 26,377,485,199 | 27,768,633,213 |
| b. Subsidies towards cost of capital assets | | |
| Opening Balance | 714,801,691 | 714,813,781 |
| (+) Current year Receipts | 2,014,514 | (12,090) |
| (-) Transfer on Demerger | (4,406,206) | - |
| Closing Balance | 712,409,999 | 714,801,691 |
| c. Grants/Donations towards cost of capital assets | | |
| Opening Balance | 2,820,755,291 | 2,819,587,462 |
| (+) Current year Receipts | 5,004,499 | 1,167,829 |
| (-) Transfer on Demerger | (4,137,641) | - |
| Closing Balance | 2,821,622,149 | 2,820,755,291 |
| Total (Closing balance of a+b+c) | 29,911,517,346 | 31,304,190,195 |
| Less: Withdrawal towards cost of Capital Assets | | |
| Opening Balance | (12,167,709,509) | (9,932,314,732) |
| (+) Current year Amortization to Statement of Profit or Loss | (2,222,337,824) | (2,235,394,777) |
| (-) Transfer on Demerger | 1,907,442,031 | - |
| Closing Balance | (12,482,605,302) | (12,167,709,509) |
| Total | 17,428,912,044 | 19,136,480,686 |
| d. GIS - Insurance & Saving Fund | | |
| Opening Balance | 42,576,018 | 36,178,399 |
| (+) Current year Receipts | 4,163,256 | 6,397,619 |
| (-) Transfer on Demerger | (11,618,252) | - |
| Closing Balance | 35,121,022 | 42,576,018 |
| e. Self Funding Medical Scheme | | |
| Opening Balance | 48,627,615 | 24,097,855 |
| (+) Current year Receipts | 5,800,631 | 24,529,760 |
| (-) Transfer on Demerger | (15,990,690) | - |
| Closing Balance | 38,437,557 | 48,627,615 |
| f. Statutory Reserves: | | |
| Contingency Reserve Fund | | |
| Opening Balance | 365,420,150 | 337,182,763 |
| (+) Current year Receipts | 37,446,302 | 28,237,387 |
| Closing Balance | 402,866,452 | 365,420,150 |
| g. Capital Reserve on Demerger | | |
| Opening Balance | - | - |
| (+) Transfer on Demerger | - | - |
| Closing Balance | 7,230,074,154 | - |
| h. Surplus | | |
| Opening Balance | (86,410,534,928) | (78,298,139,198) |
| (+) Current Year Transfers on Demerger | 15,562,385,005 | - |
| (+) Net Profit/(Net Loss) For the Current Year | (11,707,402,436) | (8,112,395,730) |
| Closing Balance | (82,555,552,359) | (86,410,534,928) |
| Total | (57,420,141,130) | (66,817,430,459) |
| i. During the year 2014-15, the Company has received Consumer Contribution (including Subsidies, Grants and donations towards Cost of Capital Assets) amounting to ₹ 346.65 Crores (Previous year ₹ 385.42 Crores). In proportion in which depreciation on the concerned assets has been charged during the year 2014-15, an amount of ₹ 222.23 Crores (Previous year ₹ 223.54 Crores) has been treated as withdrawal from consumer contribution and credited to Statement of Profit or Loss. | | |

j. **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 31.03.2015 is ₹ 3.19 Crores (Previous Year ₹ 4.27 Crores). The Closing balance of GIS Insurance Fund as at 31.03.2014 is ₹ 0.32 Crores (Previous year ₹ 0.01 Crores Debit Balance). During the year the Interest on Savings & insurance Fund of ₹ 0.50 Crores (Previous Year ₹ 0.71 Crores) has been debited and is shown under the Head 'Interest and Finance Charges'.

k. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Reserves & Surplus to the tune of ₹ 9320861189 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

l. Capital Reserve pertains to net value of Assets and Liabilities demerged to APSPDCL consequent to the enactment of AP Reorganisation Act, 2014. These values represents those assets and liabilities which cannot be transferrable physically and values of the same is being shared with APSPDCL on the basis of energy ratio and corporate ratio as specified in GOMs 24 dt 29-05-2014.

6 - LONG TERM BORROWINGS

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|--|-----------------------|-----------------------|
| | ₹ | ₹ |
| SECURED | | |
| Term Loans | | |
| from banks | 5,890,610,829 | 12,545,608,420 |
| from term lending institutions | 13,681,812,690 | 19,819,741,619 |
| Term Loans on FRP Scheme (On hypothecation of Current Assets) | 12,238,654,172 | 12,237,977,093 |
| | | |
| Sub-Total | 31,811,077,691 | 44,603,327,132 |
| UNSECURED | | |
| Loan from Government of Andhra Pradesh/Government of Telangana | 205,553,775 | 151,741,766 |
| Bonds issued under FRP Scheme | 28,097,500,000 | 28,097,500,000 |
| Sub-Total | 28,303,053,775 | 28,249,241,766 |
| TOTAL | 60,114,131,466 | 72,852,568,898 |

a. Term Loans on FRP Scheme are guaranteed by Government vide GO MS 11 Dt.18.02.2014.

b. 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 Rs.1460 crores issued in First Tranche and 10% on Rs.1349.75 Crores issued in Second Tranche

c. Bonds / Debentures APSEB Bonds 2004 Series has been reclassified in the current year as Long term Borrowings from Current Maturities to Long Term Borrowings in the previous year since the company has sought for a extension of tenure of bonds by 5 years. The proposal sought by the company has not been approved by the State Government as at the date of signing. The Company is hopeful of getting the approval of the State Government hence classified as Long Term Borrowings.

d. Consequent to demerger more specifically described in Note 1 of Notes forming part of Financials Statements the balances of the Long Term Borrowings to the tune of Rs. 1643,33,11,592-00 as at June 1, 2014 was allocated on Scheme / Capex and Energy basis. The Transfer of balances and values to APSPDCL is subject to approval from expert Committee formed by the Government of India.

e. The Company on demerger of the operating circles of Kurnool and Anathapur had reduced the loans balances however the agreement with the bank towards the reduced liability has not been entered into. Further the repayment of interest and principal amount to the banks and lending institutions is being made on the total loan availed and the portion of operating circles of Kurnool and Anathapur is being accounted as receivable from APSPDCL in the ratio the loan was bifurcated however such receivable is subject to confirmation from the Expert Committee formed by the Government of India.

f. The present and The future assets of the company are hypothecated for the loans obtained from the banks and financial institutions.



