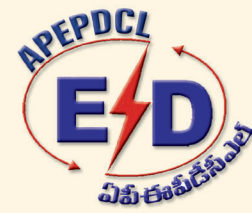




Eastern Power
Distribution Company of A.P. Ltd
ఆంధ్ర ప్రదేశ్ తూర్పు ప్రాంత విద్యుత్ పంపిణీ సంస్థ

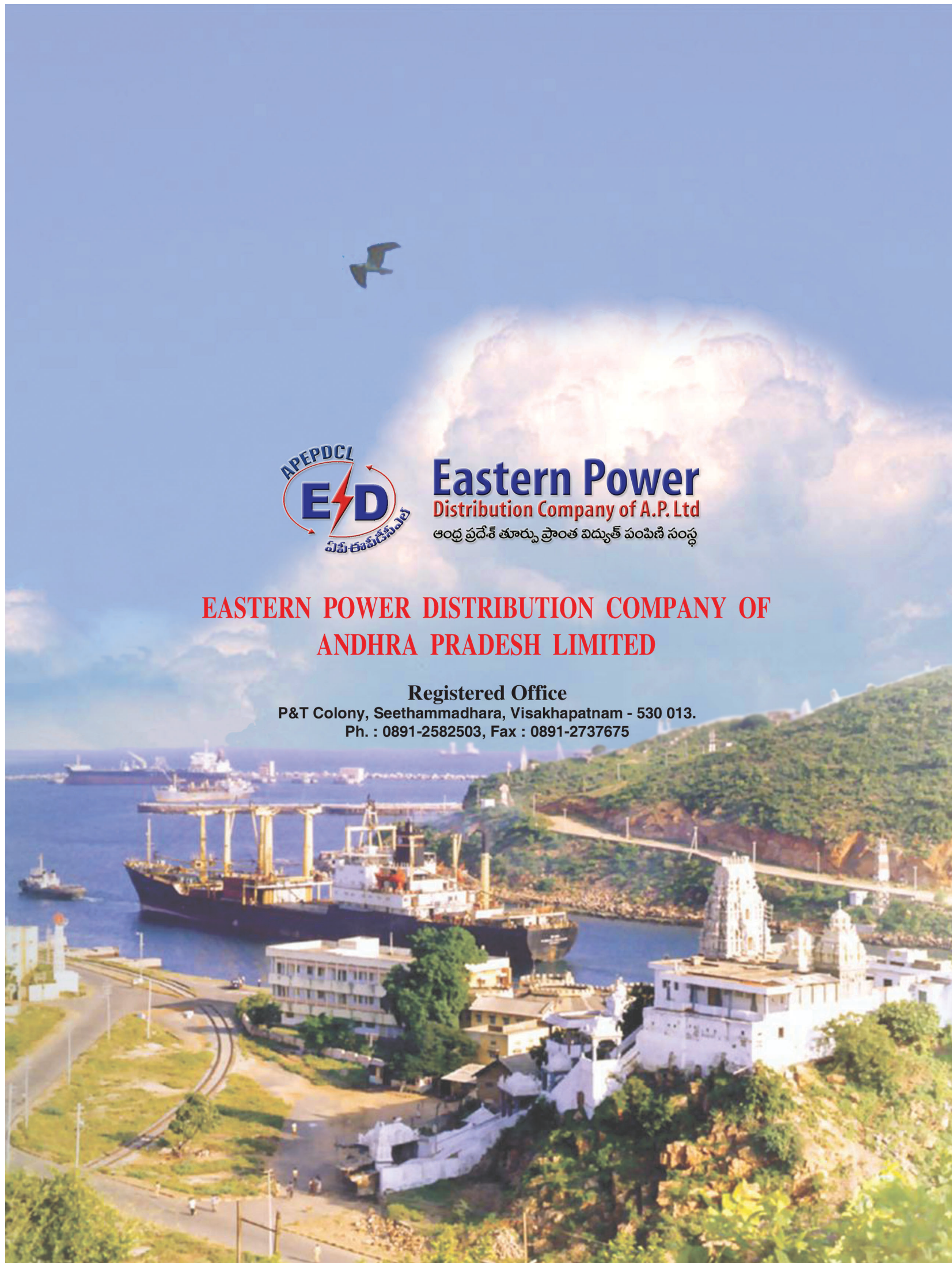
**EASTERN POWER DISTRIBUTION COMPANY OF
ANDHRA PRADESH LIMITED**

Registered Office
P&T Colony, Seethammadhara, Visakhapatnam - 530 013.
Ph. : 0891-2582503, Fax : 0891-2737675



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

**8th Annual Report
2007-08**





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

Quality Policy **Of** **EPDC of AP Ltd**

Committed to be the best 'Power Utility' by providing sufficient, reliable and cost effective power to the delight of our customers

&

To achieve this through continual improvement of our processes, technological advancements and conducive work environment.

Energy Saved is

Energy Produced



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

EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

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

Phone : 0891-2582503, Fax : 0891-2737675

website : www.apeasternpower.com

DIRECTORS

Sri N. GULZAR, I.A.S.
Chairman and Managing Director

Sri K. VIJAYANAND, I.A.S.
Director (Non whole time)

Sri K. GOPALA KRISHNA
Director (Non whole time)

Sri V. SURYANARAYANA
Director (Operation)

Sri H.Y. DORA
Director (Projects & Comm.)

Sri Y. NARAYANA
Director (RA&Plg.)

BANKERS

State Bank of Hyderabad

State Bank of India

Andhra Bank

Bank of India

Indian Overseas Bank

AUDITORS

M/S. SAGAR & ASSOCIATES

Chartered Accountants

H.O. : H. No. 6-3-244/5, Sarada Devi Street

Prem Nagar, Hyderabad - 500 004

COMPANY SECRETARY

A. RAMA RAO



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

EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED VISAKHAPATNAM

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EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

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

NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the Eastern Power Distribution Company of Andhra Pradesh Limited will be held on Saturday, the 27th day of December, 2008 at 4.00 P.M. at the Registered Office of the Company at P&T Colony, Seethammadhara, Visakhapatnam – 530 013 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Annual Accounts of the Company for the Financial Year 2007-2008, together with the Directors' Report, the Auditors Report and the comments of the Comptroller and Auditor General of India.

Draft Resolution:

RESOLVED THAT the Audited Balance Sheet of the Company as on 31st March, 2008 and the Revenue Account for the year ended on that date; together with the Auditors Report and the comments of the Comptroller and Auditor General of India thereon; and the Directors' Report thereto be and are hereby adopted.

2. To fix the remuneration of Statutory Auditors appointed by the Comptroller and Auditor General of India for the Financial Year 2008-2009.

The Office of the Comptroller and Auditor General of India vide their letter No. CA. V / COY / ANDHRA PRADESH, EASTP (1) / 82, dated 06.08.2008 appointed Satyanarayana & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2008-2009.

Draft Resolution:

RESOLVED THAT the appointment of Satyanarayana & Co, Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2008-2009 by the Office of the Comptroller and Auditor General of India vide their letter No. CA. V / COY / ANDHRA PRADESH, EASTP (1) / 82, dated 06.08.2008 be noted.

RESOLVED FURTHER 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 of the Statutory Auditors and to provide for reimbursement of their actual out-of-pocket expenses for the Financial Year 2008-2009.†

Special Business :

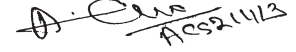
1. To consider and if thought fit, to pass the following resolution as an ordinary Resolution with or without modification.

†RESOLVED THAT in supersession of the resolution passed by the Company in the Extra Ordinary General Meeting held on 25th July, 2002 in relation to the exercise the borrowing powers and pursuant to the provisions Sec 293(1) (d) and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow money, from time to time, at its discretion either from the Company's Bank or any other Bank, Financial Institutions or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors for the purposes of the business of the Company notwithstanding that the moneys to be borrowed together with the money(s) already borrowed by the company (apart from temporary loans obtained from the Company's bankers in the Ordinary courses of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for an specific purpose provided that the total amount to be borrowed shall not exceed the sum of Rs. 2000 Crores (Rupees Two Thousand Crores) at any one time.†

2. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without Modification:

†RESOLVED THAT the consent of the Company be and is hereby accorded in terms of section 293(1) (a) and other provisions, if any, of the Companies Act, 1956, to mortgage and / or hypothecate and / or charge of all or any part of the immovable and creating a floating charge both present and future of every nature and kind whatsoever and creating a floating charge on all or any of the movable properties of the company and the whole of undertaking of the company to or in favour of Banks or Financial institute is or any other lending institutions for borrowing from time to time such sums of money as they deem requisite for the purpose of the business of the Company notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the Ordinary course of business), shall not exceed the sum of Rs. 2000 Crores (Rupees Two Thousand Crores only) at any time.†

By Order of the Board



A. RAMA RAO

Company Secretary

Place : Visakhapatnam

Date : 16.12.2008

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote and such proxy need not be a member of the Company.
2. The comments of the Comptroller and Auditor General of India (CAG) on the Annual Accounts F.Y.2007-2008 shall be placed before the shareholders at the AGM.
3. Explanatory statement in respect of special business pursuant to section 173(2) of the Companies Act, 1956 is enclosed.

EXPLANATORY STATEMENT

(Pursuant to sec 173 (2) of the Companies Act, 1956)

Item 1 : To execute / implement various schemes for constructing sub stations, erection of distribution transformers, implementation of High Voltage Distribution System, laying of new lines and electrification of unelectrified villages, Hamlets and Dalitwadass, the Company from time to time requires to borrow monies form the Banks and / or various financial institutions.

Necessary approval under section 293(1)(d) of the Companies Act, has been taken at the a Annual General Meting of the Company held on 25th July, 2002 to borrow money from time to time notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the Ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount to be borrowed by the Board of Directors shall not exceed the sum of Rs. 1000 Crores (Rupees One Thousand Crores only) at any one time.

To meet further financial requirement for capital works, the company has been approaching various banks, financial institutions.

In pursuance to the above, the loans liability of the Company may exceed the aforesaid limits of Rs. 1000 Crores . Present, the paid up capital of the Company is Rs. 121.22 Crores and it has been decided to fix the borrowing limits U/s 293 (1) (d) of the Companies Act, 1956 to the extent of Rs. 2000 Crores (Rupees Two Thousand Crores Only).

The Directors recommend the resolution to be passed.

None of the Directors concerned or interested in the resolution

Item 2 : The Company to meet the financial requirements of capital works undertaken under various schemes has been approaching various Banks / Financial Institutions like Rural Electrification Corporation Limited and Power Finance Corporation Limited. The aforesaid Institutions are generally agreeing to finance the requirement of the Company on security of charge created on assets of the Company, either existing or future assets to be created under the various schemes. However, the creation of charge on assets by hypothecation attracts the restrictive provisions of section 293(1)(a) to which the prior consent of members at a General Meeting is essential.

The Directors recommend the resolution to be passed.

None of the Directors concerned or interested in the resolution.



Directors' Report



EASTERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

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

DIRECTORS' REPORT

Dear Shareholders,

Your directors take immense pleasure in presenting the Eighth Annual Report of the Company together with the Audited statement of Account for the year ended 31st March 2008. During the eighth 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 8058.705 Million Units, an increase of 10.90% as compared to 7266.519 Million Units for the previous year. The aggregate technical and commercial losses were brought down to 9.010 % from 12.439 % in the previous year. During the year, the DPE wing has inspected 49,238 services and assessed an amount of Rs.10.17 Crores in respect of 7678 cases booked, relating to pilferage, malpractice, back billing, etc.; out of which an amount of Rs.4.85 Crores has been realised.

During the year under review, Implementation of the High Voltage Distribution System (HVDS) facilitated erection of around 7482 Nos. smaller capacity distribution Transformers and conversion of 1165 Kms. of LT Line to 11 KV Line. Providing high precision / static Metering for HT and LT services was taken up as a continuous drive and an aggregate number of 3,99,438 Meters were installed during the year. Under the JBIC, RGGVY and other Schemes, 26 Nos. 33/ 11 KV Sub-Station were commissioned. About 387 colonies were electrified during the year.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the F.Y.2007-2008 as against APERC Targets and in comparison with previous year is as follows:

(Rs. Crores)

	Particulars	APERC Target 2007-08	Actuals 2007-08	Actuals 2006-07
I	Revenue			
†	Sale of Power (incl. Electricity Duty)	2041.00	2178.26	1977.82
	Inter state sales and Inter Discom Sales		338.30	165.84
†	Non-Tariff Income	208.00	247.06	200.75
	Wheeling Charges			
†	Subsidy			6.61
†	Total Revenue	2249.00	2763.62	2351.02
II	Expenditure			
†	Power Purchase	1798.00	2252.47	1939.74
†	Electricity Duty	31.00	32.30	28.34
†	Employee Cost	163.00	232.55	186.55
†	Administration & General Charges	35.00	39.91	37.33

†	Repairs & Maintenance	16.00	13.46	11.19
†	Interest & Finance Charges	89.00	124.60	108.28
†	Depreciation	106.00	111.82	139.04
†	Other Expenses - Corporate Exp.	2.00	19.99	1.73
	Extra-ordinary items consisting of amortisation of consumers contribution, subsidies, grants etc., pertaining to previous years			(88.56)
†	Prior Period Charges		(75.78)	(3.06)
	Special Appropriation ñ Contingency Reserve	5.00	5.00	5.00
†	Less: 1. Expenses Capitalized	25.00	22.48	20.91
†	2. Interest During Construction (IDC)		6.09	4.78
†	Total Expenditure	2220.00	2727.75	2339.89
†	Profit before Tax	29.00	35.87	11.13
†	Provision for Income Tax & FBT		5.55	2.35
III	Profit after Tax	29.00	30.32	8.78

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.2727.75 Crores as against the APERC approved estimate of Rs.2220 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
	2007-2008 (In Crores)	2007-2008 (In Crores)	
Power Purchase	1798.00	2252.47	Actual Power purchase cost is Rs. 2.54/unit as against the target power purchase cost of Rs.1.94/unit. The increase in cost is mainly due to additional power purchase cost and usage of high cost fuel/ raw material for generation of power.
Employee Cost	163.00	232.55	The increase in actual expenditure is due to the impact of pay revision and provision of liability towards terminal benefits Rs.71 Crores.
Depreciation	106.00	111.82	Depreciation is charged as per accounting policy of the company. The variation is not significant when compared with targets.
Interest & Finance Charges	89.00	124.60	Incentive of Rs.40.18 crores given to HT-1 category consumers is included in the Actual interest and finance charges of RS.124.60 crores whereas the same as per Tariff Order is reduced from revenue from sale of power from HT category-1 consumers.
Admn. and Gen. Charges	35.00	39.91	Increase in actual expenditure is not significant when compared to targets.
Repairs and Maintenance	16.00	13.46	Expenditure during the year on this account is well within the targets.

SURPLUS IN REVENUE ACCOUNT:

During the year 2007-08 the Company achieved a surplus after tax of Rs.30.32 Crores after creation of Special appropriation for safety reserve Rs 5.00 Crores and making Provision of Rs.5.54 Crores towards Minimum Alternate Tax and Fringe Benefit Tax under the provision of the Income-Tax Act, 1961.

SPECIAL APPROPRIATION TOWARDS SAFETY MEASURES :-

A special appropriation of Rs. 5 Crores has been made out of surplus from revenue account for the year ending 31st March, 2008 towards safety measures as directed by APERC vide para No. 365 of Tariff Order for the year 2006-07.

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 2007-08.

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 Lav Agarwal, IAS	Chairman & Managing Director	29.05.2007	02.04.2008
Sri N.Gulzar, IAS	Chairman & Managing Director	23.03.2008	ó -
Sri Harish Kumar, IAS	Non-Whole Time Director	13.06.2006	31.03.2008
Sri K.Vijayanand, IAS	Non-Whole Time Director	23.03.2008	ó -
Sri K.Gopala Krishna	Non Whole Time Director	07.10.2006	ó -
Sri V.Suryanarayana	Director (Operation)	30.06.2007	ó -
Sri C.Sudhakar Reddy	Director (Projects)	27.06.2005	01.07.2008
Sri H.Y.Dora	Director (Projects)	01.05.2008	ó -
Sri Y.Narayana	Director (RA & Plg.)	29.11.2008	ó -

Consequent to the above changes the Board of Directors of the Company as on the date of 8th Annual General Meeting is as follows.

