APEPDCL

Eastern Power
Distribution Company of A.P. Ltd
ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ

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

18th Annual Report 2017-2018

Eastern Power Distribution Company of A.P. Limited
Visakhapatnam

Sri H.Y. Dora, CMD/APEPDCL
receiving award for excellent performance from
Sri. N. Chandrababu Naidu, Hon'ble Chief Minister of Andhra Pradesh

Inauguration of Grid connected BLDC Solar Pumpset at
Savaravilli Village, Bhogapuram (M) by
Sri. H.Y.Dora, CMD, APEPDCL

Eastern Power
Distribution Company of A.P. Ltd
ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ
(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

CIN : U40109AP2000SGC034117

BOARD OF DIRECTORS

Sri. H.Y. DORA
Chairman & Managing Director
(DIN : 02198284)

Sri. B. SESHU KUMAR
Director (Operations & Projects)
(DIN : 07236508)

Sri. T.V.S. CHANDRA SEKHAR
Director (Finance & HRD)
(DIN : 05252424)

Sri. M. RAVI CHANDRA, IAS
Director
(DIN : 05352925)

Sri. I. MOHAN RAO
Director
(DIN : 08145966)

Smt. SOBHA HYMAVATHI DEVI
Director
(DIN : 08105274)

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

Eastern Power
Distribution Company of A.P. Ltd
ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ
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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 an Extra Ordinary General Meeting of the Eastern Power Distribution Company of Andhra Pradesh Limited will be held on the Friday, 21st December, 2018 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 Final Comments of the Comptroller and Auditor General of India on the Audited Financial Statements of the Company for the Financial Year 2017-18.

By Order of the Board of Directors
for Eastern Power Distribution Company of Andhra Pradesh Limited
Sd/- xxxxx

Place: Visakhapatnam
K.S.V.S. Sastry

Date: 27.11.2018
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.
4. The Final Comments of the Comptroller and Auditor General of India (CAG) on the Audited Financial Statements for the Financial Year 2017-18 shall be placed before the members at the time of the Meeting.

At the Annual General Meeting held on 27th September, 2018, the members of the Company approved and adopted the Audited Financial Statements of the Company for the Financial Year 2017-18 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 the receipt of final comments.

The Company received the final comments of the Comptroller and Auditor General of India on 4th December, 2018 and convened an Extra Ordinary General Meeting on 21st December, 2018 wherein members of the Company took note of the final comments along with the replies of the management.

Eastern Power
Distribution Company of A.P. Ltd
ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ
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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 Eighteenth Annual General Meeting of the Eastern Power Distribution Company of Andhra Pradesh Limited will be held on Thursday, 27th September, 2018 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, 2018 of the Company together with the Board's Report, Statutory Auditor's 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 2018-19 as per the provisions of Section 139 of the Companies Act, 2013 and to fix the remuneration of Statutory Auditors for the Financial year 2018-19 as per the provisions of Section 142 of the Companies Act, 2013.

Special Business:

3. To ratify the action in having fixed remuneration of the Cost Auditors by the Board of Directors for the F.Y. 2018-19 and in this regard to consider and if thought fit, to pass the following resolution with or without modifications as an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Section 148 and any other provisions applicable of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014(including any statutory amendments/ modifications), the cost auditors M/s Narasimha Murthy & Co, Cost Accountants, 3-6-365,104 & 105, Pavani Estate, Y.V.Rao Mansion, Himayatnagar, Hyderabad - 500029 appointed and remuneration fixed by the Board of Directors vide Board Resolution No.(5) in the 112th Board Meeting held on 09.08.2018 to conduct Cost Audit of the Company for the F.Y.2018-2019 with a cost audit fee of Rs.1,00,000/- (Rupees One Lakh only) plus applicable taxes and reimbursement of actual out of pocket expenses be and is hereby ratified by the Shareholders of the Company."

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

By Order of the Board

Sd/- xxxxx

K.S.V.S. Sastry

Company Secretary

Place: Visakhapatnam

Date: 29.08.2018

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 2017-2018 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.

EXPLANATORY STATEMENT

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

Special Business:

Item No. 3

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 in their meeting held on 112th Board Meeting held on 09.08.2018 to conduct Cost Audit of the Company for the F.Y. 2018-2019 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, 2019.

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 of the shareholders.

By Order of the Board
Sd/- xxxxx
K.S.V.S. Sastry
Company Secretary

Place: Visakhapatnam
Date: 29.08.2018

BOARD'S REPORT

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

BOARD'S REPORT

Dear Shareholders,

Your directors take immense pleasure in presenting the Eighteenth Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st March 2018. During the Eighteenth 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 management would like to inform the shareholders of the Company that the Audited Financial Statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 for the Financial Year 2017-18.

The financial performance of the Company for the F.Y.2017-18 compared to APERC Approved figures for the F.Y 2017-18 and previous Financial Year 2016-17 is as follows:

(Rs. in Crores)

Sl. No.	Particulars	APERC Approved for 2017-18	Actual for 2017-18	Actual for 2016-17 (As per Ind AS)
I	Revenue			
	Sale of Power	9043.78	9558.6	8021.83
	Inter state sales and Inter Discom Sales		50.33	33.95
	Other Income	402.00	511.54	539.20
	Subsidy	297.12	512.42	135.94
	Total Revenue	9742.90	10632.89	8730.92
II	Expenditure			
	Power Purchase	7868.51	8793.64	7371.19
	Employee Cost	1122.65	878.9	777.19
	Administration & General Charges		82.05	89.89
	Repairs & Maintenance	112.97	124.94	107.24
	Interest & Finance Charges			
	Interest to Consumers on Security Deposit	102.9	83.48	81.28
	Interest on Working Capital and Other Loans		269.04	354.11
	Depreciation	384.74	357.35	305.78
	Other Expenses	57.58	127.86	97.96
	Special Appropriation - Contingency Reserve, Trueup cost & Supply margin, ROCE & Taxes on Income & Others.	134.73	-	-
	Less:1. Expenses Capitalized	41.18	89.46	59.56
	2.Interest During Construction (IDC)	0	0	0
	Total Expenditure	9742.90	10627.80	9125.08

Sl. No.	Particulars	APERC Approved for 2017-18	Actual for 2017-18	Actual for 2016-17 (As per Ind AS)
	Profit/(Loss) before Tax but After Prior period items & Spl. Appropriation	(0.00)	5.09	(394.16)
	Provision for Income Tax & FBT	-	-	-
	Deferred Tax	-	2.20	-
III	Profit after Tax/ (Loss)	(0.00)	2.89	(394.16)
	Other Comprehensive Income Remeasurements of defined benefit liability(net of tax)	0.00	7.56	(48.40)
	Total Comprehensive Income for the year	(0.00)	10.45	(442.56)

As per the revised methodology communicated by CEA the AT&C Losses calculation for the F.Y 2017-18 as follows:

Sl	Description	UoM	2017-18
A	Net Input Energy (MkWh)	M Kwh	19664.07
B	Energy Sold (MkWh)	M Kwh	18346.11
C	Revenue from Sale of Energy (Rs Cr)	Rs. in Crores	10071.02
D	Adjusted Revenue from Sale of Energy on Subsidy Received basis (Rs Crores)	Rs. in Crores	9799.42
E	Opening Debtors for Sale of Energy (Rs Crores)	Rs. in Crores	1329.71
F	Closing Debtors for Sale of Energy (Rs Crores)	Rs. in Crores	1711.12
		Rs. in Crores	0.00
G	Adjusted Closing Debtors for Sale of Energy (Rs. Crores)	Rs. in Crores	1711.12
H	Collection Efficiency (%)		93.52
I	Units Realized (MkWh) =(Energy Sold * Collection efficiency)	Rs. in Crores	17157.28
J	Units Unrealized (MkWh) = Net input Energy -Units Realized)	Rs. in Crores	2506.79
K	AT &C Losses (%) = ((Units Unrealized /Net Input Energy)*100)	%	12.75

Variation in Expenditure in 2017-18 when compared to APERC Approvals:

The actual expenditure during the year 2017-18 is Rs. 10627.80 Crores as against the APERC approved estimated expenditure of Rs. 9742.90 Crores. The details of current year's expenditure in certain key parameters compared to the APERC Targets are as follows:

Particulars	APERC Approved Expenditure 2017-18	Actual Expenditure 2017-18	Remarks
Power Purchase Cost (Including Transmission and SLDC Charges etc.)	7868.51	8793.64	1) Approved Power Purchase cost is Rs.7868.51 Crores for 19505.86 M.U and average Power Purchase cost per unit is Rs.4.03. 2) Actual Power Purchase cost is Rs.8793.64 Crores for 21031.92 MU and Average Power Purchase cost per unit is Rs.4.18.
Finance costs	102.90	352.52	Actual Finance costs Includes Rs.247.45 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	112.97	124.94	
Other Expenses	57.58	127.86	1)Rs.41.16 Crores Incurred towards Distribution of LED Bulbs as against the APERC Approved Amount of Rs.29.34 Crores 2)Rs.49.72 Crores Incurred towards Solar Agl. Pumpsets as against the APERC Approved Amount of Rs.20.00 Crores. 3)Rs.22.49 Crores Incurred towards Energy Pump sets as against the APERC Approved Amount of Rs.8.24 Crores.

SURPLUS/(LOSS) IN REVENUE ACCOUNT:

During the Financial Year 2017-18, the company has earned profit after tax of Rs.2.89 Crores as against net loss of Rs.442.56 Crores for the F.Y.2016-17.

DIVIDEND AND TRANSFER TO RESERVES

As there is no adequate surplus available for distribution of dividend, your Directors could not declare any dividend for the Financial Year 2017-18.

SHARE CAPITAL:

The Authorized Share Capital of the Company as on 31/03/2018 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.

PERFORMANCE AND OPERATIONAL HIGHLIGHTS:

During the year, the Sale of Energy was 18656.61 Million Units, an increase of 11.34 % as compared to 16443.36 Million Units for the previous year. The aggregate technical and commercial losses were stood at 4.99%.

During the Financial year 2017-18, the DPE wing inspected 74,903 services and assessed an amount of Rs. 3569.57 Lakhs in respect of 15,592 cases booked, relating to Direct Tapping, Pilferage, Malpractice, Back Billing, etc and realised cases 18,176 and an amount of Rs.4325.53 Lakhs including previous year pending realised amounts.

During the Financial year 2017-18, the Assessment wing has disposed off 3839 Nos. of cases.

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: 100Nos. New 33/11KV Substations with estimated cost of Rs.178.66Crs are charged during the F.Y. 2017-18 under T&D (1No), IPDS (24Nos) and DDUGJY Scheme (75Nos).

I) DEEN DAYAL UPADYAYA GRAM JYOTHI YOJANA (DDUGJY SCHEME):

(a) Rural Electrification (RE) Component:

- 1603Nos. Services released to Rural Households during 2017-18 and so far 198362 Nos. services are released under RE component. Expenditure incurred during FY 2017-18 is Rs.35.70Crs. and cumulative expenditure incurred is Rs.106.77Crs. Grant received under this component is Rs.49.684Crs.

(b) Non-RE 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.
- 75Nos. New 33/11KV Substations commissioned with expenditure incurred during FY 2017-18 is Rs.122.7Crs. and cumulative expenditure incurred is Rs.154.51Crs. Grant received under this component is Rs.49.22Crs.

II) INTEGRATED POWER DEVELOPMENT SCHEME (IPDS):

- 24Nos. New 33/11KV Substations commissioned with expenditure incurred during FY 2017-18 is Rs.193.46Crs. and cumulative expenditure incurred is Rs.240.22Crs. An amount of Rs.154.20Crs is received from M/s. PFC Ltd.
- So far 31Nos. 33/11kv Sub-stations are charged.
- 75 locations of 1236 KWp Solar rooftop works are completed & Commissioned in Srikakulam, Vizianagaram, Vishakapatnam, Rajamahendravaram and Eluru circles.

III) DDG PROJECTS:

- 229 Nos interior tribal habitations are identified in Vishakhapatnam, Rajamahendravaram and Eluru circles and got sanctioned for an amount of Rs.19.34 Crs by REC Ltd. All habitations were electrified as on now.

- Based on the expenditure incurred, Claim for an amount of Rs. 17.109 Crs were submitted to M/s.REC Ltd and is yet to be released.

IV) HYBRID GRID WORKS (Electrification of Tribal habitations under TSP 2017-18):

- Government of AP has sanctioned an amount of Rs.7.11 Crs to APEPDCL under TSP for Electrification ST habitations for FY 2017-18.
- As per instructions of ED/REC, it has been proposed to extend grid supply to Tribal habitations which were already electrified under DDG earlier along with any other new habitations and Households as and when identified in 05 Circles of APEPDCL with an amount of Rs. 7.11 Crs of State Government of A.P funds sanctioned under TSP 2017-18.
- The details of habitations circle wise identified & work progress are as follows:

S. No	District	Amount Sanctioned in Crs	Works Awarded		Progress
			No.of Tribal habitations	Amount excluding material in Crs	
1	Srikakulam		19	1.051	17
2	Vizianagaram		12	0.534	12
3	Vishakhapatnam	7.11	83	4.085	81
4	East Godavari		12	0.756	10
	Total	**7.11**	**126**	**6.426**	**120**

Note: 1-Ph 16 KVA DTRs, 34 Sqmm AAAC Conductor, 2x16 + 25 mm AB Cable and meters will be supplied by APEPDCL.

- So far expenditure incurred is Rs.4.5Crs and released amount is Rs.5.325Crs.

V) HVDS WORKS UNDER NEF FUNDS:

- 4084Nos pump sets were converted into HVDS with an expenditure of Rs.57.85 Crores in Rajamahendravaram and Eluru Circles during 2017-18.

VI) 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.21.42Crs under 28 Nos. 33/11KV Substations in Visakhapatnam Town. Supply and installation works have been awarded on 100% Turnkey Basis.
- Installation & Commissioning works of all SCADA Components were completed and SCADA SAT completed in December'2017. Now System availability test & DMS application development are in progress, will be completed by 20.09.2018 & 30.09.2018 respectively.
- So far, Rs.7.13Crs under SCADA Part A & Rs. 18.59 Crs under SCADA Part B have been released by PFC.

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.
- 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 REDREESSAL FORUM

- Forum has conducted 55 Consumer Awareness Programmes besides 44 Nos. public hearings in various places and disposed off 448 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:

EASE OF DOING BUSINESS (EODB):

As per the Department of Industrial Policy and Promotion (DIPP), Government of India proposed Ease of Doing Reforms 2017. In turn, the Industries department, Government of A.P has communicated EoDB reforms frame work for implementation by the DISCOMs.

As per the EoDB frame work, the simplified templates are prepared duly reducing the number of documents required for obtaining the electricity connection to only two, namely proof of ownership / occupancy and authorization document (in case of firm / company) and the same is being implemented duly integrating the said templates at Meeseva portal, Industries Single desk portal and online application of APEPDCL website.

By implementing EoDB frame work, the applicants are provided fixed cost estimate based on the load (KVA/KW) required for obtaining electricity connection in all areas. This system allows submission of online application, System generated demand note, online payment and tracking of status without the need for a physical touch point for document submission for new electricity connection.

IAMR BASED HT BILLING:

Billing of all HT services in the DISCOM through Integrated Automatic Meter Reading (IAMR) is taken up and up to 90% of the services are presently being billed with IAMR.

Mobile Applications:

Mobile apps for field staff are being developed for improving the internal efficiency of the DISCOM

- App for release of new service connections
- App for online updation of the complaints received from Command Control Centre (CCC)
- App for surveying all aqua culture services

INTEGRATED POWER DEVELOPMENT SCHEME (PHASE-2):

A scheme was sanctioned by Govt. Of India for an amount of Rs. 3.82 Crores for the additional 8 Nos. towns under IPDS Phase-2. As part of this, Upgradation of Command Control Centre (CCC) with latest IVRS technology and Implementation of GIS & MDAS for the 8 towns are taken up.

INTEGRATED POWER DEVELOPMENT SCHEME (IT ENABLEMENT):

A scheme was sanctioned for an amount of Rs. 10.71 Crores for Upgradation of SAP ERP from ECC 6.0 to Suite On HANA under IPDS (IT Enablement). The scheme is under implementation stage.

EP DIGITAL:

With digital being the new norm, Indian electric utilities are evolving rapidly to cater to changing consumer needs and behaviour. Hence, with a vision to become a digital organization, your DISCOM has started its digital transformation journey under the flagship project “EP Digital”. The objective of “EP Digital” is to improve customer experience across consumer categories for the organization.

AS PART OF THIS PROJECT, YOUR DISCOM HAS UNDERTAKEN SEVEN KEY DIGITAL INITIATIVES:

1) A digitalized ‘Smart Bill’ – The consumer electricity bill at present has been completely digitalized to highlight important information on energy consumption and to provide personalized insights to consumers in a visually appealing format.

2) Proactive notification dispatch to consumers – Under this initiative, the DISCOM seeks to provide important notifications to its consumers via SMS, email and the Eastern Power mobile app. Notifications include – bill reminders, delayed payments, outages, status of new connection application, etc.

3) 2 Way communication through SMS service - This self-care solution empowers consumers to communicate with the DISCOM via SMS to obtain important information across key areas such as outages, billing, complaints etc.

4) Advanced Interactive Voice Response System (IVRS) – In order to provide anytime anywhere customer service over the phone, your DISCOM is currently upgrading its IVRS application. The aim is to have the upgraded application act as a single interactive point for a variety of consumer services including supply and billing related complaint registration, reporting an emergency, obtaining outage related information, Meeseva & ATP location information etc.

5) APEPDCL Website redesign, and the creation of customer and business portals – With the goal of providing personalized information through an easy-to-use and interactive interface, the website has gone through a complete redesign to give it a modern look and feel. Additionally, portals for domestic as well as business users have been created to ensure easier access to information and services such as viewing of Smart Bills, making payments, analyzing consumption patterns, viewing outage alerts, etc. to all consumers.

6) Multi-Channel Consumer Survey – By conducting consumer surveys across multiple channels, your DISCOM is seeking to capture insights and pain points across areas such as bill generation, bill payments, new connection process, complaint resolution, etc. The feedback received will help the DISCOM improve customer experience.

7) Digital Marketing and social media campaigns – With a focus on leveraging social media for improving customer engagement, your DISCOM is actively engaging with its consumers on social media channels, such as Facebook and Twitter. The goal is to promote new products and services and to address consumers' grievances and suggestions

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:

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.
- Applicability of Scheme is for only for agricultural motors of 5HP & 3HP systems
- During the FY 2017-18, the Solar Agricultural Pumpsets installed are 3 HP -384 Nos and 5 HP – 5031 Nos totalling to 5415 Nos
- During the FY 2017-18, 490 Nos rooftop services were synchronised to grid with a capacity of 8736 KW.

➢ During the FY 2017-18, 1 No Solar Power Plant pertaining to M/s Aurobindo of 30.0 MW capacity and 3.75 MW capacity pertaining to M/s Visakhapatnam Port Trust totalling to 33.75 MW were installed.

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.

- 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 earnings and outgo during the year.

UDAY SCHEME:

Ministry of Power, Government of India (GOI) has notified UDAY (Ujwal Discom Assurance Yojana) Scheme for the financial turnaround of Power Distribution Companies and an Tripartite MOU was entered with GOI, Government of Andhra Pradesh and APDISCOMs on 24.06.2016. Government of Andhra Pradesh has issued G.O.Ms.No.27 Dated 26.07.2016 for implementation of UDAY Scheme.

AWARDS:

The Company has received Award from Ministry of Power, Government of India for Commendable Efforts Put In to implement the Urja Mitra Mobile App & Web Portal and utilizing the same proactively to empower citizens. The Company has also received Award from Indian Chamber of Commerce and Ranked 3rd under the category of “Efficient Distribution Operation Award” at the 5th Innovation with Impact Awards for Discoms 2017 during 11th India Energy Summit 2017. The Company further received Award from REC Transmission Projects Company Ltd for Appreciation for active participation in Urja Mitra Scheme & Enhancing Transparency & Accountability in Power Distribution Sector. The Company has also received Award from India Smart Grid Forum as “Best Rural Electrification Projects by Utility, Award Level: Diamond” - ISGF Innovation Awards 2018 for Rural Electrification.

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. However, a Vigil Mechanism Policy has also been in place to comply with the provisions of Section 177 (9) of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.

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. And also a Risk Management Policy has been in place in line with the provisions of Companies Act, 2013.

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)

Representative Director of Energy Department, Government of Andhra Pradesh

The Board also adopted CSR Policy of the Company, which has been posted on the website of the Company. CSR Budget to be spent during the Financial year 2017-18 is NIL as the company is not having any average net profits for the last three financial years i.e. 2014-15, 2015-16 and 2016-17. 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.

AP RE-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 also by the Expert Committee. Accordingly, the assets and liabilities as on 02.06.2014 in respect of 7 Mandals of erstwhile Khammam District were incorporated in the books of accounts for the Financial Year 2017-18 and also the transactions recognized in respect of 7 merged Mandals taken place between 02.06.2014 to 31.03.2015 were also incorporated in the books of accounts for the Financial Year 2017-18.

BOARD OF DIRECTORS

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

Name of the Director	Designation	Date of appointment	Date of cessation
Sri H.Y.Dora (DIN : 02198284)	Chairman & Managing Director	15.09.2017	—
Sri B.Seshu Kumar (DIN : 07236508)	Director (Operations & Projects)	16.06.2015	—
Sri T.V.S.Chandra Sekhar (DIN : 05252424)	Director (Finance & HRD)	26.06.2015	—
Sri M.Venu Gopal Reddy, IAS (DIN : 08005742)	Director	30.12.2017	03.08.2018
K.V.V.Satyanarayana, IRAS (DIN : 08076027)	Director	30.12.2017	31.07.2018
Sri Rahul Pandey, IFS (DIN : 07164201)	Director	04.07.2015	30.12.2017
Sri K.N.Malleswara Rao (DIN : 03360558)	Director	18.08.2011	30.12.2017
Smt. Sobha Hymavathi Devi (DIN : 08105274)	Woman Director	11.04.2018	—
Sri M.Ravi Chandra, IAS (DIN : 05352925)	Director	31.07.2018	—
Sri I.Mohan Rao (DIN : 08145966)	Director	03.08.2018	—

KEY MANANGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company.

Sri H.Y. Dora, Chairman & Managing Director

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

Sri B.Seshu Kumar, Director (Operations & Projects)

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

MEETINGS:

BOARD MEETINGS:

During the Financial Year 2017-18, 8 (Eight) Board meetings were held on 27.05.2017, 30.06.2017, 04.08.2017, 30.08.2017, 23.09.2017, 29.09.2017, 30.12.2017 and 20.03.2018.

AUDIT COMMITTEE:

The Audit Committee of the Company consists of the following Directors as on the date of 18th Annual General Meeting:

Name of the Director	Designation
Sri M.Ravi Chandra, IAS (DIN : 05352925)	Director
Sri I.Mohan Rao (DIN : 08145966)	Director
Smt. Sobha Hymavathi Devi (DIN : 08105274)	Director
Sri B.Seshu Kumar (DIN : 07236508)	Director (Operations & Projects)

During the Financial Year 2017-18, 3 (Three) Audit Committee Meetings were held on 04.08.2017, 29.09.2017 and 30.12.2017.

Regarding the statement on declaration by Independent Director under Sub-Section (6) of Section 149, being a Government Company, 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, 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., However, the Company has constituted a Nomination and Remuneration Committee as per the provisions of Section 178 of the Companies Act, 2013.

DIRECTORS RESPONSIBILTY STATEMENT

To the best of knowledge, belief and according to the information received, the Board of Directors confirm as under for the Financial Year 2017-18 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, 2017 to 31st March, 2018 and the Internal Audit Wing of the Company 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 2017-2018 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 2018-2019.

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 2017-18 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 2018-19. As per the provisions of the Companies Act, 2013, the remuneration of the Cost 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.2017-18 and he has submitted his report along with his adverse remarks on the non appointment of Woman Director as per the provisions of Companies Act, 2013 during the Financial Year 2017-18 and also the non compliance of provisions of Section 143 (6) by not ensuring placing of final comments of the Comptroller and Auditor General of India (CAG) at the Annual General Meeting held on 29.09.2017.

The Board of Directors would like to inform you that the Government of Andhra Pradesh has appointed Smt. Sobha Hymavathi Devi as Woman Independent Director of the Company and she assumed charge w.e.f 11.04.2018.

With regard to non compliance of Section 143 (6) by not ensuring placing of final comments of the Comptroller and Auditor General of India (CAG) at the Annual General Meeting held on 29.09.2017, management would like to inform you that the Company awaited final comments from CAG till the last due date of the Annual General Meeting, however, the final comments could not received till the due date, the Board after seeking the approval of the shareholders of the Company adopted the financial statements with the provisional comments of the CAG. However, after receipt of the final comments from CAG, an Extraordinary General Meeting (EGM) was convened on 30.12.2017, members present took note the final comments of the Comptroller and Auditor General of India (CAG) on the annual accounts for F.Y.2016-17. 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 2017-18, 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 put 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.
- 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 2017-18.

6. The company is engaged in distribution of power, 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 M.Ravi Chandra, IAS, Smt. Sobha Hymavathi Devi, Ex- MLA and Sri I. Mohan Rao who have been appointed as Directors 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 Rahul Pandey, IFS, Sri K.N.Malleswara Rao, Sri M.Venu Gopal Reddy, IAS and Sri K.V.V.Satyanarayana, IRAS during their tenure as nominee Directors on the Board. We take this opportunity to thank the Principal Secretary to Energy, I & I, Government of A.P., the Secretary, APERC and other officials of the Government 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 preparing the Audited Financial Statements as per Indian Accounting Standards.

