

APCPDCL



ANNUAL ACCOUNTS 2012-13

CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LIMITED

BOARD OF DIRECTORS:

SRI S.A.M.RIZVI, IAS	CHAIRMAN & MANAGING DIRECTOR
SRI G. RAGHUMA REDDY	DIRECTOR/ COMML
SRI K. VENKATA NARAYANA	DIRECTOR/HRD
SRI T.SRINIVAS	DIRECTOR/PROJECTS
SRI K.M.NAGENDER	DIRECTOR/OPERATIONS
SRI S. SUBRAHMANYAM	DIRECTOR(NON WHOLE TIME)
SRI A.SUDHAKAR	DIRECTOR(NON WHOLE TIME)

AUDIT COMMITTEE:

SRI S. SUBRAHMANYAM	CHAIRMAN AUDIT COMMITTEE
SRI A.SUDHAKAR	MEMBER
SRI T.SRINIVAS	MEMBER

AUDITORS:

M/s. SHARAD & ASSOCIATES
CHARTERED ACCOUNTANTS

COMPANY SECRETARY:

SMT. K. SUJATHA

BANKERS:

STATE BANK OF HYDERABAD
STATE BANK OF INDIA
ANDHRA BANK
SYNDICATE BANK
BANK OF INDIA
INDIAN OVERSEAS BANK

REGD OFFICE:

D.No.6-1-50,
MINT COMPOUND,
LAKDIKAPUL,
HYDERABAD.

CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LTD.

NOTICE

To

The Members of the Company

NOTICE IS HEREBY GIVEN THAT THE 13th ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON 26th DECEMBER 2013 AT 2.00 PM 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 Profit and Loss Account for the period ended 31-3-2013 and Balance Sheet as on 31-3-2013 along with Directors Report, Statutory Auditors Report and Comments of Comptroller and Auditor General of India, thereon.
2. To take note of the appointment of Statutory Auditors for the financial year 2013-14 under the provisions of Sec.619(2) of Companies Act, 1956 by Comptroller and Auditor General of India and fix the remuneration of Statutory Auditors for the Financial Year 2013-14.

“RESOLVED THAT pursuant to the provisions of Sec 224(8) (aa) and other applicable provisions the Board of Directors be and are hereby authorized to fix the remuneration payable to Statutory Auditors M/s. Sharad & Associates, Chartered Accountants for the financial year 2013-14.”

Special Business:

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

a Ordinary Resolution:

“RESOLVED THAT pursuant to Section 180 (1) (c) of the Companies Act, 2013, the Board of Directors of the Company be and are hereby authorized to borrow money, from time to time at its discretion either from the Company’s bank or any other bank, financial institutions or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in the aggregate Rs.9000 Crores [Rupees Nine Thousand Crores only] notwithstanding that the moneys to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business), will exceed the aggregate of the paid up

capital of the Company and its free reserves that it is to say, reserves not set apart for any specific purpose.”

2. To consider and if thought fit to pass with or without modification, the following resolution as

b. Ordinary Resolution:

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 180(1)(a) and other provisions, if any, of the Companies Act,2013, to mortgaging and/or charging by the Board of Directors of the Company of all or any part of the immovable properties of the Company whatsoever situate both present and future of every nature and kind whatsoever and creating a floating charge on all or any of the movable properties of the Company and the whole of undertaking of the company to or in favour of financial institutions for borrowing from time to time such sums of money as they deem requisite for the purpose of the business of the Company notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) shall not exceed the sum of rupees Rs.9000 Crores [Rupees Nine Thousand Crores only] at any time.”

BY THE ORDER OF THE BOARD OF DIRECTORS OF
CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LIMITED.

Sd/-

K. SUJATHA
COMPANY SECRETARY

Date: 23.12.2013

Note:

1. A member entitled to attend and vote in person or by proxy.

CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LIMITED
EXPLANATORY STATEMENT
(Pursuant to Sec 102(2) of the Companies Act, 2013)

Special business
Item no. 1

The company is covered under the Financial Restructuring Package 2012 formulated by Government of India vide Office Memorandum No. 20/11/2012- APDRP, Ministry of Power . As per the restructuring package, the Company should issue bonds to the extent of 50% of the short term liabilities which will be taken over by the Government of Andhra Pradesh over a maximum period of 5 years depending on the FRBM limit. These bonds will be serviced by the State Government from the budgetary sources. The 50% of the short term liabilities will be amounting to Rs.4670.90 crores which will be issued as bonds by the Company. Apart, from these Company to meet the financial requirements of capital works undertaken under various schemes are met through borrowings from financial institutions like Rural Electrification Corporation Limited , Power Finance Corporation Limited and banks. The existing limits sanctioned by the share holders for borrowing are Rs.4000 crores. Taking into consideration the proposed Capital expenditure likely to be incurred in future the limits of borrowing need to be enhanced. Since as per provisions of Section 180(i)(c) the shareholders are authorized to enhance the limits of borrowing powers of the Board. Hence it placed before the members to consider and increase the existing limits of borrowings from Rs. 4000 crores [Rupees Four Thousand crores] to Rs. 9000 crores.[Rupees Nine Thousand crores].

None of the Directors is interested in the aforesaid proposal and recommends your acceptance thereof.

By order of the Board of Directors
of Central Power Distribution Company of A.P. Ltd

Hyderabad
Date: 23.12.2013

sd/-
K. Sujatha
Company Secretary

CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LIMITED
EXPLANATORY STATEMENT
(Pursuant to Sec 102 (2) of the Companies Act, 2013)

Item no. 2

The financial institutions who come forward to finance the requirements of the Company request for security of charge created on assets of the Company, either existing or future assets to be created under the schemes sanctioned by the institutes. The existing limits sanctioned by the share holders and creation of charge on assets are Rs.4000 crores. Taking into consideration, the proposal to enhance the borrowing limits to Rs. 9,000 crores , the power to provide security by the Board, if necessary, for borrowing, needs to be also enhanced to Rs. 9,000 crores. . Since as per provisions of Section 180(1)(a), the shareholders are authorized to enhance the limits of borrowing powers of the Board. Hence it placed before the members to consider and increase the existing limits of borrowings from Rs. 4000 crores [Rupees Four Thousand crores] to Rs. 9000 crores.[Rupees Nine Thousand crores].

None of the Directors is interested in the aforesaid proposal and recommends your acceptance thereof.

By order of the Board of Directors
of Central Power Distribution Company of A.P. Ltd

Hyderabad
Date: 23.12.2013

sd/-
K. Sujatha
Company Secretary

CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LIMITED

DIRECTORS' REPORT

The Directors of your Company have great pleasure in presenting the 13th Annual Report of the Company, together with the Audited Accounts for the Financial Year ended on 31st March, 2013.

The summarized financial results of the Company for the year ended on 31st March, 2013 and for the previous year are as follows:

FINANCIAL RESULTS

During the year under review, the Company could earn an aggregate income of ₹. 15898.12 crores. The financial performance of the Company is as follows:

S.No	Particulars	2012-13 (₹.in Crores)	2011-12 (₹.in Crores)
1.	Revenue from Sale of Power	11185.62	9532.35
2.	FSA	1666.67	2258.44
3.	Revenue from Subsidies and Grants	1778.88	2620.77
4.	Other Income	1068.73	550.41
5.	Withdrawal of Depreciation on CC Assets	198.22	170.22
	Total Income	15898.12	15132.19
6.	Power Purchase Cost	15235.31	12675.67
7.	Employee Benefit expense	766.15	830.52
8.	Operation and Other Expenses	340.26	275.44
9.	Interest and Finance Charges	1181.64	935.50
10.	Depreciation	452.79	390.35
11.	Other Expenses	0.53	16.77
12.	FSA Written off	948.17	-
13.	Fixed Assets RESCOs- Write Off	17.17	-
14.	FSA and Other Provisions	901.17	-
15.	Provision for Govt. Receivables	3877.87	
	Total Expenses	23721.06	15124.26
16.	Profit/(Loss) Before Tax	(7822.94)	7.92
17.	Provision for Income Tax	-	1.28
18.	Deferred Tax Income Provision	104.65	2.60
	Net Profit/(Loss)	(7718.29)	4.05

During the Financial Year 2012-13, Company has incurred a Business Loss of ₹. 7718.29 Crores which include operational loss of ₹. 2078.04 crores. The operational loss is due to increased power purchase costs. And the GoAP has not subsidized in total the Expensive Power purchases and the interest paid for ₹. 790.13 Crores on Short Term Loan drawn for purchase of Expensive Power during the Financial Year 2012-13 which also resulted in loss for the current financial year 2012-13.

Apart from the above the Company had written off unapproved Fuel Surcharge Adjustment [FSA] by Honourable APERC for FY 2009-10 to 2011-12 amounting to ₹. 948.17 Crores. During the year the Company had also made provisions towards unbilled and uncollected FSA of ₹. 637.81 Crores for the period 2009-10 to 2010-11 (1st Quarter) due to stay on FSA billing and collections as per the Orders of Honourable High Court, and Government receivables to the extent of ₹. 181.23 crores which are due towards Single Bulb subsidy, Tatkal Subsidy and Subsidy receivable from Government in support of Third Transfer Scheme in respect of taking over of REC Loan and Vidyut bonds. The Government receivables towards addition power subsidy of ₹.3877.87 Crores have been provided as doubtful. The above provisions have been made due to non commitment by GoAP, non receipt of subsidy from GOAP and there being no provision in budgetary support for Government subsidy towards additional power during F.Y.2013-14. The Company had also made provision for ₹. 82.13 Crores towards the RESCOs absorption of Assets and Liabilities and Certain Fixed Assets of RESCOs have been written as their net book value is unrecognized. The above provisions were made as there was no commitment received from the Government, regarding these receivables. All the above factors have resulted in the net accumulated losses of ₹.7829.81 crores. Because of the increased accumulated losses the net worth of Company as on 31.03.2013 is showing a negative balance of ₹. 5315.83 crores. The losses are recoverable through true-up mechanism in Tariffs of ensuing years, and the Financial Restructuring package to be implemented by Government of Andhra Pradesh.

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. The liability of APCPDCL is to the extent of ₹. 4026.50 crores. This would take care of the short term borrowings of the Company towards expensive power.

The infrastructure of the Company as on 31.03.2013 is as follows:

S.No.	Particulars	Quantity
1.	33/11 KV Substations	1484 Nos
2.	Power Transformers	2288 Nos
3.	Distribution Transformers	3,30,178 Nos
4.	33KV Feeders	769 Nos
5.	11KV Feeders	5816 Nos

BOARD OF DIRECTORS:

The Board of Directors of the Company as on the date of this report is as follows:

S.No	Name of the Director	Designation
1.	Sri S.A.M.Rizvi, IAS	Chairman & Managing Director
2.	Sri K.Venkata Narayana	Director/HRD
3.	Sri G. Raghuma Reddy	Director/ Comml
4.	Sri T.Srinivas	Director/Projects
5.	Sri K.M.Nagender	Director/Operations
6.	Sri S.Subrahmanyam	Director(Non-whole time)
7.	Smt.Pushpa Subrahmanyam, IAS	Director(Non-whole time)

CHANGES IN BOARD SINCE LAST REPORT:

S.No	Name of the Director	Designation	Date of Change
1.	Sri. G.Anantha Ramu,IAS	Chairman & Managing Director	Ceased on 21.01.2013
2.	Sri V.Anil Kumar, IAS	Chairman & Managing Director	Appointed on 21.01.2013 Ceased on 30.06.2013
3.	Sri S.A.M.Rizvi, IAS	Chairman & Managing Director	Appointed on 30.06.2013
4.	Sri T. Srinivas	Director/Projects	Appointed on 02.08.2013
5.	Sri K. M. Nagender	Director/Operations	Appointed on 28.08.2013
6.	Sri C. Chenna Reddy	Director(Non-whole time)	Ceased on 25.09.2013
7.	Sri K. Ranganatham	Director(Non-whole time)	Ceased on 25.09.2013
8.	Sri S. Subrahmanyam	Director(Non-whole time)	Appointed on 25.09.2013
9.	Sri P. Rajagopal Reddy	Director/Finance & P&MM	Ceased on 01.11.2013

- Sri G. Anantha Ramu, IAS ceased to be Chairman & Managing Director on 21.01.2013 vide G.O. RT .No. 170, General Administration (Special A) Department, dt. 09-01-2013.
- Sri V. Anil Kumar, IAS was appointed as Chairman & Managing Director/APCPDCL vide G.O.Rt.No.11 Energy(Power.III)Department, Dt.21.01.2013 in place of Sri G.Anantha Ramu, IAS.
- Sri S.A.M.Rizvi, IAS was appointed as Chairman & Managing Director/APCPDCL vide G.O.RT.No. 2893, General Administration(Special.A) Department, dt. 30-06-2013 in place of Sri V.Anil Kumar, IAS.

- Sri T.Srinivas was appointed as Director/Projects/APCPDCL vide G.O.Ms.No.43 Energy (Power.III) Department dt.31.07.2013.
- Sri K.M.Nagender was appointed as Director/Operations/APCPDCL vide G.O.Ms.No. 45, Energy (Power.III) Department, dt.31-07-2013.
- Sri S.Subrahmanyam was appointed as Director(Non-Whole Time) vide Letter.No. 3991/Pr.III(1/ 2013-1 dt. 25.09.2013 in place of Sri K.Ranganatham and Sri C.Chenna Reddy.
- Sri P.Rajagopal Reddy resigned as Director/Finance & P&MM/APCPDCL on 01.11.2013 as per G.O.Ms.No.59 dt:30.10.2013.

BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2012-13:

Board Meetings are held regularly and decisions taken in the best interests of the Company. During the Financial Year 2012-2013, Five (5) Meetings of the Board of Directors were held on the following dates:

S.No.	Dates of Board Meeting
1.	27.06.2012
2.	06.08.2012
3.	28.09.2012
4.	21.11.2012
5.	11.01.2013

COMPOSITION:

The composition of the Board of Directors of the Company communicated by Government of Andhra Pradesh vide G.O.Ms,No.19 Energy (Power.III) Department, dt.14.05.2012 is functional directors including Chairman & Managing Director is six and three non-whole time directors. The Directors are nominated by Government of Andhra Pradesh as per Article 30(d) of Articles of Association.

