



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

EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

CIN: U40109AP2000SGC034117

Regd. Office :

P & T Colony, Seethammadhara, Visakhapatnam - 530 013

Phone : 0891 - 2582503, Fax : 0891 - 2737675

website : www.apeasternpower.com

DIRECTORS

Sri. R. MUTYALA RAJU, I.A.S,

Chairman & Managing Director

Sri. B. SESHU KUMAR

Director (Operations & Projects)

Sri. T.V.S. CHANDRA SEKHAR

Director (Finance, HRD & Plng.)

Sri. RAHUL PANDEY, IFS

Nominee Director

Sri. K.N. MALLESWARA RAO

Nominee Director

BANKERS

STATE BANK OF HYDERABAD

STATE BANK OF INDIA

ANDHRA BANK

BANK OF INDIA

INDIAN OVERSEAS BANK

AUDITORS

BRAHMAYYA & CO.

Chartered Accountants

D.No. 33-25-338

Govindarajulu Naidu Street, Suryaraopeta,
Vijayawada - 520002, AP

COMPANY SECRETARY

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



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

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NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Eastern Power Distribution Company of Andhra Pradesh Limited is rescheduled and will now be held on Tuesday, 29th December, 2015 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 31.03.2015 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 appointed by the Comptroller and Auditor General of India for the Financial Year 2015-2016.

The Office of the Comptroller and Auditor General of India vide their letter No. CA. V / COY / ANDHRA PRADESH, EASTPW (1) / 1402, dated: 12.08.2015 appointed Grandhy &Co., (SR0164) Chartered Accountants as Statutory Auditors of the Company for the financial year 2015-2016.

"RESOLVED THAT the appointment of M/s Grandhy &Co, (SR0164) Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2015-2016 by the Office of the Comptroller and Auditor General of India vide their letter No. CA. V / COY / ANDHRA PRADESH, EASTPW (1) / 1402, dated: 12.08.2015 be noted.

RESOLVED THAT, pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of the Company be and are hereby authorised to fix the remuneration payable to Statutory Auditors and to provide for reimbursement of their actual out-of-pocket expenses for the Financial Year 2015-2016."

Special Business:

3. To ratify the action in having fixed remuneration of the Cost Auditors at the time of their appointment by the Board of Directors for the F.Y. 2015-16 and in this regard to consider and if thought fit, to pass, with or without modifications as ordinary resolution.

"RESOLVED to ratify the action in having fixed remuneration pursuant to the provisions of section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-encashment thereof), the Cost Auditors Appointed by the Board of Directors of the Company, to conduct the audit of the Cost Records of the Company for the F.Y. 2015-16, be paid the remuneration of Rs. 67,500/- (Rupees Sixty Seven Thousand Five Hundred only) and reimbursement of actual out of pocket of expenses.

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

By Order of the Board

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

Place : Visakhapatnam
Date : 04.12.2015

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. The comments of the Comptroller and Auditor General of India (CAG) on the Annual Accounts F.Y.2014-2015 shall be placed before the shareholders at the AGM.



**Eastern Power
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ఆంధ్రప్రదేశ్ శూర్పు ప్రాంత విద్యుత్ పంపిణి సంస్థ

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



e- Board Meeting



**Board's
Report**



BOARD'S REPORT

Dear Shareholders,

Your directors take immense pleasure in presenting the Fifteenth Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March 2015. During the Fifteenth Year of Company's operations, 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.

PERFORMANCE AND OPERATIONAL HIGHLIGHTS

During the year, the Sale of Energy was 14386.26 Million Units, an increase of 9.19 % as compared to 13175.81 Million Units for the previous year. The aggregate technical and commercial losses were brought down to 6.22% from 6.33% in the previous year.

During the year, the DPE wing inspected 57,253 services and assessed an amount of Rs. 2411.46 Lakhs in respect of 9,575 cases booked, relating to pilferage, malpractice, back billing, etc.; out of which an amount of Rs. 1528.63 Lakhs had been realised.

During the year, the Assessment wing has disposed off 2915 Nos. of cases.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the F.Y.2014-15 compared to previous F.Y. 2013-14 is as follows:

(Rs. Crores)

S.No.	Particulars	Actual 2014-15	Actual 2013-14
I	Revenue		
	Sale of Power (incl. Electricity Duty)	6507.88	5800.68
	Inter state sales and Inter Discom Sales	297.20	35.14
	Other Income	342.84	316.85
	Subsidy (Including FRP Bonds Rs.600 Crores taken over by the Govt. of AP in March-15)	875.46	254.86
	Total Revenue	8023.38	6407.53
II	Expenditure		
	Power Purchase	6835.23	5493.77
	Electricity Duty	62.67	56.86
	Employee Cost	1003.22	509.48
	Administration & General Charges	76.15	61.60
	Repairs & Maintenance	66.82	70.47
	Interest & Finance Charges	327.43	159.37



(Rs. Crores)

S.No.	Particulars	Actual 2014-15	Actual 2013-14
	Depreciation	252.42	223.97
	Other Expenses	159.85	(0.50)
	Prior period Items	-	-
	Special Appropriation - Contingency Reserve	-	-
	Less: 1. Expenses Capitalized	37.18	31.62
	2. Interest During Construction (IDC)	0.99	0.02
	Total Expenditure	8745.62	6543.38
	Profit/(Loss) before Tax but After Prior period items & Spl. Appropriation	(722.24)	(135.85)
	Provision for Taxes	-	-
	MAT Credit Entitlement	-	-
III	Profit after Tax/ (Loss)	(722.24)	(135.85)

VARIATION IN EXPENDITURE WHEN COMPARED TO APERC TARGETS

The actual expenditure for the F.Y.2014-15 was Rs. 8745.62 Crores compared to previous F.Y. 2013-14 of Rs.6543.38 Crores. The details of the expenditure in certain key areas, compared to previous year is as follows:

Particulars	Actual	Actual	Remarks
	2014-15 (in Crores)	2013-14 (in Crores)	
Power Purchase	6835.23	5493.77	Increase in Power Purchase cost is due to increase in input energy and increase in average power purchase cost.
Employee Cost	1003.22	509.48	Increase in employees Cost is due to Pay revision w.e.f.01.04.2014 & Increase in Liability created towards pension, gratuity and EL encashment as per actuarial valuation.
Finance Costs	327.43	159.37	Increase in Finance cost is due to increase in interest payment on short term loans and increased CC limits in various Banks.
Other Expenses	159.85	0	Hud Hud Cyclone Expenditure in 2014-15

SURPLUS/(LOSS) IN REVENUE ACCOUNT :

During the year 2014-15 the company incurred a loss of Rs.722.24 Crores.



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 year 2014-15.

DEPOSITS

During the year Company has not accepted any deposits from the public as defined by Sections 73 and 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

AP Re-Organisation Act, 2014

As per AP Re-Organisation Act, 2014, the demerger scheme for apportionment of assets and liabilities between TSNPDCL and APEPDCL pertaining to 7 (Seven) Mandals of erstwhile Khammam District is pending for approval by the Board of Directors of the Company and Government of Andhra Pradesh through Experts Committee of Demerger of Government of Corporations & VC & MD, AP / Hyderabad. However, the operational activities of the above said 7 (Seven) mandals have been taken up by the APEPDCL w.e.f. 01.04.2015.

PROGRESS OF PROJECT WORKS

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

- 78Nos. SC colonies electrified and 328Nos services released during 2014-15.
- 114Nos. Tribal habitations were electrified and 827Nos services released during 2014-15.
- 43 Nos. habitations were electrified and 1004 Nos. services are released through DDG Projects in Visakhapatnam Dist. during the FY 2014-15.
- Works were awarded for Conversion of existing LV network into HVDS by utilizing smaller capacity 16/25/40 KVA DTRs for conversion of 18,615 Nos. Agl. pump sets to HVDS under phase - III at an estimated amount of Rs.100.69 Crores in Srikakulam, Vizianagaram and Visakhapatnam circles and the work is in progress. In respect of operation circles Rajahmundry and Eluru sanction was accorded for conversion of 20,213 Nos. pump sets at an estimated amount of Rs.183.51Crores and the work is in progress in Rajahmundry circle and tenders called in Eluru circle.
- 09 Nos. new 33/11KV Substations at a sanctioned amount of Rs.19.61 Crs are charged during the F.Y. 2014-15.
- R-APDRP Scheme has been sanctioned by PFC, New Delhi for 29 Towns of APEPDCL for Reduction of AT&C losses and improvement of consumer service through adoption of IT applications, Energy Accounting and Auditing without any human intervention and to identify the key areas requiring Administrative/Technical measures at an estimated amount of Rs. 61.45 Crs and All 29 Towns were declared Go-Live by 27.03.15.
- R-APDRP Part-B scheme for reduction of AT&C losses, strengthening of Distribution Network in 9 Towns of APEPDCL viz. Itchapuram, Palasa-Kasibugga, Amadalavasa, Pithapuram, RC Puram, Mandapeta, Amalapuram, Eluru and Bhimavaram has been sanctioned by PFC for an

amount of Rs.58.51Crs and about 90% of Works have been completed by the end of current Financial Year.

- SCADA Part-A scheme has been sanctioned by PFC for implementation of SCADA/DMS for amount of Rs.13.16 Crs at 28 Nos. 33/11KV Substations in Visakhapatnam Town. Work has been awarded to M/s Chemtrols Industries Ltd., Mumbai, and Installation of RTUs completed. Appointment of Network Bandwidth Service Provider is under process.
- SCADA Part-B Scheme has been sanctioned for installation of SCADA Enabling Electrical Components in Visakhapatnam town for Rs.21.42Crs and supply and installation all the related equipment the works have been awarded on 100% Turnkey Basis.
- The Government of India has launched a scheme i.e., Deen Dayal Upadyaya Gram Jyothi Yojana (DDUGJY scheme) for Electrification/intensification of habitations/villages and release of services to Households for Rural areas.
- The Monitoring Committee has approved on 19.02.2015 total project cost of Rs.120.7809 Crs. including PMA @ 0.5% of total project cost for Electrification/intensification of habitations/villages and release of services to Households.
- The Government of India has launched a scheme i.e., Integrated Power Development Scheme (IPDS) for Urban areas for which 3 (Three) Districts covering 15 Towns viz., Vizainagaram, Visakhapatnam and West Godavari of APEPDCL were approved and received on 26.02.2015 with a Project cost of Rs.222.42 Crs. Out of which the Government of India grant is 133.45Crs.(60% of Project cost) and Government of India grant for PMA of Rs.1.11Crs (0.5% of Project cost).

CUSTOMER SERVICE

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

- APEPDCL has resolved 94.54% complaints within resolving time (WRT) and 5.46% complaints beyond resolving time in respect of complaints registered in Centralized Electricity Call Centre.
- Centralized call center established under R-APDRP scheme at the Corporate Office Level. For this purpose a Help Line No.1912 is also provided in the place of toll free No.1800 -425-55333 in the month of March -2015.
- Revision of Procedure for better customer satisfaction and improving the service levels, duly minimizing the documentations to provide power for the entire households in the DISCOM by 31.03.2016 as per the programme of the Union Govt., under Power for all. The APEPDCL Management has been reviewing thoroughly with regards to the GTCS and Electricity Act and similar judgments delivered in respect of release of electricity supply. The EPDCL has implemented the necessary modifications in EPCCB and arranged hardware equipment for transmission of documents collected as part of the registration of applications from CSCs in Online. The activities started from 24.08.2015 through online system in all the customer service centers.



- Upgrading of Customer Service Centers including new hardware installation and functioning in all CSCs for strengthening of Customer Services for achieving customer delight as an organizational objectives. The number of CSCs have been increased from 64 to 67 CSCs. Presently 9 Stage - I and 58 Stage - II CSCs are in operation in all Five Districts of APEPDCL.
- 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.
- 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 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.

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 and is expected Go-Live by mid of next Financial year are as follows:

- E-Office has been installed and implemented at our data centre successfully.
- NSC process have been revamped and implemented.
- E-Stores has been successfully implemented.
- Upload and download process for spot billers is being done at section offices.
- EPCCB application has been taken live and streamlined by putting continuous efforts since last 6 Months where we have minimal bugs left out in the system.
- Consumer mobile app has been completely in-house initiative and successfully developed with a proper enterprise architecture.
- Have been working with lot of SAP vendors, SAP India with best practices and brought a complete clarity on what Discom would require to re-implement SAP and get fruits out of it.
- Strengthened the network side by implementing Cyberrom Firewall, DMZ environment for increasing the data base security.
- Have brought in the concept of active directory to increase the security of the entire Discom landscape and still lot of work need to be put in to enhance security.
- Introduced Techno commercial tendering process which had benefited Discom to get quality vendors and quality work.
- Worked very hard to consolidate all IT assets like servers, network equipment, licenses and today Discom has complete clarity on the assets present and on ACM procedures with OEM's.

- Deeply analysed AMRI project and introduced open architecture for Non-RAPDRP modems which had reduced lot of expenditure and saved time during installation.
- Working on strengthening of a concrete road map for Discom IT for next 3 Years, which was even presented to world bank and was well appreciated.
- Many small applications like new clippings, spandana, CMD schedule, content management have been enhanced to bring the right value addition to organisation.
- Strengthening of payment services have been completely revamped architecturally to sustain the future loads which will come on payments. This helps a lot for banks integration.
- Introduced three environments in the IT landscape which is a highly recommended international deployment model.
- Tight security by removing access to all servers and databases for all the vendor resources which was a high data security threat.

CONSUMER GRIEVANCES REDREESAL FORUM

- Forum has conducted 40 Consumer Awareness Programmes besides 16 Nos. public hearings in various places and disposed off 388 Nos. complaints during the year.

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.

HUD HUD CYCLONE and GODAVARI MAHAPUSHKARAMS

During the year under review on October 12th, 2014 HUD HUD super cyclone hit the Coastal areas of Visakhapatnam, Srikakulam and Vizianagaram and a part of East Godavari District and has completely paralysed the electrical network and the life of public at large was affected. But all employees of APEPDCL as well as APSPDCL and other states viz., Tamilnadu, Karanataka, Orissa and West Bengal have contributed their might in quick restoration of power supply in record time in bringing normalcy to cyclone effected areas. The Board places its appreciation on record, the excellent services rendered by each of the employee and others.

Further APEPDCL maintained un- interrupted power supply to the pilgrims during Godavari Mahapushkarams by Andhra Pradesh Government. The Board places its appreciation on record, the excellent services rendered by each of the employee and others in this regard.

BOARD OF DIRECTORS

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



Name of the Director	Designation	Date of appointment	Date of cessation
Sri Mutyalu Raju Revu, IAS	Chairman & Managing Director	12.01.2015	---
Sri Rahul Pandey, IFS	Nominee Director	04.07.2015	---
Sri K.N.Malleswara Rao	Nominee Director	18.08.2011	---
Sri B.Seshu Kumar	Director (Operations)	16.06.2015	---
Sri T.V.S.Chandra Sekhar	Director (Finance)	26.06.2015	---
Sri P.Hari Prasad, IRAS	Director (Finance)	01.05.2009	12.12.2014
Sri M.V.Seshagiri Babu, IAS	Chairman & Managing Director	01.09.2013	12.01.2015
Sri P.Rama Mohan	Director (Operations)	03.02.2014	10.02.2015
Sri Munindra, IFS	Nominee Director	28.07.2011	04.07.2015
Sri V.Krishna	Director (Projects)	31.07.2013	31.07.2015
Sri K.Lakshmi Narayana Rao	Director (HRD)	31.07.2013	31.07.2015
Sri P.Ramesh, IAS	Non Whole Time Director	22.11.2013	09.11.2015

Consequent to the above changes the Board of Directors of the Company as on the date of 15th Annual General Meeting is as follows.

Name of the Director	Designation	Date of appointment
Sri Mutyalu Raju Revu, IAS	Chairman & Managing Director	12.01.2015
Sri Rahul Pandey, IFS	Nominee Director	04.07.2015
Sri K.N.Malleswara Rao	Nominee Director	18.08.2011
Sri B.Seshu Kumar	Director (Operations)	16.06.2015
Sri T.V.S.Chandra Sekhar	Director (Finance)	26.06.2015

During the year, the Company held 8 (Eight) Board Meetings as detailed below:

Sl. No.	Date of the Meeting	No. of Whole Time Directors attended	No. of Non Whole Time Directors attended
1	19.05.2014	5	2
2	19.07.2014	5	--
3	14.08.2014	4	--
4	25.09.2014	5	1
5	21.11.2014	5	--
6	10.12.2014	5	1
7	31.12.2014	3	--
8	07.03.2015	3	--



AUDIT COMMITTEE

The Audit Committee of the Company consists of the following Three Directors as on the date of 15th Annual General Meeting is as follows:

Name of the Director	Designation	Other Directorship/s
Sri P.Rahul Pandey, IFS	Nominee Director	Additional Secretary to Government of A.P., Energy Department
Sri K.N.Malleswara Rao	Nominee Director	Joint Secretary to Government of A.P., Finance Department
Sri B.Seshu Kumar	Director (Operations)	Nil

During the year, the Company held Two Audit Committee Meetings as detailed:

Sl. No.	Date of the Meeting	No. of Whole Time Directors attended	No. of Non Whole Time Directors attended
1	19.07.2014	1	1
2	25.09.2014	1	1

AUDITORS

The Office of the Comptroller and Auditor General of India (C&AG) have appointed M/s Brahmayya & Co., Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2014-2015 and also C&AG have appointed M/s Grandhy & Co., (SR0164) Chartered Accountants as Statutory Auditors of the Company for the financial year 2015-2016

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 (C&AG) u/s143 of the Companies Act, 2013 are Annexed hereto and forms part of this Report.

SECRETARIAL AUDITORS

The Board of Directors appointed Sri P.Vithal Kumar, Practicing Company Secretary as Secretarial Auditor of the Company for the F.Y.2014-15 and he has submitted his report along with his observations on the non appointment of Independent Directors and Woman Director as per the provisions of the new Companies Act, 2013.

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

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 (HRD)

Director (Projects)

The terms of reference of the Committee covers the matters specified under section 135 and Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

During the Financial year 2014-15, the Company has incurred losses to the extent of (+) 25.24 Crores, (-) 1680.55 Crores and (-) 135.85 Crores during the Financial Years 2011-12, 2012-13 and 2013-14 and therefore presently the company is not having any average net profit for the last years. Hence, the Company has not undertaken any projects as per CSR Policy taken by the Board of APEPDCL.

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.

RELATED PARTY TRANSACTIONS

During the Financial year 2014-15, the Company has not entered into any related party transactions as per the provisions of Section 188 of the Companies Act, 2013.

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 2014-15 and has received the cost audit report which will be submitted to the Central Government.

The Board also re-appointed M/s. Narasimha Murthy & Co., as Cost Auditor for the Financial Year 2015-16. 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.

RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

- 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.



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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has not granted loans, guarantees or investments as per the provisions of Section 186 of the Companies Act, 2013 during the financial year 2014-15.

KEY MANAGERIAL PERSONNEL

The Government of Andhra Pradesh has appointed Sri Mutyala Raju Revu, IAS as Chairman & Managing Director of the Company in place of Sri M.V.Seshagiri Babu, IAS.

The Board designated Director (Finance) as Chief Financial Officer of the Company.

Sri K.S.V.S.Sastry has been appointed as Company Secretary in place of Sri A.Rama Rao with effect from 30.11.2015 AN.

VIGIL MECHANISM

The Company has a vigil mechanism and Whistle Blower Policy adopted by the Company as per the provisions of Electricity Act, 2003 read with APSEB Service Rules which meets the requirement of Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.

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:

- (i) Steps taken or impact on conservation of energy : As the Company is engaged in the Distribution of Electricity, Conservation of Energy is the highest priority at all levels and also Company has conducted Energy Conservation Weeks to promote awareness to the Consumers Every Year.
- (ii) Steps taken by the company for utilizing alternate sources of energy: The Company also giving importance to alternative sources of energy such as Solar, Wind to meet the demand and supply requirements.

The Company Distributed LED bulbs to the consumers of the 5 Districts of the Company for Energy Conservation Measures.

(B) Technology absorption:

Your company is in the process of adopting new technologies to reduce the consumption of Electricity.

(C) Foreign exchange earnings and outgo

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



PARTICULARS OF EMPLOYEES

In terms of Section 197 (12) of the Companies Act, 2013, read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, there were no employees drawing remuneration in excess of the prescribed limit.

