



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

EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

Regd. Office :

P & T Colony, Seethammadhara, Visakhapatnam - 530 013

Phone : 0891 - 2582503, Fax : 0891 - 2737675

website : www.apeasternpower.com

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



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

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

CONTENTS	PAGE No.
Notice	1
Directors' Report	3-14
C & AG Comments	15-16
Auditors' Report	17-25
Auditors' Comments & Replies	26-31
Profit & Loss Account	33
Balance Sheet	34
Notes	35-67
Accounting Principles & Policies	69-82
Cash Flow Statement	83-84
Balance Sheet Abstract and Company's General Business Profile	85
Proxy	87



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

NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Eastern Power Distribution Company of Andhra Pradesh Limited will be held on Friday, the 27th day of December, 2013 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 31.03.13 and balance sheet as on 31.03.13 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 2013-2014.

The Office of the Comptroller and Auditor General of India vide their letter No. CA.V/COY /ANDHRA PRADESH, EASTPW (1) / 947, dated 03.09.2013 appointed Brahmayya & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2013-2014.

Draft Resolution :

“RESOLVED THAT the appointment of Brahmayya & Co., Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2013-2014 by the Office of the Comptroller and Auditor General of India vide their letter No. CA.V/COY/ ANDHRA PRADESH, EASTPW (1) / 947, dated 03.09.2013 be noted.

RESOLVED THAT, pursuant to the provisions of Section 224(8)(aa) and other applicable provisions, if any, of the Companies act, 1956, 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 2013-2014.”

By Order of the Board

Place : Visakhapatnam
Date : 29-11-2013

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.2012-2013 shall be placed before the shareholders at the AGM.



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

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



DIRECTORS' REPORT

DIRECTORS' REPORT

Dear Shareholders,

Your directors take immense pleasure in presenting the Thirteenth Annual Report of the Company together with the Audited statement of Accounts for the year ended 31st March 2013. During the Thirteenth 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 11903.93 Million Units, a increase of 1.52% as compared to 11725.82 Million Units for the previous year. The aggregate technical and commercial losses were brought down to 6.34% from 6.90% in the previous year.

During the year, the DPE wing has inspected 91,836 services and assessed an amount of Rs.2100.59 Lakhs in respect of 12,939 cases booked, relating to pilferage, malpractice, back billing, etc.; out of which an amount of Rs.1523.85Lakhs has been realised.

During the year, the Assessment wing has disposed off 5875 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:

- EPDCL has made investments of worth Rs.416.46 Crores during 2012-13 on various capital investment schemes for System Improvement and new schemes for improving quality of power supply.
- Work awarded for 81Nos. new 33/11KV Outdoor and 4Nos Indoor substations for an amount of Rs.57.05 Cr. & Rs.7.57 Cr. during 2011-12 under T&D to improve voltage profiles and to meet future load growth, out of which 62Nos Outdoor and 2Nos. Indoor Sub-stations were charged during 2012-13 year.
- 57Nos. projects in as many remote and hilltop Tribal Habitations under the Decentralized Distribution Generation (DDG) model with SPV based Non-conventional energy and off-grid plants with an estimated cost of Rs.16.94 Cr. taken up, for providing electricity first time to 57 Nos. Tribal habitations in ITDA Paderu area of Visakhapatnam District.
Out of the above sanctioned 57 Nos., 53 Nos. Solar Power Plant were erected and commissioned alongwith release of 1,777 Nos. service connections as on 31-03-2013.
- Under phase-III, Conversion of existing LV network into HVDS by utilizing smaller capacity 16/25/40 KVA DTRs with an estimated amount of Rs.50.34Crs. for conversion of 9,553 Nos. pumpsets works are under progress in Rajahmundry circle. 1,554 Nos. smaller capacity DTRs have been erected for conversion of 2,762 Nos. pump sets into HVDS (479 Nos. mother DTRs converted to HVDS) under these works during 2012-13. works are under progress.
- Under phase-III, Conversion of existing LV network into HVDS by utilizing smaller capacity 16/25/40 KVA DTRs with an estimated amount of Rs.100.69 Crs. for conversion of 18615 No.s pumpsets works are under progress in Srikakulam, Vizianagaram and Visakhapatnam circles. 391 Nos. smaller capacity DTRs have been erected for conversion of 757 Nos. pump sets into HVDS (64 Nos. mother DTRs converted to HVDS) under these works during 2012-13.
- Under ongoing 33 KV feeders/Interlinking lines works in 5 circles of APEPDCL with a scheme cost of Rs.36.65 Crs., 14Nos. feeders of total length 83.29KM were charged during 2012-13.

- R-APDRP Part-A a central sponsored scheme has been sanctioned with an amount of Rs.61.45 Crores under Part-A IT enabling works. The work of providing of network connectivity was awarded to M/s. Tata Tele Services (TTL) and up to 31-03-2013 Rs.25.80 Crs. Worth work completed.
- R-APDRP Part-B (Phase-I) a central sponsored scheme has been sanctioned for an amount of Rs.3.31 Crs. for strengthening of distribution network in Narsipatnam Town of Visakhapatnam District. The work was awarded to M/s. Sealwel Corporation Pvt. Ltd., and the works were completed on 30-09-2012.
- R-APDRP Part-B (Phase-II) a central sponsored scheme has been sanctioned for an amount of Rs.58.51 Crs for 9 Towns for strengthening of distribution network in Ichapuram, Palasa-Kasibugga, Amadalavalasa, Pitapuram, Mandapeta, RC Puram, Bhimavaram, Eluru and Amalapuram Towns.
- R-APDRP SCADA Part-A (IT enabling items) a central sponsored scheme has been sanctioned for Visakhapatnam town at a cost of Rs.13.16 Crs.
- R-APDRP SCADA Part-B (Electrical Components) a central sponsored scheme. DPR has been prepared for Rs.19.12 Crs. approved by DRC.
- Works were awarded for providing of 24 Hrs. supply to substation headquarters for 155 Nos. 33/11KV substations in APEPDCL at a cost of Rs.12.64 Crs. Out of which 21Nos. SS Head Quarters were charged during 2012-13.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the F.Y.2012-13 as against APERC Targets and in comparison with previous year is as follows: (Rs. Crores)

S.No.	Particulars	APERC Target 2012-13	Actual 2012-13	Actual 2011-12
I	Revenue			
	Sale of Power (incl. Electricity Duty)	5409.92	5459.26	3885.61
	Inter state sales and Inter Discom Sales		41.08	151.23
	Other Income	296.69	220.28	157.92
	Subsidy	138.70	-574.11	1367.56
	Total Revenue	5845.31	5146.51	5562.32
II	Expenditure			
	Power Purchase	5054.41	5406.72	4537.43
	Electricity Duty	-	55.10	54.03
	Employee Cost	380.22	537.24	433.92
	Administration & General Charges	65.23	59.95	57.05
	Repairs & Maintenance	22.58	51.31	31.38
	Interest & Finance Charges	150.93	291.03	266.33
	Depreciation	190.43	209.76	191.51
	Other Expenses	0.28	257.02	2.20
	Prior period credits/(charges)	-	-	0.44
	special Appropriation - Contingency Reserve	5.00	-	-
	Less: 1. Expenses Capitalized	30.83	40.79	29.70
	2. Interest During Construction (IDC)	-	0.28	0.29
	Total Expenditure	5838.25	6827.06	5543.42
	Profit/(Loss) before Tax but After Prior period items & Spl. Appropriation	7.06	(1680.55)	18.90
	Provision for Income Tax	1.98	-	8.89
	MAT Credit Entitlement	-	-	15.23
III	Profit after Tax/ (Loss)	5.08	(1680.55)	25.24

VARIATION IN EXPENDITURE WHEN COMPARED TO APERC TARGETS

The actual expenditure during the year was Rs. 6827.06 Crores as against the APERC approved estimate of Rs. 5838.25 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
	2012-13 (in Crores)	2012-13 (in Crores)	
Power Purchase	5054.41	5406.72	Actual Power purchase cost is Rs. 4.25/unit as against the target power purchase cost of Rs.3.14 /unit. The increase in cost is mainly due to high cost power purchase.
Employee Cost	380.22	537.24	The difference is due to increase in DA on revised pay and other allowances on revised pay scales and increase in provision for terminal benefits.
Depreciation	190.43	209.76	Depreciation is charged as per accounting policy of the company. The variation is due to increase in capitalization during the year.
Interest & Finance Charges	150.93	291.03	Increase in interest and finance charges is due to interest on short term loans taken to meet the additional power purchase cost. Further RBI rates implemented towards interest on Security Deposit based on the APERC directions.
Admin. and Gen. Charges	65.23	59.95	Actual cost is less than ARR Target.
Repairs and Maintenance	22.58	51.31	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.

SURPLUS /(LOSS) IN REVENUE ACCOUNT:

During the year 2012-13 the Company incurred a loss of Rs. 1680.55 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 2012-13.

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

The disclosure requirements as to conservation of energy under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 are not applicable to the Company.

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 whose details require to be disclosed under the Companies (Particulars of Employees) Rules, 1975.

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 & Operartion)	31.07.2013	---
Sri K.Lakshmi Narayana Rao	Director (HRD)	31.07.2013	---
Sri Ahmad Nadeem, IAS	Chairman & Managing Director	13.04.2010	24.06.2013
Sri Kartikeya Mishra, IAS	Chairman&Managing Director/FAC	24.06.2013	01.09.2013
Sri K.Ranganatham	Non Whole Time Director	09.07.2010	05.02.2013
Sri B.Umakara Rao	Non Whole Time Director	09.01.2009	24.09.2013
Sri V.Suryanarayana	Director (Projects)	30.06.2009	30.06.2013
Sri H.Y.Dora	Director (Operations)	01.05.2008	31.08.2013

Consequent to the above changes the Board of Directors of the Company as on the date of 13th 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 & Operation)	31.07.2013
Sri K.Lakshmi Narayanana Rao	Director (HRD)	31.07.2013



During the year, the Company held Five 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	28.06.2012	4	1
2	18.07.2012	4	4
3	29.09.2012	4	3
4	28.12.2012	4	3
5	30.03.2013	4	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 & Operations)	Nil

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

Sl. No.	Date of the Meeting	No. of Whole Time Directors attended	No. of Non Whole Time Directors attended
1	18.07.2012	1	2
2	29.09.2012	1	2

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 2012-2013.

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

RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, it is hereby confirmed that:

- In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- ii. The 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. Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- iv. The Annual Accounts were prepared on a going concern basis.

PERFORMANCE AWARDS

- Your company has received a national E-Governance award awarded by Department of Administrative Reforms & Public Grievances, Govt. of India and Department of Electronics & Information Technology, Govt. of India and bagged a Silver Trophy for Innovative use of ICT by PSUs for Consumers Benefit” for Eastern Power Information Management and Reporting System (EPIMRS).

CUSTOMER SERVICE

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

- Online Spandana has been introduced for receiving the consumer complaints to improve the customer services and to achieve the objective of customer delight in addition Spandana programme 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.
- The usage of ATPMs increased considerably by the consumers. Presently 10 Nos. of ATPMs are working in all 5 districts on the round the clock for 365 (7X24) for payment of Electricity bills.
- EPDCL has provided online bill payment facility on APEPDCL website using credit/debit/master cards.
- Wide publicity activities were taken such as exhibition of display boards, norms for new service connections and citizen charters etc.,

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:

- 24x7 Centralized Call Centre (CCC) has been implemented in all the 5 circles of APEPDCL with toll free number 1800-42-555333 for better consumer service.
- Implementation of DTR module to replace the failed DTRs as per the APERC specified SoP norms, to maintain and monitor DTR Stock at various locations in the DISCOM and finally to increase the accountability across the staff.
- Implementation of IT application for monitoring the 7 Hours Agriculture supply for all AGL feeders in the Discom.
- EBPP (Electronic Bill Presentment and Payment) for paying Consumer bills through banks.
- Implementing the IT – initiatives under R-APDRP (part-A) covering 29 major towns of APEPDCL for reduction of AT&C Losses, reduce outages and interruptions and to increase consumer satisfaction.
- As a part of information security measures restricted access to various unwanted websites. The policy applied through Kaspersky Antivirus and Limited access to Servers for remote desktop operations from a particular PC only.



