



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

EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

Regd. Office :

P & T Colony, Seethammadhara, Visakhapatnam - 530 013

Phone : 0891 - 2582503, Fax : 0891 - 2737675

website : www.apeasternpower.com

DIRECTORS

Sri. M.V. SESHAGIRI BABU, I.A.S,

Chairman & Managing Director

Sri. P. RAMESH, I.A.S,

Non Whole Time Director

Sri. V. KRISHNA

Director (Projects & Operations)

Sri. K. LAKSHMI NARAYANA RAO

Director (HRD)

Sri. P.HARI PRASAD, I.R.A.S,

Director (Finance)

Sri. MUNINDRA, IFS

Part Time Official Director

Sri. K.N. MALLESWARA RAO

Part Time Official Director

BANKERS

STATE BANK OF HYDERABAD

STATE BANK OF INDIA

ANDHRA BANK

BANK OF INDIA

INDIAN OVERSEAS BANK

AUDITORS

BRAHMAYYA & CO.

Chartered Accountants

D.No. 33-25-338

Govindarajulu Naidu Street, Suryaraopeta,
Vijayawada - 520002, AP

COMPANY SECRETARY

A. RAMA RAO, A.C.S

14th Annual Report





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

CONTENTS	PAGE No.
Notice	1
Directors' Report	3-14
C & AG Comments & Replies	15-21
Auditors' Report	22-28
Auditors' Comments & Replies	29-31
Profit & Loss Account	33
Balance Sheet	34
Notes	35- 49
Accounting Principles & Policies	71-83
Cash Flow Statement	84-85
Balance Sheet Abstract and Company's General Business Profile	86
Proxy	87





NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Eastern Power Distribution Company of Andhra Pradesh Limited will be held on Thursday, the 25th day of September, 2014 at 12.00 Noon at the Registered Office of the Company at P&T Colony, Seethammadhara, Visakhapatnam – 530 013 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the Period ended 31.03.14 and balance sheet as on 31.03.14 of the company together with the Directors' Report, the Statutory Auditors Report and the comments of the Comptroller and Auditor General of India thereon.
2. To take note of appointment of Statutory Auditors appointed by the Comptroller and Auditor General of India for the Financial Year 2014-2015.

The Office of the Comptroller and Auditor General of India vide their letter No. CA. V / COY / ANDHRA PRADESH, EASTPW (1) / 486, dated: 01.08.2014 appointed Brahmayya & Co, Chartered Accountants as Statutory Auditors of the Company for the financial year 2014-2015.

Draft Resolution:

“RESOLVED THAT the appointment of M/s Brahmayya & Co, Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2014-2015 by the Office of the Comptroller and Auditor General of India vide their letter No. CA. V / COY / ANDHRA PRADESH, EASTPW (1) / 486, dated: 01.08.2014 be noted.

RESOLVED THAT, pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies act, 2013, the Board of Directors of the Company be and are hereby authorised to fix the remuneration payable to Statutory Auditors and to provide for reimbursement of their actual out-of-pocket expenses for the Financial Year 2014-2015.”

By Order of the Board

Place : Visakhapatnam
Date : 02-09-2014

Sd/- XXXXX
A. RAMA RAO
Company Secretary

Notes:

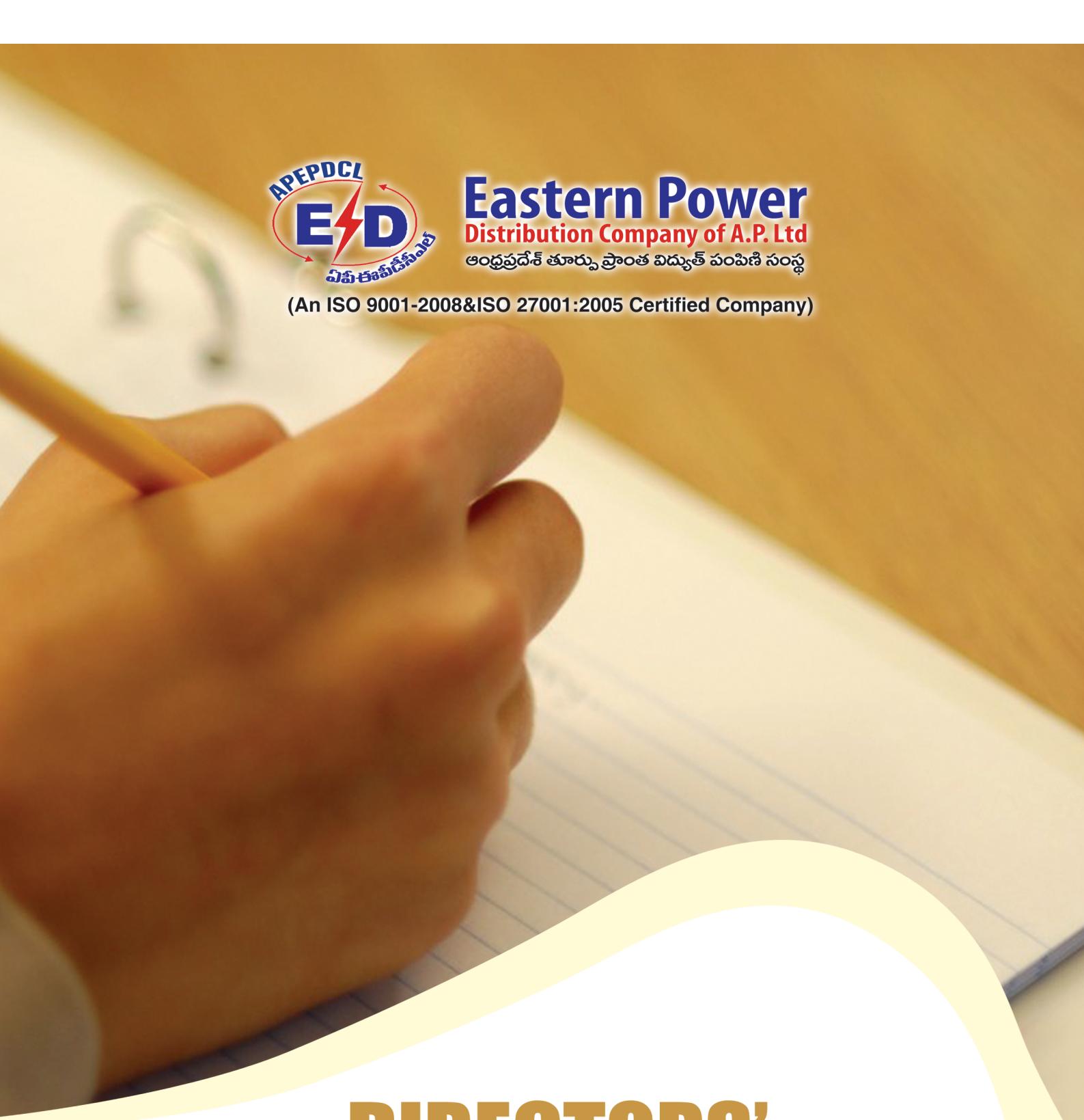
1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote and such proxy need not be a member of the Company.
2. The comments of the Comptroller and Auditor General of India (CAG) on the Annual Accounts F.Y.2013-2014 shall be placed before the shareholders at the AGM.



Eastern Power
Distribution Company of A.P. Ltd

ఆంధ్రప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణి సంస్థ

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

A large, semi-transparent yellow curved shape covers the bottom right portion of the page. In the background, a close-up photograph of a person's hand is shown writing with a pen in a lined notebook.

DIRECTORS' REPORT



DIRECTORS' REPORT

Dear Shareholders,

Your directors take immense pleasure in presenting the Fourteenth Annual Report of the Company together with the Audited statement of Accounts for the year ended 31st March 2014. During the Fourteenth Year of Company's operations, your company advances on the path of progress by effective management through optimum utilization of resources and better management of human resources and Information technology. Your management continues its focus on the key areas of loss reduction and quality control; together with dedicated customer care measures.

PERFORMANCE AND OPERATIONAL HIGHLIGHTS

During the year, the Sale of Energy was 13175.81 Million Units, an increase of 10.68% as compared to 11903.93 Million Units for the previous year. The aggregate technical and commercial losses were brought down to 6.33% from 6.34% in the previous year.

During the year, the DPE wing has inspected 80,200 services and assessed an amount of Rs.2528.67 Lakhs in respect of 11,064 cases booked, relating to pilferage, malpractice, back billing, etc.; out of which an amount of Rs.1624.78Lakhs has been realised.

During the year, the Assessment wing has disposed off 4359 Nos. of cases.

PROGRESS OF PROJECT WORKS

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

- R-APDRP Part-A Scheme sanctioned for 29 Towns in APEPDCL for Reduction of AT&C losses and improvement of consumer service through adopting of IT applications, Energy Accounting and Auditing without any human intervention and to identify the key areas requiring Administrative/Technical measures at an estimated amount of Rs.61.45 Crs.
- R-APDRP Part-B Scheme sanctioned for Strengthening of Distribution Network for reduction of AT&C losses in 9 Towns viz. Itchapuram, Palasa-Kasibugga, Amadalavalasa, Pithapuram, RC Puram, Mandapeta, Amalapuram, Eluru and Bhimavaram at an estimated amount of Rs.58.51Crs.
- SCADA Part-A scheme sanctioned for IT Components for Visakhapatnam Town at an estimated amount of Rs.13.16 Crs. Work awarded and Agreement entered with M/s Chemtrols Industries Ltd., Mumbai.
- SCADA Part-B Scheme sanctioned for Electrical Components for Visakhapatnam town at an estimated amount of Rs.21.42Crs.
- SC Sub-Plan (SCSP) sanctioned for Electrification of 94 Nos. SC colonies and release of 1,841 services to SC households at an estimated amount of Rs.205.00 lakhs during the F.Y.2013-14 in all 5 Districts of APEPDCL. 87 Nos. SC colonies electrified and for balance works are under progress.
- Tribal Sub-Plan(TSP) sanctioned for Electrification of 139 Nos. Tribal habitations and release of 2761 services to ST households at an estimated amount of Rs.817.00 lakhs during the F.Y.2013-14 in all 5 Districts of APEPDCL. 37 Nos. Tribal habitations electrified and for balance works are under progress.

- Works were awarded for Conversion of existing LV network into HVDS by utilizing smaller capacity 16/25/40 KVA DTRs for conversion of 18,615 Nos. Agl pump sets to HVDS under phase – III at an estimated amount of Rs.100.69 Crores in Srikakulam, Vizianagaram and Visakhapatnam circles and the work is in progress. In respect of operation circles Rajahmundry and Eluru sanction was accorded for conversion of 20,213 Nos. pump sets at an estimated amount of Rs.183.51 Crores and the work is in progress.
- Sanction was accorded for Erection of 184 Nos 600KVAR Auto Switched Line Capacitors on predominantly agricultural feeders having PF<0.95 in 5 districts of APEPDCL on 100% turnkey basis at an estimated cost of Rs. 10.19 Crores.
- 1323 Nos. Villages are Intensified and 195 Nos. Habitations are Electrified and 201206 Nos. services released, in East Godavari District at an estimated amount of Rs.93.22 Crores under RGGVY XI Plan.
- 60Nos. new 33/11KV Substations sanctioned at an estimated amount of Rs.92.69 Crores during the F.Y. 2013-14.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the F.Y.2013-14 as against APERC Targets and in comparison with previous year is as follows:

(Rs. Crores)

S.No.	Particulars	APERC Target 2013-14	Actual 2013-14	Actual 2012-13
I	Revenue			
	Sale of Power (incl. Electricity Duty)	6628.82	5800.68	5459.26
	Inter state sales and Inter Discom Sales		35.14	41.08
	Other Income	104.05	316.85	220.28
	Subsidy	254.86	254.86	-574.11
	Total Revenue	6987.73	6407.53	5146.51
II	Expenditure			
	Power Purchase	6087.96	5493.77	5406.72
	Electricity Duty	-	56.86	55.10
	Employee Cost	418.18	509.48	537.24
	Administration & General Charges	71.74	61.60	59.95
	Repairs & Maintenance	24.60	70.47	51.31
	Interest & Finance Charges	194.70	159.37	291.03
	Depreciation	212.45	223.97	209.76
	Other Expenses	-	-0.50	257.02
	Prior period credits/(charges)	-	-	-
	special Appropriation - Contingency Reserve	5.00	-	-
	Less:1. Expenses Capitalized	34.76	31.62	40.79
	2. Interest During Construction (IDC)	-	0.02	0.28
	Total Expenditure	6980.13	6543.38	6827.06
	Profit/(Loss) before Tax but After Prior period items & Spl. Appropriation	7.06	(135.85)	(1680.55)
	Provision for Income Tax	1.98	-	-
	MAT Credit Entitlement	-	-	-
III	Profit after Tax/ (Loss)	5.62	(135.85)	(1680.55)



VARIATION IN EXPENDITURE WHEN COMPARED TO APERC TARGETS

The actual expenditure during the year was Rs. 6543.38 Crores as against the APERC approved estimate of Rs. 6980.13 Crores. The details of the current year's expenditure in certain key areas, against the APERC Target are as follows:

Particulars	ARR Target	Actual	Remarks
	2013-14 (in Crores)	2013-14 (in Crores)	
Power Purchase	6087.96	5493.77	Actual cost is less than ARR Target. Actual Power purchase cost is Rs. 3.91/unit as against the target power purchase cost of Rs.3.95 /unit.
Employee Cost	418.18	509.48	The difference is due to increase in DA on pay scales and increase in provision for terminal benefits.
Depreciation	212.45	223.97	Depreciation is charged as per accounting policy of the company. The variation is due to Assets created under RGGVY is taken in to books of Account w.e.f.01-01-2014
Interest & Finance Charges	194.70	159.37	Decrease in interest and finance charges are due to Restructure of short term loans into long term loans under financial Restructuring Plans
Admin. and Gen. Charges	71.74	61.60	Actual cost is less than ARR Target.
Repairs and Maintenance	24.86	70.47	The increase in Actual cost is due to: i. Increase in number of substations ii. Revised wages of the Contract Labour paid as per G.O.Ms.No.11, Dt.17.01.2012 iii. Repair cost of failed DTRs, Lines & Cables Networks.

SURPLUS/(LOSS) IN REVENUE ACCOUNT:

During the year 2013-14 the company incurred a loss of Rs.135.85 Crores.

DIVIDEND AND TRANSFER TO RESERVES

As there is no adequate surplus available for distribution of dividend, your Directors could not declare any dividend for the year 2013-14.



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

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

PARTICULARS OF EMPLOYEES

There were no employees drawing remuneration in excess of the prescribed limit.

BOARD OF DIRECTORS

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

Name of the Director	Designation	Date of appointment	Date of cessation
Sri M.V.Seshagiri Babu, IAS	Chairman & Managing Director	01.09.2013	—
Sri Munindra, IFS	Part Time Official Director	28.07.2011	—
Sri P.Ramesh, IAS	Non Whole Time Director	22.11.2013	—
Sri K.N.Malleswara Rao	Part Time Official Director	18.08.2011	—
Sri P.Hari Prasad, IRAS	Director (Finance)	01.05.2009	—
Sri V.Krishna	Director (Projects)	31.07.2013	—
Sri K.Lakshmi Narayana Rao	Director (HRD)	31.07.2013	—
Sri P. Rama Mohan	Director (Operation)	03.02.2014	—

Consequent to the above changes the Board of Directors of the Company as on the date of 14th Annual General Meeting is as follows.