For and on behalf of the Board

Sd/- xxxx
H.Y. DORA
Chairman & Managing Director
(DIN : 02198284)

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 members:

   Chairman and Managing Director

   Director (Finance & HRD)

   Director (Operations & Projects)

   Representative Director of Energy Department, Government of Andhra Pradesh

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

   CSR Budget to be spent during the Financial Years 2017-18 is NIL as the Company incurred losses to the extent of (-) Rs. 722.24 Crores, (-) Rs. 471.86 Crores and (-) Rs. 441.31 Crores during the Financial Years 2014-15, 2015-16 and 2016-17 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-18 (Rs. lakhs)	Direct/ Implementing agency
The Company has not undertaken any CSR activities during the Financial Year 2017-18 as the Company does not have average net profits as the Company incurred losses for preceding Three Financial Years i.e.2014-15, 2015-16, 2016-17.							

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

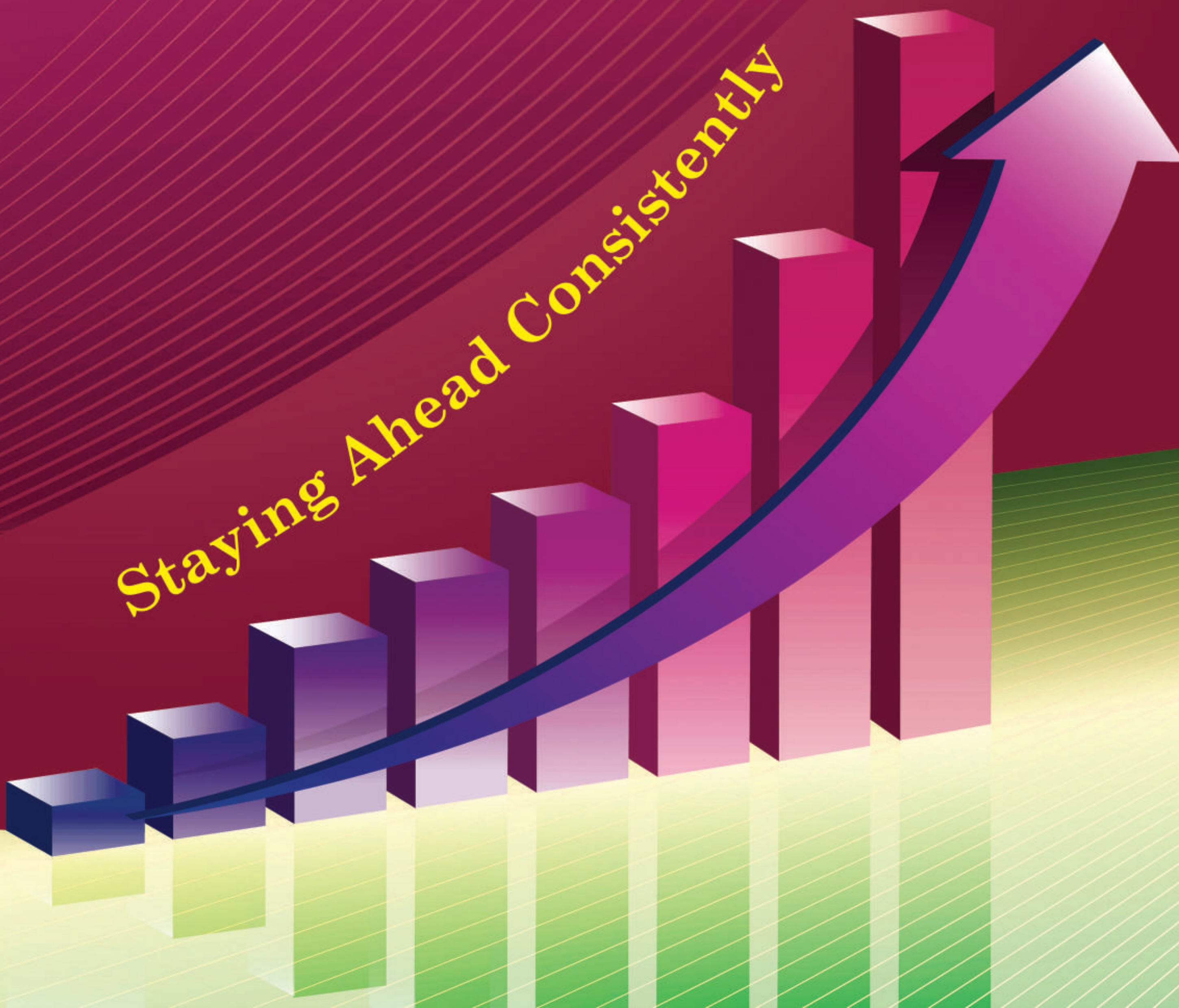
7) Responsibility statement:
   The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the company.

For and on behalf of the Board of Directors
Sd/-xxx
H.Y.DORA,
Chairman & Managing Director
(DIN : 02198284)

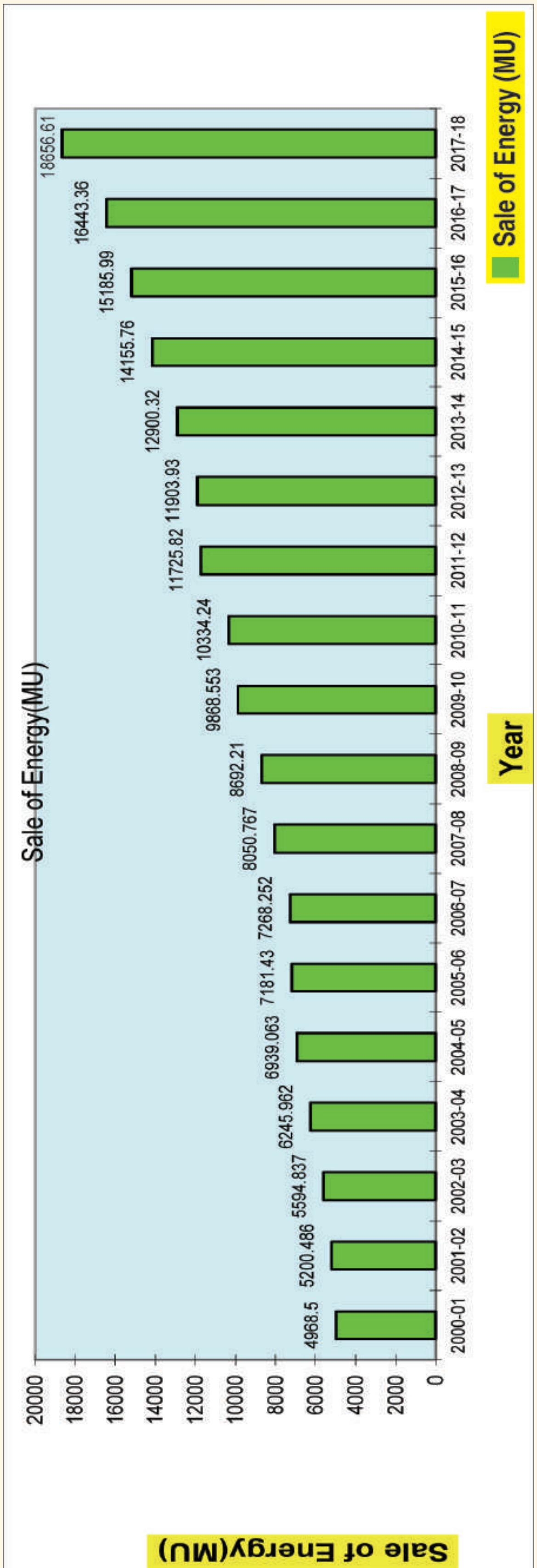
Eastern Power
Distribution Company of A.P. Ltd

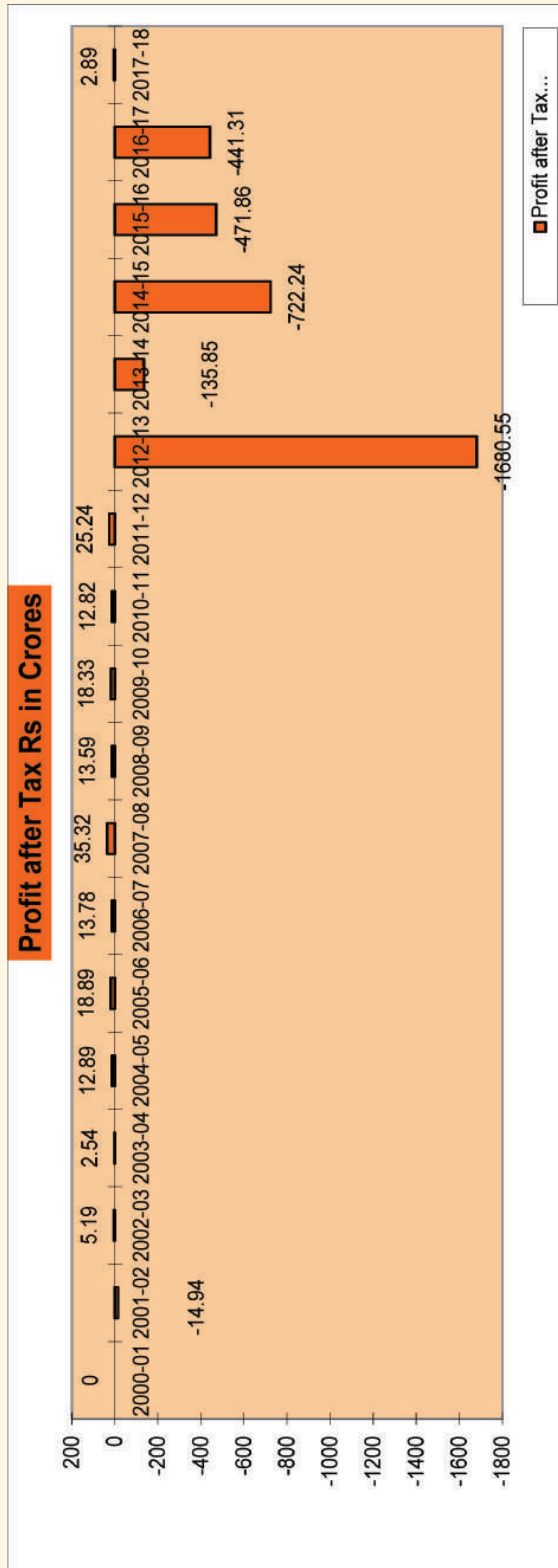
ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ

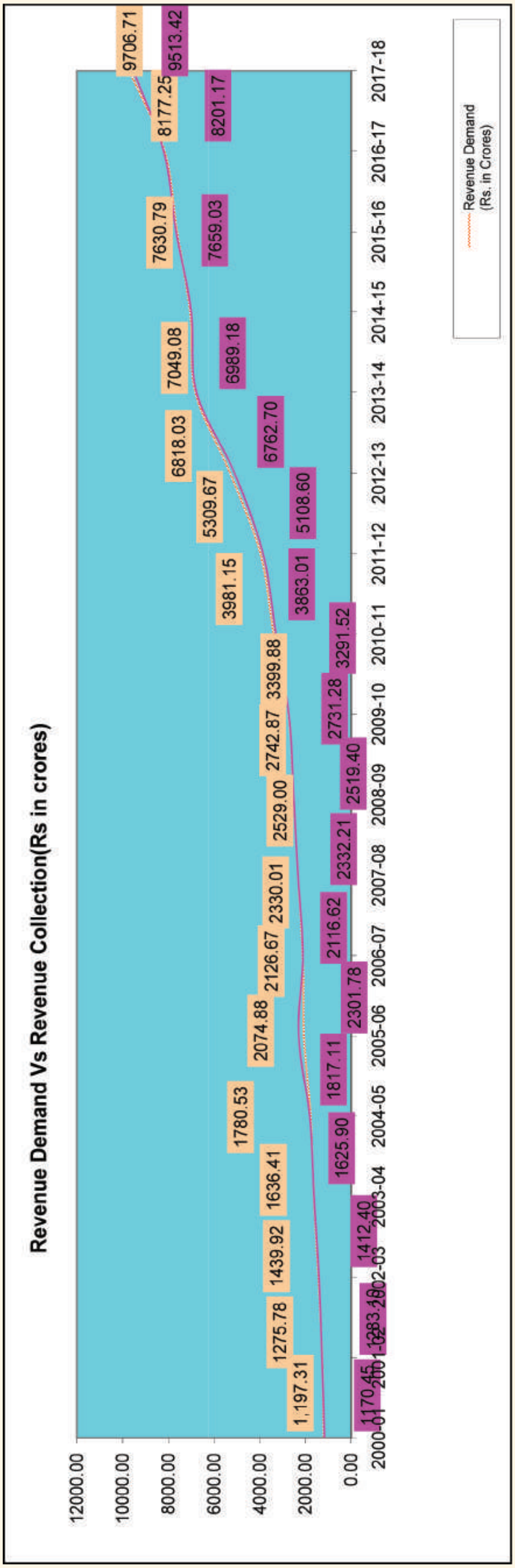
(An ISO 9001-2008 & ISO 27001:2005 Certified Company)

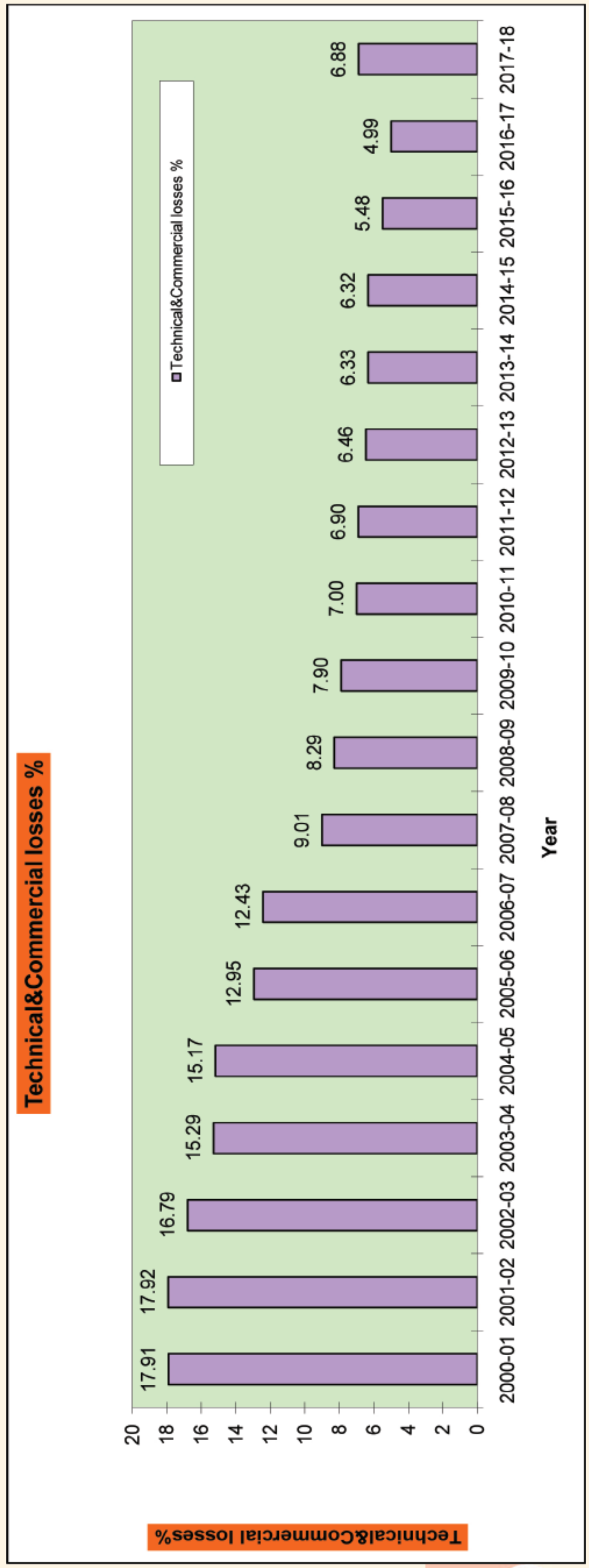


	YEAR	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
PERFORMANCE HIGHLIGHTS	Sale of Energy(MU)	4968.50	5200.49	5594.84	6245.96	6939.06	7181.43	7268.25	8050.77	8692.21	9868.55	10334.24	11725.82	11903.93	12900.32	14155.76	15185.99	16443.36	18656.61
	Revenue Demand (Rs. in 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	6818.03	7049.08	7630.79	8177.25	9706.71
	Revenue Collection (Rs. in 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	9513.42
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	6.46	6.33	6.32	5.48	4.99	6.88
FINANCIAL HIGHLIGHTS	Total Revenue (Rs. in Crores)	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	10632.89
	Total Expenditure (Rs. in Crores)	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	6486.52	8682.95	9268.27	9170.55	10627.80
	Profit after Tax (Rs. in Crores)	0.00	(14.94)	5.19	2.54	12.89	18.89	13.78	35.32	13.59	18.33	12.82	25.24	(1680.55)	(135.85)	(722.24)	(471.86)	(441.31)	2.89


Sale of Energy(MU)
20000
18000
16000
14000
12000
10000
8000
6000
4000
2000
0
4968.5
5200.486
5594.837
6245.962
6939.063
7181.43
7268.252
8050.767
8692.21
9868.553
10334.24
11725.82
11903.93
12900.32
14155.76
15185.99
16443.36
18656.61
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
2017-18
Year
Sale of Energy (MU)
Sale of Energy(MU)

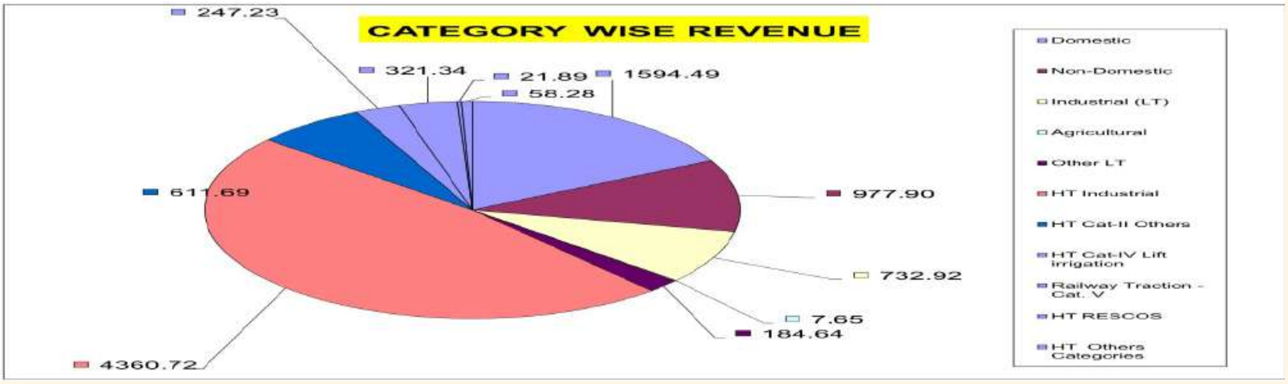

Profit after Tax Rs in Crores
200
0
-200
-400
-600
-800
-1000
-1200
-1400
-1600
-1800
0
-14.94
5.19
2.54
12.89
18.89
13.78
35.32
13.59
18.33
12.82
25.24
-1680.55
-135.85
-722.24
-471.86
-441.31
2.89
2000-01
2001-02
2002-03
2003-04
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
Profit after Tax...

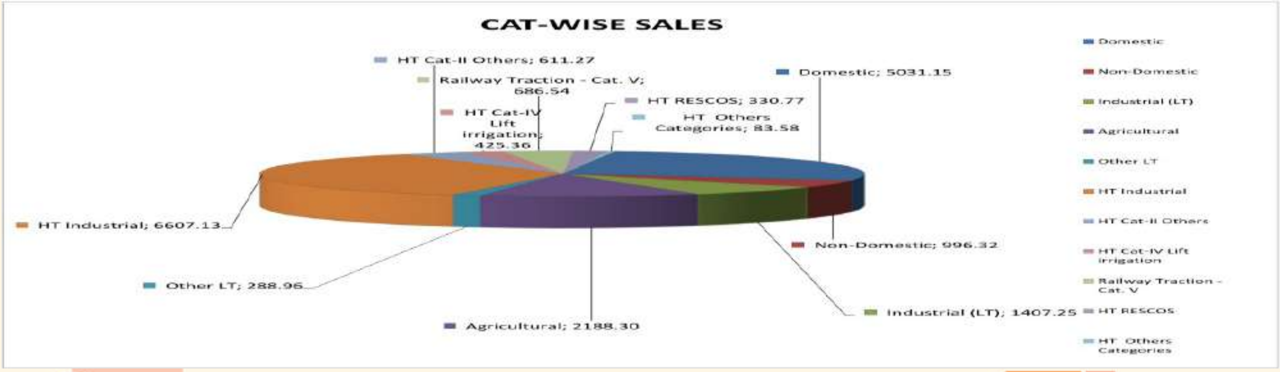

Revenue Demand Vs Revenue Collection(Rs in crores)
12000.00
10000.00
8000.00
6000.00
4000.00
2000.00
0.00
2000-01
2001-02
2002-03
2003-04
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
1,197.31
1275.78
1439.92
1636.41
1780.53
2074.88
2126.67
2330.01
2529.00
2742.87
3399.88
3981.15
5309.67
6818.03
7049.08
7630.79
8177.25
9706.71
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
9513.42
Revenue Demand
(Rs. in Crores)


Technical&Commercial losses %
Technical&Commercial losses %
Technical&Commercial losses %
20
18
16
14
12
10
8
6
4
2
0
17.91
17.92
16.79
15.29
15.17
12.95
12.43
9.01
8.29
7.90
7.00
6.90
6.46
6.33
6.32
5.48
4.99
6.88
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
2017-18
Year

SALES AND REVENUE - CATEGORY WISE 2017-18

Particulars	SALES		REVENUE	
	MU	%	Rs. Crores	%
Domestic	5031.15	26.97	1594.49	17.49
Non-Domestic	996.32	5.34	977.90	10.72
Industrial (LT)	1407.25	7.54	732.92	8.04
Agricultural	2188.30	11.73	7.65	0.08
Other LT	288.96	1.55	184.64	2.02
HT Industrial	6607.13	35.41	4360.72	47.82
HT Cat-II Others	611.27	3.28	611.69	6.71
HT Cat-IV Lift irrigation	425.36	2.28	247.23	2.71
Railway Traction - Cat. V	686.54	3.68	321.34	3.52
HT RESCOS	330.77	1.77	21.89	0.24
HT Others Categories	83.58	0.45	58.28	0.64
TOTAL	**18656.61**	**100.00**	**9118.76**	**100.00**





FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

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 ANDHRA 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 ANDHRA 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-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% 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%	0	121,225,329	121,225,329	100%	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%	-	121,225,329	121,225,329	100%	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%	-	121,225,329	121,225,329	100%	0.00%

B. Public Shareholding

1. 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%
	0	0	0		0	0	0		
f) Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
g) FIIs	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%
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	0.00%	0	0	0	0.00%	0.00%
	0	0	0		0	0	0		
	0	0	0		0	0	0		
	0	0	0		0	0	0		

ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0.00%	0	0	0	0.00%	0.00%
	0	0	0		0	0	0		
	0	0	0		0	0	0		
	0	0	0		0	0	0		
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 - D R	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	0.00%	0	0	0	0.00%	0.00%
	0	0	0		0	0	0		
	0	0	0		0	0	0		
Grand Total (A+B+C)	-	121,225,329	121,225,329	100%	-	121,225,329	121,225,329	100%	0.00%

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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%	0	121,225,329	100%	0	0.00%

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

SN	Particulars	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
	At the beginning of the	There is no change in Promoters' Shareholding between 01.04.2017 to 31.03.2018 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):

SN	For each of the Top 10 shareholders	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	Name						
	At the beginning of the	01.04.2017	NIL				
	At the end of the year	31.03.2018					

(v) Shareholding of Directors and Key Managerial Personnel:

SN	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
	Name						
1	Sri M.M.Nayak, IAS	01.04.2017	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2018	At the end of the Year			1	0.00000082%
2	Sri H.Y.Dora	01.04.2017	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2018	At the end of the Year			1	0.00000082%
3	Sri B.Seshu Kumar	01.04.2017	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2018	At the end of the Year			1	0.00000082%
4	Sri T.V.S.Chandra Sekhar	01.04.2017	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2018	At the end of the Year			1	0.00000082%
5	Sri Rahul Pandey, IFS	01.04.2017	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2018	At the end of the Year			-	0.00000000%
6	Sri K.N.Malleswara Rao	01.04.2017	At the beginning of the Year	-	0.00000000%	-	0.00000000%
		31.03.2018	At the end of the Year			-	0.00000000%
7	Sri M.Venu Gopal Reddy, IAS	01.04.2017	At the beginning of the Year	-	0.00000000%	-	0.00000000%
		31.03.2018	At the end of the Year	-	0.00000000%	1	0.00000082%
8	Sri K.V.V.Satyanarayana, IRAS	01.04.2017	At the beginning of the Year	-	0.00000000%	-	0.00000000%
		31.03.2018	At the end of the Year	-		-	0.00000000%

V. INDEBTEDNESS

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

(Amt. Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning 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
Change in Indebtedness during the financial year				
* Addition	8,198,336,773.00	-	-	8,198,336,773.00
* Reduction	4,693,328,765.00			4,693,328,765.00
Net Change	3,505,008,008.00	-	-	3,505,008,008.00
Indebtedness at the end of the financial year				
i) Principal Amount	34,847,425,255.00	-	-	34,847,425,255.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	34,847,425,255.00	-	-	34,847,425,255.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director

SN.	Particulars of Remuneration	Name of Managing Director		Total Amount
	Name	Sri M.M.Nayak, IAS	Sri H.Y.Dora	(Rs.)
	Designation	Managing Director	Managing Director	
1	Gross salary	10,31,702.00	13,66,421.00	23,98,123.00
	(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)	10,31,702.00	13,66,421.00	23,98,123.00
	Ceiling as per the Act		-	-

A. Remuneration to Whole-time Directors

SN.	Particulars of Remuneration	Name of Whole Time Director		Total Amount
	Name	Sri B.Seshu Kumar	Sri T.V.S.Chandra Sekhar	(Rs.)
	Designation	Director (Operations)	Director (Finance) / CFO	
1	Gross salary	22,71,147.00	28,97,113.00	51,68,260.00
	(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)	22,71,147.00	28,97,113.00	51,68,260.00
	Ceiling as per the Act	-	-	-

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors				Total Amount
						(Rs.)
1	Independent Directors	-	-	Sri M. Venu Gopal Reddy IAS	Sri K.V.V Satyanarayana IRAS	-
	Fee for attending board committee	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
2	Other Non-Executive Directors	Sri Rahul Pandey, IFS	Sri K.N.Malleswara Rao			-
	Fee for attending board committee	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	75,66,383.00
	Overall Ceiling as per the Act	-	-	-	-	-

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

SN.	Particulars of Remuneration	Name of the Key Managerial Personnel	Total Amount
	Name	K.S.V.S.Sastry	Rs.
	Designation	Company Secretary	-
1	Gross salary	9,37,461.00	9,37,461.00
	(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	-	-
	(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		9,37,461.00

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	There were no penalties, punishment or compounding of offences during the year ended March 31, 2018.				
Compounding					
B. DIRECTORS					
Penalty					
Punishment	There were no penalties, punishment or compounding of offences during the year ended March 31, 2018.				
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment	There were no penalties, punishment or compounding of offences during the year ended March 31, 2018.				
Compounding					

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2018

[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 31.03.2018, 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 31.03.2018 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.