Name of the Director	Designation	Date of appointment
Sri N.Gulzar, IAS	Chairman & Managing Director	23.03.2008
Sri K.Vijayanand, IAS	Non-Whole Time Director	23.03.2008
Sri K. Gopala Krishna	Non-Whole Time Director	07.10.2006
Sri V.Suryanarayana	Director (Operation)	30.06.2007
Sri H.Y.Dora	Director (Projects)	01.05.2008
Sri Y.Narayana	Director (RA & Plg.)	29.11.2008

During the year, the Company held 4 Board Meetings as per following details:

Sl. No.	Date of the Meeting	No. of Whole Time Directors attended	No. of Non Whole Time Directors attended
1	14.05.2007	3	2
2	06.08.2007	3	2
3	30.11.2007	3	2
4	31.03.2008	3	0

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.Vijayanand, IAS	Non Whole Time Director	Joint Managing Director (HRD, Comml., IPC & Reforms), APTRANSCO
Sri K.Gopala Krishna	Non Whole Time Director	Director (Projects, Grid Operation & Co - Ordination), APTRANSCO
Sri H.Y.Dora	Director (Projects)	Nil

During the year, the Company held an Audit Committee Meeting as per following details:

Sl. No.	Date of the Meeting	No. of Whole Time Directors attended	No. of Non Whole Time Directors attended
1	06.08.2007	1	2

AUDITORS

The Office of the Comptroller and Auditor General of India (C&AG) have appointed M/s Sagar & Associates, Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2007-2008.

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 form part of this Report.

RESPONSIBILITY STATEMENT

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

- 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, 2008; and of the Revenue Account for that period with proper explanation relating to material departures;
- 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.

CUSTOMER SERVICE

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

- Telephonic confirmation of release of service/resolution of complaints from consumers.
- MOU with DRDA for registration of Rural Supply failure complaints at Customer Service Centers.
- Registration of all Customer Service at Urban e-Seva Centers in addition to existing bill collection service.
- Increasing Customer Service Centers by franchising Rajiv EPDCL Centers at section offices.
- Appointing outsourced CSC Managers to improve functional efficiency of Customer Service Centers.

INFORMATION TECHNOLOGY

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

- EPIMRS: The main activities of section office categorized as commercial activities, System Improvements and consumer Servicing. The commercial activities include activities related to Release of New services, Taking meter reading & serving the bills, replacement of defective meters, Attending to the exceptional and Operation of D- List.

The system improvements activities include Erections of new distribution transformers, Enhancement of DTRs capacity, Erection of new overhead lines both LT & HT4, Electrification of colonies, habitations etc. consumer servicing activities include Addressing consumer grievances, Attending to the fuse of call complaints and Maintaining un-interrupted supply to the consumers.

- Server Consolidation: Presently there are 23 servers in Corporate Office namely Mail Server Billing Servers, SRT Sever, SAP Servers, EPIMRS server, CAT Server, Web Server, BMS Server, GIS Server etc., also these servers are different makes and configurations, namely Acer, Compaq, SUN, HCL and HP. The applications like EPIMRS, Bill Tracking, SAP, namely HT & LT billing, CAT are critical live applications. The next application to implemented will be ERO consolidation module which will also be data intensive application as the end users of this application are EROs.
- WAN: WAN connectivity is upto sub division and ERO level. With the rollout of EPIMRS application, which is section level automation, data transfer from section office to the corporate office server and also from section office to the respective sub division and division offices, is critical for the application to run.
- E-Vaaraadhi: This system handles and disseminates information relating to power supply position of all the consumers in the major towns, consumers' bill details and payment position to contractors/suppliers.
- SAP: SAP is implemented successfully in all the circles of EPDCL from 01.09.07 and all the live transactions are routed through SAP.
- LAN for all the offices: Setting up of LAN is completed in all the Circle offices, Division offices and ERO offices in the company; thereby establishing connectivity between corporate office and other offices.

- Document Management System: A transparent system for tracking letters, currents, documents, etc. and enabling generation of MIS was developed and successfully implemented in the corporate office.
- Intranet: An information portal for EPDCL officers is developed and hosted through the Company Website, which can also be accessed through LAN.
- EP-IMRS (Eastern Power ñ Information Management and Reporting System): developed an application to stream line the activities from section office and to integrate the process to all the connected offices on an ERP architecture. This is an inhouse development and recently implemented in one sub ñ division on trail basis.
- GIS: With a view to create an asset and consumer indexing data on geographical Information System for all the 29 towns in the DISCOM this project was taken up under APDRP scheme.

HUMAN RESOURCE DEVELOPMENT ACTIVITIES

- The training activities were kept at high momentum and performance of the Training mandays for the year stood at 97.69% over 96.47 % in 2007-2008.
- 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 ñ Monetary Rewards, encouragement by commendation Certificates etc., were maintained.

ACKNOWLEDGEMENTS

Your Directors acknowledge the invaluable support and co-operation of the Chairman & Managing Director, APTRANSCO and Chairman & Managing Directors of sister Distribution Companies. We Welcome Sri N.Gulzar, IAS, our new Chairman & Managing Director, Sri K.Vijayanand, IAS, as Non Whole Time Director, Sri H.Y.Dora, Director (Projects) and Sri Y.Narayana, Director (RA & Plg.) who were appointed on the Board, by the Govt. of Andhra Pradesh. We also place on record our appreciation for the excellent contribution rendered by Sri Lav Agarwal, IAS as Chairman & Managing Director; Sri Harish Kumar, IAS, as Non Whole Time Director, Sri K.Gopala Krishna, as Non Whole Time Director and Sri C.Sudhakar Reddy, Director (Projects), during their tenure as Directors 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 Employees Unions and the Engineersí and Officersí Association of APEPDCL, for their invaluable services.

For and on behalf of the Board

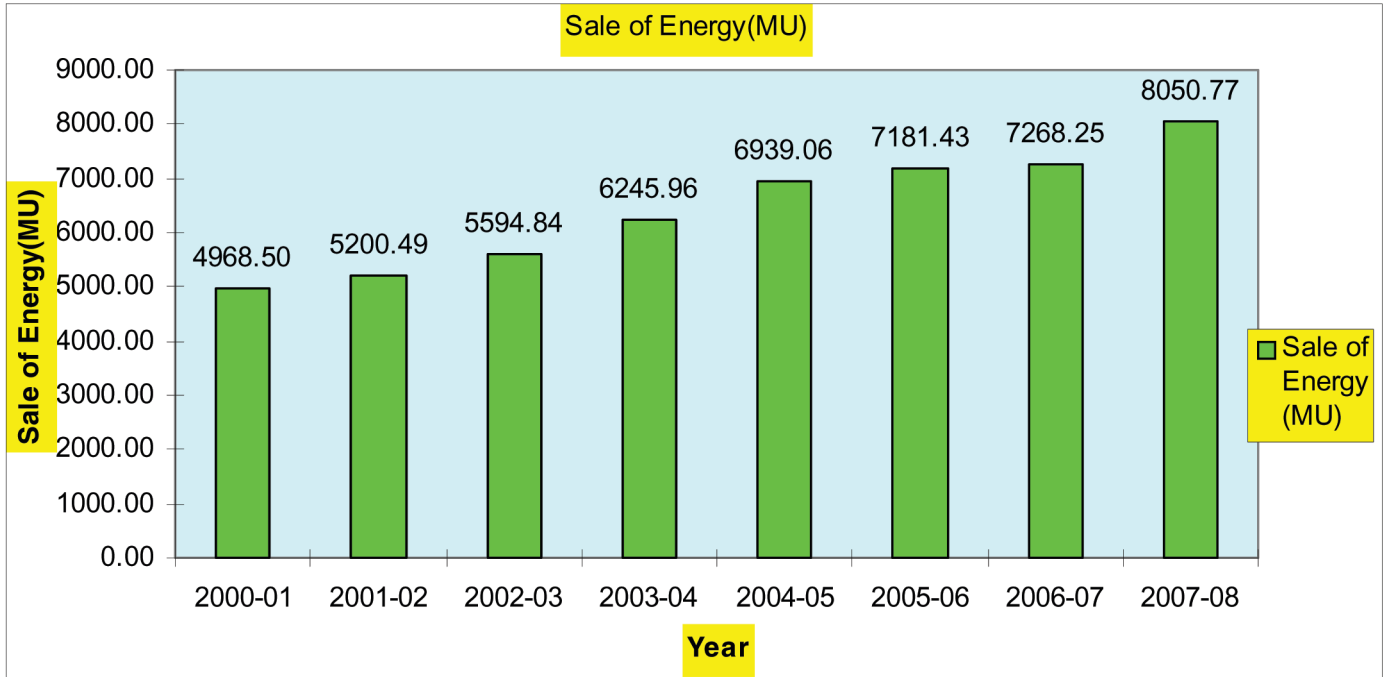

Sri N. Gulzar, IAS
Chairman & Managing Director

... committed to **grow**

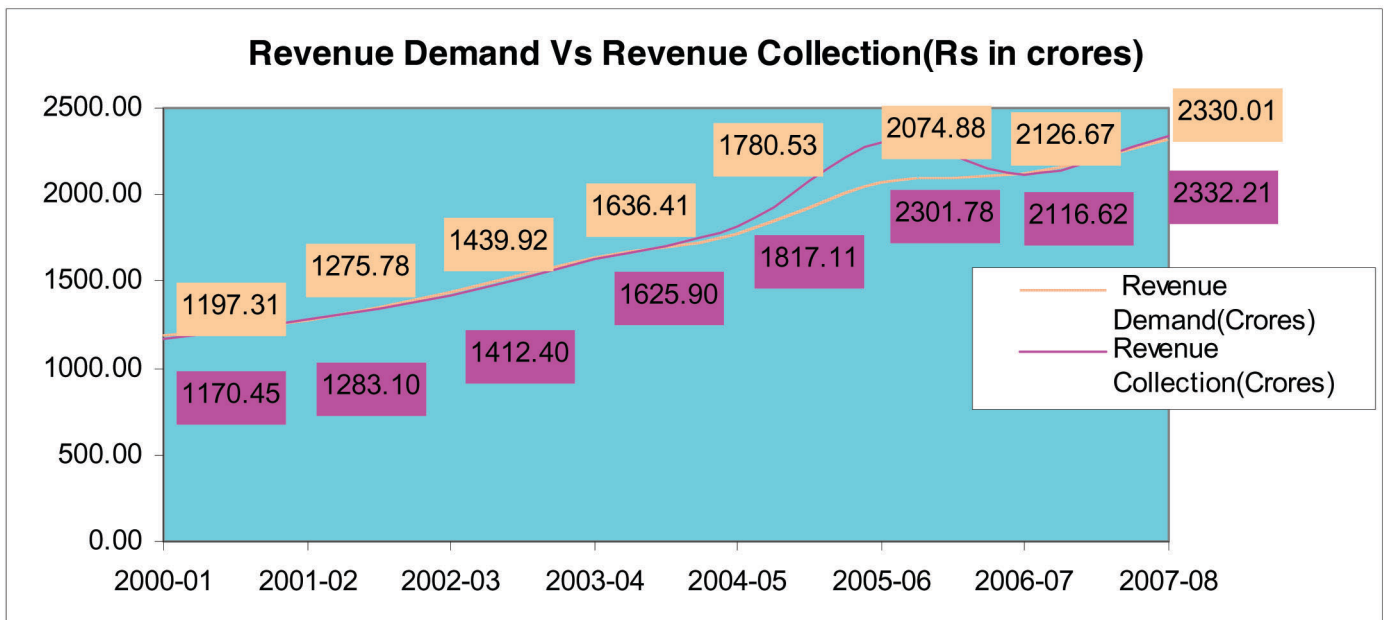


“Energy and persistence conquer all things.”

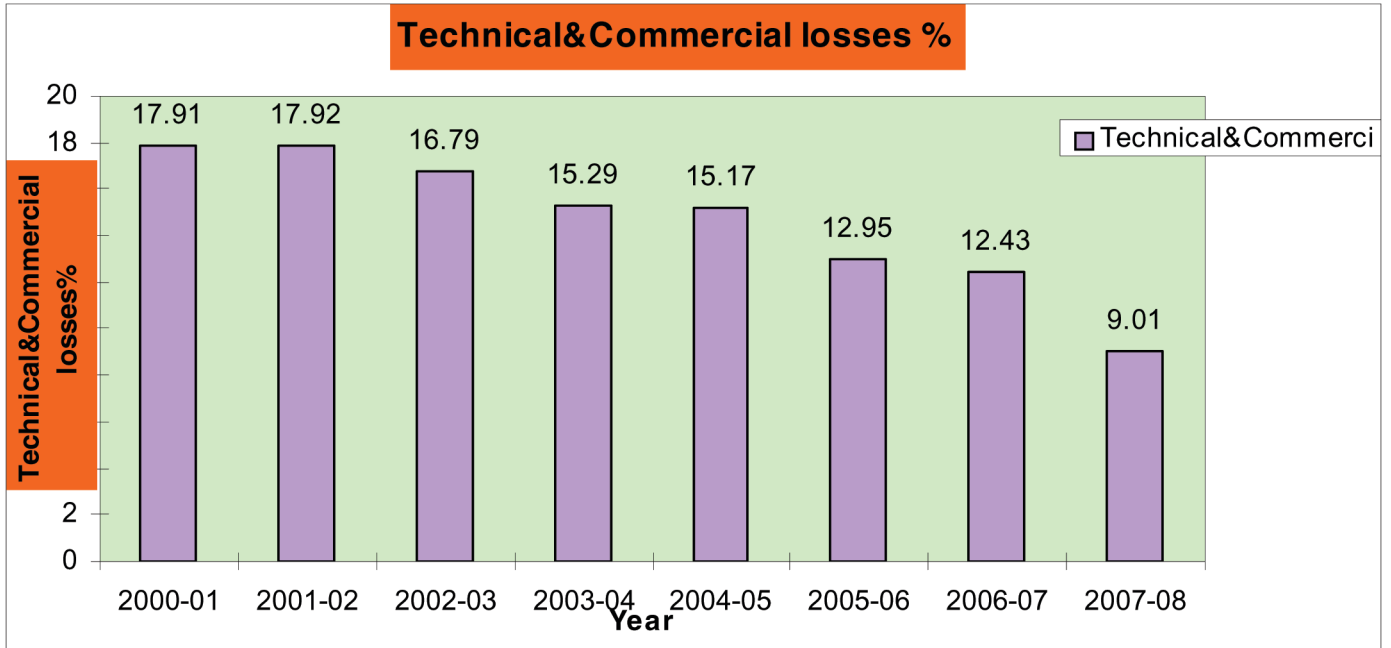
- Benjamin Franklin



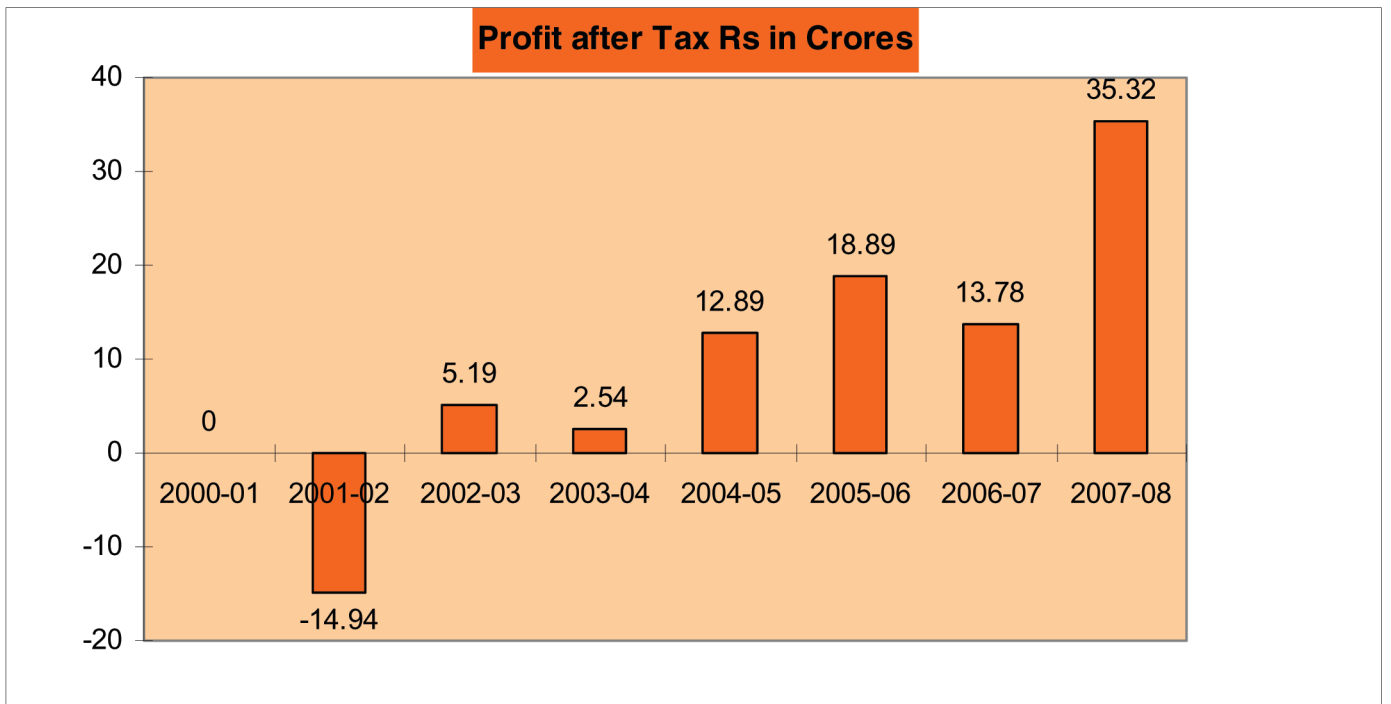
YEAR	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Sale of Energy (MU)	4968.50	5200.49	5594.84	6245.96	6939.06	7181.43	7268.25	8050.77



