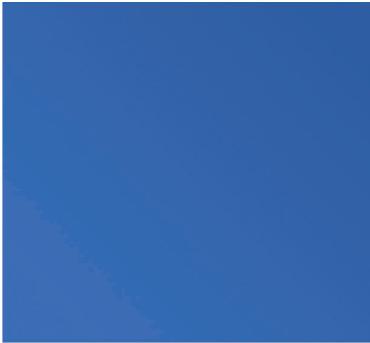




Eastern Power Distribution Company of A.P. Ltd

అంధ్రప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణి సంస్థ

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



16th Annual Report 2015-16

Eastern Power Distribution Company of A.P. Limited
Visakhapatnam



Eastern Power
Distribution Company of A.P. Ltd
అంధ్ర ప్రదేశ్ శాస్త్ర 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 M.M. NAYAK, 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

AUDITORS

GRANDHY & Co

Chartered Accountants

MIG 36, 4-68-1/4

Lawsonsbay Colony, Visakhapatnam-12

Andhra Pradesh

COMPANY SECRETARY

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



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

	CONTENTS	PAGE No.
Notice		1-2
Board's Report		3-38
C & AG Comments & Replies		39-41
Auditors' Report		42 - 53
Auditors' Comments & Replies		54-56
Balance Sheet		57
Profit & Loss Account		58
Cash Flow Statement		59
Notes		60-94
Accounting Principles & Policies		95-106
Proxy		107



EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

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

CIN : U40109AP2000SGC034117

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Company i.e Eastern Power Distribution Company of Andhra Pradesh Limited will be held on Monday, 26th September, 2016 at 04:00 PM at the Registered Office of the Company at P&T Colony, Seethammadhara, Visakhapatnam – 530 013.

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year ended 31st March, 2016 of the Company together with the Board's Report, Statutory Auditors' Report and Comments of the Comptroller and Auditor General of India, thereon.
2. To take note of appointment of Statutory Auditors by the Comptroller and Auditor General of India for the Financial Year 2016-17 as per the provisions of Section 139 of the Companies Act, 2013 and to authorize the Board to fix the remuneration of Statutory Auditors for the Financial year 2016-17 as per the provisions of Section 142 of the Companies Act, 2013.

Special Business:

3. To ratify the action in having fixed remuneration of the Cost Auditors by the Board of Directors for the F.Y. 2016-17 and in this regard to consider and if thought fit, to pass the following resolution with or without modifications as an Ordinary resolution.

“RESOLVED to ratify the action in having fixed remuneration pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-encashment thereof), the Cost Auditors Appointed by the Board of Directors of the Company, to conduct the audit of the Cost Records of the Company for the F.Y. 2016-17, be paid the remuneration of Rs. 67,500/- (Rupees Sixty Seven Thousand Five Hundred only) plus applicable taxes and reimbursement of actual out of pocket of expenses.

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

By Order of the Board

Place: Visakhapatnam

Date: 02.09.2016

sd/-xxxx
K.S.V.S.Sastry
Company Secretary



Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote and such proxy need not be a member of the Company.
2. Proxy form is enclosed. Instrument appointing proxy shall be deposited at the Registered Office of the Company by not less than 48 hours before commencement of the meeting.
3. The Comments of the Comptroller and Auditor General of India (CAG) on the Audited Financial Statements for the Financial Year 2015-2016 shall be placed before the members at the Annual General Meeting of the Company.
4. Explanatory Statement pursuant to Sec 102(1) of the Companies Act, 2013 is enclosed.
5. Route map showing the venue of the meeting is enclosed and the same is available on the website of the company.

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

Special Business: Item No. 3

It is to inform that pursuant to the provisions of Section 148 and any other provisions applicable of the Companies Act, 2013 and the Companies (Audit and Auditors)Rules, 2014(including any statutory amendments/modifications) and rule 14 for the purpose of Sub-Section (3) of Section 148, the remuneration recommended by the Audit Committee and by the Board of Directors vide Board Resolution No. 06 in the 98th Board Meeting held on 31.05.2016 to conduct Cost Audit of the Company for the F.Y.2016-2017 with a cost audit fee of Rs.67,500/- plus applicable taxes and Actual out of pocket expenses to the Cost Auditors of M/s Narasimha Murthy & Co, Cost Accountants, 3-6-365,104 & 105,Pavani Estate, Y.V.Rao Mansion, Himayatnagar, Hyderabad-500029 for the financial year 2016-17 may be ratified by the Shareholders.

The Directors recommend the resolution to be passed.

None of the Directors and key Managerial Personnel are interested in the above resolution.

By Order of the Board

Place: Visakhapatnam
Date: 02.09.2016

sd/-xxxx
K.S.V.S.Sastry
Company Secretary



Board's Report





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

BOARD'S REPORT

Dear Shareholders,

Your directors take immense pleasure in presenting the Sixteenth Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st March 2016. During the Sixteenth Year of Company's operations also, your company advances on the path of progress by effective management through optimum utilization of resources and better management of human resources and Information technology. Your management continues its focus on the key areas of loss reduction and quality control together with dedicated customer care measures.

FINANCIAL HIGHLIGHTS:

The financial performance of the Company for the F.Y.2015-16 compared to APERC Approved figures for the F.Y 2015-16 and to previous Year 2014-15 is as follows: (Rs. Crores)

S.No.	Particulars	APERC Approved 2015-16	Actual 2015-16	Actual 2014-15
I	Revenue			
	Sale of Power (incl. Electricity Duty)	8200.82	7451.47	6507.88
	Inter state sales and Inter Discom Sales	-	184.65	297.20
	Other Income	146.31	363.20	342.84
	Subsidy	867.55	867.55	875.46
	Total Revenue	9214.68	8866.87	8023.38
II	Expenditure			
	Power Purchase	7340.11	7548.31	6835.23
	Electricity Duty	-	70.47	62.67
	Employee Cost	773.66	841.73	1003.22
	Administration & General Charges	86.68	95.17	76.15
	Repairs & Maintenance	91.75	99.32	66.82
	Interest & Finance Charges	92.16	453.03	327.43
	Depreciation	307.81	273.12	252.42
	Other Expenses		18.39	159.85
	Prior period credits/(charges)		-	-
	special Appropriation - Contingency Reserve, True up cost & Supply margin & ROCE & Taxes on income.	545.64	-	-
	Less:1. Expenses Capitalized	34.30	60.79	37.18
	2. Interest During Construction (IDC)		0.02	0.99
	Total Expenditure	9203.51	9338.73	8745.62
	Profit/(Loss) before Tax but After Prior period items & Spl. Appropriation		(471.86)	(722.24)
	Provision for Income Tax	11.17	-	-
III	Profit after Tax/ (Loss)		(471.86)	(722.24)



VARIATION IN EXPENDITURE IN 2015-16 VIS A VIS APERC APPROVALS:

The actual expenditure for the year 2015-16 is Rs. 9338.73 Crores as against the APERC approved estimated expenditure of Rs. 9214.68 Crores. The details of current year's expenditure in certain key areas compared to the APERC Targets are as follows:

Particulars	APERC Approved Expenditure	Actual Expenditure	Remarks
	2015-16 (in Crores)	2015-16 (in Crores)	
Power Purchase Cost(Including Transmission and SLDC Charges etc.)	7340.11	7548.31	1) Power Purchase cost increased due to short term power purchases during the year to provide 24 hr uninterrupted power supply to all consumers 2) Actual Power Purchase cost is Rs.4.59 per unit as against the APERC Approved Power Purchase cost of Rs.3.92 per unit.
Employee Costs	773.66	841.73	Increase in Employee cost is due to increase in DA and other allowances on revised pay scales and Terminal Benefits.
Finance costs	92.16	453.03	Actual Finance costs Include Rs. 373.84 Cr towards interest on Working Capital Loans availed for power purchase payments which was not allowed by Hon'ble APERC in ARR. Hence variation appears to be on high side.
Adm & General Cost	86.68	95.17	Increase in Adm. and General Expenses is due to Salaries of Rs. 12.89 Crores to Employees relieved in Telangana State in line with the Government directions.
Repairs & Maintenance Cost	91.75	99.32	Increase in R&M Cost is due to PMI Works, Salaries to shift operators in 62 Nos newly charged substations during the year 2015-16 and Payment of variable D.A & arrears of variable D.A to shift Operators in all Sub stations.

SURPLUS/(LOSS) IN REVENUE ACCOUNT:

During the year 2015-16 the company incurred a net loss of Rs.471.86 Crores.

DIVIDEND AND TRANSFER TO RESERVES:

As there is no adequate surplus available for distribution of dividend, your Directors could not recommend any dividend for the year 2015-16.

PERFORMANCE AND OPERATIONAL HIGHLIGHTS:

During the year, the Sale of Energy was 15185.99 Million Units, an increase of 9.94 % as compared to 13812.37 Million Units for the previous year. The aggregate technical and commercial losses were brought down to 5.48% from 6.22% in the previous year.



During the year, the DPE wing inspected 58,694 services and assessed an amount of Rs. 4724 Lakhs in respect of 10,588 cases booked, relating to pilferage, malpractice, back billing, etc; out of which an amount of Rs.1891.61 Lakhs had been realised.

During the year, the Assessment wing has disposed off 3479 Nos. of cases.

POWER SUPPLIES TO INTERNATIONAL FLEET REVIEW

The APEPDCL has received appreciation in the prestigious International Fleet Review (IFR) hosted by Eastern Naval Command of Indian Navy in February, 2016 by providing requisite power supply for smooth conduct of the global event held at the Ramakrishna Beach, Visakhapatnam.

Participating as guests of honour and Chief Guest, President of India Sri Pranab Mukherjee and Prime Minister Sri Narendra Modi respectively congratulated the APEPDCL for its extensive efforts and for ensuing uninterrupted power supply resulting in making grand success of the maritime event. Chief Minister Sri N.Chandrababu Naidu also congratulated APEPDCL CMD and team for keeping up the name and fame of the State Government by providing hassle free power supply to the national event and bringing laurels to the State.

APEPDCL FACILITATES ANDHRA PRADESH FIBER GRID PROJECT IN 5 COASTAL DISTRICTS

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

The project being funded by the Infrastructure Corporation of Andhra Pradesh and is part of the Government's vision of Internet for all, began in APEPDCL limits by laying 24 Crore fiber optic cables using the existing electrical network system of 33 KV and 33/11KV lines and Sub – Stations of the APEPDCL for 5 (Five) Coastal Districts of Srikakulam, Vizianagaram, Visakhapatnam, East Godavari and West Godavari. In the first phase, work in progress in the Five Coastal Districts. Cable will be laid across a length of about 4,887 Kms, linking 69,140 poles in the Five District. Apart from the general public, the facility can be utilized by Government offices as well Municipal and ZP Schools across the 664 Mandals in the State can avail of the facility at a very economic price.

GODAVARI MAHA PUSHKARALU

Your company has also received accolades across the country by successfully providing uninterrupted power supply to 4.6 Crores pilgrims at the Godavari Districts jurisdiction for 14 days from July, 12 to July 25, 2015 during Godavari Maha Pushkaralu. A Total of 922 employees we are deputed to Rajahmundry for monitoring and maintaining uninterrupted power supply during pushkarams. Andhra Pradesh Chief Minister Sri N.Chandrababu Naidu appreciated APEPDCL team work for making the Maha Pushkaralu, a grand success.

AP Re-Organisation Act, 2014:

As per AP Re-Organisation Act, 2014, the demerger scheme for apportionment of assets and liabilities between TSNDCL 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. However, the operational activities of the above mandals have been taken up by the APEPDCL w.e.f. 01.04.2015.



SHARE CAPITAL:

The Authorized Share Capital of the Company as on 31/03/2016 is Rs. 122,00,00,000 divided into 12,20,00,000 Equity Shares of Rs. 10/- each and the Issued and Paid Share Capital is Rs. 121,22,53,290/- divided into 12,12,25,329 Equity Shares of Rs. 10/- each and whole Share Capital is held by the Government of Andhra Pradesh.

SYSTEM IMPROVEMENT:

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

PROGRESS OF PROJECT WORKS:

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

- ▶ Erection of new 33/11KV Substations: All the targeted 62 Nos. new 33/11KV Substations at a sanctioned amount of Rs.98.79 Crs are charged during the F.Y. 2015-16.

DEEN DAYAL UPADYAYA GRAM JYOTHI YOJANA (DDUGJY SCHEME):

- ▶ 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 and the Monitoring Committee on 19.02.2015 has approved 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.

RURAL ELECTRIFICATION COMPONENT UNDER DDUGJY SCHEME:

Under Rural electrification component, Works were awarded in all 5 districts of APEPDCL for 17Nos. | Tenders and works are under progress.

Sl. No	District	No. of unelectrified Habitations (UE)		No. of Rural HHs to be electrified			Scheme cost (after reallocation made by GoAP) (Rs. Crs)	Achievement as on 31.03.2016	
		As per DPR	As per identification	BPL HHs as per DPR	as per DPR incl APL	as per Survey incl APL		No. of habitations	No. of HHs
1	Srikakulam	10	31	45263	28797	33120	26.65	0	23300
2	Vizianagaram	21	25	23691	27464	31684	15.99	3	23479
3	Visakhapatnam	339	342	13912	51994	50990	18.66	103	36797
4	East Godavari	79	76	75098	42948	40616	31.99	4	30721
5	West Godavari	14	4	18987	25748	26381	13.33	0	24078
	APEPDCL	463	478	129143	176951	176951	106.62	110	138375



DDG PROJECTS:

- 77 Nos habitations are electrified and 1635Nos services are released with the sanctioned DDG Projects in Srikakulam and Visakhapatnam Districts during the FY 2015-16 with an expenditure of Rs.20 Crs.

INTEGRATED POWER DEVELOPMENT SCHEME (IPDS):

- The Government of India has launched a scheme i.e., Integrated Power Development Scheme (IPDS) for Urban areas.
- In the First Phase, 3 Nos. DPRs of the 3 circles i.e. Vizianagaram, Visakhapatnam and Eluru circles for an amount of Rs.222.42Crs were sanctioned on 26.2.2015 and in 2nd Phase, 2Nos. DPRs of the 2 Circles i.e., Srikakulam (Rs.22.13Crs) and East Godavari (Rs.55.44Crs) for an amount of Rs. 77.58Crs. were sanctioned on 09.03.2016 by M/s PFC Ltd., Works were awarded for the 3 circles i.e. Vizianagaram, Visakhapatnam and Eluru and are under progress.
- An amount of Rs. 13.46 Crores was received on 17.7.2015 against 1st tranche amount of IPDS scheme for 3 circles from M/s. PFC Ltd.

HVDS WORKS UNDER NEF FUNDS:

- 698Nos pump sets were converted into HVDS with an expenditure of Rs. 4.9814 Crores in Rajamahendravaram circle. Works were awarded for HVDS works in Eluru circle with a project cost of Rs. 127.34 Crs during March 2016.

R-APDRP PART-B SCHEME:

- The scheme was sanctioned by PFC for reduction of AT&C losses, strengthening of Distribution Network in 9 Towns of APEPDCL viz. Itchapuram, Palasa-Kasibugga, Amadalavasa, Pithapuram, RC Puram, Mandapeta, Amalapuram, Eluru and Bhimavaram for amount of Rs.58.51Crs. Works completed in 6 Towns viz., Pithapuram, RC Puram, Mandapeta, Amalapuram, Eluru and Bhimavaram and for balance towns works are under progress.

SCADA PART-A SCHEME:

- The scheme was sanctioned by PFC for implementation of SCADA for amount of Rs.13.16 Crs under 28 Nos. 33/11KV Substations in Visakhapatnam Town. Work awarded to M/s. Chemtrols Industries Ltd., Mumbai and works are under progress.

SCADA PART-B SCHEME:

- The scheme was 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. Works are under progress.

CONSUMER SERVICES:

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



- The Company is resolving immediately the complaints registered in Centralized Electricity Call Centre on a priority basis from time to time.
- Online 'Spandana' for receiving the consumer complaints to improve the customer services and to achieve the objective of customer delight in addition Spandana programme which is being conducted on every Monday at Corporate Office to resolve the grievances of customers.
- Vidyut Adalats are conducted every Monday at all section offices for resolving complaints.
- HT Consumers meets are being organized at Circle Offices and Corporate Office to resolve pending issues.
- Wide publicity activities were taken up such as exhibition of display boards, norms for new service connections and citizen charters etc.
- Regular visits are conducted for effective monitoring as part of continuous improvement.
- During the year new payment gateway i.e. payment of bills through Andhra Bank ATMs was introduced to facilitate consumers to have multiple choices for bill payment.

CONSUMER GRIEVANCES REDREESSAL FORUM

- Forum has conducted 81 Nos Consumer Awareness Programmes besides 21 Nos. public hearings in various places and disposed off 604 Nos. complaints during the year.

SAFETY MEASURES:

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

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

INFORMATION TECHNOLOGY

Your Company continues to explore various modes to utilize technological developments for improving operational efficiency and customer care. Some of the highlights of the areas in which the basic work is completed and is expected to Go-Live by mid of next financial year are as follows:

- Implemented E-Office and E-stores successfully.
- Generated Daily Defaulters list and provided facility for updation of the action taken and developed various reports on the same.
- Developed a module for release of services under Rural Electrification (RE) Component under DDUGJY Scheme and developed reports for monitoring the progress.
- Implemented revised load approval process which has reduced the no. of work orders to be operated by AE-Operations.



