



Eastern Power
Distribution Company of A.P. Ltd

ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ

(An ISO 9001:2008 & ISO 27001:2005 Certified Company)



17th Annual Report 2016-2017

Eastern Power Distribution Company of A.P. Limited
Visakhapatnam



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(An ISO 9001-2008 & ISO 27001:2005 Certified Company)

EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

Regd. Office :

P & T Colony, Seethammadhara, Visakhapatnam - 530 013

Phone : 0891 - 2582503, Fax : 0891 - 2737675

website : www.apeasternpower.com

DIRECTORS

Sri. H.Y. DORA

Chairman & Managing Director

Sri. B. SESHU KUMAR

Director (Operations & Projects)

Sri. T.V.S. CHANDRA SEKHA

Director (Finance & HRD)

Sri. RAHUL PANDEY, IFS

Nominee Director

Sri. K.N. MALLESWARA RAO

Nominee Director

BANKERS

STATE BANK OF INDIA

ANDHRA BANK

AUDITORS

M/s GRANDHY & CO.

Chartered Accountants

MIG 36, 4-68-1/4

Lawsonsbay Colony, Visakhapatnam-12

Andhra Pradesh

COMPANY SECRETARY

K.S.V.S. SASTRY, F.C.S

17th Annual Report



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EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED
VISAKHAPATNAM - 530 013

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EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

Regd. Office: P&T Colony, Seethammadhara, Visakhapatnam – 530 013

CIN : U40109AP2000SGC034117

NOTICE

NOTICE is hereby given that the adjourned Extra Ordinary General Meeting of the Eastern Power Distribution Company of Andhra Pradesh Limited will be on Saturday, 30th December, 2017 at 04.30 PM at the Registered Office of the Company at P&T Colony, Seethammadhara, Visakhapatnam – 530 013.

Ordinary Business:

To take note of the revised Statutory Auditor's Report and final Comments of the Comptroller and Auditor General of India on the Audited Financial Statements of the Company for the Financial Year 2016-17.

By Order of the Board

Sd/-xxxx

Place: Visakhapatnam

Date: 23 .12.2017

K.S.V.S. Sastry

Company Secretary

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote and such proxy need not be a member of the Company.
2. Proxy form is enclosed. Instrument appointing proxy shall be deposited at the Registered Office of the Company by not less than 48 hours before commencement of the meeting.
3. Route map showing the venue of the meeting is enclosed and the same is available on the website of the company.

At the Adjourned Annual General Meeting held on 29th September, 2017, the members of the Company approved the Audited Financial Statements of the Company for the Financial Year 2016-17 along with the replies of the management on the Statutory Auditors Comments and replies of the management on the provisional comments of the Principal Accountant General (Audit), Andhra Pradesh pending receipt of final comments.

The Company received the final comments of the Comptroller and Auditor General of India on 14th December, 2017 and convened an Extra Ordinary General Meeting on 30th December, 2017 wherein members of the Company took note of the final comments of the Comptroller and Auditor General of India along with the revised Statutory Auditor's Report.



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EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

Regd. Office: P&T Colony, Seethammadhara, Visakhapatnam – 530 013

CIN : U40109AP2000SGC034117

NOTICE

NOTICE is hereby given that the Adjourned Seventeenth Annual General Meeting of the Eastern Power Distribution Company of Andhra Pradesh Limited will be held on Friday, 29th September, 2017 at 04.30 PM at the Registered Office of the Company at P&T Colony, Seethammadhara, Visakhapatnam – 530 013.

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year ended 31st March, 2017 of the Company together with the Board's Report, Statutory Auditors' Report and Comments of the Comptroller and Auditor General of India, thereon.
2. To take note of appointment of Statutory Auditors by the Comptroller and Auditor General of India for the Financial Year 2017-18 as per the provisions of Section 139 of the Companies Act, 2013 and to fix the remuneration of Statutory Auditors for the Financial year 2017-18 as per the provisions of Section 142 of the Companies Act, 2013.

Special Business:

3. To consider and if thought fit, to pass the following resolution as a Special Resolution with or without modifications:

“RESOLVED THAT in supersession of the resolution passed by the Company in the Extra Ordinary General Meeting held on 07.03.2015 in relation to the exercise the borrowing powers and pursuant to the provisions Section of 180 1(c) and other applicable provisions, if any, of the Companies Act, 2013 the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to borrow money, from time to time, at its discretion either from the Company's Bank or any other Bank, Financial Institutions or any other lending institutions on such terms and conditions as may be considered suitable by the Board of Directors for the purpose of the business of the Company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the company (apart from temporary loans obtained from the Company's bankers in the Ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount to be borrowed shall not exceed the sum of Rs.6000 Crores (Rupees Six Thousand Crores) at any time.



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FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deemed necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the Borrowings aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

4. To consider and if thought fit, to pass the following resolution as a Special Resolution with or without Modifications:

“ RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section of 180 1(a) and other applicable provisions, if any, of the Companies Act, 2013, to mortgage and / or hypothecate and / or charge of all or any part of the immovable and creating a floating Company both present and future of every nature and kind whatsoever and creating a floating charge on all or any of the movable properties of the company and the whole of undertaking of the company to or in favour of Banks or Financial institute is or any other lending institutions for borrowing from time to time such sums of money as they deem requisite for the purpose of the business of the Company notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the Ordinary course of business), shall not exceed the sum of Rs.6000 Crores (Rupees Six Thousand Crores only) at any time.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to finalize with the lenders, documents for creating the aforesaid mortgages, hypothecations and / or the charge (s) and to do all such acts deeds and things as may be necessary for giving effect to the above resolution.

FURTHER RESOLVED THAT the mortgages / charges / hypothecations created / to be created and / or all agreements / documents executed / to be executed and all acts done by and with the authority of the Board of Directors are hereby confirmed and ratified.”

5. To ratify the action in having fixed remuneration of the Cost Auditors by the Board of Directors for the F.Y. 2017-18 and in this regard to consider and if thought fit, to pass the following resolution with or without modifications as an Ordinary resolution.

“RESOLVED to ratify the action in having fixed remuneration pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-encashment thereof), the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the Cost Records of the Company for the F.Y. 2017-18 at a remuneration of



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Rs. 1,00,000/- (Rupees One Lakh only) plus applicable taxes and reimbursement of actual out of pocket of expenses.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. To issue DISCOM Bonds on Private Placement basis as per UDAY Scheme and in this regard to consider and if thought fit, to pass the following resolution with or without modifications as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Section 42 of Companies Act 2013, read with Rule 14(2) of Companies (Prospectus and Allotment of Securities), Rule 2014 and other applicable provisions of the Companies Act, 2013, approval be and is hereby accorded for raising of funds by way of private placement of secured/ unsecured, redeemable, non-convertible, taxable/ tax free, senior/ subordinated bonds / debentures/ notes/ debt securities to the extent of Rs.1,000 Crores (Rupees One Thousand Crores only)

“RESOLVED FURTHER THAT the Board of Directors of the Company (including any committee duly constituted by the Board of Directors) be and is hereby authorized, to make offer(s) or invitation(s) to subscribe to private placement of secured / unsecured, redeemable, non-convertible, taxable/ tax free, senior/ subordinated bonds/ debentures/ debt securities (“Bonds”) to the extent of Rs. 1,000 Crores (Rupees One Thousand Crores only) and to do all such acts, deeds and things as may be deemed necessary in respect of issue of bonds including but not limited to deciding the face value, issue price, issue size, timing, amount, security, coupon/ interest rate, yield, listing, allotment and other terms and conditions of issue bonds as they may, in their absolute discretion deem necessary.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolutions.”

Place : Visakhapatnam

Date : 23.09.2017

By Order of the Board

Sd/-xxxx

K.S.V.S. Sastry

Company Secretary



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Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote and such proxy need not be a member of the Company.
2. Proxy form is enclosed. Instrument appointing proxy shall be deposited at the Registered Office of the Company by not less than 48 hours before commencement of the meeting.
3. The Comments of the Comptroller and Auditor General of India (CAG) on the Audited Financial Statements for the Financial Year 2016-2017 shall be placed before the members at the Annual General Meeting of the Company.
4. Explanatory Statement pursuant to Sec 102(1) of the Companies Act, 2013 is enclosed.
5. Route map showing the venue of the meeting is enclosed and the same is available on the website of the company.

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

Special Business:

Item 3 & 4: To execute/Implement various schemes for constructing sub stations, erection of distribution transformers, implementation of World Bank Projects i.e Power for All, Andhra Pradesh Disaster Recovery Project (Under Ground cabling project at Visakhapatnam), and implementation High Voltage Distribution System, issuance of Smart Meters, laying of new lines and electrification of unelectrified villages, Hamlets and Dalitwadads and taking up of various Energy efficient measures, the Company from time to time requires to borrow monies from the Banks and / or various financial institutions.

Necessary approval under section 180 1(c) and 180 (1) (a) of the Companies Act, 2013 has been taken at the Extra Ordinary General Meeting of the Company held on 07.03.2015 to borrow money from time to time notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the Ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount to be borrowed by the Board of Directors shall not exceed the sum of Rs.4000 Crores (Rupees Four Thousand Crores only) at any one time.

In pursuance to the above, the loans liability of the Company may exceed the aforesaid limits of Rs. 4000 Crores. Presently, the paid up capital of the Company is Rs. 121.22 Crores and it has been decided to fix the borrowing limits U/s 180 1(C) of the Companies Act, 2013 to the extent of Rs. 6000 Crores (Rupees Six Thousand Crores Only).

The Company to meet the financial requirements of capital works undertaken under various schemes has been approaching various Banks/ Financial Institutions like Rural Electrification Corporation Limited and Power Finance Corporation Limited. The aforesaid institutions are generally agreeing to finance the requirement of the Company on security of charge created on assets of the Company, either existing or future assets to be created under the various schemes.

However, the creation of charge on assets by hypothecation attracts the restrictive provisions of Section 180 (1)(a) of the Companies Act, 2013 to the extent of Rs. 6000 Crores (Rupees Six Thousand Crores Only) to which the prior consent of members at a General Meeting is essential.

Accordingly, consent of the shareholders is sought for passing as Special Resolutions as set out for these items in the Notice.

None of the Directors and Key Managerial Personnel of the Company, their relatives, is in any way, concerned or interested, financially or otherwise, in the resolution set out for this item in the Notice.

The Board of Directors recommends the resolution set out for this item in the Notice for approval by the shareholders.



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Item No. 5

It is to inform that pursuant to the provisions of Section 148 and any other provisions applicable of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory amendments/modifications) and rule 14 for the purpose of Sub-Section (3) of Section 148, the remuneration recommended by the Audit Committee and fixed by the Board of Directors vide Board Resolution No. 07 in the 105th Board Meeting held on 04.08.2017 to conduct Cost Audit of the Company for the F.Y. 2017-2018 with a cost audit fee of Rs.1,00,000/- plus applicable taxes and actual out of pocket expenses to M/s Narasimha Murthy & Co, Cost Accountants, 3-6-365,104 & 105,Pavani Estate, Y.V.Rao Mansion, Himayatnagar, Hyderabad-500029 shall be ratified by the Shareholders.

Accordingly, consent of the shareholders is sought for passing an Ordinary Resolution as set out for this item in the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2018.

None of the Directors and Key Managerial Personnel of the Company, their relatives, is in any way, concerned or interested, financially or otherwise, in the resolution set out for this item in the Notice.

The Board of Directors recommends the resolution set out for this item in the Notice for approval by the shareholders.

Item No.6

To issue DISCOM Bonds on Private Placement basis as per UDAY Scheme

The Ministry of Power, Government of India, New Delhi has launched a new Scheme “UDAY” (Ujwal DISCOM Assurance Yojana) with an objective of improving operational and financial efficiency of DISCOMs. UDAY envisages the State Government to ensure the DISCOMs improve their operational efficiencies, particularly reduce the AT&C losses and cost of Power procurement as per the agreed trajectory, so that the ACS & ARR gap is bridged within the agreed time–frame.

Benefits to DISCOMS:

- ▶▶ By subscribing to this scheme the DISCOM will benefit from
- ▶▶ Lower interest burden leading to improved cash flows & avoiding future losses due to loss financing.
- ▶▶ Banks/FIs shall not levy any prepayment charge on the DISCOM debt.
- ▶▶ The remaining debt on the DISCOM shall be converted by the Banks/FIs into loans or bonds with interest rate not more than the bank’s base rate plus 0.1%. Alternately this debt may be fully or partly issued by the DISCOM as State guaranteed DISCOM bonds at the prevailing market rates which shall be equal to or less than bank base rate plus 0.1%.



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Implementation of UDAY Scheme by the Company:

Your Company has entered with an Tripartite MOU with the Ministry of Power, Government of India and the Government of Andhra Pradesh.

As per the circumstances explained above Government of Andhra Pradesh shall take over 75% of the working capital loans and 100% of the outstanding 2012 FRP bonds and the Government has already undertaken the process of issue of Bonds accordingly and the remaining debt shall be converted by the Banks/FIs into loans or bonds with interest rate not more than the bank's base rate plus 0.1%. Alternately this debt shall be fully or partly issued by the DISCOM as State guaranteed DISCOM bonds at the prevailing market rates which shall be equal to or less than bank base rate plus 0.1%.

The Board accorded its approval to raise Bonds up to an amount of Rs. 1,000 Crores (Rupees One Thousand Crores only) against the balance 25% of the retained liability of the Company. Hence, approval of the shareholders is requested to authorize Board to issue the Bonds against the balance retained liability as per UDAY Scheme.

None of the Directors and Key Managerial Personnel of the Company, their relatives, is in any way, concerned or interested, financially or otherwise, in the resolution set out for this item in the Notice.

The Board of Directors recommends the resolution set out for this item in the Notice for approval by the shareholders.

Place : Visakhapatnam

Date : 23.09.2017

By Order of the Board

Sd/-xxxx

K.S.V.S. Sastry

Company Secretary



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EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

Regd. Office: P&T Colony, Seethammadhara, Visakhapatnam – 530 013

CIN : U40109AP2000SGC034117

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Eastern Power Distribution Company of Andhra Pradesh Limited will be held on Saturday, 23rd September, 2017 at 04:00 PM at the Registered Office of the Company at P&T Colony, Seethammadhara, Visakhapatnam – 530 013.

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year ended 31st March, 2017 of the Company together with the Board's Report, Statutory Auditors' Report and Comments of the Comptroller and Auditor General of India, thereon.
2. To take note of appointment of Statutory Auditors by the Comptroller and Auditor General of India for the Financial Year 2017-18 as per the provisions of Section 139 of the Companies Act, 2013 and to fix the remuneration of Statutory Auditors for the Financial year 2017-18 as per the provisions of Section 142 of the Companies Act, 2013.

Special Business:

3. To consider and if thought fit, to pass the following resolution as a Special Resolution with or without modifications:

“RESOLVED THAT in supersession of the resolution passed by the Company in the Extra Ordinary General Meeting held on 07.03.2015 in relation to the exercise the borrowing powers and pursuant to the provisions Section of 180 1(c) and other applicable provisions, if any, of the Companies Act, 2013 the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to borrow money, from time to time, at its discretion either from the Company's Bank or any other Bank, Financial Institutions or any other lending institutions on such terms and conditions as may be considered suitable by the Board of Directors for the purpose of the business of the Company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the company (apart from temporary loans obtained from the Company's bankers in the Ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount to be borrowed shall not exceed the sum of Rs.6000 Crores (Rupees Six Thousand Crores) at any time.



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FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deemed necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the Borrowings aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

4. To consider and if thought fit, to pass the following resolution as a Special Resolution with or without Modifications:

“ RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section of 180 1(a) and other applicable provisions, if any, of the Companies Act, 2013, to mortgage and / or hypothecate and / or charge of all or any part of the immovable and creating a floating Company both present and future of every nature and kind whatsoever and creating a floating charge on all or any of the movable properties of the company and the whole of undertaking of the company to or in favour of Banks or Financial institute is or any other lending institutions for borrowing from time to time such sums of money as they deem requisite for the purpose of the business of the Company notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the Ordinary course of business), shall not exceed the sum of Rs.6000 Crores (Rupees Six Thousand Crores only) at any time.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to finalize with the lenders, documents for creating the aforesaid mortgages, hypothecations and / or the charge (s) and to do all such acts deeds and things as may be necessary for giving effect to the above resolution.

FURTHER RESOLVED THAT the mortgages / charges / hypothecations created / to be created and / or all agreements / documents executed / to be executed and all acts done by and with the authority of the Board of Directors are hereby confirmed and ratified.”

5. To ratify the action in having fixed remuneration of the Cost Auditors by the Board of Directors for the F.Y. 2017-18 and in this regard to consider and if thought fit, to pass the following resolution with or without modifications as an Ordinary resolution.

“RESOLVED to ratify the action in having fixed remuneration pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-encashment thereof), the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the Cost Records of the Company for the F.Y. 2017-18 at a remuneration of



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Rs. 1,00,000/- (Rupees One Lakh only) plus applicable taxes and reimbursement of actual out of pocket of expenses.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. To issue DISCOM Bonds on Private Placement basis as per UDAY Scheme and in this regard to consider and if thought fit, to pass the following resolution with or without modifications as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Section 42 of Companies Act 2013, read with Rule 14(2) of Companies (Prospectus and Allotment of Securities), Rule 2014 and other applicable provisions of the Companies Act, 2013, approval be and is hereby accorded for raising of funds by way of private placement of secured/ unsecured, redeemable, non-convertible, taxable/ tax free, senior/ subordinated bonds / debentures/ notes/ debt securities to the extent of Rs.1,000 Crores (Rupees One Thousand Crores only)

“RESOLVED FURTHER THAT the Board of Directors of the Company (including any committee duly constituted by the Board of Directors) be and is hereby authorized, to make offer(s) or invitation(s) to subscribe to private placement of secured / unsecured, redeemable, non-convertible, taxable/ tax free, senior/ subordinated bonds/ debentures/ debt securities (“Bonds”) to the extent of Rs. 1,000 Crores (Rupees One Thousand Crores only) and to do all such acts, deeds and things as may be deemed necessary in respect of issue of bonds including but not limited to deciding the face value, issue price, issue size, timing, amount, security, coupon/ interest rate, yield, listing, allotment and other terms and conditions of issue bonds as they may, in their absolute discretion deem necessary.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolutions.”

Place : Visakhapatnam

Date : 28.08.2017

By Order of the Board

Sd/-xxxx

K.S.V.S. Sastry

Company Secretary



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Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote and such proxy need not be a member of the Company.
2. Proxy form is enclosed. Instrument appointing proxy shall be deposited at the Registered Office of the Company by not less than 48 hours before commencement of the meeting.
3. The Comments of the Comptroller and Auditor General of India (CAG) on the Audited Financial Statements for the Financial Year 2016-2017 shall be placed before the members at the Annual General Meeting of the Company.
4. Explanatory Statement pursuant to Sec 102(1) of the Companies Act, 2013 is enclosed.
5. Route map showing the venue of the meeting is enclosed and the same is available on the website of the company.



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EXPLANATORY STATEMENT

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

Special Business:

Item 3 & 4: To execute/Implement various schemes for constructing sub stations, erection of distribution transformers, implementation of World Bank Projects i.e Power for All, Andhra Pradesh Disaster Recovery Project (Under Ground cabling project at Visakhapatnam), and implementation High Voltage Distribution System, issuance of Smart Meters, laying of new lines and electrification of unelectrified villages, Hamlets and Dalitwadas and taking up of various Energy efficient measures, the Company from time to time requires to borrow monies from the Banks and / or various financial institutions.

Necessary approval under section 180 1(c) and 180 (1) (a) of the Companies Act, 2013 has been taken at the Extra Ordinary General Meeting of the Company held on 07.03.2015 to borrow money from time to time notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the Ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount to be borrowed by the Board of Directors shall not exceed the sum of Rs.4000 Crores (Rupees Four Thousand Crores only) at any one time.

In pursuance to the above, the loans liability of the Company may exceed the aforesaid limits of Rs. 4000 Crores. Presently, the paid up capital of the Company is Rs. 121.22 Crores and it has been decided to fix the borrowing limits U/s 180 1(C) of the Companies Act, 2013 to the extent of Rs. 6000 Crores (Rupees Six Thousand Crores Only).

The Company to meet the financial requirements of capital works undertaken under various schemes has been approaching various Banks/ Financial Institutions like Rural Electrification Corporation Limited and Power Finance Corporation Limited. The aforesaid institutions are generally agreeing to finance the requirement of the Company on security of charge created on assets of the Company, either existing or future assets to be created under the various schemes.

However, the creation of charge on assets by hypothecation attracts the restrictive provisions of Section 180 1(a) of the Companies Act, 2013 to the extent of Rs. 6000 Crores (Rupees Six Thousand Crores Only) to which the prior consent of members at a General Meeting is essential.

Accordingly, consent of the shareholders is sought for passing as Special Resolutions as set out for these items in the Notice.

None of the Directors and Key Managerial Personnel of the Company, their relatives, is in any way, concerned or interested, financially or otherwise, in the resolution set out for this item in the Notice.

The Board of Directors recommends the resolution set out for this item in the Notice for approval by the shareholders.



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Item No. 5

It is to inform that pursuant to the provisions of Section 148 and any other provisions applicable of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory amendments/modifications) and rule 14 for the purpose of Sub-Section (3) of Section 148, the remuneration recommended by the Audit Committee and fixed by the Board of Directors vide Board Resolution No. 07 in the 105th Board Meeting held on 04.08.2017 to conduct Cost Audit of the Company for the F.Y. 2017-2018 with a cost audit fee of Rs.1,00,000/- plus applicable taxes and actual out of pocket expenses to M/s Narasimha Murthy & Co, Cost Accountants, 3-6-365,104 & 105,Pavani Estate, Y.V.Rao Mansion, Himayatnagar, Hyderabad-500029 shall be ratified by the Shareholders.

Accordingly, consent of the shareholders is sought for passing an Ordinary Resolution as set out for this item in the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2018.

None of the Directors and Key Managerial Personnel of the Company, their relatives, is in any way, concerned or interested, financially or otherwise, in the resolution set out for this item in the Notice.

The Board of Directors recommends the resolution set out for this item in the Notice for approval by the shareholders.

Item No.6

To issue DISCOM Bonds on Private Placement basis as per UDAY Scheme

The Ministry of Power, Government of India, New Delhi has launched a new Scheme “UDAY” (Ujwal DISCOM Assurance Yojana) with an objective of improving operational and financial efficiency of DISCOMs. UDAY envisages the State Government to ensure the DISCOMs improve their operational efficiencies, particularly reduce the AT&C losses and cost of Power procurement as per the agreed trajectory, so that the ACS & ARR gap is bridged within the agreed time–frame.

Benefits to DISCOMS:

- ▶▶ By subscribing to this scheme the DISCOM will benefit from
- ▶▶ Lower interest burden leading to improved cash flows & avoiding future losses due to loss financing.
- ▶▶ Banks/FIs shall not levy any prepayment charge on the DISCOM debt.
- ▶▶ The remaining debt on the DISCOM shall be converted by the Banks/FIs into loans or bonds with interest rate not more than the bank’s base rate plus 0.1%. Alternately this debt may be fully or partly issued by the DISCOM as State guaranteed DISCOM bonds at the prevailing market rates which shall be equal to or less than bank base rate plus 0.1%.



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Implementation of UDAY Scheme by the Company:

Your Company has entered with an Tripartite MOU with the Ministry of Power, Government of India and the Government of Andhra Pradesh.

As per the circumstances explained above Government of Andhra Pradesh shall take over 75% of the working capital loans and 100% of the outstanding 2012 FRP bonds and the Government has already undertaken the process of issue of Bonds accordingly and the remaining debt shall be converted by the Banks/FIs into loans or bonds with interest rate not more than the bank's base rate plus 0.1%. Alternately this debt shall be fully or partly issued by the DISCOM as State guaranteed DISCOM bonds at the prevailing market rates which shall be equal to or less than bank base rate plus 0.1%.

The Board accorded its approval to raise Bonds up to an amount of Rs. 1,000 Crores (Rupees One Thousand Crores only) against the balance 25% of the retained liability of the Company. Hence, approval of the shareholders is requested to authorize Board to issue the Bonds against the balance retained liability as per UDAY Scheme.

None of the Directors and Key Managerial Personnel of the Company, their relatives, is in any way, concerned or interested, financially or otherwise, in the resolution set out for this item in the Notice.

The Board of Directors recommends the resolution set out for this item in the Notice for approval by the shareholders.

Place : Visakhapatnam

Date : 28.08.2017

By Order of the Board

Sd/-xxxx

K.S.V.S. Sastry

Company Secretary

The background features a dark blue gradient with several concentric, light blue circular lines. At the top and bottom, there are horizontal rows of six small, light blue squares. The text is centered in a white serif font.

BOARD'S REPORT



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EASTERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED
Regd.Office: P&T. Colony, Seethammadhara, Visakhapatnam-500013

BOARD'S REPORT

Dear Shareholders,

Your directors take immense pleasure in presenting the Seventeenth Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st March 2017. During the Seventeenth Year of Company's operations also, your company advances on the path of progress by effective management through optimum utilization of resources and better management of human resources and Information technology. Your management continues its focus on the key areas of loss reduction and quality control together with dedicated customer care measures.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the F.Y.2016-17 compared to APERC Approved figures for the F.Y 2016-17 and compared to previous Financial Year 2015-16 is as follows:

(Rs. in Crores)

Sl. No.	PARTICULARS	APERC Approved 2016-17	Actual 2016-17	Actual 2015-16
I	Revenue			
	Sale of Power (incl. Electricity Duty)	9056.84	8101.17	7451.47
	Inter state sales and Inter DISCOM Sales	-	33.95	184.65
	Other Income	160.28	449.24	363.20
	Subsidy	135.94	135.94	867.55
	Total Revenue	9353.06	8720.30	8866.87
II	Expenditure			
	Power Purchase	7608.17	7371.19	7548.31
	Electricity Duty	77.88	77.88	70.47
	Employee Cost	887.5	822.66	841.73
	Administration & General Charges	99.00	90.96	95.17
	Repairs & Maintenance	101.66	107.24	99.32
	Interest & Finance Charges			
	Interest to consumers on Security Deposit	73.49	81.28	79.18
	Interest on Working capital and Other loans	-	354.11	373.85
	Depreciation	343.26	305.78	273.12
	Other Expenses	45.67	96.9	18.39
	Prior period / Extraordinary Items	-	(86.83)	-



Sl. No.	PARTICULARS	APERC Approved 2016-17	Actual 2016-17	Actual 2015-16
	special Appropriation - Contingency Reserve, True up cost & Supply margin, ROCE & Taxes on Income.	154.96	-	-
	Less:1. Expenses Capitalized	38.53	59.56	60.79
	2.Interest During Construction (IDC)	0	0	0.02
	Total Expenditure	9353.06	9161.61	9338.73
	Profit/(Loss) before Tax but After Prior period items & Spl. Appropriation	0.00	(441.31)	(471.86)
	Provision for Income Tax & FBT	-	-	-
	MAT Credit Entitlement	-	-	-
III	Profit after Tax/ (Loss)	0.00	(441.31)	(471.86)

As per the revised methodology communicated by CEA the AT&C Losses calculation for the F.Y 2015-16 & 2016-17 furnished below:

Sl	Description	2016-17	2015-16
A	Net Input Energy (MkWh)	17985.81	16434.15
B	Energy Sold (MkWh)	17088.37	15533.6
C	Revenue from Sale of Energy (Rs. Cr)	8159.23	8248.56
D	Adjusted Revenue from Sale of Energy on Subsidy Received basis (Rs Crores)	8159.23	8248.56
E	Opening Debtors for Sale of Energy (Rs Crores)	1096.92	1016.62
F	i) Closing Debtors for Sale of Energy (Rs Crores)	1329.71	1096.92
	ii) Any amount written off during the year directly from (i)	0.00	0.00
G	Adjusted Closing Debtors for Sale of Energy (Rs. Crores)	1329.71	1096.92
H	Collection Efficiency (%)	97.15	99.03
I	Units Realized (MkWh) =(Energy Sold * Collection efficiency)	16600.82	15382.38
J	Units Unrealized (MkWh) = Net input Energy -Units Realized)(Loss of Energy)	1384.98	1051.77
K	AT &C Losses (%) = ((Units Unrealized / Net Input Energy)*100)	7.70	6.40



VARIATION IN EXPENDITURE IN 2016-17 WHEN COMPARED TO APERC APPROVALS.

