



Eastern Power

Distribution Company of A.P. Ltd

ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ

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



12th Annual Report

2011-12



INDIA POWER AWARDS for Best Performance in Distribution Sector for the year **2009-10** receiving from **Sri Sushil Kumar Shinde**, Hon'ble Minister of Power, Govt. of India on 22.3.2012 by Sri **Ahmad Nadeem, I.A.S., CMD/APEPDCL**.

EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED
Visakhapatnam – 530 013

CONTENTS	PAGE No.
Notice	1
Directors' Report	3-15
C&AG Comments & Replies	16-17
Auditors' Report	18-25
Auditors' Comments & Replies	26-31
Revenue Account	33
Net Revenue and Appropriation Account	34
Balance Sheet	35
Schedules to Revenue Account and Balance Sheet	36-58
Accounting Principles and Policies	60-72
Notes to Accounts	74-86
Cash Flow Statement	87-88
Balance Sheet Abstract and Company's General Business Profile	89
Proxy	90

EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

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

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Eastern Power Distribution Company of Andhra Pradesh Limited will be held on Saturday, the 29th day of September, 2012 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:

To receive, consider and adopt the Audited Profit and Loss Account for the Period ended 31.03.2012 and balance sheet as on 31.03.2012 of the company together with the Directors' Report, the Statutory Auditors Report and the comments of the Comptroller and Auditor General of India thereon.

To take note of the appointment of Statutory Auditors for the Financial year 2012-13 under the provisions of Sec. 619 of Companies Act, 1956 by Comptroller and Auditor General of India and fix the remuneration of Statutory Auditors of the Financial year 2012-13.

Draft Resolution:

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 2012-2013."

Place : Visakhapatnam

Date : 12-09-2012

By Order of the Board



A. Rama Rao

Company Secretary

Notice :

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.2011-2012 shall be placed before the shareholders at the AGM.



Eastern Power
Distribution Company of A.P. Ltd

ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ

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

DIRECTORS' REPORT



EASTERN POWER DISTRIBUTION COMPANY OF AP LIMITED

Regd. Office : P & T Colony, Seethammadhara, Visakhapatnam - 500 013

DIRECTORS' REPORT

Dear Shareholders,

Your directors take immense pleasure in presenting the Twelfth Annual Report of the Company together with the Audited statement of Accounts for the year ended 31st March 2012. During Twelfth year of the 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 11725.82 Million Units, an increase of 13.11% as compared to 10366.38 Million Units for the previous year. The aggregate technical and commercial losses were brought down to 6.90% from 7.00% in the previous year.

During the year, the DPE wing has inspected 50,726 services and assessed an amount of Rs.2113.16 Lakhs in respect of 11,857 cases booked, relating to pilferage, malpractice, back billing, etc.; out of which an amount of Rs.1417.90 Lakhs has been realised.

During the year, the Assessment wing has disposed off 5177 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.300.13 Crores during 2011-12 on various capital investment schemes for System Improvement and new schemes for improving quality of power supply.
- 83 Nos. new 33/11KV Indoor & Out Door sub-stations were sanctioned during 2011-12 at an amount of Rs. 102.60 Crs. under T&D to improve voltage profiles and to meet future load growth, out of which 15Nos. new 33/11KV out door Sub-stations and 1 No.33/11KV Indoor Sub- station at INS Kalinga, Bheemili in Visakhapatnam Circle was charged during the Year 2011 - 2012.
- Pilot project was undertaken for Segregation of agricultural services from mixed feeders in EPDCL, one mandal in each of the five Circles with internal funds at an amount of Rs.21.04 Crs. Works are completed during the FY 2011-12.
- EPDCL has released 30,347 Nos. BPL services and 9,707 Nos. APL services to the rural households, and 18 habitations were electrified and 766 Nos. villages were intensified during 2011-12 under RGGVY scheme. So far 6,36,690 Nos. BPL services and 1,00,858 Nos. APL services were released and 1,352 Nos. habitations electrified and 8,298 Nos. villages intensified.
- 57 Nos. 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, to provide electricity first time to 57 Nos. Tribal habitations in ITDA Paderu area of Visakhapatnam District.

Out of the above sanctioned 57 Nos. 1 No. 4KWp Solar Power Plant was completed on 31-03-2012 at Lakkavaram, Kitumala Panchayat, Chintapalli on Pilot basis and is the first of its kind project in Andhra Pradesh.

- In HVDS system to improve tail end voltage, 1,247 Nos. small capacity DTRs have been erected for conversion of 2,148 Nos. pumpsets into HVDS during 2011-12. 360 Nos. mother DTRs converted to HVDS.

- The works for HVDS scheme under Phase – III in Rajahmundry circle are under progress for conversion of 9,553 Nos. pumpsets with an estimated amount of Rs. 50.346 crs.
- The HVDS Phase - III works in Srikakulam, Vizianagaram and Visakhapatnam circles were awarded during 2011-12 with an estimated amount of Rs. 100.69 crores for conversion of 18,615 Nos. pumpsets into HVDS and are under progress.
- 430 Km of new 33 KV feeders/ Interlinking lines for erection of 38 Nos. 33KV feeders are being taken up at an estimated cost of Rs. 24.965 crs. During 2011-12, 16 Nos. feeders charged upto a length of 252 km.
- R-APDRP Part-B a central sponsored scheme has been sanctioned for an amount of Rs.3.13 Crores for strengthening of distribution network in Narsipatnam Town of Visakhapatnam District. The work was awarded to M/s. Sealwel Corporation Pvt. Ltd., Hyderabad on 05-09-2011 and 60% of the works completed.
- Works were awarded for providing of 24 Hrs. supply to substation headquarters for 155 Nos. 33/11KV substations in APEPDCL for an amount of Rs. 12.64 Crs.
- Project for erection of 200 Nos. 600 KVAR capacitors on predominatly agricultural feeders in sanctioned for amount of Rs. 11.00 crs. under National Electricity Fund (NEF) scheme.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the F.Y.2011-12 as against APERC Targets and in comparison with previous year is as follows:

(Rs. Crores)

	Particulars	APERC Target 2011-12	Actual 2011-12	Actual 2010-11
I	Revenue			
	Sale of Power (incl. Electricity Duty)	3942.42	3885.61	3298.19
	Inter state sales and Inter Discom Sales		151.23	217.80
	Other Income	75.32	157.92	141.08
	Subsidy	379.56	1367.56	857.66
	Total Revenue	4397.30	5562.32	4514.73
II	Expenditure			
	Power Purchase	3673.31	4537.43	3589.41
	Electricity Duty		54.03	43.90
	Employee Cost	345.81	433.92	451.98
	Administration & General Charges	59.33	57.05	49.42
	Repairs & Maintenance	20.56	31.38	17.87
	Interest & Finance Charges	144.30	266.33	186.94
	Depreciation	173.12	191.51	179.66
	Other Expenses		2.20	2.40
	Prior Period Credits/(Charges)		0.44	0.00
	Special Appropriation – Contingency Reserve	5.00	0.00	0.00
	Less:1. Expenses Capitalized	30.86	29.70	22.23
	2. Interest During Construction (IDC)		0.29	0.63
	Total Expenditure	4390.57	5543.42	4498.72
	Profit before Tax but After Prior period items & Spl. Appropriation	6.72	18.90	16.01
	Provision for Income Tax & FBT	1.98	8.89	3.19
	MAT Credit Entitlement		15.23	0.00
III	Profit after Tax	4.74	25.24	12.82

Note: * Actual Sale of Power is inclusive of efficiency gains.

VARIATION IN EXPENDITURE WHEN COMPARED TO APERC TARGETS

The actual expenditure during the year was Rs.5543.42 Crores as against the APERC approved estimate of Rs.4390.57 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
	2011-12 (in Crores)	2011-12 (in Crores)	
Power Purchase	3673.31	4537.43	Actual Power purchase cost is Rs. 3.39/ unit as against the target power purchase cost of Rs.2.70 /unit. The increase in cost is mainly due to high cost power purchase.
Employee Cost	345.81	433.92	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	173.12	191.51	Depreciation is charged as per accounting policy of the company. The variation is due to increase in capitalization during the year.
Interest & Finance Charges	144.30	266.33	Increase in interest and finance charges is due to interest on short term loans taken to meet the additional power purchase cost.
Admin. and Gen. Charges	59.33	57.05	Actual cost is less than ARR Target.
Repairs and Maintenance	20.56	31.38	The increase in Actual cost is due to the amount paid to Substation maintenance staff was charged to R&M cost in F.Y.2011-12 which was earlier charged to employee cost.

SURPLUS IN REVENUE ACCOUNT:

During the year 2011-2012 the Company achieved a surplus after tax of Rs. 25.24 Crores after making Provision of Rs.8.89 Crores towards Tax under the provision of the Income - Tax Act,1961.

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 2011 - 2012.

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 Ahmad Nadeem, IAS	Chairman & Managing Director	13.04.2010	---
Sri K.Ranganatham	Non Whole Time Director	09.07.2010	---
Sri B.Umakara Rao	Non Whole Time Director	09.01.2009	---
Sri V.Suryanarayana	Director (Projects)	30.06.2009	---
Sri H.Y.Dora	Director (Operations)	01.05.2008	---
Sri Y.Narayana	Director (RA&Plg.)	29.11.2008	03.12.2011
Sri P.Hari Prasad, IRAS	Director (Finance)	01.05.2009	---
Sri Munindra, IFS	Part Time Official Director	28.07.2011	---
Sri K.N.Malleswara Rao	Part Time Official Director	18.08.2011	---

consequent to the above changes the Board of Directors of the Company as on the date of 12th Annual General Meeting is as follows .

Name of the Director	Designation	Date of appointment
Sri Ahmad Nadeem, IAS	Chairman & Managing Director	13.04.2010
Sri K.Ranganatham	Non Whole Time Director	09.07.2010
Sri B.Umakara Rao	Non Whole Time Director	09.01.2009
Sri V.Suryanarayana	Director (Projects)	30.06.2009
Sri H.Y.Dora	Director (Operations)	01.05.2008
Sri P.Hari Prasad, IRAS	Director (Finance)	01.05.2009
Sri Munindra, IFS	Part Time Official Director	28.07.2011
Sri K.N.Malleswara Rao	Part Time Official Director	18.08.2011

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	22.06.2011	5	2
2	26.07.2011	5	1
3	27.09.2011	4	3
4	20.12.2011	4	3
5	30.03.2012	4	4

AUDIT COMMITTEE

The Audit Committee of the Company consists of the following three Directors, out of whom two are Non-Whole Time Directors:

Name of the Director	Designation	Other Directorship/s
Sri K.Ranganatham	Non Whole Time Director	Joint Managing Director / APTRANSCO
Sri B.Umakara Rao	Non Whole Time Director	Director (Projects), APTRANSCO
Sri H.Y.Dora	Director (Operations)	Nil

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

Sl. No.	Date of the Meeting	No. of Whole Time Directors attended	No. of Non Whole Time Directors attended
1	22.06.2011	1	2
2	26.07.2011	1	1
3	27.09.2011	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 2011 - 2012

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:

- i. The Annual Accounts are prepared as per the Electricity Supply (Annual Accounts) Rules, 1985 and the applicable Accounting Standards, so as to give a true and fair view of the state of affairs of the Company for the Financial Year ended on March 31st, 2012; and of the Revenue Account for that period with proper explanation relating to material departures;
- ii. The Accounting Policies have been selected and consistently applied, 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 Revenue 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 Silver Shield as best performing Distribution Company for the Year 2009-10 amongst all distribution companies in India.
- Two of the Mandal Mahila Samaykhyas of Seethammampeta and Donbhai of Srikakulam District under the Company have received awards from Ministry of Power Gold and Bronze shield awards for Rural Distribution Franchisees performance for the year 2009-10.

CUSTOMER SERVICE

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

- Introduced centralized call center in APDRP scheme at the Corporate Office Level. For this purpose a toll free number was taken as 1800-42-555333 with effective from 30th August 2011.
- EPDCL has provided online bill payment facility on APEPDCL website using credit/debit/master cards.
- Monthly billing has been introduced in 29 towns in all 5 circles / districts.
- Collections are also made through Electronic Clearing Services (ECS) in Visakhapatnam and Kakinada Towns.
- Wide publicity activities were taken such as exhibition of display boards, norms for new service connections and citizen charters etc.,

- Vidyut Adalats are conducted every monday at all section offices for resolving complaints.

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:

- Developed DTR module in EPIMRS for tracking the replacement of failed DTRs right from complaint time till the handing over of failed DTR to SPM. Recently, this module is enhanced with GPS.
- Established a centralized Data Center at EPDCL corporate office for housing all the IT application Servers like SAP, EPIMRS etc.
- Introduced power bill payments through “EBPP” (Electronic Bill presentment and Payment), Consumers can pay their electricity bill online directly from their bank accounts without any service charges
- Introduced SMS alerts on Bill amount to be paid by LT consumers for those who have registered with EPDCL as part of better consumer service.
- Firmware & RAM upgradation were done to Corporate DELL servers existing in DISCOM Data Centre to improve the performance of hardware.
- 452 Desktops were deployed in the DISCOM for effective utilization by the users
- Secured online transactions by implementing Secured Socket Layer connections 128 bit encryption using verisign certificates.

CONSUMER GRIEVANCES REDRESSAL FORUM

- Forum has conducted 56 consumer awareness programmes and disposed 645 complaints during the year.

HUMAN RESOURCE DEVELOPMENT ACTIVITIES

- 12 Nos. Junior Accounts Officer Posts were filled in during the year 2011-2012.
- 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.

- 410 Nos. of persons attended and 2326 number of Mandays covered in various training programmes during the year 2011-12

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 also place on record our appreciation for the excellent contribution rendered by Sri Y. Narayana, 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' Association 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 in time.