- Provision for uploading Documents during registration in Call centers which has reduced the dependency of hard copies for release of services by the operations staff.
- Facility for uploading test reports after release of new services & meter change slips after meter changes has reduced the delay in the process of acceptance by AAO-ERO.
- Online registration for New Service Application.
- Online registration for Solar roof top (Net metering)
- Development of mobile applications
- Eastern Power' mobile application: Consumer mobile app has been completely in-house initiative and successfully developed where in the consumer can view/pay bills, know their power supply status, Register a complaint, know the status of complaint, etc.
 - Inspection of Sub-stations
 - Inspections of 33KV lines
 - Inspection of 11KV lines
 - Inspection of DTRs and
 - Inspection of LT lines
- Development and Implementation of e-Project Monitoring System (e-PMS) which enables to monitor the status of all projects/ schemes such that these are executed efficiently within timelines specified.
- Development of Application for monitoring the replacement of failed Distribution Transformers using Vehicle Tracking System (VTS).
- SAP logins have been given up to the cadre of AEs and a module for closing of work orders has been developed with a dashboard. Closing of Work orders can be monitored at different levels so that they are closed immediately after work completion for capitalization of Assets.
- Developed CM dashboard web application.
- Development of LMC dashboard with the following features:
 - 11 KV feeder interruptions with cause-wise analysis.
 - Loads and Power factor of all 11 KV feeders.
 - DTR Loads in all R-APDRP towns.
 - SAIDI-SAIFI Analysis with graphical representation up to section level.
 - Load Curve indicating Schedules Vs Actuals.



- Strengthened the network side by implementing Cyberrom Firewall, DMZ environment for increasing the data base security.
- Online Spot Billing system for improving the billing efficiency. In this process, the Spot Billing employee will be able to download the billing data without physically going to the Section Offices and also can upload the billed data.
- APEPDCL has started sending the bill details to the respective consumers through SMS immediately after recording the meter reading and Consumers will get the SMS on bill payment also.

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

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

(A) Conservation of energy:

DELP (DSM based Efficient Lighting Programme)

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

SOLAR AGRICULTURE PUMP SETS SCHEME

- As per the GoAP Policy, Agricultural farmers receive 7Hrs of free supply by Providing Subsidy amount to APDISCOMS. The total agriculture consumption is more than 27% of energy supplied. Keeping in view of the huge demand, power supply is usually being supplied to agricultural consumers in 2 spells of one each during the day and night.
- Applicability of Scheme is for only for agricultural motors of 5HP & 3HP systems
- LOA's/Agreements were issued to certain agencies according to the list communicated by NREDCAP initially 1000Nos and the works were accomplished proportionately. Subsequently, the allocation was extended up to 6000 Nos. Accordingly, LOA's were issued for 3267No's paid pending applications in respect of both 3HP/5HP Submersible and 5HP Surface Motors, out of which 2547 No's works were completed and balance 720 Nos works were under progress.

INITIATIVES OF APEPDCL FOR PROMOTION OF SOLAR ROOFTOP:

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



- 3) APEPDCL conducted an Exhibition at Viswapriya Function Hall, R.K. Beach, Visakhapatnam on AUG 22nd to 24th to promote Rooftop Solar Energy and other Energy Efficient Devices, as part of “AP Roof Top Solar Expo-2015”. Stalls were provided by various manufacturers, Channel partners, Bankers and Insurance Company duly exhibiting live Demo of Solar power generation which was viewed by thousands of public. 111 Nos. of applications from the interested developers were registered at the on-line registration counter provided by APEPDCL at the exhibition”.
- 4) On 31.08.2015, APEPDCL conducted meeting with MNRE Channel partners/vendors and collected the cost and other details of various capacities of Solar Rooftop Systems which is most useful to the prospective solar power developers.
- 5) On 09.09.2015, APEPDCL conducted a meeting with Bankers and NREDCAP officials on promotion of Rooftop Solar Systems. The officials from the banks SBI, SBH, Indian Bank and Andhra Bank have attended along with NREDCAP officials.
- 6) On 16.12.2015 a meeting was conducted with Residential Welfare Associations, Solar Rooftop Suppliers/ Integrators, Solar Rooftop Net metering applicants, Insurance agencies and bankers to resolve the issues of applicants in a view to promote Solar Rooftop Systems. The AGM/NABARD also participated in the meeting and has given valuable guidance for obtaining loans from various bankers for Solar Rooftop Systems.
- 7) On 08.01.2016, a training programme is conducted to the Division Nodal Officers (Asst. Engineers - Technical/ Commercial) on “The Role of APEPDCL on Promotion of Solar Rooftop”. The nodal officers are responsible to solve the problems related to installation of solar rooftops in their divisions.
- 8) In APEPDCL during the year 2015-16 , 73 Nos Solar Rooftop Systems with 1449 KWp capacity have been synchronized with grid.

(B) Technology absorption:

Major efforts made towards technology absorption.

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

(C) Foreign exchange earnings and outgo

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

ANTI THEFT MEASURES:

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



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

TARIFF

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

RISK MANAGEMENT POLICY:

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

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.

CORPORATE SOCIAL RESPONSIBILITY:

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

Chairman & Managing Director

Director (Finance & HRD)

Director (Operations & Projects)

The Board also adopted CSR Policy of the Company, which has been posted on the website of the Company. CSR Budget to spent during the Financial year 2015-16 is NIL as the company is not having any average net profits for the last three financial years i.e. 2012-13, 2013-14 and 2014-15. Hence, the Company has not undertaken any projects as per CSR Policy. However, being a Power Distribution Company, we are continuously taking up energy efficiency measures as a part of CSR initiatives from time to time as per the State Government directives and with the association



of Andhra Pradesh State Energy Conservation Mission (APSECM) which has been constituted by Government of Andhra Pradesh as a part of energy conservation measures. The measures include distribution of LED bulbs, providing Solar Agri Pump sets to farmers, besides star rated Pump sets, supply of energy efficient fans to the consumers, etc. The Annual report on CSR activities as specified is annexed in the prescribed format, which forms part of this report.

BOARD OF DIRECTORS

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

Name of the Director	Designation	Date of appointment	Date of cessation
Sri M.M.Nayak, IAS	Chairman & Managing Director	03.08.2016	—
Sri Mutyala Raju Revu, IAS	Chairman & Managing Director	12.01.2015	24.07.2016
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	—

Consequent to the above changes the Board of Directors of the Company as on the date of 16th Annual General Meeting is as follows.

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

KEY MANAGERIAL PERSONNEL

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

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

Sri B.Seshu Kumar, Director (Operations)

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

MEETINGS:

BOARD MEETINGS:

During the Financial Year 2015-16, 5 (Five) Board Meetings were held on 30.04.2015, 31.07.2015, 09.11.2015, 29.12.2015 and 19.03.2016.



AUDIT COMMITTEE:

The Audit Committee of the Company consists of the following Three Directors as on the date of 16th Annual General Meeting:

Name of the Director	Designation
Sri Rahul Pandey, IFS	Nominee Director
Sri K.N.Malleswara Rao	Nominee Director
Sri B.Seshu Kumar	Director (Operations)

During the Financial Year 2015-16, 2 (Two) Audit Committee Meetings were held on 09.11.2015 and 29.12.2015.

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

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

DIRECTORS RESPONSIBILITY STATEMENT

To the best of knowledge, belief and according to the information received, the Board of Directors confirm as under for the Financial Year 2015-16 in terms of Section 134 (3) (c) of the Companies Act, 2013.

- i. In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. The Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- iv. The Directors had prepared Annual Accounts on a going concern basis.



v. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS & AUDIT REPORT

i) INTERNAL AUDITORS:

The Company had appointed Internal Auditors for each Division separately for conducting Internal Audit of the Company for the Period from 1st April, 2015 to 31st March, 2016 and the Audit Committee is reviewing reports received from the internal auditors from time to time.

ii) STATUTORY AUDITORS:

The Office of the Comptroller and Auditor General of India (C&AG) have appointed M/s Grandhy & Co., (SR0164), Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2015-2016 and also C&AG have appointed same auditors i.e. M/s Grandhy & Co., (SR0164) Chartered Accountants as Statutory Auditors of the Company for the financial year 2016-2017.

iii) COST AUDIT:

Under the directives of Section 148 (1) of Companies Act, 2013, the Company is required to conduct a cost audit. The Board, on the recommendations of the Audit Committee, appointed M/s. Narasimha Murthy & Co., Cost Accountants as Cost Auditor for the Financial year 2015-16 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 2016-17. As per the provisions of the Companies Act, 2013, the remuneration of the Cost Auditor as approved by the Board is to be ratified by the Members and the necessary resolution for the approval of the shareholders is included in the notice of the Annual General Meeting.

iv) SECRETARIAL AUDITORS:

The Board of Directors appointed Sri P.Vithal Kumar, Practicing Company Secretary as Secretarial Auditor of the Company for the F.Y.2015-16 and he has submitted his report along with his adverse remarks on the non appointment of Independent Directors and Woman Director as per the provisions of Companies Act, 2013.

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

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

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

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have



disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to address these deficiencies.

RELATED PARTY TRANSACTIONS

During the Financial year 2015-16, the Company has not entered into any related party transactions as per the provisions of Section 188 of the Companies Act, 2013.

EXTRACT OF ANNUAL RETURN

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

COMPLIANCE WITH SEXUAL HARASSEMENTS OF WOMEN AT WORK PLACE ACT, 2013

The Company has in place Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the work place (Prevention, Prohibition and Redressal) Act, 2013.

HUMAN RESOURCE DEVELOPMENT ACTIVITIES

- ▶ The Rule of Reservation is followed both in promotions and recruitment.
- ▶ Industrial harmony was maintained through out the year and continuous interaction with respective unions / Associations were maintained.
- ▶ Motivational steps such as Non – Monetary Rewards, encouragement by commendation Certificates etc., were maintained.

OTHER DISCLOSURES

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

1. During the year under review, the Company has neither accepted nor renewed any deposits covered / as defined under Chapter-V of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.
2. The Managing Director of the Company did not receive any remuneration or commission from any of its subsidiaries as there are no subsidiaries.
3. No significant or material orders were passed by the regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. There is no occurrence of material change and commitment made between the end of Financial Year and date of this report which has affected financial position of the Company.
5. There was no change in the nature of business of the Company during the Financial Year 2015-16.
6. The company is engaged in distribution of power and being a Government Company which is covered under the exemptions notified by the Ministry in this regard on 5th June, 2015. Accordingly, the details of loan given or guarantee or security provided by the company are not required to be reported.
7. There were no instances of frauds identified or reported by the Statutory Auditor during the course of the Audit pursuant to Section 143 (12) of the Companies Act, 2013.



8. The Company has no subsidiary or joint venture or associate Company as defined under the Companies Act, 2013.
9. The Company being a Government Company is exempted vide Notification No. GSR-163 (E) Dated 05-Jun-2015 issued by the Ministry of Corporate Affairs (MCA), Govt. of India, to furnish information as required under Section 197 of the Companies Act, 2013 , relating to particulars of employees.

ACKNOWLEDGEMENTS

Your Directors acknowledge the invaluable support and co-operation of the Chairman & Managing Director, APTRANSCO and Chairman & Managing Director of APSPDCL. We welcome Sri M.M.Nayak, IAS who has been appointed as Chairman and Managing Director of the Company on the Board by the Govt. of Andhra Pradesh. We also place on record our appreciation for the excellent contribution rendered by Sri Mutyalu Raju Revu, IAS during his tenure as Chairman on the Board. We take this opportunity to thank the Principal Secretary to Energy, Government of A.P., the Secretary, APERC and other officials of the Govt. of A.P., the Office of the Comptroller & Auditor General of India; the Bankers and Financial Institutions and look forward to their continued support in the future. We also wish to congratulate the employees as well as the Employees' Unions and the Engineers' and Officers' Associations of APEPDCL, for their invaluable services. We further congratulate the accounts department for their dedicated involvement in completing and preparing the accounting statements as well as in completing Statutory Audit and A.G. Audit as per schedule.

Sd/- xxxxxxxx

For and on behalf of the Board

M.M.NAYAK, IAS

Chairman & Managing Director



ANNUAL REPORT ON CSR ACTIVITIES

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

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

- 2) The composition of the CSR Committee:

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

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

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

CSR Budget to be spent during the Financial Years 2015-16 is NIL as the Company incurred losses to the extent of (-) Rs. 1680.55 Crores, (-) Rs.135.85 Crores and (-) Rs. 722.24 Crores during the Financial Years 2012-13, 2013-14 and 2014-15 respectively. Therefore, the Company does not have any average net profits to arrive at CSR Budget for the respective financial years.

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

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

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

S. No	CSR project or activity identified	Sector in which the project is covered	Area where project was undertaken	Budgeted outlay (Rs. lakhs)	Actual expenditure (Rs. lakhs)	Cumulative expenditure up to 31-Mar-16 (Rs. lakhs)	Direct/ Implementing agency

The Company has not undertaken any CSR activities during the Financial Year 2015-16 as the Company does not have average net profits as the Company incurred losses for preceding Three Financial Years i.e.2012-13, 2013-14, 2014-15.

- 6) In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. NOT APPLICABLE

- 7) Responsibility statement:

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

For and on behalf of the Board of Directors

sd/-xxxx

M.M.NAYAK, IAS
Chairman & Managing Director

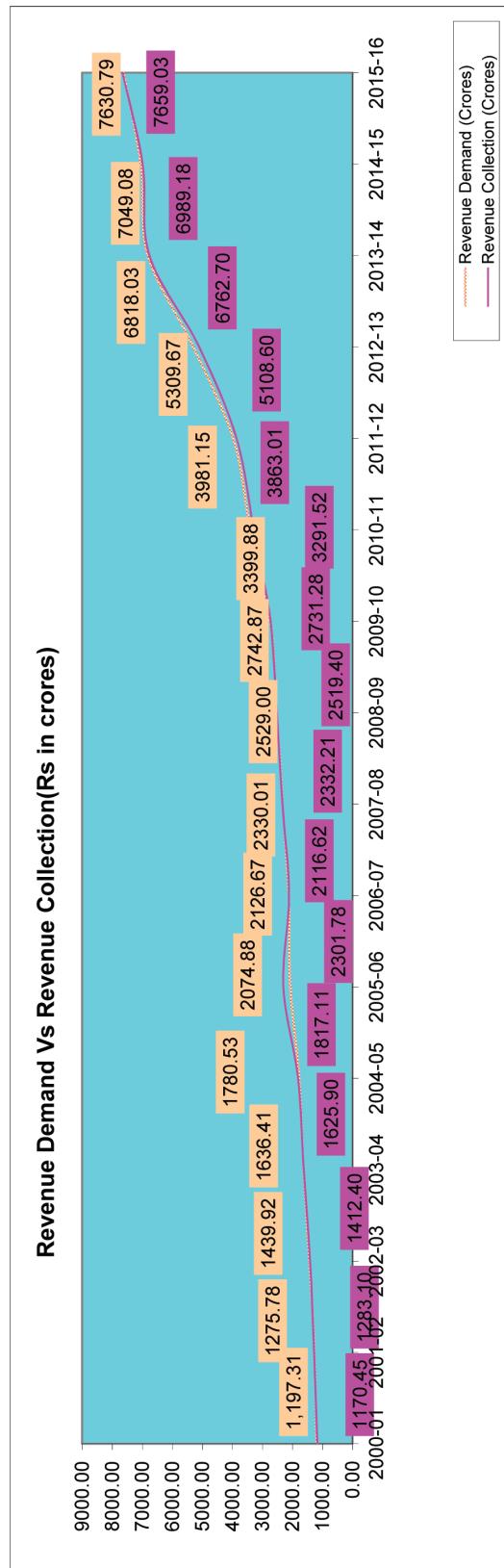
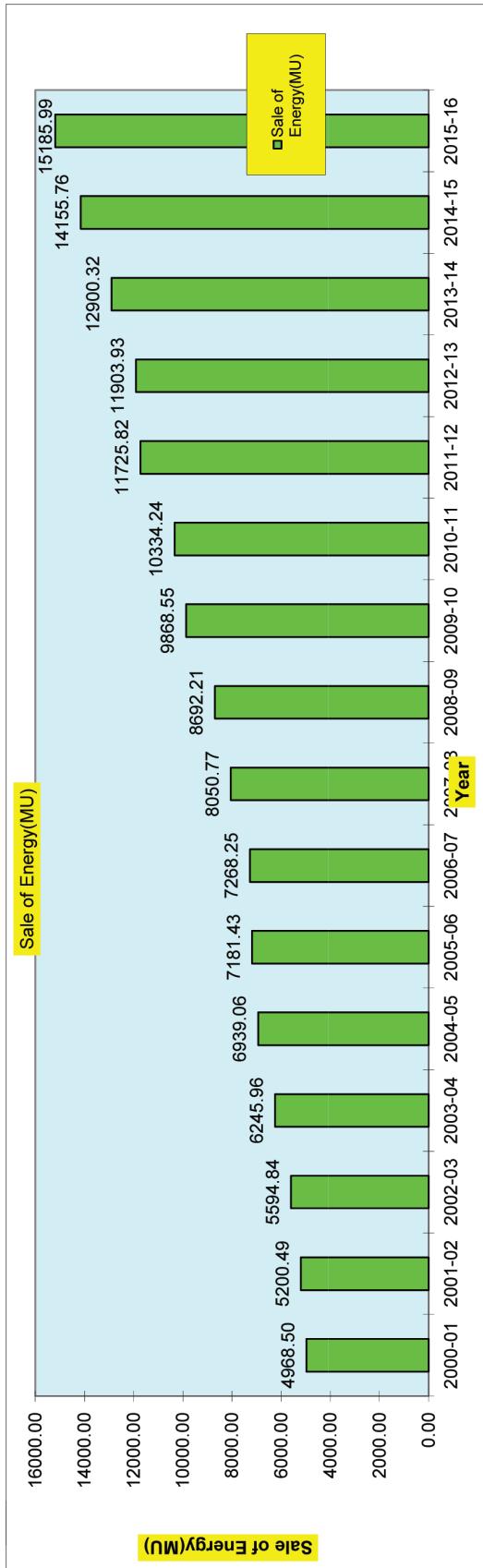