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f. Repayment Schedule of Term Loans

| S No | Name Of The Bank | Loan Drawn in ₹ | ROI | Repayment Periodicity | Tenure | No Of Installment | No Of Installment Due | Repayment Commence ment Date | No Of Installment Paid | Mortorium Period | Each Installment in ₹ |
|--------------|--|---------------------|--------|-----------------------|----------|-------------------|-----------------------|------------------------------|------------------------|------------------|-----------------------|
| 1 | Canara Bank (Hyp of High Voltage Distribution System) | 5700000000 | 11.45% | Quarterly | 13 Years | 40 | 26 | 28.11.2011 | 14 | 3 years | 12900000 |
| 2 | Canara Bank (Hyp of Transmission & Distribution Lines and Sub Stations) | 9500000000 | 11.15% | Quarterly | 13 Years | 40 | 31 | 31.03.2013 | 9 | 3 years | 31000000 |
| 3 | Syndicate Bank (Hyp of Transmission & Distribution Lines and Sub Stations) | 24700000000 | 11.15% | Quarterly | 12 Years | 40 | 25 | 29.09.2011 | 15 | 2 years | 61750000 |
| 4 | Corporation Bank (Hyp of Metering Equipments) | 20000000000 | 12.00% | Quarterly | 13 Years | 40 | 31 | 31.03.2013 | 9 | 3 years | 50000000 |
| 5 | Karnataka Bank (Hyp of Transmission & Distribution Lines) | 5000000000 | 12.25% | Monthly | 7 Years | 72 | 21 | 31.01.2011 | 51 | 1 year | 6944445 |
| 6 | SBH(Hyp of Transmission & Distribution Lines) | 20000000000 | 11.75% | Quarterly | 13 Years | 40 | 33 | 31.07.2013 | 7 | 3 years | 50000000 |
| 7 | Syndicate Bank (Hyp of Transmission & Distribution Lines) | 35500000000 | 11.50% | Quarterly | 13 years | 40 | 37 | 30.05.2014 | 3 | 3 years | 88750000 |
| 8 | SBH(Hyp of Transmission & Distribution Lines) | 31000000000 | 11.70% | Quarterly | 13 Years | 40 | 40 | 31.03.2016 | 0 | 3 Years | 77500000 |
| Total | | 151400000000 | | | | | | | | | |

9 The repayment schedule for REC & PFC loans has not been disclosed since there are multiple schemes for the loan availed and terms & conditions to interest and principal repayment differs for each scheme.



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Formerly Central Power Distribution Company of Andhra Pradesh Limited)

g. Repayment Schedule of FRP Term Loans

| S No | Name Of The Bank | Loan Drawn in ₹ | ROI | Repayment Periodicity | Tenure | No Of Installment | No Of Installment Due | Repayment Commencement Date | No Of Installment Paid | Mortorium Period | Each Installment in ₹ |
|------|-----------------------|-----------------|--------|-----------------------|----------|-------------------|-----------------------|-----------------------------|------------------------|------------------|-----------------------|
| 1 | ANDHRA BANK | 2625000000 | 11.50% | Monthly | 10 years | 84 | 84 | 31.03.2016 | 0 | 3 years | 31250000 |
| 2 | BANK OF INDIA | 1750000000 | 11.50% | Monthly | 10 years | 84 | 84 | 31.03.2016 | 0 | 3 years | 20833333 |
| 3 | CENTRAL BANK OF INDIA | 1250000000 | 11.50% | Monthly | 10 years | 84 | 84 | 31.03.2016 | 0 | 3 years | 14880952 |
| 4 | FEDERAL BANK | 3750000000 | 11.50% | Monthly | 10 years | 84 | 84 | 31.03.2016 | 0 | 3 years | 4464286 |
| 5 | INDIAN OVERSEAS BANK | 1250000000 | 11.50% | Monthly | 10 years | 84 | 84 | 31.03.2016 | 0 | 3 years | 14880952 |
| 6 | INDIAN BANK | 1750000000 | 11.50% | Monthly | 10 years | 84 | 84 | 31.03.2016 | 0 | 3 years | 20833333 |
| 7 | PUNJAB & SIND BANK | 1000000000 | 11.50% | Monthly | 10 years | 84 | 84 | 31.03.2016 | 0 | 3 years | 11904762 |
| 8 | VIJAYA BANK | 1500000000 | 11.50% | Monthly | 10 years | 84 | 84 | 31.03.2016 | 0 | 3 years | 17857144 |
| 9 | SBH TL - FRP SCHEME | 737977093 | 11.50% | Monthly | 10 years | 84 | 84 | 31.03.2016 | 0 | 3 years | 8928571 |

7- OTHER LONG TERM LIABILITIES

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|--------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Vendor Deposits | 847,286,776 | 887,770,213 |
| Contribution Works | 284,215,094 | 343,717,139 |
| Other Liabilities | 44,864,915 | 53,804,789 |
| TOTAL | 1,176,366,784 | 1,285,292,141 |

a. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Other Long Term Liabilities to the tune of ₹ 135831331 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

8 - LONG TERM PROVISIONS

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Provision for employee benefits | | |
| Gratuity (unfunded) | 288,195,552 | 217,008,222 |
| Leave Encashment (unfunded) | 6,335,274,143 | 4,226,356,713 |
| TOTAL | 6,623,469,694 | 4,443,364,935 |

a. The Company has carried out actuarial valuation as at June 1, 2014 for which required provision towards leave encashment was provided as at June 1, 2014 for the purpose of demerger valuation. For the remaining period the provision was recognised on the basis of average of Ten months salary of 15 days per month per year. The provision made towards leave encashment as at the balance sheet is ₹ 222.83 Crores (Previous Year ₹ 118.08 Crores). The Effect of such change in recognition of estimate could not be ascertained

b. 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 ₹ 7.64 Crores (Previous Year ₹ 6.90 Crore).

c. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Long Term provisions as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

9 - SHORT TERM BORROWINGS

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|--------------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Secured | | |
| (a) Loans repayable on demand | | |
| from banks | 7,946,842,378 | 2,703,698,135 |
| | 7,946,842,378 | 2,703,698,135 |

| | | |
|--------------------------------------|----------------------|-----------------------|
| Unsecured | | |
| (a) Loans repayable on demand | | |
| from banks | - | 750,000,000 |
| from other parties | 1,670,633 | 8,063,267,172 |
| | 1,670,633 | 8,813,267,172 |
| TOTAL | 7,948,513,011 | 11,516,965,307 |

a. Unsecured Short Term Loans from Banks includes

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|---------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Tamilnadu Mercantile Bank | - | 750,000,000 |
| TOTAL | - | 750,000,000 |

b) The loan from State Bank of Hyderabad is secured by way of Hypothecation of Current Assets carry interest rate @ Base Rate + 1.5%.

c. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Short Term Borrowings as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

10- TRADE PAYABLES

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|------------------|-----------------------|-----------------------|
| | ₹ | ₹ |
| Unsecured | | |
| APEPDCL | 10,015,889,091 | 10,349,999,247 |
| APNPDCL | (7,420,932,539) | (235,085,985) |
| APSPDCL | 2,269,072,125 | 3,914,580,223 |
| APTRANSCO | 57,671,132 | 610,249,674 |
| Other Payables | 51,365,849,717 | 34,482,899,581 |
| Total | 56,287,549,525 | 49,122,642,741 |