Name of the Director	Designation	Date of appointment
Sri M. V.Seshagiri Babu, IAS	Chairman & Managing Director	01.09.2013
Sri Munindra, IFS	Part Time Official Director	28.07.2011
Sri P.Ramesh, IAS	Non Whole Time Director	22.11.2013
Sri K.N.Malleswara Rao	Part Time Official Director	18.08.2011
Sri P.Hari Prasad, IRAS	Director (Finance)	01.05.2009
Sri V.Krishna	Director (Projects)	31.07.2013
Sri K.Lakshmi Narayana Rao	Director (HRD)	31.07.2013
Sri P. Rama Mohan	Director (Operation)	03.02.2014



During the year, the Company held Seven Board Meetings as detailed below:

Sl. No.	Date of the Meeting	No. of Whole Time Directors attended	No. of Non Whole Time Directors attended
1	27.06.2013	4	-
2	24.09.2013	4	2
3	15.11.2013	4	1
4	17.12.2013	4	---
5	17.12.2013	4	---
6	27.12.2013	4	2
7	06.03.2014	5	1

AUDIT COMMITTEE

The Audit Committee of the Company consists of the following three Directors, out of whom two are Part Time Official Directors:

Name of the Director	Designation	Other Directorship/s
Sri Munindra, IFS	Part Time Official Director	Special Secretary to Government of A.P., Energy Department
Sri K.N.Malleswara Rao	Part Time Official Director	Joint Secretary to Government of A.P., Finance Department
Sri V.Krishna	Director (Projects)	Nil

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

Sl. No.	Date of the Meeting	No. of Whole Time Directors attended	No. of Non Whole Time Directors attended
1	27.06.2013	1	1
2	15.11.2013	1	1
3	27.12.2013	1	1

AUDITORS

The Office of the Comptroller and Auditor General of India (C&AG) have appointed M/s Brahmayya & Co., Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2013-2014.

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 (619(4) of the Companies Act, 1956), are annexed hereto and forms part of this Report.



RESPONSIBILITY STATEMENT

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

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

CUSTOMER SERVICE

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

- APEPDCL has resolved 97.8% complaints within resolving time (WRT) and 2.19% complaints beyond resolving time in respect of complaints registered in Centralized Electricity Call Centre.
- 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 meeting is being organized at Circle Offices and Corporate Office to resolve pending issues.
- Wide publicity activities were taken such as exhibition of display boards, norms for new service connections and citizen charters etc.
- Regular visits are conducted for effective monitoring as part of continuous improvement.

INFORMATION TECHNOLOGY

Your Company continues to explore various modes to utilize technological developments for improving operational efficiency and customer care. Some of the highlights are:

- The Centralized architecture of EPCCB application is rolled out in Srikakulam Vizianagaram and Visakhapatnam circles with EPCCB software duly integrating the same with EBC.
- Collections are also made through electronic clearing services (ECS) in Visakhapatnam, Rajahmundry and Kakinada Towns.
- 100% Computerized collections are done eliminating manual receipts.



- Release of new services, Load Changes, Category Changes and Name changes are integrated and rolled out with 7000 Nos. Mee – Seva centres.
- In house online loan application facility is developed and introduced for the benefit of employees with SMS and email alerts to know the status instantly.
- 28 towns were declared Go-Live for reduction of AT&C Losses to bring commercial viability to reduce outages and interruptions and to increase consumer satisfaction as a part of implementation of the IT initiatives under R-APDRP (Part-A).
- 160KVA DG set installed and commissioned to maintain un-interrupted power supply to Data Centre, Centralized Customer Care Centre (CCC) and EPDCL network.

CONSUMER GRIEVANCES REDREESAL FORUM

- Forum has conducted 48 Consumer Awareness Programmes and conducted public hearings in various places and disposed 371 complaints during the year.

HUMAN RESOURCE DEVELOPMENT ACTIVITIES

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

ACKNOWLEDGEMENTS

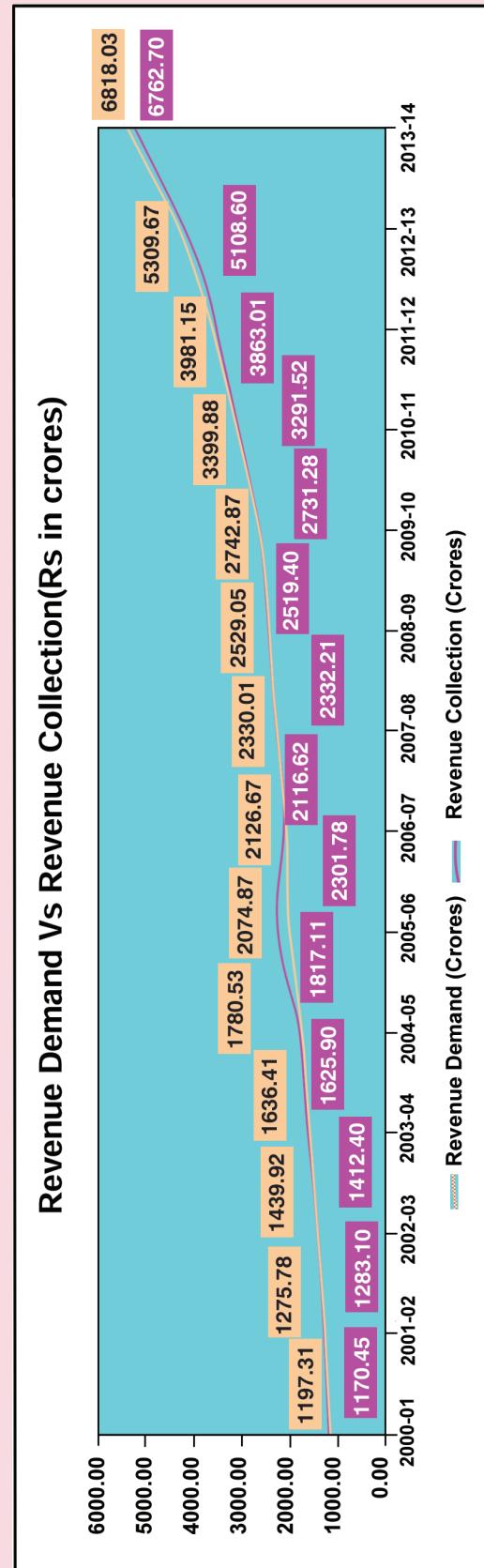
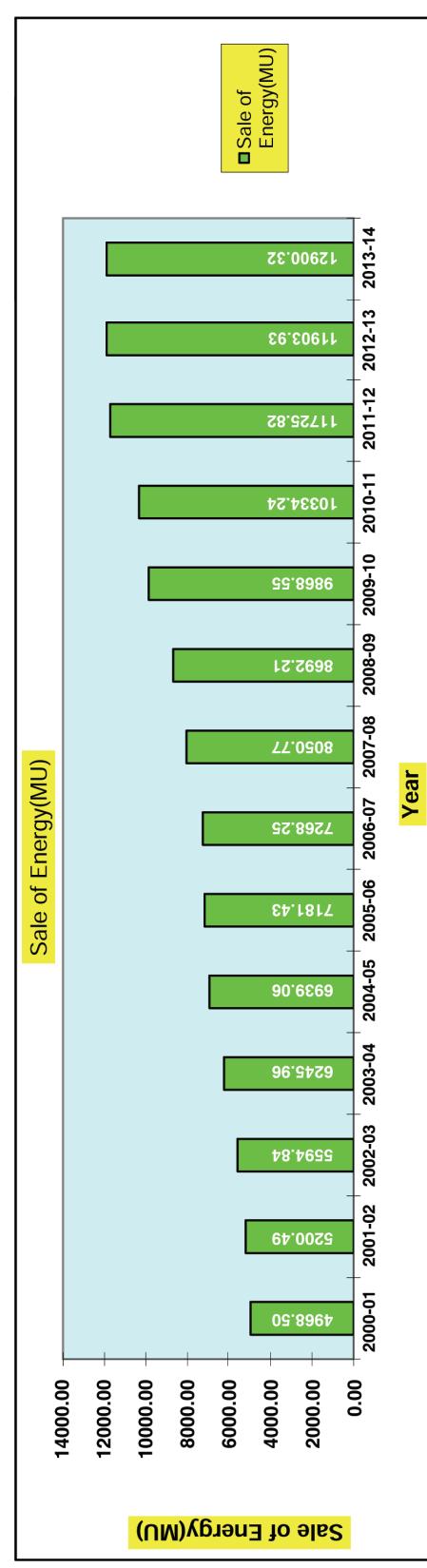
Your Directors acknowledge the invaluable support and co-operation of the Chairman & Managing Director, APTRANS CO and Chairman & Managing Directors of sister Distribution Companies. We welcome Sri P.Rama Mohan, Director who is appointed on the Board by the Govt. of Andhra Pradesh. We take this opportunity to thank the Special Chief Secretary, Energy, Government of A.P., the Secretary, APERC and other officials of the Govt. of A.P., the Office of the Comptroller & Auditor General of India; the Bankers and Financial Institutions and look forward to their continued support in the future. We also wish to congratulate the employees as well as the Employee's Unions and the Engineers' and Officers' Associations of APEPDCL, for their invaluable services. We further congratulate the accounts department for their dedicated involvement in completing and preparing the accounting statements as well as in completing Statutory Audit and A.G. Audit.

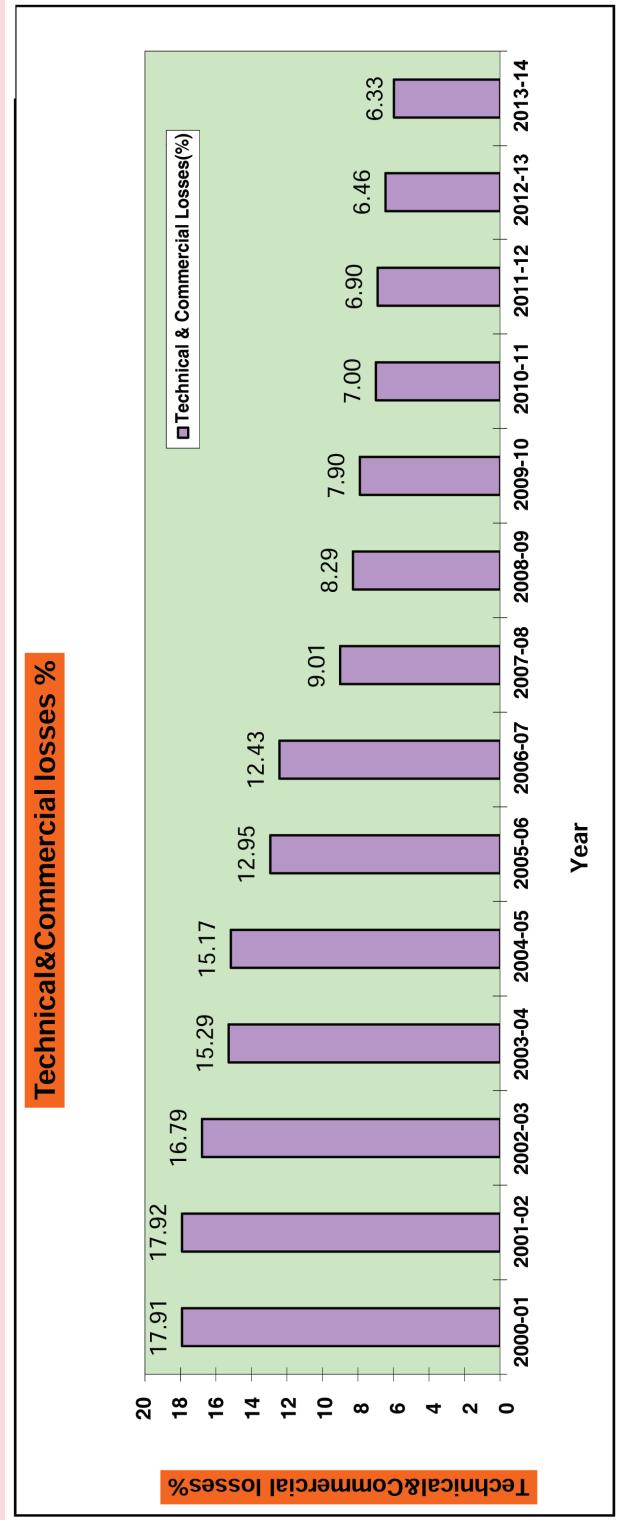
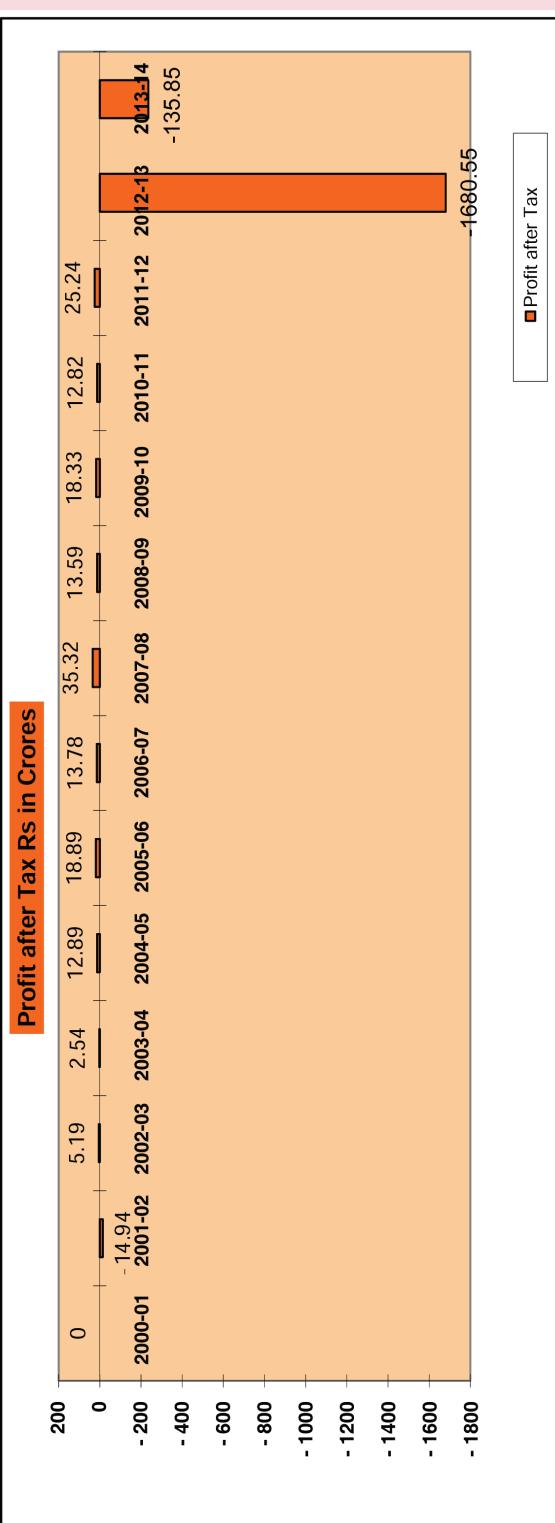
For and on behalf of the Board