RISK MANAGEMENT POLICY :

The Business risk evaluation and management is an ongoing process within the organization. The Board of Directors reviews the reports of compliance to all applicable laws and regulations at frequent intervals.

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 Mutyalu Raju Revu, IAS, Chairman and Managing Director, Sri Rahul Pandey, IFS, Nominee Director, Sri B.Seshu Kumar, Director and Sri T.V.S.Chandra Sekhar, Director who are appointed on the Board by the Govt. of Andhra Pradesh. We also place on record our appreciation for the excellent contribution rendered by Sri M.V.Seshagiri Babu, IAS, Sri Munindra, IFS, Sri P. Ramesh, IAS, Sri P.Hari Prasad, IRAS, Sri P.Rama Mohan, Sri V.Krishna, and Sri K.Lakshminarayana Rao during their tenure as Directors on the Board. We take this opportunity to thank the Secretary to Energy, Government of A.P., the Secretary, APERC and other officials of the Govt. of A.P., the Office of the Comptroller & Auditor General of India; the Bankers and Financial Institutions and look forward to their continued support in the future. We also wish to congratulate the employees as well as the Employee's Unions and the Engineers' and Officers' Associations of APEPDCL, for their invaluable services. We further congratulate the accounts department for their dedicated involvement in completing and preparing the accounting statements as well as in completing Statutory Audit and A.G. Audit.

For and on behalf of the Board

Sd/- XXXXX

Mutyalu Raju Revu, IAS
Chairman & Managing Director



Eastern Power
Distribution Company of A.P. Ltd

ఆంధ్రప్రదేశ్ తూర్పుప్రాంత విద్యుత్ పంపిణి సంస్థ

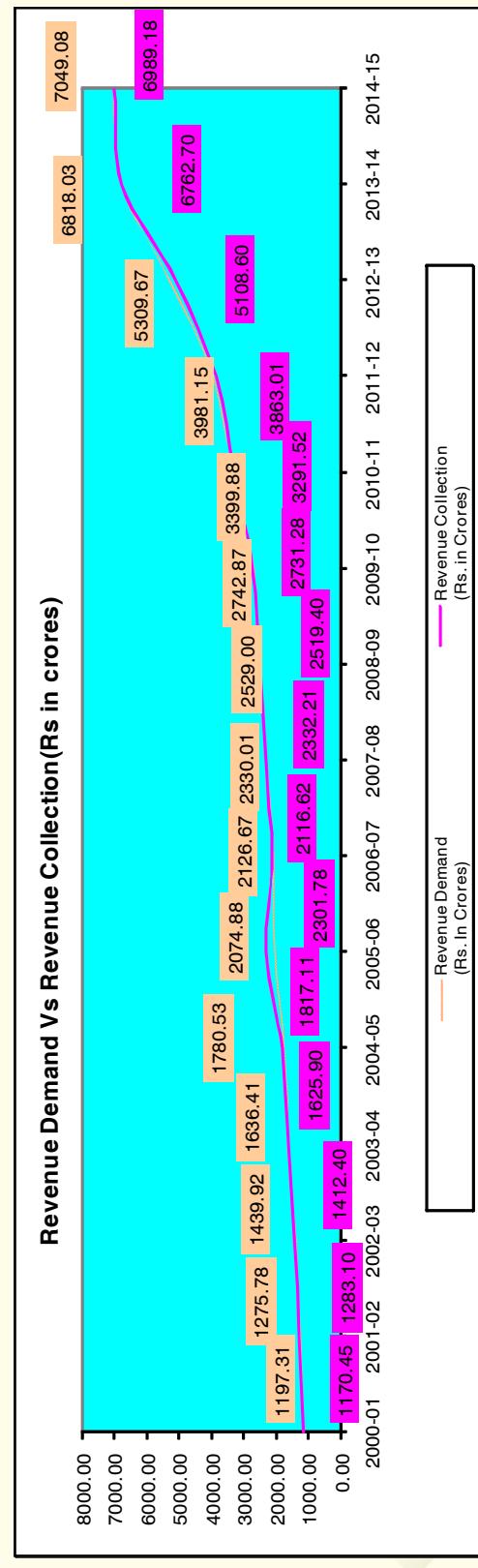
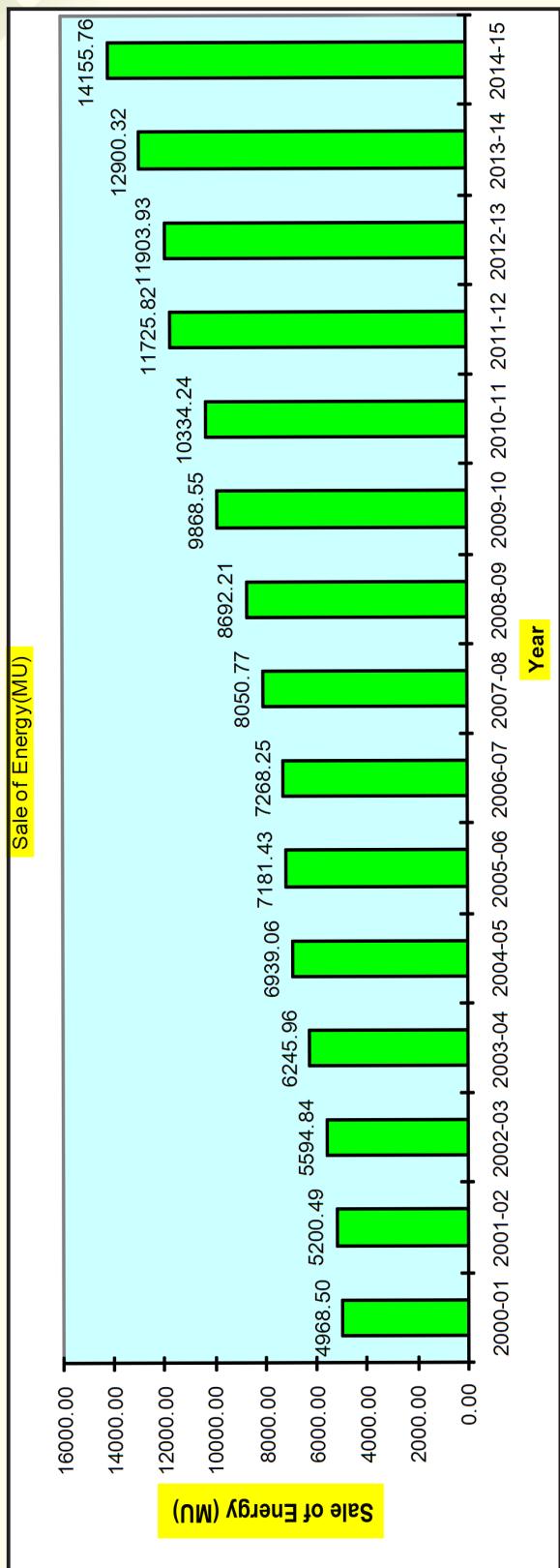
(An ISO 9001-2008&ISO 27001:2005 Certified Company)

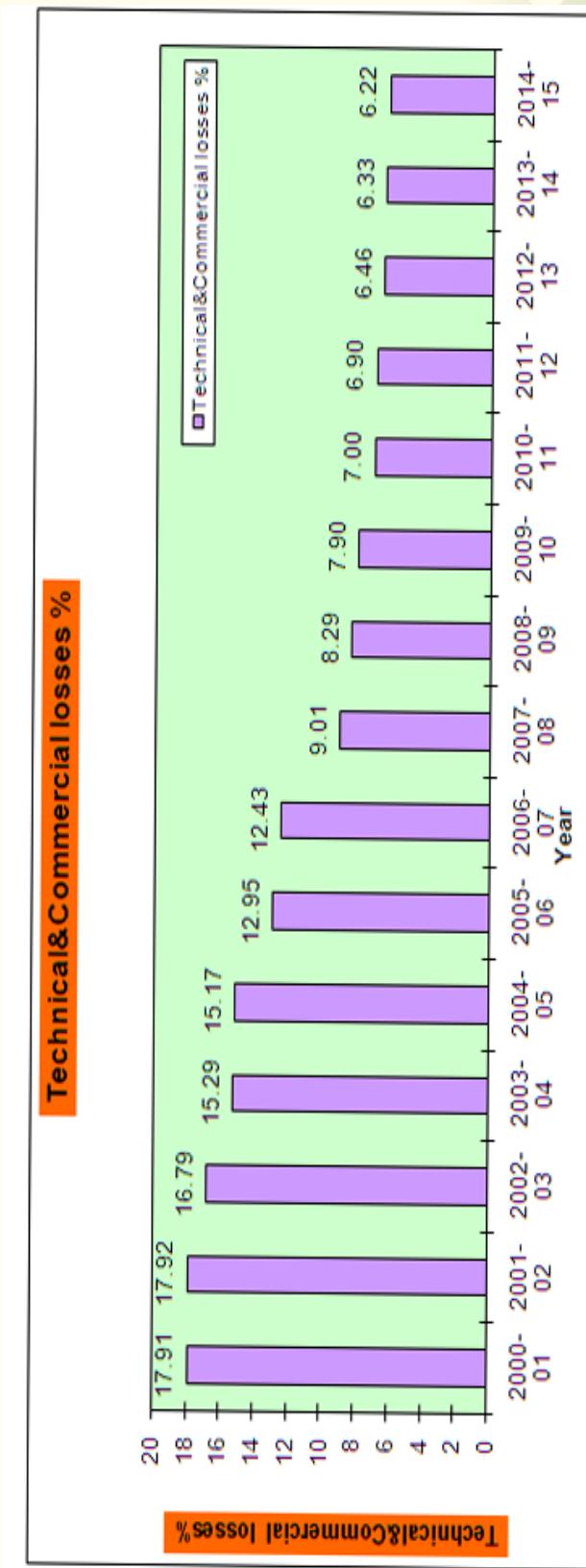
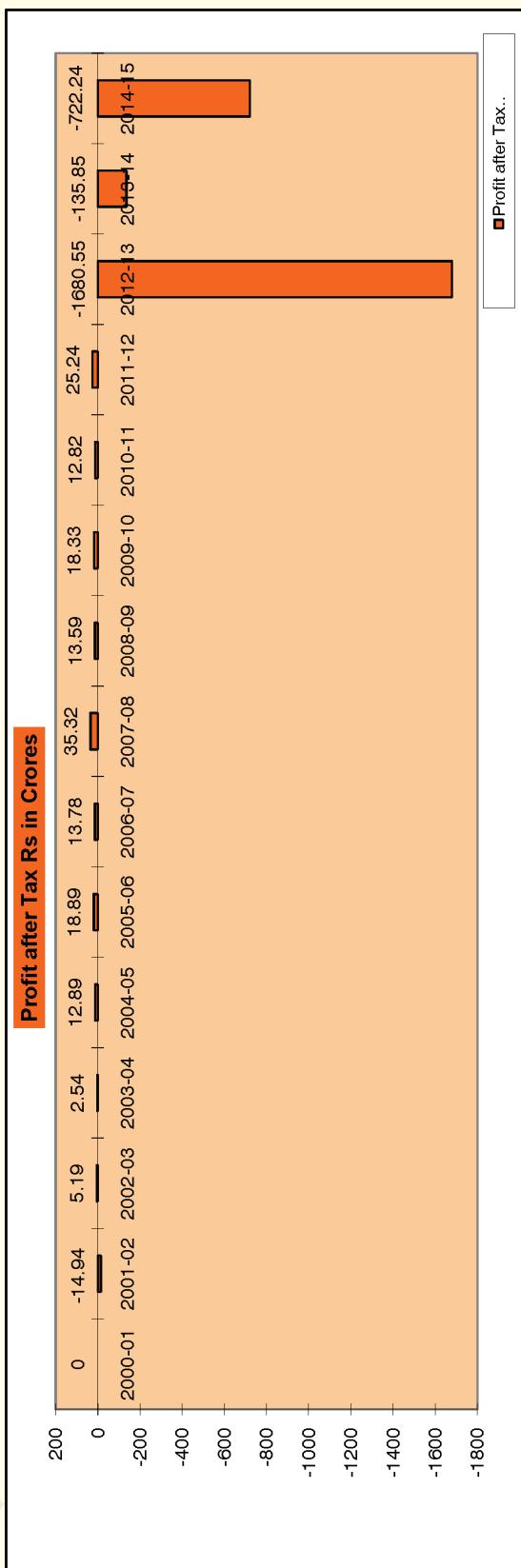


**Staying ahead
Consistently**



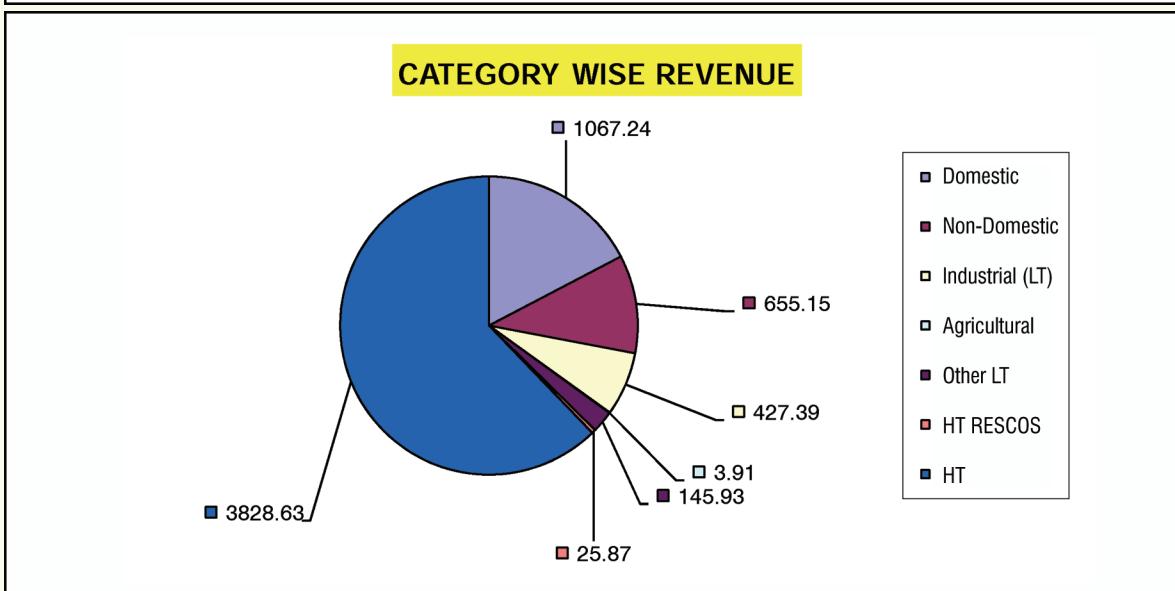
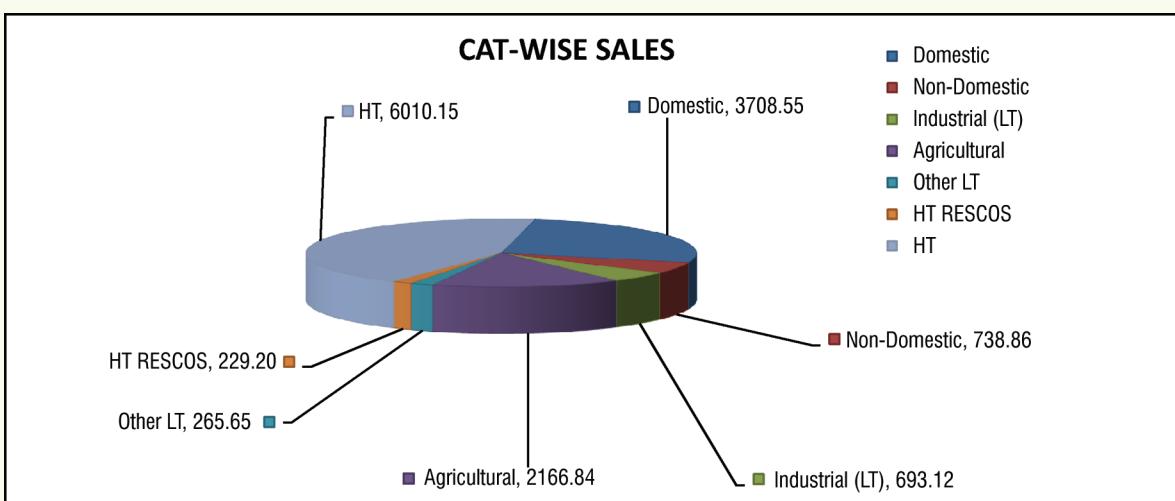
	YEAR	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
PERFORMANCE HIGHLIGHTS	Sale of Energy(MU)	4968.50	5200.49	5504.84	6245.96	6939.06	7181.43	7268.25	8050.77	8692.21	9868.55	10334.24	11725.82	11903.93	12900.32	14155.76
	Revenue 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
	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
	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	6.22
	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
	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
FINANCIAL HIGHLIGHTS	Profit after Tax (Rs. In Crores)	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





SALES AND REVENUE - CATEGORY WISE 2014-15

Particulars	SALES		REVENUE	
	MU	%	Rs. Crores	%
Domestic	3708.55	26.85	1067.24	17.34
Non-Domestic	738.86	5.35	655.15	10.65
Industrial (LT)	693.12	5.02	427.39	6.94
Agricultural	2166.84	15.69	3.91	0.06
Other LT	265.65	1.92	145.93	2.37
HT RESCOS	229.20	1.66	25.87	0.42
HT	6010.15	43.51	3828.63	62.21
TOTAL	13812.37	100.00	6154.12	100.00





FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2015

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

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	SUPPLY AND DISTRIBUTION ELECTRICITY	35109	100%

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
1		NIL			

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]			No. of Shares held at the beginning of the year [As on 31-March-2015]			%Change during the year	
	De-mat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares
A. Promoters								
(1) Indian								
a) Individual/ HUF	0	9	9	0.000007%	0	9	9	0.000007%
b) Central Govt	0	0	0	0.00%	0	0	0	0.00%
c) State Govt(s)	0	121,225,320	121,225,320	99.999993%	0	121,225,320	121,225,320	99.999993%
d) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%
e) Banks / FI	0	0	0	0.00%	0	0	0	0.00%
f) Any other	0	0	0	0.00%	0	0	0	0.00%
Sub Total (A) (1)	-	121,225,329	121,225,329	100.00%	-	121,225,329	121,225,329	100.00%
(2) Foreign								
a) NRIs Individuals	0	0	0	0.00%	0	0	0	0.00%
b) Other Individuals	0	0	0	0.00%	0	0	0	0.00%
c) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%
d) Any other	0	0	0	0.00%	0	0	0	0.00%
Sub Total (A) (2)	0	0	0	0.00%	0	0	0	0.00%
TOTAL (A)	-	121,225,329	121,225,329	100.00%	-	121,225,329	121,225,329	100.00%



Eastern Power
Distribution Company of A.P. Ltd
(An ISO 9001-2008 & ISO 27001:2005 Certified Company)



Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]			No. of Shares held at the beginning of the year [As on 31-March-2015]			%Change during the year	
	De-mat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares
B. Public Shareholding								
1. Institutions								
a) Mutual Funds	0	0	0	0.00%	0	0	0	0.00%
b) Banks / FI	0	0	0	0.00%	0	0	0	0.00%
c) Central Govt	0	0	0	0.00%	0	0	0	0.00%
d) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%
e) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%
f) Insurance Companies	0	0	0	0.00%	0	0	0	0.00%
g) FIIs	0	0	0	0.00%	0	0	0	0.00%
h) Foreign Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%
i) Others (specify)	0	0	0	0.00%	0	0	0	0.00%
Sub-total (B)(1):-	0	0	0	0.00%	0	0	0	0.00%
2. Non-Institutions								
a) Bodies Corp.								
i) Indian	0	0	0	0.00%	0	0	0	0.00%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%
b) Individuals	0	0	0	0.00%	0	0	0	0.00%
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0.00%	0	0	0	0.00%



Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]			No. of Shares held at the beginning of the year [As on 31-March-2015]			%Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0.00%	0	0	0	0.00%
c) Others (specify)	0	0	0	0.00%	0	0	0	0.00%
Non Resident Indians	0	0	0	0.00%	0	0	0	0.00%
Overseas Corporate Bodies	0	0	0	0.00%	0	0	0	0.00%
Foreign Nationals	0	0	0	0.00%	0	0	0	0.00%
Clearing Members	0	0	0	0.00%	0	0	0	0.00%
Trusts	0	0	0	0.00%	0	0	0	0.00%
Foreign Bodies - D R	0	0	0	0.00%	0	0	0	0.00%
Sub-total (B)(2):-	0	0	0	0.00%	0	0	0	0.00%
Total Public (B)	0	0	0	0.00%	0	0	0	0.00%
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00%	0	0	0	0.00%
Grand Total (A+B+C)	-	121,225,329	121,225,329	100.00%	-	121,225,329	121,225,329	100.00%



(ii) Shareholding of Promoter

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of 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
2	Individuals / Government Nominees	9	0.000007%	0	9	0.000007%	0
Total		121,225,329	100.00%	0	121,225,329	100.00%	0

(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
1	At the beginning of the year						
2	Changes during the year						
3	At the end of the year						

There is no change in Promoters' Shareholding between 01.04.2014 to 31.03.2015 except change of names of Government Nominees

(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	At the beginning of the year	01.04.2014					
2	At the end of the year	31.03.2015					

(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
1	Sri M.V.Seshagiri Babu	01.04.2014	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2015	At the end of the Year			1	0.00000082%
2	Sri P.Hari Prasad	01.04.2014	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2015	At the end of the Year			1	0.00000082%
3	Sri V.Krishna	01.04.2014	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2015	At the end of the Year			1	0.00000082%
4	Sri K.Lakshminarayana Rao	01.04.2014	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2015	At the end of the Year			1	0.00000082%
5	Sri P.Rama Mohan	25.09.2014	Nominated as shareholder by Govt of Andhra Pradesh on 15.09.2014			1	0.00000082%
		31.03.2015	At the end of the Year			1	0.00000082%
6	Sri Munindra Sinha	01.04.2014	At the beginning of the Year	-	-	0.00000000%	
		31.03.2015	At the end of the Year			0.00000000%	
7	Sri K.N.Malleswara Rao	01.04.2014	At the beginning of the Year	-	-	0.00000000%	
		31.03.2015	At the end of the Year			0.00000000%	
8	Sri P.Ramesh	01.04.2014	At the beginning of the Year	-	-	0.00000000%	
		31.03.2015	At the end of the Year			0.00000000%	
9	Sri Mutiyala Raju Revu	12.01.2015	At the beginning of the Year	-	-	0.00000000%	
		31.03.2015	At the end of the Year	-	-	0.00000000%	



V. INDEBTEDNESS			
Indebtedness of the Company including interest outstanding/accrued but not due for payment.			
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits
Indebtedness at the beginning of the financial year			
i) Principal Amount	35,543,087,544.00	-	-
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	-	-	-
Total (i+ii+iii)	35,543,087,544.00	-	35,543,087,544.00
Change in Indebtedness during the financial year			
*Addition	10,163,100,000.00	-	-
*Reduction	6,917,446,806.00	-	-
Net Change	3,245,653,194.00	-	3,245,653,194.00
Indebtedness at the end of the financial year			
i) Principal Amount	38,788,740,738.00	-	-
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	-	-	-
Total (i+ii+iii)	38,788,740,738.00	-	38,788,740,738.00



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director

SN	Particulars of Remuneration	Name of Managing Director	Total Amount (Rs.)
	Name	Sri M.V.Seshagiri Babu, IAS	Sri Mutiyala Raju Revu, IAS
	Designation	Managing Director	Managing Director
1	Gross salary	761,740.00	102,451.00
	(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	225,226.00	30,379.00
	(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)	986,966.00	132,830.00
	Ceiling as per the Act	-	-



A. Remuneration to Whole-Time Directors

SN	Particulars of Remuneration	Name of Whole Time Director	Total Amount (Rs.)
	Name	Sri P.Hari Prasad, IRAS	Sri V.Krishna
	Designation	Director (Finance)	Director (Projects)
1	Gross salary	1,302,543.00	1,354,534.50
	(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	337,528.00	258,276.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	595,804.00
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission -as % of profit -others, specify	-	-
5	Others, please specify	-	-
	Total (A)	1,640,071.00	1,612,810.50
	Ceiling as per the Act	-	-



A. Remuneration to Whole-Time Directors

SN	Particulars of Remuneration	Name of Whole Time Director		Total Amount (Rs.)
	Name	Sri K.Lakshminarayana Rao	Sri P.Rama Mohan	
	Designation	Director (HRD)	Director (Operation)	
1	Gross salary	1,290,623.00	1,081,257.00	2,371,880.00
	(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	292,986.00	262,080.00	555,066.00
	(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)	1,583,609.00	1,343,337.00	2,926,946.00
	Ceiling as per the Act	-	-	-



B. Remuneration to Other Directors

SN	Particulars of Remuneration	Name of Director	Total Amount (Rs.)
1	Independent Directors	-	-
	Fee for attending board committee meetings	-	-
	Commission	-	-
	Others, please specify	-	-
	Total (1)	-	-
2	Other Non-Executive Directors	Sri K.N.Malleswara Rao	Sri P.Ramesh, IAS
	Fee for attending board committee meetings	1,000.00	1,500.00
	Commission	-	-
	Others, please specify	-	-
	Total (2)	1,000.00	1,500.00
	Total (B)=(1+2)	1,000.00	1,500.00
	Total Managerial Remuneration	-	-
	Overall Ceiling as per the Act	-	-



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

SN	Particulars of Remuneration	Name of Key Managerial Personnel	Total Amount
	Name	Sri A.Rama Rao	Rs.
	Designation	Company Secretary	
1	Gross salary	1,356,449.00	1,356,449.00
	(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	1,356,449.00	1,356,449.00



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, 2015.			
Compounding					
B. DIRECTORS					
Penalty					
Punishment		There were no penalties, punishment or compounding of offences during the year ended March 31, 2015.			
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment		There were no penalties, punishment or compounding of offences during the year ended March 31, 2015.			
Compounding					



Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2015

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

To

The Members,

Eastern Power Distribution Company of Andhra Pradesh Limited

APEPDCL, Corporate Office, P&T Colony,

Seethammadhabra, 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 opinion, the company has, during the audit period covering the financial year ended on 31.03.2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA'), Securities and Exchange Board of India Act, 1992 (SEBI) and SEBI Guidelines and Regulations to the extent they are applicable; 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 is yet to comply with the provisions of Section 149(4) of the Companies Act, 2013 relating to appointment of Independent Directors on its Board.
2. The Company is yet to comply with the provisions of Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 relating to appointment of Woman Director on its Board.

I further report that:

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

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

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

I further report that in view of the size and operations of the company, the systems and processes adopted in the company are inadequate to 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 has come under the purview of the AP Re-organisation Act, 2014 and subject to the provisions of the said Act in relation to bifurcation of assets and liabilities of Power Distribution Companies.

Place : Visakhapatnam

Date : 14.11.2015

Signature : sd/-xxxxx

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
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.

Signature : sd/-xxxxx

Name : **P. VITHAL KUMAR**

ACS No. : 14440

CP No. : 8224

Place : Visakhapatnam

Date : 14.11.2015



**OFFICE OF THE
ACCOUNTANT GENERAL (E&RSA)
ANDHRA PRADESH AND TELANGANA
HYDERABAD - 500 004.**

No. AG(E&RSA)/ES-II (Power)/APEPDCL/2015-16/71

Dated:23.12.2015.

To

**The Chairman and Managing Director,
Eastern Power Distribution Company of Andhra Pradesh Limited,
Visakhapatnam.**

Sir,

Sub: Comments under Section 143 (6) (b) of Companies Act, 2013 on the accounts of Eastern Power Distribution Company of Andhra Pradesh Limited, Visakhapatnam for the year ended 31 March 2015.

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

1. The date of placing of Comments along with Annual Accounts and Auditors' Report before the Shareholders of the Company may be intimated and a copy of the proceedings of the meeting furnished.
2. The date of forwarding the Annual Report and the Annual Accounts of the Company together with the Auditors' Report and Comments of the Comptroller and Auditor General of India to the State Government for being placed before the Legislature may also be communicated.
3. Ten copies of the Annual Report for the year 2014-15 may be furnished in due course.

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

Yours faithfully,
Sd/- XXXXX
Senior Deputy Accountant General (ES-II)

Encl: As above



**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 ANDHRA PRADESH LIMITED, VISAKHAPATNAM FOR THE YEAR ENDED
31 MARCH 2015.**

The preparation of financial statements of Eastern Power Distribution Company of Andhra Pradesh Limited, Visakhapatnam for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 9 November 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of Eastern Power Distribution Company of Andhra Pradesh Limited, Visakhapatnam for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling better understanding of the financial statements and the related audit report:

A. Comments on Profitability:

Balance Sheet

Assets

Current Assets

Other Current Assets (Note No. 20)

Receivables from Government/FSA – Rs. 528.70 crore



1. The above includes Rs.13.24 crore being the amount accounted for as subsidy receivable from Government of Andhra Pradesh towards single bulb scheme for the years 2010-13 (up to June 2012) though the subsidy was neither approved by the APERC in the respective tariff orders nor committed by the GOAP. As the amount was not receivable, it should have been written off. Non-writing off of bad debt (Receivable) has resulted in overstatement of 'Other Current Assets' and understatement of 'Loss before Tax' by Rs.13.24 crore. The same was commented upon in the accounts for the year ended 31 March 2014.

B. Comments on Disclosure:

2. The Company has not accounted for the demand towards transmission and State Load Dispatch Centre (SLDC) charges payable to APTRANSCO for the period upto 01-06-2014 to an extent of Rs.12.84 crore disputing the charges on excess power drawn over the quantity allowed by the APERC. The fact should have been disclosed in the Notes to Accounts. The same was commented upon in the accounts for the year ended 31 March 2014.

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

Sd/-xxxxx

(LATA MALLIKARJUNA)
Accountant General (E&RSA)

Place : Hyderabad

Date : 23.12.2015



**REPLIES OF THE COMPANY TO THE COMMENTS OF THE COMPTROLLER
 AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE
 COMPANIES ACT, 2013 FOR THE YEAR ENDED 31 MARCH 2015**

Sl.No.	Comments of the Comptroller and Auditor General of India	Reply of the company
1.	<p>A. Comments on Profitability: Balance Sheet Assets Current Assets Other Current Assets (Note No. 20) Receivables from Government/ FSA - Rs. 528.70 crore</p> <p>The above includes Rs.13.24 crore being the amount accounted for as subsidy receivable from Government of Andhra Pradesh towards single bulb scheme for the years 2010-13 (up to June 2012) though the subsidy was neither approved by the APERC in the respective tariff orders nor committed by the GOAP. As the amount was not receivable, it should have been written off. Non-writing off of bad debt (Receivable) has resulted in overstatement of 'Other Current Assets' and understatement of 'Loss before Tax' by Rs. 13.24 crore. The same was commented upon in the accounts for the year ended 31 March 2014.</p>	<p>1) Lr.No.APEPDCL/CMD/VSP/CGM(Exp)/GM(R)/ SAO(R)/F-111/D.NO. 433/11, dt.19.04.2011</p> <p>2) Lr.No. CGM (Exp) / GM(R) /SAO (R) / AAO(R)/ D.NO. 1076/11, dt.24.09.2011</p> <p>3) Lr.No.APEPDCL/CMD/VSP/CGM (Exp)/ GM(R) /SAO(R)/D.NO.72/12,dt.20.01.12.</p> <p>4) Lr.No.DIR(F)/CGM(Exp)/GM(R)/SAO(R)/ AAO (R)/D.NO. 103/12, dt. 25.01.12</p> <p>5) Lr.No.ED/P1g.RAC & Reforms/RAC/ DISCOMs /D.No.08/2012, dtd 30.01.2012</p> <p>6) Lr.No. CMD / APEPDCL / CGM (Exp)/ GM(R) / SAO(R)/D.NO.509/14,dt.28.05.14</p> <p>It is to inform that, in the Tariff Order for FY 2010-11,2011-12 the Single bulb subsidy has not been committed by the Govt.of A.P.</p> <p>In the reference 1st cited the Principal Secretary to Govt, Energy Department, A.P Secretariat, Hyderabad has been addressed regarding release of Single bulb subsidy amount and requested to issue necessary clarification regarding continuance of single bulb subsidy for APEPDCL domestic consumers.</p> <p>In the reference 2nd cited the Dy. Chief Controller of Accounts (Rev /APPCC),AP Transco, Vidyut Soudha, Hyderabad has been addressed to pursue the matter with the Government for early realization of Single bulb subsidy amount and also requested to issue necessary instructions for continuance of single bulb subsidy to the domestic consumers.</p>



Sl.No.	Comments of the Comptroller and Auditor General of India	Reply of the company
		<p>In the reference 3rd cited the Principal Secretary to Govt, Energy Department, A.P Secretariat, Hyderabad has been addressed regarding release of Single bulb subsidy amount and requested to issue necessary clarification regarding continuance of single bulb subsidy for APEPDCL domestic consumers.</p> <p>In the reference 4th cited the Director (Finance), AP Transco, Vidyut Soudha, Hyderabad has been addressed for placing in APPCC Meeting for their decision regarding release of the Single bulb Subsidy amount and issue necessary Clarification regarding continuance of Single bulb Subsidy to the domestic consumers.</p> <p>But neither instructions for continuance of Single bulb subsidy nor Single bulb subsidy amount was received from the Government which was already allowed to the consumers.</p> <p>In the reference 5th cited the Executive Director (Plg,RAC & Ref), AP Transco. Vidyuth Soudha has called for certain information regarding Single bulb Subsidy where in it was requested to inform whether above scheme is being continued for FY:2010-11 AND FY:2011-12 and also requested to inform the subsidy amount received from Govt of AP for above period. If not, the amount to be received from the Government year wise for FY:2010-11 and Fy:2011-12 may be sent to AP Transco so that the issue will be taken up with the Energy Department.</p> <p>The Management of APEPDCL has decided to discontinue Single bulb subsidy to the LT Domestic consumers from July,2012 onwards and pursue with the Govt. for payment of Subsidy already allowed accordingly single bulb subsidy to LT Consumers has been dispensed w.e.f 07/2012 onwards.</p> <p>In the reference 6th cited, the Spl. Chief Secretary to Govt, Energy Department, A.P. Secretariat, Hyderabad has been addressed to release the single bulb subsidy due amount of Rs.13.24 Crores and requested to issue necessary clarification regarding allowing of single bulb subsidy</p>



Sl.No.	Comments of the Comptroller and Auditor General of India	Reply of the company
		<p>for taking further action. But, so far no clarification is received from the Government.</p> <p>This matter was placed before the EPDCL Board meeting held on 09.11.2015 and the Board further directed to address a letter to Energy Department, Government of A.P. for release of unreimbursed single bulb subsidy amount of Rs.13.24 Crs. As per the Board direction a letter is being addressed to the Govt of AP for reimbursement of single bulb subsidy amount of Rs.13.24 Crs. Hence no provision was made in the books of accounts during 2014-15.</p>
2.	<p>B. Comments on Disclosure:</p> <p>The Company has not accounted for the demand towards transmission and State Load Dispatch Centre (SLDC) charges payable to APTRANSCO for the period up to 01-06-2014 to an extent of Rs. 12.84 crore disputing the charges on excess power drawn over the quantity allowed by the APERC. The fact should have been disclosed in the Notes to Accounts. The same was commented upon in the accounts for the year ended 31 March 2014.</p>	<p>AP Transco claimed additional Transmission and SLDC charges without station wise consent/approval of Hon'ble APERC. Hence not considered the same in the books of accounts.</p> <p>However Audit observation is Noted.</p>



INDEPENDENT AUDITORS' REPORT

To

The Members of

**Eastern Power Distribution Company of Andhra Pradesh Limited,
Visakhapatnam.**

Report on the Financial Statements:

01. We have audited the accompanying financial statements of **Eastern Power Distribution Company of Andhra Pradesh Limited, Visakhapatnam** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

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

Auditor's Responsibility:

03. Our responsibility is to express an opinion on these financial statements based on our audit.
04. 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.
05. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
06. 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on

whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis of qualified opinion:

08. We are informed that the Company is governed by the Electricity Act, 2003 and accordingly the provisions of the said Act would prevail, wherever the same are inconsistent with the provisions of the Companies Act, 2013 in terms of section 174 of the Electricity Act. Accordingly, in terms of section 185(2)(d) of the Electricity Act, the Annual accounts of the Company have been prepared as per the rules prescribed under "Electricity (Supply) (Annual Accounts) Rules 1985. Accordingly the Company has not complied with mandatory Accounting Standard in respect of Capitalization of administrative overheads (including staff cost) amounting to Rs.37,18,26,054/- being 11% of the direct cost of the assets capitalized during the year is not in accordance with Accounting Standard-10: "Accounting for Fixed Assets", as the same cannot be attributable as expenditure incurred directly to bring the said assets to working condition.

Qualified Opinion:

09. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis of Qualified Opinion paragraph (08) above, 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, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

Emphasis of Matters:

10. Consequent to the amendment brought in vide G.O.Ms.396 dated 09.06.2005 to the second transfer scheme notified vide G.O.Ms. 142 dated 29.09.2001, the Company has incorporated in its books of account as on 01.04.2010, various assets, including fixed assets and liabilities towards power purchase, supplies & services received and balances outstanding in respect of the loans, representing term loans, cash credits, 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 the various assets and liabilities are recognized in the books of account as on that date, are provisional and accordingly are subject to further adjustments as may be determined by the State Government of AP.
11. The State Government of Andhra Pradesh amended retrospectively with effect from 09.06.2005 the shares of each DISCOM in various bulk supply power purchase agreements vide its Notification No. 53 Energy (Power III) dated 28.04.2008. We are informed that the Company has made a representation to give effect to the said revised sharing prospectively. Pending disposal of the Company's representation, the contingent liability, if any, due to the said retrospective amendment of the share of the Company in various bulk supply of power purchase agreements could not be disclosed in the books of account, as the same is undeterminable.



12. The Company's Assets and Liabilities as on 02.06.2014 in respect of 7 Mandals merged in Andhra Pradesh from Telangana State under State Bifurcation Act, 2014 are yet to be finalized and handed over to the EPDCL by the Northern Power Distribution Company of Telangana State Limited. Hence the same could not be incorporated in the books of account for the Financial Year 2014-15.

Our opinion is not qualified in respect of the above matters.

Other Matter

13. In terms of G.O.Ms No 58, Energy (Power – III) dated 07.06.2005, Andhra Pradesh Power Coordination Committee (APPCC), which has no separate legal entity under any statute, administers 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, interstate sale/ purchase of power and maintains the books of account in respect of the same on behalf of the various DISCOMs in the State of Andhra Pradesh. Further these transactions are subjected to audit by an independent 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, provision towards doubtful recovery of subsidy from the 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 & Central Governments together with interest etc., are incorporated in the books of account of the company based on the information provided by APPCC, duly certified by the independent firm of Chartered Accountants. We have relied on the said certification by the independent firm of Chartered Accountants in respect of the above transactions. Consequently, we have relied upon the certification provided by the independent firm of Chartered Accountants in respect of the following balances appearing in the books of account of the company, in lieu of letters of balance confirmation:

- a. Amounts outstanding in the various loans obtained from State Government of Andhra Pradesh totaling to Rs. 31,26,82,373/-
- b. Amounts outstanding in various term loans from various banks and financial institutions totaling to Rs. 2300,00,00,000/-
- c. Amounts lying in various current accounts operated by Andhra Pradesh Power Coordination Committee (APPCC) on behalf of the Company with various scheduled banks totaling to Rs.8,34,00,215/- (Credit balance).
- d. Amounts due to/from various power generators, other power DISCOMs, APTRANSCO, whose accounts are monitored by APPCC.
- e. Debit Balance of Rs. 1108,69,18,131/- appearing in the pool account operated by APPCC.
- f. Balances due to/from various vendors for supplies and services, other power distribution companies, APTRANSCO.