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 ₹ 742.09 Crores(Previous Year ₹ 23.51 Crores).

c. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Trade Payable to the tune of ₹ 88957553 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

11 - OTHER CURRENT LIABILITIES

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|--------------------------------------|-----------------------|-----------------------|
| | ₹ | ₹ |
| Current maturities of long-term debt | 2,527,242,864 | 3,562,214,376 |
| Employee related liabilities | 1,212,968,382 | 988,606,991 |
| Statutory Liability | 445,685,087 | 371,128,954 |
| Advance from Customers | 589,441,492 | 467,507,644 |
| Consumer Deposits | 21,061,032,881 | 22,473,525,220 |
| Gov. opf AP SC/ST Payable | 34,735,553 | 43,238,926 |
| Inter Unit Accounts | 61,847,763 | 72,910,989 |
| Interest Payable on Consumer Deposit | 1,630,367,644 | 1,757,880,533 |
| APCPDCL Pension & Gratuity Trust | 1,115,543,064 | 1,451,015,923 |
| APCPDCL GPF Trust | 455,470,223 | 379,680,928 |
| Other Liabilities | 13,847,297,966 | 4,997,776,773 |
| Total | 42,981,632,919 | 36,565,487,256 |

a. Employees who joined prior to 1.02.1999

i. The Company, based on the Actuary Report as at June 1, 2014, has contributed 31.72% of Basic & DA towards Pension & Gratuity to the APCPDCL Pension & Gratuity Trust.

ii. During the year, the amount charged to Statement of Profit or Loss is ₹ 190.28 Crores (Previous Year ₹ 102.29 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.

b. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Other Current Liabilities to the tune of ₹ 4096577830 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

12 - SHORT TERM PROVISIONS

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|-------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Provision for Employee cost | 94,686,680 | 56,134,787 |
| RPF Fund | 64,506 | 228,770 |
| Provision for Admin Expenses | 80,128,092 | 121,712,845 |
| Provision for Compensation | - | 549,000 |
| Provision for CWIP | 68,340,359 | 139,262,708 |
| Provision for Interest | 680,443,848 | 1,558,719,970 |
| Provision for O&M works | 97,791,778 | 81,706,337 |
| Provision for R & C Penalties | - | 2,332,459,790 |
| Audit fee Payable | 1,716,000 | 1,273,600 |
| Total | 1,023,171,262 | 4,292,047,808 |

a. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Short Term Provisions to the tune of ₹ 594022716 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.



Schedule 13 - Fixed Assets

| S. No | Particulars | Gross Block | | | | | Depreciation & Amortisation | | | | Net Block | | |
|-------------|-------------------------------|-------------------------------------|----------------|------------------------|--|---------------------------------|-----------------------------|----------------------|----------------------------------|---------------------------------|------------------------|-----------------------|----------------------|
| | | As at April 1, 2014 | Additions | Deletions/ Adjustments | Acquired through business combinations | Transaction exchange difference | As at 31st March 2015 | As at 1st April 2014 | Depreciation charge for the year | Transaction exchange difference | Deletions/ Adjustments | As at 31st March 2015 | As at March 31, 2014 |
| | | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| a | TANGIBLE ASSETS | | | | | | | | | | | | |
| | Land | 70,715,664 | 2,917,779 | 6,568,353 | | | 67,065,090 | - | - | - | - | 67,065,090 | 70,715,664 |
| | Buildings | 2,335,335,573 | 164,833,971 | 410,787,630 | | | 2,089,381,914 | 468,077,380 | 62,276,342 | | 75,393,622 | 454,960,099 | 1,867,258,193 |
| | Other Civil Works | 722,458,994 | 132,691,037 | 149,334,218 | | | 705,815,813 | 64,482,972 | 19,686,818 | | 15,332,326 | 636,978,350 | 657,976,022 |
| | Plant and Machinery | 39,570,091,356 | 4,909,993,362 | 8,158,104,096 | | | 36,321,980,622 | 16,413,606,300 | 2,235,184,605 | | 3,264,824,555 | 15,383,966,350 | 23,156,485,057 |
| | Lines and Cable Network | 33,616,227,274 | 3,642,769,200 | 8,160,604,635 | | | 29,098,391,839 | 17,611,596,125 | 1,642,594,709 | | 4,708,983,033 | 14,545,207,802 | 16,004,631,149 |
| | Meters and Metering equipment | 8,722,773,217 | 1,469,029,590 | 1,838,358,632 | | | 8,353,444,175 | 4,855,033,814 | 648,539,782 | | 972,679,628 | 4,530,893,968 | 3,867,739,403 |
| | Vehicles | 36,579,412 | 21,255,207 | 8,496,859 | | | 49,337,759 | 32,918,001 | 1,778,462 | | 7,644,541 | 27,051,922 | 3,661,411 |
| | Furniture and Fixtures | 88,809,549 | 7,987,561 | 15,902,070,11 | | | 80,895,040 | 53,312,692 | 6,394,857 | | 10,381,345 | 49,326,204 | 35,496,858 |
| | Office Equipment | 249,992,005 | 22,148,918 | 60,321,689,86 | | | 211,819,233 | 130,778,826 | 18,254,965 | | 30,713,348 | 118,320,443 | 119,213,179 |
| b | Air Conditioners | 14,520,887 | 328,446 | 673,304,76 | | | 14,176,029 | 5,535,755 | 1,667,281 | | 370,359 | 6,832,676 | 8,985,132 |
| | Computer & IT Equipment | 905,860,426 | 58,730,073 | 89,047,371,04 | | | 875,543,128 | 344,710,158 | 93,791,267 | | 35,143,903 | 403,357,521 | 561,150,268 |
| | Fixed Assets - RESCOs | | | - | | | 0 | | - | - | - | - | - |
| | Total | 86,333,364,358 | 10,432,685,143 | 18,898,198,859 | - | | 77,867,850,642 | 39,980,052,022 | 4,730,169,087 | - | 9,121,466,661 | 42,279,096,194 | 46,353,312,336 |
| | INTANGIBLE ASSETS | | | | | | | | | | | | |
| | Computer Software | | | | | | | | | | | | |
| | Total | 196,534,056 | - | 420,000 | | | 196,114,056 | 106,350,356 | 30,463,580 | | 420,000 | 59,720,120 | 90,183,700 |
| | Capital Work in Progress | 9,159,798,313 | 1,655,863,572 | 1,560,069,752 | | | 9,255,592,133 | - | - | | | 9,255,592,133 | 9,159,798,313 |
| | Total | 9,159,798,313 | 1,655,863,572 | 1,560,069,752 | | | 9,255,592,133 | - | - | | | 9,255,592,133 | 9,159,798,313 |
| | d | Intangible Assets under Development | | | | | | | | | | | |
| Total | | | | | | | | | | | | | |
| GRAND TOTAL | | 95,689,696,726 | 12,088,548,715 | 20,458,688,611 | - | | 87,319,556,831 | 40,086,402,378 | 4,760,632,667 | | 9,121,886,661 | 51,594,408,447 | 55,003,294,349 |
| | Grand Total of Previous Year | 84,721,697,114 | 21,330,213,724 | 10,362,214,117 | - | | 95,689,696,726 | 35,011,645,127 | 5,075,366,127 | | 608,876 | 55,603,294,349 | 49,710,051,988 |