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 has not complied with the provisions of Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 relating to appointment of Woman Director on its Board during the year under review.

2. The Company convened its Annual General Meeting (AGM) for the Financial Year 2016-2017 on 23.09.2017, which was adjourned to 29.09.2017 due to lack of quorum. At the adjourned AGM, the members present adopted the accounts for F.Y.2016-17 with provisional comments of the Comptroller and Auditor General of India (CAG), pending receipt of final comments from the CAG.

After receipt of the final comments from CAG, an Extraordinary General Meeting was convened on 23.12.2017, which was again adjourned due to lack of quorum. At the adjourned AGM on 30.12.2017, members present took note the final comments of the Comptroller and Auditor General of India (CAG) on the annual accounts for F.Y.2016-17.

Hence, the Company has not complied with the provision to Section 143 (6) by not ensuring placing of final comments of the Comptroller and Auditor General of India (CAG) at the Annual General Meeting held on 29.09.2017.

I further report that:

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: Visakhapatnam
Date: 29.08.2018

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.

'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: 29.08.2018

Signature: Sd/-xxxx
Name: P. VITHAL KUMAR
ACS No. : 14440
CP No. 8224

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

सत्यमेव जयते

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 2017-18/468 Date: 04.12.2018.

O/O. CMD APEPDCL LTD. 0 7 DEC 2018 VISAKHAPATNAM-530013

To
The Chairman 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 AP Limited for the year ended 31 March 2018.

***

I am to forward herewith comments of the Comptroller and Auditor General of India (C&AG) under Section 143 (6) (b) of the Companies Act, 2013 on the Financial Statements of your company for the year ended 31 March 2018 for necessary action. You are requested to communicate/ furnish the following.

1. The date of placing Annual Report for the year 2017-18 together with the financial statements, comments of the C&AG and independent auditor's report before the shareholders of the company. A copy of the proceedings of the meeting held in this regard may be furnished.
2. The date of forwarding the Annual Report and Financial Statements of the company for the year 2017-18 together with the auditor's report and comments of the C&AG to the State Government for being placed before the Legislature of Andhra Pradesh may be communicated.
3. Ten copies of the Annual Report for the year 2017-18 may be furnished in due course. PDF copy of the Annual Report may also be furnished for our record and reference.

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

Yours faithfully,

Medhamohan
4/12/2018

Encl: As stated. **Sr. Deputy Accountant General (ES)**

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

The preparation of financial statements of Eastern Power Distribution Company of A.P. Limited, Visakhapatnam for the year ended 31 March 2018 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 20 September 2018 which supersedes their earlier Audit Report dated 9 August 2018.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Eastern Power Distribution Company of A.P. Limited, Visakhapatnam for the year ended 31 March 2018 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. The Audit Report has been revised by the statutory auditor to give effect to some of my audit observations raised during the supplementary audit.

In addition, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Statement of Profit and Loss
Revenues
Revenue from Operations (Note 23)

1. Subsidies and Grants from Government: ₹ 512.42 crore

The above is overstated by ₹ 20 crore due to accountal of grant received from GoAP without fulfilling the conditions attached to it, which is contrary to Ind AS 20. During the year the company received grant of ₹ 20 crore for promotion of grid connected renewable energy. Even though in the GO issued by GoAP it was specifically mentioned that the amount sanctioned shall be spent for the specific purpose for which the grant was released, the company treated the same as income instead of other liabilities. This has resulted in overstatement of Subsidies and Grants from Government and Profit for the year by ₹ 20 crore and understatement of other liabilities by same amount.

Expenses

2. **Purchase of Power (Note 25): ₹ 8,793.64 crore**

i. The above is understated by ₹ 561.60 crore due to short provision / non-provision of liability towards the following power purchase cost. Consequently, Profit for the year was overstated and Trade Payables understated by the same amount.

- Short provision of liability for ₹ 404.96 crore towards differential power purchase cost payable to Andhra Pradesh Power Development Company Ltd. (APPDCL). For the years 2015-16 to 2017-18, Andhra Pradesh Electricity Regulatory Commission (APERC) fixed tariff rate of ₹ 4.31 per unit, ₹ 4.51 per unit and ₹ 4.04 per unit respectively for the power desptaches from APPDCL plant. Against this, the company admitted the bills at ₹ 3.63 per unit and provision was not made for the balance amount of ₹ 404.96 crore;
- Short provision of liability for ₹ 21.38 crore towards the power purchased from Hinduja National Power Corporation Limited (HNPCL). As per APERC tariff order for the year 2017-18, energy charges payable to HNPCL is ₹ 4.01 per unit. Against this, company admitted bills at ₹ 3.82 per unit and no provision was made for the differential amount; and
- Non-provision of liability for ₹ 135.26 crore towards open access charges for the year 2017-18 claimed by Thermal Powertech Corporation India Limited (₹ 33.32 crore) and KSK Mahanadi Ltd., (₹ 101.94 crore) as per CERC notification dated 18 May 2015.

ii. The above is understated by ₹ 26.61 crore due to excess booking of true down credit passed on by APTRANSCO. Power purchased by both the Discoms and costs thereon are shared by APSPDCL and APEPDCL (the company) in the ratio of 65.73 *per cent* and 34.27 *per cent* respectively. During the year 2017-18, APTRANSCO passed on true down credit of ₹ 87 crore and the company's share in the same works out to ₹ 29.81 crore

(34.27 *per cent* of ₹ 87 crore). Against this, ₹ 56.42 crore (64.86 *per cent* of ₹ 87 crore) was credited to the company which resulted in understatement of Purchase of Power and overstatement of Profit by ₹ 26.61 crore (₹ 56.42 - ₹ 29.81 crore).

Employee Benefit Expense (Note 26)

3. Earned Leave Encashment - ₹ 121.93 crore

This is overstated by ₹ 5.18 crore due to booking of Actuarial Loss as per actuarial valuation report which should have been included under Other Comprehensive Income as per Ind AS 19. This has resulted in overstatement of Earned Leave Encashment and understatement of Profit Before Tax by ₹ 5.18 crore. Consequently, Other Comprehensive income was overstated by the same amount.

B. Balance Sheet

Equity and Liabilities

Current Liabilities

Financial Liabilities

Provisions (Note 18)

4. Provision towards Employee Benefits: ₹ 162.02 crore

The above is understated by ₹ 4,364.81 crore due to short provision of liability towards pension and gratuity of APSEB origin employees. Even though the company arrived at the pension and gratuity liability of APSEB origin employees as on 31 March 2018 based on actuarial valuation at ₹ 6,285.17 crore, provision/ fund balance in the company trust/ master trust is available for ₹ 1,920.36 crore only. This has resulted in understatement of Provision towards Employee Benefits and Employee Benefit Expense by ₹ 4,364.81 crore (₹ 6,285.17 crore - ₹ 1,920.36 crore). Consequently, Profit for the year is overstated by the same amount.

C. Notes to Financial Statements

5. Following are the comments on the financial statements/ disclosures.

i. The company did not disclose Contingent Liability for ₹ 177.11 crore towards fixed charges bills claimed by Reliance Infrastructure Ltd., for the years 2011-18 (₹ 134.35 crore) and towards bills raised by the wind power generators for the power supplied beyond 23.50 capacity utilisation factor (₹ 42.76 crore) which are disputed by the company. Even though these issues are pending before APERC, the company did not disclose Contingent Liability pending disposal of the matters by APERC. Further, the company did not furnish the details of other bills/ claims raised by various power generators but not acknowledged debts. In the absence of details, cases of short provision of liabilities or non-disclosure of contingent liabilities were not ascertainable.

ii. The PPAs entered into by AP Discoms prior to bifurcation (2 June 2014) of the state of Andhra Pradesh are valid up to 31 March 2019. As per GO MS 20 dated 8 May 2014 issued by GoAP, power generated by APGENCO/ TSGENCO shall be shared between AP Discoms and TS Discoms in the ratio of 46.11 and 53.89 respectively. This was followed up to 10 June 2017 and from 11 June 2017 onwards, APGENCO stopped power supply to TS Discoms citing non-payment of dues by TS Discoms and the same was reciprocated by TSGENCO by stopping power supply to AP Discoms. Consequently, entire power generated by APGECO was supplied to AP Discoms. This fact was not disclosed in the Notes to Financial Statements together with the additional financial burden on the company as the cost of TSGENCO power is cheaper compared to APGENCO. Further, this important matter was not brought to the notice of the Board of Directors of the company.

iii. For the year 2016-17, subsidy receivable from Government of Andhra Pradesh (GoAP) towards supply of power to agriculture was ₹ 135.94 crore. Out of this, GoAP released ₹ 120.80 crore and informed (January 2018) that it was not possible to release the balance amount and advised the company to adjust the gap from the internal resources. The company continued to show the subsidy amount refused by GoAP as receivables. However, this fact was not disclosed in the Notes to financial statements.

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

Place: Hyderabad
Date: 04.12.2018

(L.V.~~SUDHIR KU~~MAR)
Principal Accountant General (Audit)

REPLIES OF THE COMPANY TO THE COMMENTS OF THE AG AUDITORS

S.No.	Comments of the Comptroller and Auditor General of India.	Reply of the Company
1	A. Statement of Profit and Loss - Revenues-Revenue from Operations (Note 23) 1.Subsidies and Grants from Government– Rs. 512.42 crore The above is overstated by Rs.20 crore due to accountal of grant received from GoAP without fulfilling the conditions attached to it, which is contrary to Ind AS 20. During the year the company received grant of Rs.20 crores for promotion of grid connected renewable energy. Even though in the GO issued by GoAP it was specifically mentioned that the amount sanctioned shall be spent for the specific purpose for which the grant was released, the company treated the same as income instead of other liabilities. This has resulted in overstatement of Subsidies and Grants from Government and Profit for the year by Rs.20 crore and understatement of other liabilities by same amount.	Grant of Rs.20 Crores was received from Govt. of Andhra Pradesh towards promotion of Grid connected Renewable Energy in APEPDCL. Amount received is revenue in nature hence recognized as revenue subsidy on receipt of the same and expenditure, as and when incurred, will be charged to P&L account.
2	Purchase of Power (Note 25) –Rs. 8,793.64 crore i. The above is understated by Rs.561.60 crore due to short provision/non-provision of liability towards the following power purchase cost. Consequently, Profit for the year was overstated and Trade payables understated by the same amount. Short provision of liability for Rs.404.96 crore towards differential power purchase cost payable to Andhra Pradesh Power Development Company Ltd. (APPDCL). For the years 2015-16 to 2017-18, Andhra Pradesh Electricity Regulatory Commission (APERC) fixed tariff rate of Rs. 4.31 per unit Rs.4.51 per unit and Rs.4.04 per unit respectively for the power despatches from APPDCL plant. Against this, the company admitted the bills at Rs. 3.63 per unit and provision was not made for the balance amount of Rs.404.96 crore:	M/s APPDCL/SDSTPS, has claimed an amount of Rs. 1811.11 Crs (4482.95 M.U @ 4.04 per kwh) during the year 2017-18, where as Hon'ble APERC approved tariff as per Retail Supply Tariff Order is Rs.4.04 per kwh (Cost is Rs.2663.87 Crs for 6596.68 M.U @ 4.04 per kwh). The APDISCOMS filed O.P. No.21 of 2016 with APERC for consent of Power Purchase Agreement entered with M/s APPDCL/SDSTPS. The filed petition is still under hearing and awaiting approval from APERC. Mean while Hon'ble APERC ordered Discoms to continue to pay Rs.3.63 as adhoc tariff to M/s APPDCL Vide letter No. .505/2017 Dt.07.06.17. As such the payments were made as per interim judicial order of Hon'ble APERC. The copy of the APERC letter is herewith enclosed.As such, there is no additional liability for the FY 2017-18 in respect of M/s APPDCL/SDSTPS.

S.No.	Comments of the Comptroller and Auditor General of India.	Reply of the Company
	Short provision of liability for Rs.21.38 crore towards the power purchased from Hinduja National power Corporation Limited (HNPCL). As per APERC tariff order for the year 2017-18, energy charges payable to HNPCL is Rs. 4.01 per unit. Against this, company admitted bills at Rs. 3.82 per unit and no provision was made for the differential amount ; and Non-provision of liability for Rs. 135.26 crore towards open access charges for the year 2017-18 claimed by Thermal powertech corporation India Limited (Rs. 33.32 crore) and KSK Mahanadi Ltd. ,(Rs. 101.94 crore) as per CERC notification dated 18 May 2015.	However necessary disclosure was made in contingent liabilities P&L Note No.30 (xi) (p). M/s HNPCL, has claimed an amount of Rs. 1254.40 Crs during the year 2017-18, where as APERC approved tariff as per Retail Supply Tariff Order is Rs.4.01 per kwh (Cost is Rs.1130.61 Crs).M/s HNPCL filed O.P. No.21 of 2015 in APERC for determination of capital cost of the coal fired power station of 1040 MW under clause 10.8 of regulation No.1 of 2008. The petition still is under hearing and awaiting approval from Hon'ble APERC. Further, Hon'ble APERC vide their Record of Proceedings Dt.06.08.16 issued following instructions "Respondents 1 and 2 are directed to pay an interim tariff of Rs.3.82 ps per unit (Rs.3.61+ Rs.0.21) to the petitioner from 01-08-2016 proportionately for the power received by them until further orders of this commission. The matter is posted to 03.09.2016 for hearing." Accordingly M/s HNPCL is also claiming tariff @ Rs.3.82 per kwh for the energy supplied to APDISCOMS. Even though as per Retail Supply Tariff Order, the cost is Rs.4.01 per kwh, the APDISCOMS have paid based on the Judicial Orders of the APERC. As such, there is no additional liability for the FY 2017-18 in respect of M/s HNPCL. M/s Thermal Powertech Corporation of India Ltd (TPCIL), has claimed an amount of Rs. 97.24 Crs and M/s KSK Mahanadi Ltd, has claimed an amount of Rs. 243.97 Crs towards reimbursement of PGCIL POC Charges during the year 2017-18, where as Hon'ble APERC has not accorded approval for reimbursement of PGCIL POC Charges in Retail Supply Tariff Order 2017-18. Principal Secretary to Government, Energy & I&I Department/AP Secretariat vide letter dt.22.03.2017, has given certain instructions to APDISCOMS, APPCC & APSLDC, wherein it is stated that APERC in tarifforder clearly prescribes the quantity of power to be purchased from each of the

S.No.	Comments of the Comptroller and Auditor General of India.	Reply of the Company
		generators including APGENCO, IPPs, CGSs and also the Renewable Power Generators of Wind and Solar, Biogas, etc. The rates have also been prescribed in fixed cost as well as variable cost by APERC in its tariff order. Any violation by DISCOMs either in terms of quantity of energy to be purchased from each generator as well as rate will result in financial burden to DISCOMs which cannot be recovered either through tariff or through Govt. subsidy. DISCOMS are directed to follow APERC orders invariably. DISCOMS have to pay the fixed and variable cost to APGENCO, APPDCL, IPPs and the Renewable Energy generators only as per the rate fixed by APERC and not as per the claims made by the Generators. Accordingly, APPCC/APDISCOMS restricted the tariff rates indicated against each station/ source in Tariff Order during the FY 2017-18 and disallowed reimbursement of PGCIL POC M/s Thermal Power tech Corporation of India Ltd and M/s KSK Mahanadi Ltd during 2017-18. Since the same was in dispute with Generators and to be decided by Hon'ble APERC, the power purchase cost was not admitted. However the same was disclosed as contingent liabilities P&L Note No.30(xi)(r).
2	ii. The above is understated by Rs.26.61 crore due to excess booking of true down credit passed on by APTRANSCO. Power purchased by both the Discoms and costs thereon are shared by APSPDCL and APEPDCL (the company) in the ratio of 65.73 per cent and 34.27 per cent respectively. During the year 2017-18. APTRANSCO passed on true down credit of Rs. 87 crore and the company's share in the same works out to Rs. 29.81 crore (34.27 per cent of Rs.87 crore). Against this, Rs.56.42 cores(64.86 per cent of Rs87 cores) was credited to the company which resulted in understatement of purchase of power and overstatement of profit by Rs.26.61 crore (Rs.56.42–Rs.29.81 crore).	The audit is noted and the same will be rectified during the current FY 2018-19.

S.No.	Comments of the Comptroller and Auditor General of India.	Reply of the Company
3	Employee Benefit Expense (Note26) Earned Leave Encashment –Rs. 121.93 crore This is overstated by Rs. 5.18 crore due to booking of Actuarial Loss as per actuarial valuation report which should have been included under Other Comprehensive Income as per Ind AS 19. This has resulted in overstatement of Earned Leave Encashment and understatement of Profit Before Tax by Rs.5.18 crore. Consequently. Other Comprehensive income was overstated by the same amount.	As per Ind AS 19 Employee Benefits - Actuarial gain/losses on re-measurements of the net defined benefit liability would be recognized in Other Comprehensive Income. As per para 153 & 154 of Ind AS 19 Other Long-term employee benefits includes (a) Long-term paid absences such as long-service or sabbatical leave (such as Earned Leave Encashment) - Unlike the accounting required for post-employment benefits, this method does not recognize re-measurements in other comprehensive income. Hence, actuarial gains/ losses on Earned leave encashment were not considered under Other Comprehensive Income.
4	**Balance Sheet** **Equity and Liabilities** **Current Liabilities** **Financial Liabilities** **Provisions (Note 18)** **Provision towards Employee Benefits Rs.162.02 Crore** The above is understated by Rs.4364.81 crore due to short provision of liability towards pension and gratuity of APSEB origin employees. Even though the company arrived at the pension and gratuity liability of APSEB origin employees as on 31 March 2018 based on actuarial valuation at Rs.6285.17 crore, provision/fund balance in the company trust/master trust is available for Rs.1920.36 crore only. This has resulted in understatement of provision towards Employee Benefits and Employee Benefit Expense by Rs. 4364.81 crore (Rs.6285.17 crore Rs.160.36 crore). Consequently, profit for the year is overstated by the same amount.	1) a) A Master Trust and individual company level Trusts have been established in accordance with the provisions of the First and Second transfer schemes and consistent with the Tripartite Agreements the principles with an object of making provisions for payment of pension and gratuity to the Members pertaining to the period prior to 01.02.1999, in accordance with the terms and conditions of service applicable to them from time to time. b) Under the first transfer scheme, the liability with respect to the Terminal Benefits of the past employed members for the period prior to 1st February,1999 was entrusted to and assumed by the APGENCO. Consequently APGENCO has issued the Bonds jointly to the Trustees of the A.P. State Electricity Employees Master Pension and Gratuity Trust (Master Trust) which has been established to administer the pension and gratuity payment to the members pertaining to the period prior to 1st February,1999. c) In the event APGENCO fails and/or neglects to pay the amounts due from it under this Agreement, the Master Trust would be entitled to and would have the right

S.No.	Comments of the Comptroller and Auditor General of India.	Reply of the Company
		to recover the said amount from any of the power payment dues payable to APGENCO by APTRANSCO and/or the DISCOMS. 2) a) Further the liability in respect of employees on rolls as on 1-2-1999 and retired subsequently is concerned, the liability to be shared between Master Trust and the P&G Trust of DISCOM in the ratio of 74:26 (APGENCO 74% and EPDCL 26%), has been approved tentatively. b) Actuarial valuation Report is being obtained every year from the certified Actuary for the total liability and Provision for Pension, Gratuity and Commutation of pension for the 26% liability of the company is being provided in the books of accounts. According to the Actuarial valuation report 100% liability in respect of employees on rolls as on 1-2-1999 is Rs.6,285.17 crores and 26% liability works out to Rs.1408.43 crores. Accordingly to the extent of 26% liability, provision for Rs.1408.43 has been created in the books of Accounts of APEPDCL. c) For liability of Master Trust, indents are being sent to APGENCO every month towards 100% Pension in respect of pensioners and family pensioners as on 31-1-1999 and 74% Pension, Gratuity & Commutation value of Pension in respect of employees retired after 1-2-1999 and funds are being received every month and there are no dues from Master Trust to APEPDCL as on 31.03.2018. In view of the above position there is no understatement of provision towards Pension and Gratuity Liability as on 31.03.2018.

S.No.	Comments of the Comptroller and Auditor General of India.	Reply of the Company
5	Following are the comments on Financial statements / disclosures i) The company did not disclose Contingent Liability for Rs.177.11 crore towards fixed charges bills claimed by Reliance Infrastructure Ltd., for the years 2011-18 (Rs.134.35 crore) and towards bills raised by the wind power generators for the power supplied beyond 23.50 capacity utilisation factor (Rs.42.76 crore) which are disputed by the company. Even though these issues are pending before APERC, the company did not disclose Contingent Liability pending disposal of the matters by APERC. Further, the company did not furnish the details of other bills/ claims raised by various power generators but not acknowledged debts. In the absence of details, cases of short provision of liabilities or non-disclosure of contingent liabilities were not ascertainable.	Audit comment regarding fixed charges claimed by M/s Reliance Infrastructure Ltd. is noted. Necessary disclosure will be made in the next financial year's financial statements duly considering the status of the case. With reference to the audit observation in respect of wind power generators it is to intimate that the tariff determined by APERC is based on probable energy generation. If the generator has generated over and above the approved quantum, the same will be treated as inadvertent power. No payments will be made towards inadvertent power and hence no provision was made as no additional liability would devolve on the company. As such there is no understatement of power purchase cost.
	ii. The PPAs entered into by AP Discoms prior to bifurcation (2June 2014) of the state of Andhra Pradesh are valid up to 31 March 2019. As per GO MS 20 dated 8May 2014 issued by GoAP, power generated by APGENCO/TSGENCO shall be shared between AP Discoms and TS Discoms in the ratio of 46.11 and 53.89 respectively. This was followed up to 10 June 2017 and from 11 June 2017 onwards, APGENCO stopped power supply to TS Discoms citing non-payment of dues by TS Discoms and the same was reciprocated by TSGENCO by stopping power supply to AP Discoms. Consequently, entire power generated by APGENCO was supplied to AP Discoms. This fact was not disclosed in the Notes to Financial Statements together with the additional financial burden on the company as the cost of TSGENCO power is cheaper compared to APGENCO. Further, this important matter was not brought to the notice of the Board of Directors of the company.	Audit comment is noted. Necessary disclosure will be made in the next financial year's financial statements duly considering the status of the case.

S.No.	Comments of the Comptroller and Auditor General of India.	Reply of the Company
	iii) For the year 2016-17, subsidy receivable from Government of Andhra Pradesh (GoAP) towards supply of power to agriculture was Rs 135.94 crore. Out of this, GoAP released Rs.120.80 crore and informed (January 2018) that it was not possible to release the balance amount and advised the company to adjust the gap from the internal resources. The company continued to show the subsidy amount refused by GoAP as receivables. However, this fact was not disclosed in the Notes to financial statements.	As per APERC Approved Tariff order for the F.Y 2016-17 Government of Andhra Pradesh has approved for provide agriculture subsidy of Rs.135.94 Crores. Out of the above Govt. of Andhra Pradesh has released funds of Rs.110.47 Crores in F.Y 2015-16 & Rs.10.33 Crores in F.Y 2017-18.Balance agriculture subsidy of Rs.15.14 recognized as subsidy receivable from Govt. of Andhra Pradesh. In the Letter dt.26.01.2018 Govt. of A.P.ENERGY, INFRASTRUCTURE & INVESTMENT (POWER-III) Department it is informed that it is not possible to provide any additional amount and to adjust the gap from the internal resources of A.P.Discoms. In the letter No. CMD/JMD/Dycca(APPCC) D.No.146/18 Dt.19.02.18 addressed by the CMD/APTRANSCO and Chairman / APPCC it was informed to the Principal Secretary/ Energy, I & I Dept./Govt. of A.P. that the balance subsidy of Rs. 15.14 Crores is in accordance to commitment given by GOAP before the APERC for F.Y. 2016-17 but it is not a recommendation by APERC. Non–release of difference of subsidy for agricultural consumers will result into increase in tariff recovery to that extent from other consumers. The suggestion of GOAP to adjust the gap from the internal resources is not-practicable as there are no internal sources for adjusting the short release of subsidy by GOAP. It was once again requested to release the balance amount of subsidy of Rs.15.14 crores pertaining to the F.Y. 2016-17. Since final action is awaited from Govt. of A.P. the provision was not made in FY 2017-18 and action will be taken soon on receipt of final confirmation from the Govt of A.P.