Report on Other Legal and Regulatory Requirements:

14. a) As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the



Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A to this report a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

- b) As required by section 143 (5) of the Companies Act 2013, we give in the Annexure B, to this report a statement on the directions issued by Comptroller & Auditor General of India, to the extent applicable.
- c) As required by Section 143 (3) of the Act, we report that:
 - i. 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.
 - ii. Except for the effects of the matter described in the Basis for Qualified Opinion and Emphasis of Matters paragraphs 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.
 - iii. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - iv. Except for the effects of the matter described in the Basis for Qualified Opinion and Emphasis of Matters paragraphs above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - v. The matter described in the Basis for Qualified Opinion and Emphasis of Matters above, in our opinion, may have an adverse effect on the functioning of the Company.
 - vi. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - vii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The Company does not have any pending litigations that would impact its financial position.
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn No. 000513S**

Place: Visakhapatnam
Date: 09.11.2015

**Sd/-xxxxx
(C. V. Ramana Rao)
Partner
Membership No.018545**



Annexure A to the Independent Auditor's Report:

The Annexure referred in paragraph (14) (a) of our Independent Auditor's Report of even date on the financial statements of the Company for the year ended 31 March 2015, we report that:

- i) a) The Company is in the process of updating the fixed assets register by incorporating full particulars, including quantitative details and situation of its various fixed assets.
- b) We are informed that the Company did not undertake during the year physical verification of any of its fixed assets. Accordingly the question of commenting on the discrepancies noticed on physical verification does not arise.
- ii) a) As explained to us, the inventories were physically verified by the management during the year.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company has generally maintained proper records of its inventory. The discrepancies noticed on verification between physical stocks and the book records were not material.
- iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Consequently, clauses 3 (iii) (a) and 3 (iii) (b) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and sale of electricity, goods and services. During the course of the audit, we have not observed any major weakness in such internal control system.
- v) The Company has not accepted any deposits. Consequently, the clause 3(v) of the order is not applicable to the Company.
- vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 ('the Act') and we are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise,



cess and other material statutory dues which were in arrears as at 31st March 2015 for a period of more than six months from the date they became payable.

b) As at 31st March 2015, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Sales tax, Wealth-tax, Service tax, duty of customs, duty of excise and Cess, except the following:

Nature of Liability	Amount Rs. In Crores	Period to which the amount relates	Forum where dispute is pending
Entry Tax	3.01	Fin Year 2002-03 to 2004-05	Andhra Pradesh Sales Tax Appellate Tribunal
VAT	19.01	April 2007 to December 2012	CTO, Chinna Waltair
Provident Fund Contract Labour	1.53	2000-2005	Employee Provident Fund Tribunal/High Court

c) According to the information and explanations given to us there are no amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.

viii) The Company has accumulated losses at the end of the financial year. Further, it has incurred cash losses during the financial year covered by our audit though it has not incurred cash losses in the immediately preceding financial year.

ix) Based on the information provided to us by an Independent Chartered Accountant firm, the Company has not defaulted in payment of any loan installment or interest in respect of term loans from financial institutions and banks.

x) The Company has not given any guarantee for loans taken by others from banks or financial institutions. Consequently the clause 4(x) of the order is not applicable.

xi) The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.

xii) During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company nor the Company has been noticed or reported during the course of our audit.

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn No. 000513S

Place: Visakhapatnam
Date: 09.11.2015

Sd/-xxxx
(C. V. Ramana Rao)
Partner
Membership No.018545



Annexure B to the Independent Auditor's Report:

The Annexure referred in paragraph (14) (b) of our Independent Auditor's Report of even date on the financial statements of the Company for the year ended 31 March 2015, we report that:

I. Disinvestments.

The Company has not been selected for disinvestment during the financial year 2014-15.

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

According to the information and explanation given to us, there are no cases of waiver/write off of debts/loans/interest etc during the year under report.

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

We report that generally proper records are maintained in respect of inventories lying with third parties by the company during the year under report. We are informed that no assets have been received as gift during the year from either central or any state government or other authorities.

IV. Pending Legal / Arbitration cases:

The Company has 428 pending legal/arbitration cases. The age-wise classification obtained from the management of the above cases is as under:

Age of cases	Cases filed by the Company	Cases filed against the Company	Number of cases
Less than 1 year	15	28	43
More than 1 year and up to 3 years	20	117	137
More than 3 years	41	207	248

These cases are pending for hearing /disposal at the respective forums. We further report that there exists an effective monitoring mechanism for expenditure incurred on all legal cases.

**For BRAHMAYYA & CO
Chartered Accountants
Firm Reg. No: 000513S**

Place: Visakhapatnam

Date: 09.11.2015

**Sd/-xxxx
(C.V. Ramana Rao)
Partner
Membership no: 018545**



**REPLIES OF THE COMPANY TO THE COMMENTS OF THE
STATUTORY AUDITORS CONTAINED IN THEIR REPORT
FORTHE YEAR 2014-15**

Sl.No.	Statutory Auditors Comments	Replies
1.	<p>We are informed that the Company is governed by the Electricity Act, 2003 and accordingly the provisions of the said Act would prevail, wherever the same are inconsistent with the provisions of the Companies Act, 2013 in terms of section 174 of the Electricity Act. Accordingly, in terms of section 185(2)(d) of the Electricity Act, the Annual accounts of the Company have been prepared as per the rules prescribed under "Electricity (Supply) (Annual Accounts) Rules 1985. Accordingly the Company has not complied with mandatory Accounting Standard in respect of Capitalization of administrative overheads (including staff cost) amounting to Rs.37,18,26,054/- being 11% of the direct cost of the assets capitalized during the year is not in accordance with Accounting Standard-10: "Accounting for Fixed Assets", as the same cannot be attributable as expenditure incurred directly to bring the said assets to working condition.</p>	<p>The Books of Accounts of the company have been prepared in Revised Schedule-III under the companies Act, 2013 as per the directions of the Audit Committee based on the Statutory Auditor recommendations.</p> <p>Regarding capitalization of Administrative Over heads @11% of the direct cost of the Assets Capitalized, this is a policy decision taken by the management and disclosed in Notes under Item No.27.2, and Accounting policies and principles in Note.No.1 under Item No.2.9</p>



Eastern Power Distribution Company of A.P. Ltd

ఆంధ్రప్రదేశ్ మార్పు ప్రాంత విద్యుత్ పంపిణి సంస్థ

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



FINANCIAL STATEMENTS



Balance Sheet as at 31 March, 2015

(In Rupees)

Particulars	Note No.	As at 31 March, 2015	As at 31 March, 2014
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	1212253290	1212253290
(b) Reserves and surplus	3	(11157696359)	(4551087709)
2 Non-current liabilities			
(a) Long-term borrowings	4	37458468089	33799492499
(b) Other long-term liabilities	5	9331695014	9246220470
(c) Long-term provisions	6	2565125789	1611262742
3 Current liabilities			
(a) Short-term borrowings	7	1038655466	1275874020
(b) Trade payables	8	17094922442	12311540723
(c) Other current liabilities	9	7239354471	6516142805
(d) Short-term provisions	10	3116508904	1052752419
TOTAL Equity & Liabilities		67899287105	62474451259
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	21783839624	20943368266
(ii) Capital work-in-progress	12	3351867758	2568851724
(b) Non-current investments	13	1684022800	1684022800
(c) Long-term loans and advances	14	4475009598	418071836
(d) Other non-current assets	15	92595211	74921436
2 Current assets			
(a) Inventories	16	1567327642	1086005875
(b) Trade receivables	17	9874113696	7938366883
(c) Cash and Cash Equivalents	18	1633562677	2832122878
(d) Short-term loans and advances	19	13849451165	11448782874
(e) Other current assets	20	9587496933	13479936687
TOTAL Assets		67899287105	62474451259
Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements	2 to 27		

As per our report of even date annexed

For M/s. Brahmayya & Co

Chartered Accountants
Firm Regn No.000513S

Sd/-xxxxx

C.V.Ramana Rao

Partner

Membership No:018545

Sd/-xxxxx

T.V.S.Chandra Sekhar

Director

(Finance, HRD & Plng.)

Sd/-xxxxx

P.S.Kumar

Chief General Manager (Expr)

For and on behalf of Board

Sd/-xxxxx

R.Mutyala Raju, I.A.S
Chairman & Managing Director

Sd/-xxxxx

A. Rama Rao

Company Secretary

Date : 09-11-2015

Station : Visakhapatnam



Statement of Profit and Loss for the year ended 31st March, 2015 (In Rupees)

Particulars	Note No.	for the year ended 31 March, 2015	for the year ended 31 March, 2014
I Revenue from operations	21	76178769716	60338132896
II Other income	22	3428374493	3168549294
III Total revenue (I+II)		79607144210	63506682190
IV Expenses			
(a) Cost of Power Purchase	23	68352297945	54937728866
(b) Employee benefits expense	24	9716159028	4825975708
(c) Finance costs	25	3264384712	1593441080
(d) Depreciation and amortization expense	11	2524194854	2239750248
(e) Other expenses	26	2972477347	1268280446
Total expenses		86829513887	64865176348
V Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)		(7222369677)	(1358494158)
VI Exceptional items		0	0
VII Profit / (Loss) before extraordinary items and tax (V+/-VI)		(7222369677)	(1358494158)
VIII Extraordinary items			-
IX Profit / (Loss) before tax (VII+/-VIII)		(7222369677)	(1358494158)
X Tax expense:			
(a) Current tax expense for current year		0	0
(b) (Less): MAT credit (where applicable)		0	0
(c) Current tax expense relating to prior years		0	0
(d) Net current tax expense		0	0
(e) Deferred tax		0	0
XI Profit / (Loss) from continuing operations (IX+/-X)		(7222369677)	(1358494158)
XII Earnings per equity share :			
(1) Basic		(59.58)	(11.21)
(2) Diluted		(59.58)	(11.21)
Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements	2 to 27		

As per our report of even date annexed

For and on behalf of Board

For M/s. Brahmayya & Co
Chartered Accountants
Firm Regn No.000513S

Sd/-xxxxx

Sd/-xxxxx

T.V.S.Chandra Sekhar
Director
(Finance, HRD & Plng.)

R.Mutyala Raju, I.A.S
Chairman & Managing Director

Sd/-xxxxx
C.V.Ramana Rao
Partner
Membership No:018545

Sd/-xxxxx

Sd/-xxxxx

P.S.Kumar
Chief General Manager (Expr)

A. Rama Rao

Company Secretary

Date : 09-11-2015

Station : Visakhapatnam



Notes forming part of the financial Statements

2. Share Capital

(In Rupees)

Sl. No	Particulars	Account No	As at 31-03-2015	As at 31-03-2014
1	Authorized Share Capital			
	12,20,00,000 Equity Shares of Rs.10/- each (Rupees Ten Only)		1220000000	1220000000
2	Issued, Subscribed and Paid up Share Capital			
	12,12,25,329 equity shares of Rs.10/- (Rupees Ten Only) each fully paid up	5600800	1212253290	1212253290
	TOTAL		1212253290	1212253290

Out of the above

2.1. Details of Shareholders holding more than 5% of Share Capital:

(In Rupees)

Name of the Share Holder	As at 31-03-2015 No. of Shares	% Held	As at 31-03-2014 No. of Shares	% Held
His Excellency the Honourable Governor of Andhra Pradesh (Government of Andhra Pradesh)	121225329	99.99	121225329	99.99

2.2. Reconciliation of the Shares at the beginning and at the end of the reporting period:

Particulars	As at 31-03-2015 No. of Shares	As at 31-03-2014 No. of Shares
Equity Shares at the beginning of the year	121225329	121225329
Add: Shares issued during the year	-	-
Less: Shares cancelled on buy back during the year	-	-
Equity Shares at the end of the year	121225329	121225329



3. RESERVES AND SURPLUS

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
3.1	CAPITAL RESERVE			
A)	Consumer Contribution for Service Connections			
	At the beginning of the year	5500101,102&105	8972022518	8345937330
	Add : Received During the year		1941939071	1646191114
	Less: Amortised during the year - Vide Accounting policy No 2.24		1164250312	1020105926
	At the end of the year		9749711277	8972022518
B)	Subsidies towards cost of Capital Assets			
	At the beginning of the year	5500200	462470	501812
	Add : Received During the year			-
	Less: Amortised during the year		36258	39342
	At the end of the year		426212	462470
C)	Grants towards cost of Capital Assets			
	At the beginning of the year	5500300	2308030132	157133146
	Add : Received During the year		13482624	2237680906
	Less: Amortised during the year		194432186	86783920
	At the end of the year		2127080570	2308030132
D)	Contingency Reserve Fund			
	At the beginning of the year	5700101,702,707 & 711	1072061647	1072061647
	Addition/Deletion During the year		-	-
	At the end of the year		1072061647	1072061647
E)	Other Reserves & Reserve Funds(GIS,FBF,& GPF etc)			
	At the beginning of the year	5400121,122,151,152 153,154,161,162 & 163	40802666	21672478
	Add : Received During the year		327444206	24264867
	Less: Deletions during the year		308386118	5134679
	At the end of the year		59860754	40802666
3.2	OTHER RESERVES ((Surplus)/ Deficit in Statement of P&L)		As at 31-03-2015	As at 31-03-2014
	Opening Balance	5700102	(16944467142)	(15585972985)
	Profit/ (Loss) for the year		(7222369677)	(1358494157)
	At the end of the year		(24166836819)	(16944467142)
	TOTAL		(11157696359)	(4551087709)



4. LONG TERM BORROWINGS

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
	SECURED:			
A)	BONDS / DEBENTURES			
	APTRANSCO Vidyut Bonds	5301000	0	202200000
	(Redeemed during the year)			
B)	TERM LOANS			
	FROM BANKS:			
	1) Loan from Federal Bank	5303400	0	3706607
	2) Loan from Bank of Baroda	5303500	0	2613853
	FROM OTHERS:			
	a. For acquisition of Fixed assets			
	1) Loan from REC	5303100	1479118915	1589008264
	2) Loan from REC-RGGVY	5303530	192267436	236210911
	3) Loan from PFC	5303200	468199365	402450491
	4) Loan from Govt. of Andhra Pradesh	5303300	259382373	303802373
	b. For Working Capital Requirements:			
	Term Loan from PFC	5303200	10000000000	0
C.	Under Financial Restructuring Plan:			
	1)FRP-9.95% Unsecured Bonds - I	5303540	4108000000	6733000000
	2)FRP-10% Unsecured Bonds - II	5303550	7951500000	11326500000
	3)FRP- Conversion of STL to Term Loans	5303560	13000000000	13000000000
	TOTAL		37458468089	33799492499

- 4.1 Secured Term Loan from M/s REC amounting to Rs.1479118915/- (P.Y. Rs.1589008264/-) is secured by specific assets for which the loan is availed. The repayment is in equated monthly/ quarterly instalments spread for a period of 10 years. The rate of Interest is ranging from 8.5% to 12.75%
- 4.2 Secured Term Loan from M/s Power Finance Corporation amounting to Rs.468199365/- (P.Y. Rs.402450491/-) is secured by the specific assets for which the loan is availed. The repayment is in equated quarterly instalments spread for a period of 5 years. The rate of Interest is ranging from 11% to 11.5%



4.3 Details of Bonds issued & Re-structured STL under Financial Restructuring Plan

(In Rupees)

Particulars of Restructured Loans under FRP SCHEME	9.95% Unsecured Bonds - I	10% Unsecured Bonds - II	Conversion of STL to Term Loans
A.P.Genco	3392000000		
A.P.Transco	316000000	611500000	
APEPDCL P&G Trust	400000000		
Andhra Bank			2625000000
Bank of India		1000000000	10000000000
Canara Bank		1000000000	10000000000
Central Bank of India		1250000000	12500000000
DenaBank		750000000	7500000000
Indian Overseas Bank		1500000000	15000000000
Syndicate bank			1875000000
Union Bank of India		500000000	5000000000
Vijaya Bank			1500000000
StateBank of Mysore		340000000	
Punjab and Sind Bank		500000000	5000000000
State Bank of Hyderabad		500000000	5000000000
	4108000000	7951500000	13000000000

"Vide GO number 34 dated 31.03.2015, the State Government of AP has taken over the liability totalling to "Rs 600, 00,00,000 (Rupees Six Hundred Crores only) from the unsecured bonds with coupon rate of 9.95% and 10% unsecured bonds. Accordingly the liability taken over by the State Government has been credited to profit & loss account as "Subsidy from State Government" as per details given hereunder:"

(In Rupees)

Andhra Bank	262,50,00,000
Syndicate Bank	187,50,00,000
Vijaya Bank	150,00,00,000
Total	600,00,00,000
Details of PFC Term Loans	(In Rupees)
RAPDRP Part-A (GOI)	293300000
RAPDRP Part-B (75%)	22457129
RAPDRP Part-B (GOI)	92700000
RAPDRP SCADA Part-A (GOI)	29300000
RAPDRP SCADA Part-B (GOI)	32100000
	469857129



5. OTHER LONG TERM LIABILITIES

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
1	Security Deposits from Consumers (in cash)	4800101,302, & 4801020	9331695014	9246220470
	TOTAL		9331695014	9246220470

6. LONG TERM PROVISIONS

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
1	Provision for EL Encashment	4400330,4500431 & 5400147	2565125789	1611262742
	TOTAL		2565125789	1611262742

7. SHORT TERM BORROWINGS

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
7.1)	Loans Repayable on Demand from Banks Secured:			
	1) CC Limits from SBH	5000102	1013375466	1250594020
	2) Working Capital Loan	5101010 to 5101123	25280000	25280000
	TOTAL		1038655466	1275874020

7.2) The working capital loans obtained from SBH secured against hypothecation of receivables and inventories

8. TRADE PAYABLES

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
1	AP Transco & Power Purchase Liability	4101010 to 4101060	15080405910	11147568334
2	Liability-Materials, Works-Capital and O&M	4200301,303,306,309, 4201000,4300001,4300002, 4301000,4500301&311	815073456	469356808
3	Creditors Other Discoms on Power Purchase	4201400	119245615	2490518
4	Staff Related Liabilities	4400201 to 4400320, 4400350 to 4400450, 4500401,411& 421	843638723	546961443
5	Liability for Expenses	4500501,551,571, 4600934,4604010,20,30 40,50,60,70,80	236558738	145163620
	TOTAL		17094922442	12311540723



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

Sl.No.	Particulars	As at 31.03.2015
1	The amounts due there on remaining un paid to any supplier as at the end of the year	
	a) Principal	NIL
	b) Interest	NIL
2	Payments made beyond the appointed day and interest there on during the year	NIL
3	The amount of interest due and payable for the period of delay in making payments but without adding the interest specified in the Act.	NIL
4	The amount of further interest remaining unpaid at the end of the year.	NIL
5	The amount of further interest remaining due and payable in the succeeding year until the date such interest is actually paid.	Nil



9. OTHER CURRENT LIABILITIES

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
1	Details of Current Maturities of Long Term Debts			
(a)	Term Loan From Banks			
	Secured:			
	Loan from Federal Bank	5303400	2693867	47280000
	Loan from Bank of Baroda	5303500	2613849	41633000
(b)	Term Loan from Other Parties			
	Secured:			
	Loan from REC	5303100	206351703	323850261
	Loan from REC-RGGVY	5303530	25000000	
	Loan from PFC	5303200	1657764	1657764
	Loan from Govt. of AP	5303300	53300000	53300000
	Sub-total (1)		291617183	467721025
2	Deposits and retentions from suppliers and contractors	4600107,950,4601010, 20,30,60,90& 4603051	1929748801	1771803831
3	OTHERS			
	Temporary Supply & TEMP Deposits	4700601 to 604	205439172	208291460
	Deposits for Electrification, Service Connection Etc.	4700101,301,401,501, 551,607,609,610,701& 801	871296880	905755117
	Advance receipts from consumers	4600850, 851 & 852	171841576	105007221
	Interest Payable on Security Deposit	4500521,4800301&4803020	784105936	770456537
	Liability towards Transformers (OYT)	4201410	0	170
	Other Liabilities	4500321,903,4600105,106, 108,201,309,501,910& 4646000& 4608500,4203000 to 4206000,2800427	2118841516	2225447565
	Statutory Liabilities -TDS, Entry Tax, Service Tax Etc.	4600301, 310,4600921 to 928 & 4603055, 3070 & 3080	99258236	59017846
	Interest accrued but not due	4600801	767205170	2642034
	Debt Service Clg Acc	4605001	0	0
	Payable to GPF Trust	2800802 To 2800805	0	0
	Liability towards urban E-Seva	2800530	0	0
	Inter unit Accounts	3000100 To 3700001	0	0
	Sub-total (2+3)		6947737287	6048421780
	TOTAL		7239354470	6516142805



9.1 Other Liabilities includes Liability Recognised as per interim directions of Hon'ble AP High Court for FSA raised for the year 2008-09 to an amount of Rs.200,31,67,428. The same will be adjusted in the books of accounts as per outcome of final orders Hon'ble High Court of AP.