Sd/-xxxxx
Sri M.V.Seshagiri Babu, IAS
Chairman & Managing Director

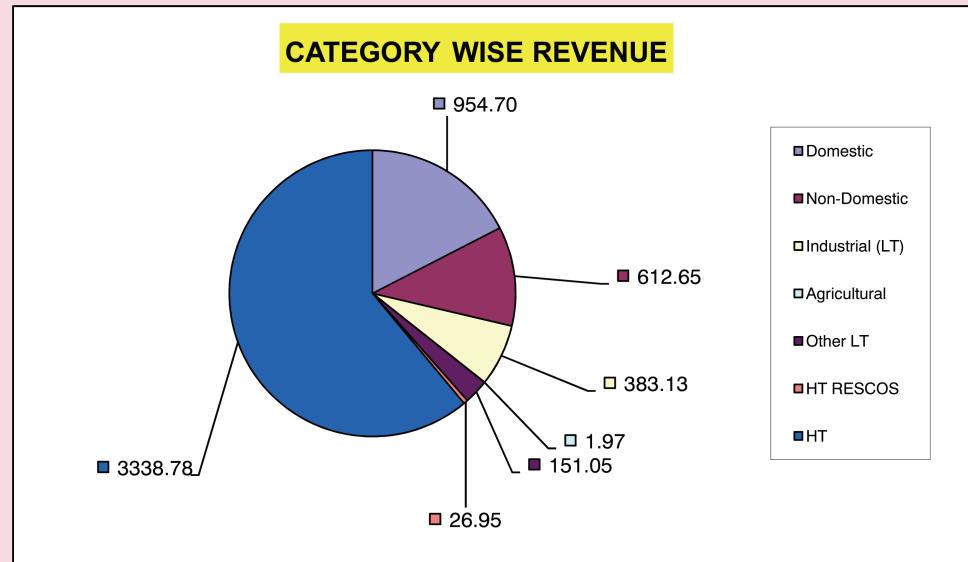
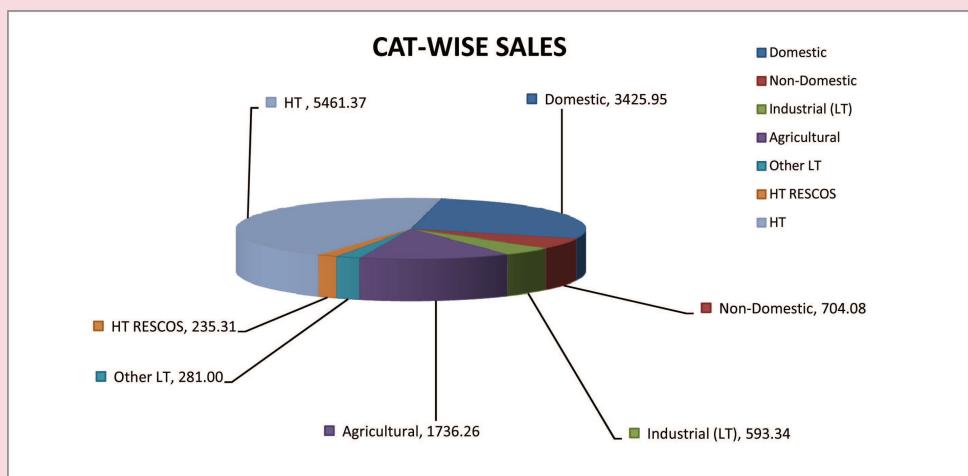


	YEAR	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
PERFORMANCE HIGHLIGHTS	Sale of Energy(MJ)	4968.50	5200.49	5594.84	6245.96	6939.06	7181.43	7268.25	8050.77	8692.21	9868.55	10334.24	11725.82	11903.93	12900.32
Revenue Demand (Crores)	1197.31	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	
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	
OPERATIONAL HIGHLIGHTS	Technical&Commercial losses %	17.91	17.92	16.79	15.29	15.17	12.95	12.43	9.01	8.29	7.90	7.00	6.90	6.46	6.33
FINANCIAL HIGHLIGHTS	Total Revenue	1198.11	1540.67	1663.98	1821.52	2013.25	2138.02	2322.68	2731.32	3534.14	3983.83	4470.83	5568.29	5091.41	6350.67
	Total Expenditure	1198.11	1555.61	1658.34	1818.76	1999.21	2106.49	2309.6	2766.23	3510.38	3866.55	4454.82	5499.83	6771.96	6486.52
	Profit after Tax	0	-14.94	5.19	2.54	12.89	18.89	13.78	35.32	13.59	18.33	12.82	25.24	-1680.55	-135.85





Particulars	SALES		REVENUE	
	MU	%	Rs. Crores	%
Domestic	3425.95	27.55	954.70	17.46
Non-Domestic	704.08	5.66	612.65	11.20
Industrial (LT)	593.34	4.77	383.13	7.01
Agricultural	1736.26	13.66	1.97	0.04
Other LT	281.00	2.26	151.05	2.76
HT RESCOS	235.31	1.89	26.95	0.49
HT	5461.37	43.91	3338.78	61.05
TOTAL	12437.31	100.00	5469.23	100.00





**महालेखाकार (आ.एवं रा.क्षे.ले.प.) का कार्यालय
आंध्र प्रदेश, हैदराबाद - 500 004**

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

No. AG(E&RSA)/ES II (P) EPDCL/2014-15 / 65

Dated : 23.09.2014

To

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

Sir,

Sub : Comments on the accounts of Eastern Power Distribution Company of Andhra Pradesh Limited, Visakhapatnam for the year ended 31 March 2014 under Section 619 (4) of Companies Act 1956.

I am to forward herewith Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act 1956 on the accounts of your company for the year ended 31 March 2014 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 2013-14 may be furnished in due course.

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

Encl : As above

Yours faithfully

Sd/- XXXXX

Senior Deputy Accountant General (ES - II)



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED, VISAKHAPATANAM FOR THE YEAR ENDED 31 MARCH 2014.

The preparation of financial statements of Eastern Power Distribution Company of Andhra Pradesh Limited, Visakhapatnam for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 9th July 2014.

I on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Eastern Power Distribution Company of Andhra Pradesh Limited, Visakhapatnam for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit. I would like to highlight the following significant matters under section 619 (4) of the companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the Financial Statements and the related Audit Report.

A. Comments on Profitability :

Statement of Profit and Loss

Income

Revenue from Operations (Note No. 21) - Rs. 6033.81 Crore

1. The above is overstated by Rs. 16.34 crore due to non-withdrawal of excess FSA Charges provided in the books. There was a difference between FSA charges provided/ considered in the books of accounts as per the approvals given by APERC in respect of seven quarters i.e. three quarters for 2011-12 and four quarters for 2012-13 (Rs. 1061.75 Cr) and actual demand raised (Rs.1045.41 Cr) during 2013-14. This has also resulted in overstatement of “Receivables from Government” by Rs 16.34 Cr. Consequently “Loss before Tax” is understated by Rs. 16.34 Crore.



Other Income (Note No.22) - Rs. 316.85 crore

2. The above is overstated by Rs 19.16 crore due to non-withdrawal of 50 per cent of R&C penalties and belated payment surcharge levied thereon, in respect of a HT consumer and LT consumers, as per the orders of APERC, Non-Withdrawal has also resulted in overstatement of "Sundry Debtors" and understatement of "Loss before Tax" by Rs. 19.16 crore

Balance Sheet

Assets

Non-Current Assets

Fixed Assets

Capital work-in-progress (Note-12) Rs. 256.89 crores

3. The above includes Rs. 15.32 crore being the value of 13 Nos. 33/11 KV substations which were newly constructed and charged / commissioned by 31 March 2014 Non-capitalization of the commercially charged substations, in contrary to the Accounting Policy of the Company, has resulted in overstatement of "Capital work-in-progress" and understatement of "Fixed Assets" by Rs. 15.32 crore. This has also resulted in understatement of "Depreciation for the Year" and "Loss before Tax" by Rs.32.78 lakh

Current Assets

Other Current Assets (Note No.20)

Receivables from Government / FSA - Rs. 922.86 crore

4. The above includes Rs. 13 crore being the amount accounted for as subsidy receivable from Government of Andhra Pradesh towards single bulb scheme for the years 2010-13 (upto June 2012) though the subsidy was neither approved by the APERC in the respective tariff orders nor committed by the GOAP. As the amount was not receivable, it should be provided for. Non-provision for bad debt (Receivable) has resulted in overstatement of "Other Current Assets" and understatement of "Loss before Tax" by Rs. 13 crore.

B. Comments on disclosure:

5. The Company has not accounted for the transmission and SLDC charges payable to APTRANSCO for the year 2013-14 to an extent of Rs. 12.43 crore disputing the charges on excess power drawn over the quantity allowed by the APERC. The fact should have been disclosed in the Notes to Accounts.

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

Sd/- XXXXX

Place : Hyderabad

Date : 23.09.2014

(LATA MALLIKARJUNA)
Accountant General (E&RSA)



**REPLIES OF THE COMPANY TO THE COMMENTS OF THE COMPTROLLER AND
AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT,
1956 FOR THE YEAR ENDED 31 MARCH 2014**

Para No	Comments of Comptroller and Auditor General of India	Reply of the Company
1	<p>A. Comments on Profitability:</p> <p>Statement of Profit and Loss</p> <p>Income</p> <p>Revenue from Operations (Note No. 21) – Rs. 6033.81 crore</p> <p>The above is overstated by Rs. 16.34 crore due to non-withdrawal of excess FSA Charges provided in the books. There was a difference between FSA charges provided / considered in the books of accounts as per the approvals given by APERC in respect of seven quarters i.e. three quarters for 2011-12 and four quarters for 2012-13 (Rs. 1061.75 crore) and actual demand raised (Rs. 1045.41 crore) during 2013-14. This has also resulted in overstatement of 'Receivables from Government' by Rs. 16.34 crore. Consequently, 'Loss before Tax' is understated by Rs. 16.34 crore.</p>	<p>Demand relating the FSA for the years 2010-11, 2011-12 and 2012-13 raised during 2013-14 and the balance FSA collection relating to the year 2011-12 (3rd & 4th Quarters) is due up to October 2014. After completion of FSA collections process for all the years, the differential amount between amounts already accounted for in the previous years and actual amount raised up to October 2014 will be adjusted in books of account during 2014-15.</p>
2.	<p>Other Income (Note No. 22) – Rs. 316.85 crore</p> <p>The above is overstated by Rs. 19.16 crore due to non-withdrawal of 50 per cent of R&C penalties and belated payment surcharge levied thereon, in respect of a HT consumer and LT consumers, as per the orders of APERC. Non-withdrawal has also resulted in overstatement of 'Sundry Debtors' and understatement of 'Loss before Tax' by Rs. 19.16 crore.</p>	<p>Regarding Withdrawal of 50% R&C Charges, final orders communicated by the Hon'ble APERC on 09.04.2014 and the management of APEPDCL has decided to give adjustment the same in the future CC bills in 3 spells during 2014-15.</p> <p>In view of the above and as a small amount in respect of LT services and Provision made against major amount of HT services.</p> <p>In view of the above provision for liability created in the books of accounts towards 50% of R&C charges of Rs. 130.61Crs the total R&C charges levied against HT services of Rs. 261.22 Crs.</p>



Sl.No	Comments of Comptroller and Auditor General of India	Reply of the Company
		Liability against 50% late payment surcharge levied on unpaid R&C charges not provided in the books of accounts as the same is to be withdrawn during the process of adjustment in the CC bills during 2014-15.
3	Balance Sheet Assets Non-Current Assets Fixed Assets Capital work-in-progress (Note-12)Rs. 256.89 crore The above includes Rs. 15.32 crore being the value of 13 Nos. 33/11 KV substations which were newly constructed and charged / commissioned by 31 March 2014. Non-capitalization of the commercially charged substations, in contrary to the Accounting Policy of the Company, has resulted in overstatement of 'Capital work-in-progress' and understatement of 'Fixed Assets' by Rs.15.32 crore. This has also resulted in understatement of 'Depreciation for the Year' and 'Loss before Tax' by Rs. 32.78 lakh.	Non closing of 33/11 KV Substations pointed out by the audit due to non receipt of bills from the contractors as the said works are done under 100% Turnkey soon after receipt of the bills from the Contractor capitalization will be done. However the depreciation will be charged at 90% during the life time of the assets. Necessary action is being taken to close the work orders and capitalization of the said substations during 2014-15
4	Current Assets Other Current Assets (Note No. 20) Receivables from Government/FSA – Rs. 922.86 crore The above includes Rs. 13 crore being the amount accounted for as subsidy receivable from Government of Andhra Pradesh towards single bulb scheme for the years 2010-13 (up to June 2012) though the subsidy was neither approved by the APERC in the respective tariff orders nor committed by the GOAP. As the amount was not receivable, it should be provided for. Non-provision for bad debt (Receivable) has resulted in overstatement of 'Other Current Assets' and understatement of 'Loss before Tax' by Rs. 13 crore.	Ref: 1) Lr.No.APEPDCL/CMD/VSP/CGM(Exp)/ GM(R)/SAO® /F-111/D.NO. 433/11, dt.19.04.2011 2) Lr.No.CGM(Exp)/GM(R)/SAO(R)/ AAO(R)/D.NO.1076/11,dt.24.09.2011 3) Lr.No.APEPDCL/CMD/VSP/CGM(Exp)/ GM(R)/SAO(R)/D.NO.72/12 dt. 20.01.12. 4) Lr.No.DIR(F)/CGM(Exp)/GM(R)/ SAO(R)/AAO(R)/D.NO.103/12,dt. 25.01.12



Sl.No	Comments of Comptroller and Auditor General of India	Reply of the Company
		<p>5). Lr.No.ED/Plg.RAC & Reforms/RAC/ DISCOMs/ D.No.08/2012, dt 30.01.2012</p> <p>6). Lr.No.CMD/APEPDCL/CGM(Exp)/ GM(R)/ SAO(R)/ D.NO.509/14, dt.28.05.14</p> <p>It is to inform that , in the Tariff Order for FY 2010-11,2011-12 the Single bulb subsidy has not been committed by the Govt.of A.P.</p> <p>In the reference 1st cited it has been addressed to the Principal Secretary to Govt,Energy Department,A.P Secretariat,Hyderabad regarding release of Single bulb subsidy amount and requested to issue necessary clarification regarding continuance of single bulb subsidy for APEPDCL domestic consumers.</p> <p>In the reference 2nd cited it has been addressed to the Dy.Chief Controller of Accounts(Rev/ APPCC),AP Transco,Vidyut Soudha, Hyderabad to pursue the matter with the Government for early realization of Single bulb subsidy amount and also requested to issue necessary instructions for continuance of single bulb subsidy to the domestic consumers.</p> <p>In the reference 3rd cited it has been addressed to the Principal Secretary to Govt,Energy Department,A.P Secretariat,Hyderabad regarding release of Single bulb subsidy amount and requested to issue necessay clarification regarding continuance of single bulb subsidy for APEPDCL domestic consumers.</p> <p>In the reference 4th cited it has been addressed to the Director(Finance), AP Transco, Vidyut Soudha, Hyderabad for placing in APPCC Meeting for their decision regarding release of the Single bulb Subsidy amount and issue necessary Clarification regarding continuance of Single bulb Subsidy to the domestic consumers .</p> <p>But neither instructions for continuance of Single bulb subsidy nor Single bulb subsidy amount is received from the Government which was already allowed to the consumers.</p>



Sl.No	Comments of Comptroller and Auditor General of India	Reply of the Company
		<p>In the reference 5th cited the Executive Director (Plg,RAC & Ref), APTransco, Vidyuth Soudha has been called for certain information regarding Single bulb Subsidy where in it was requested to inform whether above scheme is being continued for FY:2010-11 AND FY:2011-12 and also requested to inform the subsidy amount received from Govt of AP for above period.If not, the amount to be received from the Government year wise for FY:2010-11 and Fy:2011-12 may be sent to APTransco so that the issue will be taken up with the Energy Department.</p> <p>The Management of APEPDCL has decided to stop the allowing of Single bulb subsidy to the LT Domestic consumers from July,2012 onwards and dispensed. w.e.f. 07/2012 onwards and pursue with the Govt on payment of Subsidy.</p> <p>Board further directed to address Government of A.P. once again seeking clarification.</p> <p>In the reference 6th cited, addressed to the Spl.Chief Secretary to Govt, Energy Department, A.P.Secretariat, Hyderabad to release the single bulb subsidy due amount of Rs.13.24 Crores and requested to issue necessary clarification regarding allowing of single bulb subsidy for taking further action.</p> <p>But, so far no clarification received from the Government. However, again it will be addressed to the Govt for seeking clarification.</p> <p>Soon after receipt of the clarification, necessary action will be taken.</p>
5	<p>B. Comments on disclosure:</p> <p>The Company has not accounted for the transmission and SLDC charges payable to APTRANSCO for the year 2013-14 to an extent of Rs. 12.43 crore disputing the charges on excess power drawn over the quantity allowed by the APERC. The fact should have been disclosed in the Notes to Accounts.</p>	Noted



BRAHMAYYA & CO.