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REVISED INDEPENDENT AUDITOR'S REPORT

To
The Members of
M/s Eastern Power Distribution Company of Andhra Pradesh Limited
Visakhapatnam

Report on the Financial Statements

We have given audit report on 9th August, 2018 for the financial year 2017-18 on the financial statements of Eastern Power Distribution Company of Andhra Pradesh Limited, Visakhapatnam (The Company), which comprise the Balance sheet as at March 31,2018, the statement of Profit and Loss for the year ended, the cash flow statement for the year ended and Statement of Changes in Equity and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Financial Statements").

The audit report along with financial statements for the year ended 2017-18 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 the Comptroller & Auditor General (C& AG), we have reviewed and revised our audit report.

The financial statements of Eastern Power Distribution Company of Andhra Pradesh Limited, Visakhapatnam ("APEPDCL") ("the company"), which comprise the ind AS Balance Sheet as at 31 March, 2018, the Statement of Profit & Loss (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Financial Statements") remains same and no corrections / changes are been made to the financial statements for the year ended 31st March, 2018.

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 and 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 Indian Accounting Standards(Ind As) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS 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 Ind AS 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 auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 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 Ind AS financial statements.

I. Basis of Qualification

A. Amounts recoverable from Employees:

An amount of Rs.310.05 Lakhs is outstanding in personal accounts of employees as on 31.03.2018, represents cost of value of materials drawn for projects / expenses but not adjusted due to non-submission of accounts by the employees. In the absence of details receivables are overstated by Rs 310.05Lakhs on Fixed Assets, Capital Work-in- Progress understated to that extent.

B. 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:

Loans that are carried in the balance sheet as at 31.03.2018 payable to APTRANSCO and others, confirmations and reconciliation / adjustments were not available, hence the correctness and completeness of these balances cannot be ascertained.

3. As per Ind AS — 36, Impairment:

The company has not produced any documentary evidence relating to the evaluation and assessment as to whether there is any indication that an asset may be impaired as per para 12 of Ind AS 36 during the year ended 31st march 2018 and provision thereof, if any required, has not been made. This is not in conformity with Ind AS 36, consequently impact of adjustment, if any, on the financial statements is currently not ascertainable.

4. Inventory:

The Company's inventories are carried in the Balance Sheet at Rs.205,31.26 Lakhs, 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 Ind AS 2 referred to in section 133 of the Act & non-compliance of the Ind AS— 2 Inventories. Reference is invited to Company's Accounting Policy on Inventories vide Note No.2.2.8. and the impact on such non-compliance of the accounting policy in the financial statements not ascertainable.

5. Fixed Assets:

a. Company's Land / Freehold Land in the Balance Sheet is carried at Rs.8257.05 Lakhs at deemed cost as per Ind AS101, the 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, the state of ownership of the assets Rs 8257.05 lakhs as on 31.03.2018 cannot be ascertainable.

b. The company has not conducted physical verification of fixed assets during the year. Hence correct ness and completeness of the fixed asset balances cannot be ascertained.

6. Investments:

The accounting policy on Investments stated that the investments are fair valued and is in line with Ind AS-32, Financial instruments Presentation. However, the investments were not disclosed at Fair value and impact on such non-compliance cannot be ascertained whether such investments stated as on 31.03.2018 and profit as per statement of profit for the year ended as at the date is overstated or understated.

7. Reference is invited to Company's Accounting Policy No.2.2.7 (i), The assets residual values and useful lives are reviewed and adjusted if appropriate at the end of reporting period. But SAP is programmed to calculate depreciation on 90% of the cost of fixed assets. As it was not determined that the residual value means 10% of the cost of the assets the correctness of depreciation charged in statement of profit and loss account Rs. 35,734.68 Lakhs cannot be ascertained.

8. The useful life of the following assets determined as per the accounting policy note 2.2.7(iv) which is not in line with the rate specified in Schedule II of the Companies Act 2013 in view of the same the depre ciation charged on these assets will be either understated and overstated the amounts of such under or overstatement was not quantifiable as on 31.03.2018 in the statement of profit and loss and the fixed assets carried at the Balance sheet as at the said date.

S No	Asset Category	Useful life as per Schedule II of Companies Act	Useful life as per Accounting Policy
1	Building (other than factory buildings) RCC Frame Structure	60 Years	50 Years
2	Building (other than factory buildings) other than RCC Frame Structure	30 Years	
3	Furniture and Fixtures	10 Years	15 Years
4	Office Equipment	5 Years	15 Years
5	Computer and Data processing		
	a) Servers and networks	6 years	7 Years
	b) End user devices, such as, desktops, laptops, etc.	3 Years	

9. The company's main accounting application is SAP, the evidence showing Information Technology General Controls (ITGCs), Viz Change Management controls, Access controls and SOD controls validations and review documentation were not available. Further, the access control system, disaster data recovery reviews validation no documentation were available. In absence of the above said evi dences were unable to conclude whether ITGCs are operating effectively throughout the year.

10. The trade receivable includes the amount receivables pending due to court cases Rs 43,531.97 Lakhs. There was no provision made against these receivables hence trade receivables and profit for the year is overstated to the extended of Rs 43531.97 Lakhs.

11. The financial instruments does not contain the following disclosures which is not in line with Ind AS107 and Ind AS 109 Ind AS 32.

    a. Gearing ratio is not disclosed in the Capital management risk

    b. Interest rate risk not disclosed

    c. Sensitivity analysis not disclosed

12. The Accounting Policy for Classification of assets and liabilities as Current and Non-Current not dis closed. In the absence of such policy the correct classification of assets and liabilities as current and non-current cannot be ascertained.

13. The following disclosure are not in line with Part I Schedule Ill of Balance Sheet Schedule:

    a) Property, plant equipment, Intangible Assets and Capital Work in progress to be disclosed sepa rately. But merged in Property, Plant and Equipment schedule.

    b) Retained Earnings, Other Comprehensive Income and Contingency reserve to be shown in Other equity schedule. But management disclosed separately

c) Trade receivable in Balance Sheet schedule, Classification for considered good and considered doubtful is not disclosed properly.

d) In few cases Classification of assets and liabilities in to Non-Current and Current and Financial and non-financial asset and liability is not disclosed in compliance with Schedule III of Companies Act and Ind AS.

14. The Company has not disclosed Service tax case pending with High Court, with the demand of Rs.167 Lakhs was not disclosed under Contingent Liabilities.

15. Reference is invited to Company's Accounting Policy No.2.2.14, The Chief Operational Decision Maker (CODM) 1,e., Chairman and Managing Director monitors the operating results of its business segments separately for the purpose of making decisions for the purpose of resource allocation and performance measurement. But Management has not disclosed Segment Financial reporting in compliance with Ind AS-108 "Operating Segment.

16. As per Ind AS - 12, Income Taxes: Deferred Tax Asset / Liability has not been computed and recognised as per Balance sheet method hence the impact of Income taxes statement of profit and loss and Deferred Tax asset / liability was not ascertainable.-

Opinion Paragraph:-

In our opinion and to the best of our information and according to the explanations given to us, subject to the matter described in the 'Basis for Qualified Opinion' paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of the affairs of the Company as at 31 March, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity 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.

1 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 Rs.9,159.47 Crores and liabilities Rs.12,172.71 Crores 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

2. 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 same on behalf of various DISCOMs in the state of Andhra Pradesh. Further these transactions are subjected to Internal audit of APPCC 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 govern ments together with interest etc, are adopted 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 upon the certification provided by the independent firm of Char tered 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/-

ii. Amounts outstanding in the various term loans obtained from various banks and financial institutions totaling to Rs. 2225,43,03,203/-

   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. 14,04,51,639/-

iii. Amounts due to \ from various power generators, other power DISCOMs, AP Transco, whose accounts are monitored by APPCC in respect of power purchase is Rs 2,69,792.32 lakhs and Net Inter DISCOM balances receivable is Rs 3,32,828.28 lakhs

iv. Debit balance of Rs.3333,64,56,410/- appearing in the pool account operated by APPCC

v. Balance due to \ from various vendors for supplies and services, other power distribution companies, AP Transco

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.

Our Opinion is not modified in respect of above said matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, ("the Orders') 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 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 143 (3) of the Act, we report that:

   (a) Except for the matters as stated in 'basis of qualification' paragraph, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) Except for the matters described in the 'basis for Qualification' 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) Except for the matters described 'basis of qualification paragraph' 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 paragraph 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 "The Companies Accounting Standard Rules 2015", more particularly noncompliance of Accounting stan dards of Ind AS 2, Ind AS 20, Ind AS 36, Ind AS 32 and Ind AS109

(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 Qualified Opinion in separate report in "Annexure B"; and

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 APEPDCL, on the standalone Ind AS financial statements for the year ended March 31, 2018

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 com pany, 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, 2018 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, 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, GST, excise duty, customs duty and cess which have not been deposited as on March 31, 2018 on account of any dispute is enclosed as An nexure-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 allot ment 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 trans actions 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 45!A 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

GRANDHY & CO. HYD CHARTERED ACCOUNTANTS

Naresh Chandra Gelli
Partner
M.No:201754

Place : Visakhapatnam
Date : 20.09.2018

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, 2018 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 Qualified Opinion

According to the information and explanation given to us, the Company the following significant deficiencies were noted

(a) 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.

(b) The company's main accounting application is SAP, the evidence showing Information Technology General Controls (ITGCs), Viz Change Management controls, Access controls and SOD controls validations and review documentation were not available. Further, the input controls in SAP in respect of capturing data and recording of transaction, access control system, disaster data recovery reviews validation no documentation were available. In absence of the above said evidences were unable to conclude whether ITGCs are operating effectively throughout the year.

(c) There were material misstatement of financial statements in the current period as per basis of qualification para indicate that the misstatement was not have been detected by the company's internal financial controls over financial reporting.

(d) As per Basis of qualification para in the audit report indicated that certain transactions are recorded as necessary to permit the preparation of financial statements is not in conformity with generally accepted accounting principles.

A material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on ,a timely basis.

In our opinion, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting as of 31.03.2018, based on the above comments in the preceding paras, "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".

We have considered the material weakness/es identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31.03.2018 weaknesses have affected our opinion on the standalone financial statements of the Company and I we have issued a qualified opinion on the standalone financial statements

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

GRANDHY & CO. HYD CHARTERED ACCOUNTANTS

Naresh Chandra Gelli
Partner
M.No:201754

Place : Visakhapatnam
Date : 20.09.2018

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 2018) As required by section 143 (5) of the Companies Act 2013, we give in the annexure C, to this report compliance to the directions issued by the C & AG of India, based on 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 2017-2018. Hence, the cost of abandoned projects shall be treated as NIL

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.29,710.00 Lakhs has been allowed as subsidy to the company and accounted as other income during the year. Out of the above, an amount of Rs.22,081.76 Lakhs has been received during the year, and the balance of Rs.7,628.24 Lakhs is yet to be received by the company.

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

GRANDHY & CO. HYD CHARTERED ACCOUNTANTS

Naresh Chandra Gelli
Partner
M.No:201754

Place : Visakhapatnam
Date : 20.09.2018

Annexure -D

Entry Tax Details:

Appeal on Entry Tax to the extent of Rs.602.06 lakhs is pending before Value Added Tax Appellate Tribunal. An amount of Rs.301.04 lakhs 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:

SNo.	T.A No	Assessment year	Amount paid (Rs.in Lakhs)
01	448/2009	2002-03 (Entry Tax)	131.47
02	451/2009	2003-04 (Apr to Jun 2003) Entry Tax	34.46
03	453/2009	2003-04 (Jul to Nov 2003) Entry Tax	38.39
04	393/2011	2003-04 (Dec to Mar 2004) Entry Tax	47.45
05	392/2011	2004-05 (Apr to Nov 2004) Entry Tax	49.28
		Total	**301.04**

Sd/- xxx
Chief General Manager(Expr.)
Corporate Office::APEPDCL
VISAKHAPATNAM

REPLIES OF THE COMPANY TO THE COMMENTS OF THE STATUTORY AUDITORS CONTAINED IN THEIR REPORT FORTHE YEAR 2017-18

Sl.No.	Statutory Auditors Comments	Replies
1	**Amounts recoverable from Employees:** An amount of Rs.310.05 Lakhs is outstanding in personal accounts of employees as on 31.03.2018, represents cost of value of materials drawn for projects / expenses but not adjusted due to non-submission of accounts by the employees. In the absence of details receivables are overstated by Rs310.05Lakhs on Fixed Assets, Capital Work-in- Progress understated to that extent	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.
2	**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.	The format received from M/S Grandhy & Co, Chartered Accountants & 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 them and the same record has been produced to audit.
3	**Loans:** Loans that are carried in the balance sheet as at 31.03.2018 payable to APTRANSCO and others, confirmations and reconciliation/ adjustments were not available, hence the correctness and completeness of these balances cannot be ascertained	Confirmation of Closing Balance as on 31.03.2018 have been obtained from banks and Financial Institutions and produced to Audit.
4	**As per Ind AS – 36, Impairment:** The company has not produced any documentary evidence relating to the evaluation and assessment as to whether there is any indication that an asset may be impaired as per para 12 of Ind AS 36 during the year ended 31st march 2018 and provision thereof, if any required, has not been made. This is not in conformity with Ind AS 36, consequently impact of adjustment, if any, on the financial statements is currently not ascertainable	The accounting policy on impairment of Financial & Non Financial assets has been disclosed vide Accounting policy no.2.2.9 " Impairment of assets" and the same policy is being followed.

Sl.No.	Statutory Auditors Comments	Replies
5	**Inventory:** The Company's inventories are carried in the Balance Sheet at Rs.20531.26 Lakhs, 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 Ind AS 2 referred to in section 133 of the Act & non-compliance of the Ind AS– 2 Inventories. Reference is invited to Company's Accounting Policy on Inventories vide Note No.2.2.8. and the impact on such non-compliance of the accounting policy in the financial statements not ascertainable.	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. As per Ind AS-2 inventory should be valued on FIFO method or weighted average method. However the weighted average cost method is being followed by the Company consistently which is in line with Ind AS-2 issued by ICAI and disclosed in the "Significant accounting policies" vide note no 2.2.8 is being followed.
6	**Fixed Assets:** **a)** Company's Land / Freehold Land in the Balance Sheet is carried at Rs.8,257.05 Lakhs at deemed costs per Ind AS101, the 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, the state of ownership of the assets Rs 8,257.05 lakhs as on 31.03.2018 cannot be ascertainable.	EPDCL has satisfactory title to all assets and documents are available with concerned unit offices. After identification of over loaded substations a survey will be conducted by the field officer to locate suitable Load centre for construction of Substation. A proposal will be submitted to local authority for allotment of land to construct Substation . A resolution will be obtained from local Authority for allotment of land and got it sanctioned from district collector for allotment of land. On allotment of Land by the district collector land will be taken in to prossession of Company and action will be taken to record in books accounts of Company.
	b) The company has not conducted physical verification of fixed assets during the year. Hence correctness and completeness of the fixed asset balances cannot be ascertained.	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.

Sl.No.	Statutory Auditors Comments	Replies
7	**Investments:** The accounting policy on Investments stated that the investments are fair valued and is in line with Ind AS-32, Financial instruments Presentation. However, the investments were not disclosed at Fair value and impact on such non-compliance cannot be ascertained whether such investments stated as on 31.03.2018 and profit as per statement of profit for the year ended as at the date is overstated or understated	As per accounting policy no 2.2.6, at initial recognition, the Company measures the investments at amortized cost and subsequent valuation of investments will be done as per accounting policy no 2.2.6 (iii)
8	Reference is invited to Company's Accounting Policy No.2.2.7 (i), The assets residual values and useful lives are reviewed and adjusted if appropriate at the end of reporting period. But SAP is programmed to calculate depreciation on 90% of the cost of fixed assets. As it was not determined that the residual value means 10% of the cost of the assets the correctness of depreciation charged in statement of profit and loss account Rs. 35,734.68 cannot be ascertained.	As per accounting policy 2.2.7 (i) The useful life of assets is reviewed and Assets valued at Rs.445.29 Lakhs have been retired.
9	The useful life of the following assets determined as per the accounting policy note 2.2.7(iv) which is not in line with the rate specified in Schedule II of the Companies Act 2013in view of the same the depreciation charged on these assets will be either understated and overstated the amounts of such under or overstatement was not quantifiable as on 31.03.2018 in the statement of profit and loss and the fixed assets carried at the Balance sheet as at the said date.	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.2.2.7(iii) along with the disclosure of other accounting policies. This procedure is also informed to APERC which has been noted and acceptable to them.

<table>
<tr><th>Sl.No.</th><th>Statutory Auditors Comments</th><th>Replies</th></tr>
<tr><td></td><td>
<table>
<tr><th>S No</th><th>Asset Category</th><th>Useful life as per Schedule II of Companies Act</th><th>Useful life as per Accounting Policy</th></tr>
<tr><td>1</td><td>Building (other than factory buildings) RCC Frame Structure</td><td>60 Years</td><td rowspan="2">50 Years</td></tr>
<tr><td>2</td><td>Building (other than factory buildings) other than RCC Frame Structure</td><td>30 Years</td></tr>
<tr><td>3</td><td>Furniture and Fixtures</td><td>10 Years</td><td>15 Years</td></tr>
<tr><td>4</td><td>Office Equipment</td><td>5 Years</td><td>15 Years</td></tr>
<tr><td>5</td><td>Computer and Data processing</td><td></td><td></td></tr>
<tr><td></td><td>a) Servers and networks</td><td>6 Years</td><td rowspan="2">7 Years</td></tr>
<tr><td></td><td>b)End user devices, such as, desktops, laptops, etc.</td><td>3 Years</td></tr>
</table>
</td><td></td></tr>
<tr><td>10</td><td>The company's main accounting application is SAP, the evidence showing Information Technology General Controls(ITGCs),Viz Change Management controls, Access controls and SOD controls validations and review documentation were not available. Further, the access control system, disaster data recovery reviews validation no documentation were available. In absence of the above said evidences were unable to conclude whether ITGCs are operating effectively throughout the year.</td><td>Documented Change Management controls for changes made in the SAP application during the year.

Formal procedure for restoration is documented in Backup and Recovery Process V1.0 document.</td></tr>
<tr><td>11</td><td>The trade receivable includes the amount receivables pending due to court cases Rs 43,531.97 Lakhs. There was no provision made against these receivables hence trade receivables and profit for the year is overstated to the extended of Rs 43,531.97 Lakhs.</td><td>Amount pending in Court cases have been disclosed as Contingent liabilities vide note no.30.</td></tr>
</table>

Sl.No.	Statutory Auditors Comments	Replies
12	The financial instruments does not contain the following disclosures which is not in line with Ind AS107 and Ind AS 109 Ind AS 32. a) Gearing ratio is not disclosed in the Capital management risk. b) Interest rate risk not disclosed. c) Sensitivity analysis not disclosed.	Interest rate risk is disclosed in Other disclosures vide note no 32 (iii) (b). Audit Comment is noted for future guidance.
13	The Accounting Policy for Classification of assets and liabilities as Current and Non-Current not disclosed. In the absence of such policy the correct classification of assets and liabilities as current and non-current cannot be ascertained	Audit Comment is noted for future guidance.
14	The following disclosure are not in line with Part I Schedule III of Balance Sheet Schedule: a) Property, plant equipment ,Intangible Assets and Capital Work in progress to be disclosed separately. But merged in Property, Plant and Equipment schedule. b) Retained Earnings, Other Comprehensive Income and Contingency reserve to be shown in Other equity schedule. But management disclosed separately c) Trade receivable in Balance Sheet schedule, Classification for considered good and considered doubtful is not disclosed properly. In few cases Classification of assets and liabilities in to Non-Current and Current and Financial and non-financial asset and liability is not disclosed in compliance with Schedule III of Companies Act and Ind AS.	Audit Comment is noted for future guidance.

Sl.No.	Statutory Auditors Comments	Replies
15	The Company has not disclosed Service tax case pending with High Court, with the demand of Rs.167 Lakhs was not disclosed under Contingent Liabilities	All court cases pending at court/ Tribunal are disclosed as Contingent liabilities vide Note no 30 (xi).
16	Reference is invited to Company's Accounting Policy No.2.2.14, The Chief Operational Decision Maker (CODM) I,e., Chairman and Managing Director monitors the operating results of its business segments separately for the purpose of making decisions for the purpose of resource allocation and performance measurement. But Management has not disclosed Segment Financial reporting in compliance with Ind AS-108 "Operating Segment.	Power distribution has been considered as the only reportable segment and disclosed segment Financial reporting in compliance with Ind AS-108.
17	As per Ind AS – 12, Income Taxes: Deferred Tax Asset / Liability has not be computed and recognized as per Balance sheet method hence the impact of Income taxes statement of profit and loss and Deferred Tax asset/liability was not ascertainable	In view of unabsorbed depreciation & business losses, deferred tax asset were not recognized in the books as it is viewed that it is no longer probable that sufficient taxable profits would be available within the near future.

FINANCIAL STATEMENTS

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

Balance Sheet as at 31 March, 2018

(All amounts in Indian rupees in lakhs, except share data and otherwise stated)

PARTICULARS	Note No.	31 March 2018	31 March 2017	1April 2016
Assets				
Non-current assets				
Property, plant and equipment	3	338,049.36	276,164.14	241,741.77
Capital work-in-progress	4	39,883.43	41,851.94	49,712.14
Intangible assets	5	4.14	6.63	-
Financial assets				
Investments	6	16,577.84	16,540.23	16,840.23
Loans	7	7,302.90	5,671.68	4,350.18
Other financial assets	8	1,360.66	958.26	607.10
Other non-current assets	9	349,429.39	299,829.10	349,332.64
Non-current tax assets (net)	10	(220.03)	-	-
Total non-current assets		**752,387.70**	**641,021.98**	**662,584.05**
Current assets				
Inventories	11	20,531.26	16,818.54	18,427.79
Financial assets				
Trade receivables	12	168,373.37	130,342.42	107,139.08
Cash and cash equivalents	13	28,554.42	29,291.41	22,455.13
Other financial assets	8	141,830.10	123,397.84	98,592.63
Other current assets	9	1,597.75	1,255.97	788.71
Other tax assets	14	1,488.96	2,152.27	2,335.52
Total current assets		**362,375.86**	**303,258.45**	**249,738.87**
Total assets		**1,114,763.56**	**944,280.43**	**912,322.91**
Equity and liabilities				
Equity				
Equity share capital	15	12,122.53	12,122.53	12,122.53
Other equity	16			
Retained earnings		(328,901.00)	(328,562.59)	(289,146.43)
Other comprehensive income		(4,084.19)	(4,839.78)	-
Contingency reserve		10,724.42	10,720.62	10,720.62
Total equity		**(310,138.24)**	**(310,559.22)**	**(266,303.28)**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	17	256,221.63	276,116.20	433,214.14
Provisions	18	47,032.42	37,156.30	34,539.23
Grants & Consumer contributions	19	484,161.39	453,207.94	131,398.74
Other non-current liabilities	20	155,630.78	140,085.69	124,757.49
Total non-current liabilities		**943,046.22**	**906,566.13**	**723,909.60**
Current liabilities				
Financial liabilities				
Borrowings	17	54,427.55	32,656.34	32,759.17
Trade payables	21	286,020.34	204,155.47	304,979.20
Other financial liabilities	22	54,508.51	19,735.54	21,804.64
Provisions	18	16,202.28	37,873.60	40,684.00
Other current liabilities	20	70,696.91	53,852.56	54,489.58
Total current liabilities		**481,855.59**	**348,273.52**	**454,716.60**
Total liabilities		**1,424,901.80**	**1,254,839.65**	**1,178,626.19**
Total equity and liabilities		**1,114,763.56**	**944,280.43**	**912,322.91**

See accompanying notes forming part of the financial statements.
In terms of our report attached

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

Sd/-xxxxx
Naresh Chandra G.V.
Partner
Membership No:201754

Station : Visakhapatanm
Date : 09-08-2018

Sd/-xxxxx
T.V.S.Chandra Sekhar
Director (Finance & HRD)
(DIN : 05252424)

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

For and on behalf of Board

Sd/-xxxxx
H.Y Dora
Chairman & Managing Director
(DIN : 02198284)

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

Statement of Profit and Loss

(All amounts in Indian rupees in lakhs, except share data and otherwise stated)

PARTICULARS	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenues			
Revenue from operations	23	1,012,135.24	819,172.17
Other income	24	51,153.73	53,919.88
Total income		**1,063,288.96**	**873,092.05**
Expenses			
Purchase of Power	25	879,363.61	737,118.73
Employee benefits expense	26	80,286.01	72,655.54
Finance costs	27	35,252.10	43,539.36
Depreciation expense	28	35,734.68	30,578.02
Operating and other expenses	29	32,143.33	28,616.57
Total expenses		**1,062,779.72**	**912,508.21**
Profit before tax		**509.24**	**(39,416.16)**
Current tax			-
Deferred tax		220.03	-
Income tax expense		220.03	-
Profit after tax (PAT)		**289.21**	**(39,416.16)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Remeasurements of defined benefit liability (net of tax)		755.59	(4,839.78)
Total comprehensive income for the year (TCI)		**1,044.80**	**(44,255.94)**
Earnings per equity share (refer note 34 for further details)			
Basic & Diluted (Face value of INR 10 per share) on PAT		0.24	(32.51)
Basic & Diluted (Face value of INR 10 per share) on TCI		0.86	(36.51)

See accompanying notes forming part of the financial statements.
In terms of our report attached