The actual expenditure during the year 2016-17 is Rs. 9161.61 Crores as against the APERC approved expenditure of Rs. 9353.06 Crores. The details of current year's expenditure in certain key areas compared to the APERC Targets are as follows: (Rs. in Crores)

Particulars	2016-17		Remarks
	APERC Approved Expenditure 2016-17	Actual Expenditure 2016-17	
Power Purchase Cost (Including Transmission and SLDC Charges etc.)	7608.17	7371.19	1) Approved Power Purchase cost is Rs.7608.17 Crores for 19377 M.U at average Power Purchase cost per unit is Rs.3.93. 2) Actual Power Purchase cost is Rs.7371.19 Crores for 17810.27 MU at Average Power Purchase cost per unit is Rs.4.14.
Finance costs	73.49	435.39	Actual Finance costs Includes Rs.337.20 Cr towards interest on Working Capital Loans taken for power purchase payments which was not allowed by Hon'ble APERC in ARR. Hence variation appears to be on high side.
Repairs & Maintenance	101.66	107.24	Increase in R&M Cost is due to PMI Works, Payment of variable D.A to shift Operators in all Sub stations.
Other Expenses	45.67	96.90	Amount Incurred towards Distribution of LED Bulbs Rs.36.88 Crores as against the APERC Approved Amount of Rs.35.23. Amount Incurred towards Solar Agl. Pump sets of Rs.52.98 Crores as against the APERC Approved Amount of Rs.10.44



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SURPLUS/(LOSS) IN REVENUE ACCOUNT:

During the year 2016-17 the company has incurred a net loss of Rs.441.31 Crores.

DIVIDEND AND TRANSFER TO RESERVES:

As there is no adequate surplus available for distribution of dividend, your Directors could not recommend any dividend for the year 2016-17.

SHARE CAPITAL:

The Authorized Share Capital of the Company as on 31/03/2017 is Rs. 122,00,00,000 divided into 12,20,00,000 Equity Shares of Rs. 10/- each and the Issued and Paid Share Capital is Rs. 121,22,53,290/- divided into 12,12,25,329 Equity Shares of Rs. 10/- each and whole Share Capital is held by the Government of Andhra Pradesh.

APRE-ORGANISATION ACT, 2014:

As per AP Re-Organisation Act, 2014, the demerger scheme for apportionment of assets and liabilities pertaining to 7 (Seven) Mandals of erstwhile Khammam District between TSNPDCL and APEPDCL had been approved by Board of Directors of both the Companies and submitted to the Expert Committee for further course of action.

PERFORMANCE AND OPERATIONAL HIGHLIGHTS:

During the year, the Sale of Energy was 16443.36 Million Units, an increase of 10.82 % as compared to 15185.99 Million Units for the previous year. The aggregate technical and commercial losses were brought down to 4.99% from 5.48% in the previous year. As per revised methodology communicated by CEA losses works out to 7.70% (2016-17).

During the year, the DPE wing inspected 66,321 services and assessed an amount of Rs. 4973.84 Lakhs in respect of 14,409 cases booked, relating to pilferage, malpractice, back billing, etc; out of which an amount of Rs.2724.43 Lakhs had been realised.

During the year, the Assessment wing has disposed off 4200 Nos. of cases.

APEPDCL FACILITATES ANDHRA PRADESH FIBER GRID PROJECT IN 5 COASTAL DISTRICTS

APEPDCL has involved in the Andhra Pradesh prestigious project, Overhead Optical cable grid with the aim of providing high-speed internet facility to people of the State at an economical price.

The project being funded by the Infrastructure Corporation of Andhra Pradesh and is part of the Government's vision of Internet for all, began in APEPDCL limits by laying 24 – Crore fiber optic cables using the existing electrical network system of 33 KV and 33/11KV lines and Sub – Stations of the APEPDCL for 5 (Five) Coastal Districts of Srikakulam, Vizianagaram, Visakhapatnam, East Godavari and West Godavari. In the



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first phase, work in progress in the Five Coastal Districts. Cable will be laid across a length of about 4,887 Kms, linking 69,140 poles in the Five District. Apart from the general public, the facility can be utilized by Government offices as well Municipal and ZP Schools across the 664 Mandals in the State can avail of the facility at a very economic price.

SYSTEM IMPROVEMENT:

The Company is continuously upgrading and augmenting its network to achieve different objectives viz., to reduce technical losses, to improve reliability of the system, to serve the consumers for better services and to give uninterrupted quality power.

PROGRESS OF PROJECT WORKS:

Your Company continues to explore various modes to utilize project works for improving operational efficiency. Some of the highlights are:

- ▶ Erection of new 33/11KV Substations: 8 Nos. new 33/11KV Substations with estimated cost of Rs.3.03Crs are charged during the F.Y. 2016-17 under T&D (2Nos) and IPDS (6Nos).

DEEN DAYAL UPADYAYA GRAM JYOTHI YOJANA (DDUGJY SCHEME):

(a) Rural Electrification (RE) Component:

- ▶ 67436Nos. Services released to Rural Households during 2016-17. Expenditure incurred is Rs.31.22 Crs. and Rs.42.47 Crs. released from M/s. REC Ltd during FY 2016-17. And cumulative expenditure incurred is Rs.71.067Crs against received amount of Rs.49.684Crs.

(b) Balance component of DDUGJY viz., System strengthening, SAGY and Metering:

- ▶ Tenders floated and awarded in 10 packages for Erection of 80 Nos. new 33/11KV Sub-stations with connected lines, SAGY and metering works during October 2016. The works are under progress.
- ▶ Expenditure incurred is Rs.36.33Crs. and Rs.30.659Crs. released from M/s. REC Ltd.

DDG PROJECTS:

- ▶ 194 Nos habitations are identified in Vishakapatnam, circle and in which 39 Nos were electrified and 722 Nos services are released during the FY 2016-17. For 22 nos are already electrified through grid and for 135 nos. works are in progress.

INTEGRATED POWER DEVELOPMENT SCHEME (IPDS):

- ▶ 6Nos. 33/11kv Sub-stations charged.
- ▶ 17 locations of 363KWp Solar rooftop works are completed in Vizianagaram and Eluru circles including collector offices.



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- ▶ Expenditure incurred is Rs.45.61Cr and Rs.27.56 Crs released from M/s. PFC Ltd. during FY 2016-17. And cumulative expenditure incurred is Rs.46.76Cr against received amount of Rs.41.02Cr.

HVDS WORKS UNDER NEF FUNDS:

- ▶ 2,900 Nos. pump sets were converted into HVDS with an expenditure of Rs.33.56 Crores in Rajamahendravaram and Eluru Circles.

R-APDRP PART-B SCHEME:

- ▶ The scheme was sanctioned by PFC for reduction of AT&C losses, strengthening of Distribution Network in 9 Towns of APEPDCL viz. Itchapuram, Palasa-Kasibugga, Amadalavasa, Pithapuram, RC Puram, Mandapeta, Amalapuram, Eluru and Bhimavaram for amount of Rs.58.51Cr. Works completed in all Towns by 05.08.2016 and Closure proposals have been submitted to M/s.PFC Ltd.

SCADA PART-A & B SCHEMES:

- ▶ The scheme was sanctioned by PFC for implementation of SCADA for amount of Rs.13.16 Crs and installation of SCADA Enabling Electrical Components for Rs.21.42Cr under 28 Nos. 33/11KV Substations in Visakhapatnam Town. Supply and installation works have been awarded on 100% Turnkey Basis.
- ▶ All installation & commissioning works were completed and minor integration issues are pending, which are being attended by SIA (SCADA implementing Agency).

CONSUMER SERVICES:

Your company dedicates itself to efficient and timely customer service and the following initiatives were further launched during the year:

- ▶ The Company is resolving immediately the complaints registered in Centralized Electricity Call Centre on a priority basis from time to time.
- ▶ Online 'Spandana' for receiving the consumer complaints to improve the customer services and to achieve the objective of customer delight in addition Spandana programme which is being conducted on every Monday at Corporate Office to resolve the grievances of customers.
- ▶ Centralized call center Number 1912 established for better customer support for rectification electricity supply and other electrical problems.
- ▶ Vidyut Adalats are conducted every Monday at all section offices for resolving complaints.
- ▶ HT Consumers meets are being organized at Circle Offices and Corporate Office to resolve pending issues.



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- ▶▶ Wide publicity activities were taken up such as exhibition of display boards, norms for new service connections and citizen charters etc.
- ▶▶ Regular visits are conducted for effective monitoring as part of continuous improvement.
- ▶▶ During the year new payment gateway i.e. payment of bills through Andhra Bank ATMs was introduced to facilitate consumers to have multiple choices for bill payment.
- ▶▶ Implemented online e-payment system for collection of bills and also introduced UPI payment service for receiving electricity payments using BHIM app for better consumer service.

CONSUMER GRIEVANCES REDRESSAL FORUM:

- ▶▶ Forum has conducted 50 Consumer Awareness Programmes besides 15 Nos. public hearings in various places and disposed off 493 Nos. complaints during the year.

SAFETY MEASURES:

Safety comes first and remains at the top of the agenda of Company round the year. Company has initiated various safety measures like procurement of safety equipments for the field staff and initiating safety awareness programmes etc.

- ▶▶ Safety Boards are displayed in all fault centers of APEPDCL Jurisdiction for enforcement of Safety rules.
- ▶▶ Safety training provided to line staff.
- ▶▶ Safety Committees formed up to Sub-Division level for strict implementation of safety measures.

INFORMATION TECHNOLOGY:

Your Company continues to explore various modes to utilize technological developments for improving operational efficiency and customer care. Some of the highlights of the areas in which the basic work is completed are as follows:

- ▶▶ Implemented E-Office and E-stores successfully.
- ▶▶ APEPDCL is providing 46 Nos. services to its customers through Meeseva (around 2600 centres)
- ▶▶ CM Dash Board developed for monitoring the progress of the AP DISCOMs
- ▶▶ AP Vidyut Pravah application developed for monitoring Demand - Supply Position, SAIDI & SAIFI Town-wise/Mandal-wise/Village wise/Service Connection Number-wise Power Supply Position, Power supply information using registered mobile number and Prior Information on Scheduled Power Outages.
- ▶▶ Real Time Feeder Monitoring System” has been introduced during September, 16 for monitoring Power outage information on real time, 11 KV feeder interruptions with cause-wise analysis, Loads



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and Power factor of all 11 KV feeders, Ensure 24x7 power supply to all Industrial feeders and HT services and SAIDI-SAIFI on daily basis.

- ▶▶ Online Billing system is implemented in all the 5 circles of APEPDCL since June' 2016 and it saves a lot of time and work for both the section officers as well as spot biller and same billed data is transferred from the SBM to EPCCB through encryption.
- ▶▶ Implemented online e-payment system for collection of bills and also introduced UPI payment service for receiving electricity Payments using BHIM Application and Improving online Payments for provided swiping machines to EROs and Revenue Cashiers for collection of bills and also, the agent mobile app is now being modified for enabling Aadhaar based payments.
- ▶▶ Kaizala application developed for to address the grievances of all valuable HT customers, district-wise Kaizala groups were formed and the complaints received are addressed on top priority.
- ▶▶ R-APDRP Part-A (IT initiatives) was sanctioned for an amount of Rs.388.04 Crs. in all 4 DISCOMs of Andhra Pradesh out of which APEPDCL sanction is Rs.61.01 Crores covering 29 Towns.

As part of this, the following major modules are getting implemented:

- ▶▶ Centralized Call Centre (CCC)
- ▶▶ GIS based consumer indexing
- ▶▶ GIS based Network Analysis
- ▶▶ Web Self Service (Website)
- ▶▶ Meter Data Acquisition System (MDAS)
- ▶▶ Meter Data Management (MDM)
- ▶▶ Energy Audit (EA)
- GPS based vehicle tracking system is implemented for monitoring replacement of DTRs.
- ▶▶ To ensure the replacement of failed DTRs within the timelines specified by the Hon'ble APERC i.e. within 12 hours in Urban areas and 24 hours in Rural areas.
- ▶▶ To ensure that only department vehicles are used for replacement.
- ▶▶ Real time integration with EPCCB and CCC applications in respect of replacement of DTRS.
- APEPDCL has started sending SMS alerts to the consumers Immediately after:
 - ▶▶ Issuing the CC bill.
 - ▶▶ Bill payments
 - ▶▶ Release of new services



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- ▶▶ Registration and resolution of CCC complaints.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo in accordance with the provisions of Section 134 (3) (m) of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014, are given below.

(A) Conservation of energy:

DELP (DSM based Efficient Lighting Programme)

- ▶▶ APEPDCL has implemented the Demand Side Management based Efficient Lighting Programme (DELP) with the financial support of M/s. Energy Efficiency Services Limited (EESL), New Delhi as approved by the Hon'ble APEPRC vide OP Nos.6 of 2015 and 7 of 2015 Orders dt.06.06.2015.
- ▶▶ As a part of energy conservation measures the DELP (DSM based Efficient Lighting Programme) scheme for distribution of LED bulbs was successfully taken up in two phases in 5 districts i.e. Srikakulam, West Godavari, Vizianagaram, Visakhapatnam and East Godavari Districts.

SOLAR AGRICULTURE PUMP SETS AND ROOF TOP

- ▶▶ As per the GoAP Policy, Agricultural farmers receive 7Hrs of free supply by Providing Subsidy amount to APDISCOMS. The total agriculture consumption is more than 27% of energy supplied. Keeping in view of the huge demand, power supply is usually being supplied to agricultural consumers in 2 spells of one each during the day and night.
- ▶▶ Applicability of Scheme is for only for agricultural motors of 5HP & 3HP systems
- ▶▶ During the Year 2729 Nos. Solar Agricultural Pump Sets energized by the Company and also 341 Nos. Solar Roof Top services synchronised by the Company and capacity synchronised 6.26 MW.

INITIATIVES OF APEPDCL FOR PROMOTION OF SOLAR ROOFTOP:

- 1) APEPDCL is encouraging the development of Non-Renewable energy and accepting the Gross/Net Metering options from the eligible developers as per the Policy, 2015.
- 2) APEPDCL installed 10 KW Solar Rooftop on ATC building as initiative and for demonstration purpose.

(B) Technology absorption:

Major efforts made towards technology absorption.



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- ▶▶ Company has upgraded its android application on Google play store so that any consumer can make the payment of the energy bill through its android mobile.
- ▶▶ Transformer load loss measurement facility at stores.
- ▶▶ Company is in the process of adopting new technologies to reduce the consumption of Electricity.

(C) Foreign exchange earnings and outgo

There were no foreign exchange earning and outgo during the year.

ANTI THEFT MEASURES:

Your Company is having a full- fledged Vigilance Department (DPE Wing).

- ▶▶ Night raids have been conducted where department transformers are inside the consumer premises like fish tanks, poultry farms, marriage function halls & Industries.
- ▶▶ Awareness was created among staff members and public not to allow any sort of evil practices.
- ▶▶ High loss sections or low specific or unmanned Distributions, Low consumption, Nil consumption, stuck up meters, burnt meters, no billing & UDC services were Inspected.
- ▶▶ Review of MRB registers, abnormal consumption services in EPIMRS were checked.
- ▶▶ Conducted intensive inspections in theft prone areas based on information received from Public, Material published in News papers, Vigilance reports etc.
- ▶▶ Intensive inspections over a specified area were being conducted by pooling up DPE Units of various OPE Divisions on getting the information from the concerned Superintending Engineer/Operations, and also as per the instructions from Joint Managing Director (V&S), Directors & Chairman & Managing Director.

VIGIL MECHANISM:

The Company has a Vigil Mechanism System as per the existing APSEB Employees Conduct Regulations which meets the objectives of having Vigil Mechanism policy in the Company as per Section 177 (9) of the Companies Act, 2013.

TARIFF

Andhra Pradesh Electricity Regulatory Commission [APERC] is the authority who has been entrusted with the various functions inter alia determination of tariff for electricity for various categories of consumers.

RISK MANAGEMENT POLICY:

The elements of risk threatening the Company's existence is very minimal. However, the Business risk evaluation and management is an ongoing process within the organization. The management reviews the reports of compliance to all applicable laws and regulations at frequent intervals.



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(An ISO 9001-2008 & ISO 27001:2005 Certified Company)

CORPORATE SOCIAL RESPONSIBILITY:

As per the provisions of Section 135 of the Companies Act, 2013, the Board has constituted the Corporate Social Responsibility Committee with the following Directors:

- ▶▶ Chairman & Managing Director
- ▶▶ Director (Finance & HRD)
- ▶▶ Director (Operations & Projects)

The Board also adopted CSR Policy of the Company, which has been posted on the website of the Company. CSR Budget to spent during the Financial year 2016-17 is NIL as the company is not having any average net profits for the last three financial years i.e. 2013-14, 2014-15 and 2015-16. Hence, the Company has not undertaken any projects as per CSR Policy. However, being a Power Distribution Company, we are continuously taking up energy efficiency measures as a part of CSR initiatives from time to time as per the State Government directives and with the association of Andhra Pradesh State Energy Conservation Mission (APSECM) which has been constituted by Government of Andhra Pradesh as a part of energy conservation measures. The Annual report on CSR activities as specified is annexed in the prescribed format, which forms part of this report.

BOARD OF DIRECTORS:

The Details of Directors of the Board from the last Annual General Meeting to till to date is as follows including changes.

Name of the Director	Designation	Date of appointment	Date of cessation
Sri H.Y.Dora	Chairman & Managing Director	15.09.2017	—
Sri M.M.Nayak, IAS	Chairman & Managing Director	03.08.2016	01.09.2017
Sri Rahul Pandey, IFS	Nominee Director	04.07.2015	—
Sri K.N.Malleswara Rao	Nominee Director	18.08.2011	—
Sri B.Seshu Kumar	Director (Operations)	16.06.2015	—
Sri T.V.S.Chandra Sekhar	Director (Finance)	26.06.2015	—

KEY MANAGERIAL PERSONNEL:

The Government of Andhra Pradesh has appointed Sri H. Y.Dora, as Chairman & Managing Director of the Company in place of Sri M.M.Nayak, IAS who had been transferred. And the following are the other Key Managerial Personnel of the Company.



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Sri T.V.S.Chandra Sekhar, Director (Finance) and Chief Financial Officer

Sri B.Seshu Kumar, Director (Operations)

Sri K.S.V.S.Sastry, Company Secretary

MEETINGS:

BOARD MEETINGS:

During the Financial Year 2016-17, 5 (Five) Board meetings were held on 31.05.2016, 08.08.2016, 26.09.2016, 13.10.2016 and 09.02.2017.

AUDIT COMMITTEE:

The Audit Committee of the Company consists of the following Directors as on the date of 17th Annual General Meeting:

Name of the Director	Designation
Sri P.Rahul Pandey, IFS	Nominee Director
Sri K.N.Malleswara Rao	Nominee Director
Sri B.Seshu Kumar	Director (Operations)
Sri T.V.S.Chandra Sekhar	Director (Finance)

During the Financial Year 2016-17, 3 (Three) Audit Committee Meetings were held on 31.05.2016, 08.08.2016 and 26.09.2016.

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

Regarding policy on Directors appointment and remuneration including criteria for determining qualification, positive attributes u/s 178(3) of the Companies Act, 2013, it is informed that it is a Government Company. The Government of Andhra Pradesh have issued guidelines in G.O.Ms.No.18, Energy (Power – III) dept., Dt.14.05.2012 for appointment of Directors in which selection procedure, selection committee, process of Selection of eligible persons, etc were given. Section 197 of the Companies Act, 2013 shall not apply to Government of Company as per Notification of MCA Dt.05.06.2015 i.e. on Managerial remuneration. And Clause (e) of Sub- Section (3) of Section 134 of the Companies Act, 2013 shall not apply to Government Company as per the Notification of MCA Dt.05.06.2015 i.e. policy on Directors appointment and remuneration etc.,



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DIRECTORS RESPONSIBILITY STATEMENT:

To the best of knowledge, belief and according to the information received, the Board of Directors confirm as under for the Financial Year 2016-17 in terms of Section 134 (3) (c) of the Companies Act, 2013.

- i. In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. 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 or loss of the company for that period;
- iii. The Directors had taken proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- iv. The Directors had prepared Annual Accounts on a going concern basis.
- v. 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.

AUDITORS & AUDIT REPORT :

i) INTERNAL AUDITORS:

The Company had appointed Internal Auditors for each Division separately for conducting Internal Audit of the Company for the Period from 1st April, 2016 to 31st March, 2017 and the Audit Committee is reviewing reports received from the internal auditors from time to time.

ii) STATUTORY AUDITORS:

The Office of the Comptroller and Auditor General of India (C&AG) have appointed M/s Grandhy & Co., (SR0164), Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2016-2017 and also C&AG have appointed same auditors i.e. M/s Grandhy & Co., (SR0164) Chartered Accountants as Statutory Auditors of the Company for the financial year 2017-2018.

iii) COST AUDIT:

Under the directives of Section 148 (1) of Companies Act, 2013, the Company is required to conduct a cost audit. The Board, on the recommendations of the Audit Committee, appointed M/s. Narasimha Murthy & Co., Cost Accountants as Cost Auditor for the Financial year 2016-17 and has received the cost audit report which will be submitted to the Central Government.

The Board also re-appointed Mr. M/s. Narasimha Murthy & Co., as Cost Auditor for the Financial Year 2017-18. As per the provisions of the Companies Act, 2013, the remuneration of the Cost



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Auditor as approved by the Board is to be ratified by the Members and the necessary resolution for the approval of the shareholders is included in the notice of the Annual General Meeting.

iv) SECRETARIAL AUDITORS:

The Board of Directors appointed Sri P.Vithal Kumar, Practicing Company Secretary as Secretarial Auditor of the Company for the F.Y.2016-17 and he has submitted his report along with his adverse remarks on the non appointment of Independent Directors and Woman Director as per the provisions of Companies Act, 2013.

The Board of Directors would like to inform you that the proposal of appointing Independent Directors and Woman Director is subject to approval of the Government of Andhra Pradesh. Report of the secretarial auditor is Annexed which forms part of this report.

REPLIES TO COMMENTS OF THE STATUTORY AUDITORS AND THE C&AG :

Replies of the management to comments of the Statutory Auditors and the Comptroller and Auditor General of India (CAG) u/s143 of the Companies Act, 2013 respectively are Annexed hereto and forms part of this Report.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to address these deficiencies.

RELATED PARTY TRANSACTIONS :

During the Financial year 2016-17, the Company has not entered into any related party transactions as per the provisions of Section 188 of the Companies Act, 2013.

EXTRACT OF ANNUAL RETURN:

As provided under Section 92(3) of the Companies Act, 2013, the extract of annual return is Annexed in the prescribed Form MGT-9, which forms part of this report.

COMPLIANCE WITH SEXUAL HARASSMENTS OF WOMEN AT WORK PLACE :

The Company has in place an Anti Sexual Harassment Policy to prevent, prohibit and redress the issues on the Sexual Harassment of Women at the work place.

HUMAN RESOURCE DEVELOPMENT ACTIVITIES:

- ▶▶ The Rule of Reservation is followed both in promotions and recruitment.



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- ▶▶ Industrial harmony was maintained through out the year and continuous interaction with respective unions / Associations were maintained.
- ▶▶ Motivational steps such as Non – Monetary Rewards, encouragement by commendation Certificates etc., were maintained.

OTHER DISCLOSURES:

Your Directors state that no disclosure or reporting is required in respect of the following item as there were no transactions on these items during the year under Review:

1. During the year under review, the Company has neither accepted nor renewed any deposits covered / as defined under Chapter-V of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.
2. The Managing Director of the Company did not receive any remuneration or commission from any of its subsidiaries as there are no subsidiaries.
3. No significant or material orders were passed by the regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. There is no occurrence of material change and commitment made between the end of Financial Year and date of this report which has affected financial position of the Company.
5. There was no change in the nature of business of the Company during the Financial Year 2016-17.
6. The company is engaged in distribution of power and being a Government Company which is covered under the exemptions notified by the Ministry in this regard on 5th June, 2015. Accordingly, the details of loan given or guarantee or security provided by the company are not required to be reported.
7. There were no instances of frauds identified or reported by the Statutory Auditor during the course of the Audit pursuant to Section 143 (12) of the Companies Act, 2013.
8. The Company has no subsidiary or joint venture or associate Company as defined under the Companies Act, 2013.
9. The Company being a Government Company is exempted vide Notification No. GSR-163 (E) Dated 05-Jun-2015 issued by the Ministry of Corporate Affairs (MCA), Govt. of India, to furnish information as required under Section 197 of the Companies Act, 2013 , relating to particulars of employees.

ACKNOWLEDGEMENTS:

Your Directors acknowledge the invaluable support and co-operation of the Chairman & Managing Director, APTRANSCO and Chairman & Managing Director of APSPDCL. We welcome Sri H. Y. Dora who has been appointed as Chairman and Managing Director of the Company on the Board by the Government of Andhra Pradesh. We also place on record our appreciation for the excellent contribution rendered by Sri



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M.M.Nayak, IAS during his tenure as Chairman on the Board. We take this opportunity to thank the Principal Secretary to Energy, Government of A.P., the Secretary, APERC and other officials of the Govt. of A.P., 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 Employees' Unions and the Engineers' and Officers' Associations of APEPDCL, for their invaluable services. We further congratulate the accounts department for their dedicated involvement in completing and preparing the accounting statements as well as in completing Statutory Audit and A.G. Audit as per schedule.

By Order of the Board

Sd/-xxxx

H.Y. DORA

Chairman & Managing Director



ANNUAL REPORT ON CSR ACTIVITIES

- 1) A brief outline of the company’s CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs:

The CSR policy of the Company states that the activities to be undertaken by the Company shall be within the gamut of activities specified in Schedule VII of the Companies Act, 2013. The amount of the expenditure to be incurred during any financial year shall be at least the amount specified in the said Act and the relevant rules.

- 2) The composition of the CSR Committee:

The CSR Committee of the Board of Directors consists of the following three members:

- Chairman and Managing Director
- Director (Finance & HRD)
- Director (Operations & Projects)

- 3) Average net profit of the company for last three financial years:

CSR Budget to be spent during the Financial Years 2016-17 is NIL as the Company incurred losses to the extent of (-) 135.85 Crores (-) Rs. 722.24 Crores and (-) Rs. 471.86 Crores during the Financial Years 2013-14, 2014-15 and 2015-16 respectively. Therefore, the Company does not have any average net profits to arrive at CSR Budget for the respective financial years.

- 4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above): NIL

- 5) Details of CSR spent during the financial year.