Chartered Accountants

at VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU

INDEPENDENT AUDITORS' REPORT

To

The Members of
Eastern Power Distribution Company of Andhra Pradesh Limited,
Visakhapatnam.

Report on the Financial Statements:

01. We have audited the accompanying financial statements of Eastern Power Distribution Company of Andhra Pradesh Limited, Visakhapatnam ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

02. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

03. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
04. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
05. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Basis of qualified opinion:

06. 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, in terms of section 174 of the Electricity Act. Accordingly, in terms of section 185(2)(d) of the Electricity Act, the annual accounts of the company have been prepared as per the rules prescribed under “Electricity (Supply) (Annual Accounts) Rules 1985. Accordingly certain accounting Policies and Principles followed by the company in preparation of the annual accounts are either not in accordance with the mandatory Accounting Standards prescribed by section 211 (3C) of the Companies Act or the provisions of the Companies Act. The details of various mandatory Accounting Standards and the provisions of the Companies Act not complied by the company are given here under:
 - a. Capitalization of administrative overheads (including staff cost) amounting to Rs. 31,62,68,327/- being 11% of the direct cost of the assets capitalized during the year is not in accordance with AS 10 – Accounting Standard on “Fixed Assets”, as the same cannot be attributable as expenditure incurred directly to bring the said assets to working condition.
 - b. Capitalization of interest of Rs. 2,19,291/- to fixed assets capitalized during the year is not in accordance with AS 16 – Accounting Standard on “Borrowing Costs” as the same cannot be attributable as interest on specified borrowings relating to the acquisition of fixed assets during the year.
 - c. Non-recognition of deferred tax in the books of account in accordance with AS 22 – Accounting Standard on “Tax Expenses”.
 - d. Charging of depreciation on “Computers” at a lesser rate prescribed for “office equipment” Vis a Vis the higher rate prescribed by Schedule XIV to the Companies Act, as the Central Government notification No. S.O. 265(E) dated 27.03.1994 does not specify any specific rate of depreciation for “Computers”.
07. Consequent to the amendment brought in, vide G.O.Ms. 396 dated 09.06.2005 to the second transfer scheme notified vide G.O.Ms. 142 dated 29.09.2001, the company has incorporated in its books of account as on 01.04.2010, various assets, including fixed assets and liabilities towards power purchase, supplies & services received and balances outstanding in respect of the loans, representing term loans, cash credits, working capital loans received from various banks and financial institutions, other receivables from the State Government of AP, of the amounts mentioned in the two notifications referred to above. We understand that the above amounts at which the various assets and liabilities are recognized in the books of account as on that date, are provisional and accordingly are subject to further adjustments as may be determined by the State Government of AP.
08. State Government of Andhra Pradesh amended retrospectively with effect from 09.06.2005, the share of each DISCOM in various bulk supply power purchase agreements vide its notification NO. 53 Energy (Power III) dated 28.04.2008. We are informed that the company has made a representation to give effect to the said revised sharing prospectively. Pending disposal of the company’s representation, the contingent liability, if any, due to the said retrospective amendment of the share of the company in various bulk supply of power purchase agreements has not been disclosed in the books of account.
09. Reference is invited to Accounting policy 2.25 regarding adjustment of proportionate consumers’ contributions against the depreciation on the assets created with the said contributions. The adjustments



are made on the proportionate value of the assets built out of the said contributions, instead of the specific assets created with the said contributions

Qualified Opinion:

10. In our opinion and to the best of our information and according to the explanations given to us, subject to our remarks under paragraphs (06) to (09) above dealing with the Basis of Qualified Opinion, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
 - b. In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date ; and
 - c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters:

11. In terms of G.O.Ms No 58, Energy (Power – III) dated 07.06.2005, Andhra Pradesh Power Coordination Committee (APPCC), which has no separate legal entity under any statute, administers matters relating to purchase of power including the allocation of the said cost of purchase between various DISCOMs, including “Expensive Power” sale of power between various DISCOMs, interstate sale/ purchase of power and maintains the books of account in respect of the same on behalf of the various DISCOMs in the State of Andhra Pradesh. Further these transactions are subjected to audit by an independent firm of Chartered Accountants. Accordingly the transactions relating to purchase of power, sale/purchase of power to/ from other DISCOMs, write back of excess provision in earlier years towards cost of power purchased, interstate sale of power, subsidies from State Government, provision towards doubtful recovery of subsidy from the state government of AP towards expensive power recognized in the books of account in earlier years, borrowings made for the purchase of power being cash credit facilities and short term borrowings from banks, financial institutions, State & Central governments together with interest etc., are incorporated in the books of account of the company based on the information provided by APPCC, duly certified by the independent firm of Chartered Accountants. We have relied on the said certification by the independent firm of Chartered Accountants in respect of the above transactions. Consequently, we have relied upon the certification provided by the independent firm of Chartered Accountants in respect of the following balances appearing in the books of account of the company, in lieu of letters of balance confirmation:
 - a. Amounts outstanding in the various loans obtained from State Government of Andhra Pradesh totaling to Rs.35,71,02,373/-
 - b. Amounts outstanding in various term loans from various banks and financial institutions totaling to Rs. 238,05,61,848.37/-.
 - c. Amounts lying in various current accounts operated by Andhra Pradesh Power Coordination Committee (APPCC) on behalf of the company with various scheduled banks totaling to Rs.8,34,00,215/- (credit balance).
 - d. Amounts due to/ from various power generators, other power DISCOMs, APTRANSCO, whose accounts are monitored by APPCC.
 - e. Debit Balance of Rs. 1137,91,49,296/- appearing in the pool account operated by APPCC.



- f. Balances due to / from various vendors for supplies and services, other power distribution companies, APTRANSCO.

Report on Other Legal and Regulatory Requirements:

- 12. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 13. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement, dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement, comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of the written representations received from the directors as on 31st March, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of section 274 (1) (g) of the Act.

Place: Visakhapatnam
Date: 19th July, 2014

For BRAHMAYYA & CO
Chartered Accountants
Firm Regn No. 000513S
Sd/- xxxx
(C.V. RAMANA RAO)
Partner
Membership No.018545



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT REFERRED TO IN PARAGRAPH 12 UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE:

- i) a) The Company is in the process of updating the fixed assets register by incorporating full particulars, including quantitative details and situation of its various fixed assets.
b) We are informed that the company did not undertake during the year physical verification of any of its fixed assets. Accordingly the question of commenting on the discrepancies noticed on physical verification does not arise.
c) The Fixed Assets disposed off by the Company during the year do not form a substantial part thereof.
- ii) a) Physical verification of inventory has been conducted during the year by the management at reasonable intervals.
b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on such verification between the physical stocks and the book records were not material.
- iii) a) The Company has not granted any loans, secured or unsecured to companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, clauses 4(iii) (b) to (d) of the Order are not applicable.
b) The Company has not taken any loans, secured or unsecured from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, clauses 4(iii) (f) & (g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- v) We are informed that there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956. Consequently the clause 4(v) of the order is not applicable.
- vi) The Company has not accepted any deposits from public. Consequently the clause 4(vi) of the order is not applicable.
- vii) In our opinion, the scope and coverage of company's internal audit system requires to be increased to cover the areas of procurement of stores, including capital stores, awarding of job works including capital jobs, employee costs, periodical review of various receivable and payable accounts etc. Further there is an urgent need for carrying out "Systems Audit" of the SAP software implemented by the company.
- viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima



facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

ix) a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, custom duty, excise duty, service-tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues which were in arrears as at 31st March 2014 for a period of more than six months from the date they became payable except Entry tax payable of Rs 2,097.

c) As at 31st March 2014, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Sales tax, Wealth-tax, Service tax, Customs duty, Excise Duty and Cess, except the following:

Amount Rs. in Cores	Nature of Statutory Liability	Period to which the Amount relates	Forum where Pending
3.01	Entry Tax	Fin Year 2002-03 To 2004-05	Andhra Pradesh Sales Tax Appellate Tribunal, Hyd
19.01	VAT	Fin Year 2012-13	High Court
1.41	Provident Fund Contract Labour	2000-2005	Employee Provident Fund Tribunal/High Court

x) The Company has accumulated losses and has not incurred cash losses in the financial year covered by our audit, though in the immediately preceding financial year it has incurred cash losses.

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

xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Consequently the clause 4(xii) of the order is not applicable.

xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Consequently the clause 4(xiii) of the order is not applicable.

xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other instruments. Consequently the clause 4(xiv) of the order is not applicable.

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

xvi) In our opinion, the Term Loans have been applied for the purposes for which they were raised.



- xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- xviii) During the year, the Company has not made any preferential allotment of shares. Consequently the clause 4(xviii) of the order is not applicable.
- xix) The Company has not issued any debentures so far. Consequently clause 4(xix) of the order is not applicable.
- xx) During the year, the Company has not raised money by Public issue. Consequently the clause 4(xx) of the order is not applicable.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

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

Sd/- XXXXX
(C.V. RAMANA RAO)
Partner
Membership No.018545

Place: Visakhapatnam

Date: 19th July, 2014



**REPLIES OF THE COMPANY TO THE COMMENTS OF THE STATUTORY AUDITORS
CONTAINED IN THEIR REPORT FOR THE YEAR 2013-14**

Sl.No	Statutory Auditors Comments	Replies
1	<p>We are informed that the company is governed by the Electricity Act, 2003 and accordingly the provisions of the said Act would prevail, wherever the same are inconsistent with the provisions of the Companies Act, in terms of section 174 of the Electricity Act. Accordingly, in terms of section 185(2)(d) of the Electricity Act, the annual accounts of the company have been prepared as per the rules prescribed under “Electricity (Supply) (Annual Accounts) Rules 1985. Accordingly certain accounting Policies and Principles followed by the company in preparation of the annual accounts are either not in accordance with the mandatory Accounting Standards prescribed by section 211 (3C) of the Companies Act or the provisions of the Companies Act. The details of various mandatory Accounting Standards and the provisions of the Companies Act not complied by the company are given here under:</p> <p>a. Capitalization of administrative overheads (including staff cost) amounting to Rs. 31,62,68,327/- being 11% of the direct cost of the assets capitalized during the year is not in accordance with AS 10 – Accounting Standard on “Fixed Assets”, as the same cannot be attributable as expenditure incurred directly to bring the said assets to working condition.</p> <p>b. Capitalization of interest of Rs.2,19,291/- to fixed assets capitalized during the year is not in accordance with AS 16 – Accounting Standard on “Borrowing Costs” as the same cannot be attributable as interest on specified borrowings relating to the acquisition of fixed assets during the year.</p>	<p>The Books of Accounts of the company have been prepared in Revised Schedule-VI under the companies Act,1956 as per the directions of the Audit Committee based on the Statutory Auditor recommendations.</p> <p>a) This is the policy decision taken by the management and disclosed in Notes under Item No.27.2, and Accounting policies and principles in Note.No.1 under Item No.2.09</p> <p>b) The funding agency wise interest rates were adopted in SAP system as Interest indicators for IDC calculation.</p>



Sl.No	Statutory Auditors Comments	Replies
	<p>c. Non-recognition of deferred tax in the books of account in accordance with AS 22 – Accounting Standard on “Tax Expenses”.</p> <p>d. Charging of depreciation on “Computers” at a lesser rate prescribed for “office equipment” Vis a Vis the higher rate prescribed by Schedule XIV to the Companies Act, as the Central Government notification No. S.O. 265(E) dated 27.03.1994 does not specify any specific rate of depreciation for “Computers”</p>	<p>c) As there is an availability of carried forward loss for the Company, the compliance will be taken care of at appropriate time.</p> <p>d) The EPDCL is following the same method of depreciation and also applying the depreciation rates as per the Central Government notification No.S.O.265(E), dt.27.03.1994 the fact of which was disclosed in Notes under Item No.27.3</p>
2	Consequent to the amendment brought in, vide G.O.Ms. 396 dated 09.06.2005 to the second transfer scheme notified vide G.O.Ms. 142 dated 29.09.2001, the company has incorporated in its books of account as on 01.04.2010, various assets, including fixed assets and liabilities towards power purchase, supplies & services received and balances outstanding in respect of the loans, representing term loans, cash credits, working capital loans received from various banks and financial institutions, other receivables from the State Government of AP, of the amounts mentioned in the two notifications referred to above. We understand that the above amounts, at which the various assets and liabilities are recognized in the books of account as on that date, are provisional and accordingly are subject to further adjustments as may be determined by the State Government of AP.	The item wise details of every account under each group of assets and liabilities are ascertained and available at unit/circle level. The same is disclosed in Notes under Item No.27.5
3	State Government of Andhra Pradesh amended retrospectively with effect from 09.06.2005, the share of each DISCOM in various bulk supply power purchase agreements vide its notification NO. 53 Energy (Power III) dated 28.04.2008. We are informed that the company has made a representation to give effect to the said revised sharing prospectively. Pending disposal of the company's representation, the contingent liability, if any,	Disclosed in Notes under Item No. 27.6



Sl.No	Statutory Auditors Comments	Replies
	due to the said retrospective amendment of the share of the company in various bulk supply of power purchase agreements has not been disclosed in the books of account.	
4	Reference is invited to Accounting policy 2.25 regarding adjustment of proportionate consumers' contributions against the depreciation on the assets created with the said contributions. The adjustments are made on the proportionate value of the assets built out of the said contributions, instead of the specific assets created with the said contributions	Separate recognition and maintenance in respect of assets created against the consumer contribution are not necessary as the owner of that assets were APEPDCL only. Further treatment of consumer contribution was disclosed under Note.No.1 item. No 2.24 of Accounting Principles and Policies.



