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Sri Kalvakuntla Chandrashekar Rao
Hon'ble Chief Minister of Telangana



NOTICES





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 16th ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON THURSDAY, THE 29th DAY OF SEPTEMBER 2016, AT 11.30 AM AT THE REGISTERED OFFICE OF THE COMPANY AT 6-1-50, MINT COMPOUND, HYDERABAD TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet, Profit & Loss Account and Cash flow Statement as at 31st March, 2016 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 appointment of appointment of M/s. Brahmayya & Co, Chartered Accountants as Statutory Auditors of the Company appointed by the Comptroller and Auditor General of India for the Financial Year 2016- 17 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 appointment of M/s Brahmayya & Co, Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2016-2017 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 Brahmayya & Co, Chartered Accountants and to provide for reimbursement of their actual out-of-pocket expenses for the Financial Year 2016-2017 if any.”

Special Business

3. Ratification of the remuneration of the Cost Auditor for the F.Y. 2016-17

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.2016-17 and it was decided to pay the remuneration of Rs.75,000 (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, Cost Auditors of the Company for the F.Y.2016-17 for a remuneration of Rs.75,000 (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: 01.09.2016
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.

The Comments of the Comptroller and Auditor General of India (C&AG) on the Annual Accounts for the F.Y. 2015-16 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.2016-17 and it was decided to pay the remuneration of Rs.75,000 (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 recommend 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**

Sd/-

**ANIL KUMAR VORUGANTI
COMPANY SECRETARY**

Date: 01.09.2016

Place: Hyderabad

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: 6-1-50, Mint Compound, Hyderabad 500063, Telangana State, India
CIN U40109TG2000SGC034116, Website: www.tssouthernpower.com



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 ON WEDNESDAY THE 26TH DAY OF OCTOBER, 2016 AT 01.00 P.M AT THE REGISTERED OFFICE OF THE COMPANY AT 6-1-50, 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 31st March, 2016.

Draft Resolution:

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 31st March, 2016, 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 31st March, 2016 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.”

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

Date: 24.10.2016.
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. The Final 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 31st March, 2016 will be placed at the Extra Ordinary General Meeting of the Company.

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

**Date: 24.10.2016
Place: Hyderabad**

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



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



BOARD OF DIRECTORS



BAORD OF DIRECTORS



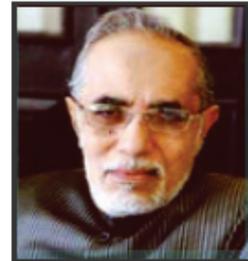
SRI G. RAGHUMA REDDY
Chairman & Managing Director



SRI T. SRINIVAS
Direcor (Projects & Commercial)



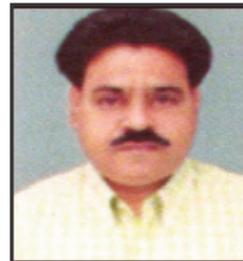
SRI J. SRINIVASA REDDY
Director (Operations)



SRI KAMULUDDIN ALI KHAN
Director (HR)



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



SRI B. SUBRAHMANYAM
Director Non-whole time)

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

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

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,

It is my pleasure to present the 16th (sixteenth) Annual Report of Southern Power Distribution Company of Telangana Limited, Hyderabad for the Financial Year 2015-16.

The statement of bifurcation of Assets and Liabilities as on 01.06.2014 in respect of Kurnool and Ananthapur circles between the TSSPDCL and APSPDCL, was prepared and approved by the TSSPDCL Board on 20/04/2015 and submitted to the Expert Committee for its approval as mentioned in the Schedule IX of AP Reorganization Act 2014. The Approval is still awaited.

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 a day power holiday 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.

Operations Improvement:

- ❖ TSSPDCL is one of the best DISCOMS in India in terms of T&D losses. The DISCOM through continuous effort was able to reduce Energy loss from 11.3% in F.Y. 2014-15 to 10.66% in F.Y. 2015-16 making it one of the best performing DISCOMS.
- ❖ By all the efforts in advance planning and co-ordination among various levels 81, & 105 no. of substations were commissioned during two financial years 2014-15 & 2015-16. Construction of 105 Nos. of substations in a year is the highest in the last ten years in the company.
- ❖ Constant pursuance and coordination among all the employees, the % of PTR failures was reduced from 3.35 % in F.Y. 2014-15 to 2.36 % in F.Y. 2015-16 and the % of DTR failures was reduced from 8.91 % in F.Y. 2014-15 to 7.65 % in F.Y. 2015-16.
- ❖ As an energy saving initiative 2,78,006 Nos LED bulbs are purchased for distribution in Nagar Panchayats.

Providing of 9Hrs Power supply to Agl.sector and Water Grid Works:

- ❖ The Government of Telangana has declared that 9hrs daytime supply shall be given to Agricultural sector from June 2016. Accordingly scheme was prepared for Rs. 593.32CrS involving augmentation of PTR capacities in the substations, laying of new 33KV and 11KV lines to ease the network congestion due to increase in load in day time. By constant coordination and perusal, the works are completed and presently supplying 9hrs supply to the Agriculture consumers.

- ❖ The Govt of Telangana has taken up the prestigious project “Mission Bhageeratha” for supplying drinking water to all over the state. The project involves 33KV line length of 409.9KM with Rs. 35.17Cr.
- ❖ The power supply works are being done well in advance for the target dates. Top priority works were in Madak district namely Komatibanda and Kondapaka. Both the works were completed well in time. The power supply to both the works could be given only by advance planning and coordination at various levels and constant perusal.
- ❖ The discoms in the state are taking all measures for improving the reliability including undergrounding of overhead lines in the State.

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. The state is expected to have total installed capacity of 3,869 MW of solar by mid of 2017-18. Installed capacity of solar projects in the state is 952MW as on 12th Dec 2016.
- ❖ The successful finalization of the 2,000 MW bid in the current year and the previous tender of 515 MW makes the State of Telangana the highest contributor to Solar Capacity additions across India.
- ❖ TSSPDCL has followed an approach of adding solar capacities in a distributed manner across the districts. Some of the key features of the approach are as follows:-
- ❖ District-wise caps on the solar capacity additions to ensure generation across the load centers in the state.
- ❖ The distributed generation approach would enable the state to avoid the upstream transmission investments and also in avoiding the transmission losses on a year-on-year basis.
- ❖ 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 29.9 MW of rooftop capacity of which 12.2 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 LT & HT.
- ❖ For entrepreneurs setting up new industries, TSSPDCL has tied up with TSIPASS 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 GIS mapping, AMR solutions, and implementation of SCADA in towns and implementing WAN in key offices.
- ❖ 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
 - AMI for residential and industrial consumers
 - Peak load management
 - Outage management
 - Power quality management.
- ❖ 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 bill details informed through short messages.
- ❖ Virtual Bank accounts have been opened in the name 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 seven (7) Online Collection Agencies for increasing of online collection transactions and facilitates a less cash society. 30% to 35% 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.
- ❖ 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 end and receiving end.
- ❖ 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** under the category of 'Discom – Promotion/Facilitation': The Southern Power Distribution Company of Telangana Limited bagged an National Award under the category of 'Discom – Promotion/Facilitation' by the Ministry of New & Renewable Energy for promotion of solar power generation in the state.
- ❖ **SKOCH - Smart Technology Award 2015:** TSSPDCL bagged the prestigious awards in this category at National Level Skotch Summit on "Technologies for Growth" held at New Delhi for Smart Metering Infrastructure.



- ❖ **SKOCH - Order of Merit Award 2015:** TSSPDCL bagged the award in this category at National Level Scotch Summit on “Technologies for Growth” held at New Delhi for Automatic Spot Billing through IR/IRDA Meters.
- ❖ **A Grade Utility:** The Ministry of Power of India has given “A-Grade” for TSSPDCL in the Forth Integrated Ratings for state power utilities for the year 2015.

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 Chairman & Managing Director, TS TRANSCO and Chairman & Managing Directors of TS NPDCL, TS GENCO, AP TRANSCO, APGENCO & AP DISCOMS and 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.

Thank You,

Sd/-

G. Raghuma Reddy

Chairman and Managing Director/TSSPDCL



Sri G. Raghuma Reddy, CMD/TSSPDCL with Hon'ble Central Power Minister Sri Piyush Goyal



DIRECTOR'S REPORT



DIRECTOR'S REPORT

To
The Members
Southern Power Distribution Company of Telangana Limited,

The Directors are pleased to present the Sixteenth Annual Report on the business and operations of your company together with the Audited Statements of Accounts for the year ended on 31st March, 2016.

1. FINANCIAL RESULTS:

The financial results of the Company for the year ended 31st March 2016 the Company could earn an aggregate income of **Rs.16720.48 Crores**. The financial performance of the Company is as follows:

S.No	Particulars	2015-16 (₹ in Crores)	2014-15 (₹ in Crores)
1.	Revenue from Operations	16466.76	16760.93
2.	Other Income	253.72	30.64
3.	Withdrawal of Depreciation on CC Assets	238.60	222.23
	Total Income	16720.48	16791.58
4.	Power Purchase Cost	16720.06	14925.00
5.	Employee Benefit expense	719.81	1028.86
6.	Operation and Other Expenses	361.00	346.32
7.	Interest and Finance Charges	852.61	780.97
8.	Depreciation	544.52	476.06
9.	Other Expenses	(108.10)	174.20
10.	FSA Written off	-	-
11.	Fixed Assets RESCOs- Write Off	-	-
12.	FSA and Other Provisions	-	-
13.	Provision for Govt. Receivables	-	-
	Total Expenses	19198.01	17557.23
14.	Profit/(Loss) Before Tax	(2369.43)	(939.86)
15.	Provision for Income Tax	-	-
16.	Deferred Tax Income Provision	0	230.87
	Net Profit/(Loss)	(2369.43)	(1170.74)

2. FINANCIAL RESTRUCTURING:

The company is covered under the Financial Restructuring Package 2012 of Government of India issued vide Office Memorandum No. 20/11/2012- APDRP, Ministry of Power. In accordance with the package the State Government had agreed to assume the liability to the extent of 8,600 crores as on 31.03.2013 incurred by four distribution companies on account of expensive power purchase, by way of guarantee bonds which will become Government bonds in next few years. The Government of Andhra Pradesh was communicated the same vide G.O. MS. No. 62 DT.14.11.2013. will be taken over by the Government of Telangana over a period of 4 years subjected to FRBM . These bonds carry a interest of 9.95% on Rs.1460 Crores issued in first tranche and 10% on Rs.1349.75 crores issued in Second tranche.

However, in the first year the government has not taken over the bonds as per G.O.No.62 date 14.11.2013 and the same is expected to be taken over in the next 3 years.

3. STATE OF COMPANY'S AFFAIRS – 134 (3) (I)

Introduction

With a vision to fulfill the expectations of the Government, the Telangana Southern Power Distribution Company Limited, which came into being on 2nd June 2014, with an objective of electricity to the people at an affordable price.

With its headquarters at Hyderabad, the TSSPDCL encompasses an area of five districts viz., Mahaboobnagar, Nalgonda, Medak and Rangareddy, Catering to the power requirements of more than 8 million consumers.



Having electrified 6,489 villages, 5,600 general hamlets, 2,059 tribal hamlets, 12,105 Dalit wadas and 5,806 weaker sections colonies, TSSPDCL is looking forward to meet many challenges with promise to deliver quality customer services through innovative programmes.

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. 2015-16 are given below:

- ❖ The Company has supplied 6517.67 MU Energy to the Agriculture Sector as against 6932.86 MU in the previous year. The energy supplied to agricultural sector constitutes 19.57% of total energy input in F.Y. 2015-16 as 21.5% of total energy input in F.Y. 2014-15. Assessment of agricultural energy is being done by ISI methodology approved by ERC from F.Y. 2013-14.
- ❖ The Company achieved metered sales of 22995.52 MU in F.Y. 2015-16 as against 21555.54 recorded in F.Y. 2014-15. The metered sales percentage to energy input was at 69.03% in F.Y. 2015-16 as compared to 66.85% in F.Y. 2014-15.
- ❖ Energy input was at 33,310.12 MU as against 32,815.88 MU in the previous year.
- ❖ The peak period demand met was 4706 MW as against the previous year 4633 MW.

- ❖ The maximum consumption on a day was 103.52 MU as against 104.08 MU in the previous year.

Reduction of Energy Losses:

During F.Y. 2015-16, 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 178 Mandal Head Quarter feeders.
- ❖ Impact of above measures is apparent. The energy losses in FY 2015-16 are significantly lower than the previous year. The Energy Losses to Energy Input percentage decreases to 11.40% in F.Y. 2015-16 as against 11.65% in F.Y. 2014-15.
- ❖ 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. 2015-16, In both HT & LT connections Total 113925 no. of cases were booked in pilferage, Unauthorized usage, Back billing/ Short billing and Development Charges.
- ❖ Total Rs. 5388.09 Crores amount was Assessed in HT & LT , by both DPE & Operation wings in respect of pilferage, Unauthorized usage, Back billing/Short billing and Development charges in the F.Y. 2015-16.
- ❖ Total Rs. 5017.26 Crores Assessed Amount was realized in HT & LT regarding all cases during the F.Y. 2015-16.