9.2 Secured Term Loan from M/s REC amounting to Rs.206351703/- (P.Y. Rs.323850261/-) is secured by specific assets for which the loan is availed. The repayment is in equated monthly/ quarterly instalments spread for a period of 10 years. The rate of Interest is ranging from 8.5% to 12.75%

9.3 Secured Term Loan from M/s Power Finance Corporation amounting to Rs.1657764/- (P.Y. Rs.1657764/-) 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%

9.4 Term loan from M/s Federal Bank amounting to Rs.2693867 (P.Y. Rs.47280000) is secured by hypothecation of specified Assets. The repayment is in equated monthly instalments for a period of 10 years. The rate of Interest is 10.50%

9.5 Term loan from M/s Bank of Baroda amounting to Rs.2613849/- (P.Y. Rs.41633000/-) is secured by hypothecation of specified Assets. The repayment is in equated monthly instalments for a period of 10 years. The rate of Interest is 9%

10 SHORT TERM PROVISIONS (in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
1	Provision for Employee Benefits			
	Provision for Gratuity for Employees > 1-2-99	5400135,136,142, 143 & 146	(8284138486)	(6098549749)
	Provision for Pension & Gratuity for Employee < 1-2-99	5400130,141 & 145	11400647390	7151302168
	Sub - Total		3116508904	1052752419
2	Others			
	Liabilities for Taxes	4500901 & 4600302	0	0
	TOTAL (1+2)		3116508904	1052752419

FIXED ASSETS AND PROVISION FOR DEPRECIATION

Tangible Assets

Note - 11
(In Rupees)

ASSET GROUP	Account Code	GROSS BLOCK				PROVISION FOR DEPRECIATION				NET BLOCK		
		At the end of the Previous Year/ 2013-14	Additions during the year/ 2014-15	Deductions during the year 2014-15	Reclaimation 31-03-2015	At the end of the year as on 31-03-2015	At the end of the Previous Year/ 2013-14	Depreciation for the year/ 2014-15	Adjustments on Deductions	Recl. assifi cation	At the end of the year as on 31-03-2015	At the end of the year 2014-15
Land and Land rights	1000101	825605568	24985	0	825630353	0				0	825630353	825605368
Buildings	1000201	697355593	166570094	0	863925687	160722208	21723992	0	182446200	681479487	536633385	
Other civil works	1000301	17931239	39276246	0	218588585	21140301	5684918	0	26831219	191757365	158166038	
Plant and Machinery	1000401	15659003081	1399716535	17614122	17041105494	715312322	102875493	15852710	8166025565	8875079929	8505879759	
Lines and Cable Network	1000501	1931828573	1179396119	440000	20497241891	9997346841	996586712	396000	10993537553	9503704338	9320938932	
Meters& Metering Equipment	1000551	2892673727	416084365	62854947	3245903145	1661540782	400243226	56569452	2005214556	1240688589	1231132945	
Vehicles	1000601	16243812	0	0	16243812	13039684	386858	0	13626542	2617270	3204128	
Furniture and Fixtures	1000701	163255950	26007621	12248	189251323	67933273	15879440	11023	83801690	105449633	95322677	
Office Equipment	1000751, 851, 951	131260640	25745509	0	157006149	88359654	10428857	0	98788511	58217639	42900986	
Computers	1000801	340704707	119936872	0	460641579	117120660	44305898	0	161426558	299215021	223584047	
TOTAL		40223700990	3372758346	80921317	0	43515538019	19280332725	2524194854	72829185	0	21731698394	20943368266
Previous year		34971587202	5344405164	92291375	0	40223700991	17123644714	2239750248	83062237	0	19280332725	20943368266
												17847942487



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



12 CAPITAL WORK IN PROGRESS

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
1	Capital work-in-progress	1400101 & 102	3351867758	2568851724
	TOTAL		3351867758	2568851724

13 NON-CURRENT INVESTMENTS

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
13.1	Non-Trade Investments (Un-quoted)			
	a) Investment in Govt. Securities			
	Contingency Reserve Investments	2001070	121316200	121316200
	b) Investment in Equity (Un-quoted)			
	Share Capital in RESCOs	2006010	906600	906600
	c) Investments in Equity (Un-quoted)			
	Investment in APPDC LTD	2002030	1461800000	1461800000
	d) Others Investment in APTRANSCO Bonds	2006030	100000000	100000000
	TOTAL		1684022800	1684022800

13.2 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 31-03-2015 is Rs. 146,18,00,000.

(In Rupees)

13.3	a) Details of Contingency Reserve Investments	As at 31.03.2015	As at 31.03.2014
1	10.45% GOI 2018, Total No. of 355000 Bonds with face value @ Rs.100/- each (105000 bonds purchased @Rs.149/- each Bond & 250000 Bonds purchased @ Rs.120/- each Bond)	45645000	45645000
2	8.70% AP TRANSCO Vidyut Bonds, 30 No. of Bonds @ Rs.10,00,000/- each	30000000	30000000
3	11.05% IOB 2023, 39 No. of Bonds with face value @ Rs.10,00,000/- each (Bonds purchased @ Rs.11,44,800/- each)	44647200	44647200
4	9.28% PFC 2017, 1 Bond with face value of Rs.10,00,000/- (Bond Purchase @ 10,24,000/-)	1024000	1024000
	TOTAL	121316200	121316200

b) Investments in RESCOs

(In Rupees)

Sl.No	Classification of Investment	As at 31.03.2015	As at 31.03.2014
1	Shares in RESCO, Cheepuripalli, 9 No. of Shares @ Rs.1,00,000/- each fully paid up	906600	906600
	TOTAL	906600	906600



c) Investments in Andhra Pradesh Power Development Co. Ltd.

(In Rupees)

Sl.No	Classification of Investment	As at 31.03.2015	As at 31.03.2014
1	Equity Share Capital in APPDCL, 146180000 No. of Shares @ Rs.10/- each fully paid up	1461800000	1461800000
	TOTAL	1461800000	1461800000

d) Other Investments

(In Rupees)

Sl.No	Classification of Investment	As at 31.03.2015	As at 31.03.2014
1	AP TRANSCO Vidyut Bonds(100 Nos bonds each Rs.10 Lakhs @ 8.55%)	100000000	100000000
	TOTAL	100000000	100000000

14. LONG TERM LOANS AND ADVANCES

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
1	Loans and Advances to Employees	2700101 to 103, 110&111	361455221	204754471
2	MAT Credit Entitlement	2700430	103584242	103584242
3	Capital Advances to Contractors/Suppliers	2501010	4009970135	109733123
	TOTAL		4475009598	418071836

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

15. OTHER NON-CURRENT ASSETS

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
1	Non- Current Deposits:			
	Unsecured & considered good:			
	Deposits with Court& Local Authority	2800605 & 606	56009056	53455561
	Deposit with Excise Authority	2800603	84987	95133
	Deposit with Telecom Authority	2800604, 620	100896	95854
2	Others (Interest Receivable from employees)	2700128& 2800211	36400272	21274888
	TOTAL		92595211	74921436

CURRENT ASSETS

16 INVENTORIES

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
	Stores and Spares			
1	Stock of Materials at Stores	2200151,152,161,232,401, 451,501,551,601,701,751, 801,2201000, 1100&1101	1513542391	1027208828
2	Materials Stock Ex/Short pending investigation	2200201 to 203	53785251	58797047
	TOTAL		1567327642	1086005875



17. Trade Receivables

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
	Debtors :			
1	Less than Six Months	2300310, 2301050 to 2305660 & 2305690	2191356047	2197974979
2	More than Six Months and above		7974767841	5955350000
3	Debtors Others	2300301,302,502,503,504, 700, 835, 900, 2800302, 524& 531	59919208	136971303
	Less: Provision for Doubtful Debts	2300701, 704 & 730	(351929400)	(351929400)
	TOTAL		9874113696	7938366883

18. Cash and Cash Equivalents

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
	i) Cash and Cash Equivalents:			
	Cash on Hand	2400500 To 2401999, 2404901, 902&903	102538715	172950122
	Cash at Bank (Balance with Banks)	2404501, 2428760 To 2432999, 2600200, 2409282 to 2409503	959427893	798657018
	Cash- in -Transit & Remittances- in-Transit	2404980 To 2405000	0	20995787
	ii) Other Bank Balances			
	Short term Deposits with Banks	2002050	571596069	1839519951
	TOTAL		1633562677	2832122878

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

19. Short term Loans and Advances

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
1	Advance Income Tax & TDS	2700401,423&425	72768855	57783819
2	Loans & Advances to Employees	2700104 To 2700109, 2700127, 2700131	124720336	44657712
3	Loans & Advances to Related parties (ICD)	2600102 &2406000	13651215683	11345863466
4	Prepaid Expenses	2800701 To 2800705	746291	477877
	TOTAL		13849451165	11448782874



19.1	Details of Dsicom wise ICD	(In Rupees)
	TSSPDCL	10056384172
	TSNPDCL	(1174902830)
	APSPDCL	4769734341
	TOTAL	13651215683

19.1.1 Loans and advances given to employees and Loans & Advances of related parties are secured and considered good.

20 Other Current Assets **(In Rupees)**

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
1	Amount Recoverable from Emp/ Ex.Emp	2800501, 2800507 To 2800510	27923226	27830767
2	Interest Accrued on Bank Deposits	2800201	7287887	86658860
3	Interest Accrued on Investments	2800251	5213541	5275152
4	Receivables from AP Online, E-Seva & Internet	2800528 , 529 & 530	70080810	135326846
5	Sundry Debtors for sale of Stores	2800104 & 806	0	12702
6	Receivable from P&G/GPF trust	2800802 to 2800805	19899574	27436869
7	Sundry Debtor for Sale of Scrap	2600101& 2805160,2800101	66106348	49654653
8	Unbilled Revenue	2300551& 552	6591143818	6405962150
9	Apprentice Salary Receivable	2800427	0	386901
10	Other Receivables - Bills Receivable	2800515	0	0
11	Receivables from Government/FSA	2800301 to 2800502	5287041729	9228591786
	Less: Provision for Government Receivables	2828000	(2487200000)	(2487200000)
	TOTAL		9587496933	13479936687



21. REVENUE FROM OPERATIONS

21.1 REVENUE FROM SALE OF POWER

(In Rupees)

Sl. No	Particulars	Account Code	Current Year 2014-15	Previous Year 2013-14
	<u>L.T.SUPPLY:</u>			
1	Domestic supply - Category-I	6100210 to 218, 6600212, 218 & 6101210 to 218	10672394805	9547022627
2	Non-Domestic Supply - Category-II	6100220 to 228, 6600220 to 226, 6101220 to 228, 6102220 to 228	6551518112	6126505710
3	Industrial supply-Category-III	6100230 to 238 & 6101230 to 1238, 6600232 to 236	4273891616	3831250345
4	Cottage Industries - Category-IV	6100240 to 248, 6101240 & 248, 6600242, 246, 6101240 to 6101249	8071603	7456427
5	Irrigation and Agriculture Category-V	6100250 to 258 & 6101250 to 258	39112543	19702205
6	Public Lighting - Category-VI	6100260 to 268 & 6101260 to 268, 6600262 to 268	1179980387	1252523648
7	General Purpose - Category-VII	6100270 to 278, 6101270 to 278 6600270, 6600272, 6600276	258896343	243152406
8	Temporary - Category-VIII	6100280 to 288, 6101280 to 286, 6102288	12378738	7415918
	L.T.TOTAL :		22996244147	21035029286
	<u>H.T.SUPPLY</u>			
1	Industrial segregated - Category-I	6100310 to 319, 510, 6101310 to 318 & 713, 6600310, 6601312, 6101310 to 318 & 6601312	28480154749	24231718710
2	Industrial non-segregated-Category-II	6100320 to 328, 6600322	4819035978	4447562241
3	Aviation activity at Airports- Category-III	6100330 to 338, 6600332	97252068	110279618
4	Irrigation and Agriculture - Category-IV	6100340 to 342 & 6101340, 6102340, 6600342, 6601342, 6602342	556363570	357584349
5	Railway Traction-Category-V	6100350 to 352, 6600352	4164557760	4066759687
6	Electricity Co-op. Societies	6100370 to 372, 6600372	258747370	269543697
7	Colony Consumption	6100360 to 368, 6600362	168876592	173816256
	H.T.TOTAL:		38544988087	33657264556
	L.T. + H.T.TOTAL		61541232234	54692293842
	Less HT Incentive	7600563	0	0
	Net L.T.+H.T.Total:		61541232234	54692293842



MISCELLANEOUS REVENUE

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2015	As at 31-03-2014
1	Interstate sales & DD sales	6100145,146,147 & 153	2971959152	351366788
2	Electricity Duty recovery	6100501 to 517, 6101501 to 514, 6102502, 6102514	626745758	568133276
3	Interest on ED	6100521 to 537, 6101521 to 531, 6102522 & 6102535	14844724	14416257
4	Recoveries for theft of power / Malpractices	6100810, 820 & 821	90018479	76795673
Sub Total:			3703568113	1010711994
5	Miscellaneous charges from consumers	6100613 to 950, 6101613 to 683, 6101713, 6101743, 6102743 & 6202623, 66001981	2806138519	2655123186
6	Un billed FSA	6100102	0	0
Total Misc. Revenue			6509706632	3665835180
Gross Revenue from sale of power			68050938866	58358129022
'Less: Electricity Duty paid		7000901	626745759	568596126
Net Revenue from sale of power :			67424193107	57789532896
Subsidies & Grants:				
Subsidies & grants from Government		6300130	8754576609	2548600000
TOTAL REVENUE FROM OPERATIONS			76178769716	60338132896

21.2 a) Govt. of A.P Vide G.O.Ms.No.59 Dt.07-06-2005 set up an apex committee " AP Power Coordination Committee (APPCC)" for the purpose of power procurement, debt servicing, unscheduled interchange charges, and SLDC charges, Inter-State trade and operation of common pool account of four DISCOMs. As per the above mechanism, pool account was operated by APPCC. On bifurcation of state a separate Power Co-ordination Committee constituted for APEPDCL and APSPDCL vide G.O.Ms.No. 21, dt.12.05.2014.

b) The Company has made Inter-State sales and DISCOM sales of Rs.2971959152/-(PY Rs.351366788/-) during the year and the selling price of said sales is adopted as fixed by APPCC based on the directions issued in GO.Ms.No.58 Dt.07-06-2005 and subsequent working instructions.

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

21.3 a) The Assets and Liabilities of the company as on 31.03.2015 include the balances transferred to the company as per the Second Transfer Scheme notified by the GOAP vide G.O.Ms.No.35, Energy (Power-III) and Third Transfer Scheme notified by the GOAP vide G.O.Ms.No.58, Energy (Power-III), dt.07-06-2005.



b) The Government of Andhra Pradesh (GOAP) vide G.O.Ms.No.58, Energy (Power-III), Dt.07-06-2005 notified the transfer of Bulk Supply Undertaking and Power Purchase Agreements from Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) to the four Distribution Companies (DISCOMs) in specified ratios, as on 09-06-2005. The share of the Company in generation capacities of all generating stations allocated to our DISCOM is 16.70%. The GOAP has, vide G.O.Ms.No.53, Energy (Power-III), dt 28-04-2008, amended the share of four DISCOMs Generating Stations as per which the revised share of APEPDCL is 15.80%. This G.O. shall be deemed to have come into force with retrospective effect from 09-06-2005. The retrospective implementation of the G.O. involves so many calculations, revisions, etc.

The Andhra Pradesh Power Co-ordination Committee (APPCC) is in the process of requesting the GOAP to amend the date of implementation from July,2008 onwards. On receipt of the reply from GOAP, action will be taken uniformly along with the other DISCOMs. As such, the accounting of purchase of power is based on revised share of 15.80% upto 01.06.2014 and purchase of power is accounting between two DISCOMS of Andhra Pradesh 34.27% (APEPDCL) and 65.73% (APSPDCL) w.e.f 02.06.2014.

After Bifurcation of State of Andhra Pradesh under AP Reorganisation Act 2014, w.e.f 02.06.2014 in 46.11% Power allocation to Residual Andhra Pradesh, APEPDCL Share is 34.27% and the remaining being of APSPDCL's Share.

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

21.4 a) The billing for all consumers is based on tariff approved by APERC and is done on monthly/bi-monthly basis. For Free-Agriculture services, Customer charges are being billed once in six months.

b) Sale of power given above is based on the recorded consumption in respect of all categories except in case of LT-5 Agriculture where consumption has been arrived at by taking the loads (in HP) of each Mandal as per the sample meter reading data and average consumption per HP.

c) Wheeling charges are not recognised as income, pending settlement of the dispute by the Honourable High Court of Andhra Pradesh.



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

PARTICULARS	Current year 2014-15	Previous Year 2013-14
Gross Energy input (MUs)	15340.55	14047.58
Net Energy input for Distribution (MUs)	15110.05	13772.10
Total Units Sold (MUs)	14386.26	13175.81
Distribution Losses (MUs)	954.29	871.77
% of Losses	6.22	6.33

22. OTHER INCOME

(In Rupees)

Sl. No	Particulars	Account Code	Current Year 2014-2015	Previous Year 2013-14
1	Interest on staff loans and advances	6200936	16573302	10066445
2	Delayed payment charges from consumers	6200251 to 6200271, 6201251 to 260, 6200261 to 268, 6201261 & 6202265	1533573963	1412690844
3	Interest from Banks & Investments	6200220 & 926	161612234	154733820
4	Income from Trading (Profit on sale of scrap etc.)	6200340, 925, 6400301 to 305	47986989	14063893
5	Miscellaneous receipts	6101913, 6200222, 6200281, 6200900 to 6200935	295962956	317371103
6	Amortisation of consumer contributions, subsidies, grants towards cost of capital assets (Current year)	6400828	1313600063	1106929188
7	UI & Other Charges	6100845 & 846	59064986	152694001
	TOTAL:		3428374493	3168549294

23. COST OF POWER PURCHASE

(In Rupees)

Sl. No	Particulars	Account Code	Current Year 2014-2015	Previous Year 2013-14
1	Power Purchase	7000100 to 7000210	68449947781	55147901488
	Less: Rebate on PP Bills & Incentive	6200230	97649836	210172623
	Total:		68352297945	54937728866

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



24. EMPLOYEE BENEFIT EXPENSES

(In Rupees)

Sl. No	Particulars	Account Code	Current Year 2014-2015	Previous Year 2013-14
	Salaries			
1	Salaries	7500101 to 175	4052393305	2119228110
2	Dearness Allowance	7500301	174152617	821445970
3	Other Allowances	7500201, 7500401 to 450, 540, 614, 618 & 302	683783718	359780502
4	Managerial Remuneration & Allowances to Directors	7500710 & 7500711	6996784	4753824
5	Incentive to Staff/Exgratia	7500501 & 672	205474	252858
	Sub-Total 1 (1 to 5)		4917531898	3305461264
	Employee Costs (Other Allowances)			
6	Medical expenses(Monthly & Reimbursement)	7500609, 610 & 611	219703847	97538297
7	Leave Travel Assistance	7500612 & 613	904287	848038
8	Earned Leave Encashment	7500617	1252235377	228070396
	Sub-Total 2 (6 to 8)		1472843511	326456731
	Employee Costs(Welfare Exp & Other Benefits)			
9	Other welfare expenses	7500664 to 669, 7600575	10071361	7792772
10	Social Security cum PF Booster scheme	7500670	420000	300000
11	Terminal Benefits - PF Employer Cont. Joined <1.2.99	7500801 & 803	3417560799	1314052920
12	Employer Contribution to EPF	7500805, 7500810 to 814	211182122	136960297
13	Miscellaneous Employee Cost	7500629, 704, 815, 817 & 819	2601481	3779801
	Sub -total 3 (9 to 13)		3641835763	1462885791
	Sub-total (1+2+3):		10032211172	5094803786
	LESS: Employee Cost Capitalised	7509000	316052144	268828077
	Net Employee Benefit Expenses		9716159028	4825975708



24.1 Payments and Benefits to the Chairman and Managing Director and Other Directors:

(In Rupees)

Particulars	Chairman & Managing Director	Other Directors
	2014-15	2014-15
	(2013-14)	(2013-14)
Salary / Remuneration	330384	3339614
	(332828)	(1910440)
Dearness Allowance	372697	971298
	(343307)	(953844)
HRA	Free Accommodation	601360
	(Free Accommodation)	(354935)
Telephone, Conveyance and other such perquisites	417231	1267556
	(141778)	(716693)
TOTAL	1120312	6179828
	(817913)	(3935912)

24.2 As per the Actuarial valuation report, the total accrued liability towards pension and gratuity as on 31.3.2015 is Rs.1168,86,99,816/- (Previous year Rs.741,00,64,151/-) and the investments in Pension and Gratuity Trust is Rs.872,21,00,000/- (Previous year Rs.609,68,00,000/-) towards future liability. As per the actuarial valuation an amount of Rs.341,65,99,816/- (Previous year Rs.131,32,64,151/-) balance liability is provided in the books of accounts during the year 2014-15.