- (a) Total amount to be spent for the financial year: NIL
- (b) Amount unspent, if any: NIL
- (c) Manner in which the amount spent during the financial year is detailed below:

S. No	CSR project or activity identified	Sector in which the project is covered	Area where project was undertaken	Budgeted outlay (Rs. lakhs)	Actual expenditure (Rs. lakhs)	Cumulative expenditure up to 31-Mar-17 (Rs. lakhs)	Direct/ Implementing agency
<p>The Company has not undertaken any CSR activities during the Financial Year 2016-17 as the Company does not have average net profits as the Company incurred losses for preceding Three Financial Years i.e.2013-14, 2014-15, 2015-16.</p>							



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- 6) In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. NOT APPLICABLE
- 7) Responsibility statement:
The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the company.

For and on behalf of the Board of Directors

Sd/-xxxx

H.Y.Dora

Chairman & Managing Director



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Staying Ahead Consistently

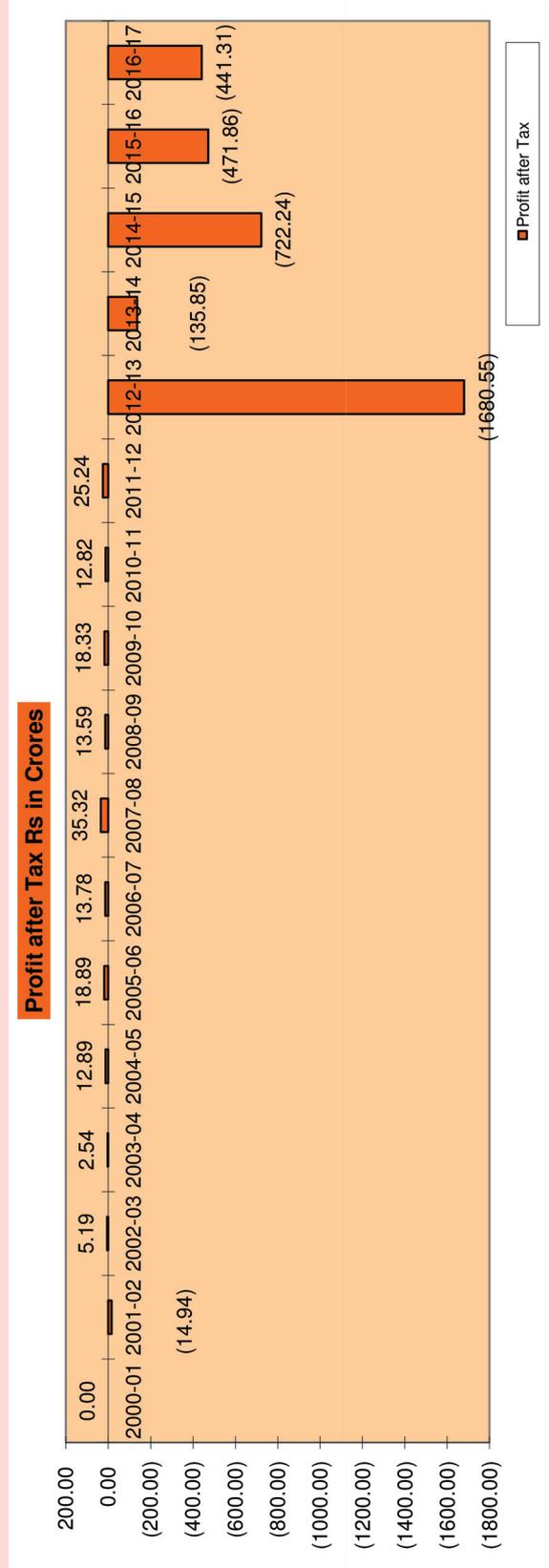
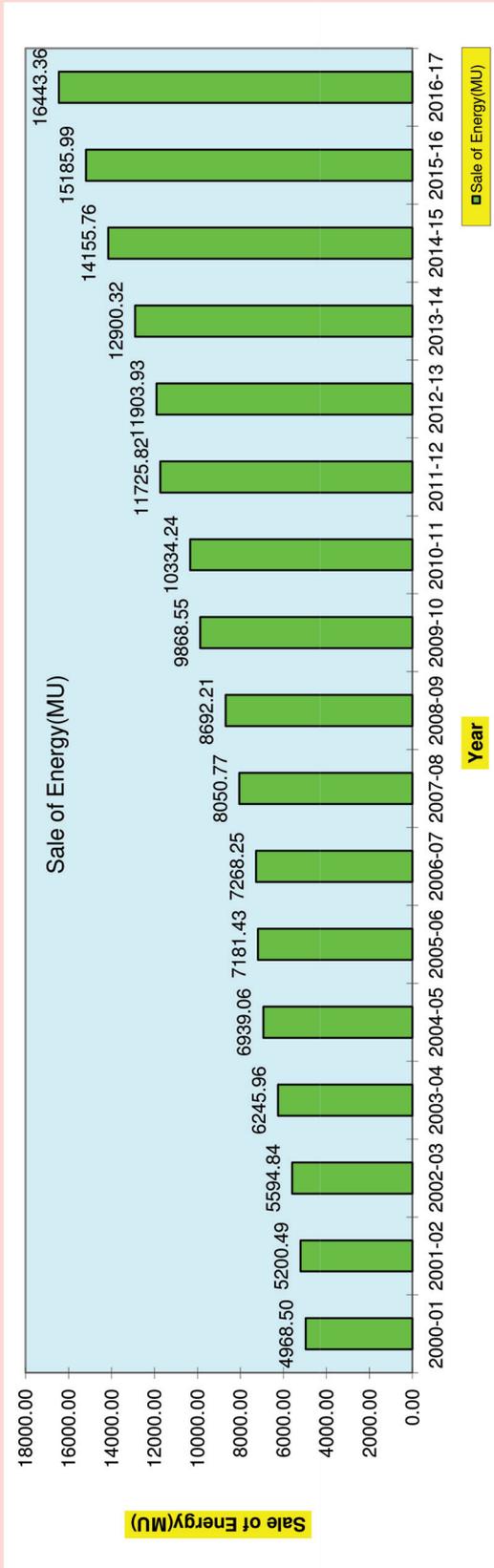




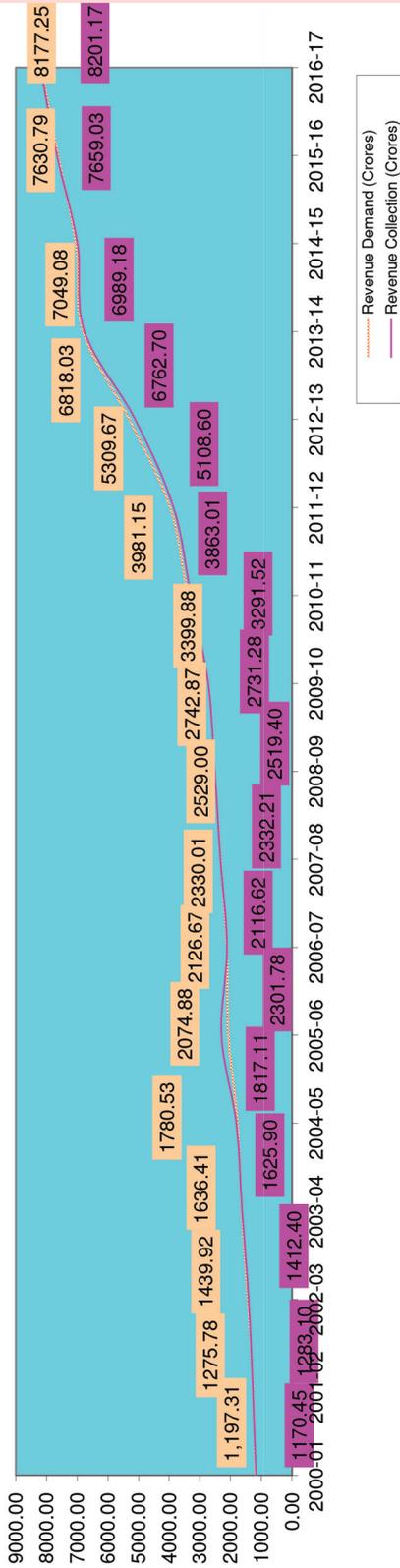
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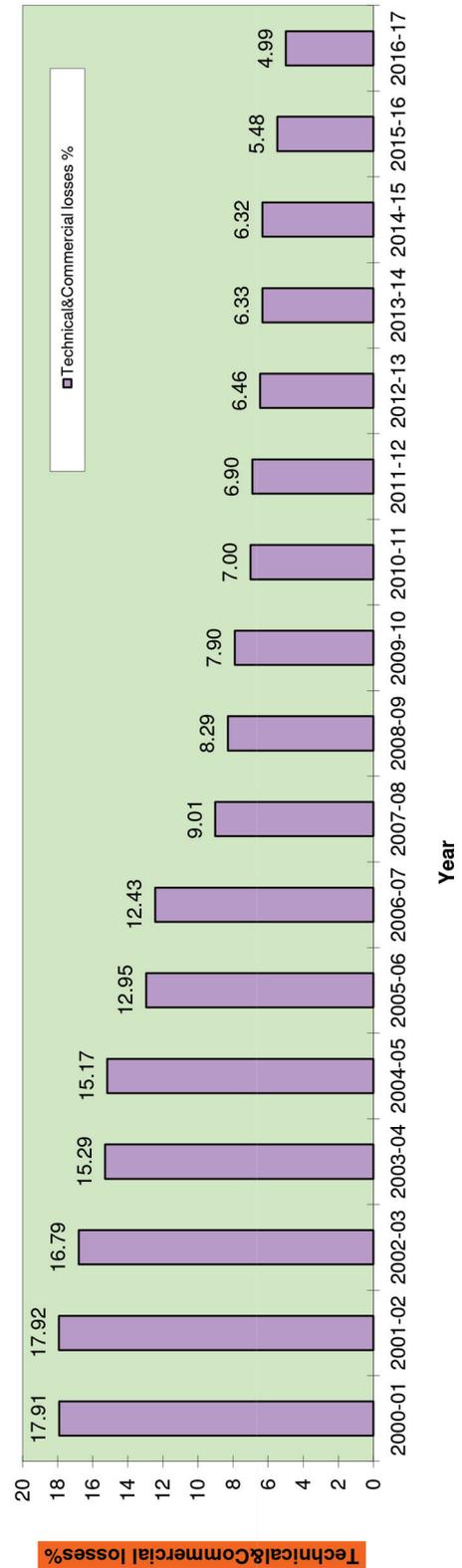
YEAR	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	
PERFORMANCE HIGHLIGHTS	Sale of Energy(MU)	4968.50	5200.49	5594.94	6245.96	6939.06	7181.43	7268.25	8050.77	8692.21	9868.55	10334.24	11725.82	11903.93	14155.76	15185.99	16443.36	
	Revenue Demand (Crores)	1197.31	1275.78	1439.92	1636.41	1780.53	2074.88	2126.67	2330.01	2529.00	2742.87	3399.88	3981.15	5309.67	7049.08	7630.79	8177.25	
	Revenue Collection (Crores)	1170.45	1283.10	1412.40	1625.90	1817.11	2301.78	2116.62	2332.21	2519.40	2731.28	3291.52	3863.01	5108.60	6762.70	6989.18	7659.03	8201.17
OPERATIONAL HIGHLIGHTS	Technical & Commercial losses %	17.91	17.92	16.79	15.29	15.17	12.95	12.43	9.01	8.29	7.90	7.00	6.90	6.33	6.32	5.48	4.99	
FINANCIAL HIGHLIGHTS	Total Revenue	1198.11	1540.67	1663.98	1821.52	2013.25	2138.02	2322.68	2731.32	3534.14	3983.83	4470.83	5508.29	5091.41	6350.67	7960.71	8796.41	8729.24
	Total Expenditure	1198.11	1555.61	1658.34	1818.76	1999.21	2106.49	2309.6	2766.23	3510.38	3966.55	4454.82	5489.83	6771.96	8682.95	9268.27	9170.55	
	Profit after Tax	0.00	(14.94)	5.19	2.54	12.89	18.89	13.78	35.32	13.59	18.33	12.82	25.24	(1660.55)	(722.24)	(471.86)	(441.31)	



Revenue Demand Vs Revenue Collection (Rs in crores)



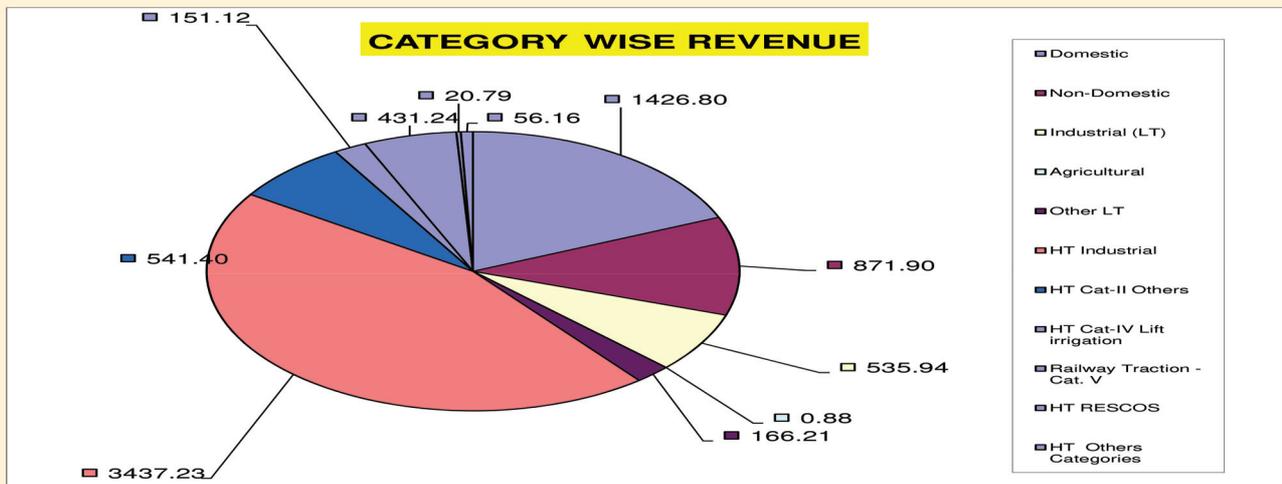
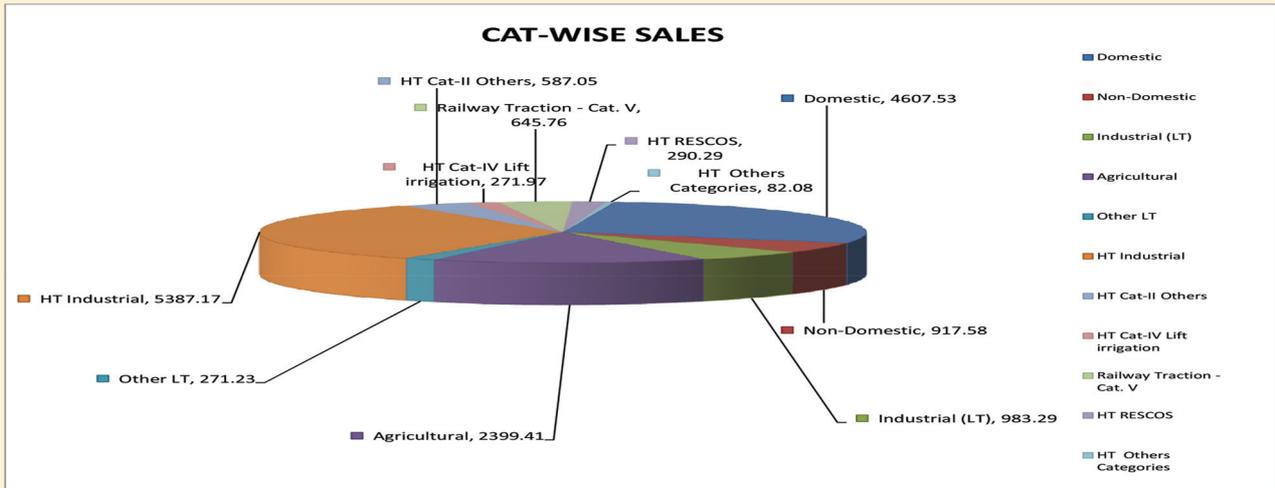
Technical & Commercial losses %





SALES AND REVENUE - CATEGORY WISE 2016-17

Particulars	SALES		REVENUE	
	MU	%	Rs. Crores	%
Domestic	4607.53	28.02	1426.80	18.68
Non-Domestic	917.58	5.58	871.90	11.41
Industrial (LT)	983.29	5.98	535.94	7.02
Agricultural	2399.41	14.59	0.88	0.01
Other LT	271.23	1.65	166.21	2.18
HT Industrial	5387.17	32.76	3437.23	44.99
HT Cat-II Others	587.05	3.57	541.40	7.09
HT Cat-IV Lift irrigation	271.97	1.65	151.12	1.98
Railway Traction - Cat. V	645.76	3.93	431.24	5.64
HT RESCOS	290.29	1.77	20.79	0.27
HT Others Categories	82.08	0.50	56.16	0.74
TOTAL	16443.36	100.00	7639.67	100.00





FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

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

I. REGISTRATION & OTHER DETAILS:

1	CIN	U40109AP2000SGC034117
2	Registration Date	30.03.2000
3	Name of the Company	EASTERN POWER DISTRIBUTION COMPANY OF ANDHARA PRADESH LIMITED
4	Category/Sub-category of the Company	COMPANY LIMITED BY SHARES / ANDHRA PRADESH STATE GOVERNMENT COMPANY
5	Address of the Registered office & contact details	CORPORATE OFFICE, P & T COLONY, SEETHAMMADHARA, VISAKHAPATNAM
6	Whether listed company	NO
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	EASTERN POWER DISTRIBUTION COMPANY OF ANDHARA PRADESH LIMITED, CORPORATE OFFICE, P&T COLONY, SEETHAMMADHARA, VISAKHAPATNAM - 530013 WEBSITE ADDRESS: www.apeasternpower.com Tel: 0891 - 2582503 Fax:2737675

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	Power Distribution	9953	100%
2			
3			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	NIL				
2					
3					



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-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) State Govt(s)	0	121,225,329	121,225,329	100.00%	0	121,225,329	121,225,329	100.00%	0.00%
d) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Banks / FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub Total (A) (1)	-	121,225,329	121,225,329	100.00%	-	121,225,329	121,225,329	100.00%	0.00%
(2) Foreign									
a) NRI Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Other Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub Total (A) (2)	0	0	0	0.00%	0	0	0	0.00%	0.00%
TOTAL (A)	-	121,225,329	121,225,329	100.00%	-	121,225,329	121,225,329	100.00%	0.00%
B. Public Shareholding									
I. Institutions									
a) Mutual Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Banks / FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
g) FIs	0	0	0	0.00%	0	0	0	0.00%	0.00%
h) Foreign Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
	0	0	0		0	0	0		
i) Others (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-total (B)(1):-	0	0	0	0.00%	0	0	0	0.00%	0.00%



Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0.00%	0	0	0	0.00%	0.00%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Individuals	0	0	0		0	0	0		
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0 0 0 0	0 0 0 0	0 0 0 0	0.00%	0 0 0 0	0 0 0 0	0 0 0 0	0.00%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0 0 0 0	0 0 0 0	0 0 0 0	0.00%	0 0 0 0	0 0 0 0	0 0 0 0	0.00%	0.00%
c) Others (specify)	0	0	0		0	0	0		
Non Resident Indians	0	0	0	0.00%	0	0	0	0.00%	0.00%
Overseas Corporate Bodies	0	0	0	0.00%	0	0	0	0.00%	0.00%
	0	0	0		0	0	0		
Foreign Nationals	0	0	0	0.00%	0	0	0	0.00%	0.00%
Clearing Members	0	0	0	0.00%	0	0	0	0.00%	0.00%
Trusts	0	0	0	0.00%	0	0	0	0.00%	0.00%
Foreign Bodies - DR	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-total (B)(2):-	0	0	0	0.00%	0	0	0	0.00%	0.00%
Total Public (B)	0	0	0	0.00%	0	0	0	0.00%	0.00%
C. Shares held by Custodian for GDRs & ADRs	0 0	0 0	0 0	0.00% 0	0 0	0 0	0 0	0.00% 0	0.00% 0
Grand Total (A+B+C)	-	121,225,329	121,225,329	100.00%	-	121,225,329	121,225,329	100.00%	0.00%



(ii) Shareholding of Promoter

Category of Shareholders	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change 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 Honorable Governor of Andhra Pradesh	121,225,320	99.999993%	0	121,225,320	99.999993%	0	0.00%
2 Individuals / Government Nominees	9	0.000007%	0	9	0.000007%	0	0.00%
3	121,225,329	100.00%	0	121,225,329	100.00%	0	0.00%

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

S. No	Particulars	Date	Reason	Cumulative Shareholding during the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year		There is no change in Promoters' Shareholding between 01.04.2016 to 31.03.2017 except change of names of Government Nominees				
	Changes during the year						
	At the end of the year						

(iv) Shareholding Pattern of top ten Shareholders

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

S. No	Particulars	Date	Reason	Cumulative Shareholding during the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Name						
	At the beginning of the year	01.04.2016					
	At the end of the year	31.03.2017					



(v) Shareholding of Directors and Key Managerial Personnel:

S. No	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Sri Mutyala Raju Revu	01.04.2016	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2017	At the end of the Year	-	-	-	0.00000000%
2	Sri Rahul Pandey	01.04.2016	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2017	At the end of the Year	-	-	1	0.00000082%
3	Sri B.Seshu Kumar	01.04.2016	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2017	At the end of the Year	-	-	1	0.00000082%
4	Sri T.V.S.Chandra Sekhar	01.04.2016	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2017	At the end of the Year	-	-	1	0.00000082%
5	Sri K.N.Malleswara Rao	01.04.2016	At the beginning of the Year	-	0.00000000%	-	0.00000000%
		31.03.2017	At the end of the Year	-	-	-	0.00000000%
6	Sri M.M.Nayak	01.04.2016	At the beginning of the Year	-	0.00000000%	-	0.00000000%
		31.03.2017	At the end of the Year	-	-	1	0.00000082%



V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	46,900,310,516.00	-	-	46,900,310,516.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	46,900,310,516.00	-	-	46,900,310,516.00
Change in Indebtedness during the financial year				
* Addition	14,875,753,336.00	-	-	14,875,753,336.00
* Reduction	30,433,646,605.00	-	-	30,433,646,605.00
Net Change	(15,557,893,269.00)	-	-	(15,557,893,269.00)
Indebtedness at the end of the financial year				
i) Principal Amount	31,342,417,247.00	-	-	31,342,417,247.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	31,342,417,247.00	-	-	31,342,417,247.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director

S.No.	Particulars of Remuneration	Name of Managing Director		Total Amount (Rs.)
		Sri Mutyala Raju Revu, IAS	Sri M.M.Nayak, IAS	
	Name	Sri Mutyala Raju Revu, IAS	Sri M.M.Nayak, IAS	
	Designation	Managing Director	Managing Director	
1	Gross salary	684579.00	1593565.00	2,278,144.00
	(a) Salary as per provisions contained 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	---	---	---
2	Stock Option	---	---	---
3	Sweat Equity	---	---	---
4	Commission	---	---	---
	- as % of profit	---	---	---
	- others, specify	---	---	---
5	Others, please specify	---	---	---
	Total (A)	684579.00	1593565.00	2,278,144.00
	Ceiling as per the Act			



A. Remuneration to Whole-time Directors

S.No.	Particulars of Remuneration	Name of Whole Time Director		Total Amount (Rs.)
	Name	Sri B.Seshu Kumar	Sri T.V.S.Chandra Sekhar	
	Designation	Director (Operations)	Director (Finance) / CFO	
1	Gross salary	1918534.00	2450361.00	4,368,895.00
	(a) Salary as per provisions contained 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	---	---	---
2	Stock Option	---	---	---
3	Sweat Equity	---	---	---
4	Commission	---	---	---
	- as % of profit	---	---	---
	- others, specify	---	---	---
5	Others, please specify	---	---	---
	Total (A)	1918534.00	2450361.00	4,368,895.00
	Ceiling as per the Act			

B. Remuneration to Other Directors

S.No.	Particulars of Remuneration	Name of Whole Time Director				Total Amount (Rs.)
1	Independent Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
2	Other Non-Executive Directors	Sri Rahul Pandey, IFS	Sri K.N. MalleswaraRao	-	-	-
	Fee for attending board committee meetings	1,000.00	-	-	-	1,000.00
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	1,000.00	-	-	-	1,000.00
	Total (B)=(1+2)	1,000.00	-	-	-	1,000.00
	Total Managerial Remuneration	-	-	-	-	6,648,039.00
	Overall Ceiling as per the Act	-	-	-	-	-



C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

S.No	Particulars of Remuneration	Name of the Key managerial personnel	Total Amount (Rs.)
	Name	K.S.V.S.Sastry	
	Designation	Company Secretary	
1	Gross salary	880718.00	880718.00
	(a) Salary as per provisions contained 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	---	---
2	Stock Option	---	---
3	Sweat Equity	---	---
4	Commission	---	---
	- as % of profit	---	---
	- others, specify	---	---
5	Others, please specify	---	---
	Total (A)	---	880718.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.					
B. DIRECTOR					
Penalty					
Punishment					
Compounding					
There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					
There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.					



Eastern Power
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Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

[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,

Eastern Power Distribution Company of Andhra Pradesh Limited

APEPDCL, Corporate Office, P&T Colony,

Seethammadhara, Visakhapatnam – 530013.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Eastern Power Distribution Company of Andhra Pradesh Limited (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 Eastern Power Distribution Company of Andhra Pradesh Limited'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/~~our~~ opinion, the company has, during the audit period covering the financial year ended on 31.03.2017, 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 Eastern Power Distribution Company of Andhra Pradesh Limited ("the Company") for the financial year ended on 31.03.2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (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; and
- (iii) The Electricity Act, 2003 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.



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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 and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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 monitor 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 continues to be 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 : Visakahapatnam

Date : 28.08.2017

Signature : Sd/-XXXX

Name : P. VITHAL KUMAR

ACS 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.



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‘Annexure A’

To
The Members,
Eastern Power Distribution Company of Andhra Pradesh Limited
APEPDCL, Corporate Office, P&T Colony,
Seethammadhara, Visakhapatnam – 530013.

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 : 28.08.2017

Signature : Sd/-XXXX

Name : P. VITHAL KUMAR

ACS No. : 14440

CP No. 8224



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प्रधान महालेखाकार (लेखापरीक्षा) का कार्यालय

आन्ध्र प्रदेश, हैदराबाद - 500 004.

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT)

ANDHRA PRADESH, HYDERABAD - 500 004.

No.PAG (Audit)/AP/ES (Power)/APEPDCL/AA 2016-17/66

Date: 14/12/2017

To

The Chairmen and Managing Director,
Eastern Power Distribution Company of A.P. Limited,
P&T Colony, Seethammadhara,
Visakhapatnam – 530 013.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act 2013 on the Financial Statements of Eastern Power Distribution Company of A.P. Limited, Visakhapatnam for the year ended 31 March 2017.

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 Financial Statements of your company for the year ended 31 March 2017 for necessary action. You are requested to communicate/ furnish the following.