NOTE: The above data is exclusive of Anantapur and Kurnool Districts for both the F.Y. 2014-15 and 2015-16.

PROJECTS DATA

During F.Y. 2015-16 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 31.03.2015	Achievement in FY - 2015-2016	Total as on 31.03.2016
1	No. of 33 / 11 KV Substations	1239	105	1344
2	Lines (kms)			
	33KV	9533.50	924.56	10458.26
	11KV	69678.75	3625.66	73304.43
	6.3 KV			
	Low Tension	169599.66	2251.05	171850.70
3	Distribution Transformers (No's)	292654	26111	318765
4	High Voltage Distribution System (No's) (HVDS) for Agriculture Pump Sets	127067	34730	161797

ON GOING PROJECTS & SCHEMES STATUS AS ON 30.08.2016

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.
- ❖ Scheme cost: Rs.156.04Cr. Expenditure incurred as on 23-08-2016: Rs.207.28Cr.
- ❖ Claim amount received: Rs. 93.62 Crs.
No of towns sanctioned: 16Nos. No of towns completed: 16Nos.
Date of sanction: 27-02-2009. Date of completion: 05-03-2015.
- ❖ Revised DPR submitted for Rs.207 Crs. on dt:25.11.2015.

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

- ❖ As per R-APDRP guide lines, implementation of SCADA/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.90.48 Crs. PFC loan amount: Rs.65.15 Crs. DISCOM contribution: Rs.25.33 Crs. Claim amount received from PFC is Rs. 19.545 Crs.
- ❖ No of towns sanctioned: 1No. (HUA)
- ❖ Date of sanction: 30-06-2011. Extended date of completion: 29-06-2017.
- ❖ Expenditure incurred so far: Rs.10.7 Crs.
- ❖ The salient features of the scheme are: 1) SCADA control for all 228 Nos. of 33/11KV Sub-Station. 2) DMS (Distribution Management System) for operation of 156 Nos. 11KV feeders in core city of Hyderabad. 3) Communication System.
- ❖ 25 No's 33/11kv substations are integrated to SCADA control centre till date.

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%.
- ❖ Scheme cost: Rs.970.03 Crs, Expenditure incurred as on 23-08-2016 is Rs.973.4 Crs.
- ❖ Claim amount received: Rs.595.7 Crs.
- ❖ No of towns covered: 15Nos. No. of towns completed: 9Nos. Works in progress: 6Nos. Scheme period : 5 years
- ❖ Schedule date of completion: HUA-30.06.2017, 4 Other towns-31.03.2017

IV. Integrated Power Development Scheme (IPDS)

- ❖ The Government of India has launched Integrated Power Development Scheme" (IPDS) for strengthening of sub-transmission, Distribution network & metering in Urban areas and M/s. Power Finance corporation Ltd (PFC) is the nodal agency for implementation of the scheme under the overall guidance of MoP.
- ❖ PFC vide letter dated 16.03.2016 has communicated the approval of the 6 Nos. Detailed Project Reports (DPRs) of IPDS scheme covering Distribution network strengthening works in 34 Towns of TSSPDCL for an amount of Rs.450.20 Cr. Out of which, Gol grant is Rs.270.12 Crores (60% of total approved DPR cost). Further, Gol 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.
- ❖ LOA was issued to M/s RECPDCL on dt: 20.02.2016, appointing them as common Project Management Agency for execution of both IPDS & DDUJY schemes in TSSPDCL @ 1% scheme cost as their contract price. Agreement concluded on dt:09.05.2016.
- ❖ 28Nos. Tenders (18Nos. Division wise in case of Rural Towns, 10 Nos. Circle wise in case of HUA) were floated on dt:19.08.2016 with due date of bid submission on dt:19.09.2016.

V. Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

- ❖ Gol has launched DDUGJY on 03.12.2014 for rural areas to meet the gap between supply and demand for agricultural and non-agricultural consumers. REC vide letter dated 11.05.2016 has communicated the approval of the DDUGJY Scheme for an amount of Rs. 336.65 Crs + 1.68 Crs as PMA cost .
- ❖ 24Nos. Division wise Tenders covering Mahabubnagar, Nalgonda, Medak and Rangareddy districts were floated on dt: 19.08.2016 with due date of bid submission on dt: 19.09.2016..

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 94085 Nos. pump sets for an amount of Rs 455.60 crores. JICA loan portion is Rs 377.20 Crores.

- ❖ Total 16 Nos. Packages are covered for 4 districts of TSSPDCL
- ❖ Agencies have been finalized for 16 Nos. packages for an amount of Rs. 473.40 crores and the works are under progress for 16 Nos. packages.
- ❖ So far 70341 Nos. pump sets have been converted into HVDS with a total expenditure of Rs 344.24 crores duly completing 72.37% of the total works
- ❖ 6 Nos packages have been completed in full shape within the stipulated time period of the agreement.
- ❖ All JICA HVDS works are programmed to be completed by Mar'2018.

VII. Smart Grid Pilot Project in TSSPDCL

- ❖ TSSPDCL has formulated Smart Grid Pilot Project in Jeedimetla and Shapur Nagar sections in Jeedimetla industrial Area, Rangareddy North circle.
- ❖ Ministry of Power has sanctioned Rs. 41.82 Crs with 50% grant on 20-08-2013 and balance will be met with internal resources of utility.
- ❖ Tenders were floated on e-procurement platform and the Lol was issued to M/s.ECIL, Hyderabad on 28-10-2015 for an amount of Rs. 37.66 Crs (including bandwidth charges) and the contract agreement was concluded with M/s.ECIL, Hyderabad on 17.03.2016. The project completion period as per agreement is 18 months i.e. upto 16-09-2017.
- ❖ The scheme covers 11,904 consumers including all categories and functionalities of TSSPDCL Smart Grid Pilot are

AMI for residential consumers	AMI for industrial consumers
Peak load management	Outage management
Power quality.	

- ❖ POC on one DTR is taken up by ECIL for fixing of 1-phase and 3-phase Smart meters and work is under progress.
- ❖ Total cost for the project is Rs.45.30 Crs. (i).SGIA Project awarded to M/s.ECIL, Hyderabad excluding bandwidth charges Rs.35.65 Crs, ii) Distribution Network Strengthening Works being executed departmentally Rs 7.66 Crs iii) PMC work awarded to M/s.CPRI, Bangalore Rs. 1.99 Crs.

4. 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
- ❖ PCB 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 30.08.2016:

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	4239.36	2360.58	1665.39
3	Central Sector	14290.00	2275.33	1605.25
4	Joint Sector	272.00	24.50	17.28
5	IPPs	2826.00	1480.00	1044.14
6	Others	3730.00	2691.91	1899.14
7	Non Conventional	858.35	858.35	813.50
	Total	31908.21	13035.03	9404.14

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			
	705.60	98.70			

Power Procurement:

Long Term:

Progress of case-1 long term tender for procurement of power 25 years from 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	500.00	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	570.00	570.00	402.14	4.15	PPA date 18.02.2016	Commenced supply from 30.03.2016

Medium Term:

Progress of case-1 medium term tender for procurement of power from 16.06.2013 to 15.06.2016:

S.No.	Name of the Successful Bidder	PPA entered Quantum	Quantum subject to the PGCIL granted corridor	TS Share in MW	TSSPDCL Tariff Rs./KWh	Levelized	Status	Remarks
1	M/s KSK Mahanadi Source: Chattisgarh	400 MW	400 MW	215.56	152.08	4.25	16.06.13	Commenced the supply from 14 th August 2013.
This PPA Expired on 15.06.2016								

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:

S.No.	Region	Quantum (Max in MW)	Band width of Tariff in Rs/Kwh (at delivery point)
1	Within State	359.75 - 395.68	5.90 – 6.50
2	Within SR	998.10- 1635.60	5.45 – 6.54
3	Outside SR	1285.56 - 1460.56	3.92 – 4.50
	Total	2643.41 - 3491.84	

Statement of Purchase Orders issued under Short Term Basis for supply of power for the period from 27.05.2016 to 25.05.2017

S.No.	Region	Quantum (Max in MW)	Band width of Tariff in Rs/Kwh (at delivery point)
1	Within State	392	5.00 – 5.11
2	Within SR	1612	4.63 – 4.63
3	Outside SR	40	3.47
	Total	2044	

5. DIVIDEND

As there is no Profits from operations, the Directors do not recommend any dividend in the F.Y. 2015-16.

6. 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 31st March, 2016.

7. 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.

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

The Number of Board Meeting held during the Financial Year and as on 01.09.2016 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.	07.12.2015	6	5	83.33%
2.	30.12.2015	6	5	83.33%
3.	29.01.2016	6	5	83.33%
4.	10.03.2016	6	5	83.33%
5.	30.03.2016	6	4	66.67%
6.	06.05.2016	6	5	83.33%
7.	22.06.2016	6	5	83.33%
8.	11.07.2016	6	5	83.33%
9.	30.07.2016	6	5	83.33%

9. 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:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- The directors had prepared the annual accounts for the F.Y. 2014-15 on a going concern basis; and
- 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.

10. 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

Secretarial Auditor Report along with Management Reply is Enclosed at Annexure - C

11. 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 31.03.2016 stood at Rs.461.67 Crs. as compared to the previous year investments Rs. 462.31 Crs.

LONG TERM LOANS & ADVANCES

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
a. Secured, Considered good		
Loans & Advances to employees	52,714,360	49,620,026
b. Unsecured, Considered good		
Loans & Advances to employees	54,931,111	15,213,009
Deposits	679,469,115	306,931,302
Capital Advances	616,847,929	487,956,197
Total	1,403,962,515	859,720,533
c. Secured Long term Loans & Advances to employees includes		
Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Housing Loan - Secured against House	52,714,360	49,620,026
Total	52,714,360	49,620,026
d. Unsecured Long term Loans & Advances to employees includes		
Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Education Loans	812,034	(128,716)
Two Wheeler Loan	7,180,222	2,888,023
Four Wheeler Loan	42,244,951	11,289,904
Computer Loans	5,541,209	2,494,994
Marriage Advance	(847,305)	(1,331,196)
Total	54,931,111	15,213,009
e. Current portion of the long term loans & advances to employees (Secured & unsecured) is not ascertainable.		
f. Unsecured Deposits Includes		
Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Court Authorities	443,553,842	65,256,858
Telephone authorities	629,696	629,696
Other Deposits	235,274,008	241,044,748
Total	679,457,546	306,931,302
g. Other Deposits includes ₹ 21.30 Crores (Previous Year ₹ 21.30 Crores) towards disputed Entry tax and Sales tax deposited by the company with the Commercial Tax Officer as per the orders of TST VAT AT and Hon'ble High Court.		
h. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Long Term Loans & Advances to the tune of ₹ 1,47,39,593 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

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
a. Secured, considered good		
Recoverable from employees	1,037,234	804,241
b. Unsecured, considered good		
Loans & Advances to employees	18,121,378	6,175,433
Advance Tax (including TDS Receivable & Refunds Receivable) (Net)	42,642,983	14,536,512
Advance to Suppliers	3,360,531	824,460
Government Receivables	46,776,777,427	44,148,061,108
Provision for Government Receivables		
Additional Power	(38,778,739,156)	(38,778,739,156)
Other Loans & Advances	6,043,965	11,354
Total	8,069,244,362	5,391,673,952
c. Consequent to demerger more specifically described in Note 1 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.		

12. 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)

13. AMOUNT PROPOSED TO BE CARRIED TO RESERVES – 134(3)(J)

Rs.(2369.43) Crs. was carried to Reserves for the F.Y. 2015-16.

14. 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)

- 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.
- 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.

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

Statement is enclosed at Annexure –D

16. 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.2369.43Crores and borrowing amounting to Rs.5977.41 crores as on 31.3.2016. 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.

17. 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:

S.No	Name	Designation
1.	Sri T. Srinivas	Director/Projects & Commercial (I/c) / TSSPDCL — Member
2.	Sri J. Srinivas Reddy	Director/Operations /TSSPDCL
3.	Sri G. S. Ram Mohan Rao	Joint Secy to Government of Telangana, Finance Dept – Director (Non whole time)

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.

18. Reasons for failure to spend the required amount on CSR

Since the company is not having any profits and having a loss of Rs.2369.43 Crores 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.

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

Name of the Director	Nominee Director	Date of appointment	Date of cessation if applicable
G. Raghuma Reddy	Chairman and Managing Director	26/11/2014	NA
Sri C. Srinivasa Rao	Director/ Finance	25/1/2014	26/6/2015
Sri T. Srinivas	Director/Projects	31/7/2013	NA
Sri K.M. Nagender	Director/Commercial	31/7/2013	2/5/2015
Sri J. Srinivas Reddy	Director/operation	26/11/2014	NA
Sri Mir Kamaluddin Ali Khan	Director/HR	27/3/2015	NA
Smt K.Sujatha	Company Secretary	04/2/2002	31/5/2015
Sri V. Anil Kumar	Company Secretary	21/7/2015	NA

Note

- Mrs. K. Sujatha, was resigned w.e.f. 29/05/2015 vide Memo. No. CGM (HRD) / GM (IR & L, Adm) /AS (Per-Ser)/ PO-A/62-A1/2012, Dt: 29.05.2015
- Mr. V. Anil Kumar was appointed as Company Secretary vide SP.O.O.(CGM-HRD)Ms.No.531, Dt:19.06.2015.