For and on behalf of the Board



Sri Ahmad Nadeem, I.A.S.,
Chairman & Managing Director



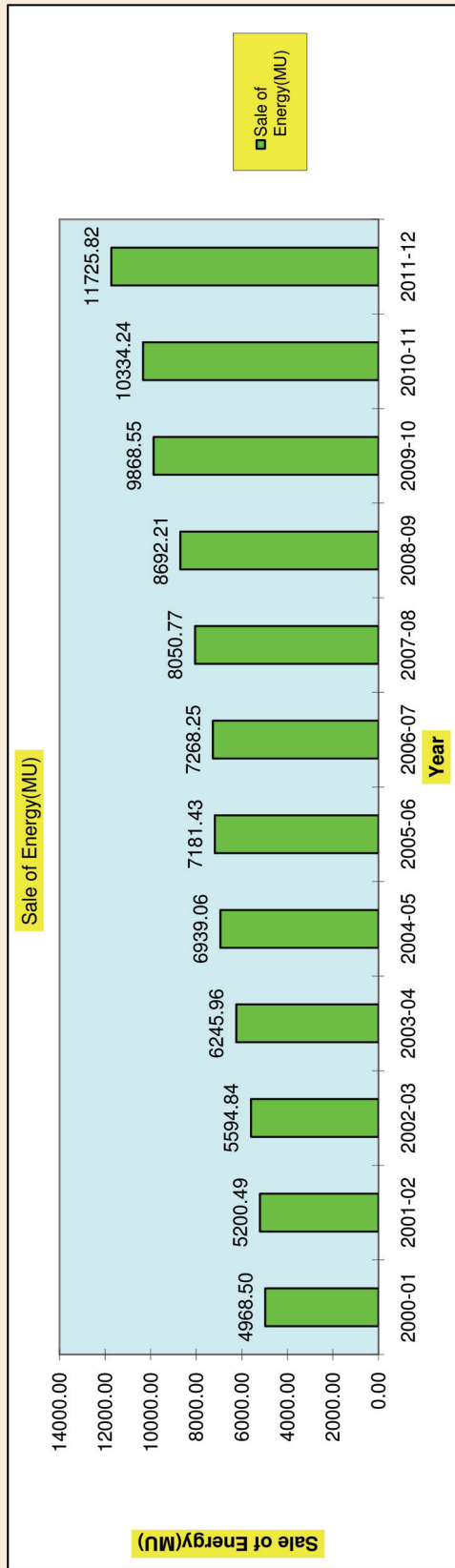
Eastern Power
Distribution Company of A.P. Ltd

ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ

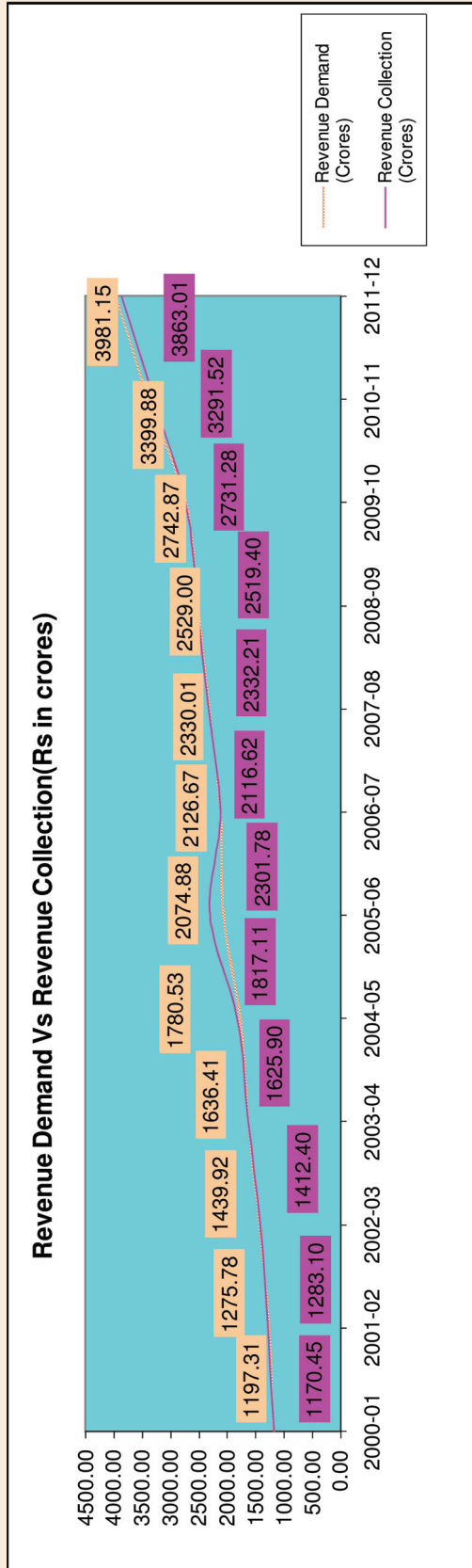
(An ISO 9001:2008 & ISO 27001:2005 Certified Company)

COMMITTED TO GROW

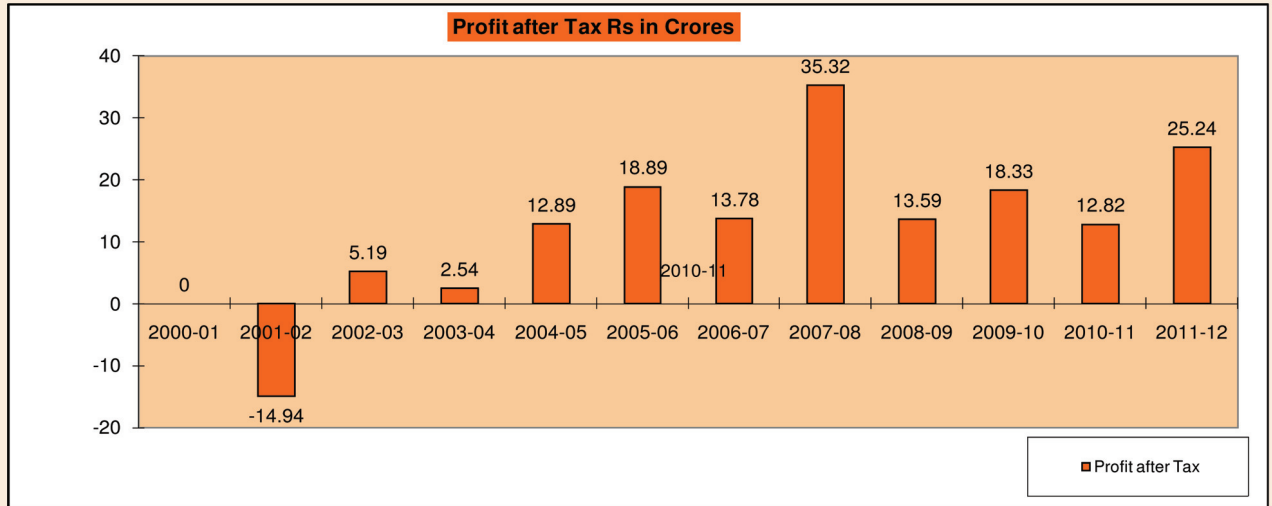




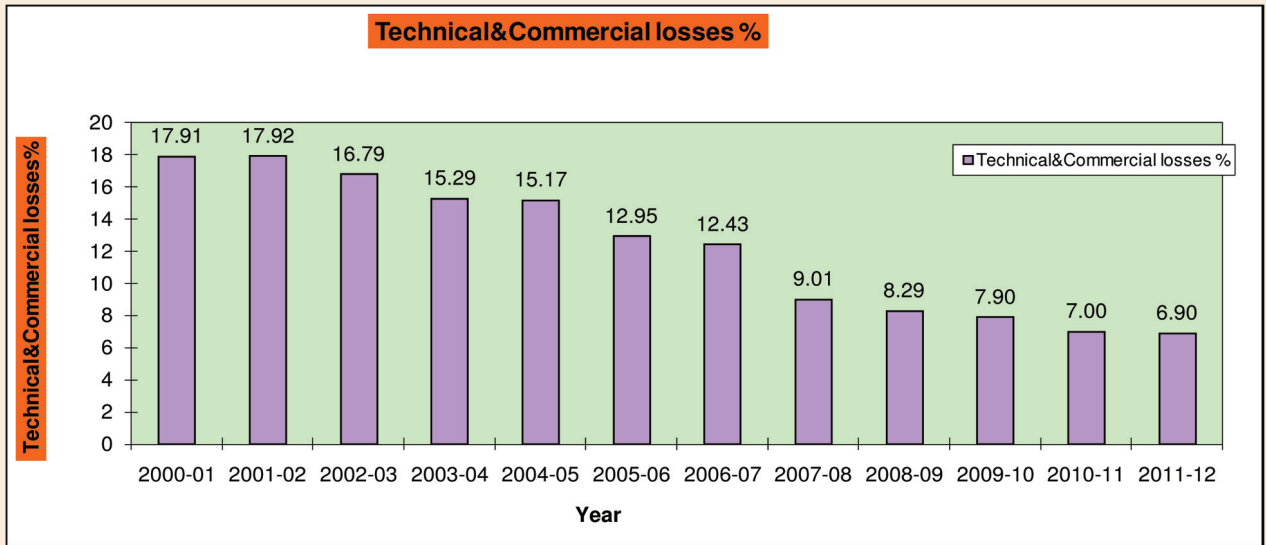
YEAR	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Sale of Energy (MU)	4968.50	5200.49	5594.84	6245.96	6936.06	7181.43	7268.25	8050.77	8692.21	9868.55	10334.24	11725.82



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
Revenue Demand (Crores)	1197.31	1275.78	1439.92	1636.41	1780.53	2074.88	2126.67	2330.01	2529.00	2742.87	3399.88	3981.15
Revenue Collection (Crores)	1170.45	1283.10	1412.40	1625.90	1817.11	2301.78	2116.62	2332.21	2519.40	2731.28	3291.52	3863.01

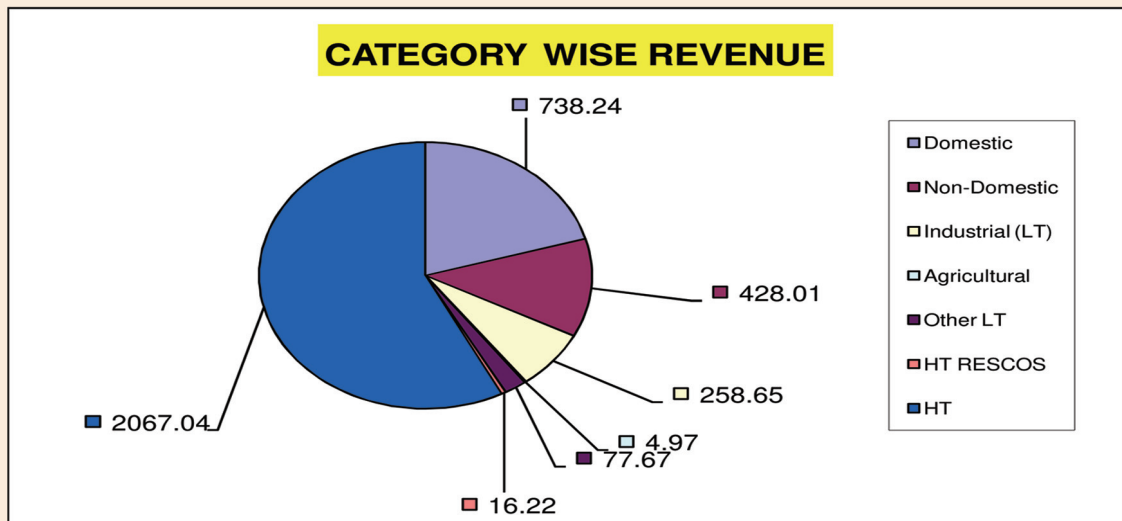
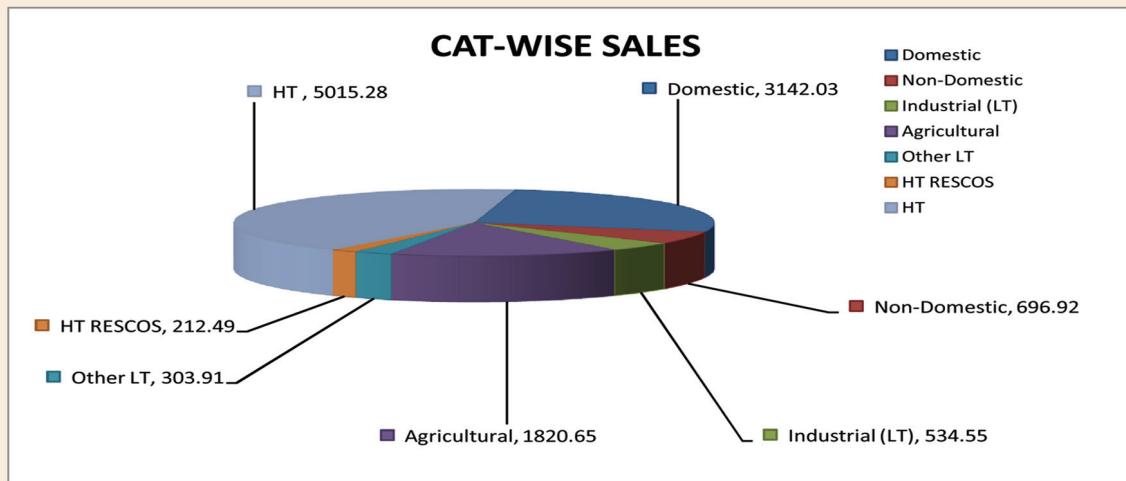


YEAR	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Total Revenue	1198.11	1540.67	1663.98	1821.52	2013.25	2138.02	2322.68	2731.32	3534.14	3983.83	4470.83	5508.29
Total Expenditure	1198.11	1555.61	1658.34	1818.76	1999.21	2106.49	2309.6	2766.23	3510.38	3966.55	4454.82	5489.83
Profit after Tax	0	-14.94	5.19	2.54	12.89	18.89	13.78	35.32	13.59	18.33	12.82	25.24



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
Technical & Commercial losses %	17.91	17.92	16.79	15.29	15.17	12.95	12.43	9.01	8.29	7.90	7.00	6.90

Particulars	SALES		REVENUE	
	MU	%	Rs. Crores	%
Domestic	3142.03	26.80	738.24	20.56
Non-Domestic	696.92	5.94	428.01	11.92
Industrial (LT)	534.55	4.56	258.65	7.20
Agricultural	1820.65	15.53	4.97	0.14
Other LT	303.91	2.59	77.67	2.16
HT RESCOS	212.49	1.81	16.22	0.45
HT	5015.28	42.77	2067.04	57.56
TOTAL	11725.82	100.00	3590.80	100.00



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, VISAKHAPATNAM FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of Eastern Power Distribution Company of Andhra Pradesh Limited, Visakhapatnam for the year ended 31 March 2012 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 18 July 2012.