- To Streamline all the assets of IT an in – house application is developed and initially all the IT assets of APEPDCL are updated in the new application.

CONSUMER GRIEVANCES REDRESSAL FORUM

- Forum has conducted 40 Consumer Awareness Programmes and conducted public hearings in the various places and disposed 751 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, APTRANSCO and Chairman & Managing Directors of sister Distribution Companies. We welcome Sri M.V.Seshagiri Babu, IAS, Chairman and Managing Director, Sri P.Ramesh, IAS, Non Whole Time Director, Sri V.Krishna, Director and Sri K.Lakshmi Narayana Rao, Director who are appointed on the Board by the Govt. of Andhra Pradesh. We also place on record our appreciation for the excellent contribution rendered by Sri Ahmad Nadeem, IAS, Chairman and Managing Director, Sri Kartikeya Mishra, IAS, Chairman and Managing Director (FAC), Sri K.Ranganatham, Non Whole Time Director, Sri B.Umakara Rao, Non Whole Time Director, Sri V.Suryanarayana, Director and Sri H.Y.Dora, Director during his tenure as Director on the Board. We take this opportunity to thank the Principal 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



Eastern Power
Distribution Company of A.P. Ltd

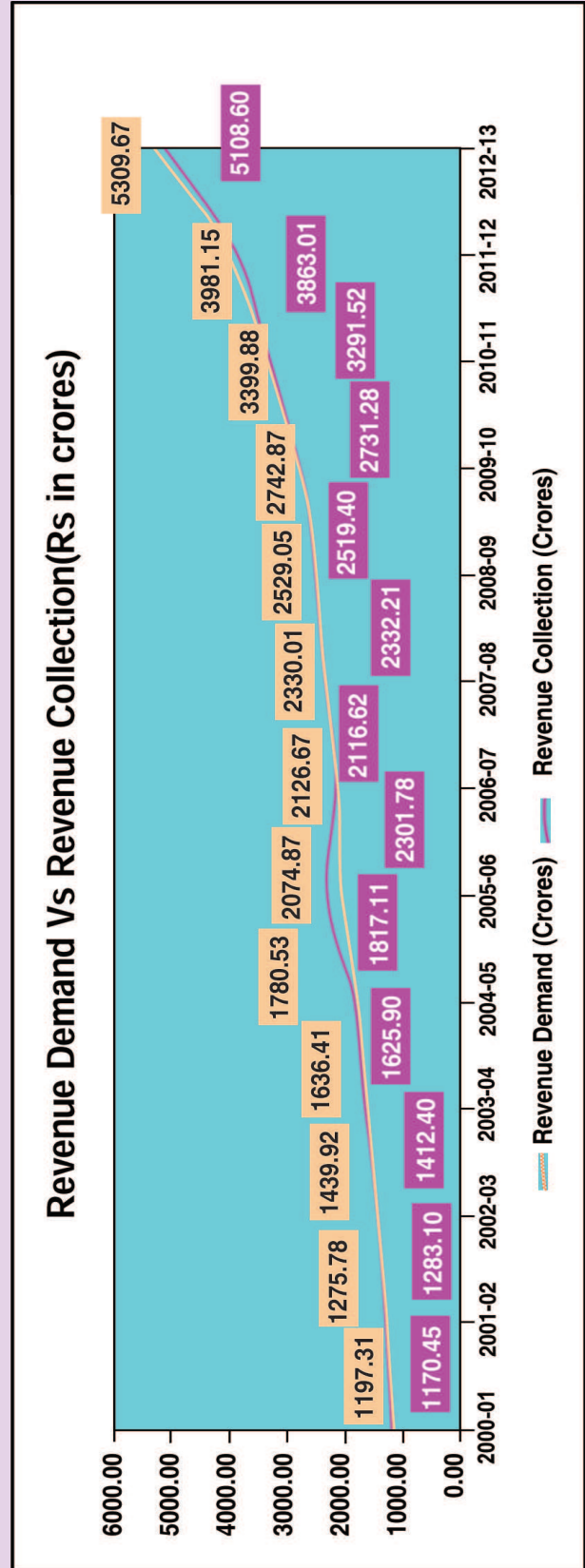
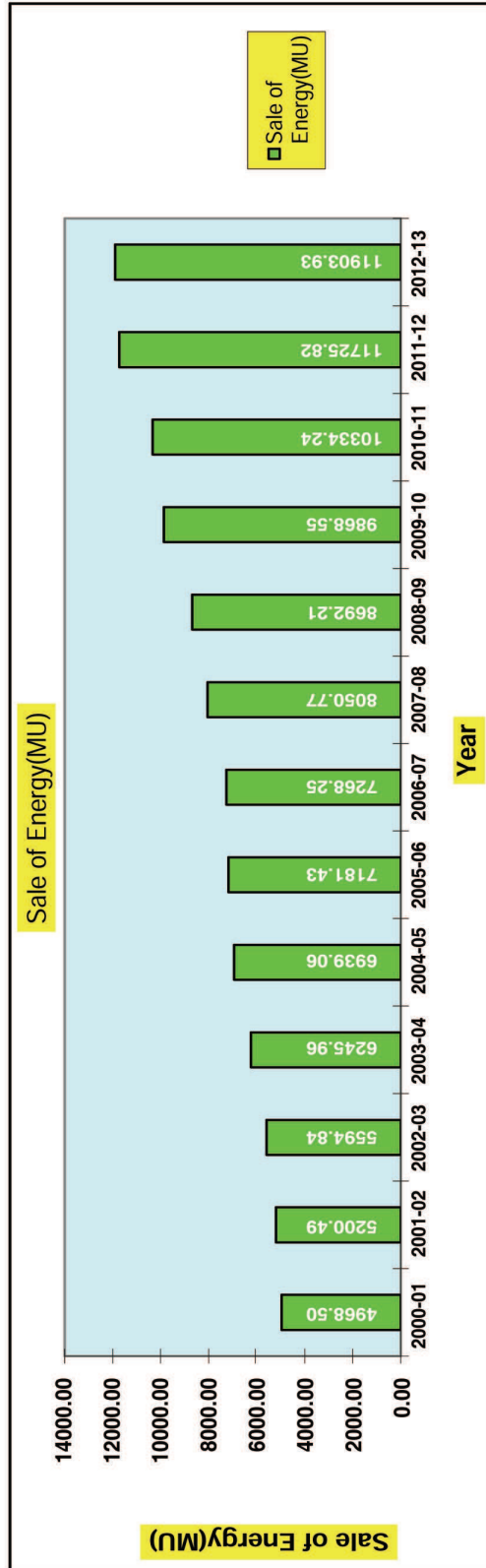
ఆంధ్రప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ

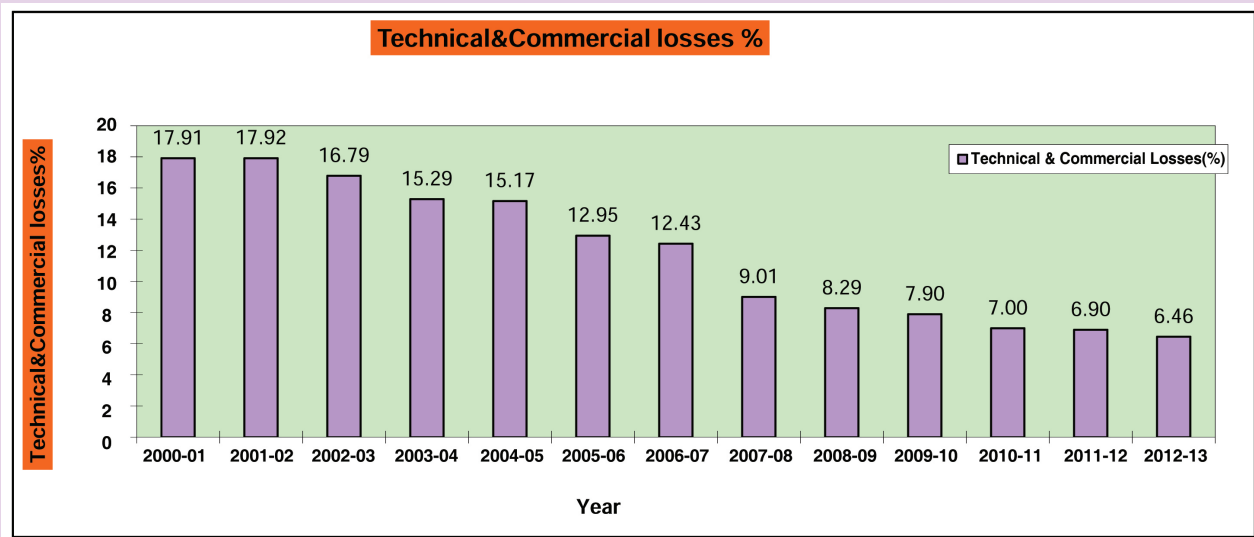
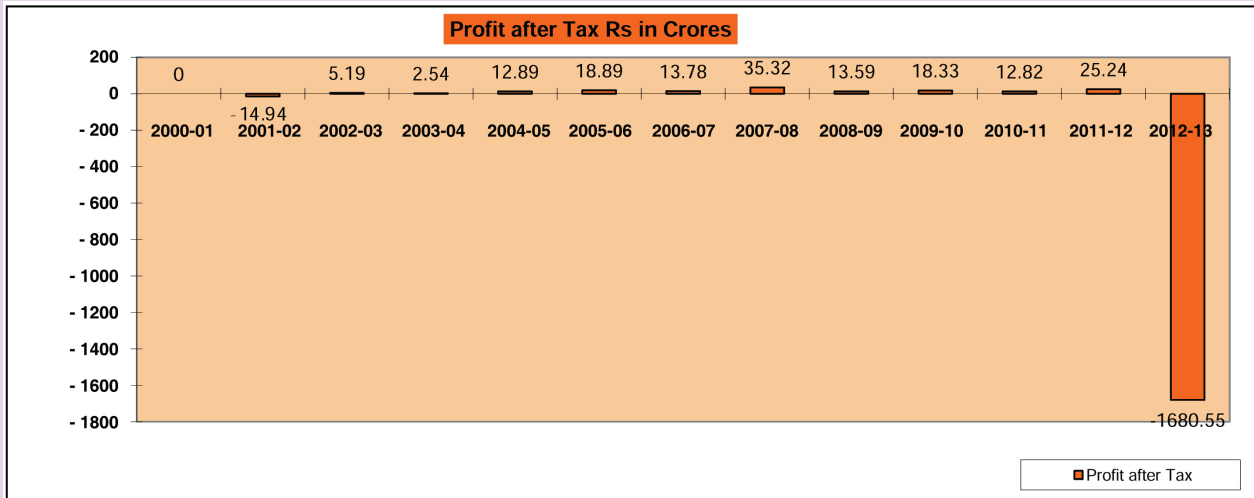
(An ISO 9001-2008&ISO 27001:2005 Certified Company)