e. Consequent to entactment of AP Reorganisation Act, 2014 the operating circles of Ananthapur and Kurnool has been demerged to APSDCL and the balances of the Fixed Assets as at June 1, 2014 was bifurcated on the basis specified in the GOMs 24 dt 29-05-2014. The company had Rs 1887.12 Crores and Rs 910.27 Crores of Gross Block of Fixed Assets and its depreciation respectively to APSDCL on geographical basis. The Transfer of balances and values to APSDCL is subject to approval from Expert Committee formed by the Government of India.



NOTES FORMING PART OF FINANCIAL STATEMENTS
14
NON CURRENT INVESTMENTS (at Cost)

| A. | Details of Trade 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 2015 | As at 31 March 2014 | | | As at 31 March 2015 | As at 31 March 2014 |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (10) | (11) |
| a) | APPDCL | Others | 232,020,000 | 146,020,000 | Unquoted | Fully Paid | 4,260,100,000 | 2,595,200,000 |
| Share Application Money | | | | | | | | |
| b) | Coastal Tamilnadu | 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 |
| | Total | | | | | | 4,287,324,000 | 2,622,424,000 |

| 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 2015 | | | | As at 31 March 2014 | As at 31 March 2015 | | | As at 31 March 2014 | |
| 1 | Investments in Government or Trust securities | | | | | | | | |
| | AP TRANSCO - VIDYUT BONDS (Face Value Rs.10,00,000/- per Bond) | Others | 132 | 132 | Quoted | Fully Paid | 132000000 | | 132000000 |
| | 8.74% APPFC Bonds (Face Value Rs.10,00,000/- per Bond) | Others | 47 | 47 | Quoted | Fully Paid | 47000000 | | 47000000 |
| | 9.97% APPFC Bonds (Face Value Rs.10,00,000/- per Bond) | Others | 24 | 24 | Quoted | Fully Paid | | 24000000 | 24000000 |
| | 9.64% APPFC Bonds (Face Value Rs.10,00,000/- per Bond) | Others | 22 | 22 | Quoted | Fully Paid | 22000000 | | 22000000 |
| | 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 |
| | 8.5% APSFC - Unsecured, Redeemable, Non Convertible, Non SLR Bonds Series II-2008 (Face Value Rs.10,00,000/- per Bond) | Others | 128 | 128 | Unquoted | Fully Paid | 128000000 | | 128000000 |
| | 9.15% APSFC - Unsecured, Redeemable, Non Convertible, Non SLR Bonds Series VI-2013 (Face Value Rs.10,00,000/- per Bond) | Others | 14 | 14 | Unquoted | Fully Paid | | 14000000 | 14000000 |
| 2 | MAH SLD @ 9.25% | Others | 180 | 180.00 | Unquoted | Fully Paid | 18027000 | | 18027000 |
| | APSFC SERIES VII/2014 FRO (Face Value Rs.1,00,000/- per Bond) | Others | 9 | 9.00 | Unquoted | Fully Paid | 9000000 | | 9000000 |
| | 9.2% GOVERNMENT OF INDIA - 2030 SECURITIES | Others | 194 | - | Unquoted | Fully Paid | 20997267 | | - |
| | 8.4% GOVERNMENT OF INDIA - 2024 SECURITIES | Others | 190 | - | Unquoted | Fully Paid | 19588367 | | - |
| | Investments in Mutual Funds | | | | | | | | |
| | SBI MUTUAL FUNDS (Market Value Rs.11.1815 per Unit) | Others | - | 1111241.895 | Quoted | Fully Paid | - | | 11329000 |
| | Total | | | | | | | 363,026,239 | 333,769,606 |
| | Grand Total | | | | | | | 4,650,350,239 | 2,956,193,606 |

a. Shares worth of Rs 166.49 Crores were invested during the financial year 2014-15 which has been considered as investments however the shares have not been allotted as at March 31, 2015.

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

15 - DEFERRED TAX

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Deferred Tax Liabilities | | |
| 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 | - | - |
| Transfer of Deferred Tax Liability on Demerger | (211,130,327) | - |
| Gross deferred tax liability | 998,785,587 | 1,209,915,914 |
| Deferred Tax Asset | | |
| Opening Balance | 4,040,958,945 | 2,872,612,477 |
| Unabsorbed Depreciation | (230,87,59,808) | 1,168,346,468 |
| Transfer of Deferred Tax Liability on Demerger | (705,147,336) | - |
| Gross deferred tax asset | 1,027,051,801 | 4,040,958,945 |
| Net Deferred Tax Liability/(Asset) | 28,266,214 | 2,831,043,031 |

a. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Deferred Tax as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

16 - LONG TERM LOANS & ADVANCES

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|--------------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| a. Secured, Considered good | | |
| Loans & Advances to employees | 49,620,026 | 34,492,546 |
| b. Unsecured, Considered good | | |
| Loans & Advances to employees | 15,213,009 | 12,234,239 |
| Deposits | 306,931,302 | 316,983,840 |
| Capital Advances | 310,904,520 | 195,449,613 |
| Total | 682,668,857 | 559,160,238 |

c. Secured Long term Loans & Advances to employees includes

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|--------------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Housing Loan - Secured against House | 49,620,026 | 34,492,546 |
| Total | 49,620,026 | 34,492,546 |

d. Unsecured Long term Loans & Advances to employees includes

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|-------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Education Loans | (128,716) | 1,286,119 |
| Two Wheeler Loan | 2,888,023 | 5,733,921 |
| Four Wheeler Loan | 11,289,904 | 2,938,123 |
| Computer Loans | 2,494,994 | 2,371,715 |
| Marriage Advance | (1,331,196) | (95,639) |
| Total | 15,213,009 | 12,234,239 |

e. Current portion of the long term loans & advances to employees (Secured & unsecured) is not ascertainable.

f. Unsecured Deposits Includes

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|-----------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Court Authorities | 65,256,858 | 62,658,835 |
| Telephone authorities | 629,696 | 820,132 |
| Other Deposits | 241,044,748 | 253,504,873 |
| Total | 306,931,302 | 316,983,840 |