The table below gives the details of Composition and category of Directors and participation during the Financial Year 2012-13:

Directors	Category of Directors	No.of Board Meetings Held	Meetings Attended	Remarks
Sri G.Anantha Ramu, IAS Chairman & Managing Director	CMD	5	5	Ceased on 21.01.2013
Sri P Rajagopal Reddy Director/Finance & P&MM	WTD	5	5	
Sri K. Venkata Narayana Director /HRD	WTD	5	4	
Sri G. Raghuma Reddy Director/ CommI	WTD	5	5	

Sri C.Chenna Reddy Director/Transmission/APTRANSCO	NWD	5	5	Ceased on 25.09.2013
Sri K.Ranganatham JMD/APTRANSCO	NWD	5	5	Ceased on 25.09.2013
Sri Dinesh Kumar, IAS Prl.Secy to Govt Energy Dept	NWD	5	0	Ceased on 03.08.2012
Smt.Pushpa Subrahmanyam, IAS Prl. Secy to Govt. (IF) Finance Dept	NWD	5	1	

* CMD- Chairman & Managing Director
WTD - Whole time Director
NWD- Non-whole time Director

DATES OF LAST THREE ANNUAL GENERAL MEETINGS HELD:

For the year	Venue	No. of the Meeting	Date	Time
2010	Corporate Office, 6-1-50, Mint Compound, Hyderabad	10th	15.09.2010	11.00 AM
2011	Corporate Office, 6-1-50, Mint Compound, Hyderabad	11th	29.09.2011	4.00 PM
2012	Corporate Office, 6-1-50, Mint Compound, Hyderabad	12th	28.09.2012	12.00 PM

CONSTITUTION OF AUDIT COMMITTEE:

In compliance with the provisions of Section 292A of Companies Act, 1956 (as amended), Audit Committee constituted by the Company consists of the following members.

S.No	Name of the Director	Designation
1.	Smt.Pushpa Subrahmanyam, IAS	Chairman of Audit Committee (Non whole time Director)
2.	Sri S.Subrahmanyam	Member Audit Committee (Non whole time Director)
3.	Sri K.Venkata Narayana	Member Audit Committee Director(HRD)

The Audit Committee was reconstituted due to the change in the position of Non-whole time Directors in the financial year 2012-13. Smt.Pushpa Subrahmanyam, IAS was nominated as a Chairman of Audit Committee in place of Sri K.Ranganatham, who has ceased to be Director of the Company on completion of his tenure and Sri S.Subrahmanyam was nominated as a Member of Audit Committee in place of Sri C.Chenna Reddy, who has ceased to be Director of the Company.

The Audit Committee met Five times during the financial year 2012-13. The Annual Accounts for the year 2012-13 were reviewed by Audit Committee in its meeting held on 16.11.2013.

Directors	No. of Audit Committee Meetings Held	Meetings Attended	Remarks
Sri K.Ranganatham	5	4	Smt.Pushpa Subrahmanyam, IAS was nominated as Non-whole time Director in his place on 28.09.2013
Sri C.Chenna Reddy	5	4	Sri S.Subrahmanyam was nominated as Non-whole time Director in his place on 28.09.2013
Sri K.Venkata Narayana	5	5	

AUDITORS OF THE COMPANY:

Satutory Auditor:

M/s Sharad & Associates, Chartered Accountants were appointed by Comptroller and Auditor General of India(C&AG) as the Statutory Auditors of the Company for the financial year 2012-13.

Cost Auditor:

M/s. Narasimha Murthy & Co, Chartered Accountants were appointed as Cost Auditors of the Company for the financial year 2012-13.

Replies of Management to Audit Queries:

The replies to the queries of statutory auditor on annual accounts for the F.Y.2012-13 are enclosed as Annexure – 'A' and Annexure – 'A1' to this report.

HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS:

Your Company has given due importance to human resource development and follows the best HR Practices to build competence by way of training to improve the skills in a competitive and sustainable manner. The employee relations in the Company continue to be cordial and supportive.

TRAINING:

In order to optimize contribution of the employees to the Company's business and operations, your Company is imparting necessary in-house and external training.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

The information in accordance with the provisions of Section 217(1) (e) of Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Director) Rules, 1998 regarding conservation of energy, foreign exchange earnings and outgo, is not furnished as they are not applicable to the Company.

However, it is to inform that as a part of Bachat Lamp Yojana, the Company had entered into tripartite agreement for replacement of Compact Florescent Lamps (CFLs) as an alternative to energy inefficient incandescent Lamps (ICLs). The pilot project was undertaken and successfully completed in Habsiguda Division. Subsequently the replacement programme was undertaken in Kukatpally, Gachibowli, Vikarabad and Rajendernagar, Medchal, Champapet, Saroornagar, Bowenpally, Paradise, Azambad, Green Lands, Asmangarh, Charminar divisions and successfully completed. The total CFLs distributed are 28,19,579 Nos where in 11W CFLs are 7,06,193 Nos and 18/20W CFLs are 21,13,386 Nos.

Technology Absorption:

The Company has been taking steps for reduction of losses and better customer services using information and technology. The Company has undertaken implementation of Smart Grid Pilot project to improve power reliability, quality, accurate billing and efficiency of the existing network. The pilot project has been undertaken on one 11KV feeder covering 40 consumers. The smart meters installed have enabled the Company to capture the entire real time data of consumers. These meters are enabling to identify the pilferages and control them. Based on the performance three more DTRs and feeders are being brought under the smart meters.

Apart from the above the Company is also undertaking the strengthening of net work under R-APDPRP and also implementing various IT initiatives such as DMS, SCADA, GIS Asset mapping and consumer indexing, Automatic Meter Reading.

PARTICULARS OF EMPLOYEES UNDER SEC 217(2A):

The information under Sec 217(2A) of Companies Act 1956, read with Company (Particulars of Employee) Rules, 1976 may be taken as nil.

DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of your Company has met Five times during the financial year 2012-13.

In accordance with Sec 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state that:

The Annual Accounts are prepared as per Schedule VI of the Companies Act, 1956 and the applicable standards are followed, so as to give a true and fair view of state

of affairs of the Company as at the end of the financial year 31st March, 2013. The rates of depreciation are adopted as per the Gazette notifications issued by the Ministry of Power, Government of India from time to time.

The Directors have taken proper and sufficient care for the maintenance of accounting records; for safeguarding assets of the Company; and preventing and detecting fraud and other irregularities.

The Annual Accounts are prepared on a going concern basis.

ACKNOWLEDGEMENTS:

The Directors gratefully acknowledge the support extended by various agencies involved in the operations of the Company, including financial institutions. The Board of Directors wishes to place on record its sincere appreciation for the all round co-operation and contributions made by the officers and staff of the Company.

For and on behalf of the Board of APCPDCL,

Sd/-

Place: Hyderabad
Date: 26.12.2013

S.A.M.Rizvi, IAS
Chairman and Managing Director

Annexure A to the Directors' Report

A. Company's Replies to the Auditors Qualifications / Reservations

To the Members of

Central Power Distribution Company of Andhra Pradesh Limited

Report on financial statement

- i. We have audited the accompanying Financial Statements of Central Power Distribution Company of Andhra Pradesh Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

- ii. Management is responsible for the preparations 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 referred to in section 133 of Companies Act, 2013 (Compliance with Section 211 (3C) of the Companies Act, 1956 is sufficient compliance with section 133 of Companies Act, 2013 read with MCA Circular No 16/2013 Dt.18.09.2013). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

- iii. Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards required 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.
- iv. An audit involves performing procedures to obtain audit evidence about the amounts disclosures in Financial Statements. The procedures selected depend on auditors' judgement, 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 control relevant to the Company's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.
- v. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

STATUTORY AUDITORS' REPORT	COMPANY'S REPLY
Basis for Disclaimer Opinion	
<p>1. PURCHASE OF POWER: <i>In Terms of GO. Ms. 53, Energy (Power III), April 28, 2008, more specifically defined in the Note No. 4 of Notes forming part of Financial Statements the Government of Andhra Pradesh has reallocated the power sharing among the all DISCOM's with retrospective effect from June 9, 2005, however no adjustments are carried out for the transactions already incorporated in the books of accounts till March 31, 2008 at the original ratio of allocation. The impact of such revision, if any, on the power purchase cost and its corresponding liabilities/receivables could not be ascertained.</i></p>	<p>Regarding ratio of reallocation of Power with prospective effect, request has been made to the Govt. of AP. by APPCC.</p>
<p>2. BALANCES CONFIRMATION <i>The Company has not obtained confirmations of balances from Sundry Creditors, Loans & Advances and Current Liabilities. Balances under these heads are subject to reconciliation and review. The impact, if any that may result on reconciliation and review of the balances under various heads in Assets and Liabilities could not be determined.</i></p>	<p>The observation will be implemented in the current financial year 2013-14.</p>

<p>3. COMPLIANCES TO MSME Act, 2006 <i>Note No. 32 to the Financial Statements, the Company has not completed the process of collecting the information relating the Small and Micro units rendering service or supplying goods to the Company. Hence we are unable to determine whether there was delay in making payment to such entities and the resultant interest for such delay as prescribed under MSME Act, 2006, thus we are unable to ascertain the impact on the loss and liabilities of the Company</i></p>	<p>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.</p>
<p>Basis for Qualified Opinion</p>	
<p>1. CONSUMER CONTRIBUTION AND GOVERNMENT GRANTS: <i>Reference is invited to Note No. 6(a) of Notes forming part of Financial Statements, that the Company is crediting amounts received from the consumers and Government towards tangible assets directly to the reserves on receipt of the amount, even before the asset is created, which results in non-identification of assets created out of such contribution. The adjustments for amortization to total assets are made on the basis of proportionate value of the assets to the Consumer contributions instead of identifying the individual assets created out of such Consumer Contributions and Government Grants. Due to such practice, we are of the opinion that amortization is being written back for those assets which are not created and also for those assets which are retired/devoluted/scrapped. Assets yet to be created out of these funds and assets which have been devoluted/scrapped/retired, which were put into use with these funds, could not be ascertained. The Impact on the loss and the reserves & surplus could not be ascertained.</i></p>	<p>The Depreciation on the consumer contributed assets is being written back to the Profit and Loss based on the proportionate value of the assets built out of the Consumer Contributions, as they cannot be matched with the assets created out of such contributions.</p>
<p>2. TANGIBLE ASSETS AND DEPRECIATION THEREOF: a. <i>It was observed that defective meters which are being replaced with new meters are not being devoluted from the SAP accounting system and there is no subsequent tracking of such devoluted meters, these results in asset being carried in the books in spite of non-existence. Furthermore it was observed that new meters installed in lieu of the defective meters are reduced from the stock but the same is not being capitalized, thus resulting in non-adherence to the Accounting Standard 10 – "Accounting for fixed assets". The impact on the carrying value of asset and the consequential effect on the depreciation and the loss could not be ascertained.</i> b. <i>Capitalization of employee cost of ₹ 58.70 Crores (Previous year ₹ 49.92 Crores) and Administrative and General Expenses of ₹ 10.35 crores (Previous year ₹ 8.80 crores) is being carried out at 10% on the cost of capital works, more specifically detailed in Note No. 3 (vi)(a) of Notes forming part of Financial Statements, instead of capitalizing the directly attributable costs in accordance with Accounting Standard – 10, 'Accounting for Fixed Assets'. The impact on the carrying value of asset and the consequential effect on the depreciation and the loss could not be ascertained.</i></p>	<p>Noted for future compliance</p> <p>Ten Percent of the Cost of Capital Works is capitalized towards Employee 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>c. Depreciation <i>It was observed that incorrect depreciation is being calculated in SAP accounting system for the new assets created during the year under the head "Lines & Cables" and "Meters & Metering Equipment" since depreciation is being calculated from the 1st date of capitalization even for the subsequent addition made under that asset code which was created during the year. The impact of these on the carrying value of asset and consequential effect on depreciation and the loss could not be ascertained.</i></p>	<p>The observation is being implemented in the current financial year 2013-14 (May,2013 onwards).</p>
<p>3. TRADE RECEIVABLES <i>Reference is invited to note no 20 (a) of the notes forming part of financial statements, the Company has carried a provision for doubtful debts to the tune of ₹536.70 Crores (Previous year ₹505.46 Crores) during the reporting period. The Company has stated that the provision is based on receivables which are older than 60 months, which in our opinion is not commensurate with the size and the operations of the Company. Thus, in our opinion the provision made is inadequate and the impact on the loss and carrying value of trade receivables could not be ascertained.</i></p>	<p>The existing provision covers the arrears against Bill Stopped Services, UDC services and arrears involved in Court cases. However the age wise analysis for creation of provision for bad and doubtful debts will be reviewed.</p>
<p>4. PROVISIONS FOR EMPLOYEE BENEFITS <i>Reference is invited Note No. 9 (b) & 12(c)(ii) of Notes forming part of financial statements, where it is stated that provision of Pension, Gratuity and Leave encashment for the eligible employees has been provided in the books based on the actuarial valuation for the year ended March 31, 2012 however no certified actuarial valuation has been carried out for the year ended March 31, 2013, hence in our opinion, provision made for the year ended March 31, 2013 is not in accordance with Accounting Standard – 15, Employee Benefits (Revised). The impact on the loss and the Long Term Provisions could not be determined.</i></p>	<p>The observation will be followed from the current financial year 2013-14.</p>
<p>5. REVENUE RECOGNITION <i>Progressive meter readings against disconnected services were observed, where, in these cases the Company raises bills against the consumers and recognizes the revenue, which in our opinion is not in accordance with the Accounting standard – 9 "Revenue Recognition", since there exists an uncertainty of collection of the receivables. The impact on the loss and consequential effect on trade receivables could not be ascertained.</i></p>	<p>Noted for future guidance. It will be implemented duly modifying the Billing Software.</p>
<p>Basis for Adverse Opinion</p>	
<p>1. TANGIBLE ASSETS <i>a. Tangible Assets created out of the capital work orders and put to use as at March 31, 2013 has not been capitalized in the books as the work completion certificate were not furnished and work order was not closed resulting in non-compliance with Accounting Standard – 10 "Accounting for Fixed Assets". The impact of these on the carrying value of asset and consequential effect on depreciation and the loss could not be ascertained.</i></p>	<p>The company is reviewing the closure of work orders regularly and steps are being taken to fasten the process of capitalization duly obtaining the work completion certificates.</p>