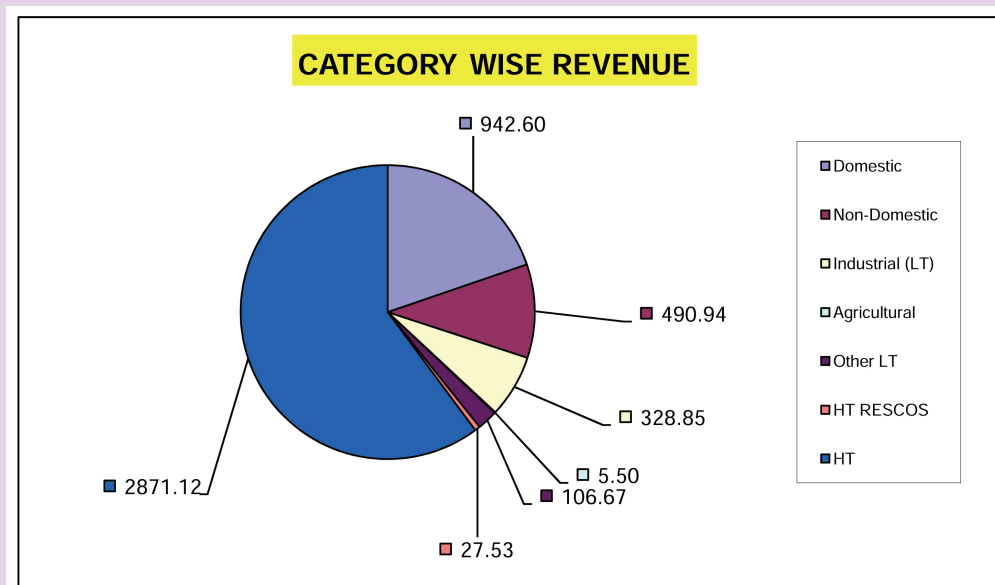
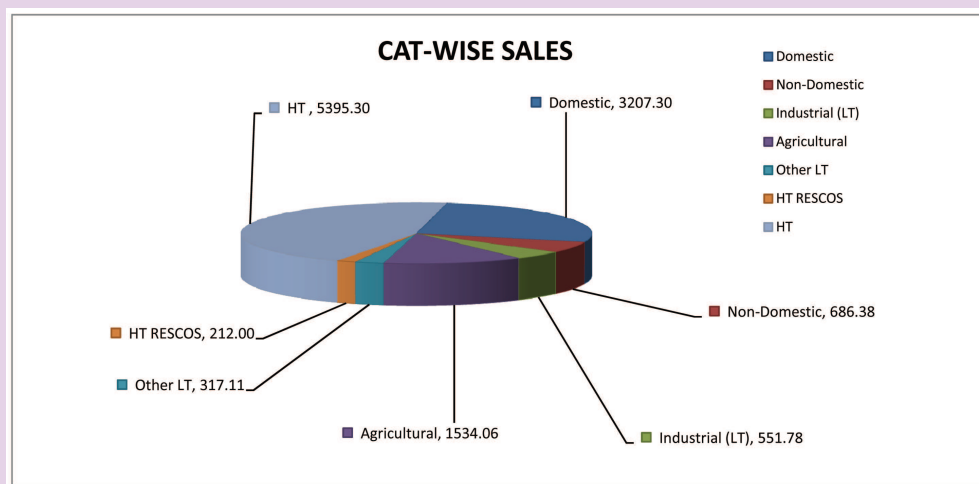
**COMMITTED
TO GROW**

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
Performance Highlights	Sale of Energy (MU)	4968.50	5200.49	5594.84	6245.96	6939.06	7181.43	7268.25	8050.77	8692.21	9868.55	10334.24	11903.93
	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	5309.67
	Revenue Collection (crores)	1170.45	1283.10	1412.40	1625.90	1817.11	2301.78	2116.62	2332.21	2519.40	2731.28	3863.01	5108.60
	Technical & Commercial losses %	17.91	17.92	16.79	15.29	15.17	12.95	12.43	9.01	8.29	7.90	6.90	6.46
Financial Highlights	Total Revenue	1198.11	1540.67	1663.98	1821.52	2013.25	2138.02	2322.68	2731.32	3534.14	3983.83	5508.29	5091.41
	Total Expenditure	1198.11	1555.61	1658.34	1818.76	1999.21	2106.49	2309.6	2766.23	3510.38	4454.82	5489.83	6771.96
	Profit after Tax	0	-14.94	5.19	2.54	12.89	18.89	13.78	35.32	13.59	18.33	25.24	-1680.55





Particulars	SALES		REVENUE	
	MU	%	Rs. Crores	%
Domestic	3207.30	26.94	942.60	19.75
Non-Domestic	686.38	5.77	490.94	10.29
Industrial (LT)	551.78	4.64	328.85	6.89
Agricultural	1534.06	12.89	5.50	0.12
Other LT	317.11	2.66	106.67	2.23
HT RESCOS	212.00	1.78	27.53	0.58
HT	5395.30	45.32	2871.12	60.15
TOTAL	11903.93	100.00	4773.21	100.00





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



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/2013-14 / 36

Dated : 19.12.2013

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 2013 under Section 619 (4) of Companies Act 1956.

I am to forward herewith NIL 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 2013 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 Government for being placed before the Legislature may also be communicated.
3. Ten copies of the Annual Report for the year 2012-13 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

Sr. Dy. Accountant General (ES II)



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

ANNEXURE - I

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, VISAKHAPATANM FOR THE YEAR ENDED 31 MARCH 2013.

The preparation of financial statement of Eastern Power Distribution Company of Andhra Pradesh Limited, Visakhapatnam for the year ended 31 March 2013 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 15.11.2013 (Prerevised) and 17.12.2013(Revised).

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 2013. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. The Company has revised the accounts based on the Government directions and provisional comments issued by Accountant General (E&RSA), Andhra Pradesh. The revised accounts were then submitted for supplemental audit. The Revised accounts have been verified with reference to the relevant entries furnished to audit. After revision of accounts, the loss is Rs.1680.54 crore as against the loss of Rs.1116.88 crore as per pre-revised accounts. Thus, as a result of revision, the loss for the year was increased by Rs.563.66 crore (Rs.1680.54 crore - Rs.1116.88 crore) and Current Assets (Government receivables) were decreased by Rs.259.96 crore with an increase in Current Liabilities by Rs. 303.70 crore. On the basis of my audit on the revised accounts nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

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

Place : Hyderabad
Date : 19.12.2013

Sd/- xxxxx
(Lata Mallikarjuna)
Accountant General (E&RSA)



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

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, 2013, 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. 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.

"Sahasini", 10-50-24, Siripuram Jn., VISAKHAPATNAM - 530003, A.P., INDIA
Ph : Off : (91-891) 2755821, 2754071, Fax : 2755848, E-mail : bcovsp@brahmayya.com



BRAHMAYYA & CO.

Chartered Accountants

VISAKHAPATNAM

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

Revision of Accounts:

06. The company has revised its accounts, which were approved by its Board of Directors in 80th Meeting held on 15th November 2013, in the light of the instructions issued by Special Chief Secretary, Department of Energy, State Government of Andhra Pradesh, as per note no27.19 forming part of the accounts. 'The said revision has resulted in decrease in "subsidy towards expensive power" of Rs 11.24 crores, making a provision towards doubtful recovery of subsidies from State Government of Andhra Pradesh of Rs 248.72 Crores and increase in power cost by Rs 303.70 Crores, resulting in increase in loss by Rs 563.66 crores

Basis of Disclaimers of Opinion:

07. Bank-wise, bank account-wise and transaction-wise details of "Remittance in transit" totaling to Rs 9659,83,314 (which includes Rs 4672,48,432/-, which is outstanding for more than three years) are not available except for Rs 39486633.
08. We report that the following accounts have not been reconciled as at 31st March 2013 and accordingly we are unable to express our opinion on the effect of said un-reconciled amounts on the loss of the company for the year:
- a. Inter units' accounts with an un-reconciled credit balance of Rs.18528125 /-.
 - b. Current accounts maintained with various banks with Board excess, being cheques/ cash deposited in banks and not appearing in banks' statements of account of Rs784,80,093 (of which Rs 76,85,537/- outstanding for more than three months), Bank excess, representing amounts credited by banks but not appearing in the books of account of the company of Rs 161,25,610 /- and un-reconciled amounts debited by banks amounting to Rs 17,06,575/-.
 - c. Pool account operated by APPCC with a debit balance of Rs.1017,13,98,589/- .
 - d. Debt service clearing account operated by APCC with a credit balance of Rs.282,40,730 /-.
 - e. Various Sundry debtors control accounts with the individual debtors subsidiary accounts.
09. Though the capitalization of various capital jobs should be carried out in the books of account based on "work completion certificate" as stated in company's accounting policy No 2.30, based on test checks, we have come across instances where the capital jobs have been capitalized in the books of account pending receipt of work completion certificates. Further we report of instances where capitalization of jobs has been carried out based on the bills received without considering the liability towards bills to be received. We are unable to express our opinion on the said omissions on the loss of the company for the year, as the amounts are not determinable.



BRAHMAYYA & CO.

Chartered Accountants

VISAKHAPATNAM

10. In the absence of complete details together with the age-wise analysis, vendor- wise for supplies and services received, including capital jobs , advance income tax, advance received from others, deposits with courts, E-Seva collections, Customer-wise for dues for sale of power and the deposits received, employee-wise details in respect of various loans & advances and other receivables outstanding, item-wise details of prepaid expenses, item-wise details in respect of various provisions and liabilities provided in the books of account, we are unable to express our opinion on the doubtfulness of the recovery or nonexistence of the liability as on the date of Balance Sheet and the resultant effect of the same on the loss for the year.

Basis of qualifications:

11. 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. 40,78,67,560/- 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.27,97,291/- 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”
12. 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



BRAHMAYYA & CO.

Chartered Accountants

VISAKHAPATNAM

on that date, are provisional and accordingly are subject to further adjustments as may be determined by the State Government of AP.

13. 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.
14. Though, APERC has ordered the refund of 50% of the R & C Penalties collected upto March 2013 totaling to Rs 107,58,50,000/-, the company has not recognised the liability in respect of the said refunds, pending disposal of its O.P. by hon'ble APERC on the matter. This has resulted in understatement of loss incurred by the company to that extent.
15. As the company has not indentified "Small, Micro and Medium Enterprise among its various suppliers and service providers, the various disclosures required to be made under the "Micro, Small & Medium Enterprises Development Act 2006" order could not be made.
16. 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:

17. 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 (15) above dealing with the Basis of Disclaimer of Opinion and 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, 2013;
 - 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.

Emphasis of Matters

18. The withdrawal of Fuel Surcharge adjustments (FSA) in accordance with the orders passed by Hon'ble High Court of Andhra Pradesh relating to the periods relating to financial years 2009.10 to 1st quarter of the financial year 2010.11 amounting to Rs 3134600000, together with the reversal of excess amounts accounted in earlier years in respect of Fuel surcharge adjustment charges of Rs 3993500000, totaling to Rs 7128100000 have been debited to Statement of Profit and Loss for the year under the head of account "Subsidies and grants from Government". Our opinion is not qualified in respect of this matter.



BRAHMAYYA & CO.

Chartered Accountants

VISAKHAPATNAM

19. The amount receivable from State Government of AP of Rs 2599600000 towards reimbursement of expenditure incurred for purchase of expensive power in terms of G.O Ms. No. 62 dated 14.11.2013 issued by state government of AP, grouped under current assets has been considered good and recoverable. Our opinion is not qualified in respect of this matter.

Other Matters:

20. 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.
21. 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 the absence of letters of balance confirmation:
- a. Amounts outstanding in the various loans obtained from State Government of Andhra Pradesh totaling to Rs.41,04,06,373/-
 - b. Amounts outstanding in various term loans from various banks and financial institutions totaling to Rs. 116,18,54,078/-
 - c. Amounts outstanding in various working capital facilities obtained from various banks totaling to Rs. 2908,63,71,107/-.
 - d. 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.150,98,96,896/- (credit balance)
 - e. Amounts due to/ from various power generators, other power DISCOMs, APTRANSCO, whose accounts are monitored by APPCC.



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

BRAHMAYYA & CO.

Chartered Accountants

VISAKHAPATNAM

- f. Debit Balance of Rs. 1017,13,98,589/- appearing in the pool account operated by APPCC.
 - g. Balances due to / from various vendors for supplies and services, other power distribution companies, APTRANSCO.
22. Letters of confirmation of balances have not been furnished in respect of the following accounts:
- a. Balances due from/ to various consumers/customers.
23. We report that the investment of one non-convertible debenture with a face value of Rs 10, 00,000 in “Power Finance Corporation” held by the company as the date of Balance sheet has not been disclosed properly in the annual accounts.

Report on Other Legal and Regulatory Requirements:

24. 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.
25. 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, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of section 274 (1) (g) of the Act.

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

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

Place: Visakhapatnam
Date: 17th December, 2013



BRAHMAYYA & CO.

