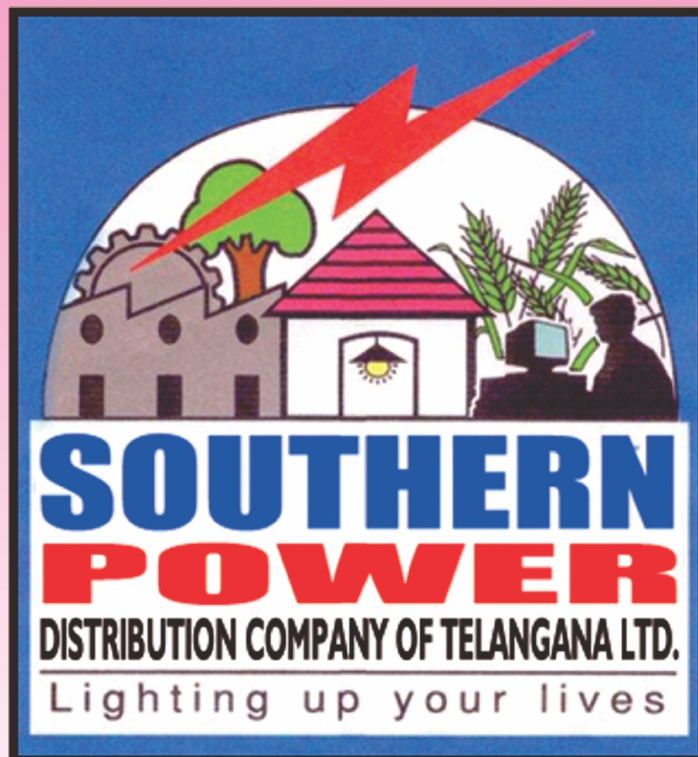
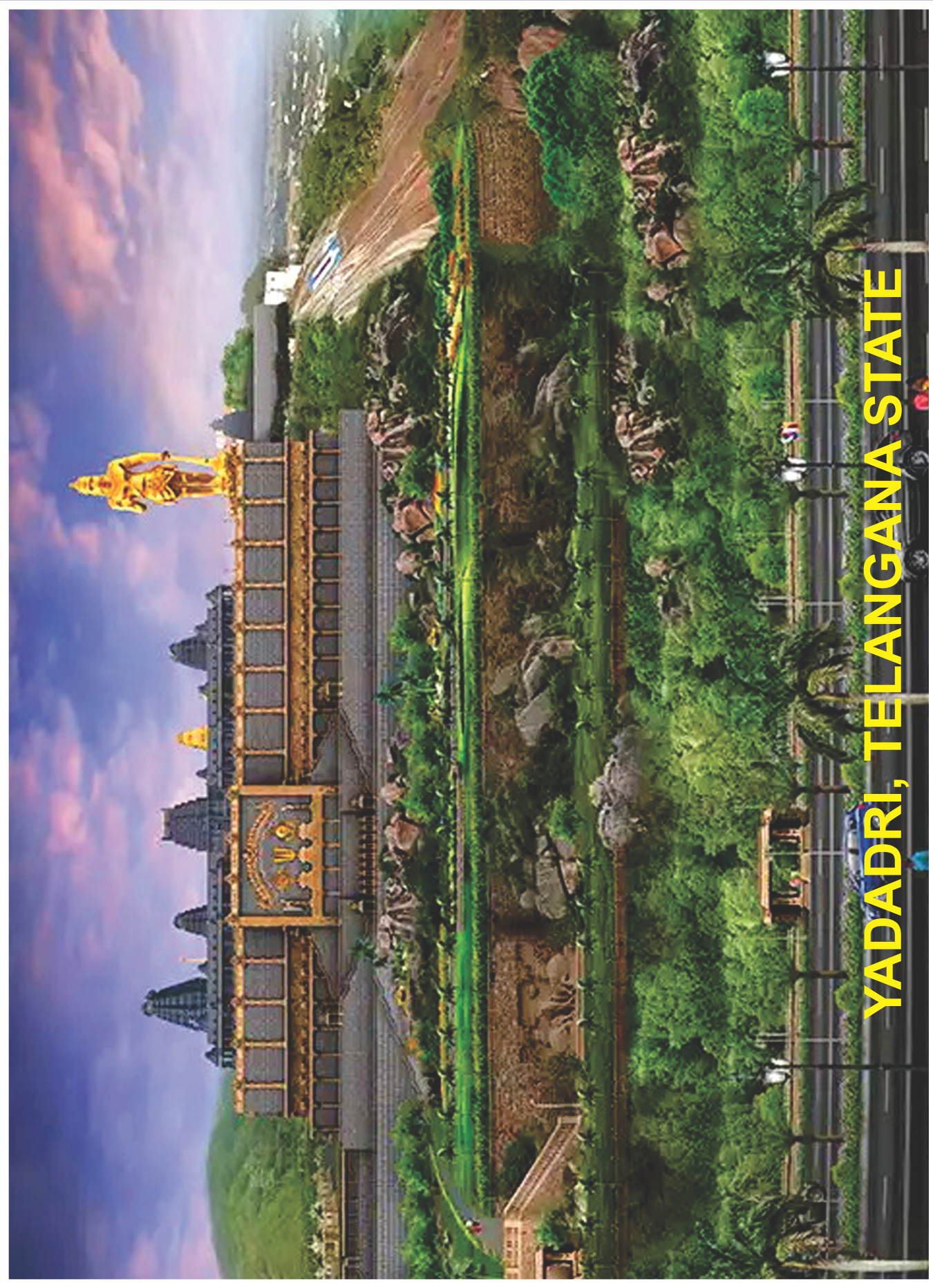


# 17<sup>TH</sup> ANNUAL REPORT 2016-2017



**SOUTHERN POWER**  
**DISTRIBUTION COMPANY OF TELANGANA LIMITED**



# YADADRI, TELANGANA STATE

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**Sri Kalvakuntla Chandrashekar Rao**  
Hon'ble Chief Minister of Telangana



# NOTICES



**SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**  
(A Govt. of Telangana Undertaking)  
(Formerly Central Power Distribution Company of Andhra Pradesh Ltd)  
Corporate office: 6-I-50, Mint Compound, Hyderabad 500063, Telangana State, India  
CIN U40109TG2000SGC034116, Website: [www.tssouthernpower.com](http://www.tssouthernpower.com)



## NOTICE OF THE ANNUAL GENERAL MEETING

To  
The Members of the Company  
Southern Power Distribution Company of Telangana Limited.

**NOTICE IS HEREBY GIVEN THAT THE 17<sup>th</sup> ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON FRIDAY, THE 29<sup>th</sup> DAY OF SEPTEMBER 2017, AT 11.30 AM AT THE REGISTERED OFFICE OF THE COMPANY AT 6-I-50, MINT COMPOUND, HYDERABAD TO TRANSACT THE FOLLOWING BUSINESS:**

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet, Statement of Profit & Loss and Cash flow Statement as at 31<sup>st</sup> March, 2017 along with Statutory Auditors Report, Secretarial Audit Report, Directors Report and the comments of the Comptroller and Auditor General of India thereon.
2. To take note on & ratify the re-appointment of M/s. Brahmaya & Co, Chartered Accountants as Statutory Auditors of the Company by the Comptroller and Auditor General of India for the Financial Year 2017-18 and authorized the Board to fix the remuneration of Statutory Auditors.

### Draft resolution

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

**“RESOLVED THAT** the re-appointment of M/s Brahmaya & Co, Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2017-18 by the Office of the Comptroller and Auditor General of India be noted and ratified.”

**“RESOLVED FURTHER THAT**, pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies act, 2013, the Board of Directors of the Company be and are hereby authorized to fix the remuneration payable to Statutory Auditors M/s Brahmaya & Co, Chartered Accountants and to provide for reimbursement of their actual out-of-pocket expenses for the Financial Year 2017-18 if any.”

## Special Business

### I. Ratification of the remuneration of the Cost Auditor for the F.Y. 2017-18 Draft resolution

The Board considered recommendation of Audit Committee in regard to the appointment of M/s. BVR & Associates, Cost Accountants, Hyderabad, as Cost Auditor for the F.Y.2017-18 and it was decided to pay the remuneration of Rs.86,250 (all inclusive).”

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, M/s. BVR & Associates, Cost Accountants, Hyderabad, were reappointed as Cost Auditors of the Company for the F.Y.2017-18 for a remuneration of Rs.86,250 (all inclusive)as approved by board of directors of the company **be and is hereby ratified.”**

**BY THE ORDER OF THE BOARD OF DIRECTORS OF  
SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**

**Date: 07.09.2017  
Place: Hyderabad**

**Sd-  
ANIL KUMAR VORUGANTI  
COMPANY SECRETARY**



## NOTE:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company.
2. Proxy form (MGT-11) is enclosed. Instrument appointing proxy shall be deposited at the registered office of the company by not less than 48 hours before the commencement of the meeting.
3. Pursuant to section 139 of the Companies Act, 2013 the Auditors of the Company are appointed by the Comptroller and Auditor General of India (C&AG). In terms of Sub-Section (1) of the Section 142 of the Companies Act, 2013 remuneration of Auditors has to be fixed by the Company in the Annual General Meeting or in such manner as the Company in Annual General Meeting may determine.
4. The Comments of the Comptroller and Auditor General of India (C&AG) on the Annual Accounts for the F.Y. 2016-17 will be placed at the Annual General Meeting of the Company.

## **STATEMENT OF MATERIAL FACTS OF SPECIAL BUSINESSES REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013:**

The Board considered recommendation of Audit Committee in regard to the appointment of M/s. BVR & Associates, Cost Accountants, Hyderabad, as Cost Auditor for the F.Y. 2017-18 and it was decided to pay the remuneration of Rs.86,250 (all inclusive).”

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014 the remuneration of the Cost auditors to be ratified by the shareholders at the Annual General Meeting of the company.

The Directors recommended for ratification of Item No.3 of the notice.

None of the Promoters, Directors, Key Managerial Personnel and the relatives of the Directors & Key Managerial Personnel of the Company is in any way concerned or interested financially or otherwise in the above resolution.

**BY THE ORDER OF THE BOARD OF DIRECTORS OF  
SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**

**Date: 07.09.2017  
Place: Hyderabad**

**Sd/-  
ANIL KUMAR VORUGANTI  
COMPANY SECRETARY**

### **Route Map**



**SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**  
(A Govt. of Telangana Undertaking)  
(Formerly Central Power Distribution Company of Andhra Pradesh Ltd)  
Corporate office: 6-I-50, Mint Compound, Hyderabad 500063, Telangana State, India  
CIN U40109TG2000SGC034116, Website: [www.tssouthernpower.com](http://www.tssouthernpower.com)



## ANNEXURE - A

### NOTICE OF THE EXTRA ORDINARY GENERAL MEETING

To  
The Members of the Company  
Southern Power Distribution Company of Telangana Limited.

**NOTICE IS HEREBY GIVEN THAT THE EXTRA ORDINARY GENERAL MEETING OF THE COMPANY WILL BE HELD AT SHORTER NOTICE ON TUESDAY THE 23<sup>rd</sup> DAY OF JANUARY, 2018 AT 01.00 P.M AT THE REGISTERED OFFICE OF THE COMPANY AT 6-I-50, MINT COMPOUND, HYDERABAD TO TRANSACT THE FOLLOWING BUSINESS:**

- 1. TO CONSIDER, REVIEW AND TAKE NOTE OF THE FINAL COMMENTS ISSUED BY COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (FORMERLY CENTRAL POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED), HYDERABAD FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2017.**

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

The members of the company noted the comments issued by Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on accounts of the Company for the year ended 31<sup>st</sup> March, 2017 and it was –

**“RESOLVED THAT** the comments issued by Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on accounts of the Company for the year ended 31<sup>st</sup> March, 2017 be and are hereby **taken note of** and the suggestions made by C&AG will be incorporated in the final sets for printing, if any.”

#### **SPECIAL BUSINESS:**

- 2. TO CONSIDER THE INCREASE OF AUTHORIZED CAPITAL OF THE COMPANY AND AMEND THE CAPITAL CLAUSE IN THE MEMORANDUM OF ASSOCIATION & ARTICLES OF ASSOCIATION OF THE COMPANY.**

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

**“RESOLVED THAT** subject to the approval of the members (shareholders) at the ensuing extra-ordinary general meeting and pursuant to the provisions of Section 13, 14 and 61 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under and provisions of the Articles of Association, the approval of the Company, be and is hereby accorded to increase the authorized share capital of the Company from Rs.4000 crore (Rupees Four Thousand crore only ) divided into 400 crore (Twenty Four Hundred Crore) Equity Shares of Rs.10 (Rupees Ten Only) each to Rs 12,000 Crore (Rupees Twelve thousand Crore Only) divided into 1200 Crore (Twelve Hundred Crore) Equity Shares of Rs.10 (Rupees Ten only) each ranking paripassu with the existing shares in the Company and that in Clause V of the Memorandum of Association of the Company.”

### **3. ALTERATION OF CAPITAL CLAUSE IN THE MEMORANDUM OF ASSOCIATION OF THE COMPANY**

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 13, 61 & 64 and other applicable provisions if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under the approval of the members be and is hereby accorded for the substitution of Clause V of the Memorandum of Association of the Company with the following:

*The Authorized Share Capital of the Company consists of Rs. 12,000 Crore (Rupees Twelve Thousand crore only) divided into 1200 crore (Twelve hundred Crore) Equity Shares of Rs.10 (Rupees Ten only) each.*

### **4. ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY**

To consider and, if thought fit, to pass with or without modification, the following resolution as Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 13, 61 & 64 and other applicable provision if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under the approval of the members be and is hereby accorded for the substitution of Article. 4 of the Articles of Association of the company with the following:

*The Authorized Share Capital of the Company consists of Rs. 12,000 Crore (Rupees Twelve Thousand Crore Only) divided into 1200 crore (Twelve Hundred Crore) Equity Shares of Rs.10 (Rupees Ten only) each.*

**BY THE ORDER OF THE BOARD OF DIRECTORS OF  
SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**

**Date: 18.01.2018**  
**Place: Hyderabad**

**Sd/-**  
**ANIL KUMAR VORUGANTI**  
**COMPANY SECRETARY**

**NOTE:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company.
2. Proxy form (MGT-I I) is enclosed. Instrument appointing proxy shall be deposited at the registered office of the company by not less than 48 hours before the commencement of the meeting.

**BY THE ORDER OF THE BOARD OF DIRECTORS OF  
SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**

**Date: 18.01.2018  
Place: Hyderabad**

**Sd/-  
ANIL KUMAR VORUGANTI  
COMPANY SECRETARY**



**Sri G. Raghuma Reddy, Chairman & Managing Director, TSSPDCL**



# BOARD OF DIRECTORS



## BOARD OF DIRECTORS



**SRI G. RAGHUMA REDDY**  
Chairman & Managing Director



**SRI T. SRINIVAS**  
Director (Projects & Commercial)



**SRI J. SRINIVASA REDDY**  
Director (Operations)



**SRI KAMALUDDIN ALI KHAN**  
Director (HR)



**SRI AJAY MISHRA, IAS**  
Spl. Chief Secretary to Govt.,  
Energy Dept. Govt. TS,  
Director (Non-whole time)



**SRI C. SRINIVAS RAO**  
Joint Managing Director  
HRD, Finance, Comml. & Vigilance  
Director (Non-whole time)



**SRI G.S. RAM MOHAN RAO**  
Addl. Secretary to Govt. Finance Dept.  
Director (Non-whole time)

**COMPANY SECRETARY  
STATUTORY AUDITORS  
BANKERS & FINANCIAL  
INSTITUTIONS**

**SRI. ANIL KUMAR VORUGANTI  
M/S. BRAHMAYYA & CO., CHARTERED ACCOUNTANTS  
STATE BANK OF INDIA  
RURAL ELECTRIFICATION CORPORATION LIMITED (REC)  
POWER FINANCE CORPORATION LIMITED (PFC)  
PTC FINANCIAL SERVICES LTD.**

**REGISTERED OFFICE:**

**6-1-50, MINT COMPOUND, HYDERABAD 500063, TELANGANA STATE, INDIA.  
WWW.TSSOUTHERNPOWER.COM**





# **CMD's LETTER TO STAKE HOLDERS**





## **Chairman and Managing Director Letter to Stakeholders,**

**Dear Stakeholders,**

I am glad to present the 17<sup>th</sup> (Seventeenth) Annual Report of Southern Power Distribution Company of Telangana Limited, Hyderabad for the Financial Year 2016-17.

### **About TSSPDCL:**

- \* The Telangana Southern Power Distribution Company Limited came into being on 2<sup>nd</sup> June 2014 after the bifurcation of the undivided state of Andhra Pradesh.
- \* TSSPDCL is the largest DISCOM in the state of Telangana serving over 82.2 Lakh consumers and having its headquarters at Hyderabad.
- \* It is one of the best performers in the country in several operational parameters having low Distribution losses and high collection efficiency.
- \* TSSPDCL encompasses an area of 14 districts and is catering to the power requirements of 82.2 Lakh consumers across 20 circles.
- \* A quantum of 34,799 Million Units were purchased in F.Y. 2016-17 to cater to the energy demand of the consumers.
- \* The company has also one of the lowest Distribution losses in the country maintaining it below 11%.
- \* The DISCOM has revenues of 17,622.74 Crs in F.Y. 2016-17 and the average billing rate is INR 5.32 per unit.

### **We are focusing majorly on Providing Reliable and uninterrupted Power**

- \* On the day of Telangana State formation, 4-8 hours of load relief to domestic and other consumers and one day power holiday in a week to industries was prevailing in the state.
- \* Availability of quality, un-interrupted power is a key pre-requisite for ensuring the desired economic growth in the state. The Discoms in Telangana have been successfully meeting the demand in the State without any load shedding since 20.11.2014.
- \* In TSSPDCL, the energy supplied during the period April 16 - March 2017 was 34,799 MU as compared to 33,310 MU during the same period of last year. This implies an increase of around 4 % over last year. The Peak (Maximum) Demand met by TSSPDCL in 2016-17 was 5869 MW as compared to 4706 MW in the previous year with an increase of 25%.

## Providing of 9 Hrs Power Supply to Agriculture Sector:

- \* The Hon'ble chief minister of Telangana has promised 9 Hrs power to agricultural consumers. Initially 9 Hrs supply was given to consumers in 2 spells from April 2016. TSSPDCL has pro-actively undertaken network strengthening activities at a projected cost of Rs. 704.94 Crs. In spite of the tight deadlines, our employees have put in tremendous & consistent efforts and all works have been completed within a record time of 8 months.
- \* As a part of the works undertaken to meet the additional demand,
  - 378 additional Power Transformers (PTRs) have been added & the capacity of another 318 PTRs has been enhanced with a cumulative capacity of 2705 Mega Volts Ampers (MVA).
  - 1805 Kms of 33 Kv lines has been laid, bifurcated and or/interlinked.
  - 199Nos 11 KV bay extensions were done in 33 KV substations.
  - 106Nos 33 KV bay extensions have been done in Extra High Tension Sub-stations (EHT).

With the above additional capacity, the DISCOM has extended 9 hrs agricultural power supply.

## Mission Bhageeratha:

- \* The Govt. of Telangana has taken up the prestigious project "Mission Bhageeratha" for supplying drinking water to all over the state. The power supply works for Water Grid are being done well in advance for the target dates. The power supply to all the works could be given only by advance planning and coordination at various levels and constant perusal.

## Ujwal DISCOM Assurance Yojana (UDAY):

- \* The state has signed the UDAY MoU with Government of India on 4<sup>th</sup> Jan-2017. As per the UDAY scheme 75% of the outstanding debt i.e. Rs. 8,923 Crore of the DISCOMs will be taken over by the State government which will substantially reduce the interest burden on the DISCOMS & will enable DISCOMS to provide affordable power & better services to the consumers.
- \* The UDAY scheme provides several incentives to DISCOM in the form of cheaper power from NTPC, higher allocation of funds from Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Integrated Power Development Scheme (IPDS) etc. on meeting certain performance targets. Some of the targets as per the UDAY MoU are
  - Reduction of AT&C loss from the current 14.11% to 9.9% by 2018-19
  - Eliminate the Gap between Average Cost of Supply & Average Revenue Requirement by F.Y. 2018-19
  - Achieve 100% DTR & feeder monitoring by 30<sup>th</sup> June 2017
  - Undertake physical feeder segregation by March 2018
  - Installation of smart meters for all consumers other than agricultural consumers consuming above 500 Units per month by 31<sup>st</sup> December 2018 and consumers consuming above 200 Units per month by 31<sup>st</sup> December 2019.
- \* As on 31<sup>st</sup> March 2017, Telangana state is in 6<sup>th</sup> position in the country in achieving the targets under UDAY Scheme. While TSSPDCL has done well and achieved targets in the areas of ACS-ARR Gap, Feeder Metering for Urban feeders connected to National Population Policy (NPP), Distribution Transformer (DT) Metering, Domestic connections, LED street lighting, Feeder Improvement and Unnat Jeevan by Affordable LEDs and Appliances for All (UJALA) and it is lagging behind the targets in the areas of Feeder Audit, Smart Metering and replacement of Agriculture Pumpsets because of various reasons including requirement of Financial support.

### **Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) Scheme:**

- \* Under DDUGJY scheme, an amount of Rs.336.65 Cr. was sanctioned to TSSPDCL for strengthening of sub-transmission, distribution and metering in rural districts along with electrification of rural, Below Poverty Line (BPL) households.
- \* TSSPDCL has launched massive campaign for electrification of BPL services on a registration fee payment of Rs.125.
- \* A total of 2,85,240 households are expected to be covered under this scheme.

### **Integrated Power Development Scheme (IPDS):**

- \* Under IPDS scheme, TSSPDCL was sanctioned Rs. 454.09 Cr. which will be utilized for reduction in Aggregate of Technical & Commercial (AT&C) losses, establishment of IT enabled energy accounting / auditing system, improvement in billed energy based on metered consumption and improvement in collection efficiency.
- \* Out of 454.09 Cr. Sanctioned, works are awarded for Rs. 454.09 Cr. i.e. 100% of scheme cost and works are taken up and in progress.

### **Operations Improvement:**

TSSPDCL is one of the best performing DISCOM in the country in terms of operational efficiency and has continued its improvement in Key Performance Indicator's

- ➡ Power Transformer (PTR) failure rate has decreased from 2.34% in F.Y. 2015-16 to 1.74% in F.Y. 2016-17
- ➡ TSSPDCL has reduced the energy losses from 10.39% in F.Y. 2015-16 to 10.2 % in F.Y. 2016-17
- ➡ Total 72,946 Nos. of Agriculture Connections were released during F.Y. 2016-17 and whereas 54,717 Nos. in F.Y. 2015-16.

### **Promotion of Solar energy**

- \* TSSPDCL has taken proactive measures in harnessing the solar potential in the state including the notification of forward looking solar policy in June 2015. This has created a stable and a conducive environment for expedited addition of solar capacities in the state.
- \* Telangana has a total installed Renewable Energy (RE) Capacity of 3354 MW by end of December 2017, spanning across Solar, Wind, Mini - Hydel etc.
- \* I am happy to note that in a short span, TSSPDCL has been able to show substantial progress in adding solar capacities. This is amongst the highest in the country.
- \* TSSPDCL is also a pioneer DISCOM in promoting solar rooftops. The DISCOMS provides online application & tracking facility for Net metering consumers. Due to the pro-active & customer friendly initiatives of the DISCOM technical feasibility has been issued for 51.9 MW of rooftop capacity of which 25.8 MW has been synchronized with the grid.

### **Smart Grid and New Technologies:**

- \* TSSPDCL offers the facility of tracking the application status for a new service connection, complaint resolution status and status of applications put in for net metering and proposed to implement online registration of new service connection for Low Tension (LT) & High Tension (HT).

- \* For entrepreneurs setting up new industries, TSSPDCL has tied up with Telangana State Industrial Project Approval & Self Certification Systems (TS-iPASS) which acts as a single window cell for providing all necessary clearances in a time bound & transparent manner with no hassles. This will ensure that the state will become a preferred destination for investors and help in the economic growth of the state. Further following the philosophy of Ease of Doing Business, the utility has brought many interventions in the system and made all processes including service restoration, new electricity connection request, and outage monitoring user friendly by using automation tools and online single window system. Following are the key reform initiatives implemented –
- \* Release of new service connection – Forms required limited to two documents
- \* Service release within 15 days
- \* TSSPDCL has been adopting and investing in new technologies which are evolving in the distribution front such as Geographic Information System (GIS) mapping, Automatic Meter Reading (AMR) solutions, and implementation of Supervisory Control and Data Acquisition (SCADA) in towns.
- \* TSSPDCL has given a contract to implement smart grid technology in Jeedimetla industrial area on a pilot basis. The key technologies which would be implemented would be
  - Advanced Metering Infrastructure (AMI) for residential and industrial consumers
    - Peak load management
    - Outage management
    - Power quality management.
- \* High Tension Current Consumption (HT CC) Bills are also sending to the HT Consumers through e-mails apart from sending by post and the CC bills are also kept in TSSPDCL website to download by the HT Consumers and also bill details are being informed through short messages.
- \* Virtual Bank accounts have been opened in the name of each and every HT Consumer and the account number and IFSC code details are displayed on individual HT CC Bill to facilitate the consumer to pay directly in the bank account from their office.
- \* The Company has been engaging 8 online collection agencies for increasing of online collection transactions and facilitates a less cash society. 35% to 40% of TSSPDCL consumers are utilizing the online collections agencies for paying their electricity bills as well as new service connection registrations every month. These Agencies will accept the consumers' payments 24x7 without updation issues and complaints. In this mechanism, the consumers can pay their bills anytime and anywhere without any risk.
- \* Meter Reading Instrument (MRI) analysis of all HT services are being done including comparison of MRI consumption readings with manual billing, comparison of consumptions of all Cement & steel mill services and tracing out tampers causing revenue loss to the organization. Services with tampers were thoroughly inspected by Detection of pilferage of Energy/HT wings at sending and receiving end.
- \* In order to improve billing & collection efficiency, the DISCOM has started installing prepaid meters for all Govt. services on a pilot basis. For this, 26,325 Nos of meters were ordered and 16,884 nos were supplied and 736 Nos were already installed.
- \* TSSPDCL has been adopting technology and has designed the consumer process in a manner which provides the consumer a lot of convenience and highest levels of transparency. Going forward, I

would like to assure you that TSSPDCL would be taking all the necessary initiatives to make it one of the most customer centric discom across India.