For and on behalf of Board

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

Sd/-xxxxx
Naresh Chandra G.V.
Partner
Membership No:201754

Station : Visakhapatanm
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T.V.S.Chandra Sekhar
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(DIN : 05252424)

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

Sd/-xxxxx
H.Y Dora
Chairman & Managing Director
(DIN : 02198284)

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

Statement of changes in equity

(All amounts in Indian rupees in lakhs, except share data and otherwise stated)

A. Equity share capital

	Notes	Amount
As at 1 April 2016	15	12,122.53
Changes in equity share capital		-
As at 31 March 2017		12,122.53
Changes in equity share capital	15	-
As at 31 March 2018		**12,122.53**

B. Other equity

	Notes	Reserves and surplus		Other comprehensive income		Total
		Retained earnings	Contingency reserve	Other reserves	Remeasurement of defined benefit obligations	
Balance as at 1 April 2016	**16**	(289,146.43)	10,720.62	-		(278,425.81)
Profit for the year		(39,416.16)				(39,416.16)
Amount added/(deducted) to contingency reserve						-
Addition/(deduction) to other reserve				-		-
Other comprehensive income					(4,839.78)	(4,839.78)
Total comprehensive income for the year		**(39,416.16)**	**-**	**-**	**(4,839.78)**	**(44,255.94)**
Balance at 31 March 2017		**(328,562.59)**	**10,720.62**	-	**(4,839.78)**	**(322,681.75)**
Balance as at 1 April 2017	**16**	(328,562.59)	10,720.62	-	(4,839.78)	(322,681.75)
Adjustment of losses in retained earnings		(627.63)				(627.63)
Profit for the year		289.21				289.21
Amount added/(deducted) to contingency reserve			3.80			3.80
Amount added/(deducted) to other reserves				-		-
Other comprehensive income					755.59	755.59
Balance at 31 March 2018		**(328,901.00)**	**10,724.42**	**-**	**(4,084.19)**	**(322,260.78)**

Statement of cash flows
For the year ended 31 March 2018

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flow from operating activities		
Profit after tax	1,044.80	(44,255.94)
Adjustments for		
Depreciation on property,plant and equipment	35,734.68	27,935.26
Amortisation of consumer contributions, subsidies, grants towards cost of capital assets(Current year)	(18,202.05)	(15,503.15)
Income from Investments	(695.71)	(845.11)
Interest on Loans from FI's/Banks:	26,904.15	35,411.27
Accumulated losses of NPDCL adjusted in retained earnings	(627.63)	-
Change in operating assets and liabilities		
Increase/ (Decrease) in trade receivables	(38,030.95)	(23,203.34)
Decrease / (Increase) in inventories	(3,712.72)	1,609.26
(Increase) / Decrease in other non current and current assets	(49,942.07)	49,036.28
Decrease/(Increase) in other financial (current and non-current) assets	(20,465.88)	(26,477.87)
(Decrease)/Increase in other loans	21,771.21	(102.83)
(Decrease)/Increase in grants	19,974.58	12,752.35
(Decrease)/Increase in other non-current and current financial liabilities	(3,052.11)	(3,690.93)
(Decrease)/Increase in other non-current and current liabilities	32,389.43	14,691.19
(Decrease) / Increase in provisions	(11,795.20)	(193.34)
Increase/(Decrease) in deferred tax liabilities	220.03	-
Decrease / (Increase) in Trade payables	81,864.87	(100,823.73)
Cash generated from operations	73,379.42	(73,660.62)
Income taxes paid (net of CY payments)	(663.31)	(183.25)
Net cash inflow from operating activities	**74,042.73**	**(73,477.38)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(95,648.89)	(54,504.07)
Proceeds from sale of investments		300.00
Purchase of New Investments	(37.62)	
Interest income from investments	695.71	845.11
Net cash used in investing activities	**(94,990.80)**	**(53,358.97)**
Cash flows from financing activities		
Repayment of borrowings		(307,895.84)
Proceeds from Long Term Borrowings	17,930.51	152,419.43
Proceeds towards others	10,978.87	9,158.15
Proceeds towards Capital Reserve/ Contingency reserve fund	3.80	299,899.00
Interest paid on borrowings	(26,904.15)	(35,411.27)
Amortisation of consumer contributions, subsidies, grants towards cost of capital assets(Current year)	18,202.05	15,503.15
Net cash used in financing activities	**20,211.08**	**133,672.62**
Net decrease in cash and cash equivalents	(736.99)	6,836.28
Cash and cash equivalents at the beginning of the financial year	29,291.41	22,455.13
Cash and cash equivalents at end of the year	**28,554.42**	**29,291.41**

See accompanying notes forming part of the financial statements.
In terms of our report attached

For M/s. Grandhy & Co
Chartered Accountants
Firm Regn No.001007S
Sd/-xxxxx
Naresh Chandra G.V.
Partner
Membership No:201754

Sd/-xxxxx
T.V.S.Chandra Sekhar
Director (Finance & HRD)
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Sd/-xxxxx
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Chief General Manager (Expr)

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

Station : Visakhapatanm
Date : 09-08-2018

Notes to the Financial Statements for year ended 31 Mrach 2018

2. Significant accounting policies

2.1 Reporting entity

Eastern Power Distribution Company of Andhra Pradesh Limited('the Company') has been formed as a successor entity of the erstwhile APSEB through the second statutory transfer scheme, which was notified in the official gazette of the Government of Andhra Pradesh on March 31,2000 (the second transfer scheme) to, inter-alia, separate the then existing Transmission and Bulk Supply undertaking and business of AP Transco from the then existing Distribution and Retail Supply undertaking and business of AP Transco. The Company's registered office is located at Corporate Office, P&T Colony, Seethammadhara, Visakhapatnam, Andhra Pradesh - 530013

2.2 Basis of preparation

2.2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the Act) and other relevant provisions of the Act and the provisions of the Electricity (Supply) Act, 1948 and the rules made there under.

As stated in the statement 4 of the statement of accounting policies under the rules, the Company is required to prepare and compile its Statement of Accounts in accordance with the related provisions of the Electricity (Supply) Act, 1948 and the rules made there under in consonance with Section 129(1) and (1)(d) of the Companies Act, 2013. Further, Section 185(2) (d) of the Electricity Act, 2003 specifies that the ESAAR were not repealed.

These are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for the purpose of transitioning to Ind AS. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company.

2.2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise stated.

2.2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for Net defined benefit (asset)/ liability where plan assets are measured at fair value.

2.2.4 Significant estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Recognition of deferred tax liabilities
- Measurement of defined benefit obligations; key actuarial assumptions.
- Impairment of trade receivables
- Impairment of non-financial assets.
- Impairment of investments.
- Recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources.
- Useful life of property, plant and equipment.

Critical judgements

In the process of applying company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Discount rates used to determine the carrying amounts of the Company's defined benefit obligations:

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in Indian currency for estimation of post-employment benefit obligation.

2.2.5 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (Unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

2.2.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

i) Initial recognition

A financial asset is recognised in the balance sheet when the Company becomes party to the contractual provisions of the instrument.

ii) Initial measurement

At initial recognition, the Company measures a financial asset (which are not measured at fair value) through profit or loss at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

iii) Subsequent measurement

For purpose of subsequent measurement, financial assets are classified into:

A. Financial assets measured at amortised cost;

B. Financial assets measured at fair value through profit or loss (FVTPL); and

C. Financial assets measured at fair value through other comprehensive income (FVOCI).

The Company classifies its financial assets in the above mentioned categories based on:

A. The Company's business model for managing the financial assets, and

B. The contractual cash flows characteristics of the financial asset.

A financial asset is measured at amortised cost if both of the following conditions are met:

A. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

B. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Amortised cost of a financial asset or financial liability means the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. The financial asset is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling financial assets and

B. The asset's contractual cash flows represents SPPI.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

b) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

c) Equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income (OCI). On sale of investments, cumulative gain or loss is recognised in OCI and the amount is not reclassified to profit or loss. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Profit and Loss.

The company has elected to measure its equity instrument through FVOCI.

2.2.7 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the statement of profit and loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(ii) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

(iii) Subsequent expenditure

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

(iv) Depreciation

a. Depreciation on property, plant and equipment 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 (MoP), 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.

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.

g. 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.

Asset category	Useful life as per MoP	Depreciation as per MoP
Buildings and Other Civil Works	50	3.02%
Plant & Machinery	25	7.84%
Lines and Cable Network	25	7.84%
Meters and Metering Equipments	15	12.77%
Vehicle	5	33.40%
Furniture & Fixtures	15	12.77%
Office Equipments	15	12.77%
Computers and IT Equipments (*)	7	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 any assessment of effective rates as per Schedule-II to the Companies Act, 2013 and thus such information is not furnished.

(v) Capital work in progress

Property, plant and equipment 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

i. 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.

ii. 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.

2.2.8 Inventories

Inventories which comprises 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 carried at cost.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs including insurance, freight, taxes and all other incidental expenses incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Spares (not meeting the definition of property, plant and equipment) are accounted as inventory and expensed to the statement of profit and loss when issued for consumption.

2.2.9 Impairment of assets (including trade receivables)

a. Impairment of financial Assets.

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Company measures loss allowances as per the guidance given in Ind AS 109.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expect to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

b. Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

2.2.10 Employee benefits

i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g.,under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii) **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iii) **Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

2.2.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue is net of amounts collected on behalf of third parties.

The Company recognizes revenue when the significant risks and rewards of the ownership have been transferred to the customer, amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

i) Sale of Power

a. 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.

b. Unbilled revenue is recognized in the books of accounts on 'actual basis', considering the events occurring after balance sheet date.

c. 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".

d. 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.

e. 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.

f. 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.

ii) Rendering of services

Revenue is recognised when the outcome of the services rendered can be estimated reliably. Revenue is recognised in the period when the service is performed by reference to the contract stage of completion at the reporting date.

iii) Other income

Interest on bank deposits is recognised on the effective interest rate (EIR method) using the underlying interest rates. Miscellaneous receipts are accounted on accrual basis. Recoveries whether from employees or outsiders are accounted on collection basis. Interest accrued on long term investment during the reporting period is credited to 'Interest accrued on investments'. Charges 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.

2.2.12 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other operating revenue on a systematic basis. Grants related to depreciable assets are recognised in profit or loss over the period and in the proportion in which depreciation expense on those assets is recognised. Grants and subsidies received from Government towards expensive power purchase and other government sponsored schemes are recognized in the profit or loss on accrual basis.

Consumer contributions 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.

2.2.13 Income-tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii) Deferred tax

Deferred income tax is recognised using the balance sheet approach. Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred income tax liabilities are recognised for all taxable items.

In respect of unabsorbed depreciation &business losses, deferred tax asset were not recognised in the books as it is viewed that it is no longer probable that sufficient taxable profits would be available within the near future.

2.2.14 Segment reporting

The Chief Operational Decision Maker (CODM) i.e., Chairman and Managing Director monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. Power distribution has been considered as the only reportable segment.

2.2.15 Earnings per share

The basic earnings per share ("EPS") for the year is computed by dividing the net profit/ (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company has no potentially dilutive equity shares, as the company is a Government of Andhra Pradesh undertaking with 100% equity shareholding.

2.2.16 Provisions

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.

(i) Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognizes any impairment loss on the assets associated with that contract.

(ii) Contingencies

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognized when it is probable that a liability has been incurred and the amount can be estimated reliably.

As per APERC Regulation the company has created a reserve fund for payment of compensation to victims of electrical accidents.

2.2.17 Borrowing cost

Borrowing costs are interest and other costs (including 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, exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.2.18 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and deposits with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.2.19 Statement of Cash Flows

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions ofa non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

For and on behalf of Board

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

Sd/-xxxxx
Naresh Chandra G.V.
Partner
Membership No:201754

Station : Visakhapatanm
Date : 09-08-2018

Sd/-xxxxx
T.V.S.Chandra Sekhar
Director (Finance & HRD)
(DIN : 05252424)

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

Sd/-xxxxx
H.Y Dora
Chairman & Managing Director
(DIN : 02198284)

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

3 to 5 Property, plant and equipment and capital work-in-progress

A. Reconciliation of carrying amount *(In lakhs of INR)*

	Land and Land rights	Buildings	Other civil works	Plant and Machinery	Lines and Cable Network	Meters & Metering Equipment	Vehicles	Furniture and Fixtures	Office Equip-ment	Compu-ters	Total (A)	Intangi-ble Assets	Computer software	Total (A+B)	Capital Work-in-progress
Account Code	**1000101**	**1000201**	**1000301**	**1000401**	**1000501**	**1000551**	**1000601**	**1000701**	**1000751, 851, 951**	**1000801**		**1000901**			
Deemed cost (Gross carrying amount)															
Balance at 1 April 2016	8,257.05	8,019.92	2,342.25	97,880.28	103,767.38	16,493.41	20.10	906.73	558.53	3,496.12	241,741.77	-	-	241,741.77	49,712.14
Additions	0.22	3,307.28	613.40	23,495.40	26,336.43	9,818.96	19.54	84.76	87.45	1,529.96	65,293.41	-	7.46	65,300.87	57,440.18
Disposal	-	-	-	10.85	-	282.94	-	-	0.06	-	293.79	-	-	293.79	65,300.87
Balance at 31 March 2017	8,257.27	11,327.19	2,955.65	121,364.83	130,103.81	26,029.42	39.64	991.49	645.93	5,026.09	306,741.39	-	7.46	306,748.85	41,851.94
Balance at 1 April 2017	8,257.27	11,327.19	2,955.65	121,364.83	130,103.81	26,029.42	39.64	991.49	645.93	5,026.09	306,741.33	-	7.46	306,748.85	41,851.94
Additions	0.18	5,937.17	1,174.01	39,082.95	36,801.55	14,183.59	55.61	253.57	505.41	1,155.78	99,149.81	-	1.79	99,151.60	93,400.19
Disposal	-	-	-	14.56	-	430.73	-	-	-	-	445.29	-	-	445.29	95,368.71
Balance at 31 March 2018	8,257.44	17,264.37	4,129.66	160,433.22	166,905.36	39,782.29	95.26	1,245.06	1,151.34	6,181.87	405,445.85	-	9.25	405,455.16	39,883.43
Accumulated depreciation															
Depreciation for the year	-	321.54	87.43	12,256.43	11,734.40	5,243.78	5.72	175.88	121.41	630.59	30,577.19	-	0.83	30,578.02	-
Balance at 31 March 2017	-	321.54	87.43	12,256.43	11,734.40	5,243.78	5.72	175.88	121.41	630.59	30,577.19	-	0.83	30,578.02	-
Balance at 1 April 2017	-	321.54	87.43	12,256.43	11,734.40	5,243.78	5.72	175.88	121.41	630.59	30,577.19	-	0.83	30,578.02	-
Depreciation for the year	-	476.91	111.34	14,417.17	14,170.25	6,526.96	15.34	170.82	129.87	800.66	36,819.31	-	4.28	36,819.31	-
Adjustments / deductions	-	-	-	-	-	-	-	-	-	-	-	-	-		
Balance at 31 March 2018	-	798.45	198.76	26,673.60	25,904.65	11,770.74	21.06	346.70	251.28	1,431.25	67,396.49	-	5.11	67,397.33	-
Carrying amounts (net)															
At 1 April 2016	8,257.05	8,019.92	2,342.25	97,880.28	103,767.38	16,493.41	20.10	906.73	558.53	3,496.12	**241,741.77**	-	-	**241,741.77**	**49,712.14**
As 31 March 2017	**8,257.27**	**11,005.65**	**2,868.23**	**109,108.40**	**118,369.41**	**20,785.64**	**33.93**	**815.61**	**524.51**	**4,395.50**	**276,164.14**	-	**6.63**	**276,170.77**	**48,851.94**
As 31 March 2018	**8,257.44**	**16,465.92**	**3,930.90**	**133,759.62**	**141,000.71**	**28,011.55**	**74.20**	**898.36**	**900.05**	**4,750.61**	**338,049.36**	-	**4.14**	**338,053.50**	**39,883.43**

6. Investments

	31 March 2018	31 March 2017	1 April 2016
Non-current investments			
Investments in Government securities			
Contingency Reserve Investments			
10.45% GOI 2018, 355000 Bonds with face value @ Rs.100/- each (105000 bonds purchased @Rs.149/- each Bond & 250000 Bonds purchased @ Rs.120/- each Bond)	456.45	456.45	456.45
8.70% AP TRANSCO Vidyut Bonds 30 No. of Bonds @ Rs.1000000/- each	-	-	300.00
11.05% IOB 2023, 39 No. of Bonds with face value @ Rs.1000000/- each (Bonds purchased @ Rs.1144800/- each)	446.47	446.47	446.47
9.28% PFC 2017, 1 Bond with face value of Rs.1000000/- (Bond Purchase @1024000/-)	-	10.24	10.24
Contingency Reserve Investments allocated by TSNPDCL Under Demerger Scheme	3.37	-	-
Investments in bonds AP TRANSCO Vidyut Bonds - 100 nos bonds each Rs.10 Laksh @ 8.55%	1,000.00	1,000.00	1,000.00
Investmetn in APSEEDCO	20.00	-	-
Investments in Equity (Unquoted) Investment in APPDC LTD - 146180000 no. of shares @ Rs.10/- each fully paid up #	14,618.00	14,618.00	14,618.00
Investments in APPDCL allocated by TSNPDCL Under Demerger Scheme	24.44		
Investment in RESCOs Cheepuripalli - 9 shares @ Rs.100000/- each fully paid up	9.07	9.07	9.07
Investments in RESCO allocated by TSNPDCL Under Demerger Scheme	0.04		
	16,577.84	**16,540.23**	**16,840.23**
Aggregate book value of quoted investments-	-	-	-
Aggregate market value of quoted investments	-	-	-
Aggregate value of unquoted investments	16,577.84	16,540.23	16,840.23
Aggregate amount of impairment in value of investments	-	-	-

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 31-03-2018 is Rs. 1461800000.

7. Loans

	31 March 2018	31 March 2017	1 April 2016
Secured considered good Loans to employees	7,302.90	5,671.68	4,350.18
	7,302.90	**5,671.68**	**4,350.18**

Loans given to the employees are secured and considered good. For the loans related to marriage advance are not secured but considered good.

Out of total carrying value as per previous GAAP of INR 9649.29 (2016-17 - INR 7655.47 01 Apr 16 - INR 6027.27) an amount of INR 9411.23 (2017 - INR 7452.04 2016 - INR 5835.96) has not considered for evaluation of fair value as per Ind AS 109 due to lack on complete information which is approximately 3% of total carrying value.

8. Other financial assets

	31 March 2018	31 March 2017	1 April 2016
A. Non-current			
Unsecured considered good			
Interest receivable from employees	1,360.66	958.26	607.10
	1,360.66	**958.26**	**607.10**

	31 March 2018	31 March 2017	1 April 2016
B. Current			
Secured considered good Loans to employees	462.76	342.59	368.49
Unsecured considered good Unbilled revenue	69,877.78	62,419.66	64,943.38
Interest accrued on bank deposits	220.86	98.06	369.20
Interest accrued on investments	95.12	57.46	70.88
Apprentice salary receivable	3.37	2.79	0.08
Receivables from AP Online E-Seva & Internet	1,112.47	1,055.79	1,083.78
Receivables from Government/FSA	94,517.16	65,170.19	55,444.15
Provision for Government Receivables	(25,382.99)	(24,872.00)	(24,872.00)
Recb subsidy Ferro	108.18	18,884.33	-
Sundry Debtor for Sale of Scrap	815.39	238.98	1,184.66
	141,830.10	**123,397.84**	**98,592.63**

9. Other Assets

	31 March 2018	31 March 2017	1 April 2016
A. Non-current Capital advances - Others	1,571.90	1,781.59	76,382.42
Capital advances - AP Genco (ii)	11,057.00	11,057.00	
Security deposit (Deposit with local Agencies)	2,333.26	2,191.80	2,151.80
Prepaid employee cost	1,638.96	1,539.46	1,427.56
Inter Discom balances (i)	332,828.28	283,259.25	269,370.86
	349,429.39	**299,829.10**	**349,332.64**

	31 March 2018	31 March 2017	1 April 2016
B. Current			
Amount recoverable from Employees / Ex-employees	330.78	147.65	264.13
Receivable from P&G/GPF trust	374.79	816.28	301.49
Prepaid expenses	106.18	4.33	4.89
Prepaid employee cost	367.79	287.71	218.20
Receivable from Govt/APDRP/UGC	407.98		
Other misc receivables	10.24		
	1,597.75	**1,255.97**	**788.71**

(i) Inter Discom balances

Name of the Discom	Amount
TSSPDCL	100,640.29
TSNPDCL	(12,216.91)
APSPDCL	244,404.90
Total	**332,828.28**

(ii) Godavari Gas Power Plant (GGPP) handing over to APGENCO

APDISCOMS have taken over M/s GVK Industries Limited plant -1 on 22.04.2016 in terms of the PPA entered into with GVK Industries Limited for an amount of Rs.332.15 Crores on proportionate sharing basis with APSPDCL Tirupathi.

For hold on operations APGENCO employees were deputed to APEPDCL to work at the plant of GVK Industries Limited at Jegurupadu. However certain difficulties were encountered in continuing the operations due to lack of technical capabilities to run the plant besides others thereby giving rise to the option of handing over the plant to APGENCO since they are engaged in generation and well experienced in running generating units as their core business. Accordingly it has been decided to hand over the unit of Godavari Gas Power Plant to APGENCO during the meeting of APPCC held on 19th June 2017.

As per LR. No 2374/Power-1/2014 Dt.04.05.2018 of Principal Secretary/Energy Infrastructure & Investment/Govt. of Andhra pradesh agreed to transfer the assets in the name of APGENCO directly from M/S GVK Industries. Our Board has also approved the proposal at the meeting dated 11.07.2018.

Advance amount paid to M/s GVK Industries Limited is disclosed as Advances to APGENCO for the F.Y 2017-18.

10. Deferred tax assets

	31 March 2018	31 March 2017	1 April 2016
Loans and advances to employees at concessional rates	-	-	-
DTA on actuarial gains/ losses	(220.03)	-	-
	(220.03)	**-**	**-**

11. Inventories

	31 March 2018	31 March 2017	1 April 2016
Stores and spares	20,531.26	16,818.54	18,427.79
	20,531.26	**16,818.54**	**18,427.79**

Inventories are carried at cost based on weighted average cost method.

12. Trade receivables

	31 March 2018	31 March 2017	1 April 2016
(i) Trade receivables			
Secured considered good	-	-	-
Unsecured considered good	-	-	-
Trade receivables	171,111.99	132,971.41	109,691.61
Others#	780.68	890.31	966.77
	171,892.67	**133,861.72**	**110,658.38**

	31 March 2018	31 March 2017	1 April 2016
(ii) Provision for doubtful receivables / advances			
Unsecured considered doubtful	(3,519.29)	(3,519.29)	(3,519.29)
	(3,519.29)	(3,519.29)	(3,519.29)
Net trade receivables	**168,373.37**	**130,342.42**	**107,139.08**

Others include receivables from customers like UCM charges etc.,

13. Cash and cash equivalents

	31 March 2018	31 March 2017	1 April 2016
Balance with banks			
- in current accounts	16,618.33	24,361.62	13,109.77
- in deposit accounts (i)	11,646.06	2,526.42	8,895.38
Cash on hand	207.19	226.07	449.98
Cash / Remittances in transit	82.84	2,177.30	-
Cash and cash equivalents	**28,554.42**	**29,291.41**	**22,455.13**

(i) Deposit accounts with more than 3 months but less than 12 months maturity	**4.74**	**327.42**	**304.14**

14. Other tax assets

	31 March 2018	31 March 2017	1 April 2016
Advance Income Tax & TDS	453.12	1,116.43	1,299.68
MAT credit Entitlement	1,035.84	1,035.84	1,035.84
	1,488.96	**2,152.27**	**2,335.52**

15. Share capital

Authorized equity share capital

	Number of shares	Amount
As at 1 April 2016	1,220	12,200
Increase during the year	-	-
As at 31 March 2017	**1,220**	**12,200**
Increase during the year	-	-
As at 31 March 2018	**1,220**	**12,200**
(i) Movements in equity share capital		
	Number of shares	**Amount**
As at 1 April 2016	1,212.25	12,122.53
Issue of shares during the year	-	-
As at 31 March 2017	**1,212.25**	**12,122.53**
Issue of shares during the year	-	-
As at 31 March 2018	**1,212.25**	**12,122.53**

Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share.