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 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

Note on disclosure

The Company has not disclosed the fact that:

1. Rs.83.38 crore outstanding for more than three years and above against which the provision for bad and doubtful debts was Rs. 36.32 Crore.
2. Rs.2274.20 crore receivable from Government towards subsidy for High Cost of power etc., outstanding from 2008-09 onwards. The company stated that the Government of A.P. had explicitly authorized APDISCOMS to procure additional power by way of comfort letters and directed APDISCOMS to raise short term loans. No Clear commitment for reimbursement from the Government in their next budget i.e., 2010-11 onwards.

Place : Hyderabad

Date : 27-09-2012.

for and on the behalf of

The Comptroller and Auditor General of India



(K.R. Sriram)

Principal Accountant General (E&RSA)

REPLIES OF THE COMPANY TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31 MARCH 2012.

para No	Comments of Comptroller and Auditor General of India	Reply of the Company
1	<p>Note on disclosure</p> <p>The company has not disclosed the fact that :</p> <p>Rs. 83.38 crore outstanding for more than 3 years and above against which the provision for bad and doubtful debts was Rs. 36.32 crore.</p>	<p>It is to submit that against the arrears more than three years of Rs. 83.38 Crore as pointed out by the audit, doubtful dues to end of 31.03.2012 are only as follows.</p> <p>LT arrears : Under Bill stopped services Rs. 5.00 Crores</p> <p style="text-align: right;">Under RR Act services Rs. 9.35 Crores</p> <p>HT arrears : Under Bill stopped services Rs. 2.78 Crores</p> <p style="text-align: right;">Total <u>Rs. 17.13 Crores</u></p> <p>Balance arrears are under Court cases. Against the above doubtful dues an amount of Rs. 36.32 Crores is available as provision for bad and doubtful dues.</p> <p>Noted for future guidance.</p>
2	<p>Note on Disclosure</p> <p>The Company has not disclosed the fact that :</p> <p>Rs. 2274.20 crore receivable from Government towards subsidy for High cost of Power etc., outstanding from 2008-09 onwards. The company stated that the Government of AP had explicitly authorized AP DISCOMS to procure additional power by way of comfort letter and directed AP DISCOMS to raise short-term loans. There was no clear commitment for reimbursement from the Government in their next budget i.e. 2010-11 onwards</p>	<p>It is submit that, Government of A.P. had explicitly authorized APDISCOMS to procure additional power by way of comfort letters and directed APDISCOMS to raise short term loans which will be reimbursed by govt. of A.P along with interest in next financial year through budgetary support.</p> <p>Accordingly AP DISCOMS have procured additional power from 2008-09 onwards as per the explicit authorization.</p> <p>It is to submit that, As per section 45B of the regulation 1 of 2005 APDISCOMS have to claim / refund any additional cost/ reduction in case to the consumers.</p> <p>From the F.Y. 2008-09 onwards DISCOMS have incurred additional cost and the same is field with Hon'ble APERC by way of FSA to claim from the consumers as per regulation in vogue.</p> <p>APDISCOMS had incurred the expenditure and the same is accounted in books of accounts and matching revenue in the form of FSA is claimed as per the APERC regulation.</p> <p>The revenue on account of FSA has to be recognized as it is definite revenue as per the AS-9- Recognition of Revenue.</p> <p>Noted for Future guidance.</p>

AUDITORS' REPORT

To

The Members of

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

- 1 We have audited the attached Balance Sheet of Eastern Power Distribution Company of Andhra Pradesh Limited, Visakhapatnam as at 31st March, 2012, the Revenue Account for the year ended on that date annexed thereto and cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph (3) above, we report that:
 - i) 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 in the format 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)

"Suhasini", 10-50-24, siripuram Jn., Visakhapatnam - 530003., AP INDIA
Ph : Off : (0891) 2755821, 2754071, Fax : 2755848, E-mail : bcovsp@brahmayya.com

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 amounting to Rs.26,69,94,459/- 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.29,25,985/- 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.
 - 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 depreciation rate for “Computers”
 - e. Recognition of liability in respect of statutory bonus on payment basis.
- ii) 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, the various assets, including fixed assets and liabilities towards power purchase, supplies & services received and outstanding loans received from State Government of Andhra Pradesh, other receivables from the State Government of AP, at 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 are provisional and accordingly are subject to further adjustments as may be determined by the State Government of AP. While recognizing various assets and liabilities at the amounts stated in the above notifications in its books of account, the company has transferred the differences between the amounts stated in the notifications and the amounts appearing in its books of account to various accounts named as “Generic” and the total amount thus carried in the books of account amount to a debit balance of Rs.46,72,48,432/-. In the absence of any further information, we are unable to express our opinion on the balances at which the assets and liabilities transferred are appearing in the books of account.
 - iii) 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, 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.

- iv) 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 power sharing ratios has not been disclosed in the books of account.
- v) The company has recognized Rs 988 Crores during the year towards "Fuel Surcharge Adjustment" which is subject to the approval of Andhra Pradesh Electricity Regulatory Commission.
- vi) Letters of confirmation of balances have not been provided for our verification in respect of the following:
 - a. Amounts outstanding in the various loans obtained from the State Government of Andhra Pradesh totaling to Rs.46,37,10,373/-
 - b. Amounts outstanding in various term loans from various banks and financial institutions totaling to Rs. 338,80,53,680/-
 - c. Amounts outstanding in various working capital facilities obtained from various banks totaling to Rs. 2879,69,07,590/-
 - 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.429,09,79,517/-
 - e. Amounts due to/ from various power generators, other power DISCOMs, APTRANSCO, whose accounts are monitored by APPCC.
 - f. Debit Balance of Rs. 1066,58,98,528/- appearing in the pool account operated by APPCC.
 - g. Balances due to / from various vendors for supplies and services, other power distribution companies, APTRANSCO.
 - h. Balances due from/ to various consumers/customers.
 - i. Term deposits accounts maintained with various banks together with interest accrued thereon till the Balance sheet date.

- j. Non-confirmation of closing cash balances held by some of the units to the extent of Rs 97,65,159/-
- vii) We report that the following accounts have not been reconciled as at 31st March 2012 and accordingly we are unable to express our opinion on the effect of said un-reconciled amounts on the profit of the company for the year:
- Inter units' accounts with an un-reconciled credit balance of Rs. 17,07,22,986/-.
 - Current accounts maintained with various banks with Board excess, being cheques/ cash deposited in banks and not appearing in banks' statements of account of Rs 93,165,146.30/- (of which Rs 10571220 outstanding for more than six months) and Bank excess, representing amounts credited by banks but not appearing in the books of account of the company of Rs 890602/-
 - Pool account operated by APPCC with a debit balance of Rs 1066,58,98,528/-
 - Debt service clearing account operated by APPCC with a debit balance of Rs 49,88,65,542/-
 - Various Sundry debtors control accounts with the individual debtors subsidiary accounts
 - Remittances from HQ to units & units to HQ in transit- Rs.48,63,76,609/-.
- viii) 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, 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 profit of the company for the year, as the amounts are not determinable.
- In the absence of complete details together with the agewise analysis, vendor wise for supplies and services received, including capital jobs, 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 in respect of various provisions and liabilities provided in the books of account, assets not in use, we are unable to express our opinion on the doubtfulness of the recovery or non existence of the liability as on the date of Balance Sheet and the resultant effect of the same on the profit for the year. Sundry debtors for sale of power.
- ix) 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.
- x) 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.

- xi) We report that the Provision for Leave encashment appearing in books of account as at 31.03.2012 is in excess of Rs 16566205 than the liability determined by the actuary.
- xii) We report that the company has not recognized interest accrued but not receivable as at 31st March 2012 on term deposits with banks amounting to Rs 20174142.

5. Further to our comments in the Annexure referred to above, 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 such books.
- c) The Balance Sheet and statement of Profit and Loss dealt with by this report are in agreement with the books of account.
- d) In our opinion the Balance Sheet and statement of Profit and Loss dealt with by this report comply with the accounting standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956 except to the non-compliances reported under paragraphs 4 (i)(a) to (d) above.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and subject to our observations made under paragraphs 4 (i) to 4 (xii) above, give a true and fair view, in conformity with the accounting principles generally accepted in India, :
 - i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2012.
 - ii) in the case of the statement of Profit and Loss, of the Profit for the year ended on that date.
 - iii) In case of the cash flow statement, of the cash flows for the year ended on that date.
- f) As the company is a government company, the provisions of section 274 (1) (d) of the Companies Act, are not applicable to the company in terms of the Circular No. 8/2002 dated 22.03.2002 issued by the Department of Company Affairs, Government of India.

Place : Visakhapatnam

Date : 18-07-2012

for **BRAHMAYYA & Co.**

Chartered Accountants,

Firm Registration No. 000513S



(Handwritten Signature)

(C.V. RAMANA RAO)

Partner

Membership No. : 018545

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN
PARAGRAPH 3 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) a) We are informed that there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956. Consequently the clause 4(v) of the order is not applicable.
- vi) The Company has not accepted any deposits from public. Consequently the clause 4(vi) of the order is

not applicable.

- vii) In our opinion, the scope and coverage of company's internal audit system requires to be increased to cover the areas of procurement of stores, including capital stores, awarding of job works including capital jobs employee costs, periodical review of various receivable and payable accounts etc. Further there is an urgent need for carrying out "Systems Audit" of the SAP software implemented by the company.
- viii) 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 2012 for a period of more than six months from the date they became payable except Entry tax payable of Rs 1383149.
- c) As at 31st March 2012, 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 involved Rs. In Crores	Nature of Statutory Liability	Period to which the amount relates	Forum where pending
0.27	Income Tax	Asst. Year 2009-10	Commissioner of Income Tax (Appeals)
6.58	Entry Tax	Fin Year 2002-03 to 2004-05	Andhra Pradesh Sales Tax Appellate Tribunal, Hyd
0.20	Central Excise	1993-2003	Central Excise & STAT
3.18	Provident Fund Contract Labour	2000-2005	Employee Provident Fund Tribunal/High Court.

- x) The Company has no accumulated losses and has not incurred cash losses in the financial year covered by our audit and the immediately preceding financial year.
- xi) The Company has not defaulted in payment of any loan installment or interest in respect of term loans from financial institutions and banks.
- xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Consequently the clause 4(xii) of the order is not applicable.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Consequently the clause 4(xiii) of the order is not applicable.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other instruments. Consequently the clause 4(xiv) of the order is not applicable.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions. Consequently the clause 4(xv) of the order is not applicable.
- xvi) In our opinion, the Term Loans have been applied for the purposes for which they were raised.
- xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- xviii) During the year, the Company has not made any preferential allotment of shares. Consequently the clause 4(xviii) of the order is not applicable.
- xix) The Company has not issued any debentures so far. Consequently clause 4(xix) of the order is not applicable.
- xx) During the year, the Company has not raised money by Public issue. Consequently the clause 4(xx) of the order is not applicable.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit, other than the cases of theft of power.