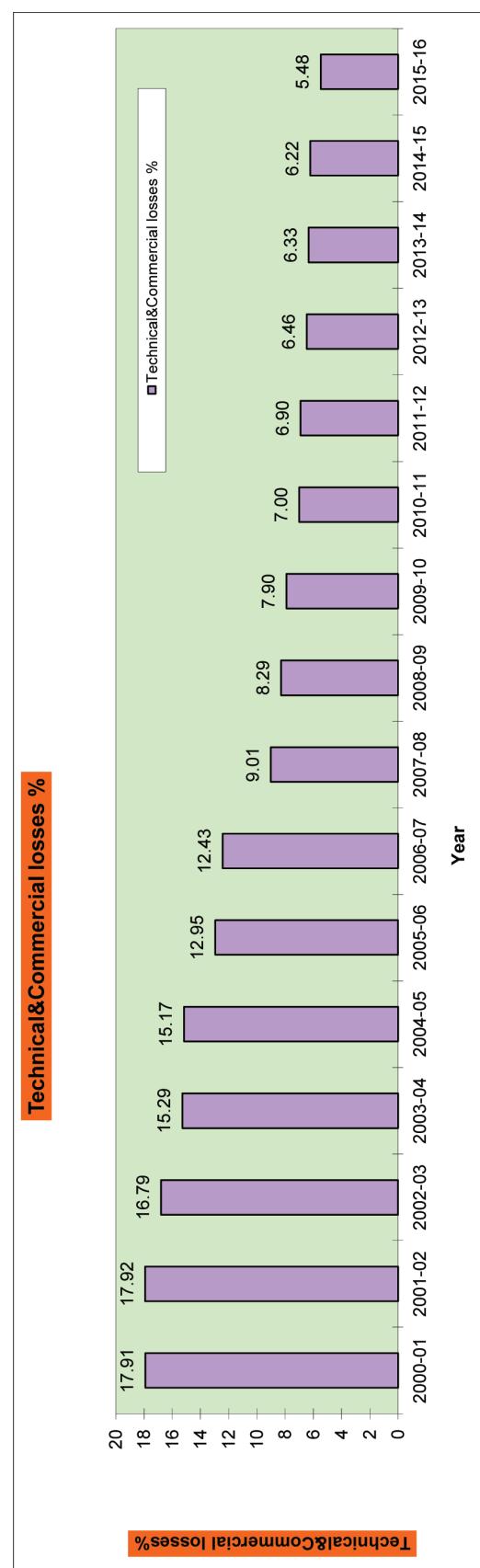
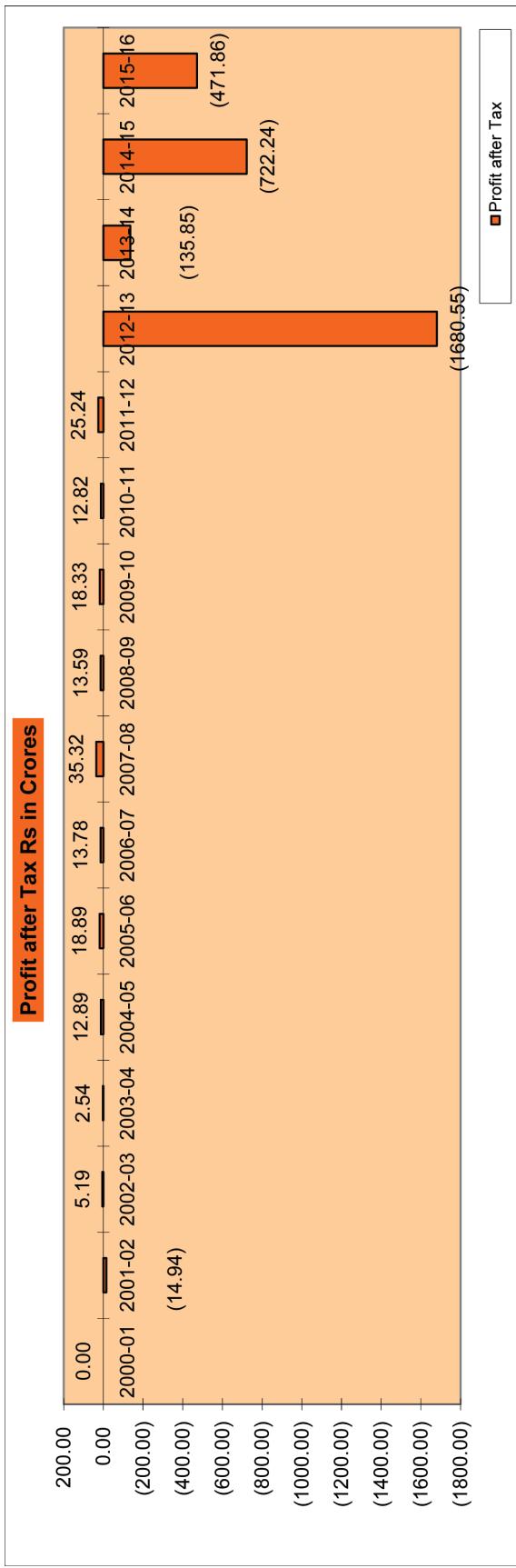
Staying ahead
Consistently





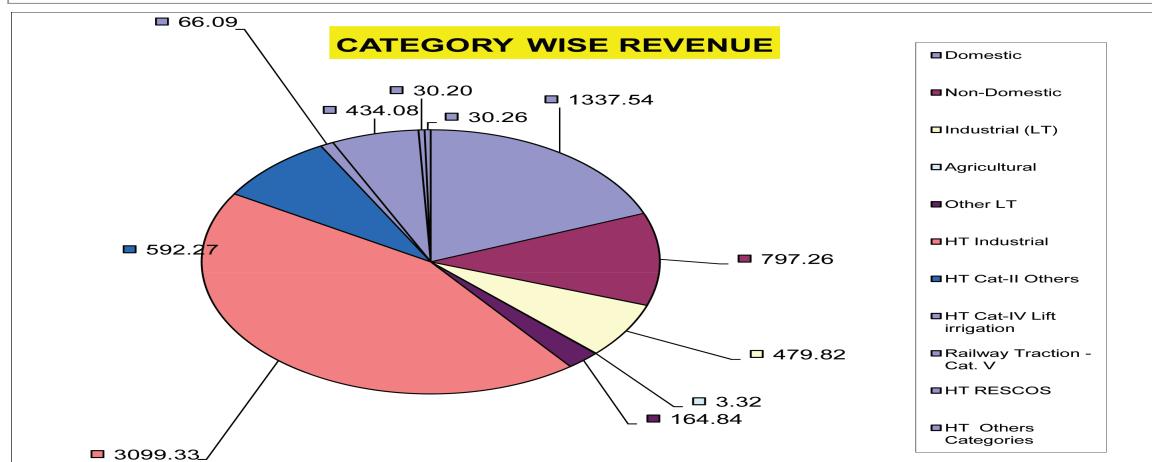
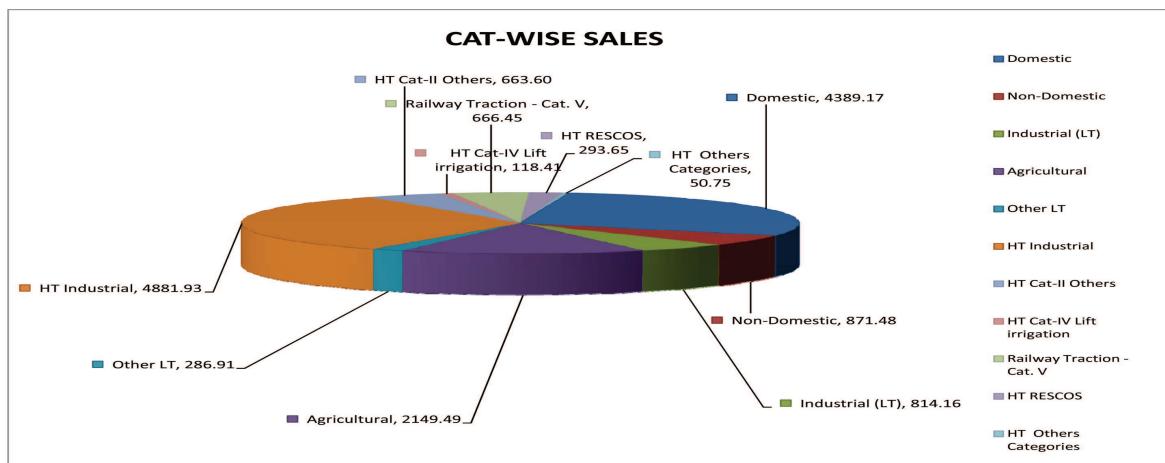
	YEAR	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
PERFORMANCE HIGHLIGHTS	Sale of Energy(M U)	4968.50	5200.49	5594.84	6245.96	6939.06	7181.43	7268.25	8050.77	8692.21	9868.55	10334.24	11725.82	11903.93	12900.32	14155.76	15185.99
	Revenue Demand (Crores)	1197.31	1275.78	1439.92	1636.41	1780.53	2074.88	2126.67	2330.01	2529.00	2742.87	3399.88	3981.15	5309.67	6818.03	7049.08	7630.79
	Revenue Collection (Crores)	1170.45	1283.10	1412.40	1625.90	1817.11	2301.78	2116.62	2332.21	2519.40	2731.28	3291.52	3863.01	5108.60	6762.70	6989.18	7659.03
	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	5.48
	Total Revenue	1198.11	1540.67	1663.98	1821.52	2013.25	2138.02	2322.68	2731.3	3534.1	3983.8	4470.83	5008.29	5091.41	6350.67	7960.71	8796.41
	Total Expenditure (Rs in Crores)	1198.11	1555.61	1658.34	1818.76	1999.21	2106.49	2309.6	2766.2	3510.4	3966.6	4454.82	5489.83	6771.96	6486.52	8682.95	9268.27
OPERATIONAL HIGHLIGHTS	Profit after Tax (Rs in Crores)	0.00	(14.94)	5.19	2.54	12.89	18.89	13.78	35.32	13.59	18.33	12.82	25.24	(1680.55)	(135.85)	(722.24)	(471.86)
FINANCIAL HIGHLIGHTS																	





SALES AND REVENUE - CATEGORY WISE 2015-16

Particulars	SALES		REVENUE	
	MU	%	Rs. Crores	%
Domestic	4389.17	28.90	1337.54	19.01
Non-Domestic	871.48	5.74	797.26	11.33
Industrial (LT)	814.16	5.36	479.82	6.82
Agricultural	2149.49	14.15	3.32	0.05
Other LT	286.91	1.89	164.84	2.34
HT Industrial	4881.93	32.15	3099.33	44.06
HT Cat-II Others	663.60	4.37	592.27	8.42
HT Cat-IV Lift irrigation	118.41	0.78	66.09	0.94
Railway Traction-Cat.V	666.45	4.39	434.08	6.17
HT RESCOS	293.65	1.93	30.20	0.43
HT Others Categories	50.75	0.33	30.26	0.43
TOTAL	15185.99	100.00	7035.01	100.00





FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2016

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

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	POWER DISTRIBUTION	9953	100%

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-2015)				No. of Shares held at the beginning of the year (As on 31-March-2016)				%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	0	0	0.00%	0	0	0	0.00%	0.00%
b) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) State Govt(s)	0	121,225,329	121,225,329	100.00%	0	121,225,329	121,225,329	100.00%	0.00%
d) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Banks / FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub Total (A) (1)	-	121,225,329	121,225,329	100.00%	-	121,225,329	121,225,329	100.00%	0.00%
(2) Foreign									
a) NRI Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Other Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub Total (A) (2)	0	0	0	0.00%	0	0	0	0.00%	0.00%
TOTAL (A)	-	121,225,329	121,225,329	100.00%	-	121,225,329	121,225,329	100.00%	0.00%
B. Public Shareholding									
1. Institutions									



Eastern Power
Distribution Company of A.P. Ltd
ఆంధ్ర ప్రదేశ్ కూటము ప్రాంత బయటక పంచాంగ సంస్థ
(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-2015)				No. of Shares held at the beginning of the year (As on 31-March-2016)				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
a) Mutual Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Banks / FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
	0	0	0		0	0	0		
f) Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
g) FIIs	0	0	0	0.00%	0	0	0	0.00%	0.00%
h) Foreign Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
	0	0	0		0	0	0		
i) Others (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-total (B)(1):-	0	0	0	0.00%	0	0	0	0.00%	0.00%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0.00%	0	0	0	0.00%	0.00%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Individuals	0	0	0		0	0	0		
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0.00%	0	0	0	0.00%	0.00%
	0	0	0		0	0	0		
	0	0	0		0	0	0		



Eastern Power
Distribution Company of A.P. Ltd
అండ్రాప్రదేశ్ వ్యాపార పరిషత్ పంచాంగ సంస్థ
(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-2015)				No. of Shares held at the beginning of the year (As on 31-March-2016)				%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%	0.00%
	0	0	0		0	0	0		
	0	0	0		0	0	0		
		0	0	0		0	0	0	
	c) Others (specify)	0	0	0		0	0	0	
Non Resident Indians	0	0	0	0.00%	0	0	0	0.00%	0.00%
Overseas Corporate Bodies	0	0	0	0.00%	0	0	0	0.00%	0.00%
	0	0	0		0	0	0		
Foreign Nationals	0	0	0	0.00%	0	0	0	0.00%	0.00%
Clearing Members	0	0	0	0.00%	0	0	0	0.00%	0.00%
Trusts	0	0	0	0.00%	0	0	0	0.00%	0.00%
Foreign Bodies - D R	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-total (B)(2):-	0	0	0	0.00%	0	0	0	0.00%	0.00%
Total Public (B)	0	0	0	0.00%	0	0	0	0.00%	0.00%
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00%	0	0	0	0.00%	0.00%
	0	0	0		0	0	0		
	0	0	0		0	0	0		
Grand Total (A+B+C)	-	121,225,329	121,225,329	100%	-	121,225,329	121,225,329	100.00%	0.00%



Eastern Power
Distribution Company of A.P. Ltd
ఆంధ్ర ప్రదేశ్ కూటమాన ప్రాంత బయటక పంచాంగ సంస్థ
(An ISO 9001:2008 & ISO 27001:2005 Certified Company)

(ii) Shareholding of Promoter

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Honorable Governor of Andhra Pradesh	121,225,320	99.999993%	0	121,225,320	99.999993%	0	0.00%
2	Individuals / Government Nominees	9	0.000007%	0	9	0.000007%	0	0.00%
3		121,225,329	100.00%	0	121,225,329	100.00%	0	0.00%

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

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	At the beginning of the year			There is no change in Promoters' Shareholding between			
2	Changes during the year			01.04.2015 to 31.03.2016 except change of names of Government Nominees			
3	At the end of the year						

(iv) Shareholding Pattern of top ten Shareholders*(Other than Directors, Promoters and Holders of GDRs and ADRs):*

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	At the beginning of the year	01.04.2015		NIL			
2	At the end of the year	31.03.2016					



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

(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 Mutyala Raju Revu	01.04.2015	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2016	At the end of the Year			1	0.00000082%
2	Sri Rahul Pandey	01.04.2015	At the beginning of the Year	-	0.00000000%	1	0.00000082%
		31.03.2016	At the end of the Year			1	0.00000082%
3	Sri B.Seshu Kumar	01.04.2015	At the beginning of the Year	-	0.00000000%	1	0.00000082%
		31.03.2016	At the end of the Year			1	0.00000082%
4	Sri T.V.S.Chandra Sekhar	01.04.2015	At the beginning of the Year	-	0.00000000%	1	0.00000082%
		31.03.2016	At the end of the Year			1	0.00000082%
5	Sri V.Krishna	01.04.2015	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2016	At the end of the Year			1	0.00000082%
6	Sri K.Lakshminarayana Rao	01.04.2015	At the beginning of the Year	1	0.00000082%	1	0.00000082%
		31.03.2016	At the end of the Year			1	0.00000082%
7	K.N.Malleswara Rao	01.04.2015	At the beginning of the Year	-	0.00000000%	-	0.00000000%
		31.03.2016	At the end of the Year			-	0.00000000%
8	P.Ramesh	01.04.2015	At the beginning of the Year	-	0.00000000%	-	0.00000000%
		31.03.2016	At the end of the Year	-		-	0.00000000%