Eastern Power

Distribution Company of A.P. Ltd

ఆంధ్రప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణి సంస్థ

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

FINANCIAL STATEMENTS



Statement of Profit and Loss for the year ended 31st March, 2014

(in Rupees)

	Particulars	Note No.	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
I	Revenue from operations	21	60338132896	48711329033
II	Other income	22	3168549294	2202814239
III	Total Revenue (I+II)		63506682190	50914143272
IV	Expenses			
	(a) Cost of Power Purchase	23	54937728866	54067199544
	(b) Employee benefit expenses	24	4825975708	5025759956
	(c) Finance costs	25	1593441080	2907503777
	(d) Depreciation and amortisation expense	11	2239750248	2097582582
	(e) Other expenses	26	1268280446	3621566459
	Total Expenses		64865176348	67719612317
V	Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)		(1358494158)	(16805469046)
VI	Exceptional items		-	-
VII	Profit / (Loss) before extraordinary items and tax (V ± VI)		(1358494158)	(16805469046)
VIII	Extraordinary items			
IX	Profit / (Loss) before tax (VII ± VIII)		(1358494158)	(16805469046)
X	Tax Expenses:			
	(a) Current tax expense for current year		-	-
	(b) (Less): MAT credit (where applicable)		-	-
	(c) Current tax expense relating to prior yrs.		-	-
	(d) Net current tax expense		-	-
	(e) Deferred tax		-	-
XI	Profit / (Loss) from continuing operations (IX ± X)		(1358494158)	(16805469046)
XII	Earnings per Equity share :			
(1)	Basic		(11.21)	(138.64)
(2)	Diluted		(11.21)	(138.64)
	Significant Accounting Policies	1		
	The accompanying notes are an integral part of the financial statements	2 to 27		

As per our report of even date annexed

For M/s. Brahmayya & Co

Chartered Accountants
 Firm Regn No.000513S

Sd/- XXXXX

C.V.Ramana Rao

Partner

Membership No:018545

For and on behalf of the Board

Sd/- XXXXX

M.V.Seshagiri Babu, I.A.S
 Chairman & Managing Director

Sd/- XXXXX

P.Hari Prasad, I.R.A.S
 Director (Finance)

Sd/- XXXXX

K.S.Bhaskara Rao
 Chief General Manager (Expr)

Sd/- XXXXX

A. Rama Rao
 Company Secretary



Balance Sheet as at 31st March, 2014

(in Rupees)

	Particulars	Note No.	As at 31 st March, 2014	As at 31 st March, 2013
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	2	1212253290	1212253290
	(b) Reserves and surplus	3	(4551087709)	(5988666572)
2	Non-current liabilities			
	(a) Long-term borrowings	4	33799492499	2702764255
	(b) Other long-term liabilities	5	9246220470	8566632560
	(c) Long-term provisions	6	1611262742	1586294978
3	Current liabilities			
	(a) Short-term borrowings	7	1275874020	29086371107
	(b) Trade payables	8	12311540723	17659127099
	(c) Other current liabilities	9	6516142805	7462288248
	(d) Short-term provisions	10	1052752419	1117493873
	TOTAL Equity & Liabilities		62474451259	63404558838
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	11	20943368266	17847942488
	(ii) Capital work-in-progress	12	2568851724	2419231691
	(b) Non-current investments	13	1684022800	1346498800
	(c) Long-term loans and advances	14	418071836	555431842
	(d) Other non-current assets	15	74921436	133053882
2	Current assets			
	(a) Inventories	16	1086005875	1011728616
	(b) Trade receivables	17	7938366883	6591229304
	(c) Cash and cash equivalents	18	2832122878	2743232599
	(d) Short-term loans and advances	19	11448782874	10362203213
	(e) Other current assets	20	13479936687	20394006403
	TOTAL Assets		62474451259	63404558838
	Significant Accounting Policies	1		
	The accompanying notes are an integral part of the financial statements	2 to 27		

As per our report of even date annexed

For M/s. Brahmayya & Co

Chartered Accountants

Firm Regn No.000513S

Sd/- XXXXX

C.V.Ramana Rao

Partner

Membership No:018545

For and on behalf of the Board

Sd/- XXXXX

M.V.Seshagiri Babu, I.A.S

Chairman & Managing Director

Sd/- XXXXX

A. Rama Rao

Company Secretary

Sd/- XXXXX

P.Hari Prasad, I.R.A.S

Director (Finance)

Sd/- XXXXX

K.S.Bhaskara Rao

Chief General Manager (Expr)



Notes forming part of the financial Statements

2. SHARE CAPITAL

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2014	As at 31-03-2013
1	Authorised Share Capital			
	12,20,00,000 Equity Shares of Rs.10/- each (Rupees Ten Only)		1220000000	1220000000
2	Issued, Subscribed and Paid up Share Capital			
	12,12,25,329 equity shares of Rs.10/- (Rupees Ten Only) each fully paid up	5600800	1212253290	1212253290
	TOTAL		1212253290	1212253290

Out of the above

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

Name of the Share Holder	As at 31-03-2014 No. of Shares	% Held	As at 31-03-2013 No. of Shares	% Held
His Excellency the Honourable Governor of Andhra Pradesh (Government of Andhra Pradesh)	121225329	99.99	121225329	99.99

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

Particulars	As at 31-03-2014 No. of Shares	As at 31-03-2013 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 31-03-2014	As at 31-03-2013
3.1	CAPITAL RESERVE			
A)	Consumer Contribution for Service Connections			
	At the beginning of the year	5500101 & 102	8345937330	7251024956
	Add : Received During the year		1646191114	1989151596
	Less:Amortised during the year - Vide Accounting policy No 2.24		1020105926	894239222
	At the end of the year		8972022518	8345937330
B)	Subsidies towards cost of Capital Assets			
	At the beginning of the year	5500200	501812	501812
	Additions/during the year		-	-
	Less:Amortised during the year		39342	0
	At the end of the year		462470	501812
C)	Grants towards cost of Capital Assets			
	At the beginning of the year	5500300	157133146	149151609
	Add : Received During the year		2237680906	7981537
	Less:Amortised during the year		86783920	0
	At the end of the year		2308030132	157133146
D)	Contingency Reserve Fund			
	At the beginning of the year	5700101,702,	1072061647	1072061647
	Addition/Deletion During the year	707 & 711	-	
	At the end of the year		1072061647	1072061647
E)	Other Reserves & Reserve Funds (GIS,FBF,& GPF etc)			
	At the beginning of the year	5400121,122,151,	21672478	6471717
	Add : Received During the year	152,153,154,161, 162 & 163	24264867	307424915
	Less:Deletions during the year		5134679	292224154
	At the end of the year		40802666	21672478
3.2	OTHER RESERVES ((Surplus)/Deficit in Statement of P&L)		As at 31-03-2014	As at 31-03-2013
	Opening Balance	5700102	(15585972985)	1219496061
	Profit/ (Loss) for the year		(1358494158)	(16805469046)
	At the end of the year		(16944467142)	(15585972985)
	TOTAL		(4551087709)	(5988666572)



4. LONG TERM BORROWINGS

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2014	As at 31-03-2013
	SECURED:			
A)	BONDS / DEBENTURES			
	APTRANSCO Vidyut Bonds	5301000	202200000	202200000
B)	TERM LOANS			
	FROM BANKS:			
	1) Loan from Federal Bank	5303400	3706607	50966607
	2) Loan from Bank of Baroda	5303500	2613853	43879857
	FROM OTHER PARTIES:			
	1) Loan from REC	5303100	1589008264	1740271319
	2) Loan from REC-RGGVY	5303530	236210911	0
	3) Loan from PFC	5303200	402450491	308340099
	4) Loan from Govt. of Andhra Pradesh	5303300	303802373	357106373
	FRP			
	1)FRP-9.95% Unsecured Bonds - I	5303540	6733000000	0
	2)FRP-10% Unsecured Bonds - II	5303550	11326500000	0
	3)FRP- Conversion of STL to Term Loans	5303560	13000000000	0
	TOTAL		33799492499	2702764255

- 4.1 Secured Term Loan from M/s REC amounting to Rs.1589008264 (P.Y. Rs.1740271319) 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.402450491 (P.Y. Rs.308340099) 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 Term loan from M/s Federal Bank amounting to Rs.3706607 (P.Y. Rs.50966607) is secured by hypothecation of specified Assets. The repayment is in equated monthly instalments for a period of 10 years. The rate of Interest is 10.50%
- 4.4 Term loan from M/s Bank of Baroda amounting to Rs.2613853 (P.Y. Rs. 43879857) is secured by hypothecation of specified Assets. The repayment is in equated monthly instalments for a period of 10 years. The rate of Interest is 9%
- 4.5 Vidyut Bonds are issued during the year 2002 with the term of 13 years. The Rate of interest is 11.60%



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

(Rupees in Crores)

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	339.20	-	-
A.P.Transco	31.60	61.15	-
APEPDCL P&G Trust	40.00	-	-
Andhra Bank	262.50	-	262.50
Bank of India	-	100.00	100.00
Canara Bank	-	100.00	100.00
Central Bank of India	-	125.00	125.00
DenaBank	-	75.00	75.00
Indian Overseas Bank	-	150.00	150.00
Syndicate Bank	-	187.50	187.50
Union Bank of India	-	50.00	50.00
VijayaBank	-	150.00	150.00
StateBank of Mysore	-	34.00	-
Punjab and Sind Bank	-	50.00	50.00
State Bank of Hyderabad	-	50.00	50.00
	673.30	1132.65	1300.00

5. OTHER LONG TERM LIABILITIES

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2014	As at 31-03-2013
1	Security Deposits from Consumers (in cash)	4800101,302, & 4801020	9246220470	8566632560
	TOTAL		9246220470	8566632560

6. LONG TERM PROVISIONS

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2014	As at 31-03-2013
1	Provision for EL Encashment	4400330,4500431 & 5400147	1611262742	1586294978
	TOTAL		1611262742	1586294978



7. SHORT TERM BORROWINGS

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2014	As at 31-03-2013
7.1)	Loans Repayable on Demand from Banks Secured:			
	1) CC Limits from SBH	5000102	1250594020	317607344
	2) Working Capital Loan	5101010 to 5101123	25280000	28768763763
	TOTAL		1275874020	29086371107

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 31-03-2014	As at 31-03-2013
1	AP Transco & Power Purchase Liability	4101010 to 4101060	11147568334	15788090386
2	Liability-Materials, Works-Capital and O&M	4200301,303,306,309, 4201000,4300001,02, 4301000,4500301&311	469356808	1003730207
3	Creditors Other Discoms on Power Purchase	4201400	2490518	7530415
4	Staff Related Liabilities	4400201 to 4400320, 4400350 to 4400450, 4500401,411& 421	546961443	586168462
5	Liability for Expenses	4500501,571,4600934, 4604010,20, 30,40, 50,60,70 & 80	145163620	273607629
	TOTAL		12311540723	17659127099



8.1. Information relating to Suppliers as required under the provisions of Micro, Small and Medium Enterprises Act, 2006:

Sl.No.	Particulars	As at 31.03.2014
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 31-03-2014	As at 31-03-2013
1	Details of Current Maturities of Long Term Debts			
(a)	Term Loan From Banks			
	Secured:			
	Loan from Federal Bank	5303400	47280000	47300000
	Loan from Bank of Baroda	5303500	41633000	42000000
(b)	Term Loan from Other Parties			
	Secured:			
	Loan from REC	5303100	323850261	395000000
	Loan from PFC	5303200	1657764	-
	Loan from Govt. of AP	5303300	53300000	53300000
	Sub-total (1)		467721025	537600000
2	Deposits and retentions and advances from suppliers and contractors	4600107,950,4601010 20,30,60,90& 4603051	1771803831	2378429251
3	OTHERS			
	Temporary Supply & TEMP Deposits	4700601 to 604	208291460	171638391
	Deposits for Electrification, Service Connection Etc.	4700101,301,401,501,551, 607, 609, 610, 701, & 801	905755117	693199306
	Advance receipts from consumers	4600850,851&852	105007221	217998536
	Interest Payable on Security Deposit	4500521,4800301 & 4803020	770456537	697630791
	Liability towards Transformers(OYT)	4201410	170	170
	Other Liabilities	4500321,903,4600105,106,108, 201,309,501,910 & 4646000 & 46085004203000 to 420600	2225447565	2219427112
	Statutory Liabilities -TDS, Entry Tax, Service Tax Etc.	4600301,310,4600921 to 928 & 4603055, 3070 & 3080	59017846	74913080
	Interest accrued but not due	4600801	2642034	2217668
	Debt Service Clg Acc	4605001	0	28240730
	Payable to GPF Trust	2800802 To 2800805	0	380051502
	Liability towards urban E-Seva	2800530	0	42413585
	Interunit Accounts	3000100 To 3700001	0	18528125
	Sub-total (2+3)		6048421780	6924688248
	TOTAL		6516142805	7462288248



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 may be adjusted in the books of accounts as per outcome of final orders of Hon'ble High Court of AP

10. SHORT TERM PROVISIONS

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2014	As at 31-03-2013
1	Provision for Employee Benefits			
	Provision for Gratuity for Employees > 1-2-99	5400135,136, 142 & 146	(6098549749)	(4724429473)
	Provision for Pension & Gratuity for Employee < 1-2-99	5400130,141& 145	7151302168	5747949796
	Sub - Total		1052752419	1023520323
2	Others			
	Liabilities for Taxes	4500901& 4600302	0	93973550
	TOTAL (1+2)		1052752419	1117493873

FIXED ASSETS AND PROVISION FOR DEPRECIATION

Note No. 11

(in Rupees)

TANGIBLE ASSETS

ASSET GROUP	Account Code	GROSS BLOCK					PROVISION FOR DEPRECIATION					NET BLOCK	
		At the end of the previous year/2012-13	Additions during the year/2013-14	Deductions during the year 2013-14	Reclassification	At the end of the year as on 31-03-2014	At the end of the Previous Year/2012-13	Depreciation for the year/ 2013-14	Adjustments on Deductions	Reclassification	'At the end of the year as on 31-03-2014	At the end of the year 2013-14	At the end of the Previous Year/2012-13
Land & Land rights	1000101	825465368	140000			825605368	0				0	825605368	825465368
Buildings	1000201	643064486	54291107			697355593	141887121	18835087			160722208	536633385	501177365
Other civil works	1000301	163906544	15405795			179312339	15916683	5229618			21146301	158166038	147989861
Plant and Machinery	1000401	13697499704	1982702367	21198990		15659003081	6242725681	929476732	19079091		7153123322	8505879759	7454774023
Lines & Cable Network	1000501	17086210678	2232185095	110000		19318285773	9094902828	902543013	99000		9997346841	9320938932	7991307850
Meters & Metering Equipment	1000551	2051959982	911696131	70982385		2892673727	1395422634	330002294	63884146		1661540782	1231132945	656537348
Vehicles	1000601	14486752	1757061			16243812	13026770	12914			13039684	3204128	1459981
Furniture & Fixtures	1000701	93080302	70175648			163255950	61412730	6520543			67933273	95322677	31667572
Office Equipment	1000751 & 851,951	118239942	13020698			131260640	76276220	12083434			88359654	42900986	41963722
Computers	1000801	277673444	63031263			340704707	82074046	35046613			117120660	223584047	195599398
TOTAL		34971587202	5344405164	92291375	0	40223700991	17123644714	2239750248	83062237	0	19280332725	20943368266	17847942487
Previous year		31267172487	3760809618	56394903		34971587202	15076801010	2097582582	50738878		17123644714	17847942487	16190371477



Eastern Power Distribution Company of A.P. Ltd
 ఆంధ్ర ప్రదేశ్ కూర్చు 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 31-03-2014	As at 31-03-2013
1	Capital work-in-progress	1400101 & 102	2568851724	2419231691
	TOTAL		2568851724	2419231691

13. NON-CURRENT INVESTMENTS

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2014	As at 31-03-2013
13.1	Non- Trade Investments (Un-quoted)			
a)	Investment in Govt. Securities			
	Contingency Reserve Investments	2001070	121316200	120292200
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	1125300000
d)	Others Investment in APTRANSCO Bonds	2006030	100000000	100000000
	TOTAL		1684022800	1346498800

13.2 Equity Participation in 1600MW Power Project at Krishna Patnam in Sri Potti Sriramulu, Nellore District. As per the Resolution passed in 61st Board Meeting held on 29-10-2009. APEPDCL Share is 6.76% (out of 49%). Equity Payment made so far to the end of 31-03-2014 is Rs. 146,18,00,000.