Place : Visakhapatnam

Date : 18-07-2012

for **BRAHMAYYA & Co.**

Chartered Accountants,

Firm Registration No. 000513S



(Handwritten signature)

(C.V. RAMANA RAO)

Partner

Membership No. : 018545

**REPLIES OF THE COMPANY TO THE COMMENTS OF THE STATUTORY AUDITORS
CONTAINED IN THEIR REPORT FOR THE YEAR 2011 - 2012**

Sl. No.	Statutory Auditors Comments	Reply of the Company
1	<p>We are informed that the company is governed by the Electricity Act, 2003 and accordingly the provisions of the said Act would prevail, wherever the same are inconsistent with the provisions of the Companies Act, in terms of Section 174 of the Electricity Act. Accordingly, in terms of Section 185(2)(d) of the Electricity Act, the annual accounts of the company have been prepared in the format prescribed under “Electricity (Supply)(Annual Accounts) Rules 1985. Accordingly certain accounting Policies and Principles followed by the company in preparation of the annual accounts are either not in accordance with the mandatory Accounting Standards prescribed by section 211 (3C) of the Companies Act or the provisions of the Companies Act. The details of various mandatory Accounting Standards and the provisions of the Companies Act not complied by the company are given here under.</p> <p>(a). Capitalization of administrative overheads amounting to Rs.26,69,94,459/- being 11% of the direct cost of the assets capitalized during the year is not in accordance with AS 10 – Accounting Standard on “Fixed Assets”, as the same cannot be attributable as expenditure incurred directly to bring the said assets to working condition</p> <p>(b). Capitalization of interest of Rs.29,25,985/- 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</p>	<p>The company will be switched over to Revised Schedule VI of Companies Act from 2012-13 as per direction of Audit Committee.</p> <p>a) This is the policy decision taken by the management and disclosed in Notes to Accounts (Statement-5) under item No. 2, and Accounting policies and principles (Statement -4) under item No. 2.9.</p> <p>b) The funding agency wise interest rates were adopted in SAP system as Interest indicators for IDC calculation.</p>

Sl. No.	Statutory Auditors Comments	Reply of the Company
	<p>as interest on specified borrowings relating to the acquisition of fixed assets.</p> <p>(c). Non-recognition of deferred tax in the books of account in accordance with AS 22 – Accounting standard on “Tax Expenses”.</p> <p>(d). Charging of Depreciation on “Computers” at a lesser rate prescribed for “office equipment” Vis a Vis the higher rate prescribed by Schedule XIV to the Companies Act, as the Central Government No.S.O.265(E) dated 27.03.1994 does not specify any specific depreciation rate for “Computers”.</p> <p>(e). Recognition of liability in respect of statutory bonus on payment basis.</p>	<p>c) As there is an availability of carried forward loss for the Company, the compliance will be taken care of at appropriate time.</p> <p>d) The EPDCL is following the same method of depreciation and also applying the depreciation rates as per the Central Government notification No. S.O.265(E) dated 27.03.1994 the fact of which was disclosed in Statement-5 (Notes to Accounts).</p> <p>Noted.</p>
2	<p>Consequent to the amendment brought in vide G.O.Ms.No.396 dated 09.06.2005 to the second transfer scheme notified vide G.O.Ms.No.142 dated 29.09.2001, the company has incorporated in its books of account, the various assets, including fixed assets and liabilities towards power purchase, Supplies & Services received and outstanding loans received from State Government of Andhra Pradesh, other receivables from the State Government of AP, at 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 are provisional and accordingly are subject to further adjustments as may be determined by the State Government of AP. While recognizing various assets and liabilities at the amounts stated in the above notifications and the amounts appearing in its books of account to various accounts named as “Generic” and the total amount thus carried in the books of account amount to a debit balance of Rs.46,72,48,432/-. In the absence of any further information, we are unable to express our opinion on the balances at which the assets and liabilities transferred are appearing in the books of account.</p>	<p>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 2nd Transfer Scheme are in the process of analysis. The same is disclosed in Note No. 5 of Notes to Accounts.</p>

Sl. No.	Statutory Auditors Comments	Reply of the Company
3	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, borrowings made for the purchase of power being cash credit facilities and short term borrowings from banks, financial institutions, State & Central Government 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.	Noted. Same was disclosed in Notes to Accounts
4	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 power sharing ratios has not been disclosed in the books of account.	Disclosed in Notes to Accounts as point No. 6
5	v) The Company has recognized Rs.988 Crores during the year towards ‘Fuel Surcharge Adjustment’ which is subject to the approval of Andhra Pradesh Electricity Regulatory Commission.	FSA Proposals were filed before Hon’ble APERC for approval.

Sl. No.	Statutory Auditors Comments	Reply of the Company
6	<p>Letters of confirmation of balances have not been provided for our verification in respect of the following.</p> <p>(a). Amounts outstanding in the various loans obtained from the State Government of Andhra Pradesh totaling to Rs.46,37,10,373/-</p> <p>(b). Amounts outstanding in various term loans from various banks and financial institutions totaling to Rs.338,80,53,680/-</p> <p>(c). Amounts outstanding in various working capital facilities obtained from various banks totaling to Rs.2879,69,07,590/-</p> <p>(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.429,09,79,517/-</p> <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.1066,58,98,528/- appearing in the pool account operated by APPCC.</p> <p>(g). Balance due to/from various vendors for supplies and services, other power distribution companies, APTRANSCO.</p> <p>(h). Balance due from/to various consumers/ customers.</p> <p>(i). Term deposits accounts maintained with various banks together with interest accrued thereon till the Balance sheet date.</p> <p>(j). Non –confirmation of closing cash balances held by some of the units to the extent of Rs.97,65,159/-</p>	<p>Noted.</p> <p>Term Deposit receipts issued by banks in physical form were produced.</p> <p>Noted.</p>
7	<p>We report that the following accounts have not been reconciled as at 31st March,2012 and accordingly we are unable to express our opinion on the effect of said un-reconciled amounts on the profit of the company for the year:</p> <p>(a). Inter Unit's Accounts with an un-reconciled credit balance of Rs.17,07,22,986/-</p>	<p>a) Reconciliation is being done regularly.</p>

Sl. No.	Statutory Auditors Comments	Reply of the Company
	<p>(b). Current accounts maintained with various banks with board excess, being cheques/cash deposited in banks and not appearing in bank's statements of account of Rs.93,165,146/- (of which Rs.10571220/- outstanding for more than six months) and Bank excess, representing amounts credited by banks but not appearing the books of account of the company of Rs.890602/-.</p> <p>(c). Pool account operated by APPCC with a debit balance of Rs.1066,58,98,528/-</p> <p>(d). debt service clearing account operated by APPCC with a debit balance of Rs.49,88,65,542/-</p> <p>(e). Various sundry debtors control accounts with the individual debtors subsidiary accounts.</p> <p>(f). remittances from HQ to units & Units to HQs in transit – Rs.48,63,76,609/-.</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>Reconciliation is being done regularly at APPCC.</p> <p>Reconciliation is being done regularly at APPCC.</p> <p>The reconciliation between consumer ledger and financial ledger is being done regularly.</p> <p>Reconciliation is being done regularly.</p>
8	<p>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 account policy No.2.30, 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 profit of the company for the year, as the amounts are not determinable.</p> <p>(a). In the absence of complete details together with the age-wise analysis, vendor wise for supplies and services received, including capital jobs, 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 in respect of various provisions and liabilities provided in the books of account, assets not in use, we are unable to express our opinion on the</p>	<p>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.</p> <p>Noted.</p>

Sl. No.	Statutory Auditors Comments	Reply of the Company
	doubtfulness of the recovery or non-existence of the liability as on the date of balance sheet and the resultant effect of the same on the profit for the year. Sundry debtors for sale of power.	
9	As the company has not identified “Small, Micro and Medium enterprises 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 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.	Disclosed in Notes to Accounts and Accounting Policy.
11	We report that the provision for leave encashment appearing in books of account as at 31.03.2012 is in excess of Rs.16566205 than the liability determined by the actuary.	The exact liability as per actuarial valuation report is provided in the books of accounts during the current year. The difference is because of opening balances. This will be rectified.
12	We report that the company has not recognized interest accrued but not receivable as at 31 st March 2012 on term deposits with banks amounting to Rs.20174142.	The company has accounted accrued interest correctly on all the Term Deposits on accrual basis as on 31.03.2012. No item is left as unrecognized as on 31.3.2012 and all the relevant record were produced to audit.



Eastern Power
Distribution Company of A.P. Ltd

ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ

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

FINANCIAL STATEMENTS





REVENUE ACCOUNT FOR THE YEAR ENDING 31st MARCH 2012
STATEMENT-I (In Rupees)

SCH. No.	Particulars	Current Year 2011-12	Previous Year 2010-11
	<u>INCOME</u>		
1	Revenue from Sale of Power (Gross)	38856052957	32981874114
	Inter State sales & Discom to Discom Sales	1512281151	2178013807
	<u>Less:</u> State Electricity duty	540254976	438988069
	Revenue from Sale of Power (Net)	39828079132	34720899852
4	Revenue Subsidies and grants	13675622000	8576600001
5	Other Income	1579213782	1410787070
	TOTAL INCOME	55082914914	44708286923
	<u>EXPENDITURE</u>		
6	Purchase of Power	45374300676	35894138238
8	Repairs & Maintenance	313760311	178680253
9	Employee costs	4339196083	4519801422
10	Administration & General Expenses	570471019	494190892
11	Depreciation and Related Expenses (Net)	1915132992	1796613587
12	Interest & Finance Charges	2663338652	1869431856
	SUB TOTAL (1):	55176199734	44752856248
	<u>LESS: EXPENSES CAPITALISED</u>		
13	Interest and Finance charges capitalised	2925985	6340087
14	Other expenses capitalised	296994459	222282460
	SUB TOTAL (2)	299920445	228622547
15	Other Debits	22043184	23928668
16	Extra-Ordinary Items	0	70000
	SUB TOTAL (3)	22043184	23998668
	TOTAL EXPENDITURE (1 to 3)	54898322473	44548232369
	PROFIT / (LOSS) BEFORE TAX	184592441	160054554
17	Provision for Taxes Income Tax	88900000	31912751
	MAT Credit Entitlement	(152308929)	0
	Total Tax	(63408929)	31912751
	PROFIT/ (LOSS) AFTER TAX	248001370	128141803
18	Net Prior Period Credits / (Charges)	4438294	65620
	SURPLUS / (DEFICIT)	252439664	128207423

As per our report attached

For M/s **Brahmayya & Co**

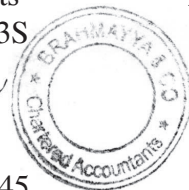
Chartered Accountants

Firm Regn No.000513S

C.V. Ramana Rao

Partner

Membership No: 018545



P.Hariprasad, I.R.A.S

Director(Finance)

P.S.Kumar

Chief General Manager (Expr.)

For and on behalf of the board

Ahmad Nadeem I.A.S

Chairman & Managing Director

A. Rama Rao

Company Secretary

NET REVENUE AND APPROPRIATION ACCOUNT

STATEMENT-II

(In Rupees)

PARTICULARS	Current year 2011-12	Previous year 2010-11
Balance brought forward from last year	96,70,56,397	83,88,48,974
Surplus/(Deficit) from Revenue Account	25,24,39,664	12,82,07,423
<u>CREDITS:</u>		
Transfer from General Reserve	-	-
TOTAL	1,21,94,96,061	96,70,56,397
<u>APPROPRIATIONS :</u>		
Contribution to Reserve and Reserve Funds	-	-
Sinking Fund for Repayment of Borrowings	-	-
General Reserve	-	-
Contingency Reserve	-	-
Appropriation to Special Safety Reserve	-	-
Balance carried forward	1,21,94,96,061	96,70,56,397



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

BALANCE SHEET AS ON 31.03.2012

STATEMENT -III (In Rupees)

SCH. No.	Particulars	As at 31-03-2012	As at 31-03-2011
	<u>NET ASSETS</u>		
19	Net Fixed Assets		
	Gross Block	31267172487	28545307318
	Less: Accumulated Depreciation	15076801010	13176069882
	Net Fixed Assets	16190371477	15369237436
21	Capital Expenditure in progress	2074745212	1815987909
22	Assets not in use	18282521	18282521
24	Intangible Assets	0	0
25	Investments	978998800	708398800
	<u>Net Current Assets</u>		
26	Total Current Assets	46703297345	41191116741
	Less: Total Current Liabilities		
27	Security Deposits from Consumers	7429505365	6539094830
28	Other Current Liabilities	14353837021	9857950486
	Total Current Liabilities	21783342386	16397045316
	Net Current Assets	24919954959	24794071425
	NET ASSETS	44182352969	42705978091
	<u>FINANCED BY:</u>		
30	Borrowings for working capital	28796907590	27636059295
31	Payments due on capital liabilities	463710373	517017373
32	Capital & other liabilities	3388053680	3725691451
33	Funds from state Government	1212253290	1212253290
34	Contributions, Grants on Subsidies towards cost of capital Assets.	7400678377	6555149803
35	Reserves & Reserve funds.	1701253598	2092750482
	Deficit / Surplus from Revenue	1219496061	967056397
	TOTAL FUNDS	44182352969	42705978091

As per our report attached

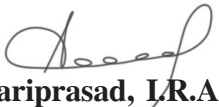
For and on behalf of the board

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

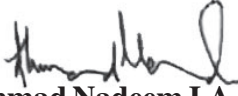

C.V. Ramana Rao
Partner


Membership No: 018545




P. Hariprasad, I.R.A.S
Director(Finance)


P.S. Kumar
Chief General Manager (Expr.)


Ahmad Nadeem I.A.S
Chairman & Managing Director


A. Rama Rao
Company Secretary

REVENUE FROM SALE OF POWER

SCHEDULE - 1 (Amount In Rupees)

Sl. No.	Particulars	Account Code	Current Year (2011-12)	Previous year (2010 - 11)
	<u>L.T.SUPPLY:</u>			
1	Domestic supply - Category-I	6100210 to 218	7382383194	6766714605
2	Non-Domestic Supply - Category-II	6100220 to 228 , 6101220 to 1227	4280126314	3751250305
3	Industrial supply-Category-III	6100230 to 238 & 6101230 to 1238	2586521745	1867920131
4	Cottage Industries - Category-IV	6100240 to 248, 6101240 ,41	5597165	4784517
5	Irrigation and Agriculture Category-V	6100250 to 258 & 6101250 to 1258	49710758	12468663
6	Public Lighting - Category-VI	6100260 to 268 & 6101260 to 1268	605663456	449728970
7	General Purpose - Cateory-VII	6100270 to 277, 6101270,278	156143967	132878209
8	Temporary - Category-VIII	6100280 to 288	9283933	5675851
	L.T.TOTAL :		15075430532	12991421250
	<u>H.T.SUPPLY</u>			
1	Industrial segregated - Category-I	6100310 to 318, 6101310 to 318,1713	15003431541	13317390914
2	Industrial non-segregated-Category-II	6100320 to 328	2639865881	2164545121
3	Irrigation and Agriculture - Category-IV	6100340 to 348 & 6101340 to 1346, 2340 to 2346	234677663	92197950
4	Railway Traction-Category-V	6100350 & 356	2619707082	2315718634
5	Electricity Co-op. Societies	6100370 to 372	162168544	122004181
6	Power incentive Consumers	--	--	--
7	Temporary supply	6100380 to 388	310532	0
8	Grid support charges	6100970	1181700	0
9	Colony Consumption	6100360 to 368	171272499	117235253
	H.T.TOTAL:		20832615443	18129092052
	L.T. + H.T.TOTAL		35908045975	31120513302
	Less HT Incentive	7600563	(127471)	51782069
	Net L.T.+H.T.Total:		35908173446	31068731234

REVENUE FROM SALE OF POWER

SCHEDULE- 1(contd...)