1. The date of placing Annual Report for the year 2016-17 together with the financial statements, comments of the Comptroller and Auditor General of India and independent auditor's report before the shareholders of the company. A copy of the proceedings of the meeting held in this regard may be furnished.
2. The date of forwarding the Annual Report and Financial Statements of the company for the year 2016-17 together with the auditor's report and comments of the Comptroller and Auditor General of India to the State Government for being placed before the Legislature of Andhra Pradesh may be communicated.
3. Ten copies of the Annual Report for the year 2016-17 may be furnished in due course. PDF copy of the Annual Report may also be furnished for our record.

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

Yours faithfully,

Encl: As stated.

Medhanubhaw
14/12/2017

Sr. Deputy Accountant General (ES)



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Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of Eastern Power Distribution Company of A.P. Limited, Visakhapatnam for the year ended 31 March 2017.

The Preparation of financial statements of Eastern Power Distribution Company of A.P. Limited, Visakhapatnam for the year ended 31 March 2017 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 4 August 2017.

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 Eastern Power Distribution Company of A.P. Limited, Visakhapatnam for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 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:

A. Comments on Financial Position

Balance Sheet

Equities and Liabilities

Current Liabilities

1. Trade Payables (Note No.8) - ₹ 2,126.92 crore

The above is understated by ₹ 341.97 crore due to non-provision of liability towards differential tariff charges payable to APPDCL towards purchase of power during 2015-17. As per the tariff orders approved by APERC, energy charges payable to APPDCL during 2015-17 was ₹ 1,871.75 crore (2015-16 ₹ 622.75 crore at ₹ 4.31 per unit and 2016-17 ₹ 1,249 crore at ₹ 4.51 per unit). Against this, the company admitted the bills for



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an amount of ₹ 1,529.78 crore at ₹ 3.63 per unit. However, provision was not made towards the balance amount of ₹ 341.97 crore. This has resulted in understatement of Trade Payables (credit) and Cost of Power Purchase / Prior Period Expenditure (debit) by ₹ 341.97 crore. Consequently, Loss for the year was understated by the same amount.

B. Comments on Profitability
Statement of Profit and Loss

2. Other Income (Note No.22) - ₹ 449.24 crore

The above is understated by ₹ 2,998.99 crore due to non-accountal of revenue grant received from Government of AP during the year. Grant received was in accordance with the tripartite agreement entered into between the company, GoAP and Union Ministry of Power under UDAY scheme. Purpose of the grant is to improve the financial position of the company by utilising the grant received for repayment of loans/ bonds. In the Gazette notifications issued for release of grant, it was clearly mentioned that the purpose of the grant is towards financial assistance to the company. Hence, the grant should have been treated as revenue grant but the company accounted the same as Capital Grant. This has resulted in understatement of Other Income. Consequently, Loss for the year is overstated or Profit for the year understated by ₹ 2,998.99 crore.

Expenses

3. Cost of Power Purchase (Note No.23) - ₹ 7,371.19 crore

The above is understated by ₹ 8.01 crore due to non-accountal of amount payable to Energy Efficiency Services Limited (EESL) towards the energy saving charges for the year 2016-17 under DSM based Efficient Lighting Programme (DELP) Scheme. Under the scheme, EESL replaced the normal bulbs with LED bulbs and is entitled for energy saving charges as per the agreement terms. Even though the company received bills towards energy saving charges before closure of accounts, the same were not taken into account. This has resulted in understatement of Other Expenses (debit) and Other Current Liabilities (credit) by ₹ 8.01 crore. Consequently, Loss for the year was understated by the same amount.

C. Comments on Disclosure

4. Notes to Accounts

For the year 2016-17, TSGENCO claimed ₹ 325.04 crore towards Fuel Cost Adjustment (FCA) amount in connection with supply of power to the company and APSPDCL.



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Against this, APPCC which regulates the power purchase bills on behalf of the Discoms provisionally admitted the FCA claim for ₹ 274.25 crore which is to be paid subject to approval by APERC. Out of this, FCA liability of the company is ₹ 93.98 crore (₹ 274.25 crore X 34.27% - balance amount of ₹ 180.27 crore pertains to APSPDCL). Even though the amount involved is materially significant, company neither made provision nor disclosed the fact in the Notes to Accounts.

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

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

Place: Hyderabad
Date: 14.12.2017



Replies of the Company to the Comments of the Comptroller and Auditor General of India Under Section 143 (6) (b) of the Companies Act,2013 for the year ended 31, March,2017.

S.No.	Comments of the Comptroller and Auditor General of India.	Reply of the Company
1	<p>A.Comments on Financial Position: Balance Sheet Equities and Liabilities Current Liabilities Trade Payables (Note. No.8)- Rs.2126.92 Crores</p> <p>The above is understated by Rs.341.97 crore due to non-provision of liability towards differential tariff charges payable to APPDCL towards purchase of power during 2015-17. As per the tariff orders approved by APERC, energy charges payable to APPDCL during 2015-17 was Rs.1,871.75 crore (2015-16 Rs.622.75 crore at Rs.4.31 per unit and 2016-17 Rs.1,249 crore at Rs.4.51 per unit). Against this, the company admitted the bills for an amount of Rs.1,529.78 crore at Rs.3.63 per unit.</p> <p>However, provision was not made towards the balance amount of Rs.341.97 crore. This has resulted in understatement of Trade Payables (credit) and Cost of Power Purchase / Prior Period Expenditure (debit) by Rs.341.97 crore. Consequently, Profit for the year was overstated by the same amount.</p>	<p>M/s APPDCL/SDSTPS, has claimed an amount of Rs. 4458.60 Crs during the year 2016-17, where as Hon'ble APERC approved tariff as per Retail Supply Tariff Order is Rs.4.51 per kwh (Cost is Rs.3644.56 Crs).</p> <p>The APDISCOMS filed O.P. No.21 of 2016 Hon'ble APERC for consent of Power Purchase Agreement entered with M/s APPDCL/SDSTPS. The filed petition still under hearings and awaiting approval from Hon'ble APERC. APEPDCL Cost is Rs.439.98 Crs (34.27%).</p> <p>Further, Hon'ble APERC vide their Letter No.505/2017 Dt.07.06.17 informed to APSPDCL, that APDISCOMS shall continue to pay the adhoc tariff of Rs.3.63 per kwh to M/s APPDCL/SDSTPS as was made clear by the commission during the hearings in O.P. No.21 of 2016, subject to any further or final orders that may be passed by the commission.</p> <p>This fact of above payments is disclosed in financial statements in note No.27.12 and Sub-Head (n).</p> <p>However, after finalization of PPA and Tariff by Hon'ble APERC, the differential cost will be considered in the books of accounts.</p>



S.No.	Comments of the Comptroller and Auditor General of India.	Reply of the Company																																												
2	<p>B. Comments on Profitability Statement of Profit and Loss Account Other Income (Note No.22)-Rs.449.24 Crores.</p> <p>The above is understated by Rs.2,998 crore due to non-accountal of revenue grant received from Government of AP during the year. Grant received was in accordance with the tripartite agreement entered into between the company, GoAP and Union Ministry of Power under UDAY scheme. Purpose of the grant is to improve the financial position of the company by utilising the grant received for repayment of loans/ bonds.</p> <p>In the Gazette notifications issued for release of grant, it was clearly mentioned that the purpose of the grant is towards financial assistance to the company. Hence, the grant should have been treated as revenue grant but the company accounted the same as Capital Grant. This has resulted in understatement of Other Income and Profit for the year by Rs.2,998 crore.</p>	<p>GOI/Ministry of Power has notified UDAY (Ujwal DISCOM Assurance Yojana) scheme for the Financial Turnaround of Power Distribution Companies (DISCOMs), with an objective of improving the Operational and Financial efficiency of the DISCOMs.</p> <p>Year wise accumulated loss of APEPDCL are as follows: (in Crores)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Net Loss</th> <th>Accumulated Loss</th> <th>Net Worth</th> </tr> </thead> <tbody> <tr> <td>2012-13</td> <td>1680.55</td> <td>1558.60</td> <td>-1314.40</td> </tr> <tr> <td>2013-14</td> <td>135.85</td> <td>1694.45</td> <td>-1235.17</td> </tr> <tr> <td>2014-15</td> <td>722.24</td> <td>2416.68</td> <td>-1975.50</td> </tr> <tr> <td>2015-16</td> <td>471.86</td> <td>2888.54</td> <td>-2433.47</td> </tr> <tr> <td>2016-17</td> <td>441.31</td> <td>3329.85</td> <td>215.79</td> </tr> </tbody> </table> <p>As per Tripartite MOU , GoAP shall take over 75% of the working capital loans amounting to Rs. 2094.53 Crores and outstanding 2012 FRP bonds of Rs. 1205.95 crores (Total Rs. 3300.48 crores).</p> <table border="1"> <thead> <tr> <th>S. No.</th> <th>Particulars</th> <th>Loans Outstanding on 30.09.2015 (Rs. in Crores)</th> <th>Loans Covered Under UDAY Scheme (Rs. in Crores)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Against 100% of FRP Bonds liability</td> <td>1205.95</td> <td>1205.95</td> </tr> <tr> <td>2</td> <td>Against 75% Working capital loan</td> <td>2792.7</td> <td>2094.53</td> </tr> <tr> <td>3</td> <td>Capex loans</td> <td>266.17</td> <td>-</td> </tr> <tr> <td></td> <td>TOTAL</td> <td>4264.82</td> <td>3300.48</td> </tr> </tbody> </table>	Year	Net Loss	Accumulated Loss	Net Worth	2012-13	1680.55	1558.60	-1314.40	2013-14	135.85	1694.45	-1235.17	2014-15	722.24	2416.68	-1975.50	2015-16	471.86	2888.54	-2433.47	2016-17	441.31	3329.85	215.79	S. No.	Particulars	Loans Outstanding on 30.09.2015 (Rs. in Crores)	Loans Covered Under UDAY Scheme (Rs. in Crores)	1	Against 100% of FRP Bonds liability	1205.95	1205.95	2	Against 75% Working capital loan	2792.7	2094.53	3	Capex loans	266.17	-		TOTAL	4264.82	3300.48
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		<p>As per G.O M.S No. 243 Dt.19.12.2016, Govt. of India has given consent under article 293 (3) of the Constitution of India for taking over the liabilities 75% of outstanding DISCOM debt, including FRP 2012 bonds of State DISCOMs and for issue of non-SLR bonds under UDAY Scheme for discharging the debt of State Power DISCOMs.</p> <p>Accordingly the GoAP has taken over the following outstanding Loans as on 30.09.2015 from APEPDCL during Oct/2016 & March/2017 by issuing non-SLR bonds and the proceeds realized from this issue have been utilized to discharge the DISCOM Loans/ Debts as follows:</p> <table border="1" data-bbox="890 1059 1423 1335"> <thead> <tr> <th>S. No.</th> <th>Particulars</th> <th>Amount (Rs. in Crores)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Against 75% of FRP Bonds liability</td> <td>904.46</td> </tr> <tr> <td>2</td> <td>Against 75% Working capital loan</td> <td>2094.53</td> </tr> <tr> <td colspan="2">TOTAL</td> <td>2998.99</td> </tr> </tbody> </table> <p>As per G.O M.S No. 243 dt19.12.2016 Govt. of Andhra Pradesh Notified that the financial Assistance given under UDAY Scheme is to be treated as Grant-in-Aid in the books of the Govt.</p> <p>As the Grant. In Aid received from Govt. of Andhra Pradesh under UDAY Scheme is non refundable grant and Financial Assistance received to meet the liability of the DISCOM, it was treated as capital receipt in the hands of APEPDCL and disclosed under Reserves and Surplus.</p> <p>Hence the financial assistance received under UDAY Scheme is treated as Capital grant and there is no understatement of other Income and profit for the F.Y 2016-17.</p>	S. No.	Particulars	Amount (Rs. in Crores)	1	Against 75% of FRP Bonds liability	904.46	2	Against 75% Working capital loan	2094.53	TOTAL		2998.99
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3	<p>Expenses</p> <p>Cost of Power Purchase (Note No.23) – Rs.7371.19 Crores.</p> <p>The above is understated by Rs.8.01 crore due to non-accountal of amount payable to Energy Efficiency Services Limited (EESL) towards the energy saving charges for the year 2016-17 under DSM based Efficient Lightning Programme (DELP) Scheme. Under the scheme, EESL replaced the normal bulbs with LED bulbs and is entitled for energy saving charges as per the agreement terms. Even though the company received bills before closure of accounts, the same were not taken into account. This has resulted in under statement of Other Expenses (debit) and Other Current Liabilities (credit) by Rs.8.01 crore. Consequently, Profit for the year was overstated by the same amount.</p>	<p>For timely completion of Audit of Books of Accounts a schedule was communicated to close the accounts by 10th May,2017 to submit the annual accounts to Statutory Auditor. However all the costs are recognized pertains to F.Y 2016-17 up to the month of 6/2017 and necessary provisions created in the books of accounts of F.Y 2016-17.</p> <p>The bills for Rs.2.19 Crores received from EESL pertains to F.Y 2016-17 in 07/2017 after closure of accounts of F.Y 2016-17. Hence these Costs are recognized in F.Y 2017-18.</p> <p>The bills for Rs.8.01 crores received from EESL pertains to F.Y 2016-17 received in F.Y 2017-18 prior to closure of accounts but inadvertently provision could not be made and these costs are recognized in F.Y 2017-18.</p> <p>The Loss of EPDCL for F.Y 2016-17 is Rs.441.31 Crores and there is no over statement of Profit.</p>



S.No.	Comments of the Comptroller and Auditor General of India.	Reply of the Company
4	<p>C. Comments on Disclosure Notes to Accounts</p> <p>i) For the year 2016-17, TSGENCO claimed Rs.325.04 core towards Fuel Cost Adjustment (FCA) amount in connection with supply of power to the company and APSPDCL. Against this, APPCC which regulates the power purchase bills on behalf of the Discoms provisionally admitted the FCA claim for Rs.274.25 crore which is to be paid subject to approval by APERC. Out of this, FCA liability of the company is Rs.93.98 crore (Rs.274.25 crore X 34.27% - balance amount of Rs.180.27 Crores pertains to APSPDCL). Even though the amount involved is materially significant, company neither made provision nor disclosed the fact in the Notes to Accounts.</p>	<p>APPCC/APDISCOMS admitted the APGENCO & TSGENCO monthly energy bills based on the tariff determined in Retail Supply Tariff Order issued by Hon'ble APERC for the FY 2016-17. The Station wise Fixed Cost of APGENCO & TSGENCO stations is admitted as per Annexure-10 of Retail Supply Tariff Order (Page No.287) and Station wise Variable Cost of APGENCO & TSGENCO stations is admitted as per Annexure-6 of Retail Supply Tariff Order (Page No.279 & 280). The monthly variable charges admitted (a) For TSGENCO Stations based on the energy scheduled from TS thermal Stations to APDISCOMS (b) in respect of APGENCO Stations, the energy considered after deducting the energy scheduled to TSDISCOMS from JMR of APGENCO thermal stations.</p> <p>The above costs are estimated by Hon'ble APERC based on the previous years claims made by APGENCO & TSGENCO filed in ARR by APDISCOMS/TSDISCOMS. The variation between actual landed cost of fuel and estimated cost is to be claimed by AP GENCO and TS GENCO after completion of each quarter as a FCA (Fuel Cost Adjustment). As per terms and conditions of PPA, FCA is a part of variable cost. But AP GENCO claimed FCA for 1st , 2nd , & 3rd Quarter of 2016-17 in March'2017 without any relevant documentary proofs and 4th quarter FCA also claimed in June'2017 without any relevant documentary proofs. On request the required documents produced by AP GENCO in July'2017 by that time books of accounts 2016-17 was already closed. With regard to APGENCO FCA claims for the FY 2016-17</p>



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		<p>amounting to Rs.38.35 Crs were receivable and in respect of TSGENCO FCA claims for the FY 2016-17 amounting to Rs.325.04 Crs were payable are under scrutiny. The FCA claims are subject to approval of Hon'ble APERC but the FCA claims made over and above the approved amounts in the tariff order will not be admitted until the same is approved by Hon'ble APERC. During 2013-14, the FSA (Fuel Surcharge Adjustment) clause was repealed in Regulation 2 of 2013 and the FCA amounts are being submitted to APERC at the time of filing of ARR up to 2015-16. Subsequently the FCA amounts were not admitted for FY 2016-17. As such, the liability for the FY 2016-17 in respect FCA claims made by APGENCO and TSGENCO will be considered in the books of accounts after approval of Hon'ble APERC.</p>



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REVISED INDEPENDENT AUDITORS' REPORT

To

The Members of

M/s **Eastern Power Distribution Company of Andhra Pradesh Limited**

Visakhapatnam

Report on the Financial Statements

We had given Audit Report on 4th August, 2017 for the Financial Year 2016-17 on the financial statements of **Eastern Power Distribution Company of Andhra Pradesh Limited**, Visakhapatnam ('the company'), which comprise the Balance Sheet as at March 31, 2017, the statement of profit and loss for the year ended, the cash flow statement for the year ended and a summary of the significant accounting policies and other explanatory information (here in after referred to as "Financial Statements").

The Audit Report along with the financial statements for the year ended 2016-17 was submitted to Comptroller & Auditor General (C&AG) (Office of the Principle Accounting General (audit)) by the company. C&AG has conducted supplementary audit of accounts and given their Observations on the Independent Auditor's Report. In the light of the observations given by Comptroller & Auditor General (C&AG) we have reviewed and revised our report.

The Financial Statements of **Eastern Power Distribution Company of Andhra Pradesh Limited**, Visakhapatnam ('the Company'), which comprise the Balance Sheet as at March 31, 2017, the Statement of profit and Loss for the year ended, the cash flow Statement for the year ended and a summary of significant accounting policies and other explanation information (herein after referred to as "Financial Statements") remain same and no Corrections / changes have been made to the Financial Statements for the year ended 31st March, 2017.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Auditors' 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 the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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.

I. Basis of Qualified Opinion

In the absence of relevant information we are unable to assess the impact on accounts. Hence, qualification could not be quantified on the following issues :

1. Balance Confirmations :

Conformation of the balances are not obtained from Power Generators, Power traders, other distribution companies, Power transmitters, Trade and other receivables, Sundry & other claims, various depositors and other parties with whom the company has transactions and the impact of the consequential adjustments required, if any, on financial statements is not ascertained.

2. Loans :

Company's Loans that are carried in the balance sheet at Rs.3087,71,54,092 from lenders, in the absence of external confirmations, which are subject to reconciliation/adjustments.

3. Amounts recoverable from Employees:

An amount of Rs.78,97,572 is outstanding in personal accounts of employees as on 31.03.2017. Most of which represents cost of value of materials drawn for projects / expenses but not adjusted due to non-submission of accounts. In the absence of details its impact on Fixed Assets, Capital Work-in- Progress, Receivables and Revenue is not ascertained.

4. As per Accounting Standard – 22:

Deferred Tax Asset / Liability has not been recognized in the accounts.



5. As per Accounting Standard – 28:

The company has not carried out any techno-economic assessment during the year ended 31st march 2017 and hence identification of impairment loss and provision thereof, if any, has not been made. This is not in conformity with AS 28, consequently impact of adjustment, if any, on the financial statements is currently not ascertainable.

6. Inventory:

The Company's inventories are carried in the Balance Sheet at Rs.168,18,53,712 Management has not stated the inventories at the lower of Cost or Net Realizable Value but has stated them solely at cost (weighted average cost), which is not in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act & non-compliance of the Accounting Standard – 2 “Valuation of Inventories”. Reference is invited to Company's Accounting Policy on Inventories vide Note No.1.12.

7. Fixed Assets:

- a. Company's Land / Freehold Land in the Balance Sheet is carried at Rs.82,57,26,911 Historical cost details relating to lands acquired by the company by way of purchase gift or otherwise are not available with the company. Further, the related documents are also not fully available with the company. Pending such reconciliation between the records and books of accounts, we are unable to determine the state of ownership and whether any adjustments to the carrying amounts were necessary as on 31.03.2017.
- b. The company has not conducted physical verification of fixed assets during the year. Hence we are unable to determine whether any adjustments to the carrying amounts were necessary.

8. Depreciation:

- a. Reference is invited to Company's Accounting Policy No.1.6 on Depreciation. The company is charging depreciation on 90% of the cost of fixed assets. In as much the residual value is predetermined at 10% on all assets. This is not in accordance with the stipulations of Accounting Standard - 6, “Depreciation accounting”.

Further, Depreciation on Fixed Assets is charged under SLM method, on the basis of rates prescribed by the Central Government, vide notification. S.O 265 (E) dated 29th March 1994. However, the rates adopted are not in line with schedule II of the Companies Act, 2013 as the useful lives of the assets are not ascertained.

9. Government Grants:

The company has received Capital grants through various schemes sponsored by Government of India or Government of Andhra Pradesh, viz., RGGVY, 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”.

10. The company has not done any audit in on SAP including migration audit. The input controls in SAP in respect of capturing data and recording of transaction, access control system, disaster data recovery need to be reviewed and in view of the above, the adequacy of the information in the SAP could not ascertained and relied upon.



11. Intangible Assets:

Licenses fee paid for the purchase of various software's upto the financial year 2015-2016 are capitalized as computers and IT equipments and depreciated at the rates applicable for computers, instead of capitalizing in accordance with the AS-26,"Accounting for Intangible assets". Accordingly, the license fees are not amortized as per AS-26. Thus resulting in non-compliance of AS-26 and the AS-6 "Depreciation accounting".

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 the Basis for Qualified Opinion Paragraph above, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- In the case of the Statement of Profit and Loss, of the Company for the year ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

OTHER MATTER PARAGRAPH

We draw attention to following points regarding matters referred in financial statements, which requires user's attention. Our opinion is not modified in respect of these matters.

- We are informed that the company is governed by the electricity act, 2003 and accordingly the provisions of the said act would prevail, wherever the same are inconsistent with the provisions of the Companies Act 2013 in terms of Sec 174 of the electricity act. Accordingly in terms of sec 185 (2) (d) of electricity act 2003, the annual accounts of the company have been prepared as per the rules prescribed under "Electricity (Supply) (Annual Accounts) rules 1985. Accordingly the company has not complied with the mandatory accounting standard in respect of Capitalization of Administrative overheads (Staff cost) amounting to Rs.59,57,53,843 being 11% of the direct cost of the assets capitalized during the year is in not in accordance with the accounting standard 10 – " Accounting for fixed assets ", as the same cannot be attributable as expenditure incurred directly to bring the said assets to working condition.
- Consequent to the amendment brought in vide G.O. Ms. 396 dt 09.06.2005 to the second transfer scheme notified vide GO Ms 142 dt 29.09.2001, the company has incorporated in its books of accounts as on 01.04.2010 various assets, including fixed assets and liabilities towards power purchase, supplies and services received and balances outstanding in respect of the loans, representing term loans, cash credit, working capital loans, received from various banks and financial institutions, other receivables from the state government of AP of the amounts mentioned in the two notifications referred to above. We understand that the above amounts, at which various assets and liabilities are recognized in the books of accounts as on that date, or provisional and accordingly are subject to further adjustment as may be determined by the state government of AP.
- In terms of GO Ms No 58, Energy (power III) dt 07.06.2005, APPCC, which has no separate legal entity under any statute, administrative matters relating to purchase of power including the allocation of the said cost of purchase between various DISCOMs including "Expensive power" sale of power between various DISCOMs, inter-state sale \ purchase of power and maintains the books of account in respect of the



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same on behalf of various DISCOMs in the state of Andhra Pradesh. Further these transactions are subjected to audit by an Independent audit firm of Chartered Accountants. Accordingly the transactions relating to purchase of power, sale \ purchase of power to \ from other DISCOMs, write back of excess provision in earlier years towards cost of power purchased, interstate sale of power, subsidies from state government of AP towards “expensive power “ recognized in the books of account in earlier years, borrowings made for the purchase of power being cash credit facilities and short term borrowings from banks, financial institutions, state and central governments together with interest etc, are incorporated in the books of account of the company based on the information provided by the APPCC, duly certified by M/s Sagar & Associates, Independent firm of Chartered Accountants. We have relied on the said certification by the independent firm of chartered accountants, in respect of the above transactions. Consequently, we have relied upon the certification provided by the independent firm of Chartered Accountants in respect of the following balances appearing in the books of account of the company, in lieu of the letter of balance confirmation

- i. Amounts outstanding in the various loans obtained from state government of Andhra Pradesh totaling to Rs. 24,60,52,373.00
 - ii. Amounts outstanding in the various term loans obtained from various banks and financial institutions totaling to Rs. 2239,95,57,142.00
 - iii. Amounts lying in various current accounts operated by Andhra Pradesh Power Co-ordination Committee on behalf of the company with various schedule banks totaling to Rs. 28,037,849.00
 - iv. Amounts due to \ from various power generators, other power DISCOMs, AP Transco, whose accounts are monitored by APPCC.
 - v. Debit balance of Rs.2833,28,72,776.00 appearing in the pool account operated by APPCC
 - vi. Balance due to \ from various vendors for supplies and services, other power distribution companies, AP Transco
4. Consequent to the promulgation of AP Reorganisation Bill 2014 (the Act), the Assets and liabilities of operation in 7 mandals of Khammam of TSNPDCL (APNPDCCL) were required to be merged with APEPDCL.

M/s TSNPDCL have furnished financial statements as on 01.06.2014 duly audited by Independent Chartered Accountant on the allocation of Assets and liabilities as at 01.06.2014 have been carried out as per the ACT.

Further, such assets and liabilities transferred should be adopted into company accounts, subject to modifications and reconciliations by both the entities and approval by the expert committee, Government of Andhra Pradesh. However, such reconciliation is not carried out as on the date of our audit.

Further, Company has not recognized depreciation loss on fixed assets.

Report on Other Legal and Regulatory Requirements



1. As required by the Companies (Auditor's Report) Order, 2016, ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (5) of the Companies Act 2013, we give in the annexure C, to this report a statement on the directions by Comptroller & Auditor General of India, to the extent applicable.
3. As required by Section 149 (1), Women director needs to be appointed and the company has not complied with this Section.
4. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) Except for the matters described in the basis for Qualification opinion paragraph above, In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow statement dealt with in this report is in agreement with the books of account.
 - (d) In our opinion, except for the matters described in the basis for qualification opinion paragraphs above, the Balance Sheets, the statement of profit & loss and cash flow statement dealt with by the report comply with the Accounting standards specified under section 133 of the act, read with Rule 7 of the Companies (Accounts) Rules, 2014 more particularly noncompliance of Accounting standards of AS 2, AS 6, AS 9, AS 10, AS 12, AS 15, AS 22, and AS 28.
 - (e) Being a Government company, the company is exempted from the provisions of Sub-section 2 of Section 164 of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. Except for the matters described in the basis for qualified opinion paragraph above, the Company has disclosed the pending litigations on its financial position in its financial statements .Refer- Note No.27.12 (k),(m),(n),o) of the financial statements.
 - ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There are no amounts which are required to be transferred to Investor Education and protection fund.



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- iv. The company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November,2016 to 30th December,2016 and they are in accordance with the books of accounts maintained by the company.