YEAR	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Deman (Crores)	1197.31	1275.78	1439.92	1636.41	1780.53	2074.88	2126.67	2330.01
Revenue Collection (Crores)	1170.45	1283.10	1412.40	1625.90	1817.11	2301.78	2116.62	2332.21



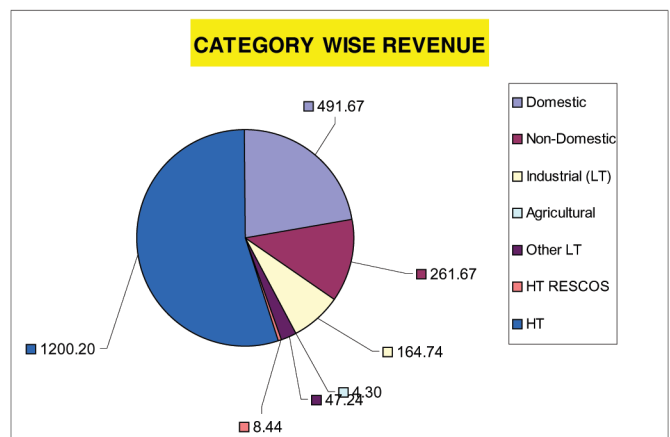
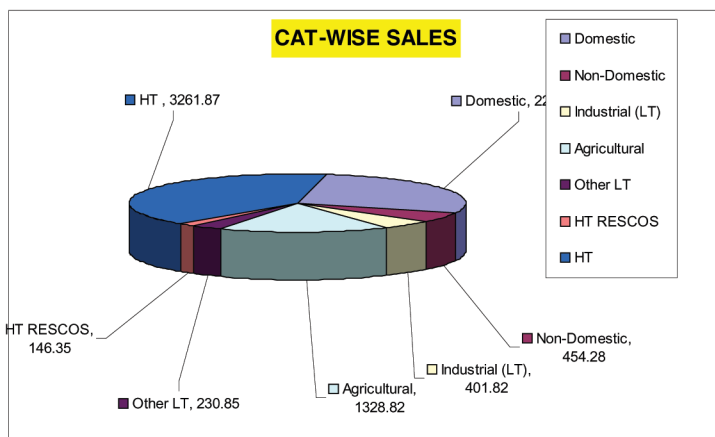
YEAR	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Technical& Commercial losses %	17.91	17.92	16.79	15.29	15.17	12.95	12.43	9.01



YEAR	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Profit after Tax	0	-14.94	5.19	2.54	12.89	18.89	13.78	35.32

SALES AND REVENUE - CATEGORY WISE 2007- 08

Particulars	SALES		REVENUE	
	MU	%	Rs. Crores	%
Domestic	2226.78	27.66	491.67	22.57
Non-Domestic	454.28	5.64	261.67	12.01
Industrial (LT)	401.82	4.99	164.74	7.56
Agricultural	1328.82	16.51	4.30	0.20
Other LT	230.85	2.87	47.24	2.17
HT RESCOS	146.35	1.82	8.44	0.39
HT	3261.87	40.52	1200.20	55.10
TOTAL	8050.77	100.00	2178.26	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 2008.

The preparation of financial statements of Eastern Power Distribution Company of Andhra Pradesh Limited, Visakhapatnam for the year ended 31 March 2008 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 27 September 2008.

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 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report :

A. Comments on Profitability:

Revenue Account

Expenditure

Purchase of Power (Sch.6): Rs.2252.47 crore

1. The above is understated by Rs.1.43 crore due to non-accountal of the balance instalments of the differential cost of power payable to Power Grid Corporation of India Limited (worked out based on Central Electricity Regulatory Commission orders) pertaining to the period up to and payable after 31 March 2008. This has resulted in understatement of iOther Current Liabilities ñ APTransco and power purchase liabilityî and iProfit/ (Loss) before Taxî by Rs.1.43 crore.

Employee Costs (Sch.9)

Medical reimbursement (Monthly Allowance): Rs.1.63 crore

2. The above includes Rs.79.27 lakh being the medical insurance premium paid to cover its employees under Medical Insurance Scheme for the year 2008-09. This amount was booked as current year expenditure instead of treating the same as prepaid expenses. This has resulted in understatement of iSundry Receivables ñ Other Receivables ñ Prepaid Expensesî and overstatement of iMedical reimbursement (Monthly allowance)î and iProfit/ (Loss) before Taxî by Rs.79.27 lakh.

Administration and General Expenses (Sch.10)**Other Professional Charges: Rs.12.47 crore**

3. The above is overstated by Rs.40.40 lakh due to incorrect account of the Company's share of expenditure towards implementation of Systems, Applications and Products in Data Processing (SAP) and passed on by APCPDCL in April 2008. This has resulted in understatement of 'Capital Expenditure in Progress' and overstatement of 'Profit/ (Loss) before Tax' by Rs.40.40 lakh.

Balance Sheet**Net Assets****Capital Expenditure in Progress (Sch.21)****Capital Work-in-Progress: Rs.186.75 crore**

4. The above includes Rs.1.88 crore representing the value of capital works already completed and commissioned by the end of March 2008 in Rajahmundry and Vizianagaram Circles. Non-capitalisation of the completed works resulted in overstatement of 'Capital work-in-Progress' and understatement of 'Fixed Assets - Gross Block - Plant and Machinery' by Rs.1.88 crore. This has also resulted in understatement of 'Depreciation' and 'Profit/ (Loss) before Tax' by Rs.4.42 lakh.

Total Current Assets**Sundry Receivables - (Sch.26(e))****Other claims and Amount receivable from AP Govt : Rs.103.64 crore**

5. Government of Andhra Pradesh vide five Government Orders (GOs) released an amount of Rs.64.39 crore to the company as loan towards implementation of electrification of Dalit wadas and Hamlets/villages. As per the terms and conditions of the GOs, the loan carries interest at the rate of 1 per cent p.a. and 3 per cent p.a. in respect of Dalit wadas and Hamlets/villages respectively. The terms and conditions also specify that on timely completion of the project, the interest stands waived and interest paid also will be suitably adjusted/ reimbursed. The Company had completed the above projects within the scheduled completion dates and hence is eligible for reimbursement of interest paid up to 31 March 2008. Non-account of the same has resulted in understatement of 'Sundry Receivables - Other claims and Amount receivable from AP Govt'; 'Other Income - Reimbursement of interest on Government of Andhra Pradesh Loan' and overstatement of 'Profit/ (Loss) before Tax' by Rs.4.60 crore.

B. Comments on Financial position:**Balance Sheet****Net Assets****Capital Expenditure in Progress (Sch.21)****Capital Work-in-Progress: Rs. 186.75 crore**

6. The above is understated by Rs.1.37 crore due to non-accountal of the value of works completed and check measured before 31 March 2008 in respect of different capital works. This has resulted in understatement of iOther Current Liabilities ñ Liability for Capital Supplies/Worksî by Rs.1.37 crore.

Total Current Assets

Stocks (Sch.26(a))

Stock of material at other stores: Rs.82.49 crore

7. The above is understated by Rs.3.63 crore due to non-accountal of the value of materials received in stores before 31 March 2008 and pending inspection in four Circles. This has also resulted in understatement of iOther Current Liabilities - Liability for O&M supplies/worksî by Rs.3.63 crore.

C. Comments on Disclosure:

Notes to Accounts

Note No.24(a)

8. A reference is invited to the Note 24(a). The amount in the Note has been incorrectly indicated as Rs.58.90 crore as against the correct amount of Rs.55.68 crore.

Note No.24(d)

9. A reference is invited to the Note on Entry Tax. Andhra Pradesh High Court held the iAndhra Pradesh Tax on Entry of Goods into Local Areas Act, 2001î as unconstitutional vide judgement dated 31.12.2007. This fact together with the impact of the same on the accounts of the company i.e., possibility of getting refund of Rs.3.01 crore paid under protest, has not been disclosed.

10. Arbitrator appointed by Honíble 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 in City Civil Court, Hyderabad. This fact was not disclosed in the Notes to Accounts.

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



(G.N.SUNDER RAJA)
Principal Accountant General (C&RA)

Place :Hyderabad,
Date : 26.12.2008.

EASTERN POWER DISTRIBUTION COMPANY OF AP LIMITED

CORPORATE OFFICE :: VISAKHAPATNAM

REPLIES OF 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 2008

Sl. No.	Comments of Comptroller and Auditor General of India	Reply of the company
A.	Comments on Profitability:	
1	<p>Revenue Account Expenditure <u>Purchase of Power (Sch.6): Rs.2252.47 crore</u></p> <p>The above is understated by Rs.1.43 crore due to non-accountal of the balance instalments of the differential cost of power payable to Power Grid Corporation of India Limited (worked out based on Central Electricity Regulatory Commission orders) pertaining to the period up to and payable after 31 March 2008. This has resulted in understatement of iOther Current Liabilities ñ APTransco and power purchase liabilityî and iProfit/ (Loss) before Taxî by Rs.1.43 crore.</p>	<p>The Audit comment is noted. Necessary rectification entries will be passed in the accounts of 2008-09 to transfer the expenditure booked against installments paid during 2008-09 to prior period expenditure account</p>
2.	<p>Employee Costs (Sch.9) <u>Medical reimbursement (Monthly Allowance): Rs.1.63 crore</u></p> <p>The above includes Rs.79.27 lakh being the medical insurance premium paid to cover its employees under Medical Insurance Scheme for the year 2008-09. This amount was booked as current year expenditure instead of treating the same as prepaid expenses. This has resulted in understatement of iSundry Receivables ñ Other Receivables ñ Prepaid Expensesî and overstatement of iMedical reimbursement (Monthly allowance)î and iProfit/ (Loss) before Taxî by Rs.79.27 lakh.</p>	<p>The Audit comment is noted for future guidance.</p>
3.	<p>Administration and General Expenses (Sch.10) <u>Other Professional Charges: Rs.12.47 crore</u></p> <p>The above is overstated by Rs.40.40 lakh due to incorrect accountal of the Companyís share of</p>	<p>Audit comment is noted. Necessary rectification entries will be passed in the Accounts during 2008-09.</p>

Sl. No.	Comments of Comptroller and Auditor General of India	Reply of the company
	expenditure towards implementation of Systems, Applications and Products in Data Processing (SAP) and passed on by APCPDCL in April 2008. This has resulted in understatement of iCapital Expenditure in Progressî and overstatement of iProfit/ (Loss) before Taxî by Rs.40.40 lakh.	
4.	<p>Balance Sheet Net Assets Capital Expenditure in Progress (Sch.21) Capital Work-in-Progress: Rs.186.75 crore</p> <p>The above includes Rs.1.88 crore representing the value of capital works already completed and commissioned by the end of March 2008 in Rajahmundry and Vizianagaram Circles. Non-capitalisation of the completed works resulted in overstatement of iCapital work-in-Progressî and understatement of iFixed Assets ñ Gross Block ñ Plant and Machineryî by Rs.1.88 crore. This has also resulted in understatement of iDepreciationî and iProfit/ (Loss) before Taxî by Rs.4.42 lakh.</p>	The audit comment is noted and necessary rectification will be made in 2008-09 accounts.
5.	<p>Total Current Assets Sundry Receivables – (Sch.26(e)) Other claims and Amount receivable from AP Govt : Rs.103.64 crore</p> <p>Government of Andhra Pradesh vide five Government Orders (GOs) released an amount of Rs.64.39 crore to the company as loan towards implementation of electrification of Dalit wadas and Hamlets/villages. As per the terms and conditions of the GOs, the loan carries interest at the rate of 1 per cent p.a. and 3 per cent p.a. in respect of Dalit wadas and Hamlets/villages respectively. The terms and conditions also specify that on timely completion of the project, the interest stands waived and interest paid also will be suitably adjusted/ reimbursed. The Company had completed the above projects within the scheduled completion dates and hence is eligible for reimbursement of interest paid up to 31 March</p>	Audit comment is noted. The matter is being perused with special Chief Secretary to Government, Energy Department of Government of Andhra Pradesh for reimbursement of Rs. 4.60 crores.

Sl. No.	Comments of Comptroller and Auditor General of India	Reply of the company
	2008. Non-accountal of the same has resulted in understatement of iSundry Receivables ñ Other claims and Amount receivable from AP Govtî; iOther Income ñ Reimbursement of interest on Government of Andhra Pradesh Loanî and overstatement of iProfit/ (Loss) before Taxî by Rs.4.60 crore.	
B.	Comments on Financial position:	
6.	Balance Sheet Net Assets Capital Expenditure in Progress (Sch.21) <u>Capital Work-in-Progress: Rs. 186.75 crore</u> The above is understated by Rs.1.37 crore due to non-accountal of the value of works completed and check measured before 31 March 2008 in respect of different capital works. This has resulted in understatement of iOther Current Liabilities ñ Liability for Capital Supplies/Worksî by Rs.1.37 crore.	<p>The Audit comment is noted for future guidance.</p>
7.	Total Current Assets Stocks (Sch.26(a)) <u>Stock of material at other stores: Rs.82.49 crore</u> The above is understated by Rs.3.63 crore due to non-accountal of the value of materials received in stores before 31 March 2008 and pending inspection in four Circles. This has also resulted in understatement of iOther Current Liabilities - Liability for O&M supplies/worksî by Rs.3.63 crore.	<p>As per the existing procedure, the materials will be taken into stock after the materials are check measured and certified by competent authority. Form -13 (stores receipt) will be issued only if the materials are found satisfactory. Material will be taken into stock only after issue of Form-13. Defective materials will be returned or addressed to supplier for rectification and defective materials will not taken into stock. The material though received in stores prior to 31.03.2008 were check-measured during 1st week of April and taken into stock of April 2008. Hence the liability to accept the material has not crystallized as on 31.03.2008 and accordingly not taken into stock.</p>
C.	Comments on Disclosure	
8.	Notes to Accounts <u>Note No.24(a)</u> A reference is invited to the Note 24(a). The amount in the Note has been incorrectly indicated as	<p>The Audit comment is noted for future guidance.</p>

Sl. No.	Comments of Comptroller and Auditor General of India	Reply of the company
	Rs.58.90 crore as against the correct amount of Rs.55.68 crore.	
9.	<p>Note No.24(d)</p> <p>A reference is invited to the Note on Entry Tax. Andhra Pradesh High Court held the 'Andhra Pradesh Tax on Entry of Goods into Local Areas Act, 2001' as unconstitutional vide judgement dated 31.12.2007. This fact together with the impact of the same on the accounts of the company i.e., possibility of getting refund of Rs.3.01 crore paid under protest, has not been disclosed.</p>	The Audit comment is noted
10.	<p>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 in City Civil Court, Hyderabad. This fact was not disclosed in the Notes to Accounts.</p>	The Audit comment is noted



SAGAR & ASSOCIATES
CHARTERED ACCOUNTANTS

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AUDITOR'S REPORT

To
The Members of
Eastern Power Distribution Company of Andhra Pradesh Limited,
VISAKHAPATNAM

We have audited the attached Balance Sheet of **M/s. EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED** as at 31st March 2008, the Revenue account for the year ended on that date annexed there to and also the cash flow statement for the year ended on that date, which we have signed under reference to this report. 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.

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.