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

Mr. K. M. Nagender was resigned w.e.f. 02/05/2015 due to his health conditions suffering from Low Back Ache (Multi Level disc Prolapse) vide: Government Letter No. 551/HR.A1/2015-1, Dt: 02.05.2015

Mr. C. Srinivasa Rao, IRAS was resigned w.e.f. 26/06/2015 due to the withdrawal of nomination by Government of Telangana vide GO RS No. 63 Energy (HR.A1) DEPARTMENT DT: 24.06.2015

21. 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 a directors etc.,

22. 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 DT: 31-03-2016

(Rs. in Crores)

Circle	LT		HT		TOTAL	
	No. of Services	Amount	No. of Services	Amount	No. of	Amount
Mahabubnagar	0	0	160	107.96	160	107.96
Medak	0	0	337	111.41	337	111.41
Nalgonda	116	0.85	353	144.40	469	145.25
Hyderabad (Central)	29	0.20	68	14.18	97	14.38

Hyderabad (North)	60	0.32	177	26.67	237	26.99
Hyderabad (South)	53	0.31	31	2.63	84	2.94
Rangareddy (East)	76	0.61	142	12.69	218	13.30
Rangareddy (North)	21	0.03	238	41.45	259	41.48
Rangareddy (South)	426	3.83	205	91.82	631	95.65
Total	781	6.15	1711	553.21	2492	559.36

23. 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 S. Subrahmanyam	Director/Projects/APTRANSCO (Non-whole time Director)
2	Sri G.S. Rama Mohan Rao	Joint Secretary to Govt. Finance Dept.,(Non whole time Director)
3	Sri T. Srinivas	Director/Projects & Commercial (i/c)

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. 2015-16.

24. PARTICULARS OF THE EMPLOYEES & EMPLOYEE WELFARE

The category wise employee's filled is indicated below:

- Manpower:** The manpower (officers and staff) stood at 9,550 for the FY 2015-16 when compared to the 9,903 for the FY 2014-15.

Sl. No	Name of the Category	F.Y 2015-16	F.Y. 2014-15
1	Engineering service	1,623	1,711
2	Accounts and P&G service	1,955	2,085
3	O&M and construction service	5,890	6,021
4	Others (including deputations)	82	86
	Total	9,550	9,903

- 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. 2015-16 training has been imparted to 2,237 employees regarding new technologies in Power Sector, IT initiatives, HR activities.
- Employees welfare:** Total 90 (Ninety) dependents of deceased employees have been provided employment in the company under compassionate grounds during the F.Y. 2015-16.

25. 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 06th 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.

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

S.No	Name	Designation
1.	Sri T. Srinivas	Director/Projects & Commercial (I/c) / TSSPDCL — Member
2.	Sri J. Srinivas Reddy	Director/Operations/TSSPDCL
3.	Sri G. S. Ram Mohan Rao	Joint Secy to Government of Telangana, Finance Dept – Director (Non whole time)

26. 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 SP.O.O.CGM (HRD) Rt. No. 380, Dt: 07.04.2015 with the members as indicated therein to hold office till 31.12.2015.

Complaints Committee was Constituted Vide: SP.O.O.CGM (HRD) Rt.No.842, Dt: 03.11.2015

The following officers were nominated for the Complaints Committee:

S.No	Name	Designation
1.	Smt. K. Shobha Rani, Ex. General Manager (P&A) Now CGM/Member (Accts)/CGRF.II	Chairperson
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

27. INTERNAL AUDIT

The Board approved the following firms as Internal Auditors for the F.Y. 2015-16 at the Board Meeting held on 30.09.2015.

S.No	Circles/set of Circles	Chartered Accountant Firm	L1Per Month
1	Mahabubnagar	M/s. B. Srinivas Rao & Co., Hyderabad	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

Note: M/s. Umamaheshwara Rao & Co., Chartered Accountant Firm, which was allotted Mahabubnagar Circle for internal audit at L1 rate of Rs. 39,000/- per month, have, vide their letter dtd: 24.11.2015, expressed their unwillingness to conduct the audit because of pre-commitments.

The Board approved the appointment of M/s. B. Srinivas Rao & Co., as Internal Auditor of Mahabubnagar Circle in place of M/s. Umamaheshwara Rao & Co., on 7th December, 2015.

28. STATUTORY AUDITORS:-

Statutory Auditor

M/s. BRAHMAYYA & CO (SR0013), Chartered Accountants, were appointed by the Comptroller and Auditor General of India (C&AG) as Statutory Auditors of the Company for the F.Y. 2015 -16.

Secretarial Auditor:

M/s. KCC & Associates, Company Secretaries was appointed as Secretarial Auditors of the Company for the F.Y. 2015-16.

Cost Auditor:

M/s BVR & Associates, Cost Accountants was appointed as Cost Auditors of the Company for the F.Y. 2015-16.

29. 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, APGENCO & 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

Place : Hyderabad
Date : 01.09.2016

Sd/-
Sri G. Raghuma Reddy
Chairman and Managing Director
DIN- 02943771

Annexure A
Form No. MGT 9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31/03/2016

[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:	U40109TG2000SGC034116
ii)	Registration Date [DDMMYY]	30.03.2000
iv)	Category of the Company [Pl. tick]	A Government of Telangana Undertaking (State Govt. Company) Unlisted Public Company
vi)	Whether shares listed on recognized Stock Exchange(s)	No
	NAME AND REGISTERED OFFICE ADDRESS OF COMPANY:	
	Company Name	Southern Power Distribution Company of Telangana Limited.
	Address	Corporate office, # 6-1-50, Mint Compound, Lakdikapool
	Town / City	Hyderabad
	State	Telangana State
	Pin Code:	500063
	Country Name :	India
	Country Code	+91
	Telephone (With STD Area Code Number)	040-23431011
	Fax Number :	NA
	Email Address	cs-cpdcl@.tssouthernpower.com
	Website	www.tssouthernpower.com
	Name of the Police Station having jurisdiction where the registered office is situated	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
1	Distribution and Retail supply of Electricity in the licensed area of the company i. e, Hyderabad, Ranga Reddy, Nalgonda, Medak & Mahabubnagar	35109 / Collection and distribution of electric energy to households, industrial, commercial and other users n.e.c	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	Holding Company/ Subsidiary /Associate
1	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 a year at the beginning of the [As on 1-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) 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
Total shareholding of Promoter (A)	0	728,479,600	7,284,796,000	99.99%	0	728,479,600	7,284,796,000	99.99%	NIL
B. Public Shareholding	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	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
	Total	728,479,600	100 %	0	728,479,600	100 %	0	0

- ❖ 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.

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

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.	Sri Arvind Kumar, IAS Secretary to Energy Dept, Govt of Telangana	2	0	0	2	0	0	0
2.	Sri D Prabhakara Rao, Chairman and Managing Director[FAC] /TSTRANSCO	1	0	0	1	0	0	0
3.	Sri C. Srinivasa Rao, IRAS JMD/ TSTRANSCO	1	0	0	1	0	0	0
4.	Sri G .Raghuma Reddy, Director commercial & Chairman and Managing Director (FAC), TSSPDCL	2	0	0	2	0	0	0

5.	Sri J. Srinivasa Reddy, Director Operations & PMM /TSSPDCL	1	0	0	1	0	0	0
6.	Sri T. Srinivas Director (Projects) /TSSPDCL	1	0	0	1	0	0	0
7.	Sri Mir Kamaluddin Ali Khan Director/1 HRD/ TSSPDCL	0	0	1	0	0	0	0
8.	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
Total		72,84,79,609	100%		72,84,79,609	100%		

Note : 1 share is transferred within in the Financial year from Sri Suresh Chanda, IAS Ex-Chairman and Managing Director TSTRANSCO to Sri D Prabhakara Rao , Chairman and Managing Director[FAC] /TSTRANSCO, Sri S.A.M. Rizvi, IAS, Ex-Chairman and Managing Director/TSSPDCL & Sri M.V. Seshagiri Babu, IAS CMD/ APEPDCL, Visakhapatnam to Sri G .Raghuma Reddy Director commercial & Chairman and Managing Director (FAC),TSSPDCL, Sri Kartikeya Mishra, IAS Ex- Chairman and Managing Director /TSNPDCCL, Warangal to Sri C. Srinivasa Rao, IRAS JMD/TSTRANSCO, Sri H.Y. Dora Chairman and Managing Director /APSPDCL/Tirupathi to Sri Arvind Kumar, IAS Secretary to Energy Dept, Govt of Telangana, Sri G .Raghuma Reddy Director commercial & Chairman and Managing Director (FAC),TSSPDCL to Sri J. Srinivasa Reddy, Director Operations & PMM /TSSPDCL, Sri K. Venkata Narayana Ex- Director/HRD/ TSSPDCL to Sri Mir Kamaluddin Ali Khan Director/HRD/ TSSPDCL

D) Shareholding Pattern of top ten Shareholders: 31.3.2016

(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
1	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: 31.03.2016

S.No	Name of the Director's	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
1	Sri G .Raghuma Reddy Chairman and Managing Director, 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	2	0	2	0
2	Sri T. Srinivas, 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
3	Sri J. Srinivasa Reddy, Director (Operations and P&MM), TSSPDCL				
A	At the beginning of the year	0	0	0	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
4	Sri Mir Kamaluddin Ali Khan, Director (HR), TSSPDCL				
A	At the beginning of the year	0	0	0	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
Indebtedness at the beginning of the financial year	37,803,436,475	28,303,053,775	847,286,776	66,953,777,026
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ ii+ iii)	37,803,436,475	28,303,053,775	847,286,776	66,953,777,026
Change in Indebtedness during the financial year	-	-	-	-
* Addition	7,578,488,560	-	247,159,555	7,825,648,115
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year	45381925035	28,303,053,775	1,094,446,331	74,779,425,141
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ ii+ iii)	45,381,925,035	28,303,053,775	1,094,446,331	74,779,425,141

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 (D/P)	J. Srinivas Reddy D(O)	Mir Kamaluddin Ali Khan(Dir/HR)
1	Gross salary(a)Salary as per 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 undersection17(3) Income – tax Act, 1961	NA	NA	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 (Total deductions Professional Tax & Income Tax)	NA	NA	NA	NA
	Total(A)	NA	NA	NA	NA
	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 G. S. Ram Mohan Rao, Joint Secretary to Finance Dept, Govt of Telangana	Name of the Director S. Subrahmanyam
	2. Non whole time Director		
	-Fee for attending board and committee meetings	NA	NA
	-Commission		
	-Others, please specify	NA	NA
	Total Amount		
	Overall Ceiling as per the Act	Within the ceiling	Within the ceiling

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

S.No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary(a)Salary as per provisions contained in section17(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	19,29,696	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(deductions Provident Fund & Professional tax)	NA	4,34,844	NA	NA
	Total	NA	14,94,852	NA	NA

VI. PENALTIES/PUNISHMENT/COMPOUNDING 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)
A. COMPANY					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
B. DIRECTORS					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

C. OTHER OFFICERS IN DEFAULT

Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

Note: The Company has received a show cause notice for the non appointment of Women Director from Ministry of Corporate Affairs vide letter Ref No. RAP & TG/TBR/034116/2015/SCN dated 18.09.2015.



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, 2016 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.121,75,47,580/-, is not in accordance with Accounting Standard-10: "Accounting for Fixed Assets", 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: "Accounting for Fixed Assets", 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"*



- e) *Non-recognition of the liability towards employee benefits like pension, gratuity and leave encashment as at 31st March 2016 under “projected unit cost method” as determined under actuarial valuation as required by AS-15 “Employee Benefits (Revised)”. The impact on the said non-recognition on the financial statements could not be determinable.*
 - f) *Non-compliance with the requirement of annual review of “deferred tax” as at 31st March 2016 as mandated by Accounting Standard 22 “Accounting for Taxes” Non-recognition of deferred tax in respect of provision for bad & doubtful debts and unpaid taxes and sums payable as employer, which is contrary to Accounting Standard 22 “Accounting for Taxes”*
 - g) *Understatement of contingent liabilities in respect of “various claims against the company not acknowledged by the company” to the extent of Rs. 220.58 Crores towards various statutory dues, court disputes, SLDC charges as required by AS-29 “provisions, Contingent liabilities and contingent assets”.*
 - h) *Non-compliance with the various disclosures required to be made under Schedule III of the Act 2013, like classification of all the receivables and payables as “current” and “non-current” etc.*
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 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 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 31st March 2016 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. 7,95,79,201/-.
 - b. Amount appearing under “Debt servicing Clearing A/c” credit of Rs. 157,60,85,181/-
 - c. Balances appearing under APSEE Trusts accounts debit of Rs.48,64,25,503/-
 - d. The company has not identified various payables and receivables under RESCO’s liability and assets which are un-reconciled. The impact of such non-identification on assets and liabilities or loss, if any, could not be ascertained.
 - e. Balances with Other DISCOMs totaling to credit of Rs. 981,47,81,656/-
 - f. 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. Amounts outstanding in the various loans obtained from the State Government of Andhra Pradesh totaling to Rs.20,55,53,775/-
 - b. Amounts outstanding in various working capital facilities obtained from various banks totaling to Rs. 350,26,16,020/-
 - c. Amounts outstanding in the various term loans obtained from banks totaling to Rs.337,50,00,000/-
 - d. Balances due to / from various vendors for supplies and services, other power distribution companies.
 - e. Balances due from/ to various consumers/customers.
 - f. Inter corporate Investments of Rs. 426,01,00,000/-
8. As the company is unable to identify “Small, Micro and Medium Enterprises” among its various suppliers and service providers, the various disclosures required to be made under the “Micro Small & Medium Enterprises Development Act 2006” order could not be made. Accordingly, we are unable to report whether there were delays in making payments to such entities and the consequential interest for such delays as required under MSME Act, 2006. The impact, if any, on the loss and liability of the company on account of the said non- compliance could not be ascertained.