For GRANDHY & Co
Chartered accountants,
Firm Registration No. 001007S

Sd/-XXXX

Rukmani Devi M
Partner
M.No:203499

Place : Visakhapatnam
Date : 14.11.2017



Annexure-A to the Auditors' Report

Annexure referred to in paragraph under 'Report on Other Legal and Regulatory requirements' section of our report of the Independent Auditors' Report of even date of EPDCL of AP, on the standalone financial statements for the year ended March 31, 2017

In terms of the information and explanations sought by us and given by the company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state the following:

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets subject to updation in SAP, however hardcopy records are not maintained
(b) The company did not conduct a regular program of physical verification of fixed assets by which fixed assets were verified in a phased manner over a period of three years.
(c) According to information and explanation given to us, and procedure conducted by us, the ownership documents viz sale deed, gift deed etc on immovable Properties are held in the name of the company are not made available to us as they are with the relevant circle offices. Further, the immovable properties transferred in pursuant to Demerger TSNPDCL are not registered in name of the company, in the absence of the above said information we are unable to determine the state of ownership and titles of such property.
- ii. As per the information and explanation provided to us, the Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed during such physical verification.
- iii. As per the information and explanation provided to us, the company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable to the company.
- iv. As per the information and explanation provided to us, The Company has not made any transactions in the nature of loans, investments, guarantees, and security, where provisions of section 185 and 186 of the Companies Act, 2013 are applicable. Thus, paragraph 3(iv) of the Order is not applicable to the Company.
- v. As per the information and explanation provided to us, The Company has not accepted any deposits, within the meaning of provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Thus, paragraph 3(v) of the Order is not applicable to the company.
- vi. The cost records under sub-section (1) of Section 148 of the Companies Act, 2013 are not produced for verification, hence, the contents of these accounts and records have not been examined by us.
(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and any other statutory dues to the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable except Service tax on various vendors which are either not payable or delay in filing and delayed TDS,



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- interest on delayed filing and penalties in certain payments made due from many years under the provisions of the Income Tax act 1961, the company has not made any provision for the said expenditure.
- (b) According to the information and explanations given to us, details of dues of sales tax, service tax, excise duty, customs duty and cess which have not been deposited as on March 31, 2017 on account of any dispute is enclosed as **Annexure – D**.
- vii. In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of loans or borrowings due to any financial institution, bank, Government or dues to its debenture holders as on the date of balance sheet.
- viii. The company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the reporting period. Term loans availed during the reporting period was applied for the purposes for which those were raised.
- ix. During the course of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company or on the company by its officers or employees.
- x. Government company (EPDCL) is exempted from the provisions of Section 197 read with schedule V to the Companies Act, 2013
- xi. According to the information and explanation given to us and based on audit procedure conducted by us, In our opinion, the company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable for the company.
- xii. In our opinion and according to information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial statements of the company as required by applicable Accounting Standards.
- xiii. According to information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xiv. According to information and explanation given to us, the company has not entered into non cash transactions with directors or any persons connected with him. Thus, paragraph 3(xiv) of the Order is not applicable to the company.
- xv. In our opinion, the company is not required to be registered under section 45IA of Reserve Bank of India Act 1934. Thus, paragraph 3(xvi) of the Order is not applicable to the company.

For GRANDHY & Co

Chartered accountants,

Firm Registration No. 001007S

Sd/-XXXX

Rukmani Devi M

Partner

M.No:203499

Place : Visakhapatnam

Date : 14.11.2017



Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of APEPDCL (“the Company”) as on March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external



purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis of Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Due to this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for my / our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2017

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in my / our audit of the standalone financial statements of the Company and the disclaimer do not affect my / our opinion on the standalone financial Statements of the Company

For GRANDHY & Co

Chartered accountants,

Firm Registration No. 001007S

Sd/-XXXX

Rukmani Devi M

Partner

M.No:203499

Place : Visakhapatnam

Date : 14.11.2017



Annexure - C to the Auditors' Reports

(As referred to in Paragraph 2 in report on other legal and regulatory requirements of our report of even date to the members of the Eastern Power Distribution Company of Andhra Pradesh Limited on the financial statements for the year ended 31st March 2017)

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

Report on Sub directions U/s 143 (5) of Companies Act 2013:

1). Title / Lease deeds:

In respect of freehold lands of carrying value Rs. NIL (Previous year Rs. NIL), data on lands acquired by purchase, gift or alignment by government are not completely available with the company. Further, the ownership documents viz, sale deeds, gift deeds on such lands are not fully available with the company. In the absence of the above said information we are unable to determine the state of ownership, any adjustments to the carrying amounts required, if any, is not ascertainable.

2) Waiver / Write off of loans / debts / Interest:

Company has not waived off any loans, interest thereon during the year under review

3) Inventories & Assets:

There are no cases for inventory lying with third parties as at the end of the year

Further, company has not received any assets as gifts / grants from government or other government agencies during the year under review.

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

1. Idle Land :

As per the written representations provided to us by the management the company has laid down sufficient controls to prevent encroachment of idle land owned by the company

However, there is pending litigation

2. Comment on System for Recovery of revenue :

As per the written representation provided by the management and audit procedure conducted by us, the system for accounting the revenue in the books is in compliance with AS 9, further, company has effective system for recovering the revenue as per contractual terms.

3. Abandoned Projects :

As per the written Representation provided to us by the management, there are no abandoned projects for the financial year 2016-2017. Hence, the cost of abandoned projects shall be treated as NIL



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4. Reconciliation of Receivables and Payables :

Company has not completed the reconciliation of receivables and payables between generation, distribution and transmission. In the absence of the above exercise, we are unable to comment on differences on reconciliation.

5. Subsidies allowed and accounted for :

An amount Rs.135,93,99,999 has been allowed as subsidy to the company and accounted as other income during the year. Further, an amount of Rs.110,46,84,520 has been received during the year. However, the balance of Rs.25,47,15,479 is yet to be received by the company.

For GRANDHY & Co

Chartered accountants,

Firm Registration No. 001007S

Sd/-XXXX

Rukmani Devi M

Partner

M.No:203499

Place : Visakhapatnam

Date : 14.11.2017



Entry Tax Details:

Annexure-D

Appeal on Entry Tax to the extent of Rs.602.06 lakhs is pending before Value Added Tax Appellate Tribunal. An amount of Rs.3,01,03,692-00 towards the 50% of the Disputed Entry Tax paid to the Commercial Tax Officer/ Chinawaltair Circle/ Visakhapatnam. The case is filed before Sales Tax Appellate Tribunal. Present status of the case is as follows:

S. No.	T.A. No. Asst. Year	Amount Paid (Amount in Lakhs)	Nex Date of Hearing
01	448/2009 2002-03 (Entry Tax)	131.47	17.07.2017
02	451/2009 2003-04 (Apr to Jun 2003) Entry Tax	34.46	17.07.2017
03	453/2009 2003-04 (Jul to Nov 2003) Entry Tax	38.39	17.07.2017
04	393/2011 2003-04 (Dec to Mar 2004) Entry Tax	47.45	12.07.2017
05	392/2011 2004-05 (Apr to Nov 2004) Entry Tax	49.28	12.07.2017
		301.04	

Sd/-XXXX
Chief General Manager(Expr)
Corporate Office:: APEPDCL
Visakhapatnam



**REPLIES OF THE COMPANY TO THE COMMENTS OF THE STATUTORY AUDITORS
CONTAINED IN THEIR REPORT FOR THE YEAR 2016-17**

Sl.No.	Statutory Auditors Comments	Replies
1	<p><u>Balance Confirmations :</u></p> <p>Confirmation of the balances are not obtained from Power Generators, Power traders, other distribution companies, Power transmitters, Trade and other receivables, Sundry & other claims, various depositors and other parties with whom the company has transactions and the impact of the consequential adjustments required, if any, on financial statements is not ascertained.</p>	<p>The format received from M/S Grandhy & Co, Chartered Accountant & Statutory Auditors for confirmation of balances has been communicated to Financial Institutions, Discoms, all Banks, Debtors and other parties for Confirmation of outstanding balances directly to M/s Grandhi & Co, Chartered Accountants & Statutory Auditors and the same record has been produced to audit.</p>
2	<p><u>Loans :</u></p> <p>Company's Loans that are carried in the balance sheet at Rs.3087,71,54,092 from lenders, in the absence of external confirmations, which are subject to reconciliation/adjustments.</p>	<p>Confirmation of Closing Balance as on 31.03.2017 have been obtained from some of the banks and Financial Institutions and produced to Audit.</p>
3	<p><u>Amounts recoverable from Employees:</u></p> <p>An amount of Rs.78,97,572 is outstanding in personal accounts of employees as on 31.03.2017. Most of which represents cost of value of materials drawn for projects / expenses but not adjusted due to non-submission of accounts. In the absence of details its impact on Fixed Assets, Capital Work-in- Progress, Receivables and Revenue is not ascertained.</p>	<p>The Cost of Materials drawn and Accounts not settled by concerned officer has been kept in this account pending finalization of works. After finalization/submission of accounts this amount is settled duly recovering the material/ Cost of material from concerned officer wherever variations observed.</p>
4	<p><u>As per Accounting Standard – 22:</u></p> <p>Deferred Tax Asset / Liability has not been recognized in the accounts.</p>	<p>Though the company has Deferred Tax Asset (Net), in view of the unabsorbed depreciation & Business losses, the same is not recognized in the books of account due to the absence of virtual certainty.</p> <p>Disclosed in Note no.27.8</p>



Sl.No.	Statutory Auditors Comments	Replies
5	<p>As per Accounting Standard – 28:</p> <p>The company has not carried out any techno-economic assessment during the year ended 31st march 2017 and hence identification of impairment loss and provision thereof, if any, has not been made. This is not in conformity with AS 28, consequently impact of adjustment, if any, on the financial statements is currently not ascertainable.</p>	<p>The accounting policy on impairment of Fixed assets has been disclosed vide Accounting policy no.1.10 “ Impairment” and the same policy is being followed while retirement & Scraping of assets.</p>
6	<p>Inventory:</p> <p>The Company’s inventories are carried in the Balance Sheet at Rs.168,18,53,712. Management has not stated the inventories at the lower of Cost or Net Realizable Value but has stated them solely at cost (weighted average cost), which is not in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act & non-compliance of the Accounting Standard – 2 “Valuation of Inventories”. Reference is invited to Company’s Accounting Policy on Inventories vide Note No.1.12</p>	<p>The inventories held by the company are mostly utilized in constructing substations & laying of New lines, installation of Transformers useful for extending Power supply to prospective consumers besides system strengthening in arresting voltage fluctuations. These inventories are neither meant for any manufacturing purpose nor any further processing. Thus the method of valuation of cost or net realizable value is not applicable in the opinion of the management.</p> <p>As per Accounting Standard of ICAI (AS-2) inventory should be valued on FIFO method or weighted average method.</p> <p>However the weighted average cost method is being followed by the Company consistently which is in line with AS-2 issued by ICAI and disclosed in the “Significant accounting policies” being followed</p>
7	<p>Fixed Assets:</p> <p>a. Company’s land / Freehold Land in the Balance Sheet is carried at Rs.82,57,26,911. Historical cost details relating to lands acquired by the company by way of purchase gift or otherwise are not available with the company. Further, the related documents are also not fully available with the company. Pending such reconciliation between the records and books of accounts, we are unable to determine whether any adjustments to the carrying amounts were, necessary as on 31.03.2017.</p>	<p>EPDCL has satisfactory title to all assets and documents are available with concerned officers unit. After identification of over loaded substations a survey will be conducted by the field officer to locate suitable Load centre for construction of Substation.</p> <p>A proposal will be submitted to local authority for allotment of land to construct Substation .</p> <p>A resolution will be obtained from local Authority for allotment of land and got it sanctioned from district collector for allotment of land.</p>



Sl.No.	Statutory Auditors Comments	Replies
	<p>b. The company has not conducted physical verification of fixed assets during the year. Hence we are unable to determine whether any adjustments to the carrying amounts were necessary.</p>	<p>On allotment of Land by the district collector land will be taken in to procession of Company and action will be taken to record in books of accounts of Company.</p> <p>We have been carrying out the physical verification of Fixed assets in a Phased manner as per the policy of the company and the fixed assets are under mortgage to Financial institutions REC/PFC as security.</p>
8	<p>Depreciation:</p> <p>a. Reference is invited to Company's Accounting Policy No.1.6 on Depreciation. The company is charging depreciation on 90% of the cost of fixed assets. In as much the residual value is predetermined at 10% on all assets. This is not in accordance with the stipulations of Accounting Standard - 6, "Depreciation accounting".</p> <p>Further, Depreciation on Fixed Assets is charged under SLM method, on the basis of rates prescribed by the Central Government, vide notification. S.O 265 (E) dated 29th March 1994. However, the rates adopted are not in line with schedule II of the Companies Act, 2013 as the useful life of the assets are not ascertained.</p> <p>The impact of the above on the Profit & Loss Statement and Fixed Assets could not be ascertained.</p>	<p>The APSEB has applied the method of depreciation and rates of depreciation as notified by the Ministry of Power dt. 29.03.1994 consistently from period to period and after incorporation of Company under the companies Act, 1956 as a Public Limited company on 30th March, 2000 as part of unbundling of erstwhile APSEB, the same method and rates are being continued and applied consistently from period to period. The depreciation method used and rates of depreciation are also disclosed in the financial statements vide accounting policy No.1.6 along with the disclosure of other accounting policies. This procedure is also informed to APERC which has been noted and acceptable to them.</p>
9	<p>Government Grants:</p> <p>The company has received Capital grants through various schemes sponsored by Government of India or Government of Andhra Pradesh, viz., RGGVY, 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>Capital Grants received from Govt. are accounted and disclosed vide Balance sheet note No.3.1.C and Grants are being amortized over a period of life time of asset.</p> <p>Segregation of Assets created against the Govt. Capital grants is not possible since 100% funding is not received from Govt. and certain % of the amount against the scheme is being met from internal funds of the company or by taking loan from financial institutions/Banks.</p>



Sl.No.	Statutory Auditors Comments	Replies
		<p>However scheme wise assets can be identified in SAP.</p> <p>Depreciation is being calculated on the total value of assets and charged to P&L Account and amount amortized from the grants is shown as income in P&L account as per AS-12 issued by ICAI.</p>
10	<p>The company has not done any audit on SAP including migration audit. The input controls in SAP in respect of capturing data and recording of transaction, access control system, disaster data recovery need to be reviewed and in view of the above, the adequacy of the information in the SAP could not ascertained and relied upon.</p>	<p>The Company has migrated in to SAP ECC 6.0 from 01.04.2010 and the balances uploaded as on the date were certified by the Internal Auditors. It may be noted SAP is a reputed ERP Solution accepted Internationally.</p> <p>For recording, capturing, accessing data in SAP system there are proper controls and authorizations at every hierarchy of the organization.</p> <p>Company is having backup policy and backups are taken and stored as per back up policy to handle disaster data recovery.</p> <p>Establishment of disaster recovery system is in process.</p>
11	<p>Intangible Assets:</p> <p>licenses fee paid for the purchase of various software's are capitalized as computers and IT equipments and depreciated at the computer rates instead of capitalizing in accordance with the AS-26,"Accounting for Intangible assets". Accordingly, the license fees are not amortized as per AS-26. Thus resulting in non-compliance of AS-26 and the AS-6 "Depreciation accounting". The carrying value of assets and consequential effect on depreciation and the impact is not ascertained.</p>	<p>Accounting standards are applicable to material Items.</p> <p>Software procured is treated as an integral part of the computer hardware and inseparable from the Hardware . Hence treated as part of Fixed asset and depreciation provided accordingly. The cost of Software purchased amounted to Rs.5.24 Cr out of cost of computer Hardware etc. of Rs.71.80 Crs and total fixed assets of Rs.5476.34 crs. In the opinion of the management, It is considered not material.</p> <p>The same was disclosed as P&L note no.27.2.(c).</p> <p>However Software purchased during the F.Y 2016-17 is categorized and capitalized as Intangible asset.</p>



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FINANCIAL STATEMENTS





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Balance Sheet as at 31 March, 2017

(in Rupees)

Sl.No.	PARTICULARS	Note No.	As on 31 March 2017	As on 31 March 2016
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	2	1212253290	1212253290
	(b) Reserves and surplus	3	13187954498	(14596794190)
2	Non-current liabilities			
	(a) Long-term borrowings	4	27611619882	43321413670
	(b) Other long-term liabilities	5	13180393076	11517324581
	(c) Long-term provisions	6	3715629712	3453922511
3	Current liabilities			
	(a) Short-term borrowings	7	3265634210	3275916751
	(b) Trade payables	8	21269158748	31292505729
	(c) Other current liabilities	9	6435920640	7647755567
	(d) Short-term provisions	10	3787359739	4068400446
	Total Equity & Liabilities		93665923795	91192698355
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	11	27616414231	24174176907
	(ii) Intangible assets	11	662882	0
	(iii) Capital work-in-progress	12	4185194451	4971213565
	(b) Non-current investments	13	1654022800	1684022800
	(c) Long-term loans and advances	14	1047289842	8344553241
	(d) Other non-current assets	15	315005300	275889955
2	Current assets			
	(a) Inventories	16	1681853712	1842779400
	(b) Trade receivables	17	13034242177	10713908408
	(c) Cash and Cash Equivalents	18	2929140935	2245513059
	(d) Short-term loans and advances	19	29535234715	27061664682
	(e) Other current assets	20	11666862750	9878976338
	Total Assets		93665923795	91192698355
	Significant Accounting Policies	1		
	The accompanying notes are an integral part of the financial statements	2-27		

As per our report of even date annexed

For M/s. Grandhy & Co

Chartered Accountants
Firm Regn No.001007S

Sd/-xxxxx

M.Rukmani Devi

Partner

Membership No:203499

Station : Visakhapatnam

Date : 04-08-2017

Sd/-xxxxx

T.V.S.Chandra Sekhar

Director (Finance)

Sd/-xxxxx

G.Srinivasa Reddy

Chief General Manager (Expr)

For and on behalf of Board

Sd/-xxxxx

M.M.Nayak I.A.S

Chairman & Managing Director

Sd/-xxxxx

K.S.V.S. Sastry

Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017
(in Rupees)

Sl. No.	PARTICULARS	Note No.	For the year ended 31 March, 2017	For the year ended 31 March, 2016
I	Revenue from operations	21	81931786191	84332069209
II	Other income	22	4492419532	3632034871
III	Total revenue (I+II)		86424205723	87964104080
IV	Expenses			
	(a) Cost of Power Purchase	23	73711872686	75483093255
	(b) Employee benefits expense	24	7720254632	7900610314
	(c) Finance costs	25	4353935897	4530086018
	(d) Depreciation and amortization expense	11	3057802010	2731231573
	(e) Other expenses	26	2861656988	2037650497
	Total expenses		91705522213	92682671657
V	Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)		(5281316490)	(4718567577)
VI	Exceptional items	26.A	-	-
VII	Profit / (Loss) before extraordinary items and tax (V ± VI)		(5281316490)	(4718567577)
VIII	Extraordinary items	26.B	868251500	-
IX	Profit / (Loss) before tax (VII ± VIII)		(4413064990)	(4718567577)
X	Tax expense:			
	(a) Current tax expense for current year		0	0
	(b) (Less): MAT credit (where applicable)		0	0
	(c) Current tax expense relating to prior years		0	0
	(d) Net current tax expense		0	0
	(e) Deferred tax		0	0
XI	Profit / (Loss) from continuing operations (IX ± X)		(4413064990)	(4718567577)
XII	Earnings per equity share :			
	(1) Basic		(36.40)	(38.92)
	(2) Diluted		(36.40)	(38.92)
	Significant Accounting Policies	1		
	The accompanying notes are an integral part of the financial statements	2-27		

As per our report of even date annexed

For M/s. Grandhy & Co

Chartered Accountants
Firm Regn No.001007S

Sd/-xxxxx

M.Rukmani Devi

Partner

Membership No:203499

Station : Visakhapatnam

Date : 04-08-2017

Sd/-xxxxx

T.V.S.Chandra Sekhar

Director (Finance)

Sd/-xxxxx

G.Srinivasa Reddy

Chief General Manager (Expr)

For and on behalf of Board

Sd/-xxxxx

M.M.Nayak I.A.S

Chairman & Managing Director

Sd/-xxxxx

K.S.V.S. Sastry

Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 2016-17 (in Rs.)

	PARTICULARS	2016-17	2015-16
A	Cash Flow From Operation Activities:		
	Net Profit/Loss Before Tax	(4413064990)	(4718567577)
	Adjustments For:		
	Depreciation	2793526087	2621858349
	Interest (Net)	4269425371	4366531917
	Provision for diminution in value of investments		
	Adjustments for Employees terminal benefits like P&G,GPF,GIS,& FBF	(264146652)	968704882
	Operating Profit before Working Capital Changes	2385739817	3238527571
	Adjustments for :		
	(Increase)/Decrease in Trade and Other Receivables	676357839	(18396326021)
	(Increase)/Decrease in Inventories	160925688	(275451758)
	Interest to Consumers on Security Deposits	(812809138)	(791783781)
	Increase/(Decrease) in Trade & Other Payables	(9472589271)	17669047761
	Cash Generated from Operations	(7062375065)	1444013773
	Provision for Income Tax	-	0
	Amortization of consumer contribution, Subsidies and Grants towards cost of capital assets	1550315323	1433018591
	Net borrowings towards working capital	(10282540)	2237261285
	Net Cash From Operating Activities	(8622972928)	2248256467
B	Cash Flow From Investing Activities		
	Purchase of Fixed Assets (Including Interest Capitalized)	(5450407178)	(6631541437)
	Sale of Fixed Assets		
	Purchases of Investments - including Contingency Reserve in Govt. Bonds	30000000	0
	Interest Received	84510526	163732531
	Net Cash (used in)/from Investing Activities	(5335896652)	(6467808906)
C	Cash Flow From Financing Activities:		
	Proceeds from Long Term Borrowings	15241973539	6341746340
	Proceeds of Consumer Contribution for capital Assets	3741334945	2695674998
	Proceeds towards Capital Reserve/ Contingency reserve fund	29989900000	0
	Repayment of Long Term Borrowings	(30789584267)	(467437847)
	Interest Paid	(3541126759)	(3738480670)
	Net Cash (used in)/ From Financing activities	14642497457	4831502821
	Net(decrease)/increase in cash and cash equivalent(A+B+C)	683627877	611950381
	Cash and Cash Equivalents at Beginning of the year	2245513059	1633562677
	Cash and Cash Equivalents at end of the year	2929140935	2245513059

As per our report of even date annexed

For M/s. Grandhy & Co
Chartered Accountants
Firm Regn No.001007S

Sd/-xxxxx
M.Rukmani Devi
Partner
Membership No:203499

Station : Visakhapatnam
Date : 04-08-2017

Sd/-xxxxx
T.V.S.Chandra Sekhar
Director (Finance)

Sd/-xxxxx
G.Srinivasa Reddy
Chief General Manager (Expr)

For and on behalf of Board
Sd/-xxxxx
M.M.Nayak I.A.S
Chairman & Managing Director

Sd/-xxxxx
K.S.V.S. Sastry
Company Secretary



Notes forming part of the Financial Statements

2. Share Capital (in Rs.)				
S.No.	PARTICULARS	Account No	As at 31 .03. 2017	As at 31 .03.2016
1	Authorized Share Capital			
	12,20,00,000 Equity Shares of Rs.10/- each (Rupees Ten Only)		1220000000	1220000000
2	Issued, Subscribed and Paid up Share Capital			
	12,12,25,329 equity shares of Rs.10/- (Rupees Ten Only) each fully paid up	5600800	1212253290	1212253290
	TOTAL		1212253290	1212253290

2.1 Details of Shareholders holding more than 5% of Share Capital:					
S.No.	NAME OF THE SHAREHOLDERS	As at 31 .03.2017 No. of Shares	% Held	As at 31 03.2016 No. of Shares	% Held
1	His Excellency the Honourable Governor of Andhra Pradesh (Government of Andhra Pradesh)	121225320	99.999993	121225320	99.999993
	Government Nominees	9	0.000007	9	0.000007
	Total	121225329	100	121225329	100

2.2 Reconciliation of the Shares at the beginning and at the end of the reporting period:			
S.No.	PARTICULARS	As at 31.03. 2017 No. of Shares	As at 31 03 2016 No. of Shares
	Equity Shares at the beginning of the year	121225329	121225329
	Add: Shares issued during the year	-	-
	Less: Shares cancelled on buy back during the year		
	Equity Shares at the end of the year	121225329	121225329



(In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
3.1	RESERVES			
A)	Consumer Contribution for Service Connections			
	At the beginning of the year	5500101, 102,105 & 301	10873489850	9749711277
	Add : Received During the year		2616228897	2379715998
	Less: Amortised during the year - Vide Accounting policy No 1.13		1340993766	1255937425
	At the end of the year		12148724981	10873489850
B)	Subsidies towards cost of Capital Assets			
	At the beginning of the year	5500200	392797	426212
	Add : Received During the year		-	
	Less: Amortised during the year		30795	33415
	At the end of the year		362002	392797
C)	Grants towards cost of Capital Assets			
	At the beginning of the year	5500300	2265991819	2127080570
	Add : Received During the year		1125106048	315959000
	Less: Amortised during the year		209290762	177047751
	At the end of the year		3181807105	2265991819
3.2	Contingency/ Capital Reserve Fund			
	At the beginning of the year	5700101,702, 707 & 711	1072061647	1072061647
	Addition/Deletion During the year	5700101,702, 707 & 711	0	0
	At the end of the year		1072061647	1072061647
3.3	Capital Grants			
	Capital Grant received under UDAY Scheme	5700702	29989900000	0
3.4	Other Reserves & Reserve Funds(GIS,FBF, etc)			
	At the beginning of the year	5400121,122,151, 152,153,154,161, 162 & 163	76674094	59860754
	Add : Received During the year		408861957	360505832
	Less: Deletions during the year		391967902	343692492
	At the end of the year		93568149	76674094
3.5	Surplus/(Deficit) in Statement of P&L			
	Opening Balance	5700102	(28885404396)	(24166836819)
	Profit/ (Loss) for the year		(4413064990)	(4718567577)
	At the end of the year		(33298469386)	(28885404396)
	TOTAL		13187954498	(14596794190)



4. LONG TERM BORROWINGS

(In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
	SECURED:			
A)	TERM LOANS			
	FROM BANKS:		-	-
	FROM OTHERS:			
	a. For acquisition of Fixed assets			
	1) Loan from REC	5303100	1100220763	1086059342
	2) Loan from REC-RGGVY	5303530	141253003	170392017
	3) Loan from PFC	5303200	815456711	633176333
	4) LT Loans-PFC GEL (Solar Pump sets)	5303210	161765604	161765605
	5) Loan from Govt. of Andhra Pradesh	5303300	192752373	210520373
	b. For Working Capital Requirements:			
	Loan from PFC	5303200	1000000000	1000000000
	Loan from REC	5303100	850000000	500000000
	Loan from PTC FSLtd	5303600	200000000	100000000
B.	Under Financial Restructuring Plan:			
	1)FRP-9.95% Unsecured Bonds - I	5303540	301490000	410800000
	2)FRP-10% Unsecured Bonds - II	5303550	0	795150000
	3)FRP- Conversion of STL to Term Loans	5303560	1685271428	1300000000
	TOTAL		27611619882	43321413670

- 4.1 Secured Term Loan from M/s REC amounting to Rs.110,02,20,763/- (P.Y. Rs.108,60,59,342/-) is secured by specific assets for which the loan is availed. The repayment is in equated monthly/ quarterly instalments spread for a period of 10 years. The rate of Interest is ranging from 8.5% to 12.75%
- 4.2 Secured Term Loan from M/s Power Finance Corporation amounting to Rs.81,54,56,711 (P.Y. Rs.63,31,76,333) is secured by the specific assets for which the loan is availed. The repayment is in equated quarterly instalments spread for a period of 5 years. The rate of Interest is ranging from 11% to 11.5%



4.3 Details of Bonds issued & Re-structured STL under Financial Restructuring Plan retained with APEPDCL after UDAY Scheme (In Rupees)

Particulars of Restructured Loans under FRP SCHEME	9.95% Unsecured Bonds - I	Conversion of STL to Term Loans
A.P.Genco	3014900000	
Indian Overseas Bank		518985714
Punjab and Sind Bank		392761905
Bank of India		773523809
	3014900000	1685271428

Details of PFC Term Loans	(In Rupees)
RAPDRP Part-A (GOI)	293397282
RAPDRP Part-B (75%)	367979429
RAPDRP Part-B (GOI)	92680000
RAPDRP SCADA Part-A (GOI)	29300000
RAPDRP SCADA Part-B (GOI)	32100000
Total	815456711

Details of REC Term Loans	(In Rupees)
JBIC- Monthly	275074530
JBIC- Quarterly	379402593
Indiramma	80102550
LED	160891090
HVDS	204750000
Sub total	1100220763
RGGY	114403280
DDG	26849723
Sub total	141253003
Grand total	1241473766



5. OTHER LONG TERM LIABILITIES

(In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
	Security Deposits from Consumers (in cash)	4800101,302 & 4801020	13180393076	11517324581
	TOTAL		13180393076	11517324581

6. LONG TERM PROVISIONS

(In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
	Provision for EL Encashment	4400330, 4500-431&5400147	3715629712	3453922511
	TOTAL		3715629712	3453922511

7. SHORT TERM BORROWINGS

(In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
7.1)	Loans Repayable on Demand from Banks			
	Secured:			
	1) CC Limits from SBH, Syndicate bank & LVB	5000102	3240354210	3250636751
	2) Working Capital Loan	5101010 to 5101123	25280000	25280000
	TOTAL		3265634210	3275916751

7.2) The working capital loans obtained from SBH, LVB & Syndicate Bank secured against hypothecation of receivables and inventories.