- I. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 we enclose in the Annexure, a statement on the matters specified in the paragraph 4 & 5 of the said order.
- II. Further to our comments in the Annexure referred to in the paragraph 1 above, attention is invited to the following items of Significant Accounting Policies and Notes to Accounts of the Company.
 - (i) *Note 1 – The Annual Accounts have been prepared in the forms prescribed under the Electricity Supply (Annual Accounts) Rules, 1985 (ESAAR, 1985), as notified by the Central Government in the Electricity Act, 1948.*

The Accounting Principles and Policies enunciated in the Electricity Supply (Annual Accounts) Rules, 1985 followed by the Company are not in total consonance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

- (ii) *Inventories are valued at weighted average cost basis instead of lower of Net Realizable value or Cost as contemplated in Accounting standard-2 "Valuation of Inventories". The impact thereof could not be ascertained.*
 - (iii) *Note - 9 regarding depreciation on Fixed Assets is charged 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, instead of at the rates prescribed in the Schedule XIV of the Companies Act,*

1956 and which is not in consonance with Accounting Standard -6 “Depreciation Accounting”. The amount of shortfall in such provision is not ascertainable.

- (iv) Reference is invited to Note No:2 and accounting policy No:2.9 regarding Employee Costs of Company’s staff and expenses chargeable to Capital works during the year of Rs.22.48 Crores done at 10% of the Capital Works on an ad-hoc basis, instead of determining expenses attributable to the specific assets in line with the Accounting Standard-10 “ Accounting for Fixed Assets”. The impact thereof could not be ascertained.
- (v) Reference is invited to Schedule no:19 regarding Opening Balance of Spare units/Service units of Rs.6.61 Crores as on 01.04.07 was regrouped as asset group “Plant & Machinery” and depreciation was calculated and provided in current year. However pending reconciliation of credit balances in previous years the impact of change in method of providing depreciation from “nil” rate to 7.84% is not ascertainable.
- (vi) Reference is to Significant Accounting policy No:2.24 and 2.25 , and Note No: 13 regarding Consumer contribution to Assets and adjustment of depreciation on Assets created out of consumer contribution. The adjustment for depreciation to total assets was made on the basis of proportionate value of assets built out of consumer contribution instead of calculating depreciation on identifiable individual contribution to assets.
- (vii) Reference is invited to Schedule No:25, in the absence of information regarding investments valuation, we are unable to comment “ carrying amount of Investments” as per guidelines provided in AS-13.
- (viii) Note 17 - Non-provision of Deferred tax liabilities in the accounts which is not in accordance with Accounting Standard – 22 “Accounting for taxes on income”.
- (ix) Accounting Standard – 28, Loss on account of Impaired Assets not identified.
- (x) Note-24 - In the absence of complete details on Contingent Liabilities and Contingent Assets, we are unable to comment on Compliance of Accounting Standard-29

The impact of the above on the financial statements is not determinable.

III. Our comments on the accounts are as under:

1. The assets and liabilities are arrived from the balances as on 01-04-2000 as per the 2nd Transfer Scheme stated in the G.O Ms.No.109, Energy (Power-III) dated 29th September, 2001 and the subsequent transactions. The details of all assets and liabilities are given as block figures under major group heads in the said notification. The item-wise details of every account under each group are in the process of ascertainment. Assets and liabilities accounted as per third transfer scheme is subject to reconciliations with AP.Transco.
2. Non Reconciliation of sundry debtors for sale of power with consumer ledger.
3. The outstanding balances against Sundry Debtors, Advances and Sundry Creditors are subject to confirmation.
4. Non reconciliation of inventory balance between “Stores price ledger” and financial ledger.
5. Non reconciliation of consumer Deposits as per Consumer ledger with consumption deposits as per Books of accounts.
6. Reference is invited to schedule 26(c) regarding non-reconciliation funds in transit resulting in un reconciled debit balance of Rs.51.90 Crores.

7. *Reference is invited to schedule 26(e) regarding non-reconciliation of Inter unit Accounts resulting in an Un reconciled credit balance of Rs. 15.96 Crores.*
8. *Sundry debtors for sale of power includes dues, which were outstanding over 3 years. In the absence of adequate proof about the recovery of these outstanding, we are unable to express our opinion about their recoverability and whether the existing provision is adequate.*
9. *Reference is invited to Note No: 20, regarding the financial misappropriation and unauthorized credit in some of the EROs. In the opinion of the Management, the loss if any, on account of the above is not presently quantifiable and no provision has been made in the accounts. The impact of the above on the profit and loss account could not be ascertained.*
10. *Balances with Banks: Reconciliation has not been done and balance confirmations not obtained.*
11. *In Schedule No. 31 on Payments due on Capital Liabilities, loans from Government of Andhra Pradesh amounting to Rs. 62.26 crores is subject to confirmation.*
12. *During the year, provision for terminal benefits for Gratuity, pension and leave encashment was provided as per actuarial valuation report submitted by actuary.*
13. *Reference is invited to note No:3 regarding implementation of SAP in a phased manner in the year 2007-08. The access and input controls in respect of capturing of data and recording of transactions needs to be reviewed.*
14. *Reference is invited to schedule 26(a) regarding detailed break up for the recovery/write off of cost of materials for credit Rs. 17.17 Crores, has not been furnished for our verification. In the absence of details, we are unable to comment on the adequacy of the provision there of.*
15. *Reference is invited to Notes to Accounts No:8 and 19, Cost of purchase of power. The monthly statement of purchase, expense and sale as intimated by the AP.Power Coordination Committee(APPCC) are incorporated in the books of the Company and have been accepted by us.*
16. *Reference is invited to schedule 19 on "Fixed Assets and Provision for Depreciation", Asset wise opening balances as on 01.04.07 were not correctly brought down as per previous year's Audited Financial Statements. However the total of Fixed Assets of Rs.1807.44 Crores was correctly brought down.*
17. *Reference is invited to schedule 35 on "Reserve and Reserve Funds", Balances are subject to reconciliation and confirmation and confirmation from other agencies.*

The total impact of the above on the financial statements is not determinable.

IV. *Subject 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 audit subject to non availability of detailed individual opening balances of assets and liabilities as referred to in Paragraph III (1) above.*
- b. *In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of such books.*
- c. *The Balance sheet and Revenue account dealt with by this report are in agreement with the books of accounts.*

- d. The Balance Sheet and the Revenue Account comply with the Accounting Standards referred to in Sub-Section 3C of Section 211 of the Companies Act, 1956 except to the extent of deviations expressed in Paragraph II above in so far as they relate to AS-2 on Valuation inventories, AS-6 on Depreciation Accounting, AS-10 on Accounting of Fixed Assets, AS-12 on Accounting for Government Grants, AS-13 on Investment accounting; AS-22 on Accounting for Taxes on Income, AS-28 Impairment of Assets, AS-29 Provisions Contingent Liabilities and Contingent Assets.
- e. Since the Company is a Government Company, the provisions of Section 274 (1) (g) of the Companies Act, 1956 is not applicable to the Company.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Accounting Policies and Notes there on, give the information required by the Companies Act, 1956 in the manner so required and

Subject to:

- i. Non disclosure of dues to Small Scale industrial undertakings under creditors
 - ii. Non Classification of Sundry Debtors into outstanding for a period exceeding six months and others
- AND
- iii. The observations and comments given in Paragraph I and subject to our comments given in Paragraph II and III above, the impact of which, on accounts are not quantifiable.

give a true and fair view in conformity with the accounting principles generally accepted in India.

- (i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as of 31st March 2008, and
- (ii) in so far as it relates to the Revenue account of the Surplus of the Company for the year ended 31st March, 2008.
- (iii) in the case of Cash flow statement, of the cash flow of the Company for the year ended 31st March, 2008.

Place : Hyderabad.

Date : 27.09.2008

**For SAGAR & ASSOCIATES
CHARTERED ACCOUNTANTS**



**(B.Srinivasa Rao)
PARTNER**

SAGAR & ASSOCIATES
CHARTERED ACCOUNTANTS

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ANNEXURE TO THE AUDITOR'S REPORT REFERRED TO IN PARAGRAPH - I OF OUR REPORT OF EVEN DATE:

- 1)
 - a) ***The Company has not maintained proper records showing full particulars including quantitative details and situation of such assets.***
 - b) ***We are informed that no physical verification of the assets was done by the Management during the year. As per the explanations given by the Management, the Company is in the process of evolving a periodical programme for verification of fixed assets. We are unable to comment on the discrepancies if any, as compared to the books of account.***
 - c) The Company has not disposed of any substantial part of its fixed assets so as to affect its status as a going concern.
- 2)
 - a) According to the information and explanation given to us, the stock of inventory has been physically verified by the management on an yearly basis.
 - b) The procedure for physical verification of inventory followed by the management is reasonable. ***However, it is inadequate in relation to the size of the Company and the nature of its business.***
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification, between physical stock and book records were not material and they were properly dealt with in the books of account.
- 3)
 - a) According to the information and explanations given to us and the records produced to us for our verification, the company has granted loans, an amount of Rs.30 Crores to NPDCL, Rs.30 Crores to SPDCL and Rs.50 Crores to APPCC covered in the register maintained under Section 301 of the Companies Act, 1956 aggregating to Rs.110 Crores (Aggregating to Maximum outstanding of Rs.110 Crores).
 - b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loan are *prima facie prejudicial to the interest of the Company.*
 - c) According to the information and explanations given, companies to whom loans were granted, have not paid interest as stipulated. There were no repayment of principal amount during the year on due date. On due date, fresh Demand Promissory Notes(DPN)/Acknowledgment Of Debt(AOD) not obtained from the NPDCL, SPDCL and APPCC to whom Inter Corporate Loans were granted. Further these loans are granted on security of DPN only.
 - d) In respect of the aforesaid loans, the entire amount of Rs.110 Crores is over due.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with size of the Company and nature of the business for the purchase of inventory and fixed assets and for sale of power. However the Internal Control system needs to be strengthened with

regards to SAP implementation in reconciliation of accounts, remittance in transit and inter unit accounts, accounting of capital and revenue work orders and stores accounting.

- 5) a) In case of transactions that need to be entered in a register in pursuance of section 301 of the Act have been so entered.
- b) In our opinion, each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) According to the information and explanations given to us, the Company has not accepted deposits from the public with in the meaning of the provisions of the section 58A of the Companies Act, 1956 and rules framed there under.
- 7) The Company has an Internal Audit system, covering all circles. ***In our opinion the scope and coverage needs to be enlarged keeping in view the size of the organization and nature of its business and the new EDP environment with regard to SAP implementation.***
- 8) According to the information and explanations given to us and on a broad review of the books of accounts maintained by the Company, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, we are of the opinion that prima facie the prescribed accounts and records are being maintained. However, we have not made a detailed examination of the records.
- 9) a) According to the books and records produced to and examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues applicable to the Company.
- b) According to the information and explanation given to us and records of the company examined by us, the particulars of dues of Sales tax, excise duty, entry tax and Cess as at 31st March 2008 are as follows.

Name of the statute	Nature	Rs./Crores	Period	Forum where the dispute is pending
A.P.Tax on entry of goods into local areas act 2001	Entry Tax/Stay of collection	6.58	June2002 to November 2004	Appeal pending with A.P Sales Tax Appellate Tribunal, Hyderabad and AP High Court
Central Excise	Excise duty on PSCC poles	0.20	Noví1993 to Julí2003	Customs Excise and Service Tax Appellate Tribunal, South Regional Bench, Bangalore
Employees Provident Fund	Paid under protest in Vizianagaram Circle.	0.13	April 2000 to Noví 2004	EPF Tribunal at Delhi
EPF & MP Act.	PF in respect of contract labour engaged for manning of Sub stations	0.17	June2000 to July 2005	EPF Tribunal at Delhi

- 10) The Company has no accumulated losses as at 31 March 2008 and it has not incurred cash losses in the financial year ended as on the date or in the immediately preceding financial year.
- 11) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank.
- 12) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The Company is not a chit fund or a Nidhi / Mutual benefit fund / Society. Hence, the provisions of Clause (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 14) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which the loans were obtained.
- 17) According to the information and explanations given to us, the funds raised on short term basis have not been used for long term investment and vice-versa.
- 18) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year.
- 19) According to the information and explanations given to us, the Company has not issued debentures during the year.
- 20) The company has not raised any money through public issue during the year.
- 21) According to the information and explanations given to us, a fraud on the Company has been noticed as mentioned in paragraph III (9) of our report.

Place : Hyderabad.

Date : 27.09.2008

**For SAGAR & ASSOCIATES
CHARTERED ACCOUNTANTS**



**(B.Srinivasa Rao)
PARTNER**

EASTERN POWER DISTRIBUTION COMPANY OF AP LIMITED
CORPORATE OFFICE :: VISAKHAPATNAM
REPLIES OF THE COMPANY TO THE COMMENTS OF THE STATUTORY AUDITORS CONTAINED
IN THEIR REPORT FOR THE YEAR 2007-2008:

Sl. No.	Statutory Auditors Comments	Reply of the Company
1	Note 1 ñ The Annual Accounts have been prepared in the forms prescribed under the Electricity Supply (Annual Accounts) Rules, 1985 (ESAAR 1985), as notified by the Central Government in the Electricity Act, 1948. The Accounting Principles and Policies enunciated in the Electricity Supply (Annual Accounts) Rules, 1985 followed by the Company are not in total consonance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.	Significant Accounting Policies adopted in the preparation and presentation of financial statements are mentioned in the notes to accounts. However, continuous efforts are made to improve upon the requirement of Accounting Standards issue by the Institute of Chartered Accountants of India.
2	Inventories are valued at weighted average costs basis instead of lower of Net Realizable value or Cost as contemplated in Accounting Statandard-2" Valuation of Inventoriesî. The impact thereof could not be ascertained.	It is difficult to ascertain market value of all items in stores as on 31.03.2008. Further most of the items are purchased during the year and their realizable value is more than the cost.
3	Note ñ9 regarding depreciation on Fixed Assets is charged under Straight Line Method at the rates prescribed by the Central Government vide Notification No. S.O.265 (E) dated 27 th March 1994, issued under the Electricity (Supply) Act, 1948, instead of at the rates prescribed in the Schedule XIV of the Companies Act, 1956 and which is not in consonance with Accounting Standard-6 îDepreciation Accountingî. The amount of shortfall in such provision is not ascertainable.	The company is consistently following ESAAR and Depreciation rates as notified by the Ministry of Power Govt. of India. However, continuous efforts are made to improve upon the requirement of Accounting Standards issued by the Institute of Chartered Accountants of India.
4	Reference is invited to Note No.2 and accounting policy No.2.9 regarding Employee Costs of Companyís staff and expenses chargeable to Capital works during the year of Rs.22.48 crores done at 10% of the Capital works on an adhoc basis, instead of determining expenses attributable to the specific assets in line with the Accounting Standard-10 îAccounting for Fixed Assetsî. The impact thereof could not be ascertained.	The rate of 10% towards capitalization of employee cost has been decided in the Board of Directors meeting held on 31.3.2008, after studying the practical issues etc., viz, appropriate no. of officers and staff with infrastructure expenses engaged in the capital works.
5	Reference is invited to Schedule No.19 regarding Opening Balance of Spare units/Service units of Rs.6.61 Crores as on 01.04.07 was regrouped as asset group îPlant & Machineryî and depreciation was calculated and provided in current year. However pending reconciliation of credit balances in previous years the impact of change in method	Reconciliation is in progress.