(In Rupees)

Sl. No.	Particulars	Account Code	Current year (2011-12)	Previous year (2010 - 11)
	<u>MISCELLANEOUS REVENUE</u>			
1	Electricity Duty recovery	6100501 to 6100518, 6101502 to 6101514, 6102514	540254976	438988069
2	Other state levies recovery	6100521 to 6100540, 6101522 to 531,6102535	11422373	8559187
3	Recoveries for theft of power / Malpractices	6100810 to 6100821	59642669	53206973
	Sub Total:		611320018	500754228
4	Wheeling charges recoveries	6100825	0	331319
5	Miscellaneous charges from consumers	6100613 to 6100783 6100845, 6100902 to 950,913	2336559493	1412057334
	Total Misc. Revenue		2947879511	1913142881
	Gross Revenue from sale of power		38856052957	32981874114
6	Interstate sales & DD sales	6100145 & 6100147,153	1512281151	2178013807
	Less: Electricity Duty & other state levies payable	7000901	540254976	438988069
7	Other state levies payable (which is included in (61.541)			
	Net Total :		39828079132	34720899852

ELEMENTWISE ANALYSIS OF REVENUE

SCHEDULE - 2

(In Rupees)

Sl. No.	Particulars	Current Year 2011-12	Previous Year 2010-11
	<u>REVENUE</u>		
1	Demand charges	3238660350	2768987369
2	Energy charges	32665899623	28303018636
3	Fuel cost adjustment charges	(0)	(0)
4	Power Factor Surcharge	3486001	48507297
5	Less: 25% Rebate to New industries/HT Incentive	(127471)	51782069
	Sub-total (a)	35908173446	31068731234
	<u>Electricity Duty & Other State Levies</u>		
6	Electricity Duty recovery	540254976	438988069
7	Other State Levies Recovery	11422373	8559187
	Sub-total (b)	551677349	447547256
8	Recoveries for Theft of Power/Malpractices	59642669	53206973
9	Wheeling charges recoveries	0	331319
10	Miscellaneous recoveries	2336559493	1412057334
	Sub-total (c)	2396202162	1465595625
11	Gross Revenue from Sale of Power (a+b+c)	38856052957	32981874115
	Less: Adjustments to Past Billing (as per contra)		
	Net Revenue	38856052957	32981874115
	Less: Electricity Duty & other state levies payable	540254976	438988069
	Net Revenue from sale of power	38315797981	32542886046
	ADD : Inter state & DD Sales	1512281151	2178013807
	Total Revenue from Sale of Power	39828079132	34720899853

AVERAGE REALISATION FROM SALE OF POWER

SCHEDULE - 3

Sl. No.	Particulars	Number of Consumers	Total Units (MU)	Average realisation in paise per unit
	<u>L.T.SUPPLY:</u>			
1	Domestic supply - Category-I	40,77,215	3142.034	234.96
2	Non-Domestic Supply - Category-II	3,57,884	696.916	614.15
3	Industrial supply-Category-III	27,301	534.551	483.87
4	Cottage Industries - Category-IV	1,569	2.242	249.65
5	Irrigation and Agriculture Category-V	1,76,009	1820.645	2.73
6	Public Lighting - Category-VI	39,352	263.767	229.62
7	General Purpose - Category-VII	39,377	36.911	423.03
8	Temporary - Category-VIII	170	0.992	935.88
	L.T.TOTAL	47,18,877	6,498.058	232.00
	<u>H.T.SUPPLY</u>			
1	Industrial segregated - Category-I	1,245	3858.401	388.85
2	Industrial non-segregated-Category-II	896	441.930	597.35
3	Irrigation and Agriculture - Category-IV	110	102.334	229.33
4	Railway Traction-Category-V	16	583.078	449.29
5	Electricity Co-op. Societies	2	212.488	76.32
6	Colony Consumption - VI	38	29.442	581.73
7	Temporary Supply	-	0	--
	H.T.TOTAL:	2,307	5227.764	398.48
	L.T. + H.T.TOTAL	47,21,184	11,725.822	306.22

REVENUE SUBSIDIES AND GRANTS

SCHEDULE - 4 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2011 - 12)	Previous year (2010 - 11)
1	Subsidies and grants from Government	6300130	13675622000	8576600001
2	Subsidies- loss on flood,fire,cyclone	63.200	-	-
3	Other Subsidies and grants	63.300	-	-
	TOTAL		13675622000	8576600001

OTHER INCOME

SCHEDULE - 5 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2011 - 12)	Previous year (2010 - 11)
1	Interest on staff loans and advances	6200936	2595027	1011142
2	Delayed payment charges from consumers	6200251 to 6200281, 1252 to 1261&2265	338244381	251514699
3	Interest from Banks & Investments	6200926,6200220,228	154632920	157816186
4	Income from Trading (Profit on sale of scrap etc.)	6400301 to 6400305, 6200340	13675975	14940744
5	Miscellaneous receipts	6200901 to 6200925, 927to 931,935, 936	231920976	217027205
6	Amortisation of consumer contributions, subsidies, graants towards cost of capital assets(Current year)	6400828	760840091	707466702
7	UI Charges (Incl. Incentive tws Power Purchase & STOA)	6100845	77304412	61010392
	TOTAL:		1579213782	1410787070

PURCHASE OF POWER

SCHEDULE - 6 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2011 - 12)	Previous year (2010 - 11)
1	Power Purchase	7000101 to 701	45762153810	36231278963
	Less: Rebate on PP Bills & Incentive	6200230	387853134	337140725
	Total		45374300676	35894138238

REPAIRS AND MAINTENANCE

SCHEDULE - 8 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2011-12)	Previous year (2010 - 11)
	<u>Repairs and Maintenance to</u>			
1	Plant and Machinery and Transformers	7400502 to 505	99223191	68550001
2	Substation maintenance by Pvt.agencies	7400501	89111453	33159960
3	Buildings	7400201	1492252	1102722
4	Civil Works	7400401	8051608	5788391
5	Lines, Cable net work etc.	7400601 & 651	98267802	64054164
6	Vehicles	7400701 & 702	436491	620671
7	Furniture and Fixtures	7400801	6815825	17500
8	Office equipment	7400901,911, 921,931,941	10361690	5386843
	TOTAL:		313760311	178680253

EMPLOYEE COSTS

SCHEDULE - 9 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2011 - 12)	Previous year (2010 - 11)
1	Salaries	7500101 to 175	2141085188	2187946803
2	Dearness Allowance	7500301	349341976	151931233
3	Other Allowances	7500401 to 450, 618	357163382	310150354
4	Bonus/Exgratia	7500501	6964409	8422252
	Sub-Total 1 (1 to 4)		2854554954	2658450642
5	Medical expenses Reimbursement	7500611	30009892	23152876
6	Leave Travel Assistance	7500612 to 613	1699680	13761666
7	Earned Leave Encashment	7500617,7500804	333876024	600034234
8	Payment under workmen's compensation Act	7500629	3388680	2930060
	Sub-Total 2 (5 to 8)		368974275	639878835
9	Medical reimbursment (Monthly allowance)	7500610	46101242	46943958
10	Other welfare expenses	7500650 to 669, 765,805 to 815,820	117644076	93727870
11	GPF Booster scheme	7500670	460273	429727
12	Terminal benefits	7500801 to 803	951461263	1080370389
	TOTAL:		4339196083	4519801422

ADMINISTRATION AND GENERAL EXPENSES

SCHEDULE - 10

(In Rupees)

Sl. No.	Particulars	Account Code	Current year (2011 - 12)	Previous year (2010 - 11)
1	Rent, Rates and Taxes	7600101 & 102	13665394	12240118
2	Licence Fee - APERC	7600103	9130693	7333304
3	Insurance	7600520 to 525	674560	399372
4	Telephone charges, Postage & Telegram charges	7600201 to 205,	29237311	30199269
5	Legal charges	7600301	5745783	11992069
6	Audit fees	7600401	631694	554988
7	Consultancy charges	7600302	12434428	5583339
8	Technical fees	7600303	-	-
9	Other professional charges	7600306 & 309	219355151	182497297
10	Honarorium	7600305	411397	719532
11	Conveyance expenses	7600568	124015	666675
12	Travelling expenses	7600567 & 569	84743978	82086252
13	Vehcile running exp.(Cars,Jeeps,etc.)	7600307 & 530 to 531	7694488	7350559
14	Vehcile hire charges	7600308, 310	61947192	54491605
15	Training and participation	7600515	4863058	5617777
16	Fees&Subscription	760502	368584	449086
17	Books&periodicals	7600503	160512	97745
18	Printing & Stationary	7600504 & 508	12488016	11633985
19	Advertisement	7600505	5801388	10512289
20	Electricity charges	7600506	38097849	32141793
21	Water charges	7600507	381619	39577
22	Entertainment	7600501	275553	449278
23	Misc.Expenses	7600511, 7600550 to 562, 570 to 578	62233859	36503243
24	Preliminary Expenses written off	7700201	0	195700
25	Payment Electricity workers panchayat	7600512	4500	436040
	TOTAL		570471019	494190892

DEPRECIATION AND RELATED DEBITS (NET)

SCHEDULE - 11

(In Rupees)

Sl. No.	Particulars	Account Code	Current year (2011 - 12)	Previous year (2010 - 11)
1	Depreciation	7700101	1915132992	1796613587
	TOTAL		1915132992	1796613587

INTEREST AND FINANCE CHARGES

SCHEDULE - 12
(In Rupees)

Sl. No.	Particulars	Account Code	Current year (2011 - 12)	Previous year (2010 - 11)
1	Interest on State Government loans	7800107	0	0
2	Interest on Bonds	7800101	23455200	24233041
3	<u>Loans from Financial Institutions/Banks</u>			
	R.E.C	7800103	244729892	274551943
	P.F.C	7800104	0	0
	Federal Bank	7800122	17642331	0
	Bank of Baroda	7800133	15563938	16801397
4	Interest to Consumers	7800110	360474994	320601543
5	SBH	7800130	24391216	21400508
6	Other Interest (other sub-accounts)	7800114 to 120 & 135 to 157	1968165783	1203453974
7	Cost of raising Finance (Guarantee commission)	7800205	0	0
8	Bank charges	7800206	8915298	8389450
	TOTAL:		2663338652	1869431856

INTEREST AND FINANCE CHARGES CAPITALISED

SCHEDULE - 13
(In Rupees)

Sl. No.	Particulars	Account Code	Current year (2011 - 12)	Previous year (2010 - 11)
1	Interest and Finance charges capitalised	7809000 & 7809001	2925985	6340087
	TOTAL		2925985	6340087

OTHER EXPENSES CAPITALISED

SCHEDULE-14
(In Rupees)

Sl. No.	Particulars	Account Code	Current year (2011 - 12)	Previous year (2010 - 11)
1	Expenses capitalised	7509000 & 7609000	296994459	222282460
	TOTAL		296994459	222282460

OTHER DEBITS

SCHEDULE - 15
(In Rupees)

Sl. No.	Particulars	Account Code	Current year (2011 - 12)	Previous year (2010 - 11)
1	Waiver of Surcharge		-	-
2	Miscellaneous losses and write-offs	8000101,103,8500201 202, 308 to 322	7888318	15315338
3	Sundry Expenses	8500304, 305	14154866	8613330
	TOTAL		22043184	23928668

EXTRAORDINARY ITEMS

SCHEDULE - 16

(In Rupees)

Sl. No.	Particulars	Account Code	Current year (2011 - 12)	Previous year (2010 - 11)
1	Extra Ordinary debits (Loss on account of Flood, Cyclone, Fire etc.)	8500601	0	70000
	Net Extra ordinary items [(Dr) / Cr]		0	70000

PROVISION FOR INCOME TAX

SCHEDULE - 17

(In Rupees)

Sl. No.	Particulars	Account Code	Current year (2011 - 12)	Previous year (2010 - 11)
1	Provision for Taxes			
	Income Tax	8600101	88900000	31912751
	MAT Credit Entitlement	8700101	(152308929)	0
	TOTAL		(63408929)	31912751

NET PRIOR PERIOD CREDITS/CHARGES

SCHEDULE - 18

(In Rupees)

Sl. No.	Particulars	Account Code	Current year (2011 - 12)	Previous year (2010 - 11)
1	<u>Income relating to previous year</u>			
	Receipts-prior periods	6600212 to 880	---	---
	Excess provision Depreciation	6601983	---	---
	Other income prior periods	6601984, 985	30000	65620
	Sub Total:		30000	65620
2	<u>Prior period Expenses / Losses</u>			
	Short provision for power	8800101	(4408294)	
	Operating Expenses of previous year	8800201	---	---
	Employees cost	8800301	---	---
	Depreciation under provided	83.600	---	---
	Interest & other Fin. Charges	83.700	---	---
	Incometax relating to previous years	8800601	---	---
	Sub Total:		(4408294)	0
3	Net Prior Period Credits /(Charges)		4438294	65620

CAPITAL EXPENDITURE IN PROGRESS

SCHEDULE - 21

(In Rupees)

Sl. No.	Particulars	Account Code	As at 31-03-2012	As at 31-03-2011
1	Capital work-in-progress	1400101 & 102	2074745212	1815987909
	TOTAL		2074745212	1815987909

FIXED ASSETS AND PROVISION FOR DEPRECIATION

SCHEDULE- 19
(In Rupees)