8. TRADE PAYABLES

(In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
1	AP Transco & Power Purchase Liability	4101010 to 4101070,4101201	18812635530	28768080930
2	Liability-Materials, Works-Capital and O&M	4200301,303,306, 309, 4201000, 4300001, 4300002, 4301000, 4500301 &311	1313359328	1431665711
3	Creditors Other Discoms on Power Purchase	4201400	120808314	119245615
4	Staff Related Liabilities	4400201 to 4400320, 4400350 to 4400450, 4500401,411, 421,561	853611485	794585263
5	Liability for Expenses	4500501,551,571, 4600934, 4604010, 20,30,40, 50, 60,70,80	168744091	178928210
	TOTAL		21269158748	31292505729

8.1 Information relating to Suppliers as required under the provisions of Micro, Small and Medium Enterprises Act, 2006(based on the information available with the company):

(In Rupees)

Sl. No.	Particulars	As at 31.03.2017
1	The amounts due there on remaining un paid to any supplier as at the end of the year a) Principal	NIL
	b) Interest	NIL
2	Payments made beyond the appointed day and interest there on during the year	NIL
3	The amount of interest due and payable for the period of delay in making payments but without adding the interest specified in the Act.	NIL
4	The amount of further interest remaining unpaid at the end of the year.	NIL
5	The amount of further interest remaining due and payable in the succeeding year until the date such interest is actually paid.	Nil



9. OTHER CURRENT LIABILITIES

(In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
1	Details of Current Maturities of Long Term Debts			
(a)	Term Loan From Banks		-	-
(b)	Term Loan from Other Parties			
	Secured:			
	Loan from REC	5303100	149120099	229318835
	Loan from REC-RGGVY	5303530	25083661	18703496
	Loan from PFC	5303200	23373680	1657764
	Loan from Govt. of AP	5303300	53300000	53300000
(c)	Under Financial Restructuring Plan:			
	FRP- Conversion of STL to Term Loans	5303560	214285714	0
	Sub-total (1)		465163154	302980095
2	Deposits and retentions from suppliers and contractors	4600107,950, 4601010,20,30, 60,90&4603051	1485964559	2142798552
3	OTHERS			
	Temporary Supply & TEMP Deposits	4700601 to 604	159861235	216805568
	Deposits for Electrification, Service Connection Etc.	4700101,301,401, 501,551,607,609, 610,701&801	734608214	881750283
	Advance receipts from consumers	4600850,851&852	103449757	148573921
	Interest Payable on Security Deposit	4500521,4800301 &4803020	819494789	801992781
	Other Liabilities	4500321,903, 4600105,106,108, 201,309,501,910 & 4646000 & 4608500,4202000 to4207000,2800427, 4600853	2145545565	2225516326
	Statutory Liabilities - TDS, Entry Tax,Service Tax Etc.	4600301, 310, 4600921 to 929 & 4603055, 3070, 3071& 3080	84672214	89315629
	Interest accrued but not due	4600801	775482478	773978720
	Debt Service/Loan Clg Acc	4605001, 5300601	(340812655)	61815122
	Inter unit Accounts	3000100 to 3700001	0	0
	Deposits frm APNACSC & E-wallet	4700901 & 902	2491331	2228571
	Sub-total (2+3)		5970757486	7344775472
	TOTAL		6435920640	7647755567



- 9.1** Other Liabilities includes Liability Recognised as per interim directions of Hon'ble AP High Court for FSA raised for the year 2008-09 for an amount of Rs.200,31,67,428. The same will be adjusted in the books of accounts as per outcome of final orders Hon'ble High Court of AP.
- 9.2** Secured Term Loan from M/s REC amounting to Rs.14,91,20,099 (P.Y. Rs.22,93,18,835) is secured by specific assets for which the loan is availed. The repayment is in equated monthly/quarterly instalments spread for a period of 10 years. The rate of Interest is ranging from 8.5% to 12.75%
- 9.3** Secured Term Loan from M/s Power Finance Corporation amounting to Rs.2,33,73,680 (P.Y. Rs.16,57,764) is secured by the specific assets for which the loan is availed. The repayment is in equated quarterly instalments spread for a period of 5 years. The rate of Interest is ranging from 11% to 11.5%

Details of PFC Term Loans	(in Rupees)
RAPDRP Part-B (75%)	23373680

9.4

Details of REC Term Loans	(in Rupees)
JBIC- Monthly	62281018
JBIC- Quarterly	54200376
Indiramma	12015403
TRANSCO loans	2746518
LED	17876784
Sub total	149120099
RGGY	25083661
Sub total	25083661
Grand total	174203760

9.5

Details of Bonds issued & Re-structured STL under Financial Restructuring Plan retained with APEPDCL after UDAY Scheme	
	(In Rupees)
Particulars of Restructured Loans under FRP SCHEME	Conversion of STL to Term Loans
Punjab and Sind Bank	71428571
Bank of India	142857143
Total	214285714



10. SHORT TERM PROVISIONS

(In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
1	Provision for Employee Benefits			
	Provision for Gratuity for Employees > 1-2-99	5400135,136,142, 143 & 146	(13140384418)	(10570947653)
	Provision for Pension & Gratuity for Employee < 1-2-99	5400130,141& 145	16927744157	14639348099
	Sub - Total		3787359739	4068400446
2	Others			
	Liabilities for Taxes	4500901& 4600302	0	0
	TOTAL (1+2)		3787359739	4068400446



FIXED ASSETS AND PROVISION FOR DEPRECIATION

Tangible Assets **Note 11**
(in Rupees)

ASSET GROUP	Account Code	GROSS BLOCK				PROVISION FOR DEPRECIATION				NET BLOCK		
		At the end of the Previous Year 2015-16	Additions during the year 2016-17	Deductions during the year 2016-17	Reclassification	At the end of the Year 31-03-2017	At the end of the Previous 2015-16	Depreciation for the year 2016-17	Adjustments on Deductions	Reclassification	At the end of the year 31-03-2017	At the end of the Previous 2015-16
Land and Land rights	1000101	825705295	21616	0	0	825726911	0	0		0	825726911	825705295
Buildings	1000201	1010443949	330727595	0	0	1341171544	208452120	32154193		240606313	1100565231	801991829
Other civil works	1000301	268094023	61339998	0	0	329434021	33868839	8742536		42611395	286822626	234225183
Plant and Machinery	1000401	19054767616	2349540088	10659986	0	21393647718	9266739746	1225643353	9575457	10482807642	10910840076	9788027871
Lines and Cable Network	1000501	22436700338	2633643226		0	25070343564	12059062715	1173440109		13333402824	11836940740	10376737624
Meters & Metering Equipment	1000551	3993394608	981895780	282943518	0	4692346870	23444053684	524378273	254649166	2613782791	2078564079	1649340925
Vehicles	1000601	16038250	1954495		0	17992745	14028394	571723		14600117	3392628	2009856
Furniture and Fixtures	1000701	191913698	8476425		0	200390123	101241171	17587936		118829107	81561016	90672526
Office Equipment	1000751, 851, 951	165675704	8745090	57000	0	174363794	109822257	12141467	51300	121912424	52451370	55853447
Computers	1000801	565000168	152996496		0	717996664	215387816	63059294		278447110	439549554	349612352
TOTAL		48527733650	6529340809	293660504	0	54763413954	24353556742	3057718904	264275923	27146999723.23	27616414231	24174176907
Previous year 2015-16		43515538019	5133721435	121525805	0	48527733650	21731698394	2731231573	109373225	243535556742	24174176907	21783839624

Intangible Assets **(in Rupees)**

ASSET GROUP	Account Code	GROSS BLOCK				PROVISION FOR DEPRECIATION				NET BLOCK		
		At the end of the Previous Year 2015-16	Additions during the year 2016-17	Deductions during the year 2016-17	Reclassification	At the end of the Year 31-03-2017	At the end of the Previous 2015-16	Depreciation for the year 2016-17	Adjustments on Deductions	Reclassification	At the end of the year 31-03-2017	At the end of the Previous 2015-16
Intangible Assets	1000901	1957000	0	0	0	1957000	1957000	0	0	0	1957000	0
Computer Software		0	745988	0	0	745988	0	83106	0	0	83106	662882
Total		1957000	745988	0	0	2702988	1957000	83106	0	0	2040106	662882



12. CAPITAL WORK IN PROGRESS

(In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
1	Capital work-in-progress	1400101 & 102	4185194451	4971213565
	TOTAL		4185194451	4971213565

13. NON-CURRENT INVESTMENTS

(In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
	Non- Trade Investments (Un-quoted)			
	a) Investment in Govt. Securities			
	Contingency Reserve Investments	2001070	91316200	121316200
	b) Investment in Equity (Un-quoted)			
	Share Capital in RESCOs	2006010	906600	906600
	c) Investments in Equity (Un-quoted)			
	Investment in APPDC LTD	2002030	1461800000	1461800000
	d) Others Investment in APTRANSCO Bonds	2006030	100000000	100000000
	TOTAL		1654022800	1684022800

(In Rupees)

13.a	a) Details of Contingency Reserve Investments	As at 31.03.2017	As at 31.03.2016
1	10.45% GOI 2018, Total No. of 355000 Bonds with face value @ Rs.100/- each (105000 bonds purchased @Rs.149/- each Bond & 250000 Bonds purchased @ Rs.120/- each Bond)	45645000	45645000
2	8.70% AP TRANSCO Vidyut Bonds, 30 No. of Bonds @ Rs.10,00,000/- each	0	30000000
3	11.05% IOB 2023, 39 No. of Bonds with face value @ Rs.10,00,000/- each (Bonds purchased @ Rs.11,44,800/- each)	44647200	44647200
4	9.28% PFC 2017, 1 Bond with face value of Rs.10,00,000/- (Bond Purchase @10,24,000/-)	1024000	1024000
	TOTAL	91316200	121316200

13. b) Investments in RESCOs

(In Rupees)

Sl. No	Classification of Investment	As at 31.03.2017	As at 31.03.2016
1	Shares in RESCO, Cheepuripalli, 9 No. of Shares @ Rs.1,00,000/- each fully paid up	906600	906600



13. c) Investments in Andhra Pradesh Power Development Co. Ltd. (In Rupees)

Sl. No	Classification of Investment	As at 31.03.2017	As at 31.03.2016
1	Equity Share Capital in APPDCL, 146180000 No. of Shares @ Rs.10/- each fully paid up	1461800000	1461800000
	TOTAL	1461800000	1461800000

Equity Participation in 1600MW Power Project at Krishna Patnam in Sri Potti Sriramulu, Nellore District. As per the Resolution passed in 61st Board Meeting held on 29-10-2009. APEPDCL Share is 6.76% (out of 49%). Equity Payment made so far to the end of 31-03-2017 is Rs. 146,18,00,000.

13. d) Other Investments (In Rupees)

Sl. No	Classification of Investment	As at 31.03.2017	As at 31.03.2016
1	AP TRANSCO Vidyut Bonds(100 Nos bonds each Rs.10 Laksh @ 8.55%)	100000000	100000000
	TOTAL	100000000	100000000

14. LONG TERM LOANS AND ADVANCES (In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
1	Loans and Advances to Employees	2700101 to 103, 110&111	765546718	602727283
2	MAT Credit Entitlement	2700430	103584242	103584242
3	Capital Advances to Contractors/Suppliers	2501010	178158882	7638241716
	TOTAL		1047289842	8344553241

14.1 Loans given to the employees and advances given to contractors/Suppliers are Secured and considered good.

15. OTHER NON-CURRENT ASSETS (In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
1	Non- Current Deposits:			
	Unsecured & considered good:			
	Deposits with Court& Local Authority	2800605,606&630	219012362	215003789
	Deposit with Excise Authority	2800603	84987	84987
	Deposit with Telecom Authority	2800604, 620	82344	91423
2	Others (Interest Receivable from employees)	2700128& 2800211	95825607	60709756
	TOTAL		315005300	275889955



CURRENT ASSETS

16. INVENTORIES

(In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
	Stores and Spares			
1	Stock of Materials at Stores	200151,152,161,232, 401,451,501,551, 601,701,751,801, 2201000, 1100&1101	1564315590	1744317102
2	Material Received but not taken in to Stock& Materials Stock Ex/Short pending investigation	2200201 to 203	117538122	98462298
	TOTAL		1681853712	1842779400

17. Trade Receivables

(In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
	Debtors :			
1	Less than Six Months	2300310, 2301050 2305660&2305690	2837585893	2153108073
2	More than Six Months and above		10459554652	8816053147
	Less: Provision for Doubtful Debts	2300701,704 &730	(351929400)	(351929400)
			12945211145	10617231820
3	Debtors Others	2300301, 302,312, 502,503,504,700, 835, 900, 2800302,524& 531	89031032	96676588
	TOTAL		13034242177	10713908408

18. Cash and Cash Equivalents

(In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
	i) Cash and Cash Equivalents:			
	Cash on Hand	2400500 to 2401999, 2404901, 902&903	22607243	44997640
	Cash at Bank (Balance with Banks)	2404501, 2428760 to 2433405,2600200, 2409280 to 2409503	2436162386	1310976923
	Cash- in -Transit & Remittances-in-Transit	2404980 To 2405000	217729782	0
	ii) Other Bank Balances			
	Short term Deposits with Banks	2002050	252641524	889538496
	TOTAL		2929140935	2245513059



18.1 The company has insured the cash in transit & cash on hand. All other assets of the company are not insured.

19. Short term Loans and Advances (In Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
1	Advance Income Tax & TDS	2700401,423&425	68916971	87241595
2	Loans & Advances to Employees	2700104 To 2700109, 2700127, 2700131	34259370	36848814
3	Loans and Advances (ICD)	2600102 &2406000	28325925446	26937085733
4	Capital Advances	2501010	1105700000	0
5	Prepaid Expenses	2800701 To 2800705	432928	488540
	TOTAL		29535234715	27061664682

19.1 Details of Discom wise ICD	(In Rupees)
TSSPDCL	10056384172
TSNPDCL	(1174902830)
APSPDCL	19444444104
TOTAL	28325925446

19.1.1 Loans and advances given to employees and Advances are secured and considered good.
19.1.2 GVK INDUSTRIES LIMITED – STAGE I - ASSETS BUYOUT:

As per decision of APPCC meeting dated: 06.04.2015 and Govt Of AP (GOAP) permission to buy out vide its approval ref: 2374/Power I/2014 dated: 28th October 2015, agreement for buyout of the project dated: 03 Feb 2016 and continuation agreement dated: 22 April 2016, advance of Rs.289.55 Crores paid by APDISCOMs to GVK Industries Ltd. As per handing over minutes dated: 22 April 2016, control over plant and its assets were taken over by APDISCOMs with effect from 22 April 2016 and energy generated was shared between DISCOMs as per Power allocation Ratio decided by Govt vide GOMS no: 20 dated: 08th May 2014.

Operating expenses incurred to operate the plant also shared between two APDISCOMs in the ratio of EPDCL-34.27% and SPDCL – 65.73%.

As per agreement, GVK buy out price is given below: (Rs. in Crores)

Particulars	Total	EPDCL	SPDCL
Share	100%	34.27%	65.73%
Land	27.81	9.53	18.28
Building, Structures and Roads.	47.15	16.16	30.99
Plant and Machinery	185.15	63.45	121.7
Stores & Spares	67.34	23.08	44.26
Naptha/Inventory	4.70	1.61	3.09
Total	332.15	113.83	218.32



Consideration of Rs.289.55 crores was paid as against total consideration of Rs.332.15 Crores and the details of payment are given below:

(In Rupees)

LOA No	Amount paid	EPDCL	SPDCL
	100%	34.27%	65.73%
3244/05.02.16	1.00	0.34	0.66
230/22.04.16	150	51.41	98.6
230/22.04.16	77.94	26.71	51.23
231/22.04.16	60.61	20.77	39.84
Total	289.55	99.23	190.32

Further, recoverable amount of Rs.32.33 crores, relates to GVK expansion project was adjusted against purchase consideration/buyout price of GVK industries Ltd. Rs.0.75 crores paid towards TDS on behalf of GVK Industries Ltd. was also adjusted.

The above amounts are posted /debited to the following GL Accounts in SAP and included in APPCC trial balance dated 31st March 2017:

(In Rupees)

GL Account / Vendor	Particulars	Amount	EPDCL	SPDCL
		100%	34%	66%
2501010	LOA 3244 advance paid	1.00	0.34	0.66
2501010	LOA 230& 231	288.55	98.89	189.66
2501010	GVK expansion project adjustment.	32.33	11.08	21.25
2501010	TDS paid on behalf of GVK	0.75	0.26	0.49
Total		322.63	110.57	212.06

APPCC in its meeting held on 19th June 2017, it was decided to handover the GVK assets/plant to APGENCO from APDISCOMs as the APGENCO is in the core business of Generation. The legal formalities are in process, to transfer the assets in favour of APGENCO. In view of above, amounts paid to GVK towards purchase consideration shown as Capital Advances in the books of APEDPCL. As per the above referred minutes interest has not been considered in the books of APEPDCL.



20. Other Current Assets

(in Rupees)

S. No.	PARTICULARS	Account Code	As at 31-03-2017	As at 31-03-2016
1	Amount Recoverable from Emp/Ex.Emp	2800501, 2800506 To 2800510	14765057	26412616
2	Interest Accrued on Bank Deposits	2800201	9805518	36920076
3	Interest Accrued on Investments	2800251	5745677	7087969
4	Receivables from AP Online, E-Seva & Internet	2800512 to 519,521 to 523 & 525 to 530	105578985	108377922
5	Receivable from P&G/GPF trust	2800802 to 2800805	81628243	30149452
6	Sundry Debtor for Sale of Scrap	2600101 & 2805160, 2800101	23897550	118466447
7	Unbilled Revenue	2300551 & 552	6241965724	6494338317
8	Apprentice Salary Receivable	2800427	278973	8074
9	Recb Subsidy Ferro	2800520	1888432966	0
10	Total (1 to 9)		8372098693	6821760872
11	Receivables from Government/FSA	2800301 to 2800502	5781964058	5544415466
12	Less: Provision for Government Receivables	2828000	(2487200000)	(2487200000)
13	Sub Totals		3294764058	3057215466
	TOTAL (10+13)		11666862750	9878976338



21. REVENUE FROM OPERATIONS:

21.1 REVENUE FROM SALE OF POWER

(In Rupees)

S. No.	PARTICULARS	Account Code	Current Year 2016-17	Previous Year 2015-16
	<u>L.T.SUPPLY:</u>			
1	Domestic supply - Category-I	6100210 to 218, 6600212,218& 6101210 to 218	14268038059	13375427450
2	Non-Domestic Supply-Category-II	6100220 to 228, 6600220 to 226, 6101220 to 228, 6102220 to 228,6102620	8719027400	7972640695
3	Industrial supply-Category-III	6100230 to 238 & 6101230 to 1238, 6600232 to 236	5359423733	4798164117
4	Cottage Industries - Category-IV	6100240 to 248, 6600242, 246, 6101240 to 6101249	8777715	9014794
5	Irrigation and Agriculture Category-V	6100250 to 258 & 6101250 to 258, 6102250	38800582	33139356
6	Public Lighting - Category-VI	6100260 to 268 & 6101260 to 268, 6600262 to 268	1260848758	1291123598
7	General Purpose - Category-VII	6100270 to 278, 6101270 to 278, 6600270, 6600272, 6600276	350787067	324701637
8	Temporary - Category-VIII	6100280 to 288, 6101280 to 286,6102288	11596132	23626550
	L.T.TOTAL :		30017299446	27827838197



(In Rupees)

S. No.	PARTICULARS	Account Code	Current Year 2016-17	Previous Year 2015-16
	H.T.SUPPLY:			
1	Industrial segregated - Category-I	6100310 to 319,510, 6101310 to 318&713 6600310, 6601312, 6101310 to 318 & 6601312, 6101810 to 1818, 6101910 to 1918	34372299296	30993256512
2	Industrial non-segregated- Category-II	6100320 to 328, 6600322, 6102010 to 2018, 6102110, 6102222	5414023778	5922689429
3	Aviation activity at Airports- Category-III	6100330 to 338, 6600332	355327506	106410575
4	Irrigation and Agriculture Category-IV	6100340 to 348 & 6101340, 6102340, 6600342, 6601342, 6602342	1511197427	660929453
5	Railway Traction-Category-V	6100350 to 358, 6600352	4312429809	4340757555
6	Electricity Co-op. Societies	6100370 to 372, 6600372	207896536	302022812
7	Colony Consumption	6100360 to 368, 6600362	206249155	196191683
	H.T.TOTAL:		46379423507	42522258019
	L.T. + H.T.TOTAL		76396722953	70350096216
	Less HT Incentive	7600563	0	0
	Net L.T.+H.T.Total:		76396722953	70350096216



MISCELLANEOUS REVENUE

(In Rupees)

S. No.	PARTICULARS	Account Code	Current Year 2016-17	Previous Year 2015-16
1	Interstate sales & DD sales	6100145,146,147 & 153	339460543	1846478097
2	Electricity Duty recovery	6100501 to 520, 6101501 to 514,6102502, 6102514,6102111, 6102212,6102311	778842369	704650499
3	Interest on ED	6100521 to 540, 6101521 to 531,6102031, 6102131, 6102522 & 6102535,6102231,6102902	14569455	14823845
4	Recoveries for theft of power / Malpractices	6100810, 820 & 821	228441840	108880672
	Sub Total:		1361314207	2674833113
5	Miscellaneous charges from consumers	6100613 to 950, 6101613 to 683,6101713, 6101743,6102743 & 6202623, 66001981,6101913, 6102213, 2313,2413,2513, 6203023	3593191400	3336290383
	Total Misc. Revenue		4954505607	6011123496
	Gross Revenue from sale of power		81351228561	76361219712
	'Less: Electricity Duty paid	7000901	778842369	704650499
	Net Revenue from sale of power :		80572386192	75656569213
	Subsidies & Grants:			
	Subsidies and grants from Government	6300130	1359399999	8675499996
	TOTAL REVENUE FROM OPERATIONS		81931786191	84332069209

- 21.2 a)** Govt. of A.P Vide G.O.Ms.No.59 Dt.07-06-2005 set up an apex committee “ AP Power Coordination Committee (APPCC)” for the purpose of power procurement, debt servicing, unscheduled interchange charges, and SLDC charges, Inter-State trade and operation of common pool account of four DISCOMs. As per the above mechanism, pool account was operated by APPCC. On bifurcation of state a separate Power Co-ordination Committee was constituted for APEPDCL and APSPDCL vide G.O.Ms.No. 21, dt. 12.05.2014.
- b)** The Company has made Inter-State sales and DISCOM sales of Rs.339460543 (PY Rs.1846478097) during the year and the selling price of said sales is adopted as fixed by APPCC based on the directions issued in GO.Ms.No.58 Dt.07-06-2005 and subsequent working instructions.



Eastern Power
Distribution Company of A.P. Ltd
ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ
(An ISO 9001-2008 & ISO 27001:2005 Certified Company)

- c) The figures of purchase, Inter-State sales and Inter DISCOM sales of power as communicated by the APPCC and certified by a firm of Chartered Accountants, Internal Auditors of APPCC, are accounted by the company.

21.3

- a) The Assets and Liabilities of the company as on 31.03.2017 include the balances transferred to the company as per the Second Transfer Scheme notified by the GOAP vide G.O.Ms.No.35, Energy (Power-III) and Third Transfer Scheme notified by the GOAP vide G.O.Ms.No.58, Energy (Power-III), dt.07-06-2005.
- b) The Government of Andhra Pradesh (GOAP) vide G.O.Ms.No.58, Energy (Power-III), Dt.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 our DISCOM is 16.70%. The GOAP has, vide G.O.Ms.No.53, Energy (Power-III), dt 28-04-2008, amended the share of four DISCOMs Generating Stations as per which the revised share of APEPDCL is 15.80%.

After Bifurcation of State of Andhra Pradesh under AP Reorganisation Act 2014, w.e.f 02.06.2014 in 46.11% Power allocation to Residual Andhra Pradesh, APEPDCL Share is 34.27% and the remaining being of APSPDCL's Share. The accounting of purchase of power is based on revised share of 15.80% up to 01.06.2014 and purchase of power is accounted between two DISCOMs of Andhra Pradesh @34.27% (APEPDCL) and 65.73% (APSPDCL) w.e.f 02.06.2014.

- c) As per the provisions of the Third Transfer Scheme, all pending proceedings of whatever nature by or against APTRANSCO pending as on effective date shall be continued by or against the transferee. Further the rights and obligations of all persons in respect of Bulk Supply Undertaking shall be restricted to the transfer, notwithstanding anything to the contrary contained in any deed, document, instrument, agreement or arrangement which such persons may have entered into with APTRANSCO and such persons shall not claim any right or interest against APTRANSCO and/ or the state Government in connection there with.