Chartered Accountants

VISAKHAPATNAM

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT REFERRED TO IN PARAGRAPH 24 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.**

BRAHMAYYA & CO.

Chartered Accountants

VISAKHAPATNAM

viii) As the records relating to materials, labour and other items of cost to be 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, have not been provided to us to carry out a review on the effective maintenance of the same, we are unable to express our opinion on the maintenance of the said 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 2013 for a period of more than six months from the date they became payable except Entry tax payable of Rs 13,83,149.
- c) As at 31st March 2013, 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
1.62	Provident Fund Contract Labour	2000-2005	Employee Provident Fund Tribunal/High Court

- x) The Company has no accumulated losses. It has incurred cash losses in the financial year covered by our audit, though in the immediately preceding financial year it has not 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.



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

BRAHMAYYA & CO.

Chartered Accountants

VISAKHAPATNAM

- 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, other than the cases of theft of power and an instance of theft of cash of Rs.5,44,353/- reported during the year in the office of A.A.O, ERO, JR Gudem.

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

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

Place: Visakhapatnam

Date: 17th December, 2013

**REPLIES OF THE COMPANY TO THE COMMENTS OF
THE STATUTORY AUDITORS CONTAINED IN THEIR REPORT FOR
THE YEAR 2012-13**

Sl.No	Statutory Auditors Comments	Replies
1	<p>Basis of Disclaimers of Opinion:</p> <p>Bank-wise, bank account-wise and transaction-wise details of “Remittance in transit” totaling to Rs 9659,83,314 (which includes Rs 4672,48,432/-, which is outstanding for more than three years) are not available except for Rs 39486633.</p>	Being Rectified in Annual Accounts of 2013- 2014
2	<p>We report that the following accounts have not been reconciled as at 31st March 2013 and accordingly we are unable to express our opinion on the effect of said un-reconciled amounts on the loss of the company for the year:</p> <p>a. Inter units’ accounts with an un-reconciled credit balance of Rs.18528125 /-.</p> <p>b. Current accounts maintained with various banks with Board excess, being cheques/ cash deposited in banks and not appearing in banks’ statements of account of Rs784,80,093 (of which Rs 76,85,537/- outstanding for more than three months), Bank excess, representing amounts credited by banks but not appearing in the books of account of the company of Rs 161,25,610 /- and un-reconciled amounts debited by banks amounting to Rs 17,06,575/-</p> <p>c. Pool account operated by APPCC with a debit balance of Rs.1017,13,98,589/-</p> <p>d. Debt service clearing account operated by APPCC with a credit balance of Rs282,40,730/-</p> <p>e. Various Sundry debtors control accounts with the individual debtors subsidiary accounts.</p>	<p>a) Reconciliation is being done regularly.</p> <p>b) Bank reconciliation is a regular process and differences identified will be reconciled in due course. Action is being initiated to clear off the bank and board excess.</p> <p>c) Reconciliation is being done regularly at APPCC and the amounts are due from other Discoms.</p> <p>d) Reconciliation is being done regularly at APPCC</p> <p>e) Noted</p>

Sl.No	Statutory Auditors Comments	Replies
3	Though the capitalization of various capital jobs should be carried out in the books of account based on “work completion certificate” as stated in company’s accounting policy No 2.30, based on test checks, we have come across instances where the capital jobs have been capitalized in the books of account pending receipt of work completion certificates. Further we report of instances where capitalization of jobs has been carried out based on the bills received without considering the liability towards bills to be received. We are unable to express our opinion on the said omissions on the loss of the company for the year, as the amounts are not determinable.	In most of the cases the units are capitalizing the assets based on work completion certificates. However the necessary instructions were already issued to all unit officers to follow the procedure.
4	In the absence of complete details together with the age-wise analysis, vendor- wise for supplies and services received, including capital jobs , advance income tax, advance received from others, deposits with courts, E-Seva collections, Customer-wise for dues for sale of power and the deposits received, employee-wise details in respect of various loans & advances and other receivables outstanding, item-wise details of prepaid expenses, item-wise details in respect of various provisions and liabilities provided in the books of account, we are unable to express our opinion on the doubtfulness of the recovery or nonexistence of the liability as on the date of Balance Sheet and the resultant effect of the same on the loss for the year.	Noted The complete details are available in the Unit Officers for verification
5	Basis of qualifications: 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	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 Previous year Statutory Auditor recommendations



Sl.No	Statutory Auditors Comments	Replies
	<p>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> <ol style="list-style-type: none"> Capitalization of administrative overheads (including staff cost) amounting to Rs. 40,78,67,560/- 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. Capitalization of interest of Rs.27, 97,291/- 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. Non-recognition of deferred tax in the books of account in accordance with AS 22 – Accounting Standard on “Tax Expenses”. 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” 	<ol style="list-style-type: none"> 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 The funding agency wise interest rates were adopted in SAP system as Interest indicators for IDC calculation. As there is an availability of carried forward loss for the Company, the compliance will be taken care of at appropriate time. 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



Sl.No	Statutory Auditors Comments	Replies
6	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 the differences between the book balances as available at unit/ circle level and 2 nd Transfer Scheme are in the process of analysis. The same is disclosed in Notes under Item No.27.5
7	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.	Disclosed in Notes under Item No. 27.6
8	Though, APERC has ordered the refund of 50% of the R & C Penalties collected upto March 2013 totaling to Rs 107,58,50,000/-, the company has not recognised the liability in respect of the said refunds, pending disposal of its O.P. by hon'ble APERC on the matter. This has resulted in understatement of loss incurred by the company to that extent.	EPDCL has filed O.P before Hon'ble APERC against the refund order. Soon on receipt of final outcome of the Hon'ble APERC, the Company will take necessary action accordingly.



Sl.No	Statutory Auditors Comments	Replies
9	As the company has not indentified “Small, Micro and Medium Enterprise among its various suppliers and service providers, the various disclosures required to be made under the “Micro Small & Medium Enterprises Development Act 2006” order could not be made.	Noted
10	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.
11	<p>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 the absence of letters of balance confirmation:</p> <ol style="list-style-type: none"> Amounts outstanding in the various loans obtained from State Government of Andhra Pradesh totaling to Rs.41,04,06,373/- Amounts outstanding in various term loans from various banks and financial institutions totaling to Rs. 116,18,54,078/- Amounts outstanding in various working capital facilities obtained from various banks totaling to Rs. 2908,63,71,107/-. 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.150,98,96,896/- (credit balance) 	<div style="border-left: 1px solid black; border-right: 1px solid black; height: 150px; margin: 0 auto; width: 20px;"></div> <p style="text-align: center;">Noted</p> <p>Being Rectified.</p>



Sl.No	Statutory Auditors Comments	Replies
	<p>e. Amounts due to/ from various power generators, other power DISCOMs, APTRANSCO, whose accounts are monitored by APPCC.</p> <p>f. Debit Balance of Rs. 1017,13,98,589/- appearing in the pool account operated by APPCC.</p> <p>g. Balances due to / from various vendors for supplies and services, other power distribution companies, APTRANSCO.</p>	<p>Noted</p>
12	<p>Letters of confirmation of balances have not been furnished in respect of the following accounts:</p> <p>a. Balances due from/ to various consumers/ customers.</p>	Noted
13	<p>We report that the investment of one non-convertible debenture with a face value of Rs 10,00,000 in “Power Finance Corporation” held by the company as the date of Balance sheet has not been disclosed properly in the annual accounts.</p>	Noted and will be rectified. It is available in Statement of DEMAT Account



Eastern Power
Distribution Company of A.P. Ltd

ఆంధ్రప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ

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



FINANCIAL STATEMENTS



Statement of Profit and Loss for the year ended 31st March, 2013

(in Rupees)

	Particulars	Note No.	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
I	Revenue from operations	21	48711329033	53501013999
II	Other income	22	2202814239	1581900915
III	Total Revenue (I+II)		50914143272	55082914914
IV	Expenses			
	(a) Cost of Power Purchase	23	54067199544	45374300676
	(b) Employee benefit expenses	24	5025759956	4086750795
	(c) Finance costs	25	2907503777	2660412667
	(d) Depreciation and amortisation expense	11	2097582582	1915132992
	(e) Other expenses	26	3621566459	861725345
	Total Expenses		67719612317	54898322474
V	Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)		(16805469046)	1845924440
VI	Exceptional items		-	4438294
VII	Profit / (Loss) before extraordinary items and tax (V \pm VI)		(16805469046)	189030734
VIII	Extraordinary items			
IX	Profit / (Loss) before tax (VII \pm VIII)		(16805469046)	189030734
X	Tax Expenses:			
	(a) Current tax expense for current year		-	88900000
	(b) (Less): MAT credit (where applicable)		-	(152308929)
	(c) Current tax expense relating to prior yrs.			
	(d) Net current tax expense		-	-
	(e) Deferred tax		-	-
XI	Profit /(Loss) from continuing operations (IX \pm X)		(16805469046)	252439663
XII	Earnings per Equity share :			
	(1) Basic		(138.64)	2.08
	(2) Diluted		(138.64)	2.08
	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/- xxxxxx

C.V.Ramana Rao

Partner

Membership No:018545

Sd/- xxxxxx

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

Director (Finance)

Sd/- xxxxxx

K.S.Bhaskara Rao

Chief General Manager (Expr)

For and on behalf of the Board

Sd/- xxxxxx

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

Chairman & Managing Director

Sd/- xxxxxx

A. Rama Rao

Company Secretary



Balance Sheet as at 31st March, 2013

(in Rupees)

	Particulars	Note No.	As at 31 st March, 2013	As at 31 st March, 2012
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	2	1212253290	1212253290
	(b) Reserves and surplus	3	(5988666572)	9698707801
2	Non-current liabilities			
	(a) Long-term borrowings	4	2702764255	3309164054
	(b) Other long-term liabilities	5	8566632560	7023762958
	(c) Long-term provisions	6	1586294978	1359535729
3	Current liabilities			
	(a) Short-term borrowings	7	29086371107	28796907590
	(b) Trade payables	8	17659127099	12339011045
	(c) Other current liabilities	9	7462288248	1760181049
	(d) Short-term provisions	10	1117493873	743918468
	TOTAL Equity & Liabilities		63404558838	66243441984
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	11	17847942488	16190371477
	(ii) Capital work-in-progress	12	2419231691	2074745212
	(b) Non-current investments	13	1346498800	978998800
	(c) Long-term loans and advances	14	555431842	1002126151
	(d) Other non-current assets	15	133053882	113271147
2	Current assets			
	(a) Inventories	16	1011728616	613162848
	(b) Trade receivables	17	6591229304	4534574714
	(c) Cash and Bank Balances	18	2743232599	2793236470
	(d) Short-term loans and advances	19	10362203213	10952418523
	(e) Other current assets	20	20394006403	26990536642
	TOTAL Assets		63404558838	66243441984
	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/- xxxxxx

C.V.Ramana Rao

Partner

Membership No:018545

Sd/- xxxxxx

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

Director (Finance)

Sd/- xxxxxx

K.S.Bhaskara Rao

Chief General Manager (Expr)

For and on behalf of the Board

Sd/- xxxxxx

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

Chairman & Managing Director

Sd/- xxxxxx

A. Rama Rao

Company Secretary



Notes forming part of the financial Statements

2. SHARE CAPITAL

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2013	As at 31-03-2012
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 31-03-2013 No. of Shares	% Held	As at 31-03-2012 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 31-03-2013 No. of Shares	As at 31-03-2012 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 31-03-2013	As at 31-03-2012
3.1	CAPITAL RESERVE			
A)	Consumer Contribution for Service Connections			
	At the beginning of the year	5500101 & 102	7251024956	6428650220
	Add : Received During the year		1989151596	1583214827
	Less:Amortised during the year - Vide Accounting policy No 2.24		894239222	760840091
	At the end of the year		8345937330	7251024956
B)	Subsidies towards cost of Capital Assets			
	At the beginning of the year	5500200	501812	501812
	Additions/Amortisation During the year		-	-
	At the end of the year		501812	501812
C)	Grants towards cost of Capital Assets			
	At the beginning of the year	5500300	149151609	125997771
	Add : Received During the year		7981537	23153838
	At the end of the year		157133146	149151609
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,	6471717	2786644
	Add : Received During the year	152,153,154,161, 162 & 163	307424915	313499197
	Less:Deletions during the year		292224154	309814125
	At the end of the year		21672478	6471716
3.2	OTHER RESERVES ((Surplus)/Deficit in Statement of P&L)		As at 31-03-2013	As at 31-03-2012
	Opening Balance	5700102	1219496061	967056397
	Profit/ (Loss) for the year		(16805469046)	252439664
	At the end of the year		(15585972985)	1219496061
	TOTAL		(5988666572)	9698707801