Qualified Opinion:

9. 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 8 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, 2016, its losses and its cash flows for the year ended on that date.

Emphasis of Matters:

10. 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.
11. 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.

12. 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 41,30,936/- (of which Rs 22,83,555 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 6,53,79,028/-. Our opinion is not qualified in respect of these aforesaid matters

Other Matters:

13. 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, 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 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 following balances appearing in the books of account of the company, in lieu of letters of balance confirmation:

- a. Amounts due to/from various power generators, other power DISCOMs, TRANSCO, whose accounts are monitored by TSPCC.
- b. Debit Balance of Rs. 3,67,53,367/- appearing in the pool account operated by TSPCC. Balances due to/from various vendors for supplies and services, other power distribution companies, APTRANSCO.

14. We have come across instances where the capital jobs have been capitalized in the books of account pending receipt of work completion certificates and non-closure of work orders.

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, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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.

Place: Hyderabad
Date: 01.09.2016

For M/s. 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 2016.

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 31st March 2016 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)
Andhra Pradesh Electricity duty Act, 1939	Electricity Duty	For the Financial years 2014-15 & 2015-16	22373.46
Finance Act, 1994	Service Tax	From 03.10.2012 to 31.08.2015	171.19
Central Sales Tax Act	Central Sales Tax	From 28.07.2012 to 15.04.2015	0.97

- b) As at 31st March 2016, 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 Crores)	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	44.55	For the financial year 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 year 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 year 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, except an amount of Rs. 39.85 Lakhs which is subject to the approval of the administrative ministry of the State Government Telangana.
- xii) In our opinion, the company is not a Nidhi Company. Consequently the clause 3(xii) of the order is not applicable.
- xiii) 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.
- xv) 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: 01.09.2016

For M/s. BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn No. 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:

SL. No	Questions	Replies
1	Whether the Company has clear lease 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 / 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 the Company has not waived/written off any of its debts/loans/interest receivables etc
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.
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Place: Hyderabad
Date: 01.09.2016

For M/s. BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn No. 000513S

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, 2016 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, 2016;
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. Capitalization of capital work orders without work order completion certificates and non-closure of work orders.
 - e. 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 31st March, 2016, 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 31st March, 2016.

Place: Hyderabad
Date: 01.09.2016

For M/s. BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn No. 000513S

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



BASIS FOR QUALIFIED OPINION:

STATUTORY AUDITOR'S REPORT	COMPANY'S REPLY
<p>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:</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.121,75,47,580/-, is not in accordance with Accounting Standard-10: "Accounting for Fixed Assets", 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 & 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.</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: "Accounting for Fixed Assets", 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</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>



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"	Noted for Future Compliance
e) Non-recognition of the liability towards employee benefits like pension, gratuity and leave encashment as at 31 st March 2016 under "projected unit cost method" as determined under actuarial valuation as required by AS-15 "Employee Benefits (Revised)". The impact on the said non-recognition on the financial statements could not determinable.	Actuarial valuation report is awaited
f) Non-compliance with the requirement of annual review of "deferred tax" as at 31 st March 2016 as mandated by Accounting Standard 22 " Accounting for Taxes" Non-recognition of deferred tax in respect of provision for bad & doubtful debts and unpaid taxes and sums payable as employer, which is contrary to Accounting Standard 22 " Accounting for Taxes"	Noted for future compliance
g) Understatement of contingent liabilities in respect of "various claims against the company not acknowledged by the company" to the extent of Rs. 220.58 Crores towards various statutory dues, court disputes, SLDC charges as required by AS-29 "provisions, Contingent liabilities and contingent assets".	Noted
h) Non-compliance with the various disclosures required to be made under Schedule III of the Act 2013, like classification of all the receivables and payables as "current" and "non-current" etc.	Noted for Future Compliance
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	Noted



<p>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 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>6) We report that the following accounts have not been reconciled as at 31st March 2016 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. 7,95,79,201/-.</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. 157,60,85,181/-</p>	<p>Reconciliation will be done in the next financial year</p>
<p>c) Balances appearing under APSEE Trusts accounts debit of Rs.48,64,25,503/-</p>	<p>Reconciliation will be done in the next financial year</p>
<p>d) The company has not identified various payables and receivables under RESCO’s liability and assets which are un-reconciled. The impact of such non-identification on assets and liabilities or loss, if any, could not be ascertained.</p>	<p>Noted</p>
<p>e) Balances with Other DISCOMs totaling to credit of Rs. 981,47,81,656/-</p>	<p>Reconciliation will be done in the next financial year</p>
<p>f) Various receivables and payable accounts.</p>	<p>Reconciliation will be done in the next financial year</p>
<p>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:</p>	
<p>a) Amounts outstanding in the various loans obtained from the State Government of Andhra Pradesh totaling to Rs.20,55,53,775/-</p>	<p>Confirmation will be obtained and reconciliation will be done during the next financial year</p>



b) Amounts outstanding in various working capital facilities obtained from various banks totaling to Rs. 350,26,16,020/-	Confirmation will be obtained and reconciliation will be done during the next financial year
c) Amounts outstanding in the various term loans obtained from banks totaling to Rs.337,50,00,000/-	Confirmation will be obtained and reconciliation will be done during the next financial year
d) 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
e) Balances due from/ to various consumers/customers.	Confirmation will be obtained and reconciliation will be done during the next financial year
f) Inter corporate Investments of Rs. 426,01,00,000/-	Confirmation will be obtained and reconciliation will be done during the next financial year
8) As the company is unable to identify “Small, Micro and Medium Enterprises” among its various suppliers and service providers, the various disclosures required to be made under the “Micro Small & Medium Enterprises Development Act 2006” order could not be made. Accordingly, we are unable to report whether there were delays in making payments to such entities and the consequential interest for such delays as required under MSME Act, 2006. The impact, if any, on the loss and liability of the company on account of the said non- compliance could not be ascertained.	The company is in the process of identifying the Micro, small and medium enterprises as defined under “ The Micro, Small and Medium Enterprises Development Act, 2006”. However, the company is prompt in making payments to all enterprises as per purchase order terms.
Qualified Opinion:	
9) 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 8 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, 2016, its losses and its cash flows for the year ended on that date.	
Emphasis of Matters: 10) 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	Informative



<p>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.</p>	
<p>11) 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.</p>	Informative
<p>12) 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 41,30,936/- (of which Rs 22,83,555 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 6,53,79,028/-.Our opinion is not qualified in respect of these aforesaid matters.</p>	Will be reconciled during the next financial year
<p>Other Matters:</p> <p>13) 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.</p>	Noted



<p>Accordingly the transactions relating to purchase of power, sale/purchase of power to/ from other 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 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 following balances appearing in the books of account of the company, in lieu of letters of balance confirmation:</p>	
<p>a) Amounts due to/from various power generators, other power DISCOMs, TRANSCO, whose accounts are monitored by TSPCC.</p>	Noted
<p>b) Debit Balance of Rs. 3,67,53,367/- appearing in the pool account operated by TSPCC.</p>	Noted
<p>c) Balances due to/from various vendors for supplies and services, other power distribution companies, APTRANSCO.</p>	Noted
<p>14) We have come across instances where the capital jobs have been capitalized in the books of account pending receipt of work completion certificates and non-closure of work orders.</p>	Noted for future Compliance

For and on behalf of the Company
TSSPDCL

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

Date : 01.09.2016
Place: Hyderabad

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

Sd/-
C.V.Ramana Rao
Partner
M. No 018545

Form No.MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016**

[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 **31st March, 2016** 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 31st March, 2016 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.

Place: Hyderabad

Date: 01-09-2016

Sd/-

KALYANA CHAKRAVARTHI CH.

ACS. No: 38026

CP No. : 15103

This report is to be read with my letter of even date which is annexed as 'Annexure 1A' and forms an integral part of this report.

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

Place: Hyderabad
Date: 01-09-2016

Sd/-
KALYANA CHAKRAVARTHI CH.
ACS. No: 38026
CP No. : 15103

Annexure 'C' to Directors Report

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>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.</p> <p>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.</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 Independent Directors and Women Directors on the Board to comply with Section 149 of the Companies act, 2013 and awaiting for the orders.</p> <p>Upon the receipt of the orders from Energy Department the Audit Committee will be re-constituted accordingly.</p>
<p>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).</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>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).</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 & Removal of 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 withdrawal of his nomination and awaiting for the orders.</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. 2015-16 :
1. 100KW roof top solar power plant at corporate office, Hyderabad. The plant generatinFollowing initiatives has been taken for Energy conservation g an average 500 - 520(KWh) units per day.
 2. Out of 31.87MW Solar net meters roof top applications registered 10 MW is connected to the grid.
 3. 70341 High Voltage Distribution System (HVDS) for Agriculture Pump Sets were set up during the Financial Year.
 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 30-08-2016 is as follows.
- | Proposed | Distributed | Balance |
|----------|-------------|---------|
| 2,78,006 | 2,11,196 | 66,810 |
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy; Company has incurred Loss of Rs. 2364.61 crore during FY 2015-16.
- 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. 2015-16 are significantly lower than the previous year. The Energy Losses to Energy Input percentage decreases to 11.40% in F.Y. 2015-16 as against 11.65% in F.Y. 2014-15.
- Total energy consumption and energy consumption per unit of production asper 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 Crores 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 with Sri G. Jagadish Reddy, Minister for Energy TS.
& Sri D. Prabhakar Rao, CMD/TS TRANSCO & TS GENCO**



FINANCIAL STATEMENTS





SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

CIN U40109TG2000SGC034116

(Formerly Central Power Distribution Company of Andhra Pradesh Limited)

BALANCE SHEET AS AT 31ST MARCH, 2016

(Amount in Rs.)

	PARTICULARS	Note No.	As at March 31, 2016	As at March 31, 2015
I	EQUITY AND LIABILITIES ఈక్విటీ మరియు అప్పులు			
1	Shareholders' Funds వాటాదారుల నిధి			
	(a) Share Capital వాటా మూలధనము	2	7,284,796,090	7,284,796,090
	(b) Reserves and Surplus నిధి మరియు మిగులు	3	(79,011,082,324)	(57,420,141,130)
	(c) Money recived against share warrants		-	-
2	Share application money pending allotment			
3	Non-Current Liabilities ప్రస్తుతేతర అప్పులు		-	-
	(a) Long-term Borrowings దీర్ఘకాలిక అప్పులు	4	73,684,978,810	66,106,490,250
	(b) Deferred tax liabilities (Net) వాయిదా వేయబడిన పన్ను		-	-
	(c) Other Long term liabilities ఇతర దీర్ఘకాలిక అప్పులు	5	1,454,346,056	1,176,366,784
	(d) Long-term Provisions దీర్ఘకాలిక కేటాయింపులు	6	6,458,158,931	6,623,469,694
4	Current Liabilities ప్రస్తుత అప్పులు			
	(a) Short-term Borrowings స్వల్పకాలిక రుణములు	7	3,502,616,020	1,393,650,254
	(b) Trade Payables వ్యాపార నిమిత్తం చెల్లింపులు	8	87,597,125,545	56,287,549,525
	(c) Other Current Liabilites ఇతర ప్రస్తుత అప్పులు	9	49,153,316,971	43,542,466,259
	(d) Short-term Provisions స్వల్పకాలిక కేటాయింపులు	10	1,341,705,348	1,023,171,262
	TOTAL (మొత్తము)		151,465,961,447	126,017,818,989
II	ASSETS (ఆస్తులు)			
1	Non-Current Assets ప్రస్తుతేతర ఆస్తులు			
	(a) Fixed Assets స్థిర ఆస్తులు			
	(i) Tangible Assets స్పర్శ వరమైన ఆస్తులు	11	55,821,732,118	42,279,096,194

(ii) Intangible Assets అస్పృశ్య ఆస్తులు		179,873,158	59,720,120
(iii) Capital Work in Progress జరుగుచున్న పనులపై పెట్టుబడులు		6,899,021,014	9,255,592,133
(iv) Intangible assets under development		-	-
(b) Non-Current Investments ప్రస్తుతేతర పెట్టుబడులు	12	4,616,726,239	4,623,126,239
(c) Defferd Tax Assets (Net) వాయిదా వేయబడిన పన్ను	13	28,266,214	28,266,214
(d) Long-term loans and advances దీర్ఘకాలిక అప్పులు మరియు బయానాలు	14	1,403,962,515	859,720,533
(e) Other Non-current Assets ఇతర ప్రస్తుతేతర ఆస్తులు	15	71,821,755	52,563,275
2 Current Assets (ప్రస్తుత ఆస్తులు)			
(a) Current Investments ప్రస్తుత పెట్టుబడులు			
(b) Inventories సరకు నిల్వ	16	3,332,683,930	2,301,926,075
(c) Trade Receivables వ్యాపార నిమిత్తం రాబడులు	17	23,519,816,036	17,373,981,757
(d) Cash and cash equivalents నగదు నిల్వ	18	4,376,222,424	2,366,275,008
(e) Short-term Loans and Advances స్వల్పకాలిక అప్పులు మరియు బయానాలు	19	8,069,244,362	5,391,673,952
(f) Other Current Assets ఇతర ప్రస్తుత ఆస్తులు	20	43,146,591,680	41,425,877,487
Total (మొత్తము)		151,465,961,447	126,017,818,989
Summary of significant accounting policies	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 : Sep, 1 2016
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 31ST MARCH, 2016 (Amount in Rs.)