<p><i>b. Computers & IT equipment's purchased and not put to use are being classified as Inventories, instead of capitalizing in accordance with the Accounting Standard – 10 "Accounting for fixed assets", accordingly depreciation of such assets are not being charged to the statement of profit & loss as the asset are ready for its intended purpose, thus resulting in non compliance to Accounting Standard – 6 "Depreciation". The impact of these on the carrying value of asset and consequential effect on depreciation and the loss could not be ascertained.</i></p>	<p>Meters, Sim and Modem of GPRS to be assembled for using the same in the field. Hence, they cannot be put to use readily and are treated as inventory.</p>
<p>2. ELECTRICITY DUTY <i>It was observed that interest on electricity duty billed and recovered from consumers has been accounted as income amounting to the tune of ₹ 3.47 Crores (Previous year ₹ 3.21 Crore) instead of passing it on to the Government of Andhra Pradesh. It is pertinent to note that electricity duty being statutory levy, the authority to levy such interest arises from Andhra Pradesh Electricity duty Act, 1939 read with Section 24 (1) of Indian Electricity Act, 1910; hence the same cannot form part of income of the Company even though the Company is prompt in making the payment of electricity duty. Accordingly, loss in Reserves and Surplus is understated.</i></p>	<p>The Company is paying the Electricity Duty to the State Government on the units billed whether the electricity duty is realized or otherwise. Hence the interest charged by the company on late payment of electricity duty by consumers is treated as income of the company.</p>
<p><i>3. Unascertained amount of aforesaid basis of opinions is much higher than the ascertained amount that will have an effect on the Profit, Assets and Liabilities and furnishing the aggregate effect of only the ascertained amounts will not be appropriate. Hence we are not furnishing the aggregate effect of the ascertained amount on the loss, assets and liabilities.</i></p>	
<p>Disclaimer/Adverse/Qualified Opinion</p>	
<p>vi. In our opinion and to the best of our information and according to the explanations given to us and <i>except for the effects of the matter described in basis of disclaimer opinion paragraph, basis of qualified opinion paragraph and basis of adverse opinion paragraph</i>, the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:</p> <p>i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;</p> <p>ii) in the case of statement of profit and loss, of the Loss for the year ended on that date; and</p> <p>iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.</p>	
<p>Emphasis of Matter</p>	
<p>vii. Without qualifying our opinion, we draw attention to:</p> <p>a) Note No. 4 to the Financial Statements regarding the Third Transfer Scheme, in terms of which the Bulk Supply Undertaking and Power Purchase Agreements were transferred from APTRANSCO to Distribution Companies in specified ratio with effect from 09/06/2005 and subsequent revision of the ratio of allocation with effect from April 2008. In order to facilitate purchase and trading of power, the Government of Andhra Pradesh has constituted one apex committee and two sub-committees. The Transactions of Sale of Power, to the entities other than the four Distribution Companies and Purchase of Power as also allocation of Cost of Purchase of Power amongst the four Distribution Companies are subject to audit by an Independent Firm of Chartered Accountants. The statements of purchase and sale, as intimated by the Committee and certified by the independent firm of Chartered Accountants are incorporated in the Books of the Company and have been accepted by us. It may be mentioned that these Committees are not legal entities.</p>	<p>Informative.</p>

<p>b. Note No 22(e) to the financial statements wherein recoverability of Government Receivables have been re-emphasized by the Company in terms of confirmation by GoAP vide a G O Ms. No.62 dated 14.11.2013 as against the comfort letters being relied upon until 2011-12 and commented by Comptroller and Auditor General of India vide their Supplementary Audit Report Dated.27.09.2012 on the accounts of the Company.</p>	<p>Informative</p>
<p>Report on other legal and regulatory requirements</p>	
<p>viii. As required by the companies (Auditor's report) Order, 2003 ("the order") issued by the central government of India in terms of sub-section (4A) of section 227 of the act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.</p> <p>ix. As required by section 227(3) of the Act, we report that:</p> <p>a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;</p> <p>b. in our opinion, proper books of account as required by law have been kept by the Company so far as appear from our examination of those books and proper returns adequate for the purposes of our audit have been received from power purchase committee;</p> <p>c. the Financial statements dealt with by this report are in agreement with the books of account ;</p> <p>d. with reference to Section 133 of the Companies Act, 2013 which is effective from 12th September, 2013 and further with reference to MCA Circular No.16/2013 Dt.18.09.2013 and subject to <i>the effects of the matter described in basis of disclaimer opinion paragraph, basis of qualified opinion paragraph and basis of adverse opinion paragraph</i>, in our opinion, the Financial Statements comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act,1956; and</p> <p>e. as the Company is a government Company , the provisions of Section 274 Sub Section 1 (g) of the Companies Act,1956 is not applicable.</p>	
<p>Other Matter</p>	
<p>1. It was observed that the recoveries from employees towards Group Insurance Schemes and family benefit fund schemes and contributions payable towards provident funds and pension funds are being utilized towards operations of the Company instead of investing the funds outside the business and paying it to the respective trust or fund.</p>	<p>Noted for future guidance.</p>
<p>For SHARAD & ASSOCIATES Chartered Accountants Firm registration number: 06377S</p> <p>SHARAD SINHA Partner Membership No.: 202692</p> <p>Place: Hyderabad Date: 16.11.2013</p>	<p>For and on behalf of the Company</p> <p>Sd/- S A M RIZVI Chairman & Managing Director</p> <p>Place : Hyderabad Date : 16.11.2013</p>

Annexure referred to paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Central Power Distribution Company of A.P. Limited(the company)

1 (a) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets except for land.

Informative

(b) As informed to us, the physical verification of tangible assets which was due in financial year 2010-11 in accordance with a phased programme of verifying all tangible assets once in three years however the management *has not undertaken the exercise even during the year.*

Noted

(c) During the year, few assets have been disposed off/scrapped/identified for disposal by the Company. On the basis of information and explanations given to us, we are of the opinion that disposal of the part of the fixed assets has not affected the going concern status of the Company.

Noted

2. (a) Management has conducted physical verification of stores, spare parts, components and other materials lying in main stores as also at Division/ Section offices during the year in phased manner and in our opinion, the frequency of verification is reasonable.

Informative

(b) In our opinion, the procedure of physical verification followed by the management was reasonable and adequate in relation to the size of the Company and the nature of it's business

Informative

(c) Company has maintained proper records of stores, spare parts, components and other materials. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

Informative

3. In our opinion and according to information and explanation given to us, Company has not granted or taken loans, secured or unsecured , to or from parties covered in the register required to be maintained U/s 301 of the companies Act,1956. Accordingly, reporting under this clause 4 (iii) (a) to (g) are not applicable.

Noted

4. In our opinion and according to information and explanation furnished to us *few instances of internal control lapses have been identified by us. Internal control systems needs to be strengthened with regard to reconciliation of accounts, under disconnected services and accounting of capital and revenue work orders and in our opinion there has been continuing failure to correct these major weaknesses .*

The observation is noted for future guidance.

5. According to the information and explanations given to us, there were no transactions that need to be entered in the register maintained U/s 301 of the Companies Act,1956. Accordingly , reporting under clause (v) (a) to (v) (b) is not applicable.

Informative

6.The Company has not accepted any deposits from the public, within the meaning of Sections 58A and 58AA or any other relevant provisions of Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

Noted

7. The internal audit of the Company is being carried out by the Internal Audit Wing and firms of Chartered Accountants appointed by the management. In our opinion, the same is commensurate with the size of the Company and the nature of it's business *however requires further improvement in terms periodicity and coverage. In addition to this there is an urgent requirement to conduct Information Systems Audit.*

Noted

8 We have broadly reviewed the books of accounts maintained by the Company pursuant to the Cost Accounting Records (Electricity Industry) Rules, 2011 issued by the Central Government for the maintenance of cost records by Company under section 209(1)(d) of the Companies Act,1956 and 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.

Informative

9. (a) Undisputed statutory dues including provident fund ,ESI, income tax, sales tax ,wealth tax ,service tax ,customs duty, excise duty ,cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities *though there have been delays in few cases. However with respect to provident fund the Company has not paid the contribution to it's own managed Trust on regular basis.*

Informative

(b) According to the records of the company, the dues outstanding of income tax ,sales tax, wealth tax, service tax , customs duty , excise duty and cess on account of any dispute , are as follows:

Informative

S. N O.	Name of the Statute	Nature of Dues	Amount (₹ .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	Demand of Entry tax on Goods purchased from outside	33.25	2002-2003	Supreme Court of India

		<i>state</i>			
2	<i>A.P. General Sales Tax Act, 1956</i>	<i>Sales Tax</i>	<i>1.34</i>	<i>2001 to 2006</i>	<i>AP Sales Tax Appellate Tribunal</i>
3	<i>A.P, VAT Act,2005</i>	<i>VAT</i>	<i>63.10</i>	<i>2005 to 2008</i>	<i>High Court of A P</i>
4	<i>Income Tax Act, 1961</i>	<i>TDS</i>	<i>93.26</i>	<i>2006- to 2009</i>	<i>CIT Appeals</i>

10. The Company have accumulated losses in excess of fifty per cent of it's net worth and the Company has incurred cash losses in the financial year under audit but no cash loss was incurred in the immediately preceding financial year. The effects of un-quantified opinions have not been taken into consideration for arriving at the cash losses for the financial year.

Informative

11. Based on our audit procedure and as per the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or banks.

Informative

12.The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, other than housing loans to staff wherein mortgage of house property has been obtained by the Company.

Informative

13.In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund /society. Therefore, the provisions of clause 4 (xiii) of the order are not applicable to the Company.

Informative

14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4 (xiv) of the order are not applicable to the Company.

Informative

15. According to information and explanation given to us, Company has not given any guarantee for loans taken by others from financial institution or banks.

Informative

16. Based on information and explanations given to us by the management , terms loans were applied for the purpose for which the loans were obtained

Informative

17. According to the information and explanations given to us and overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short term basis, prima facie, have not been used for long term investment.

Informative

18. In our opinion and according to information and explanations furnished to us, Company has not made preferential allotment during the year to the parties listed in the register maintained U/s 301 of the Companies Act,1956

Informative

<p>19. According to the information and explanations given to us, the Company has not issued any debenture during the year nor debentures are outstanding as at the year end. Therefore, the provisions of clause 4 (xix) of the order are not applicable to the Company.</p> <p>20. According to the information and explanations given to us, the Company has not raised any money through issue of shares to the public during the year. Accordingly, the provisions of Clause 4 (xx) of the order are not applicable to the Company.</p> <p>21. According to information and explanation given to us and on the basis of our review, we note that Company is susceptible to frauds on the Company owing to power theft and such frauds have been noticed and reported during the year however considering the fact that such matters are Sub-Judice amount involved could not be adjudged independently. Further, no frauds by the Company has been noticed or reported during the year.</p> <p>for SHARAD & ASSOCIATES Chartered Accountants Firm registration number: 06377S</p> <p>SHARAD SINHA Partner Membership No.: 202692</p> <p>Place: Hyderabad Date: 16.11.2013</p>	<p>Informative</p> <p>Informative</p> <p>Informative</p> <p>For and on behalf of the Company</p> <p>Sd/- S A M RIZVI Chairman & Managing Director</p> <p>Place : Hyderabad Date :16.11.2013</p>
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Annexure A1 to the Directors' Report

A. Company's Replies to the Auditors Qualifications / Reservations

To the Members of

Central Power Distribution Company of Andhra Pradesh Limited

Report on financial statement

i. We have audited the accompanying Financial Statements of Central Power Distribution Company of Andhra Pradesh Limited, ("the Company"), which comprise the Revised Balance Sheet as at March 31, 2013, the Revised statement of Profit and Loss and Revised Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

ii. Management is responsible for the preparations 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 referred to in section 133 of Companies Act, 2013 (Compliance with Section 211 (3C) of the Companies Act, 1956 is sufficient compliance with section 133 of Companies Act, 2013 read with MCA Circular No 16/2013 Dt. September 18, 2013). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

iii. Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards required 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.

iv. An audit involves performing procedures to obtain audit evidence about the amounts disclosures in Financial Statements. The procedures selected depend on auditors' judgement, 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 control relevant to the Company's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

v. This report is issued and restricted to the revision to the financial statements carried by the management following directions from Special Secretary, Energy department, Government of Andhra Pradesh, in terms of our audit procedures to express an opinion on the Revised Balance Sheet as at March 31, 2013, the revised statement of profit and Loss and Revised Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information , carried out post our audit report dated November 16, 2013.

vi. We believe that the audit evidence we have obtained is sufficient and appropriate, *except for the matters referred to in Basis of Qualified opinion and Basis for Disclaimer Opinion sections of our report Dated November 16,2013*, to provide a basis for our adverse opinion

STATUTORY AUDITORS' REPORT

COMPANY'S REPLY

Basis for Adverse Opinion

a. Provision For Government Receivables:

The company has made a provision of ₹. 3877.87 Crores against the receivables from Government of Andhra Pradesh towards expensive power subsidy. The Government of Andhra Pradesh had proposed to guarantee the bonds and later redeem them, which will be issued to the bankers for Short Term Loans of the company and Power Purchase creditors against one time settlement for the liability as at March 31, 2013. However the company has made provision against such receivables from the government in spite of assurance given by Government of

Note No. 22 to Annual Accounts is self explanatory.