21.4

- a) The billing for all consumers is based on tariff approved by APERC and is done on monthly basis. For Free-Agriculture services, Customer charges are being billed once in six months.
- b) Sale of power given above is based on the recorded consumption in respect of all categories except in case of LT-5 Agriculture where consumption has been arrived at by taking the loads (in HP) of each Mandal as per the sample meter reading data and average consumption per HP.
- c) Wheeling charges are not recognised as income, pending settlement of the dispute by the Honourable High Court of Andhra Pradesh.
- d) Quantitative Details of Purchase, Sale of Power, Losses are as stated below :



(In Rupees)

Sl No	PARTICULARS	Current year 2016-17	Previous Year 2015-16
1	Gross Energy input (MUs)	18227.84	16686.01
2	EHT Direct sale by IPP & EHT SS Aux. consumption in M.U	242.04	251.87
3	Net Energy input for Distribution (MUs) (1-2)	17985.80	16434.14
4	Open access Units (M U)	645.01	347.61
5	Total Units Sold (MUs) (a+b)	16443.36	15185.99
	a) Agl Sales (M.U)	2399.41	2149.52
	b) Other than Agl sales (M.U)	14043.95	13036.47
6	Discom Losses (MUs) (3-4-5)	897.43	900.54
7	Discom Loss % (6/3*100)	4.99	5.48

22. OTHER INCOME

(In Rupees)

S. No.	PARTICULARS	Account Code	Current Year (2016-17)	Previous Year (2015-16)
1	Interest on staff loans & advances	6200936	36533877	26128474
2	Delayed payment charges from consumers	6200251 to 6200271, 6201251 to 260, 6200261 to 269,6201261 & 6202265,6201761, 1861,1961, 2061.	1752598091	1533415053
3	Interest from Banks & Investments	6200220 & 926	84510526	163732531
4	Income from Trading (Profit on sale of scrap etc.)	6200340, 925, 6400301 to 305	22054218	1507168
5	Miscellaneous receipts	6101913, 6200222, 6200281,6200900 to 6200935	608794973	322162540
6	Amortisation of consumer contributions, subsidies, grants towards cost of capital assets (Current year)	6400828	1550315323	1433018591
7	UI & Other Charges	6100845 & 846	208183955	152070514
8	Rebate on PP Bills & Incentive	6200230	229428569	0
	TOTAL:		4492419532	3632034871

23. COST OF POWER PURCHASE

(In Rupees)

S. No.	PARTICULARS	Account Code	Current Year (2016-17)	Previous Year (2015-16)
1	Power Purchase	7000100 to 7000210	73711872686	75733621817
	Less: Rebate on PP Bills & Incentive	6200230	0	250528562
	Total:		73711872686	75483093255



- 23.1 The power purchase bills, debit/credit notes raised by the generators are subject to revision at a later date the results of which are to be shared by DISCOMs in the ratio specified in the Gazette Notification.

24. EMPLOYEE BENEFIT EXPENSES

(In Rupees)

S. No.	PARTICULARS	Account Code	Current Year (2016-17)	Previous Year (2015-16)
	Salaries			
1	Salaries	7500101 to 175	4220943996	4169740047
2	Dearness Allowance	7500301	625480669	376634533
3	Other Allowances	7500201,7500401 to 450 540, 614 , 618 & 302	793479003	850213582
4	Managerial Remuneration & Allowances to Directors	7500710 & 7500711,714	6772520	6750168
5	Incentive to Staff/Exgratia	7500501 & 672	1638512	0
	Sub-Total 1 (1 to 5)		5648314700	5403338330
	Employee Costs (Other Allowances)			
6	Medical expenses (Monthly & Reimbursement)	7500609 ,610 & 611	244661939	230483036
7	Leave Travel Assistance	7500612 & 613	1472696	878435
8	Earned Leave Encashment	7500617	700295114	1289532243
	Sub-Total 2 (6 to 8)		946429749	1520893714
	Employee Costs(Welfare Exp & Other Benefits)			
9	Other welfare expenses	7500664to669,7600575	13582059	13400363
10	Social Security cum PF Booster scheme	7500670	100000	305000
11	Terminal Benefits - PF Employer Cont. Joined<1.2.99	7500801 & 803	1347374801	1231255480
12	Employer Contribution to EPF	7500805, 7500810 to 814	268246526	241798452
13	Miscellaneous Employee Cost	7500629,701 to 704,7500815 to 819	2597564	6279262
	Sub -total 3 (9-13)		1631900950	1493038557
	Sub-total (1+2+3):		8226645399	8417270601
	LESS: Employee Cost Capitalised	7509000	506390766	516660287
	Net Employee Benefit Expenses		7720254632	7900610314



24.1 Accounting Standard 18 Related Party disclosures

Names of the Related parties and their relationship with the APEPDCL:

The APEPDCL has identified the following persons to be the Key Management Personnel as per the Accounting Standard

- 1) Sri M.M Nayak I.A.S Chairman & Managing Director (From 03.08.2016)
- 2) Sri Revu Mutyala Raju I.A.S Chairman & Managing Director (up to 23.07.2016 F.N)
- 3) Sri B.Seshu Kumar, Director(Operation & Projects) from 19.06.2015.
- 4) Sri T.V.S.Chandra Sekhar, Director(Finance) from 26.06.2015.

Transactions with Related parties:

(In Rupees)

Sl No.	Name	Relation ship	Nature of Transaction	2016-17	2015-16
1)	Sri M. M. Nayak, I.A.S	Chairman & Managing Director	Remuneration	1593565	-
2)	Sri Revu Mutyala Raju I.A.S	Chairman & Managing Director	Remuneration	684579	2144391
3)	Sri B.Seshu Kumar	Director	Remuneration	1918534	1303175
4)	Sri T.V.S.Chandra Sekhar	Director	Remuneration	2450361	1621356

Transactions with Related Parties have not been disclosed in view of para 9 of the AS-18 on Related Party Disclosures, which exempts State Controlled Enterprises from making any disclosure pertaining to their transactions.

24.2 As per the Actuarial valuation report, the total accrued liability towards pension and gratuity as on 31.3.2017 is Rs.1437,99,86,789/- (Previous year Rs.1295,92,17,585/-) and the investments in Pension and Gratuity Trust is Rs.1028,92,00,000/- (Previous year Rs.858,22,00,000/-) towards future liability. As per the actuarial valuation an amount of Rs.134,66,81,385/-(Previous year Rs.123,04,17,769) balance liability is provided in the books of accounts during the year 2016-17.

24.3 a) Pension & Gratuity for Employees appointed before 01-02-1999:

The employees appointed before 01-02-1999 are eligible for Pension, commutation and Gratuity after retirement. The 100% liability will be discharged by APGENCO Master Trust in case of employees retired before 01.02.1999. In case of employees retired after 01.02.1999 the liability will be discharged at 74% by APGENCO Master Trust and 26% by APEPDCL Pension and Gratuity Trust as per the tripartite agreement.

b) Gratuity for employees appointed after 01-02-1999:

The employees appointed after 01-02-1999 are eligible for Gratuity as per the provisions of Gratuity Act and liability will be discharged by EPDCL Pension & Gratuity Trust.

c) Earned Leave Encashment :

All regular employees are eligible for encashment of Earned Leave for 15 days per year and maximum of 300 days at the time of retirement. The 100% liability will be discharged by the APEPDCL



24.4 The defined contribution plan and the defined benefit plan details are as follows as per the Actuarial Valuation.

Pension and Gratuity liability disclosure

A. Revised AS-15 (2005) Disclosure

Table - 1

(In Rupees)

Reconciliation of PBO	1-Apr -2016 to 31-Mar-2017	1-Apr -2015 to 31-Mar-2016
Projected Benefit Obligation at Beginning of year	12959217585	11688699816
Current service Cost	532326984	488098588
Interest Cost	977579948	911718586
Contributions by plan participation	-	-
Actuarial (Gain)/ Loss	564474453	456100595
Benefits paid	(6536121811)	(585400000)
past service cost	-	-
Amalgamations	-	-
curtailments	-	-
Settlements	-	-
Projected Benefit Obligation at Beginning of year	14379986789	12959217585

Table - 2

(In Rupees)

Plan Asset at Fair Value	1-Apr -2016 to 31-Mar-2017	1-Apr -2015 to 31-Mar-2016
Plan Asset at beginning of year	8582200000	8272100000
Foreign currency exchange rate changes on plans measure in a currency different from the enterprise's reporting currency	-	-
Expected Return on plan Asset	727700000	625500000
Employer Contribution	1632900000	270000000
Employee Contribution		
Benefit payment	(653600000)	(585400000)
Asset Gain /(Loss)		
Amalgamations		
Settlements		
Ending Asset	10289200000	8582200000
Total actuarial gain /(loss) to be recognised immediately	(564474453)	(456100595)
Current/Non Current Benefit Obligation	31-03-2017	31-03-2016
Current	619463782	780580830
Non Current	13760523007	12178636755
Total	14379986789	12959217585



Table - 3

(In Rupees)

Amounts to be Recognised in the balance sheet	1-Apr -2016 to 31-Mar-2017	1-Apr -2015 to 31-Mar-2016
Projected Benefit Obligation at end of the year	14379986789	12959217585
Ending Asset	10289200000	8582200000
Funded Status Asset / (liability)	(4090786789)	(4377017585)
Unrecognised past service cost -Non vested benefits Liability (-) /Asset (+) / recognised in Balance sheet	(4090786789)	(4377017585)

Table - 4

(In Rupees)

Statement of profit and Loss	1-Apr -2016 to 31-Mar-2017	1-Apr -2015 to 31-Mar-2016
Current Service Cost	532326984	488098588
Interest Cost	977579948	911718586
Expected return on plan asset	(727700000)	(625500000)
Net actuarial (gain)/Loss to be recognised in year	564474453	456100595
past service Cost		
Effect of Curtailments		
Income (-)/Expense (+) recognised in the statement of profit and Loss	1346681385	1230417769

(In Rupees)

Reconciliation		
Incremental liability (Asset (+)/ Liability (-)	286218615	(960417769)
P&L Charge	1346681385	1230417769
Less Contribution paid	163290000	270000000
Balance (Income(-)/Expense(+)	(286218615)	960417769

(In Rupees)

	31-03-2017	
Discount Rate	7.05%/7.34%	
Salary escalation rate	7.50%	
BASIS Unit 26% Master 74%		
Accrued Liability	UNIT-26%	MASTER-74%
Gratuity for employees on rolls ON 1-2-1999	455074831	1295212981
Gratuity for employees who joined units on or after 1.2.1999	1027117405	-
Pension: employees on rolls on 1-2-99 -excl. retirees from 1.2.99 to 31.03.2017	2840771082	8085271540
Pension: employees on rolls joined between 1-2-99 & 31-8-2004	-	-
Pension for employees who retired from 1.2.99 to 31.03.2017	10057023471	28623836034
pensioners (Pre 01.02.99) and Family pensioners		8412436952
Total Accrued Liability as at 31st March 2017	14379986789	46416757507
Fund as on 31st March 2017	10289200000	
(Deficit)/Surplus	(4090786789)	



A. Revised AS-15 (2005) Disclosure

Earned Leave encashment liability disclosure

2 Table Showing Changes in Present Value of Obligations (In Rupees)		
	31-03-2017	31-03-2016
Present Value of Obligation as at the beginning of the year 1 04 2016	345,39,22,511	256,51,25,789
Acquisition adjustment		
Interest Cost	272859878	20,00,79,812
Past Service Cost	-	
Current Service Cost	261707202	88,87,96,722
Curtailement Cost / (Credit)	-	
Settlement Cost / (Credit)	-	
Benefits paid	(4385,87,912.00)	(40,07,35,521)
Actuarial (gain)/loss on obligations	1657,28,034	20,06,55,709
Present Value of Obligation as at the end of the year	37156,29,713	345,39,22,511

3 ACTUARIAL GAIN / LOSS RECOGNIZED (In Rupees)		
	31-03-2017	31-03-2016
Actuarial (gain)/loss for the year – Obligation	(16,57,28,034)	(20,06,55,709)
Actuarial (gain)/loss for the year - Plan provisions		-
Total (gain) / loss for the year	16,57,28,034	20,06,55,709
Actuarial (gain) / loss recognized in the year	16,57,28,034	20,06,55,709
Unrecognized actuarial (gains)/losses at the end of year	-	-

4 . THE AMOUNTS TO BE RECOGNIZED IN BALANCE SHEET AND STATEMENTS OF PROFIT AND LOSS (In Rupees)		
	31-03-2017	31-03-2016
Present Value of Obligation as at the end of the year	3715629713	345,39,22,511
Value of Plan provisions as at the end of the year		-
Funded Status	(3715629713)	(345,39,22,511)
Unrecognized Actuarial (gains) / losses		-
Net Asset / (Liability) Recognized in Balance Sheet	(3715629713)	(345,39,22,511)

5. EXPENSE RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS (In Rupees)		
	31-03-2017	31-03-2016
Current Service Cost	261707202	88,87,96,722
Past Service Cost		-
Interest Cost	272859878	20,00,79,812
Expected Return on Plan Assets		-
Curtailement Cost / (Credit)		-
Settlement Cost / (Credit)		-
Net actuarial (gain)/ loss recognized in the year	165728034	20,06,55,709
Expenses Recognized in the statement of Profit & Loss	700295114	128,95,32,243



25. FINANCE COSTS

(In Rupees)

S. No.	PARTICULARS	Account Code	Current Year 2016-17	Previous Year 2015-16
1	Interest on Bonds	7800101	0	0
2	Interest on Term Loans From Financial Institutions/Banks			
	R.E.C	7800103	131870995	184758420
	P.F.C	7800104	33686314	3085338
3	Interest on Working Capital	7800138&7800300	2911362402	3062373151
4	Interest on Overdraft	7800108	445666138	467653850
	Other Interest and Finance Charges			
5	Interest to Consumers	7800110	812809138	791783778
6	Interest on Employee Funds(GIS,FBF)	7800114 to 116 & 118	6143854	5579247
7	Bank charges	7800203, 204,205 &206	9282896	14794114
8	Other interest Charges	7800106 & 7800117	3114160	236550
	Sub-total		4353935897	4530264448
	LESS: Interest During Construction Capitalised	7809000	0	178430
	Net Finance Costs		4353935897	4530086018

26. OTHER EXPENSES

(In Rupees)

S. No.	PARTICULARS	Account Code	Current Year 2016-17	Previous Year 2015-16
	26.1 Repairs and Maintenance to:			
1	Plant and Machinery	7400503,504&651	109304449	53144945
2	Transformers	7400502&505	224784985	152847334
3	Substation maintenance by Pvt.agencies	7400501	417324299	303907648
4	Buildings & Civil Works	7400201&401	55568326	59438390
5	Lines, Cable net work etc.	7400601	257866212	420002904
6	Vehicles	7400701	141706	121407
7	Furniture and Fixtures	7400801	0	17182836
8	Office equipment	7400901,911, 915, 921	10012652	7724077
9	R&M Expenses Others	7400931, 941 & 952	(2616605)	(21118033)
	Total Repairs & Maintenance: (a)		1072386024	993251508



26.2 Administration and General Expenses

(In Rupees)

S. No.	PARTICULARS	Account Code	Current Year 2016-17	Previous Year 2015-16
1	Rent, Rates and Taxes	7600101, 102 & 104	28037326	34965114
2	Licence Fee - APERC	7600103	19376930	18722000
3	Insurance	7600520 to 525	891288	1029916
4	Communication and related expenses	7600201 to 205	40697408	26542566
5	Legal charges	7600301, 403	7751801	4717887
6	Audit fees	7600401	845625	646875
7	Consultancy/Professional charges	7600302, 311, & 404	44006335	27418485
8	Other professional charges	7600306, 309, 105 & 559	243778665	321402677
9	Travelling expenses & Conveyance	7600567 & 568	123562262	91252731
10	Vehicle running exp. (Cars, Jeeps, Etc.)	7600307, 532 & 533	6017396	6987734
11	Vehicle hire charges	7600308 & 310	110492357	105699309
12	Printing & Stationary	7600504 & 508	9594127	15467670
13	Advertisement	7600505, 573	19339581	15473708
14	Electricity charges	7600506	68004035	63873223
15	Training & Participation	7600515	3649387	451274
16	Stores related Expenses	7600551, 553	17202971	30003898
17	Fabrication Charges	7600557 & 558	0	157568
18	Miscellaneous Expenses	7600509 & 7600511, 561, 564	154114027	181631173
19	Other Expenses	7600305, 405, 406, 501 to 503, 507, 540, 550, 552, 562, 570, 572, 574, 576, 578 & 703	12263502	5245873
	Sub-total		909625022	951689681
	LESS: Adm & General Charges Capitalised	7609000	89363077	91175350
	Net Administration and General Expenses (b)		820261945	860514331



26.3 Others

(In Rupees)

S. No.	PARTICULARS	Account Code	Current Year 2016-17	Previous Year 2015-16
1	Material Cost Variances	8500311 to 313,322& 323	(10667710)	(69788906)
2	Compensations	8400104, 107,108, 109,111,112, 304 & 305	14183243	34180403
3	Materials/Scrap/Assets Loss etc	8500300,302,303,308,310	5477118	7482171
4	Miscellaneous Losses and write offs	8000101,105,8500201, 204, 230, 301 & 315	55307910	13036618
5	Sundry Receivables Write off	8500318		132400000
6	Extra Ordinary debits (Loss on account of Flood, Cyclone, Fire etc.)	8500601	6107881	66574371
7	PP Cost Save DELP	7000903	368795031	0
8	Cost of Solar Agl Pump Sets	8500325	529805545	0
	Total Other (c)		969009019	183884659
	TOTAL OTHER EXPENSES (a+b+c)		2861656988	2037650497

26. A. Exceptional Items

(In Rupees)

S. No.	PARTICULARS	Account Code	Current Year 2016-17	Previous Year 2015-16
1	Income relating to previous year			
	Receipts-prior periods	6600212 to 880	0	0
	Sub Total:		0	0
2	Prior period Expenses / Losses			
	Short provision for power	8800101	0	0
	Sub Total:		0	0
3	Total 'Net Prior Period Credits / (Charges)		0	0

26. B. Extraordinary Items

(In Rupees)

S. No.	PARTICULARS	Account Code	Current Year 2016-17	Previous Year 2015-16
1	Extraordinary Incomes			
	Financial Assistance for Cyclone	6400610	868251500	0
	Sub Total:		868251500	0
2	Extraordinary Expenses / Losses			
	Sub Total:		0	0
3	Total 'Net Extraordinary Credits / (Charges)		868251500	0



Govt. of Andhrapradesh released an amount of Rs.868251500/-towards the expenditure incurred by the APEPDCL to restore the normalcy after a huge devastation caused by HUDHUD Cyclone in APEPDCL as per G.O Rt. No 29 Rev(DM-NCRMP)Department dt.07.03.2017 & Lr no.35A/DM.APDRP/2017 Dt.25.04.2017

27 **Other Disclosures:**

27.1 **Capitalisation of expenses:**

The percentage of capitalization of expenses is fixed at 11% on base capital expenditure.The Employee cost capitalised during the year amounts to Rs.50,63,90,766/-(P.Y Rs.51,66,60,287/-), Adm & Gen. cost capitalised during the year amounts to Rs.8,93,63,077/- (P.Y Rs.9,11,75,350)

27.2 **Fixed Assets/Depreciation:**

- Depreciation on fixed assets other than computers is provided under 'Straight line method' at the rates prescribed by the Central Government vide Notification No.S.O.265 (E) dated 27th March, 1994. The Useful life of computers is determined based on technical evaluation and depreciation is accordingly provided under straight line method.
- The Company's Vehicles have been insured fully and other Assets wherever considered essential in view of nature of assets. The Company has taken a fidelity insurance coverage for Rs.100,00,00,000 for the Cash in transit and Rs.98,00,000 for cash on hand.
- The following softwares procured are an integral part of the computer hardware and inseparable from the Hardware and hence treated as part of Fixed asset and depreciation provided accordingly as stated above.

Name of software	Amount (Rs.)
1) SAP Application Software for 327 Users	10351105
2) SAP Application Software for 200 Users	7000000
3) SAP Application Software for 500 Users	22705000
4) Vmware Vsphere Enterprise version	5250000
5) Red Hat Enterprise Linux 6.0	1109052
6) RMDAS one time cost of Software License	2500000
7) EPCCB Software License	3510000

27.3 **Accounting standard 28 Impairment of Assets:**

The Indications listed in paragraph 8 to 10 of Accounting Standard 28-' impairment of Assets' have been examined and on such examination, it has been found that none of the indications are present in the case of APEPDCL. A formal estimate of the recoverable amount has not been made, as there is no indication of a potential impairment loss.

27.4 **Income Tax:**

Appeals in respect of the following assessment years are pending in connection with the income tax assessment of the Company



(Amount in Rs.)

Assessment year	Authority before which the appeal/ Tribunal(ITAT) / High court is pending	Amount in dispute (Rs.)
2003-04	High Court	1,37,46,001
2004-05	High Court	1,77,28,405
2013-14	CIT (Appeals)/VSP	72,19,839
2014-15	CIT (Appeals)/VSP	1,28,59,733

27.5 Second Transfer Scheme Balances:

The Opening balances as on 1st April 2010 of all Assets and Liabilities includes balances adopted from the 2nd Transfer Scheme Vide G.O.Ms.No.109, dated 29-09-2001 as per the notification of the Government of Andhra Pradesh. The said opening balances are allocated among the circles. The Head wise Opening Balances of the Company as a whole has been tallied and certified by the internal auditors of the company and the same was incorporated in the SAP system. The annual accounts for the year 2016-17 along with relevant notes have been derived from SAP system.

27.6 Third Transfer Scheme with effect from 10th June 2005:

An amendment to the Provisional Third Transfer Scheme (issued under G.O.Ms.No.58, Energy (Pr.III) Department, Dated the 7th June, 2005) has been issued vide G.O.Ms.No.53 Dt.28.04.2008 indicating the final allocation of generating capacities. As per this latest G.O. the amendment shall be deemed to have come into force with effect from 9th June, 2005. A proposal for representing before Govt.of AP requesting to give prospective effect to the said amendment G.O is under consideration at APPCC level.

27.7 The Company operates in only one segment namely power distribution. Hence there are no reportable segments under accounting standard – 17 ‘Segment Reporting’ as prescribed by Companies (Accounting Standards) Rules, 2006 and besides there are no geographical segments to be reported

27.8 Though the company has Deferred Tax Asset (Net), in view of the unabsorbed depreciation & Business losses, the same is not recognised in the books of account due to the absence of virtual certainty.

27.9 Details of Remuneration to Statutory Auditors:

(Amount in Rs.)

Particulars	2016-17	2015-16
a) For Statutory Audit Fee	531000	379500
b) For reimbursement of out of pocket expenses	177000	172500
c) For Tax Audit	132750	94875
Total	840750	646875



27.10 Purchase of Power:

Consequent to the Andhra Pradesh Gazette Notification No. 396 dated 9.06.2005, for Transfer of Bulk Supply Undertaking and Power Purchase Agreements from AP Transco to Distribution companies, the following is the status.

- i On 09.06.2005 Transmission Corporation of AP Limited (APTRANSCO) transferred, its entire investments in equity of the Company in favour of the Government of Andhra Pradesh upon which, the company ceased to be a subsidiary of AP Transco.
- ii Govt. of A.P Vide G.O.Ms.No.59 Dt.07-06-2005 set up an apex committee “ AP Power Coordination Committee (APPCC)” for the purpose of power procurement, debt servicing, unscheduled interchange charges, and SLDC charges, Inter-State trade and operation of common pool account of four DISCOMs. On bifurcation of state a separate Power Co-ordination Committee was constituted for APEPDCL and APSPDCL vide G.O.Ms.No. 21, dt. 12.05.2014.
- iii The Power Purchases and its accounting are being carried out by the Andhra Pradesh Power Co-ordination committee, and are being sent to the Distribution Companies. The amount as certified by M/S Sagar & Associates, Chartered Accountants, the internal auditors of APPCC has been adopted in the books of accounts of the company subject to reconciliation by APPCC.
- iv A Bank account in the name of AP POWER DISTRIBUTION COMPANIES POOL ACCOUNT has been opened by both the Distribution companies jointly which is being operated by the nominees of Andhra Pradesh Power Co-ordination Committee. Since this is a single account, Distribution company wise confirmation of balance is not available
- v The power purchases and their payments and the inter-state sale of power and their receipts are affected through the above said Bank account by the Andhra Pradesh Power Co-ordination Committee.

27.11 Frauds:

Misappropriation of funds in Operation Division/ Paderu pertaining to remittance of amounts to outside agencies for the period from 01.04.2005 to 30.09.2007 amounting to Rs.8.18 lakhs has been identified and out of that an amount of Rs.3.32 lakhs was realized and balance amount Rs.4.86 lakhs is yet to be realized. The departmental action is in progress.

In view of the certainty involved in realization of the balance amount in the above case the necessity of provision for the unrealized amount is not felt desirable.

27.12 Accounting Standard - 29: Provisions, Contingent Liabilities and Contingent Assets.

- a) The receivables for sale of power as on 31-03-2017 includes Rs.437,62,73,000 which are Subject to finalisation of disputes in court cases.
- b) Agreements were entered into with M/S Nagarjuna Construction Company Ltd. for executing works in Rajahmundry and Eluru Circles. Later while execution of works the subject matter of contract came under the net of “ service tax” from 10.09.2004 and the contractor alleged that this was an unforeseen expenditure and hence filed an application in the Hon’ble High Court for claiming reimbursement of the amount already paid to service tax department. The Hon’ble High court upon hearing both the parties appointed Sri Justice Dasaratha Rama reddy as the sole arbitrator for resolving the said Dispute. Arbitrator appointed by Hon’ble High Court had passed (October 2007) an award directing the EPDCL for payment of Rs.71,25,055



with interest at 12% per annum to M/s Nagarjuna Construction Company Limited towards service tax incurred by them in respect of works executed for the EPDCL. The EPDCL had disputed the award and filed Original petitions (Ops) vide OPNM 884,886,887,888/2008 against the award and the same were dismissed by the High court, Hyderabad. Again Set aside Petitions were filed against the arbitration award in OPNos 884,886,887,888 of 2008. As per Note orders dated:17.10.2016, approval was accorded authorising the Chief General Manager/Projects /APEPDCL for filing appeal/CMAs against arbitration OP No. 884, 886, 887 & 888/2008 before the Hon'ble High court of AP against the orders dated 09.02.2016 passed by the 3rd additional Chief Justice, City Civil Court, Hyderabad in OPs 884,886,887,888 of 2008 before Hon'ble High Court of AP and also approval accorded for handing over the above cases from Advocate Sri. S.Chandra Mohan Reddy to Sri. M. Ravindra, SLA for APEPDCL for filing of appeals/CMAs.

Accordingly, Counters were prepared and submitted to Sri. M. Ravindra, SLA for filing before the Hon'ble High Court of AP and the cases are yet to be listed. Mean While, the Petitioner, M/s. Nagarjuna Construction Company Ltd has filed execution petitions vide E.P 47/2017 IN AOP 3/2006, E.P 48/2017 IN AOP 1/2006, E.P 49/2017 IN AOP 2/2006, E.P 50/2017 IN AOP 5/2006 before Hon'ble 12th Additional District Judge court at Visakhapatnam for execution of the Orders and OPs 884,886,887,888 of 2008 for which the counter affidavits were filed before Hon'ble Court through local BLA, Sri. Sankar, Vishakhapatnam on 27.04.2017 and the above said cases are posted to 02.06.2017 to 08.06.2017 for orders. In view of filing of EPs by the Petitioner, M/s. Nagarjuna Construction Company Ltd, an additional counters were prepared duly contacting local BLA, Sri. Sankar, Vishakhapatnam against E.P 47/2017 IN AOP3/2006, E.P 48/2017 IN AOP 1/2006, E.P 49/2017 IN AOP 2/2006, E.P 50/2017 IN AOP 5/2006 before Hon'ble 12th Additional District Judge court at Visakhapatnam duly praying the Hon'ble Court to stay the EP proceedings until the High Court passes orders.