	PARTICULARS	Note No.	2015-16	2014-15
I	Revenue from Operations నిర్వహణ ద్వారా రెవిన్యూ	21	164,667,617,453	167,609,382,563
II	Other Income ఇతర ఆదాయము	22	2,537,217,022	306,417,646
III	Total Revenue మొత్తం రెవిన్యూ		167,204,834,475	167,915,800,209
IV	Expenses (వ్యయము)			
	Power Purchase Expense విద్యుత్తు కొనుగోలు	23	167,200,680,056	149,250,044,407
	Employee Benefit expense ఉద్యోగుల జీతభత్యాలు	24	7,198,110,656	10,288,673,214
	Operation and Other Expenses నిర్వహణ మరియు ఇతర ఖర్చులు	25	3,610,021,523	3,463,255,353
	Finance Costs ఆర్థిక వ్యయములు	26	8,526,150,156	7,809,748,242
	Depreciation and amortisation expense (తరుగుదల)	11	5,445,237,535	4,760,632,667
	Total Expenses మొత్తం వ్యయం		191,980,199,926	175,572,353,884
V	Profit before exceptional & extraordinary items and tax (III-IV) పన్ను ఎక్స్‌ప్లెస్‌నల్ మరియు అతీతములకు ముందు లాభము		(24,775,365,451)	(7,656,553,675)
VI	Exceptional Items ఎక్స్‌ప్లెస్‌నల్ ఐటమ్స్	27	(1,081,018,560)	1,742,088,953
VII	Profit before extraordinary items and tax (V-VI)		(23,694,346,891)	(9,398,642,628)
VIII	Extraordinary Items అతీతములు		-	-
IX	Profit before tax (VII-VIII) పన్నుకు ముందు లాభము		(23,694,346,891)	(9,398,642,628)
X	Tax Expense: పన్ను వ్యయము			
	(1) Current Tax ప్రస్తుత పన్ను		-	-
	(2) Deferred Tax వాయిదా వేయబడినపన్ను		-	2,308,759,808

XI	Profit (Loss) for the period from continuing operations (VII-VIII) నికర లాభము		(23,694,346,891)	(11,707,402,436)
XII	Profit/(loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	Profit/(loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV	Profit /(Loss) for the period (XI +XIV) నికర లాభము		(23,694,346,891)	(11,707,402,436)
XVI	Earnings per equity share:			
	(1) Basic		(32.53)	(16.07)
	(2) Diluted		(32.53)	(16.07)
	Summary of significant accounting policies	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 : Sep, 1 2016
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 31ST MARCH, 2016 (Amount in Rs.)

PARTICULARS	Year Ended 31st March, 2016	Year Ended 31st March, 2015
<u>A . Cash flows from operating activities:</u>		
Net Profit before tax	(23,694,346,891)	(9,398,642,628)
<u>Adjustments :</u>		
Add: Depreciation	5,445,237,535	4,760,632,667
Add: Interest on Long Term Borrowings	4,426,783,710	3,274,584,664
Less: Interest on Investments	(31,109,341)	(31,505,102)
Add: Loss on Sale of Fixed Assets		
Add: Provision for Doubtful Debts		1,742,088,953
Add: Non Cash Expenditure		
Less: Withdrawal of Depreciation on Consumer Contributed Assets	(2,386,053,381)	2,222,337,824
Operating profit before working capital changes	(16,239,488,367)	2,569,496,379
Changes in Working Capital		
Increase/(Decrease) in Non-Current Liabilities		
Other Long Term Liabilities	7,299,118	(8,939,874)
Long Term Provisions	(165,310,764)	2,180,104,760
(Increase)/Decrease in Non-Current Assets		
Long-tem Loans & Advances	(415,350,249)	(8,053,712)
Other Non-current Assets	(19,258,480)	20,439,825
Increase/(Decrease) in Current Liabilities		
Short Term Borrowings	2,108,965,766	(3,570,122,928)
Trade Payables	31,309,576,020	7,164,906,785
Other Current Liabilities	5,610,850,712	6,416,145,663
Short Term Provisions	318,534,086	(3,268,876,546)
Increase/(Decrease) in Current Assets		
Inventories	(1,030,757,855)	20,125,617
Trade Receivables	(6,145,834,279)	6,373,459,934
Short-term Loans & Advances	(2,677,570,410)	(2,123,823,043)
Other Current Assets	(1,720,714,193)	(14,729,606,777)
Cash generated from operations	10,940,941,105	1,035,256,083
Income taxes Paid	-	-
Net cash flow before extraordinary item	10,940,941,105	1,035,256,083
Net Cash from Operating Activities	10,940,941,105	1,035,256,083

B. Cash flows from investing activities:				
Purchases/Investments of Fixed Assets	(19,108,026,496)		(655952945)	
Purchases/Investments in Capital Work in Progress	2,356,571,119		(95793820)	
Demerger of Ananthapur and Kurnool Circles			19007153597	
Decrease in Investments	6,400,000		(1694156633)	
Disposal of Investments				
Investment in Capital Advances	(128,891,732)		(115454907)	
Increase in Other Long Term Liabilities	270,680,154		(99985483)	
Net cash flow from investing activities		(16,603,266,956)		16,345,809,810
C. Cash flows from financing activities:				
Consumer Contributions Received	4,472,431,968		(1392672849)	
Increase in Long Term Borrowings	7,578,488,560		(12738437432)	
Interest paid on Long Term Borrowings	(4,426,783,710)		(3274584664)	
Increase in Contingency Reserve	45,399,459		68951403	
Increase in GIS Saving Fund	5,866,994		(7454996)	
Self Funding Medical Scheme	(3,130,003)		(10190059)	
Net cash used in financing activities		7,672,273,268		(17,354,388,596)
Net Increase/ Decrease in cash and cash equivalents during the year		2,009,947,417		26,677,296
Cash and cash equivalents at the beginning of the year		2,366,275,008		2,339,597,712
Cash and cash equivalents at the end of the year		4,376,222,424		2,366,275,008

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/-
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Sd/-
C.V.Ramana Rao
Partner
M. No 018545
Date : Sep, 1 2016
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 31ST MARCH, 2016

Company Overview

Southern Power Distribution Company of Telangana Limited (Formerly Central Power Distribution Company 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 (GoAP) (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 States of Andhra Pradesh was bi-furcated 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 AP Reorganisation Act, two operating business circles of the Company, namely, Ananthpur and Kurnool, were de-merged and Assets and Liabilities were transferred in terms of GO Ms. No.24 Dt. 29.05.2014 issued by Government of Andhra Pradesh.

1. 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.

1.3. 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.

1.4. 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 The Andhra Pradesh / 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'.

1.5. 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 29th 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 dt 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 bi-furcation 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 AP Reorganisation Act. Accordingly, Assets and Liabilities of the Company was bi-furcated based on GO 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 AP Reorganisation 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 GO mentioned above could not followed and another basis was used for bi furcation of Assets and Liabilities.

1.15. 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.

1.16. THIRD TRANSFER SCHEME BALANCES

- (a) The then Government of Andhra Pradesh (GoAP) 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/TSPCC 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, 2016 ₹	As at March 31, 2015 ₹
Authorised 100,00,00,000 Equity shares of ₹ 10 each	10,000,000,000	10,000,000,000
Issued, Subscribed And Paid-up 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
TOTAL	7,284,796,090	7,284,796,090

A. Reconciliation of Shares Outstanding at the beginning and at the end of the year

Particulars	As at 31st March 2016		As at 31st March 2015	
	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	728,479,609	7,284,796,090	728,479,609	7,284,796,090

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

Particulars	As at 31st March 2016		As at 31st March 2015	
	Number	₹	Number	₹
Equity Shares				
Government of Telangana (Vide GO. Ms.No.58 Dt:09.06.2005)	728,479,609	100%	-	-
Total	728,479,609	100%	728479609	100%

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.

D. 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, 2016	As at March 31, 2015
a. Consumer Contribution towards capital assets		
Opening Balance	26,377,485,199	27,768,633,213
(+) Current year Receipts	4,424,051,405	3,459,538,090
(-) Transfer on Demerger		(4,850,686,105)
Closing Balance	30,801,536,604	26,377,485,199
b. Subsidies towards cost of capital assets		
Opening Balance	712,409,999	714,801,691
(+) Current year Receipts	-	2,014,514
(-) Transfer on Demerger		(4,406,206)
Closing Balance	712,409,999	712,409,999
c. Grants/Donations towards cost of capital assets		
Opening Balance	2,821,622,149	2,820,755,291
(+) Current year Receipts	48,380,563	5,004,499
(-) Transfer on Demerger		(4,137,641)
Closing Balance	2,870,002,712	2,821,622,149
Total (Closing balance of a+b+c)	34,383,949,315	29,911,517,346
Less: Withdrawal towards cost of Capital Assets		
Opening Balance	(12,482,605,302)	(12,167,709,509)
(+) Current year Amortization to Statement of Profit or Loss	(2,386,053,381)	(2,222,337,824)
(-) Transfer on Demerger		1,907,442,031
Closing Balance	(14,868,658,683)	(12,482,605,302)
Total	19,515,290,632	17,428,912,044
d. GIS - Insurance & Saving Fund		
Opening Balance	35,121,022	42,576,018
(+) Current year Receipts	5,866,994	4,163,256
(-) Transfer on Demerger		(11,618,252)
Closing Balance	40,988,016	35,121,022

e. Self Funding Medical Scheme		
Opening Balance	38,437,557	48,627,615
(+) Current year Receipts	(3,130,003)	5,800,631
(-) Transfer on Demerger		(15,990,690)
Closing Balance	35,307,554	38,437,557
f. Statutory Reserves:		
Contingency Reserve Fund		
Opening Balance	402,866,452	365,420,150
(+) Current year Receipts	14,290,118	37,446,302
Closing Balance	417,156,570	402,866,452
g. Capital Reserve on Demerger		
Opening Balance	7,230,074,154	-
(+) Transfer on Demerger		7,230,074,154
Closing Balance	7,230,074,154	7,230,074,154
h. Surplus		
Opening Balance	(82,555,552,359)	(86,410,534,928)
(+) Current Year Transfers on Demerger		15,562,385,005
(+) Net Profit/(Net Loss) For the Current Year	(23,694,346,891)	(11,707,402,436)
Closing Balance	(106,249,899,249)	(82,555,552,359)
Total	(79,011,082,324)	(57,420,141,130)

- i. During the year 2015-16, the Company has received Consumer Contribution (including Subsidies, Grants and donations towards Cost of Capital Assets) amounting to ₹ 518.48 Crores (Previous year ₹ 346.65 Crores). In proportion in which depreciation on the concerned assets has been charged during the year 2015-16, an amount of ₹ 238.61 Crores (Previous year ₹ 222.23 Crores) has been treated as withdrawal from consumer contribution and credited to Statement of Profit or 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 31.03.2016 is ₹ 3.75 Crores (Previous Year ₹ 3.19 Crores). The Closing balance of GIS Insurance Fund as at 31.03.2016 is ₹ 0.35 Crores (Previous year ₹ 0.32 Crores Debit Balance). During the year the Interest on Savings & insurance Fund of ₹ 0.64 Crores (Previous Year ₹ 0.50 Crores) 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 ₹ 9,32,08,61,189 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.
- l. 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 Dt. 29-05-2014.