### Awards/Recognition for TSSPDCL Initiatives:

- \* **National Award for promotion of solar rooftop:** TSSPDCL has been felicitated and taken a National Award from Sri. Piyush Goyal, Hon'ble Minister for energy, Govt. of India for Best performance in promotion/facilitation in rooftop solar power on 7<sup>th</sup> June-2016 at Vignan Bhavan, New Delhi.
- \* **ICC-GREEN GRID AWARD-2016:** TSSPDCL was awarded with an Appreciation Certificate under the category of GREEN GRID AWARD at the "ICC 4<sup>th</sup> Innovation with Impact Awards for Discoms" 2016 and the award was given by Sri. M.S. Dubey, Chairman of Central Electricity Authority (CEA) on 11<sup>th</sup> November 2016.
- \* **SKOCH Silver Medal 2016** - The DISCOM was awarded the SKOCH silver medal for its next generation mobile call center at the national level Skoch technology summit held on 15<sup>th</sup> December 2016. The DISCOM won the award after competition among over 150 companies which were both from private and public sector. This is the second year in a row in which TSSPDCL has been recognized for its innovation in technology at this competition and has improved its position from an order of merit to an overall silver medal.

To conclude, I congratulate all the employees for their efforts towards achieving the goals of the company and improved sales performance, in accomplishing the Directives of Regulatory authority, other statutory authorities and initiated steps for institutional strengthening.

Further, I sincerely acknowledge the invaluable support and co-operation of the Spl. Chief Secretary, Energy Department, Government of Telangana, Chairman & Managing Director, TSTRANSCO & TSGENCO and Chairman & Managing Director of TSNPDCL, and The Secretary, TSERC and other officials of the Govt. of Telangana, the Office of the Comptroller & Auditor General of India, the Bankers and Financial Institutions and look forward to their continued support in the future.

Thank You,

Sd/-

**G. Raghuma Reddy**

Chairman and Managing Director/TSSPDCL



**Sri Raghuma Reddy, CMD/TSSPDCL Receiving the TS-iPASS Award from  
Hon'ble Governor of Telangana Sri. E. S. L. Narasimhan on 26-01-2018**



# DIRECTOR'S REPORT





## DIRECTOR'S REPORT

To  
The Members  
Southern Power Distribution Company of Telangana Limited,

The Directors are pleased to present the Seventeenth Annual Report on the business and operations of your company together with the Audited Statements of Accounts for the year ended on 31<sup>st</sup> March, 2017.

### I. FINANCIAL RESULTS:

The financial results of the Company for the year ended 31<sup>st</sup> March 2017 the Company could earn an aggregate income of **Rs.17743.77 Crore**. The financial performance of the Company is as follows:

S.No	Particulars	2016-17 (₹ in Crore)	2015-16 (₹ in Crore)
1.	Revenue from Operations	17622.73	16466.76
2.	Other Income	121.04	253.72
	<b>Total Income</b>	<b>17743.77</b>	<b>16720.48</b>
3.	Power Purchase Cost	19212.95	16720.06
4.	Employee Benefit expense	1386.87	719.81
5.	Operation and Other Expenses	454.45	361.00
6.	Interest and Finance Charges	1033.25	852.61
7.	Depreciation	673.28	544.52
8.	Other Expenses	(64.48)	(108.10)
	<b>Total Expenses</b>	<b>22696.32</b>	<b>19089.9</b>
9.	Profit/(Loss) Before Tax	(4952.55)	(2369.43)
10.	Provision for Income Tax	-	-
11.	Deferred Income Tax	252.32	0
	<b>Net Profit/(Loss)</b>	<b>(4700.22)</b>	<b>(2369.43)</b>

### 2. UDAY SCHEME

Ujwal Discom Assurance Yojana (UDAY), a Scheme for the Financial Turnaround of the Power Distribution Companies (DISCOMs), was announced / approved vide Ministry of Power, Government of India, Office Memorandum No. 06/02/2015-NEF/FRP, Dated: 20<sup>th</sup> November, 2015, with an objective to improve the operational and financial efficiency of the State DISCOMs.

Under this Scheme, the States shall take over 75% of DISCOM debt as on 30<sup>th</sup> September, 2015 over two years - 50% of DISCOM debt shall be taken over in 2015-16 and 25% in 2016-17.

The borrowings made by the State to takeover DISCOMs debt, shall transfer to DISCOMS as a mix of grant, loan or equity described in the following table:

Year	Total Debt Taken over	Transfer to the DISCOMs in the form of Grants	Transfer to the DISCOMs in the form Loans	Transfer to the DISCOMs in the form of Equity	Outstanding State Loan of the DISCOMs
Year - I (By 31-03-2017)	75% of the total debt i.e. Rs. 8923 crs.	50% of Rs. 8,923 cr - Rs. 4,462 crs to be taken over in 2016-17	25% of Rs. 8,923 cr - Rs. 2230 crs.	25% of Rs. 8,923 cr - Rs. 2231 crs. will be issued in 2016-17	Rs. 2230 crs

As such, the Telangana Discoms entered into UDAY Scheme on 04.01.2017 and as per the agreement; against the total outstanding debt balance of Rs. 8,923 crore as on 30<sup>th</sup> September, 2015 of Southern Power Distribution Company of Telangana Limited (TSSPDCL), loans to the extent of Rs. 5550 crore (75% of total outstanding) have been taken over by the Government of Telangana at the end of 31.03.2017.

Against the above, Rs. 4593.84 crore was released till the end of F.Y. 2016-17 and the same is kept under funds received under UDAY in Note no. 3.2 of financials for clarification on treating the funds as Equity or Grant.

### 3. FINANCIAL RESTRUCTURING:

As per the Financial Restructuring Scheme announced and implemented by Ministry of Power during October, 2012, A P Discoms were permitted to restructure its Short Term Loans and Power Purchase Payables beyond 60 days. As per the Scheme, during the year 2012-13, 50% of Short Term Liabilities were swapped by issue of Bonds by DISCOMs to Banks, AP Genco and AP Transco amounting to Rs.2809 Crore which will be taken over by State Government over a period of four years in lieu of receivables from them. State Government will be funding for Interest payable on Bonds issued by DISCOMs. Balance of 50% were restructured as Term Loans with Government Guarantee, vide G.O Ms No.11, Date 18.02.2014 amounting to Rs.1225 Crore.

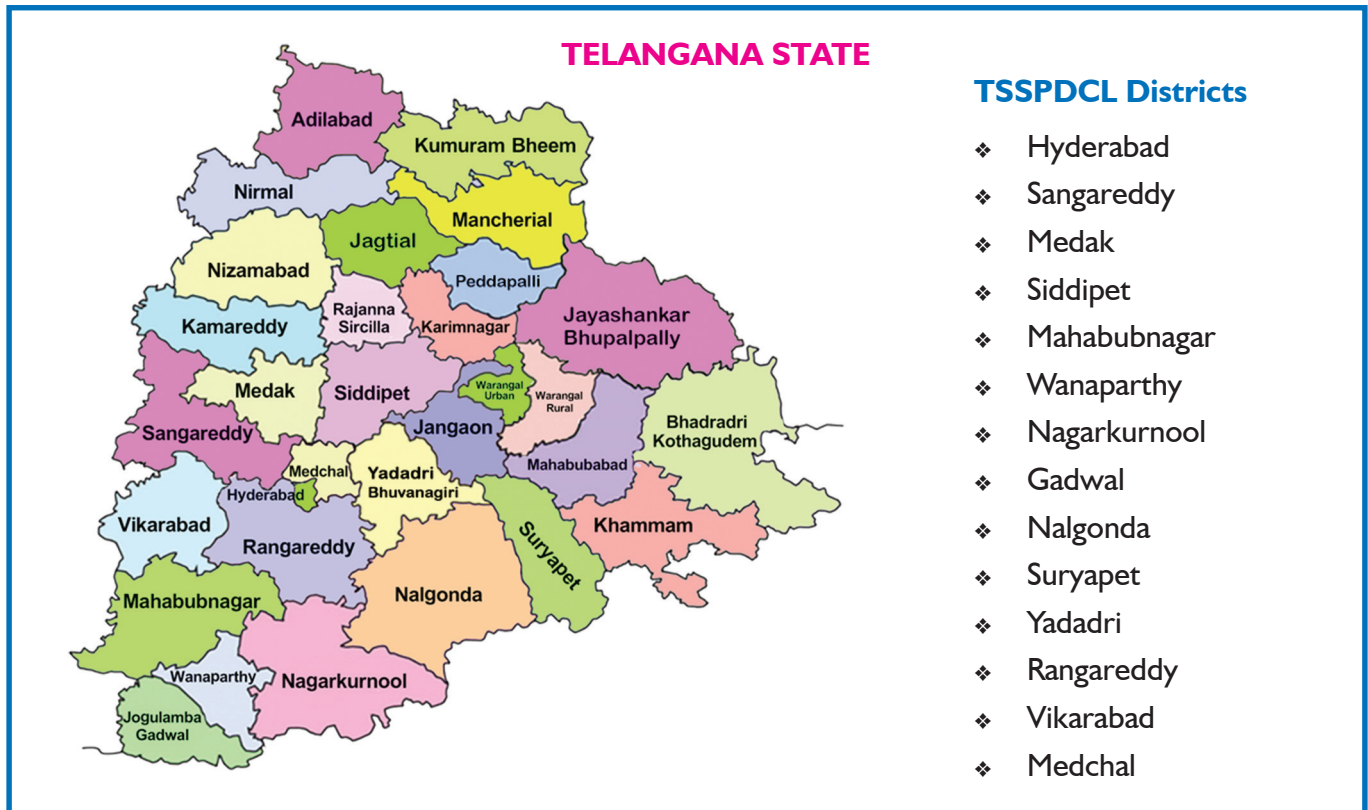
### 4. STATE OF COMPANY'S AFFAIRS – Section 134(3)(i) of Companies Act, 2013

#### Introduction

In exercise of the powers conferred under section 3 of the Telangana Districts (Formation) Act, 1974, the Governor of Telangana, in the interests of better administration and development of the area concerned, after taking into consideration of the objections and suggestions received from various people and public representatives, by altering the boundaries of existing Districts as specified in Section 3 of the Central Act No. 6 of 2014.

With a vision to fulfill the expectation of the Telangana Government Southern Power Distribution Company of Telangana Limited, which came into being on 2<sup>nd</sup> June 2014, with an objective of providing Electricity to the people at an affordable prices. TSSPDCL Headquarters at Hyderabad, it encompasses an area of fourteen Districts viz., Hyderabad, Sangareddy, Medak, Siddipet, Mahabubnagar, Wanaparthy, Nagarkurnool, Gadwal, Nalgonda, Suryapet, Yadadri, Rangareddy, Vikarabad and Medchal Catering to the power requirements of more than 8 million consumers.

The philosophy of TSSPDCL is to enhance its performance and emerge stronger by the day to offer its customers the best and value for money.



## OPERATIONAL PERFORMANCE

### Significant achievements during F.Y. 2016-17 are given below

- \* The Company achieved metered sales of 30844.18 MU in F.Y. 2016-17 as against 29478.97 recorded in F.Y. 2015-16. The metered sales percentage to energy input was at 69.03% in F.Y. 2016-17 as compared to 66.85% in F.Y. 2015-16.
- \* Energy input was at 34,799.70 MU F.Y. 2016-17 as against 33,310.12 MU in the previous F.Y. 2015-16 year.
- \* The peak period demand met was 5869 MW as against the previous year 4706 MW.
- \* The Company has supplied 8767.64 MU Energy to the Agriculture Sector as against 6517.67 MU in the previous year. The energy supplied to agricultural sector constitutes 25.19% of total energy input in F.Y. 2016-17 as 19.57% of total energy input in F.Y. 2015-16. Assessment of agricultural energy is being done by ISI methodology approved by Electricity Regulatory Commission.
- \* The maximum consumption on a day was 123.95 MU as against 103.52 MU in the previous year.

### Reduction of Energy Losses:

During F.Y. 2016-17, a number of measures were adopted that contributed to the on-going efforts to reduce energy losses. The initiatives include:

- \* Energy Audit of 26 Towns feeders and 181 Mandal Head Quarter feeders.
- \* Impact of above measures is apparent. The energy losses in F.Y. 2016-17 are significantly lower than the previous year. The Energy Losses to Energy Input percentage decreases to 11.38% in F.Y. 2016-17 as against 11.59% in F.Y. 2015-16.

- \* Arrested the theft of power by regular DPE wings by conducting inspections and special intensive inspections with the DPE & Operation Wings of all circles. During the F.Y. 2016-17, in both HT & LT connections total 138464 no. of cases were booked in pilferage, Unauthorized usage, Back billing/ Short billing and Development Charges.

## PROJECTS DATA:

During F.Y. 2016-17 the following works have been completed to strengthen the distribution system and the infrastructure of the Company is as follows:

S.No.	Particulars	As on 31.03.2016	Achievement in F.Y. 2016-17	Total as on 31.03.2017
1	No. of 33 / 11 KV Substations	1344	63	1407
2	No. of Power Transformers	2126	576	2702
3	No. of Distribution Transformers (O&M)	318765	25998	344763
4	<b>Lines</b>			
	33KV (in circuit KM)	10458	1208	11666
	11KV	73304	3043	76348
	6.3 KV Low Tension	171851	3024	174875
5	No. of High Voltage Distribution System (HVDS) for Agriculture Pump Sets	161797	27089	188886

## ON GOING PROJECTS & SCHEMES STATUS AS ON 01.08.2017

### I. R-APDRP Part-A Project - Brief Overview:

- \* This scheme has been proposed to be implemented in towns & cities having population more than 30,000 as per 2001 census. 100% Grant.
- \* Out of 30 Towns of erstwhile APCPDCL prior to bifurcation, 14 towns pertaining to Anantapur & Kurnool districts for an amount of Rs.18.99 Crs were handed over to APSPDCL after bifurcation. All the related files and the correspondence were handed over to APSPDCL.
- \* After bifurcation, TSSPDCL i.e. erstwhile APCPDCL has taken up 16 towns for an amount of **Rs.156.04 Crs** .
- \* Expenditure incurred - **Rs.207.28 Crs.** No of towns completed: **16 Nos.**  
Date of sanction: **27-02-2009.** Date of completion: **31-03-2015.**  
This scheme is closed.

### II. R-APDRP - SCADA/DMS Project - Brief Overview:

- \* As per R-APDRP guide lines, implementation of Supervisory Control and Data Acquisition (SCADA) / Distribution Management System (DMS) project in the towns which have population of 4lakh and above (as per census 2001) and the energy consumption of 350 MU and above as on date. Hyderabad city was eligible as per the above criteria.

- \* Scheme cost: **Rs.90.64Crs.** PFC loan amount: **Rs.65.15Crs.** DISCOM contribution: **Rs.25.33Crs.**
- \* No of towns sanctioned: **1No. (HUA)**
- \* Date of sanction: 30-06-2011. Scheduled date of completion: 29-06-2016 was extended by PFC Up to 30.06.2017
- \* Expenditure incurred as on 01.04.2017 is **Rs. 16.4 Crs.**
- \* The salient features of the scheme are:
  - SCADA control for all 228 Nos. of 33/11KV Sub-Station.
  - Distribution Management System (DMS) for operation of 156 Nos. 11KV feeders in core city of Hyderabad.
  - Communication System.
- \* Factory Acceptance Test (FAT) for 228 Nos Remote Terminal Units (RTUs) are completed. M/s. Chemtrols has supplied 228 Nos RTUs and installed 227 Nos.
- \* Erection and commissioning of Control centre was completed in March 2016.
- \* So far M/s. Chemtrols has integrated 105 Nos 33/11 KV Sub-stations to SCADA control center.

### III. R-APDRP – Part-B Project - Brief Overview:

- \* As per R-APDRP guidelines, towns with population of more than 30,000 and AT&C losses > 15% are eligible for implementation of system improvement works under Part-B to bring down AT&C losses below 15%.
- \* Out of 24 Towns of erstwhile APCPDCL prior to bifurcation, 9 towns pertaining to Anantapur & Kurnool districts for an amount of **Rs.35.82 Crs** were handed over to APSPDCL after bifurcation. All the related files and the correspondence were handed over to APSPDCL.
- \* After bifurcation, TSSPDCL has taken up 15 Nos towns for an amount of **Rs.970.03 Crs.**
- \* Expenditure incurred as on 01-08-2017 is **Rs.1113.20 Crs.**
- \* No of towns covered: **15 Nos.** No. of towns completed: **15 Nos.**
- \* Scheme period : **5 years**
- \* Under R-APDRP Part-B erection of SCADA DMS items was sanctioned with a project cost of Rs.188.44 Crs. Erection of DMS items is under process. The expenditure incurred as on 01.08.2017 is Rs. 154.69 Crs.
- \* This scheme is closed on 31-03-2017.

### IV. Integrated Power Development Scheme (IPDS)

- \* The IPDS Monitoring Committee of Ministry of Power (MoP), Government of India (GoI), in its 4<sup>th</sup> meeting held on 6<sup>th</sup> August, 2015 has approved the 6 Nos. Detailed Project Reports (DPRs) covering Distribution network strengthening works in 34 Towns of TSSPDCL for an amount of Rs.450.20 Cr. Out of which, GoI grant is Rs.270.12 Crore (60% of total approved DPR cost). Further, GoI grant for Project Management Agency is Rs.2.25 Crore (0.5% of total approved DPR cost). Grant 60% and additional grant 15% if the scheme completed within the target period.
- \* Letter of Agreement (LOA) was issued to M/s REC Power Distribution Company Ltd. (M/s. RECPDCL) on date 20.02.2016, appointing them as common Project Management Agency for execution of both IPDS & DDUGJY schemes in TSSPDCL @ 1% scheme cost as their contract price. Agreement concluded on date 09.05.2016.

- \* 28Nos. Tenders (18Nos. Division wise in case of Rural Towns, 10 Nos. Circle wise in case of HUA) covering works in all 34 Towns were floated on dt:19.08.2016.
  - LOAs issued for 14 Nos. packages, out of which agreements are concluded for 14 Nos. packages.
  - For balance 14 Nos., tenders authorization was issued to the concerned Superintending Engineers /Operation to call town wise tenders on departmental basis. Out of 14 Nos. packages, the SE's/ OP have floated tenders for 97 packages and LOAs issued for 84 packages out of which agreements are concluded for 60Nos. packages. Issue of LOA's for balance 13 Nos. tenders is under process.
  - Out of 454.09 Crs. Sanctioned, work awarded for Rs 337.27 Crs, i.e .74.27% of scheme cost.
- \* Government of India (GOI) grant of Rs.27.24 Cr. has been received towards first installment so far.

## V. Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

- \* GOI has launched DDUGJY on 03.12.2014 for rural areas to meet the gap between supply and demand for agricultural and non-agricultural consumers with the following components.
  - a. Separation of agriculture and non-agriculture feeders
  - b. Strengthening and augmentation of sub-transmission & distribution and Metering
  - c. Rural Electrification
- \* REC has approved the DDUGJY Scheme for an amount of Rs. 336.66 Crs + 1.68 Crs (PMA cost) for 4 Rural districts of TSSPDCL i.e. Mahabubnagar, Nalgonda, Rangareddy and Medak. Out of which, Gol grant is Rs.201.99 Crore (60% of total approved DPR cost). Further, Gol grant for Project Management Agency is Rs.1.68 Crore (0.5% of total approved DPR cost). Grant 60% and additional grant 15% if the scheme completed within the target period.
- \* Letter of Acceptance (LOA) was issued to M/s RECPDCL on date 20.02.2016, appointing them as common Project Management Agency for execution of both IPDS & DDUGJY schemes in TSSPDCL @ 1% scheme cost as their contract price. Agreement concluded on 19.05.2016.
- \* Division wise Tenders (23 Nos) were called on e-procurement and LOAs issued. 23 Nos. agreements were concluded.

## VI. JICA Aided Projects in TSSPDCL

- \* Rural High Voltage Distribution System Project is being implemented with financial assistance from Japan International co-operation Agency (JICA). TSSPDCL has taken up 16 packages in Mahabubnagar, Medak, Nalgonda & Rangareddy districts covering 283 Nos feeders and 94085 Nos. pump sets for an amount of Rs 455.60 crore. JICA loan portion is Rs 377.20 Crore.
- \* Agencies have been finalized for 16 Nos. packages for an amount of Rs. 473.40 crore and the works are under progress .
- \* 12 Nos packages have been completed in full shape within the stipulated time period of the agreement.
- \* In 4 Nos. packages works are under progress and are well within the scheduled programme of completion as per the respective agreements.
- \* So far 87499 Nos. pump sets have been converted into HVDS with a total expenditure of Rs 426.13 crore duly completing 94% of the total works.

- \* Out of Rs 426.13 crore, till date Rs 373.79 Cr. claims have been sent to JICA for which Rs 317.10 Cr. Notice of Disbursement (NOD) were received and Rs 260.40 Cr. have been credited to TSSPDCL.
- \* All JICA High Voltage Distribution System (HVDS) works are programmed to be completed by September 2018.

## VII. Smart Grid Pilot Project (SGPP) in TSSPDCL

- \* TSSPDCL has formulated Smart Grid Pilot Project in Jeedimetla and Shapur Nagar sections in Jeedimetla industrial Area, Medchal circle. Ministry of Power has sanctioned the scheme for Rs.41.82 Crs with 50% grants and balance 50% from internal resources of utility, with project completion period of 18 months.
- \* The scheme covers 11,904 consumers including all categories. The functionalities of Smart Grid Pilot Project are Advanced Metering Infrastructure (AMI) for residential consumers, industrial consumers, Peak load management, Outage management and Power quantity.
- \* Agreement concluded with M/s. Electronics Corporation of India Ltd. (ECIL) on 17.03.2016. Agreement period is upto date 16.09.2017. i.e. 18 months from the date of agreement.
- \* ECIL has taken up proof of concept on one DTR is under Study.
- \* M/s. ECIL informed that samples of Single & Three phase smart meters are submitted to Central Power Research Institute (CPRI), Bangalore for type testing. M/s. CPRI is doing type testing of 1 ph & 3 ph Smart meters for ECIL. M/s. CPRI informed that, Device Language Message Specification (DLMS) software (firmware) development part for single phase smart meters was not submitted by M/s. ECIL for developmental testing. In response, M/s. ECIL informed in the review meeting that they will load DLMS part-II in 1ph smart meters at CPRI, Bangalore for completing type testing.
- \* M/s. ECIL collected three phase smart meters due to failure in 'test of self heating' and M/s. ECIL informed that new samples with complete in all respect would be submitted in due course.
- \* In respect of Single Phase Smart Meters, M/s. ECIL has informed that DLMS protocol (IS:1559 Part-2) is under development and same is to be type tested & passed at CPRI, Bangalore.
- \* M/s. ECIL vide their letter date 08-08-2017 has represented the status of implementation of Smart Grid Pilot Project at Jeedimetla as follows:
  - a) POs were already released for AMI and Automation components. The material is received and manufacturing is under process.
  - b) DLMS Part-2 communication protocol testing is under progress. Development testing in CPRI will be taken in 3<sup>rd</sup> week of August, 2017 and final meters will be submitted for type testing by end of August, 2017.
  - c) IT hardware bid is opened. M/s. E&E Enterprise representing M/s. DELL is L1. File is under process. PO will be released by August, 2017.
  - d) Bandwidth file is opened but found not in line without technical requirement. Refloating the same with short due date.
  - e) Automation equipment file is opened. L1 is called for negotiation, counter offer is given. Awaiting confirmation from the supplier regarding further price reduction.

## VIII. 9 Hrs. Agricultural Supply Scheme

- \* M/s. REC has sanctioned 5 Nos. P:SI schemes for Strengthening of Distribution network for providing 9 Hrs supply to Agricultural Connections during day time in single spell in Mahabubnagar, Nalgonda, Medak, Rangareddy (South), Rangareddy (North) & Rangareddy (East) Circles for an amount of Rs. 585.92 Crore works are under progress.

## IX. SC / ST Sub Plan :

### SC Sub Plan:

- \* 586 SC habitations are proposed for electrification with an estimated cost of Rs. 15.112 Crs. An amount of Rs.755.6 lakhs for 293 habitations was released to TSSPDCL. Out of 293 habitations, 293 Nos are completed and expenditure incurred as on 31.07.2017 is Rs.438.90 lakhs.
- \* 16 No. Agriculture Pumpsets Energisation is approved with budget allocation for Rs. 8.05 lakhs. An amount of Rs. 4.02 lakhs were released to TSSPDCL and for which works are completed and 45 Nos. SC consumers were benefitted under bore well scheme of SC Sub-Plan.

### ST Sub Plan:

- \* 10 No. Agl. Pumpsets Energisation is approved with budget allocation of Rs. 4.86 lakhs. An amount of Rs. 2.42 lakhs were released to TSSPDCL and for which works are completed and 29 Nos ST consumers were benefitted under bore well scheme of Tribal Sub-Plan.

## X. SPA:PE Scheme:

For release of Agricultural services

- \* SPA:PE schemes are being formulated for Energisation of Agricultural pump sets in 13 No.s rural districts of TSSPDCL i.e. Mahabubnagar, Wanaparthy, Nagarkurnool, Gadwal, Siddipet, Nalgonda, Medak, Sangareddy, Suryapet, Yadadri, Vikarabad, Rangareddy and Medchal.
- \* There are total 97 No of sub-division level SPA: PE schemes are under execution for Energisation of 152826 Nos. pumpsets with a total project cost of Rs. 94414 lakhs, with a loan amount of Rs. 84973 lakhs.
- \* During the F.Y. 2017-18, the total budget of Rs. 8052 lakhs was approved till date under various SPA: PE schemes.
- \* Total Agricultural pump sets released during current year as on July/2016 are: 22348 Nos.

## 5. Telangana Solar Power Policy 2015

In the last decade, due to increasing thrust of Governments across the world towards fuel conservation and clean energy, solar power capacity has increased by over 45 times and stands at about 184 GW in 2014. In India, capacity additions in solar power have been even more remarkable. In contrast to mere 10 MW in 2010, total solar capacity in India has grown to nearly 3000 MW in 2015.



This policy of GoTS on solar has provisions which aims at creating an enabling environment for prospective solar power developers to harness substantial quantum of solar power in the best possible manner. This in turn is expected to meet the objective of GoTS to provide competitive, reliable power supply to its consumers and also to ensure a sustainable fuel mix in the long run.

Some of the key benefits of the Policy are as mentioned below:

- \* Single window clearance
- \* Deemed conversion to Non-agricultural land status
- \* Exemption from Land ceiling Act
- \* Transmission and Distribution charges for wheeling of power
- \* Power scheduling and Energy Banking
- \* Electricity Duty(ED)
- \* Cross subsidy Surcharge(CSS)
- \* Grid Connectivity and Evacuation facility
- \* Payment of Development Charges and Layout fee
- \* Refund of VAT
- \* Refund of Stamp Duty
- \* Pollution Control Board clearances
- \* Provisions under the Factories Act
- \* Solar Rooftop Projects

This policy shall come into operation with effect from the date of issue and shall remain applicable for a period of 5 years. All Solar Projects that are commissioned during the operative period shall be eligible for the incentives declared under this policy, for a period of ten (10) years from the date of commissioning.