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.

h. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Long Term Loans & Advances to the tune of ₹ 14739593 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

17 - OTHER NON CURRENT ASSETS

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|---------------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| (a) Secured, considered good | | |
| Long Term Receivables from Employees | 48,358,271 | 68,738,648 |
| (b) Unsecured, considered good | | |
| Receivable from ITI, Chennai | 4,205,005 | 4,264,453 |
| Total | 52,563,275 | 73,003,101 |

c. Receivable from ITI represents 50% apprentice salaries paid by the company.

d. Long Term Receivables from Employees includes amount recoverable on account of Work Orders and Misappropriations.

e. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Other Non Current Asset to the tune of ₹ 32693 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

18 - INVENTORIES

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Stores and Spares | 2,346,716,373 | 2,366,841,989 |
| Less: Provision for Recovery/Write Off of Cost Materials | 44,790,298 | 44,790,298 |
| Total | 2,301,926,075 | 2,322,051,692 |

a. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Inventories to the tune of ₹ 435096757 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

19 - TRADE RECEIVABLES

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|---|-----------------------|-----------------------|
| | ₹ | ₹ |
| Trade Receivables outstanding for a period less than six months from the Secured, considered good | | |
| Secured, considered good | 2,110,938,816 | 2,098,194,996 |
| Unsecured, considered good | 2,473,670,237 | 4,958,776,049 |
| Unsecured, considered doubtful | | |
| Less: Provision for doubtful debts | | |
| | 4,584,609,053 | 7,056,971,045 |
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | | |
| Secured, considered good | 9,359,329,874 | 5,470,746,856 |
| Unsecured, considered good | 3,690,291,797 | 11,532,126,910 |
| Unsecured, considered doubtful | 6,339,566,338 | 4,866,298,744 |
| Less: Provision for doubtful debts | (6,339,566,338) | (4,866,298,744) |
| Less: Provision for doubtful debts FSA | (260,248,967) | (312,403,119) |
| | 12,789,372,704 | 16,690,470,647 |
| Total | 17,373,981,757 | 23,747,441,692 |
| a. The above trade receivables includes, Court Cases of ₹ 421.42 Crores (Previous Year ₹ 396.86 Crores), R R Act Cases ₹ 40.73 Crores (Previous Year ₹ 177.14 Crores), Bill Stopped/Disconnected Services ₹ 123.11 Crores (Previous Year ₹ 404.45 Crores). | | |
| b. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Trade Receivables to the tune of ₹ 5465957089 (Including Provision for Doubtful debts & Provision for Doubtful Debts - FSA) as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India. | | |

20 - CASH & CASH EQUIVALENTS

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| 1. Cash and Cash Equivalents | | |
| a. Balances with banks | | |
| - In Current Accounts | 1,119,101,249 | 1,954,053,106 |
| - Remittance in Transit | (8,337,059) | 210,432 |
| - In Deposits with Original Maturity less than 3 Months | 1,075,831,498 | 62,894,306 |
| b. Cash on hand | 181,293,279 | 322,312,426 |
| c. Postage & Stamps | 56,672 | 127,442 |
| Total | 2,367,945,639 | 2,339,597,713 |
| d. Bank Reconciliation Statement reflects unidentified credits in Bank Statements to the tune of ₹ 1.99 Crores as at March 31, 2015. | | |
| e. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Cash and Cash Equivalents to the tune of ₹ 2365038 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to/from APSPDCL is subject to approval from Expert Committee formed by the Government of India. | | |

21 - SHORT TERM LOANS & ADVANCES

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| a. Secured, considered good | | |
| Recoverable from employees | 804,241 | 116,704 |
| b. Unsecured, considered good | | |
| Loans & Advances to employees | 6,175,433 | 39,895,563 |
| Advance Tax (including TDS Receivable & Refunds Receivable) (Net) | 14,536,512 | 7,361,895 |
| Advance to Suppliers | 150,652,137 | 152,807,309 |
| Government Receivables | 44,148,061,108 | 41,996,233,135 |
| Provision for Government Receivables - Additional Power | (38,778,739,156) | (38,778,739,156) |
| Other Loans & Advances | 11,354 | 3,136 |
| Total | 5,541,501,629 | 3,417,678,586 |
| c. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the Transfer of balances and values to/from APSPDCL is subject to approval from Expert Committee formed by the Government of India. | | |

22 - OTHER CURRENT ASSETS

| Particulars | As at March 31, 2015 | As at March 31, 2014 |
|--|-----------------------|-----------------------|
| | ₹ | ₹ |
| 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 | 31,505,102 | 26,071,108 |
| Unbilled Revenue - Trade Receivables | 14,340,441,271 | 14,508,318,287 |
| FSA Revenue - Receivables | 5,513,641,199 | 11,698,543,596 |
| APSEE Master P & G Trust | 461,039,660 | 450,373,866 |
| Receivable on Demerger | 20,965,728,272 | - |
| Other Receivables | 112,823,164 | 12,265,034 |
| Total | 41,425,877,488 | 26,696,270,711 |
| a. APSEE Master P & G Trust owes to the company to the tune of ₹ 46.10 Crores (Previous year ₹ 45.03 Crores) | | |
| b. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Other Current Assets to the tune of ₹ 5167476187 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India. | | |

23 - REVENUE FROM OPERATIONS

| Particulars | 2014-15 | 2013-14 |
|--|------------------------|------------------------|
| | ₹ | ₹ |
| Sale of energy | | |
| LT Supply | 52,580,195,528 | 53,947,561,613 |
| HT Supply | 81,621,020,007 | 85,505,980,311 |
| Interstate Sales | 2,072,842,758 | 6,930,587,539 |
| FSA | 6,674,834,128 | (204,862) |
| Tariff Subsidy | 11,633,749,171 | 16,274,900,001 |
| Additional Power Subsidy | 1,006,093,380 | - |
| Customer Charges | 2,644,842,960 | 3,186,805,520 |
| Theft of Power | 217,403,177 | 177,635,872 |
| DPS Income | 6,688,659,897 | 3,879,573,254 |
| R & C Penalties | (66,366,669) | (1,947,250,684) |
| Other Operating Revenues | | |
| Amortization of Consumer Contribution, Subsidies & Grants towards Fixed Assets | 2,222,337,824 | 2,235,394,777 |
| Others | 520,246,401 | 1,135,877,524 |
| Less: Electricity Duty | (206,476,000) | (1,435,555,199) |
| Total | 167,609,382,563 | 169,891,305,666 |

a. Amortization of Consumer Contribution, Subsidies & Grants towards fixed assets has been reclassified as Other Operating Revenues in the current year.

b. R & C Penalties includes Prior period income of ₹ 246.81 Crores (Previous Year ₹ 457.10 Crores).