Sl. No.	Statutory Auditors Comments	Reply of the Company
	of providing depreciation from nil rate to 7.84% is not ascertainable.	
6	Reference is to Significant Accounting policy No.2.24 and 2.25, and Note No.13 regarding Consumer contribution to Assets and adjustment of depreciation on Assets created out of consumer contribution. The adjustment for depreciation to total assets was made on the basis of proportionate value of assets built out of consumer contribution instead of calculating depreciation on identifiable individual contribution to assets	It is difficult to match consumer contribution with the assets created out of such contributions, hence depreciation has been adjusted based on the proportionate value of the assets build out of consumer contribution.
7	Reference is invited to Schedule No.25 in the absence of information regarding investments valuation, we are unable to comment icarrying amount of Investments as per guidelines provided in AS-13.	Noted.
8	Note-17 ñ Non-provision of Deferred tax liabilities in the accounts which is not in accordance with Accounting Standard-22 ñAccounting for taxes on income.	As there is a carried forward loss for the Company, as per the Income Tax return filed, the compliance will be taken care of at appropriate time.
9	Accounting Standard ñ28, Loss on account of Impaired Assets not identified.	The opening balances of Fixed assets as on 1.4.2000 are as per the 2 nd Transfer Scheme vide in the G.O.Ms.No.109,Energy (Power-III) dated 29 th September,2001. Ascertainment of impairment (if any) will be done based on the recommendations of technical evaluation through a committee that is proposed to be constituted.
10	Note-24 ñ In the absence of complete details on Contingent Liabilities and Contingent Assets, we are unable to comment on Compliance of Accounting Standard ñ 29.	The instances in which the Company is contingently liable are obtained from all the units and disclosed vide item no.24 of Notes to Accounts.
11	The assets and liabilities are arrived from the balances as on 01-04-2000 as per the 2 nd Transfer Scheme stated in the G.O Ms.No.109, Energy (Power-III) dated 29 th September, 2001 and the subsequent transactions. The details of all assets and liabilities are given as block figures under major group heads in the said notification. The item-wise details of every account under each group are in the process of ascertainment. Assets and liabilities accounted as per third transfer scheme is subject to reconciliations with AP.Transco.	The item-wise details of every account under each group of assets and liabilities are ascertained and the differences between the book balances as available at unit/circle level and 2 nd Transfer Scheme are in the process of analysis. The same is disclosed in note no.7 of Notes to Accounts. The journal entries communicated by APTRANSCO during the finalization of 3 rd Transfer Scheme balances are adopted during F.Y 2006-07
12	Non Reconciliation of sundry debtors for sale of power with consumer ledger.	The reconciliation between Consumer Ledger and Financial Ledger is being done regularly from the Financial Year 2005-06.

Sl. No.	Statutory Auditors Comments	Reply of the Company
13	The outstanding balances against Sundry Debtors, Advances and Sundry Creditors are subject to confirmation.	There is no existing procedure of ascertaining confirmation of Sundry Debtors outstanding. Advances to Sundry Creditors a/c is in the process of reconciliation and confirmation.
14	Non reconciliation of inventory balance between Stores price ledger and financial ledger.	Quantity reconciliation is done with reference to priced ledger and numerical ledger. Competent authorities in circles do the physical verification of inventory frequently and verify the ledgers. Internal Auditors are also making physical verification on yearly basis with reference to ledgers.
15	Non reconciliation of consumer Deposits as per Consumer ledger with consumption deposits as per Books of accounts.	The reconciliation between consumer ledger and financial ledger is in process. The reconciliation of entire Company balances will be completed in due course.
16	Reference is invited to schedule 26(c) regarding non-reconciliation funds in transit resulting in un reconciled debit balance of Rs.51.90 Crores.	The reconciliation of funds in transit is in process.
17	Reference is invited to schedule 26(e) regarding non-reconciliation of Inter unit Accounts resulting in an Un reconciled credit balance of Rs. 15.96 Crores.	The Inter Unit reconciliation is in process. The Debit balance in the Inter Unit account will be reconciled during the year 2008-09
18	Sundry debtors for sale of power includes dues, which were outstanding over 3 years. In the absence of adequate proof about the recovery of these outstanding, we are unable to express our opinion about their recoverability and whether the existing provision is adequate.	Adequate provision exists to take care of such requirements of Bad debts, if any.
19	Reference is invited to Note No: 20, regarding the financial misappropriation and unauthorized credit in some of the EROs. In the opinion of the Management, the loss if any, on account of the above is not presently quantifiable and no provision has been made in the accounts. The impact of the above on the profit and loss account could not be ascertained.	In view of the certainty involved in realization of the misappropriation amount no provision has been made in the accounts
20	Balances with Banks: Reconciliation has not been done and balance confirmations not obtained.	Reconciliation is being done as a regular feature and balance confirmation letters to end of 31.3.08 were obtained.
21	In Schedule No. 31 on Payments due on Capital Liabilities, loans from Government of Andhra Pradesh amounting to Rs. 62.26 crores is subject to confirmation.	The balance in loan from Government of Andhra Pradesh a/c as on 31.3.2004 is confirmed vide G.O.Ms.No.58, Energy (power-III) dt.7.6.2005. Transactions subsequent to that date are in the process of reconciliation and balance confirmation is being obtained.

Sl. No.	Statutory Auditors Comments	Reply of the Company
22	During the year, provision for terminal benefits for Gratuity, pension and leave encashment was provided as per actuarial valuation report submitted by actuary.	Provision for terminal benefits is made, based on the recommendations of Draft Actuarial Valuation Report given by The Actuary - M/s India Hewitt.
23	Reference is invited to note No:3 regarding implementation of SAP in a phased manner in the year 2007-08. The access and input controls in respect of capturing of data and recording of transactions needs to be reviewed.	Noted
24	Reference is invited to schedule 26(a) regarding detailed break up for the recovery/write off of cost of materials for credit Rs. 17.17 Crores, has not been furnished for our verification. In the absence of details, we are unable to comment on the adequacy of the provision there of.	Noted
25	Reference is invited to Notes to Accounts No:8 and 19, Cost of purchase of power. The monthly statement of purchase, expense and sale as intimated by the AP. Power Coordination Committee(APPCC) are incorporated in the books of the Company and have been accepted by us.	Noted
26	Reference is invited to schedule 19 on 'Fixed Assets and Provision for Depreciation', Asset wise opening balances as on 01.04.07 were not correctly brought down as per previous year's Audited Financial Statements. However the total of Fixed Assets of Rs.1807.44 Crores was correctly brought down.	Difference in Opening balances Depreciation is due to re-grouping of opening balances under SAP. However total depreciation Rs.789.80 crores balance as on 31.03.2007 is carried forward to 01.04.2007
27	Reference is invited to schedule 35 on 'Reserve and Reserve Funds', Balances are subject to reconciliation and confirmation and confirmation from other agencies.	Noted

The background of the slide features a blue sky with white clouds and several bright yellow lightning bolts. A large, thick, grey arrow points downwards from the top left corner towards the title.

Financial Statements

A rectangular inset image with a thin orange border shows a close-up of two hands holding a coin over two tall stacks of coins. The stacks are made of many small, gold-colored coins, and the background is black.The bottom of the slide features a blue sky with white clouds and several bright yellow lightning bolts, matching the top background.



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

REVENUE ACCOUNT FOR THE YEAR ENDING 31st MARCH 2008

STATEMENT-I
(In Lakhs)

SCH. No.	Particulars	Current Year 2007-2008	Previous Year 2006-2007
	INCOME		
1	Revenue from Sale of Power (Gross)	230302.23	209889.05
	Inter State sales & Discom to Discom Sales	33829.83	16584.04
	Less: State Electricity duty	3229.75	2833.87
	Revenue from Sale of Power (Net)	260902.31	223,639.23
4	Revenue Subsidies and grants	0.00	827.20
5	Other Income	12229.80	7801.22
	TOTAL INCOME	273132.11	232,267.64
	EXPENDITURE		
6	Purchase of Power	225246.71	193973.96
8	Repairs & Maintenance	1345.59	1118.95
9	Employee costs	23255.29	18655.66
10	Administration & General Expenses	3991.15	3732.59
11	Depreciation and Related Expenses (Net)	11182.44	13904.35
12	Interest & Finance Charges	12460.23	10827.60
	SUB TOTAL (1)	277,481.42	242,213.11
	LESS: EXPENSES CAPITALISED		
13	Interest and Finance charges capitalised	609.22	478.00
14	Other expenses capitalised	2248.03	2090.98
	SUB TOTAL (2)	2,857.25	2568.98
15	Other Debits	1987.15	172.64
16	Extra-Ordinary Items	11.98	(8,856.11)
	SUB TOTAL (3)	1,999.13	(8,683.47)
	TOTAL EXPENDITURE (1 to 3)	276,623.30	230960.66
17	PROFIT / (LOSS) BEFORE TAX	(3,491.18)	1306.98
	Provision for Taxes		
	Income Tax	487.86	182.00
	Fringe Benefit Tax	66.68	53.00
		554.54	235.00
	PROFIT/ (LOSS) AFTER TAX	(4,045.72)	1071.98
18	Net Prior Period Credits / (Charges)	7,578.12	306.41
	SURPLUS / (DEFICIT)	3,532.40	1,378.39

As per our report attached

For M/s Sagar & Associates
Chartered accountants

B. Subrahmaniam
Partner

Membership No. 202352

H.Y Dora
Director(Projects)

A. Rama Rao
ACS 21412

A. Rama Rao
Company Secretary

For and on behalf of the board

Gulzar N. I.A.S
Chairman & Managing Director

NET REVENUE AND APPROPRIATION ACCOUNT

STATEMENT- II
(In Lakhs)

	Particulars	2007-2008	2006-2007
	Balance brought forward from last year	2664.22	1785.83
	Surplus/(Deficit) from Revenue Account	3532.40	1378.39
	CREDITS:	-	
	Transfer from General Reserve		-
	Total	6196.62	3164.22
	APPROPRIATIONS :		
	Contribution to Reserve and Reserve Funds	-	-
	Sinking Fund for Repayment of Borrowings	-	-
	General Reserve	-	-
	Contingency Reserve	-	0.00
	Appropriation to Special Safety reserve	500.00	500.00
	Balance carried forward	5696.62	2664.22

BALANCE SHEET AS ON 31.3.2008

STATEMENT- III
(In Lakhs)

SCH.	Particulars	As at 31-03-2008	As at 31-03-2007
	<u>NET ASSETS</u>		
19	Net Fixed Assets		
	Gross Block	205,943.93	180,744.71
	Less: Accumulated Depreciation	81,923.82	78,980.71
	Net Fixed Assets	124,020.11	101,763.99
21	Capital Expenditure in progress	18,674.59	18,651.76
22	Assets not in use	180.97	179.10
24	Intangible Assets	5.87	7.83
25	Investments	941.20	941.20
	<u>Net Current Assets</u>		
26	Total Current Assets	99,787.99	100,230.58
	Less: Total Current Liabilities		
27	Security Deposits from Consumers	47,311.50	43,001.75
28	Other Current Liabilities	47,817.67	46,621.05
	Total Current Liabilities	95,129.17	89,622.81
	Net Current Assets	4,658.82	10,607.78
	Deficit / (Surplus) from Revenue	(5,696.62)	(2,664.22)
	NET ASSETS	142,784.93	129,487.44
	<u>FINANCED BY:</u>		
30	Borrowings for working capital	16,622.57	2,271.20
31	Payments due on capital liabilities	6,226.20	5,306.75
32	Capital & other liabilities	60,014.07	63,194.73
33	Funds from state Government	12,122.53	12,122.53
34	Contributions, Grants on Subsidies towards cost of capital Assets.	44,344.28	38,492.71
35	Reserves & Reserve funds.	3,455.27	8,099.52
	TOTAL FUNDS	142,784.93	129,487.44

As per our report attached

For M/s Sagar & Associates
Chartered accountants

B. Subrahmaniam

Partner

Membership No. 202352

H.Y Dora
H.Y Dora
Director(Projects)

A. Rama Rao
A. Rama Rao
Company Secretary

For and on behalf of the board

Gulzar N. I.A.S
Gulzar N. I.A.S
Chairman & Managing Director

CASH FLOW STATEMENT AS ON 31st MARCH, 2008

(Rupees in Lakhs)

SCH. No.	Particulars	2007-2008	2006-2007
A	Cash Flow From Operation Activities:		
	Net Profit Before Tax	4086.94	1613.39
	<u>Adjustments For:</u>		
	Depreciation	2943.11	13514.13
	Interest (Net)	10596.97	9717.00
	Adjustments for Employees terminal benefits like GPF & P&G	-5211.55	3245.44
	Operating Profit before Working Capital Changes	12415.47	28089.96
	<u>Adjustments for :</u>		
	(Increase)/Decrease in Trade and Other Receivables	6591.81	22176.31
	(Increase)/Decrease in Inventories	128.03	-3057.50
	(Increase)/Decrease in Miscellaneous Expenditure not Written Off	1.96	1.96
	Interest to Consumers on Security Deposits	-2390.99	-2203.20
	Increase/(Decrease) in Trade Payables	7815.56	9248.43
	Cash Generated from Operations	24561.83	54255.96
	Provision for Income Tax	554.54	235.00
	Amortisation of consumer contribution, Subsidies and Grants towards cost of capital assets	4082.17	13146.89
	Net borrowings towards working capital	14351.37	
	Net Cash From Operating Activities	34276.50	40874.07
B	Cash Flow From Investing Activities		
	Purchase of Fixed Assets (Including Interest Capitalised)	-25223.92	-23016.58
	Purchases of Investments - including Contingency Reserve in Govt. Bonds	0.00	-300.00
	Interest Received	1863.26	1110.59
	Increase/(Decrease) in Liability for Capital Works	-2309.20	115.60
	Accumulated Interest on Investments through Contingency Reserve	67.30	61.25
	Net Cash (used in)/from Investing Activities	-25602.56	-22029.14
C	Cash Flow From Financing Activities:		
	Proceeds from issue of Share Capital	0.00	0.00
	Proceeds from Long Term Borrowings	22237.40	17088.10
	Proceeds from Govt. as Subsidy & Grants	0.00	0.00
	Proceeds of Consumer Contribution for capital Assets	9933.74	9496.31
	Repayment of Long Term Borrowings	-24498.61	-34882.16
	Interest Paid	-10069.24	-8624.40
	Net Cash (used in)/ From Finance activities	-2396.71	-16922.15
	Net(decrease)/increase in cash and cash equivalent(A+B+C)	6277.24	1922.78
	Cash and Cash Equivalents at Beginning of the year	8734.36	6811.60
	Cash and Cash Equivalents at end of the year	15011.59	8734.36

As per our report attached

For M/s Sagar & Associates
Chartered accountants



Partner


Membership No. 202352


H.Y. Dora
Director(Projects)



A. Rama Rao
Company Secretary

For and on behalf of the board


Gulzar.N. I.A.S.
Chairman & Managing Director

REVENUE FROM SALE OF POWER

SCHEDULE - 1
(Amount In Rupees)

Sl. No.	Particulars	Account Code	Current Year (2007 - 08)	Previous Year (2006 - 07)
	L.T.SUPPLY:			
1	Domestic supply - Category-I	6100210 to 218, 6500219	4,916,738,009	4,360,990,929
2	Non-Domestic Supply - Category-II	6100220 to 228	2,616,685,957	2,264,796,914
3	Industrial supply-Category-III	6100230 to 238 & 6101230 to 1238	1,647,369,042	1,549,122,935
4	Cottage Industries - Category-IV	6100240 to 248	3,617,189	3,172,124
5	Irrigation and Agriculture Category-V	6100250 to 258 & 6101250 to 1258	42,990,839	51,001,069
6	Public Lighting - Category-VI	6100260 to 268 & 6101260 to 1268	351,624,179	329,995,925
7	General Purpose - Category-VII	6100270 to 277	112,634,440	101,806,402
8	Temporary - Category-VIII	6100280 to 288	4,489,574	3,468,193
	L.T.TOTAL :		9,696,149,229	8,664,354,491
	H.T.SUPPLY			
1	Industrial segregated - Category-I	6100310 to 318	8,750,761,503	7,938,141,346
2	Industrial non-segregated-Category-II	6100320 to 328	1,162,255,062	1,023,545,976
3	Irrigation and Agriculture - Category-IV	6100340 to 346 & 6101340 to 1346	49,926,366	37,863,824
4	Railway Traction-Category-V	6100350 & 356	1,945,767,183	1,844,476,234
5	Electricity Co-op. Societies	6100370	84,447,554	88,683,042
6	Power incentive Consumers		-	-
7	Extra State supplies to Government of Pondichery.			
8	Inter State Supplies			
6	Temporary supply	6100380 to 388	1,072,505	100,291,419
7	Grid support charges	6100970	8,797,448	1,175,135
8	Colony Consumption	6100360 to 366	83,469,792	79,609,917
	H.T.TOTAL:		12,086,497,413	11,113,786,893
	L.T. + H.T.TOTAL		21,782,646,642	19,778,141,384
	Net L.T.+H.T.Total:		21,782,646,642	19,778,141,384
	MISCELLANEOUS REVENUE			
1	Electricity Duty recovery	6100501 to 6100518, 6101503 to 6101514	322,975,438	283,386,810
2	Other state levies recovery	6100521 to 6100540	3,530,863	2,652,429
3	Recoveries for theft of power / Malpractices	6100810 to 6100820	33,213,449	53,661,464
	Sub Total:		359,719,750	339,700,703
4	Wheeling charges recoveries	6100825	(107)	17,143
5	Miscellaneous charges from consumers	6100613 to 6100783, 6100845, 6100902 to 950,913	887,856,508	871,045,744
	Total Misc. Revenue		1247576151	1210763590
	Gross Revenue from sale of power		23,030,222,793	20,988,904,974
6	Interstate sales & DD sales	6100145 & 7600577	3,382,983,414	1,658,404,428
	Less: Electricity Duty & other state levies payable	7000901	322,975,438	283,386,810
6	Other state levies payable(which is included in (61.541)		-	-
	Net Total :		26,090,230,769	22,363,922,592