### STATUS ON POWER PROCUREMENT AS ON 31.08.2017:

#### Power Generation Installed Capacity:

S.No.	Type of Power House	Total Installed Capacity in MW	Telangana Share in MW	TSSPDCL allocation in MW
1	Thermal	5692.50	3344.36	2359.44
2	Hydel	2572.20	2389.91	1686.08
3	Central Sector	13775.00	2184.71	1541.31
4	Joint Sector	272.00	24.50	17.28
5	IPPs	1718.08	925.87	653.20
6	Others	2409.00	2409.00	1749.00
7	Non Conventional	3270.00	3039.45	2144.33
<b>Total</b>		<b>29708.78</b>	<b>14317.80</b>	<b>10150.65</b>

## Solar & Wind Power:

Solar & Wind power projects synchronized to the grid:

Solar Power Projects	Sale to Discom in MW		Third Party & Captive in MW	Solar Net Meter (Roof top) in MW	Total (MW)
	Solar	Wind			
	1229.1	100.8	195.8	21.08	1546.78

## Power Procurement:

### Long Term:

Progress of case-I long term tender for procurement of power 25 years from Scheduled Delivery Date (SDD):

S.No.	Name of the Successful Bidder	Quantum in MW	TS Share in MW	TSSPDCL Share in MW	Levelized Tariff Rs./KWh	Status	Remarks
1	M/s Thermal Powertech Corp. India Limited Source: Krishnapatnam, Nellore	500	269.45	190.10	3.675	PPA date 01.04.13.	Commenced supply from 21.05.2015
2	M/s Thermal Powertech Corp. India Limited Source: Krishnapatnam, Nellore	570	570	402.14	4.15	PPA Date 18.02.2016	Commenced supply from 30.03.2016

### Short Term:

Statement of Purchase Orders Issued under Short Term Basis for Supply of Power for the period from 29.05.2015 to 26.05.2016:

Round the Clock (RTC) & NON RTC TENDER FOR PERIOD 01.09.2017 TO 30.09.2017				
S.No.	Region	Quantum (Max) in MW	Band width of Tariff in Rs/Kwh (at delivery point)	
1.	Within State	190	3.74	0 to 24 Hrs
2.	Within SR	200	3.74	0 to 24 Hrs
3.	Outside SR	300	3.74	0 to 24 Hrs
	<b>Total</b>	<b>690</b>		

## 6. DIVIDEND

As there is no Profits from operations, the Directors do not recommend any dividend in the F.Y. 2016-17.

## 7. Details of the Deposits as per the Chapter V Section 73 of the Companies act,2013

The Company has not accepted any public deposits within the meaning of Section 73 of the Companies act, 2013 and as such no amount on account of principal or interest on public deposits was outstanding as on 31<sup>st</sup> March, 2017

## 8. EXTRACT OF THE ANNUAL RETURN AS PER 92(3), RULE 12 IN FORM MGT 9 – 134(3)(A)

Form MGT 9 is enclosed as Annexure – A - Page No. 42.

## 9. NUMBER OF MEETINGS OF THE BOARD – 134(3)(B)

The Number of Board Meeting held during the Financial Year and as on 28.07.2017 are as mentioned below:

S. No.	Date of meeting	Total No. of Directors on the Date of Meeting	No. of Directors attended	% of Attendance
1.	10.03.2016	6	5	83.33%
2.	30.03.2016	6	5	83.33%
3.	06.05.2016	6	5	83.33%
4.	22.06.2016	6	5	83.33%
5.	11.07.2016	6	4	66.67%
6.	30.07.2016	6	5	83.33%
7.	01.09.2016	6	5	83.33%
8.	29.09.2016	6	5	83.33%
9.	26.10.2016	6	5	83.33%
10.	17.12.2016	6	5	83.33%
11.	31.01.2017	7	6	85.71%
12.	28.02.2017	7	6	85.71%
13.	31.03.2017	7	6	85.71%
14.	29.04.2017	7	7	100%
15.	30.05.2017	7	6	85.71%
16.	28.07.2017	7	7	100%

## 10. DIRECTORS' RESPONSIBILITY STATEMENT AS PER 134(5) – 134(3)(C)

Pursuant to section 134(5) of the Companies Act, 2013, your directors confirm and report that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) The directors had prepared the annual accounts for the F.Y. 2016-17 on a going concern basis; and
- e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 11. EXPLANATION/ COMMENTS BY THE BOARD ON EVERY QUALIFICATIONS, RESERVATIONS, ADVERSE REMARKS OR DISCLAIMERS MADE BY THE STATUTORY AUDITORS & THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS – 134(3)(F)

Statutory Auditor Report along with Management Reply is Enclosed at Annexure –B - Page No. 60

Secretarial Auditor Report along with Management Reply is Enclosed at Annexure - C - Page No. 76

## 12. PARTICULARS OF THE LOANS, GUARANTEES, SECURITY OR INVESTMENTS AND THE PURPOSE FOR WHICH THE LOAN, GUARANTEE OR SECURITY IS PROPOSED TO BE UTILISED BY THE RECIPIENT AS PER 186 – 134(3)(G)

Total Investment of the Company as on 31.03.2017 stood at Rs. 460.87 Cr. as compared to the previous year investments Rs. 461.67 Cr.

### LONG TERM LOANS & ADVANCES

Particulars	As at March 31, 2017 ( in Rupees )	As at March 31, 2016 ( in Rupees )
<b>a. Secured, Considered good</b>		
Loans & Advances to employees	2053,64,108	949,59,311
<b>b. Unsecured, Considered good</b>		
Loans & Advances to employees	240,71,071	126,86,116
Deposits	6810,47,159	6794,69,115
Capital Advances	8447,18,554	6168,47,929
<b>Total</b>	<b>17552,00,892</b>	<b>14039,62,515</b>
<b>c. Secured Long term Loans &amp; Advances to employees includes</b>		
<b>Particulars</b>	<b>As at March 31, 2017 (In Rupees)</b>	<b>As at March 31, 2016 (In Rupees)</b>
Housing Loan - Secured against House	836,02,407	527,14,360
Four Wheeler Loans - Hypothecation of four wheelers	1217,61,701	422,44,951
<b>Total</b>	<b>2053,64,108</b>	<b>949,59,311</b>

<b>d. Unsecured Long term Loans &amp; Advances to employees includes</b>		
<b>Particulars</b>	<b>As at March 31, 2017</b> (In Rupees)	<b>As at March 31, 2016</b> (In Rupees)
Education Loans	1,41,134	8,12,034
Two Wheeler Loan	113,46,035	71,80,222
Computer Loans	113,85,339	55,41,209
Marriage Advance	11,98,563	(847,305)
<b>Total</b>	<b>240,71,071</b>	<b>126,86,160</b>
<b>e. Current portion of the long term loans &amp; advances to employees (Secured &amp; unsecured) is not ascertainable.</b>		
<b>f. Unsecured Deposits Includes</b>		
<b>Particulars</b>	<b>As at March 31, 2017</b> (In Rupees)	<b>As at March 31, 2016</b> (In Rupees)
Court Authorities	4450,23,006	4435,53,842
Telephone authorities	6,32,196	6,29,696
Other Deposits	2353,91,957	235,274,008
<b>Total</b>	<b>6810,47,159</b>	<b>679,457,546</b>
g. Other Deposits includes ₹ 21.30 Crore (Previous Year ₹ 21.30 Crore) towards disputed Entry tax and Sales tax deposited by the company with the Commercial Tax Officer as per the orders of APSTAT and Hon'ble High Court.		
h. Consequent to demerger more specifically described in Note I of the Notes forming part of Financials Statements the balances of the Long Term Loans & Advances to the tune of ₹ 14739593 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.		

## SHORT TERM LOANS & ADVANCES

<b>Particulars</b>	<b>As at March 31, 2017</b> ( in Rupees )	<b>As at March 31, 2016</b> ( in Rupees )
<b>a. Secured, considered good</b>		
Recoverable from employees	16,02,320	10,37,234
<b>b. Unsecured, considered good</b>		
Loans & Advances to employees	1931,12,667	18,121,378
Advance Tax (including TDS Receivable & Refunds Receivable) (Net)	488,72,945	426,42,983
Advance to Suppliers	37,85,762	33,60,531
Government Receivables	463040,55,590	46,7767,77,427
Provision for Government Receivables - Additional Power	(3877,87,39,156)	(387787,39,156)
Other Loans & Advances	59,52,322	6,043,965
<b>Total</b>	<b>77786,42,451</b>	<b>80692,44,362</b>
c. Consequent to demerger more specifically described in Note I of the Notes forming part of Financials Statements the Transfer of balances and values to/from APSPDCL is subject to approval from Expert Committee formed by the Government of India.		

### **13. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH THE RELATED PARTIES ALONG WITH THE JUSTIFICATION FOR ENTERING INTO SUCH TRANSACTIONS AS PER 188(1) – 134(3)(H) & RULE 8(2) - FORM AOC 2**

The Ministry of Corporate Affairs (MCA) vide Notification dated June 5, 2015, has exempted the government companies from Related Party Transactions under Section 188(1) & 188(2).

### **14. AMOUNT PROPOSED TO BE CARRIED TO RESERVES – 134(3)(J)**

Rs. (4700.22) Cr. was carried to Reserves for the F.Y. 2016-17

### **15. MATERIAL CHANGES & COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY, OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT – 134(3)(L)**

1. Consequent on Formation of Telangana State w.e.f. 02.06.2014, the APCPDCL has been renamed with TSSPDCL duly excluding the Kurnool and Ananthapur circles which have become part of Residuary State of Andhra Pradesh and merged the two circles with the Existing APSPDCL.
2. Since for bifurcation of assets and Liabilities as on 01.06.2014 in respect of Kurnool and Ananthapur circles between the TSSPDCL and APSPDCL, the Expert Committee is formed and as per the instructions of the Committee and guidelines of G.O Ms. No. 24 issued by the Government and also as per the AP Reorganization Act, 2014, the statement of bifurcation of Assets and Liabilities have been prepared and approved by the TSSPDCL Board on 20.04.2015 and submitted to the Expert Committee for its approval on and the Approval is awaited.
3. During the Financial Year 2016-17, State Government of Telangana vide G.O Ms. No. 225, 234 and 240 Dated 11.10.2016, has issued orders for reorganization of districts and formation of new districts in the state of Telangana. Accordingly 7 Mandals under the territorial jurisdiction of TSNPDCL have been merged with Siddipet district of TSSPDCL and Further, Gundala Mandal of Nalgonda which is under the territorial jurisdiction of TSSPDCL has been Demerged/Hived off and merged with Jangaon District under the territorial jurisdiction of TSNPDCL. Pending finalization of the accounts, assets and liabilities pertaining to the said Mandals merged and demerged, the company has not considered the above adjustments in its books of accounts.

### **16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO – 134(3)(M) & RULE 8(3)**

Statement is enclosed at Annexure-D - Page No. 77

## 17. DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY, INCLUDING THE IDENTIFICATION THEREIN OF THE ELEMENTS OF RISK, WHICH IN THE OPINION OF THE BOARD MAY THREATEN THE EXISTENCE OF THE COMPANY – 134(3)(N)

The Company is faced with risks of different types, all of which need different approaches for mitigation. Various risks associated with the business of the Company are given below:

**Operational risk:** To mitigate operational risks associated with distribution network, the company invests significant resources in the maintenance and protection of its critical equipments, details of which were mentioned above.

**Regulatory risk:** Electricity is a highly regulated sector. This exposes the company to risks with respect to changes in policies and regulations which are similar to all players in the sector.

**Financial risk:** Company is having a loss of Rs. 4700.22 Crore and borrowing amounting to Rs. 2714.62 crore as on 31.3.2017. As per Financial Restructuring Package (FRP-2012) of Govt. of India whose details are mentioned above in item no.2 of the Directors Report in details

The Board of Directors of the Company are competent to take decisions on the Risk mitigation and take appropriate measures for risk management.

## 18. DETAILS OF THE POLICY DEVELOPED AND IMPLEMENTED ON THE CSR AND THE INITIATIVES TAKEN, COMPOSITION OF CSR COMMITTEE – 134(3)(O), RULE 9 & ANNEXURE TO THE CSR RULES

The Present Corporate Social Responsibility (CSR) Committee Consisting of the following members:

SL. No	Name	Designation
1	Sri Ajay Misra, IAS,	Special Chief Secretary to Govt., Energy Dept
2	Sri C. Srinivasa Rao, IRAS	JMD/TSTRANSCO
3	Sri G.S.Ram Mohan Rao	Additional Secretary to Govt., Finance Dept
4	Sri T. Srinivas	Director/Projects/TSSPDCL

The Company shall take the necessary Corporate Social Responsibility (CSR) Activities as and when required according to the company policy and CSR Committee shall monitor the same.

## 19. IF THE COMPANY FAILS TO SPEND THE REQUIRED AMOUNT ON CSR, THE REASONS THEREOF – 135(5)

### Reasons for failure to spend the required amount on CSR

Since the company is not having any profits and having a loss Rs. 4700.22 Crore the company couldn't spend any amount on CSR. Hence this clause is not applicable.

However, the Company shall take the necessary Corporate Social Responsibility (CSR) Activities as and when required according to the company policy and CSR Committee shall monitor the same.

## 20. DETAILS OF THE DIRECTORS/ KMP – APPOINTED AND RESIGNED – RULE 8(5)(III)

Name of the Director	Position of Director	Date of appointment	Date of cessation, if applicable
Sri G. Raghuma Reddy	Chairman and Managing Director	26/11/2014	NA
Sri T. Srinivas	Director/Projects	31/07/2013	NA
Sri J. Srinivas Reddy	Director/operation	26/11/2014	NA
Sri Mir Kamaluddin Ali Khan	Director/HR	27/03/2015	NA
Sri Ajay Misra, IAS	Director /(Non- Whole Time)	20/12/2016	NA
Sri C. Srinivasa Rao, IRAS	Director /(Non- Whole Time)	04/03/2017	NA
Sri G.S.Ram Mohan Rao	Director /(Non- Whole Time)	02/07/2014	NA
Sri V. Anil Kumar	Company Secretary	21/07/2015	NA

## 21. THE FACT OF RESIGNATION OF ANY DIRECTOR – 168(1)

Nil.

## 22. Appointment, Qualifications & Remuneration & Evolution Of The Board Of Directors Section 134(3)(e) & Section 134(3)(p)

The Ministry of Corporate Affairs (MCA) vide Notification dated June 5, 2015, has exempted the government companies from the Policy on appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Directors etc.,

## 23. DETAILS OF THE SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS/ TRIBUNALS AND LITIGATION SUMMARY

Statement showing the service wise details of court cases amount pending as on date 31-03-2017.

Circle	LT		HT		TOTAL	
	No. of Services	Amount	No. of Services	Amount	No. of Services	Amount
MAHABOONAGAR	0	0.00	159	91.63	159	91.63
NALGONDA	115	0.86	346	131.27	461	132.13
MEDAK	0	0.00	278	58.87	278	58.87
SIDDIPET	0	0.00	43	23.21	43	23.21
RANGA REDDY EAST	76	0.31	133	7.81	209	8.12
RANGA REDDY NORTH	21	0.02	231	37.51	252	37.53
RANGA REDDY SOUTH	417	3.50	188	77.77	605	81.27
HYDERABAD NORTH	60	0.14	173	37.02	233	37.16
HYDERABAD SOUTH	53	0.20	28	2.47	81	2.67
HYDERABAD CENTRAL	29	0.19	66	14.25	95	14.44
<b>Total</b>	<b>771</b>	<b>5.22</b>	<b>1645</b>	<b>481.81</b>	<b>2416</b>	<b>487.03</b>



## 24. DISCLOSURE OF THE COMPOSITION OF AUDIT COMMITTEE AND WHERE THE BOARD HAS NOT ACCEPTED ANY RECOMMENDATION OF THE AUDIT COMMITTEE, THE REASONS FOR NOT ACCEPTING SUCH RECOMMENDATIONS – 177(8)

Present Audit Committee composition is as follows:

SL. No	Name	Designation
1	Sri Ajay Misra, IAS,	Special Chief Secretary to Govt., Energy Dept.
2	Sri C. Srinivasa Rao, IRAS	JMD/TSTRANSCO
3	Sri G.S.Ram Mohan Rao	Additional Secretary to Govt., Finance Dept.
4	Sri T. Srinivas	Director/Projects/TSSPDCL

The board has considered and accepted all the recommendations of the Audit Committee and there are no recommendations which were not accepted during the F.Y. 2016-17.

## 25. PARTICULARS OF THE EMPLOYEES & WELFARE

- Manpower:** The manpower (officers and staff) stood at 9,070 for the F.Y. 2016-17 when compared to the 9,550 for the F.Y. 2015-16.

The category wise employee's filled is indicated below:

Sl. No	Name of the Category	F.Y. 2016-17	F.Y. 2015-16
1	Engineering service	1,707	1,623
2	Accounts and P&G service	2,012	1,955
3	O&M and construction service	5,264	5,890
4	Others (including deputations)	87	82
	<b>Total</b>	<b>9,070</b>	<b>9,550</b>

- Training to Employees:** Based on the needs identified for development of required competencies, a variety of training programmes for both functional and behavioural aspects have been conducted across the organization. During F.Y. 2016-17 training has been imparted to 2,145 employees regarding new technologies in Power Sector, IT initiatives, HR activities.
- Employees welfare:** Total 68 (Sixty eight) dependents of deceased employees have been provided employment in the company under Compassionate grounds.

## 26. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM – 177(9) & (10)

Board approved the Vigil Mechanism Policy-2015 pursuant to Section 177 (9) of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014 at its board meeting held on 06<sup>th</sup> August, 2015 for directors and employees to report to the management instances of irregularity, unethical practices and /or misconduct in line with the above policy. The details of such policy were communicated to all offices apart from disclosing in the Company's website [www.tssouthernpower.com](http://www.tssouthernpower.com).

Vigil Mechanism was constituted Vide: S.O.O. (CS) Ms.No.638, Dt. 18.08.2015 with the following members to provide the adequate safeguards against the victimization of employees and directors

SL. No	Name	Designation
1	Sri Ajay Misra, IAS,	Special Chief Secretary to Govt., Energy Dept.
2	Sri C. Srinivasa Rao, IRAS	JMD/TSTRANSCO
3	Sri G.S.Ram Mohan Rao	Additional Secretary to Govt., Finance Dept.
4	Sri T. Srinivas	Director/Projects/TSSPDCL

## 27. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

A Complaints Committee was constituted with the members indicated therein to prevent or deter the commission of acts of Sexual harassment on women employees in APCPDCL (Now TSSPDCL) for holding the office for a period of one year. Consequently, on completion of one year period, the committee was re-constituted vide reference S.P.O.O.CGM (HRD) Rt. No. 80, dated 04.02.2016 with the members as indicated therein to hold office till 31.12.2016 and further period of one year Vide: S.P.O.O.CGM (HRD) Rt.No.119, Dt: 09.02.2017 and it will old office 31.12.2017.

The following officers were nominated for the Complaints Committee:

Sl. No	Name	Designation
1.	Smt. K. Shobha Rani, Ex. General Manager (P&A) Now CGM/Member (Accts)/CGRF.II	Chair person
2.	Sri B. Redya Naik AS(Per)/ Corp.Office	Member
3.	Smt. M. Jyothi Rani, Divisional Engineer/Telecom / SCADA	Member
4.	Smt. G. Sudha, Assistant Secretary(IR)	Member
5.	Smt. Sandhya Sri, ADE/Projects	Member
6.	Sri R. Narender Reddy, ADE/MPP	Member

## 28. INTERNAL AUDIT

The Board approved the following firms as Internal Auditors for the F.Y. 2016-17 at the Board Meeting held on 29.09.2016

S.No	Circles/set of Circles	Chartered Accountant Firm	LI Per Month
1	Mahabubnagar	M/s. Komandoor & Co.,	39,000
2	Nalgonda	Sampath & Ramesh, Hyderabad	39,000
3	Medak and Siddipet (Including Corporate Office Unites and SCADA Circles)	Sriram & Co., Hyderabad	39,000
4	Ranga Reddy (North, South & East) [including Master Plan & RR Lines Circles]	Eswar & Co., Hyderabad	37,000
5	Hyderabad Circles (North, Central & South)	Niranjan & narayan, Hyderabad	37,000

## 29. STATUTORY AUDITORS

### Statutory Auditor

M/s. BRAHMAYYA & CO (SR0013), Chartered Accountants, were appointed by the Comptroller and Auditor General of India (CAG) as Statutory Auditors of the Company for the F.Y. 2016 -17.

### Secretarial Auditor:

M/s. KCC & Associates, Company Secretaries was appointed as Secretarial Auditors of the Company for the F.Y. 2016-17.

### Cost Auditor:

M/s. BVR & Associates, Cost Accountants was appointed as Cost Auditors of the Company for the F.Y. 2016-17

## 30. ACKNOWLEDGEMENTS

Your Directors acknowledge the invaluable support and co-operation of the Chairman & Managing Director, TS TRANSCO and Chairman & Managing Directors of TS NPDCL, TS GENCO, AP TRANSCO, AP GENCO & AP DISCOMS.

We take this opportunity to thank the Secretary, Energy Department, Government of Telangana, The Secretary, TSERC and other officials of the Govt. of Telangana, the Office of the Comptroller & Auditor General of India, the Bankers and Financial Institutions and look forward to their continued support in the future.

We also wish to congratulate the employees as well as the Employee's Unions and the Engineers' and Officers' Associations of TSSPDCL, for their invaluable services.

For and on behalf of the Board of Directors

**Southern Power Distribution Company Of Telangana Limited**

CIN - U40109TG2000SGC034116

Sd/-

**Sri G. Raghuma Reddy**

Chairman and Managing Director

DIN- 02943771

Place : Hyderabad

Date : 07.09.2017

## Annexure A

### Form No. MGT 9

#### EXTRACT OF ANNUAL RETURN as on the financial year ended on 31/03/2017

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

#### I. REGISTRATION AND OTHER DETAILS:

i)	CIN: Registration Date [DDMMYYYY]	<b>U40109TG2000SGC034116</b> 30.03.2000
ii)	Category of the Company	A Government of Telangana Undertaking ( State Govt. Company) Unlisted Public Company
iv)	Whether shares listed on recognized Stock Exchange(s)	No
vi)	NAME AND REGISTERED OFFICE ADDRESS OF COMPANY: Company Name  Address  Town / City State Pin Code: Country Name : Country Code Telephone (With STD Area Code Number) Fax Number : Email Address Website Name of the Police Station having jurisdiction where the registered office is situated	Southern Power Distribution Company of Telangana Limited. Corporate office, # 6-1-50, Mint Compound, Lakdikapool Hyderabad Telangana State 500063 India +91 040-23431011 23431018 <b>cs-spdcl@.tssouthernpower.com</b> <b>www.tssouthernpower.com</b> Saifabad Police Station

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SN	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
I	Distribution and Retail supply of Electricity in the licensed area of the company i. e, Hyderabad, Sanga Reddy, Medak, Siddipet, Mahabubnagar, Wanaparthi, Nagarkurnool, Gadwal Nalgonda, Suryapet, Yadadri, Ranga Reddy, Vikarabad, Medchal .	35109 / Collection and distribution of electric energy to households, industrial, commercial and other users.	100%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S.No	Name And Address Of The Company	CIN/GLN	Holding Company/ Subsidiary /Associate
I	Southern Power Distribution Company of Telangana Limited. Corporate office, # 6-1-50, Mint Compound, Hyderabad -500063, Telangana State.	U40109TG2000SGC034116	Not Applicable (State government of Telangana Undertaking)

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
(I) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	728,479,600	7,284,796,000	99.99%	0	728,479,600	7,284,796,000	99.99%	NIL
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	9	90	0.01%	0	9	90	0.01%	0
<b>Total shareholding of Promoter (A)</b>	0	728,479,600	7,284,796,000	99.99%	0	728,479,600	7,284,796,000	99.99%	NIL
<b>B. Public Shareholding</b>	0	0	0	0	0	0	0	0	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	0	728,479,609	7,284,796,090	100%	0	728,479,609	7,284,796,090	100%	NIL

## B) Shareholding of Promoter

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	
1	Governor of Andhra Pradesh	728,479,600	100 %	0	0	0	0	(-100)
2	Governor of Telangana	0	0	0	728,479,600	100 %	0	100
	<b>Total</b>	<b>728,479,600</b>	<b>100 %</b>	<b>0</b>	<b>728,479,600</b>	<b>100 %</b>	<b>0</b>	<b>0</b>

- \* The Share capital held by the Hon'ble Governor of Andhra Pradesh transferred to Hon'ble Governor of Telangana on account of bifurcation of the state as per A.P. Reorganization Act 2014 and G.O Ms. No. 11, Energy (Budget) Department, Dated: 18.10.2014.
- \* The Authorized Capital of the Company was increased to 4000 crore and Amendment of the Capital Clause in the Memorandum of Association & Article of Association of the Company vide G.O.Ms. No. 02, Energy (Budget Department) dated 16.02.2017.

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

S.No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2016)			Shareholding at the end of the year (31.03.2017)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	
1.	Sri Arvind Kumar, IAS Secretary to Energy Dept, Govt of Telangana	2	0	0	0	0	0	0
2.	Sri Ajay Misra, IAS, Special Chief Secretary to Govt., Energy Dept., Director (Non-Whole Time)/ TSSPDCL of Telangana	0	0	0	2	0	0	0
3.	Sri D Prabhakara Rao, Chairman and Managing Director[FAC]/ TSTRANSCO	1	0	0	1	0	0	0
4.	Sri C. Srinivasa Rao, IRAS JMD/ TSTRANSCO	1	0	0	1	0	0	0

S.No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2016)			Shareholding at the end of the year (31.03.2017)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged /encumbered to total shares	
5.	Sri G .Raghuma Reddy Director commercial & Chairman and Managing Director (FAC),TSSPDCL	2	0	0	2	0	0	0
6.	Sri J. Srinivasa Reddy, Director Operations & PMM /TSSPDCL	1	0	0	1	0	0	0
7.	Sri T. Srinivas Director (Projects) /TSSPDCL	1	0	0	1	0	0	0
8.	Sri Mir Kamaluddin Ali Khan Director/ HRD/ TSSPDCL	1	0	0	1	0	0	0
9.	Sri .S. Satyanarayana Assistant Secretary (FAC) representative on behalf of Governor of Telangana )	72,84,79,600	0	0	72,84,79,600	0	0	0
	<b>Total</b>	<b>72,84,79,609</b>	<b>100%</b>		<b>72,84,79,609</b>	<b>100%</b>		

Note: The orders vide G.O Ms. No. 37, Energy (HR-AI) Department, Dt: 20.12.2016 the shares held by Sri Arvind Kumar, IAS., Secretary to Energy Dept., Government of Telangana were transferred to Sri Ajay Misra, IAS., Special Chief Secretary to Government, Energy Department.