4. LONG TERM BORROWINGS

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2013	As at 31-03-2012
	SECURED:			
A)	BONDS / DEBENTURES			
	APTRANSCO Vidyut Bonds	5301000	202200000	202200000
B)	TERM LOANS			
	FROM BANKS:			
	1) Loan from Federal Bank	5303400	50966607	106360000
	2) Loan from Bank of Baroda	5303500	43879857	85512861
	3) Loan from State Bank of Hyderabad	5303520	-	174991108
	FROM OTHER PARTIES:			
	1) Loan from REC	5303100	1740271319	2140349612
	2) Loan from PFC	5303200	308340099	189340099
	3) Loan from Govt. of Andhra Pradesh	5303300	357106373	410410373
	TOTAL		2702764255	3309164054

- 4.1 Secured Term Loan from M/s REC amounting to Rs.1740271319 (P.Y. Rs.2140349612) 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.308340099 (P.Y. Rs.189340099) 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.50966607 (P.Y. Rs.106360000) 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.43879857 (P.Y. Rs. 85512861) 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%

5. OTHER LONG TERM LIABILITIES

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2013	As at 31-03-2012
1	Security Deposits from Consumers (in cash)	4800101,302, & 4801020	8566632560	7023762958
	TOTAL		8566632560	7023762958

6. LONG TERM PROVISIONS

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2013	As at 31-03-2012
1	Provision for EL Encashment	4400330,4500431 & 5400147	1586294978	1359535729
	TOTAL		1586294978	1359535729

7. SHORT TERM BORROWINGS

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2013	As at 31-03-2012
7.1)	Loans Repayable on Demand from Banks Secured:			
	1) CC Limits from SBH	5000102	317607344	1300161872
	2) Working Capital Loan	5101010 to 5101123	28768763763	27496745718
	TOTAL		29086371107	28796907590

7.2 The working capital loans obtained from Banks are secured against hypothecation of receivables and inventories.

8. TRADE PAYABLES

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2013	As at 31-03-2012
1	AP Transco & Power Purchase Liability	4101010 to 4101060	15788090386	10809185556
2	Liability-Materials, Works-Capital and O&M	4200301,303,306,309, 4201000,4300001,02, 4301000,4500301&311	1003730207	748481130
3	Creditors Other Discoms on Power Purchase	4201400	7530415	8464399
4	Staff Related Liabilities	4400201 to 4400320, 4400350 to 4400450, 4500401,411& 421	586168462	530717096
5	Liability for Expenses	4500501,571, 4600934, 4604010,20, 30,40, 50,60,70 & 80	273607629	242162864
	TOTAL		17659127099	12339011045

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

Sl.No.	Particulars	As at 31.03.2013
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 31-03-2013	As at 31-03-2012
1	Details of Current Maturities of Long Term Debts			
(a)	Term Loan From Banks			
	Secured:			
	Loan from Federal Bank	5303400	47300000	47300000
	Loan from Bank of Baroda	5303500	42000000	42000000
	Loan from SBH	5303520	-	25000000
(b)	Term Loan from Other Parties			
	Secured:			
	Loan from REC	5303100	395000000	375000000
	Loan from PFC	5303200	-	-
	Loan from Govt. of AP	5303300	53300000	53300000
	Sub-total (1)		537600000	542600000
2	Deposits and retentions from suppliers and contractors	4600107,950,4601010 20,30,60,90& 4603051	2378429251	(241801053)
3	OTHERS			
	Temporary Supply & TEMP Deposits	4700601 to 604	171638391	90985611
	Deposits for Electrification, Service Connection Etc.	4700101,301,401, 501,551,701,& 801	693199306	630317425
	Advance receipts from consumers	4600850&851	217998536	160158961
	Interest Payable on Security Deposit	4500521,4800301 & 4803020	697630791	405742406
	Liability towards Transformers (OYT)	4201410	170	170
	Other Liabilities	4500321,903,4600105, 106,108,201,309,501,910 & 4646000&4608500	2219427112	126181240
	Statutory Liabilities -TDS, Entry Tax, Service Tax Etc.	4600301,304,310,4600921 to 928 & 4603055, 3070 & 3080	74913080	279210023
	Interest accrued but not due	4600801	2217668	(18850770)
	Unclaim Debnt/Bonds	4600931	-	21607399
	Debt Service Clg Acc	4605001	28240730	(498865542)
	Payable to GPF Trust	2800802 To 2800805	380051502	27762272
	Liability towards urban E-Seva	2800530	42413585	64409920
	Interunit Accounts	3000100 To 3700001	18528125	170722986
	Sub-total (2+3)		6924688248	1217581049
	TOTAL		7462288248	1760181049



9.1 Other Liabilities includes Liability Recognised as per interim directions of Hon'ble AP High Court for FSA rised 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 31-03-2013	As at 31-03-2012
1	Provision for Employee Benefits			
	Provision for Gratuity for Employees > 1-2-99	5400135,136, 142 & 146	(4724429473)	(3393802194)
	Provision for Pension & Gratuity for Employee < 1-2-99	5400130,141& 145	5747949796	4019529996
	Sub - Total		1023520323	625727802
2	Others			
	Liabilities for Taxes	4500901& 4600302	93973550	118190666
	TOTAL (1+2)		1117493873	743918468

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/ 2011-12	Additions during the year/ 2012-13	Deductions during the year/ 2012-13	Rec lass ifica tion	At the end of the year as on 31-03-2013	At the end of the Previous Year/ 2011-12	Depreciation for the year/ 2012-13	Adjustments on Deductions	Rec lass ifica tion	'At the end of the year as on 31-03-2013	At the end of the year 2012-13	At the end of the Previous Year/2011-12
Land & Land rights	1000101	818297415	7167953	0		825465368	0	0	0		0	825465368	818297415
Buildings	1000201	538779341	104285145	0		643064486	126084968	15802153	0		141887121	501177365	412694373
Other civil works	1000301	140023547	23882998	0		163906544	11379552	4537131	0		15916683	147989861	128643994
Plant and Machinery	1000401	11993897546	1742404687	38802529		13697499704	5467797602	809833820	34905741		6242725681	7454774023	6526099944
Lines & Cable Network	1000501	15895723561	1190487117	0		17086210678	8157238872	937663956	0		9094902828	7991307850	7738484689
Meters & Metering Equipment	1000551	1486615959	579531792	14187770		2051959982	1120009669	288181958	12768993		1395422634	656537348	366606290
Vehicles	1000601	16746356	0	2259604		14486752	15044138	16276	2033644		13026770	1459982	1702218
Furniture & Fixtures	1000701	83395633	9684669	0		93080302	56562465	4850265	0		61412730	31667572	26833168
Office Equipment	1000751	851,951	96231124	23148818	1140000	118239942	65804572	11497648	1026000		76276220	41963722	30426551
Computers	1000801	197462005	80216439	5000		277673444	56879171	25199375	4500		82074046	195599398	140582834
TOTAL		31267172487	3760809618	56394903		34971587202	15076801010	2097582582	50738878		17123644714	17847942488	16190371477
Previous year		28545307318	2804115956	82250786		31267172487	13176069882	1918318341	17587214		15076801010	16190371477	15369237436



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

12. CAPITAL WORK IN PROGRESS

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2013	As at 31-03-2012
1	Capital work-in-progress	1400101 & 102	2419231691	2074745212
	TOTAL		2419231691	2074745212

13. NON-CURRENT INVESTMENTS

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2013	As at 31-03-2012
13.1	Non- Trade Investments (Un-quoted)			
	a) Investment in Govt. Securities			
	Contingency Reserve Investments	2001070	120292200	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 & 6040	1125300000	757800000
	d) Others Investment in APTRANSCO Bonds	2006030	100000000	100000000
	TOTAL		1346498800	978998800

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 31-03-2013 is Rs. 112,53,00,000.

13.3 a) Details of Contingency Reserve Investments

(in Rupees)

Sl. No	Classification of Investment	As at 31-03-2013	As at 31-03-2012
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
	TOTAL	120292200	120292200



13.3 b) Investments in RESCOs

(in Rupees)

Sl. No	Classification of Investment	As at 31-03-2013	As at 31-03-2012
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 31-03-2013	As at 31-03-2012
1	Equity Share Capital in APPDCL, 112530000 No. of Shares @ Rs.10/- each fully paid up	1125300000	757800000
	TOTAL	1125300000	757800000

13.3D) Other Investments

(in Rupees)

Sl. No	Classification of Investment	As at 31-03-2013	As at 31-03-2012
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 31-03-2013	As at 31-03-2012
1	Loans and Advances to Employees	2700101 to 103, 110&111	154356465	107257397
2	MAT Credit Entitlement	2700430	103584242	103584242
3	Capital Advances to Contractors/Suppliers	2501010	297491136	791284512
	TOTAL		555431842	1002126151

14.1 Loans given to the employees are Secured.



15. OTHER NON-CURRENT ASSETS

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2013	As at 31-03-2012
1	Non- Current Deposits:			
	Unsecured & considered good:			
	Deposits with Court& Local Authority	2800605 & 606	121857099	109608749
	Deposit with Excise Authority	2800603	10146	10146
	Deposit with Telecom Authority	2800604, 620	105904	105404
2	Others (Interest Receivable from employees)	2700128& 2800211	11080733	3546848
	TOTAL		133053882	113271147

16. INVENTORIES

CURRENT ASSETS

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2013	As at 31-03-2012
	Stores and Spares			
1	Stock of Materials at Stores	2200151,152,161 232,401,451,501, 551,601,701,751, 801,2201000, 1100 &1101	951018917	603976980
2	Assets Held for Disposal	1600401,501,551, 601,701,801 & 851	-	18282521
3	Materials Stock Ex/Short pending investigation	2200201 to 203	60709699	(9096653)
	TOTAL		1011728616	613162848

17. TRADE RECEIVABLES

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2013	As at 31-03-2012
	Debtors :			
1	Less than Six Months	23011050 to	3682952000	2108700000
2	More than Six Months and above	2305660	3090390620	2614107128
3	Debtors Others	2800302,524&531	180975014	175021914
	Less: Provision for Doubtful Debts	2300701,730&835	(363088331)	(363254328)
	TOTAL		6591229304	4534574714



18. CASH AND BANK BALANCES

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2013	As at 31-03-2012
	i) Cash and Bank Balance:			
	Cash on Hand	2400500 To 2401999, 2404901, 902&903	130496937	263488805
	Cash at Bank (Balance with Banks)	2404501, 2428760 To 2432999	997869058	996006929
	Cash- in -Transit & Remittances-in-Transit	2404980 To 2405000	965983314	486376609
	ii) Other Bank Balances			
	Short term Deposits with Banks	2002050	648883290	1047364127
	TOTAL		2743232599	2793236470

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 31-03-2013	As at 31-03-2012
1	Advance Income Tax & TDS	2700401,423 & 425	150036176	176407534
2	Loans & Advances to Employees	2700104 to 2700109, 2700127, 2700131	36769381	36021101
3	Loans & Advances to Related parties (Recv. From Other Discoms incl. payables to APPCC)	2004010,2006020, 2600102 & 200	10171398589	10735898528
4	Prepaid Expenses	2800701 To 2800705	3999068	4091361
	TOTAL		10362203213	10952418523

20. OTHER CURRENT ASSETS

(in Rupees)

Sl. No	Particulars	Account Code	As at 31-03-2013	As at 31-03-2012
1	Amount Recoverable from Emp/ Ex.Emp	2800501, 2800507 To 2800510	110903241	100651616
2	Interest Accrued on Bank Deposits	2800201	37566577	25635849
3	Interest Accrued on Investments	2800251	119606	119606
4	Provision for int & Fin charges	4500511	16655450	14851450
5	Receivables from AP Online & Internet	2800528 & 529	11665709	5142269
6	Sundry Debtors for sale of Stores	2800101, 104, 110 & 806	8048870	7987850
7	Sundry Debtor for Sale of Scrap	2600101 & 2805160	23755340	2144993
8	Unbilled Revenue	2300551 & 552	8540127052	4047299750
9	Apprentice Salary Receivable	2800427	3398444	3396833
10	Other Receivables - Bills Receivable	2800515	44716134	44716134
11	Receivables from Government/FSA	2800301, 311,426, 428 to 448 & 502	14084249980	22738590292
	Less: Provision for Government Receivables	2828000	(2487200000)	-
	TOTAL		20394006403	26990536642

20.1. Provision created for an amount of Rs.248.72 Crores against the receivables from Government towards expensive power purchase as per the instructions issued vide Lr.No/ Dir(F&R)/SAO/365/13, Dt.16-12-2013. Further an amount of Rs.11.24 Crores subsidy towards expensive power purchase for the year 2012-13 is also withdrawn.