4 LONG TERM BORROWINGS

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
SECURED		
Term Loans		
from banks	9,632,628,832	11,882,969,613
from term lending institutions	25,270,747,204	13,681,812,690
Term Loans on FRP Scheme (On hypothecation of Current Assets)	10,478,548,999	12,238,654,172
Sub-Total	45,381,925,035	37,803,436,475
UNSECURED		
Loan from Government of Andhra Pradesh/ Government of Telangana	205,553,775	205,553,775
Bonds issued under FRP Scheme	28,097,500,000	28,097,500,000
Sub-Total	28,303,053,775	28,303,053,775
TOTAL	73,684,978,810	66,106,490,250

- a. Term Loans on FRP Scheme are guaranteed by Government vide G.O. Ms 11 Dt.18.02.2014.
- b. Bonds Issued under FRP Scheme are guaranteed by GoAP vide G.O. Ms No.62 Dt 14.11.2013 will be taken over by Government over a period of four years subject to FRBM. These Bonds carry interest @9.95% on ₹ 1,460 crores issued in First Tranch and 10% on ₹ 1,349.75 Crores issued in Second Tranch.

- c. Bonds/Debentures APSEB Bonds 2004 Series has been re-classified in the current year as Long Term Borrowings from Current Maturities to Long Term Borrowings in the previous year since the company has sought for a extension of tenure of bonds by 5 years. The proposal sought by the company has not been approved by the State Government as at the date of signing. The Company is hopeful of getting the approval of the State Government hence classified as Long Term Borrowing.
- d. 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 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.
- e. 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.

f. Statement showing Loans from the Banks and break up into Non Current and Current portions.

Sl. No.	G/L Account	Vendor No.	Name of the Bank	Area of operation	ROI	Loan Amount	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	1283434732	1036434732	247000000
		11017	Syndicate Bank (Debt Swapping)		-	-	-	-	
		11017	Syndicate Bank (T&D Lines) - Rs. 355 Crs.		10.70%	3550000000	2927569242	2572569242	355000000
2	5303500	11016	Canara Bank (HVDS) - Rs. 57 Crs.	TSPCC	10.90%	570000000	281217188	229617188	51600000
		11016	Canara Bank (T&D and SS) - Rs. 124 Crs.		10.60%	1240000000	831538990	707538990	124000000
3	5101110	11010	Andhra Bank (Debt Swapping)		-	-	-	-	-
4	5001010	11012	SBH Gunfoundry (T&D) - Rs. 200 Crs.		11.20%	2000000000	1440372968	1240372968	200000000
		11012	SBH Gunfoundry (T&D) - Rs. 310 Crs.		11.25%	3100000000	3015396608	2705396608	310000000
5	5001010	11222	Corporation Bank (Metering Equipments) - Rs. 200 Crs.		12.00%	2000000000	1340699105	1140699105	200000000
6	5001010	11127	Karnataka Bank (T&D) - Rs. 50 Crs.		12.50%	500000000	59864143	-	59864143
			ALL BANKS TERM LOANS (A)				11180092976	9632628833	1547464143
7	5001010	11014	SBH - CC Limit Account	TSPCC		3500000000	1972600000	1972600000	-
			BANKS - CC TOTAL (B):				1530016020	1530016020	-
			BANK LOANS GRAND TOTAL (A + B)				3502616020	3502616020	-
							14682708996	13135244853	1547464143

g. 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.	Name of the Bank	Area of operation	ROI	Closing Balance as on 31.03.2016	NON CURRENT PORTION	CURRENT PORTION
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	5303100	11001	Rural Electrification Corporation	TSPDCL		1384486830	33826570108	2560198300
2		11002	Rural Electrification Corporation		10.50%	-353326480		
		11007	Rural Electrification Corporation		To	31711350259		
4		11251	Rural Electrification Corporation - MTL	TSPCC	14.00%	2500000000		
5		11253	Rural Electrification Corporation - 9 hrs Power Supply	TSPDCL		1144257799		
			REC LOANS - TOTAL (A):			36386768408	33826570108	2560198300
6	5303200	11008	Power Finance Corporation	TSPDCL				
			System Improvement		12.50%	329072403	7864190795	219381608
			Transitional Loan		12.50%	5000000000		
			RAPDRP		-	2754500000		
			PFC LOANS - TOTAL (B):			8083572403	7864190795	219381608
7	5302100	11252	JICA FUNDING (C)	TSPDCL		4155000000	4155000000	-
			GRAND TOTAL (A+B+C)			44885840811	42106260903	2779579908
8	5300601		Kurnool and Anantapur Loan Clearing Account (D)			(16835513699)	(16835513699)	
9			NET LOANS			28050327112	25270747204	2779579908

H. REPAYMENT SCHEDULE OF TERM LOANS ON FRP SCHEME AS ON 31.03.2016

Sl.	G/L Account	Vendor No.	Funding Institution	Area of operation	ROI	Closing Balance as on 31.03.2016	Tenure	No Monthly Installment	Repayment Commencement Date	No Of Installment Paid	Mortorium Period	Non Current Portion	Each Installment in	Current Portion 12 Instalments
19	5301300	11240	Andhra Bank	TSPCC	11.50%	2625000000	10 years	84	31.03.2016	0	3 years	2250000000	31250000	3750000000
20		11241	Bank of India		11.50%	1750000000	10 years	84	31.03.2016	0	3 years	1500000004	20833333	249999996
21		11242	Central Bank of India		11.50%	1250000000	10 years	84	31.03.2016	0	3 years	1071428576	14880952	178571424
22		11243	Federal Bank		11.50%	3750000000	10 years	84	31.03.2016	0	3 years	321428568	4464286	53571432
23		11244	IOB		11.50%	1250000000	10 years	84	31.03.2016	0	3 years	1071428576	14880952	178571424
24		11245	Indian Bank		11.50%	1750000000	10 years	84	31.03.2016	0	3 years	1500000004	20833333	249999996
25		11246	Punjab & Sind Bank		11.50%	1000000000	10 years	84	31.03.2016	0	3 years	857142856	11904762	142857144
26		11249	SBH	TSPDCL	11.30%	728548999	10 years	84	31.03.2016	0	3 years	514263271	17857144	214285728
27		11247	Vijaya Bank	TSPCC	11.50%	1500000000	10 years	84	31.03.2016	0	3 years	1392857144	8928571	107142856
			FRP RESTRUCTURED LOAN - TOTAL			12228548999						10478548999		1750000000

(Amount in Rs.)

I. Statement showing the Government Loans

Sl.	G/L Account	Vendor No.	Funding Institution	Area of operation	ROI	Closing Balance as on 31.03.2016
1	5303300	11011	Government Loan	TSPCC		205553775
			Government Loans Total			205553775
Statement showing the BONDS issued under FRP scheme						
1		11224	APCPDCL PF Trust		10.00%	574000000
2		11225	APGENCO		10.00%	2266000000
3		11226	APTRANSCO PF Trust		10.00%	214000000
4		11227	SINGARENI COLLIERIES		10.00%	800000000
5		11228	APTRANSCO		10.00%	921000000
6		11229	ANDHRA BANK		10.00%	2625000000
7		11248	APTRANSCO		10.00%	1782500000
8		11239	BANK OF INDIA		10.00%	1750000000
9	5301100 & 5301200	11236	Central Bank of India	TSPCC	10.00%	1250000000
10		11231	FEDERAL BANK		10.00%	375000000
11		11235	IOB		10.00%	1250000000
12		11237	INDIAN BANK		10.00%	1750000000
13		11238	PUNJAB & SIND BANK		10.00%	1000000000
14		11232	STATE BANK OF MYSORE		10.00%	340000000
15		11233	SBH		10.00%	750000000
16		11230	SYNDICATE BANK		10.00%	1750000000
17		11234	VIJAYA BANK		10.00%	1500000000
			BONDS ISSUED UNDER FRP - TOTAL			28097500000

(Amount in Rs.)

5 OTHER LONG TERM LIABILITIES

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Vendor Deposits	1,094,446,331	847,286,776
Contribution Works	307,735,692	284,215,094
Other Liabilities	52,164,033	44,864,915
TOTAL	1,454,346,056	1,176,366,784

- a. Consequent to demerger more specifically described in Note 1 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, 2016	As at March 31, 2015
	₹	₹
Provision for employee benefits		
Gratuity (unfunded)	361,327,319	288,195,552
Leave Encashment (unfunded)	6,096,831,612	6,335,274,143
TOTAL	6,458,158,931	6,623,469,694

- a. As the actuarial valuation as at 31, March 2016 is not done and as such no provision made towards the leave encashment and Gratuity and for previous year ₹ 222.83 Crores was provided. The effect of such change in recognition of estimate could not be ascertained.
- b. Employees who have joined on or after 01.02.1999**
These employees are covered by Employees' Provident Fund & Miscellaneous Provisions Act 1952 and Employees' Provident Fund Scheme, 1952. Gratuity for eligible employees provided by the Company for the year is ₹ 8.91 Crores (Previous Year ₹ 7.64 Crores).
- c. Consequent to demerger more specifically described in Note 1 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	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Secured		
(a) Loans repayable on demand		
from banks	3,502,616,020	1,393,650,254
	3,502,616,020	1,393,650,254
Unsecured		
(a) Loans repayable on demand		
from banks	-	-
from other parties	-	-
	-	-
TOTAL	3,502,616,020	1,393,650,254

- The loan from State Bank of Hyderabad is secured by way of Hypothecation of Current Assets carry interest rate @ Base Rate + 1.5%.
- Consequent to demerger more specifically described in Note 1 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.

8 TRADE PAYABLES

Particulars	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Unsecured		
APEPDCL	9,999,047,925	10,015,889,091
APSPDCL	1,544,805,151	2,269,072,125
TSNPDCL	(8,258,676,862)	(7,420,932,539)
TSGENCO	(3,573,070,574)	776,355,528
APGENCO	51,896,235,195	29,245,131,896
APTRANSCO	56,779,215	57,671,132
TGTRANSCO	2,730,439,274	755,198,914
Other Power Purchase Creditors	29,714,309,167	18,345,198,132
Other Payables	3,487,257,054	2,243,965,246
Total	87,597,125,545	56,287,549,525

- a. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Trade Payable to the tune of ₹ 8,89,57,553 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.

9 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Current maturities of long-term debt	6,077,044,051	3,088,076,204
Employee related liabilities	1,042,612,081	1,212,968,382
Statutory Liability	2,894,445,256	445,685,087
Advance from Customers	284,900,841	589,441,492
Consumer Deposits	23,419,131,365	21,061,032,881
Gov. of AP SC/ST Payable	34,735,553	34,735,553
Inter Unit Accounts	79,579,201	61,847,763
Interest Payable on Consumer Deposit	1,668,678,893	1,630,367,644
APCPDCL Pension & Gratuity Trust	231,530,408	1,115,543,064
APCPDCL GPF Trust	541,087,270	455,470,223
Other Liabilities	12,879,572,051	13,847,297,966
Total	49,153,316,971	43,542,466,259

- a. Employees who joined prior to 1.02.1999
- These employees are covered by General Provident Fund and are eligible for Gratuity and Pension. The GPF administered by APCPDCL PF Trust.
 - The funds of Pension and Gratuity are held jointly by Master Trust, administered by APGENCO, and APCPDCL Pension & Gratuity Trust, and payments are made in the ratio of 74:26 respectively.
- b. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Other Current Liabilities to the tune of ₹ 4,09,65,77,830 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.

10 SHORT TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Provision for Employee cost	93,708,722	94,686,680
RPF Fund	64,506	64,506
Provision for Admin Expenses	113,509,283	80,128,092
Provision for Compensation	600,000	-
Provision for CWIP	83,109,136	68,340,359
Provision for Interest	996,628,997	680,443,848
Provision for O&M works	50,770,015	97,791,778
Provision for R & C Penalties	1,934,689	-
Audit fee Payable	1,380,000	1,716,000
Total	1,341,705,348	1,023,171,262

- a. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Short Term Provisions to the tune of ₹ 59,40,22,716 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.