24 -OTHER INCOME

| Particulars | 2014-15 | 2013-14 |
|----------------------------------|--------------------|--------------------|
| | ₹ | ₹ |
| Interest Income | | |
| Bank | 12,661,100 | 11,182,640 |
| Staff | 890,603 | 677,197 |
| Others | 37,335,537 | 43,546,869 |
| Rent from Companies Fixed Assets | 5,224,373 | 4,873,840 |
| Sale of Scrap | 102,187,883 | 43,620,999 |
| Penalties from Suppliers | 43,481,016 | 34,582,055 |
| Miscellaneous Income | 14,019,556 | 15,978,287 |
| Other Income | 90,617,579 | 568,608,688 |
| Total | 306,417,646 | 723,070,575 |

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

b. Other Income stands reduced by Prior Period Income reversal to the extent of ₹ 53.46 Crores (Previous year income ₹ 46.77 Crores)

25 - POWER PURCHASE COST

| Particulars | 2014-15 | 2013-14 |
|-----------------------------------|------------------------|------------------------|
| | ₹ | ₹ |
| Purchase of Power - Fixed Cost | 28,697,421,110 | 29,069,421,234 |
| Purchase of Power - Variable Cost | 108,379,303,549 | 112,981,256,735 |
| Transmission Charges | 9,091,477,142 | 7,614,523,713 |
| Other Power Purchase Costs | 3,081,842,605 | 2,889,905,407 |
| Total | 149,250,044,407 | 152,555,107,089 |

26 - EMPLOYEE BENEFIT EXPENSE

| Particulars | 2014-15 | 2013-14 |
|--|-----------------------|----------------------|
| | ₹ | ₹ |
| Salaries and incentives | 7,854,161,168 | 6,583,689,504 |
| Contributions to Provident Funds | 227,120,813 | 250,501,753 |
| Pension Benefits | 2,869,445,868 | 2,303,543,886 |
| Director's Remuneration & Allowances | 5,541,905 | 6,603,216 |
| Director's Sitting Fees | 53,612 | 42,248 |
| Staff welfare expenses | 114,678,192 | 111,894,223 |
| Less: Employee Cost Capitalised | (782,328,344) | (729,097,344) |
| Total | 10,288,673,214 | 8,527,177,486 |
| a. Salaries and incentives includes prior period expenses to the extent of ₹ 0.05 Crores (Previous year ₹ 0.17 Crores) | | |

27 - OPERATION & OTHER EXPENSES

| Particulars | 2014-15 | 2013-14 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Advertisement | 15,226,201 | 20,160,071 |
| Collection Agency Expenses | 1,027,579 | 7,539,366 |
| Consultancy Charges | 13,384,204 | 10,082,040 |
| Consumer Service Centre Charges | (866,352) | 6,852,660 |
| Contract Labour Charges | 21,825,993 | 43,391,820 |
| Electricity Charges | 65,167,555 | 89,415,751 |
| Insurance | 251,708 | 540,692 |
| Inventories Handling Charges | 31,747,388 | 25,376,199 |
| Legal Charges | 4,884,731 | 3,148,526 |
| Licence fees - APERC | 33,864,189 | 27,134,189 |
| Office Maintenance | 5,625,787 | 4,782,018 |
| Other Expenses | 117,006,119 | 64,482,325 |
| Postage & Telegrams | 1,431,306 | 1,754,061 |
| Printing & Stationery | 50,695,997 | 45,650,845 |
| Professional Charges | 159,016,724 | 196,058,596 |
| R&M - Others | 26,361,468 | 30,986,893 |
| Rates & taxes | 33,697,851 | 42,854,861 |
| Rent | 1,346,216 | 4,039,945 |
| Repairs to Buildings & Civil works | 10,825,649 | 10,737,262 |
| Repairs to Plant and Machinery | 2,506,672,670 | 2,591,122,097 |
| Repairs to Vehicles | 44,256,033 | 47,742,629 |
| Telephone & Communication | 53,880,894 | 43,899,153 |
| Training Exp | (3,207,050) | 3,205,110 |
| Travelling Expense | 193,846,479 | 245,587,908 |
| Vehicle Hire charges | 211,098,964 | 254,108,857 |
| Less: Administration & General Exp Capitalised | (137,625,419) | (128,276,273) |
| Payment to Auditors | | |
| Payments to the auditor as auditor * | 1,612,470 | 1,123,600 |
| for reimbursement of expenses; | 200,000 | 150,000 |
| Total | 3,463,255,353 | 3,693,651,201 |

a. Other Expenses includes prior period expenses to the extent of ₹ 0.10 Crores (Previous year ₹ 1.31 Crores)

b. Payment to Auditor as auditor includes ₹ 342000 towards certification charges of bifurcated financial statements of the Ananthapur and Kurnool Operating Unit.

28 - FINANCE COSTS

| Particulars | 2014-15 | 2013-14 |
|--|----------------------|-----------------------|
| | ₹ | ₹ |
| Interest expense | | |
| - Long Term Loans | 3,732,708,895 | 4,495,335,980 |
| - Short Term Loans | 2,797,489,840 | 4,158,602,349 |
| - Consumption Deposits | 1,672,623,559 | 1,759,023,563 |
| - Others | 50,627,819 | 82,306,385 |
| Bank Charges | 14,422,360 | 16,148,294 |
| Less: Interest Capitalised | (458,124,231) | (505,265,618) |
| Total | 7,809,748,242 | 10,006,150,953 |
| a. Interest on Long Term Loans includes ` Nil (Previous Year Rs.53.90) Crores towards interest related to Prior Period. | | |
| b. Others include interest on GPF payable to APCPDCL GPF Trust for the financial year 2014-15 of Rs.3.32 Crores (Previous Year Rs.2.83 Crores) | | |

29 - EXCEPTIONAL ITEMS

| Particulars | 2014-15 | 2013-14 |
|-------------------------|----------------------|-------------------|
| | ₹ | ₹ |
| Assets Scrapped | 8,221,240 | 73,001 |
| Provision for Bad Debts | 1,637,270,642 | - |
| Compensation | 10,966,489 | 23,658,319 |
| Others | (10,656,035) | (10,992,349) |
| Price Variation | 96,286,616 | 24,926,611 |
| Total | 1,742,088,953 | 37,665,582 |

30 - CONTINGENT LIABILITIES (to the extent not provided in the books)

| Particulars | 31-Mar-15 | 31-Mar-14 |
|--|---------------|---------------|
| | ₹ (in crores) | ₹ (in crores) |
| (i) Contingent Liabilities | | |
| (a) Claims against the company not acknowledged as debt | 12.54 | 12.54 |
| (b) Disputed Entry tax | 33.25 | 33.25 |
| (c) Sales tax Penalty against G Form (Cement purchases) | 1.34 | 1.34 |
| (d) Liability under AP VAT Act 2005 (April 2005 to 2009-10) | 91.00 | 63.10 |
| (e) Income Tax (TDS) | 7.35 | - |
| (f) Income Tax (AY 2007-08 to AY 2011-12) | 9.24 | - |
| (g) Other money for which the company is contingently liable | 4.26 | 4.26 |
| | 158.98 | 114.49 |
| (ii) Commitments | | |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for | 373.25 | 331.83 |
| | 373.25 | 331.83 |
| Grand Total (i+ii) | 532.23 | 446.32 |



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.