<p><i>Andhra Pradesh vide GO No 62 dt November 14, 2013 through committed budgetary support. Thus in our opinion provision should not have been provided for and accordingly loss is overstated to extent of ₹.3877.87 Crores and Current assets is understated by ₹. 3877.87 Crores.</i></p>	
<p>b. Inventories <i>In our opinion the materials which has been identified as shortage and obsolete/non-moving/slow moving stores to the tune of ₹ 8.79 Crores (Previous Year ₹ 13.26 Crores) should be valued at Net Realizable Value (NRV) and be reviewed at the end of every year instead of making a provision against such inventories. This results in non-compliance to Accounting Standard – 2 “Valuation of Inventories”. The impact on the financial statements could not be ascertained.</i></p>	<p>The observation is noted for future guidance.</p>
<p>viii. Adverse Opinion In our opinion and to the best of our information and according to the explanations given to us and <i>except for the effects of the matter described in basis of adverse opinion paragraph vii(a) & (b) and except for the effects of the matters described in basis of disclaimer opinion paragraph, basis of qualified opinion paragraph and basis of adverse opinion paragraphs in our report dated November 16, 2013</i>, the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India: i) in the case of the Revised Balance Sheet, of the state of affairs of the Company as at March 31, 2013; ii) in the case of Revised Statement of profit and loss, of the Loss for the year ended on that date; and iii) in the case of the Revised Cash Flow Statement, of the cash flows for the year ended on that date.</p>	
<p>ix. Emphasis of Matter Without qualifying our opinion, we draw attention to: Note No 44 to the financial statements regarding the revision of accounts where our audit procedures are restricted solely to the revision of the financial statements post our audit report dated November 16, 2013. The revision has resulted in the Power purchase cost and trade payable been increased by ₹ 880.91 Crores, Provision for Government receivables towards additional power subsidy has been created to the tune of ₹ 3877.87 Crores, Provision for Inventories has been created to the tune of ₹ 8.79 Crores and Provision for receivables towards Indiramma Scheme has been reversed to the extent of ₹ 10.65 Crores, thus resulting increase in net loss to the extent of ₹ 4930.95 Crores and changes in assets and liabilities as described above. This report should be read in conjunction with our report dated November 16, 2013.</p>	<p>Noted</p>

Report on Other Legal and Regulatory Requirements

x. As required by the companies (Auditor's report) Order, 2003 ("the order") issued by the central government of India in terms of sub-section (4A) of section 227 of the act, we retain the Annexure referred to in paragraph (viii) of our report dated November 16,2013, a statement on the matters specified in paragraphs 4 and 5 of the order.

xi. As required by section 227(3) of the Act, we report that:

a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion, proper books of account as required by law have been kept by the Company so far as appear from our examination of those books and proper returns adequate for the purposes of our audit have been received from power purchase committee;

c. the Revised Financial statements dealt with by this report are in agreement with the books of account;

d. with reference to Section 133 of the Companies Act, 2013 which is effective from 12th September, 2013 and further with reference to MCA Circular No.16/2013 Dt.18.09.2013 and *except for the effects of the matter described in basis of adverse opinion paragraph vii(a) & (b) and except for the effects of the matter described in basis of disclaimer opinion paragraph, basis of qualified opinion paragraph and basis of adverse opinion paragraph in our report dated November 16, 2013*, in our opinion, the Financial Statements comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act,1956; and

e. as the Company is a government Company , the provisions of Section 274 Sub Section 1 (g) of the Companies Act,1956 is not applicable.

For SHARAD & ASSOCIATES
Chartered Accountants
Firm registration number: 06377S

SHARAD SINHA
Partner
Membership No.: 202692

Place: Hyderabad
Date: 19.12.2013

For and on behalf of the Company

Sd/-

S A M RIZVI
Chairman & Managing Director

Place : Hyderabad
Date : 19.12.2013



Report of the independent auditors on the financial statements

To the Members of

Central Power Distribution Company of Andhra Pradesh Limited

Report on financial statement

i. We have audited the accompanying Financial Statements of Central Power Distribution Company of Andhra Pradesh Limited, (“the Company”), which comprise the Balance Sheet as at March 31, 2013, the statement of profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

ii. Management is responsible for the preparations 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 referred to in section 133 of Companies Act, 2013 (Compliance with Section 211 (3C) of the Companies Act, 1956 is sufficient compliance with section 133 of Companies Act, 2013 read with MCA Circular No 16/2013 Dt.18.09.2013). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

iii. Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards required 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.

iv. An audit involves performing procedures to obtain audit evidence about the amounts disclosures in Financial Statements. The procedures selected depend on auditors’ judgement, 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 control relevant to the Company’s preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

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



Basis for Disclaimer Opinion

1. PURCHASE OF POWER:

In Terms of GO. Ms. 53, Energy (Power III), April 28, 2008, more specifically defined in the Note No. 4 of Notes forming part of Financial Statements the Government of Andhra Pradesh has reallocated the power sharing among the all DISCOM's with retrospective effect from June 9, 2005, however no adjustments are carried out for the transactions already incorporated in the books of accounts till March 31, 2008 at the original ratio of allocation. The impact of such revision, if any, on the power purchase and its corresponding liabilities/receivables could not be ascertained.

2. BALANCES CONFIRMATION

The Company has not obtained confirmations of balances from Sundry Creditors, Loans & Advances and Current Liabilities. Balances under these heads are subject to reconciliation and review. The impact, if any that may result on reconciliation and review of the balances under various heads in Assets and Liabilities could not be determined.

3. COMPLIANCES TO MSME Act, 2006

Note No. 32 to the Financial Statements, the Company has not completed the process of collecting the information relating the Small and Micro units rendering service or supplying goods to the Company. Hence we are unable to determine whether there was delay in making payment to such entities and the resultant interest for such delay as prescribed under MSME Act, 2006, thus we are unable to ascertain the impact on the loss and liabilities of the Company

Basis for Qualified Opinion

1. CONSUMER CONTRIBUTION AND GOVERNMENT GRANTS:

Reference is invited to Note No. 6(a) of Notes forming part of Financial Statements, that the Company is crediting amounts received from the consumers and Government towards tangible assets directly to the reserves on receipt of the amount, even before the asset is created, which results in non-identification of assets created out of such contribution. The adjustments for amortization to total assets are made on the basis of proportionate value of the assets to the Consumer contributions instead of identifying the individual assets created out of such Consumer Contributions and Government Grants. Due to such practice, we are of the opinion that amortization is being written back for those assets which are not created and also for those assets which are retired/devoluted/scrapped. Assets yet to be created out of these funds and assets which have been devoluted/scrapped/retired, which were put into use with these funds, could not be ascertained. The Impact on the loss and the reserves & surplus could not be ascertained.



2. TANGIBLE ASSETS AND DEPRECIATION THEREOF:

- a. It was observed that defective meters which are being replaced with new meters are not being devoluted from the SAP accounting system and there is no subsequent tracking of such devoluted meters, these results in asset being carried in the books in spite of non-existence. Furthermore it was observed that new meters installed in lieu of the defective meters are reduced from the stock but the same is not being capitalized, thus resulting in non-adherence to the Accounting Standard 10 - "Accounting for fixed assets". The impact on the carrying value of asset and the consequential effect on the depreciation and the loss could not be ascertained.
- b. Capitalization of employee cost of ₹ 58.70 Crores (Previous year ₹ 49.92 Crores) and Administrative and General Expenses of ₹ 10.35 crores (Previous year ₹ 8.80 crores) is being carried out at 10% on the cost of capital works, more specifically detailed in Note No. 3 (vi)(a) of Notes forming part of Financial Statements, instead of capitalizing the directly attributable costs in accordance with Accounting Standard - 10, 'Accounting for Fixed Assets'. The impact on the carrying value of asset and the consequential effect on the depreciation and the loss could not be ascertained.
- c. Depreciation

It was observed that incorrect depreciation is being calculated in SAP accounting system for the new assets created during the year under the head "Lines & Cables" and "Meters & Metering Equipment" since depreciation is being calculated from the 1st date of capitalization even for the subsequent addition made under that asset code which was created during the year. The impact of these on the carrying value of asset and consequential effect on depreciation and the loss could not be ascertained.

3. TRADE RECEIVABLES

Reference is invited to note no 20 (a) of the notes forming part of financial statements, the Company has carried a provision for doubtful debts to the tune of ₹ 536.70 Crores (Previous year ₹ 505.46 Crores) during the reporting period. The Company has stated that the provision is based on receivables which are older than 60 months, which in our opinion is not commensurate with the size and the operations of the Company. Thus, in our opinion the provision made is inadequate and the impact on the loss and carrying value of trade receivables could not be ascertained.

4. PROVISIONS FOR EMPLOYEE BENEFITS

Reference is invited Note No. 9 (b) & 12(c)(ii) of Notes forming part of financial statements, where it is stated that provision of Pension, Gratuity and Leave encashment for the eligible employees has been provided in the books based on the actuarial valuation for the year ended March 31, 2012 however no certified actuarial valuation has been carried out for the year ended March 31, 2013, hence in our opinion, provision made for the year ended March 31, 2013 is not in accordance with Accounting Standard - 15, Employee Benefits (Revised). The impact on the loss and the Long Term Provisions could not be determined.



5. REVENUE RECOGNITION

Progressive meter readings against disconnected services were observed, where, in these cases the Company raises bills against the consumers and recognizes the revenue, which in our opinion is not in accordance with the Accounting standard - 9 "Revenue Recognition", since there exists an uncertainty of collection of the receivables. The impact on the profit or loss and consequential effect on trade receivables could not be ascertained.

Basis for Adverse Opinion

1. TANGIBLE ASSETS

- a. *Tangible Assets created out of the capital work orders and put to use as at March 31, 2013 has not been capitalized in the books as the work completion certificate were not furnished and work order was not closed resulting in non-compliance with Accounting Standard - 10 "Accounting for Fixed Assets". The impact of these on the carrying value of asset and consequential effect on depreciation and the loss could not be ascertained.*
- b. *Computers & IT equipment's purchased and not put to use are being classified as Inventories, instead of capitalizing in accordance with the Accounting Standard - 10 "Accounting for fixed assets", accordingly depreciation of such assets are not being charged to the statement of profit & loss as the asset are ready for its intended purpose, thus resulting in non compliance to Accounting Standard - 6 "Depreciation". The impact of these on the carrying value of asset and consequential effect on depreciation and the loss could not be ascertained.*

2. ELECTRICITY DUTY

It was observed that interest on electricity duty billed and recovered from consumers has been accounted as income amounting to the tune of ₹ 3.47 Crores (Previous year ₹ 3.21 Crore) instead of passing it on to the Government of Andhra Pradesh. It is pertinent to note that electricity duty being statutory levy, the authority to levy such interest arises from Andhra Pradesh Electricity duty Act, 1939 read with Section 24 (1) of Indian Electricity Act, 1910; hence the same cannot form part of income of the Company even though the Company is prompt in making the payment of electricity duty.

3. *Unascertained amount of aforesaid basis of opinions is much higher than the ascertained amount that will have an effect on the Profit, Assets and Liabilities and furnishing the aggregate effect of only the ascertained amounts will not be appropriate. Hence we are not furnishing the aggregate effect of the ascertained amount on the loss, assets and liabilities.*

Disclaimer/Adverse/Qualified Opinion

vi. In our opinion and to the best of our information and according to the explanations given to us and *except for the effects of the matter described in basis of disclaimer opinion paragraph, basis of qualified opinion paragraph and basis of adverse opinion paragraph*, the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;



- ii) in the case of statement of profit and loss, of the Loss for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

vii. Without qualifying our opinion, we draw attention to:

- a) Note No. 4 to the Financial Statements regarding the Third Transfer Scheme, in terms of which the Bulk Supply Undertaking and Power Purchase Agreements were transferred from APTRANSCO to Distribution Companies in specified ratio with effect from 09/06/2005 and subsequent revision of the ratio of allocation with effect from April 2008. In order to facilitate purchase and trading of power, the Government of Andhra Pradesh has constituted one apex committee and two sub-committees. The Transactions of Sale of Power, to the entities other than the four Distribution Companies and Purchase of Power as also allocation of Cost of Purchase of Power amongst the four Distribution Companies are subject to audit by an Independent Firm of Chartered Accountants. The statements of purchase and sale, as intimated by the Committee and certified by the independent firm of Chartered Accountants are incorporated in the Books of the Company and have been accepted by us. It may be mentioned that these Committees are not legal entities.
- b) Note No 22 to the financial statements wherein recoverability of Government Receivables have been re-emphasized by the Company in terms of confirmation by GoAP vide a Government Order (G.O) as against the comfort letters being relied upon until 2011-12 and commented by Comptroller and Auditor General of India vide their Supplementary Audit Report Dated.27.09.2012 on the accounts of the Company.

Report on Other Legal and Regulatory Requirements

viii. As required by the companies (Auditor's report) Order, 2003 ("the order") issued by the central government of India in terms of sub-section (4A) of section 227 of the act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.

ix. As required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as appear from our examination of those books and proper returns adequate for the purposes of our audit have been received from power purchase committee;
- c. the Financial statements dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
- d. with reference to Section 133 of the Companies Act, 2013 which is effective from 12th September, 2013 and further with reference to MCA Circular No.16/2013 Dt.18.09.2013 and subject to *the effects of the matter described in basis of disclaimer opinion paragraph, basis of qualified opinion paragraph and basis of adverse opinion paragraph*, in our opinion, the Financial



Statements comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and

e. as the Company is a government Company, the provisions of Section 274 Sub Section 1 (g) of the Companies Act, 1956 is not applicable.

Other Matter

1. It was observed that the recoveries from employees towards Group Insurance Schemes and family benefit fund schemes and contributions payable towards provident funds and pension funds are being utilized towards operations of the Company instead of investing the funds outside the business and paying it to the respective trust or fund.

For SHARAD & ASSOCIATES
Chartered Accountants
Firm Regn. No: 06377S

Sd/-

SHARAD SINHA
Partner
M No.: 202692

Place: Hyderabad

Date: 16th day of November, 2013



Annexure referred to paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Central Power Distribution Company of A.P. Limited (the Company)

- 1.(a) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets except for land.
 - (b) As informed to us, the physical verification of tangible assets which was due in financial year 2010-11 in accordance with a phased programme of verifying all tangible assets once in three years however the management *has not undertaken the exercise even during the year.*
 - (c) During the year, few assets have been disposed off/scrapped/identified for disposal by the Company. On the basis of information and explanations given to us, we are of the opinion that disposal of the part of the fixed assets has not affected the going concern status of the Company.
- 2.(a) Management has conducted physical verification of stores, spare parts, components and other materials lying in main stores as also at Division/ Section offices during the year in phased manner and in our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedure of physical verification followed by the management was reasonable and adequate in relation to the size of the Company and the nature of it’s business
 - (c) Company has maintained proper records of stores, spare parts, components and other materials. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
1. In our opinion and according to information and explanation given to us, Company has not granted or taken loans, secured or unsecured , to or from parties covered in the register required to be maintained U/s 301 of the companies Act,1956. Accordingly, reporting under this clause 4 (iii) (a) to (g) are not applicable.
 2. In our opinion and according to information and explanation furnished to us *few instances of internal control lapses have been identified by us. Internal control systems needs to be strengthened with regard to reconciliation of accounts, under disconnected services and accounting of capital and revenue work orders and in our opinion there has been continuing failure to correct these major weaknesses .*
 3. According to the information and explanations given to us ,there were no transactions that need to be entered in the register maintained U/s 301 of the Companies Act,1956.Accordingly , reporting under clause (v) (a) to (v) (b) is not applicable.
 4. The Company has not accepted any deposits from the public, within the meaning of Sections 58A and 58AA or any other relevant provisions of Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
 5. The internal audit of the Company is being carried out by the Internal Audit Wing and firms of Chartered Accountants appointed by the management. In our opinion, the same is commensurate with the size of the Company and the nature of it’s business *however requires*



further improvement in terms periodicity and coverage. In addition to this there is an urgent requirement to conduct Information Systems Audit.

6. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Cost Accounting Records (Electricity Industry) Rules, 2011 issued by the Central Government for the maintenance of cost records by Company under section 209(1)(d) of the Companies Act, 1956 and 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.
7. (a) Undisputed statutory dues including provident fund, ESI, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities *though there have been delays in few cases. However with respect to provident fund the Company has not paid the contribution to its own managed Trust on regular basis.*

(b) According to the records of the Company, the dues outstanding of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

S.NO.	Name of the Statute	Nature of Dues	Amount (` 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	Demand of Entry tax on Goods purchased from outside state	33.25	2002-2003	Supreme Court of India
2.	A.P. General Sales Tax Act, 1956	Sales Tax	1.34	2001 to 2006	AP Sales Tax Appellate Tribunal
3	A.P. VAT Act, 2005	VAT	63.10	2005 to 2008	High Court of A.P.
4	Income Tax Act, 1956	TDS	93.26	2006 to 2009	CIT Appeals

8. The Company have accumulated losses in excess of fifty per cent of its net worth however the Company has incurred cash losses in the financial year under audit but no cash loss was incurred in the immediately preceding financial year. The effects of un-quantified opinions have not been taken into consideration for arriving at the cash losses for the financial year.
9. Based on our audit procedure and as per the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or banks.
10. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, other than housing loans to staff wherein mortgage of house property has been obtained by the Company.
11. In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund /society. Therefore, the provisions of clause 4 (xiii) of the order are not applicable to the Company.



12. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4 (xiv) of the order are not applicable to the Company.
13. According to information and explanation given to us, Company has not given any guarantee for loans taken by others from financial institution or banks.
14. Based on information and explanations given to us by the management , terms loans were applied for the purpose for which the loans were obtained
15. According to the information and explanations given to us and overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short term basis, prima facie, have not been used for long term investment.
16. In our opinion and according to information and explanations furnished to us, Company has not made preferential allotment during the year to the parties listed in the register maintained U/s 301 of the Companies Act,1956
17. According to the information and explanations given to us, the Company has not issued any debenture during the year nor debentures are outstanding as at the year end. Therefore, the provisions of clause 4 (xix) of the order are not applicable to the Company.
18. According to the information and explanations given to us, the Company has not raised any money through issue of shares to the public during the year. Accordingly, the provisions of Clause 4 (xx) of the order are not applicable to the Company.
19. According to information and explanation given to us and on the basis of our review, we note that Company is susceptible to frauds on the Company owing to power theft and such frauds have been noticed and reported during the year however considering the fact that such matters are Sub-Judice amount involved could not be adjudged independently. Further, no frauds by the Company has been noticed or reported during the year

For SHARAD & ASSOCIATES
Chartered Accountants
Firm Regn. No: 06377S

Sd/-

SHARAD SINHA
Partner
M No.: 202692

Place: Hyderabad
Date: 16th day of November, 2013



Report of the independent auditors on the financial statements

To the Members of

Central Power Distribution Company of Andhra Pradesh Limited

Report on financial statement

i. We have audited the accompanying Financial Statements of Central Power Distribution Company of Andhra Pradesh Limited, (“the Company”), which comprise the Revised Balance Sheet as at March 31, 2013, the Revised statement of Profit and Loss and Revised Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

ii. Management is responsible for the preparations 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 referred to in section 133 of Companies Act, 2013 (Compliance with Section 211 (3C) of the Companies Act, 1956 is sufficient compliance with section 133 of Companies Act, 2013 read with MCA Circular No 16/2013 Dt. September 18, 2013). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

iii. Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards required 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.

iv. An audit involves performing procedures to obtain audit evidence about the amounts disclosures in Financial Statements. The procedures selected depend on auditors’ judgement, 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 control relevant to the Company’s preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.



v. This report is issued and restricted to the revision to the financial statements carried by the management following directions from Special Secretary, Energy department, Government of Andhra Pradesh, in terms of our audit procedures to express an opinion on the Revised Balance Sheet as at March 31, 2013, the revised statement of profit and Loss and Revised Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information , carried out post our audit report dated November 16, 2013.

vi. We believe that the audit evidence we have obtained is sufficient and appropriate, *except for the matters referred to in Basis of Qualified opinion and Basis for Disclaimer Opinion sections of our report Dated November 16,2013*, to provide a basis for our adverse opinion.

vii. Basis for Adverse Opinion

a. Provision For Government Receivables:

The company has made a provision of Rs 3877.87 Crores against the receivables from Government of Andhra Pradesh towards expensive power subsidy. The Government of Andhra Pradesh had proposed to guarantee the bonds and later redeem them, which will be issued to the bankers for Short Term Loans of the company and Power Purchase creditors against one time settlement for the liability as at March 31, 2013. However the company has made provision against such receivables from the government in spite of assurance given by Government of Andhra Pradesh vide GO No 62 dt November 14, 2013 through committed budgetary support. Thus in our opinion provision should not have been provided for and accordingly loss is overstated to extent of ₹.3877.87 Crores and Current assets is understated by ₹. 3877.87 Crores

b. Inventories

In our opinion the materials which has been identified as shortage and obsolete/non-moving/slow moving stores to the tune of ₹ 8.79 Crores (Previous Year ₹ 13.26 Crores) should be valued at Net Realizable Value (NRV) and be reviewed at the end of every year instead of making a provision against such inventories. This results in non-compliance to Accounting Standard - 2 "Valuation of Inventories". The impact on the financial statements could not be ascertained.

viii. Adverse Opinion

In our opinion and to the best of our information and according to the explanations given to us and *except for the effects of the matter described in basis of adverse opinion paragraph vii(a) & (b) and except for the effects of the matters described in basis of disclaimer opinion paragraph, basis of qualified opinion paragraph and basis of adverse opinion paragraphs in our report dated November 16, 2013*, the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:



- i) in the case of the Revised Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- ii) in the case of Revised Statement of profit and loss, of the Loss for the year ended on that date; and
- iii) in the case of the Revised Cash Flow Statement, of the cash flows for the year ended on that date.

ix. Emphasis of Matter

Without qualifying our opinion, we draw attention to:

Note No 44 to the financial statements regarding the revision of accounts where our audit procedures are restricted solely to the revision of the financial statements post our audit report dated November 16, 2013. The revision has resulted in the Power purchase cost and trade payable been increased by ₹ 880.91 Crores, Provision for Government receivables towards additional power subsidy has been created to the tune of ₹ 3877.87 Crores, Provision for Inventories has been created to the tune of ₹ 8.79 Crores and Provision for receivables towards Indramma Scheme has been reversed to the extent of ₹ 10.65 Crores, thus resulting increase in net loss to the extent of ₹ 4930.95 Crores and changes in assets and liabilities as described above. This report should be read in conjunction with our report dated November 16, 2013.

Report on Other Legal and Regulatory Requirements

x. As required by the companies (Auditor's report) Order, 2003 ("the order") issued by the central government of India in terms of sub-section (4A) of section 227 of the act, we retain the Annexure referred to in paragraph (viii) of our report dated November 16, 2013, a statement on the matters specified in paragraphs 4 and 5 of the order.

xi. As required by section 227(3) of the Act, we report that:

a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion, proper books of account as required by law have been kept by the Company so far as appear from our examination of those books and proper returns adequate for the purposes of our audit have been received from power purchase committee;

c. the Revised Financial statements dealt with by this report are in agreement with the books of account;



d. with reference to Section 133 of the Companies Act, 2013 which is effective from 12th September, 2013 and further with reference to MCA Circular No.16/2013 Dt.18.09.2013 and *except for the effects of the matter described in basis of adverse opinion paragraphvii(a) & (b) and except for the effects of the matter described in basis of disclaimer opinion paragraph, basis of qualified opinion paragraph and basis of adverse opinion paragraph in our report dated November 16, 2013*, in our opinion, the Financial Statements comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act,1956; and

e. as the Company is a government Company , the provisions of Section 274 Sub Section 1 (g) of the Companies Act,1956 is not applicable.

For SHARAD & ASSOCIATES
Chartered Accountants
Firm Regn.No: 063775

Sd/-

SHARAD SINHA
Partner
M No.: 202692

Place: Hyderabad
Date: 19th day of December, 2013

AG REPORT

No. AG(E&RSA)/ES II(P)/CPDCL/2013-14/ 232 Dated 20.12.2013

To
The Chairman and Managing Director,
Central Power Distribution Company of Andhra Pradesh Limited,
Hyderabad.

Sir,

Sub: Comments on the accounts of Central Power Distribution Company of Andhra Pradesh Limited, Hyderabad for the year ended 31st March 2013 under Section 619(4) of Companies Act, 1956.

* * *

I am to forward herewith NIL Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act 1956 on the accounts of your company for the year ended 31 March 2013 for necessary action.

- The date of placing of Comments along with Annual Accounts and Auditors' Report before the Shareholders of the Company may be intimated and a copy of the proceedings of the meeting furnished.
- 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 Legislature may also be communicated,
- Ten copies of the Annual Report for the year 2012-13 may be furnished in due course.

The receipt of this letter along with enclosures may please be acknowledged.

Yours faithfully,

Sd/-

Sr. Dy. Accountant General (ES II)

Encl: As above.

ANNEXURE – I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF CENTRAL POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of Central Power Distribution Company of Andhra Pradesh Limited, Hyderabad for the year ended 31st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 16.11.2013(Pre-revised) and 19.11.2013(Revised).

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Central Power Distribution Company of Andhra Pradesh Limited, Hyderabad for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. The Company has revised the accounts based on the Government directions and provisional comments issued by Accountant General (E&RSA), Andhra Pradesh. The Revised accounts were then submitted for supplemental audit. The Revised accounts have been verified with reference to the relevant entries furnished to audit. After revision of accounts, the loss is ₹. 7718.29 Crores as against the loss of ₹. 2787.34 Crore as per Pre-revised accounts. Thus, as a result of revision, the loss for the year was increased by ₹. 4930.95 crore (₹. 7718.29 crore - ₹. 2787.37 crore) and Current Assets (Government receivables) were decreased by ₹. 4050.03 crore with an increase in Current Liabilities by ₹. 880.92 crore. On the basis of my audit on the revised accounts nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under section 619(4) of the Companies Act, 1956.

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

Sd/-

Place: Hyderabad
Date : 20.12.2013

(Lata Mallikarjuna)
Accountant General (E&RSA)

CENTRAL POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2013



Particulars		Note No.	As at March 31, 2013	As at March 31, 2012
			₹	₹
I	EQUITY AND LIABILITIES			
1	Shareholders' Funds			
	(a) Share Capital	5	7,284,796,090	7,284,796,090
	(b) Reserves and Surplus	6	(60,382,977,833)	14,728,287,500
	(c) Money recived against share warrants		-	-
2	Share application money pending allotment			
3	Non-Current Liabilities			
	(a) Long-term Borrowings	7	27,715,985,768	26,487,027,913
	(b) Deferred tax liabilities (Net)		-	-
	(c) Other Long term liabilities	8	1,572,996,122	1,424,030,769
	(d) Long-term Provisions	9	3,411,105,925	3,042,567,903
4	Current Liabilities			
	(a) Short-term Borrowings	10	45,839,098,489	42,655,795,553
	(b) Trade Payables	11	61,686,445,133	50,033,217,603
	(c) Other Current Liabilites	12	33,247,936,438	21,215,125,011
	(d) Short-term Provisions	13	1,444,152,563	1,340,681,112
	TOTAL		121,819,538,695	168,211,529,454
II	ASSETS			
1	Non-Current Assets			
	(a) Fixed Assets			
	(i) Tangible Assets	14	41,291,779,152	36,696,726,460
	(ii) Intangible Assets		125,308,954	38,695,113
	(iii) Capital Work in Progress		8,292,963,881	7,412,002,317
	(iv) Intangible assets under development		-	-
	(b) Non-Current Investments	15	2,767,766,606	1,771,766,606
	(c) Deferrd Tax Assets (Net)	16	1,662,696,563	616,210,173
	(d) Long-term loans and advances	17	413,972,252	520,965,402
	(e) Other Non-current Assets	18	67,686,366	59,586,413
2	Current Assets			
	(a) Current Investments			
	(b) Inventories	19	2,192,203,011	2,097,070,041
	(c) Trade Receivables	20	14,371,915,778	11,299,715,313
	(d) Cash and cash equivalents	21	2,339,333,053	1,278,497,452
	(e) Short-term Loans and Advances	22	626,518,333	53,461,249,397
	(f) Other Current Assets	23	47,667,394,746	52,959,044,767
	Total		121,819,538,695	168,211,529,454
	Notes Forming part of Financial Statements	1-44		

The Schedules referred to above and the notes thereon form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of the Company

For M/s Sharad & Associates

Sd/-

Sd/-

Chartered Accountants

S A M RIZVI

G RAGHUMA REDDY

Firm registration number:063775

Chairman & Managing Director

Director (Commercial)

Sd/-

SHARAD SINHA

Sd/-

Sd/-

Partner

R NARAYANA REDDY

K.SUJATHA

M. No 202692

Chief General Manager(Finance)

Company Secretary

Date : 19.12.2013

Place: Hyderabad



CENTRAL POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars		Note No.	2012-13	2011-12
			₹	₹
I	Gross Revenue from Operations	24	156,772,175,445	149,964,547,480
	Less: Electricity Duty Paid		(954,341,328)	(1,337,353,474)
	Net Revenue from Operations		155,817,834,117	148,627,194,006
II	Other Income	25	3,163,266,613	2,694,701,083
III	Total Revenue		158,981,100,730	151,321,895,089
IV	Expenses			
	Power Purchase Expense	26	152,353,052,978	126,756,743,366
	Employee Benefit expense	27	7,661,488,812	8,305,171,550
	Operation and Other Expenses	28	3,402,593,135	2,754,429,651
	Finance Costs	29	11,816,422,896	9,355,019,892
	Depreciation and amortisation expense		4,527,902,075	3,903,531,766
	Total Expenses		179,761,459,896	151,074,896,225
V	Profit before exceptional & extraordinary items and tax (III-IV)		(20,780,359,166)	246,998,865
VI	Exceptional Items	30	57,449,024,382	167,732,850
VII	Profit before extraordinary items and tax (V-VI)		(78,229,383,548)	79,266,014
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII-VIII)		(78,229,383,548)	79,266,014
XI	Tax Expense:			
	(1) Current Tax		-	12,770,324
	(2) Deferred Tax Income/(Expense)		1,046,486,390	(26,012,674)
XI			(77,182,897,158)	40,483,016
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)		(77,182,897,158)	40,483,016
XVI	Earnings per equity share:			
	(1) Basic		(105.951)	0.056
	(2) Diluted		(105.951)	0.056
	Notes Forming part of Financial Statements	1-44		
Schedules Referred to above and notes attached thereto form integral part of Statement of Profit & Loss.				