24.3 The Employee cost capitalised during the year amounts to Rs.31,60,52,144/- (PY Rs.26,88,28,077/-)

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

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

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

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

c) Earned Leave Encashment :

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

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



Pension and Gratuity liability disclosure

A. Revised AS-15 (2005) Disclosure

Table-1

(In Rupees)

	01-04-2014 to 31-03-2015	01-04-2013 to 31-03-2014
Reconciliation of PBO		
Projected Benefit Obligation at Beginning of year	7410064151	6140505345
Current Service Cost	352258085	183808831
Interest Cost	695273682	537869378
Contributions by plan participation	-	-
Actuarial (Gain)/Loss	3722803898	902351740
Benefits Paid	(491700000)	(354471143)
Past service cost	-	-
Amalgamations	-	-
Curtailments	-	-
Settlements	-	-
Projected Benefit Obligation at End or year	11,688,699,816	7,410,064,151



Table-2

(In Rupees)

	01-04-2014 to 31-03-2015	01-04-2013 to 31-03-2014
Plan Asset at Fair Value		
Plan Asset at beginning of year	6,096,800,000	4,857,400,000
Foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency		
Expected Return on Plan Asset	1,353,800,000	310,771,143
Employer Contribution	1,313,200,000	1,283,100,000
Employee Contribution		
Benefit Payments	(491,700,000)	(354,471,143)
Asset Gain / (Loss)	-	-
Amalgamations	-	-
Settlements	-	-
Ending Asset	8,272,100,000	6,096,800,000
Total actuarial gain/(loss) to be recognised immediately	(3,722,803,898)	(902,351,740)

(In Rupees)

Current/Non Current Benefit Obligation	31-03-2015	31-03-2014
Current	541,539,600	451,283,000
Non Current	11,147,160,216	6,958,781,151
Total	11,688,699,816	7,410,064,151

Table-3

(In Rupees)

Amounts to be Recognised in the balance sheet	01-04-2014 to 31-03-2015	01-04-2013 to 31-03-2014
Projected Benefit Obligation at End of year	11,688,699,816	7,410,064,151
Ending Asset	8,272,100,000	6,096,800,000
Funded Status asset / (liability)	(3,416,599,816)	(1,313,264,151)
Unrecognised past service cost-non vested benefits		
Liability(-)/Asset(+) recognised in Balance Sheet	(3,416,599,816)	(1,313,264,151)



Table-4

(In Rupees)

Statement of Profit and Loss	01-04-2014 to 31-03-2015	01-04-2013 to 31-03-2014
Current Service Cost	352,258,085	183,808,831
Interest Cost	695,273,682	537,869,378
Expected return on plan asset	(1,353,800,000)	(310,771,143)
Net actuarial (gain)/loss to be recognised in year	3,722,803,898	902,351,740
Past Service Cost Effect of Curtailments	-	-
Income (-)/Expense(+) recognised in the statement of Profit and Loss	3,416,535,665	1,313,258,806

Reconciliation	(In Rupees)
Incremental liability [Asset(+)/Liability(-)]	(2,103,335,665)
P&L Charge	3,416,535,665
Less Contribution paid	1,313,200,000
Balance (income(-)/Expense(+)	2,103,335,665

	31.03.2015	
Discount rate	7.80%	
Salary escalation rate	7.00%	
BASIS-Unit 26%,Master 74%		
Accrued Liability	UNIT(in Rs)	MASTER(In Rs)
Gratuity for employees on rolls on 1-2-1999	339,815,742	967,167,882
Gratuity for employees who joined units on or after 1.2.1999	612,462,053	-
Pension : employees on rolls on 1-2-99 -excl. Retirees from 1.2.99 to 31.3.15	4,436,341,587	12,626,510,672
Pension : employees on rolls joined between 1-2-99 & 31-8-2004	Not Eligible	Not Eligible
Pension for employees who retired from 1.2.99 to 31-3-15	6,300,080,433	17,930,998,157
Pensioners(pre 01.02.99)and Family pensioners		5,381,343,419
Total Accrued Liability as at 31st March 15	11,688,699,816	36,906,020,129
Fund as on 31st March 15	8,272,100,000	
Deficit	3,416,599,816	



A. Revised AS-15 (2005) Disclosure

Earned Leave encashment liability disclosure

Table - 1

(In Rupees)

Reconciliation of PBO	01-04-2014 to 31-03-2015	01-04-2013 to 31-03-2014
Projected Benefit Obligation at Beginning of year	1,611,262,742	1,586,294,978
Current Service Cost	85,585,403	71,826,920
Interest Cost	135,310,179	126,568,796
Contributions by plan participation	-	-
Actuarial (Gain)/Loss	1,029,867,465	55,772,048
Foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency		
Benefits Paid	(296,900,000)	(229,200,000)
Past service cost	-	-
Amalgamations	-	-
Curtailments	-	-
Settlements	-	-
Projected Benefit Obligation at End of year	2,565,125,789	1,611,262,742

Table - 2

(In Rupees)

Plan Asset at Fair Value	01-04-2014 to 31-03-2015	01-04-2013 to 31-03-2014
Plan Asset at beginning of year	-	-
Foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency		
Expected Return on Plan Asset	-	-
Employer Contribution	-	-
Employee Contribution		
Benefit Payments	-	-
Asset Gain / (Loss)	-	-
Amalgamations	-	-
Settlements	-	-
Ending Asset	-	-
Total actuarial gain/(loss) to be recognised immediately	1,029,867,465	(55,772,048)



(In Rupees)

Current/Non Current Benefit Obligation	31-03-2015	31-03-2014
Current	152,963,327	116,976,949
Non Current	2,412,162,462	1,494,285,793
Total	2,565,125,789	1,611,262,742

Table - 3

(In Rupees)

Amounts to be Recognised in the balance sheet	01-04-2014 to 31-03-2015	01-04-2013 to 31-03-2014
Projected Benefit Obligation at End of year	2,565,125,789	1,611,262,742
Ending Asset	-	-
Funded Status asset / (liability)	(2,565,125,789)	(1,611,262,742)
Unrecognised past service cost -non vested benefits		
Liability(-)/Asset(+) recognised in Balance Sheet	(2,565,125,789)	(1,611,262,742)

Table - 4

(In Rupees)

Statement of Profit and Loss	01-04-2014 to 31-03-2015	01-04-2013 to 31-03-2014
Current Service Cost	85,585,403	71,826,920
Interest Cost	135,310,179	126,568,796
Expected return on plan asset		-
Net actuarial (gain)/loss to be recognised in year	1,029,867,465	55,772,048
Past Service Cost		
Effect of Curtailments		
Income (-)/Expense(+) recognised in the statement of Profit and Loss	1,250,763,047	254,167,764

(In Rupees)

Reconciliation	(953,863,047)
Incremental liability [Asset(+)/Liability(-)]	
P&L Charge	1,250,763,047
Less Benefits paid	296,900,000
Balance (income(-)/Expense(+))	953,863,047



25. FINANCE COST

(In Rupees)

Sl. No	Particulars	Account Code	Current Year (2014-15)	Previous Year (2013-14)
1	Interest on Bonds	7800101	7940081	23455200
2	Interest on Term Loans From Financial Institutions/Banks			
	R.E.C	7800103	209581975	193229030
	P.F.C	7800104	(4538012)	7498236
	Federal Bank	7800104	2439312	9608160
	Bank of Baroda	7800133	2226945	6852258
	SBH	7800130	0	0
3	Interest on Working Capital	7800138&7800300	1888912247	497317278
4	Interest on Overdraft	7800108	388745595	76756002
	Other Interest&Finance Charges			
5	Interest to Consumers	7800110	772030508	746051915
6	Interest on Employee Funds (GIS,GPF&FBF)	7800114 to 116 & 118	4438200	27842333
7	Bank charges	7800203, 204 , 205 & 206	2461959	5049959
8	Other interest Charges	7800106 & 7800117	64554	0
	Sub-total		3274303364	1593660372
	LESS: Interest During Construction Capitalised	7809000	9918652	219292
	Net Finance Costs		3264384712	1593441080

Finance cost does not include interest on unsecured bonds issued under Financial Restructuring Plan, as the same is fully reimbursed by the State Government of AP.

26. OTHER EXPENSES

(In Rupees)

Sl. No	Particulars	Account Code	Current Year (2014-15)	Previous Year (2013-14)
	26.1 Repairs and Maintenance to:			
1	Plant and Machinery	7400503,504&651	62557828	21810991
2	Transformers	7400502&505	113849547	101422106
3	Substation maintenance by Pvt.agencies	7400501	173480298	224551799
4	Buildings & Civil Works	7400201&401	13856640	22003088
5	Lines, Cable net work etc.	7400601	282912096	202453579
6	Vehicles	7400701	1287888	466287
7	Furniture and Fixtures	7400801	75852	351820
8	Office equipment	7400901,911, 915, 921	9248263	17761593
9	Other Expenses	7400931, 941 & 952	10888311	113897006
	Total Repairs & Maintenance: (a)		668156723	704718267



26.2 Administration and General Expenses

(In Rupees)

Sl. No	Particulars	Account Code	Current Year (2014-15)	Previous Year (2013-14)
1	Rent, Rates and Taxes	7600101, 102 & 104	24201764	29188633
2	Licence Fee - APERC	7600103	15140190	10148817
3	Insurance	7600520 to 525	684142	636997
4	Communication and related expenses	7600201 to 205	29912537	23090817
5	Legal charges	7600301	7289108	7492618
6	Audit fees	7600401	626627	632586
7	Consultancy/Professional charges	7600302,311, & 404	29150535	6709333
8	Other professional charges	7600306,309 & 559	275566105	242046567
9	Travelling expenses & Conveyance	7600567 & 568	105155281	83837632
10	Vehicle running exp.(Cars,Jeeps,Etc.)	7600307,532 & 533	8518360	7700122
11	Vehicle hire charges	7600308 & 310	92702173	75112363
12	Vehicle Licence & Registration Fees	7600531	0	0
13	Printing & Stationary	7600504 & 508	14779737	12805415
14	Advertisement	7600505	16277920	12565414
15	Electricity charges	7600506	60069290	56169640
16	Training & Participation	7600515	3564748	10758699
17	Stores related Expenses	7600551,553	22288454	14808360
18	Fabrication Charges	7600557 & 558	0	0
19	Miscellaneous Expenses	7600509 & 7600511	30109613	19497309
20	Other Expenses	7600305,406,501 to 503,507, 540,550, 572, 576, 578 & 562, 574	25531640	2813944
Sub-total			761568224	616015266
	LESS: Adm & General Charges Capitalised	7609000	55773910	47440250
	Net Administration and General Expenses (b)		705794314	568575016

26.2.1. Audit fee includes an amount of Rs.94,050/- relating to Tax Audit and Rs.76,950/- relating to Cost Audit.

Out of pocket expenses of Rs. 1.00 Lakh paid during 2014-15 and included Miscellaneous Expenses (A/c 7600511) and miscellaneous expenses of Rs. 8427/- paid to the cost auditors included in audit fee account.



26.3 Others

(In Rupees)

Sl. No	Particulars	Account Code	Current Year (2014-15)	Previous Year (2013-14)
1	Material Cost Variances	8500311 to 313,322 & 323	6647638	(15517259)
2	Compensations	8400104, 107,108, 109,111, 112, 304 & 305	16510186	8954033
3	Materials /Scrap/Assets Loss etc	8500302,303,308,310&315	7816595	9728532
4	Miscellaneous Losses and write offs	8000101,105,8500201, 204, 230 & 301	6594382	9366091
5	Sundry Receivables Write off (RGGY & DDG)	8500318	0	(17544233)
6	Extra Ordinary debits (Loss on account of Flood, Cyclone, Fire etc.)	8500601	1560957509	0
7	Provision for Government Receivables	8585000	0	0
	Total Other (c)		1598526310	(5012836)
	TOTAL OTHER EXPENSES (a+b+c)		2972477347	1268280446

Exceptional Items

(In Rupees)

Sl. No	Particulars	Account Code	Current Year (2014-15)	Previous Year (2013-14)
1	Income relating to previous year			
	Receipts-prior periods	6600212 to 880	0	0
	Sub Total:		0	0
2	Prior period Expenses / Losses			
	Short provision for power	8800101	0	0
	Sub Total:		0	0
3	Total 'Net Prior Period Credits /(Charges)		0	0

27 Other Disclosures:

27.1 Capitalisation of expenses:

“The percentage of capitalization of expenses is fixed at 11% on base capital expenditure.”

27.2 Fixed Assets/Depreciation:

Depreciation on fixed assets other than computers is provided under ‘Straight line method’ at the rates prescribed by the Central Government vide Notification No.S.O.265 (E) dated 27th March, 1994 issued under the Electricity (Supply) Act, 1948. The Useful life of computers is determined based on technical evaluation and depreciation is accordingly provided under straight line method.

Assets Costing less than Rs 5000/- are charged to Profit and loss account.

The Company’s Fixed Assets of Vehicles have been insured fully and other Assets wherever considered essential in view of nature of assets. The Company has taken a fidelity insurance coverage for Rs.150,00,00,000 for the Cash in transit and Rs.50,00,000 for cash on hand.



Eastern Power

Distribution Company of A.P. Ltd

అంధ్ర ప్రదేశ్ హైదరాబాద్ లోంగ్ విద్యుత్ పంపిణి సంస్థ
(An ISO 9001-2008 & ISO 27001:2005 Certified Company)

27.3 Income Tax:

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

Assessment year	Authority before which the appeal/ Tribunal(ITAT) / High court is pending	Amount in dispute (Rs.)
2003-04	High Court	1,37,46,001
2004-05	High Court	1,77,28,405
2011-12	CIT (Appeals)/VSP	85,50,398
2012-13	CIT (Appeals)/VSP	55,24,096

27.4 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 2014-15 along with relevant notes have been derived from SAP system.

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

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

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

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

27.8 Details of Remuneration to Statutory Auditors:

(In Rupees)

Particulars	2014-15	2013-14
a) For Statutory Audit Fee	376200	370788
b) For reimbursement of out of pocket expenses	171000	100000
	547200	470788



27.9 Purchase of Power:

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

- i On 09.06.2005 Transmission Corporation of AP Limited (APTRANSCO) transferred, its entire investments in equity of the Company in favour of the Government of Andhra Pradesh upon which, the company ceased to be a subsidiary of AP Transco.
- ii The Power Purchases and its accounting are being carried out by the Andhra Pradesh Power Co-ordination committee, and are 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.
- iii A Bank account in the name of AP POWER DISTRIBUTION COMPANIES POOL ACCOUNT has been opened by all the Distribution companies jointly which is being operated by the nominees of Andhra Pradesh Power Co-ordination Committee. Since this is a single account, Distribution company wise confirmation of balance is not available
- iv The power purchases and their payments and the inter-state sale of power and their receipts are affected through the above said Bank account by the Andhra Pradesh Power Co-ordination Committee.

27.10 Frauds:

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

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

- b) Theft of cash Rs.5,44,353/- occurred in ERO/JR Gudem of Operation Circle/Eluru on 02.07.2012. Sri G.Koteswara rao JAO CPD UNDER Suspension has been reinstated pending finalization of Disciplinary case and posted to ERO-Nidadavole vide Memo No.SE/O/ELR/DE.T/ADM/PO/JAO /C1 / D.No.2421/ 14 Dt.05.06.2014 and awarded punishment with stoppage of Two increments with cumulative effect besides recovery of amount Rs.5,44,353 vide Memo No.SE/O/ELR/ DE.T/ADM/PO/ JAO/ C1/F.PERSL./ D.No. 3693/14 Dt.18-09-2014. The recovery of amount is under process.

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

27.11 Court Cases / Legal Disputes / Contingent liabilities:

- a) The receivables for sale of power as on 31-03-2015 includes Rs.401,59,03,260/- 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. 71,25,000 with interest at 12 per cent per annum to 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 OP Nos 884,886,887,888 of 2008 were listed on 07-02-2013 and both side written arguments were submitted and all the OPs were posted for "Reserve for Judgement". The date of orders awaited.

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

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

The suit is dismissed for default on 22-06-2012, The SLA was requested to address legally M/s. Guru & Co., so as to take further action to release the balance amount of Rs.10,20,028/- 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 suit was again dismissed as informed by SLA and SLA was requested to send certified copy of the order and the copy is yet to be received.

d) An agreement was entered with M/s Global Energy Consulting Engineers, Hyderabad to execute the works of GIS based consumer indexing and assets coding in 29 towns of APEPDCL. The contractor has failed to complete the work in full shape and to fulfil the contractual obligations and APEPDCL has imposed LD charges on M/s GECE and encashment of BG. The banker SBI/Balanagar was requested to invoke the bank guarantee and send the DD for Rs.11 Lakhs to EPDCL. The GECE has filed a writ petition and later withdrawn the writ petition. But the performance bank guarantee was lapsed. The SLA

was requested to file a case against the banker State Bank of India, Balanagar, HYD as there was a lapse on their part for arranging the Bank Guarantee amount to APEPDCL. The writ petition No. 37202/2013 Dt.18-12-2013 was filed against the SBI, Balanagar Branch, HYD. The case has reached the bench on 24.02.2014 and posted for admission.

e) An agreement was entered with M/s Saif Electronic Ltd., Mumbai for supply , installation, testing and commissioning of LT fixed capacitors on LV side of DTRs vide Agt. No. 8 to 11/2007-08 of CGM/ Projects/VSP. Contractor was blacklisted due to his high failure rate 65.35% and his BG for Rs. 9,54,900 was forfeited and Rs. 38,95,000 of pending bills, retention amount of Rs.8,05,000 are pending with EPDCL. The contractor claimed for an amount of Rs.1,09,38,000 and appointed sole Arbitrator. The arbitration application No. 09/2011 has come up for hearing on 08.03.2011 and adjourned to 21.04.2011, 9.6.2011, 22.6.2011, 30.08.2011, 13.9.2011, 14.11.2011, 24.11.2011, 04.04.2012 and 13-07-2012 for arguments. The matter has not reached the bench yet. As per the SLA's letter the case is coming up for hearing which is in onwards list, but the hearing date is not given.

f) An agreement was entered with M/s.PEC Electricals Pvt.Ltd, Secunderabad for execution of HVDS works in TPGudem division of Eluru circle on partial turnkey basis for an amount of Rs.8,53,47,179/. The contractor has failed to complete the work in full shape and completed only 68% work even though time extension was given five times and agreement was terminated duly forfeiting the performance security Bank Guarantee for Rs.43,94,163/- M/s.PEC Electricals Pvt.Ltd, Secunderabad was requested to handover the material available with them to the Divisional Engineer / construction/ Eluru immediately failing which, the same will be recovered from their pending bills. As per the report received from Divisional Engineer / construction/ Eluru material handing over by the contractor is not yet completed. The contractor was requested to depute authorized representative to attend QC remarks by 16.02.13 failing which performance security for Rs.12,42,541/- will be forfeited. But as the contractor did not turn out, BG for Rs.12,42,541/- is also encashed.