(ii) Shares of the Company held by holding company

	31 March 2018		31 March 2017		1 April 2016	
Name of the shareholder	**No. of shares**	**% Holding**	**No. of shares**	**% Holding**	**No. of shares**	**% Holding**
His Excellency the Honourable Governor of Andhra Pradesh (Government of Andhra Pradesh)	1,212	99.999993	1,212	99.999993	1,212	99.999993
Government Nominees	0	0.000007	0	0.000007	0	0.000007
Total	**1,212**	**100**	**1,212**	**100**	**1,212**	**100**

16. Other equity

	31 March 2018	**31 March 2017**	**1 April 2016**
Retained earnings	(328,901.00)	(328,562.59)	(289,146.43)
Contingency reserve	10,724.42	10,720.62	10,720.62
Other comprehensive income	(4,084.19)	(4,839.78)	
Total other equity	**(322,260.78)**	**(322,681.75)**	**(278,425.81)**

i. Retained earnings

	31 March 2018	31 March 2017	1 April 2016
Opening balance	(328,562.59)	(289,146.43)	(241,668.37)
Add: Loss apportionment from NPDCL	(627.63)		
Add: Opening retained earnings Ind AS adj	(31.33)		
Add: Income tax refund of earlier periods	427.26		
Add: Migration balances relating to prior periods	(688.32)		
Add: Profit for the year	289.21	(39,416.16)	(47,185.68)
Closing balance	**(328,901.00)**	**(328,562.59)**	**(289,146.43)**

ii) Contingency reserve

	31 March 2018	31 March 2017	1 April 2016
Opening balance	10,720.62	10,720.62	10,720.62
Add: Additions during the year	3.80	-	-
Less: Deductions during the year	-	-	-
Closing balance	**10,724.42**	**10,720.62**	**10,720.62**

Note: Contingency reserve is required to be created mandatorily out of appropriation account as per Andhra Pradesh Electricity Regulatory Commission (APERC rules). The amount so transferred will be invested in various securities and bonds from time to time. Interest earned on this investment is accounted in contingency reserve.

iii) Other comprehensive income

Other items of OCI

	31 March 2018	31 March 2017	1 April 2016
Remeasurement of defined benefit obligations (liability net of tax)	755.59	(4,839.78)	
Closing balance	**755.59**	**(4,839.78)**	**-**

17. Borrowings

	31 March 2018	31 March 2017	1 April 2016
Non-current borrowings			
Term loans			
From financial institutions			
Secured	256,221.63	276,116.20	433,214.14
Unsecured	-	-	-
	256,221.63	**276,116.20**	**433,214.14**

Secured loans and assets pledged as security

Secured Term Loan from M/s REC amounting to Rs.17838.04/- (P.Y. Rs.11002.21/-) 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%

Secured Term Loan from M/s Power Finance Corporation amounting to Rs.13205.49 (P.Y. Rs.8154.57) 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%

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

Charge created on secured loans:

S. No.	Short description of the property charged	Charge ID	Date of creation of charge or date of acquisition of property subject to charge	Date of registration of creation of charge	Period and amount secured by the charge	Names and ad-dresses of the charge holder	Description of the instrument creating the charge
1	First charge by way of hypothecation of Existing movable assets in the jurisdiction of APEPDCL in the state of Andhra Pradesh having a net book value of Rs 127.19 crores(Rupees One Hundred Twenty Seven Crores and Nineteen Lakhs only) as on 31-12-2017.	100163988	13.03.2018	28.03.2018	86.033 Crores	M/s REC Limited	First charge by way of hypothecation of Existing movable assets in the jurisdiction of APEPDCL in the state of Andhra Pradesh having a net book value of Rs 127.19 crores (Rupees One Hundred Twenty Seven Crores and Nineteen Lakhs only) as on 31-12-2017.
2	First charge by way of (i) Hypothecation of unencumbered Existing Assets equivalent to 120% of the loan amount sanctioned and (ii) Hypothecation of Receivables of tariff subsidy from Govt. of Andhra Pradesh adequate to cover the amount of loan” and interest “thereon	100163988	09.03.2018	28.03.2018	450 Crores	M/s REC Limited	First charge by way of (i) Hypothecation of unencumbered Existing Assets equivalent to 120% of the loan amount sanctioned and (ii) Hypothecation of Receivables of tariff subsidy from Govt. of Andhra Pradesh adequate to cover the amount of loan” and interest “thereon
3	First charge by hypothecation of all !he future movable properties of the respective Scheme under the Project including movable machinery equipments machinery machinery spares tools implements and accessories installed (hereinafter referred to as “Movables”) and its stock of materials and equipment created under the respective Scheme of the Project and procured out of loan sanctioned by REC totaling	100149041	10.01.2018	24.01.2018	112.58 Crores	M/s REC Limited	First charge by hypothecation of all !he future movable properties of the respective Scheme under the Project including movable machinery equipments machinery machinery spares tools implements and accessories installed (hereinafter referred to as "Movables") and its stock of materials and equipment

S. No.	Short description of the property charged	Charge ID	Date of creation of charge or date of acquisition of property subject to charge	Date of registration of creation of charge	Period and amount secured by the charge	Names and addresses of the charge holder	Description of the instrument creating the charge
	to the project cost of Rs. 281.45 Crores (Rupees Two Hundred Eighty One Crores and Forty Five Lakhs only).						created under the respective Scheme of the Project and procured out of loan sanctioned by REC totaling to the project cost of Rs. 281.45 Crores (Rupees Two Hundred Eighty One Crores and Forty Five Lakhs only).
4	First charge by hypothecation of existing movable assets in the jurisdiction of APEPDCL in the State of Andhra Pradesh. List of Assets enclosed as per Bulk hypothecation of Assets dt.18.11.2017	100138416	18.11.2017	08.12.2017	157.1945 Crores	M/s REC Limited	First charge by hypothecation of existing movable assets in the jurisdiction of APEPDCL in the State of Andhra Pradesh. List of Assets enclosed as per Bulk hypothecation of Assets dt. 18.11.2017
5	A first charge by way of hypothecation in favour of the Corporation on the whole of the movable assets (save and except book debts) of the Borrower's assets comprising of Meters conductors cables LT Lines etc located at Srikakularn Vizianagaram Visakhapatnam Rajamahendravaram and Eluru etc operation Circles of Eastern Power Distribution Company of Andhra Pradesh Limited in respective District(s) of Andhra Pradesh including its movable machinery machinery spares tools and accessories spares and material at project site both present and future.	100132385	03.11.2017	08.11.2017	500 Crores	M/s PFC Limited	A first charge by way of hypothecation in favour of the Corporation on the whole of the movable assets (save and except book debts) of the Borrower's assets comprising of Meters conductors cables LT Lines etc located at Srikakularn Vizianagaram Visakhapatnam Rajamahendravaram and Eluru etc operation Circles of Eastern Power Distribution Company of Andhra Pradesh Limited in respective District(s) of Andhra Pradesh including its

S. No.	Short description of the property charged	Charge ID	Date of creation of charge or date of acquisition of property subject to charge	Date of registration of creation of charge	Period and amount secured by the charge	Names and addresses of the charge holder	Description of the instrument creating the charge
							movable machinery machinery spares tools and accessories spares and material at project site both present and future.
6	A first charge by way of hypothecation in favour of the Corporation on the whole of the movable assets (save and except book debts)of the Borrower's assets comprising of Meters conductors cables LT Lines etc located at Srikakulam Vizianagaram Visakhapatnam Rajamahendravaram and Eluru etc operation Circles of Eastern Power Distribution Company of Andhra Pradesh Limited in respective District(s) of Andhra Pradesh including its movable machinery machinery spares tools and accessories spares and material at project site both present andfuture.	100131840	03.11.2017	10.11.2017	500 Crores	M/s PFC Limtied	A first charge by way of hypothecation in favour of the Corporation on the whole of the movable assets (save and except book debts)of the Borrower's assets comprising of Meters conductors cables LT Lines etc located at Srikakulam Vizianagaram Visakhapatnam Rajamahendravaram and Eluru etc operation Circles of Eastern Power Distribution Company of Andhra Pradesh Limited in respective District(s) of Andhra Pradesh including its movable machinery machinery spares tools and accessories spares and material at project site both present and future.
7	The whole of the movable properties of the Borrower's created/ to be created under implementation of distribution strengthening projects under IPDS in 5 circles/ projects covering 29 towns of APEPDCL in the state Andhra Pradesh. List of Movable assets enclosed as per the Hypothecation Deed Dt.18.05.2017	100099086	18.05.2017	24.05.2017	90 Crores	M/s PFC Limtied	The whole of the movable properties of the Borrower's created/ to be created under implementation of distribution strengthening projects under IPDS in 5 circles/ projects covering 29 towns of APEPDCL in the

S. No.	Short description of the property charged	Charge ID	Date of creation of charge or date of acquisition of property subject to charge	Date of registration of creation of charge	Period and amount secured by the charge	Names and addresses of the charge holder	Description of the instrument creating the charge
							state Andhra Pradesh. List of Movable assets enclosed as per the Hypothecation Deed Dt.18.05.2017
8	OCC- Hypothecation of all current assets of the Company on Priority 1st pari -passu basis with other working capital lenders (syndicate Bank & Lakshmi Vilas Bank) to the extent of 200% exposure under multiple banking arrangement.ILC / BG - Counter Guarantee of the Company for BG limit in addition to hypothecation of all current assets of the Company on priority 1st pari-passu basis with other working capital lenders (Syndicate Bank & Lakshmi Vilas Bank) to the extent of 200% of our exposure under multiple banking arrangement.	100095845	30.05.2017	10.05.2017	400 Crores	M/s Andhra Bank	OCC- Hypothecation of all current assets of the Company on Priority 1st pari - passu basis with other working capital lenders (syndicate Bank & Lakshmi Vilas Bank) to the extent of 200% exposure under multiple banking arrangement. ILC / BG - Counter Guarantee of the Company for BG limit in addition to hypothecation of all current assets of the Company on priority 1st pari-passu basis with other working capital lenders (Syndicate Bank & Lakshmi Vilas Bank) to the extent of 200% of our exposure under multiple banking arrangement.

Details of borrowing based on its nature

Particulars	Account Code	31 March 2018	31 March 2017	1 April 2016
Secured Term Loans				
From Banks	-		-	
From Others				
Acquisition of Fixed assets				
(i) Loan from REC	5303100	17,838.04	11,002.21	10,860.59
(ii) Loan from REC-RGGVY	5303530	1,227.85	1,412.53	1,703.92
(iii) Loan from PFC	5303200	13,205.49	8,154.57	6,331.76
(iv) LT Loans-PFC GEL (Solar Pump sets)	5303210	1,820.20	1,617.66	1,617.66
(v) Loan from Govt. of Andhra Pradesh	5303300	1,927.52	1,927.52	2,105.20
Working Capital Requirements:				
Loan from PFC	5303200	69,791.67	100,000.00	100,000.00
Loan from REC	5303100	91,428.57	85,000.00	50,000.00
Loan from PTC FSLtd	5303600	17,000.00	20,000.00	10,000.00
Loan Bifurcation from TSNPDCL		1,614.39	-	-
Financial Restructuring Plan				
FRP-9.95% Unsecured Bonds - I	5303540	30,149.00	30,149.00	41,080.00
FRP-10% Unsecured Bonds - II	5303550	-	-	79,515.00
FRP- Conversion of STL to Term Loans	5303560	10,218.90	16,852.71	130,000.00
Loans Repayable on Demand from Banks				
CC Limits from SBH, Syndicate bank & LVB	5000102	54,427.55	32,403.54	32,506.37
Working Capital Loan	5101010 to 5101123	-	252.80	252.80
Total borrowings		**310,649.18**	**308,772.54**	**465,973.30**
Current		54,427.55	32,656.34	32,759.17
Non current		256,221.63	276,116.20	433,214.14
		310,649.18	**308,772.54**	**465,973.30**

(i) Loan from REC

Particulars	31 March 2018	31 March 2017	1 April 2016
JBIC- Monthly	2,127.94	2,750.75	3,373.56
JBIC- Quarterly	3,252.02	3,794.03	4,336.03
Indiramma	680.87	801.03	921.18
LED	1,430.14	1,608.91	1,787.68
HVDS	7,350.75	2,047.50	442.15
AGL Solar Pumpsets	2,996.32	-	-
	17,838.04	**11,002.21**	**10,860.59**

(ii) Loan from REC-RGGVY

Particulars	31 March 2018	31 March 2017	1 April 2016
Non-current			
RGGY	893.20	1,144.03	1,458.67
DDG	334.66	268.50	245.25
	1,227.85	**1,412.53**	**1,703.92**

(iii) Loan from PFC

Particulars	31 March 2018	31 March 2017	1 April 2016
Non-current			
RAPDRP Part-A (GOI)	5,116.23	2,933.97	2,933.97
RAPDRP Part-B (75%)	4,403.79	3,679.79	1,856.99
RAPDRP Part-B (GOI)	1,204.80	926.80	926.80
RAPDRP SCADA Part-A (GOI)	293.00	293.00	293.00
RAPDRP SCADA Part-B (GOI)	321.00	321.00	321.00
IPDS	1,866.67	-	-
	13,205.49	**8,154.57**	**6,331.76**

Financial Restructuring Plan
Details of Bonds issued & Re-structured STL under Financial Restructuring Plan retained with APEPDCL after UDAY Scheme

Particulars of Restructured Loans under FRP SCHEME	9.95% Unsecured Bonds - I	Conversion of STL to Term Loans
Loans		
Non-current		
A.P.Genco	30149.00	
Indian Overseas Bank		4,391.57
Bank of India		5,827.33
	30,149.00	**10,218.90**

18. Provisions

Particulars	Non-current		
	31 March 2018	31 March 2017	1 April 2016
Provisions for employee benefits			
Provision for EL Encashment	47,032.42	37,156.30	34,539.23
	47,032.42	**37,156.30**	**34,539.23**

Particulars	Current		
	31 March 2018	**31 March 2017**	**1 April 2016**
Provisions for employee benefits			
Provision for Pension & Gratuity for Employee < 1-2-99	166,546.92	169,277.44	146,393.48
Provision for Gratuity for Employees > 1-2-99	(150,344.65)	(131,403.84)	(105,709.48)
	16,202.28	**37,873.60**	**40,684.00**

Post employment benefit obligations

The Company operates the following post-employment defined benefit plans.

(i) Leave encashment

The leave obligations cover the Company's liability for the sick and the earned leave for all employees. Based on the past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The level of benefits provided depends on the employees length of service and salary at retirement age. 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.

(a) Changes in the Present Value of Obligation

Particulars	**For the period ending**	
	31 March 2017	**31 March 2018**
Present Value of Obligation as at beginning	34,539.23	37,156.30
Current Service Cost	2,617.07	8,953.92
Interest Expense or Cost	2,728.60	2,727.27
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in demographic assumptions		
- change in financial assumptions	1,657.28	518.00
- experience variance (Actual Vs assumptions)		
Past Service Cost		
Effect of change in foreign exchange rates		
Benefits Paid	(4,385.88)	(2,323.07)
Acquisition Adjustment		
Effect of business combinations or disposals		
Present Value of Obligation as at the end	**37,156.30**	**47,032.42**
Bifurcation of net liability		
Current Liability (Short term)	37,156.30	47,032.42
Non-Current Liability (Long term)	-	-
Total Liability	**37,156.30**	**47,032.42**

(b) Changes in the Fair Value of Plan Assets

Particulars	For the period ending	
	31 March 2017	31 March 2018
Present Value of Obligation as at beginning	34,539.23	37,156.30
Fair Value of Plan Assets as at the beginning	-	-
OB difference	-	-
Investment Income	-	-
Employer's Contribution	-	-
Employee's Contribution	-	-
Benefits Paid	-	-
Expenses	-	-
Return on plan assets , excluding amount recognised in net interest expense	-	-
Acquisition Adjustment	-	-
Fair Value of Plan Assets as at the end	-	-

(c) Expenses Recognised in the Income Statement

Particulars	For the period ending	
	31 March 2017	31 March 2018
Current Service Cost	2,617.07	8,953.92
Past Service Cost/Interest Cost	-	-
Interest on Assets	-	-
Loss / (Gain) on settlement	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	2,728.60	2,727.27
Actuarial Gain/Loss	1,657.28	518.00
Expenses Recognized in the Income Statement	**7,002.95**	**12,199.19**

(d) Other Comprehensive income

Particulars	For the period ending	
	31 March 2017	31 March 2018
Actuarial (gains) / losses	-	-
- change in demographic assumptions	-	-
- change in financial assumptions	-	-
- experience variance (i.e. Actual experience vs assumptions)	-	-
Return on plan assets, excluding amount recognized in net interest expense	-	-
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
Components of defined benefit costs recognised in other comprehensive income	-	-

(e) Actuarial Assumptions:

The principal financial assumptions used in the valuation are shown in the table below :

Particulars	As on	
	31 March 2017	31 March 2018
Discount rate (per annum)	7.34%	7.74%
Salary growth rate (per annum)	7.50%	8.50%

(f) Demographic Assumptions:

The principal financial assumptions used in the valuation are shown in the table below :

Particulars	As on	
	31 March 2017	31 March 2018
Mortality Rate (% of IALM 06-08)	100%	100%
Withdrawal rate (per annum)	1%	1%

(g) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

Particulars	As on	
	31 March 2017	31 March 2018
Mortality Rate (% of IALM 06-08)	100%	100%
Withdrawal rate (per annum)	1%	1%

Particulars	31 March 2018		31 March 2017	
	INR 371,56,29,713		INR 470,32,41,684	
Defined Benefit Obligation (Base)	**Decrease%**	**Increase%**	**Decrease%**	**Increase%**
Discount Rate (- / + 1%)	40,601.99	34,168.43	51,803.45	42,930.45
(% change compared to base due to sensitivity)	9.27	(8.04)	10.14	(8.72)
Salary Growth Rate (- / + 1%)	33,475.88	41,407.63	41,786.63	53,171.61
(% change compared to base due to sensitivity)	(9.91)	11	-11.15	13
Attrition Rate (- / + 1%)	34,382.52	39,670.49	42,388.02	51,219.53
(% change compared to base due to sensitivity)	(7.47)	6.77	(9.87)	8.90
Mortality Rate (- / + 10%)	37,075.16	37,337.16	46,884.84	47,179.40
(% change compared to base due to sensitivity)	-0.22	0.22	(0.31)	0.31

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There is no change in the method of valuation for the prior period. For change in assumptions where assumptions for prior period, if applicable, are given below.

(ii) Pension

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.

Balance sheet amounts - Pension

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

(a) Changes in the Present Value of Obligation

Particulars	For the period ending	
	31 March 2017	**31 March 2018**
Present Value of Obligation as at beginning	115,495.60	128,977.95
Current Service Cost	3,921.78	2,461.50
Interest Expense or Cost	8,662.17	9,092.95
Re-measurement (or Actuarial) (gain) / loss arising from:	-	-
- change in demographic assumptions	-	-
- change in financial assumptions	5,777.11	1,073.82
- experience variance (Actual vs assumptions)	-	-
Past Service Cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits Paid	(4,878.72)	(5,387.85)
Acquisition Adjustment	-	-
Effect of business combinations or disposals	-	-
Present Value of Obligation as at the end	**128,977.95**	**136,218.36**
Current Liability (Short term)	7,841.41	5,267.20
Non-Current Liability (Long term)	121,136.54	130,951.15
Total Liability	**128,977.95**	**136,218.36**

(b) Changes in the Fair Value of Plan Assets

Particulars	For the period ending	
	31 March 2017	**31 March 2018**
Fair Value of Plan Assets as at the beginning	76,976.05	93,270.18
OB difference	-	(3,709.29)
Investment Income	5,773.20	6,314.04
Employer's Contribution	14,645.92	28,255.22
Employee's Contribution	-	-
Benefits Paid	(4,878.72)	(5,387.85)
Return on plan assets , excluding amount recognised in net interest expense	753.73	1,104.68
Acquisition Adjustment	-	-
Fair Value of Plan Assets as at the end	**93,270.18**	**119,846.99**
	-	**-**

Particulars	For the period ending	
	31 March 2017	31 March 2018
Income statement	-	-
Current Service Cost	3,921.78	2,461.50
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	2,888.97	2,778.90
Expenses Recognized in the Income Statement	**6,810.75**	**5,240.40**
Other comprehensice income		
Actuarial (gains) / losses		
- change in financial assumptions	5,777.11	1,073.82
- others	-	3,709.29
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	(753.73)	(1,104.68)
Components of defined benefit costs recognised in other comprehensive income	**5,023.38**	**3,678.43**

(c) Assets and Liability (Balance Sheet Position)

Particulars	For the period ending	
	31 March 2017	31 March 2018
Present Value of Obligation	128,977.95	136,218.36
Fair Value of Plan Assets	93,270.18	119,846.99
Surplus / (Deficit)	(35,707.76)	(16,371.37)
Effects of Asset Ceiling, if any	-	-
Net Asset / (Liability)	**(35,707.76)**	**(16,371.37)**

(d) Expenses Recognised during the period

Particulars	For the period ending	
	31 March 2017	31 March 2018
In Income Statement	6,810.75	5,240.40
In Other Comprehensive Income	5,023.38	3,678.43

(e) Actuarial Assumptions:
The principal financial assumptions used in the valuation are shown in the table below :

Particulars	As on	
	31 March 2017	31 March 2018
Discount rate (per annum)	7.05%	7.50%
Salary growth rate (per annum)	7.50%	8.50%

(f) Demographic Assumptions:

Particulars	As on	
	31 March 2017	31 March 2018
Mortality Rate (% of IALM 06-08)	100%	100%
Withdrawal rate (per annum)	1%	1%

(g) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The result of sensitivity analysis is given below:

Particulars	31 March 2017 (Amt in crores)		31 March 2018 (Amt in crores)	
Defined Benefit Obligation (Base)	**1,289.78**		**1,362.18**	
	Decrease%	**Increase%**	**Decrease%**	**Increase%**
Discount Rate (- / + 1%)	1,462.27	1,148.62	1,559.00	1,202.76
(% change compared to base due to sensitivity)	13.37	(10.94)	14.45	(11.70)
Salary Growth Rate (- / + 1%)	1,168.35	1,435.99	1,226.35	1,527.18
(% change compared to base due to sensitivity)	(9.41)	11.34	(9.97)	12.11
Attrition Rate (- / + 1%)	1,308.39	1,272.75	-	1,336.20
(% change compared to base due to sensitivity)	1.44	(1.32)	-	(1.91)
Mortality Rate (- / + 10%)	1,320.26	1,217.51	1,422.61	1,309.48
(% change compared to base due to sensitivity)	4.33	(3.79)	4.44	(3.87)

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior period. For change in assumptions please refer to section 5 above, where assumptions for prior period, if applicable, are given.

(iii) Gratuity

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Under the act, employees who are in continuous service of five years are entitled to specific benefit. The level of benefits provided depends on the employees length of service and salary at retirement age. The amount of gratuity payable on retirement / termination is based upon Andhra Pradesh Revised Pension Rules,1980.

Gratuity for Employees appointed before 01-02-1999

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 liabilitywill be discharged at 74%

by APGENCO Master Trust and 26% by APEPDCL Pension and Gratuity Trust as per the tripartite agreement.

Gratuity for Employees appointed after 01-02-1999

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

Balance sheet amounts - Gratuity

The amount recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows :

(a) Changes in the Present Value of Obligation

Particulars	For the period ending	
	31 March 2017	**31 March 2018**
Present Value of Obligation as at beginning	14,096.58	14,821.92
Current Service Cost	1,401.49	5,251.67
Interest Expense or Cost	1,113.63	1,087.93
Re-measurement (or Actuarial) (gain) / loss arising from:	-	-
- change in demographic assumptions	-	-
- change in financial assumptions	(132.37)	(598.83)
- experience variance (Actual v assumptions)	-	-
Past Service Cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits Paid	(1,657.40)	(286.34)
Acquisition Adjustment	-	-
Effect of business combinations or disposals	-	-
Present Value of Obligation as at the end	**14,821.92**	**20,276.35**

Bifurcation of Net Liability

Current Liability (Short term)	456.57	491.28
Non-Current Liability (Long term)	14,365.36	19,785.06
Total Liability	**14,821.92**	**20,276.35**

(b) Changes in the Fair Value of Plan Assets

Particulars	For the period ending	
	31 March 2017	**31 March 2018**
Fair Value of Plan Assets as at the beginning	8,845.95	9,621.70
OB difference	-	3,709.41
Investment Income	698.83	978.50
Employer's Contribution	1,683.08	4,205.78
Employee's Contribution	-	-
Benefits Paid	(1,657.40)	(286.34)
Return on plan assets , excluding amount recognised in net interest expense	51.23	125.77
Acquisition Adjustment	-	-
Fair Value of Plan Assets as at the end	**9,621.70**	**18,354.82**

(c) Expenses Recognised in the Income Statement

Current Service Cost	1,401.49	5,251.67
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	414.80	109.43
Expenses Recognized in the Income Statement	**1,816.29**	**5,361.10**

(d) Other comprehensive income

Actuarial (gains) / losses		
- change in financial assumptions	(132.37)	(598.83)
- others/ob difference	-	(3,709.41)
Return on plan assets, excluding amount recognized in net interest expense	(51.23)	(125.77)
Components of defined benefit costs recognised in other comprehensive income	**(183.60)**	**(4,434.01)**

'(e) Assets and Liability (Balance Sheet Position)

Particulars	For the period ending	
	31 March 2017	**31 March 2018**
Present Value of Obligation	14,821.92	20,276.35
Fair Value of Plan Assets	9,621.70	18,354.82
Surplus / (Deficit)	(5,200.23)	(1,921.53)
Effects of Asset Ceiling, if any	-	-
Net Asset / (Liability)	**(5,200.23)**	**(1,921.53)**

(f) Expenses Recognised during the period

Particulars	For the period ending	
	31 March 2017	**31 March 2018**
In Income Statement	1,816.29	5,361.10
In Other Comprehensive Income	(183.60)	(4,434.01)

'(g)Actuarial assumptions

Particulars	For the period ending	
	31 March 2017	**31 March 2018**
Discount rate (per annum)	7.34%	7.74%
Salary growth rate (per annum)	7.50%	8.50%

'(h) Demographic assumptions

Mortality Rate (% of IALM 06-08)	100.00%	100.00%
Withdrawal rate (per annum)	1.00%	1.00%

(i) Sensitivity Analysis

Particulars	31 March 2017		31 March 2018	
Defined Benefit Obligation (Base)	**14,821.92 lakhs**		**20,276.35 lakhs**	
	Decrease%	**Increase%**	**Decrease%**	**Increase%**
Discount Rate (- / + 1%)	16,500.48	13,393.26	22,774.35	18,170.17
(% change compared to base due to sensitivity)	11.32	(9.64)	12.32	(10.39)
Salary Growth Rate (- / + 1%)	13,866.39	15,656.61	18,422.05	22,067.99
(% change compared to base due to sensitivity)	(6.45)	5.63	(9.15)	8.84
Attrition Rate (- / + 1%)	13,221.84	16,263.28	17,409.22	22,847.22
(% change compared to base due to sensitivity)	(10.80)	9.72	(14.14)	12.68
Mortality Rate (- / + 10%)	14,779.73	14,863.96	20,194.33	20,358.02
(% change compared to base due to sensitivity)	(0.28)	0.28	(0.40)	0.40

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some

19. Grants & Consumer contributions.

	Non-current		
	31 March 2018	**31 March 2017**	**1 April 2016**
Capital grant	299,899.00	299,899.00	-
Grant towards cost of capital	42,797.22	31,818.07	22,659.92
Subsidies towards cost of Capital Assets	3.34	3.62	3.93
Consumer Contribution for Service Connections	141,461.83	121,487.25	108,734.90
	484,161.39	**453,207.94**	**131,398.74**
(i) Capital grant under UDAY Scheme (a)	**31 March 2018**	**31 March 2017**	**1 April 2016**
Opening balance	299,899.00	-	-
Add: Received during the year		299,899.00	
Less: Amortised during the year	-	-	-
Closing balance	**299,899.00**	**299,899.00**	**-**
(ii) Grant towards cost of capital			
	31 March 2018	**31 March 2017**	**1 April 2016**
Opening balance	31,818.07	22,659.92	21,270.81
Add: Received during the year	13,884.24	11,251.06	3,159.59
Less: Amortised during the year	(2,905.08)	(2,092.91)	(1,770.48)
Closing balance	**42,797.22**	**31,818.07**	**22,659.92**
(iii) Subsidies towards cost of Capital Assets			
	31 March 2018	**31 March 2017**	**1 April 2016**
Opening balance	3.62	3.93	4.26
Add: Received during the year Less: Amortised during the year	(0.28)	(0.31)	(0.33)
Closing balance	**3.34**	**3.62**	**3.93**
(iv) Consumer Contribution for Service Connections	**31 March 2018**	**31 March 2017**	**1 April 2016**
Opening balance	121,487.25	108,734.90	97,497.11
Add: Received during the year	35,271.26	26,162.29	23,797.16
Less: Amortised during the year	(15,296.69)	(13,409.94)	(12,559.37)
Closing balance	**141,461.83**	**121,487.25**	**108,734.90**

(a) UDAY Scheme

GOI/ Ministry of Power has notified UDAY(Ujwal Discom Assurance Yojana) Scheme for the financial turnaround 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.Ms. No.27 Dt 26.07.2016 for implementation of UDAY Scheme.