13.3 a) Details of Contingency Reserve Investments

(in Rupees)

Sl. No	Classification of Investment	As at 31-03-2014	As at 31-03-2013
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 Purchasee @ 10,24,000/-)	1024000	0
	TOTAL	121316200	120292200



13.3 b) Investments in RESCOs

(in Rupees)

Sl. No	Classification of Investment	As at 31-03-2014	As at 31-03-2013
1	Shares in RESCO, Cheepuripalli, 9 No. of Shares @ Rs.1,00,000/- each fully paid up	906600	906600
	TOTAL	906600	906600

13.3C) Investments in Andhra Pradesh Power Development Co. Ltd.

(in Rupees)

Sl. No	Classification of Investment	As at 31-03-2014	As at 31-03-2013
1	Equity Share Capital in APPDCL, 146180000 No. of Shares @ Rs.10/- each fully paid up	1461800000	1125300000
	TOTAL	1461800000	1125300000

13.3D) Other Investments

(in Rupees)

Sl. No	Classification of Investment	As at 31-03-2014	As at 31-03-2013
1	AP TRANSCO Vidyut Bonds	100000000	100000000
	TOTAL	100000000	100000000

14. LONG TERM LOANS AND ADVANCES

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2014	As at 31-03-2013
1	Loans and Advances to Employees	2700101 to 103, 110&111	204754471	154356465
2	MAT Credit Entitlement	2700430	103584242	103584242
3	Capital Advances to Contractors/Suppliers	2501010	109733123	297491136
	TOTAL		418071836	555431842

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 31-03-2014	As at 31-03-2013
1	Non- Current Deposits:			
	Unsecured & considered good:			
	Deposits with Court& Local Authority	2800605 & 606	53455561	121857099
	Deposit with Excise Authority	2800603	95133	10146
	Deposit with Telecom Authority	2800604, 620	95854	105904
2	Others (Interest Receivable from employees)	2700128& 2800211	21274888	11080733
	TOTAL		74921436	133053882

CURRENT ASSETS

16. INVENTORIES

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2014	As at 31-03-2013
	Stores and Spares			
1	Stock of Materials at Stores	2200151,152,161 232,401,451,501, 551,601,701,751, 801,2201000,1100 &1101	1027208828	951018917
2	Materials Stock Ex/Short pending investigation	2200201 to 203	58797047	60709699
	TOTAL		1086005875	1011728616

17. TRADE RECEIVABLES

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2014	As at 31-03-2013
	Debtors :			
1	Less than Six Months	2300310,2301050 to	2197974979	3682952000
2	More than Six Months and above	2305660,2305690	5955350000	3090390620
3	Debtors Others	2300301,302,502,503, 504,700,835,900 2800302,524&531	136971303	180975014
	Less: Provision for Doubtful Debts	2300701,704&835	(351929400)	(363088331)
	TOTAL		7938366883	6591229304



18. CASH AND CASH EQUIVALENTS

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2014	As at 31-03-2013
	i) Cash and Cash Equivalents:			
	Cash on Hand	2400500 To 2401999, 2404901, 902&903	172950122	130496937
	Cash at Bank (Balance with Banks)	2404501, 2428760 To 2432999, 2600200	798657018	997869058
	Cash- in -Transit & Remittances-in-Transit	2404980 To 2405000	20995787	965983314
	ii) Other Bank Balances			
	Short term Deposits with Banks	2002050	1839519951	648883290
	TOTAL		2832122878	2743232599

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

19. SHORT TERM LOANS AND ADVANCES

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2014	As at 31-03-2013
1	Advance Income Tax & TDS	2700401, 423 & 425	57783819	150036176
2	Loans & Advances to Employees	2700104 to 2700109, 2700127, 2700131	44657712	36769381
3	Loans & Advances to Related parties	2600102	11345863466	10171398589
4	Prepaid Expenses	2800701 To 2800705	477877	3999068
	TOTAL		11448782874	10362203213



19.1

Details of Dsicom wise ICD & Other Transactions in circles	(In Rupees)
APCPDCL	10404807582
APNPDCL	(1229046013)
APSPDCL	2203387727
TOTAL ICDs	11379149296
Circle Transactions	(33285830)
Net Loans & Advances to Related parties	11345863466

19.1. 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 31-03-2014	As at 31-03-2013
1	Amount Recoverable from Emp/ Ex.Emp	2800501, 2800507 To 2800510	27830767	110903241
2	Interest Accrued on Bank Deposits	2800201	86658860	37566577
3	Interest Accrued on Investments	2800251	5275152	119606
4	Provision for int & Fin charges	4500511	0	16655450
5	Receivables from AP Online,e-seva & Internet	2800528,529 & 530	135326846	11665709
6	Sundry Debtors for sale of Stores	2800104, 806	12702	8048870
7	Receivable from P&G/GPF trust	2800802 to 2800805	27436869	0
7	Sundry Debtor for Sale of Scrap	2600101, 2805160 &2800101	49654653	23755340
8	Unbilled Revenue	2300551& 552	6405962150	8540127052
9	Apprentice Salary Receivable	2800427	386901	3398444
10	Other Receivables - Bills Receivable	2800515	0	44716134
11	Receivables from Government/FSA	2800301 to 2800502	9228591786	14084249980
	Less: Provision for Government Receivables	2828000	(2487200000)	(2487200000)
	TOTAL		13479936687	20394006403



21. REVENUE FROM OPERATIONS

21.1 REVENUE FROM SALE OF POWER

(in Rupees)

Sl. No	Particulars	Account Code	Current Year (2013-14)	Previous Year (2012-13)
L.T.SUPPLY:				
1	Domestic supply - Category-I	6100210 to 218, 6600212, 218& 6101210 to 218	9547022627	9425977290
2	Non-Domestic Supply - Category-II	6100220 to 228 6600220 to 226 6101220 to 228 &6102220 to 228	6126505710	4909358923
3	Industrial supply-Category-III	6100230 to 238 &6101230 to1238 6600232 to 236	3831250345	3282002546
4	Cottage Industries - Category-IV	6100240 to 248 6101240 & 248, 6600242,246 6101240 to 6101249	7456427	6489451
5	Irrigation and Agriculture Category-V	6100250 to 258 6101250 to 258	19702205	55041404
6	Public Lighting - Category-VI	6100260 to 268 6101260 to 268, 6600262 to 268	1252523648	879184395
7	General Purpose - Category-VII	6100270 to 278 6101270 to 278, 6600272, 6600276	243152406	178137255
8	Temporary - Category-VIII	6100280 to 288, 6101280 to 286, 6102288	7415918	9459996
	L.T.TOTAL :		21035029286	18745651260



Sl. No	Particulars	Account Code	Current Year (2013-14)	Previous Year (2012-13)
	H.T.SUPPLY			
1	Industrial segregated - Category-I	6100310 to 319, 510 6101310 to 318, 713,6600310 6601312, 6101310 to 318 &6601312	24231718710	21381402650
2	Industrial non-segregated-Category-II	6100320 to 328, 6600322	4447562241	3564909925
3	Aviation activity at Airports- Category-III	6100330 to 338, 6600332	110279618	6251782
4	Irrigation and Agriculture - Category-IV	6100340 to 342 & 6101340, 6102340, 6600342, 6601342, 6602342	357584349	207301069
5	Railway Traction-Category-V	6100350 to 352, 6600352	4066759687	3388804977
6	Electricity Co-op. Societies	6100370 to 372, 6600372	269543697	275262411
7	Colony Consumption	6100360 to 368, 6600362	173816256	162554722
	H.T.TOTAL:		33657264556	28986487536
	L.T. + H.T.TOTAL		54692293842	47732138796
	Less HT Incentive	7600563		-
	Net L.T.+H.T.Total:		54692293842	47732138796



MISCELLANEOUS REVENUE

Sl. No	Particulars	Account Code	Current Year (2013-14)	Previous Year (2012-13)
1	Interstate sales & DD sales	6100145,146, 147 & 153	351366788	410818760
2	Electricity Duty recovery	6100501 to 517, 6101501 to 514, 6102502, 6102514	568133276	550969295
3	Interest on ED	6100521 to 537, 6101521 to 531 6102522& 6102535	14416257	12301583
4	Recoveries for theft of power / Malpractices	6100810,820&821	76795673	68403121
	Sub Total:		1010711994	1042492758
5	Miscellaneous charges from consumers	6100613 to 950, 6101613 to 683, 6101713, 6101743 6102743& 6202623	2655123186	2330466774
6	Un billed FSA	6100102	0	3898300000
	Total Misc. Revenue		3665835180	7271259532
	Gross Revenue from sale of power		58358129022	55003398328
	‘Less: Electricity Duty paid	7000901	568596126	550969295
	Net Revenue from sale of power :		57789532896	54452429033
	Subsidies & Grants:			
	Subsidies and grants from Government	6300130	2548600000	(5741100000)
	TOTAL REVENUE FROM OPERATIONS		60338132896	48711329033



21.2 a) Govt. of A.P Vide G.O.Ms.No.59 Dt.07-06-2005 set up an apex committee “ APP 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.

b) The Company has made Inter-State sales and DISCOM sales income of Rs.351440945 (PY Rs.410818760) 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 31.03.2014 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%

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 transferee, notwithstanding anything to the contrary contained in any deed, document, instrument, agreement or arrangement which such persons may have entered into with APTRANSCO and such persons shall not claim any right or interest against APTRANSCO and/ or the state Government in connection there with.

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

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



- c) Wheeling charges are not recognised as income, pending settlement of the dispute by the Honourable High Court of Andhra Pradesh.
- d) Quantitative Details of Purchase, Sale of Power, Losses are as stated below

PARTICULARS	Current Year 2013-14 (MUs)	Previous Year 2012-13 (MUs)
Gross Energy input	14047.58	12709.12
Net Energy input for Distribution	13772.10	12470.20
Total Units Sold	13175.81	11903.93
Distribution Losses	871.77	805.19
% of Losses	6.33	6.34

Total Units sold includes 738.50 MU relating to EHT, HT Direct Sales open access & expensive

22. OTHER INCOME

(in Rupees)

Sl. No	Particulars	Account Code	Current Year (2013-14)	Previous Year (2012-13)
1	Interest on staff loans and advances	6200936	10066445	7870965
2	Delayed payment charges from consumers	6200251 to 6200271 6201251 & 260 6200261 to 268 6201261 & 6202265	1412690844	836428938
3	Interest from Banks & Investments	6200220 & 926	154733820	131314260
4	Income from Trading (Profit on sale of scrap etc.)	6200340, 925 6400301 to 305	14063893	49105137
5	Miscellaneous receipts	6101913, 6200222, 6200281, 6200900 to 6200935	317371103	242683494
6	Amortisation of consumer contributions, subsidies, grants towards cost of capital assets	6400828	1106929188	894239222
7	UI & Other Charges	6100845 & 846	152694001	41172222
	TOTAL:		3168549294	2202814239



23. COST OF POWER PURCHASE

(in Rupees)

Sl. No	Particulars	Account Code	Current Year (2013-14)	Previous Year (2012-13)
1	Power Purchase	7000100 to 7000210	55147901488	54346690448
	Less: Rebate on PP Bills & Incentive	6200230	210172623	279490904
	TOTAL:		54937728866	54067199544

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

24. EMPLOYEE BENEFIT EXPENSES

(in Rupees)

Sl. No	Particulars	Account Code	Current Year (2013-14)	Previous Year (2012-13)
	Salaries			
1	Salaries	7500101 to 175	2119228110	2493599521
2	Dearness Allowance	7500301	821445970	557317298
3	Other Allowances	7500201, 7500401 to 450, 540, 614 & 618	359780502	361911478
4	Managerial Remuneration & Allowances to Directors	7500710 & 7500711	4753824	5231984
5	Incentive to Staff/Exgratia	7500501 & 672	252858	38122
	Sub-Total 1 (1 to 5)		3305461264	3418098403
	Employee Costs (Other Allowances)			
6	Medical expenses (Monthly & Reimbursement)	7500610 & 611	97538297	78011042
7	Leave Travel Assistance	7500612 & 613	848038	2525851
8	Earned Leave Encashment	7500617	228070396	454834702
	Sub-Total 2 (6 to 8)		326456731	535371594
	Employee Costs (Welfare Exp & Other Benefits)			
9	Other welfare expenses	7500664 to 669, 7600575	7792772	8536301
10	Social Security cum PF Booster scheme	7500670	300000	440000
11	Terminal Benefits - PF Employer Cont. Joined <1.2.99	7500801 & 803	1314052920	1284828612
12	Employer contribution to EPF	7500800 to 814	136960297	121002816
13	Miscellaneous Employee Cost	7500629, 704, 814, & 819	3779801	4169657
	Sub -total 3 (9-13)		1462885791	1418977386
	TOTAL (Sub-total 1+2+3):		5094803786	5372447383
	LESS: Employee Cost Capitalised	7509000	268828077	346687427
	Net Employee Benefit Expenses		4825975708	5025759956

24.1. Payments and Benefits to the Chairman and Managing Director and Other Directors: (in Rupees)

PARTICULARS	Chairman & Managing Director 2013-14 (2012-13)	Other Directors 2013-14 (2012-13)
Salary / Remuneration	332828	1910440
	(635576)	(1915150)
Dearness Allowance	343307	953844
	(490891)	(793804)
HRA	Free Accommodation	354935
	Free Accommodation	(372000)
Telephone, Conveyance and other such perquisites	141778	716693
	(243663)	(780900)
TOTAL	817913	3935912
	(1370130)	(3861854)

24.1.1 Figures in a brackets are relating to previous year

24.2 As per the Actuarial valuation report, the total accrued liability towards pension and gratuity as on 31.3.2014 is Rs.7410064151 (Previous year Rs 6140505345) and the investments in Pension and Gratuity Trust is Rs. 6096800000 (Previous year Rs 4857400000) towards future liability. As per the actuarial valuation an amount of Rs. 1313264151 (Previous year Rs 1283105345) balance liability is provided in the books of accounts during the year 2013-14.