## D) Shareholding Pattern of Top Ten Shareholders: 31.3.2017

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors				
I	Sri .S. Satyanarayana, Assistant Secretary(FAC) representative on behalf of Governor of Telangana )				
A	At the beginning of the year	72,84,79,600	99.99%	72,84,79,600	99.99%
B	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
c	At the end of the year	72,84,79,600	99.99%	72,84,79,600	99.99%

## E) Shareholding of Directors and Key Managerial Personnel: 31.03.2017

S. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
I	<b>Sri G. Raghuma Reddy,</b> Chairman & Managing Director, TSSPDCL				
A	At the beginning of the year	2	0	2	0
B	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
C	At the end of the year	2	0	2	0
2	<b>Sri T. Srinivas,</b> Director (Projects), TSSPDCL				
A	At the beginning of the year	1	0	1	0
B	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
C	At the end of the year	1	0	1	0



<b>3</b>	<b>Sri J. Srinivasa Reddy, Director Operations &amp; PMM /TSSPDCL</b>				
A	At the beginning of the year	1	0	1	0
B	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
C	At the end of the year	1	0	1	0
<b>4</b>	<b>Sri Mir Kamaluddin Ali Khan, Director/HR/TSSPDCL</b>				
A	At the beginning of the year	1	0	1	0
B	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
C	At the end of the year	1	0	1	0

**F) INDEBTEDNESS** - Indebtedness of the Company including interest outstanding/accrued but not due for payment:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	45,381,925,035	28,303,053,775	1,094,446,331	<b>74,779,425,141</b>
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ ii+ iii)</b>	45,381,925,035	28,303,053,775	1,094,446,331	<b>74,779,425,141</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	-	431,617,898	431,617,898
* Reduction	32,102,563,145	14,436,218,085	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>	13,279,361,890	13,866,835,690	1,526,064,229	<b>28,672,261,809</b>
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ ii+ iii)</b>	13,279,361,890	13,866,835,690	1,526,064,229	<b>28,672,261,809</b>

## V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No	Particulars of Remuneration	G. Raghuma Reddy (CMD)	T. Srinivas Director Projects	J. Srinivas Reddy Director Operation	Mir Kamaluddin Ali Khan Director (HR)
1	Gross salary(a)Salary as per a) provisions contained in section 17(1) of the Income - tax Act 1961, b) Value of perquisites u/s 17(2)Income-tax Act, 1961 c) Profits in lieu of salary undersection 17(3) Income – tax Act, 1961	22,95,775	21,47,550	20,74,950	20,20,500
2.	Stock Option	NA	NA	NA	NA
3.	Sweat Equity	NA	NA	NA	NA
4.	Commission - as % of profit - others, specify...	NA	NA	NA	NA
5.	Others, please specify (Total deductions Professional Tax & Income Tax)	NA	NA	NA	NA
	Total(A)	22,95,775	21,47,550	20,74,950	20,20,500
	Ceiling as per the Act	NA	NA	NA	NA

### B. Remuneration to other directors (Non Whole Time Directors)

S.No.	Particulars of Remuneration	Name of the Director	Name of the Director	Name of the Director
		Sri Ajay Misra, IAS, Special Chief Secretary to Govt., Energy Dept., Director (Non-Whole Time)/ TSSPDCL of Telangana	Sri G.S.Ram Mohan Rao, Additional Secretary to Govt., Finance Dept, Director (Non-Whole Time)/ TSSPDCL	Sri C. Srinivasa Rao, IRAS, JMD/ TSTRANSCO/ (Non-whole time) /TSSPDCL
2.	Non whole time Directors Fee for attending board and committee meetings Commission Others, please specify	NA	NA	NA
	Total Amount	2500 per meeting	2500 per meeting	2500 per meeting
	Overall Ceiling as per the Act	Within the ceiling	Within the ceiling	Within the ceiling

C. Remuneration to key managerial personnel other than MD/Manager/Whole-time Directors.

S.No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary(a)Salary as per provisions a) contained in section 17(1) of the Income-tax Act, 1961 b) Value of perquisites u/s 17(2) Income-tax Act, 1961 c) Profits in lieu of salary under section 17(3) Income-tax Act 1961	NA	7,90,590	NA	NA
2.	Stock Option	NA	NA	NA	NA
3.	Sweat Equity	NA	NA	NA	NA
4.	Commission- as % of profit-others, specify...	NA	NA	NA	NA
5.	Others, please specify ( <b>deductions Provident Fund &amp; Professional tax</b> )	NA	NA	NA	NA
	<b>Total</b>	NA	7,90,590	NA	NA

VI. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
<b>B. DIRECTORS</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA



# INDEPENDENT AUDITOR'S REPORT





## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
Southern Power Distribution Company of Telangana Limited,  
Hyderabad.

### Report on the Financial Statements:

1. We have audited the accompanying financial statements of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited) ("the Company")**, Hyderabad, which comprise the Balance Sheet as at March 31, 2017 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements:

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

### Auditor's Responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are



free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statement.

#### **Basis for Qualified Opinion:**

4. We are informed that the Company is governed by the Electricity Act, 2003 and accordingly the provisions of the said Act would prevail, wherever the same are inconsistent with the provisions of the Companies Act, 2013 in terms of section 174 of the Electricity Act. Accordingly, in terms of section 185(2)(d) of the Electricity Act, the Annual accounts of the Company have been prepared as per the rules prescribed under "Electricity (Supply) (Annual Accounts) Rules 1985. Accordingly the Company has not complied with some of the mandatory Accounting Standards, as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the requirements of Schedule- III to the companies Act, 2013, details of which are given here under:
  - a) Capitalization of administrative overheads (including staff cost) at 10% of the direct cost of the assets capitalized during the year as per the company's Accounting Policy No. 1.5 (c), amounting to Rs.121,94,73,742/-, is not in accordance with Accounting Standard-10: "Property Plant and Equipment", as the same cannot be attributable as expenditure incurred directly to bring the said assets to working condition.
  - b) Carrying the written down value of the "burnt meters", which are replaced with "new meters" in the company's books of account, which is not in accordance with the Accounting Standard 10: "Property Plant and Equipment", as the same are no longer in existence, amount of which is not determinable.
  - c) As stated in Accounting Policy No. 1.8, recognition of the contributions received from consumers and specific grants from the state/central governments or their agencies for creation of tangible assets as "Reserves" on receipt basis, even before the creation of the said assets and adjustment of the same against depreciation on the proportionate value of the assets built out of the said contributions and grants, instead of the specific assets created with the said contributions/ grants fully and without restricting to 90% of the cost of the assets, as considered for providing the depreciation, which are contrary to Accounting Standard 12" Accounting for Government Grants"
  - d) Non-recognition of the "parcels of land" received at free of cost from State Government and its agencies in the books of account, as required by Accounting Standard 12: " Accounting for Government Grants"



5. Consequent to the creation of the State of Telangana, in accordance with the Andhra Pradesh Reorganization Act 2014, the Ananthapur and Kurnool operating business circles of the company have been reassigned to APSPDCL with effect from 2<sup>nd</sup> June 2014 in accordance with G.O Ms. No. 24 dated 29<sup>th</sup> May 2014 issued by State Government of Andhra Pradesh. While recognizing the transfer of assets and liabilities in the previous year of these two Circles, provisionally in its books of account, as per the “Basis of Apportionment” mentioned in the said G.O, which is, subject to the approval of the Expert Committee constituted by the Government of India, which is computed under the “pooling of interest” method. The company instead of recognizing the share of the said two Circles in the “Share Capital” of Rs. 325,27,89,980 as a reduction in the share capital, recognized Rs.723,00,74,154 as “Capital Reserve” resulting in understatement of its negative net-worth by Rs. 1048,28,64,134 and consequential overstatement of “Receivables.”
6. We report that the following accounts have not been reconciled as at 31<sup>st</sup> March 2017 and accordingly we are unable to express an opinion on the effect of said un-reconciled amounts on the (Loss) of the company for the year:
  - a. Inter units’ accounts with a credit balance of Rs. 10,08,30,225/-.
  - b. Amount appearing under “Debt servicing Clearing A/c” credit of Rs. 31,69,,93,797/-
  - c. Balances with Other DISCOMs totaling to credit of Rs. 7305,59,11,903/-
  - d. Various receivables and payable accounts.
7. Letters of confirmation of balances have not been provided for our verification in respect of the following, the impact that may result on reconciliation and review of the same cannot be ascertained:
  - a. Balances due to / from various vendors for supplies and services, other power distribution companies.
  - b. Balances due from/ to various consumers/customers.

### Qualified Opinion:

8. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matters described in sub-paragraphs 4 to 7 in the Basis for Qualified Opinion paragraphs, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017, its losses and its cash flows for the year ended on that date.

### Emphasis of Matters:

9. Consequent to the amendment brought in vide G.O Ms. 396 dated 09.06.2005 to the second transfer scheme notified vide G.O Ms. 142 dated 29.09.2001, the Company has incorporated in its books of account as on 01.04.2010, various assets, including fixed assets and liabilities towards power purchase, supplies & services received and balances outstanding in respect of the loans, representing term loans, cash credits, working capital loans received from various banks and financial institutions, other receivables from the State Government of A.P., of the amounts mentioned in the two notifications referred to above. We understand that the above amounts, at which the various assets and liabilities



are recognized in the books of account as on that date, are provisional and accordingly are subject to further adjustments as may be determined by the State Government of A.P.

10. State Government of Andhra Pradesh amended retrospectively with effect from 09.06.2005, the share of each DISCOM in various bulk supply power purchase agreements vide its notification No. 53 Energy (Power III) dated 28.04.2008. We are informed that the company has made a representation to give effect to the said revised sharing prospectively. Pending disposal of the company's representation, the contingent liability/receivables, if any, due to the said retrospective amendment of the share of the company in various bulk supply of power purchase agreements has not been disclosed in the books of account.
11. During the Financial Year 2016-17, an amount of Rs. 4,593.84 Crore was received from the state government of Telangana under the "Ujwal Discom Assurance Yojana" (UDAY) Scheme and as per the Scheme, MOU was entered by Ministry of Power, Central Government, Govt. of Telangana State and the DISCOM and as per the MOU, The loans outstanding as on 30.09.2015 will be taken over and Funds have to be released 50% in the form of Grant, 25% in the form of Equity and 25% in the form of Loan. Whereas the state Govt. of Telangana has issued G.O No-7 dated 17.03.2017, wherein stating that the said funds have been released as Equity infusion. Accordingly the company has separately disclosed in the balance sheet as "Received from UDAY scheme from GOT", pending clarification whether the said funds have to be treated as Equity as per Govt. of Telangana G.O (or) as per MOU with MOP.
12. During the Financial Year 2016-17, State Government of Telangana vide G.O Ms. No. 225, 234 and 240 Dated 11.10.2016, has issued orders for reorganization of districts and formation of new districts in the state of Telangana. Accordingly 7 Mandals under the territorial jurisdiction of TSNPDCL have been merged with Siddipet district of TSSPDCL and Further, Gundala Mandal of Nalgonda which is under the territorial jurisdiction of TSSPDCL has been Demerged/Hived off and merged with Jangaon District under the territorial jurisdiction of TSNPDCL. Pending finalization of the accounts, assets and liabilities pertaining to the said Mandals merged and demerged, the company has not considered the above adjustments in its books of accounts.
13. Current accounts maintained with various banks have Board excess, being cheques/ cash deposited in banks and not appearing in banks' statements of account of Rs. 1,68,71,721/- (of which Rs. 29,96,415/- outstanding for more than three months) and Bank excess, representing amounts credited by banks but not appearing in the books of account of the company of Rs. 8,89,74,439/-. Our opinion is not qualified in respect of these aforesaid matters

#### Other Matters:

14. In terms of G.O Ms No 21, Energy (Power – III) dated 12.05.2014, "Power Coordination Committee" (TSPCC), which has no separate legal entity under any statute, administers matters relating to purchase of power including the allocation of the said cost of purchase between various DISCOMs, including "Expensive Power" sale of power between various DISCOMs, interstate sale/ purchase of power and maintains the books of account in respect of the same on behalf of the various DISCOMs in the State of Telangana. Further these transactions are subjected to audit by an independent firm of Chartered Accountants. Accordingly the transactions relating to purchase of power, sale/purchase of power to/ from other DISCOMs, balances due to/ from various DISCOMs, write back of excess provisions in





earlier years towards cost of power purchased, interstate sale of power, subsidies from State Government, provision towards doubtful recovery of subsidy from the State Government towards expensive power recognized in the books of account in earlier years, borrowings made for the purchase of power being cash credit facilities and short term borrowings from banks, financial institutions, State & Central Governments together with interest, disclosures regarding contingent liabilities etc., are incorporated in the books of account of the company based on the information provided by TSPCC, duly certified by the independent firm of Chartered Accountants. Consequently, we have relied upon the certification provided by the independent firm of Chartered Accountants in respect of the above matters.

### Report on Other Legal and Regulatory Requirements:

15. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
16. As required by Section 143(5) of the Act, we have considered the directions / sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the financial statements of the Company are given in the **Annexure B**.
17. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow statement dealt with by this Report are in agreement with the books of account.
  - d) Except for the matters described in the Basis for Qualified Opinion Paragraphs, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) The matters described in the Basis for Qualified Opinion above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) On the basis of the written representations received from the directors as on 31st March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure C**" to this report.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. We are informed that the Company does not have any pending litigations that would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- i) As required by Rule 11(d) of the Companies (Audit and Auditors) Amendment Rules, 2017, we report that: The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. Refer Note No-40 to the financial statements

Place: Hyderabad  
Date: 07-09-2017

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

Sd/-  
**(C. V. Ramana Rao)**  
Partner  
Membership No.018545



## Annexure A to the Independent Auditor's Report:

The **Annexure A** referred to in paragraph 15 of our Independent Auditor's report of even date, to the members of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited), Hyderabad** for the year ended 31 March 2017.

We report that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) We are informed by the company that no physical verification of fixed assets has been carried-out during the year under report. Accordingly, we are unable to comment regarding any material discrepancies between the fixed assets register and the assets physically available.  
c) We are informed by the company that purchase/gift / lease deeds are generally executed in respect of "parcels of land" purchased/ gifted/ given on long term lease upto 99 years to the company by private parties, which are generally kept at various field offices of the company and accordingly complete details along with the said deeds could not be provided to us, except a very few deeds executed during the year under audit. We are also informed by the company that in respect of the "parcels of land" alienated to it by the State Government or its agencies other than the letters of alienation/ allotment/ physical handing over, no other legal documents are generally executed and that the said letters are available with various field offices of the company and accordingly complete details along with the said letters could not be provided to us, except a very few letters executed. Accordingly we are unable to report whether appropriate legal documents evidencing the title of the company in respect of all the immovable properties owned by the company are available with the company.
- ii) Physical verification of inventory has been conducted during the year by the management at reasonable intervals. The discrepancies noticed on such verification between the physical stocks and the book records were not material.
- iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, clauses 3 (iii) (a), (b) and (c) of the Order are not applicable.
- iv) The company has neither given any loans to the directors or any other persons in whom the director is interested nor given/provided any guarantee/security in connection with any loan taken by directors or such other persons as per the provisions of section 185 of the Companies Act, 2013.
- v) The Company has not accepted any deposits from the public. Consequently, the clause 3(v) of the order is not applicable to the Company.
- vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost



maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

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

According to the information and explanations given to us, no undisputed amounts are payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess and other statutory dues which were in arrears as at 31<sup>st</sup> March 2017 for a period of more than six months from the date they became payable except the following.

Name of the statute/Authority	Nature of dues	Period to which the amount relates	Amount (In Lakhs)
Central Sales Tax Act	Central Sales Tax	From F.Y. 2012-13 to 2016-17	0.97

- b) As at 31<sup>st</sup> March 2017, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Service tax, duty of customs, duty of excise, value added tax and Cess, except the following:

S.No.	Name of the Statute	Nature of the Dues	Amount (Rs. In Crore)	Period to which the amount relates	Forum where dispute is pending
1.	A.P. Tax on entry of goods in local area Act, 2001	Entry tax on goods purchased from outside state	34.55	For the financial years from 2002-03 to 2006-07	Hon'ble Supreme court of India
2.	A.P. general Sales Tax Act, 1956	Sales Tax	1.34	For the financial years from 2001-02 to 2004-05	Hon'ble A.P sales Tax Appellate Tribunal, Hyderabad
3.	A.P.VAT Act, 2005	VAT	90.99	For the financial years from 2008-09 to 2012-13	Hon'ble A.P High court, Hyderabad
4.	Income Tax Act, 1961	TDS	93.25	For the Assessment years from 2007-08 to 2009-10	Hon'ble Supreme court of India



- viii) The Company has not defaulted in repayment of any loan installments in respect of term loans from financial institutions and banks.
- ix) In our opinion, the Term Loans obtained during the financial year under report and in earlier years have been applied for the purposes for which they were raised.
- x) According to the information and explanations given to us, no fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion, the company is not a Nidhi Company. Consequently the clause 3(xii) of the order is not applicable.
- xii) According to the information and explanations given to us and on overall examination of the records of the Company, we report that all transactions with related parties are in compliance with the provisions of sections 177 and 188 of the Companies Act, 2013 and the related party disclosures as required by relevant Accounting Standards are disclosed in the financial statements.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully/partly convertible debentures during the year under review. Consequently the clause 3(xiv) of the order is not applicable.
- xc) The Company has not entered into any non cash transactions with the directors or persons connected with them during the year under report. Consequently the clause 3(xv) of the order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Consequently the clause 3(xvi) of the order is not applicable.

Place: Hyderabad  
Date: 07-09-2017

**For BRAHMAYYA & CO.,**  
Chartered Accountants  
Firms' Registration Number. 000513S

Sd/-

**(C. V. Ramana Rao)**

Partner

Membership No.018545



The **Annexure B** referred to in paragraph 16 of our Independent Auditor's report of even date on the financial statements of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited), Hyderabad.**

We report that:

S.No	Questions	Replies
1	Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	We are informed by the company that purchase/gift / lease deeds are generally executed in respect of "parcels of land" purchased/ gifted/ given on long term lease upto 99 years to the company by private parties, which are generally kept at various field offices of the company and accordingly complete details along with the said deeds could not be provided to us, except a very few deeds executed during the year under audit. We are also informed by the company that in respect of the "parcels of land" alienated to it by the State Government or its agencies, other than the letters of alienation/allotment/ physical handing over, no other legal documents are executed and that the said letters are available with various field offices of the company and accordingly complete details along with the said letters could not be provided to us, except a very few letters executed. Accordingly we are unable to report whether appropriate legal documents evidencing the title of the company in respect of all the immovable properties owned by the company are available with the company.
2	Whether there are any cases of waiver /write off of debts / loans / interest etc., if yes, the reasons there for and the amount involved.	During the year there has been an instance of write off of sundry receivable of Rs 13.09 lakhs being the excess amount uploaded, kept in books of account, as receivable while migrating to SAP software in earlier years.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Govt. or other authorities?	We are informed that no inventory of the company is lying with third parties as at the end of the year.



We are informed that during the year, company has received the “parcels of land” alienated to it by the State Government or its agencies, other than the letters of alienation/allotment/ physical handing over, no other legal documents are executed and that the said letters are available with various field offices of the company and accordingly complete details along with the said letters could not be provided to us, except a very few letters executed. Accordingly we are unable to report whether appropriate legal documents evidencing the title of the company in respect of all the immovable properties owned by the company are available with the company.

Place: Hyderabad  
Date: 07-09-2017

**For BRAHMAYYA & CO.,**  
Chartered Accountants  
Firms' Registration Number. 0005135

Sd/-

**(C. V. Ramana Rao)**

Partner

Membership No.018545



The **Annexure C** referred to in paragraph 17 (g) of our Independent Auditor's report of even date on the financial statements of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited), Hyderabad**

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

We have audited the internal financial controls over financial reporting of **Southern Power Distribution Company of Telangana Limited (Formerly known as Central Power Distribution Company of Andhra Pradesh Limited) ("the Company")**, Hyderabad, as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **A. Management's Responsibility for Internal Financial Controls**

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

#### **B. Auditors' Responsibility**

2. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
3. An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.





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

### **C. Meaning of Internal Financial Controls over Financial Reporting**

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

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

### **D. Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **E. Qualified Opinion**

7. According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the company's internal controls over financial reporting as at March, 2017.

8. Absence of control in respect of:
- a. Performing periodical reconciliations of various receivables, payables, deposits, advances etc.
  - b. Seeking balance confirmations from various suppliers, service providers, consumers etc., periodically
  - c. Periodical review of the balances outstanding in various receivables & payable accounts
  - d. Accounting of assets discarded in the books of account, like "burnt meters replaced" etc



9. A material weakness is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is reasonable possibility that a material misstatement/(s) of the company's annual financial statements will not be prevented or detected on a timely basis.
10. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India" and except for the possible effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the company's internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017.

Place: Hyderabad

Date: 07-09-2017

**For BRAHMAYYA & CO.,**

Chartered Accountants

Firms' Registration Number. 000513S

Sd/-

**(C. V. Ramana Rao)**

Partner

Membership No.018545



## BASIS FOR QUALIFIED OPINION

STATUTORY AUDITOR'S REPORT	COMPANY'S REPLY
<p>1) We are informed that the Company is governed by the Electricity Act, 2003 and accordingly the provisions of the said Act would prevail, wherever the same are inconsistent with the provisions of the Companies Act, 2013 in terms of section 174 of the Electricity Act. Accordingly, in terms of section 185(2)(d) of the Electricity Act, the Annual accounts of the Company have been prepared as per the rules prescribed under "Electricity (Supply) (Annual Accounts) Rules 1985. Accordingly the Company has not complied with some of the mandatory Accounting Standards, as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the requirements of Schedule-III to the companies Act, 2013, details of which are given here under:</p>	
<p>a) Capitalization of administrative overheads (including staff cost) at 10% of the direct cost of the assets capitalized during the year as per the company's Accounting Policy No.1.5 (c), amounting to Rs.121,94,73,742/-, is not in accordance with Accounting Standard-10: "Property Plant and Equipment", as the same cannot be attributable as expenditure incurred directly to bring the said assets to working condition.</p>	<p>Ten percent of the cost of capital works is capitalized towards employees cost and Administrative &amp; General Expenses, as the operation circles are executing both capital works and operation &amp; maintenance works, and it is not practicable to maintain records to identify the man hours spent by the staff on capital works.</p>
<p>b) Carrying the written down value of the "burnt meters", which are replaced with "new meters" in the company's books of account, which is not in accordance with the Accounting Standard 10: "Property Plant and Equipment", as the same are no longer in existence, amount of which is not determinable.</p>	<p>Noted for future compliance.</p>
<p>c) As stated in Accounting Policy No. 1.8, recognition of the contributions received from consumers and specific grants from the state/central governments or their agencies for creation of tangible assets as "Reserves" on receipt basis, even before the creation of the said assets and adjustment of the same against depreciation on the proportionate value of the assets built out of the said contributions and grants, instead of the specific assets created with the said contributions/ grants fully and without restricting to 90% of the cost of the assets, as considered for providing the depreciation, which are contrary to Accounting Standard 12" Accounting for Government Grants"</p>	<p>This practice has been consistently followed since the beginning and re-working could of data could be an impossible task at this stage</p>



<p>d) Non-recognition of the “parcels of land” received at free of cost from State Government and its agencies in the books of account, as required by Accounting Standard 12: “ Accounting for Government Grants”</p>	<p>Noted for Future Compliance</p>
<p>2) Consequent to the creation of the State of Telangana, in accordance with the Andhra Pradesh Reorganization Act 2014, the Ananthapur and Kurnool operating business circles of the company have been reassigned to APSPDCL with effect from 2nd June 2014 in accordance with G.O. Ms. No. 24 dated 29th May 2014 issued by State Government of Andhra Pradesh. While recognizing the transfer of assets and liabilities in the previous year of these two Circles, provisionally in its books of account, as per the “Basis of Apportionment” mentioned in the said G.O, which is, subject to the approval of the Expert Committee constituted by the Government of India, which is computed under the “pooling of interest” method. The company instead of recognizing the share of the said two Circles in the “Share Capital” of Rs. 325,27,89,980 as a reduction in the share capital, recognized Rs.723,00,74,154 as “Capital Reserve” resulting in understatement of its negative net-worth by Rs. 1048,28,64,134 and consequential overstatement of “Receivables.”</p>	<p>Noted</p>
<p>3) We report that the following accounts have not been reconciled as at 31st March 2017 and accordingly we are unable to express an opinion on the effect of said un-reconciled amounts on the (Loss) of the company for the year:</p>	
<p>a) Inter units’ accounts with a credit balance of Rs. 10,08,30,225/-.</p>	<p>Reconciliation will be done in the next financial year</p>
<p>b) Amount appearing under “Debt servicing Clearing A/c” credit of Rs. 31,69,,93,797/-</p>	<p>Reconciliation will be done in the next financial year</p>
<p>c) Balances with Other DISCOMs totaling to credit of Rs. 7305,59,11,903/-</p>	<p>Reconciliation will be done in the next financial year</p>
<p>d) Various receivables and payable accounts.</p>	<p>Reconciliation will be done in the next financial year</p>



4) Letters of confirmation of balances have not been provided for our verification in respect of the following, the impact that may result on reconciliation and review of the same cannot be ascertained:

a) Balances due to / from various vendors for supplies and services, other power distribution companies.

Confirmation will be obtained and reconciliation will be done during the next financial year

b) Balances due from/ to various consumers /customers.

Confirmation will be obtained and reconciliation will be done during the next financial year

**Qualified Opinion:**

5) In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matters described in sub-paragraphs 4 to 7 in the Basis for Qualified Opinion paragraphs, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, its losses and its cash flows for the year ended on that date.

**Emphasis of Matters:**

6) Consequent to the amendment brought in vide G.O.Ms.396 dated 09.06.2005 to the second transfer scheme notified vide G.O.Ms. 142 dated 29.09.2001, the Company has incorporated in its books of account as on 01.04.2010, various assets, including fixed assets and liabilities towards power purchase, supplies & services received and balances outstanding in respect of the loans, representing term loans, cash credits, working capital loans received from various banks and financial institutions, other receivables from the State Government of AP, of the amounts mentioned in the two notifications referred to above. We understand that the above amounts, at which the various assets and liabilities are recognized in the books of account as on that date, are provisional and accordingly are subject to further adjustments as may be determined by the State Government of AP.