ELEMENTWISE ANALYSIS OF REVENUE

SCHEDULE - 2

Sl.No.	Particulars	Current Year 2007-2008 (in Rupees)	Previous Year 2006-2007 (in Rupees)
	REVENUE		
1	Demand charges	1,919,209,302	1,626,576,000
2	Energy charges	19,830,649,377	18,076,161,925
3	Fuel cost adjustment charges	(0)	52,612,284
4	Power Factor Surcharge	32,787,964	20,755,638
5	Adjustments to past billing	-	860,402
	Less: 25% Rebate to New industries	-	-
	Sub-total (a)	21,782,646,642	19,776,966,249
	<u>Electricity Duty & Other State Levies</u>		
6	Electricity Duty recovery	322,975,438	283,386,810
7	Other State Levies Recovery	3,530,863	2,652,429
	Sub-total (b)	326,506,301	286,039,239
8	Recoveries for Theft of Power/Malpractices	33,213,449	53,661,464
9	Wheeling charges recoveries	(107)	17,143
10	Miscellaneous recoveries	887,856,508	872,220,879
	Sub-total (c)	921,069,850	925,899,486
11	Gross Revenue from Sale of Power (a+b+c)	23,030,222,793	20,988,904,974
	Less: Adjustments to Past Billing (as per contra)		
	Net Revenue	23,030,222,793	20,988,904,974
	Less: Electricity Duty & other state levies payable	322,975,438	283,386,810
	Net Revenue from sale of power	22,707,247,355	20,705,518,164
	ADD : Inter state & DD Sales	3,382,983,414	1,658,404,428
	Total Revenue from Sale of Power	26,090,230,769	22,363,922,592

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	3,283,157	2226.781	220.80
2	Non-Domestic Supply - Category-II	283,895	454.281	576.01
3	Industrial supply-Category-III	23,555	401.817	409.98
4	Cottage Industries - Category-IV	1,404	1.755	206.11
5	Irrigation and Agriculture Category-V	143,813	1328.823	3.24
6	Public Lighting - Category-VI	34,215	200.730	175.17
7	General Purpose - Category-VII	25,819	27.560	408.69
8	Temporary - Category-VIII	82	0.805	557.71
	L.T.TOTAL	3,795,940	4,642.552	208.85
	<u>H.T.SUPPLY</u>			
1	Industrial segregated - Category-I	806	2528.493	346.09
2	Industrial non-segregated-Category-II	479	218.307	532.39
3	Irrigation and Agriculture - Category-IV	58	19.073	261.76
4	Railway Traction-Category-V	15	472.113	412.14
5	Electricity Co-op. Societies	2	146.351	57.70
6	Colony Consumption - VI	30	23.659	352.80
7	Temporary Supply	1	0.219	489.73
	H.T.TOTAL:	1,391	3,408.22	354.37
	L.T. + H.T.TOTAL	3,797,331	8,050.767	270.46

REVENUE SUBSIDIES AND GRANTS

SCHEDULE - 4 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2007-08)	Previous year (2006-07)
1	Subsidies and grants from Government	63.110	-	66,120,000
2	Subsidies- loss on flood, fire, cyclone	63.200	-	16,600,000
3	Other Subsidies and grants	63.300	-	
	TOTAL:		-	82,720,000

OTHER INCOME

SCHEDULE - 5 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2007-08)	Previous year (2006-07)
1	Interest on staff loans and advances	6200937	391,405	546,873
2	Delayed payment charges from consumers	6200251 to 6200270	139,436,750	141,325,020
3	Interest from Banks & Investments	6200926	186,325,744	111,170,473
4	Income from Trading (Profit on sale of scrap etc.)	6200330 to 6200340	4,443,007	33,551,952
5	Miscellaneous receipts	6200921 to 6200925, 927, 930, 931, 933, 936	297,520,730	63,575,219
6	Amortisation of consumer contributions, subsidies, grants towards cost of capital assets (Current year)	6400828	458,938,697	414,114,236
7	UI Charges (Incl. Incentive tws Power Purchase & STOA)	6200934 to 935	135,924,162	15,837,784
	TOTAL:		1,222,980,494	780,121,557

PURCHASE OF POWER

SCHEDULE - 6 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2007-08)	Previous year (2006-07)
1	Power Purchase	7000101	22,777,618,086	19,647,592,431
	Less: Rebate on PP Bills & Incentive		252,946,628	250,196,071
	Total:		22,524,671,458	19,397,396,360

REPAIRS AND MAINTENANCE

SCHEDULE - 8 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2007-08)	Previous year (2006-07)
	<u>Repairs and Maintenance to</u>			
1	Plant and Machinery and Transformers	7400503	68,854,986	52,472,409
2	Substation maintenance by Pvt.agencies	7400501	15,888,693	16,310,116
3	Buildings	7400201	3,321,265	557,972
4	Civil Works	7400401	14,014,697	621,283
5	Lines, Cable net work etc.	7400601 & 651	30,757,151	38,893,700
6	Vehicles	7400701 & 702	1,068,323	2,001,148
7	Furniture and Fixtures	7400801	18,222	10,282
8	Office equipment	7400901,911,921, 930 & 960	635,526	1,027,716
	TOTAL:		134,558,864	111,894,626

EMPLOYEE COSTS

SCHEDULE - 9 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2007-08)	Previous year (2006-07)
1	Salaries	7500101 to 220,710	1,261,414,284	1,211,024,006
2	Dearness Allowance	7500301 to 370	110,620,078	43,067,590
3	Other Allowances	7500401 to 470	156,730,778	156,686,430
4	Bonus/Exgratia	7500501 to 520	8,795,959	176,309
	Sub-Total 1 (1 to 4)		1,537,561,099	1,410,954,335
5	Medical expenses Reimbursement	7500610 to 611	10,469,559	11,366,001
6	Leave Travel Assistance	7500612 to 613	749,805	402,142
7	Earned Leave Encashment	7500617 to 618, 804	222,453,411	218,067,939
8	Payment under workmen's compensation Act	7500629	4,486,975	1,074,798
	Sub-Total 2 (5 to 8)		238,159,750	230,910,880
9	Medical reimbursement(Monthly allowance)	7500610	16,263,363	16,824,939
10	Other welfare expenses	7500664 to 669,765,805 to 815	2,901,684	3,094,524
11	GPF Booster scheme	7500670	1,135,302	826,754
12	Terminal benefits	7500801 to 803,816	529,508,136	202,955,010
	TOTAL:		2,325,529,334	1,865,566,442

ADMINISTRATION AND GENERAL EXPENSE

SCHEDULE - 10 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2007-08)	Previous year (2006-07)
1	Rent, Rates and Taxes	7600101 & 102	7,838,427	7,688,744
2	Licence Fee - APERC	7600103	6,197,000	6,050,000
3	Insurance	7600520 & 521	503,308	639,539
4	Telephone charges, Postage, Telegram & charges	7600201 to 205,	36,859,970	28,691,099
5	Legal charges	7600301	2,532,481	2,916,183
6	Audit fees	7600401	746,070	521,260
7	Consultancy charges	7600302	3,351,772	1,214,770
8	Technical fees		-	-
9	Other professional charges	7600306 & 309	124,746,668	160,706,000
10	Honararium	7600305	982,613	908,527
11	Conveyance expenses	7600568	998,455	1,080,791
12	Travelling expenses	7600567	69,203,020	56,314,275
13	Vehicle running exp.(Cars,Jeeps,Etc.)	7600307& 310 & 531 &530	10,167,730	12,199,392
14	Vehcile hire charges	7600308	40,064,629	32,808,767
15	Training and participation	7600515	4,974,923	3,884,009
16	Fees&Subscription	760502	819,401	231,961
17	Books&periodicals	7600503	210,305	199,265
18	Printing & Stationary	7600504	13,529,195	13,574,993
19	Advertisement	7600505	11,404,921	9,105,831
20	Contributions		-	-
21	Electricity charges	7600506	22,451,124	18,921,935
22	Water charges	7600507	1,029,898	459,635
23	Entertainment	7600501	518,892	250,042
24	Misc.Expenses	7600511& 551& 553& 550,557 to 559	39,736,091	14,565,988
25	Preliminary Expenses written off		195,700	195,700
26	Payment Electricity workers panchayat	7600512	52,500	130,500
27	Expenses towards prajasadassu		-	-
	TOTAL		399,115,090	373,259,206

DEPRECIATION AND RELATED DEBITS(NET)

SCHEDULE - 11 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2007-08)	Previous year (2006-07)
1	Depreciation	7700101	1,118,244,320	1,390,434,652
	TOTAL		1,118,244,320	1,390,434,652

INTEREST AND FINANCE CHARGES

SCHEDULE - 12 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2007-08)	Previous year (2006-07)
1	Interest on State Government loans	7800107	14,022,981	11,213,500
2	Interest on Bonds	7800101	23,455,200	23,455,200
3	Loans from Financial Institutions/Banks			
	R.E.C	7800103	362,441,502	368,315,537
	P.F.C	7800104	125,962,802	74,649,361
	I.C.I.C.I	7800132	24,742,618	28,413,262
	Bank of Baroda	7800133	22,345,568	25,455,751
4	Interest to Consumers	7800110	239,098,994	220,319,974
5	SBH	7800130	22,544,881	110,959
6	Load Incentive to HT - Category I Consumers	7600563	401,769,417	312,689,113
7	Other Interest (other sub-accounts)	7800114 to 120 & 135 to 139 & 207 to 214	7,286,237	12,364,949
8	Cost of raising Finance (Guarantee commission)	7800205	39,955	224,489
9	Bank charges	7800203, 204, 206 & 213	2,312,501	5,547,644
	TOTAL:		1,246,022,657	1,082,759,739

INTEREST AND FINANCE CHARGES CAPITALISED

SCHEDULE - 13 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2007-08)	Previous year (2006-07)
1	Interest and Finance Charges Capitalised	7800900	60,921,784	47,800,342
	Total :		60,921,784	47,800,342

OTHER EXPENSES CAPITALISED

SCHEDULE - 14 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2007-08)	Previous year (2006-07)
1	Employee costs capitalised	7509000	224,803,234	209,097,786
	TOTAL :		224,803,234	209,097,786

OTHER DEBITS

SCHEDULE - 15 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2007-08)	Previous year (2006-07)
1	Waiver of Surcharge		-	-
2	Miscellaneous losses and write-offs	7900601, 8000101 103, & 8500201, 204, 302, 308, 309, 311, 312, 314, 322 & 8500225	187,182,207	17,187,164
3	Sundry Expenses	8500304, 305 & 8500405	11,532,820	76,950
	TOTAL:		198,715,027	17,264,114

EXTRAORDINARY ITEMS

SCHEDULE - 16 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2007-08)	Previous year (2006-07)
1	Extra Ordinary debits (Loss on account of Flood, Cyclone, Fire etc.)	8500601	1,198,000	14,964,447
2	Amortisation of consumer contributions, subsidies, grants etc pertaining to previous years	7700201		(900,575,199)
	Net Extra ordinary items [(Dr) / Cr]		1,198,000	(885,610,752)

PROVISION FOR INCOME TAX

SCHEDULE - 17 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2007-08)	Previous year (2006-07)
1	Provision for Taxes Income Tax Fringe Benefit Tax	8600101 8700101	48,785,706 6,667,984	18,200,000 5,300,000
	TOTAL :		55,453,690	23,500,000

NET PRIOR PERIOD CREDITS / CHARGES

SCHEDULE - 18 (In Rupees)

Sl. No.	Particulars	Account Code	Current year (2007-08)	Previous year (2006-07)
1	<u>Income relating to previous year</u> Receipts-prior periods Interest income-Prior period Excess provision Depreciation Excess provision interest & Fin. Charges Other income prior periods	6600212 to 880 6601983 6601985	- - 806,476,106 - (50,721,989)	- 32,964,923 3,136,437 387,499 5,056,336
	Sub Total:		755,754,117	41,545,195
2	<u>Prior period Expenses / Losses</u> Short provision for power Operating Expenses of previous year Employees cost Depreciation under provided Interest & other Fin. Charges Other charges	83.100 83.300 8800201 to 602 83.600 83.700 83.800	- - (2,058,309) - - -	3,041,608 40,406 (1,077,216) 10,376,343 (2,685,269) 1,208,461
	Sub Total:		(2,058,309)	10,904,333
3	Net Prior Period Credits /(Charges)		757,812,426	30,640,862

CAPITAL EXPENDITURE IN PROGRESS

SCHEDULE - 21 (In Rupees)

Sl.No.	Particulars	Account Code	As at 31.03.08	As at 31.03.07
1	Capital work-in-progress	1400101 & 102	1,867,458,794	1,865,175,992
	TOTAL :		1,867,458,794	1,865,175,992

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/2006-07	Additions during the year/2007-08	Deductions during the year 2007-08	Reclassification	At the end of the year 31-03-2008	At the end of the Previous Year/2006-07	Depreciation for the year/ 2007-08	Adjustments on Deductions	Reclassification	At the end of the year 2007-08	At the end of the Previous Year/2006-07
Land and Land rights	1000101	32,771,918	570,592	-		33,342,510	-		-		33,342,510	32,771,918
Buildings	1000201	196,308,335	42,468,313	-		238,776,648	75,371,609	6,378,426	-	81,750,035	157,026,613	120,936,726
Other civil works	1000401	22,041,461	6,441,259	-		28,482,720	1,057,729	620,492	-	1,678,221	26,804,499	20,983,732
Plant and Machinery	1000501	6,431,330,656	1,314,822,036	4,960,361		7,741,192,331	2,593,865,398	396,114,856	169,110,283	2,820,869,971	4,920,322,361	3,837,465,258
Lines and Cable Network	1000601 & 651	11,240,109,820	1,123,548,183	10,553,300		12,353,104,703	5,161,502,611	698,762,273	654,547,504	5,205,717,380	7,147,387,323	6,078,607,209
Vehicles	1000701	19,868,467	912,973	306,613		20,474,827	13,649,572	2,021,712	275,951	15,395,333	5,079,495	6,218,895
Furniture and Fixtures	1000801, 901 & 911	132,040,006	46,978,833	-		179,018,839	52,624,271	14,346,563	-	66,970,834	112,048,004	79,415,735
TOTAL		18,074,470,663	2,535,742,189	15,820,274	-	20,594,392,578	7,898,071,190	1,118,244,321	823,933,738	-	12,402,010,805	10,176,399,473
Previous year		16008706292	2235517807	169753436		18074470663	6546657704	1400307033	48893548	7898071189	10176399474	9462048588

ASSETS NOT IN USE

SCHEDULE - 22 (In Rupees)

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 (31.03.2007)	Additions during the year (2007-08)	Deductions during the year (2007-08)	Balance at the end of this year (31.03.2008)
			Written down value of Obsolete, Scrapped Assets:					
-	-	-	Land and rights	1600101	-	-	-	-
-	-	-	Buildings	1600201	-	-	-	-
-	-	-	Hydraulic works	1600301	-	-	-	-
-	-	-	Other civil works	1600401	-	-	-	-
3,790,157	26,459,804	25,060,228	Plant and Machinery	1600501	5,189,733	42,856	-	5,232,589
12,055,914	16,507,308	15,919,975	Lines and Cable net work	1600601	12,643,247	4,473	-	12,647,720
94,889	1,176,996	1,192,302	Vehicles	1600701	79,583	-	-	79,583
(2,572)	-	-	Furniture & Fixtures	1600801	(2,572)	-	-	-
-	-	-	Office equipment	1600901	-	-	-	-
				& 11	-	139,904	-	139,904
15,938,388	44,144,108	42,172,505	Total		17,909,991	187,234	-	18,097,225

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	Intrangible Assets	Account Code	Balance at the end of the previous (31.3.2007)	Cost incurred during the previous year	Cost charged to revenue during the previous year	Balance at the end of this year 31-03-2008
978,500	-	195,700	Expenses for forming and organising the Company	1201001 & 7700201	782,800	-	195,700	587,100
978,500	-	195,700	Total		782,800	-	195,700	587,100