Eastern Power
 Distribution Company of A.P. Ltd
 ఆంధ్ర ప్రదేశ్ వైఎస్ ఇంజనీరింగ్ సంస్థ
 (An ISO 9001:2008 & ISO 27001:2005 Certified Company)

V. INDEBTEDNESS

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

Rs.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	38,788,740,738.00	-	-	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
Change in Indebtedness during the financial year				
*Addition	8,579,007,625.00	-	-	8,579,007,625.00
*Reduction	467,437,847.00			467,437,847.00
Net Change	8,111,569,778.00	-	-	8,111,569,778.00
Indebtedness at the end of the financial year				
i) Principal Amount	46,900,310,516.00	-	-	46,900,310,516.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	46,900,310,516.00	-	-	46,900,310,516.00



Eastern Power
Distribution Company of A.P. Ltd
అండ్రాప్రదేశ్ కూలాటూ ప్రోపర్ ఇండస్ట్రీల్స్ సంస్థ
(An ISO 9001:2008 & ISO 27001:2005 Certified Company)

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 Mutyala Raju Revu, IAS	
	Designation	Managing Director	
1	Gross salary	2,144,391	2,144,391.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify	-	-
5	Others, please specify	-	-
	Total (A)		2,144,391.00
	Ceiling as per the Act	-	-



Eastern Power
 Distribution Company of A.P. Ltd
 అంధ్ర ప్రదేశ్ కూర్చు ప్రాంత బయటక పరిషత్ సంస్థ
 (An ISO 9001:2008 & ISO 27001:2005 Certified Company)

A. Remuneration to Whole-Time Directors				
SN	Particulars of Remuneration	Name of WholeTime Director		Total Amount (Rs.)
	Name	Sri B.Seshu Kumar	Sri T.V.S.Chandra Sekhar	
	Designation	Director (Operations)	Director (Finance) / CFO	
1	Gross salary	1,303,175.00	1,621,356.00	2,924,531.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	-as % of profit	-	-	-
	-others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	1,303,175.00	1,621,356.00	2,924,531.00
	Ceiling as per the Act	-	-	-



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

A. Remuneration to Whole-Time Directors				
SN	Particulars of Remuneration	Name of Whole Time Director		Total Amount (Rs.)
	Name	Sri K.Lakshminarayana Rao	Sri V.Krishna	
	Designation	Director (HRD)	Director (Operation)	
1	Gross salary	976,663.00	939,246.00	1,915,909.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	976,663.00	939,246.00	1,915,909.00
	Ceiling as per the Act	-	-	-



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

B. Remuneration to Other Directors						Total Amount (Rs.)
SN	Particulars of Remuneration	Name of Director				
1	Independent Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
2	Other Non-Executive Directors	Sri Rahul Pandey, IFS	Sri K.N.Malleswara Rao	Sri P.Ramesh	Sri Munindra	
	Fee for attending board committee meetings	1,000.00	1,000.00	-	-	2,000.00
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	1,000.00	1,000.00	-	-	2,000.00
	Total (B)=(1+2)	1,000.00	1,000.00	-	-	2,000.00
	Total Managerial Remuneration	-	-	-	-	6,986,831.00
	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 Rs.
		Name	Designation	
		Sri A.Rama Rao	Sri K.S.V.S.Sastry	
1	Gross salary (a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	1,343,302.00 -	284,211.00 -	1,627,513.00 -
	(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	1,343,302.00	284,211.00	1,627,513.00



Eastern Power
Distribution Company of A.P. Ltd
అండ్రూప్రదేశ్ కూలాటూ ప్రోటెక్ ఇంజెన్యూరింగ్ సంస్థ
(An ISO 9001:2008 & ISO 27001:2005 Certified Company)

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		There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.			
Penalty		There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.			
Punishment		There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.			
Compounding		There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.			
B. DIRECTORS					
Penalty		There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.			
Punishment		There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.			
Compounding		There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.			
C. OTHER OFFICERS IN DEFAULT					
Penalty		There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.			
Punishment		There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.			
Compounding		There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.			



Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2016

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

To,

The Members,

Eastern Power Distribution Company of Andhra Pradesh Limited,

APEPDCL, Corporate Office, P&T Colony,

Seethammadhara, Visakhapatnam – 530013.

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

Based on my verification of the Eastern Power Distribution Company of Andhra Pradesh Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31.03.2015, 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 31.03.2016 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

Signature: Sd/- xxxxxxx

Date: 02.09.2016

Name: P. VITHAL KUMAR

ACS No. 14440

CP No. 8224

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



‘Annexure A’

To

The Members,

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

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

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

Place: Visakhapatnam

Signature: Sd/- xxxxxxx

Date: 02.09.2016

Name: P. VITHAL KUMAR

ACS No. 14440

CP No. 8224



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

Date : 23-09-2016

(No. AG (E&RSA)/ES-II (Power)/APEPDCL/2016-17/70

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 ended 31 March 2016.

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 2016 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 2015-16 may be furnished in due course.

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

Yours faithfully,

Sd/- XXXXXXXX
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 2016

The preparation of financial statements of Eastern Power Distribution Company of Andhra Pradesh Limited, Visakhapatnam for the year ended 31 March 2016 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 8th August 2016.

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 2016. 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, 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 matter 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 :

Statement of Profit and Loss Account

Other Income (Note No. 22)

Miscellaneous receipts : Rs.32.22crore

1. The above is understated by Rs. 7.23 crore due to non-accountal of income collected from NTPC towards unauthorised utilisation of power. This has also resulted in understatement of Other Current Assets and overstatement of loss for the year by the similar amount.

B. Comments on Financial Position :

Balance Sheet

Equity and Liabilities

Other Current Liabilities (Note No. 9) - Others (Note No. 9.3)

Deposits for Electrification, Service Connection etc : Rs.88.18 crore

2. The above includes Rs.5.81 crore being the deposits collected from consumers towards burnt meters As all the burnt meters were replaced by 31 March 2016 duly booking the expenditure (cost of meters) under other expenses, these deposits should be adjusted against the expenditure of the company. The impact cannot be stated due to non-reconciliation of records by the Company.

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

Place : Hyderabad

Date : 23/09/2016

Sd/- XXXXXXXX

**(LATA MALLIKARJUNA)
Accountant General (E&RSA)**



**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 2016**

Sl. No.	Comments of the Comptroller and Auditor General of India	Reply of the company
1	<p>A Comments on Profitability: Statement of Profit and Loss Accounts Other Income (Note No.22) Miscellaneous receipt: Rs.32.22 crore.</p> <p>The above is understated by Rs.7.23 crore due to non - accountal of income collected from NTPC towards unauthorized utilization of power. This has also resulted in understatement of Other Current Assets and overstatement of loss for the year by the similar amount.</p>	<p>The amount of Rs.7.23 Crs towards unauthorized utilization of power was recovered from the NTPC Power bill on 03.09.2012 i.e during the F.Y 2012-13 and kept in 50% initial assessment deposit account due to dispute raised by the NTPC. After issue of final orders by the competent authority the said amount was inadvertently retained in the deposit account instead of transferring the same to other income.</p> <p>However on observation by the audit the same was transferred to other income during F.Y 2016-17 vide J.E No.01/08-2016.</p>
2	<p>B. Comments on Financial Position: Balance sheet, Equity and Liabilities Other Current Liabilities (Note No.9) – Others (Note No.9.3) Deposits for Electrifications, Service Connection etc.: Rs. 88.18 crore</p> <p>The above includes Rs.5.81 crore being the deposits collected from consumers towards burnt meters. As all the burnt meters were replaced by 31 March 2016 duly booking the expenditure (cost of meters) under other expenses, these deposits should be adjusted against the expenditure of the Company. The impact cannot be stated due to non re conciliation of records by the company.</p>	<p>The existing procedure and practice of Burnt Meter replacement is such that the replacement is made on cost basis for replacement of Burnt Meter from second time onwards. The consumers have to pay cost of single phase or three phase meters for replacement as per estimate prepared. The amount initially paid will be kept in deposit and replacement will be made against periodical work order for each section. While closing the work order the difference between the cost of burnt meter drawn for Burnt Meter replacement and amount collected from consumer is being transferred to Profit and Loss account.</p> <p>As this a continuous process the same procedure will be continued as and when the Work Orders are closed.</p> <p>However the audit comment is noted and the excess paid amount if any will be accounted in the year of closing of Work order and will be charged accordingly to P & L Account.</p>



GRANDHY & Co
Chartered Accountants
MIG 36, 4-68-1/4
Lawsonsbay Colony,
Visakhapatnam-17
Andhra Pradesh

INDEPENDENT AUDITORS' REPORT

To

The Members of

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

Visakhapatnam

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of M/s. **Eastern Power Distribution Company of Andhra Pradesh Limited**, Visakhapatnam (The Company) which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditors' Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also



includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

I. Basis of Disclaimer Opinion

1. Balance Confirmations :

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

2. Power Purchase & Govt. Revenue Subsidy:

- a. Consequent to the amendment brought in vide G.O. Ms. 396 dt 09.06.2005 to the second transfer scheme notified vide GO Ms 142 dt 29.09.2001, the company has incorporated in its books of accounts as on 01.04.2010 various assets, including fixed assets and liabilities towards power purchase, supplies and services received and balances outstanding in respect of the loans, representing term loans, cash credit, working capital loans, received from various banks and financial institutions, other receivables from the state government of AP of the amounts mentioned in the two notifications referred to above. We understand that the above amounts, at which various assets and liabilities are recognized in the books of accounts as on that date, or provisional and accordingly are subject to further adjustment as may be determined by the state government of AP.
- b. In terms of GO Ms No 58, Energy (power III) dt 07.06.2005, APPCC, which has no separate legal entity under any statute, administrative matters relating to purchase of power including the allocation of the said cost of purchase between various DISCOMs including "Expensive power" sale of power between various DISCOMs, inter-state sale / purchase of power and maintains the books of account in respect of the same on behalf of various DISCOMs in the state of Andhra Pradesh. Further these transactions are subjected to audit by an Independent audit firm of Chartered Accountants. Accordingly the transactions relating to purchase of power, sale / purchase of power to / from other DISCOMs, write back of excess provision in earlier years towards cost of power purchased, interstate sale of power, subsidies from state government of AP towards "expensive power" recognized in the books of account in earlier years, borrowings made for the purchase of power being cash credit facilities and short term borrowings from banks, financial institutions, state and central governments together with interest etc, are incorporated in the books of account of the company based on the information provided by the APPCC, duly certified by M/s Sagar & Associates, Independent firm of Chartered Accountants. We have relied on the said certification by the independent firm of chartered accountants, in respect of the above transactions. Consequently, we have relied upon the certification provided by the independent firm of chartered accountants in respect of the following balances appearing in the books of account of the company, in lieu of the letter of balance confirmation
 - i. Amounts outstanding in the various loans obtained from state government of Andhra Pradesh totaling to Rs 26,38,20,373.00
 - ii. Amounts outstanding in the various term loans obtained from various banks and financial institutions totaling to Rs 2900,00,00,000.
 - iii. Amounts lying in various current accounts operated by Andhra Pradesh Power Co-ordination Committee on behalf of the company with various schedule banks totaling to Rs 8,02,97,589.
 - iv. Amounts due to / from various power generators, other power DISCOMs, AP Transco, whose accounts are monitored by APPCC.
 - v. Debit balance of Rs 2694,54,13,723. appearing in the pool account operated by APPCC



- vi. Balance due to / from various vendors for supplies and services, other power distribution companies, AP Transco.
- 3. As per Accounting Standard – 22: Deferred Tax Asset / Liability has not been recognized in the accounts.
- 4. As per Accounting Standard – 28: The company has not carried out any techno-economic assessment during the year ended 31st march 2016 and hence identification of impairment loss and provision thereof, if any, has not been made. This is not in conformity with AS 28, consequently impact of adjustment, if any, on the financial statements is currently not ascertainable.
- 5. We are informed that the company is governed by the electricity act, 2003 and accordingly the provisions of the said act would prevail, wherever the same are inconsistent with the provisions of the Companies Act 2013 in terms of Sec 174 of the electricity act. Accordingly in terms of sec 185 (2) (d) of electricity act 2003, the annual accounts of the company have been prepared as per the rules prescribed under “ Electricity (Supply) (Annual Accounts) rules 1985. Accordingly the company has not complied with the mandatory accounting standard in respect of Capitalisation of Administrative overheads (Staff cost) amounting to Rs 60,78,35,637 being 11% of the direct cost of the assets capitalized during the year is in not in accordance with the accounting standard 10 – “ Accounting for fixed assets “, as the same cannot be attributable as expenditure incurred directly to bring the said assets to working condition.
- 6. Consequent to the promulgation of AP Reorganisation Bill 2014 (the Act), the Assets and liabilities of operation in 7 mandals of Khammam of TSNDCL (APNDCL) were required to be merged with APEPDCL

M/s TSNDCL have furnished financial statements as on 01.06.2014 duly audited by Independent Chartered Accountant on the allocation of Assets and liabilities as at 01.06.2014 have been carried out as per the ACT. Further, such assets and liabilities transferred should be adopted into company accounts, subject to modifications after verification and reconciliation by both the entities and approval by the expert committee, Government of Andhra Pradesh, TSNDCL, Government of Telangana. However, such reconciliation is not carried out as on the date of our audit.

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

The Consequential impact of above said transactions on Assets, liabilities, profit and loss for the year, if any, is presently not ascertainable.

II. Basis for Qualified Opinion:

1. Inventory:

The Company's inventories are carried in the Balance Sheet at Rs.174,43,17,102. Management has not stated the inventories at the lower of Cost or Net Realizable Value but has stated them solely at cost (weighted average cost), which is not in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act & non-compliance of the Accounting Standard – 2 “Valuation of Inventories”. Reference is invited to Company's Accounting Policy on Inventories vide Note No.II

2. Fixed Assets:

- a. Company's land / Freehold Land in the Balance Sheet is carried at Rs.82,57, 05, 295. Historical cost details relating to lands acquired by the company by way of purchase gift or otherwise are not available with the company. Further, the related documents are also not fully available with the company. Pending such reconciliation between the records and books of accounts, we are unable to determine whether any adjustments to the carrying amounts were, necessary as on 31.03.2016.
- b. The company has not conducted physical verification of fixed assets during the year. Hence we are unable to determine whether any adjustments to the carrying amounts were necessary.



3. Depreciation:

a. Reference is invited to Company's Accounting Policy No.2.36 on Depreciation. The company is charging depreciation on 90% of the cost of fixed assets. In as much the residual value is predetermined at 10% on all assets. This is not in accordance with the stipulations of Accounting Standard - 6, "Depreciation accounting". Further, Depreciation on Fixed Assets is charged under SLM method, on the basis of rates prescribed by the Central Government, vide notification. S.O 265 (E) dated 29th March 1994. However, the rates adopted are not in line with schedule II of the Companies Act, 2013 as the useful life of the assets are not ascertained. The impact of the above on the Profit & Loss Statement and Fixed Assets could not be ascertained.

4. Government Grants:

The company has received Capital grants through various schemes sponsored by Government of India or Government of Andhra Pradesh, viz., RGGVY, Indira Jalaprabha where in disclosure with respect to utilization of the grants and the assets created there to, has not been provided by the company, in accordance with the paragraph no.12.1 of Accounting standard - 12 "Accounting for Government Grants".

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

III. Basis for Adverse Opinion:

1. Intangible Assets:

Licenses fee paid for the purchase of various software's are capitalised as computers and IT equipments and depreciated at the computer rates instead of capitalising in accordance with the AS-26,"Accounting for Intangible assets". Accordingly, the license fees are not amortised as per AS-26. Thus resulting in non-compliance of AS-26 and the AS-6 "Depreciation accounting". The carrying value of assets and consequential effect on depreciation and the impact is not ascertained.

IV. Disclaimer/Qualified/Adverse Opinion:

a) In our opinion and to the best of our information and according to the explanations given to us, 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.

(b) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;

(c) In the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and

(d) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (5) of the Companies Act 2013, we give in the annexure C, to this report a statement on the directions by Comptroller & Auditor General of India, to the extent applicable.
3. As required by Section 149 (1), Women director needs to be appointed and the company has not complied with this Section.
4. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



- (b) Except for the matters described in the basis for Qualification opinion paragraph above, In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with in this report are in agreement with the books of account.
- (d) In our opinion, except for the matters described in the basis for qualification opinion paragraphs above, the Balance Sheets, the statement of profit & loss and cash flow statement dealt with by the report comply with the Accounting standards specified under section 133 of the act, read with Rule 7 of the Companies (Accounts) Rules, 2014 more particularly non compliance of Accounting standards of AS 2, AS 6, AS 9, AS 10, AS 12, AS 15, AS 22, and AS 28.
- (e) Being a Government company, the company is exempted from the provisions of Sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. Except for the matters described in the basis for qualified opinion paragraph above, The Company has disclosed the pending litigations on its financial position in its financial statements .Refer- Note 27.12 of the financial statements
 - ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There are no amounts which are required to be transferred to Investor Education and protection fund.