24.3 The Employee cost capitalised during the year is to the tune of Rs.268828077 (PY Rs.346687427)

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

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

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

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

c) Earned Leave Encashment :

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



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

Pension and Gratuity liability disclosure

A. Revised AS-15 (2005) Disclosure

Table-1 (in Rupees)

Reconciliation of PBO	01-04-2012 to 31-03-2013	01-04-2013 to 31-03-2014
Projected Benefit Obligation at Begining of year	4,944,228,033	6,140,505,345
Current Service Cost	159,312,374	183,808,831
Interest Cost	432,726,036	537,869,378
Contributions by plan participation	-	-
Actuarial (Gain)/Loss	827,260,217	902,351,740
Benefits Paid	(316,200,000)	(354,471,143)
Past service cost	93,178,685	-
Amalgamations	-	-
Curtailments		-
Settlements		-
Projected Benefit Obligation at End of year	6,140,505,345	7,410,064,151

Table-2 (in Rupees)

Plan Asset at Fair Value	01-04-2012 to 31-03-2013	01-04-2013 to 31-03-2014
Plan Asset at beginning of year	3,994,200,000	4,857,400,000
Foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency		
Expected Return on Plan Asset	284,200,000	310,771,143
Employer Contribution	895,200,000	1,283,100,000
Employee Contribution		
Benefit Payments	(316,200,000)	(354,471,143)
Asset Gain / (Loss)	-	-
Amalgamations	-	-
Settlements	-	-
Ending Asset	4,857,400,000	6,096,800,000
Total actuarial gain/(loss) to be recognised immediately	(827,260,217)	902,351,740



(in Rupees)

Current/Non Current Benefit Obligation	31-03-2013	31-03-2014
Current	392,420,000	451,283,000
Non Current	5,748,085,345	6,958,781,151
Total	6,140,505,345	7,410,064,151

Table - 3

(in Rupees)

Amounts to be Recognised in the balance sheet	01-04-2012 to 31-03-2013	01-04-2013 to 31-03-2014
Projected Benefit Obligation at End of year	6,140,505,345	7,410,064,151
Ending Asset	4,857,400,000	6,096,800,000
Funded Status asset / (liability)	(1,283,105,345)	(1,313,264,151)
Unrecognised past service cost - non vested benefits		
Liability(-)/Asset(+) recognised in Balance Sheet	(1,283,105,345)	(1,313,264,151)

Table - 4

(in Rupees)

Statement of Profit and Loss	01-04-2012 to 31-03-2013	01-04-2013 to 31-03-2014
Current Service Cost	159,312,374	183,808,831
Interest Cost	432,726,036	537,869,378
Expected return on plan asset	(284,200,000)	(310,771,143)
Net actuarial(gain)/loss to be recognised in year	827,260,217	902,351,740
Past Service Cost Effect of Curtailments	93178685	
Income (-)/Expense(+) recognised in the statement of Profit and Loss	1,228,277,312	1313258806

(in Rupees)

Reconciliation		
Incremental liability [Asset(+)/Liability(-)]		(30,158,806)
P&L Charge		1,313,258,806
Less Contribution paid		1,283,100,000
Balance (income(-)/Expense(+))		30,158,806



	31-03-2014	
Discount rate	9.25%	
Salary escalation rate	7.00%	
BASIS-Unit 26%,Master 74%		
Accrued Liability	UNIT	MASTER
Gratuity for employees on rolls on 1-2-1999	305,702,585	870,076,588
Gratuity for employees who joined units on or after 1.2.1999	336,515,825	-
Pension : employees on rolls on 1-2-99 -excl.retirees from 1.2.99 to 31.3.14	2,658,684,264	7,567,024,444
Pension : employees on rolls joined between 1-2-99 & 31-8-2014	-	-
Pension for employees who retired from 1.2.99 to 31.3.2014	4,109,161,477	11,695,305,744
Pensioners(pre 01.02.99)and Family pensioners		3,782,327,642
Total Accrued Liability as at 31st March 14	7,410,064,151	23,914,734,417
Fund as on 31st March 14	6,096,800,000	
Deficit	1,313,264,151	

Earned Leave encashment liability disclosure

A. Revised AS-15 (2005) Disclosure Table - 1

(in Rupees)

Reconciliation of PBO	31-03-2012 to 31-03-2013	31-03-2013 to 31-03-2014
Projected Benefit Obligation at Begning of year	1,342,969,524	1,586,294,978
Current Service Cost	65,314,799	71,826,920
Interest Cost	113,206,128	126,568,796
Contributions by plan participation	-	-
Actuarial (Gain)/Loss	293,804,527	55,772,048
Foreign currency exchange rate changes on plans measured in a currency difference from the enterprise's reporting currency	-	
Benefits Paid	(229,000,000)	(229,200,000)
Past service cost	-	-
Amalgamations	-	-
Curtailments	-	-
Settlements	-	-
Projected Benefit Obligation at End of year	1,586,294,978	1,611,262,742



Table - 2 (in Rupees)

Plan Asset at Fair Value	31-03-2012 to 31-03-2013	31-03-2013 to 31-03-2014
Plan Asset at beginning of year	-	-
Foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency	-	
Expected Return on Plan Asset	-	
Employer Contribution	-	
Employee Contribution	-	-
Benefit Payments		-
Asset Gain / (Loss)	-	
Amalgamations	-	-
Settlements	-	-
Ending Asset	-	-
Total actuarial gain/(loss) to be recognised immediately	(293804527)	(55772048)

Current/Non Current Benefit Obligation	31-03-2013	31-03-2014
Current	142,385,113	116,976,949
Non Current	1,443,909,865	1,494,285,793
Total	1,586,294,978	1,611,262,742

Table - 3 (in Rupees)

Amounts to be Recognised in the balance sheet	31-03-2012 to 31-03-2013	31-03-2013 to 31-03-2014
Projected Benefit Obligation at End of year	1,586,294,978	1,611,262,742
Ending Asset	-	-
Funded Status asset / (liability)	(1,586,294,978)	(1,611,262,742)
Unrecognised past service cost - non vested benefits		
Liability(-)/Asset(+) recognised in Balance Sheet	(1,586,294,978)	(1,611,262,742)



Table - 4

(in Rupees)

Statement of Profit and Loss	31-03-2012 to 31-03-2013	31-03-2013 to 31-03-2014
Current Service Cost	65,314,799	71,826,920
Interest Cost	113,206,128	126,568,796
Expected return on plan asset	-	-
Net actuarial (gain)/loss to be recognised in year	293,804,527	55,772,048
Past Service Cost		
Effect of Curtailments		
Income (-)/Expense(+) recognised in the statement of Profit and Loss	472,325,454	254,167,764
Re conciliation		
Incremental liability [Asset(+)/Liability(-)]		(24,967,764)
P&L Charge		254,167,764
Less Benefits paid		229,200,000
Balance (income(-)/Expense(+))		24,967,764

25. FINANCE COSTS

(in Rupees)

Sl. No.	Particulars	Account Code	Current year (2013 - 14)	Previous year (2012 - 13)
1	Interest on Bonds	7800101	23455200	23455200
2	Interest on Term Loans From Financial Institutions/Banks			
	R.E.C	7800103	193229030	226091102
	P.F.C.	7800104	7498236	-
	Federal Bank	7800122	9608160	13309213
	Bank of Baroda	7800133	6852258	9312195
	SBH	7800130	-	19100153
3	Interest on Working Capital	7800138	497317278	1855582049
4	Interest on Overdraft	7800108	76756002	91699127
	Other Interest&Finance Charges			
5	Interest to Consumers	7800110	746051915	658641088
6	Interest on Employee Funds (GIS,GPF&FBF)	7800114 to 116 & 118	27842333	4128785
7	Bank charges	7800203 205& 206	5049959	8803170
8	Other interest Charges	7800106 & 7800117	-	178985
	TOTAL		1593660372	2910301068
	LESS: Interest During Construction Capitalised	7809000	219292	2797291
	Net Finance Costs		1593441080	2907503777



26. OTHER EXPENSES

(in Rupees)

26.1 Repairs and Maintenance expenses

Sl. No.	Particulars	Account Code	Current year (2013 - 14)	Previous year (2012 - 13)
1	Plant and Machinery	7400503,504&651	21810991	38557800
2	Transformers	7400502&505	101422106	108809951
3	Substation maintenance by Pvt.agencies	7400501	224551799	175345039
4	Buildings & Civil Works	7400201&401	22003088	17217064
5	Lines, Cable net work etc.	7400601	202453579	162911749
6	Vehicles	7400701	466287	275936
7	Furniture and Fixtures	7400801	351820	-
8	Office equipment	7400901,911, 915& 921	17761593	9932041
9	Other Expenses	7400931, 941 & 952	113897006	-
Total Repairs & Maintenance: (a)			704718267	513049580

26.2 Administration and General Expenses

(in Rupees)

Sl. No.	Particulars	Account Code	Current year (2013 - 14)	Previous year (2012 - 13)
1	Rent, Rates and Taxes	7600101, 102,&104	29188633	15954971
2	Licence Fee - APERC	7600103	10148817	10165734
3	Insurance	7600520 to 525	636997	670603
4	Communication and related expenses	7600201 to 205	23090817	23464964
5	Legal charges	7600301	7492618	15653426
6	Audit fees	7600401	632586	782745
7	Consultancy/Professional charges	7600302,311,&404	6709333	8401096
8	Other professional charges	7600306,309 & 559	242046567	247197457
9	Travelling expenses & Conveyance	7600567 to 568	83837632	88909204
10	Vehcile running exp.(Cars,Jeeps,Etc.)	7600307,532 & 533	7700122	7222421
11	Vehcile hire charges	7600308 & 310	75112363	68350746
12	Vehicle Licence & Registration Fees	7600531	-	17643
13	Printing & Stationary	7600504 & 508	12805415	12736860
14	Advertisement	7600505	12565414	17780547
15	Electricity charges	7600506	56169640	46146601
16	Training & Participation	7600515	10758699	14537145
17	Stores related Expenses	7600551,553 &555	14808360	208936
18	Fabrication Charges	7600557 & 558	-	894997
19	Miscellaneous Expenses	7600509 & 7600511	19497309	15941509
20	Other Expenses	7600305,406,501 to 503 507,540,550, 572, 576 & 578	2813944	4445124
TOTAL			616015266	599482729
	LESS: Adm & General Charges Capitalised	7609000	47440250	61180133
	Net Administration and General Expenses (b)		568575016	538302596



26.2.1. Audit fee includes an amount of Rs.92,697/- relating to Tax Audit and Rs.60,674 relating to Cost Audit

26.3 Others (in Rupees)

Sl. No.	Particulars	Account Code	Current year (2013 - 14)	Previous year (2012 - 13)
1	Material Cost Variances	8500311 to 313, 322 & 323	(15517259)	(412110)
2	Compensations	8400109,111, 304 & 305	8954033	10375325
3	Materials /Scrap/Assets Loss etc	8500302, 303, 308&315	9728532	24315176
4	Miscellaneous Losses and write offs	8000101,105, 8500201, 204,230, 301	9366091	1425767
5	Sundry Receivables Write off (RGGVY & DDG)	8500318	(17544233)	47145125
6	Extra Ordinary debits (Loss on account of Flood, Cyclone, Fire etc.)	8500601	-	165000
7	Provision for Government Receivables	8585000	-	2487200000
	Total Other (c)		(5012836)	2570214284
	TOTAL OTHER EXPENSES (a+b+c)		1268280446	3621566459

Exceptional Items

(in Rupees)

Sl. No.	Particulars	Account Code	Current year (2013 - 14)	Previous year (2012 - 13)
1	Income relating to previous year			
	Receipts-prior periods	6600212 to 880	-	-
	Sub Total:		-	-
2	Prior period Expenses / Losses			
	Short provision for power	8800101	-	-
	Sub Total:		-	-
3	Total 'Net Prior Period Credits /(Charges)		-	-



27 Other Disclosures:

27.1 The Books of account of the Company have been prepared as per Revised Schedule-VI format under the Companies Act, 1956.

27.2 Capitalisation of expenses:

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

27.3 Fixed Assets/Depreciation:

Depreciation on fixed assets is provided under ‘Straight line method’ at the rates prescribed by the Central Government vide Notification No.S.O.265 (E) dated 27th March, 1994 issued under the Electricity (Supply) Act, 1948

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

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

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

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 2013-14 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 As per the recommendation of the Audit Committee for treatment of RGGVY Assets, the Board has directed to treat the total assets created under RGGVY as APEPDCL Assets since Govt. of A.P. directed to repay the loan component alongwith interest in order to comply the decision of exit conference on RGGVY with Special Chief Secretary, Energy Department, Govt. of A.P. and Accountant General. Hence the total assets created under RGGVY are taken into the books of accounts during 2013-14 along with 90% Grant Amount and 10% Loan Amount

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

27.9 The company has not provided for Deferred Tax Liability / Asset as per the requirements of AS-22 issued by the Institute of Chartered Accountants of India, from the date of incorporation.

27.10 Aggregate amount of Capital Liabilities (tentative) falling due for Repayment / Redemption during 2014-15

(in Rupees)

Funding Agency	Principal	Interest
REC	323850261	193500000
PFC	1657764	2525804
Govt. Loan	53300000	Nil
Federal Bank	47280000	6111500
Bank of Baroda	41633000	4212800
Vidyut Bonds	Nil	23400000
TOTAL	467721025	229750104

27.11 Details of Remuneration to Statutory Auditors:

(in Rupees)

Paticulars	2013-14	2012-13
a) For Statutory Audit Fee	370788	370788
b) For reimbursement of out of pocket expenses	100000	100000
TOTAL	470788	470788

27.12 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:

- i Andhra Pradesh Power Transmission Corporation (APTRANSCO) transferred, on 09.06.05, its entire investments in equity of the Company in favour of the Government of Andhra Pradesh upon which, the company ceased to be a subsidiary of AP Transco.
- ii The Power Purchases and its accounting are being carried out by the Andhra Pradesh Power Co-ordination Committee, and are sent to the Distribution Companies. The amount as certified by M/s Sagar & Associates, Chartered Accountants, the internal auditors of APPCC has been adopted in the books of accounts of the company



- 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.

27.13 **Frauds:**

- a) An incident of fraud / misappropriation of funds is identified in Division Office /C&O/Paderu/ Visakhapatnam Circle during 2004-05 to 2007-08. The said misappropriation pertains to remittance of amounts to outside agencies. An amount of Rs. 8,18,000 and amount realized so far is Rs. 3,31,000 and the balance amount of Rs.4,87,000 identified and 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 required.

- b) Theft of cash Rs.5,44,353/- occurred in ERO/JR Gudem of Operation Circle/Eluru. Departmental action is under process.

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

27.14 **Court Cases / Legal Disputes / Contingent liabilities:**

- a) The receivables for sale of power as on 31-03-2014 include Rs. 451,08,91,000 which are Subject to finalisation of disputes in court cases.
- b) The power purchase cost to the tune of Rs. 4,23,27,679 (previous year Rs. 10,01,20,917) is provided in the books of account based on matching concept against APGCL Differential Units.
- c) Arbitrator appointed by Hon'ble High Court had passed (October 2007) an award directing the Company for payment of Rs. 71,25,000 with interest at 12 per cent per annum to Nagarjuna Construction Company Limited towards service tax incurred by them in respect of works executed for the Company. The company had disputed the claim and filed (31.12.2007) Original petitions (Ops) against the award and the same are pending for numbering at High court, Hyderabad. The mater is posted for "Reserve for Judgement".
- d) 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 receipt 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/- totaling 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.

Present Status of the case is the suit is dismissed for default of on 22-06-2012, but again M/s. Guru & Co(Sub Contractor to M/s. Y.S.Rao Engg. Pvt Ltd), HYD has submitted as letter from their advocate stating that the above suit was subsequently restored and posted from time to time and requested not to release any amount to M/s. Y.S.Rao & Co. Secunderabad till further order from Hon'ble Court.

The suit is dismissed for default on 22-06-2012 vide CGM/Proj Lr No. 948/12, Dt.03.11.2012 and Lr No.1123/12, Dt.28.11.2012, 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, Addressed SLA Vide D.No.448, Dt.10.04.2013 for taking further action on receipt of intimation from Guru & Company on restoration of suit. The suit was again dismissed as informed by SLA. Addressed SLA on 29.11.2013 to send certified copy of the order and the copy is yet to be received.

- e) 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 fulfill the contractual obligations and APEPDCL has imposed LD charges on M/s GECE and encashment of BG. The GECE has filed a writ petition and later withdrawn the writ petition. But the performance bank guarantee was lapsed. The SLA was requested to file a case against the banker State Bank of India, Balanagar, HYD as there was a lapse on their part for arranging the Bank Guarantee amount to APEPDCL. The writ petition No. 37202/2013 Dt.18-12-2013 was filed against the SBI, Balanagar Branch, HYD. The case has reached the bench on 24.02.2014 and posted for admission.
- f) 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, 21.4.2011 and again adjourned to 9.6.2011. The matter is again adjourned to 22.6.2011 for filing of the counter. Again the mater is adjourned to 30.08.2011 and subsequently to 13.9.2011,14.11.2011,24.11.2011, 04.04.2012 and 13-07-2012 for arguments. The matter is 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.
- g) 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.