The following loans are covered under UDAY scheme:

1) 100 % of FRP Bonds: INR .1,205.95 Crores

2) 75% of Working Capital Loans: INR .2,094.53 Crores (Total outstanding loan INR 2,792.70 Crores)

As per G.O Ms. 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 outstanding Loans as on 30.09.2015 from APEPDCL during October 2016 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.

(i) 75% of FRP Bonds: INR. 904.46 Crores

(ii) 75 % of Working Capital Loans: INR 2,094.53 Crores

Total **INR 2,998.99 crores**

Loans discharged amount of INR 2,998.99 crores under UDAY scheme with support of Government of Andhra Pradesh is treated as Capital Grant

Govt. of Andhra Pradesh agreed vide Letter no. 367/Power-III/2017-2 Dt.16.11.2017 for taking over the balance 25% of FRP bonds of the DISCOMs to the tune of Rs.301.49 Crores to issue Non-SLR bonds under UDAY Scheme for discharging the debt of the DISCOM.

Govt. of Andhra Pradesh has given its consent vide G.O 36 Dt.06.12.2017 for arranging Government guarantee with the bankers for swapping of loans for balance 25% remained with the DISCOMs. Swapping of loans with banks is under process.

20. Other liabilities

	31 March 2018	31 March 2017	1 April 2016
Non-current Security Deposits from Consumers	147,258.38	131,803.93	115,173.25
Other Reserves & Reserve Funds(GIS,FBF,& GPF etc)	934.23	935.68	766.74
Deposits for Electrification, Service Connection Etc.	7,438.17	7,346.08	8,817.50
	155,630.78	**140,085.69**	**124,757.49**

	31 March 2018	31 March 2017	1 April 2016
Current Other Liabilities	22,389.77	22,143.77	22,943.48
Staff Related Liabilities	8,150.87	8,536.11	7,945.85
Deposits and retentions from suppliers and contractors	20,002.85	12,317.38	19,031.01
Statutory dues payable	936.96	846.72	893.16
Advance receipts from consumers	1,150.18	1,034.50	1,485.74
Temporary Supply & TEMP Deposits	1,496.39	1,598.61	2,168.06
Security deposit-st	67.03	24.91	22.29
Elecy Duty payable	16,502.85	7,350.55	-
	70,696.91	**53,852.56**	**54,489.58**

i) Other Reserves & Reserve Funds(GIS,FBF,& GPF etc)

	31 March 2018	31 March 2017	1 April 2016
Opening balance	935.68	766.74	598.61
Add: Additions during the year	3,837.49	4,088.62	3,605.06
Less: Amortised during the year	(3,838.94)	(3,919.68)	(3,436.92)
Closing balance	**934.23**	**935.68**	**766.74**

21. Trade payables

	31 March 2018	31 March 2017	1 April 2016
AP Transco & Power Purchase Liability	268,653.32	188,126.36	287,680.81
Liability-Materials, Works-Capital and O&M	13,955.59	13,133.59	14,316.66
Creditors Other Discoms on Power Purchase	1,139.00	1,208.08	1,192.46
Liability for Expenses	2,272.43	1,687.44	1,789.28
	286,020.34	**204,155.47**	**304,979.20**

22. Other financial liabilities

	31 March 2018	31 March 2017	1 April 2016
Current maturities of long term borrowings (i)	37,825.07	4,651.63	3,029.80
Debt Service Clg Acc	6,206.13	4,346.70	8,357.94
Interest Payable on Security Deposit	8,370.21	8,194.95	8,019.93
Retention money	2,107.10	2,542.26	2,396.97
	54,508.51	**19,735.54**	**21,804.64**

(i) Current maturities of long term borrowings

Particulars	**Account Code**	**31 March 2018**	**31 March 2017**	**1 April 2016**
Secured Term Loans From Banks		-	-	-
From Others **Acquisition of Fixed assets** (i) Loan from REC	5303100	2,288.12	1,491.20	2,293.19
(ii) Loan from REC-RGGVY	5303530	250.84	250.84	187.03
(iii) Loan from PFC	5303200	479.91	233.74	16.58
(iv) LT Loans-PFC GEL (Solar Pump sets)	5303210	169.32	-	-
(v) Loan from Govt. of Andhra Pradesh	5303300	533.00	533.00	533.00
Working Capital Requirements:				
Loan from PFC	5303200	25,000.00	-	-
Loan from REC	5303100	3,571.43	-	-
Loan from PTC FSLtd	5303600	3,000.00	-	-
Financial Restructuring Plan FRP- Conversion of STL to Term Loans	5303560	2,532.46	2,142.86	-
Total current maturities of long term borrowings		**37,825.07**	**4,651.63**	**3,029.80**

Secured Term Loan from M/s REC amounting to Rs.2,288.12 (P.Y. Rs.1,491.20) 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%

Secured Term Loan from M/s Power Finance Corporation amounting to Rs.47990541 (P.Y. Rs.2,33,73,680) 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

Particulars	**INR**
RAPDRP Part-B (75%)	346.57
IPDS	133.33
Total	**479.91**
LT Loans-PFC GEL (Solar Pump sets)	169.32

Details of REC Term Loans

Particulars	**INR**
JBIC- Monthly	622.81
JBIC- Quarterly	542.00
Indiramma	120.15
LED	178.77
HVDS	824.38
Sub total	**2,288.12**
RGGY	250.84
Sub total	**250.84**
Grand total	**2,538.96**

Details of Bonds issued & Re-structured STL under Financial Restructuring Plan retained with APEPDCL after UDAY Scheme

Particulars of Restructured Loans under FRP SCHEME	Conversion of STL to Term Loans
Particulars	**INR**
IOB	1,097.89
Bank of India	1,434.57
Total	**2,532.46**

See accompanying notes forming part of the financial statements.
In terms of our report attached

For and on behalf of Board

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

Sd/-xxxxx
Naresh Chandra G.V.
Partner
Membership No:201754

Station : Visakhapatanm
Date : 09-08-2018

Sd/-xxxxx
T.V.S.Chandra Sekhar
Director (Finance & HRD)
(DIN : 05252424)

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

Sd/-xxxxx
H.Y Dora
Chairman & Managing Director
(DIN : 02198284)

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

23. Revenue from operations

	31 March 2018	31 March 2017
Sale of Power		
LT-Domestic supply - Category-I	159,449.37	142,680.38
LT-Non-Domestic Supply - Category-II	97,789.53	87,190.27
LT-Industrial supply-Category-III	73,292.47	53,594.24
LT-Cottage Industries - Category-IV	92.96	87.78
LT-Irrigation and Agriculture Category-V	765.00	388.01
LT-Public Lighting - Category-VI	14,264.38	12,608.49
LT-General Purpose - Cateory-VII	3,935.52	3,507.87
LT-Temporary - Category-VIII	171.47	115.96
HT-Industrial segregated - Category-I	436,072.19	343,722.99
HT-Industrial non-segregated-Category-II	61,169.34	54,140.24
HT-Industrial non-segregated-Category-III	3,765.86	3,553.28
HT-Industrial non-segregated-Category-IV	24,723.37	15,111.97
HT-Railway Traction-Category-V	32,134.20	43,124.30
HT-Colony Consumption	2,060.76	2,062.49
HT-Electricity Co-op. Societies	2,189.38	2,078.97
	911,875.79	**763,967.23**
Other operating income		
Interstate sales & DD sales	5,033.34	3,394.61
Miscellaneous charges from consumers	42,685.33	35,931.91
Recoveries for theft of power / Malpractices	1,298.78	2,284.42
Subsidies and grants from Government	51,242.00	13,594.00
	100,259.45	**55,204.94**
	1,012,135.24	**819,172.17**

24. Other income

	31 March 2018	31 March 2017
UI & other charges*	2,497.15	2,081.84
Interest from Banks & Investments	695.71	845.11
Rebate on PP Bills & Incentive	3,103.90	2,294.29
Delayed payment charges from consumers	20,710.70	17,525.98
Miscellaneous receipts	3,838.02	6,087.95
Income from trading (Profit on sale of scrap etc.)	1,145.62	220.54
Interest on staff loans and advances	528.91	365.34
Amortization of grants & consumer contributions (i)	18,202.05	15,503.15
Financial Assistance for Cyclone	-	8,682.52
Interest income-unwinding of employee advances	213.92	167.48
Interest on ED	183.07	145.69
Other interest income	34.68	-
Electricity Duty recovery	9,152.30	7,788.42
Electricity Duty paid	(9,152.30)	(7,788.42)
	51,153.73	**53,919.88**

* Unscheduled Interchange charges

(i) Amortization of grants & consumer contributions

Particulars	31 March 2018	31 March 2017
Amortisation of Government grants	2,905.37	2,093.22
Amortisation of Consumer contributions	15,296.69	13,409.94
	18,202.05	**15,503.15**

Quantitative Details of Purchase, Sale of Power, Losses are as stated below :

Sl No	Particulars	March 2018 Current Year	March 2017 Previous Year
1	Gross Energy input (MUs)	20,529.66	18,227.84
2	EHT Direct sale by IPP & EHT SS Aux. consumption in M.U	338.00	242.04
3	Net Energy input for Distribution (MUs) (1-2)	20,191.66	17,985.80
4	Open access Units (M U)	527.58	645.01
5	Total Units Sold (MUs) (a+b)	18,656.61	16,443.36
	a) Agl Sales (M.U)	2,188.29	2,399.41
	b) Other than Agl sales (M.U)	16,468.32	14,043.95
6	Discom Losses (MUs) (3-4-5)	1,007.47	897.43
7	Discom Loss % (6/3*100)	4.99	4.99

25. Purchase of Power

	31 March 2018	31 March 2017
Purchase of Power	879,363.61	737,118.73
	879,363.61	**737,118.73**

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.

26. Employee benefits expense

	31 March 2018	31 March 2017
Salaries	43,781.27	42,502.21
Dearness Allowance	7,907.15	6,254.81
Other Allowances	8,025.28	7,934.79
Incentive to Staff/Exgratia	3.00	16.39
Medical expenses(Mothly & Reimbursement)	2,279.57	2,446.62
Leave Travel Assistance	3.39	14.73
Earned Leave Encashment	12,193.42	7,002.95
Miscellaneous Employee Cost	17.19	25.98
Other welfare expenses	148.36	135.82
Social Security cum PF Booster scheme	0.60	1.00
Managerial Remuneration & Allowances to Directors	77.46	67.73
Terminal Benefits - PF Employer Cont. Joined <1.2.99	10,615.47	8,633.97
Employer Contribution to EPF	2,837.67	2,682.47
Employee Cost Capitalised	(7,603.83)	(5,063.91)
	80,286.01	**72,655.54**

Ind AS Accounting Standard 24 Related Party disclosures:
(a) Parent entity

Name of related party	Place of incorporation	Ownership interest		
		31 March 2018	31 March 2017	1 April 2016
State Government of Andhra Pradesh	India	99.999993%	1.00	1.00
Government Nominees		0.000007%	0.00	0.00

(b) Key managerial personnel 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 H.Y Dora Chairman & Managing Director (From 15.09.2017)
2) Sri Dinesh Paruchuri I.R.S, Chairman & Managing Director (FAC) (upto 15.09.2017 F.N)
3) Sri M.M Nayak I.A.S Chairman & Managing Director (up to 01.09.2017 F.N)
4) Sri B.Seshu Kumar, Director(Operation & Projects) from 19.06.2015.
5) Sri T.V.S.Chandra Sekhar, Director(Finance) from 26.06.2015.

Key management personnel compensation

Sl No.	Name	Relation ship	Nature of Transaction	31 March 2018	31 March 2017
1	Sri H.Y Dora (DIN : 02198284)	Chairman & Managing Director	Remuneration	13.66	-
2	Sri M. M. Nayak, I.A.S	Chairman & Managing Director	Remuneration	10.32	15.94
3	Sri B.Seshu Kumar (DIN : 07236508)	Director	Remuneration	22.71	19.19
4	Sri T.V.S.Chandra Sekhar (DIN : 05252424)	Director	Remuneration	28.97	24.50

Compensation of the Company’s' key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan.

27. Finance costs

	31 March 2018	31 March 2017
Interest on Bonds	0.00	-
R.E.C	1,600.03	1,318.71
P.F.C	558.77	336.86
Interest on Overdraft	23,149.07	4,456.66
Interest to Consumers	8,347.95	8,128.09
Interest on Employee Funds (GIS,GPF&FBF)	51.12	61.44
Other interest Charges	19.05	31.14
Bank charges	122.20	92.83
Interest on Working Capital	1,403.92	29,113.62
	35,252.10	**43,539.36**

28. Depreciation expense

	31 March 2018	31 March 2017
Depreciation of property, plant and equipment	35,734.68	30,578.02
	35,734.68	**30,578.02**

29. Other expenses

	31 March 2018	31 March 2017
Other expenses :		
PP Cost Save DELP	4,115.90	3,687.95
Miscellaneous Losses and write offs	1,025.22	553.08
Compensations	349.13	141.83
Materials /Scrap/Assets Loss etc	22.38	54.77
Cost of Solar Agl Pump Sets	7,220.59	5,298.06
Extra Ordinary debits (Loss on account of Flood, Cyclone, Fire etc.)	53.11	61.08
	12,786.33	**9,796.77**
Repairs and maintainance expenses :		
Buildings & Civil Works	1,377.83	555.68
Substation maintenance by Pvt.agencies	4,298.89	4,173.24
Transformers	1,782.61	2,247.85
Plant and Machinery	978.61	1,093.04
Lines, Cable net work etc.	4,036.57	2,578.66
Vehicles - Expenses	0.62	1.42
Office equipment -Expenses	123.77	100.13
R&M Expenses Others	(105.39)	(26.17)
	12,493.51	**10,723.86**
Adminstration and general expenses :		
Rent, Rates and Taxes	151.69	280.37
Licence Fee - APERC	195.06	193.77
Other professional charges	3,036.67	2,413.55
Communication and related expenses	596.68	406.97
Legal charges	58.96	77.52
Consultancy/Professional charges	350.54	440.06
Other Expenses	99.24	122.64
Vehcile running exp.(Cars,Jeeps,Etc.)	66.91	60.17
Vehcile hire charges	1,112.19	1,104.92
Audit fees	9.54	8.46
Printing & Stationary	78.41	95.94
Advertisement	240.83	193.40
Electricity charges	673.34	680.04
Miscellaneous Expenses	162.34	1,565.38
Training & Participation	14.34	36.49
Insurance	7.31	8.91
Stores related Expenses	55.23	65.35
Travelling expenses & Conveyance	1,296.06	1,235.62
Adm & General Charges Capitalised	(1,341.85)	(893.63)
	6,863.49	**8,095.94**
	32,143.33	**28,616.57**

(i) Payments to auditors

	31 March 2018	31 March 2017
As auditor		
Statutory audit	6.49	5.31
-Tax audit	1.33	1.33
In other capacity	-	-
-Taxation matters	-	-
-Company law matters	-	-
Reimbursement of expenses	1.77	1.77
	9.59	**8.41**

30. Other disclosures

(i) **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.7,603.83/-(P.Y Rs.5,063.91/-) , Adm & Gen. cost capitalised during the year amounts to Rs.1,341.85/- (P.Y Rs.893.63)

(ii) **Fixed Assets/Depreciation::**

(a) 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.

(b) 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 INR 10,000 lakhs for the Cash in transit and INR.98 lakhs for cash on hand.

(c) 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
1) SAP Application Sofware for 327 Users	103.51
2) SAP Application Sofware for 200 Users	70.00
3) SAP Application Sofware for 500 Users	227.05
4) Vmware Vsphere Enterprise version	52.50
5) Red Hat Enterprise Linux 6.0	11.09
6) RMDAS one time cost of Software License	25.00
7) EPCCB Software License	351.00

(iii) **Ind AS Accounting standard 36 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.

(iv) **Income Tax**

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

Asst year	Authority before which the appeal/ Tribunal(ITAT) / High court is pending	Amount in dispute
2003-04	High Court	137.46
2004-05	High Court	177.28

(v) **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 2017-18 along with relevant notes have been derived from SAP system.

(vi) **Third Transfer Scheme with effect from 9th June 2005**

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%. This G.O shall be deemed to have come into force with retrospective effect from 09.06.2005. The retrospective implementation of the G.O involves many calculations, revisions, etc.The Andhra Pradesh Power Co-ordination Committee(APPCC) has requested the GoAP to emend the dete of implementation from April,2008 onwards.

After Bifurcation of State of Andhra Pradesh under AP Reorganisation Act 2014,out of 46.11% Power allocation to Residual Andhra Pradesh, APEPDCL Share is 34.27% with effect from 02.06.2014 vide G.O Ms No.21 Dt.12.05.2014.

(vii) The Assets and Liabilities of the company as on 31.03.2018 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.

(viii) **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.

(a) Govt. of A.P Vide G.O.Ms.No.59 Dt.07-06-2005 has 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 is being 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) 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.

(c) 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.

(d) The Cost of Power Purchase, Inter State Sales, inter Discom Sales 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.

(e) 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, 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 and this is a single account, Distribution company wise confirmation of balance is not available.

(ix) As per IND AS 108 - Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) i.e Chairman and Managing Director. Power distribution has been considered as the only reportable segment. Hence, no separate financial disclosure have been provided for the segment reporting.

(x) **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.

(xi) **Ind AS 37: Provisions, contingent liabilities & contingent assets**

a) The receivables for sale of power as on 31-03-2018 includes Rs.43,531.97 lakhs 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 lakhs 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.

A letter was received from the Branch Manager, SBI, APEPDCL Branch,Visakhapatnam informing that they have received an Attachment Order Dt: 08.06.2017 with regard to M/s. NCC Ltd from the Hon'ble Court of XII Addl. District Judge at Visakhapatnam to attach the bank accounts of APEPDCL, Corporate Office. The CRPs were filed before the Hon'ble High Court of A.P, Hyderabad against the order Dt.08.06.2017. On Dt: 30.06.2017, the Hon'ble High court has issued the following order against the above CRPs. "In view of the undertaking given by the petitioner, which is a Government of Andhra Pradesh undertaking, an interim stay of the impugned order of attachment on condition that the petitioner deposits 50% of the E.P. amount to the credit of the execution proceedings before the Court below, within a period of four (4) weeks. Accordingly 50% amount against 4 Nos. EPs for an amount of Rs.83.85 lakhs was deposited in the Honble District court, Visakhapatnam on Dt: 22.09.2017.

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. 1,113.96/- lakhs. 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. 55.70/-lakhs. On request of the contractor for waival of penalties i.e. liquidated damages of Rs.66.34/- lakhs and Performance Bank Guarantee of Rs. 55.69/- lakhs totalling Rs. 122.04/- lakhs, 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.22.24/- lakhs 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.66.34/- lakhs on M/s Y.S Rao and Co. and to settle the dues to the extent of Rs.10.20/- lakhs and the contractor was informed that balance amount of Rs.10.20/- lakhs 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/-lakhs 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 and disposed on 13.06.2017. Judegement copy is yet to be received.

d) An amount of Rs. 97.87 & 3.38 lakhs 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

Division/Circle	Amount involved	Paid/ Deposited
Circle Office/ Vizianagaram	4.90	1.89
Vizianagaram	15.12	7.56
Bobbili	11.39	5.69
Circle Office /Visakhapatnam	2.41	1.21
Zone-I/Visakhapatnam	6.80	6.80
Circle Office/ Rajamahendravaram	7.99	4.79
Rajamahendravaram	36.99	16.65
Ramachandrapuram	9.57	7.17
Amalapuram	62.14	31.07
Jaggampeta	40.25	20.12
Tadepalligudem	28.23	16.94
Bhimavaram	19.94	11.96
Nidadavole	39.26	19.78
Total	**284.96**	**151.64**

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.301.04 lakhs 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:

Sno.	T.A No	Assessment year	Amount paid (INR Lakhs)
1	448/2009	2002-03 (Entry Tax)	131.47
2	451/2009	2003-04 (Apr to Jun 2003) Entry Tax	34.46
3	453/2009	2003-04 (Jul to Nov 2003) Entry Tax	38.39
4	393/2011	2003-04 (Dec to Mar 2004) Entry Tax	47.45
5	392/2011	2004-05 (Apr to Nov 2004) Entry Tax	49.28
		Total	**301.04**

g) The Commercial Tax Officer/ Chinawaltair Circle/ Visakhapatnam has issued the Assessment Order dated 31.08.2015 for Rs.1,901.79 lakhs towards the VAT on Deemed 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.658.35 lakhs towards the VAT on Deemed 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.658.35 lakhs 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) The Commercial Tax Officer/ Dwarakanagar / Visakhapatnam has issued an Assessment Order Dt.12.12.2017 for Rs.204.21 lakhs towards the VAT on Sale of Electrical Scrap, Other Income treated as Meter Rental charges and sale of tender sechedules for the period from 01.04.2013 to 31.03.2016 in the financial year 2017-18. An appeal was prefered at Commercial Tax Officer/ Dwarakanagar / Visakhapatnamvide Appeal No.VSP/75/2017-18.

k) The Commercial Tax Officer/ Dwarakanagar / Visakhapatnam has issued an Order Dt.09.01.2018 for Rs.204.21 lakhs towards 100% penality againt the VAT Assessment order Dt.12.12.2017 on Sale of Electrical Scrap, Other Income treated as Meter Rental charges and sale of tender sechedules for the period from 01.04.2013 to 31.03.2016. An appeal was prefered at Commercial Tax Officer/ Dwarakanagar / Visakhapatnamvide Appeal No VSP/09/2018-19.

l) M/s LVS Power Ltd has filed a W.P.37518 of 2013 in High Court of AP for fixed charges claim of Rs. 46.14 Crs for the period from Feb'2013 to Nov'2013 and APPCC filed WP in High Court of AP ,WP No.32760 / 2013, Dt.17/09/2013 stating that around Rs.180 Crs is payable to M/s LVS Power for the period from Feb'2013 to till PPA expiry (October'2017) and prayed that APEPDCL is not liable to pay fixed charges. The case was listed on 04.06.2018.

m) Other Contingent Liabilities: compensations against Non-fatal accidents etc. pending in courts.

Name of the Circle/Division	**Amount in INR**
Srikakulam Division	7.40
Tekkali Division	70.32
Vizianagaram Division	71.99
Bobbili Division	75.11
Zone-I	2.00
Narsipatnam Division	26.66
Rajamahendravaram Division	43.65
Kakinada Division	7.00
R.C.Puram Division	1.05
Jaggampeta Division	3.00
T.P Gudem	4.45
Nidadavolu	13.15
Total	**325.78**

n) Cross subsidy surcharge for captive consumption from captive consumers pending in courts.