For GRANDHY & Co

Chartered accountants,

Firm Registration No. 001007S

Sd/- xxxxxxxx

G.Krishna Murty

Partner

M.No:006883

Place: Visakhapatnam

Date: 08.08.2016



Annexure A to the Auditors' Report

Annexure referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' section of our report of the Independent Auditors' Report of even date of EPDCL of AP, on the standalone financial statements for the year ended March 31, 2016

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

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets subject to updation in SAP, however hardcopy records are not maintained
- (b) The company did not conduct a regular program of physical verification of fixed assets by which fixed assets were verified in a phased manner over a period of three years.
- (c) According to information and explanation given to us, and procedure conducted by us, the ownership documents viz sale deed, gift deed etc on immovable Properties are held in the name of the company are not made available to us as they are with the relevant circle offices. Further, the immovable properties transferred in pursuant to Demerger of TSNPDCL are not registered in name of the company, in the absence of the above said information we are unable to determine the state of ownership and titles of such property.

- ii. As per the information and explanation provided to us, the Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed during such physical verification.
- iii. As per the information and explanation provided to us, The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable to the company.
- iv. As per the information and explanation provided to us, The Company has not made any transactions in the nature of loans, investments, guarantees, and security, where provisions of section 185 and 186 of the Companies Act, 2013 are applicable. Thus, paragraph 3(iv) of the Order is not applicable to the Company.
- v. As per the information and explanation provided to us, The company has not accepted any deposits, within the meaning of provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Thus, paragraph 3(v) of the Order is not applicable to the company.
- vi. The Central Government under sub-section (1) of Section 148 of the Companies Act, 2013. The cost records are not produced for verification, hence, the contents of these accounts and records have not been examined by us.

- (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and any other statutory dues to the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable except Service tax on various vendors which are either not payable or delay in filing and delayed TDS,



interest on delayed filing and penalties in certain payments made due from many years under the provisions of the income tax act 1961, the company has not made any provision for the said expenditure.

(b) According to the information and explanations given to us, details of dues of sales tax, service tax, excise duty, customs duty and cess which have not been deposited as on March 31, 2016 on account of any dispute is in note no 27.12 (i).

vii. In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of loans or borrowings due to any financial institution, bank, Government or dues to its debenture holders as on the date of balance sheet.

viii. The company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the reporting period. Term loans availed during the reporting period was applied for the purposes for which those were raised.

ix. During the course of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India, and according to the information and explanations given to us, we have neither come any instance of fraud on or by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.

x. Since government company is exempted from the provisions of Section 197 read with schedule V to the Companies Act, 2013

xi. According to the information and explanation given to us and based on audit procedure conducted by us, In our opinion, the company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable for the company.

xii. In our opinion and according to information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial statements of the company as required by applicable Accounting Standards.

xiii. According to information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xiv. According to information and explanation given to us, the company has not entered into non cash transactions with directors or any persons connected with him. Thus, paragraph 3(xiv) of the Order is not applicable to the company.

xv. In our opinion, the company is not required to be registered under section 45IA of Reserve Bank of India Act 1934. Thus, paragraph 3(xvi) of the Order is not applicable to the company.

For GRANDHY & Co

Chartered accountants,

Firm Registration No. 001007S

Sd/- xxxxxxxx

G.Krishna Murty

Partner

M.No:006883

Place: Visakhapatnam

Date: 08.08.2016



Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of APEPDCL ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that



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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basic of Disclaimer of Opinion

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

Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for my / our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016

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

For GRANDHY & Co

Chartered accountants,
Firm Registration No. 001007S

Sd/- xxxxxxxx

G.Krishna Murty

Partner

M.No:006883

Place: Visakhapatnam

Date: 08.08.2016



Annexure - C to the Auditors' Reports

(As refered to in Paragraph 2 in report on other legal and regulatory requirements of our report of even date to the members of the Eastern Power Distribution company of Andhra Pradesh Limited on the financial statements for the year ended 31st March 2016)

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

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

Sl. No.	Sub-direction	Our comments
1	Adequacy of steps to prevent encroachment of idle land owned by company may be examined. In case land of the company is encroached, under litigation, not put to use or declared surplus, details may be provided.	As per the explanation and information provided to us, the entire land is being used for the construction 33 / 11 KV sub-stations and office buildings. There is no surplus land available.
2	Whether the company has an effective system for recovery of revenue as per contractual terms and the revenue is properly accounted for in the books of accounts in compliance with the applicable accounting standards ?	As per the explanation and information provided to us, the company cost has an effective system for recovery of revenue as per contractual terms and the revenue is properly accounted for in the books of accounts as per the applicable accounting standards.
3	How much cost has been incurred on abandoned projects and out of this how much cost has been written off ?	Arbitration cases list is enclosed
4	Whether the reconciliation of receivables and payables between the generation, distribution and transmission has been completed. The reasons for difference may be examined	Company has not completed the reconciliation of receivables and payables between generation, distribution and transmission. In the absence of the above exercise, we are unable to comment on differences on reconciliation.



Sl. No.	Directions	Our comments
5	How much tariff roll back subsidies have been allowed and booked in the accounts during the year ? Whether the same is being reimbursed regularly by the state government shortfall if any may be commented	<p>An amount Rs.867.55 Crores has been allowed as subsidy to the company and accounted as other income during the year.</p> <p>Further, an amount of Rs. 816.90 Crores has been received during the year.</p> <p>However, the balance of Rs 50.65 Crores is received by the company on 02.04.2016</p>

Place: Visakhapatnam

Date: 08.08.2016

For GRANDHY & Co.,

Chartered accountants,

Firm Registration No. 001007S

Sd/- xxxxxxxx

G.Krishna Murty

Partner

M.No:006883

Directions under section 143(5) of Companies Act 2013		
Sl. No.	Directions	Our comments
1	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	The Company is having 716 numbers substations and all substations land documentary evidence is available with the management at concerned units. No leasehold lands. Since these records are not available at Head Office, we could not verify.
2	Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	NIL
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other	The T-Notes collected from the Contactors are lying with the field Section Officers. The records for Lands donated for Sub-Station Construction are available with concerned Division Offices.

Place: Visakhapatnam

Date: 08.08.2016

For GRANDHY & Co.,

Chartered accountants,

Firm Registration No. 001007S

Sd/- xxxxxxxx

G.Krishna Murty

Partner

M.No:006883

EASTERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Works held up due to arbitration as on 23.07.2016

Sl. No.	Name of the circle/division	Work awarded to	Agreement value (Rs. lakhs)	Financial (Rs. Lakhs)		Remarks
				Bills paid to the contractor	% Achievement	
1	Srikakulam	M/s. GVS Projects (P) Hyd	3806.55	305.00	8%	The execution of above works were held up since October 2013 due to Arbitration applications filed by the contractors
2	Vizianagaram	M/s Katakam Infra proj. India (P) ltd. Cumbum	3463.95	265.91	8%	
3	Visakhapatnam	M/s. Mani Power Distribution Systems Pvt. Ltd., Hyd	1848.75	373.69	20%	

Sd / xxxxxxxx

Chief General Manager (Expr)

APEPDCL





**REPLIES OF THE COMPANY TO THE COMMENTS OF THE STATUTORY AUDITORS
CONTAINED IN THEIR REPORT FOR THE YEAR 2015-16**

Sl. No.	Statutory Auditors Comments	Replies
1	<p><u>Inventory:</u></p> <p>The Company's inventories are carried in the Balance Sheet at Rs.174,43,17,102. Management has not stated the inventories at the lower of Cost or Net Realizable Value but has stated them solely at cost (weighted average cost), which is not in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act & non-compliance of the Accounting Standard – 2 "Valuation of Inventories". Reference is invited to Company's Accounting Policy on Inventories vide Note No.II</p>	<p>The inventories held by the company are mostly utilized in constructing substations & laying of New lines, installation of Transformers useful for extending Power supply to prospective consumers besides system strengthening in arresting voltage fluctuations. These inventories are neither meant for any manufacturing purpose nor any further processing. Thus the method of valuation of cost or net realizable value is not applicable in the opinion of the management.</p> <p>As per Accounting Standard of ICAI (AS-2) inventory should be valued on FIFO method or weighted average method.</p> <p>However the weighted average cost method is being followed by the Company consistently which is in line with AS-2 issued by ICAI and disclosed in the "Significant accounting policies" being followed</p>
2	<p><u>Fixed Assets:</u></p> <p>a. Company's land / Freehold Land in the Balance Sheet is carried at Rs.82,57, 05, 295.. Historical cost details relating to lands acquired by the company by way of purchase gift or otherwise are not available with the company. Further, the related documents are also not fully available with the company. Pending such reconciliation between the records and books of accounts, we are unable to determine whether any adjustments to the carrying amounts were, necessary as on 31.03.2016.</p> <p>b. The company has not conducted physical verification of fixed assets during the year. Hence we are unable to determine whether any adjustments to the carrying amounts were necessary.</p>	<p>After identification of over loaded substations a survey will be conducted by the field officer to locate suitable Load centre for construction of Substation.</p> <p>A proposal will be submitted to local authority for allotment of land to construct Substation . A resolution will be obtained from local Authority for allotment of land and got it sanctioned from district collector for allotment of land.</p> <p>On allotment of Land by the district collector land will be taken in to possession of Company and action will be taken to record in books of accounts of Company.</p>



Sl. No.	Statutory Auditors Comments	Replies
		<p>Full Details and records of the land acquired for construction of Offices/ Substations are available at respective unit offices.</p> <p>Physical verification of fixed assets and valuation is being done as the fixed assets are under mortgage to Financial institutions REC/ PFC as security.</p>
3	<p>Depreciation:</p> <p>a. Reference is invited to Company's Accounting Policy No.2.36 on Depreciation. The company is charging depreciation on 90% of the cost of fixed assets. In as much the residual value is predetermined at 10% on all assets. This is not in accordance with the stipulations of Accounting Standard - 6, "Depreciation accounting".</p> <p>Further, Depreciation on Fixed Assets is charged under SLM method, on the basis of rates prescribed by the Central Government, vide notification. S.O 265 (E) dated 29th March 1994. However, the rates adopted are not in line with schedule II of the Companies Act, 2013 as the useful life of the assets are not ascertained.</p> <p>The impact of the above on the Profit & Loss Statement and Fixed Assets could not be ascertained.</p>	<p>The APSEB has applied the method of depreciation and rates of depreciation as notified by the Ministry of Power dt. 29.03.1994 consistently from period to period and after incorporation of Company under the companies Act, 1956 as a Public Limited company on 30th March, 2000 as part of unbundling of erstwhile APSEB, the same method and rates are being continued and applied consistently from period to period. The depreciation method used and rates of depreciation are also disclosed in the financial statements along with the disclosure of other accounting policies. This procedure is also informed to APERC which has been noted and acceptable to them.</p>
4	<p>Government Grants:</p> <p>The company has received Capital grants through various schemes sponsored by Government of India or Government of Andhra Pradesh, viz., RGGVY, Indira Jalaprabha where in disclosure with respect to utilization of the grants and the assets created there to, has not been provided by the company, in accordance with the paragraph no.12.1 of Accounting standard - 12 "Accounting for Government Grants".</p>	<p>Capital Grants received from Govt. are accounted and disclosed vide Balance sheet note No.3.1.C and Grants are being amortized over a period of life time of asset.</p> <p>Segregation of Assets created against the Govt. Capital grants is not possible since 100% funding is not received from Govt. and certain % of the amount against the scheme is being met from internal funds of the company or by taking loan from financial institutions/Banks.</p>



Sl. No.	Statutory Auditors Comments	Replies
		<p>However scheme wise assets can be identified in SAP.</p> <p>Depreciation is being calculated on the total value of assets and charged to P&L Account and amount amortized from the grants is shown as income in P&L account as per AS-12 issued by ICAI.</p>
5	<p>The company has not done any audit on SAP including migration audit. The input controls in SAP in respect of capturing data and recording of transaction, access control system, disaster data recovery need to be reviewed and in view of the above, the adequacy of the information in the SAP could not ascertained and relied upon.</p>	<p>The Company has migrated in to SAP ECC 6.0 from 01.04.2010 and the balances uploaded as on the date were certified by the Internal Auditors. It may be noted SAP is a reputed ERP Solution accepted internationally.</p> <p>For recording, capturing, accessing data in SAP system there are proper controls and authorizations at every hierarchy of the organization.</p> <p>Company is having backup policy and backups are taken and stored as per back up policy to handle disaster data recovery.</p> <p>Establishment of disaster recovery system is in process.</p>
6	<p>Basis for Adverse Opinion:</p> <p>Intangible Assets:</p> <p>licenses fee paid for the purchase of various software's are capitalized as computers and IT equipments and depreciated at the computer rates instead of capitalizing in accordance with the AS-26,"Accounting for Intangible assets". Accordingly, the license fees are not amortized as per AS-26. Thus resulting in non-compliance of AS-26 and the AS-6 "Depreciation accounting". The carrying value of assets and consequential effect on depreciation and the impact is not ascertained.</p>	<p>Accounting standards are applicable to material Items.</p> <p>Software procured is treated as an integral part of the computer hardware and inseparable from the Hardware .Hence treated as part of Fixed asset and depreciation provided accordingly. The cost of Software purchased amounted to Rs.5.24 Cr out of cost of computer Hardware etc. of Rs.56.50 Crs and total fixed assets of Rs.4852.77 crs. In the opinion of the management, It is considered not material.</p> <p>The same was disclosed as P&L note no.27.2.(d).</p>



FINANCIAL STATEMENTS

16th Annual Report





Balance Sheet as at 31 March, 2016

(In Rupees)

Particulars	Note No.	As at 31 March, 2016	As at 31 March, 2015
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	1212253290	1212253290
(b) Reserves and surplus	3	(14596794190)	(11157696359)
2 Non-current liabilities			
(a) Long-term borrowings	4	43321413670	37458468089
(b) Other long-term liabilities	5	11517324581	9331695014
(c) Long-term provisions	6	3453922511	2565125789
3 Current liabilities			
(a) Short-term borrowings	7	3275916751	1038655466
(b) Trade payables	8	31292505729	17094922442
(c) Other current liabilities	9	7647755567	7239354471
(d) Short-term provisions	10	4068400446	3116508904
TOTAL Equity & Liabilities		91192698355	67899287105
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	24174176907	21783839624
(ii) Capital work-in-progress	12	4971213565	3351867758
(b) Non-current investments	13	1684022800	1684022800
(c) Long-term loans and advances	14	8344553241	4475009598
(d) Other non-current assets	15	275889955	92595211
2 Current assets			
(a) Inventories	16	1842779400	1567327642
(b) Trade receivables	17	10713908408	9874113696
(c) Cash and Cash Equivalents	18	2245513059	1633562677
(d) Short-term loans and advances	19	27061664682	13849451165
(e) Other current assets	20	9878976338	9587496933
TOTAL Assets		91192698355	67899287105
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. Grandhy & Co

Chartered Accountants

Firm Regn No.001007S

Sd/-xxxxx

G.Krishna Murty

Partner

Membership No:006883

Date : 08.08.2016

Station : Visakhapatnam

Sd/-xxxxx

T.V.S.Chandra Sekhar

Director

(Finance, HRD & Plng.)

Sd/-xxxxx

G.Srinivasa Reddy

Chief General Manager (Expr)

For and on behalf of Board

Sd/-xxxxx

M.M. Nayak, I.A.S

Chairman & Managing Director

Sd/-xxxxx

K.S.V.S. Sastry

Company Secretary



Statement of Profit and Loss for the year ended 31st March, 2016 (In Rupees)

Particulars	Note No.	for the year ended 31 March, 2016	for the year ended 31 March, 2015
I Revenue from operations	21	84332069209	76178769716
II Other income	22	3632034871	3428374493
III Total revenue (I+II)		87964104080	79607144210
IV Expenses			
(a) Cost of Power Purchase	23	75483093255	68352297945
(b) Employee benefits expense	24	7900610314	9716159028
(c) Finance costs	25	4530086018	3264384712
(d) Depreciation and amortization expense	11	2731231573	2524194854
(e) Other expenses	26	2037650497	2972477347
Total expenses		92682671657	86829513887
V Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)		(4718567577)	(7222369677)
VI Exceptional items		0	0
VII Profit / (Loss) before extraordinary items and tax (V ± VI)		(4718567577)	(7222369677)
VIII Extraordinary items			-
IX Profit / (Loss) before tax (VII ± VIII)		(4718567577)	(7222369677)
X Tax Expenses			
(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)		(4718567577)	(7222369677)
XII Earnings per equity share :			
(1) Basic		(38.92)	(59.58)
(2) Diluted		(38.92)	(59.58)
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. Grandhy & Co

Chartered Accountants

Firm Regn No.001007S

Sd/-xxxxx

G.Krishna Murty

Partner

Membership No:006883

Date : 08.08.2016

Station : Visakhapatnam

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T.V.S.Chandra Sekhar

Director

(Finance, HRD & Plng.)