32. 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 Rs.0.04 Crores (Previous Year Rs. 0.09 Crores) has been paid and is shown under the Head ‘Interest and Finance Charges’.

33. Income-tax assessments for the Assessment Years 2013-14 to 2014-15 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. Further wrt Assessment Year a substantial demand of Rs.1206.72 Crores has been raised by the Income Tax Department for which Company’s review petition is pending disposal.

34. Sales-Tax assessments for the years 2012-13 & 2013-14 are pending.

35. 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 upto the financial year 2013-14.

36. Quantitative Information

| Particulars | 2014-15 | 2013-14 |
|---------------------------|-----------|----------|
| Energy Input (Discom) | 32,815.88 | 36717.20 |
| Sale of Energy (KVAH Mus) | 29,118.33 | 32378.26 |

37. 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.

AS 18 Related Party Disclosures since the Company is a State Government Company and falls within the designation of

AS 21 Consolidated financial Statements, since the Company does not have any Subsidiary Company.

AS 23 Accounting for Investments in Associates in Consolidated Financial Statements

AS 25 Interim Financial Reporting

AS 27 Financial Reporting of Interest in Joint Ventures

38. Power Finance Corporation has sanctioned loan under Scheme R-ARPDPR which was implemented by Ministry of Power, Government of India. The Corporation has sanctioned ₹ 124.57 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 was not completed as at the balance sheet date under PART - A of the scheme where the time limit had 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.

39. 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. 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 has been 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.

40. 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, during the previous year 50% of Short Term Liabilities were swapped by issue of Bonds by DISCOMs to Banks, AP Genco and AP Transco amounting to Rs.2809 Crores which will be taken over by State Government 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

41. Previous year figures have been regrouped wherever necessary.

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

As per our report of even date

For SHARAD & ASSOCIATES
Chartered Accountants
Firm Reg No. 063775

Sd/-
SHARAD SINHA
Partner
M. No.202692
Date : Dec 7th, 2015
Place : Hyderabad.

Sd/-
G. Raghuma Reddy
Chairman & Managing Director
Din : 02943771

Sd/-
M. Radhakishan
Chief General Manager (Finance)

For and on Behalf of the company
TSSPDCL

Sd/-
T. Srinivas
Director (Projects & Commercial)
Din : 06666974

Sd/-
Anil Kumar Voruganti
Company Secretary
M.No. A31323



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED
(Formerly Central Power Distribution Company of Andhra Pradesh Limited)

Statement of annexure showing the apportionment of assets and liabilities based on geographical and other basis as on 01/06/2014.

| Note No | Note Account | Geographical | Other Basis | Net |
|---------|------------------------------|--------------|-------------|--------------|
| 4 | SHARE CAPITAL | - | -3252789980 | -3252789980 |
| 5 | RESERVES AND SURPLUS | -2979396863 | 15497918033 | 12518521170 |
| 6 | LONG TERM BORROWINGS | -16433311592 | - | -16433311592 |
| 7 | OTHER LONG TERM LIABILITIES | -135831330.8 | - | -135831330.8 |
| 8 | LONG TERM PROVISIONS | - | 1673036360 | 1673036360 |
| 9 | SHORT TERM BORROWINGS | - | -1004838015 | -1004838015 |
| 10 | TRADE PAYABLES | -88957552.6 | 8746335516 | 8657377963 |
| 11 | OTHER CURRENT LIABILITIES | -4096577830 | 587075055 | -3509502775 |
| 12 | SHORT TERM PROVISIONS | -230609744.5 | -363412971 | -594022715.5 |
| 13 | FIXED ASSETS | 11328614811 | -172117479 | 11156497332 |
| 14 | NON CURRENT INVESTMENTS | - | -806380834 | -806380834 |
| 15 | DEFERRED TAX | - | -494017009 | -494017009 |
| 16 | LONG TERM LOANS AND ADVANCES | 14739593 | -47011266 | -32271673 |
| 17 | OTHER NON CURRENT ASSETS | 32693 | -17564536 | -17531843 |
| 18 | INVENTORIES | 435096756.6 | - | 435096756.6 |
| 19 | TRADE RECEIVABLES | 5465957089 | - | 5465957089 |
| 20 | CASH & CASH EQUIVALENTS | -2365038 | -143733838 | -146098876 |
| 21 | SHORT TERM LOANS & ADVANCES | - | -672258203 | -672258202.8 |
| 22 | OTHER CURRENT ASSETS | 5167476187 | -136023735 | 5031452452 |

(Negative figure indicates amount payable by the company and Positive Figure indicates amount receivable by the company)



C & AG REPORT





Annexure B to the Directors' Report C & AG REPORT:

No.AG(E&RSA)ES-II(Power)/TSSPDCL/AA-14-15/2015-16/44 Dated: 16.06.2016

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

Sir,

Sub:- Comments on the accounts of the Southern Power Distribution
Company of Telangana Limited, Hyderabad for the year ended 31st
March 2015.

I am to forward herewith Comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on the accounts of your Company for the year ended 31st March 2015 for necessary action.

2. 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 may be furnished.
3. 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 both Legislatures of Andhra Pradesh and Telangana may also be communicated.
4. Ten copies of the Annual Report for the year 2014-15 may be furnished in due course. The receipt of this letter along with enclosures may please be acknowledged.

Encl: As above

Yours Faithfully,
Sd /-

Senior Deputy Accountant General (ES-II)

COMMERNTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 OF THE FINANCILA STATEMENT OF SOUTHERN POWER DISTRIBUTION OF TELANGANA LIMITED (FORMERLY CENTRAL DISTRIBUTION COMPNAY OF ANDHRA PRADESH LIMITED), HYDERABAD FOR THE YEAR ENDED 31ST MARCH 2015.