- c) An agreement was entered with M/s Y.S.Rao Engineers Pvt. Ltd, Secunderabad for execution of HVDS works in Srikakulam and Vizianagaram circles on partial turnkey basis for an amount of Rs. 11,13,95,565/-. The contractor has failed to complete the work in full shape and completed only 55% work in Srikakulam district and 39% in Vizianagaram district even though time extension was given three times and agreement was terminated duly forfeiting the performance security Bank Guarantee for Rs. 55,69,778/-. On request of the contractor for waiver of penalties i.e. liquidated damages of Rs. 66,33,910/- and Performance Bank Guarantee of Rs. 55,69,778/- totalling Rs. 1,22,03,688/-, Discom Board has decided to constitute a committee with Director/Projects, Director/RA & Director/Finance on the finalization of LD and settlement of claims to the firm M/s Y.S.Rao Engineers Pvt. Ltd.

M/S Guru & Co has filed a petition before the IIIrd Addl. Chief Judge, City Civil Court, Hyderabad seeking a direction against garnishee to hold an amount of Rs.22,23,887/- which belongs to dependents and lying with garnishee and the same is still pending. The Board of Directors of the Company on 20.12.2010, resolved to impose 10% Liquidated Damages on the left over unfinished portion of the work which is equivalent to Rs.66,33,910/- on M/s Y.S Rao and Co. and to settle the dues to the extent of Rs.10,20,028/- and the contractor was informed that balance amount of Rs.10,20,028/- available with EPDCL will be released after disposal of the court case filed by M/s Guru & Company in the III Addl. Chief Judge, City Civil Court, Hyderabad.



The suit is dismissed for default on 22-06-2012 , The SLA was requested to address legally M/s. Guru & Co., so as to take further action to release the balance amount of Rs.10,20,027/- to M/s. Y.S.Rao & Co., Secunderabad, and again Addressed SLA for taking further action on receipt of intimation from Guru & Company on restoration of suit. The suite was restored on 17.11.2015 and 10.02.2017. Now it is posted for judgement on dt:13.06.2017 .

- d) An amount of Rs. 97,86,824/- & 3,37,740/- deposited at Hon'ble A.P. High Court under Protest against the SSI penal interest.
- e) There is dispute on implementation of Employees Provident Fund Scheme in respect of Contract labour engaged for which notices received from the Provident fund Authorities against that the following amounts were paid under protest and Appeal filed in Tribunal/ High court.

The division wise details are furnished hereunder:

(In Rupees)

Division/Circle	Amount involved	Paid/ Deposited
Circle Office/ Vizianagaram	489756	188504
Vizianagaram	1511684	755843
Bobbili	1138996	569498
Circle Office /Visakhapatnam	241229	120615
Anakapalli	895000	447429
Circle Office/ Rajamahendravaram	798764	479309
Rajamahendravaram	3698955	1665010
Ramachandrapuram	2648590	2339445
Amalapuram	6213746	3106873
Jaggampeta	4024696	2012348
Eluru	5762405	3343812
Tadepalligudem	2822686	1693612
Bhimavaram	1999375	1999375
Nidadavole	3925636	2773651
TOTAL	36171518	21495324

- f) Appeal on Entry Tax to the extent of Rs.602.06 lakhs is pending before Value Added Tax Appellate Tribunal. An amount of Rs.3,01,03,692-00 towards the 50% of the Disputed Entry Tax paid to the Commercial Tax Officer/ Chinawaltair Circle/ Visakhapatnam. The case is filed before Sales Tax Appellate Tribunal. Present status of the case is as follows:

S. No	T.A. No. Asst. Year	Amount paid (Rs. in Lakhs)	Next date of hearing
01	448/2009 2002-03 (Entry Tax)	131.47	17.07.2017
02	451/2009 2003-04 (Apr to Jun 2003) Entry Tax	34.46	17.07.2017
03	453/2009 2003-04 (Jul to Nov 2003) Entry Tax	38.39	17.07.2017
04	393/2011 2003-04 (Dec to Mar 2004) Entry Tax	47.45	12.07.2017
05	392/2011 2004-05 (Apr to Nov 2004) Entry Tax	49.28	12.07.2017
	TOTAL	301.04	



- g) The Commercial Tax Officer/ Chinawaltair Circle/ Visakhapatnam has issued the Assessment Order dated 31.08.2015 for Rs.19,01,79,039-00 towards the VAT on sale of Energy Meters for the period April 2007 to December 2011 in the financial year 2015-16 .The Writ Petition No.34320/2015 is filed in the Hon'ble High Court against the above Assessment Order and also APEPDCL obtained stay order against the above assessment vide WPMP 44135 of 2015. Case is pending in High Court of Andhra Pradesh.
- h) The Commercial Tax Officer/ Kurupam market / Visakhapatnam has issued the Assessment Order dated 14.08.2015 for Rs.6,58,35,067-00 towards the VAT on sale of Energy Meters for the period 01.01.2012 to 31.10.2013 in the financial year 2015-16 .The Writ Petition No.34425/2015 is filed in the Hon'ble High Court against the above Assessment Order . However , APEPDCL obtained stay order against the above assessment vide WPMP 44250 of 2015. Case is pending in High Court of Andhra Pradesh.
- i) The commercial Tax Officer/Kurupam market Circle/Visakhapatnam has issued an Order dated 19.09.2016 for Rs.6,58,35,067/- towards 100% penalty against the VAT Assessment Order dt.14.08.2015 for the sale of Energy Meters for the period 01.01.2012 to 31.10.2013 in the financial year 2015-16 . The Writ Petition No.38203/2016 is filed in the Hon'ble High Court against the above Order. Stay Order also has been obtained by APEPDCL against the above penalty Order vide WPMP No 47073/2016. Case is pending at High Court of Andhra Pradesh.
- j) M/s LVS Power Ltd fixed charges claim of Rs. 486427699/- from 24/01/2013 to 24.03.2014 was not admitted by APPCC and WP filed in High Court of AP ,WP No.32760 / 2013, Dt.17/09/2013 listed on 31.01.2017
- k) Other Contingent Liabilities: compensations against Non-fatal accidents etc. pending in courts.

Name of the Circle/Division	(Amount in Rupees)
Srikakulam Division	3090000
Tekkali Division	6983660
Vizianagaram Division	4719745
Bobbili Division	556250
Narsipatnam Division	1096581
Paderu Division	500000
Rajamahendravaram Division	5005000
Kakinada Division	986452
R.C.Puram Division	104625
Jaggampeta Division	2360000
Amalapuram Division	125000
Total	25527313

- l) Cross Subsidy Surcharge for Captive Consumption from Captive Consumers pending in Courts. (In Rupees)

Name of the Circle	(Amount in Rupees)
Srikakulam	11202799
Visakhapatnam	89171000
Eluru	87210000
Total	187583799



- m) Generator APPDCL/SDSTPS, has claimed fixed cost of Rs.111.43 Crores for the months of Feb-15 and March-15 which was not admitted in the books since the tariff of said station is yet to be approved by APERC/CERC. APEPDCL Cost is Rs.38.18 Crores (34.27%).
- n) In case of Bills raised by APPDCL, APPCC is admitting bills provisionally at Rs.3.63 per Unit. Generator APPDCL, has claimed (A) For 2015-16 Rs. 816.45 Crs & For 2016-17 Rs. 4458.60 Crs, (B) Out of above, adhoc payment made for 2015-16 Rs. 561.41 Crs & For 2016-17 Rs. 2933.43 Crs,(C) Balance amount is for 2015-16 Rs. 255.04 Crs & For 2016-17 Rs. 1525.17 Crs,(D) APEPDCL share is (34.27%) for 2015-16 Rs. 87.40 Crs & For 2016-17 Rs. 522.67 Crs, which was not admitted in the books since the tariff of said station is yet to be approved by Hon'ble APERC
- o) The SLDC Charges claimed by the APTRANSCO for the period up to 01.06.2014 amounting to Rs.12.84 Crs was not considered in the books of accounts as the APTRANSCO has claimed addl. SLDC Charges without station wise consent/Approval from Hon'ble APERC.
- 27.13 Against the arrears more than 3 years of Rs.646,93,23,000/-, doubtful dues to end of 31-03-2017 are only Rs.33,04,87,506/- (Arrears against more than 6 months bill stopped services of Rs.26,43,06,328/- and under RR Act Rs.6,61,81,178/- only). Remaining amount is under court cases and Govt. services. Since available provision for bad and doubtful debts of Rs.35,19,29,399/ is adequate no additional provision has been created during the year.
- 27.14 Details of Assets and Liabilities as on 02.6.2014 in respect of 7 Mandals merged in Andhra Pradesh from Telangana State under state Bifurcation Act-2014 are yet to be finalised. Hence the same could not be incorporated in the books of Accounts for the FY 2016-17. The Demerger proposals duly signed by Chairman & Managing Directors of APEPDCL & TSNPDCL submitted to Expert committee on 14.06.2017 for approval. After approval by Expert committee the scheme of demerger will be submitted to the State Govt. for approval . Hence the same will be included in accounts as and when approved by Expert committee and Govt. of Andhra pradesh.

However total Assets and Liabilities agreed by both the Chairman & Managing Directors of APEPDCL & TSNPDCL are as follows:

Total Liabilities : Rs.213847826/-

Total Assets : Rs.273693696/-

Net Payable : Rs.59845870/-

27.15 UDAY Scheme:

The Out standing Loans of APEPDCL as on 30.09.2015 are as follows:

- 1) Capex Loans : Rs.266.17 Crores
 - 2) FRP Bonds : Rs.1205.95 Crores
 - 3) Working Capital Loans : Rs.2792.70 Crores
- Total Loans : Rs.4264.82 Crores.

GOI/ Ministry of Power has notified UDAY(Ujwal Discom Assurance Yojana) Scheme for the financial turn around of Power Distribution Companies(DISCOMS). Tripartite MOU was entered with GOI, GOAP and APDISCOMs on 24.06.2016. Govt. of AP has issued G.O.M.S No.27 dt 26.07.2016 for implementation of UDAY Scheme.



The following loans are covered under UDAY scheme:

- 1) 100 % of FRP Bonds :Rs.1205.95 Crores
- 2) 75% of Working Capital Loans :Rs.2094.53 Crores

As per G.O M.S No. 243 Dt.19.12.2016 Govt. of India has given their consent under article 293 (3) of the Constitution of India for taking over the liabilities 75% of outstanding DISCOM debt, including FRP 2012 bonds of State DISCOMs to issue non-SLR bonds under UDAY Scheme for discharging the debt of State Power DISCOMs.

Accordingly the GoAP has taken over the following out standing Loans as on 30.09.2015 from APEPDCL during the F.Y 2016-17 by issuing non-SLR bonds and the proceeds realised from issue of bonds have been disbursed directly to the respective Banks/ Financial Institutions to discharge the DISCOM Loans/Debts.

- | | | |
|----------------------------------|---|-------------------|
| 1) 75% of FRP Bonds | : | Rs.904.46 Crores |
| 2) 75 % of Working Capital Loans | : | Rs.2094.53 Crores |
| Total | : | Rs.2998.99 Crores |

Loans discharged amount of Rs.2998.99 Crores Under UDAY Scheme with support of Govt. of Andhra Pradesh is treated as Capital Grant.

Details of Loans taken over by Govt. Of Andhra Pradesh Under UDAY During the F.Y 2016-17

(in Rupees)

Name of the Lender	9.95% Un-secured Bonds-I	10% Unsecured Bonds - II	Term Loans	Total
A.P.Genco	377100000			377100000
A.P.Transco	316000000	611500000		927500000
APEPDCL P&G Trust	400000000			400000000
Andhra Bank			2625000000	2625000000
Canara Bank		1000000000	1000000000	2000000000
Central Bank of India		1250000000	1250000000	2500000000
DenaBank		750000000	750000000	1500000000
Indian Overseas Bank		1500000000	945300000	2445300000
Syndicate bank			1875000000	1875000000
Union Bank of India		500000000	500000000	1000000000
Vijaya Bank			1500000000	1500000000
StateBank of Mysore		340000000		340000000
State Bank of Hyderabad		500000000	500000000	1000000000
Punjab and Sind Bank		500000000		500000000
Bank of India		1000000000		1000000000
PFC Working Capital Loan			4000000000	4000000000
PFC Working Capital Loan			6000000000	6000000000
Total	1093100000	7951500000	20945300000	29989900000



27.16 The Details of Specified Bank Notes(SBN) held and transacted during the period from 8th November 2016 to 30th December 2016. As per notification issued by Ministry of Corporate Affairs G.S.R.307(E),305(E) dated 30th March 2017

	SBNS			OTHER DENOMINATIONS			Total		
	DENOMINATION		AMOUNT. Rs	DENOMINATION		AMOUNT. Rs	DENOMINATION		AMOUNT. Rs
	Notes	Nos.		Notes	Nos.		Notes	Nos.	
CLOSING BALANCE AS AT 8TH NOVEMBER,2016	1000	3666	3666000				1000	3666	3666000
	500	19524	9762000				500	19524	9762000
				100	16764	1676400	100	16764	1676400
				50	2834	141700	50	2834	141700
				20	1267	25340	20	1267	25340
				10	5629	56290	10	5629	56290
				5	0	0	5	0	0
				change		316	change	0	316
			13428000			1900046			15328046
	TRANSTIONS BETWEEN 9TH NOVEMBER,2016 TO 30TH DECEMBER,2016								
ADD: WITHDRAWAL FROM BANK ACCOUNTS									
ADD: RECEIPTS FROM PERMITTED TRANSTIONS	1000	362574	362574000				1000	362574	362574000
	500	1830639	915319500				500	1830639	915319500
				2000	238411	476822000	2000	238411	476822000
				500	23683	11841500	500	23683	11841500
				100	952903	95290300	100	952903	95290300
				50	226311	11315550	50	226311	11315550
				20	109336	2186720	20	109336	2186720
				10	389285	3892850	10	389285	3892850
				5	193	965	5	193	965
				Change		98286.81	Change		98286.81
		1277893500			601448171.81			1879341671.81	
ADD: RECEIPTS FROM NON-PERMITTED TRANSTIONS(IF ANY) (REFER REPORTING SCENARIO6)									
LESS: PAID FOR PERMITTED TRANSTIONS									
LESS: PAID FOR NON-PERMITTED TRANSTIONS(IF ANY) (REFER REPORTING SCENARIO6)									
LESS: DEPOSITED IN BANKS ACCOUNTS	1000	366240	366240000				1000	366240	366240000
	500	1850163	925081500				500	1850163	925081500
				2000	231734	463468000	2000	231734	463468000
				500	23282	11641000	500	23282	11641000
				100	955723	95572300	100	955723	95572300
				50	224403	11220150	50	224403	11220150
				20	108267	2165340	20	108267	2165340
				10	381068	3810680	10	381068	3810680
				5	169	845	5	169	845
				Change		95325.36	Change		95325.36
		1291321500			587973640.36			1879295140.36	
CLOSING BALANCE AS AT 30TH DECEMBER,2016	1000	0		2000	6677	13354000	2000	6677	13354000
	500	0		500	401	200500	500	401	200500
				100	13944	1394400	100	13944	1394400
				50	4742	237100	50	4742	237100
				20	2336	46720	20	2336	46720
				10	13846	138460	10	13846	138460
				5	24	120	5	24	120
				change		3277.45	change		3277.45
								15374577.45	



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- 27.17 Previous years figures are regrouped and rearranged where ever necessary.
27.18 Amounts have been rounded off to nearest rupee.

As per our report of even date annexed

For M/s. Grandhy & Co

Chartered Accountants
Firm Regn No.001007S

Sd/-xxxxx

M.Rukmani Devi

Partner

Membership No:203499

Sd/-xxxxx

T.V.S.Chandra Sekhar

Director (Finance)

Sd/-xxxxx

G.Srinivasa Reddy

Chief General Manager (Expr)

For and on behalf of Board

Sd/-xxxxx

M.M.Nayak I.A.S

Chairman & Managing Director

Sd/-xxxxx

K.S.V.S. Sastry

Company Secretary

Station : Visakhapatnam

Date : 04-08-2017



**ACCOUNTING
PRINCIPLES
AND POLICIES**



Eastern Power
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SIGNIFICANT ACCOUNTING POLICIES

BASIC ACCOUNTING PRINCIPLES

1.0 General

1.1 Basis of preparation

The Financial Statements are prepared on historical cost convention and on accrual basis of accounting, unless otherwise stated, by following going concern assumption and conform in all material aspects to generally accepted accounting principles in India which comprise of applicable statutory provisions, regulatory norms/ guidelines, Electricity Act 2003. Accounting Standards specified under section 133 of the Companies Act 2013 read with Rule 7 of the companies (Accounts) Rules 2014, guidance notes issued by Institute of chartered Accounts of India and practices prevailing in the power industry in India. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

1.2 Use of estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities as of the date of the financial statements and the reported income and expenses for the reporting period. Future results could differ from these estimates. Any revision in the accounting estimates is recognized prospectively in the current and future periods. Significant judgments and estimates about 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 the contracts, employee benefits and other provisions and recoverability of deferred tax assets.

1.3. Revenue recognition

1.3.1 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 issued by The Andhra Pradesh Electricity Regulatory Commission (APERC) for the reporting period.
- ii) Unbilled Revenue is recognized 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 on short term basis will be entered by APPCC on behalf of DISCOMS with the traders and also through Indian Energy Exchange (IEX) for developers.
- v) The Swap arrangements on short term basis will be entered by APPCC on behalf of DISCOMS with the surplus utilities/states through the traders. The terms of SWAP transactions are to get back / return the power @ 100% to 105% (approximately) of the power availed. These transactions are entered purely on energy to energy basis.



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- vi) Electricity duty recovered from consumers and paid to the Government is neither a cost nor an income to the Company . It is thus kept out of the Revenue Account altogether.

1.3.2 Other Income

- i) Miscellaneous receipts are accounted on accrual basis.
- ii) Recoveries whether from employees or outsiders are accounted on collection basis.
- iii) Interest accrued on long term investment during the reporting period is credited to ‘Interest accrued on investments’.
- iv) Charges recoverable/recovered from consumers for delayed payment are not clubbed with the revenue from sale of power but shown separately since these are more in the nature of a financial charge.

1.3.3 Revenue Subsidies and Grants:

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.

1.4. Employee benefits

1.4.1 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.

1.4.2 Long term employee benefits

i) 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.

ii) Defined benefit plans

The gratuity and pension plans 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.



1.4.3 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.

1.5 Borrowing Costs

1.5.1 The accounting policies for treatment of costs related to funds utilized for the purpose of construction / acquisition of assets are prescribed in the following paragraphs.

Guarantee charges, commitment charges, legal charges / stamp duty for loan agreements / bonds / debentures, advertisement costs in a public issue of bonds, commission on issue of bonds / debentures and such other costs are charged to revenue in the year in which the costs are incurred.

1.5.2 Capitalization of interest on Funds utilized at construction Stage.

No Capitalization of an imputed interest cost (notional interest) on the Company's own funds and interest free finance is done.

Interest on amounts utilized for capital works out of Borrowed funds is capitalized considering the principles laid down in AS-16 "Borrowing Costs" issued by the ICAI. Which are as follows:

- When one or more capital works are done out of funds borrowed from one source then interest to be capitalised is computed taking the rate of Interest of the loan and the funds utilised for each work considering the duration of the work;
- When one or more capital works are done out of funds borrowed from two or more sources then Capitalisation of Interest is done taking the weighted average rate of interest of all the borrowings which are used for that capital work / works considering the funds utilised in each of the work and the duration of the work.
- When funds utilised for capital work comprise of loan and grant funds then Capitalisation of interest is restricted to the extent of loan funds only.

1.5.3 No part of interest is capitalised in respect of assets which involves no time period or insignificant time periods for bringing the asset into usable condition examples of such cases are:

- Ø Purchase of new vehicles
- Ø Purchase of Office equipments

1.5.4 The amount of interest capitalised is included in the cost of the assets which involve significant time periods at construction stage and the same along-with the basic cost of assets is depreciated in normal course, over the expected useful life of the assets.

1.6. Depreciation

- Depreciation on Fixed Assets is provided under the 'Straight Line Method' up to 90% of the original cost of assets, at the rates notified by the Ministry of Power, Government of India vide Notification No. S.O.265 (E) dated 27th March, 1994. In the opinion of the Management, Schedule II to the Companies Act,2013 is not considered to be mandatorily applicable to the Company.



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- b) Depreciation is calculated from the date of capitalization or procurement of the asset.
- c) Full cost of all small and low value assets each costing Rs.5000 or less is fully charged to revenue in the year in which the assets are put to use.
- d) An asset is capitalized when it is first put to use for commercial purposes.
- e) In respect of leasehold assets, depreciation is charged every year on such amount as is required to write off entire cost of leasehold asset, on a straight-line method, for the estimated useful life of the asset; or Over the period of the lease Whichever is shorter.
- f) 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%
Plant & Machinery	7.84%
Lines and Cable Network	7.84%
Meters and Metering Equipments	12.77%
Vehicle	33.40%
Furniture & Fixtures	12.77%
Office Equipments	12.77%
Computers and IT Equipments (*)	12.77%

- (*) The Useful life of computers is determined based on technical evaluation and depreciation is accordingly provided under straight line method 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.

1.7. 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 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.

1.8. Fixed assets

1.8.1 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 are accounted at stamp duty value.

1.8.2 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and net of impairments, if any. An intangible asset is recognized 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 amortized on a straight-line basis over their estimated useful lives.

1.9 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

- Ø Eleven 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 which is as per the practice in the industry.
- Ø 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.

1.10. 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 recognized 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.



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

1.11. Investments

Investments are classified as long term based on intent of the management at the time of acquisition.

Income from investments is credited to Revenue Account for the year in which the income has accrued.

1.11.1 Investments are recorded in the books of accounts at actual cost of acquisition including transfer charges, stamp duty etc. No adjustment is made for the excess or shortfall of the cost over the face value of the investments.

1.11.2 Treatment of Loss/Gain relating to Investments

Gain on sale of investments is credited to the net Revenue and Appropriation Account. Similarly if any Redemption premium is received on maturity of securities, the same is also credited to Net Revenue and Appropriation Account. Loss on sale of investments is debited to Net Revenue and Appropriation Account.

1.12. Inventories

Inventories include 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.

1.13 Consumers contributions, Grants & Subsidies towards Cost of Capital Assets.

Consumer contributions, Grants & subsidies related to depreciable fixed assets are treated as deferred income which is recognized in the profit and loss statement on a systematic and rational basis over the useful life of the asset, i.e., such amounts are allocated to income over the periods and in the same proportion in which depreciation on those assets is charged.

Consumer Contribution, Capital Subsidies and Grants related to non-depreciable assets are treated as capital reserve. However, if a grant related to a non-depreciable asset requires the fulfillment of certain obligations, the grant is treated as income over the same period during which the cost of meeting such obligations is charged to income. The deferred income balance is separately disclosed in the financial statements.

1.14 Borrowings

1.14.1 Interest on Borrowings

- a) Provision is made every year for the interest accrued on all borrowings including State Government loans whether such interest is due or not and whether it is actually paid or not.
- b) Total interest cost for the year including interest on State Government loans shall, subject to capitalisation of a portion of interest is charged to Revenue Account for the year.



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- c) A portion of the interest on borrowings which relates to financing of capital work-in-progress upto the stage of commissioning shall, if so directed by Central Government, be capitalised

1.14.2 Discount and Redemption Premium on Bonds etc

- a) Discount on issue of bonds, debentures or other securities offered by the Company are charged to Revenue in the year in which the bonds / debentures are issued.
- b) Premium, if any payable on redemption of bonds, debentures or other securities shall also be charged to Revenue Account in the year in which premium becomes payable.

1.15. 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) Provisions for doubtful debts are recognized based on non litigated receivables outstanding for more than 60 months.

1.16. 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 or accruals or past or future cash receipt/ payments. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

1.17 Other Accounting Areas

1.17.1 Foreign Currency Transactions

- a) When a foreign currency transaction is being first recorded in a Company's books of accounts, the assets, liabilities, income or expenses arising from the foreign currency transaction are translated at the official exchange rate in force on the transaction date.
- b) All amounts owed to the Company or owed by the Company in foreign currency outstanding at the balance sheet date (including liability in relation to acquisition of fixed assets) are translated at the official exchange rate in force as on the balance sheet date. If the amount derived on such translation is different from the amount at which the receivable or liability is appearing in the books of account, the difference is recorded in the books as under:
- (1) Increase in the amount of receivable or decrease in the amount of the liability is treated as a gain and be credited to Exchange Variance Reserve.
 - (2) Decrease in the amount of receivable or increase in the amount of liability is treated as a loss and is debited to Exchange Variance Reserve. If as a result of such debit the net balance in reserve account is a debit balance, the amount of debit balance is charged to revenue for the year as "Loss on Exchange Rate Variation".



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Gain or loss arising on account of difference between actual amount received/paid and the amount at which the item is appearing in books shall also be treated in the same manner as above.

1.17.2 Where any revaluation or devaluation of rupee vis-à-vis the currency in which the liability is to be discharged is more than 10% at one time same is not treated in accordance with the above-mentioned policy. The policy relating to treatment of such situation is as follows:

- (1) The increase or decrease in the amount of foreign currency liability is accounted for as an increase or decrease in the cost of the assets financed by the liability.
- (2) The depreciation for the past years is also reworked for the assets for retrospective reworking of depreciation are fulfilled.

As per our report of even date annexed

For M/s. Grandhy & Co

Chartered Accountants
Firm Regn No.001007S

Sd/-xxxxx

M.Rukmani Devi

Partner

Membership No:203499

Sd/-xxxxx

T.V.S.Chandra Sekhar

Director (Finance)

Sd/-xxxxx

G.Srinivasa Reddy

Chief General Manager (Expr)

For and on behalf of Board

Sd/-xxxxx

M.M.Nayak I.A.S

Chairman & Managing Director

Sd/-xxxxx

K.S.V.S. Sastry

Company Secretary

Station : Visakhapatnam

Date : 04-08-2017



Form No. MGT-11

Proxy form

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

CIN: U40109AP2000SGC034117
Name of the company: EASTERN POWER DISTRIBUTION COMPANY OF AP LIMITED
Registered office: CORPORATE OFFICE, P&T COLONY, SEETHAMMADHARA VISAKHAPATNAM - 530013

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Adjourned 17th Annual general meeting of the Company to be held on Friday, 29th September, 2017 at 12.00 Noon at the Registered Office of the Company at P&T Colony, Seethammadhara, Visakhapatnam - 530 013 and at any adjournment thereof In respect of such resolutions as are indicated below:

Sl.No.	Resolutions
Ordinary Business:	
1.	To receive, consider and adopt the Audited Financial Statements for the Financial Year ended 31.03.2017 of the company together with the Board's Report, the Statutory Auditors' Report and the Comments of the Comptroller and Auditor General of India thereon
2.	To take note of appointment of Statutory Auditors by the Comptroller and Auditor General of India for the Financial Year 2017-18 as per the provisions of Section 139 of the Companies Act, 2013 and to fix the remuneration of Statutory Auditors for the Financial year 2017-18 as per the provisions of Section 142 of the Companies Act, 2013.



Special Business:	
3.	Enhancement of Borrowing Powers of the Company from Rs.4000 Crores to Rs.6000 Crores as per section 180(1) (c) of the Companies Act, 2013
4.	Creation of Charge on the assets of the Company as per section 180(1) (a) of the Companies Act, 2013
5.	To ratify the action in having fixed remuneration of the Cost Auditors by the Board of Directors for the Financial Year 2017-18
6.	To issue DISCOM Bonds on Private Placement basis as per UDAY Scheme

Signed this..... day of September, 2017

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.

Please
Affix
Revenue
Stamp

Save Energy 1 Unit Saved is 1.2 Units Generated



Eastern Power Distribution Company of A.P. Limited
P & T Colony, Seethammadhara, Visakhapatnam