Informative

7) State Government of Andhra Pradesh amended retrospectively with effect from 09.06.2005, the share of each DISCOM in various bulk supply power purchase

Informative



<p>agreements vide its notification NO. 53 Energy (Power III) dated 28.04.2008. We are informed that the company has made a representation to give effect to the said revised sharing prospectively. Pending disposal of the company's representation, the contingent liability/receivables, if any, due to the said retrospective amendment of the share of the company in various bulk supply of power purchase agreements has not been disclosed in the books of account.</p>	
<p>8) During the Financial Year 2016-17, an amount of Rs. 4,593.84 Crores was received from the state government of Telangana under the "Ujwal Discom Assurance Yojana" (UDAY) Scheme and as per the Scheme, MOU was entered by Ministry of Power, Central Government, Govt. of Telangana State and the DISCOM and as per the MOU, The loans outstanding as on 30.09.2015 will be taken over and Funds have to be released 50% in the form of Grant, 25% in the form of Equity and 25% in the form of Loan. Whereas the state Govt. of Telangana has issued GO No-7 dated 17.03.2017, wherein stating that the said funds have been released as Equity infusion. Accordingly the company has separately disclosed in the balance sheet as "Received from UDAY scheme from GOT", pending clarification whether the said funds have to be treated as Equity as per Govt. of Telangana GO (or) as per MOU with MOP.</p>	<p>Confirmation will be obtained and reconciliation will be done during the next financial year</p>
<p>9) During the Financial Year 2016-17, State Government of Telangana vide G.O. Ms. No. 225, 234 and 240 Dated 11.10.2016, has issued orders for reorganization of districts and formation of new districts in the state of Telangana. Accordingly 7 Mandals under the territorial jurisdiction of TSNPDCL have been merged with Siddipet district of TSSPDCL and Further, Gundala Mandal of Nalgonda which is under the territorial jurisdiction of TSSPDCL has been Demerged/Hived off and merged with Jangaon District under the territorial jurisdiction of TSNPDCL. Pending finalization of the accounts, assets and liabilities pertaining to the said Mandals merged and demerged, the company has not considered the above adjustments in its books of accounts.</p>	<p>will be considered during the next financial year</p>



10) Current accounts maintained with various banks have Board excess, being cheques/ cash deposited in banks and not appearing in banks' statements of account of Rs 1,68,71,721/- (of which Rs 29,96,415/- outstanding for more than three months) and Bank excess, representing amounts credited by banks but not appearing in the books of account of the company of Rs 8,89,74,439/-. Our opinion is not qualified in respect of these aforesaid matters

Will be reconciled during the next financial year

**Other Matters:**

11) In terms of G.O.Ms No 21, Energy (Power – III) dated 12.05.2014, "Power Coordination Committee" (TSPCC), which has no separate legal entity under any statute, administers matters relating to purchase of power including the allocation of the said cost of purchase between various DISCOMs, including "Expensive Power" sale of power between various DISCOMs, interstate sale/ purchase of power and maintains the books of account in respect of the same on behalf of the various DISCOMs in the State of Telangana. Further these transactions are subjected to audit by an independent firm of Chartered Accountants. Accordingly the transactions relating to purchase of power, sale/purchase of power to/ from other DISCOMs, balances due to/ from various DISCOMs, write back of excess provisions in earlier years towards cost of power purchased, interstate sale of power, subsidies from State Government, provision towards doubtful recovery of subsidy from the State Government towards expensive power recognized in the books of account in earlier years, borrowings made for the purchase of power being cash credit facilities and short term borrowings from banks, financial institutions, State & Central Governments together with interest, disclosures regarding contingent liabilities etc.,

Noted



<p>are incorporated in the books of account of the company based on the information provided by TSPCC, duly certified by the independent firm of Chartered Accountants. Consequently, we have relied upon the certification provided by the independent firm of Chartered Accountants in respect of the above matters.</p>	
<p><b>Report on Other Legal and Regulatory Requirements:</b></p> <p>12) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the <b>Annexure A</b>, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.</p>	Informative
<p>13) As required by Section 143(5) of the Act, we have considered the directions / sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the financial statements of the Company are given in the <b>Annexure B</b>.</p>	Informative
<p>14) As required by Section 143 (3) of the Act, we report that:</p>	
<p>a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.</p>	Informative
<p>b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.</p>	Informative
<p>c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow statement dealt with by this Report are in agreement with the books of account</p>	Informative
<p>d) Except for the matters described in the Basis for Qualified Opinion Paragraphs, in our opinion, the aforesaid</p>	Informative





financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.	
e) The matters described in the Basis for Qualified Opinion above, in our opinion, may have an adverse effect on the functioning of the Company.	Noted
f) On the basis of the written representations received from the directors as on 31st March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.	Informative
g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “ <b>Annexure C</b> ” to this report.	Noted
h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:	
i) We are informed that the Company does not have any pending litigations that would impact its financial position.	Informative
ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.	Informative
iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	Informative
i) As required by Rule 11(d) of the Companies (Audit and Auditors) Amendment Rules, 2017, we report that:	



The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. Refer Note no-42 to the financial statements.

Informative

For and on behalf of the Company **TSSPDCL**

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

Sd/-

**C.V.Ramana Rao**

Partner

M. No 018545

Sd/-

**G Raghuma Reddy**

Chairman & Managing Director

DIN : 02943771

Date : 07.09.2017

Place: Hyderabad

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

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

To,  
The Members,  
Southern Power Distribution Company of Telangana Limited,  
Corporate Office, 6-1-50, Mint Compound,  
Hyderabad -500063.

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

Based on my verification of the **Southern Power Distribution Company of Telangana Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2017** complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Southern Power Distribution Company of Telangana Limited (“the Company”) for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 (“SCRA”), Securities and Exchange Board of India Act, 1992 (SEBI) and SEBI Guidelines and Regulations to the extent they are applicable.
- iii. The Electricity Act, 2003 read with the Electricity Rules, 2005 and Regulations of the appropriate Commission issued from time to time.
- iv. The Environment (Protection) Act, 1986.

I have also examined compliance with the applicable clauses of the Secretarial standards issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observations:

1. The Company is yet to comply with the appointment of Woman Director pursuant to the provisions of Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
2. The Company has to appoint required Independent Directors pursuant to the provisions of Section 149(4) of the Companies Act, 2013, on its Board.
3. The Audit Committee shall have minimum three Directors as members and out of which two-thirds of the members shall be Independent Directors. In the absence of the Independent Directors on the Board the composition of Audit committee is not valid.
4. It is found that there were certain cases where the Board exercised Borrowing powers through circulation resolution which is in violation of Section 179(3). (Refer Board Minutes 03.11.2015; 29/01/2015, etc.,)
5. It is evident from the minutes of the Board of the Company that Shri S.Subrahmanyam, Director/Projects is absent from all the board meetings in the year 2015-16 and thereby he incurs disqualification to act as Director, as per the Section 167(1)(b).

**I further report that**

Subject to the Paragraph Nos. 1 & 2 above of the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Sd/-

**KALYANA CHAKRAVARTHI CH.**

ACS. No: 38026

CP No. : 15103

Place: Hyderabad

Date: 07-09-2017

To,  
The Members  
Southern Power Distribution Company of Telangana Limited  
Corporate Office, 6-I-50, Mint Compound,  
Hyderabad -500063.

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

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

Sd/-

**KALYANA CHAKRAVARTHI CH.**

ACS. No: 38026

CP No. : 15103

Place: Hyderabad  
Date: 07-09-2017

## Annexure 'C' TO DIRECTORS REPORT

### Management Reply to the Secretarial Auditor Observations

Observations of the Secretarial Auditor	Management Reply to the Observations of the Secretarial Auditor
<p>1. The Company is yet to comply with the appointment of Woman Director pursuant to the provisions of Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.</p>	<p>TSSPDCL is a State Government Company within the meaning of section 2(45) of the Companies Act, 2013 and as per Article 30(d) of Articles of Association of the Company, Powers to appoint Directors vests with Government of Telangana (acting through Energy Department).</p> <p>The Company or its Board is not vested with any powers in the said matter and hence the matter is being followed up rigorously with the Energy Department and Several Letters were addressed to Energy Department, Government of Telangana to expedite the process of Appointment of Women Directors on the Board to comply with Section 149 of the Companies act, 2013 and awaiting for the orders.</p>
<p>2. It is found that there were certain cases where the Board exercised Borrowing powers through circulation resolution which is in violation of Section 179(3).</p>	<p>Due to the emergency of the borrowings for the procurement of additional power in Public interest we are borrowing loans by circulation. Subsequently we are ratifying the same in the ensuring Board Meeting and noted for future compliance.</p>
<p>3. It is evident from the minutes of the Board of the Company that Shri S.Subrahmanyam, Director/Projects is absent from all the board meetings in the year 2016-17 and thereby he incurs disqualification to act as Director, as per the Section 167(1)(b).</p>	<p>TSSPDCL is a State Government Company within the meaning of section 2(45) of the Companies Act, 2013 and as per Article 30(d) of Articles of Association of the Company, Powers to appoint &amp; Removal of Directors vests with Government of Telangana (acting through Energy Department).</p> <p>The orders vide G.O Rt. No. 16, Energy (HR-AI) Department, Govt of Telangana Dt: 04.03.2017, with regard to the appointment of Sri C. Srinivasa Rao, IRAS., as Non-whole time Director in the place of Sri. S. Subrahmanyam Director/Projects/ APTRANSCO (Cessation) on the Board of Southern Power Distribution Company of Telangana Limited (TSSPDCL) w.e.f 04.03.2017</p>

## Annexure 'D' TO THE DIRECTORS' REPORT

Particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as per Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 & 2014;

### A. Conservation of Energy:

a) Energy conservation measures taken;

Following initiatives has been taken for Energy conservation during F.Y. 2016-17 :

1. 100KW roof top solar power plant at corporate office, Hyderabad. The plant generating an average 500 - 520(KWh) units per day.
2. Out of 49.87MW Solar net meters roof top applications registered 21.12 MW is connected to the grid.
3. 27089 High Voltage Distribution System (HVDS) for Agriculture Pump Sets were set up during the Financial Year 2016-17.
4. TSSPDCL has proposed to distribute 2,78,006 Nos. LED bulbs in 15 Nagara Panchayats and the status of distribution of LED bulbs as on 31-03-2017 is as follows.

Proposed	Distributed	Balance
<b>2,78,006</b>	<b>2,62,026</b>	<b>15,980</b>

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy;

Company has incurred Loss of Rs. 4700.22 Cr during F.Y. 2016-17.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;

The energy losses in F.Y. 2016-17 are significantly lower than the previous year. The Energy Losses to Energy Input percentage decreases to 11.38% in F.Y. 2016-17 as against 11.59% in F.Y. 2015-16.

Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto.

Not Applicable

## B. Technology absorption :

e) Efforts made in technology absorption

1. Implementing IRDA meters more than 28 lakhs and 90% of billing is being done through them
2. Implementing AMR for HT Services and monitoring 11 KV Feeders.
3. Meter Data Acquisition System (MDAS) is being implemented.
4. 700 Nos. GPRS enabled smart meters installed at Green lands area in Hyderabad for ensuring remote operations & controls. Subsequently smart Grid project is contemplated for 5000 services, DTRs & 11 KV feeders in Jeedimetla substation area with an estimated cost of Rs.44 Crore funded by GOI

## C. Foreign exchange earnings and outgo

f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans;

Not Applicable

g) Total foreign exchange used and earned

NIL





**Sri G. Raghuma Reddy, CMD/TSSPDCL Receiving The Best Performance in Promotion / Fecilitation in Roof Top Solar Power on 7th June 2016, with Hon'ble Central Power Minister Sri Piyush Goyal**



# FINANCIAL STATEMENTS



# SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

CIN U40109TG2000SGC034116

(Formerly Central Power Distribution Company of Andhra Pradesh Limited)

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2017**

(Amount in Rs.)

	PARTICULARS	Note No.	As at March 31, 2017	As at March 31, 2016
<b>I</b>	<b>EQUITY AND LIABILITIES</b> ఈక్విటీ మరియు అప్పులు			
<b>I</b>	<b>Shareholders' Funds</b> వాటాదారుల నిధి			
	(a) Share Capital వాటా మూలధనము	<b>2</b>	7,284,796,090	7,284,796,090
	(b) Reserves and Surplus నిధి మరియు మిగులు	<b>3</b>	(124,248,627,536)	(79,011,082,324)
	(c) Money recived against share warrants		-	-
<b>2</b>	<b>Share application money pending allotment</b> ii. Funds by Government of Telangana	<b>3.1</b>	16,391,455,092	-
<b>3</b>	<b>Funds Received under UDAY Scheme from GoTS</b>	<b>3.2</b>	45,938,400,000	-
<b>4</b>	<b>Non-Current Liabilities</b> ప్రస్తుతేతర అప్పులు		-	-
	(a) Long-term Borrowings దీర్ఘకాలిక అప్పులు	<b>4</b>	27,146,197,580	73,684,978,810
	(b) Deferred tax liabilities (Net) వాయిదా వేయబడిన పన్ను		-	-
	(c) Other Long term liabilities ఇతర దీర్ఘకాలిక అప్పులు	<b>5</b>	1,916,560,032	1,454,346,056
	(d) Long-term Provisions దీర్ఘకాలిక కేటాయింపులు	<b>6</b>	7,735,031,294	6,458,158,931
<b>5</b>	<b>Current Liabilities</b> ప్రస్తుత అప్పులు			
	(a) Short-term Borrowings స్వల్పకాలిక రుణములు	<b>7</b>	9,943,041,680	3,502,616,020
	(b) Trade Payables వ్యాపార నిమిత్తం చెల్లింపులు	<b>8</b>	114,059,168,704	87,597,125,545
	(c) Other Current Liabilites ఇతర ప్రస్తుత అప్పులు	<b>9</b>	63,609,950,044	49,153,316,971
	(d) Short-term Provisions స్వల్పకాలిక కేటాయింపులు	<b>10</b>	3,256,696,577	1,341,705,348
	<b>TOTAL (మొత్తము)</b>		<b>173,032,669,557</b>	<b>151,465,961,448</b>

II	<b>ASSETS (ఆస్తులు)</b>			
I	<b>Non-Current Assets</b> ప్రస్తుతేతర ఆస్తులు			
	(a) Fixed Assets స్థిర ఆస్తులు			
	(i) Tangible Assets స్పృహ్య చరమైన ఆస్తులు	11	64,666,373,147	55,821,732,118
	(ii) Intangible Assets అస్పృహ్య ఆస్తులు		154,764,949	179,873,158
	(iii) Capital Work in Progress జరుగుచున్న పనులపై పెట్టుబడులు		7,677,430,601	6,899,021,014
	(b) Non-Current Investments ప్రస్తుతేతర పెట్టుబడులు	12	4,608,730,058	4,616,726,239
	(c) Deferred Tax Assets (Net) వాయిదా వేయబడిన పన్ను	13	2,551,551,152	28,266,214
	(d) Long-term loans and advances దీర్ఘకాలిక అప్పులు మరియు బయానాలు	14	1,755,200,892	1,403,962,515
	(e) Other Non-current Assets ఇతర ప్రస్తుతేతర ఆస్తులు	15	91,640,718	71,821,756
2	<b>Current Assets (ప్రస్తుత ఆస్తులు)</b>			
	(a) Current Investments ప్రస్తుత పెట్టుబడులు			
	(b) Inventories సరకు నిల్వ	16	2,815,681,993	3,332,683,930
	(c) Trade Receivables వ్యాపార నిమిత్తం రాబడులు	17	32,570,284,768	23,519,816,036
	(d) Cash and cash equivalents నగదు నిల్వ	18	4,222,942,083	4,376,222,425
	(e) Short-term Loans and Advances స్వల్పకాలిక అప్పులు మరియు బయానాలు	19	7,778,642,451	8,069,244,362
	(f) Other Current Assets ఇతర ప్రస్తుత ఆస్తులు	20	44,139,426,744	43,146,591,680
	<b>Total (మొత్తము)</b>		<b>173,032,669,557</b>	<b>151,465,961,448</b>
	<b>Summary of significant accounting policies</b>	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Company **TSSPDCL**

**For M/s Brahmaya & Co**  
**Chartered Accountants**  
**FR No. 000513S**

Sd/-  
**G. Raghuma Reddy**  
**Chairman & Managing Director**  
DIN : 02943771

Sd/-  
**T. Srinivas**  
**Director (Projects & Commercial)**  
DIN : 06666974

Sd/-  
**C.V.Ramana Rao**  
**Partner**  
M. No 018545  
Date : 07-09-2017  
Place: Hyderabad

Sd/-  
**K. Hara Prasad**  
**Chief General Manager**  
(Finance)

Sd/-  
**Anil Kumar Voruganti**  
**Company Secretary**  
M. No A31323

# SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

CIN U40109TG2000SGC034116

(Formerly Central Power Distribution Company of Andhra Pradesh Limited)

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2017 (Amount in Rs.)

PARTICULARS		Note No.	2016-17	2015-16
I	Revenue from Operations నిర్వహణ ద్వారా రెవిన్యూ	21	17622,73,67,035	164,667,617,453
II	Other Income ఇతర ఆదాయము	22	1,210,393,715	2,537,217,022
III	<b>Total Revenue మొత్తం రెవిన్యూ</b>		<b>177,437,760,750</b>	<b>167,204,834,475</b>
IV	<b>Expenses (వ్యయము)</b>			
	Power Purchase Expense విద్యుత్తు కొనుగోలు	23	192,129,498,654	167,200,680,056
	Employee Benefit expense ఉద్యోగుల జీతభత్యాలు	24	13,868,766,509	7,198,110,656
	Operation and Other Expenses నిర్వహణ మరియు ఇతర ఖర్చులు	25	4,544,543,580	3,610,021,523
	Finance Costs ఆర్థిక వ్యయములు	26	10,332,509,694	8,526,150,156
	Depreciation and amortisation expense (తరుగుదల)	11	6,732,803,697	5,445,237,535
	<b>Total Expenses మొత్తం వ్యయం</b>		<b>227,608,122,134</b>	<b>191,980,199,926</b>
V	<b>Profit /(Loss) before exceptional &amp; extraordinary items and tax (III-IV)</b> పన్ను ఎక్స్‌షన్‌ల మరియు అతీతములకు ముందు లాభము		<b>(50,170,361,384)</b>	<b>(24,775,365,451)</b>
VI	Exceptional Items ఎక్స్‌షన్‌ల ఐటమ్స్	27	(644,813,282)	(1,081,018,560)
VII	<b>Profit /(Loss) before extraordinary items and tax (V-VI)</b>		<b>(49,525,548,102)</b>	<b>(23,694,346,891)</b>
VIII	Extraordinary Items అతీతములు		-	-
IX	<b>Profit /(Loss) before tax (VII-VIII)</b> పన్నుకు ముందు లాభము		<b>(49,525,548,102)</b>	<b>(23,694,346,891)</b>
X	Tax Expense: పన్ను వ్యయము			
	(1) Current Tax ప్రస్తుత పన్ను		-	-
	(2) Deferred Tax వాయిదా వేయబడిన పన్ను		2,523,284,937	0

XI	<b>Profit (Loss) for the period from continuing operations (VII-VIII)</b> నికర లాభము		<b>(47,002,263,165)</b>	<b>(23,694,346,891)</b>
XII	<b>Profit/(loss) from discontinuing operations</b>		-	-
XIII	<b>Tax expense of discontinuing operations</b>		-	-
XIV	<b>Profit/(loss) from discontinuing operations (after tax) (XII-XIII)</b>		-	-
XV	<b>Profit /(Loss) for the period (XI + XIV) నికర లాభము</b>		<b>(47,002,263,165)</b>	<b>(23,694,346,891)</b>
XVI	<b>Earnings per equity share:</b>			
	(1) Basic		(64.52)	(32.53)
	(2) Diluted		(64.52)	(32.53)
	<b>Summary of significant accounting policies</b>	<b>I</b>		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Company **TSSPDCL**

**For M/s Brahmaya & Co**  
Chartered Accountants  
FR No. 000513S

Sd/-  
**G. Raghuma Reddy**  
Chairman & Managing Director  
DIN : 02943771

Sd/-  
**T. Srinivas**  
Director (Projects & Commercial)  
DIN : 06666974

Sd/-  
**C.V.Ramana Rao**  
Partner  
M. No 018545  
Date : 07-09-2017  
Place: Hyderabad

Sd/-  
**K. Hara Prasad**  
Chief General Manager  
(Finance)

Sd/-  
**Anil Kumar Voruganti**  
Company Secretary  
M. No A31323

# SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

CIN U40109TG2000SGC034116

(Formerly Central Power Distribution Company of Andhra Pradesh Limited)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2017** (Amount in Rs.)

PARTICULARS	Year Ended 31st March, 2017	Year Ended 31st March, 2016
<b>A . Cash flows from operating activities:</b>		
Net Profit before tax	(49,525,548,102)	(23,694,346,891)
<b>Adjustments :</b>		
<b>Add:</b> Depreciation	6,732,803,697	5445237535
<b>Add:</b> Interest on Long Term Borrowings	6,376,130,892	4426783710
<b>Less:</b> Interest on Investments	(34,709,147)	(31109341)
<b>Less:</b> Withdrawal of Depreciation on Consumer Contributed Assets	(2,637,062,938)	(2386053381)
<b>Operating profit before working capital changes</b>	<b>(39,088,385,598)</b>	<b>(16239488367)</b>
<b>Changes in Working Capital</b>		
<b>Increase/(Decrease) in Non-Current Liabilities</b>		
Other Long Term Liabilities	412,211,755	7299118
Long Term Provisions	1,276,872,363	(165310764)
<b>(Increase)/Decrease in Non-Current Assets</b>		
Long-tem Loans & Advances	(123,367,752)	(415350249)
Other Non-current Assets	(19,818,962)	(19258480)
<b>Increase/(Decrease) in Current Liabilities</b>		
Short Term Borrowings	6,440,425,660	2108965766
Trade Payables	26,462,043,159	31309576020
Other Current Liabilities	14,456,633,073	5610850712
Short Term Provisions	1,914,991,229	318534086
<b>(Increase)/Decrease in Current Assets</b>		
Inventories	517,001,937	(1030757855)
Trade Receivables	(9,050,468,732)	(6145834279)
Short-term Loans & Advances	290,601,912	(2677570410)
Other Current Assets	(992,835,064)	(1751823534)
<b>Cash generated from operations</b>	<b>2,495,904,980</b>	<b>10,909,831,764</b>
Income taxes Paid	-	0
<b>Net cash flow before extraordinary item</b>	<b>2,495,904,980</b>	<b>10,909,831,764</b>
<b>Net Cash from Operating Activities</b>	<b>2,495,904,980</b>	<b>10,909,831,764</b>
<b>B. Cash flows from investing activities:</b>		
Purchases/Investments of Fixed Assets	(15,552,336,517)	(19108026496)
Purchases/Investments in Capital Work in Progress	(778,409,587)	2356571119
Redemption of Investments	7,996,181	6,400,000
Interest on Investments	34,709,147	31,109,341

Investment in Capital Advances	(227,870,625)		(128891732)	
Increase in Other Long Term Liabilities	50,002,221		270680154	
<b>Net cash flow from investing activities</b>		<b>(16,465,909,180)</b>		<b>(16572157615)</b>
<b>C. Cash flows from financing activities:</b>				
Consumer Contributions Received	4,378,973,489		4472431968	
Decrease in Long Term Borrowings	(46,538,781,230)		7578488560	
Interest paid on Long Term Borrowings	(6,376,130,892)		(4426783710)	
Increase in Contingency Reserve	22,274,973		45399459	
Increase in GIS Saving Fund	2,636,979		5866994	
Decrease in Self Funding Medical Scheme	(2,104,550)		(3130003)	
Funds received in UDAY Scheme	45,938,400,000			
Investment by Government of Telangana in DISCOM's	16,391,455,092			
<b>Net cash used in financing activities</b>		<b>13,816,723,860</b>		<b>7,672,273,268</b>
<b>Net Increase/ (Decrease) in cash and cash equivalents during the year</b>		<b>(153,280,340)</b>		<b>2,009,947,417</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>4,376,222,424</b>		<b>2,366,275,008</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>4,222,942,084</b>		<b>4,376,222,424</b>

As per our report of even date

For and on behalf of the Company **TSSPDCL**

**For M/s Brahmaya & Co**  
Chartered Accountants  
FR No. 000513S

Sd/-  
**G. Raghuma Reddy**  
Chairman & Managing Director  
DIN : 02943771

Sd/-  
**T. Srinivas**  
Director (Projects & Commercial)  
DIN : 06666974

Sd/-  
**C.V.Ramana Rao**  
Partner  
M. No 018545  
Date : 07-09-2017  
Place: Hyderabad

Sd/-  
**K. Hara Prasad**  
Chief General Manager  
(Finance)

Sd/-  
**Anil Kumar Voruganti**  
Company Secretary  
M. No A31323



## Notes to Financial Statements for the Year Ended 31<sup>st</sup> March, 2017

### Company Overview

Southern Power Distribution Company of Telangana Limited (Formerly Central Power Distribution Company of Andhra Pradesh Limited) [The Company] was incorporated under the Companies Act 1956 as a public limited company under the second transfer scheme notified by the Government of Andhra Pradesh (G.O A.P.) (vide G.O Ms.No.35, Energy (Power-II) dated 31-03-2000), 30-03-2000 to carry on the business of distribution and retail supply of power in the geographical spread of districts in Andhra Pradesh and commenced commercial operations from 01-04-2000. Company is a government company as defined under section 394 of the Companies Act, 1956 and company is not listed under in any stock exchange.

During the reporting period State of Andhra Pradesh was bifurcated as States of Telangana and residual State of Andhra Pradesh. Vide AP Reorganisation Act, 2014 [APR Act] w.e.f. 02.06.2014. In terms of Schedule XII to the APR Act, two operating business circles of the Company, namely, Ananthpur and Kurnool, were de-merged and Assets and Liabilities were transferred in terms of G.O Ms. No.24 dated 29.05.2014 issued by Government of Andhra Pradesh.

### Significant accounting policies

#### 1.1. Basis of Preparation

The financial statements are prepared under the historical cost convention on accrual basis, in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) and mandatory accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto is use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

#### 1.2 Use of Estimates

In preparation of the financial statements in conformity with GAAP, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. Significant judgements and estimates about the carrying amount of assets and liabilities include useful lives of tangible and intangible assets, impairment of tangible assets, intangible assets including goodwill, investments, contract costs to be incurred to complete contracts, provision for doubtful debts, employee benefits and other provisions and recoverability of deferred tax assets.