21. REVENUE FROM OPERATIONS

21.1 REVENUE FROM SALE OF POWER

(in Rupees)

Sl. No	Particulars	Account Code	Current Year (2012-13)	Previous Year (2011-12)
	<u>L.T.SUPPLY:</u>			
1	Domestic supply - Category-I	6100210 to 218, 6600212	9425977290	7382383194
2	Non-Domestic Supply - Category-II	6100220 to 228 6600220 to 222	4909358923	4280126314
3	Industrial supply-Category-III	6100230 to 238 &6101230to1238 6600232	3282002546	2586521745
4	Cottage Industries - Category-IV	6100240 to 248 6101240 & 248, 6600242,6101241 to 6101249	6489451	5597165
5	Irrigation and Agriculture Category-V	6100250 to 258 6101250 to 258	55041404	49710758
6	Public Lighting - Category-VI	6100260 to 268 6101260 to 268, 6600262	879184395	605663456
7	General Purpose - Cateory-VII	6100270 to 278 6101270 to 278, 6600272, 6600276	178137255	156143967
8	Temporary - Category-VIII	6100280 to 288, 6101280 to 286	9459996	9283933
	L.T.TOTAL :		18745651260	15075430532



Sl. No	Particulars	Account Code	Current Year (2012-13)	Previous Year (2011-12)
	<u>H.T.SUPPLY</u>			
1	Industrial segregated - Category-I	6100310 to 318 6101310 to 318 & 713, 6600312, 6601312, 6101713	21381402650	15003431541
2	Industrial non-segregated-Category-II	6100320 to 328, 6600322	3564909925	2639865881
3	Aviation activity at Airports- Category-III	6100330 to 338, 6600332	6251782	-
4	Irrigation and Agriculture - Category-IV	6100340 to 346 & 6101340 to 346, 6102340, 6600342, 6601342, 6602342	207301069	234677663
5	Railway Traction-Category-V	6100350 to 356, 6600352	3388804977	2619707082
6	Electricity Co-op. Societies	6100370 to 372, 6600372	275262411	162168544
7	Temporary supply	6100380 to 388	-	310532
8	Grid support charges	6100970	-	1181700
9	Colony Consumption	6100360 to 368, 6600362	162554722	171272499
	H.T.TOTAL:		28986487536	20832615442
	L.T. + H.T.TOTAL		47732138796	35908045974
	Less HT Incentive	7600563	-	(127471)
	Net L.T.+H.T.Total:		47732138796	35908173445



MISCELLANEOUS REVENUE

Sl. No	Particulars	Account Code	Current Year (2012-13)	Previous Year (2011-12)
1	Interstate sales & DD sales	6100145,146, 147 & 153	410818760	1512281151
2	Electricity Duty recovery	6100501 to 517, 6101501 to 514, 6102502, 6102514	550969295	540254976
3	Interest on ED	6100521 to 540, 6101521 to 531 & 6102535	12301583	11422373
4	Recoveries for theft of power / Malpractices	6100810,820&821	68403121	59642669
	Sub Total:		1042492758	2123601169
5	Miscellaneous charges from consumers	6100613 to 940, 6101613 to 683, 6101743, 6102743 & 6202623	2330466774	2333872361
6	Un billed FSA	6100102	3898300000	-
	Total Misc. Revenue		7271259532	4457473530
	Gross Revenue from sale of power		55003398328	40365646975
	'Less: Electricity Duty paid	7000901	550969295	540254976
	Net Revenue from sale of power :		54452429033	39825391999
	Subsidies & Grants:			
	Subsidies and grants from Government	6300130 & 170	(5741100000)	13675622000
	TOTAL REVENUE FROM OPERATIONS		48711329033	53501013999



21.2 Subsidies and Grants from Government includes anticipated revenue towards FSA accounted as per proposals submitted to APERC for the FY 2010-11 & 2011-12 and excess amount of Rs.399,35,00,000 FSA accounted as revenue for the FY 2010-11 & 2011-12 was withdrawn during this year as per the Hon'ble APERC orders Dt.20-09-2012. In addition to that an amount of Rs.313,46,00,000 FSA relating to the FY 2009-10 & 1st Quarter of 2010-11 also withdrawn as per the directions of the Hon'ble High Court of AP

21.3 a) Govt. of A.P Vide G.O.Ms.No.59 Dt.07-06-2005 set up an apex committee “ AP Power Coordination Committee (APPCC)” for the purpose of power procurement, debt servicing, unscheduled interchange charges, and SLDC charges, Inter-State trade and operation of common pool account of four DISCOMs. As per the above mechanism, pool account was operated by APPCC.

b) The Company has made Inter-State sales and DISCOM sales income of Rs.410818760 (PY Rs.1512281151) 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.

21.4 a) The Assets and Liabilities of the company as on 31.03.2013 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 tranferee, not withstanding 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.



- 21.5** 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 2012-13 (MUs)	Previous Year 2011-12 (MUs)
Total Power available for Distribution	12709.12	12594.97
Total Units Sold	11903.93	11725.82
Distribution Losses	805.19	869.15
% of Distribution Losses	6.34	6.90

22. OTHER INCOME

(in Rupees)

Sl. No	Particulars	Account Code	Current Year (2012-13)	Previous Year (2011-12)
1	Interest on staff loans and advances	6200936	7870965	2595027
2	Interest on Loans & Advances to Contractors	6200927	-	1948978
3	Delayed payment charges from consumers	6200251 to 6200271 6201252 to 261 & 6202265	836428938	333954667
4	Interest from Banks & Investments	6200220 & 926	131314260	154632920
5	Income from Trading (Profit on sale of scrap etc.)	6200340, 6400301 to 305	49105137	14467092
6	Miscellaneous receipts	6101913, 6200281, 6200900 to 6200935	242683494	233470596
7	Amortisation of consumer contributions, subsidies, grants towards cost of capital assets	6400828	894239222	760840091
8	UI & Other Charges	6100845 & 846	41172222	79991544
	TOTAL:		2202814239	1581900915

23. COST OF POWER PURCHASE

(in Rupees)

Sl. No	Particulars	Account Code	Current Year (2012-13)	Previous Year (2011-12)
1	Power Purchase	7000100 to 7000701	54346690448	45762153810
	Less: Rebate on PP Bills & Incentive	6200230	279490904	387853134
	TOTAL:		54067199544	45374300676

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 (2012-13)	Previous Year (2011-12)
	Salaries			
1	Salaries	7500101 to 175	2493599521	2141085188
2	Dearness Allowance	7500301	557317298	349341976
3	Other Allowances	7500201, 7500401 to 450, 540, 614 & 618	361911478	359467428
4	Managerial Remuneration & Allowances to Directors	7500710 & 7500711	5231984	5335058
5	Incentive to Staff/Exgratia	7500501 & 672	38122	7152603
	Sub-Total 1 (1 to 5)		3418098403	2862382253
	Employee Costs (Other Allowances)			
6	Medical expenses(Monthly & Reimbursement)	7500610 & 611	78011042	76111133
7	Leave Travel Assistance	7500612 & 613	2525851	1699680
8	Earned Leave Encashment	7500617 & 804	454834702	333876024
	Sub-Total 2 (6 to 8)		535371594	411686837
	Employee Costs (Welfare Exp & Other Benefits)			
9	Other welfare expenses	7500664 to 669	8536301	6115006
10	Social Security cum PF Booster scheme	7500670	440000	460273
11	Terminal Benefits - PF Employer Cont. Joined <1.2.99	7500801 & 803	1284828612	951461263
12	Terminal Benefits FPS Employer Contbn.	7500818	-	22073
13	Employer Contribution to EPF	7500810 to 815	121002816	103653280
14	Miscellaneous Employee Cost	7500629, 704, 817, 819 & 821	4169657	3415099
	Sub -total 3 (9-14)		1418977386	1065126994
	TOTAL (Sub-total 1+2+3):		5372447383	4339196084
	LESS: Employee Cost Capitalised	7509000	346687427	252445289
	Net Employee Benefit Expenses		5025759956	4086750795

24.1 Salaries include an amount of Rs.35,52,00,126 relating to Difference in O&M GPF Opening Balance which is now accounted for.

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

PARTICULARS	Chairman & Managing Director 2012-13 (2011-12)	Other Directors 2012-13 (2011-12)
Salary / Remuneration	635576	1915150
	(511880)	(2197301)
Dearness Allowance	490891	793804
	(315526)	(602440)
HRA	Free Accommodation	372000
	Free Accommodation	(444774)
Telephone, Conveyance and other such perquisites	243663	780900
	(307240)	(1081649)
TOTAL	1370130	3861854
	(1134646)	(4326164)

24.3 As per the Actuarial valuation report, the total accrued liability towards pension and gratuity as on 31.3.2013 is Rs. 614,05,05,345 (Previous year Rs 494,42,28,033) and the investments in Pension and Gratuity Trust is Rs. 485,74,00,000 (Previous year Rs 399,42,00,000) towards future liability. As per the actuarial valuation an amount of Rs. 128,31,05,345 (Previous year Rs 95,00,28,033) balance liability is provided in the books of accounts during the year 2012-13.