As per our report of even date

For and on behalf of the Company

For M/s Sharad & Associates
Chartered Accountants
Firm registration number:063775

Sd/-

SHARAD SINHA
Partner
M. No 202692
Date :19.12.2013
Place: Hyderabad

Sd/-
S A M RIZVI

Chairman & Managing Director

Sd/-
R NARAYANA REDDY
Chief General Manager(Finance)

Sd/-
G RAGHUMA REDDY
Director (Commercial)

Sd/-
K.SUJATHA
Company Secretary



CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

	Year Ended 31st March, 2013		Year Ended 31st March, 2012	
	₹	₹	₹	₹
A. Cash flows from operating activities:				
Net Profit before tax	(78,229,383,548)		79,266,014	
Adjustments :				
Add: Depreciation	4,527,902,075		3,903,531,766	
Add: Interest on Long Term Borrowings	2,647,197,808		2,520,171,728	
Less: Withdrawal of Depreciation on Consumer Contributed Assets	1,982,255,802		1,702,191,043	
Operating profit before working capital changes	(73,036,539,467)		4,800,778,465	
Increase/Decrease in Non-Current Liabilities				
Increase in Other Long Term Liabilities	42,935,260		430,283,080	
Increase in Long Term Provisions	368,538,022		1,601,459,850	
Increase/(Decrease) in Non-Current Assets				
Increase in Long-term Loans & Advances	(60,260,312)		196,036,846	
Increase in Other Non-current Assets	(8,099,953)		10,368,871	
Changes in Working Capital :				
(Increase)/ Decrease in Current Liabilities				
Increase in Short Term Borrowings	3,183,302,936		5,263,632,409	
Increase in Trade Payables	11,653,227,530		19,790,711,623	
Increase in Other Current Liabilities	12,032,811,427		2,774,117,436	
Increase in Short Term Provisions	103,471,451		801,748,646	
Increase/(Decrease) in Current Assets				
Increase in Inventories	(95,132,970)		(212,517,841)	
Increase in Trade Receivables	(3,072,200,464)		(2,294,325,348)	
Decrease in Short-term Loans & Advances	52,834,731,063		(8,992,297,879)	
Decrease in Other Current Assets	5,261,811,582		(22,794,495,336)	
Cash generated from operations	9,208,596,105		1,375,500,822	
Income taxes Paid	-		(12,770,324)	
Net cash flow before extraordinary item	9,208,596,105		1,362,730,498	
Net Cash from Operating Activities		9,208,596,105		1,362,730,498
B. Cash flows from investing activities:				
Increase in Consumer Contributions	4,007,598,879		3,617,766,984	
Purchases/Adjustments relating to Fixed Assets	(9,209,568,608)		(9,403,589,852)	
Increase in Capital Work in Progress	(880,961,564)		(451,281,716)	
Increase in Non-Current Investments	(996,000,000)		(535,100,000)	
Interest Accrued on Investments	20,270,945		9,560,689	
Decrease in Capital Advances	167,253,462		332,943,832	
Increase in Other Long Term Liabilities	106,030,093			
Net cash flow from investing activities		(6,785,376,793)		(6,429,700,063)
C. Cash flows from financing activities:				
Increase in Long Term Borrowings	1,228,957,855		7,216,907,531	
Interest paid on Long Term Borrowings	(2,647,197,808)		(2,520,171,728)	
Increase in Contingency Reserve	26,323,044		22,485,305	
Increase in GIS Saving Fund	5,435,345		5,967,981	
Self Funding Medical Scheme	24,097,855		-	
Net cash used in financing activities		(1,362,383,711)		4,725,189,089
Net Increase/ Decrease in cash and cash equivalents during the year		1,060,835,601		(341,780,477)
Cash and cash equivalents at the beginning of the year		1,278,497,452		1,620,277,929
Cash and cash equivalents at the end of the year		2,339,333,053		1,278,497,452

For and on behalf of the Company

As per our report of even date
For M/s Sharad & Associates
Chartered Accountants
Firm registration number:063775

Sd/-
SHARAD SINHA
Partner
M. No 202692
Date :19.12.2013
Place: Hyderabad

Sd/-
S A M RIZVI
Chairman & Managing Director

Sd/-
R NARAYANA REDDY
Chief General Manager(Finance)

Sd/-
G RAGHUMA REDDY
Director (Commercial)

Sd/-
K.SUJATHA
Company Secretary



CENTRAL POWER DISTRIBUTION CO. OF A.P. LTD.

Notes to financial statements for the year ended 31st March, 2013

1. Company Overview

Central Power Distribution Company Andhra Pradesh Limited 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 619 of the Companies Act, 1956 and company is not listed under in any stock exchange.

2. 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 as prescribed in the Companies (Accounting Standard) Rules, 2006 the provision of the Companies Act, 1956. 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.

3. Significant accounting policies

i) Change in accounting policy

Presentation and disclosure of financial statements

The Revised Schedule VI notified by under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

ii) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during reporting period. Examples of such estimates include estimates of expected contract costs to be incurred to complete contracts, provision for doubtful debts, further obligations under employee retirement benefit plans and estimated useful life of fixed assets actual results could differ from these estimates. Any changes in estimates are adjusted prospectively.

iii) 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.

iv) 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 Electricity Regulatory Commission as approved for the year.
- ii) Till previous financial year, the Company was recognizing the Unbilled Revenue on 'estimation basis'. From the current financial year 2012-13, the 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 on behalf of the company in terms of swap arrangements entered into 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.

Interest accrued on long term investment during the year is credited to 'Contingency Reserve'.

v) Fixed 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. Intangible assets are recognized as per the criteria specified in Accounting Standard-26 "Intangible Assets" issued by the Institute of Chartered Accountants of India.

vi) 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

- a) Ten percent of the Cost of Capital Works capitalized to Capital Works towards Employee Cost and 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.
- b) 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.

vii) Consumers contributions, grants and subsidies for capital assets

These are recognized in the Profit & Loss statement by allocating them over the periods and in proportion in which depreciation on assets concerned is charged.

viii) 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.

ix) Inventories

Inventories 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.

x) 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.
- b) Depreciation is calculated from the date of capitalisation or procurement of the asset.
- c) In respect of the following Assets the rates applied as per MoP are different from rates prescribed under Schedule XIV of Companies Act, 1956-

Description of Asset	Schedule XIV Rates	MoP Rates
Buildings and Other Civil Works	1.63%	3.02%
Battery Chargers	4.75%	33.40%
Material Handling Equipments	4.75%	7.84%
Meters / Meter Equipments	4.75%	12.77%
Office Equipments and Air Conditioners	4.75%	12.77%
Plant & Machinery and Lines, Cables & Network	4.75%	7.84%
Capacitor Banks	4.75%	5.27%
Furniture & Fixtures	6.33%	12.77%
Vehicle – Car / Jeep / Scooter / Motor Cycle	9.50%	33.40%
Vehicle – Lorry / Truck	11.31%	33.40%
Computers and IT Equipments	16.21%	12.77%

xi) 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.

xii) 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. Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax.

xiii) 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 the receivables outstanding for more than 60 months. Such provisions are re-assessed at the end of each financial year and accounted accordingly.

xiv) 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.

xv) Accounting for Amalgamation

Accounting for Amalgamation in the nature of merger has been carried out in terms of pooling interest method which requires line by line item additions of respective assets and liabilities. Amalgamation was considered as in the nature of merger since the all assets and liabilities taken over in the books of accounts at the carrying amount of the Transferor Company and business of the transferor company is being carried on in the transferee company after the scheme of merger.

xvi) Borrowing Cost

Interest during construction of the capital asset is being capitalized at an average interest rate of loans availed.

4. THIRD TRANSFER SCHEME BALANCES

- (a) The 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. 26 is based on the revised share of 46.06%.

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

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

5 - SHARE CAPITAL

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

Particulars	As at March 31, 2013	As at March 31, 2012
	₹	₹
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 2013		As at 31st March 2012	
	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 the year	-	-	-	-
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

Name of Shareholder	As at 31st March 2013		As at 31st March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
(Vide GO. Ms.No.58 Dt:09.06.2005)	728479609	100%	728479609	100%
Total	728479609	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 Andhra Pradesh. 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.

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

6 - RESERVES & SURPLUS

Reserves & Surplus	As at March 31, 2013	As at March 31, 2012
	₹	₹
a. Consumer Contribution towards capital assets		
Opening Balance	20,054,290,562	16,567,444,681
(+) Current Year Transfer	3,861,325,275	3,486,845,881
Closing Balance	23,915,615,837	20,054,290,562
b. Subsidies towards cost of capital assets		
Opening Balance	714,813,781	714,813,781
(+) Current Year Transfer	-	-
Closing Balance	714,813,781	714,813,781
c. Grants/Donations towards cost of capital assets		
Opening Balance	2,673,313,858	2,546,392,599
(+) Current Year Transfer	146,273,604	126,921,259
Closing Balance	2,819,587,462	2,673,313,858
Total (Closing balance of a+b+c)	27,450,017,080	23,442,418,201
Less:Withdrawal towards cost of Capital Assets	(9,932,314,732)	(7,950,058,930)
Total	17,517,702,348	15,492,359,271
d. GIS - Insurance & Saving Fund		
Opening Balance	30,743,054	24,775,073
(+) Current Year Transfer	5,435,345	5,967,981
Closing Balance	36,178,399	30,743,054
e. Self Funding Medical Scheme		
Opening Balance	-	-
(+) Current Year Transfer	24,097,855	-
Closing Balance	24,097,855	-
f. Statutory Reserves:		
Contingency Reserve Fund		
Opening Balance	310,859,719	288,374,414
(+) Current Year Interest received and reinvested	26,323,044	22,485,305
Closing Balance	337,182,763	310,859,719
g. Surplus		
Opening Balance	(1,105,674,544)	(1,146,157,560)
(+) Current Year Transfers	(9,567,496)	-
(+) Net Profit/(Net Loss) For the Current Year	(77,182,897,158)	40,483,016
Closing Balance	(78,298,139,198)	(1,105,674,544)
Total	(60,382,977,833)	14,728,287,500

g. During the year 2012-13, the Company has received Consumer Contribution (including Subsidies, Grants and Donations towards Cost of Capital Assets) amounting to ₹ 400.76 Crores (Previous year ₹ 361.38Crores). In proportion in which depreciation on the concerned assets has been charged during the year 2012-13, an amount of ₹ 198.23 Crores (Previous year ₹ 170.22 Crores) has been treated as withdrawal from consumer contribution and credited to Profit and Loss Account.

h. 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 31.03.2013 is ₹ 3.67 Crores (Previous Year ₹ 3.17 Crores). The Closing balance of GIS Insurance Fund as at 31.03.2013 is ₹ 0.05 Crores Debit balance (Previous year ₹ 0.09 Crores Debit Balance).

During the year the Interest on Savings & insurance Fund of ₹ 0.58 Crores (Previous Year ₹ 0.66Crores) has been debited and is shown under the Head 'Interest and Finance Charges'.

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

7 - LONG TERM BORROWINGS

Long Term Borrowings	As at March 31, 2013	As at March 31, 2012
	₹	₹
SECURED		
Term Loans		
from banks	11,342,710,284	12,980,702,850
from other parties	15,746,108,709	12,822,950,288
	-	-
	-	-
Sub-Total	27,088,818,993	25,803,653,138
UNSECURED		
Bonds/Debentures - APSEB Bonds 2004 Series (Maturity date - July 11, 2014)	367,500,000	367,500,000
Loan from Government of Andhra Pradesh	259,666,775	315,874,775
Sub-Total	627,166,775	683,374,775
TOTAL	27,715,985,768	26,487,027,913

a. Secured Term Loans from Banks includes

<u>Secured term Loans from banks</u>	As at March 31, 2013	As at March 31, 2012
	₹	₹
Syndicate Bank (Hyp of Transmission & Distribution Lines and Sub Stations)	1,789,516,347	2,037,750,000
Canara Bank	385,864,562	438,400,000
Canara Bank (Hyp of Transmission & Distribution Lines and Sub Stations)	793,684,327	950,000,000
State Bank of Hyderabad (Hyp of Transmission & Distribution Lines)	2,849,952,865	1,999,952,865
Corporation Bank	1,748,380,213	1,750,000,000
Karnataka Bank (Hyp of Transmission & Distribution Lines)	228,534,695	212,499,985
State Bank of Hyderabad	-	1,500,000,000
Canara Bank	-	650,000,000
Syndicate Bank (Hyp of Transmission & Distribution Lines)	3,546,777,275	3,442,100,000
TOTAL	11,342,710,284	12,980,702,850

b. Secured term Loans from Others includes

<u>Secured term Loans from Others</u>	As at March 31, 2013	As at March 31, 2012
	₹	₹
Rural electrification corporation (guaranteed by Government of Andhra Pradesh)	12,848,273,093	9,566,933,064
Power Finance Corporation (Hyp of Future Assets)	2,897,835,616	3,256,017,224
TOTAL	15,746,108,709	12,822,950,288



CENTRAL POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

c. Repayment Schedule of Term Loans

S No	Name Of The Bank	Loan Drawn in ₹	ROI	Repayment Periodicity	Tenure	No Of Installment	No Of Installment Due	Repayment Due Date	No Of Installment Paid	Mortorium Period	Each Installment in ₹
1	Canara Bank (Hyp of High Voltage Distribution System) *	570000000	11.75%	Quarterly	13 Years	40	34	31.3.2013	6	3 years	*12900000
2	Canara Bank (Hyp of Transmission & Distribution Lines and Sub Stations)	950000000	11.15%	Quarterly	13 Years	40	39	31.3.2013	1	3 years	31000000
3	Syndicate Bank (Hyp of Transmission & Distribution Lines and Sub Stations)	2470000000	11.15%	Quarterly	12 Years	40	33	29.09.2011	7	2 years	61750000
4	Corporation Bank (Hyp of Metering Equipments)	2000000000	12.00%	Quarterly	13 Years	40	39	31.3.2013	1	3 years	50000000
5	Karnataka Bank (Hyp of Transmission & Distribution Lines)	500000000	12.25%	Monthly	7 Years	72	45	31.01.2011	27	1 years	6944445
6	SBH(Hyp of Transmission & Distribution Lines)	2000000000	11.75%	Quarterly	13 Years	40	40	31.07.2013	0	3 years	50000000
7	SBH(Long Term Working Capital)	1500000000	12.00%	3 Installment	42 Month	3	3	31.12.2013	0	3 years	500000000
8	Syndicate Bank (Hyp of Transmission & Distribution Lines)	3550000000	11.50%	Quarterly	13 years	40	40	30.05.2014	0	3 years	88750000
9	Canarabank (Long Term Working Capital)	650000000	11.00%	4 Installment	35 Month	4	4	30.04.2013	0	23 months	162500000
10	State Bank of Hyderabad (Term Loan)	1000000000	11.70%	Quarterly	13 Years	40(Quarterly)	40(Quarterly)	31.03.2016	0	3 Years	77500000
Total		15190000000									1028444445

* The Quarterly Instalment has been restructured from Rs.4 Crs to Rs.1.29 Crs w.e.f.