ASSET GROUP	Account Code	GROSS BLOCK				PROVISION FOR DEPRECIATION					NET BLOCK	
		At the end of the Previous Year/ 2010-11	Additions during the year/ 2011-12	Deductions during the year/ 2011-12	Re-classification	At the end of the year/ 31-03-2012	At the end of the Previous Year/ 2010-11	Depreciation for the year/ 2011-12	Adjustments on Deductions	Reclassification	At the end of the year/ 2011-12	At the end of the Previous Year/ 2010-11
Land and Land rights	1000101	816687951	1609464	0		818297415	0	0			818297415	816687951
Buildings	1000201	464397988	75562841	1181488		538779341	112297026	13796130	8189		412694373	352100962
Other civil works	1000301	117493427	23168403	638284		140023547	7514773	3875795	11016		128643994	109978654
Plant & Machinery	1000401	11040780598	970244314	17127366		11993897546	4725991271	746262655	4456323		6526099944	6314789328
Lines & Cable Network	1000501	14739387212	1178617404	22281055		15895723561	7289920116	868888078	1569322		7738484689	7449467096
Meters&Metering Equipment	1000551	1021647153	504678295	39709488		1486615959	882108517	248461096	10559944		366606290	139538636
Vehicles	1000601	17082698	92164	428505		16746356	15374427	55365	385655		1702218	1708270
Furniture and Fixtures	1000701	79981234	4077399	663000		833956633	51159478	5999687	596700		26833168	28821756
Office Equipment	1000751, 851, 951	87392939	8838385	200		96231124	54665801	11138771	0		30426551	32727138
Computers	1000801	160456118	37227287	221400		197462005	37038473	19840763	65		140582834	123417644
TOTAL		28545307318	2804115956	82250786		31267172487	13176069882	1918318341	17587214		16190371478	15369237436
Previous year		26481091526	2106337316	42121524		28545307318	11415966566	1796613566	36510270		15369237436	15065124960

ASSETS NOT IN USE

SCHEDULE - 22
(In Rupees)



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

Balance at the beginning of the Previous year	Additions during the Previous year	Deductions During the Previous Year	ASSET GROUP	Account Code	Balance at the end of the Previous year (31-03-2011)	Additions during the year (2011-12)	Deductions during the year (2011-12)	Balance at the end of this year (31-03-2012)
			<u>Written down value of</u> <u>Obsolete, Scrapped Assets:</u>					
-	-	-	Land and rights	1600101				-
-	-	-	Buildings	1600201				-
-	-	-	Hydraulic works	1600301				-
(615,896)	-	-	Other civil works	1600401	(615896)			(615896)
18558491	-	-	Plant and Machinery	1600501	18558491			18558491
12093	-	-	Meters&Metering Equipment	1600551	12093			12093
79370	-	-	Lines and Cable net work	1600601	79370			79370
14696	-	-	Vehicles	1600701	14696			14696
166817	-	-	Furniture & Fixtures	1600801	166817			166817
66950	-	-	Office equipment	1600901, 911,921, 851	66950			66950
18282521	-	-	Total		18282521			18282521

INTANGIBLE ASSETS (PRELIMINARY EXPENSES PENDING WRITE OFF)

SCHEDULE - 24
(In Rupees)

Balance at the beginning of the previous Year	'Cost incurred during the previous year	'Cost charged to revenue during the previous year	Intangible Assets	Account Code	'Balance at the end of the previous (31-3-2011)	'Cost incurred during the year	Cost charged to revenue during the year	'Balance at the end of this year 31-03-2012
195700	0	195700	Expenses for forming and organising the Company	1201001 & 7700201	0	0	0	0
195700	0	195700	Total		0	0	0	0

INVESTMENTS

SCHEDULE - 25
(In Rupees)

Balance at the beginning of the previous Year	Further investments during the previous year	Investments realised during the previous year	Investments	Account Code	O.B. as on 01-04-2011	Further investments during the year (2011-12)	Closing Balance as on 31-03-2012
Rs.	Rs.	Rs.			Rs.	Rs.	Rs.
90292200	30000000		<u>Investments against funds</u>	2001070	120292200	0	120292200
2016600	(11100000)		Contingency reserve				
163200000	324000000		Investments	2006010	906600	0	906600
100000000			Investment in Equity Share capital of RESCOs	2006040	487200000	270600000	757800000
			Investment in APPDCL* Transco Bonds	2006030	100000000	0	100000000
355508800	352890000		Grand Total		708398800	270600000	978998800

* Current year investments include Rs 139600000 pending allotment

TOTAL CURRENT ASSETS

SCHEDULE - 26 (In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.2012	As at 31.03.2011
1	Stocks	26(a)	594880326	458595324
2	Receivables against supply of power	26(b)	8551382827	7000551952
3	Cash and Bank Balances	26(c)	1745872343	1731057023
4	Loans and advances	26(d)	11951634992	15524084379
5	Sundry Receivables	26(e)	23859526856	16476828062
	TOTAL		46703297345	41191116741

STOCKS

SCHEDULE - 26 (a) (In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.2012	As at 31.03.2011
1	Stock of materials and Materials stock pending investigation and provision for recovery/ write off of cost of materials	2200201 to 2201101	578613997	437643668
2	Material Semifinished and WIP	2200151 to 2200161	16266329	20951657
	TOTAL:		594880326	458595324

RECEIVABLES AGAINST SUPPLY OF POWER

SCHEDULE - 26 (b) (In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.2012	As at 31.03.2011
1	Sundry Debtors for sale of power	2300301, 2302110 to 2810, 2305510 to 5660, 2301100 to 1800 & 2303100 to 3800	4519373929	3125875250
2	Sundry Debtors for Electricity Duty	2302100 to 2800 & 2305110 to 5260	295538112	271928842
3	Provision for unbilled Revenue	2300551 & 552	4047299750	3927875977
4	Accrued revenue-Generation			
4	Sundry Debtors - Miscellaneous Receipts from consumers	2300302, 310,502, 504,825,835 & 901	52425364	39412622
	Sub-Total:		8914637155	7365092691
5	Less: Provision for doubtful dues from consumers	2300701 to 722 & 730	363254328	364540739
	TOTAL:		8551382827	7000551952

CASH AND BANK BALANCES

SCHEDULE - 26 (c)
(In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.2012	As at 31.03.2011
1	Cash on hand	2401250 to 2401316	261807111	266982352
2	Cash Imprests with staff	2404901 to 4903	2132783	2155663
3	Balance with Banks	2404501 to 503 & 2428761 to 2431991	995555839	962773195
	Cash and Bank Balances		1259495734	1231911209
4	FUNDS CLEARANCE ACCOUNTS Remittance from HQ to Units & Units to HQ in transit	2404988 to 5000	486376609	499145813
	TOTAL:		1745872343	1731057023

LOANS AND ADVANCES

SCHEDULE - 26 (d)
(In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.2012	As at 31.03.2011
1	Advances for O&M supplies/works	2501010 & 2600101	789137988	821068461
2	Loans and Advances to staff	2700101 to 131	146606699	78163956
3	Advance Income Tax and Tax Deduction at Source	2700401,2700423&425	176407534	160537979
4	MAT Credit Entitlement (Asset)	2700430	103584242	0
5	Loans and Advances - Others	2600101 to 107	-	-
6	Inter Corporate Deposits	2006020	70000000	190000000
7	Dues From Other Discoms (Towards pool imbalance mechanism)	2600102,2600200, 2004010	10665898528	14274313983
	TOTAL		11951634992	15524084379

SUNDRY RECEIVABLES

SCHEDULE - 26 (e)
(In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.2012	As at 31.03.2011
1	Sundry Debtors-Trading Account	2800101 to 104,110,2805160	12278329	2889916
2	Income accrued and due on investments	2800201,211 & 251	25974101	69115377
3	Other Income accrued and due	2800302	48548782	75250204
4	Amount recoverable from employees/ Ex-employees	2800507 to 510	17113383	4310715
5	Other receivables	2800501, 515 to 531, 2800701 to 705, 2800806 to 2900805	55021969	148197401
6	GPF Trust	2800802	(27762272)	8548793
7	P & G Trust	2800801, 803 & 805	0	0
8	Other claims and Amount receivable from APGovt.	2800301, 311 to 426, 430 to 448 & 502	22741987125	14386712353
9	Other claims under inter unit accounts	3000100 to 3700001	(170722986)	(190324739)
10	Deposits (Including Bank Deposits)	2002050, 2800603 to 620	1157088426	1972128041
	TOTAL		23859526856	16476828062

SECURITY DEPOSITS FROM CUSTOMERS

SCHEDULE - 27 (In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.2012	As at 31.03.2011
1	Security Deposits from consumers (in cash)	4800101,201,4800302, 4801020 to 3094	7023762958	6183790706
2	Interest payable on consumer's deposits	4800301,302& 4500521	405742406	355304124
	TOTAL		7429505365	6539094830

OTHER CURRENT LIABILITIES

SCHEDULE - 28 (In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.2012	As at 31.03.2011
1	A.P.Transco and power purchase liability	4101010 to 4101060	10809185556	6604556070
2	Liability for capital supplies/works	4200301 to 4201410	312319372	174845907
3	Liability for O&M supplies/Works	4300001 to 4301000	361437428	384275005
4	Staff related liabilities and provisions	4400201 to 4400451 & 4600105	1874221510	1704833863
5	Deposits and retentions from suppliers and contractors	4601010 to 4603080	(229777270)	(485376259)
6	Electricity Duty and other levies payable to Govt.	4600301 to 310	53245340	29557183
7	Liability for expenses	4500301 to 501, 4500521 to 903 & 4600107 to 201	19172861	295385624
8	Accrued liability amounts relating to borrowings.	4500511 & 4600801	(33702220)	(27165698)
9	Other liabilities and provisions	4600501 to 934	466431408	390609521
10	Deposits for electrification, service connection etc.	4700101 to 603, 4700801 & 4706110	665159259	723099743
11	Liability towards Kutir Jyoti Scheme.	4700701	56143776	63329526
	TOTAL:		14353837021	9857950486

BORROWINGS FOR WORKING CAPITAL

SCHEDULE - 30
(In Rupees)

Outstanding at the beginning of the Previous year	Amount Received during the Previous year	Repayments made during the previous year	Particulars	Account Code	O.B. as on 01-04-2011	Amount received during the year (2011-12)	Repayments made during the year (2011-12)	Outstanding at the end of the year (31-03-12)
1245877371	18796737179	18918637179	(vii) CC limits - SBH	5000102	1123977371	37166668146	36990483645	1300161872
14437480000	38701542630	26626940706	(viii) Working Capital loan	5101010 to 5101122	26512081924	21330000000	20345336206	27496745718
15683357371	57498279809	45545577885			27636059295	58496668146	57335819851	28796907590

PAYMENT DUE ON CAPITAL LIABILITIES

SCHEDULE - 31
(In Rupees)

Due at the beginning of the previous year	Amt. received during the prev. year	Pay-ments made during the previous year	Particulars	Account Code	Due at the beginning of the year (1-04-2011)	Amt. received during the year (2011-12)	Payments made during the year (2011-12)	Outstanding at the end of the year (31-03-2012)
534787373	-	17770000	REPAYMENTS DUE Loans from Govt. of Andhra Pradesh	5303300	517017373	0	53307000	463710373
534787373	-	17770000	TOTAL		517017373	0	53307000	463710373

CAPITAL & OTHER LIABILITIES

SCHEDULE - 32
(In Rupees)

Outstanding at the beginning of the previous year	Amount Received during the Previous year	Repayments made during the previous year	Particulars	Account Code	OB as on 01-04-2011	Amount received during the year (2011-12)	Repayments made during the year (2011-12)	Outstanding at the end of the year (31-03-2012)
			<u>Secured Loans</u>					
3061595734	153685795	473593269	(i) Loan from REC Ltd	5303100	2741688260	295109878	52148526	2515349612
181999999	7340100	0	(ii) Loan from PFC Ltd	5303200	189340099	0	0	189340099
0	236400000	35460000	(iii) Loan from Federal Bank	5303400	200940000	0	47280000	153660000
208164980	0	41633004	(iv) Loan from Bank of Baroda	5303500	166531976	0	39019115	127512861
202200000	0	0	(v) AP Transco Vidyut Bonds	5301000	202200000	0	0	202200000
249991124	2083334	27083342	(vi) Loan from SBH	5303520	224991116	0	25000008	199991108
0	0	0	Other Liabilities towards subsidy reallocation and adjustment through APPCC	0	0	0	0	0
3903951837	399509229	577769615	Total		3725691451	295109878	632747649	3388053680

FUNDS FROM STATE GOVERNMENT

SCHEDULE - 33
(In Rupees)

Outstanding at the beginning of the Previous year	Amount Received during the Previous year	Repayments Made during the previous year	Particulars	Account Code	Outstanding at the end of Previous year (31-03-2011)	Amount received during the year (2011-12)	Repayments made during the year (2011-12)	Outstanding at the end of the year (31-03-2012)
1220000000	-	-	SHARE CAPITAL <u>Authorised Capital</u> 12,20,00,000 equity shares of Rs.10 each.		1220000000	0	0	1220000000
1212253290	-	-	<u>Issued subscribed and paidup capital</u> 12,12,25,329 equity shares of Rs.10 each (Out of which 7,56,63,829 equity shares of Rs.10 each were issued for consideration other than cash by virtue of 2nd transfer scheme notified by the Govt. of Andhra Pradesh vide G.O.Ms No.109 dated 29-09-2001)	5600800	1212253290	0	0	1212253290
1212253290	-	-	TOTAL		1212253290	0	0	1212253290

CONTRIBUTIONS, GRANTS AND SUBSIDIES TOWARDS COST OF CAPITAL ASSETS

SCHEDULE - 34
(In Rupees)

Balance at the beginning of the previous year	Amount Received during the Previous year	Amortisation during the year	Particulars	Account Code	OB as on 01-04-2011	Additions during the year (2011-12)	Amortisation during the year (2011-12)	Total at the end of the year (31.03.2012)
Rs.	Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
5773241840	1344476959	689068579	1. Consumers Contribution	5500101 & 102	6428650220	1583214827	760840091	7251024956
574796	0	72984	2. Subsidies towards cost of Capital Assets	5500200	501812	0	0	501812
144322910	0	18325139	3. Grants towards cost of Capital Assets	5500300	125997771	23153838	0	149151609
5918139546	1344476959	707466702	TOTAL		6555149803	1606368665	760840091	7400678377

RESERVE AND RESERVE FUNDS

SCHEDULE-35
(In Rupees)

Balance at the beginning of the Previous year	Additions during the previous year	Deductions during the previous year	Particulars	Account Code	Balance at the end of the Previous year (31-3-2011)	Additions during the year (2011-12)	Deductions during the year (2011-12)	Balance at the end of the year (31-03-2012)
Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.
1052214548	0	0	RESERVES & RESERVE FUNDS		1052214548	0	0	1052214548
14241457	25000	29097	1.Capital Reserve(Contingency & Other Reserves)	5700702 & 711	14237360	0	0	14237360
(28642)	253140110	253140110	2.Other Reserves and Reserve funds(PF, P&G Trusts balance)	5400161 & 162	(28642)	306348188	306348188	(28642)
(5705727)	72243	381705	3. General Provident Fund	5400121 & 122	(6015189)	1180	271893	(6285902)
14268073	6928843	4802060	4. Family Benefit Fund	5400151	16394856	5242290	2492893	19144253
(2250572)	785493	495805	5. Group Insurance - Savings Fund	5400152 & 153	(1960884)	1907539	701152	(754497)
203157848	3466904735	2652154151	6. Group Insurance- Insurance Fund	5400154	1017908433	3561054019	3956235975	622726477
			7. Pension/Gratuity Fund	5400130 to 147				
1275896985	3727856425	2911002928	TOTAL		2092750482	3874553216	4266050100	1701253598



Eastern Power
Distribution Company of A.P. Ltd

ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ

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

ACCOUNTING PRINCIPLES & POLICIES



EASTERN POWER DISTRIBUTION COMPANY OF AP LIMITED

P & T Colony, Seethammadhara, Visakhapatnam - 500 013

Year - 2011 - 12

Statement - 4

ACCOUNTING PRINCIPLES AND POLICIES

1. 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 & 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.