### **I.3. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals of accruals of past of future cash receipts of payment. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

### **I.4. Revenue Recognition**

#### **a) Sale of Power:**

- i) Revenue from Sale of Power is accounted for based on demand raised on consumers. Tariff rates for sale of power are as per Tariff Order of Telangana Electricity Regulatory Commission as approved for the reporting period.
- ii) Unbilled Revenue is recognised in the books of accounts on 'actual basis', considering the events occurring after balance sheet date.
- iii) Bills raised for theft of energy, whether on a consumer or an outsider are not recognized in full until the final assessment order is received from the competent authority of the Company. The amount received against initial assessment is treated as "Other Deposits".
- iv) Sale of Power under open access mechanism is entered into by APPCC/TSPCC on behalf of the company in terms of swap arrangements with other traders/developers. The terms of swap transactions are to get back/return the power @ 105% of the power lent/borrowed.

#### **b) Other Income**

- i) Miscellaneous receipts are accounted on accrual basis.
- ii) Recoveries whether from employees or outsiders are accounted as and when collected.
- iii) Interest accrued on long term investment during the reporting period is credited to 'Contingency Reserve'.

### **I.5. Fixed assets**

#### **a) Tangible Assets**

Fixed Assets of the Company are stated in the books of account and disclosed in annual accounts at Historical Cost, which includes incidental cost related to acquisition and installation less accumulated depreciation. Borrowing costs during the period of construction/installation is added to the cost of the eligible tangible assets. Lands which are received in the form of gifts were accounted at stamp duty value.

#### **b) Intangible Assets**

Intangible assets are stated at cost less accumulated amortisation and net of impairments, if any. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and its cost can be measured reliably. Intangible assets having finite useful lives are amortised on a straight-line basis over their estimated useful lives.

#### **c) Capital Work in Progress**

Fixed asset under construction, advance paid towards acquisition and cost of asset not put to use before the year end, are disclosed as capital work in progress, which further includes

- \* Ten percent of the Cost of Capital Works capitalized to Capital Works towards Employee Cost and Administration & General Expenses (8.5% on Employees cost and 1.5% on Administration & General Expenses), as the Operation Circles are executing both Capital Works and Operation & Maintenance Works and it is not practicable to maintain records to identify the man hours spent by the staff on Capital Works.
- \* Interest relating to construction period is calculated based on the average interest rate of loans drawn under a Scheme and capitalized. The interest is calculated from the date of expenditure incurred on respective Work Orders of the Scheme.

Consequent to demerger of operating circles Ananthapur and Kurnool with APSPDCL, fixed assets were bifurcated and transferred to APSPDCL on Geographical basis for the assets located geographically in the circles of Ananthapur and Kurnool, common assets located at Corporate office part value has been shared in energy ratio including capital work in progress.

### 1.6. Depreciation

- a) Depreciation on Fixed Assets is provided under the 'Straight Line Method' upto 90% of the original cost of assets, at the rates notified by the Ministry of Power, Government of India vide Notification No. S.O.266 (E) dated 29<sup>th</sup> March, 1994. In view of the management, Schedule II to the Companies Act, 2013 is not mandatorily applicable to the Company.
- b) Depreciation is calculated from the date of capitalisation or procurement of the asset.
- c) With respect to the following Assets the rates applied during the previous reporting period, as per MoP are different from rates prescribed under Schedule II of Companies Act, 2013.

Description of Asset	MoP Rates
Buildings and Other Civil Works	3.02%
Battery Chargers	33.40%
Material Handling Equipments	7.84%
Meters / Meter Equipments	12.77%
Office Equipments and Air Conditioners	12.77%
Plant & Machinery and Lines, Cables & Network	7.84%
Capacitor Banks	5.27%
Furniture & Fixtures	12.77%
Vehicle – Car / Jeep / Scooter / Motor Cycle	33.40%
Vehicle – Lorry / Truck	33.40%
Computers and IT Equipments	12.77%

Management has not carried out an assessment of effective rates as per Schedule-II to the Companies Act, 2013 and thus such information is not furnished for the reporting period.

On the event of demerger of the company with APSPDCL, the accumulated value of depreciation is transferred with respective of the fixed assets shared.

### **1.7. Impairment**

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

An impairment loss is recognised in the Statement of Profit and Loss if the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and value in use.

An impairment loss recognised on asset is reversed when the conditions warranting impairment provision no longer exists.

### **1.8. Consumers Contributions, Grants and Subsidies**

Consumer contributions are collected as per Tariff Order for the year towards Deposit works. These are recognized in the Statement of Profit or Loss by allocating them over the periods and in proportion in which depreciation on assets concerned is charged.

Grants and subsidies received from State Government towards expensive power purchase and other government sponsored schemes are recognized in the Statement of Profit or Loss on accrual basis.

Consequent to the Andhra Pradesh State bifurcation resulted in demerger of the company with APSPDCL the part value of the Anathapur and Kurnool circles were shared to APSPDCL on Energy Consumption basis

### **1.9. Investments**

Investments are classified as long term based on intent of the management at the time of acquisition. Long term investments are stated at cost and provision is made to recognize any decline, other than temporary, in the value of the investments.

On the date of Balance Sheet the investments made with the AP Government, AP Transco, AP Genco and APPDCL, the status of these Investments were yet to be finalized as these entities were undergone demergers on the event of State Bifurcation and settlement between the Telangana Government and Andhra Pradesh Government is yet to settled.

### **1.10. Inventories**

Inventories includes materials and supplies purchased to be consumed in rendering of services and work in progress and also includes machinery spares and stores items which are to be used in connection with fixed assets and are valued at cost. Cost is determined on weighted average basis. Cost includes insurance, freight, taxes and all other incidental expenses incurred to bring the inventories up to the Stores.

Consequent to demerger of the company with APSPDCL the value of inventories has been shared on geographical basis

### 1.11. Employee Benefits

#### a) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc. are recognized in the statement of profit and loss in the period in which the employee renders the related service.

#### b) Long Term Employee Benefits

##### *Defined contribution plans*

The company deposits the contributions for provident fund scheme to appropriate authorities and these contributions are recognized in the statement of profit and loss in the financial year to which they relate.

##### *Defined benefit plans*

The companies gratuity and pension plan are the defined benefit plans. The present value of gratuity and pension obligation under such defined benefit plans are determined based on actuarial valuation carried out by an independent actuary using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present valuation of the obligation under defined benefit plans, is based on the market yield on government securities as at the valuation date having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the statement of Profit and Loss.

##### *Other employee benefits*

Benefits under the company's leave encashment scheme constitute other employee benefits. The liability in respect of leave encashment is incorporated on the basis of actuarial valuation carried out by an independent actuary at the year end.

Consequent to demerger of the company with APSPDCL as on the part of Ananthapur and Kurnool Circles demerged the value of Employee benefits carried as provisions is shared on the basis of corporate ratio as defined in G.O Ms 24 dated 29-05-2014.

### 1.12. Taxes on Income

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Consequent to demerger of the company with APSPDCL as on the part of Ananthapur and Kurnool Circles demerged the value of Deferred Tax is shared on the basis of energy ratio

### **1.13. Provision and Contingencies**

- a) The company recognizes a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the balance sheet date and adjusted to reflect management's current estimates.
- b) Provision for doubtful debts are recognized based on non litigated receivables outstanding for more than 60 months.
- c) Consequent to demerger of the company with APSPDCL on the part of circles Ananthapur and Kurnool was shared on geographical basis and corporate ratio.

### **1.14. Accounting for Demerger**

Consequent to bifurcation of the State of Andhra Pradesh, two operating Circles of the Company was demerged effective the appointed date, i.e., 02.06.2014 in terms with Schedule XII to the APR Act. Accordingly, Assets and Liabilities of the Company was bi-furcated based on G.O Ms. No.24 issued by united state of Andhra Pradesh. Financial Statements relating to this bi-furcation was adopted by the Board

of the Company and Certified by Independent Chartered Accountants, Comptroller and Auditor General of India and submitted to Expert Committee constituted under the APR Act. However in the case of Employees related assets and liabilities, certain Long Term Liabilities, Long Term Loans and Advances, Cash and Cash Equivalents and Long Term Receivables the basis of bifurcation as specified in the G.O mentioned above could not followed and another basis was used for bifurcation of Assets and Liabilities.

### **I.15. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **I.16. Third Transfer Scheme Balances**

- (a) The then Government of Andhra Pradesh (G.O A.P.) vide G.O Ms. No.58, Energy (Power-III), dated 07-06-2005 notified the transfer of Bulk Supply Undertaking and Power Purchase Agreements from Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) to the four Distribution Companies (DISCOMs), in specified ratios, as on 09-06-2005. The share of the Company in generation capacities of all generating stations allocated to the four DISCOMS is 43.48%.

The GOAP has, vide G.O Ms No.53, Energy (Power-III), dated 28.04.2008, amended the share of four DISCOMs in the Generating Stations as per which the revised share of APCPDL is 46.06%. This G.O shall be deemed to have come into force with retrospective effect from 09.06.2005. The retrospective implementation of the G.O involves many calculations, revisions, etc. The Andhra Pradesh Power Co-ordination Committee (APPCC) has requested the GoAP to amend the date of implementation from April, 2008 onwards.

The Accounting of Purchase of Power as disclosed in the Note No. 25 is based on the revised share of 46.06% and consequent to enactment of AP Reorganisation Bill, 2014 the Power Purchase ratio has been further revised to 38.02% w.e.f 02.06.2014, vide G.O Ms. No.20 dated 08.05.2014.

- (b) The cost of Power Purchase, Inter-State Sale of power and its accounting are being carried out by the APPCC/TPCC and are intimated to the DISCOMs, which are adopted in the Company's books.

## 2 Share Capital

The Authorised, issued, subscribed and fully paid up share capital comprises of equity shares having par value of Rs. 10 each as follows

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>Authorised</b> 400,00,00,000 Equity shares of ₹ 10 each (Previous Year 100,00,00,000 Equity shares of ₹ 10 each)	40,000,000,000	10,000,000,000
<b>Issued, Subscribed And Paid-up</b> 72,84,79,609 Equity shares of ₹ 10/ each fully paid up (Previous Year 72,84,79,609 Equity shares of ₹ 10/ each)	7,284,796,090	7,284,796,090
<b>TOTAL</b>	<b>7,284,796,090</b>	<b>7,284,796,090</b>

- a. During the year, the company has increased its authorised capital from Rs. 1,000 Crore to Rs. 4,000 Crore in lieu of equity infusion by the Government of Telangana and UDAY Scheme.

### a. Reconciliation of Shares Outstanding at the Beginning and At the End of the Year

Particulars	As at 31st March 2017		As at 31st March 2016	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	728,479,609	7,284,796,090	728,479,609	7,284,796,090
Shares Issued during the year	-	-	-	-
Shares bought back during theyear	-	-	-	-
Shares outstanding at the end of the year	<b>728,479,609</b>	<b>7,284,796,090</b>	<b>728,479,609</b>	<b>7,284,796,090</b>

### b. Details of Share Holders holding more than 5% shares in the company

Name of Shareholder	As at 31st March 2017		As at 31st March 2016	
	No.of Shares held	% of Holding	No.of Shares held	% of Holding
<b>Equity Shares</b>				
Government of Telangana (Vide GO. Ms.No.58 Dt:09.06.2005)	728,479,609	100%	728,479,609	100%
<b>Total</b>	<b>728,479,609</b>	<b>100%</b>	<b>728479609</b>	<b>100%</b>

### C. Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Entire equity shares are held by the Government of Telangana. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.



During the year, 2016-17 the Govt. of Telangana has released funds in the form of "Equity Infusion" for an amount of Rs. 1639.14 Crore towards the payment of TS Genco Dues, Electricity Duty, VAT and Royalty Dues to be payable to the State Government and the shares are not allotted as on the Balance sheet date and the same is kept under the share application money pending allotment of shares.

Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements, The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

### 3 Reserves & Surplus

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>a. Consumer Contribution towards capital assets</b>		
Opening Balance	30,801,536,604	26,377,485,199
(+) Current year Receipts	4,318,581,497	4,424,051,405
<b>Closing Balance</b>	<b>35,120,118,101</b>	<b>30,801,536,604</b>
<b>b. Subsidies towards cost of capital assets</b>		
Opening Balance	712,409,999	712,409,999
(+) Current year Receipts	-	-
(-) Transfer on Demerger		
<b>Closing Balance</b>	<b>712,409,999</b>	<b>712,409,999</b>
<b>c. Grants/Donations towards cost of capital assets</b>		
Opening Balance	2,870,002,712	2,821,622,149
(+) Current year Receipts	60,391,992	48,380,563
<b>Closing Balance</b>	<b>2,930,394,704</b>	<b>2,870,002,712</b>
<b>Total (Closing balance of a+b+c)</b>	<b>38,762,922,803</b>	<b>34,383,949,315</b>
<b>Less:Withdrawal towards cost of Capital Assets</b>		
Opening Balance	(14,868,658,683)	(12,482,605,302)
(+) Current year Amortization to Statement of Profit or Loss	(2,637,062,938)	(2,386,053,381)
<b>Closing Balance</b>	<b>(17,505,721,621)</b>	<b>(14,868,658,683)</b>
<b>Total</b>	<b>21,257,201,182</b>	<b>19,515,290,632</b>
<b>d. GIS - Insurance &amp; Saving Fund</b>		
Opening Balance	40,988,016	35,121,022
(+) Current year Receipts	2,636,979	5,866,994
<b>Closing Balance</b>	<b>43,624,995</b>	<b>40,988,016</b>

<b>e. Self Funding Medical Scheme</b>		
Opening Balance	<b>35,307,554</b>	<b>38,437,557</b>
(+) Current year Receipts	(2,104,550)	(3,130,003)
<b>Closing Balance</b>	<b>33,203,004</b>	<b>35,307,554</b>
<b>f. Statutory Reserves:</b>		
<b>Contingency Reserve Fund</b>		
Opening Balance	417,156,570	402,866,452
(+) Current year Receipts	22,274,973	14,290,118
<b>Closing Balance</b>	<b>439,431,543</b>	<b>417,156,570</b>
<b>g. Capital Reserve on Demerger</b>		
<b>Opening Balance</b>	<b>7,230,074,154</b>	<b>7,230,074,154</b>
(+) Transfer on Demerger		
<b>Closing Balance</b>	<b>7,230,074,154</b>	<b>7,230,074,154</b>
<b>h. Surplus</b>		
Opening Balance	(106,249,899,249)	(82,555,552,359)
(+) Current Year Transfers on Demerger		
(+) Net Profit/(Net Loss) For the Current Year	(47,002,263,165)	(23,694,346,891)
<b>Closing Balance</b>	<b>(153,252,162,414)</b>	<b>(106,249,899,249)</b>
<b>Grand Total</b>	<b>(124,248,627,536)</b>	<b>(79,011,082,324)</b>

- i. During the year 2016-17, the Company has received Consumer Contribution (including Subsidies, Grants and donations towards Cost of Capital Assets and Grants) amounting to ₹ 437.89 Crore (Previous year ₹ 518.48 Crore). In proportion in which depreciation on the concerned assets has been charged during the year 2016-17, an amount of ₹ 263.70 Crore (Previous year ₹ 238.61 Crore) has been treated as withdrawal from consumer contribution and credited to Statement of Profit and Loss.
- j. GIS Insurance & savings fund: With effect from 01.07.1985 Employees Group Insurance Scheme was introduced in the place of erstwhile Family Benefit Fund Scheme. As per the said Scheme the contributions of the Employees consists of two portions, the Insurance portion and the Savings portion. The future liability of the Company as per the said Scheme could not be ascertained. The closing balance of the Savings Fund held as on 31.03.2017 is ₹ 3.97 Crore (Previous Year ₹ 3.75 Crore). The Closing balance of GIS Insurance Fund as at 31.03.2017 is ₹ 0.38 Crore (Previous year ₹ 0.35 Crore Debit Balance). During the year the Interest on Savings & insurance Fund of ₹ 0.33 Crore (Previous Year ₹ 0.64 Crore) has been debited and is shown under the Head 'Interest and Finance Charges'.
- k. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Reserves & Surplus to the tune of ₹ 9320861189 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

- I. Capital Reserve pertains to net value of Assets and Liabilities demerged to APSPDCL consequent to the enactment of AP Reorganisation Act, 2014. These values represents those assets and liabilities which cannot be transferrable physically and values of the same is being shared with APSPDCL on the basis of energy ratio and corporate ratio as specified in G.O Ms 24 dated 29-05-2014.

### 3.1 Funds from Government of Telangana:

During the year, in the month of March 2017, the company has received funds to the extent of Rs. 1,199.35 Crore in respect of the GENCO dues as Investment in the form of Equity from Government of Telangana vide GO Ms No. 2 dated 16.02.2017 Further, during the year, the Government of Telangana vide G.O Ms No. 11 Dated 31.03.2017, has invested in the form of equity Rs. 79.45 Crores towards VAT and Royalty Dues and Rs. 360.34 Crores towards Electricity Duty payable to Government vide G.O Ms No. 9.

However, the company has not issued shares for the above as on 31.03.2017 and hence such amount has been provided as Equity Share Application Pending Allotment i.e. Rs. 1639.14 Crore

### 3.2 Disclosure under UDAY Scheme:

During the Year 2016-17, an amount of Rs. 4,593.84 Crore are received under the Ujwal Discom Assurance Yojana (UDAY) Scheme and as per the Scheme, MOU was entered by Ministry of Power, Central Government, Govt of Telangana State and the DISCOM and as per the MOU, The loans outstanding as on 30.09.2015 will be taken over and Funds have to be released 50 % in the form of Grant, 25 % in the form of Equity and 25 % in the form of Loan. Whereas the Govt of Telangana has issued G.O No. 7, dated 17.03.2017 wherein stating that the said funds have been released as Equity and for which clarification is pending at TSPCC, whether the said funds have to be treated as Equity as per G.O or as per MOU. Until receipt of Clarification, allotment of shares is kept separately in view of differences between MOU and Government of Telangana G.O.

## 4 Long Term Borrowings

Particulars	Note No.	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>SECURED</b>			
<b>Term Loans</b>			
from banks	4.1	-	9,632,628,832
from term lending institutions	4.2	12,761,271,890	25,270,747,204
Term Loans on FRP Scheme (On hypothecation of Current Assets)	4.3	-	10,478,548,999
Specific Grant - Unspent Balance in Specific Grant	4.2	518,090,000	
<b>Sub-Total</b>		<b>13,279,361,890</b>	<b>45,381,925,035</b>
<b>UNSECURED</b>			
Loan from Government of Andhra Pradesh/ Government of Telangana	4.4	205,553,775	205,553,775
Bonds issued under FRP Scheme	4.4	13,661,281,915	28,097,500,000
<b>Sub-Total</b>		<b>13,866,835,690</b>	<b>28,303,053,775</b>
<b>TOTAL</b>		<b>27,146,197,580</b>	<b>73,684,978,810</b>

- a. Term Loans on FRP Scheme are guaranteed by Government vide G.O Ms. 11 dated 18.02.2014.
- b. Funds received under the UDAY scheme were used to discharge the loans having higher rate of interest. Since the rate of interest of the Bonds issued under FRP scheme is lower i.e. 9.95% when compared to other borrowings, the same were discharged over to the extent of Rs. 487,46,18,085 only. Further amount to be received under UDAY scheme is Rs. 956.16 Crore which will be received in the F.Y. 2017-18 and it is proposed that the same shall be utilised for the payment of bonds issued under FRP Scheme, hence to that extent the amount has been classified as Current Maturities of Long Term Debt in Note No. 9 under the head of other current liabilities.
- c. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Long Term Borrowings to the tune of ₹ 16,43,33,11,592-00 as at June 1, 2014 was allocated on Scheme/Capex and Energy basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.
- d. The Company on demerger of the operating circles of Kurnool and Ananthapur had reduced the loans balances however the agreement with the bank towards the reduced liability has not been entered into. Further the repayment of interest and principal amount to the banks and lending institutions is being made on the total loan availed and the portion of operating circles of Kurnool and Ananthapur is being accounted as receivable from APSPDCL in the ratio the loan was bifurcated however such receivable is subject to confirmation from the Expert Committee formed by the Government of India
- e. During the year the company has received Grant under IPDS Scheme to the extent of Rs. 27.24 Crore, under DDUGJY Scheme to the extent of Rs. 20.19 Crore and Rs. 4.37 Crore under SGPP scheme thus totalling to Rs. 51.80 Crore is lying idle, since the project is not yet commenced. Accordingly, the amount is shown under Long Term Borrowings.

#### Note 4A: Secured Loans

Particulars	Current Year 2016-17	Previous Year 2015-16
<b>Term Loans from Others</b>		
<b>1. Loans from Rural Electrification Corporation Limited, New Delhi.</b> (Secured by the hypothecation of all the future Movables and Stocks to be created under respective schemes of the project out of the loan amount.)	5,706,771,890	-
<b>2. Power Finance Corporation (PFC)</b> (If the company achieves the target as stipulated in the agreement and also if the project completes in time schedule, the loan will be converted into grant)	2,754,500,000	-
<b>3.PTC - Financial Services (PFS)</b> (Secured by Hypothecation of all Current assets (Present and future) with the minimum coverage of 1.25 times of the facility, including book-debts, receivables, outstanding moneys, claims, demands, bills, guarantees, letters of credit, contracts, engagements, stocks, shares, notes, bonds, warrants, all stocks of raw materials, semi-finished goods, finished goods, consumable stores, accounts receivable, operating cash flows, treasury income, deposits of company with the third parties and any other revenues.)	4,300,000,000	-
<b>TOTAL</b>	<b>12,761,271,890</b>	<b>-</b>

#### 4.1 Statement showing Loans from the Banks and break up into Non Current and Current portions. (Amount in Rs.)

S.No.	G/L Account	Vendor No.	Name of the Bank	Area of operation	ROI	Loan Amount	FY. 2016-17			FY. 2015-16		
							Total Closing Balance as on 31.03.2017	Non Current Portion	Current Portion	Closing Balance as on 31.03.2016	Non Current Portion	Current Portion
1	5303400	11017	Syndicate Bank (T&D and SS) - Rs. 247 Crs.		10.60%	2470000000	187507982	-	187507982	1283434732	1036434732	247000000
		11017	Syndicate Bank (Debt Swapping)		-	0	0	-	0	0	0	0
		11017	Syndicate Bank (T&D Lines) - Rs. 355 Crs.		10.70%	3550000000	394569241	-	394569241	2927569242	2572569242	355000000
2	5303500	11016	Canara Bank (HVDS) - Rs. 57 Crs.		10.90%	570000000	1428889	-	1428889	281217188	229617188	51600000
		11016	Canara Bank (T&D and SS) - Rs. 124 Crs.		10.60%	1240000000	109501400	-	109501400	831538990	707538990	124000000
3	5101110	11010	Andhra Bank (Debt Swapping)	TSPDCL	-	0	0	-	0	0	0	0
4	5001010	11012	SBH Gunfoundry (T&D) - Rs. 200 Crs.		11.20%	2000000000	332043433	-	332043433	1440372968	1240372968	200000000
		11012	SBH Gunfoundry (T&D) - Rs. 310 Crs.		11.25%	3100000000	370486794	-	370486794	3015396608	2705396608	310000000
5	5001010	11222	Corporation Bank (Metering Equipments) - Rs. 200 Crs.		12.00%	2000000000	127293788	-	127293788	1340699105	1140699105	200000000
6	5001010	11127	Karnataka Bank (T&D) - Rs. 50 Crs.		12.50%	500000000	0	-	0	59864143	0	59864143
			<b>ALL BANKS TERM LOANS (A)</b>				1522831527	-	1522831527	11180092976	9632628833	1547464143
7	5001010	11013	SBH - CC Limit Account	TSPCC		3500000000	3443041680	3443041680	-	3502616020	3502616020	0
			<b>BANKS - CC TOTAL (B)</b>				3443041680	3443041680	-	3502616020	3502616020	0
			<b>BANK LOANS GRAND TOTAL (A+B)=C</b>				4965873207	3443041680	1522831527	14682708996	13135244853	1547464143

#### 4.2 Statement showing Loans from the Financial Institutions and break up into Non Current and Current portions. (Amount in Rs.)