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 01-04-2007	Further investments during the year (2007-08)	Closing Balance as on 31-03-2008
62,103,462	30,000,000		<u>Investments against funds</u>	2001070	92,103,462	-	92,103,462
2,016,600	-		Contingency reserve Investments	2006010	2,016,600	-	2,016,600
			Investment in Equity Share capital of RESCOs				
64,120,062	30,000,000	-	Grand Total		94,120,062	-	94,120,062

TOTAL CURRENT ASSETS

SCHEDULE - 26
(In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.08	As at 31.03.07
1	Stocks	26(a)	653,111,733	665,914,516
2	Receivables against supply of power	26(b)	3,589,992,417	3,558,943,017
3	Cash and Bank Balances	26(c)	1,501,159,228	873,435,581
4	Loans and advances	26(d)	1,375,198,654	1,589,940,227
5	Sundry Receivables	26(e)	2,859,336,703	3,334,825,135
	TOTAL		9,978,798,735	10,023,058,476

STOCKS

SCHEDULE - 26(a)
(In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.08	As at 31.03.07
1	Stock of materials at other stores	2200101 to 162	824,859,561	823,411,423
2	Materials stock pending investigation and provision for recovery/ write off of cost of materials	2200201	(171,747,827)	(157,496,907)
	TOTAL:		653,111,733	665,914,516

RECEIVABLES AGAINST SUPPLY OF POWER

SCHEDULE - 26(b)
(In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.08	As at 31.03.07
1	Sundry Debtors for sale of power	2300301, 2302110 to 2810, 2305510 to 5660, 2301100 to 1800 & 2303100 to 3800	1,318,997,300	1,596,169,085
2	Sundry Debtors for Electricity Duty	2302100 to 2800 & 2305110 to 5260	76,749,615	44,881,137
3	Provision for unbilled Revenue Accrued revenue-Generation	2300551 & 552	2,463,270,545	2,241,623,738
4	Sundry Debtors - Miscellaneous Receipts from consumers	2300302, 502, 835 & 901	95,515,697	40,809,796
	Sub-Total:		3,954,533,156	3,923,483,756
5	Less: Provision for doubtful dues from consumers	2300701 to 722 & 730	364,540,739	364,540,739
	TOTAL:		3,589,992,417	3,558,943,017

CASH AND BANK BALANCES

SCHEDULE - 26(c) (In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.08	As at 31.03.07
1	Cash on hand	2401250 to 2401308	17,633,498	25,096,170
2	Cash Imprests with staff	2404901 to 4903	973,308	964,240
3	Balance with Banks	2404501 to 503 & 2428761 to 2461282	963,517,763	737,945,792
	Cash and Bank Balances		982,124,569	764,006,202
4	<u>FUNDS CLEARANCE ACCOUNTS</u> Remittance from HQ to Units & Units to HQ in transit	2404988 to 5000	519,034,659	109,429,379
	TOTAL:		1,501,159,228	873,435,581

LOANS AND ADVANCES

SCHEDULE - 26(d) (In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.08	As at 31.03.07
1	Advances for O&M supplies/works	2501010	85,873,792	77,725,406
2	Loans and Advances to staff	2700101 to 130	9,787,933	8,242,297
3	Advance Income Tax and Tax Deduction at Source	2700423 & 425	91,575,674	68,570,713
4	Loans and Advances - Others	2600101 to 107	60,154,322	25,017,466
	Inter Corporate Deposits	2601010	1,100,000,000	1,100,000,000
	Dues From Other Discoms (Towards pool imbalance mechanism)	2601010 & 2800103 to 107	27,806,933	310,384,345
	TOTAL		1,375,198,654	1,589,940,227

SUNDRY RECEIVABLES

SCHEDULE - 26(e) (In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.08	As at 31.03.07
1	Sundry Debtors-Trading Account	2805160	(6,727,738)	2,442,474
2	Income accrued and due on investments	2800201 & 251	111,197,572	50,004,794
3	Other Income accrued and due	2800302	77,409,817	766,884
4	Amount recoverable from employees/ Ex-employees	2800507 to 510	99,762,556	106,487,456
5	GPF Trust	2800802	66,131,727	37,520,012
6	P & G Trust	2800801, 803 & 805	(231,446,292)	646,597,075
7	Other claims and Amount receivable from APGovt.	2800301, 311 to 426 & 430 to 446 & 502	1,036,424,676	1,017,111,479
8	Other claims under inter unit accounts	3000100 to 3700001	(159,553,038)	2,413,577
9	Deposits (Including Bank Deposits)	2002050	1,866,137,423	1,471,481,384
	TOTAL		2,859,336,703	3,334,825,135

SECURITY DEPOSITS FROM CUSTOMERS

SCHEDULE - 27
(In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.08	As at 31.03.07
1	Security Deposits from consumers (in cash)	4800101, 201, 4800302, 4801020 to 3094	4,523,154,868	4,105,990,438
2	Interest payable on consumer's deposits	4800301& 4500521	207,994,916	194,184,635
	TOTAL:		4,731,149,784	4,300,175,073

OTHER CURRENT LIABILITIES

SCHEDULE - 28
(In Rupees)

Sl. No.	Particulars	Account Code	As at 31.03.08	As at 31.03.07
1	A.P.Transco and power purchase liability	4101010	2,046,257,465	2,214,001,267
2	Liability for capital supplies/works	4200301 to 4201000	31,057,090	261,976,666
3	Liability for O&M supplies/Works	4300001 to 4301000	381,599,016	322,080,097
4	Staff related liabilities and provisions	4301010 to 4400451	807,026,069	696,327,804
5	Deposits and retentions from suppliers and contractors	4601010 to 4603080	471,216,453	371,633,677
6	Electricity Duty and other levies payable to Govt.	4600301 to 310	115,669,144	67,058,553
7	Liability for expenses	4500101 to 501, 4500551 to 903 & 4600107 to 201	81,976,795	81,182,638
8	Accrued liability amounts relating to borrowings.	4600801	36,511,851	21,607,399
9	Other liabilities and provisions	4600850 to 934	303,251,935	122,472,306
10	Deposits for electrification, service connection etc.	4700101 to 603, 4700801 & 4706110	449,288,665	422,943,656
11	Liability towards Kutir Jyoti Scheme.	4,700,701	57,912,831	80,821,391
	TOTAL:		4,781,767,314	4,662,105,454

PAYMENT DUE ON CAPITAL LIABILITIES

SCHEDULE - 31
(In Rupees)

Due at the beginning of the previous year	Amt.received during the prev. year	Payments made during the previous year	Particulars	Account Code	Due at the beginning of the year (1-04-2007)	Amt.received during the year (2007-08)	Payments made during the year (2007-08)	Outstanding at the end of the year (31-03-2008)
531,379,300	-	704,000	REPAYMENTS DUE Loans from Govt. of Andhra Pradesh	5303300	530,675,300	117,694,948	25,750,048	622,620,200
531,379,300	-	704,000	TOTAL		530,675,300	117,694,948	25,750,048	622,620,200

CAPITAL & OTHER LIABILITIES

SCHEDULE - 32
(In Rupees)

Outstanding at the beginning of the Previous year	Amount Received during the Previous year	Repay-ments due during the previous year	Particulars	Account Code	OB as on 01-04-2007	Amount received during the year (2007-08)	Repayments made during the year (2007-2008)	Outstand- ing at the end of the year (31-03-2008)
4,277,858,690	583,012,846	946,598,702	<u>Secured Loans</u>					
782,275,514	564,876,222	91,898,214	(i) Loan from REC Ltd	5303100	3,914,272,834	1,579,370,740	1,874,179,631	3,619,463,943
412,772,165	-	48,089,964	(ii) Loan from PFC Ltd	5303200	1,255,253,522	433,780,302	367,305,233	1,321,728,591
374,696,996	1,863,561	43,496,565	(iii) Loan from ICICI	5303400	364,682,201	44,131,293	92,221,257	316,592,237
202,200,000	-	-	(iv) Loan from Bank of Baroda	5303500	333,063,992	26,098,152	67,731,156	291,430,988
2,275,491,739	250,000,000	2,275,491,739	(v) AP Transco Vidyut Bonds	5301000	202,200,000	-	-	202,200,000
	-	-	(vi) Loan from SBH	5303520	250,000,000	22,664,716	22,673,592	249,991,124
	-	-	Other Liabilities towards subsidy reallocation and adjustment through APPCC		-	-	-	-
8,325,295,104	1,399,752,629	3,405,575,184	Total		6,319,472,549	2,106,045,203	2,424,110,869	6,001,406,883

BORROWINGS FOR WORKING CAPITAL

SCHEDULE - 30 (In Rupees)

Outstanding at the beginning of the Previous year	Amount Received during the Previous year	Repay-ments due during the previous year	Particulars	Account Code	OB as on 01-04-2007	Amount received during the year (2007-08)	Repayments made during the year (2007-2008)	Outstand- ing at the end of the year of the year (31-03-2008)
-	309,057,281	81,937,281	(vii) CC limits - SBH	5000102	227,120,000	1,578,216,295	1,143,078,924	662,257,371
			(viii) Working Capital loan	5101100 & 5101101	-	1,000,000,000	-	1,000,000,000
-	309,057,281	81,937,281	TOTAL :		227,120,000	2,578,216,295	1,143,078,924	1,662,257,371

FUNDS FROM STATE GOVERNMENT

SCHEDULE 33 (In Rupees)

Outstanding at the beginning of the Previous year	Amount Received during the Previous year	Payments made during the previous year	Particulars	Account Code	Outstanding at the end of Previous year (31-03-2007)	Amount received during the year (2007-08)	Repay-ments due during the year (2007-08)	Outstand- ing at the end of the year of the year (31-03-2008)
1,220,000,000	-	-	SHARE CAPITAL Authorised Capital 12,20,00,000 equity shares of Rs.10 each.		1,220,000,000	-	-	1,220,000,000
1,212,253,290	-	-	Issued subscribed and paidup capital 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	1,212,253,290	-	-	1,212,253,290
1,212,253,290	-	-	TOTAL		1,212,253,290	-	-	1,212,253,290

SCHEDULE 34 CONTRIBUTIONS, GRANTS AND SUBSIDIES TOWARDS COST OF CAPITAL ASSETS (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 01-04-2007	Additions during the year (2007-08)
3,962,047,507	949,630,975	1,264,031,302	1. Consumers Contribution	5500101 & 102	3,647,647,180	993,373,694
846,794	-	60,265	2. Subsidies towards cost of Capital Assets	5500200	786,529	72,360
251,435,500	-	50,597,868	3. Grants towards cost of Capital Assets	5500300	200,837,632	18,477,040
4,214,329,801	949,630,975	1,314,689,435	TOTAL		3,849,271,341	993,373,694
						4,434,428,327

SCHEDULE 35 RESERVE AND RESERVE FUNDS (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 (31-3-2007)	Additions during the year (2007-08)
97,606,652	58,824,614	2,700,389	1 RESERVES & RESERVE FUNDS Capital Reserve (Contingency & Other Reserves)	5700702 & 711	153,730,877	56,730,050
10,521,067	3,704,932	-	2 Other Reserves and Reserve funds (PF, P&G Trusts balance)	5400161 & 162	14,225,999	16,511
-	1,098,655,452	1,098,682,595	3 General Provident Fund	5400161 & 162	(27,143)	244,644,557
(3,490,083)	333,612	799,378	4 Family Benefit Fund	5400151	(3,955,849)	822,600
4,205,370	7,075,877	4,956,871	5 Group Insurance - Savings Fund	5400152	6,324,376	8,080,560
(918,264)	656,022	1,241,752	6 Group Insurance-Insurance Fund	5400151 & 153	(1,503,994)	911,567
321,358,928	1,341,039,870	1,021,241,244	7 Pension/Gratuity Fund	5400130 to 147	641,157,554	876,180,232
429,283,670	2,510,290,379	2,129,622,229	TOTAL		809,951,820	1,187,386,076
						345,527,320



Notes to Accounts





Eastern Power
Distribution Company of A.P. Ltd
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NOTES TO ACCOUNTS

(2007-2008)

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 in Electricity Act, 1948 and Companies Act, 1956 wherever the company has adopted the provisions thereof. The principles laid down under ESSAR 1985 are not in total consonance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

2. Change in Accounting Policy during the year:

Capitalisation of expenses: As against the previous accounting policy nos.2.9 to 2.13 of Annual Report 2006-07, the Company has revised its accounting policy of capitalization of expenses as under:

îThe percentage of capitalization of expenses is fixed at 10% of base capital expenditure in place of existing of 18% total employee cost of the operating units.î

3. Implementation of “SAP” during the year: During the financial year 2007-08, the company has implemented SAP an ERP package for better internal control system and effective maintenance of Books of accounts. Reconciliation of Line items and Circle wise opening balances are in progress. In view of pending reconciliation of Opening Balances, transactions for the financial year 2007-08 is added to opening balances as on 01.04.07 and accordingly final accounts were prepared.

4. Revenue recognition & rebates:

- a. The revenue from LT Domestic, Non-Domestic and General-purpose categories of Consumer is based on Monthly and Bi-monthly system of billing.
- b. Unbilled revenue as at the end of the financial year is provided in the books of accounts on accrual basis.î
- c. Sale of Power :- The sale of power to different categories of consumers is based on actual consumption / computed consumption in the instances of absence of actual recorded consumption. The revenue and billing is done as per the tariff order issued by the APERC for the year 2007-08 duly applying the General Terms & Conditions of supply adopted by the company.
- d. The incentive Scheme introduced for HT-CAT-I during the Financial Year 2001-02 and defined in the tariff order for the FY 2001-02 with base year 2000-01 continues to be operative as the commission notes that the scheme has made a positive impact to boost the sales under this category. As per Tariff Order for the F.Y 2001-02 the incentive scheme is applicable for new consumers also.

5. Appropriations out of surplus in revenue account :

A special appropriation of Rs 5 Crores has been made out of surplus from revenue account for the year ending 31st March, 2008 towards safety measures as directed by APERC vide para No. 365 of Tariff Order for the year 2006-07 for the control period up to 2008-09.

6. 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 is pending	Amount in dispute (Rs.)
2001-02	Income Tax Appellate Tribunal	10,20,45,752
2004-05	Income Tax Appellate Tribunal	1,77,28,405
2005-06	Commissioner of Income Tax(Appeals)	5,69,85,634

- Provision for Income Tax has been made on Book Profits u/s.115JB of the Income Tax Act, 1961.

7. Second Transfer Scheme Balances:

The Opening balances as on 1st April 2007 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 differences between the book balances as available at unit/circle level and 2nd Transfer scheme are in the process of analysis.

8. 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.

9. Fixed Assets:

- 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
- The physical verification and reconciliation of Fixed Assets in various circles/divisions is under process.
- 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.

10. Earned Leave encashment:

Liability towards Earned Leave encashment is provided on the basis of Actuarial Valuation. The liability provided during the year 2007-08 is Rs.22.54 crores (Previous Year Rs.21.79 crores).

11. Liability towards employee terminal benefits:

As per the Actuarial valuation report, the total accrued liability as on 31.3.2008 is Rs.224.64 crores and the investments in Pension and Gratuity Trust is Rs.76.85 crores towards future liability. As per decision of Board meeting Dt. 27.09.2008 1/3rd liability of Rs.49.26 crores is recognized as expenditure during the year 2007-08 and the balance liability will be recognized over next two years.

12. Security Deposits collected from the consumer to the end of the year is Rs452.32 crores as against Rs410.59 to the end of F.Y 2006-07. 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.
13. The consumer contribution, subsidies and grants towards cost of capital assets is spent towards capitalized works for the purpose of amortisation as deferred income.
14. The Accounting of DD/ Cheque received is being done based on the date of receipt by the concerned unit office.

15. Inventory:

The following is the position of surplus, Non-moving and obsolete of stock as on 31-03-08.