24.4 The Employee cost capitalised during the year is to the tune of Rs.346687427 (PY Rs.252445289)

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

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

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

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

c) Earned Leave Encashment :

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

24.6 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	01-04-2011 to 31-03-2012	01-04-2012 to 31-03-2013
Projected Benefit Obligation at Beginning of year	3,792,742,624	4,944,228,033
Current Service Cost	113,862,198	159,312,374
Interest Cost	301,316,386	432,726,036
Contributions by plan participation	-	-
Actuarial (Gain)/Loss	923,428,140	920,438,902
Foreign currency exchange rate changes on plans measured in a currency difference from the enterprise's reporting currency		
Benefits Paid	(280,300,000)	(316,200,000)
Past service cost	93,178,685	-
Amalgamations		
Curtailments	-	-
Settlements	-	-
Projected Benefit Obligation at End of year	4,944,228,033	6,140,505,345

Table-2

(in Rupees)

Plan Asset at Fair Value	01-04-2011 to 31-03-2012	01-04-2012 to 31-03-2013
Plan Asset at beginning of year	2,713,100,000	3,994,200,000
Foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency		
Expected Return on Plan Asset	211,800,000	284,200,000
Employer Contribution	1,349,600,000	895,200,000
Employee Contribution		
Benefit Payments	(280,300,000)	(316,200,000)
Asset Gain / (Loss)	-	-
Amalgamations	-	-
Settlements	-	-
Ending Asset	3,994,200,000	4,857,400,000
Total actuarial gain/(loss) to be recognised immediately	(923,428,140)	(920,438,902)



(in Rupees)

Current/Non Current Benefit Obligation	31-03-2012	31-03-2013
Current	392,420,000	405,807,328
Non Current	4,551,808,033	5,734,698,017
Total	4,944,228,033	6,140,505,345

Table - 3

(in Rupees)

Amounts to be Recognised in the balance sheet	01-04-2011 to 31-03-2012	01-04-2012 to 31-03-2013
Projected Benefit Obligation at End of year	4,944,228,033	6,140,505,345
Ending Asset	3,994,200,000	4,857,400,000
Funded Status asset / (liability)	(950,028,033)	(1,283,105,345)
Unrecognised past service cost - non vested benefits		
Liability(-)/Asset(+) recognised in Balance Sheet	(950,028,033)	(1,283,105,345)

Table - 4

(in Rupees)

Statement of Profit and Loss	01-04-2011 to 31-03-2012	01-04-2012 to 31-03-2013
Current Service Cost	113,862,198	159,312,374
Interest Cost	301,316,386	432,726,036
Expected return on plan asset	(211,800,000)	(284,200,000)
Net actuarial(gain)/loss to be recognised in year	923,428,140	920,438,902
Past Service Cost	93,178,685	
Effect of Curtailments		
Income (-)/Expense(+) recognised in the statement of Profit and Loss	1,219,985,409	1,228,277,312

(in Rupees)

Reconciliation		
Incremental liability [Asset(+)/Liability(-)]	129,614,591	(333,077,312)
P&L Charge	1,219,985,409	1,228,277,312
Less Contribution paid	1,349,600,000	895,200,000
Balance (income(-)/Expense(+))	(129,614,591)	333,077,312



	31-03-2013	
Discount rate	8.20%	
Salary escalation rate	7.00%	
BASIS-Unit 26%,Master 74%		
Accrued Liability	UNIT	MASTER
Gratuity for employees on rolls ON 1-2-1999	320,260,710	911,511,252
Gratuity for employees who joined units on or after 1.2.1999	314,488,009	-
Pension : employees on rolls on 1-2-99 -excl.retirees from 1.2.99 to 31.3.13	2,932,579,503	8,346,572,432
Pension for employees who retired from 1.2.99 to 31.3.13	2,573,177,123	7,323,657,965
Pensioners(pre 01.02.99)and Family pensioners		3,637,103,590
Total Accrued Liability as at 31st March 13	6,140,505,345	20,218,845,239
Fund as on 31st March 13	4,857,400,000	
Deficit	1,283,105,345	

Earned Leave encashment liability disclosure

A. Revised AS-15 (2005) Disclosure

Table - 1

(in Rupees)

Reconciliation of PBO	31-03-2011 to 31-03-2012	31-03-2012 to 31-03-2013
Projected Benefit Obligation at Begning of year	1,206,228,435	1,342,969,524
Current Service Cost	50,633,900	65,314,799
Interest Cost	92,663,589	113,206,128
Contributions by plan participation	-	-
Actuarial (Gain)/Loss	190,578,535	293,804,527
Foreign currency exchange rate changes on plans measured in a currency difference from the enterprise's reporting currency	-	-
Benefits Paid	(197,134,935)	(229,000,000)
Past service cost	-	-
Amalgamations	-	-
Curtailments	-	-
Settlements	-	-
Projected Benefit Obligation at End of year	1,342,969,524	1,586,294,978

Table - 2

(in Rupees)

Plan Asset at Fair Value	31-03-2011 to 31-03-2012	31-03-2012 to 31-03-2013
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	(190,578,535)	(293,804,527)

Current/Non Current Benefit Obligation	31-03-2012	31-03-2013
Current	142,385,113	116,976,949
Non Current	1,200,584,411	1,469,318,029
Total	1,342,969,524	1,586,294,978

Table - 3

(in Rupees)

Amounts to be Recognised in the balance sheet	31-03-2011 to 31-03-2012	31-03-2012 to 31-03-2013
Projected Benefit Obligation at End of year	1,342,969,524	1,586,294,978
Ending Asset	-	-
Funded Status asset / (liability)	(1,342,969,524)	(1,586,294,978)
Unrecognised past service cost - non vested benefits		
Liability(-)/Asset(+) recognised in Balance Sheet	(1,342,969,524)	(1,586,294,978)



Table - 4

(in Rupees)

Statement of Profit and Loss	31-03-2011 to 31-03-2012	31-03-2012 to 31-03-2013
Current Service Cost	50,633,900	65,314,799
Interest Cost	92,663,589	113,206,128
Expected return on plan asset	-	-
Net actuarial (gain)/loss to be recognised in year	190,578,535	293,804,527
Past Service Cost		
Effect of Curtailments		
Income (-)/Expense(+) recognised in the statement of Profit and Loss	333,876,024	472,325,454
Reconciliation		
Incremental liability [Asset(+)/Liability(-)]	(136,741,089)	(243,325,454)
P&L Charge	333,876,024	472,325,454
Less Benefits paid	197,134,935	229,000,000
Balance (income(-)/Expense(+))	136,741,089	243,325,454

25. FINANCE COSTS

(in Rupees)

Sl. No.	Particulars	Account Code	Current year (2012 - 13)	Previous year (2011 - 12)
1	Interest on Bonds	7800101	23455200	23455200
2	Interest on Term Loans From Financial Institutions/Banks			
	R.E.C	7800103	226091102	244729892
	Federal Bank	7800122	13309213	17642331
	Bank of Baroda	7800133	9312195	15563938
	SBH	7800130	19100153	24391216
3	Interest on Working Capital	7800138 to 144	1855582049	1955929073
4	Interest on Overdraft	7800108	91699127	2428731
	Other Interest&Finance Charges			
5	Interest to Consumers	7800110 & 215	658641088	360492741
6	Interest on Employee Funds (GIS,GPF&FBF)	7800114 to 116 & 118	4128785	3461735
7	Cost of raising Finance (Guarantee commission)	7800201	-	35814
8	Bank charges	7800203 & 206	8803170	8915298
9	Other interest Charges	7800106,7800111 & 7800117	178985	6292683
	TOTAL		2910301068	2663338652
	LESS: Interest During Construction Capitalised	7809000	2797291	2925985
	Net Finance Costs		2907503777	2660412667

26. OTHER EXPENSES

26.1 Repairs and Maintenance :

(in Rupees)

Sl. No.	Particulars	Account Code	Current year (2012 - 13)	Previous year (2011 - 12)
1	Plant and Machinery	7400503,504&651	38557800	18115336
2	Transformers	7400502&505	108809951	94543619
3	Substation maintenance by Pvt.agencies	7400501	175345039	89111453
4	Buildings & Civil Works	7400201&401	17217064	9543859
5	Lines, Cable net work etc.	7400601	162911749	84832039
6	Vehicles	7400701 & 702	275936	436491
7	Furniture and Fixtures	7400801	-	6815825
8	Office equipment	7400901,911, 915, 921, 941 & 952	9932041	10361690
	Total Repairs & Maintenance: (a)		513049580	313760311

26.2 Administration and General Expenses

(in Rupees)

Sl. No.	Particulars	Account Code	Current year (2012 - 13)	Previous year (2011 - 12)
1	Rent, Rates and Taxes	7600101 & 102	15954971	13665394
2	Licence Fee - APERC	7600103	10165734	9130693
3	Insurance	7600520 to 525	670603	674560
4	Communication and related expenses	7600201 to 205	23464964	29237311
5	Legal charges	7600301	15653426	5745783
6	Audit fees	7600401	782745	631694
7	Consultancy/Professional charges	7600302,311,404&405	8401096	48918531
8	Other professional charges	7600306,309 & 559	247197457	224656098
9	Travelling expenses & Conveyance	7600567 to 569	88909204	84867993
10	Vehicle running exp.(Cars,Jeeps,Etc.)	7600307,532 & 533	7222421	7693633
11	Vehicle hire charges	7600308 & 310	68350746	61947192
12	Vehicle Licence & Registration Fees	7600531	17643	855
13	Printing & Stationary	7600504 & 508	12736860	12488016
14	Advertisement	7600505	17780547	5801388
15	Electricity charges	7600506	46146601	38097849
16	Training & Participation	7600515	14537145	4863058
17	Stores related Expenses	7600551,553 & 555	208936	4020542
18	Fabrication Charges	7600557 & 558	894997	15880
19	Miscellaneous Expenses	7600509 & 7600511	15941509	14737226
20	Other Expenses	7600305,406,501 to 503 507,512,540,550,552,561 562,564, 570 to 578	4445124	3277325
	TOTAL		599482729	570471020
	LESS: Adm & General Charges Capitalised	7609000	61180133	44549170
	Net Administration and General Expenses (b)		538302596	525921849

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 (2012 - 13)	Previous year (2011 - 12)
1	Material Cost Variances	8500311 to 313, 322& 323	(412110)	(350041)
2	Compensations	8400108,109,111, 304 & 305	10375325	14373581
3	Materials /Scrap/Assets Loss etc	8500302, 315	24315176	8735332
4	Miscellaneous Losses and write offs	8000101,105, 8500201& 204	1425767	(725808)
5	Sundry Receivables Write off (RGGVY & DDG)	8500318	47145125	-
6	Extra Ordinary debits (Loss on account of Flood, Cyclone, Fire etc.)	8500601	165000	-
7	Other Miscellaneous Expenses	8500804	-	10120
8	Provision for Government Receivables	8585000	2487200000	-
	Total Other (c)		2570214284	22043184
	TOTAL OTHER EXPENSES (a+b+c)		3621566459	861725345

26.3.1. RGGVY & DDG amounts were write off as per the minutes of FRP meeting Dt.15-05-2013

Exceptional Items

(in Rupees)

Sl. No.	Particulars	Account Code	Current year (2012 - 13)	Previous year (2011 - 12)
1	Income relating to previous year			
	Receipts-prior periods	6600212 to 880	-	30000
	Sub Total:		-	30000
2	Prior period Expenses / Losses			
	Short provision for power	8800101	-	(4408294)
	Sub Total:		-	(4408294)
3	Total 'Net Prior Period Credits /(Charges)		-	4438294



27 Other Disclosures:

27.1 The Books of accounts of the Company have been prepared in 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.)
2005-06	The Assistant Registrar, ITAT	U/s 80 IA
2006-07	The Assistant Registrar, ITAT	U/s 80 IA
2003-04	High Court	1,37,46,001
2004-05	High Court	1,77,28,405

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 2012-13 along with relevant notes have been derived from SAP system.

27.6 Third Transfer Scheme with effect from 9th 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 Tripartite Agreement between the Rural Electrification Corporation (REC), Government of Andhra Pradesh (GOAP) and the Company for execution of the RGGVY scheme, the Company shall construct and operate the assets created out of the loan assistance given by REC and the ownership of the assets shall be with the GOAP.

To end of March 2013 the company received Rs. 249,26,00,000 and spent/ created RGGVY assets valued Rs. 216,80,00,000.

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 2013-14**

(in Rupees)

Funding Agency	Principal	Interest
REC	39,50,00,000	20,50,00,000
PFC	Nil	Nil
Govt. Loan	5,33,00,000	Nil
Federal Bank	4,73,00,000	1,00,00,000
Bank of Baroda	4,20,00,000	85,00,000
Vidyut Bonds	Nil	2,34,00,000
TOTAL	53,76,00,000	24,69,00,000

27.11 **Details of Remuneration to Statutory Auditors:**

(in Rupees)

Paticulars	2012-13	2011-12
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 09.06.2005, for Transfer of Bulk Supply Undertaking and Power Purchase Agreements from AP Transco to Distribution companies:

- 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.
- 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, CAs, 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:

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.

27.14 Court Cases / Legal Disputes / Contingent liabilities:

- a) The receivables for sale of power as on 31-03-2013 include Rs. 252,01,57,000 which are Subject to finalisation of disputes in court cases.
- b) The power purchase cost to the tune of Rs. 10,01,20,917 (previous year Rs. 7,02,10,683) is provided in the books of account based on matching concept against APGPCL 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 matter 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 suite 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 suite 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.