Schedule 11 - Fixed Assets

S.No.	Particular	Gross Block					Depreciation & Amortisation					Net Block	
		As at April 1, 2015	Additions	Deletions/ Adjustments	Acquired through business combinations	Transaction exchange difference	As at 31st March 2016	As at 1st April 2015	Depreciation charge for the year	Transaction exchange difference	Deletions/ Adjustments	As at 31st March 2016	As at 31st March 2015
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
a	TANGIBLE ASSETS												
	Land	67,065,090	639,600			67,704,690	-					67,704,690	67,065,090
	Buildings	2,089,381,914	171,735,533			2,261,117,446	454,960,099	65,030,026			519,990,125	1,741,127,341	1,634,421,815
	Other Civil Works	705,815,813	153,828,097			859,643,910	68,837,463	23,292,300			92,129,763	767,514,147	636,978,350
	Plant and Machinery	36,321,980,622	9,474,450,652	9,844,833		45,786,386,442	15,383,966,350	2,579,768,002	7,002,310		17,956,733,041	27,829,854,400	20,938,014,273
	Lines and Cable Network	29,098,391,839	7,461,706,348			36,560,098,187	14,345,207,802	1,851,922,506			16,397,130,307	20,162,967,880	14,553,184,038
	Meters and Metering equipment	8,33,444,175	1,399,662,535	5,513,396		9,747,593,314	4,330,893,968	739,049,517	3,900,459		5,266,043,026	4,481,550,287	3,822,550,207
	Vehicles	49,337,759	21,216,000	106,754		70,447,005	27,051,922	7,970,486	96,078		34,926,330	35,520,675	22,285,838
	Furniture and Fixtures	80,895,040	9,328,568			90,223,608	49,326,204	7,074,033			56,400,236	33,823,371	31,568,836
	Office Equipment	211,324,351	36,627,475			247,951,826	118,320,443	19,817,357			138,137,800	109,814,026	93,498,789
	Air Conditioners	14,176,029	521,215			14,697,244	6,832,676	1,651,995			8,484,672	6,212,572	7,343,352
	Computer & IT Equipment	875,543,128	222,290,921			1,097,834,049	403,337,321	108,833,800			512,191,321	585,642,728	472,185,607
	Fixed Assets - RESCOs	-	-	-		0	-	-			-	-	-
	Total	77,867,355,760	18,952,006,963	15,464,983		96,803,897,740	35,588,754,448	5,404,410,022	10,998,847		40,982,165,622	55,821,732,118	42,279,096,194
	INTANGIBLE ASSETS												
b	Computer Software	196,114,056	160,980,550			357,094,606	136,393,935	40,827,513			177,221,448	179,873,158	59,720,120
	Total	196,114,056	160,980,550			357,094,606	136,393,935	40,827,513			177,221,448	179,873,158	59,720,120
c	Capital Work in Progress	9,255,592,133	16,709,458,032	190,660,291		6,899,021,014	-	-			6,899,021,014	9,255,592,133	
	Total	9,255,592,133	16,709,458,032	190,660,291		6,899,021,014	-	-			6,899,021,014	9,255,592,133	
d	Intangible Assets under Development												
	Total	-	-	-		-	-	-			-	-	-
	GRAND TOTAL	87,319,061,949	35,822,448,546	19,881,494,134		104,060,013,561	35,725,148,383	5,445,237,555	10,998,847		41,159,387,071	62,900,626,290	51,594,408,447
	Grand Total of Previous Year	95,689,696,726	20,990,862,785	29,361,002,681		87,319,556,831	40,086,402,378	4,760,632,667	9,121,886,661		35,725,148,383	51,594,408,447	55,603,294,349

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

NOTES FORMING PART OF FINANCIAL STATEMENTS
12 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		Quoted / Unquoted	Partly Paid / Fully paid	Amount (*)		
			As at 31 March 2016	As at 31 March 2015			As at 31 March 2016	As at 31 March 2015	
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[10]	[11]	
a)	APPDCL	Others	42,60,10,000	42,60,10,000	Unquoted	Fully Paid	4,260,100,000	4,260,100,000	
	Total						4,260,100,000	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 2016	As at 31 March 2015			As at 31 March 2016	As at 31 March 2015	
1	Investments in Government or Trust securities								
	AP TRANSCO - VIDYUT BONDS (Face Value Rs.10,00,000/- per Bond)	Others	132	132	Quoted	Fully Paid	1320000000	1320000000	
	8.74% APPFC Bonds (Face Value Rs.10,00,000/- per Bond)	Others	47	47	Quoted	Fully Paid	470000000	470000000	
	9.97% APPFC Bonds (Face Value Rs.10,00,000/- per Bond)	Others	24	24	Quoted	Fully Paid	240000000	240000000	
	9.64% APPFC Bonds (Face Value Rs.10,00,000/- per Bond)	Others	22	22	Quoted	Fully Paid	220000000	220000000	
	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	19435713	19435713	
	8.07% Govt of India 2017 Bonds	Others	64	64	Unquoted	Fully Paid	4301560	4301560	
	8.5% AP5FC - Unsecured, Redeemable, Non Convertible, Non SLR Bonds Series II-2008 (Face Value Rs.10,00,000/- per Bond)	Others			Unquoted	Fully Paid	6400000	12800000	
	9.15% AP5FC - 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	18027000	18027000	
	AP5FC 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	-	Unquoted	Fully Paid	20997267	20997267	
	8.4% GOVERNMENT OF INDIA - 2024 SECURITIES	Others	190	-	Unquoted	Fully Paid	19588367	19588367	
2	Investments in Mutual Funds								
	SBI MUTUAL FUNDS (Market Value Rs.11.1815 per Unit)	Others	-	1111241.895	Quoted	Fully Paid	-	-	
	Total						356,626,239	363,026,239	
	Grand Total						4,616,726,239	4,623,126,239	

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
	₹	₹
Deferred Tax Liabilities		
Opening Balance	998,785,587	1,209,915,914
Fixed Assets : Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	-	-
Transfer of Deferred Tax Liability on Demerger		(211,130,327)
Gross deferred tax liability	998,785,587	998,785,587
Deferred Tax Asset		
Opening Balance	1,027,051,801	4,040,958,945
Unabsorbed Depreciation		(230,87,59,808)
Transfer of Deferred Tax Liability on Demerger		(705,147,336)
Gross deferred tax asset	1,027,051,801	1,027,051,801
Net Deferred Tax Liability/(Asset)	28,266,214	28,266,214

- a. Consequent to demerger more specifically described in Note 1 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.

14 LONG TERM LOANS & ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
a. Secured, Considered good		
Loans & Advances to employees	52,714,360	49,620,026
b. Unsecured, Considered good		
Loans & Advances to employees	54,931,111	15,213,009
Deposits	679,469,115	306,931,302
Capital Advances	616,847,929	487,956,197
Total	1,403,962,515	859,720,533
c. Secured Long term Loans & Advances to employees includes		
Particulars	As at March 31, 2016	As at March 31, 2015
Housing Loan - Secured against House	52,714,360	49,620,026
Total	52,714,360	49,620,026
d. Unsecured Long term Loans & Advances to employees includes		
Particulars	As at March 31, 2016	As at March 31, 2015
Education Loans	812,034	(128,716)
Two Wheeler Loan	7,180,222	2,888,023
Four Wheeler Loan	42,244,951	11,289,904
Computer Loans	5,541,209	2,494,994
Marriage Advance	(847,305)	(1,331,196)
Total	54,931,111	15,213,009
e. Current portion of the long term loans & advances to employees (Secured & unsecured) is not ascertainable.		
f. Unsecured Deposits Includes		
Particulars	As at March 31, 2016	As at March 31, 2015
Court Authorities	443,553,842	65,256,858
Telephone authorities	629,696	629,696
Other Deposits	235,274,008	241,044,748
Total	679,457,546	306,931,302

- g. Other Deposits includes ₹ 21.30 Crores (Previous Year ₹ 21.30 Crores) 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 1 of the Notes forming part of Financials Statements the balances of the Long Term Loans & Advances to the tune of ₹ 1,47,39,593 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, 2016	As at March 31, 2015
	₹	₹
(a) Secured, considered good		
Long Term Receivables from Employees	67,689,969	48,358,271
(b) Unsecured, considered good		
Receivable from ITI, Chennai	4,131,787	4,205,005
Total	71,821,756	52,563,275

- 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 1 of the Notes forming part of Financials Statements the balances of the Other Non Current Asset to the tune of ₹ 32,693 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, 2016	As at March 31, 2015
	₹	₹
Stores and Spares	3,377,474,227	2,346,716,373
Less: Provision for Recovery/Write Off of Cost Materials	44,790,298	44,790,298
Total	3,332,683,930	2,301,926,075

- a. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Inventories to the tune of ₹ 43,50,96,757 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.

17 TRADE RECEIVABLES

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Trade Receivables outstanding for a period less than six months from the Secured, considered good		
Secured, considered good	2,245,063,219	2,110,938,816
Unsecured, considered good	5,393,790,107	2,473,670,237
Unsecured, considered doubtful	2,300,604,761	
Less: Provision for doubtful debts		
	9,939,458,087	4,584,609,053
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	3,008,796,339	9,359,329,874
Unsecured, considered good	10,831,810,577	3,690,291,797
Unsecured, considered doubtful	4,148,491,984	6,339,566,338
Less: Provision for doubtful debts	(4,148,491,984)	(6,339,566,338)
Less: Provision for doubtful debts FSA	(260,248,967)	(260,248,967)
	13,580,357,949	12,789,372,704
Total	23,519,816,036	17,373,981,757

- a. The above trade receivables includes, Court Cases of ₹ 641.98 Crores (Previous Year ₹ 421.42 Crores), R R Act Cases ₹ 47.30 Crores (Previous Year ₹ 40.73 Crores), Bill Stopped/Disconnected Services ₹ 616.16 Crores (Previous Year ₹ 123.11 Crores).
- b. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Trade Receivables to the tune of ₹ 5,46,59,57,089 (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, 2016	As at March 31, 2015
	₹	₹
1. Cash and Cash Equivalents		
a. Balances with banks		
- In Current Accounts	4,124,562,812	1,117,430,616
- Remittance in Transit	(8,206,804)	(8,337,059)
- In Deposits with Original Maturity less than 3 Months	82,782,465	1,075,831,498
b. Cash on hand	176,986,430	181,293,279
c. Postage & Stamps	97,522	56,672
Total	4,376,222,424	2,366,275,008

- d. Bank Reconciliation Statement reflects unidentified credits in Bank Statements to the tune of ₹ 0.97 Crores as at March 31, 2016.
- e. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Cash and Cash Equivalents to the tune of ₹ 23,65,038 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, 2016	As at March 31, 2015
	₹	₹
a. Secured, considered good		
Recoverable from employees	1,037,234	804,241
b. Unsecured, considered good		
Loans & Advances to employees	18,121,378	6,175,433
Advance Tax (including TDS Receivable & Refunds Receivable) (Net)	42,642,983	14,536,512
Advance to Suppliers	3,360,531	824,460
Government Receivables	46,776,777,427	44,148,061,108
Provision for Government Receivables - Additional Power	(38,778,739,156)	(38,778,739,156)
Other Loans & Advances	6,043,965	11,354
Total	8,069,244,362	5,391,673,952

- c. Consequent to demerger more specifically described in Note 1 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, 2016	As at March 31, 2015
	₹	₹
Fixed asset retired from active use and held for disposal	672,296	672,296
Interest Accrued on Fixed Deposits	238,121	26,525
Interest Accrued on Investments	31,109,341	31,505,102
Unbilled Revenue - Trade Receivables	15,883,663,123	14,340,441,271
FSA Revenue - Receivables	5,513,641,199	5,513,641,199
APSEE Master P & G Trust	486,425,503	461,039,660
Receivable on Demerger	20,965,728,272	20,965,728,272
Other Receivables	265,113,826	112,823,164
Total	43,146,591,680	41,425,877,488

- a. APSEE Master P & G Trust owes to the company to the tune of ₹ 48.64 Crores (Previous year ₹ 46.10 Crores)
- b. Consequent to demerger more specifically described in Note 1 of the Notes forming part of Financials Statements the balances of the Other Current Assets to the tune of ₹ 5,16,74,76,187 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	2015-16 ₹	2014-15 ₹
Sale of energy		
LT Supply	59,755,153,629	52,580,195,528
HT Supply	92,030,345,904	81,621,020,007
Interstate Sales	219,867,266	2,072,842,758
FSA	8,916,426	6,674,834,128
Tariff Subsidy	7,238,000,003	11,633,749,171
Additional Power Subsidy	-	1,006,093,380
Customer Charges	2,850,686,539	2,644,842,960
Theft of Power	168,980,653	217,403,177
DPS Income	64,216,536	6,688,659,897
R & C Penalties	(54,747,398)	(66,366,669)
Other Operating Revenues		
Amortization of Consumer Contribution, Subsidies & Grants towards Fixed Assets	2,386,053,381	2,222,337,824
Others	1,336,498,961	520,246,401
Less: Electricity Duty	(1,336,354,448)	(206,476,000)
Total	164,667,617,453	167,609,382,563

22 OTHER INCOME

Particulars	2015-16	2014-15
Interest Income	₹	₹
Bank	17,742,430	12,661,100
Staff	722,777	890,603
Others	34,221,045	37,335,537
Rent from Companies Fixed Assets	3,133,432	5,224,373
Sale of Scrap	35,138,274	102,187,883
Penalties from Suppliers	34,556,577	43,481,016
Miscellaneous Income	8,631,597	14,019,556
Other Income	2,403,070,889	90,617,579
Total	2,537,217,022	306,417,646

- 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 ₹ 18.79 Crores (Previous year income ₹ 53.46 Crores)

23 POWER PURCHASE COST

Particulars	2015-16	2014-15
	₹	₹
Purchase of Power - Fixed Cost	34,063,209,427	28,697,421,110
Purchase of Power - Variable Cost	118,714,123,881	108,379,303,549
Transmission Charges	11,793,396,726	9,091,477,142
Other Power Purchase Costs	2,629,950,022	3,081,842,605
Total	167,200,680,056	149,250,044,407

24 EMPLOYEE BENEFIT EXPENSE

Particulars	2015-16	2014-15
	₹	₹
Salaries and incentives	7,564,409,959	7,854,161,168
Contributions to Provident Funds	322,322,201	227,120,813
Pension Benefits	181,196,340	2,869,445,868
Director's Remuneration & Allowances	11,066,677	5,541,905
Director's Sitting Fees	43,476	53,612
Staff welfare expenses	154,314,442	114,678,192
Less: Employee Cost Capitalised	(1,035,242,441)	(782,328,344)
Total	7,198,110,656	10,288,673,214