Sd/-xxxxx

G.Srinivasa Reddy

Chief General Manager (Expr)

For and on behalf of Board

Sd/-xxxxx

M.M. Nayak, I.A.S

Chairman & Managing Director

Sd/-xxxxx

K.S.V.S. Sastry

Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 2015-16

(In Rupees)

PARTICULARS	2015-16	2014-15
A Cash Flow From Operation Activities:		
Net Profit/Loss Before Tax	(4718567577)	(7222369677)
Adjustments For:		
Depreciation	2621858349	2451365669
Interest (Net)	4366531917	3112691130
Provision for diminution in value of investments		
Adjustments for Employees terminal benefits like P&G,GPF, GIS, & FBF	968704882	2082814572
Operating Profit before Working Capital Changes	3238527571	424501694
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	(18396326021)	(4563705579)
(Increase)/Decrease in Inventories	(275451758)	(481321767)
Interest to Consumers on Security Deposits	(791783781)	(772030508)
Increase/(Decrease) in Trade & Other Payables	17669047761	6722034818
Cash Generated from Operations	1444013773	1329478658
Provision for Income Tax	0	0
Amortization of consumer contribution, Subsidies and Grants towards cost of capital assets	1433018591	1313600063
Net borrowings towards working capital	2237261285	(237218554)
Net Cash From Operating Activities	2248256467	(221339958)
B Cash Flow From Investing Activities		
Purchase of Fixed Assets (Including Interest Capitalized)	(6631541437)	(4074853064)
Sale of Fixed Assets		
Purchases of Investments - including Contingency Reserve in Govt. Bonds	0	0
Interest Received	163732531	161612234
Net Cash (used in)/from Investing Activities	(6467808906)	(3913240830)
C Cash Flow From Financing Activities:		
Proceeds from Long Term Borrowings	6341746340	10386979692
Proceeds of Consumer Contribution for capital Assets	2695674998	1955421695
Repayment of Long Term Borrowings	(467437847)	(6904107944)
Interest Paid	(3738480670)	(2502272856)
Net Cash (used in)/ From Financing activities	4831502821	2936020587
Net(decrease)/increase in cash and cash equivalent(A+B+C)	611950381	(1198560201)
Cash and Cash Equivalents at Beginning of the year	1633562677	2832122878
Cash and Cash Equivalents at end of the year	2245513059	1633562677

As per our report of even date annexed

For and on behalf of Board

For M/s. Grandhy & Co

Sd/-xxxxx

Chartered Accountants
Firm Regn No.001007S

Sd/-xxxxx

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

Sd/-xxxxx

M.M. Nayak, I.A.S
Chairman & Managing Director

G.Krishna Murty

Partner

Membership No:006883

Sd/-xxxxx

G.Srinivasa Reddy
Chief General Manager (Expr)

Sd/-xxxxx

K.S.V.S. Sastry
Company Secretary

Date : 08.08.2016

Station : Visakhapatnam



Notes forming part of the financial Statements

2. Share Capital

(In Rupees)

Sl. No	Particulars	Account No	As at 31-03-2016	As at 31-03-2015
1	Authorized Share Capital			
	12,20,00,000 Equity Shares of Rs.10/- each (Rupees Ten Only)		12200000000	12200000000
2	Issued, Subscribed and Paid up Share Capital			
	12,12,25,329 equity shares of Rs.10/- (Rupees Ten Only) each fully paid up	5600800	1212253290	1212253290
	TOTAL		1212253290	1212253290

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

(In Rupees)

Name of the Share Holder	As at 31-03-2016 No. of Shares	% Held	As at 31-03-2015 No. of Shares	% Held
His Excellency the Honourable Governor of Andhra Pradesh (Government of Andhra Pradesh)	121225320	99.999993	121225320	99.999993
Government Nomines	9	0.000007	9	0.000007
Total	1212253329	100	121225329	100

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

(In Rupees)

Particulars	As at 31-03-2016 No. of Shares	As at 31-03-2015 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 31-03-2016	As at 31-03-2015
3.1	CAPITAL RESERVE			
A)	Consumer Contribution for Service Connections			
	At the beginning of the year	5500101,102,105&301	9749711277	8972022518
	Add : Received During the year		2379715998	1941939071
	Less: Amortised during the year - Vide Accounting policy No 2.24		1255937425	1164250312
	At the end of the year		10873489850	9749711277
B)	Subsidies towards cost of Capital Assets			
	At the beginning of the year	5500200	426212	462470
	Add : Received During the year		-	-
	Less: Amortised during the year		33415	36258
	At the end of the year		392797	426212
C)	Grants towards cost of Capital Assets			
	At the beginning of the year	5500300	2127080570	2308030132
	Add : Received During the year		315959000	13482624
	Less: Amortised during the year		177047751	194432186
	At the end of the year		2265991819	2127080570
D)	Contingency/ Capital 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, etc)			
	At the beginning of the year	5400121, 122,151,152, 153,154,161,162 & 163	59860754	40802666
	Add : Received During the year		360505832	327444206
	Less: Deletions during the year		343692492	308386118
	At the end of the year		76674094	59860754
3.2	OTHER RESERVES ((Surplus)/ Deficit in Statement of P&L)		As at 31-03-2016	As at 31-03-2015
	Opening Balance	5700102	(24166836819)	(16944467142)
	Profit/ (Loss) for the year		(4718567577)	(7222369677)
	At the end of the year		(28885404396)	(24166836819)
	TOTAL		(14596794190)	(11157696359)



4. LONG TERM BORROWINGS

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2016	As at 31-03-2015
	SECURED:			
A)	TERM LOANS			
	FROM BANKS:			
	1) Loan from Federal Bank	5303400	0	0
	2) Loan from Bank of Baroda	5303500	0	0
	FROM OTHERS:			
	a. For acquisition of Fixed assets			
	1) Loan from REC	5303100	1086059342	1479118915
	2) Loan from REC-RGGVY	5303530	170392017	192267436
	3) Loan from PFC	5303200	633176333	468199365
	4) LT Loans-PFC GEL (Solar Pump sets)	5303210	161765605	
	5) Loan from Govt. of Andhra Pradesh	5303300	210520373	259382373
	b. For Working Capital Requirements:			
	Term Loan from PFC	5303200	10000000000	10000000000
	Term Loan from REC	5303100	5000000000	0
	Term Loan from PTC FSLtd	5303600	1000000000	0
B.	Under Financial Restructuring Plan:			
	1)FRP-9.95% Unsecured Bonds - I	5303540	4108000000	4108000000
	2)FRP-10% Unsecured Bonds - II	5303550	7951500000	7951500000
	3)FRP- Conversion of STL to Term Loans	5303560	130000000000	130000000000
	TOTAL		43321413670	37458468089

- 4.1 Secured Term Loan from M/s REC amounting to Rs.108,60,59,342/- (P.Y. Rs.147,91,18,915/-) 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.63,31,76,333 (P.Y. Rs.46,81,99,365) 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	1000000000
Canara Bank		1000000000	1000000000
Central Bank of India		1250000000	1250000000
DenaBank		750000000	750000000
Indian Overseas Bank		1500000000	1500000000
Syndicate bank			1875000000
Union Bank of India		500000000	500000000
Vijaya Bank			1500000000
StateBank of Mysore		340000000	
Punjab and Sind Bank		500000000	500000000
State Bank of Hyderabad		500000000	500000000
	4108000000	7951500000	13000000000

Details of PFC Term Loans	(In Rupees)
RAPDRP Part-A (GOI)	293397282
RAPDRP Part-B (75%)	185699051
RAPDRP Part-B (GOI)	92680000
RAPDRP SCADA Part-A (GOI)	29300000
RAPDRP SCADA Part-B (GOI)	32100000
Total	633176333
<hr/>	
Details of REC Term Loans	(in Rupees)
JBIC- Monthly	337355552
JBIC- Quarterly	433602969
Indiramma	92117947
LED	178767874
HVDS	44215000
Sub total	1086059342
RGGY	145867106
DDG	24524911
Sub total	170392017
Grand total	1256451359



5. OTHER LONG TERM LIABILITIES

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2016	As at 31-03-2015
1	Security Deposits from Consumers (in cash)	4800101,302 & 4801020	11517324581	9331695014
	TOTAL		11517324581	9331695014

6. LONG TERM PROVISIONS

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2016	As at 31-03-2015
1	Provision for EL Encashment	4400330,4500431 & 5400147	3453922511	2565125789
	TOTAL		3453922511	2565125789

7. SHORT TERM BORROWINGS

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2016	As at 31-03-2015
7.1)	Loans Repayable on Demand from Banks Secured:			
	1) CC Limits from SBH, Syndicate Bank&LVB	5000102	3250636751	1013375466
	2) Working Capital Loan	5101010 to 5101123	25280000	25280000
	TOTAL		3275916751	1038655466

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 31-03-2016	As at 31-03-2015
1	AP Transco & Power Purchase Liability	4101010 to 70 & 4101201	28768080930	15080405910
2	Liability-Materials, Works-Capital and O&M	4200301,303,306,309, 4201000,4300001,4300002, 4301000, 4500301&311	1431665711	815073456
3	Creditors Other Discoms on Power Purchase	4201400	119245615	119245615
4	Staff Related Liabilities	4400201 to 4400320, 4400350 to 4400450, 4500401,411& 421	794585263	843638723
5	Liability for Expenses	4500501,551,571, 4600934, 4604010,20,30 40,50,60,70,80	178928210	236558738
	TOTAL		31292505729	1709,49,22,442



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 31.03.2016
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 31-03-2016	As at 31-03-2015
1	Details of Current Maturities of Long Term Debts			
(a)	Term Loan From Banks			
	Secured:			
	Loan from Federal Bank	5303400	0	2693867
	Loan from Bank of Baroda	5303500	0	2613849
(b)	Term Loan from Other Parties			
	Secured:			
	Loan from REC	5303100	229318835	206351703
	Loan from REC-RGGVY	5303530	18703496	25000000
	Loan from PFC	5303200	1657764	1657764
	Loan from Govt. of AP	5303300	53300000	53300000
	Sub-total (1)		302980095	291617183
2	Deposits and retentions from suppliers and contractors	4600107,950,4601010, 20,30,60,90 & 4603051	2142798552	1929748801
3	OTHERS			
	Temporary Supply & TEMP Deposits	4700601 to 604	216805568	205439172
	Deposits for Electrification, Service Connection Etc.	4700101,301,401,501,551, 607,609,610,701 & 801	881750283	871296880
	Advance receipts from consumers	4600850, 851 & 852	148573921	171841576
	Interest Payable on Security Deposit	4500521,4800301 & 4803020	801992781	784105936
	Liability towards Transformers (OYT)	4201410	0	0
	Other Liabilities	4500321,903,4600105,106, 108,201,309,501,910 & 4646000 & 4608500,4202000 to 4207000,2800427	2225516326	2118841516
	Statutory Liabilities -TDS, Entry Tax, Service Tax Etc.	4600301, 310,4600921 to 928 & 4603055, 3070, 3071 & 3080	89315629	99258236
	Interest accrued but not due	4600801	773978720	767205170
	Debt Service Clg. Acct.	4605001	61815122	0
	Payable to GPF Trust	2800802 To 2800805	0	0
	Liability towards urban E-Seva	2800530	0	0
	Interunit Accounts	3000100 To 3700001	0	0
	Deposits from APNACSC	4700901	2228571	
	Sub-total (2+3)		7344775472	6947737287
	TOTAL		7647755567	7239354470



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.229318835 (P.Y. Rs.206351703) 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%

Details of PFC Term Loans	(In Rupees)
RAPDRP Part-B (75%)	1657764
Details of REC Term Loans	(in Rupees)
JBIC- Monthly	62281014
JBIC- Quarterly	54200376
Indiramma	12015408
TRANSCO loans	100822037
Sub total	229318835
RGGY	18703496
Sub total	18703496
Grand total	248022331

10 SHORT TERM PROVISIONS

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2016	As at 31-03-2015
1	Provision for Employee Benefits			
	Provision for Gratuity for Employees > 1-2-99	5400135,136,142, 143 & 146	(10570947653)	(8284138486)
	Provision for Pension & Gratuity for Employee < 1-2-99	5400130,141 & 145	14639348099	11400647390
	Sub - Total		4068400446	3116508904
	Others			
	Liabilities for Taxes	4500901 & 4600302	0	0
	TOTAL (1+2)		4068400446	3116508904

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/ 2014-15	Additions during the year/2015-16	Deductions during the year2015-16	Reclassification	At the end of the year as on 31-03-2016	At the end of the Previous Year/ 2014-15	Depreciation for the year /2015-16	Adjustments on Deductions	Reclassification	At the end of the year as on 31-03-2016	At the end of the year2015-16	At the end of the Previous Year/2014-15
Land and Land rights	1000101	825630353	74942	0	0	825705295	0	0	0	0	0	825705295	825630353
Buildings	1000201	863925687	146518262	0	0	1010443949	182446200	26005920	0	0	208452120	801991829	681479487
Other civil works	1000301	218588585	49505438	0	0	268094023	26831219	7037620	0	0	33868839	234225183	191757365
Plant and Machinery	1000401	17041105494	2017208122	3546000	0	19054767616	8166025565	1103905581	3191400	0	9266739746	9788027871	8875079929
Lines and Cable Network	1000501	20497241891	1939623447	165000	0	22436700338	10993537553	1066573662	148500	0	12059962715	10376737624	9503704338
Meters & Metering Equipment	1000551	3245903145	864435741	116944278	0	3993394608	2005214556	444088978	105249850	0	2344053684	1649340925	1240688589
Vehicles	1000601	16243812	0	205562	0	16038250	13626542	586858	185006	0	14028394	2009856	2617270
Furniture and Fixtures	1000701	189251323	2662375	0	0	191913698	83801690	17439481	0	0	101241171	90672526	105449633
Office Equipment	1000751, 851, 951	157006149	9334519	664965	0	165675704	98788511	11632215	598469	0	109822257	55853447	58217639
Computers	1000801	460641579	104358589	0	0	565000168	161426558	53961258	0	0	215387816	349612352	299215021
TOTAL		43515538019	5133721435	121525805	0	48527733650	21731698394	2731231573	109373225	0	24353556742	24174176907	21783839624
Previous year		40223700990	3372758346	80921317	0	43515538019	19280332725	2524194854	72829185	0	21731698394	21783839624	20943368266



Eastern Power
Distribution Company of A.P. Ltd
అందులు ప్రాంతాను ప్రాంత విద్యుత్ పరిషత్ సంస్థ
(An ISO 9001:2008 & ISO 27001:2005 Certified Company)



12 CAPITAL WORK IN PROGRESS

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2016	As at 31-03-2015
1	Capital work-in-progress	1400101 & 102	4971213565	3351867758
	TOTAL		4971213565	3351867758

13 NON-CURRENT INVESTMENTS

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2016	As at 31-03-2015
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	1000000000	1000000000
	TOTAL		1684022800	1684022800

(In Rupees)

13.2	a) Details of Contingency Reserve Investments	As at 31.03.2016	As at 31.03.2015
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 31.03.2016	As at 31.03.2015
1	Equity Share Capital in APPDCL, 146180000 No. of Shares @ Rs.10/- each fully paid up	146180000	146180000
	TOTAL	1461800000	1461800000



d) Other Investments

(In Rupees)

Sl.No	Classification of Investment	As at 31.03.2016	As at 31.03.2015
1	AP TRANSCO Vidyut Bonds(100 Nos bonds each Rs.10 Lakhs @ 8.55%)	100000000	100000000
	TOTAL	100000000	100000000

13.3 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 31-03-2016 is Rs. 146,18,00,000.