The preparation of financial statements of Southern Power Distribution Company of Telangana Limited, Hyderabad for the year ended 31st March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 7th December 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of Southem Power Distribution Company of Telangana Limited, Hyderabad for the year ended 31st March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personal 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 143 (6) (b) of the Act which have come to my attention and which in my view are necessary for enabling better understanding of the financial statements and the related Audit Report.

| COMMENT | COMPANY'S REPLY |
|---|-----------------|
| <p>1. Power Purchases Expenses (Note No. 25) Transmission Charges: Rs 909.15 Crores The above is understated by Rs. 10.31 crore due non-accountal of Point of Connection (POC) charges raised (July 2015) by PGCIL for the period from January 2015 to March 2015. This has also resulted in understatement of 'Loss for the period' and 'Trade Payables' by 10.31 crore.</p> | <p>Noted</p> |



| | |
|---|--------------|
| <p>2. Balance Sheet Current assets Trade Receivables (Note No. 19):Rs. 1737.40 crore</p> <p>The above is understated by Rs. 1216.18 crore due to netting of amounts received in advance from HT customers against the trade receivables. This has also resulted in understatement of 'other Current Liabilities' by Rs. 1216.18 crore.</p> | <p>Noted</p> |
| <p>3. Short Term Loans & Advances (Note No.21) Government Receivables – Rs. 4414.81 crore</p> <p>A reference is invited to the comments of C&AG of India on the accounts of the Company for the year 2013-2014, wherein, it was commented that the above Account Head was understated by Rs. 118.35 crore due to adjustment of the advance amount received towards Re-Liquefied Natural Gas (RLNG) subsidy against receivables from Government with consequent understatement of 'Other Current liabilities' to the same extent. The Company has not rectified the wrong accounting. Hence the above account head and 'Other Current liabilities' stand understated by Rs. 118.35 crore.</p> | <p>Noted</p> |

| | |
|--|---|
| <p>4. Contingent Liabilities (Note No.30)</p> <p>The Company has not accounted for the demand towards transmission charges and State Load Dispatch Centre (SLDC) charges payable to APTRANSCO for the period up to 01-06-2014 to the extent of Rs.35.89 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. The same was commented upon in the accounts for the year ending 31st March 2014.</p> | <p>Noted</p> |
| <p>For and on the behalf of The Comptroller and Auditor General Of India</p> <p>Sd/- ACCOUNTANT GENERAL (E&RSA)</p> <p>Place: Hyderabad. Date: 15-6-2016.</p> | <p>For and on behalf of the Board of Directors</p> <p>Sd/- G.RAGHUMA REDDY Chairman & Managing Director</p> <p>Place: Hyderabad. Date: 15-6-2016.</p> |



PROXY FORM





SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED
(Formerly Central Power Distribution Company of Andhra Pradesh Limited)

PROXY FORM

Form No. MGT -11

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

| | | |
|-----------------------|---|--|
| Name of the Member(s) | : | |
| Registered Address | : | |
| E-Mail Id | : | |
| Folio. No/Client Id | : | |
| DP ID | : | |

I/We, being the member(s) of Shares of the above named Company, hereby appoint

- Name :

Address :

E-Mail Id :

Signature :, or failing him
- Name :

Address :

E-Mail Id :

Signature :, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the____ Annual General Meeting/Extraordinary General Meeting of the Company, to be held on the ____ day of ____, at ____P.M at 6-1-50, Mint Compound, Hyderabad-63 and at any adjournment thereof in respect of such resolutions as are indicated as are indicated below:

Resolution No.

-
-
-

Affix
Revenue
Stamp

Signed this day of ____, 2016

Signature of shareholder

Signature of Proxy holder(s)

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



AVERAGE REALISATION FROM SALE OF POWER



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Formerly Central Power Distribution Company of Andhra Pradesh Limited)

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

| Average Realisation from Sale of Power Schedule - 3 for FY 2014-15 | | | | | | | 2013-14 Average Realisation (Rs/Unit) (kvah) |
|--|---------------------|-------------------|--------------------|------------------|----------------------------|--|--|
| Consumer Category | No. of Consumers | KWH Sales (MU) | KVAH Sales (MU) | Revenue (Rs.Crs) | % of Units Sold on kvah | Average Realisation (Rs/Unit) kvah | |
| L.T. Cat.-I Domestic | 4911737 | 6259.00 | 6259.00 | 2,519.79 | 36.82 | 4.03 | 3.76 |
| L.T. Cat.-II Non-Domestic | 679714 | 1916.30 | 1998.75 | 1,858.27 | 11.76 | 9.30 | 9.12 |
| L.T. Cat.-III Industrial | 39920 | 776.10 | 851.60 | 598.03 | 5.01 | 7.02 | 6.85 |
| L.T. Cat.-IV Cottage Industries | 3568 | 9.63 | 9.63 | 4.36 | 0.06 | 4.52 | 4.14 |
| L.T. Cat.-V Agriculture | 860735 | 7112.70 | 7112.70 | 25.79 | 41.84 | 0.04 | 0.05 |
| L.T. Cat.-VI Street Lights | 61494 | 702.87 | 708.95 | 404.37 | 4.17 | 5.70 | 5.49 |
| L.T. Cat.-VII General Purpose | 21329 | 56.86 | 57.33 | 40.05 | 0.34 | 6.99 | 6.79 |
| L.T. Cat.-VIII Temporary Supply | 81 | 0.83 | 0.84 | 1.87 | 0.00 | 22.15 | 27.17 |
| L.T. Total | 6578578 | 16834.30 | 16998.80 | 5,452.52 | 100.00 | 3.21 | 2.86 |
| H.T. Cat.I Industrial | 4526 | 9287.96 | 9432.02 | 6,042.93 | 77.82 | 6.41 | 6.50 |
| H.T. Cat.II Others | 2673 | 1724.40 | 1773.09 | 1,497.28 | 14.63 | 8.44 | 8.59 |
| H.T. Cat.III Aviation | 11 | 64.13 | 64.26 | 42.96 | 0.53 | 6.69 | 6.81 |
| H.T. Cat.IV Agricultural | 209 | 494.93 | 520.69 | 272.07 | 4.30 | 5.23 | 5.28 |
| H.T. Cat.V Railway Traction | 5 | 165.45 | 168.94 | 105.70 | 1.39 | 6.26 | 6.45 |
| H.T. Cat.VI Residential | 97 | 109.53 | 113.72 | 66.75 | 0.94 | 5.87 | 6.06 |
| H.T. Temp. | 109 | 44.01 | 46.81 | 76.21 | 0.39 | 16.28 | 14.20 |
| H.T. Total | 7630 | 11890.42 | 12119.53 | 8103.63 | 100.00 | 6.69 | 6.74 |
| L.T. + H.T. Total | 6586208 | 28724.72 | 29118.33 | 13,556.15 | | 4.66 | 4.37 |
| Add: Electricity Duty | | | | 128.46 | | | |
| Gross Revenue | | | | 13,684.61 | | | |

Telangana



HYDERABAD

RANGA REDDY

MAHABOOBNAGAR

MEDAK

NALGONDA

“ENERGY SAVED IS ENERGY PRODUCED”



Southern Power Distribution Company of Telangana Limited

(A Govt. of Telangana Undertaking)

CIN No.: U40109TG2000SGC034116

6-1-50. Mint Compound, Hyderabad - 500 063.

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