1. 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.500 or less is fully charged to revenue in the year in which the assets are put to use. No part of the cost of such items shall therefore be included in the cost of fixed assets nor shall any depreciation be charged thereon.

- 2.27 The policy for full write-off stated in paragraph 2.30 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.
 - a. 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

b. The asset permanently ceases to be used by the Company. Whichever is earlier

c. 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) Fright etc. on transfer of assets to any Asset/ Scrap Disposal Authority in the Company.
- 6) Expenditure on freight etc. on delivery of the solid assets/ scrap to the purchaser. •

Withdrawal of cost and Depreciation

2.48 On retirement, scrapping, obsolescence of asset, the cost of the asset and the accumulated depreciation on it are withdrawn from the fixed asset base and transferred to a separate account provided for this purpose.

Loss on Scrapping of Assets

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

Gain or Loss on Sale of Assets

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

2.51. The gain on sale of assets is treated as a Revenue item only to the extent of total

depreciation charged on the sold asset. Gain if any in excess of the accumulated depreciation charged by the Company on the sold asset are treated as a capital gain and credited to Capital Reserve.

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

Date of Acquisition not known

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

Loss of Assets:

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

Write – off of Loss

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

Formation of a New Company

2.56. On formation of a new State Electricity Company, the geographical territories of an existing Company may get transferred to the new Company. The fixed assets of the existing Company may also get transferred at Book value (cost less accumulated depreciation) to the new Company. In all cases of transfers, the new Company shall not account for the book value at the net cost but shall incorporate gross cost as well as accumulated depreciation

in its books of account. Depreciation on such assets should also continue to be charged on the gross cost in the same manner as the Company holding that asset hitherto would have charged.

Finance related costs.

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

Costs relating to Borrowing

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

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

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

Capitalisation of interest on Funds utilised at construction Stage.

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

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

- When one or more capital works are done out of funds borrowed from one source then interest to be capitalised shall be computed taking the rate of Interest of the loan and the

funds utilised for each work considering the duration of the work;

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

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

- * Purchase of new vehicles
- * Purchase of Office equipments

2.63 The amount of interest capitalised are included in the cost of the assets which involve significant time periods at construction stage and the same shall along-with the basic cost of assets be depreciated in normal course, over the expected useful life of the assets.

II. MATERIALS ACCOUNTING

Accounting for Materials Transactions

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

Accounting for Incidental Expenses

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

Recognition of Consumption

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

III. BORROWINGS AND INVESTMENTS

Interest on Borrowings

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

2.68 Total interest cost for the year including 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.

As per our report attached

For M/s **Brahmayya & Co.**

Chartered Accountants
Firm Regn No.000513S



C.V. Ramana Rao

Partner

Membership No: 018545



P. Hariprasad, I.R.A.S

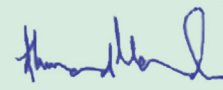
Director(Finance)



P.S. Kumar

Chief General Manager (Expr.)

For and on behalf of the board



Ahmad Nadeem I.A.S

Chairman & Managing Director



A. Rama Rao

Company Secretary

2.86. Subsidies which are receivable to assist a Company to meet, partly or fully, shortfall of revenue as compared to cost of operations of a specific type or of a specific activity carried out or being carried out by the Company on its own or under the directive of the body from whom the subsidy is receivable are credited to Revenue Account.

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

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

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



Eastern Power
Distribution Company of A.P. Ltd

ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ

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

NOTES TO ACCOUNTS



NOTES TO ACCOUNTS (2011-12)

1. The Books of accounts of the Company have been prepared in accordance with Electricity (Supply) (Annual Accounts) Rules, 1985 as notified by the Central Government, Electricity Act, 2003 and Companies Act, 1956 wherever the company has adopted the provisions thereof. The principles laid down under ESAAR 1985 are not in total consonance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

2. Capitalisation of expenses:

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

3. SAP ECC 6.0 Version is being implemented from 01.04.2010 for which the unit wise reconciled Opening Balances as on 01.04.2010 were already communicated to all units and the same balances were uploaded.

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.)
2007-08	Commissioner of Income Tax(Appeals)	42,87,81,054
2008-09	Commissioner of Income Tax(Appeals)	41,81,59,915
2009-10	Commissioner of Income Tax(Appeals)	54,90,09,062
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

❖ Provision for Income Tax has been made as per Income Tax Act, 1961.

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 2011-12 along with relevant schedules have been derived from SAP system.

6. Third Transfer Scheme with effect from 10th June 2005:

An amendment to the Provisional Third Transfer Scheme (issued under G.O.Ms.No.58, Energy (Pr.III) Department, Dated the 7th June, 2005) has been issued vide G.O.Ms.No.53 Dt.28.04.2008 indicating the final allocation of generating capacities. As per this latest G.O. the amendment

shall be deemed to have come into force with effect from 9th June, 2005. A proposal for representing before Govt.of AP for requesting to give prospective effect to the said amendment G.O is under consideration at APPCC level.

7. 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 500/- 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 Crores for the Cash in transit and Rs.50 lakhs for cash on hand.

8. Terminal Benefits

- Liability towards Earned Leave encashment is provided on the basis of Actuarial Valuation. The liability provided during the year 2011-12 is Rs. 33.39 crores. (Previous Year Rs. 60 crores).
- As per the Actuarial valuation report, the total accrued liability towards pension and gratuity as on 31.3.2012 is Rs. 494.42 crores(Previous year Rs 379.27 crores) and the investments in Pension and Gratuity Trust is Rs. 399.42 crores (Previous year Rs 271.31 crores) towards future liability. As per the actuarial valuation an amount of Rs. 95.00 Crores (Previous year Rs 107.96 crores) balance liability is provided in the books of accounts during the year 2011-12.

Earned Leave encashment liability disclosure

A. Revised AS-15 (2005) Disclosure

Table - 1

Reconciliation of PBO	31-03-2010 to 31-03-2011	31-03-2011 31-03-2012
Projected Benefit Obligation at Begning of year	748,712,535	1,206,228,435
Current Service Cost	46,883,241	50,633,900
Interest Cost	57,986,624	92,663,589
Contributions by plan participation	-	-
Actuarial (Gain)/Loss due to change in assumptions	494,171,981	190,578,535
Foreign currency exchange rate changes on plans measured in a currency differencnt from the enterprise's reporting currency		
Benefits Paid	(141,525,946)	(197,134,935)
Past service cost	-	-
Amalgamations	-	-
Curtailments	-	-
Settlements	-	-
Projected Benefit Obligation at End or year	1,206,228,435	1,342,969,524

Table - 2

Plan Asset at Fair Value	31-03-2010 to 31-03-2011	31-03-2011 to 31-03-2012
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	(494,171,981)	(190,578,535)
Current/Non Current Benefit Obligation	31-Mar-2011	31-Mar-2012
Current	197,134,935	142,385,113
Non Current	1,009,093,500	1,200,584,411
Total	1,206,228,435	1,342,969,524

A. Revised AS-15 (2005) Disclosure

Table - 3

Amounts to be Recognised in the balance sheet	31-03-2010 to 31-03-2011	31-03-2011 to 31-03-2012
Projected Benefit Obligation at End or year	1,206,228,435	1,342,969,524
Ending Asset	-	-
Funded Status asset / (liability)	(1,206,228,435)	(1,342,969,524)
Unrecognised past service cost - non vested benefits		
Liability(-)/Asset(+) recognised in Balance Sheet	(1,206,228,435)	(1,342,969,524)

Table - 4

Statement of Profit and Loss	31-03-2010 to 31-03-2011	31-03-2011 to 31-03-2012
Current Service Cost	46,883,241	50,633,900
Interest Cost	57,986,624	92,663,589
Expected return on plan asset	-	-
Net actuarial (gain)/loss to be recognised in year	494,171,981	190,578,535
Past Service Cost		
Effect of Curtailments		
Income (-)/Expense(+) recognised in the statement of Profit and Loss	599,041,846	333,876,024
Reconciliation		
Incremental liability [Asset(+)/Liability(-)]		(136,741,089)
P&L Charge		333,876,024
Less Benefits paid		197,134,935
Balance (income(-)/Expense(+))		136,741,089

Pension and Gratuity liability disclosure

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

Reconciliation of PBO	31-03-2010 to 31-03-2011	31-03-2011 to 31-03-2012
Projected Benefit Obligation at Begning of year	2,735,548,750	3,792,742,624
Current Service Cost	69,707,468	113,862,198
Interest Cost	214,824,497	301,316,386
Contributions by plan participation	-	-
Actuarial (Gain)/Loss	611,272,002	923,428,140
Foreign currency exchange rate changes on plans measured in a currency differenct from the enterprise's reporting currency		
Benefits Paid	(239,900,000)	(280,300,000)
Past service cost	401,289,907	93,178,685
Amalgamations	-	-
Curtailments	-	-
Settlements	-	-
Projected Benefit Obligation at End or year	3,792,742,624	4,944,228,033

TABLE - 2

Plan Asset at Fair Value	31-03-2010 to 31-03-2011	31-03-2011 to 31-03-2012
Plan Asset at beginning of year	2,124,000,000	2,713,100,000
Foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency		
Expected Return on Plan Asset	134,300,000	211,800,000
Employer Contribution	694,700,000	1,349,600,000
Employee Contribution		
Benefit Payments	(239,900,000)	(280,300,000)
Asset Gain / (Loss)	-	-
Amalgamations	-	-
Settlements	-	-
Ending Asset	2,713,100,000	3,994,200,000
Total actuarial gain/(loss) to be recognised immediately	(611,272,002)	(923,428,140)

Current/ Non Current Benefit Obligation	31-03-2010 to 31-03-2011	31-03-2011 to 31-03-2012
Current	280,300,000	392,420,000
Non Current	3,512,442,624	4,551,808,033
Total	3,792,742,624	4,944,228,033

A. Revised AS-15 (2005) Disclosure

Table-3

Amount to be Recognised in the Balance Sheet	31-03-2010 to 31-03-2011	31-03-2011 to 31-03-2012
Projected Benefit Obligation at End or year	3,792,742,624	4,944,228,033
Ending Asset	2,713,100,000	3,994,200,000
Funded Status asset / (liability)	(1,079,642,624)	(950,028,033)
Unrecognised past service cost - non vested benefits		
Liability(-)/Asset(+) recognised in Balance Sheet	(1,079,642,624)	(950,028,033)

Table-4

Statement of Profit and Loss	31-03-2010 to 31-03-2011	31-03-2011 to 31-03-2012
Current Service Cost	69,707,468	113,862,198
Interest Cost	214,824,497	301,316,386
Expected return on plan asset	(134,300,000)	(211,800,000)
Net actuarial (gain)/loss to be recognised in year	611,272,002	923,428,140
Past Service Cost	401,289,907	93,178,685
Effect of Curtailments		
Income (-)/Expense(+) recognised in the statement of Profit and Loss	1,162,793,874	1,219,985,409
Reconciliation		
Incremental liability [Asset(+)/Liability(-)]		129,614,591
P&L Charge		1,219,985,409
Less Contribution paid		1,349,600,000
Balance (income(-)/Expense(+))		(129,614,591)

	31-Mar-12	
Discount rate	8.75%	
Salary escalation rate	7.00%	
BASIS-Unit 26%,Master 74%		
Accrued Liability	UNIT	MASTER
Gratuity for employees on rolls ON 1-2-1999	307,313,290	874,660,901
Gratuity for employees who joined units on or after 1.2.1999	220,321,971	-
Pension : employees on rolls on 1-2-99 -excl. retirees from 1.2.99 to 31.3.11	2,391,175,481	6,805,653,291
Pension for employees who retired from 1.2.99 to 31.3.11	2,025,417,291	5,764,649,212
Pensioners(pre 01.02.99)and Family pensioners		3,010,011,787
Total Accrued Liability as at 31st March 11	4,944,228,033	16,454,975,191
Fund as on 31st March 12	3,994,200,000	
Deficit	950,028,033	

9. Security Deposits collected from the consumer up to 31.3.2012 is Rs.702.37 crores as against Rs. 618.38 crores up to 31.3.2011. The interest on Security Deposit is allowed @ 6% per annum as per Regulation 6 of 2004 issued by the APERC. Excess consumption Deposit as per regulation No 6 is pending adjustment to consumer a/c in cases where consumers have not requested for refund of the same.
10. During the year an amount of Rs. 160.64 crores is received towards consumer contribution. An amount of Rs. 76.08 crores is taken to Revenue account in accordance with accounting policy No. 2.24.
11. The Accounting of DD/ Cheque received is being done based on the date of receipt by the concerned unit office.
12. **Inventory:** The following is the position of surplus, Non-moving and obsolete stock as on 31-03-2012.
(Rs. in Lakhs)

Sl. No	Name of the Stores	Scrap (Estimated realizable value)	Surplus	Obsolete	Non-Moving	Un Serviceable	Total
1	Srikakulam	14.77	0	0	2.69	0	17.46
2	Vizianagaram	16.76	0	0	0	0.23	16.99
3	Visakhapatnam	23.20	0	0	66.40	0	89.60
4	Rajahmundry	117.23	0	0	0	0	117.23
5	Eluru	109.26	0	0	0	0	109.26
	TOTAL	281.22	0	0	69.09	0.23	350.54

13. 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 2012 the company received Rs. 234.71 crores and spent/ created RGGVY assets valued Rs. 214.43 crore.
14. 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.
15. The company is entitled to for MAT credit entitlement. MAT credit entitlement of Rs 15,23,08,929 has been recognized during the year in the books of accounts.
16. 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.
17. Aggregate amount of Capital Liabilities (tentative) falling due for Repayment / Redemption during 2012-13 is:

(Rs. in Crores)

Funding Agency	Principle	Interest
REC	37.50	22.50
PFC	Nil	Nil
Govt. Loan	5.33	Nil
Federal Bank	4.73	1.50
Bank of Baroda	4.20	1.60
State Bank of Hyderabad	2.50	2.00
Vidyut Bonds	Nil	2.34
TOTAL	54.26	29.94

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

- 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.
- 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.
- 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.