14. LONG TERM LOANS AND ADVANCES

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2016	As at 31-03-2015
1	Loans and Advances to Employees	2700101 to 103, 110&111	602727283	361455221
2	MAT Credit Entitlement	2700430	103584242	103584242
3	Capital Advances to Contractors/Suppliers	2501010	7638241716	4009970135
	TOTAL		8344553241	4475009598

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 31-03-2016	As at 31-03-2015
1	Non- Current Deposits:			
	Unsecured & considered good:			
	Deposits with Court& Local Authority	2800605 ,606 & 630	215003789	56009056
	Deposit with Excise Authority	2800603	84987	84987
	Deposit with Telecom Authority	2800604, 620	91423	100896
2	Others (Interest Receivable from employees)	2700128& 2800211	60709756	36400272
	TOTAL		275889955	92595211

CURRENT ASSETS

16 INVENTORIES

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2016	As at 31-03-2015
	Stores and Spares			
1	Stock of Materials at Stores	2200151,152,161,232,401, 451,501,551,601,701,751, 801,2201000, 1100&1101	1744317102	1513542391
2	Material Received but not taken into Stock, Materials Stock Ex/Short pending investigation	2200201 to 203	98462298	53785251
	TOTAL		1842779400	1567327642



17. Trade Receivables

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2016	As at 31-03-2016
	Debtors :			
1	Less than Six Months	2300310, 2301050 to 2305660 & 2305690	2153108073	2191356047
2	More than Six Months and above		8816053146	7974767841
3	Debtors Others	2300301,302,502,503,504, 700, 835, 900, 2800302, 524& 531	96676588	59919208
	Less: Provision for Doubtful Debts	2300701, 704 & 730	(351929400)	(351929400)
	TOTAL		10713908408	9874113696

18. Cash and Cash Equivalents

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2016	As at 31-03-2015
	i) Cash and Cash Equivalents:			
	Cash on Hand	2400500 To 2401999, 2404901, 902&903	44997640	102538715
	Cash at Bank (Balance with Banks)	2404501, 2428760 To 2433255, 2600200, 2409280 to 2409503	1310976923	959427893
	Cash- in -Transit & Remittances- in-Transit	2404980 To 2405000	0	0
	ii) Other Bank Balances			
	Short term Deposits with Banks	2002050	889538496	571596069
	TOTAL		2245513059	1633562677

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

18.2 Short Term Deposits with banks includes long term deposit of Rs.85,91,24,495.

19. Short term Loans and Advances

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2016	As at 31-03-2015
1	Advance Income Tax & TDS	2700401,423&425	87241595	72768855
2	Loans & Advances to Employees	2700104 To 2700109, 2700127, 2700131	36848814	124720336
3	Loans & Advances (ICD)	2600102 &2406000	26937085733	13651215683
4	Prepaid Expenses	2800701 To 2800705	488540	746291
	TOTAL		27061664682	13849451165



19.1	Details of Dsicom wise ICD	(In Rupees)
	TSSPDCL	10056384172
	TSNPDCL	(1174902830)
	APSPDCL	18055604391
		26937085733

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 31-03-2016	As at 31-03-2015
1	Amount Recoverable from Emp/ Ex.Emp	2800501, 2800507 To 2800510	26412616	27923226
2	Interest Accrued on Bank Deposits	2800201	36920076	7287887
3	Interest Accrued on Investments	2800251	7087969	5213541
4	Receivables from AP Online, E-Seva & Internet	2800522, 525, 526, 527, 528 , 529 & 530	108377922	70080810
5	Sundry Debtors for sale of Stores	2800104 & 806	0	0
6	Receivable from P&G/GPF trust	2800802 to 2800805	30149452	19899574
7	Sundry Debtor for Sale of Scrap	2600101& 2805160,2800101	118466447	66106348
8	Unbilled Revenue	2300551& 552	6494338317	6591143818
9	Apprentice Salary Receivable	2800427	8074	0
10	Other Receivables - Bills Receivable	2800515	0	0
11	Receivables from Government/FSA	2800301 to 2800502	5544415466	5287041729
	Less: Provision for Government Receivables	2828000	(2487200000)	(2487200000)
	TOTAL		9878976338	9587496933



21. REVENUE FROM OPERATIONS

21.1 REVENUE FROM SALE OF POWER

(In Rupees)

Sl. No	Particulars	Account Code	Current Year 2015-16	Previous Year 2014-15
	<u>L.T.SUPPLY:</u>			
1	Domestic supply - Category-I	6100210 to 218, 6600212, 218 & 6101210 to 218	13375427450	10672394805
2	Non-Domestic Supply - Category-II	6100220 to 228, 6600220 to 226, 6101220 to 228, 6102220 to 228	7972640695	6551518112
3	Industrial supply-Category-III	6100230 to 238 & 6101230 to 1238, 6600232 to 236	4798164117	4273891616
4	Cottage Industries - Category-IV	6100240 to 248, 6101240 & 248, 6600242, 246, 6101240 to 6101249	9014794	8071603
5	Irrigation and Agriculture Category-V	6100250 to 258 & 6101250 to 258	33139356	39112543
6	Public Lighting - Category-VI	6100260 to 268 & 6101260 to 268, 6600262 to 268	1291123598	1179980387
7	General Purpose - Category-VII	6100270 to 278, 6101270 to 278 6600270, 6600272, 6600276	324701637	258896343
8	Temporary - Category-VIII	6100280 to 288, 6101280 to 286, 6102288	23626550	12378738
	<u>L.T.TOTAL :</u>		27827838197	22996244147
	<u>H.T.SUPPLY</u>			
1	Industrial segregated - Category-I	6100310 to 319, 510, 6101310 to 318 & 713, 6600310, 6101310 to 318 & 6601312	30993256512	28480154749
2	Industrial non-segregated-Category-II	6100320 to 328, 6600322	5922689429	4819035978
3	Aviation activity at Airports- Category-III	6100330 to 338, 6600332	106410575	97252068
4	Irrigation and Agriculture - Category-IV	6100340 to 348 & 6101340, 6102340, 6600342, 6601342, 6602342	660929453	556363570
5	Railway Traction-Category-V	6100350 to 358, 6600352	4340757555	4164557760
6	Electricity Co-op. Societies	6100370 to 372, 6600372	302022812	258747370
7	Colony Consumption	6100360 to 368, 6600362	196191683	168876592
	<u>H.T.TOTAL:</u>		42522258019	38544988087
	<u>L.T. + H.T.TOTAL</u>		70350096216	61541232234
	Less HT Incentive	7600563	0	0
	Net L.T.+H.T.Total:		70350096216	61541232234



MISCELLANEOUS REVENUE

(In Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2016	As at 31-03-2015
1	Interstate sales & DD sales	6100145,146,147 & 153	1846478097	2971959152
2	Electricity Duty recovery	6100501 to 517, 6101501 to 514, 6102502, 6102514	704650499	626745758
3	Interest on ED	6100521 to 540, 6101521 to 531, 6102522 & 6102535	14823845	14844724
4	Recoveries for theft of power / Malpractices	6100810, 820 & 821	108880672	90018479
	Sub Total:		2674833113	3703568113
5	Miscellaneous charges from consumers	6100613 to 950, 6101613 to 683, 6101713, 6101743, 6102743 & 6202623, 66001981, 6101913	3336290383	2806138519
6	Un billed FSA	6100102	0	0
	Total Misc. Revenue		6011123496	6509706632
	Gross Revenue from sale of power		76361219712	68050938866
	'Less: Electricity Duty paid	7000901	704650499	626745759
	Net Revenue from sale of power :		75656569213	67424193107
	Subsidies & Grants:			
	Subsidies & grants from Government	6300130	8675499996	8754576609
	TOTAL REVENUE FROM OPERATIONS		84332069209	76178769716

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.1846478097 (PY Rs.2971959152) 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 31.03.2016 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% up to 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 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

Sl. No.	PARTICULARS	Current year 2015-16	Previous Year 2014-15
1.	Gross Energy input (MUs)	16686.01	15340.55
2.	EHT Direct sale by IPP & EHT SS Aux. consumption in M.U	251.87	230.50
3.	Net Energy input for Distribution (MUs)(1-2)	16434.14	15110.05
4.	Open access Units (M U)	347.61	343.39
5.	Total Units Sold (MUs) (a+b)	15185.99	13812.37
a)	Agl Sales (M.U)	2149.52	2166.84
b)	Other than Agl sales (M.U)	13036.47	11645.53
6.	Discom Losses (MUs) (3-4-5)	900.54	954.29
7.	Discom Loss % (6/3*100)	5.48	6.22

22. OTHER INCOME

(In Rupees)

Sl. No	Particulars	Account Code	Cuurent Year 2015-16	Previous Year 2014-15
1	Interest on staff loans and advances	6200936	26128474	16573302
2	Delayed payment charges from consumers	6200251 to 6200271, 6201251 to 260, 6200261 to 269, 6201261 & 6202265	1533415053	1533573963
3	Interest from Banks & Investments	6200220 & 926	163732531	161612234
4	Income from Trading (Profit on sale of scrap etc.)	6200340, 925, 6400301 to 305	1507168	47986989
5	Miscellaneous receipts	6101913, 6200222, 6200281, 6200900 to 6200935	322162540	295962956
6	Amortisation of consumer contributions, subsidies, grants towards cost of capital assets(Current year)	6400828	1433018591	1313600063
7	UI & Other Charges	6100845 & 846	152070514	59064986
TOTAL:			3632034871	3428374493

23. COST OF POWER PURCHASE

(In Rupees)

Sl. No	Particulars	Account Code	Cuurent Year 2015-16	Previous Year 2014-15
1	Power Purchase	7000100 to 7000210	75733621817	68449947781
	Less: Rebate on PP Bills & Incentive	6200230	250528562	97649836
	Total:		75483093255	68352297945



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.

23.2 Power Purchase cost includes delayed payment on energy charges amounting to Rs.9,91,64,016.

24. EMPLOYEE BENEFIT EXPENSES

(In Rupees)

Sl. No	Particulars	Account Code	Current Year 2015-16	Previous Year 2014-15
	Salaries			
1	Salaries	7500101 to 175	4169740047	4052393305
2	Dearness Allowance	7500301	376634533	174152617
3	Other Allowances	7500201,7500401 to 450, 540, 614 , 618 & 302	850213582	683783718
4	Managerial Remuneration & Allowances to Directors	7500710 & 7500711	6750168	6996784
5	Incentive to Staff/Exgratia	7500501 & 672	0	205474
	Sub-Total 1 (1 to 5)		5403338330	4917531898
	Employee Costs (Other Allowances)			
6	Medical expenses(Monthly & Reimbursement)	7500609 ,610 & 611	230483036	219703847
7	Leave Travel Assistance	7500612 & 613	878435	904287
8	Earned Leave Encashment	7500617	1289532243	1252235377
	Sub-Total 2 (6 to 8)		1520893714	1472843511
	Employee Costs(Welfare Exp & Other Benefits)			
9	Other welfare expenses	7500664 to 669, 7600575	13400363	10071361
10	Social Security cum PF Booster scheme	7500670	305000	420000
11	Terminal Benefits - PF Employer Cont. Joined <1.2.99	7500801 & 803	1231255480	3417560799
12	Employer Contribution to EPF	7500805, 7500810 to 814	241798452	211182122
13	Miscellaneous Employee Cost	7500629,704,815 to 819	6279262	2601481
	Sub -total 3 (9 to 13)		1493038557	3641835763
	Sub-total (1+2+3):		8417270601	10032211172
	LESS: Employee Cost Capitalised	7509000	516660287	316052144
	Net Employee Benefit Expenses		7900610314	9716159028

24.1 Accounting Standard 18 Related Party disclosures

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

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

- 1) Sri Revu Mutyala Raju I.A.S Chairman & Managing Director from 12.01.2015
- 2) Sri V Krishna (Director) (up to 31.07.2015).
- 3) Sir K.Lakshmi Narayana (Director) (up to 31.07.2015).
- 4) Sri B.Sheshukumar, Director(Operation & Projects) from 19.06.2015.
- 5) Sri T.V.S.Chandrasekhar, Director(Finance, HRD & Planning) from 26.06.2015.

Transactions with Related parties:

(In Rupees)

Sl. No.	Name	Relationship	Nature Of	2015-16	2014-15
1)	Sri Revu Mutyala Raju I.A.S	Chairman & Managing Director	Remuneration	2144391	133346
2)	Sri V Krishna	Director	Remuneration	939246	1612810
3)	Sir K.Lakshmi Narayana	Director	Remuneration	976663	1583609
4)	Sri B.Sheshukumar	Director	Remuneration	1303175	-
5)	Sri T.V.S.Chandrasekhar	Director	Remuneration	1621356	-

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

24.2 As per the Actuarial valuation report, the total accrued liability towards pension and gratuity as on 31.3.2016 is Rs.1295,92,17,585 (Previous year Rs.1168,86,99,816) and the investments in Pension and Gratuity Trust is Rs.858,22,00,000 (Previous year Rs.827,21,00,000) towards future liability. As per the actuarial valuation an amount of Rs.123,04,17,769(Previous year Rs.341,65,99,816) balance liability is provided in the books of accounts during the year 2015-16.

24.3 The Employee cost capitalised during the year amounts to Rs.51,66,60,287(PY Rs.31,60,52,144)

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

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

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

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



c) Earned Leave Encashment :

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

24.5 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)

Reconciliation of PBO	01-04-2015 to 31-03-2016	01-04-2014 to 31-03-2015
Projected Benefit Obligation at Beginning of year	11688699816	7410064151
Current service Cost	488098588	352258085
Interest Cost	911718586	695273682
Contributions by plan participation	-	-
Actuarial (Gain)/ Loss	456100595	3722803898
Benefits paid	(585400000)	(491700000)
past service cost	-	-
Amalgamations	-	-
curtailments	-	-
Settlements	-	-
Projected Benefit Obligation at Beginning of year	12959217585	11688699816



Table-2

(In Rupees)

Plan Asset at Fair Value	01-04-2015 to 31-03-2016	01-04-2014 to 31-03-2015
Plan Asset at beginning of year	8272100000	6096800000
Foreign currency exchange rate changes on plans measure in a currency different from the enterprise's reporting currency	-	-
Expected Return on plan Asset	625500000	1353800000
Employer Contribution	270000000	1313200000
Employee Contribution		
Benefit payment	(585400000)	(491700000)
Asset Gain /(Loss)	-	-
Amalgamations	-	-
Settlements	-	-
Ending Asset	8582200000	8272100000
Total actuarial gain /(loss) to be recognised immediately	(456100595)	(3722803898)

(In Rupees)

Current/Non Current Benefit Obligation	31-03-2016	31-03-2015
Current	780580830	541539600
Non Current	12178636755	11147160216
Total	12959217585	11688699816

Table-3

(In Rupees)

Amounts to be Recognised in the balance sheet	01-04-2015 to 31-03-2016	01-04-2014 to 31-03-2015
Projected Benefit Obligation at End of year	12959217585	11688699816
Ending Asset	8582200000	8272100000
Funded Status Asset / (liability)	(4377017585)	(3416599816)
Unrecognised past service cost -Non vested benefits		
Liability (-) /Asset (+) / recognised in Balance sheet	(4377017585)	(3416599816)

Table-4

(In Rupees)

Statement of Profit and Loss	01-04-2015 to 31-03-2016	01-04-2014 to 31-03-2015
Current Service Cost	488098588	352258085
Interest Cost	911718586	695273682
Expected return on plan asset	(625500000)	(1353800000)
Net actuarial (gain)/Loss to be recognised in year	456100595	3722803898
past service Cost	-	-
Effect of Curtailments	-	-
Income (-)/Expense (+) recognised in the statement of profit and Loss	1230417769	3416535665

(In Rupees)

Reconciliation	(In Rupees)	
Incremental liability (Asset (+)/ Liability (-)	(960417769)	(2103335665)
P&L Charge	1230417769	3416535665
Less Contribution paid	270000000	1313200000
Balance (Income(-)/Expense(+)	960417769	2103335665

	31.03.2016	
Discount rate	7.50%	
Salary escalation rate	8.00%	
BASIS-Unit 26%,Master 74%		
Accrued Liability	UNIT(in Rs)	MASTER(In Rs)
Gratuity for employees on rolls ON 1-2-1999	433658521	1234258867
Gratuity for employees who joined units on or after 1.2.1999	975999098	-
Pension: employees on rolls on 1-2-99 -excl. retirees from 1.2.99 to 31.03.2016	3090686989	8796570660
Pension: employees on rolls joined between 1-2-99 & 31-8-2004	-	-
Pension for employees who retired from 1.2.99 to 31.03.2016	8458872977	24075253856
pensioners (Pre 01.02.99) and Family pensioners	-	7794120084
Total Accrued Liability as at 31st March 2016	12959217585	41900203467
Fund as on 31st March 2016	8582200000	
(Deficit) /Surplus	(4377017585)	



A. Revised AS-15 (2005) Disclosure

Earned Leave encashment liability disclosure

2 Table Showing Changes in Present Value of Obligations

In Rupees

	31-03-2016	31-03-2015
Present Value of Obligation as at the beginning of the year 1 04 2015	256,51,25,789	1611262742
Acquisition adjustment	-	-
Interest Cost	20,00,79,812	135310179
Past Service Cost	-	-
Current Service Cost	88,87,96,722	85585403
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefits paid	(40,07,35,521)	(296900000)
Actuarial (gain)/ loss on obligations	20,06,55,709	1029867465
Present Value of Obligation as at the end of the year	345,39,22,511	2565125789

3 ACTUARIAL GAIN / LOSS RECOGNIZED

In Rupees

	31-03-2016	31-03-2015
Actuarial (gain)/loss for the year – Obligation	(20,06,55,709)	(1029867465)
Actuarial (gain)/loss for the year - Plan provisions	-	-
Total (gain) / loss for the year	20,06,55,709	1029867465
Actuarial (gain) / loss recognized in the year	20,06,55,709	1029867465
Unrecognized actuarial (gains) / losses at the end of year	-	-

4 THE AMOUNTS TO BE RECOGNIZED IN BALANCE SHEET AND STATEMENTS OF PROFIT AND LOSS

In Rupees

	31-03-2016	31-03-2015
Present Value of Obligation as at the end of the year	345,39,22,511	2565125789
Value of Plan provisions as at the end of the year	-	-
Funded Status	(345,39,22,511)	(2565125789)
Unrecognized Actuarial (gains) / losses	-	-
Net Asset / (Liability) Recognized in Balance Sheet	(345,39,22,511)	(2565125789)



5 EXPENSE RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS

In Rupees

	31-03-2016	31-03-2015
Current Service Cost	88,87,96,722	85585403
Past Service Cost	-	-
Interest Cost	20,00,79,812	135310179
Expected Return on Plan Assets	-	-
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net actuarial (gain)/ loss recognized in the year	20,06,55,709	1029867465
Expenses Recognized in the statement of Profit & Loss	128,95,32,243	1250763047

25. FINANCE COST

(In Rupees)