Sl. No.	G/L Account	Vendor No.	Funding Institution	Area of operation	ROI	FY. 2016-17			FY. 2015-16		
						Closing Balance as on 31.03.2017	NON CURRENT PORTION	CURRENT PORTION	Closing Balance as on 31.03.2016	NON CURRENT PORTION	CURRENT PORTION
1	2	3	4	5	6	7	8	9	10	11	12
1		11001	Rural Electrification Corporation			1384486830			1384486830		
2		11002	Rural Electrification Corporation			-353326480			-353326480		
3		11003	REC-DDUGJY Scheme	TSPDCL		8211			0		
4		11007	Rural Electrification Corporation		10.50%	15194509418			31711350259		
5		11251	Rural Electrification Corporation - MTL	TSPCC	TO	0	27884230589	1714223760	2500000000	33826570108	2560198300
6	5303100	11256	Rural Electrification Corporation - STL		14.00%	6500000000			0		
7		11253	Rural Electrification Corporation - 9 hrs Power Supply	TSPDCL		2465551699			1144257799		
8		11254	Bulk Scheme (FY2015-16)			3010452651			0		
9		11255	SPA (FY 2015-16)			377273020			0		
10		11259	IE:Distribution (FY 2016-17)			501409000			0		
11			Specific Grant- Unspent Balance			518090000					
12			<b>REC LOANS - TOTAL (A):</b>			29598454349	27884230589	1714223760	36386768408	33826570108	2560198300
13			Power Finance Corporation								
14			System Improvement		12.50%	2381948		2381948	329072403	7864190795	219381608
15	5303200	11008	Transitional Loan	TSPDCL	12.50%	5123971		5123971	5000000000		
16			RAPDRP		-	2754500000	2754500000		2754500000		
17		11258	PFC-IPDS Scheme			229172		229172	0	0	0
18			<b>PFC LOANS - TOTAL (B):</b>			2762235091	2754500000	7735091	8083572403	7864190795	219381608
19	5303510	11257	<b>PFS Loans (C)</b>	TSPCC		4300000000	4300000000	0	0		
20	5302100	11252	JICA FUNDING ( D)	TSPDCL		1676145000	1676145000	0	4155000000	4155000000	0
			<b>GRAND TOTAL ( A+B+C+D) = E</b>			38336834440	36614875589	1721958851	44885840811	42106260903	2779579908
	5300601		Kurnool and Anantapur Loan Clearing Account (F)			(16835513699)	(16835513699)		(16835513699)	(16835513699)	
			<b>NET LOANS (G) = (E - F)</b>			21501320741	19779361890	1721958851	28050327112	25270747204	2779579908

### 4.3 REPAYMENT SCHEDULE OF TERM LOANS ON FRP SCHEME AS ON 31.03.2017 (Amount in Rs.)

S. No.	G/L Account	Vendor No.	Funding Institution	Area of operation	ROI	F.Y. 2016-17		F.Y. 2015-16			
						Closing Balance as on 31.03.2017	NonCurrent portion	Closing Balance as on 31.3.2016	NonCurrent portion	Current portion	Current portion
19	5301300	11240	Andhra Bank	TSPCC	11.50%	428,249,424		262,500,000	2,250,000,000	375,000,000	
20		11241	Bank of India		11.50%	286,087,410		1,750,000,000	1,500,000,000	249,999,996	
21		11242	Central Bank of India		11.50%	204,280,765		1,250,000,000	1,071,428,576	178,571,424	
22		11243	Federal Bank		11.50%	60,297,126		375,000,000	321,428,568	53,571,432	
23		11244	IOB		11.50%	213,641,779	1997205974	1,250,000,000	1,071,428,576	178,571,424	
24		11245	Indian Bank		11.50%	286,157,694		1,750,000,000	1,500,000,000	249,999,996	
25		11246	Punjab & Sind Bank		11.50%	163,272,210		1,000,000,000	857,142,856	142,857,144	
26		11249	SBH	TSPDCL	11.30%	110,393,232		728,548,999	514,263,271	214,285,728	
27		11247	Vijaya Bank	TSPCC	11.50%	244,826,334		1,500,000,000	1,392,857,144	107,142,856	
			<b>FRP RESTRUCTURED LOAN - TOTAL</b>			<b>1,997,205,974</b>	<b>-</b>	<b>12,228,548,999</b>	<b>10,478,548,999</b>	<b>1,750,000,000</b>	

### 4.4 Statement showing the Government Loans (Amount in Rs.)

S. No.	G/L Account	Vendor No.	Funding Institution	Area of operation	ROI	F.Y. 2016-17		F.Y. 2015-16			
						Closing Balance as on 31.03.2017	Non-Current portion	Closing Balance as on 31.3.2016	NonCurrent portion	Current portion	Current portion
1	5303300	11011	Government Loan	TSPCC		205553775	205553775	205553775	205553775	-	
			<b>Government Loans Total</b>			<b>205553775</b>	<b>205553775</b>	<b>205553775</b>	<b>205553775</b>	<b>-</b>	<b>-</b>
Statement showing the BONDS issued under FRP scheme (Amount in Rs.)											
1		11224	APCPDCL PF Trust		9.95%	574,000,000		574,000,000	2,809,750,000		
2		11225	APGENCO		9.95%	2,266,000,000		2,266,000,000			
3		11226	APTRANSO PF Trust		9.95%	214,000,000		214,000,000			
4		11227	SINGARENI COLLERIES		9.95%	8,000,000,000		8,000,000,000			
5		11228	APTRANSO		9.95%	921,000,000		921,000,000			
6		11229	ANDHRA BANK		9.95%	2,625,000,000		2,625,000,000			
7		11248	APTRANSO		10.00%	1,782,500,000		1,782,500,000			
8	5301100	11239	BANK OF INDIA		10.00%	305,400,000		1,750,000,000			
9	& 5301200	11236	Central Bank of India		10.00%	1,250,000,000	13661281915	1,250,000,000	1,250,000,000	9561600000	
10		11231	FEDERAL BANK		10.00%	65,400,000		375,000,000			
11		11235	IOB		10.00%	1,250,000,000		1,250,000,000			
12		11237	INDIAN BANK		10.00%	1,750,000,000		1,750,000,000			
13		11238	PUNJAB & SIND BANK		10.00%	174,500,000		1,000,000,000			
14		11232	STATE BANK OF MYSORE		10.00%	108,306,915		340,000,000			
15		11233	SBH		10.00%	131,400,000		750,000,000			
16		11230	SYNDICATE BANK		10.00%	305,375,000		1,750,000,000			
17		11234	VIJAYA BANK		10.00%	1,500,000,000		1,500,000,000			
			<b>Bonds Issued Under FRP - Total</b>			<b>23,222,881,915</b>		<b>28,097,500,000</b>	<b>28,097,500,000</b>	<b>9561600000</b>	<b>1,563,864,4051</b>
			<b>Grand Total (Note No. 4.1 to 4.4)</b>			<b>51,892,835,612</b>	<b>14,803,596,352</b>	<b>952,255,344,96</b>	<b>79,586,890,445</b>		

## 5 Other Long Term Liabilities

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Vendor Deposits	1,526,064,229	1,094,446,331
Contribution Works	288,329,549	307,735,692
Other Liabilities	102,166,254	52,164,033
<b>TOTAL</b>	<b>1,916,560,032</b>	<b>1,454,346,056</b>

- a. Consequent to demerger more specifically described in Note I of the Notes forming part of Financials Statements the balances of the Other Long Term Liabilities to the tune of ₹ 13,58,31,331 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

## 6 Long Term Provisions

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>Provision for employee benefits</b>		
Gratuity (unfunded)	1,148,595,507	361,327,319
Leave Encashment (unfunded)	6,586,435,787	6,096,831,612
<b>TOTAL</b>	<b>7,735,031,294</b>	<b>6,458,158,931</b>

- a. **Employees who have joined on or after 01.02.1999:** The employees who joined the Company after 01.02.1999 are covered under Employees Provident Fund & Miscellaneous Provisions Act 1952, Employees' Provident Fund Scheme, 1952 and The Payment of Gratuity Act, 1972. The Company has carried out the actuarial valuation as at 31.03.2017 to arrive at the present value of future obligations of the company and provide for current year provision. As per the said valuation reports, the required provision for the year ended 31.03.2017 is Rs. 114,85,95,507. Expenditure recognised under the head "Employee Benefit Expense" to the extent of Rs. 79,98,72,219 after paying benefits during the year to the extent of Rs. 1,26,04,031. The funding status of the same is unfunded.
- b. The Company has carried out actuarial valuation as at 31.03.2017 to arrive at present value of future obligations of the Earned Leaves of the employees. The Balance in the provision for the year ended as required by the actuarial valuation report is Rs. 658,64,35,787/- (Previous Year Rs. 609,68,31,612) and During the Year Rs. 27,18,59,594 was paid towards the Final Encashment. Therefore as per the said valuation, differential



amount arrived after deducting the payments made towards earned leave is Rs. 76,14,63,769 which is recognised in the statement of profit and loss under the head “Employee Benefit Expense”. The funding status of the same is unfunded.

- c. Consequent to demerger more specifically described in Note I of the Notes forming part of Financials Statements the balances of the Long Term provisions as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

## 7 Short Term Borrowings

Particulars	Note No.	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>Secured</b>			
<b>(a) Loans repayable on demand</b>			
- CC Limits *	4.1	3,443,041,680	3,502,616,020
- REC - STL **	4.2	6,500,000,000	-
		<b>9,943,041,680</b>	<b>3,502,616,020</b>

- a. Consequent to demerger more specifically described in Note I of the Notes forming part of Financials Statements the balances of the Short Term Borrowings as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

\* *Hypothecation of all Current assets*

\*\* *(Secured by the hypothecation of all the future Movable and Stocks to be created under respective schemes of the project out of the loan amount.)*

## 8 Trade Payables

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
A. Micro, Small and Medium Enterprises (MSMEs)	34,698,973	
B. Other than MSME		
Unsecured		
APEPDCL	9,993,558,809	9,999,047,925
APSPDCL	749,569,749	1,544,805,151
TSNPDCL	(6,580,125,313)	(8,258,676,862)
TSGENCO	(21,591,607,107)	(3,573,070,574)
APGENCO	82,742,299,723	51,896,235,195
APTRANSCO	57,671,132	56,779,215
TGTRANSCO	7,684,544,909	2,730,439,274
Other Power Purchase Creditors	37,222,537,217	29,714,309,167
Other Payables	3,746,020,610	3,487,257,054
<b>Total</b>	<b>114,059,168,704</b>	<b>87,597,125,545</b>

- Consequent to demerger more specifically described in Note I of the Notes forming part of Financials Statements the balances of the Trade Payable to the tune of ₹ 88957553 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.
  - Balances from other Discoms, GENCOs, TRANSCOs' are subject to confirmation and reconciliations.
  - Balances from other power purchase creditors and other payables are subject to confirmations and reconciliations.
- 8.1 Trade payable other than acceptances include certain dues to Micro and Small Enterprises, under the Micro, Small and Medium Enterprises Development Act, 2006 that have been determined based on the information available with the company and the required disclosures are given below:

Particulars	Current year 2016-17	Previous year 2015-2016
Principal and amount remaining unpaid	34,698,973	-
Interest Due thereon	-	-
Interest paid by the company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Interest accrued and remaining unpaid	-	-
Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

## 9 Other Current Liabilities

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Current maturities of long-term debt (Note 4.1 to 4.4)	14,803,596,352	6,077,044,051
Employee related liabilities	1,144,491,852	1,042,612,081
Statutory Liability	2,113,463,236	2,894,445,256
Advance from Customers	373,590,777	284,900,841
Consumer Deposits	26,881,915,286	23,419,131,365
Gov. of AP SC/ST Payable	34,735,553	34,735,553
Inter Unit Accounts	100,830,225	79,579,201
Interest Payable on Consumer Deposit	1,602,607,110	1,668,678,893
TSSPDCL Pension & Gratuity Trust	3,928,369,640	231,530,408
TSSPDCL GPF Trust	56,646,070	541,087,270
Other Liabilities	12,569,703,943	12,879,572,051
<b>Total</b>	<b>63,609,950,044</b>	<b>49,153,316,971</b>

- a. Current Maturities of Long Term Debt consists of principal and interest components payable in FY. 2017-18 in respect of Banks, REC, FRP Bonds and Term Loans.
- b. **Employees who joined prior to 1.02.1999**
  - i. The Company based on Actuary report as on March 31, 2017, charged to Statement of Profit and Loss is ₹ 447.00 Crore towards provision for Pension & Gratuity.
  - ii. These employees are covered by General Provident Fund and are eligible for Gratuity and Pension. The GPF is administered by TSSPDCL PF Trust.
  - iii. The funds of Pension and Gratuity are held jointly by Master Trust, administered by TSGENCO, and TSSPDCL Pension & Gratuity Trust, and payments are made in the ratio of 74:26 respectively.
- c. Consequent to demerger more specifically described in Note I of the Notes forming part of Financials Statements the balances of the Other Current Liabilities to the tune of ₹ 4096577830 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.
- d. Inter Unit Accounts under Note No. 9 shows a credit balance of Rs. 10,08,30,225 (Previous Year - Rs. 7,95,79,201)
- e. Other Liabilities includes an amount of Rs. 867.40 Crore payable to TSTRANSCO which was taken on emergency basis. The above balance is subject to confirmation and reconciliation.

### e. Disclosures as required AS-15 - “Employee Benefits”

#### Amounts in Balance Sheet at Period End

Particulars	31-Mar-17
Projected Benefit Obligation (PBO)	16,068,031,931
Fair Value of plan Assets	5,434,643,758
Funded Status- (Surplus) / Deficit	10,633,388,173
Unfunded Projected Benefit Obligation (PBO)	-
Past Service Cost not yet Recognised	-
Unrecognised Asset due to Limit in Para 58(B)	-
(Asset) / Liability Recognised in the Balance Sheet	<b>10,633,388,173</b>

#### Amounts Recognised in Statement of Profit & Loss at Period-End 01-04-2016 to 31-03-2017

Particulars	31-Mar-17
Current Service Cost	317,588,809
Interest Cost	1,024,339,291
Expected Return on Plan Assets	(428,056,620)
Past Service Cost	220,890,649
Net Actuarial Losses / (Gains) recognised in the period	1,632,052,623
(Gain) / Loss due to Settlements/Curtailments/Terminations/Divestitures	-
Unrecognised Asset due to Limit in Para 58(B)	-
<b>Provision towards liability short provided in earlier years</b>	<b>8,408,216,135</b>
<b>Total Expense/(Income) to be included in “Employee Benefit Expense”</b>	<b>11,175,030,887</b>
<b>Liability Deferred pending settlement of Inter State Transfer Employees</b>	
<b>Final allocation</b>	<b>6,705,018,532</b>
<b>Amount recognised in Statement of Profit and Loss under “Employee Benefit Expense”</b>	<b>4,470,012,355</b>

#### Change in Present value of Benefit Obligation during the Period 01-04-2016 to 31-03-2017

Particulars	31-Mar-17
Projected Benefit Obligation, Beginning of Period	13,603,867,736
Current Service Cost	317,588,809
Interest Cost	1,024,339,291
Actual Plan Participants’ Contributions	-
actuarial (Gains)/Losses	1,674,518,569
Changes in Foreign Currency Exchange Rates	-
Acquisition/Business Combination/Divestiture	-

Benefits Paid	(773,173,123)
Past Service Cost	220,890,649
Loss/ (Gains) on Curtailments	-
Liabilities Extinguished on Settlements	-
Projected Benefit Obligation, End of Period	<b>16,068,031,931</b>

#### Change in Fair value of Plan Assets during the period 01-04-2016 to 31-03-2017

Particulars	31-Mar-17
Fair Value of Plan Assets, Beginning of Period	5,737,294,315
Expected Return on Plan Assets	428,056,620
Actual Company Contributions	-
Actual Plan Participants Contributions	-
Changes in Foreign Currency Exchange Rates	-
Actuarial Gains/(Losses)	42,465,946
Benefit Payments	(773,173,123)
Acquisition/Business Combination/Divestiture	-
Liabilities Extinguished on Settlements	-
Fair Value of Plan Assets, End of Period	<b>5,434,643,758</b>

#### 10 Short Term Provisions

Particulars	As at March 31, 2017	As at March 31, 2016
	₹	₹
Provision for Employee cost	97,283,998	93,708,722
RPF Fund	64,506	64,506
Provision for Admin Expenses	119,495,724	113,509,283
Provision for Compensation	-	600,000
Provision for CWIP	95,973,544	83,109,136
Provision for Interest	2,855,030,301	996,628,997
Provision for O&M works	86,269,309	50,770,015
Provision for R & C Penalties	1,021,595	1,934,689
Audit fee Payable	1,557,600	1,380,000
<b>Total</b>	<b>3,256,696,577</b>	<b>1,341,705,348</b>

- a. Consequent to demerger more specifically described in Note I of the notes forming part of Financials Statements the balances of the Short Term Provisions to the tune of ₹ 594022716 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSDCCL is subject to approval from Expert Committee formed by the Government of India.

### Schedule II - Fixed Assets

S.No.	Particular	Gross Block					Depreciation & Amortisation				Net Block	
		As at April 1, 2016	Additions	Deletions/ Adjustments	Acquired through business combinations	Ast at 31st March 2017	Ast at 1st April 2016	Depreciation charge for the year	Deletions/ Adjustments	As at 31st March 2017	As at 31st March 2017	As at 31st March 2016
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>a</b>	<b>TANGIBLE ASSETS</b>											
	Land	67,704,690	6,706,717			74,411,407	-	-	-	74,411,407	67,704,690	
	Buildings	2,261,117,466	223,458,474			2,484,575,941	519,990,125	71,110,610	591,100,735	1,893,475,206	1,741,127,341	
	Other Civil Works	859,643,910	217,706,186			1,077,350,096	92,129,763	28,469,498	120,599,261	956,750,834	767,514,147	
	Plant and Machinery	45,786,586,442	7,767,258,642	10,313,953		53,543,531,131	17,956,732,041	3,247,312,057	7,768,223	32,347,255,256	27,829,854,400	
	Lines and Cable Network	36,560,098,187	6,367,111,140			42,927,209,326	16,397,130,307	2,351,718,746	18,748,849,054	24,178,360,273	20,162,967,880	
	Meters and Metering equipment	9,747,593,314	898,661,184	87,531,588		10,558,722,910	5,266,043,026	814,195,120	6,022,978,806	4,535,744,104	4,481,550,287	
	Vehicles	70,447,005	-	179,201		70,267,804	34,926,330	14,183,535	161,280	21,319,219	35,520,675	
	Furniture and Fixtures	90,223,608	7,862,276			98,085,884	56,400,236	6,964,148	63,364,384	34,721,500	33,823,371	
	Office Equipment	247,951,826	38,809,306			286,761,132	138,137,800	21,774,870	159,912,670	126,848,462	109,814,026	
	Air Conditioners	14,697,244	665,306			15,362,549	8,484,672	1,569,544	10,054,216	5,308,334	6,212,572	
	Computer & IT Equipment	1,097,834,049	23,753,106	30,000		1,121,617,156	512,191,321	117,247,449	629,438,604	492,178,552	585,642,728	
	<b>Sub Total</b>	<b>96,803,897,740</b>	<b>15,551,992,337</b>	<b>98,054,742</b>	<b>-</b>	<b>112,257,895,336</b>	<b>40,982,165,622</b>	<b>6,674,545,577</b>	<b>65,189,010</b>	<b>64,666,373,147</b>	<b>55,821,732,118</b>	
<b>b</b>	<b>INTANGIBLE ASSETS</b>											
	Computer Software	357,094,606	33,149,912			390,244,518	177,221,448	58,258,120	235,479,568	154,764,949	179,873,158	
	<b>Sub Total</b>	<b>357,094,606</b>	<b>33,149,912</b>	<b>-</b>	<b>-</b>	<b>390,244,518</b>	<b>177,221,448</b>	<b>58,258,120</b>	<b>235,479,568</b>	<b>154,764,949</b>	<b>179,873,158</b>	
<b>c</b>	<b>Capital Work in Progress</b>	6,899,021,014	16,894,779,270	16,116,369,684		7,677,430,601		-	-	7,677,430,601	6,899,021,014	
	<b>Sub Total</b>	<b>6,899,021,014</b>	<b>16,894,779,270</b>	<b>16,116,369,684</b>	<b>-</b>	<b>7,677,430,601</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,677,430,601</b>	<b>6,899,021,014</b>	
<b>d</b>	<b>GRAND TOTAL (a+b+c)</b>	<b>104,060,013,361</b>	<b>32,479,921,519</b>	<b>16,214,424,426</b>	<b>-</b>	<b>120,325,570,455</b>	<b>41,159,387,071</b>	<b>6,732,803,697</b>	<b>65,189,010</b>	<b>72,498,568,697</b>	<b>62,900,626,290</b>	
	<b>Grand Total of Previous Year</b>	<b>87,319,556,831</b>	<b>35,822,445,546</b>	<b>19,881,494,134</b>	<b>-</b>	<b>104,060,013,361</b>	<b>35,725,148,383</b>	<b>5,445,237,535</b>	<b>10,998,847</b>	<b>41,159,387,071</b>	<b>62,900,626,290</b>	

e. Consequent to enactment of AP Reorganisation Act, 2014 the operating circles of Ananthapur and Kurnool has been demerged to APSDC and the balances of the Fixed Assets as at June 1, 2014 was bifurcated on the basis specified in the GOMs 24 dt 29-05-2014. The company had ₹ 1887.12 Crore and ₹ 910.27 Crore of Gross Block of Fixed Assets and its depreciation respectively to APSDC on geographical basis. The Transfer of balances and values to APSDC is subject to approval from Expert Committee formed by the Government of India.

## I2 NON CURRENT INVESTMENTS (at Cost)

A. Details of Trade Investments							
Sr.No	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Partly Paid / Fully paid	Amount (*)	
			As at 31 March 2017	As at 31 March 2016		As at 31 March 2017	As at 31 March 2016
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(11)
a)	APPDCL	Others	426,010,000	426,010,000	Unquoted	Fully Paid	4,260,100,000
	Total						4,260,100,000

B. Details of Other Investments								
Sr.No	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount (*)	
			As at 31 March 2017	As at 31 March 2016			As at 31 March 2017	As at 31 March 2016
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(10)	(11)
I	Investments in Government or Trust securities							
	AP TRANSCO - VIDYUT BONDS (Face Value Rs.10,00,000/- per Bond)	Others	132	132	Quoted	Fully Paid	132000000	132000000
	8.74% APPFC Bonds (Face Value Rs.10,00,000/- per Bond)	Others	47	47	Quoted	Fully Paid	47000000	47000000
	9.97% APPFC Bonds (Face Value Rs.10,00,000/- per Bond)	Others	24	24	Quoted	Fully Paid	24000000	24000000
	9.64% APPFC Bonds (Face Value Rs.10,00,000/- per Bond)	Others	22	22	Quoted	Fully Paid	22000000	22000000
	5.64% Govt of India Securities	Others	200000	200000	Unquoted	Fully Paid	19876333	19876333
	8.35% Govt of India Securities	Others	172000	172000	Unquoted	Fully Paid	19116325.43	19435713
	8.07% Govt of India 2017 Bonds	Others			Unquoted	Fully Paid	0	4301560
	8.9% APSEFC - Unsecured, Redeemable, Non Convertible, Non SLR Bonds Series II-2008 (Face Value Rs.10,00,000/- per Bond)	Others	32	64	Unquoted	Fully Paid	3200000	6400000
	9.15% APSEFC - Unsecured, Redeemable, Non Convertible, Non SLR Bonds Series VI-2013 (Face Value Rs.10,00,000/- per Bond)	Others	14	14	Unquoted	Fully Paid	14000000	14000000
	MAH SLD @ 9.25%	Others	180	180	Unquoted	Fully Paid	18023625	18027000
	APSEFC SERIES VII/2014 FRO (Face Value Rs.1,00,000/- per Bond)	Others	9	9	Unquoted	Fully Paid	9000000	9000000
	9.2% GOVERNMENT OF INDIA - 2030 SECURITIES	Others	194	194	Unquoted	Fully Paid	20890782.2	20997266.67
	8.4% GOVERNMENT OF INDIA - 2024 SECURITIES	Others	190	190	Unquoted	Fully Paid	1952992.56	19588366.67
	Total						348,630,058	356,626,239
	Grand Total						4,608,730,058	4,616,726,239

a. Gross Interest earned on Investments earmarked for Contingency Reserve Fund are reinvested.

### 13 Deferred Tax

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
<b>Deferred Tax Liabilities</b>		
Opening Balance	998,785,587	998,785,587
Fixed Assets : Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	7,048,491,717	-
<b>Gross Deferred tax Liability</b>	<b>8,047,277,304</b>	<b>998,785,587</b>
<b>Deferred Tax Asset</b>		
Opening Balance	1,027,051,801	1,027,051,801
Timing Differences	(11,625,880,257)	
<b>Gross deferred tax asset</b>	<b>(10,598,828,456)</b>	<b>1,027,051,801</b>
<b>Net Deferred Tax Liability/(Asset)</b>	<b>(2,551,551,152)</b>	<b>28,266,214</b>

- a. Consequent to demerger more specifically described in Note I of the Notes forming part of Financials Statements the balances of the Deferred Tax as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

### 13A - Deferred Tax Calculations

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
WDV as per Companies Act 2013	64,821,138,096	-
WDV as per Income Tax Act	38,778,169,474	-
Timing Differences	26,042,968,623	-
<b>Deferred Tax Liability</b>	<b>8,047,277,304</b>	<b>-</b>

### Deferred Tax Assets

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>Timing Differences</b>		
i. Provision for Doubtful Debts	475,664,481	-
ii. Unabsorbed Depreciation	21,899,055,729	-
iii. 43B Disallowances	11,925,695,505	-
Total Timing Differences	34,300,415,715	-
<b>Deferred Tax Assets</b>	<b>10,598,828,456</b>	<b>-</b>

Deferred Tax arising on carry forward business loss has not been considered as Timing difference, since as per the provisions of income tax act business loss couldnot be set off after 8 Assesment Years. However, timings difference on unabsorbed depreciation has been considered, as the same can be carried forward without any limit.



## 14 Long Term Loans & Advances

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>a. Secured, Considered good</b>		
Loans & Advances to employees	205,364,108	94,959,311
<b>b. Unsecured, Considered good</b>		
Loans & Advances to employees	24,071,071	12,686,160
Deposits	681,047,159	679,469,115
Capital Advances	844,718,554	616,847,929
<b>Total</b>	<b>1,755,200,892</b>	<b>1,403,962,515</b>
<b>c. Secured Long term Loans &amp; Advances to employees includes</b>		
Particulars	As at March 31,2017 ₹	As at March 31,2016 ₹
Housing Loan - Secured against House	83,602,407	52,714,360
Four Wheeler Loan - Hypothecation of Four Wheeler	121,761,701	42,244,951
<b>Total</b>	<b>205,364,108</b>	<b>94,959,311</b>
<b>d. Unsecured Long term Loans &amp; Advances to employees includes</b>		
Particulars	As at March 31,2017 ₹	As at March 31,2016 ₹
Education Loans	141,134	812,034
Two Wheeler Loan	11,346,035	7,180,222
Computer Loans	11,385,339	5,541,209
Marriage Advance	1,198,563	(847,305)
<b>Total</b>	<b>24,071,071</b>	<b>12,686,160</b>
e. Pending reconciliation of HR module with FICO module current portion of the long term loans & advances to employees (Secured & unsecured) is not ascertainable.		
<b>f. Unsecured Deposits Includes</b>		
Particulars	As at March 31,2017 ₹	As at March 31,2016 ₹
Court Authorities	445,023,006	443,553,842
Telephone authorities	632,196	629,696
Other Deposits	235,391,957	235,274,008
<b>Total</b>	<b>681,047,159</b>	<b>679,457,546</b>

- g. Other Deposits includes ₹ 21.30 Crore (Previous Year ₹ 21.30 Crore) towards disputed Entry tax and Sales tax deposited by the company with the Commercial Tax Officer as per the orders of APSTAT and Hon'ble High Court.

- h. Consequent to demerger more specifically described in Note I of the Notes forming part of Financials Statements the balances of the Long Term Loans & Advances to the tune of ₹ 14739593 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

## 15 Other Non Current Assets

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>(a) Secured, considered good</b>		
Long Term Receivables from Employees	87,490,551	67,689,969
<b>(b) Unsecured, considered good</b>		
Receivable from ITI, Chennai	4,150,168	4,131,787
<b>Total</b>	<b>91,640,718</b>	<b>71,821,756</b>

- c. Receivable from ITI represents 50% apprentice salaries paid by the company.
- d. Long Term Receivables from Employees includes amount recoverable on account of Work Orders and Misappropriations.
- e. Consequent to demerger more specifically described in Note I of the Notes forming part of Financials Statements the balances of the Other Non Current Asset to the tune of ₹ 32693 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

## 16 Inventories

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Stores and Spares	2,860,472,291	3,377,474,227
Less: Provision for Recovery/Write Off of Cost Materials	44,790,298	44,790,298
<b>Total</b>	<b>2,815,681,993</b>	<b>3,332,683,930</b>

- a. Consequent to demerger more specifically described in Note I of the Notes forming part of Financials Statements the balances of the Inventories to the tune of ₹ 435096757 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.
- b. **Provision for Obsolete Items:** As per the physical verification report for the year ended 31<sup>st</sup> March 2017 an amount of Rs. 3,59,06,984 is noticed as obsolete stock, (includes Rs. 16,460,760/- which is burnt in fire accident in Rangareddy stores which is beyond repairs need to be write off after necessary sanction, and the sanction is awaited from CGM (P&MM)) but the provision for obsolete stock is available for an amount of Rs. 4,47,90,298 is existing and as a matter of prudence it is decided by management to retain the excess provision in the books of accounts
- c. **Scrap:** Further, no provision for scrap has been made in the books of accounts as there is a excess provision towards obsolete stock available. The management is of the opinion that there is no need for deration of the scrap cost.