11 The repayment schedule for REC & PFC loans has not been disclosed since there are multiple schemes for the loan availed and terms & conditions to interest and principal repayment differs for each scheme.

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

8- OTHER LONG TERM LIABILITIES

Other Long Term Liabilities	As at March 31, 2013	As at March 31, 2012
	₹	₹
(a) Employee Liabilities	4,863,283	4,478,472
(b) Vendor Deposits	1,008,761,046	931,439,383
(c) Contribution Works	337,846,326	342,510,096
(d) Bid Deposit	79,068,674	45,696,474
(e) Other Liabilities	142,456,793	99,906,344
TOTAL	1,572,996,122	1,424,030,769

9 - LONG TERM PROVISIONS

Long Term Provisions	As at March 31, 2013	As at March 31, 2012
	₹	₹
Provision for employee benefits		
Gratuity (unfunded)	164,008,494	107,571,864
Leave Encashment (unfunded)	3,247,097,431	2,934,996,039
TOTAL	3,411,105,925	3,042,567,903

a. During the year an amount of ₹ 15.38 Crores (Previous Year ₹ 18.40 Crores) has been incurred towards Leave Encashment by way of direct debit to Provision for Leave Encashment Account.

b. Further, during the year the Company has carried out Actuarial Valuation of Leave Encashment. The Company has made a provision of ₹46.58 Crs towards Leave Encashment during the year (Previous Year ₹ 175.34 Crores) based on actuarial valuation report for the year ended March 31, 2012

c. 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 ₹ 6.23 Crores (Previous Year ₹ 4.23 Crore).

10 - SHORT TERM BORROWINGS

Short Term Borrowings	As at March 31, 2013	As at March 31, 2012
	₹	₹
Secured		
(a) Loans repayable on demand		
from banks (SBH - Hypothecation of Current Assets)	2,991,954,717	2,410,065,865
	2,991,954,717	2,410,065,865
Unsecured		
(a) Loans repayable on demand		
from banks	31,168,043,267	37,760,350,516
from other parties	11,679,100,505	2,485,379,172
	42,847,143,772	40,245,729,688
TOTAL	45,839,098,489	42,655,795,553



CENTRAL POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

Statement of STLs Position as on 31-03-2013

Sl.No.	Name of the Bank	STL Drawn ₹	Rate of Interest		Date of Drawal	Each Installment in ₹	Due date for Repayment
1	Andhra Bank	2000000000	11.25	Base+1.00	07-09-2012	500000000	6-Jun-14
2	Andhra Bank	3250000000	11.25	Base+1.00	13-02-2013	135500000	12-Mar-14
3	Bank of India	2000000000	10.75	Base+.50	17-04-2012	200000000	16-Apr-13
4	Bank of India	1500000000	11.00	Base+.75	05-09-2012	150000000	4-Sep-13
5	Canara Bank	2000000000	10.75	Base+.50	26-12-2011	100000000	25-Oct-12
6	Central Bank of India	2500000000	11.50	Base+1.25	06-03-2013	625000000	5-Jun-14
7	Federal Bank	750000000	12.00	Base+1.55	30-06-2012	75000000	29-Dec-12
8	Indian Bank	3500000000	11.10	BASE+0.50+0.40	05-10-2012	350000000	4-Oct-13
9	IOB	1500000000	11.25	Base+1.00	05-03-2011	150000000	4-Mar-13
10	IOB	1000000000	11.25	Base+1.00	18-03-2011	100000000	17-Mar-13
11	Punjab& Sind Bank	2000000000	11.25	Base+1.00	21-08-2012	500000000	20-May-13
12	REC LTD	1833300000	12.75		13-02-2013	166700000	15-Apr-13
13	State Bank of Mysore	1000000000	12.00	Base+1.75	14-07-2012	330000000	13-Sep-13
14	Syndicate Bank	250000000	11.25	Base+1.00	29-04-2011	250000000	28-Apr-13
15	Syndicate Bank	1500000000	11.25	Base+1.00	25-03-2011	150000000	24-Mar-13
16	Syndicate Bank	2000000000	11.25	Base+1.00	15-10-2012	660000000	14-Aug-13
17	Tamilnad Mercantile Bank	1000000000	11.25	Base+1.00	12-02-2013	100000000	11-Feb-14
18	Vijaya Bank	3000000000	11.45	Base+1.25	07-03-2013	750000000	6-Dec-14
	TOTAL	32583300000					

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

a. Unsecured Short Term Loans from Banks includes

Unsecured Short Term Loans from banks	As at March 31, 2013	As at March 31, 2012
	₹	₹
Syndicate Bank (Debt Swapping)	290,683,218	476,541,739
Andhra Bank (Debt Swapping)	127,360,049	193,808,777
Bank of Baroda	-	1,500,000,000
Tamilnadu Merchentaile Bank	1,000,000,000	1,000,000,000
Bank of India	3,500,000,000	3,500,000,000
Andhra Bank	5,250,000,000	4,500,000,000
Syndicate Bank	3,750,000,000	3,750,000,000
Canara Bank	2,000,000,000	3,000,000,000
State Bank of Mysore	1,000,000,000	1,000,000,000
Vijaya Bank	3,000,000,000	3,000,000,000
Federal Bank	750,000,000	1,000,000,000
Central Bank of India	2,500,000,000	2,500,000,000
Punjab & Sind Bank	2,000,000,000	3,000,000,000
Oriental Bank of Commerce	-	340,000,000
Indian Bank Koti	3,500,000,000	6,000,000,000
Union Bank of India	-	2,500,000,000
Bank of Maharastra	-	500,000,000
Indian Overseas Bank	2,500,000,000	-
TOTAL	31,168,043,267	37,760,350,516

11- TRADE PAYABLES

Trade Payables	As at March 31, 2013	As at March 31, 2012
	₹	₹
<u>Unsecured</u>		
APEPDCL	9,664,865,278	11,527,806,415
APNPDCL	(2,193,414,631)	2,548,996,654
APSPDCL	6,747,672,654	4,419,778,271
APTRANSCO	2,515,269,895	3,905,851,503
Other Payables	44,952,051,937	27,630,784,760
Total	61,686,445,133	50,033,217,603
Other Payables includes Power Purchase Creditors to the tune of ₹.4236.56 Crores (Previous Year ₹.2866.77 Crores)		

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

12 - OTHER CURRENT LIABILITIES

Other Current Liabilities	As at March 31, 2013	As at March 31, 2012
	₹	₹
Current maturities of long-term debt	4,524,582,203	1,057,385,115
Employee related liabilities	891,226,950	747,748,042
Statutory Liability	268,431,357	543,505,627
Advance from Customers	510,983,067	64,709,880
Consumer Deposits	20,305,884,274	16,602,129,379
Gov. opf AP SC/ST Payable	44,878,565	59,931,627
Inter Unit Accounts	24,929,690.50	8,333,382
Interest Payable on Consumer Deposit	1,624,384,221	845,197,509
APCPDCL Pension & Gratuity Trust	1,044,154,261	627,164,107
APCPDCL GPF Trust	334,530,991	339,029,738
Burnt Meter Deposit	0	
Other Liabilities	3,673,950,859	319,990,605
Total	33,247,936,438	21,215,125,011

a. The Company owes ₹ 104.42 Crores to APCPDCL P & G Trust as on 31.03.2013 (Previous Year ₹ 62.72 Crores).
b. The Company owes ₹ 33.45 Crores (Previous Year ₹ 33.90 Crores) to APCPDCL GPF Trust. Interest on GPF for the financial year 2012-13 of ₹ 3.41 Crores (Previous Year ₹ 2.49 Crores) has been debited to Profit and Loss Account.
c. Employees who joined prior to 1.02.1999
i. The Company, based on the Actuary Report dated 25th June 2013, has contributed 23.84% of Basic & DA towards Pension & Gratuity to the APCPDCL Pension & Gratuity Trust.
ii. During the year, the amount charged to Profit & Loss account is ₹ 120.01 Crores (Previous Year ₹ 106.10 Crores) towards provision for Pension & Gratuity.
iii. These employees are covered by General Provident Fund and are eligible for Gratuity and Pension. The GPF is administered by APCPDCL PF Trust.
iv. 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.

13 - SHORT TERM PROVISIONS

Short Term Provisions	As at March 31, 2013	As at March 31, 2012
	₹	₹
Provision for Employee cost	36,172,466	46,927,495
RPF Fund	228,770	253,770
Provision for Admin Expenses	120,635,973	126,491,297
Provision for Compensation	559,000	403,000
Provision for CWIP	45,652,362	111,023,836
Provision for Interest	1,174,559,549	982,005,575
Provision for O&M works	65,183,203	71,820,397
Audit fee Payable	1,161,240	1,050,000
Provision for Income Tax	-	705,742
Total	1,444,152,563	1,340,681,112

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

Schedule 14 - Fixed Assets

S. No	Particulars	Gross Block					Depreciation & Amortisation					Net Block	
		As at April 1, 2012	Additions	Deletions/ Adjustments	Acquired through business combinations	Trans- lation exchan- ge differ- ence	As at March 31, 2013	As at 1st April 2012	Depreciation charge for the year	Transac- tion exchange difference	Deletions/ Adjustments	As at March 31, 2013	As at March 31, 2013
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
a	TANGIBLE ASSETS												
	Land	70,500,166	177,548	-		70,677,714	-			-		70,677,714	70,500,166
	Buildings	1,983,599,700	206,317,159	-		2,189,916,859	337,779,167	62,500,052		-	400,279,219	1,789,637,640	1,645,820,533
	Other Civil Works	443,152,976	117,514,291	-		560,667,267	31,077,644	14,685,349		-	45,762,993	514,904,275	412,075,332
	Plant and Machinery	30,240,974,809	4,514,831,914	9,517,575		34,746,289,148	11,916,597,101	2,093,994,827		7,760,224	14,002,831,704	20,743,457,444	18,324,377,708
	Lines and Cable Network	26,974,663,184	3,152,920,385			30,127,583,569	14,237,712,434	1,619,593,889		15,615	15,857,290,708	14,270,292,861	12,736,950,750
	Meters and Metering equipment	6,303,313,549	1,112,420,689			7,415,734,238	3,580,124,967	608,008,113		810	4,188,132,270	3,227,601,968	2,723,188,582
	Vehicles	37,277,797	(0)	330,607		36,947,190	33,236,543	304,987		297,546	33,243,984	3,703,206	4,041,255
	Furniture and Fixtures	73,341,086	9,735,902	-		83,076,988	39,955,331	6,168,085			46,123,416	36,953,572	33,385,755
	Office Equipment	184,807,872	30,716,212	-		215,524,084	89,634,450	20,545,469			110,179,919	105,344,165	95,173,422
	Air Conditioners	7,869,584	6,116,185			13,985,769	2,525,212	1,218,996			3,744,208	10,241,562	5,344,373
	Computer & IT Equipment	646,539,696	125,834,672			772,374,368	172,416,569	80,993,053			253,409,622	518,964,746	474,123,128
	Fixed Assets - RESCOs	171,745,456	-	171,745,456.00		-	-						171,745,456
	Total	67,137,785,875	9,276,584,958	181,593,638	-	76,232,777,195	30,441,059,418	4,508,012,820	-	8,074,195	34,940,998,043	41,291,779,152	36,696,726,460
	INTANGIBLE ASSETS												
b	Computer Software	89,452,942	106,503,096	-		195,956,038	50,757,829	19,889,255			70,647,084	125,308,954	38,695,113
	Total	89,452,942	106,503,096	-		195,956,038	50,757,829	19,889,255		-	70,647,084	125,308,954	38,695,113
c	Capital Work in Progress	7,412,002,317	9,749,757,559	8,868,795,995		8,292,963,881	-	-				8,292,963,881	7,412,002,317
	Total	7,412,002,317	9,749,757,559	8,868,795,995		8,292,963,881	-	-		-	-	8,292,963,881	7,412,002,317
d	Intangible Assets under Development												
	Total	-	-	-		-	-	-		-	-	-	-
	GRAND TOTAL	74,639,241,134	19,132,845,613	9,050,389,633	-	84,721,697,114	30,491,817,247	4,527,902,075		8,074,195	35,011,645,127	49,710,051,988	44,147,423,890
	Grand Total of Previous Year	64,791,911,895	18,552,877,975	8,877,294,194	171,745,456	74,639,241,134	26,595,827,812	3,903,531,766	-	7,542,332	30,491,817,246	44,147,423,887	38,196,084,085



CENTRAL POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

15 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 2013	As at 31 March 2012			As at 31 March 2013	As at 31 March 2012
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
a)	APPDCL	Others	242,020,000	146,020,000	Unquoted	Fully Paid	2,420,200,000	1,460,200,000
Share Application Money								
b)	Coastal Tamilnadu	Others	-	-	N/A		18,424,000	18,424,000
c)	M/s Ghogarpalli Integrated Power Co., Ltd	Others	-	-	N/A		8,800,000	8,800,000
Total							2,447,424,000	1,487,424,000

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 2013	As at 31 March 2012			As at 31 March 2013	As at 31 March 2012
1	Investments in Government or Trust securities							
	AP TRANSCO - VIDYUT BONDS (Market Value Rs.10,00,000/- per Bond)	Others	132	132	Quoted	Fully Paid	132000000	132000000
	8.74% APPFC Bonds (Market Value Rs.10,00,000/- per Bond)	Others	47	47	Quoted	Fully Paid	47000000	47000000
	9.97% APPFC Bonds (Market Value Rs.10,00,000/- per Bond)	Others	24	24	Quoted	Fully Paid	24000000	24000000
	9.64% APPFC Bonds (Market Value Rs.10,00,000/- per Bond)	Others	22	0	Quoted	Fully Paid	22000000	0
	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			Unquoted	Fully Paid	4301560	4301560
	8.2 APWRDC Non Convertible	Others	104	104	Unquoted	Fully Paid	10400000	10400000
	8.5% APSFC - Unsecured, Redeemable, Non Convertible, Non SLR Bonds Series II-2008 (Market Value Rs.10,00,000/- per Bond)	Others	16	16	Unquoted	Fully Paid	16000000	16000000
	9.15% APSFC - Unsecured, Redeemable, Non Convertible, Non SLR Bonds Series VI-2013 (Market Value Rs.10,00,000/- per Bond)	Others	14	0			14000000	0
2	Investments in Mutual Funds							
	SBI MUTUAL FUNDS (Market Value Rs.10.9254 per Unit)	Others	1111241.895	1111241.895	Quoted	Fully Paid	11329000	11329000
Total							320,342,606	284,342,606
Grand Total							2,767,766,606	1,771,766,606

- a. Shares worth of Rs 10 Crores were allotted during the financial year 2013-14 which has been considered as investments due to event has been occurred after the balance sheet date.
b. Gross Interest earned on Investments earmarked for Contingency Reserve Fund are reinvested.