Name of the Circle/Division	**Amount in INR**
Srikakulam	112.03
Rajamahendravaram	15.73
Total	**127.76**

o) 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%).

p) 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. 279.80 Crs, For 2016-17 Rs. 1527.96 Crs & for 2017-18 Rs.620.67 Crs (B) Out of above, adhoc payment made for 2015-16 Rs. 192.40 Crs, For 2016-17 Rs. 1005.29 Crs & for 2017-18 Rs.557.68 Crs(C) Balance amount is for 2015-16 Rs. 87.40 Crs, For 2016-17 Rs. 522.67 Crs & for 2017-18 Rs.62.99 Crs. which was not admitted in the books since the tariff of said station is yet to be approved by Hon'ble APERC.

q) 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.

r) Power purchase cost was admitted limited to APERC approved tariff and energy as per actual receipt irrespective of APERC approved quantum. As a result there is difference between Generator billing/claim Vs. Power purchase cost admitted by APPCC. The summary of differential power purchase cost for F.Y. 2017-18 not admitted is given below:

Name of the Station	EPDCL share @ 34.27% (Amount in INR Crores)
KSK Mahanadi Energy Charges	18.33
KSK Mahanadi Transmission Charges (MTOA)	83.61
Thermal Powertech POC Charges	33.33
TS GENCO FCA (2017-18)	32.46
TS GENCO FCA (2016-17)	93.99
TS GENCO Differential Fixed cost & Interest on Pension Bonds for the 2014-15 to 2017-18 (Up to 10.06.2017)	359.38
TS GENCO Thermal Incentive	0.20
Total differential power purchase Cost for F.Y.2017-18 not admitted	**621.30**

s) Against the arrears more than 3 years of Rs.50,885.66 lakhs, doubtful dues to end of 31-03-2018 are only Rs.3,454.87 lakhs (Arrears against more than 6 months bill stopped services of Rs.2,013.85 lakhs and under RR Act Rs.1,441.02 lakhs only). Remaining amount is under court cases and Govt. services. Since available provision for bad and doubtful debts of Rs.3,519.29 lakhs is adequate no additional provision has been created during the year.

t) 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 incorporated in the books of Accounts for the FY 2017-18 are as follows:

Total Liablities : INR 2,138.48 lakhs

Total Assets : INR 2,736.94 lakhs

Net Payable : INR 598.46 lakhs

The details of Transactions recognized in respect of 7 merged Mandals in Andhra pradesh taken place between 02.06.2014 to 31.03.2015 adopted in the F.Y 2017-18 are as follows:

Description	Amount in INR
Power Purchase Cost	1,018.53
O&M Expenses	181.76
Capital Expenditure	42.78
Total	**1,243.06**

Collections from issue of Electrical Bills	1,249.74
Security Deposit Collected	41.53
Development charges collected	10.49
Service Line charges collected	15.71
Total Collections	**1,317.48**

Demand raised (02.06.2014 to 31.03.2015) (net of Demand withdrawn)	
LT Demand	915.38
HT Demand	29.79

u) Power purchase cost tranfered by the TSNPDCL for the period 02.06.2014 to 31.03.2015 was Rs.13,74,03,113/- (21810018 Units at Rs.6.30 per unit), but as per the Audited annual reports of TSNPDCL for the F.Y 2014-15 Average Power Purchase cost is Rs.4.67 per unit. Hence Power Purchase cost arrived for 21810018 Units @ 4.67 Average price for Rs.1018.53 Lakhs). The details communicated to TSNPDCL for confirmation. Soon on receipt of confirmation from TSNPDCL diffretial cost will be accounted.

v) Previous years figures are regrouped and rearranged where ever necessary.

w) Amounts have been rounded off to nearest rupees in lakhs

See accompanying notes forming part of the financial statements.
In terms of our report attached

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

Sd/-xxxxx
Naresh Chandra G.V.
Partner
Membership No:201754

Station : Visakhapatanm
Date : 09-08-2018

Sd/-xxxxx
T.V.S.Chandra Sekhar
Director (Finance & HRD)
(DIN : 05252424)

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

For and on behalf of Board

Sd/-xxxxx
H.Y Dora
Chairman & Managing Director
(DIN : 02198284)

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

31. Financial instruments

A. Financial instruments by category

	31 March 2018		31 March 2017		1 April 2016	
	FVTOCI	**Amortized Cost**	**FVTOCI**	**Amortized Cost**	**FVTOCI**	**Amortized Cost**
Financial assets						
Investments	14,651.55	1,926.30	14,627.07	1,913.16	14,627.07	2,213.16
Trade receivables		168,373.37		130,342.42		107,139.08
Loans and advances to staff		7,302.90		5,671.68		4,350.18
Cash and cash equivalents		28,554.42		29,291.41		22,455.13
Other financial assets		143,190.76		124,356.10		99,199.73
Total financial assets	**14,651.55**	**349,347.75**	**14,627.07**	**291,574.77**	**14,627.07**	**235,357.28**
Financial liabilities						
Borrowings		310,649.18		308,772.54		465,973.30
Other financial liabilities		54,508.51		19,735.54		21,804.64
Total financial liabilities	**-**	**365,157.69**	**-**	**328,508.08**	**-**	**487,777.94**

Note 1: For the purpose of above abbreviations, FVTOCI - Fair value through other comprehensive income; amortised cost - fair value through amortized cost

Note 2: Other financial assets and liabilities relate to level 3 financial instruments where the carrying value reasonably approximates to their fair value.

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements.

Financial assets and liabilities which are measured at amortized cost - for which fair values are disclosed

At 31 March 2018	Level 1	Level 2	Level 3	Level 4
Financial assets				
Investments	-	-	16,577.84	16,577.84
Trade receivables	-	-	168,373.37	168,373.37
Cash and cash equivalents	-	-	28,554.42	28,554.42
Loans and advances to staff	-	-	7,302.90	7,302.90
Other financial assets	-	-	143,190.76	143,190.76
Total financial asset	-	-	**363,999.30**	**363,999.30**
Financial liabilities Borrowings	-	-	310,649.18	310,649.18
Other financial liabilities	-	-	54,508.51	54,508.51
Total financial liabilities	-	-	**365,157.69**	**365,157.69**

Financial assets and liabilities which are measured at amortized cost - for which fair values are disclosed

At 31 March 2017	Level 1	Level 2	Level 3	Level 4
Financial assets				
Investments	-	-	16,540.23	16,540.23
Trade receivables	-	-	130,342.42	130,342.42
Cash and cash equivalents	-	-	29,291.41	29,291.41
Loans and advances to staff	-	-	5,671.68	5,671.68
Other financial assets	-	-	124,356.10	124,356.10
Total financial asset	-	-	**306,201.84**	**306,201.84**
Financial liabilities				
Borrowings	-	-	308,772.54	308,772.54
Other financial liabilities	-	-	19,735.54	19,735.54
Total financial liabilities	-	-	**328,508.08**	**328,508.08**

Financial assets and liabilities which are measured at amortized cost - for which fair values are disclosed

At 31 March 2016	Level 1	Level 2	Level 3	Level 4
Financial assets				
Investments	-	-	16,840.23	16,840.23
Trade receivables	-	-	107,139.08	107,139.08
Cash and cash equivalents	-	-	22,455.13	22,455.13
Loans and advances to staff	-	-	4,350.18	4,350.18
Other financial assets	-	-	99,199.73	99,199.73
Total financial asset	-	-	**249,984.35**	**249,984.35**
Financial liabilities				
Borrowings	-	-	465,973.30	465,973.30
Other financial liabilities	-	-	21,804.64	21,804.64
Total financial liabilities	-	-	**487,777.94**	**487,777.94**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

(ii) Valuation technique used to determine fair value

The Company has not adopted any fair value technique to measure its financial assets and financial liabilities. All of the resulting fair value estimates are included in level 3, where the fair values have been determined based upon the present values and the discount rate used were adjusted for counterparty or own credit risk.

32 Financial risk management

Risk management framework

The Company's board of directors have overall responsibility for the Company's risk management framework. The board of directors are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors monitors the compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company has exposure to the following risks arising from financial instruments:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables	Ageing analysis, credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings ,Other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

A. Credit risk

i. Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

ii. Provision for Expected credit loss

The Company has receivables from customers as per previous GAAP INR 170,885.02 (2017 - INR 132,971.41; 2016 - INR 109,691.61) out of which Government department arrears are INR 97,700.35

(2017 - INR 77,847.16; 2016 - INR 38,465.40) and Pending in court cases are INR 43,531.97 (2017-INR 44,730.57; 2016-INR 44,531.96) has not been considered for Expected credit loss.

Year ended 31 March 2018
(a) Expected credit loss for trade receivables under simplified approach

Ageing	Not due	>1 Month to 5 Months	> 5 Months to 1 Year	> 5 Months to 1.5 Years	>1.5 Years to 2 Years	Above 2 years	Total
Gross carrying amount	14,361.76	6,261.52	1,441.57	2,999.23	3,331.40	1,257.22	29,652.70
Expected loss rate	7%	21%	24%	46%	66%	1	
Expected credit losses (loss allowance provision)	934.49	1,311.74	346.58	1,381.42	2,210.46	1,257.22	7,441.91
Carrying amount of trade receivables (net of impairment)	**13,427.27**	**4,949.78**	**1,094.99**	**1,617.81**	**1,120.94**	**-**	**22,210.79**

Significant estimates and judgments

Impairment of financial assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as foreword looking estimates at the end of each reporting period.

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains the following lines of credit:

iii. Market risk

a. Foreign currency risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is not exposed to currency risk on purchases, sales and cash balances that are denominated in a currency other than the functional currencies of the Company.

b. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

	31 March 2018	31 March 2017	01 April 2016
Variable rate borrowings	256,221.63	276,116.20	433,214.14
Fixed rate borrowings			

33 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to equity shareholders.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	Amount in lakhs		
	31 March 2018	31 March 2017	1 April 2016
Total liabilities	1,424,902	1,254,840	1,178,626
Less : cash and cash equivalents	28,554.42	29,291	22,455
Adjusted net debt	1,396,347	1,225,548	1,156,171
Total equity	(310,138.24)	(310,559)	(266,303)
Adjusted net debt to adjusted equity ratio	(4.50)	(4)	(4)

34. Earnings per share (EPS)

Computation of earnings per share		31 March 2018	31 March 2017
Profit after Tax (INR in lakhs)	(A)	289.21	(39,416.16)
Weighted average number of shares for Earnings per share	(B)	1,212.25	1,212.25
Basic and Diluted Earnings per share of INR 10 = (A) / (B)		**0.24**	**(32.51)**
Total Comprehensive income (INR in lakhs)	(A)	1,044.80	(44,255.94)
Weighted average number of shares for Earnings per share	(B)	1,212.25	1,212.25
Basic and Diluted Earnings per share of INR 10 = (A) / (B)		**0.86**	**(36.51)**

Explation of transaction to Ind AS

(All amount in Indian Rupees in Lakhs, except share data & otherwise stated)

35 First time adoption of Ind AS

As stated in note 2, these are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2018 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (transition date). In preparing its opening Ind AS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's balance sheet, profit and loss and cash flows is set out in the following tables and the notes that accompany the tables.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

Deemed Cost : As per para D7AA of Ind AS 101 an entity may elect to:

measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date.

use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to

- fair value;
- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

use carrying values of property, plant and equipment as on the date of transition to Ind AS (which are measured in accordance with previous GAAP) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to carry the previous GAAP carrying values as deemed cost for all of the items of property, plant and equipment and capital work-in-progress.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the previous GAAP are listed below:

a) Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.

b) Determination of the discounted value for financial instruments carried at amortised cost.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

A.2.3 Deemed cost

As per para D7AA of Ind AS 101 permits a first-time adopter to continue with the carrying value for all its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.. Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

B. Reconciliation between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cashflows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS

B.1 Reconciliation of equity as at 1 April 2016 (transition date)

	Notes to first-time adoption	'Previous GAAP*	'Reclass to Ind AS	Ind AS adjustments	Ind AS
ASSETS					
Non-current assets					
Property, plant and equipment		241,741.77	-	-	241,741.77
Capital work-in-progress		49,712.14	-	-	49,712.14
Intangible assets		-	-	-	-
Financial assets		-	-	-	-
Investments	3	16,840.23	-	-	16,840.23
Loans	6	83,445.53	(77,418.26)	(1,677.09)	4,350.18
Others		-	607.10	-	607.10
Other non-current assets		2,758.90	345,146.18	1,427.56	349,332.64
Deffered tax assets		-	-	-	-
Total non-current assets		**394,498.56**	**268,335.01**	**(249.53)**	**662,584.05**
Current assets Inventories		18,427.79	-	-	18,427.79
Financial Assets		-	-	-	-
Trade receivables		107,139.08	-	-	107,139.08
Cash and Cash Equivalents		22,455.13	-	-	22,455.13
Loans	6	271,043.91	(271,043.91)	-	-
Others		-	98,592.63	-	98,592.63
Other current assets		98,789.76	(98,219.26)	218.20	788.71
Other tax assets		-	2,335.52	-	2,335.52
Total current assets		**517,855.68**	**(268,335.01)**	**218.20**	**249,738.87**
Total assets		**912,354.24**	**-**	**(31.33)**	**912,322.91**

EQUITY AND LIABILITIES					
Equity Equity share capital		12,122.53	-	-	12,122.53
Other equity					-
Retained earnings	7	(146,229.00)	(132,165.49)	(31.33)	(278,425.81)
Total equity		**(134,106.46)**	**(132,165.49)**	**(31.33)**	**(266,303.28)**
Liabilities **Non-current liabilities**					
Financial Liabilities					
Long-term borrowings		433,214.14	-	-	433,214.14
Other financial liabilities		-	-	-	-
Long-term provisions	5	34,539.23	-	-	34,539.23
Government grants		-	131,398.74	-	131,398.74
Other non-current liabilities		123,990.75	766.74	-	124,757.49
Total non-current liabilities		**591,744.11**	**132,165.49**	**-**	**723,909.60**
Current liabilities					
Financial Liabilities					
Borrowings		32,759.17	-	-	32,759.17
Trade payables		304,979.20	-	-	304,979.20
Other financial liabilities		-	21,804.64	-	21,804.64
Other current liabilities		76,294.22	(21,804.64)	-	54,489.58
Short-term provisions		40,684.00	-	-	40,684.00
Total current liabilities		**454,716.60**	**-**	**-**	**454,716.60**
Total liabilities		**1,046,460.71**	**-**	**(31.33)**	**1,178,626.19**
Total equity and liabilities		**912,354.24**	**(0.00)**	**(31.33)**	**912,322.91**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

B-2. Reconcilation of equity as at 31 March 2017

	Notes to first-time adoption	'Previous GAAP*	'Reclass to Ind AS	Ind AS adjustments	Ind AS
ASSETS					
Non-current assets					
Property, plant and equipment		276,164.14	-	-	276,164.14
Capital work-in-progress		41,851.94	-	-	41,851.94
Intangible assets		6.63	-	-	6.63
Financial assets		-	-	-	-
Investments	3	16,540.23	-	-	16,540.23
Loans	6	10,472.90	(2,817.43)	(1,983.79)	5,671.68
Others		-	958.26	-	958.26

Other non-current assets		3,150.05	295,139.59	1,539.46	299,829.10
Deffered tax assets		-	-	-	-
Total non-current assets		**348,185.90**	**293,280.41**	**(444.33)**	**641,021.98**
Current assets					
Inventories		16,818.54	-	-	16,818.54
Financial Assets		-	-	-	-
Trade receivables		130,342.42	-	-	130,342.42
Cash and Cash Equivalents		29,291.41	-	-	29,291.41
Loans	6	295,779.61	(295,779.61)	-	-
Others		-	123,397.84	-	123,397.84
Other current assets		124,019.18	(123,050.92)	287.71	1,255.97
Other tax assets		-	2,152.27	-	2,152.27
Total current assets		**596,251.15**	**(293,280.41)**		**303,258.45**
Total assets		**944,437.05**	**-**	**(444.33)**	**944,280.43**
EQUITY AND LIABILITIES					
Equity					
Equity share capital		12,122.53	-	-	12,122.53
Other equity					-
Retained earnings	7	131,618.49	(454,143.62)	(156.62)	(322,681.75)
Total equity		**143,741.02**	**(454,143.62)**	**(156.62)**	**(310,559.22)**
Liabilities					
Non-current liabilities					
Financial Liabilities					
Long-term borrowings		276,116.20	-	-	276,116.20
Other financial liabilities		-	-	-	-
Long-term provisions	5	37,156.30	-	-	37,156.30
Government grants		-	453,207.94	-	453,207.94
Other non-current liabilities		139,150.01	935.68	-	140,085.69
Total non-current liabilities		**452,422.51**	**454,143.62**	**-**	**906,566.13**
Current liabilities					
Financial Liabilities					
Borrowings		32,656.34	-	-	32,656.34
Trade payables		204,155.47	-	-	204,155.47
Other financial liabilities		-	19,735.54	-	19,735.54
Other current liabilities		73,588.11	(19,735.54)	-	53,852.56
Short-term provisions		37,873.60	-	-	37,873.60
Total current liabilities		**348,273.52**	**0.00**	**-**	**348,273.52**
Total liabilities		**800,696.03**	**454,143.62**	**-**	**1,254,839.65**
Total equity and liabilities		**944,437.05**	**(0.00)**	**(156.62)**	**944,280.43**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note

B.3 Reconciliation of equity as at 31 March 2018

	Notes to first-time adoption	'Previous GAAP*	'Reclass to Ind AS	Ind AS adjustments	Ind AS
ASSETS					
Non-current assets					
Property, plant and equipment		338,049.36	-	-	338,049.36
Capital work-in-progress		39,883.43	-	-	39,883.43
Intangible assets		4.14	-	-	4.14
Financial assets		-	-	-	-
Investments	3	16,577.84	-	-	16,577.84
Loans	6	12,248.15	(2,607.74)	(2,337.50)	7,302.90
Others		-	1,360.66	-	1,360.66
Other non-current assets		3,693.92	344,096.52	1,638.96	349,429.39
Deffered tax assets		-	-	(220.03)	(220.03)
Total non-current assets		**410,456.83**	**342,849.44**	**(918.57)**	**752,387.70**
Current assets					
Inventories		20,531.26	-	-	20,531.26
Financial Assets					
Trade receivables		168,373.37	-	-	168,373.37
Cash and Cash Equivalents		28,554.42	-	-	28,554.42
Loans	6	344,907.33	(344,907.33)	-	-
Others		-	141,830.10	-	141,830.10
Other current assets		142,491.13	(141,261.16)	367.79	1,597.75
Other tax assets		-	1,488.96	-	1,488.96
Total current assets		**704,857.51**	**(342,849.44)**	**367.79**	**362,375.86**
Total assets		**1,115,314.35**	**-**	**(550.78)**	**1,114,763.56**
EQUITY AND LIABILITIES					
Equity					
Equity share capital		12,122.53	-	-	12,122.53
Other equity					
Retained earnings	7	163,385.62	(485,095.61)	(550.78)	(322,260.78)
Total equity		**175,508.15**	**(485,095.61)**	**(550.78)**	**(310,138.24)**
Liabilities					
Non-current liabilities					
Financial Liabilities					
Long-term borrowings		256,221.63	-	-	256,221.63
Other financial liabilities		-	-	-	-
Long-term provisions	5	47,032.42	-	-	47,032.42
Government grants		-	484,161.39	-	484,161.39
Other non-current liabilities		154,696.55	934.23	-	155,630.78
Total non-current liabilities		**457,950.60**	**485,095.61**	**-**	**943,046.22**
Current liabilities					
Financial Liabilities					
Borrowings		54,427.55	-	-	54,427.55
Trade payables		286,020.34	-	-	286,020.34
Other financial liabilities		-	54,508.51	-	54,508.51
Other current liabilities		125,205.42	(54,508.51)	-	70,696.91
Short-term provisions		16,202.28	-	-	16,202.28
Total current liabilities		**481,855.59**	**-**	**-**	**481,855.59**
Total liabilities		**939,806.19**	**485,095.61**	**-**	**1,424,901.80**
Total equity and liabilities		**1,115,314.35**	**(0.00)**	**(550.78)**	**1,114,763.56**

B.4 Reconciliation of total comprehensive income for the year ended 31 March 2017

	Notes to first-time adoption	'Previous GAAP*	'Reclass to Ind AS	Ind AS adjustments	Ind AS
Revenue from operations		819,172.17	-	-	819,172.17
Other income	4,5,6	45,069.89	8,682.52	167.48	53,919.88
Total income		**864,242.06**	**8,682.52**	**167.48**	**873,092.05**
Expenses					
Purchase of Power		737,118.73	-	-	737,118.73
Employee benefits expense	5	77,202.55	-	(4,547.01)	72,655.54
Finance costs		43,539.36	-	-	43,539.36
Depreciation and amortisation		30,578.02	-	-	30,578.02
Other expenses		28,616.57	-	-	28,616.57
Total expenses		**917,055.22**	**-**	**(4,547.01)**	**912,508.21**
Profit before tax		**(52,813.16)**	**8,682.52**	**4,714.49**	**(39,416.16)**
Extraordinary items	4	8,682.52	(8,682.52)	-	-
Tax expense Current tax			-	-	-
Deferred tax (credit)/ charge		-	-	-	-
Total tax expense		**-**	**-**	**-**	**-**
Profit / (Loss) for the year		**(44,130.65)**	**-**	**4,714.49**	**(39,416.16)**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains/losses on gratuity		**-**	**-**	**(4,839.78)**	(4,839.78)
Total comprehensive income for the year		**(44,130.65)**	**-**	**(125.29)**	**(44,255.94)**

B.5 Reconciliation of total comprehensive income for the year ended 31 March 2018

	Notes to first-time adoption	'Previous GAAP*	'Reclass to Ind AS	Ind AS adjustments	Ind AS
Revenue from operations		1,012,135.24	-	-	1,012,135.24
Other income	4,5,6	50,939.81	-	213.92	51,153.73
Total income		**1,063,075.04**	**-**	**213.92**	**1,063,288.96**
Expenses					
Cost of materials consumed		879,363.61	-	-	879,363.61
Employee benefits expense	5	79,897.95	-	388.06	80,286.01
Finance costs		35,252.10	-	-	35,252.10
Depreciation and amortisation		35,734.68	-	-	35,734.68
Other expenses		32,143.33	-	-	32,143.33
Total expenses		**1,062,391.67**	**-**	**388.06**	**1,062,779.72**
Profit before tax		**683.38**	**-**	**(174.14)**	**509.24**
Extraordinary items	4	-	-		-
Tax expense					
Current tax		-	-	-	-
Deferred tax (credit)/ charge		-	-	220.03	220.03
Total tax expense		**-**	**-**	**220.03**	**220.03**
Profit / (Loss) for the year		**683.38**	**-**	**(394.17)**	**289.21**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains/losses on gratuity		-	755.59		755.59
Total comprehensive income for the year		**683.38**	**-**	**(394.17)**	**1,044.80**

B.6 Impact of Ind AS adoption on the consolidated statements of cash flows for the year ended 31 March 2017

	Previous GAAP*	Adjustments	Ind AS
Net cash flow from operating activities	(86,229.73)	(12,752.35)	(73,477.38)
Net cash flow from investing activities	(53,358.97)	(0.00)	(53,358.97)
Net cash flow from financing activities	146,424.97	12,752.35	133,672.62
Net increase/(decrease) in cash and cash equivalents	**6,836.28**	**0.00**	**6,836.28**
Cash and cash equivalents as at 1 April 2016	22,455.13	0.00	22,455.13
Cash and cash equivalents as at 31 March 2017	**29,291.41**	**0.00**	**29,291.41**

C. Notes to first-time adoption

Note 3 - Fair valuation of investments

Under the previous GAAP, investment in equity instruments were classified as long term investments or current investments based on the intended holding period . Long term investments were carried at cost less provision for other than temporary deminution in the value of such investments .Current investments were carried at lower of cost and fair value. Under Ind AS, equity instruments are required to be measured at fair value. For the investments in APPDCL and investments in RESCO are carried at FVOCI.

Note 4 - Extraordinary items

Under the previous GAAP, remibursement of financial assistance for cyclone has been shown under extraordinary item on the face of the profit and loss account. Under Ind AS 8, it was reclassified to other income as this is a reimbursement of the expenditure spent in the previous periods.

Note 5 - Defined benefit obligation

Both under Indian GAAP and Ind-AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are to be recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Whereas, the Company has recognised all the remeasurements to the Statement of profit and loss and decided to follow the same consistently.

Note 6 - Loans and advances to staff

Under Ind AS, loans given to employees are carried at cost whereas under Ind AS whereever the loans given at below market rate of interest were taken to the market rate which is considered as 9%.

The difference between the the market rate and the actual interest rate considered as prepaid employee cost.

Note 7 - Retained earnings

Retained earnings as at 1 April 2016 has been adjusted consequent to below Ind AS transition adjustments.

S No.	Ind AS Impact	31 March 2018	31 March 2017	1 April 2016
	Equity as per IGAAP	175,508.15	143,741.02	(134,106.46)
1	Reclassification of grants	(485,095.61)	(454,143.62)	(132,165.49)
2	Fair valuation of loans and advances to staff	(330.76)	(156.62)	(31.33)
3	Deferred tax impact on Ind AS adjustments	(220.03)	-	-
	Change in equity	**(485,646.40)**	**(454,300.24)**	**(132,196.82)**
	Equity as per Ind AS	**(310,138.24)**	**(310,559.22)**	**(266,303.28)**

Note 8 - Reclassification

The ledgers created under previous GAAP have been reclassed as per requirements of Ind AS wherever necessary.

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

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 Extra Ordinary General Meeting of the Company to be held on the Friday, 21st December, 2018 at 04.30 PM 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 take note of the Final Comments of the Comptroller and Auditor General of India on the Audited Financial Statements of the Company for the Financial Year 2017-18.

Signed this……………. day of December, 2018

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

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

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 18th Annual General meeting of the Company to be held on Thursday, 27th September, 2018 at 04.00 PM 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 31.03.2018 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 2018-19 as per the provisions of Section 139 of the Companies Act, 2013 and to fix the remuneration of Statutory Auditors for the Financial year 2018-19 as per the provisions of Section 142 of the Companies Act, 2013.
Special Business:	
3	To ratify the action in having fixed remuneration of the Cost Auditors by the Board of Directors for the Financial Year 2018-19

Signed this……………. day of September, 2018

Signature of shareholder

Signature of Proxy holder(s)

Please Affix
Revenue Stamp

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

Inauguration of Electric Car by
Sri. H.Y.Dora, CMD, APEPDCL

APEPDCL

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