M/s. State Bank of India, Secunderabad filed a petition before the Debts Recovery Tribunal at Hyderabad against M/s.PEC Electricals Pvt.Ltd, Secunderabad for recovery of Rs.24,65,57,929/- for loan irregularities. The Hon'ble debts recovery tribunal, Hyderabad has directed the garnishee M/s APEPDCL to inform the Tribunal by way of an affidavit as to whether any amount is payable to the respondent M/s.PEC Electricals Pvt.Ltd, Secunderabad as on the date of the order 29.06.2012 and if any, to pay the amounts to the Applicant's Bank. The directions issued by Hon'ble debts recovery tribunal, Hyderabad Dt:29.06.2012 was transmitted to SLA/ Hyderabad on 23.07.2012 to inform the legal opinion in the above case to proceed further in the matter. The tribunal also directed APEPDCL vide telegram received on 21.07.2012 to appear before it on 26.07.2012. The case is posted for hearing on 08-04-2013, 27.08.13, 25.11.2013. Status is yet to be received.

g) An amount of Rs. 97,86,824/- & 3,37,740/- deposited at Hon'ble A.P. High Court under Protest against the SSI penal interest.

h) 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 certain amounts were paid under protest and appealed to Tribunal/ High court.



The Division wise details are furnished

(In Rupees)

Division	Amount involved (Rs.)	Paid/Deposited (Rs.)
Eluru Division	7645577	5226984
T.P.Gudem Division	4315519	3186445
Bhimavaram Division	3225274	3225274
Nidadavole Division	5231010	4079025
Jaggampeta Division	4024696	2012348
Rajahmundry Division	3698955	1665010
Ramachandrapuram Division	2418864	1891587
Amalapuram Division	7616244	3808122
Circle Office/Rajahmundry	798764	479309
Anakapalli Division	894858	447429
Paderu Division	804620	804620
Circle Office/Visakhapatnam	241229	120615
Bobbili Division	1138996	569498
Vizianagaram Division	1511684	755843
Circle Office/ Vizianagaram	187954	187954
TOTAL	43754244	28460063

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

S.No	T.A. No. Asst. Year	Amount paid(Rs. in Lakhs)	Next date of hearing
01	448/2009 2002-03 (Entry Tax)	186.10	16-11-2015
02	451/2009 2003-04 (Apr to Jun 2003) Entry Tax	8.61	16-11-2015
03	453/2009 2003-04 (Jul to Nov 2003) Entry Tax	9.60	16-11-2015
04	393/2011 2003-04 (Dec to Mar 2004) Entry Tax	47.45	15-10-2015
05	392/2011 2004-05 (Apr to Nov 2004) Entry Tax	49.25	15-10-2015
TOTAL		301.04	

j) The Commercial Tax Officer/ Chinawaltair Circle/ Visakhapatnam has issued the Assessment Order for Rs.19,01,79,039-00 towards the VAT on sale of Energy Meters dated 09-05-2012 in the financial year 2012-13 for the period April 2007 to December 2012. The Writ Petition No.23150 of 2012 filed in the Hon'ble High Court on the above Assessment Order and the same has been disposed by AP High Court as there is no authorization for assessing authority. Again on 24-12-2014 CTO/China waltair circle has issued a fresh assessment order for Rs.19.01 crores for the period April 2007 to December 2012. A



reply has been submitted to CTO/Chinawaltair to drop the above notice since the assessment period 2007-08 is barred by limitation.

- k) Klen & Marshall the 'Lessor' of certain equipment to the Company has claimed Rs1,20,98,007/- towards lease rentals of ELURU circle for the period from Sep-05 to Sep-2006. The same is filed before Hon'ble Supreme Court vide petition of Spl leave to appeal (C) No.33415/2011. Counter affidavit sent to Hon'ble Supreme court of India New Delhi, through advocate sri suneel kumar ojha, New Delhi, Vide D.No.328/2013, Dt.19.02.2013.
- l) M/s. LVS Power Ltd fixed charges claim of Rs.48,64,27,699/- from 24/01/2013 to 24/03/2014 not admitted by APPCC and WP filed in High Court of AP, WPSR No.148743, Dt.17/09/2013. listed on 08.10.2015.
- m) Other Contingent Liabilities: compensations against Non-fatal accidents etc. pending in courts.

Name of the Circle/Division	(Amount in Rupees)
Srikakulam Division	337500
Tekkali Division	5736364
Vizianagaram Division	3611075
Paderu Division	1000000
Rajahmundry Division	454230
Kakinada Division	877948
Ramachandrapuram	94602
Jaggampeta Division	520000
Total	12631719

- n) Cross Subsidy Surcharge for Captive Consumption from Captive Consumers pending in Courts.

Name of the Circle	(Amount in Rupees)
Srikakulam Circle	230235106
Vizianagaram Circle	117541539
Rajahmundry Circle	131685000
Eluru Circle	276958902
Total	756420547

- o) Pending consultation with APGENCO interest and Principle payment towards Pension Bonds could not be adjusted.
- p) Generator APPDCL/SDSTPS, has claimed fixed cost of Rs.334.28 Crores for the months of Feb-15 and March-15 was not admitted in the books as the tariff of said station was yet to be approved by APERC/CERC. APEPDCL Cost Rs.114.54 Crores (34.27%).

27.12 The Accounting of DD/ Cheque received is being done based on the date of receipt by the concerned unit office.



27.13 Previous years figures are regrouped and rearranged where ever necessary.

27.14 Amounts have been rounded off to nearest rupee.

27.15 Against the arrears more than 3 years of Rs.232,16,00,000/- doubtful dues to end of 31-03-2015 are only 15,37,00,000/- (Arrears against more than 6 months bill stopped services of Rs.9,72,00,000/- and under RR Act Rs.5,65,00,000/-) only. Remaining amount is under court cases. Since adequacy of available provision for bad and doubtful debts of Rs.35,19,29,399/-, no additional provision is created during the year.

27.16 Details of Assets and Liabilities as on 02.6.2014 in respect of 7 Mandals merged in Andhra Pradesh from Telangana State under state Bifurcation Act-2014 are yet to be finalised and handed over to the EPDCL by the Northern Power Distribution Company of Telangana State Limited. Hence the same could not be incorporated in the books of Accounts for the FY 2014-15. The same will be included as and when finalized.

As per our report of even date annexed

For M/s. Brahmayya & Co

Chartered Accountants

Firm Regn No.000513S

Sd/-xxxxx

C.V.Ramana Rao

Partner

Membership No:018545

Sd/-xxxxx

T.V.S.Chandra Sekhar

Director

(Finance, HRD & Plng.)

Sd/-xxxxx

P.S.Kumar

Chief General Manager (Expr)

For and on behalf of Board

Sd/-xxxxx

R.Mutyala Raju, I.A.S

Chairman & Managing Director

Sd/-xxxxx

A. Rama Rao

Company Secretary

Date : 09-11-2015

Station : Visakhapatnam



Eastern Power
Distribution Company of A.P. Ltd

ఆంధ్రప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణి సంస్థ

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

ACCOUNTING PRINCIPLES & POLICIES

ACCOUNTING PRINCIPLES AND POLICIES

BASIC ACCOUNTING PRINCIPLES

1.1 The basic accounting principles laid down in the following paragraphs are followed in the preparation of its Annual Accounts of the company.

ENTITY OF THE COMPANY FOR THE PURPOSE OF ANNUAL ACCOUNTS

- 1.2 Annual Accounts of the Company reflect the transactions of the Company.
- 1.3 Interest acquired by the Company in any body corporate whose transactions do not require incorporation into a Company 's accounts are disclosed at cost, in Company's accounts as investments. In such cases the excess or shortfall of Company's share of the net assets of the body over the cost of acquiring the interest in that body are disclosed in the Company's accounts by way of a note.

HISTORICAL COST CONVENTION

1.4 In Company's accounts, Assets, Liabilities, Expenses and Revenue are recorded at the amounts at which the transactions took place. This policy implies that no revaluation of assets liabilities is done for adjusting them to replacement cost, current cost etc.

GOING CONCERN CONCEPT

1.5 Financial statements of the Company are drawn up on the premise that its business will continue indefinitely.

CONSISTENCY CONCEPT

1.6 Uniform accounting policies are applied on the same basis from year to year. Even the accounting policies followed in respect of areas not specifically covered here after or in cases where departure from the prescribed

accounting policy is permitted, is followed consistently from year to year.

TRUE AND FAIR PRESENTATION

- 1.7 Accounts of the Company present a true and fair view of the financial position and results of operations of the Company. True and fair view implies the disclosure of all information necessary for a reader's understanding of the financial position and results of operations of the Company.
- 1.8 The objective of prescribing the forms of annual accounts of the Company is to prescribe the minimum and uniform disclosure required. Additional information in the accounts or by way of notes is given where it is necessary to ensure true and fair presentation.

ACCRUAL BASIS OF ACCOUNTING

1.9 The Company follows commercial accounting system, which requires recording of transactions by which revenues, costs, assets and liabilities are reflected in the accounts for the period in which they accrue.

COMPARATIVE FIGURES FOR PREVIOUS YEAR

1.10 Comparative figures for the previous year are given in the annual Accounts. No regrouping of previous year's figures is made except in Cases where a different basis for the figures for the same item has been adopted during the current year.

RESERVES NOT TO ABSORB CHARGE AGAINST REVENUE

1.11 Reserves of a Company whether created out of appropriation from surplus of past years or in any other manner shall not be used (except in prescribed circumstances) for absorbing the costs which would otherwise be a charge

against the revenue of the current year, past years or future years.

REVENUES NOT TO BE DIRECTLY CREDITED TO RESERVES

1.12 No reserves are given any credit for any amount, which should otherwise be treated as revenue for the current year, past years or future years.

OFFSETTING OF ASSETS AND LIABILITIES

1.13 In the balance sheet of the Company, assets and liabilities are set off against each other only when a legal right of offset exists. Payables to one party are therefore not set off against receivables from the same-party unless the Company has a legal right to offset the two.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

1.14 All events or transactions occurring after the date of balance sheet and before the date of the auditors report are treated in the following manner.

- 1) Two types of subsequent events and transactions require consideration by the Company.
- 2) The first type consists of those events that provide additional evidence with respect to the conditions that existed at the date of the balance sheet and affect the estimates necessary for accrual etc. in the process of preparing annual accounts. All information that becomes available prior to the finalisation of the annual accounts should be used in evaluating the conditions on which the estimates were based. The annual accounts are adjusted for any changes in estimates resulting from the use of such evidence. Identifying the events that require adjustment in accounts calls for the exercise of judgment and knowledge of the facts for example, a loss on an

uncollectable receivable as a result of a consumer's deteriorating financial condition leading to bankruptcy subsequent to the balance sheet date would be indicative of his poor financial condition existing at the balance sheet date, thereby calling for adjustment of the accounts. On the other hand a similar loss resulting from a consumer's major casualty such as a fire or flood subsequent to the balance sheet date would not be indicative of conditions existing in respect of the consumer at the balance sheet date and adjustment would not be called for.

- 3) The second type consists of events that provide evidence with respect to conditions that did not exist at the balance sheet date but arose subsequent to that date. These events should not result in adjustment of the accounts. Some of these events however, may be of such a nature that the omission of their disclosure may result in misleading statements. Examples of this type of event (which should not result in adjustment to accounts but which do require disclosure) are takeover of a license, loss from fire, flood etc.

NO DEFFERMENT OF LOSS WRITE OFF

1.15 In the Revenue Account for a Company shall reflect full amount of the loss, if any, to the Company due to any natural calamities like cyclone, flood, etc, on recurring events like fire or possibly recurring events like receipt of inferior grade of coal. No part of the loss is deferred for write off over future years.

3% RETURN AND THE TREATMENT OF UNUSUAL AND EXTRA-ORDINARY GAINS AND LOSSES AND PRIOR YEAR INCOME AND EXPENSES

1.16 The Company's Revenue Account, all unusual and extraordinary losses or gains and prior periods income and expenses are disclosed separately. However, for the purpose of

compliance with Section 59 requiring minimum surplus of 3% on fixed assets base such unusual extraordinary losses and gains and prior period credits and charge are considered in the same way as other usual and recurring income expenses, losses or gains for the year. Such a treatment will reflect (and not conceal by ignoring such items) that the Company's operating surplus has been affected during the year on account of such items.

2. ACCOUNTING POLICIES

2.1 Transactions of the Company are accounted for in accordance with the Accounting Policies laid down herein below. The prescribed accounting policies are classified under the following sections-

- 1) Capital Expenditure and fixed Assets.
- 2) Fuel and Materials Accounting
- 3) Borrowings and Investments
- 4) Other Accounting Areas.

I. CAPITAL EXPENDITURE AND FIXED ASSETS:

Disclosure at Historical Cost and no Revaluation of Fixed Assets

2.2 Fixed Assets of a Company are recorded in the books of account and disclosed in annual accounts at Historical Cost. This policy implies that no revaluation of fixed assets is done for adjusting them to replacement cost, current cost etc.

Expenditure on Project identification Survey and Feasibility Studies

2.3 Expenditure incurred on identification, survey and feasibility studies of a project before the project is considered for sanction or rejection are accumulated in an account provided for the purpose. Later, if the project is rejected, the full amount of expenditure is charged to Revenue as in fructuous capital expenditure in the year in which the project is rejected. If the project is sanctioned, the expenditure is charged to capital work-in-progress account for that

project. Any expenditure incurred on detailed feasibility studies etc. after a project is sanctioned shall also be charged to the capital work-in-progress account for that project. The aggregate of expenditure incurred before and after sanction of a project are allocated over the "tangible" assets acquired /constructed under the project, in the same manner as the revenue expenditure chargeable to capital works are to be allocated.

COST OF CAPITAL ASSETS

2.4 Cost of a capital asset shall include all 'actual Costs' incurred to prepare the asset for use subject to the exceptions and the basis of determining costs prescribed in the following paragraphs.

Treatment of material related costs

2.5 All materials related costs recorded at an accounting unit under which only capital construction activities are carried out are charged to capital works.

2.6 At a location under which capital construction as well as O & M activities is being carried out, only the following costs are charged to works:

- 1) Inland freight on imported capital equipment.
- 2) Freight on Local Capital Equipment
- 3) Testing charges – capital equipment
- 4) Incidental Stores Expenses – Capital Equipment.
- 5) Octroi on capital Equipment.
- 6) Advertisement for tenders etc. for purchase of capital equipments.

2.7 Capital Equipments, spares and other materials imported by the Company are valued as follows for receipts and issues accounting:

- (1) C.I.F. Value; and
- (2) Customs Duty

In accordance with Accounting standard.

Outside Labour / Contractor Charges

2.8 All Labour charges or contractor charges or contractor charges payable to outsiders for work done by them in respect of capital jobs are included in the cost of concerned capital assets.

Capitalisation of Expenses

2.9 The percentage of capitalization of expenses is fixed at 11% of base capital expenditure.

Land and Land Rights

2.10 Land cost comprise of the following:

- 1) Purchase price of land
- 2) Compensation for acquisition of land
- 3) Compensation for trees and crops on the acquired land
- 4) Legal charges stamp duty etc. incurred in order to secure effective title
- 5) Land revenue and other taxes paid during the stage of land development.
- 6) Site preparation costs such as cost of leveling hills or filling low spots cost of clearing trees etc.
- 7) Cost of demolishing an unwanted structure if the land is acquired with structure.

2.11 Cost of land improvements having a limited life such as cost of landscaping gardens, sidewalks, fences and digging for sewage system shall also be added to Cost of Land as "Cost of Land Development".

Buildings

2.12 In case of purchase/acquisition of a building the building costs shall include the following items:

- 1) Purchase price
- 2) Compensation for acquisition of Building
- 3) Payments to tenants to cancel their tenancy rights.

4) Expenses such as legal charges stamp duty etc incurred for securing an effective title

5) Repairs alterations and improvements to put the building in usable condition.

6) Architect's fees for remodeling, alterations, improvements before the building is first put to use.

2.13 Cost of a constructed building shall include the following items:

- 1) Cost of construction comprising of materials, labour, contractor charges and depreciation on construction machinery
- 2) Surveying
- 3) Cost of obtaining permits, sanctioned plans, occupation certificates from Municipal or other bodies
- 4) Architectural fees
- 5) Insurance on uncompleted structure
- 6) Cost of excavation (excavation is not a cost of land development).

Additions, improvements, Replace-ment & Repairs

2.14 Expenditure on additions, improvements, replacement and repairs and maintenance are treated in accordance with the policies prescribed in the following paragraphs.

Repairs before commissioning of Assets

2.15 Any expenditure on repairs or rehabilitation of an asset purchased by the Company (whether second hand or new) incurred before commissioning the asset or putting the asset in usable condition are treated as a cost of that capital asset.

2.16 Any expenditure on restoring an asset back upto the level of output / efficiency / performance at which it was, when it was first put to use is repairs expenditure. Any expenditure on maintaining the asset upto the level of output/efficiency/ performance at which

it was, when it was first put to use is maintenance expenditure.

2.17 Expenditure on repairs and maintenance are charged to revenue in the year in which it is incurred.

Additions

2.18 Additions may bring into existence a new asset or increase the physical size of an asset through expansion, extension etc. All expenditure on additions is capitalized.

Improvements

2.19 An expenditure having the effect of extending the useful life of an asset or increasing output or capacity or efficiency of an asset or decreasing operating costs of an asset is 'improvement'. Expenditure on improvement may involve replacement of an existing asset (Eg. replacing a transformer by another transformer of higher capacity) or may not involve replacement an existing asset (E.g. expenditure on acid resistance lining in a tank in water treatment plant). All expenditure on improvements is capitalised.

Replacement

2.20 Replacements can be defined as 'substitution of one fixed asset by another, particularly of an old asset by a new asset, or of an old part by a new part' Expenditure on O&M or replacements is charged to revenue as Repairs and Maintenance Expenditure. Major replacement expenditure is capitalised. However, the cost and accumulated depreciation of the old replaced asset are withdrawn when the expenditure on the new replacing asset is capitalised. A broad criterion of distinguishing between minor and major expenditure is that where replacement of any asset or part of asset requires a separate fixed asset record, it is considered a major replacement.

Rebuilding

2.21 An asset may be rebuilt by replacement of its components over a period of time instead of at

one time. The criteria fixed for 'minor' 'major' replacements shall in such cases be the aggregate of expenditures on replacement in an asset and accounted for accordingly.

Any expenditure incurred on shifting an asset from one place to another place is, regardless of the amount of expenditure, is charged to revenue in the year in which the expenditure is incurred.

Contributions, Grants & Subsidies Towards Cost of Capital Assets

2.22 Contributions, Grants and Subsidies towards cost of Capital Assets are treated in accordance with the policies laid down in the following paragraphs.

2.23 Amount receivable as consumer's contribution, subsidy or grant towards capital assets are credited to appropriate account set out in chart of Accounts only if the following conditions are satisfied:

1. The amount is not subject to any conditions to be fulfilled by the Company; or
2. The conditions attached to the amount have been fulfilled by the Company.

2.24 Consumers contributions

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

Consumers Contribution, Capital Subsidies and Grants related to non-depreciable assets should be credited to capital reserve. However, if a grant related to a non-depreciable asset requires the fulfillment of certain obligations, the grant should be credited to income over the same period over which the cost of meeting such obligations is charged to income.

The deferred income balance is to be separately disclosed in the financial statements

2.25 Accounting for cost of a capital is done in the normal course without considering any contribution, subsidy or grants towards the cost of the asset. Depreciation shall also be charged in the normal course on the 'full cost' of the asset.

Full Write-off of Small Value items:

2.26 Full cost of all small and low value assets each costing Rs.500 or less is fully charged to revenue in the year in which the assets are put to use. No part of the cost of such items shall therefore be included in the cost of fixed assets nor shall any depreciation be charged thereon.

2.27 The policy for full write-off stated in paragraph 2.26 above do not apply to:

1. Items of a type for which a specific classification has been prescribed for the purpose of depreciation under the Electricity (Supply) Act, 1948.
2. Items included under the classifications 'Furniture & Fixture' and Office Equipments.

2.28 All capital expenditure is accounted for through capital work-in-progress accounts. On commissioning of the assets, the expenditure is transferred to appropriate fixed assets accounts. Transfer from capital work-in-progress accounts to fixed asset accounts is referred to in this section as 'Capitalisation of Assets'. The accounting policies prescribed for capitalization of assets are laid down in the following paragraphs.