(Rs. in Lakhs)

Sl. No	Name of the Stores	Scrap (Estimated realizable value)	Surplus	Obsolete	Non-Moving	Un Serviceable	Total
1	Srikakulam	10.83	0.00	0.00	0.00	0.00	10.83
2	Vizianagaram	16.19	0.00	0.00	0.00	3.11	19.30
3	Visakhapatnam	74.78	0.00	72.13	10.09	0.00	157.00
4	Rajahmundry	164.21	0.00	0.00	0.00	0.00	164.21
5	Eluru	174.10	0.00	0.00	0.00	0.00	174.10
	TOTAL	440.11	0.00	72.13	10.09	3.11	525.44

16. Preliminary expenses are written off over a period of 10 years, commencing from 2001-02 onwards. Un-amortised portion of Preliminary expenses are disclosed as Intangible Assets in the Balance Sheet.
17. 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, company has no taxable profit as per regular provision of Income Tax Act, other than the provisions of section 115JB of the Income Tax Act, 1961.
18. Aggregate amount of Capital Liabilities (tentative) falling due for Repayment / Redemption during 2008-09 is:

(Rs. In Crores)

Funding Agency	Principal Repayment	Interest Payable
REC	65.32	32.89
PFC	16.82	14.02
Govt. Loan	5.24	1.41
ICICI	4.81	2.14
Bank of Baroda	4.16	1.96
State Bank of Hyderabad	Nil	2.25
Vidyut Bonds	Nil	2.35
TOTAL	96.35	57.02

19. Purchase of Power: The cost of Power Purchase is finalized at APPCC level .

20. Frauds:

During the year an incident of fraud / misappropriation of funds is identified in Division Office /C&O/Paderu/ Visakhapatnam Circle. The said misappropriation pertains to remittance of amounts to outside agencies. An amount of Rs.8.18 lakhs is so far identified and yet to be realized. The departmental enquiry is in progress.

Another incident of fraud of Rs.9,06,457/- is identified in ERO/Narisipatnam on account of misappropriation of funds collected from consumers. So far an amount of Rs.1,09,292/- is realized.

In view of the certainty involved in realization of the balance amount in both the above cases 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	2007-08	2006-07
1	Gross Energy Purchased	9250.677	8765.186
2	Gross Energy Input	9250.677	8765.186
3	Direct Sales:		
	a) EHT	316.338	387.536
	b) HT	77.669	78.868
	c) NTPC		
	d) Total direct Sales (a + b + c)	394.007	466.404
4	Net Energy Input (2 ñ 3d)	8856.671	8298.782
5	Sale by Circles:		
	a) EHT(incl. Ferroalloy)	1888.405	1719.896
	b) HT	1517.415	1301.633
	c) LT(Excluding Agl)	3316.123	2998.133
	d) Agricultural Consumption	1336.762	1246.857
	e) Total Sales by Circles	8058.705	7266.519
6	Circle Losses (MU)	797.965	1032.262
	Sub-transmission losses (%)	11.325	15.505
	Circle Losses to Gross Input (%)	8.626	11.777
	Discom Losses (%)	9.010	12.439

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

(In Rupees)

Sl.No	Particulars	Sri. Praveen Prakash, IAS CMD	Sri.Lav Agarwal, IAS CMD	Sri A.K. Ghosh (Director - Fin)	Sri A. Kodanda Ramaiah Director (Oper)	Sri.C Sudhakar Reddy, (Director-Proj)	Sri V. Surya narayana, (Director-Oper.)
1	Salary/Remuneration	75865	191183	101683	217075	388310	205560
2	Commission						
3	Contribution to PF						
4	Allowances/DA	28035	73512	22245	25495	83565	220070
5	Estimated Benefits such as Telephone, Accommodation and Conveyance etc.	23274	65320	203837	70226	130290	60064
6	Sitting Fee etc.						
7	Contribution to EPF	0		2340	3120		
	Total	127174	330015	330105	315916	602165	485694

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

(Amount in Rupees)

Sl.No.	Particulars	Sri K.Gopal Krishna	Sri Harish Kumar IAS	TOTAL
(1)	(2)	(3)	(4)	(5 = 3 +4)
1	Sitting fee	2000	2000	4000
2	Out of pocket expenses	6000	6000	12000
	Total	8000	8000	16000

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	2007-08	2006-07
a)	For Statutory Audit Fee	3.39	3.39
b)	For Tax Audit Fee	0.83	0.83
c)	For Company Law Matters	0	0
d)	For Other Services	2.24	0
e)	For reimbursement of out of pocket expenses	1.00	1.00
	Total	7.46	5.22

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

22. A proposal for merger of the two Rural Electricity Cooperative Societies at Cheepurupalli and Anakapalli in EPDCL are under consideration by Government of Andhra Pradesh.
23. The Company is in process of obtaining information from its suppliers regarding their status under Macro , Small and Medium enterprises Development Act 2006. Hence disclosures if any, relating to amounts unpaid as at the date of Balance Sheet together with interest paid /payable as required under the said Act have not been given.

24. Court Cases / Legal Disputes / Contingent liabilities:

- The receivables for sale of power as on 31-03-08 include **Rs. 58.90 Crores**, which are Subject to finalisation of disputes in, court cases.
- Demand of Rs.7.78 crores (previous year Rs.9.25 crores) raised on the participating industries of APGPCL during 2007-08 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. 3.07 crores (previous year Rs. 5.84 crores) is also provided in the books of account based on matching concept.
- Cash at Bank includes **Rs.18.17 lakhs** deposited under court directions for Non- payment of compensation in case of third party fatal accidents. Interest accrued on above deposit is not taken into accounts based on the convention of conservatism.
- 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.
- Demand raised by Central Excise authorities in Eluru Circle for an amount of Rs.20.11 Lakhs relating to manufacture of PSCC poles etc., is pending before Appellate authorities.
- Klen & Marshall the eLessor 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 not taken into books of accounts as expenditure as the matter is under dispute before High Court.
- An amount of Rs. 265597.00 is deposited in court under protest in respect of fatal accident compensation in Bobbili Division of Vizianagaram Circle.
- An amount of Rs 250638.00 is deposited in court under protest in respect of fatal accident compensation in Tekkali Division of Srikakulam Circle.
- An amount of Rs 1325401 was paid in Vizianagaram Circle under protest to EPF authorities
- There is dispute on implementation of Employees Provident Fund Scheme in respect of Contract labour engaged for manning of sub-stations and other works for which notices issued by Assistant Provident Fund Commissioner to Anakapalli Division (For Rs.8.95 lakhs) & Paderu Division(For Rs.8.05 lakhs) of Visakhapatnam Circle under section 7-B of EPF & MP Act. As per Tribunal direction 50% of above disputed amount was deposited in EPF Tribunal. An amount of Rs. 4,47,429/- respect of Anakapalli division and Rs.4,02,310/-,in respect of Paderu division.
- High Court has disposed the case pertaining to M/s Dasika Industrial Chemicals Ltd., Bhimavaram -Eluru and proposal for withdrawal of amount of Rs.38.43 lakhs involved therein is under consideration.
- To implement the decision of Hon'ble Supreme Court, Board has taken a decision to withdraw the demand of Rs.322.06 lakhs raised on Andhra Sugars Ltd. Accordingly this amount is written off in the Books of accounts.

m) An amount of Rs126556617/- pertaining to surcharge on FACOR, VZM has been with drawn from books of account as per the decision of the four men committee.

25. Previous years figures are regrouped and rearranged wherever necessary

26. Amounts have been rounded off to nearest rupee.

As per our report attached

For M/s Sagar & Associates
Chartered accountants




Partner

Membership No. 202352




H.Y Dora
Director(Projects)



A. Rama Rao
Company Secretary

For and on behalf of the board



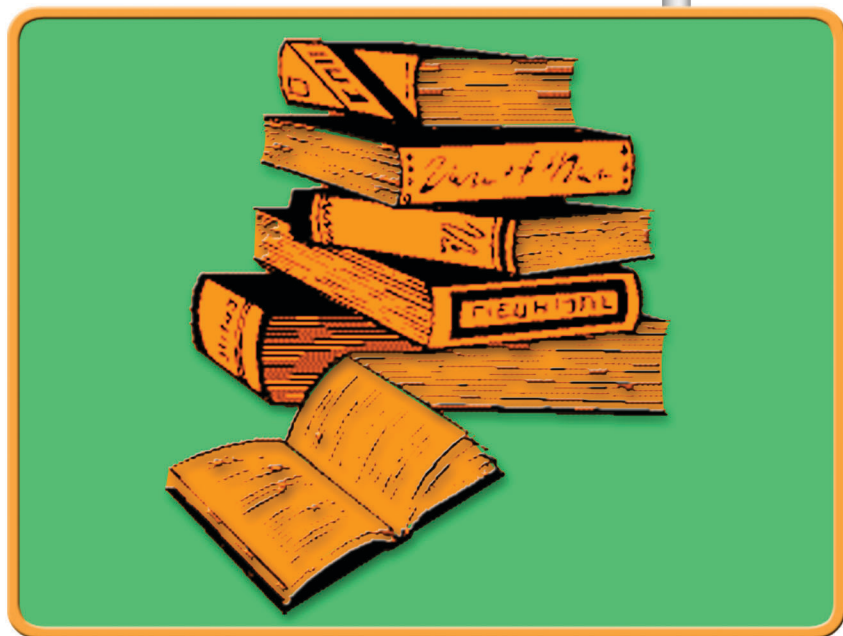
Gulzar.N, I.A.S
Chairman & Managing Director



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



Accounting Principles and Policies





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

EASTERN POWER DISTRIBUTION COMPANY OF AP LIMITED

Corporate Office :: P&T Colony, Seethammadhara, Visakhapatnam

Year – 2007-2008

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 AND LIABILITIES

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

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

1) Two types of subsequent events and transactions require consideration by the Company.

2) The first type consists of those events that provide additional evidence with respect to the conditions that existed at the date of the balance sheet and affect the estimates necessary for accrual etc. in the process of preparing annual accounts. All information that becomes available prior to the finalisation of the annual accounts should be used in evaluating the conditions on which the estimates were based. The annual accounts are adjusted for any changes in estimates resulting from the use of such evidence. Identifying the events that require adjustment in accounts calls for the exercise of judgment and knowledge of the facts for example, a loss on an uncollectable receivable as a result of a consumer's deteriorating financial condition leading to bankruptcy subsequent to the balance sheet date would be indicative of his poor financial condition existing at the balance sheet date, thereby calling for adjustment of the accounts. On the other hand a similar loss resulting from a consumer's major casualty such as a fire or flood subsequent to the balance sheet date would not be indicative of conditions existing in respect of the consumer at the balance sheet date and adjustment would not be called for.

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

NO DEFERRMENT OF LOSS WRITE OFF

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

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

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

2. ACCOUNTING POLICIES

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

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

I. CAPITAL EXPENDITURE AND FIXED ASSETS:

Disclosure at Historical Cost and no Revaluation of Fixed Assets

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

Expenditure on Project identification Survey and Feasibility Studies

2.3 Expenditure incurred on identification, survey and feasibility studies of a project before the project is considered for sanction or rejection are accumulated in an account provided for the purpose. Later, if the

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

COST OF CAPITAL ASSETS

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

Treatment of material related costs

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

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

- 1) Inland freight on imported capital equipment.
- 2) Freight on Local Capital Equipment
- 3) Testing charges on capital equipment
- 4) Incidental Stores Expenses on 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 10% of base capital expenditure.

Land and Land Rights

2.10 Land cost comprise of the following:

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

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

Buildings

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

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

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

- 1) Cost of construction comprising of materials, labour, contractor charges and depreciation on construction machinery
- 2) Surveying
- 3) Cost of obtaining permits, sanctioned plans, occupation certificates from Municipal or other bodies

- 4) Architectural fees
- 5) Insurance on uncompleted structure
- 6) Cost of excavation (excavation is not a cost of land development).

Additions, improvements, Replace-ment & Repairs

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

Repairs before commissioning of Assets

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

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

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

Additions

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

Improvements

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

Replacement

2.20 Replacements can be defined as substitution of one fixed asset by another, particularly of an old asset by a new asset, or of an old part by a new part

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

Rebuilding

2.21 An asset may be rebuilt by replacement of its components over a period of time instead of at one time. The criteria fixed for minor & major replacements shall in such cases be the aggregate of expenditures on replacement in an asset and accounted for accordingly.

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

Capitalisation of Spare Units / Service Units

2.35 Assets which are to be classified as Spare Units/ Service Units in accordance with the accounting policy recommended under the section Other Accounting Policies are capitalized when they are put into usable condition regardless of whether they are actually used or not.

DEPRECIATION

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

1. *The Company charges as depreciation on the fixed assets in use at the closing of the year (on the opening balance and considering further additions & deletions, if any, during the year), such an amount as is required to write-off 90 percent of the cost of an asset, on a straight-line method over the estimated useful life of the asset.*

2. Depreciation charge on an asset shall cease from the year following the year in which.

➤ The year's depreciation along with the depreciation charged in the previous year(s) becomes equal to or more than 90 percent of the cost of the asset; or

➤ The asset permanently ceases to be used by the Company.

Whichever is earlier

3. 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;
- When one or more capital works are done out of funds borrowed from two or more sources then Capitalisation of Interest shall be done taking the weighted average rate of interest of all the borrowings which are used for that capital work / works considering the funds utilised in each of the work and the duration of the work.
- When funds utilised for capital work comprise of loan and grant funds then Capitalisation of interest *shall be restricted to the extent of loan funds only.*

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

- Purchase of new vehicles
- Purchase of Office equipments

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

II. MATERIALS ACCOUNTING

Accounting for Materials Transactions

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

Accounting for Incidental Expenses

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

Recognition of Consumption

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

III. BORROWINGS AND INVESTMENTS

Interest on Borrowings

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

2.68. Total interest cost for the year including interest on State Government loans shall, subject to capitalisation of a portion of interest as per paragraphs 2.64 & 2.65 be charged to Revenue Account for the year.

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

Cost Relating Borrowings

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

Discount and Redemption Premium on Bonds etc

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

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

Treatment of income and investments

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

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

Investments to be recorded 'at Cost'

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

Treatment of Loss/Gain relating to Investments

2.76. Gain on sale of investments is credited to the net Revenue and Appropriation Account. Similarly if any Redemption premium is received on maturity of securities, the same is also credited to Net Revenue and Appropriation Account. Loss on sale of

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

IV. OTHER ACCOUNTING AREAS

Foreign Currency Transactions

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

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

(1) Increase in the amount of receivable or decrease in the amount of the liability is treated as a gain and be credited to Exchange Variance Reserve.

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

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

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

(1) The increase or decrease in the amount of foreign currency liability is accounted for as an increase or decrease in the cost of the assets financed by the liability.

(2) The depreciation for the past years shall also be reworked for the assets where the conditions laid down in paragraph 2.65 for retrospective reworking of depreciation are fulfilled.

Loss due to Fire, Flood, Cyclone etc

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

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

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

Income tax

2.81 Provision is made every year, for the tax payable by the Company on its income or profits in accordance with provisions of the relevant tax law. Such a provision is treated as a charge against the revenue before arriving at the Company's profit for the purpose of computing surplus for the year under Section 59.

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

Timing of Accounting for Revenue

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

Treatment of certain items recoverable from consumers

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

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

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

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

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

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

Cheque Received and in Hand to be Regarded as Cash

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



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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE OF

**SCHEDULE VI
PART IV**

**BALANCE SHEET ABSTRACT & COMPANY'S
GENERAL BUSINESS PROFILE**

**THE COMPANIES
ACT, 1956
(1 OF 1956)**

I. Registration Details :

Registration No.

3 4 1 1 7

State Code

0 1

(Refer Code List)

Balance Sheet Date

3 1

0 3

20 08

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

1 4 2 7 8 4 9 3

Total Assets

1 4 2 7 8 4 9 3

Sources of Funds

Paid-up Capital

1 2 1 2 2 5 3

Reserves & Surplus

3 4 5 5 2 7

Secured Loans

8 2 8 6 2 8 5

Unsecured Loans

4 4 3 4 4 2 8

Application of Funds

Net Fixed Assets

1 3 7 1 7 9 0 4

Investments

9 4 1 2 0

Net Current Assets

4 6 5 8 8 2

Miscellaneous Expenditure

5 8 7

Accumulated Losses

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

Turnover

2 7 3 1 3 2 1 1

Total Expenditure

2 7 6 6 2 3 2 9

Profit / Loss before tax

3 4 9 1 1 8

Profit/Loss after tax

4 0 4 5 7 2

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

Earning per Share in Rs.

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

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 Fifth Annual General Meeting of the Company to be held on _____, 2008 at the Registered Office of the company at P&T Colony, Seethammadhara, Visakhapatnam - 530 013 or at any adjournment thereof.

Place :

Date :

Please affix
Rs. 1
Revenue
Stamp

**INAUGURATION OF
CALL CENTER**



**RELEASE OF
RGGVY BROCHURE**



**INAUGURATION OF
CDM PROJECT**



DISTRIBUTION OF CFL BULBS



SCADA BUILDING MODEL



**INAUGURATION OF
ATP MACHINE**



**SCADA BUILDING
FOUNDATION FUNCTION**