- 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.
- 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 and 04.04.2012 for arguments.
- g) An amount of Rs. 97,86,824/- & 3,37,740/- deposited at Hon'ble A.P. High Court under Protest against the SSI penal interest.
- h) There is dispute on implementation of Employees Provident Fund Scheme in respect of Contract labour engaged for which notices received from the Provident fund Authorities against that certain amounts were paid under protest and appealed to Tribunal/ High court.

The division wise details are furnished hereunder:

(in Rupees)

Division	Amount involved	Paid/Deposited
Eluru	7645577	5226984
T.P.Gudem	4315519	3186445
Bhimavaram	1225899	1225899
Nidadavole	4981010	4981010
Jaggampeta	1665572	832786
Rajahmundry	3698455	1269249
Ramachandrapuram	1596123	717461
Amalapuram	6213746	3106873
Circle Office/Rjy	798764	479309
Anakapalli	894858	447429
Paderu	804620	402310
Circle Office/VSP	241229	120615
Bobbili	1138996	569498
Vizianagaram	1511684	755843
Circle Office/VZM	187954	187954
TOTAL	32140665	15932433



- i) 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.
- j) 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.
- k) Klen & Marshall the 'Lessor' of certain equipment to the Company has claimed Rs1,40,00,000 towards lease rentals of ELURU circle for the period from Sep-2005 to Sep-2006. The same is filed before Hon'ble Supreme Court.
- l) R&C Penalty levied and accounted upto March' 2013 is Rs.215,17,00,000. APERC has ordered to refund 50% of R&C penalties to the Consumers. APEPDCL and other Discoms filed O.P. before Hon'ble APERC against the refund order.
- m) Other Contingent Liabilities: compensations against Non-fatal accidents etc. pending in courts.

Name of the Circle/Division	(Amount in Rupees)
Vizianagaram Division	2457900
Bobbili Division	2664386
Narsipatnam Division	1157840
Kakinada Division	1651196
Ramachandra puram Division	587917
Jaggampeta Division	1120000
Rajahmundry Division	538770
Jangareddy Gudem	2027214
Total	12205223

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

Name of the Circle	(Amount in Rupees)
Srikakulam Circle	210629556
Vizianagaram Circle	97775845
Rajahmundry Circle	65669000
Eluru Circle	108908748
Total	482983149



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

- 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 more than 3 years of Rs.85.64 Crores doubtful dues to end of 31-03-2013 are only 18.43 Crores (Arrears against Bill Stopped Services Rs.7.73 Crores and under RR Act Rs.10.70 Crores) only. Remaining amount is under court cases. Since adequacy of available provision for bad and doubtful debts no additional provision is created during the year.
- 27.19 **Annual Accounts for the FY 2012-13 approved in the board meeting held on 15/11/2013 are revised as per the instructions issued by APTRANSCO vide Lr.No./Dir (F&R)/SAO/365/13, Dt.16-12-2013**

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

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

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

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

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

Sd/- xxxxxx
A. Rama Rao
Company Secretary



Eastern Power
Distribution Company of A.P. Ltd

ఆంధ్రప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ

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



ACCOUNTING PRINCIPLES & POLICIES

Year 2012-13

NOTE -1

ACCOUNTING PRINCIPLES AND POLICIES

BASIC ACCOUNTING PRINCIPLES

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

ENTITY OF THE COMPANY FOR THE PURPOSE OF ANNUAL ACCOUNTS

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

HISTORICAL COST CONVENTION

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

GOING CONCERN CONCEPT

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

CONSISTENCY CONCEPT

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

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

TRUE AND FAIR PRESENTATION

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

ACCRUAL BASIS OF ACCOUNTING

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

COMPARATIVE FIGURES FOR PREVIOUS YEAR

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

RESERVES NOT TO ABSORB CHARGE AGAINST REVENUE

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

costs which would otherwise be a charge against the revenue of the current year, past years or future years.

REVENUES NOT TO BE DIRECTLY CREDITED TO RESERVES

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

OFFSETTING OF ASSETS AND LIABILITIES

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

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

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

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

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

NO DEFFERMENT OF LOSS WRITE OFF

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

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

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

2. ACCOUNTING POLICIES

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

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

I. CAPITAL EXPENDITURE AND FIXED ASSETS:

Disclosure at Historical Cost and no Revaluation of Fixed Assets

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

Expenditure on Project identification Survey and Feasibility Studies

2.3 Expenditure incurred on identification, survey and feasibility studies of a project before the project is considered for

sanction or rejection are accumulated in an account provided for the purpose. Later, if the project is rejected, the full amount of expenditure is charged to Revenue as in fructuous capital expenditure in the year in which the project is rejected. If the project is sanctioned, the expenditure is charged to capital work-in-progress account for that project. Any expenditure incurred on detailed feasibility studies etc. after a project is sanctioned shall also be charged to the capital work-in-progress account for that project. The aggregate of expenditure incurred before and after sanction of a project are allocated over the "tangible" assets acquired / constructed under the project, in the same manner as the revenue expenditure chargeable to capital works are to be allocated.

COST OF CAPITAL ASSETS

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

Treatment of material related costs

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

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

- 1) Inland freight on imported capital equipment.
- 2) Freight on Local Capital Equipment
- 3) Testing charges – capital equipment

- 4) Incidental Stores Expenses – Capital Equipment.
- 5) Octroi on capital Equipment.
- 6) Advertisement for tenders etc. for purchase of capital equipments.

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

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

In accordance with Accounting standard.

Outside Labour / Contractor Charges

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

Capitalisation of Expenses

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

Land and Land Rights

2.10 Land cost comprise of the following:

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

7) Cost of demolishing an unwanted structure if the land is acquired with structure.

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

Buildings

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

- 1) Purchase price
- 2) Compensation for acquisition of Building
- 3) Payments to tenants to cancel their tenancy rights.
- 4) Expenses such as legal charges stamp duty etc incurred for securing an effective title
- 5) Repairs alterations and improvements to put the building in usable condition.
- 6) Architect’s fees for remodeling, alterations, improvements before the building is first put to use.

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

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

Additions, improvements, Replacement & 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.5000 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 transmissions 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 90percent 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) Freight etc. on transfer of assets to any Asset/Scrap Disposal Authority in the Company.
- 6) Expenditure on freight etc. on delivery of the sold 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 2.64 & 2.65 be charged to Revenue Account for the year.
- 2.69. A portion of the interest on borrowings which relates to financing of capital work-in-progress upto the stage of commissioning shall, if so directed by Central Government, be capitalised

Cost Relating Borrowings

- 2.70 Guarantee charges, commitment charges and legal charges / stamp duty for loan agreements, debenture trust deeds, bonds or debentures are charged to revenue in the year in which the costs are incurred.

Provision is made at the year-end for the above costs for the year, which has accrued but is not paid.

Discount and Redemption Premium on Bonds etc

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

Treatment of income and investments

- 2.73. Income from investment is credited to Revenue Account for the year in which the income has accrued. However, if the investments are held as earmarked investments against any Fund such as Pension Fund, Gratuity Fund etc., the income from such investments may be credited directly to the respective Fund.
- 2.74. Provision is made for the income from investments (whether to be credited to Revenue Account of a Fund), which has accrued but not received by the Company.

Investments to be recorded 'at Cost'

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

Treatment of Loss/Gain relating to Investments

- 2.76. Gain on sale of investments is credited to the net Revenue and Appropriation Account. Similarly if any Redemption premium is received on maturity of

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

IV. OTHER ACCOUNTING AREAS

Foreign Currency Transactions

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

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

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

charged to revenue for the year as "Loss on Exchange Rate Variation".

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

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

- (1) The increase or decrease in the amount of foreign currency liability is accounted for as an increase or decrease in the cost of the assets financed by the liability.
- (2) The depreciation for the past years shall also be reworked for the assets where the conditions laid down in paragraph 2.65 for retrospective reworking of depreciation are fulfilled.

Loss due to Fire, Flood, Cyclone etc

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

- (1) By the insurance claim granted by the insurer, where assets are insured with 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,

short fall 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 grant ing 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 ac counting standards issued by the ICAI, to the extent applicable, in regards to the accounting treatment of various transac tions and prescribed in the Accounts.

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

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

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

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

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

Sd/- xxxxxx
A. Rama Rao
Company Secretary

CASH FLOW STATEMENT AS ON 31st MARCH 2013

(in Rupees)

	PARTICULARS	2012-13	2011-12
A	Cash Flow From Operation Activities:		
	Net Profit/Loss Before Tax	(16805469046)	189030735
	Adjustments For:		
	Depreciation	2046843704	1900731127
	Interest (Net)	2778986807	2508705732
	Adjustments for Employees terminal benefits like P&G, GPF, GIS, & FBF	412993283	(391496884)
	Operating Profit before Working Capital Changes	(11566645251)	4206970710
	Adjustments for :		
	(Increase)/Decrease in Trade and Other Receivables	5557002532	(6176119897)
	(Increase)/Decrease in Inventories	(398565768)	(136285002)
	Interest to Consumers on Security Deposits	(658641088)	(360492741)
	Increase/(Decrease) in Trade & Other Payables	12772634988	5386297070
	Cash Generated from Operations	5705785413	2920370140
	Provision for Income Tax	-	(63408929)
	Amortisation of consumer contribution, Subsidies and Grants towards cost of capital assets	894239222	760840091
	Net borrowings towards working capital	289463517	1160848295
	Net Cash From Operating Activities	5101009708	3383787273
B	Cash Flow From Investing Activities		
	Purchase of Fixed Assets (Including Interest Capitalised)	(4048901193)	(2980622473)
	Purchases of Investments - including Contingency Reserve in Govt. Bonds	(367500000)	(270600000)
	Interest Received	131314260	154632920
	Net Cash (used in)/from Investing Activities	(4285086933)	(3096589553)



C	Cash Flow From Financing Activities:		
	Proceeds from Long Term Borrowings	119000000	295109878
	Proceeds of Consumer Contribution for capital Assets	1997133133	1606368665
	Repayment of Long Term Borrowings	(730399799)	(686054649)
	Interest Paid	(2251659979)	(2302845911)
	Net Cash (used in)/ From Finance activities	(865926645)	(1087422017)
	Net(decrease)/increase in cash and cash equivalent(A+B+C)	(50003871)	(800224297)
	Cash and Cash Equivalents at Beginning of the year	2793236470	3593460767
	Cash and Cash Equivalents at end of the year	2743232599	2793236470

As per our Report of even date annexed

For M/s. Brahmaya & 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.

0 3 4 1 1 7

State Code

0 1

(Refer Code List)

Balance Sheet Date

3 1 0 3 1 3

II. Capital raised during the year : (Amount in Rs. Thousands)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private
Placement

N I L

III. Position of Mobilisation and Deployment of funds : (Amount in Rs. Thousands)

Total
Liabilities

6 3 4 0 4 5 5 9

Total Assets

6 3 4 0 4 5 5 9

Sources of Funds

Paid - up
Capital

1 2 1 2 2 5 3

Reserves &
Surplus

(-) 1 4 4 9 2 2 3 9

Secured
Loans

1 2 8 5 5 6 9 2

Unsecured
Loans

8 5 0 3 5 7 2

Application of Funds

Net Fixed
Assets

2 0 9 5 5 6 5 9

Investments

1 3 4 6 4 9 9

Net Current
Assets

(-) 1 4 2 2 2 8 8 0

Miscellaneous
Expenditure

Accumulated
Losses

IV. Performance of Company : (Amount in Rs. Thousands)

Turnover

5 0 9 1 4 1 4 3

Total
Expenditure

6 7 7 1 9 6 1 2

Profit / Loss before Tax

(-) 1 6 8 0 5 4 6 9

Profit / Loss after Tax

(-) 1 6 8 0 5 4 6 9

(Please tick appropriate box + for Profit - for Loss)

Earning per
Share in Rs.

Dividend rate %

V. Generic Names of Three Principal Products / Service of company (as per monetary terms)

Item Code No. (ITC Code)

Product Description

S U P P L Y A N D
D I S T R I B U T I O N O F
E L E C T R I C I T Y

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

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. Ltd
ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ
(An ISO 9001:2008 & ISO 27001:2005 Certified Company)

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 Thirteenth Annual General Meeting of

the Company to be held on 27th December, 2013 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