It is to submit that the firms 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. This was also intimated to SLA for necessary action. Vakalat sent to SLA/ hyderabad on 27.07.2012 Hearing was not held on 26.07.2012 and is further posted for hearing on 08-04-2013. The case was further posted for hearing on 27.08.13.and further posted on 25.11.2013.Status is not yet received and counter is to be filed by us, as informed by SLA/Hyderabad over phone.

- h) 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.
- i) There is dispute on implementation of Employees Provident Fund Scheme in respect of Contract labour engaged for which notices received from the Provident fund Authorities against that certain amounts were paid under protest and appealed to Tribunal/ High court.

The division wise details are furnished hereunder:

(in Rupees)

Division	Amount involved	Paid/Deposited
Eluru	7645577	5226984
T.P.Gudem	4315519	3186445
Bhimavaram	1225899	1225899
Nidadavole	5231010	4079025
Jaggampeta	1665572	832786
Rajahmundry	3698955	1665010
Ramachandrapuram	2418864	1891587
Amalapuram	7616244	3808122
Circle Office/Rjy	798764	479309
Anakapalli	894858	447429
Paderu	804620	804620
Circle Office/VSP	241229	120615
Bobbili	1138996	569498
Vizianagaram	1511684	755843
Circle Office/VZM	187954	187954
TOTAL	39395745	25281126



- j) The Company is contingently liable for Entry Tax of Rs. 6,02,07,361 from June 2002 onwards for procurement of Transformers and conductors. The company had gone for Appeal before Andhra Pradesh Sales Tax Appellate Tribunal, Hyderabad for the period from June 2002 to Nov 2004 and also obtained stay on collection or recovery from A.P. High Court for the same period. An amount of Rs.3,01,03,692 deposited with Commercial Tax Officer as per the directions of the Hon'ble High Court of AP, as the case is still pending before the Sales Tax Appellate Tribunal, Visakhapatnam. Hence there is a possibility of getting refund of Rs.3,01,03,692 in view of Hon'ble A.P.High Court judgement. The refund will be claimed before Sales Tax Appellate Tribunal as and when it restores normal activity.
- k) The Commercial Tax Officer, Visakhapatnam has issued the assessment order for Rs.19,01,79,039/- towards the VAT on sale of Energy Meters. The Writ Petition No.23150 of 2012 filed before Hon'ble High Court on the above assessment order is pending at AP High Court.
- l) Klen & Marshall the 'Lessor' of certain equipment to the Company has claimed Rs1,20,98,007/- towards lease rentals of ELURU circle for the period from Sep-05 to Sep-2006. The same is filed before Hon'ble Supreme Court vide petition of Spl leave to appeal (C) No.33415/2011. Counter affidavit sent to Hon'ble Supreme court of India New Delhi, through Advocate Sri Suneel Kumar Ojha, New Delhi, Vide D.No.328/2013, Dt.19.02.2013 intimated that it is posted on 15-07-2014.
- m) An amount of Rs.130,61,00,000/- against 50% R&C demand withdrawn as per the APERC orders.
- n) M/s. LVS Power Ltd fixed charges claim of Rs.48,64,27,699/- from 24/01/2013 to 24/03/2014 not admitted by APPCC and WP filed in High Court of AP, WPSR No.148743, Dt.17/09/2013.
- o) **Other Contingent Liabilities: compensations against Non-fatal accidents etc. pending in courts.**

Name of the Circle/Division	(Amount in Rupees)
Srikakulam Division	129000
Tekkali Division	696000
Vizianagaram Division	2645045
Bobbili Division	3208841
Narsipatnam Division	449840
Paderu Division	1000000
Rajahmundry Division	447168
Kakinada Division	913939
Ramachandrapuram Division	610023
Jaggampeta Division	500000
Nidadavole Division	742584
Jangareddy Gudem Division	2027214
TOTAL	13369654



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

Name of the Circle	(Amount in Rupees)
Srikakulam Circle	230235106
Vizianagaram Circle	117541539
Rajahmundry Circle	131685000
Eluru Circle	276958884
Total	756420529

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

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

27.17 Amounts have been rounded off to nearest rupee.

27.18 Against the arrears of more than 3 years of Rs.187.77 Crores, doubtful dues at the end of 31-03-2014 are only Rs.28.07 Crores (Arrears against more than 6 months bill stopped services of Rs.7.93 crores and under RR Act Rs.20.13 Crores) only. Remaining amount is under court cases. Since adequacy of available provision for bad and doubtful debts of Rs.35.19 crores, no additional provision is created during the year.

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

Sd/- XXXXX
P.Hari Prasad, I.R.A.S
Director (Finance)

For and on behalf of the Board
Sd/- XXXXX
M.V.Seshagiri Babu, I.A.S
Chairman & Managing Director

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

Sd/- XXXXX
K.S.Bhaskara Rao
Chief General Manager (Expr)

Sd/- XXXXX
A. Rama Rao
Company Secretary



**Eastern Power
Distribution Company of A.P. Ltd**

ఆంధ్రప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణి సంస్థ

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



ACCOUNTING PRINCIPLES & POLICIES

Year 2013-14

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.

ACCRAUL 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

1.11Reserves 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 DEFERMENT 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.
- When funds utilised for capital work comprise of loan and grant funds then Capitalisation of interest *shall be restricted to the extent of loan funds only.*

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

- Purchase of new vehicles
- Purchase of Office equipments

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

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

II. MATERIALS ACCOUNTING

Accounting for Materials Transactions

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

Accounting for Incidental Expenses

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

Recognition of Consumption

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

III. BORROWINGS AND INVESTMENTS

Interest on Borrowings

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

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

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

Cost Relating Borrowings

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

Discount and Redemption Premium on Bonds etc

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

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

Treatment of income and investments

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

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

Investments to be recorded 'at Cost'

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

Treatment of Loss/Gain relating to Investments

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

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

IV. OTHER ACCOUNTING AREAS

Foreign Currency Transactions

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

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

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

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

shall also be treated in the same manner as above.

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

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

Loss due to Fire, Flood, Cyclone etc

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

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

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

Income tax

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

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

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

Timing of Accounting for Revenue

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

Treatment of certain items recoverable from consumers

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

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

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

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

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

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

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

Cheque Received and in Hand to be Regarded as Cash

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

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



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

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

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

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

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

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

Sd/- xxxxx
P.Hari Prasad, I.R.A.S
Director (Finance)

For and on behalf of the Board
Sd/- xxxxx
M.V.Seshagiri Babu, I.A.S
Chairman & Managing Director

Sd/- xxxxx
K.S.Bhaskara Rao
Chief General Manager (Expr)

Sd/- xxxxx
A. Rama Rao
Company Secretary



CASH FLOW STATEMENT AS ON 31st MARCH 2014

(in Rupees)

	PARTICULARS	2013-14	2012-13
A	Cash Flow From Operation Activities:		
	Net Profit/Loss Before Tax	(1358494157)	(16805469046)
	Adjustments For:		
	Depreciation	2156688011	2046843704
	Interest (Net)	1438926552	2778986807
	Adjustments for Employees terminal benefits like P&G, GPF, GIS, & FBF	48362284	412993283
	Operating Profit before Working Capital Changes	2285482690	(11566645251)
	Adjustments for :		
	(Increase)/Decrease in Trade and Other Receivables	4675844929	5557002532
	(Increase)/Decrease in Inventories	(74277259)	(398565768)
	Interest to Consumers on Security Deposits	(746051915)	(658641088)
	Increase/(Decrease) in Trade & Other Payables	(5613270721)	12772634988
	Cash Generated from Operations	527727724	5705785413
	Provision for Income Tax	-	-
	Amortisation of consumer contribution, Subsidies and Grants towards cost of capital assets	1106929188	894239222
	Net borrowings towards working capital	(27810497087)	289463517
	Net Cash From Operating Activities	(28389698550)	5101009708
B	Cash Flow From Investing Activities		
	Purchase of Fixed Assets (Including Interest Capitalised)	(5401733823)	(4048901193)
	Purchases of Investments - including Contingency Reserve in Govt. Bonds	(337524000)	(367500000)
	Interest Received	154733820	131314260
	Net Cash (used in)/from Investing Activities	(5584524003)	(4285086933)



C	Cash Flow From Financing Activities:		
	Proceeds from Long Term Borrowings	31537076478	119000000
	Proceeds of Consumer Contribution for capital Assets	3883872020	1997133133
	Repayment of Long Term Borrowings	-510227210	(730399799)
	Interest Paid	(847608456)	(2251659979)
	Net Cash (used in)/ From Finance activities	34063112832	(865926645)
	Net(decrease)/increase in cash and cash equivalent(A+B+C)	88890279	(50003871)
	Cash and Cash Equivalents at Beginning of the year	2743232599	2793236470
	Cash and Cash Equivalents at end of the year	2832122878	2743232599

As per our Report of even date annexed

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

Sd/- xxxxx
P.Hari Prasad, I.R.A.S
 Director (Finance)

For and on behalf of the Board

Sd/- xxxxx
M.V.Seshagiri Babu, I.A.S
 Chairman & Managing Director

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

Sd/- xxxxx
K.S.Bhaskara Rao
 Chief General Manager (Expr)

Sd/- xxxxx
A. Rama Rao
 Company Secretary



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

SCHEDULE VI PART IV	BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE	THE COMPANIES ACT, 1956 (1 of 1956)																																										
I. Registration Details : Registration No. <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>0</td><td>3</td><td>4</td><td>1</td><td>1</td><td>7</td></tr></table>	0	3	4	1	1	7	State Code <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>0</td><td>1</td></tr></table> (Refer Code List)	0	1	Balance Sheet Date <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>3</td><td>1</td><td>0</td><td>3</td><td>1</td><td>4</td></tr></table>	3	1	0	3	1	4																												
0	3	4	1	1	7																																							
0	1																																											
3	1	0	3	1	4																																							
II. Capital raised during the year : (Amount in Rs. Thousands) Public Issue <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td></tr></table> Bonus Issue <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td></tr></table>				N	I	L						N	I	L			Rights Issue <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td></tr></table> Private Placement <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td></tr></table>				N	I	L						N	I	L													
			N	I	L																																							
			N	I	L																																							
			N	I	L																																							
			N	I	L																																							
III. Position of Mobilisation and Deployment of funds : (Amount in Rs. Thousands) Total Liabilities <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>6</td><td>2</td><td>4</td><td>7</td><td>4</td><td>4</td><td>5</td><td>1</td></tr></table>	6	2	4	7	4	4	5	1	Total Assets <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>6</td><td>2</td><td>4</td><td>7</td><td>4</td><td>4</td><td>5</td><td>1</td></tr></table>	6	2	4	7	4	4	5	1																											
6	2	4	7	4	4	5	1																																					
6	2	4	7	4	4	5	1																																					
Sources of Funds Paid - up Capital <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td>1</td><td>2</td><td>1</td><td>2</td><td>2</td><td>5</td><td>3</td></tr></table> Secured Loans <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>3</td><td>3</td><td>7</td><td>9</td><td>9</td><td>4</td><td>9</td><td>2</td></tr></table>		1	2	1	2	2	5	3	3	3	7	9	9	4	9	2	Reserves & Surplus <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>(-)</td><td>1</td><td>5</td><td>8</td><td>3</td><td>1</td><td>6</td><td>0</td><td>3</td></tr></table> Unsecured Loans <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>1</td><td>1</td><td>2</td><td>8</td><td>0</td><td>5</td><td>1</td><td>5</td></tr></table>	(-)	1	5	8	3	1	6	0	3	1	1	2	8	0	5	1	5										
	1	2	1	2	2	5	3																																					
3	3	7	9	9	4	9	2																																					
(-)	1	5	8	3	1	6	0	3																																				
1	1	2	8	0	5	1	5																																					
Application of Funds Net Fixed Assets <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>2</td><td>4</td><td>0</td><td>0</td><td>5</td><td>2</td><td>1</td><td>3</td></tr></table> Net Current Assets <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>1</td><td>5</td><td>6</td><td>2</td><td>8</td><td>9</td><td>0</td><td>5</td></tr></table> Accumulated Losses <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	2	4	0	0	5	2	1	3	1	5	6	2	8	9	0	5									Investments <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>1</td><td>6</td><td>8</td><td>4</td><td>0</td><td>2</td><td>3</td></tr></table> Miscellaneous Expenditure <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	1	6	8	4	0	2	3												
2	4	0	0	5	2	1	3																																					
1	5	6	2	8	9	0	5																																					
1	6	8	4	0	2	3																																						
IV. Performance of Company : (Amount in Rs. Thousands) Turnover <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>6</td><td>3</td><td>5</td><td>0</td><td>6</td><td>6</td><td>8</td><td>2</td></tr></table>	6	3	5	0	6	6	8	2	Total Expenditure <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>6</td><td>4</td><td>8</td><td>6</td><td>5</td><td>1</td><td>7</td><td>6</td></tr></table>	6	4	8	6	5	1	7	6																											
6	3	5	0	6	6	8	2																																					
6	4	8	6	5	1	7	6																																					
Profit / Loss before Tax <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>(-)</td><td>1</td><td>3</td><td>5</td><td>8</td><td>4</td><td>9</td><td>4</td></tr></table>	(-)	1	3	5	8	4	9	4	Profit / Loss after Tax <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>(-)</td><td>1</td><td>3</td><td>5</td><td>8</td><td>4</td><td>9</td><td>4</td></tr></table>	(-)	1	3	5	8	4	9	4																											
(-)	1	3	5	8	4	9	4																																					
(-)	1	3	5	8	4	9	4																																					
(Please tick appropriate box + for Profit - for Loss) Earning per Share in Rs. <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table> Divident rate % <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td></tr></table>																																												
V. Generic Names of Three Principal Products / Service of company (as per monetary terms)																																												
Item Code No. (ITC Code)	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																																											
Product Description	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>S</td><td>U</td><td>P</td><td>P</td><td>L</td><td>Y</td><td> </td><td>A</td><td>N</td><td>D</td><td></td><td></td><td></td><td></td></tr><tr><td>D</td><td>I</td><td>S</td><td>T</td><td>R</td><td>I</td><td>B</td><td>U</td><td>T</td><td>I</td><td>O</td><td>N</td><td></td><td></td></tr><tr><td>E</td><td>L</td><td>E</td><td>C</td><td>T</td><td>R</td><td>I</td><td>C</td><td>I</td><td>T</td><td>Y</td><td></td><td></td><td></td></tr></table>		S	U	P	P	L	Y		A	N	D					D	I	S	T	R	I	B	U	T	I	O	N			E	L	E	C	T	R	I	C	I	T	Y			
S	U	P	P	L	Y		A	N	D																																			
D	I	S	T	R	I	B	U	T	I	O	N																																	
E	L	E	C	T	R	I	C	I	T	Y																																		
Item Code No. (ITC Code)	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																																											
Product Description	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																																											
Item Code No. (ITC Code)	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																																											
Product Description	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																																											

Note : For ITC Code of Products please refer to the publication Indian Trade Classification based on harmonized commodity description and coding system by Ministry of commerce, Directorate General of Commercial Intelligence & Statistics, Calcutta - 700 001



EASTERN POWER DISTRIBUTION COMPANY OF A.P.LIMITED

Regd. Office: P&T. Colony, Seethammadhara, Visakhapatnam-500013

PROXY FORM

I / We

S/o, D/o, W/o

R/o being a Member

of **EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED** hereby

appoint
.....

S/o, D/o, W/o

R/o as my

proxy to attend and vote for me and my behalf at the Fourteenth Annual General Meeting of

the Company to be held on 25th September 2014 at the Registered office of the company at

P&T Colony, Seethammadhara, Visakhapatnam - 530013 or at any adjournment thereof.

Place :

Date :

Please affix
Rs. 1/-
Revenue
Stamp