19. 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 31-03-2012 is Rs. 75.78 Crores.

20. 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 lakhs and amount realized so far is Rs. 3.31 Lakhs and the balance amount of Rs.4.87 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.

21. Disclosure of quantitative particulars in pursuance of the requirements of part II to Schedule VI of the Companies Act, 1956:

(a) Quantitative Details of Purchase & Sale of Power and Circle & Sub-transmission losses (as per Energy Billing Center certification grossed up to normative transmission losses).

(in Million Units)

S.No	Particulars	2011 - 12	2010 - 11
1	Gross Energy Purchased	13472.07	12518.74
2	Gross Energy Input	12953.02	11602.87
3	Direct Sales:		
	a) EHT	290.33	371.60
	b) HT	67.72	84.96
	c) Total direct Sales (a + b)	358.05	456.56
4	Net Energy Input (2 – 3)	12594.97	11146.30
5	Sale by Circles:		
	a) EHT(incl. Ferroalloy)	2486.13	2277.20
	b) HT	2741.64	2340.41
	c) LT(Excluding Agl)	4677.41	4296.87
	d) Agricultural Consumption	1820.64	1451.90
	e) Total Sales by Circles (a+b+c+d)	11725.82	10366.38
6	Circle Losses (MU) (4-5)	869.15	779.92
	Sub-transmission losses (%)	8.54	8.71
	Circle Losses to Gross Input (%)	6.71	6.722
	Discom Losses (%)	6.90	7.00

(b) Payments and benefits to the Chairman and Managing Director and other Directors:

(in Rupees)

Sl. No	Particulars	Sri. Ahmad Nadeem, IAS, CMD	Sri V.Suryana rayana, (Director- Proj.)	Sri.H.Y. Dora (Director- Opn.)	Sri Y.Narayana, (Director- RA)	Sri P. Hari Prasad, (Director Finance)
1	Salary/ Remuneration	511880	618560	602710	445031	531000
2	Allowances/DA	315526	94328	91814	65412	350886
3	HRA	Free accommodation	96000	96000	72774	180000
4	Estimated Benefits such as Telephone, Accommodation and Conveyance	307240	199200	199200	151007	532242
5	EPF	0	0	0	0	0
	Total	1134646	1008088	989724	734224	1594128

c) Sitting fee is paid to Non- whole time directors only and the details are as follows:

(In Rupees)

Sl.	Particulars	Sitting Fees	Out of pocket Expenses	Total
(1)	(2)	(3)	(4)	(5)
1	Sri K. Ranganatham	3000	9000	12000
2	Sri B. Umakara Rao	4000	12000	16000
3	Sri Munidra, IFS	1500	4500	6000
4	K.N. Malleswara Rao	500	1500	2000
	Total	9000	27000	36000

Loans and Advances include Advances / Loans to Directors of Rs. - NIL

Maximum amount outstanding at any time during the year is Rs. - NIL

(d) Details of Remuneration to Auditors:

(Rupees in Lakhs)

	Particulars	2011-12	2010-11
a)	For Statutory Audit Fee	3.71	3.64
b)	For Tax Audit Fee	0.92	0.91
c)	For Company Law Matters	0	0
d)	For Other Services (Cost Audit)	0.61	0
e)	For reimbursement of out of pocket expenses	1.08	1.00
	Total	6.32	5.55

(e) During the year the Company has not incurred expenditure in Foreign Currency.

22. Court Cases / Legal Disputes / Contingent liabilities:

- The receivables for sale of power as on 31-03-2012 include **Rs. 208.73** Crores, which are Subject to finalisation of disputes in court cases.
- Demand of Rs.13.26 crores (previous year Rs.19.57 crores) raised on the participating industries of APGPCL during 2011-12 is in dispute. Realisability of the same depends on the outcome upon finalisation of the said dispute. The corresponding power purchase cost to the tune of Rs. 7.02 crores (previous year Rs. 10.36 crores) is also provided in the books of account based on matching concept.

- c) Arbitrator appointed by Hon'ble High Court had passed (October 2007) an award directing the Company for payment of Rs. 71.25 lakh 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 to 14.06.2012 for filing arguments.
- d) An agreement was entered with M/s Y.S.Rao Engineers Pvt. Ltd, Secunderabad for execution of HVDS works in Srikakulam & 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. The case in the High Court is posted for arguments on 27.04.2012.
- 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. The vacate Stay petition No. 2126/2009 is pending hearing and the date of hearing is not yet fixed.
- 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. 9.549 Lakhs was forfeited and Rs. 38.95 lakhs of pending bills, retention amount of Rs. 8.05 lakhs are pending with EPDCL. The contractor claimed for an amount of Rs. 109.38 lakhs 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 matter 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:

Division	Amount involved	Paid/Deposited
Eluru	57,62,405	33,43,812
T.P.Gudem	28,22,685	16,93,612
Bhimavaram	44,38,217	9,96,888
Nidadavole	36,75,636	36,75,636
Jaggampeta	16,65,572	8,32,786
Rajahmundry	21,15,914	12,69,249
Ramachandrapuram	9,56,616	7,17,461
Amalapuram	62,13,746	31,06,873
Circle Office/Rjy	7,98,764	4,79,309
Anakapalli	8,94,858	4,47,429
Paderu	8,04,620	4,02,310
Circle Office/VSP	2,41,229	1,20,615
Bobbili	11,38,996	5,69,498
Vizianagaram	15,11,684	7,55,843
Circle Office/VZM	1,87,954	1,87,954

- i) The Company is contingently liable for Entry Tax of Rs. 6.58 Crs. 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 crores 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 crores in view of Hon'ble A.P.High Court judgement. The refund will be claimed before Sales Tax Appellate Tribunal as and when it restores normal activity.
- k) Klen & Marshall the 'Lessor' of certain equipment to the Company has claimed Rs1.40 Crores towards lease rentals of ELURU circle for the period from Sep-05 to Sep-2006. The same is filed before Hon'ble Supreme Court.
- J) Other Contingent Liabilities: compensations against Non-fatal accidents etc. pending in courts.**

Name of the Circle/Division	Amount (in Rupees)
Vizianagaram Division	8,18,900
Bobbili Division	9,33,052
Narsipatnam Division	11,57,840
Kakinada Division	16,11,722
Ramachandrapuram Division	6,00,000
Rajahmundry Division	4,31,708
Total	55,53,222

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

Name of the Circle	Amount
Srikakulam Circle	3,71,67,633
Rajahmundry Circle	6,56,69,750
Eluru Circle	2,66,83,739
Vizianagaram Circle	6,63,99,198
Total	19,59,20,320

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

24. Amounts have been rounded off to nearest rupee.


As per our report attached


For **M/S Brahmayya & Co**
Chartered Accountants
Firm Regt. No. 000513S

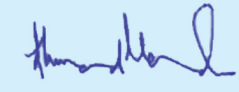



C.V.Ramana Rao
Partner
Membership No.018545

For and on behalf of the Board


P.Hari prasad, I.R.A.S
Director (finance)


P.S.Kumar,
Chief General Manager (Expr)


Ahmad Nadeem, I.A.S
Chairman & Managing Director


A.Rma Rao
Company Secretry

CASH FLOW STATEMENT AS ON 31ST MARCH 2012

Statement - 7

(Rs. in Lakhs)

	PARTICULARS	2011-12	2010-11
A	Cash Flow From Operation Activities:		
	Net Profit Before Tax	1890.31	1600.55
	<u>Adjustments For:</u>		
	Depreciation	19007.31	17601.03
	Interest (Net)	25087.06	17116.16
	Adjustments for Employees terminal benefits like GPF & P&G	-3914.97	8168.53
	Operating Profit before Working Capital Changes		
	Adjustments for :	42069.71	44486.27
	(Increase)/Decrease in Trade and Other Receivables	-53610.80	-135463.59
	(Increase)/Decrease in Inventories	-1362.85	-1155.70
	(Increase)/Decrease in Miscellaneous Expenditure Written Off	0.00	1.96
	Interest to Consumers on Security Deposits	-3604.75	-3206.02
	Increase/(Decrease) in Trade Payables	52488.24	12462.36
	Cash Generated from Operations	35979.54	-82874.72
	Provision for Income Tax	-634.09	319.13
	Amortisation of consumer contribution, Subsidies and Grants towards cost of capital assets	7608.40	7074.67
	Net borrowings towards working capital	11608.48	119527.02
	Net Cash From Operating Activities	40613.71	29258.50
B	Cash Flow From Investing Activities		
	Purchase of Fixed Assets (Including Interest Capitalised)	-29806.22	-19950.37
	Purchases of Investments - including Contingency Reserve in Govt. Bonds	-2706.00	-3528.90
	Interest Received	1546.33	1578.16
	Increase/(Decrease) in Liability for Capital Works	1374.73	-317.05
	Accumulated Interest on Investments through Contingency Reserve	0	0

(Rs. in Lakhs)

	PARTICULARS	2011-12	2010-11
C	Net Cash (used in)/from Investing Activities	-29591.16	-22218.30
	Cash Flow From Financing Activities:		
	Proceeds from issue of Share Capital	0	0
	Proceeds from Long Term Borrowings	2951.10	3995.09
	Proceeds from Govt. as Subsidy & Grants	0	0
	Proceeds of Consumer Contribution for capital Assets	16063.69	13444.77
	Repayment of Long Term Borrowings	-6860.55	-5955.40
	Interest Paid	-23028.64	-15488.30
	Net Cash (used in)/ From Finance activities	-10874.40	-4003.84
	Net(decrease)/increase in cash and cash equivalent(A+B+C)	148.15	3036.36
	Cash and Cash Equivalents at Beginning of the year	17310.57	14274.21
	Cash and Cash Equivalents at end of the year	17458.72	17310.57

As per our report attached

For and on behalf of the board

For M/s **BRAHMAYYA & CO**

Chartered Accountants

Firm Regn No.000513S



(C.V. RAMANA RAO)

Partner

Membership No. : 018545

P.Hariprasad, I.R.A.S

Director(Finance)

P.S.Kumar

Chief General Manager (Expr.)

Ahmad Nadeem I.A.S

Chairman & Managing Director

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 2

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

4 4 1 8 2 3 5 3

Total Assets

4 4 1 8 2 3 5 3

Sources of Funds

 Paid - up
Capital

1 2 1 2 2 5 3

 Reserves &
Surplus

2 9 2 0 7 5 0

 Secured
Loans

3 2 6 4 8 6 7 2

 Unsecured
Loans

7 4 0 0 6 7 8

Application of Funds

 Net Fixed
Assets

1 8 2 8 3 3 9 9

Investments

9 7 8 9 9 9

 Net Current
Assets

2 4 9 1 9 9 5 5

 Miscellaneous
Expenditure

 Accumulated
Losses

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

Turnover

5 5 0 8 2 9 1 5

 Total
Expenditure

5 4 8 9 8 3 2 3

Profit / Loss before Tax

1 8 4 5 9 2

Profit / Loss after Tax

2 5 2 4 4 0

 Earning per
Share in Rs.

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

Divident 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

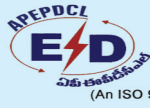
Item Code No. (ITC Code)

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 ANDHRA PRADESH LIMITED

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

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 on my behalf at the Twelfth Annual General
Meeting of the Company to be held on 29th September, 2012 at the Registered Office of
the company at P&T Colony, Seethammadhara, Visakhapatnam – 530 013 or at any
adjournment thereof.

Please affix
Rs.1/-
Revenue
Stamp

Place:

Date :



Launching of **SAVE POWER** slogan conducted by **TV5** by **Sri Ahmad Nadeem**, I.A.S., CMD/APEPDCL and Directors **Sri P.Hari Prasad** (Director Finance & Plg), **Sri V. Suryanarayana** (Director Projects) & **Sri H.Y.Dora** (Director Operation & HRD)



Eastern Power
Distribution Company of A.P. Ltd

ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ

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

Corporate office : P & T Colony,
Seethammadhara, Visakhapatnam - 530013