25 OPERATION & OTHER EXPENSES

Particulars	2015-16	2014-15
	₹	₹
Advertisement	29,230,511	15,226,201
Collection Agency Expenses	1,711,436	1,027,579
Consultancy Charges	43,330,539	13,384,204
Consumer Service Centre Charges	75,472	(866,352)
Contract Labour Charges	21,286,431	21,825,993
Electricity Charges	64,971,961	65,167,555
Insurance	806,236	251,708
Inventories Handling Charges	15,864,811	31,747,388
Legal Charges	7,167,479	4,884,731
Licence fees - APERC	34,971,69	33,864,189
Office Maintenance	5,268,764	5,625,787

Other Expenses	(8,222,829)	117,006,119
Postage & Telegrams	1,127,584	1,431,306
Printing & Stationery	51,208,306	50,695,997
Professional Charges	157,621,199	159,016,724
R&M - Others	27,726,232	26,361,468
Rates & taxes	61,363,868	33,697,851
Rent	1,402,533	1,346,216
Repairs to Buildings & Civil works	19,841,519	10,825,649
Repairs to Plant and Machinery	2,715,314,170	2,506,672,670
Repairs to Vehicles	18,302,967	44,256,033
Telephone & Communication	59,287,507	53,880,894
Training Exp	2,892,392	(3,207,050)
Travelling Expense	185,063,976	193,846,479
Vehicle Hire charges	269,747,908	211,098,964
Vidyut Ombudsman Exp	3,584,000	-
Less: Administration & General Exp Capitalised	(182,305,139)	(137,625,419)
Payment to Auditors		
Payments to the auditor as auditor * for reimbursement of expenses;	1,380,000	1,612,470 200,000
Total	3,610,021,523	3,463,255,353

26 FINANCE COSTS

Particulars	2015-16 ₹	2014-15 ₹
Interest expense		
-Long Term Loans	4,815,227,205	3,732,708,895
-Short Term Loans	2,359,835,979	2,797,489,840
-Consumption Deposits	1,678,627,663	1,672,623,559
-Others	48,474,878	50,627,819
Bank Charges	12,427,927	14,422,360
Less: Interest Capitalised	(388,443,495)	(458,124,231)
Total	8,526,150,156	7,809,748,242

- a. Others include interest on GPF payable to APCPDCL GPF Trust for the financial year 2015-16 of ₹ 4.17 Crores (Previous Year ₹ 3.32 Crores)

27 EXCEPTIONAL ITEMS

Particulars	2015-16 ₹	2014-15 ₹
Assets Scrapped	6,496,969	8,221,240
Provision for Bad Debts	(2,191,074,354)	1,637,270,642
Compensation	56,587,493	10,966,489
Others	(9,034,315)	(10,656,035)
Price Variation	(22,104,764)	96,286,616
ED PAYABLE PREVIOUS YEAR	1,078,110,410	
Total	(1,081,018,560)	1,742,088,953

28 CONTINGENT LIABILITIES (to the extent not provided in the books)

Particulars	31-Mar-16 ₹ (in crores)	31-Mar-15 ₹ (in crores)
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	12.54	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	7.35
(f) Income Tax (AY 2007-08 to AY 2012-13)	-	9.24
(g) Other money for which the company is contingently liable	4.26	4.26
	235.64	158.98
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	273.45	373.25
	273.45	373.25
Grand Total (i+ii)	509.09	532.23

29. The Company is in the process of identifying the Micro, Small and Medium Enterprises as defined under “The micro, Small and Medium Enterprises Development Act, 2006”. However, the Company is prompt in making payments to all Enterprises as per Purchase Order terms.
30. Family benefit fund: As a result of introduction of the Group Insurance Scheme with effect from 01.07.1985, the amounts payable to the employees as per the Family Benefit Fund (FBF) Scheme as on that date have been frozen. The balance also carries interest at the rates as specified in the FBF Scheme. the future liability towards principal and interest to date will be accounted when payments are made. During the year the Interest on Family Benefit Fund of ₹ 0.02 Crores (Previous Year ₹ 0.04 Crores) has been paid and is shown under the Head ‘Interest and Finance Charges’.
31. Income-tax assessments for the Assessment Years 2014-15 to 2015-16 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 ₹ 93.25 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. Sales-Tax assessments for the years 2014-15 are pending.
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 2014-15.

34. Quantitative Information

Particulars	2015-16	2014-15
Energy Input (Discom)	33310.12	32815.88
Sale of Energy (KVAH Mus)	29478.97	29118.33

35. 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
36. Power Finance Corporation has sanctioned loan under Scheme R-ARPDRP which was implemented by Ministry of Power, Government of India. The Corporation has sanctioned ₹ 124.57 Crores and ₹ 251.46 Crores towards PART – A and PART – B of the scheme respectively. These loans are subject to conversion as grant upon satisfaction of terms & conditions specified in the sanction letter i.e., project should be completed within 5 years from the date of sanction. The project was not completed as at the balance sheet date under PART – A of the scheme where the time limit had expired, however the management has requested for extension of time and the management is confident of the sanction for extension of time and hence repayment has not been commenced. The Project of PART – B of the Scheme is not completed and the time limit has not expired as at the balance sheet date.

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. 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 previous year 50% of Short Term Liabilities were swapped by issue of Bonds by DISCOMs to Banks, AP Genco and AP Transco amounting to ₹ 2,809 Crores 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, Dt 18.02.2014.
39. Previous year figures have been re-grouped wherever necessary.
40. Amounts represented in the financial statements have been rounded off to the nearest rupee As per our report of even date.

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 : Sep, 1 2016
Place: Hyderabad

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

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



C & AG REPORT



C & AG REPORT

No. AG(E&RSA)/ES-II(Power)/TSSPDCL/2016-17/129 Dated:17.10.2016

To

The Chairman and Managing Director,
Southern Power Distribution Company of Telangana Limited,
Corporate Office, 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 31st March 2016.

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 31st March 2016 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 2015-16 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-II)

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 2016.

The preparation of financial statements of Southern Power Distribution Company of Telangana Limited, Hyderabad for the year ended 31st March 2016 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 1th September 2016.

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 31st March 2016. 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 AND LOSS

COMMENT	COMPANY'S REPLY
<p>1. Power Purchases Cost (Note No. 23) Rs 16720.06 Crore</p> <p>The above head is understated by Rs. 113.86 crore (TSSPDCL share at 70.55%) due to non-provision for reimbursement of Minimum Alternate Tax (MAT) and interest thereon payable to M/s LANCO for the period from 2001-02 to 2005-06 as per Supreme Court Judgement pronounced on 16 October 2015. Review petition in this regard was dismissed by the Apex court vide order dated 10 May 2016.</p> <p>Non-provision for the above due had resulted in understatement of Loss and Current Liabilities during the period by Rs. 113.86 Crore.</p>	<p style="text-align: center;">Noted</p>
<p>2. Other Power Purchases Cost Rs. 262.99 Crore</p> <p>The above head is understated due to non-accounting of Open Access Charges amounting to Rs.15.45 crore payable to M/s. Thermal Power Tech Corporation Ltd., for the period November, 2015 to March, 2016. Non-accounting of open access charges for the above period has resulted in understatement of Loss for the Period, Trade payables-Other power Purchases and Creditors to the same extent.</p>	<p style="text-align: center;">Noted</p>
<p>3. Power Purchases Expenses</p> <p>Purchases of Power - Variable cost Rs. 11871.41 Crores.</p> <p>The above is understated by Rs 21.44 crore due to non-accounting of claim preferred by M/s Neyveli Lignite Corporation Limited towards differential Energy charges, Capacity charges, interest (as per CERC order to the petition 65/MP/2013 dated 12 May 2015) for the period from 1 January 2007 to 31 March 2009.</p> <p>Non-accounting of above claim during 2015-16 has resulted in understatement of loss and "Other power purchase creditors" under Trade Payables to the same extent.</p>	<p style="text-align: center;">Noted</p>

<p>4.Employee Benefit expenses (Note-24) Staff Welfare expenses – Rs. 15.43 Crore</p> <p>The above head is understated by Rs. 313.43 crore due to non-provision of terminal benefits (Pension & Gratuity) (Rs.311.31 crore) and short provision of (Rs 2.12 crore) towards leave encashment as per actuarial valuation. This was not quantified in the Independent Audit Report under Para 4(e) of the Basis of qualified opinion. This has resulted in understatement of “Loss” for the year by Rs. 313.43 crore.</p>	<p>Noted</p>
<p>B. COMMENTS ON FINANCIAL POSITION:</p> <p>BALANCE SHEET</p> <p>Current Liabilities</p> <p>5.Other Current Liabilities (Note-9) Consumer Deposits:</p> <p>Rs. 2341.91 CroreThe above includes Rs.3.16 crore being the deposits collected from consumers towards burnt meters. As all the burnt meters were replaced by 31 March 2016 duly booking the expenditure (cost of meters) under other expenses, these deposits should be adjusted against the expenditure of the Company. The impact cannot be quantified due to non-reconciliation of records by the Company</p>	<p>Noted</p>
<p>C. COMMENTS ON DISCLOSURE:</p> <p>BALANCE SHEET</p> <p>6.Current Assets</p> <p>(Note-17) Trade Receivables Rs 2351.98 Crore</p> <p>This is understated by Rs.70.08 crore due to non accounting of surcharge amounting to Rs 48.66 crore and additional interest by Rs 21.42 crore payable by HT consumers to the company for delayed payment of Fuel Surcharge Adjustment as per Hon’ble Supreme Court of India judgement dated 05.07.2016.</p> <p>In case the company was not clear on the payment of additional interest and surcharge payable by the HT consumers on delayed payment of FSA as per the decision of the Hon’ble Supreme Court of India, it should have disclosed the same in the notes on accounts.</p>	<p>Noted</p>

7.Contingent Liabilities (Note.28) Rs. 509.09 Crore.

The above is understated by Rs 579.32 crore due to non-disclosure of interest on pension Bonds payable to TS GENCO (Rs.332.63 crore) and APGENCO (Rs.246.69 crore) respectively for the period from June 2014 to March 2016.

Noted

The above fact was not disclosed

<p>For and on the behalf of The Comptroller and Auditor General of India</p> <p>Sd/- (LATA MALLIKARJUNA) Accountant General (E&RSA)</p> <p>Place: Hyderabad Date : 17.10.2016.</p>	<p>For and on the behalf of Board of Directors</p> <p>Sd/- G. RAGHUMA REDDY Chairman & Managing Director</p> <p>Place: Hyderabad Date : 17.10.2016.</p>
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PROXY FORM





SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Formerly Central Power Distribution Company of Andhra Pradesh Ltd)

Form No. MGT -11

[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 ___ **Annual/Extra Ordinary General Meeting** of the Company, to be held on the ___ day of _____, 2016 at _____ 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.

1.
2.
3.

Signed this day of _____, 2016

Affix
Revenue
Stamp

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.



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 - 3 for FY 2015-16

Average Realisation from Sale of Power Schedule - 3 for FY 2015-16

Consumer Category	No. of Consumers	KWH Sales (MU)	KVAH Sales (MU)	Revenue (Rs.Crs)	% of Units Sold on kvah	Average	2014-15
						Realisation (Rs/Unit) kvah	Average Realisation (Rs/Unit) (kvah)
L.T. Cat.-I Domestic	5139632	7021.44	7021.44	2,861.78	40.21	4.08	4.03
L.T. Cat.-II Non-Domestic	710806	2187.51	2268.60	2,184.74	12.99	9.63	9.30
L.T.Cat.-III Industrial	40107	802.25	870.22	621.67	4.98	7.14	7.02
L.T. Cat-IV Cottage Industries	3594	9.12	9.12	3.80	0.05	4.17	4.52
L.T. Cat-V Agriculture	910866	6517.67	6517.67	44.26	37.33	0.07	0.04
L.T. Cat-VI Street Lights	63264	709.69	709.83	420.87	4.07	5.93	5.70
L.T. Cat-VII General Purpose	21732	61.49	61.55	45.33	0.35	7.37	6.99
L.T. Cat-VIII Temporary Supply	103	1.36	1.36	2.84	0.01	20.94	22.15
L.T. Total	6890104	17310.53	17459.78	6,185.30	100.00	3.54	3.21
H.T. Cat.I Industrial	4553	9046.65	9201.48	6,721.78	76.56	7.31	6.41
H.T. Cat.II Others	2817	1938.81	2005.32	1,878.28	16.68	9.37	8.44
H.T. Cat.III Aviation	11	64.00	64.34	46.65	0.54	7.25	6.69
H.T. Cat.IV Agricultural	221	419.08	433.23	250.02	3.60	5.77	5.23
H.T. Cat.V Railway Traction	6	148.24	150.75	105.63	1.25	7.01	6.26
H.T. Cat.VI Residential	101	118.77	123.59	80.28	1.03	6.50	5.87
H.T. Temp.	109	37.86	40.48	62.04	0.34	15.33	16.28
H.T. Total	7818	11773.41	12019.19	9144.68	100.00	7.61	6.69
L.T. + H.T. Total	6897922	29083.93	29478.97	15,329.98		5.20	4.66
Add: Electricity Duty				133.64			
Gross Revenue				15,463.62			