Sl. No	Particulars	Account Code	Current Year (2015-16)	Previous Year (2014-15)
1	Interest on Bonds	7800101	0	7940081
2	Interest on Term Loans From Financial Institutions/Banks			
	R.E.C	7800103	184758420	209581975
	P.F.C	7800104	3085338	(4538012)
	Federal Bank	7800104	0	2439312
	Bank of Baroda	7800133	0	2226945
	SBH	7800130	0	0
3	Interest on Working Capital	7800138&7800300	3062373151	1888912247
4	Interest on Overdraft	7800108	467653850	388745595
	Other Interest and Finance Charges			
5	Interest to Consumers	7800110	791783778	772030508
6	Interest on Employee Funds (GIS,FBF)	7800114 to 116 & 118	5579247	4438200
7	Bank charges	7800203, 204, 205 & 206	14794114	2461959
8	Other interest Charges	7800106 & 7800117	236550	64554
	Sub-total		4530264448	3274303364
	LESS: Interest During Construction Capitalised	7809000	178430	9918652
	Net Finance Costs		4530086018	3264384712

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 (2015-16)	Previous Year (2014-15)
	26.1 Repairs and Maintenance to:			
1	Plant and Machinery	7400503,504&651	53144945	62557828
2	Transformers	7400502&505	152847334	113849547
3	Substation maintenance by Pvt.agencies	7400501	303907648	173480298
4	Buildings & Civil Works	7400201&401	59438390	13856640
5	Lines, Cable net work etc.	7400601	420002904	282912096
6	Vehicles	7400701	121407	1287888
7	Furniture and Fixtures	7400801	17182836	75852
8	Office equipment	7400901,911, 915, 921	7724077	9248263
9	R&M Expenses Others	7400931, 941 & 952	(21118033)	10888311
	Total Repairs & Maintenance: (a)		993251508	668156723



26.2 Administration and General Expenses

(In Rupees)

Sl. No	Particulars	Account Code	Current Year (2015-16)	Previous Year (2014-15)
1	Rent, Rates and Taxes	7600101, 102 & 104	34965114	24201764
2	Licence Fee - APERC	7600103	18722000	15140190
3	Insurance	7600520 to 525	1029916	684142
4	Communication and related expenses	7600201 to 205	26542566	29912537
5	Legal charges	7600301, 403	4717887	7289108
6	Audit fees	7600401	646875	641250
7	Consultancy/Professional charges	7600302,311, & 404	27418485	29150535
8	Other professional charges	7600306,309,105 & 559	321402677	275566105
9	Travelling expenses & Conveyance	7600567 & 568	91252731	105155281
10	Vehicle running exp.(Cars,Jeeps,Etc.)	7600307,532 & 533	6987734	8518360
11	Vehicle hire charges	7600308 & 310	105699309	92702173
12	Vehicle Licence & Registration Fees	7600531	0	0
13	Printing & Stationary	7600504 & 508	15467670	14779737
14	Advertisement	7600505, 573	15473708	16277920
15	Electricity charges	7600506	63873223	60069290
16	Training & Participation	7600515	451274	3564748
17	Stores related Expenses	7600551, 553	30003898	22288454
18	Fabrication Charges	7600557 & 558	157568	0
19	Miscellaneous Expenses	7600509 & 7600511,564	181631173	30094990
20	Other Expenses	7600305,406,501 to 503, 507,540,550, 572,576, 578 & 562, 574	5245873	25531640
	Sub-total		951689681	761568224
	LESS: Adm & General Charges Capitalised	7609000	91175350	55773910
	Net Administration and General Expenses (b)		860514331	705794314



26.3 Others

(In Rupees)

Sl. No	Particulars	Account Code	Current Year (2015-16)	Previous Year (2014-15)
1	Material Cost Variances	8500311 to 313 ,322& 323	(69788906)	6647638
2	Compensations	8400104, 107,108, 109,111, 112,304 & 305	34180403	16510186
3	Materials /Scrap/Assets Loss etc	8500300, 302, 303, 308, 310	7482171	7816595
4	Miscellaneous Losses and write offs	8000101,105,8500201, 204, 230 , 301 & 315	13036618	6594382
5	Sundry Receivables Write off	8500318	132400000	0
6	Extra Ordinary debits (Loss on account of Flood, Cyclone, Fire etc.)	8500601	66574371	1560957509
7	Provision for Government Receivables	8585000	0	0
	Total Other (c)		183884659	1598526310
	TOTAL OTHER EXPENSES (a+b+c)		2037650497	2972477347

Exceptional Items

(In Rupees)

Sl. No	Particulars	Account Code	Current Year (2015-16)	Previous Year (2014-15)
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. 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 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.120,00,00,000 for the Cash in transit and Rs.88,00,000 for cash on hand.



d) The following software procured are an integral part of the computer hardware and inseparable from the Hardware and hence treated as part of Fixed asset and depreciation accordingly as stated above.

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

27.3 Accounting standard 28 Impairment of Assets:

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

27.4 Income Tax:

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

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
2013-14	CIT (Appeals)/VSP	72,19,839



27.5 Second Transfer Scheme Balances:

The Opening balances as on 1st April 2010 of all Assets and Liabilities includes balances adopted from the 2nd Transfer Scheme Vide G.O.Ms.No.109, dated 29-09-2001 as per the notification of the Government of Andhra Pradesh. The said opening balances are allocated among the circles. The Head wise Opening Balances of the Company as a whole has been tallied and certified by the internal auditors of the company and the same was incorporated in the SAP system. The annual accounts for the year 2015-16 along with relevant notes have been derived from SAP system.

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

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

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

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

27.9 Details of Remuneration to Statutory Auditors:

Particulars	2015-16	2014-15
a) For Statutory Audit Fee	379500	376200
b) For reimbursement of out of pocket expenses	172500	171000
c) For Tax Audit	94875	94050
Total	646875	641250

27.10 Purchase of Power:

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

- i) On 09.06.2005 Transmission Corporation of AP Limited (APTRANSCO) transferred, its entire investments in equity of the Company in favour of the Government of Andhra Pradesh upon which, the company ceased to be a subsidiary of AP Transco.
- ii) The Power Purchases and its accounting are being carried out by the Andhra Pradesh Power Co-ordination committee, and are being sent to the Distribution Companies. The amount as certified by M/S Sagar & Associates, Chartered Accountants, the internal auditors of APPCC has been adopted in the books of accounts of the company subject to reconciliation by APPCC.
- 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.

27.11 **Frauds:**

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

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

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

- a) The receivables for sale of power as on 31-03-2016 includes Rs.459,20,25,014/- which are Subject to finalisation of disputes in court cases.
- b) Agreements were entered into with M/S Nagarjuna Construction Company Ltd. for executing works in Rajahmundry and Eluru Circles. Later while execution of works the subject matter of contract came under the net of “ service tax” from 10.09.2004 and the contractor alleged that this was an unforeseen expenditure and hence filed an application in the Hon’ble High Court for claiming reimbursement of the amount already paid to service tax department. The Hon’ble High court upon hearing both the parties appointed Sri Justice Dasaratha Rama reddy as the sole arbitrator for resolving the said Dispute. Arbitrator appointed by Hon’ble High Court had passed (October 2007) an award directing the EPDCL for payment of Rs.71,25,055 with interest at 12% per annum to M/s Nagarjuna Construction Company Limited towards service tax incurred by them in respect of works executed for the EPDCL. The EPDCL had disputed the award and filed Original petitions (Ops) vide OPNM 884,886,887,888/2008 against the award and the same were dismissed by the High court, Hyderabad. Again Set aside Petitions were filed against the arbitration award in OPNos 884,886,887,888 of 2008. This case was disposed on 29.10.2015 with to dispose of Arbitration O.P No.884,886,887 & 888 of 2008 as expeditiously as possible, preferably with in a period of three months from today. As per Hon’ble High court directions the matter was heard the arguments from both side and pronounced the orders on 05.02.2016.
- c) An agreement was entered with M/s Y.S.Rao Engineers Pvt. Ltd, Secunderabad for execution of HVDS works in Srikakulam and Vizianagaram circles on partial turnkey basis for an amount of Rs. 11,13,95,565/- . The contractor has failed to complete the work in full shape and completed only 55% work in Srikakulam district and 39% in Vizianagaram district even though time extension was given three times and agreement was terminated duly forfeiting the performance security Bank Guarantee for Rs. 55,69,778/- . On request of the contractor for waiver of penalties i.e. liquidated damages of Rs. 66,33,910/- and Performance Bank Guarantee of Rs. 55,69,778/- totalling Rs. 1,22,03,688/-, Discom Board has decided to constitute a committee with Director/Projects, Director/RA & Director/Finance on the finalization of LD and settlement of claims to the firm M/s Y.S.Rao Engineers Pvt. Ltd.

M/S Guru & Co has filed a petition before the IIIrd Addl. Chief Judge, City Civil Court, Hyderabad seeking a direction against garnishee to hold an amount of Rs.22,23,887/- which belongs to dependents and lying with garnishee and the same is still pending. The Board of Directors of the Company on



20.12.2010, resolved to impose 10% Liquidated Damages on the left over unfinished portion of the work which is equivalent to Rs.66,33,910/- on M/s Y.S Rao and Co. and to settle the dues to the extent of Rs.10,20,028/- and the contractor was informed that balance amount of Rs.10,20,028/- available with EPDCL will be released after disposal of the court case filed by M/s Guru & Company in the III Addl. Chief Judge, City Civil Court, Hyderabad.

The suit is dismissed for default on 22-06-2012, The SLA was requested to address legally M/s. Guru & Co., so as to take further action to release the balance amount of Rs.10,20,027/- to M/s. Y.S.Rao & Co., Secunderabad, and again Addressed SLA for taking further action on receipt of intimation from Guru & Company on restoration of suit. The suit was again dismissed as informed by SLA and SLA was requested on 04.06.2015 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 Ltd 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 last date of hearing was 01.06.2015.
- 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 Appeal filed in Tribunal/ High court.

(In Rupees)

Division/Circle	Amount involved	Paid/ Deposited
Circle Office/ Vizianagaram	489756	188504
Vizianagaram	1511684	755843
Bobbili	1138996	569498
Circle Office /Visakhapatnam	241229	120615
Anakapalli	895000	447429
Paderu	1239626	0
Circle Office/ Rajamahendravaram	798764	479309
Rajamahendravaram	3698955	1665010
Ramachandrapuram	2648591	2327140
Amalapuram	6213746	3106873
Jaggampeta	4024696	2012348
Eluru	5762405	3343812
Tadepalligudem	2822686	1693612
Bhimavaram	1999375	1999375
Nidadavole	3925636	2773651
TOTAL	37411145	21483019

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



S.No	T.A. No.	Asst. Year	Amount paid (Rs. in Lakhs)	Next date of hearing
01	448/2009	2002-03 (Entry Tax)	131.47	30.05.2016
02	451/2009	2003-04 (Apr to Jun 2003) Entry Tax	34.46	30.05.2016
03	453/2009	2003-04 (Jul to Nov 2003) Entry Tax	38.39	30.05.2016
04	393/2011	2003-04 (Dec to Mar 2004) Entry Tax	47.45	22.04.2016
05	392/2011	2004-05 (Apr to Nov 2004) Entry Tax	49.25	22.04.2016
TOTAL			301.04	

j) The Commercial Tax Officer/ Chinawaltair Circle/ Visakhapatnam has issued the Assessment Order dated 31.08.2015 for Rs.19,01,79,039-00 towards the VAT on sale of Energy Meters in the financial year 2015-16 for the period April 2007 to December 2011. The Writ Petition No.34320/2015 is filed in the Hon'ble High Court against the above Assessment Order and also APEPDCL obtained stay order against the above assessment vide WPMP 44135 of 2015. Case is pending in High Court of Andhra Pradesh.

k) The Commercial Tax Officer/ Kurupam market / Visakhapatnam has issued the Assessment Order dated 14.08.2015 for Rs.6,58,35,067-00 towards the VAT on sale of Energy Meters in the financial year 2015-16 for the period 01.01.2012 to 31.10.2013. The Writ Petition No.34425/2015 is filed in the Hon'ble High Court against the above Assessment Order. However, APEPDCL obtained stay order against the above assessment vide WPMP 44250 of 2015. Case is pending in High Court of Andhra Pradesh.

l) M/s. LVS Power Ltd fixed charges claim of Rs.48,64,27,699/- from 24/01/2013 to 24/03/2014 was 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	4816000
Tekkali Division	5613726
Vizianagaram Division	2514470
Bobbili Division	1876925
Narsipatnam Division	475000
Paderu Division	500000
Rajamahendravaram Division	4265000
Kakinada Division	955418
R.C.Puram Division	104625
Jaggampeta Division	740000
Total	21861164



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

Name of the Circle	(Amount in Rupees)
Srikakulam	230235106
Vizianagaram	108599000
Visakhapatnam	62407000
Rajamahendravaram	132240515
Eluru	427231000
Total	960712621

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.111.43 Crores for the months of Feb-15 and March-15 which was not admitted in the books since the tariff of said station is yet to be approved by APERC/CERC. APEPDCL Cost is Rs.38.18 Crores (34.27%).

q) Generator APPDCL, has claimed Rs.816.45 Crores during FY.2015-16 out of above adhoc payment of Rs.561.41 Crs balance amount is Rs.255.04 Crs. Out of which APEPDCL Share is Rs.87.40 Crs (34.27%) which was not admitted in the books since the tariff of said station is yet to be approved by APERC/CERC .

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

27.14 Against the arrears more than 3 years of Rs.4545031000, doubtful dues to end of 31-03-2016 are only Rs.321064000 (Arrears against more than 6 months bill stopped services of Rs.211231000 and under RR Act Rs.109833000 only). Remaining amount is under court cases. Since adequacy of available provision for bad and doubtful debts of Rs.35,19,29,399 , is adequate no additional provision has been created during the year.

27.15 Details of Assets and Liabilities as on 02.6.2014 in respect of 7 Mandals merged in Andhra Pradesh from Telangana State under state Bifurcation Act-2014 are yet to be finalised. Hence the same could not be incorporated in the books of Accounts for the FY 2015-16. The same will be included as and when finalized.

However total Assets and Liabilities as communicated by the TSNPDCL are as follows:
Total Liabilities: Rs.21.38 Crs
Total Assets : Rs.31.21 Crs
Net Payable : Rs.9.83 Crs

27.16 GOI/ Ministry of Power has notified UDAY(Ujwal Discom Assurance Yojana) Scheme for the financial turn around of Power Distribution Companies(DISCOMS). Tripartite MOU was entered with GOI, GOAP and APDISCOMs on 24.06.2016. Govt. of AP has issued G.O.M.S No.27 dt 26.07.2016 for implementation of UDAY Scheme. The UDAY Scheme will be implemented during the F.Y 2016-17.Under the scheme, the government will take over 75% working capital loan amounts to Rs.2094.53 Crores (APEPDCL share) and 100% FRP bonds amounting to Rs.1205.95 crores (APEPDCL share) outstanding as on 30.09.2015 in F.Y 2016-17.



27.17 The SLDC Charges claimed by the APTRANSCO for the period up to 01.06.2014 amounting to Rs.12.84 Crs was not considered in the books of accounts as the APTRANSCO has claimed addl. SLDC Charges without station wise consent/Approval from Hon'ble APERC.

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

27.19 Amounts have been rounded off to nearest rupee.

As per our report of even date annexed

For M/s. Grandhy & Co

Chartered Accountants
Firm Regn No.001007S

Sd/-xxxxx

G.Krishna Murty

Partner
Membership No:006883

Date : 08.08.2016

Station : Visakhapatnam

Sd/-xxxxx

T.V.S.Chandra Sekhar

Director
(Finance, HRD & Plng.)

Sd/-xxxxx

G.Srinivasa Reddy

Chief General Manager (Expr)

For and on behalf of Board

Sd/-xxxxx

M.M. Nayak, I.A.S

Chairman & Managing Director

Sd/-xxxxx

K.S.V.S. Sastry

Company Secretary



ACCOUNTING
PRINCIPLES
AND POLICIES

Year – 2015-2016

NOTE No.1

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 (expect 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 a 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.

c) 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 2.64 & 2.65 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 2.65 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 and 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. Grandhy & Co
Chartered Accountants
Firm Regn No.001007S

Sd/-xxxxx

G.Krishna Murty
Partner
Membership No:006883

Date : 08.08.2016
Station : Visakhapatnam

Sd/-xxxxx
T.V.S.Chandra Sekhar
Director
(Finance, HRD & Plng.)

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

For and on behalf of Board

Sd/-xxxxx
M.M. Nayak, I.A.S
Chairman & Managing Director

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



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 16th Annual general meeting of the Company to be held on Monday, 26th September, 2016 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 31.03.2016 of the company together with the Board's Report, the Statutory Auditors' Report and the Comments of the Comptroller and Auditor General of India thereon
2.	To take note of appointment of Statutory Auditors by the Comptroller and Auditor General of India for the Financial Year 2016-17 as per the provisions of Section 139 of the Companies Act, 2013 and to authorize the Board to fix the remuneration of Statutory Auditors for the Financial year 2016-17 as per the provisions of Section 142 of the Companies Act, 2013.
Special Business:	
3.	To ratify the action in having fixed remuneration of the Cost Auditors by the Board of Directors for the Financial Year 2016-17

Signed this..... day of September, 2016

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.

**Save Energy
1 Unit Saved is 1.2 Units Generated**

**Make
Renewable
Energy
And Reduce
Your Power
Bill Today!**



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