Capitalisation when Asset is first put to use

2.29 An asset is capitalized when it is first put to use for commercial purposes.

Technical Certificate

2.30 Commissioning of an asset is a technical matter, which involves consideration of various factors such as trial, testing to ensure whether the asset

is unusable condition etc. Capitalisation of assets shall therefore be done on issue of Asset commissioning certificate from the relevant Technical Authority of the Company.

Capitalisation regardless of disputes with contractors

2.31 Mere disputes with contractors / suppliers regarding the fulfillment of the terms and conditions of contract with them shall not be a reason to withhold or defer capitalisation of assets concerned. Cost of the assets determined on the basis of the contract should be capitalized by making necessary provision for liability to contractors / suppliers acknowledged by the Company.

Rural Electrification Schemes

2.32 Cost of assets forming basic infrastructure for an electrification scheme are capitalized, when the infrastructure is first put to use and lines are energized. The subsequent expenditure or granting service connections, are capitalized as and when each service connection is granted. Capitalisation of individual service connections shall not be withheld or deferred until the targeted number of service connections granted.

Full Capitalisation of Common Facilities

2.33 Certain asset may constitute common facilities, cost of such common facilities assets are capitalized when the assets are first put to use.

Commissioning of Transmission Lines and Sub-stations

2.34 On commissioning of a transmission lines, all the assets which are put to use are capitalized and the total cost of such assets are transferred from capital work-in-progress accounts to Fixed Asset Accounts. All expenses incurred before commissioning of transmission lines and sub-station are included in the cost of the assets.

Capitalisation of Spare Units / Service Units

2.35 Assets which are to be classified as Spare Units/Service Units in accordance with the

accounting policy recommended under the section ‘Other Accounting Policies’ are capitalized when they are ‘put into usable condition’ regardless of whether they are actually used or not.

DEPRECIATION

2.36 The accounting policies relating to depreciation on fixed assets are laid down in the following paragraphs:

1. The Company charges as depreciation on the fixed assets in use at the closing of the year (on the opening balance and considering further additions & deletions, if any, during the year), such an amount as is required to write-off 90 percent of the cost of an asset, on a straight-line method over the estimated useful life of the asset.
2. Depreciation charge on an asset shall cease from the year following the year in which:
 - The year’s depreciation along with the depreciation charged in the previous year(s) becomes equal to or more than 90 percent of the cost of the asset; or
 - The asset permanently ceases to be used by the Company.
Whichever is earlier.
 - Depreciation charge on a newly commissioned asset shall commence in the year of commissioning from the date of Capitalisation.

2.37 In respect of leasehold assets, depreciation is charged every year on such an amount as is required to write off 100 percent (unlike 90 percent for other assets) of the 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

In considering the period of the lease, the renewal clause, if any, in the lease agreement shall be ignored.

2.38 Expenditure on development / improvement on leasehold assets is depreciated in such a way that full amount of such expenditure, can be written-off, on straight line method over

- The estimated useful life of those assets ascertained by the State Government; and
- Where no such period is ascertained by the State Government ‘Half of the estimated useful life of new assets of that class’ (as if half the life is expired)

2.39 Assets, which are of use only collectively in a group, and an individual asset in that group is of no use in isolation after the other assets of the group are retired/scrapped are defined as Assets of Common Retirement Date. The period of estimated useful life adopted for the purpose of charging depreciation shall be common for all the assets in the group of ‘Assets of Common Retirement Date’.

2.40 Assets used for construction are classified as under:

- 1) Construction facilities
- 2) Project Assets.
- 3) Fixed Assets.

2.41 By ‘construction facilities’ is meant those assets, which are intended for use on one or the other capital project.

2.42 Depreciation is charged on assets classified as construction facilities in the normal manner as it is charged on assets used for O&M except that the amount of depreciation is debited not to Depreciation Account but to ‘capital WIP – Revenue Expenses Reclassified account’,

2.43 Certain assets acquired / constructed as a part of a project may be used for construction of other assets of the same project. Such assets should be capitalized when they are first put to use. Capitalisation should not be withheld till commissioning of, say power plant itself. Depreciation is not chargeable in the first year of commissioning; but from the subsequent

year, depreciation should be charged in the normal manner. However, the depreciation so charged are reclassified and charged to cost of other assets of the project.

2.44 Fixed Assets used for construction means those assets, which have been, on their commissioning, transferred to fixed assets accounts, and are now deployed on any project at construction stage.

2.45 Depreciation on such assets is charged in the normal manner. The amount of depreciation charged on such assets is later reclassified and charged to capital works.

Retirement, Scrapping, Obsolescence and Sale of Assets

2.46 The accounting policies relating to retirement scrapping obsolescence and sale of assets are laid down in the following paragraphs.

Cost of Retirement, Scrapping, Sale of Assets

2.47 All costs incurred on retirement scrapping and sale of assets are charged to Revenue Account in the year in which the cost are incurred Examples of such costs are:

- 1) Building / Civil Works demolition costs
- 2) Plant decommissioning costs
- 3) Site restoration
- 4) Expenses like Legal charges and stamp duty for transfer of title to the purchaser.
- 5) Fright etc. on transfer of assets to any Asset/Scrap Disposal Authority in the Company.
- 6) Expenditure on freight etc. on delivery of the solid assets/ scrap to the purchaser.

Withdrawal of cost and Depreciation

2.48 On retirement, scrapping, obsolescence of asset, the cost of the asset and the accumulated depreciation on it are withdrawn from the fixed

asset base and transferred to a separate account provided for this purpose.

Loss on Scrapping of Assets

2.49 In case of scrapped asset for which no scrap / salvage value is realized, the written down value of such assets are charged off as “written down value of assets scrapped” in the Revenue Account for the year in which the scrapped assets are found unrealizable.

Gain or Loss on Sale of Assets

2.50. Gain or loss arising on sale of capital assets are treated as a revenue item provided the realization value is lower than the original cost of acquisition. However for the sale value of capital assets where the realization value is more than the original cost of acquisition, the excess realization should be treated as a capital reserve.

2.51. The gain on sale of assets is treated as a Revenue item only to the extent of total depreciation charged on the sold asset. Gain if any in excess of the accumulated depreciation charged by the Company on the sold asset are treated as a capital gain and credited to Capital Reserve.

2.52 For the purpose of computing gain or loss on sale of an asset also the contributions, grants and subsidies towards cost of any capital asset sold shall not be reduced from the cost of the asset sold.

Date of Acquisition not known

2.53. In case of assets scrapped / destroyed / sold for which the date of acquisition is not known, it is assumed, for the purpose of withdrawal of cost and depreciation, that the asset concerned was the oldest asset of the type in use at that accounting unit.

Loss of Assets:

2.54. In the event of loss / destruction of an asset, the cost and the accumulated depreciation on that assets are withdrawn from the fixed assets

block and provision for depreciation respectively.

Write – off of Loss

2.55. Excess of the written down value of the lost / destroyed asset over the amount of insurance claim granted are charged to revenue in the year in which the insurance claim is settled.

Formation of a New Company

2.56. On formation of a new State Electricity Company, the geographical territories of an existing Company may get transferred to the new Company. The fixed assets of the existing Company may also get transferred at Book value (cost less accumulated depreciation) to the new Company. In all cases of transfers, the new Company shall not account for the book value at the net cost but shall incorporate gross cost as well as accumulated depreciation in its books of account. Depreciation on such assets should also continue to be charged on the gross cost in the same manner as the Company holding that asset hitherto would have charged.

Finance related costs.

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

Costs relating to Borrowing

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

Discount / Commission / Redemption Premium on Bonds / Debentures etc.

2.59. Discounts on issue of bonds / debentures are charged to revenue in the year in which bonds / debentures are issued. Premium payable on redemption of bonds / debentures are charged

to revenue in the year in which the premium becomes payable.

Capitalisation of interest on Funds utilised at construction Stage.

2.60. No Capitalisation of an imputed interest cost (notional interest) on the Company's own funds and interest free finance are permitted.

2.61 Interest on amounts utilised for capital works out of Borrowed funds shall be capitalised considering the principles laid down in AS-16 "Borrowing Costs" issued by the ICAI. Which are as follows:

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

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

- Purchase of new vehicles
- Purchase of Office equipments

2.63 The amount of interest capitalised are included in the cost of the assets which involve significant time periods at construction stage and the same shall along-with the basic cost of assets be

depreciated in normal course, over the expected useful life of the assets.

II. MATERIALS ACCOUNTING

Accounting for Materials Transactions

2.64. Accounting for all materials transactions are in the same period, in which the physical event of receipts, issues etc. take place. Similarly, liability for all materials received by the Company is created in the month in which the materials are received.

Accounting for Incidental Expenses

2.65. The cost of inventories should comprise all costs of purchases, Costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Recognition of Consumption

2.66. Accounting for consumption shall closely follow the physical transactions. Issues of materials in respect of specific works are forthwith treated as consumption. Where there is lump-sum withdrawal of materials, consumption is recognised only when the exact end-use is established.

III. BORROWINGS AND INVESTMENTS

Interest on Borrowings

2.67 Provision is made every year for the interest accrued on all borrowings including State Government loans whether such interest is due or not and whether it is actually paid or not.

2.68. Total interest cost for the year including interest on State Government loans shall, subject to capitalisation of a portion of interest as per paragraphs 2.60 & 2.61 be charged to Revenue Account for the year.

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

Cost Relating Borrowings

2.70 Guarantee charges, commitment charges and legal charges / stamp duty for loan agreements, debenture trust deeds, bonds or debentures are charged to revenue in the year in which the costs are incurred. Provision is made at the year-end for the above costs for the year, which has accrued but is not paid.

Discount and Redemption Premium on Bonds etc

2.71 Discount on issue of bonds, debentures or other securities offered by a Company are charged to Revenue in the year in which the bonds / debentures are issued.

2.72. Premium, if any payable on redemption of bonds, debentures or other securities shall also be charged to Revenue Account in the year in which premium becomes payable.

Treatment of income and investments

2.73. Income from investment is credited to Revenue Account for the year in which the income has accrued. However, if the investments are held as earmarked investments against any Fund such as Pension Fund, Gratuity Fund etc., the income from such investments may be credited directly to the respective Fund.

2.74. Provision is made for the income from investments (whether to be credited to Revenue Account of a Fund), which has accrued but not received by the Company.

Investments to be recorded 'at Cost'

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

Treatment of Loss/Gain relating to Investments

2.76. Gain on sale of investments is credited to the net Revenue and Appropriation Account.

Similarly if any Redemption premium is received on maturity of securities, the same is also credited to Net Revenue and Appropriation Account. Loss on sale of investments is debited to Net Revenue and Appropriation Account. In case of investments against a Fund, the credit for the gain or debit for the loss is not passed on to the Revenue Account, but to the respective Fund Account itself.

IV. OTHER ACCOUNTING AREAS

Foreign Currency Transactions

2.77. When a foreign currency transaction is being first recorded in a Company's books of accounts, the assets, liabilities, income or expenses arising from the foreign currency transaction are translated at the official exchange rate in force on the transaction date.

2.78. All amounts owed to the Company or owed by the Company in foreign currency outstanding at the balance sheet date (including liability in relation to acquisition of fixed assets) are translated at the official exchange rate in force as on the balance sheet date. If the amount derived on such translation is different from the amount at which the receivable or liability is appearing in the books of account, the difference is recorded in the books as under:

- (1) Increase in the amount of receivable or decrease in the amount of the liability is treated as a gain and be credited to Exchange Variance Reserve.
- (2) Decrease in the amount of receivable or increase in the amount of liability is treated as a loss and is debited to Exchange Variance Reserve. If as a result of such debit the net balance in reserve account is a debit balance, the amount of debit balance is charged to revenue for the year as "Loss on Exchange Rate Variation".

Gain or loss arising on account of difference between actual amount received/paid and the amount at which the item is appearing in books

shall also be treated in the same manner as above.

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

- (1) The increase or decrease in the amount of foreign currency liability is accounted for as an increase or decrease in the cost of the assets financed by the liability.
- (2) The depreciation for the past years shall also be reworked for the assets where the conditions laid down in paragraph 2.43 for retrospective reworking of depreciation are fulfilled.

Loss due to Fire, Flood, Cyclone etc

2.80. All losses on account of flood, cyclone fire etc., are treated as the loss for the year in which the loss was incurred. Such a charge against revenue is reduced.

- (1) By the insurance claim granted by the insurer, where assets are insured with an outside insurer;
- (2) By the amount of reserve created, where the Company follows self insurance practice; and
- (3) By subsidy, if any, received from Government etc., specifically for meeting the loss.

In the case referred to in sub point (2) above, the excess amount set aside, if any, in respect of the assets may be written back to Revenue Account.

Income tax

2.81 Provision is made every year, for the tax payable by the Company on its income or profits in accordance with provisions of the relevant tax law. Such a provision is treated as a charge against the revenue before arriving at the

Company's profit for the purpose of computing surplus for the year under Section 59.

2.82. Any excess or shortfall of the provision for income tax as compared to the tax payable is treated as prior period credit or prior period charge in the Revenue account for the year in which such excess or shortfall is established.

Timing of Accounting for Revenue

2.83. Revenue from sale of power is accounted for on an accrual basis. The accounting for revenue shall thus be totally de-linked from the timing and the extent of actual collection of revenue from consumers. Where the sale of energy prior to the end of a year has not been billed, a provision for such unbilled revenue is made at the year-end so as to treat the amount as revenue in the year of supply of power.

Treatment of certain items recoverable from consumers

2.84. The accounting policy on treatment of certain items recoverable from consumers is laid down below with reference to each such item:

(1) Electricity Duty: Electricity duty recovered from consumers and forwarded to the Government is neither a cost nor an income to the Company it should thus be kept out of the Revenue Account altogether. The point of time the liability to pay Electricity duty to the Government arises would differ from State to State – it may arise either on assessment or on collection. In order to reflect the liability truly in either case, the amount of duty assessed but not collected from consumers and the amount of duty collected from consumers but not yet remitted to the Government is shown separately in the accounts.

(2) Minimum Charges: Minimum charges levied in case of consumption below a specific minimum consumption during a billing period or during a year shall, for the

sake of working convenience, be treated fully as revenue from sale of power although strictly only a part thereof relates to sale of power. Treatment of Minimum charge levied on Applicants who have delayed taking of connection: Applicants who delay their Test Report are at times billed a minimum charge even though no power has been supplied to them. Such income is treated as "Miscellaneous Charges from Consumers". The amount receivable on the account shall also be accounted for in an account separate from 'Sundry Debtors for Sale of Power'.

(3) Treatment of Discount allowed for Timely Payment: Cash discounts allowed to consumers as an incentive for timely payment by the due date should, when allowed, be treated as a cost and shown separately as such in the Revenue Account.

(4) Treatment of Delayed Payment Charges: Charges recovered from consumers for delayed payment should not be clubbed with the revenue from sale of power but shown separately since these are more in the nature of a financial charge.

(5) Accounting for bills of Thefts of Energy: Income arising from the bills raised for Theft of Energy. Whether on a consumer or an outsider are treated as income and reported under a separate account head provided for such revenue.

Cheque Received and in Hand to be Regarded as Cash

2.85. Cheques and bank drafts received will be treated as cash until they are deposited in bank, and will be included as cash on hand in the accounts. Banking of such cheques and drafts will, therefore, be considered as deposit of cash in the Bank Account.

2.86. Subsidies which are receivable to assist a Company to meet, partly or fully, shortfall of revenue as compared to cost of operations of a



specific type or of a specific activity carried out or being carried out by the Company on its own or under the directive of the body from whom the subsidy is receivable are credited to Revenue Account.

2.87. The subsidies, the receipt whereof is dependent upon the Company satisfying certain conditions shall not be taken credit for to Revenue Account until the Company satisfies all such conditions.

2.88. Where a claim for subsidy of revenue nature is made but no intimation of granting of the claim has so far been received the outstanding amount for the current year and for the past years should be shown as a deduction in the Reserve Schedule.

2.89. The Company follows the mandatory accounting standards issued by the ICAI, to the extent applicable, in regards to the accounting treatment of various transactions and prescribed in the Accounts.

As per our report of even date annexed

For M/s. Brahmayya & Co

Chartered Accountants
Firm Regn No.000513S

Sd/-xxxxx

C.V.Ramana Rao

Partner
Membership No:018545

Date : 09-11-2015

Station : Visakhapatnam

Sd/-xxxxx

T.V.S.Chandra Sekhar
Director
(Finance, HRD & Plng.)

Sd/-xxxxx

P.S.Kumar
Chief General Manager (Expr)

For and on behalf of Board

Sd/-xxxxx

R.Mutyala Raju, I.A.S
Chairman & Managing Director

Sd/-xxxxx

A. Rama Rao
Company Secretary



EASTERN POWER DISTRIBUTION COMPANY OF APLIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 2014-15

(In Rupees)

	PARTICULARS	2014-15	2013-14
A	Cash Flow From Operation Activities:		
	Net Profit/Loss Before Tax	(7222369677)	(1358494158)
	<u>Adjustments For:</u>		
	Depreciation	2451365669	2156688011
	Interest (Net)	3112691130	1438926552
	Provision for diminution in value of investments		
	Adjustments for Employees terminal benefits like P&G, GPF, GIS, & FBF	2082814572	48362284
	Operating Profit before Working Capital Changes	424501694	2285482690
	<u>Adjustments for :</u>		
	(Increase)/Decrease in Trade and Other Receivables	(4563705579)	4675844929
	(Increase)/Decrease in Inventories	(481321767)	(74277259)
	Interest to Consumers on Security Deposits	(772030508)	(746051915)
	Increase/(Decrease) in Trade & Other Payables	6722034818	(5613270721)
	Cash Generated from Operations	1329478658	527727724
	Provision for Income Tax	0	0
	Amortization of consumer contribution, Subsidies and Grants towards cost of capital assets	1313600063	1106929188
	Net borrowings towards working capital	(237218554)	(27810497087)
	Net Cash From Operating Activities	(221339958)	(28389698551)



(In Rupees)

	PARTICULARS	2014-15	2013-14
B	Cash Flow From Investing Activities		
	Purchase of Fixed Assets (Including Interest Capitalized)	(4074853064)	(5401733823)
	Sale of Fixed Assets		
	Purchases of Investments - including Contingency Reserve in Govt. Bonds	0	(337524000)
	Interest Received	161612234	154733820
	Net Cash (used in)/from Investing Activities	(3913240830)	(5584524003)
C	Cash Flow From Financing Activities:		
	Proceeds from Long Term Borrowings	10386979692	31537076478
	Proceeds of Consumer Contribution for capital Assets	1955421695	3883872020
	Repayment of Long Term Borrowings	(6904107944)	(510227210)
	Interest Paid	(2502272856)	(847608456)
	Net Cash (used in)/From Financing activities	2936020587	34063112832
	Net(decrease)/increase in cash and cash equivalent(A+B+C)	(1198560201)	88890278
	Cash & Cash Equivalents at Beginning of the year	2832122878	2743232599
	Cash and Cash Equivalents at end of the year	1633562677	2832122877

As per our report of even date annexed

For and on behalf of Board

For M/s. Brahmayya & Co

Sd/-xxxxx

Chartered Accountants
Firm Regn No.000513S

T.V.S.Chandra Sekhar
Director
(Finance, HRD & Plng.)

Sd/-xxxxx

R.Mutyala Raju, I.A.S
Chairman & Managing Director

Sd/-xxxxx

C.V.Ramana Rao
Partner
Membership No:018545

Sd/-xxxxx

P.S.Kumar
Chief General Manager (Expr)

Sd/-xxxxx

A. Rama Rao
Company Secretary

Date : 09-11-2015

Station : Visakhapatnam



Eastern Power

Distribution Company of A.P. Ltd

అంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణి 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 15th Annual general meeting of the company is rescheduled and will now be held on Tuesday, 29th December, 2015 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 31.03.2015 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 appointed by the Comptroller and Auditor General of India for the Financial Year 2015-2016
Special Business:	
3.	To ratify the action in having fixed remuneration of the Cost Auditors at the time of their appointment by the Board of Directors for the F.Y. 2015-16 and in this regard to consider and if thought fit, to pass, with or without modifications as ordinary resolution

Signed this..... day of December, 2015

Signature of shareholder

Please Affix
Revenue
Stamp

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.