## 17 Trade Receivables

Particulars	As at March 31, 2017	As at March 31, 2016
	₹	₹
Trade Receivables outstanding for a period less than six months from the Secured, considered good		
Secured, considered good	3,446,968,685	2,245,063,219
Unsecured, considered good	5,105,278,865	5,393,790,107
Unsecured, considered doubtful	-	2,300,604,761
Less: Provision for doubtful debts		
	<b>8,552,247,550</b>	<b>9,939,458,087</b>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	12,253,849,128	3,008,796,339
Unsecured, considered good	12,024,437,057	10,831,810,577
Unsecured, considered doubtful	3,672,827,503	4,148,491,984
Less: Provision for doubtful debts	(3,672,827,503)	(4,148,491,984)
Less: Provision for doubtful debts FSA	(260,248,967)	(260,248,967)
	<b>24,018,037,218</b>	<b>13,580,357,949</b>
<b>Total</b>	<b>32,570,284,768</b>	<b>23,519,816,036</b>

- The above trade receivables includes, Court Cases of ₹ 487.03 Crore (Previous Year ₹ 421.42 Crore), R R Act Cases ₹ 13.51 Crore (Previous Year ₹ 40.73 Crore), Bill Stopped/Disconnected Services ₹ 732.25 Crore (Previous Year ₹ 123.11 Crore).
- Consequent to demerger more specifically described in Note I of the Notes forming part of Financials Statements the balances of the Trade Receivables to the tune of ₹ 5465957089 (Including Provision for Doubtful debts & Provision for Doubtful Debts - FSA) as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

## 18 Cash & Cash Equivalents

Particulars	As at March 31, 2017	As at March 31, 2016
	₹	₹
<b>I. Cash and Cash Equivalents</b>		
a. Balances with banks		
- In Current Accounts	3,085,268,131	4,124,562,812
- Remittance in Transit	(7,122,229)	(8,206,804)
- In Deposits with Original Maturity less than 3 Months	956,369,866	82,782,465
b. Cash on hand	188,426,315	176,986,430
c. Postage & Stamps	-	97,522
<b>Total</b>	<b>4,222,942,083</b>	<b>4,376,222,425</b>

- d. Bank Reconciliation Statement reflects unidentified credits and unidentified debits in Bank Statements to the tune of Rs. 8.90 Crore and Rs. 1.69 Crore respectively as at March 31, 2017.
- e. Consequent to demerger more specifically described in Note I of the Notes forming part of Financials Statements the balances of the Cash and Cash Equivalents to the tune of ₹ 2365038 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to/from APSPDCL is subject to approval from Expert Committee formed by the Government of India.

## 19 Short Term Loans & Advances

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>a. Secured, considered good</b>		
Recoverable from employees	1,602,320	1,037,234
<b>b. Unsecured, considered good</b>		
Loans & Advances to employees	193,112,667	18,121,378
Advance Tax (including TDS Receivable & Refunds Receivable) (Net)	48,872,945	42,642,983
Advance to Suppliers	3,785,762	3,360,531
Government Receivables	46,304,055,590	46,776,777,427
Provision for Government Receivables - Additional Power	(38,778,739,156)	(38,778,739,156)
Other Loans & Advances	5,952,322	6,043,965
<b>Total</b>	<b>7,778,642,451</b>	<b>8,069,244,362</b>

- c. Consequent to demerger more specifically described in Note I of the Notes forming part of Financials Statements the Transfer of balances and values to / from APSPDCL is subject to approval from Expert Committee formed by the Government of India.

## 20 Other Current Assets

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Fixed asset retired from active use and held for disposal	672,296	672,296
Interest Accrued on Fixed Deposits	577,930	238,121
Interest Accrued on Investments	34,709,147	31,109,341
Unbilled Revenue - Trade Receivables	16,594,788,968	15,883,663,123
FSA Revenue - Receivables	5,513,641,199	5,513,641,199
TSGenco Master P & G Trust	453,357,717	486,425,503
Receivable on Demerger	20,965,728,272	20,965,728,272
Other Receivables	575,951,215	265,113,826
<b>Total</b>	<b>44,139,426,744</b>	<b>43,146,591,680</b>

- a. TSGENCO Master P & G Trust owes to the company to the tune of ₹ 45.33 Crore (Previous year ₹ 48.64 Crore)
- b. Consequent to demerger more specifically described in Note I of the Notes forming part of Financials Statements the balances of the Other Current Assets to the tune of ₹ 5167476187 as at June 1, 2014 was allocated on geographical basis. The Transfer of balances and values to APSPDCL is subject to approval from Expert Committee formed by the Government of India.

## 21 Revenue From Operations

Particulars	2016-17 ₹	2015-16 ₹
<b>Sale of energy</b>		
LT Supply	63,329,223,464	59,755,153,629
HT Supply	92,571,340,192	88,834,022,373
Interstate Sales	240,219,290	219,867,266
FSA	21,476,249	8,916,426
Tariff Subsidy	10,334,081,388	7,238,000,003
Additional Power Subsidy	-	-
Customer Charges	3,454,553,471	2,850,686,539
Theft of Power	243,668,183	168,980,653
DPS Income	4,308,556,437	3,260,540,067
R & C Penalties	(1,200,742)	(54,747,398)
<b>Other Operating Revenues</b>		
Amortization of Consumer Contribution, Subsidies &		
Grants towards Fixed Assets	2,637,062,938	2,386,053,381
Others	404,113,879	1,336,498,961
Less: Electricity Duty	(1,315,727,713)	(1,336,354,448)
<b>Total</b>	<b>176,227,367,035</b>	<b>164,667,617,453</b>

## 22 Other Income

Particulars	2016-17 ₹	2015-16 ₹
<b>Interest Income</b>		
Bank	25,306,951	17,742,430
Staff	1,389,806	722,777
Others	36,234,349	34,221,045
Rent from Company's Fixed Assets	2,433,422	3,133,432
Sale of Scrap	26,348,488	35,138,274
Penalties from Suppliers	75,502,543	34,556,577
Miscellaneous Income	2,661,536	8,631,597
Other Income	1,040,516,620	2,403,070,889
<b>Total</b>	<b>1,210,393,715</b>	<b>2,537,217,022</b>

- As per the Company's Policy, interest on loans given to employees is recovered after repayment of the principal loan amount.
- Other Income stands reduced by Prior Period Income reversal to the extent of ₹ 3.03 Crore (Previous year income ₹ 53.46 Crore)

## 23 Power Purchase Cost

Particulars	2016-17 ₹	2015-16 ₹
Purchase of Power - Fixed Cost	64,957,017,375	34,063,209,427
Purchase of Power - Variable Cost	105,131,924,281	118,714,123,881
Transmission Charges	15,080,180,317	11,793,396,726
Other Power Purchase Costs	6,960,376,681	2,629,950,022
<b>Total</b>	<b>192,129,498,654</b>	<b>167,200,680,056</b>

## 24 Employee Benefit Expense

Particulars	2016-17 ₹	2015-16 ₹
Salaries and incentives	8,302,415,088	7,564,409,959
Contributions to Employees Provident Fund 1952	323,645,923	322,322,201
Pension Benefits	6,124,203,073	181,196,340
Director's Remuneration & Allowances	8,347,681	11,066,677
Director's Sitting Fees	48,848	43,476
Staff welfare expenses	147,670,938	154,314,442
Less: Employee Cost Capitalised	(1,037,565,042)	(1,035,242,441)
<b>Total</b>	<b>13,868,766,509</b>	<b>7,198,110,656</b>

## 25 Operation & Other Expenses

Particulars	2016-17 ₹	2015-16 ₹
Advertisement	22,479,888	29,230,511
Collection Agency Expenses	556,421	1,711,436
Consultancy Charges	34,864,995	43,330,539
Consumer Service Centre Charges	17,853	75,472
Contract Labour Charges	2,101,119,420	21,286,431
Electricity Charges	68,238,370	64,971,961
Insurance	1,087,029	806,236
Inventories Handling Charges	20,434,967	15,864,811
Legal Charges	7,256,265	7,167,479
Licence fees - TSERC	54,471,600	34,971,690
Office Maintenance	7,035,784	5,268,764
Other Expenses	157,653,282	(8,222,829)
Postage & Telegrams	1,435,396	1,127,584
Printing & Stationery	50,766,036	51,208,306
Professional Charges	172,126,658	157,621,199
R&M - Others	63,410,365	27,726,232

Rates & taxes	53,711,237	61,363,868
Rent	1,003,395	1,402,533
Repairs to Buildings & Civil works	23,611,981	19,841,519
Repairs to Plant and Machinery	1,293,132,247	2,715,314,170
Repairs to Vehicles	8,315,318	18,302,967
Telephone & Communication	44,972,021	59,287,507
Training Exp	3,531,032	2,892,392
Travelling Expense	229,643,958	185,063,976
Vehicle Hire charges	299,415,164	269,747,908
Vidyut Ombudsman Exp	4,466,000	3,584,000
Less: Administration & General Exp Capitalised	(181,908,701)	(182,305,139)
Payments to the auditor	1,575,600	1,260,000
for reimbursement of expenses;	1,20,000	1,20,000
<b>Total</b>	<b>4,544,543,580</b>	<b>3,610,021,523</b>

## 26 Finance Costs

Particulars	2016-17 ₹	2015-16 ₹
<b>Interest expense</b>		
Long Term Loans	6,603,019,165	4,815,227,205
Short Term Loans	2,335,081,474	2,359,835,979
Consumption Deposits	1,601,435,104	1,678,627,663
Others	10,154,713	48,474,878
Bank Charges	9,707,511	12,427,927
Less: Interest Capitalised	(226,888,273)	(388,443,495)
<b>Total</b>	<b>10,332,509,694</b>	<b>8,526,150,156</b>

- Interest on Long Term Loans includes Nil (Previous Year ₹ 53.90) Crore towards interest related to Prior Period.
- Others include interest on GPF payable to TSSPDCL GPF Trust for the financial year 2016-17 of Rs. 0.59 Crore (Previous Year Rs. 4.17 Crore)



## 27 Exceptional Items

Particulars	2016-17 ₹	2015-16 ₹
Assets Scrapped	32,835,897	6,496,969
Provision for Bad Debts	(475,686,648)	(2,191,074,354)
Compensation	96,112,986	56,587,493
Others	(324,751)	(9,034,315)
Price Variation	(48,106,493)	(22,104,764)
ED Payable Previous Year	(249,644,273)	1,078,110,410
<b>Total</b>	<b>(644,813,282)</b>	<b>(1,081,018,560)</b>

## 28 Contingent Liabilities (To The Extent Not Provided In The Books)

Particulars	31-Mar-17 ₹ (in crores)	31-Mar-16 ₹ (in crores)
<b>(i) Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debt	57.04	12.54
(b) Disputed Entry tax	33.25	33.25
(c) Sales tax Penalty against G Form (Cement purchases)	1.34	1.34
(d) Liability under AP VAT Act 2005 (April 2005 to 2009-10)	91.00	91.00
(e) Income Tax (TDS)	93.25	93.25
(f) Other money for which the company is contingently liable	4.26	4.26
<b>Sub Total</b>	<b>280.14</b>	<b>235.64</b>
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	340.43	273.45
<b>Sub Total</b>	<b>340.43</b>	<b>273.45</b>
<b>Grand Total (i+ii)</b>	<b>620.57</b>	<b>509.09</b>

Claims against the Company includes an amount of Rs. 44.50 Crore reflects the amount deposited in the Courts

29. AP Transco claimed transmission charges, SLDC operating charges and annual fee for the period from 01st June 2014 to 30th October 2016. As decided by management of TSPCC, AP Transco claims are not accounted in the books, In view of there is no mandate to APTRANSCO to claim any transmission and SLDC charges beyond the direction of Hon'ble Commission.
30. The company has identified the vendors under “The Micro, Small and Medium Enterprises Development Act, 2006” and disclosed trade payables under MSME’s. However, confirmation of balances are pending from the above vendors.
31. Income-tax assessments for the Assessment Years 2015-16 to 2016-17 are pending. There is a dispute on TDS deduction under section 194C vs 194J for the assessment year 2007-08, in the High Court of AP and Telangana and for the A.Y. 2008-09 and 2009-10 at the Supreme court of India and all the disputed amount put together is for Rs. 93.25 Crore and The Company is of the opinion that no provision is necessary in respect of disputed amounts and the case status as on date is pending in the respective Courts. Any further provision required in respect of disputed addition will be considered on completion of Appellate Proceedings.
32. VAT audit completed upto 2014-15. Sales Tax assessment for the Financial Year 2016-17 is in progress.
33. Cost Audit has become mandatory for the company from Financial year 2011-12 onwards. The company has appointed Cost auditor and cost audit is completed upto the financial year 2015-16.

#### 34. **Telangana Re-organization of Districts**

Government of Telangana vide G.O Ms. No. 225,234,240 Dt: 11.10.2016, has issued orders for reorganization of districts and formation of new districts, accordingly 7 mandals under the territorial jurisdiction of TSNPDCL have been merged with Siddipet district of TSSPDCL and Further, Gundala Mandal of Nalgonda which is under the territorial jurisdiction of TSSPDCL has been Demerged/Haived off and merged with Jangaon District under the territorial jurisdiction of TSNPDCL. Pending finalisation of the accounts, assets and liabilities pertaining to the mandals merged and demerged has not been considered and the same will be considered in the ensuing years.

#### 35. **Quantitative Information**

Particulars	2016-17	2015-16
Energy Input ( Discom)	34799.70	33310.12
Sale of Energy (KVAH Mus)	30844.18	29478.97

36. The requirements of the following Accounting Standards issued by the ICAI are not applicable to the Company-
  - AS 7 Construction Contracts
  - AS 17 Segment Reporting since Distribution and Retail Supply of Power comprises the only primary & reportable segment.
  - AS 18 Related Party Disclosures since the Company is a State Government Company and falls within the designation of ‘State Controlled Enterprise’
  - AS 21 Consolidated Financial Statements, since the Company does not have any Subsidiary Company.

AS 23 Accounting for Investments in Associates in Consolidated Financial Statements

AS 25 Interim Financial Reporting

AS 27 Financial Reporting of Interest in Joint Ventures

37. Consequent on enactment of AP Reorganisation Bill, 2014, the name of the Company has been changed to Southern Power Distribution Company of Telangana Limited w.e.f 02.06.2014. The Operation Circles Anantapur and Kurnool which were under the jurisdiction of erstwhile APCPDCL, were tagged in the territorial jurisdiction of Southern Power Distribution Company of A P Limited from the appointed day i.e., 02.06.2014. As such, the Share Capital held by GoAP in the books of APCPDCL is transferred to Telangana Government. As the two districts of Anantapur and Kurnool fall under the jurisdiction of residual state of Andhra Pradesh, the assets and liabilities of the two circles Anantapur and Kurnool has been transferred to APSPDCL based on the audited balance sheet of TSSPDCL (Formerly APCPDCL) as on 01.06.2014 which will be prepared as per the guidelines issued under the G.O Ms.No.24 Dt. 29.05.2014.
38. Previous year figures have been regrouped wherever necessary.
39. Amounts represented in the financial statements have been rounded off to the nearest rupee.

#### 40. Disclosure on Specified Bank Notes (SBNs)

Particulars	SBNs*	Other Denomination Notes	Amount in Rs. Total
Closing Cash in hand as on November 8, 2016	107,47,000.00	32,39,941.00	139,86,941.00
(+) Permitted Receipts	32798,71,241.00	11392,24,401.80	44190,95,642.80
(-) Permitted Payments			-
(-) Amount Deposited in Banks	32906,18,241.00	11083,94,239.80	43990,12,480.80
<b>Closing Cash in hand as on December 30, 2016</b>	<b>-</b>	<b>34070,103.00</b>	<b>34,070,103.00</b>

\*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407(E), dated the November 8, 2016.

As per our report of even date

**For and on Behalf of Board of Directors TSSPDCL**

**For M/s Brahmaya & Co**  
Chartered Accountants  
FR No. 000513S

Sd/-  
**G. Raghuma Reddy**  
Chairman & Managing Director  
DIN : 02943771

Sd/-  
**T. Srinivas**  
Director (Projects & Commercial)  
DIN : 06666974

Sd/-  
**C.V.Ramana Rao**  
Partner  
M. No 018545  
Date : 07-09-2017  
Place: Hyderabad

Sd/-  
**K. Hara Prasad**  
Chief General Manager  
(Finance)

Sd/-  
**Anil Kumar Voruganti**  
Company Secretary  
M. No A31323



**Sri G. Raghuma Reddy, CMD/TSSPDCL with  
Sri G. Jagadish Reddy, Minister for Energy TS.**



# C & AG REPORT



## OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT) TELANGANA, HYDERABAD

### C & AG REPORT

No. PAG(Audit)/ES(Power)/TSSPDCL/AA-16-17/2017-18/43 Dated: 12.01.2018.

To  
The Chairman and Managing Director,  
Southern Power Distribution Company of Telangana Limited,  
Mint Compound, Hyderabad - 500063.

Sir,

Sub:- Comments under Section 143 (6) (b) of the Companies Act, 2013 on the accounts of Southern Power Distribution Company of Telangana Limited, Hyderabad for the year ended 31<sup>st</sup> March 2017.

I am to forward herewith Comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on the accounts of your Company for the year ended 31<sup>st</sup> March 2017 for necessary action.

1. The date of placing of Comments along with Annual Accounts and Auditors' Report before the Shareholders of the Company may be intimated and a copy of the proceedings of the meeting may be furnished.
2. The date of forwarding the Annual Report and the Annual Accounts of the Company together with the Auditors' Report and Comments of the Comptroller and Auditor General of India to the State Government for being placed before the Legislatures may also be communicated.
3. Ten copies of the Annual Report for the year 2016-17 may be furnished in due course. The receipt of this letter along with enclosures may please be acknowledged.

Encl: As above

Yours Faithfully,

Sd/-

**Senior Deputy Accountant General (ES)**

## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2017.**

The preparation of financial statements of Southern Power Distribution Company of Telangana Limited, Hyderabad for the year ended 31<sup>st</sup> March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 7<sup>th</sup> September 2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of Southern Power Distribution Company of Telangana Limited, Hyderabad for the year ended 31<sup>st</sup> March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors, company personal 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 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling better understanding of the financial statements and the related Audit Report.

## A. COMMENTS ON PROFITABILITY:

### Statement Of Profit & Loss

COMMENT	COMPANY'S REPLY
<p><b>Exceptional items (Note No. 27)</b></p> <p><b>Provision for Bad Debts Rs (-) 45.57 Crore</b></p> <p>1. The Note No. 1.13.b (Significant Accounting Policies) states that 'the provision for doubtful debts are recognised based on non-litigated receivables outstanding for more than 60 months'. As per this Accounting policy, the Company has to make a provision for Rs. 1168.37 crore instead of Rs. 393.30 crore which has been provided in the 'Statement of Profit and Loss'. This has resulted in understatement of 'Exceptional items' and 'Loss for the period' by Rs. 775.07 crore.</p>	Noted
<p><b>B. GENERAL</b></p> <p><b>Internal Controls</b></p> <p>2 'Trade Payables' is understated and 'Other current liabilities' is overstated by Rs. 104.98 crore owing to incorrect classification. There is a need to strengthen internal controls on verification while finalizing the accounts through SAP.</p>	Noted

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

Sd/-  
**(S.SNEHALATHA)**  
Principal Accountant General (Audit)

Place: Hyderabad  
Date : 12.01.2018

For and on the behalf of  
Board of Directors

Sd/-  
**G. Raghuma Reddy**  
Chairman & Managing Director

Place: Hyderabad  
Date : 12.01.2018





# PROXY FORM





# SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Formerly Central Power Distribution Company of Andhra Pradesh Ltd)

## Form No. MGT - I I

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN :	: U40109TS2000SGC034116
Name of the Company	: SOUTHERN POWER DISTRIBUTION OF TELANGANA LIMITED
Registered Office	: 6-1-50, Mint Compound, Hyderabad – 63
Name of the Member(s)	:
Registered Address	:
E-Mail Id	:
Folio. No/Client Id	:
DP ID	:

I/We, being the member(s) of ..... Shares of the above named Company, hereby appoint

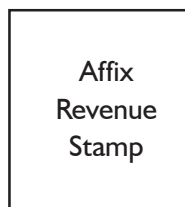
- Name : .....  
Address : .....  
E-Mail Id : .....  
Signature : ....., or failing him
- Name : .....  
Address : .....  
E-Mail Id : .....  
Signature : ....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **17<sup>TH</sup> ANNUAL GENERAL MEETING** of the Company, to be held on 29<sup>th</sup> day of September 2017 at 11.30 A.M at 6-1-50, Mint Compound, Hyderabad-63 and at any adjournment thereof in respect of such resolutions as are indicated as are indicated below:

Resolution No.

- .....
- .....
- .....

Signed this ..... day of September, 2017



Signature of shareholder

Signature of Proxy holder(s)

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

# SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Formerly Central Power Distribution Company of Andhra Pradesh Ltd)

## Form No. MGT - I I

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN :	: U40109TS2000SGC034116
Name of the Company	: SOUTHERN POWER DISTRIBUTION OF TELANGANA LIMITED
Registered Office	: 6-1-50, Mint Compound, Hyderabad – 63
Name of the Member(s)	:
Registered Address	:
E-Mail Id	:
Folio. No/Client Id	:
DP ID	:

I/We, being the member(s) of ..... Shares of the above named Company, hereby appoint

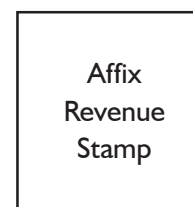
1. Name : .....
- Address :
- E-Mail Id :
- Signature : ....., or failing him
2. Name :
- Address :
- E-Mail Id :
- Signature : ....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **EXTRA ORDINARY GENERAL MEETING** of the Company, to be held on Tuesday the 23<sup>rd</sup> day of January 2018 at 01.00 P.M at 6-1-50, Mint Compound, Hyderabad-63 and at any adjournment thereof in respect of such resolutions as are indicated as are indicated below:

Resolution No.

1. ....
2. ....
3. ....

Signed this ..... day of January, 2018



Signature of shareholder

Signature of Proxy holder(s)

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**



Sri G. Raghuma Reddy, CMD/TSSPDCL with Hon'ble C.M. Sri K. Chandrashekar Rao



# **AVERAGE REALISATION FROM SALE OF POWER**



## SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Formerly Central Power Distribution Company of Andhra Pradesh Ltd.)

### Average Realisation from Sale of Power Schedule for F.Y. 2016-17

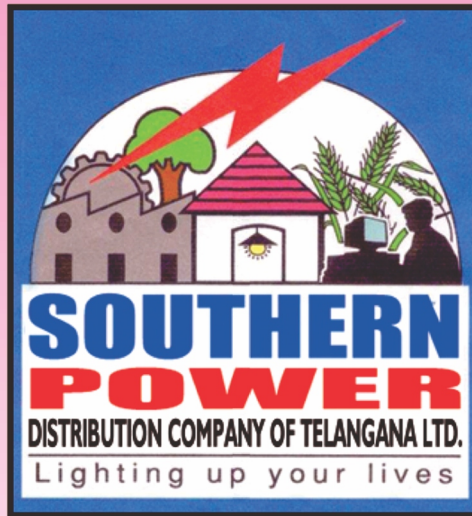
Consumer Category	No. of Consumers	KWH Sales (MU)	KVAH		% of Units Sold on kvah	Average Realisation (Rs/Unit) kvah	2015-16
			Sales (MU)	Revenue (Rs.Crs)			Average Realisation (Rs/Unit) (kvah)
L.T. Cat.-I Domestic	5413995	7084.03	7084.03	3,118.30	35.80	4.40	4.08
L.T. Cat.-II Non-Domestic	746871	2208.81	2291.67	2,292.15	11.58	10.00	9.63
L..T.Cat-III Industrial	41267	812.65	884.95	663.97	4.47	7.50	7.14
L.T. Cat-IV Cottage Industries	3780	9.34	9.35	4.11	0.05	4.39	4.17
L.T. Cat-V Agriculture	1014978	8767.64	8767.64	38.68	44.30	0.04	0.07
L.T. Cat-VI Street Lights	69752	684.76	684.76	427.71	3.46	6.25	5.93
L.T. Cat-VII General Purpose	22246	65.01	65.02	48.37	0.33	7.44	7.37
L.T. Cat-VIII Temporary Supply	157	2.11	2.11	4.16	0.01	19.69	20.94
<b>L.T. Total</b>	<b>7313046</b>	<b>19634.35</b>	<b>19789.53</b>	<b>6,597.45</b>	<b>100.00</b>	<b>3.33</b>	<b>3.54</b>
H.T. Cat.I Industrial	4617	7961.07	8110.72	6,391.53	70.75	7.88	7.31
H.T. Cat.II Others	2998	2009.15	2079.13	1,961.67	18.14	9.44	9.37
H.T. Cat.III Aviation	10	60.51	60.83	44.50	0.53	7.32	7.25
H.T. Cat.IV Agricultural	236	881.59	906.11	577.26	7.90	6.37	5.77
H.T. Cat.V Railway Traction	6	141.52	144.10	101.04	1.26	7.01	7.01
H.T. Cat.VI Residential	123	124.18	128.15	82.62	1.12	6.45	6.50
H.T. Temp.	115	31.80	34.89	47.87	0.30	13.72	15.33
<b>H.T. Total</b>	<b>8105</b>	<b>11209.83</b>	<b>11463.93</b>	<b>9206.49</b>	<b>100.00</b>	<b>8.03</b>	<b>7.61</b>
<b>L.T. + H.T. Total</b>	<b>7321151</b>	<b>30844.18</b>	<b>31253.46</b>	<b>15,803.94</b>		<b>5.06</b>	<b>5.20</b>
Add: Electricity Duty				131.57			
<b>Gross Revenue</b>				<b>15,935.51</b>			

# TELANGANA



## TSSPDCL

- ▶ Hyderabad
- ▶ Sangareddy
- ▶ Medak
- ▶ Siddipet
- ▶ Mahabubnagar
- ▶ Wanaparthy
- ▶ Nagarkurnool
- ▶ Gadwal
- ▶ Nalgonda
- ▶ Suryapet
- ▶ Yadadri
- ▶ Rangareddy
- ▶ Vikarabad
- ▶ Medchal



**ENERGY SAVED IS ENERGY PRODUCED**

**SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**

(A Govt. of Telangana Undertaking)

CIN No. U40109TG200SGC034116

6-1-50, Mint Compound, Hyderabad 500063.

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