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

16 - DEFERRED TAX

Particulars	As at March 31, 2013	As at March 31, 2012
	₹	₹
Deferred Tax Liabilities		
Opening Balance	1,209,915,914	997,927,727
Fixed Assets : Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	-	211,988,187
Gross deferred tax liability	1,209,915,914	1,209,915,914
Deferred Tax Asset		
Opening Balance	1,826,126,087	1,640,150,574
Unabsorbed Depreciation	1,046,486,390	185,975,513
Gross deferred tax asset	2,872,612,477	1,826,126,087
Net Deferred Tax Liability/(Asset)	1,662,696,563	616,210,173

17 - LONG TERM LOANS & ADVANCES

Long Term Loans & Advances	As at March 31, 2013	As at March 31, 2012
	₹	₹
a. Secured, Considered good		
Loans & Advances to employees	20,224,601	1,942,460
Miscellaneous losses and write-offs	-	
b. Unsecured, Considered good		
Loans & Advances to employees	12,323,658	14,271,315
Deposits	308,502,117	264,576,289
Capital Advances	72,921,876	240,175,338
Total	413,972,252	520,965,402

c. Secured Long term Loans & Advances to employees includes		
Secured Long term Loans & Advances to employees includes	As at March 31, 2013	As at March 31, 2012
	₹	₹
Housing Loan - Secured against House	20,224,601	1,942,460
Total	20,224,601	1,942,460

d. Unsecured Long term Loans & Advances to employees includes		
Unsecured Long term Loans & Advances to employees includes	As at March 31, 2013	As at March 31, 2012
	₹	₹
Education Loans	1,562,819	1,353,619
Two Wheeler Loan	4,749,585	6,155,124
Four Wheeler Loan	3,641,861	4,105,795
Computer Loans	2,149,752	2,367,153
Marriage Advance	219,641	-
Advance to Staff - RESCO's	-	289,624
Total	12,323,658	14,271,315

e. Current receivables of the loans & advances to employees (Secured & unsecured) could not be ascertainable.

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

f. Unsecured Deposits Includes		
Unsecured Deposits includes	As at March 31, 2013	As at March 31, 2012
	₹	₹
Court Authorities	62,164,567	58,780,745
Telephone authorities	672,616	312,622
Other Deposits - RESCO	-	631,508
Other Deposits	245,664,934	204,851,414
Total	308,502,117	264,576,289
<p>g. Other Deposits includes ₹ 21.30 Crores (Previous Year ₹ 17.23 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.</p>		
18 - OTHER NON CURRENT ASSETS		
Other Non Current Assets	As at March 31, 2013	As at March 31, 2012
	₹	₹
(a) Secured, considered good		
Long Term Receivables from Employees	63,605,911	55,505,958
(b) Unsecured, considered good		
Receivable from ITI, Chennai	4,080,455	4,080,455
Total	67,686,366	59,586,413
<p>c. Receivable from ITI towards 50% apprentice salaries paid by the company.</p>		
<p>d. Long Term Receivables from Employees includes amount recoverable on account of Work Orders and Misappropriations.</p>		

19 - INVENTORIES

Inventories	As at March 31, 2013	As at March 31, 2012
	₹	₹
Stores and Spares	2,280,154,885	2,420,928,427
Less: Provision for Recovery/Write Off of Cost Materials	87,951,874	323,858,386
Total	2,192,203,011	2,097,070,041

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

20 - TRADE RECEIVABLES

Trade Receivables	As at March 31, 2013	As at March 31, 2012
	₹	₹
Trade Receivables outstanding for a period less than six months from the Secured, considered good		
Secured, considered good	2,807,960,623	2,466,455,164
Unsecured, considered good	2,467,177,503	457,783,453
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
	5,275,138,126	2,924,238,617
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	5,418,999,021	5,383,219,992
Unsecured, considered good	3,990,181,750	2,983,395,077
Unsecured, considered doubtful	5,054,635,159	5,063,496,786
Less: Provision for doubtful debts	(5,054,635,159)	(5,054,635,159)
Less: Provision for doubtful debts FSA	(312,403,119)	-
	9,096,777,652	8,375,476,696
Total	14,371,915,778	11,299,715,313
a. The above trade receivables includes, Court Cases of ₹. 362.34 Crores (Previous Year ₹. 307.33 Crores), R Act Cases ₹. 32.74 Crores (Previous Year ₹.35.46 Crores), Bill Stopped/Disconnected Services ₹. 338.68 Crores (Previous Year ₹. 256.50 Crores).		

21 - CASH & CASH EQUIVALENTS

Cash and Cash equivalents	As at March 31, 2013	As at March 31, 2012
1. Cash and Cash Equivalents	₹	₹
a. Balances with banks		
- In Current Accounts	2,021,475,322	1,075,496,234
- Remittance in Transit	(1,154,977)	(1,495,916)
- In Deposits with Original Maturity less than 3 Months	348,306	12,240,806
b. Cash on hand	318,601,870	192,230,394
c. Postage & Stamps	62,532	25,934
Total	2,339,333,053	1,278,497,452
d. Bank Reconciliation Statement reflects unidentified credits in Bank Statements to the tune of ₹ 2.58 Crores as at March 31, 2013.		
e. Remittance in Transit includes ₹ 0.12 Crores (Previous year ₹ 0.36 Crores) on account of excess credit given by SBH and other Banks.		

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

22 - SHORT TERM LOANS & ADVANCES

Short Term Loans & Advances	As at March 31, 2013	As at March 31, 2012
a. Secured, considered good	₹	₹
Recoverable from employees	699,990	928,955
b. Unsecured, considered good		
Loans & Advances to employees	11,745,290	2,097,713
Advance Tax (including TDS Receivable & Refunds Receivable) (Net)	1,642,576	-
Advance to Suppliers	449,161,954	1,214,419
Government Receivables	38,942,005,504	53,456,956,705
Provision for Government Receivables - Additional Power	(38,778,739,156)	-
Other Loans & Advances	2,175	51,605
Total	626,518,333	53,461,249,397
<p>c. Provision was made towards Government receivables towards difference of Assets and Liabilities acquired on merger of RESCOs with the company for ₹.82.12 Crores during the year 2012-13.</p>		
<p>d. Provision for ₹.190.72 Crores was made towards Receivables from Government i.e., Receivables on account of 3rd Transfer Scheme of ₹.175.20 Crores, Tatkal Subsidy of ₹.1.26 Crs, Interest and Principal amount of ₹3.61 Crores of RGGVY Scheme.</p>		
<p>e. Company has been purchasing expensive power during the years 2008-09 to 2011-12 at the behest of the GoAP in terms of the comfort letters issued by Energy Secretary, GoAP from time to time and accounting as Government Subsidy and the resultant Receivables from Government. The Statutory Auditors and Comptroller and Auditor General (C & AG) assigned with supplementary audit were relying on these comfort letters for the accounting treatment followed until 2011-12 except for final comments by C & AG on the accounts for 2011-12 wherein it was stated that such comfort letters ought not to have been relied upon since such letters were not backed by confirmation from Finance Department of GoAP in terms of factoring the outlay in their respective or subsequent Finance Budgets. Taking into consideration, the above comment and there being no provision in budgetary support for Government Subsidy towards Additional Power during FY 2013-14, the Government Subsidy Receivables towards Additional Power of ₹.3877.87 Crores has been provided as doubtful in the books of accounts for F Y 2012-13.</p>		

23 - OTHER CURRENT ASSETS

Other Current Assets	As at March 31, 2013	As at March 31, 2012
	₹	₹
Fixed asset retired from active use and held for disposal	672,296	672,296
Interest Accrued on Fixed Deposits	26,525	39,531
Interest Accrued on Investments	20,270,945	9,560,689
Unbilled Revenue - Trade Receivables	12,483,368,929	9,067,870,122
FSA Revenue - Receivables	34,669,675,212	43,438,400,000
APSEE Master P & G Trust	437,209,669	438,282,357
Other Receivables	56,171,170	4,219,772
Total	47,667,394,746	52,959,044,767
<p>a. APSEE Master P & G trust owes to the company to the tune of ₹ 43.72 Crores (Previous year ₹43.83 Crores) as at March 31,2013.</p>		
<p>b. FSA has been written off for ₹.948.17 Crores towards unapproved portion of FSA by Hon'ble APERC for the period 2009-10 to 2011-12. Provision for Unbilled FSA Receivables (Doubtful) has been made for ₹. 580.10 Crs. and ₹. 26.47 Crores relating to FY 2009-10 and 1st Quarter of 2010-11 respectively.</p>		

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

24 - REVENUE FROM OPERATIONS

Particulars	2012-13	2011-12
Sale of energy	₹	₹
LT Supply	45,255,927,255	38,361,370,121
HT Supply	64,470,559,618	55,513,029,025
Interstate Sales	1,708,027,472	1,292,260,835
FSA	16,666,742,017	22,584,400,000
Tariff Subsidy	17,788,800,000	11,412,267,000
Additional Power Subsidy	-	14,795,410,000
Customer Charges	3,084,013,195	2,786,499,631
Theft of Power	187,712,333	86,466,127
DPS Income	2,801,736,682	1,883,986,932
Other Operating Revenues	4,808,656,873	1,248,857,807
	-	-
Total	156,772,175,445	149,964,547,480

- a. As per Company's accounting policy, unbilled revenue as at the year end of the financial year has been provided in the books of accounts which works out to ₹ 1091.18 Crores (Previous Year ₹ 906.79 Crores).
- b. FSA above includes unbilled FSA provision of ₹ 854.96 Crores (Previous Year ₹ 2258.44 Crores) during the F Y 2012-13 for 2nd, 3rd and 4th Qtrs.
- c. Other Operating Revenue includes R&C penalties of ₹. 359.46 Crores of which, unbilled revenue is ₹.157.16 Crs (Previous Year ₹. Nil)
- d. Regarding collection of Electricity Duty from Ferro Alloy units, the element of electricity duty is not being collected and remitted, pending receipt of clarification from GoAP on G.O. Ms. No.123 dated 23.10.2003. The amount for the years 2003-04 to 2010-11 works out to ₹ 12.95 Crores (Upto Previous Year ₹ 12.95 Crores). However ED is being levied on Ferro Alloys from 1.04.2011.

25 -OTHER INCOME

Particulars	2012-13	2011-12
Interest Income	₹	₹
Bank	3,919,030	2,624,097
Staff	694,569	772,309
Others	40,449,906	32,429,349
Rent from Companies Fixed Assets	3,404,671	4,392,141
Sale of Scrap	34,441,988	34,739,871
Penalties from Suppliers	101,195,623	126,255,901
Miscellaneous Income	10,797,787	13,852,650
Other Income	986,107,237	777,443,722
Amortization of Consumer Contribution, Subsidies & Grants towards Fixed Assets	1,982,255,802	1,702,191,043
Total	3,163,266,613	2,694,701,083

- a. As per the Company's Policy, interest on loans given to employees is recovered immediately after repayment of the principal loan amount.
- b. Other Income Includes Prior Period Income to the extent of ₹ 3.64 Crores (Previous year income ₹ 0.40 crores)

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

26 POWER PURCHASE EXPENSES

Cost of Materials	2012-13	2011-12
	₹	₹
Purchase of Power - Fixed Cost	45,069,758,162	34,817,667,057
Purchase of Power - Variable Cost	96,687,815,279	83,124,164,743
Transmission Charges	8,433,280,927	7,556,494,825
Other Power Purchase Cost	2,162,198,610	1,258,416,741
Total	152,353,052,978	126,756,743,366

27 - EMPLOYEE BENEFIT EXPENSE

Employee Benefits Expense	2012-13	2011-12
	₹	₹
Salaries and incentives	6,144,607,533	5,649,375,433
Contributions to Provident Funds	220,808,960	191,106,690
Pension Benefits	1,760,028,071	2,884,752,628
Director's Remuneration & Allowances	5,259,287	5,670,179
Director's Sitting Fees	52,186	51,000
Staff welfare expenses	117,733,895	73,501,914
Less: Employee Cost Capitalised	(587,001,120)	(499,286,293)
Total	7,661,488,812	8,305,171,550

a. Salaries and incentives includes prior period expenses to the extent of ₹ 751384 (Previous year income ₹ 17546)

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

28 - OPERATION & OTHER EXPENSES

a. Operations & Other expenses includes		
Operation & Other expenses	2012-13	2011-12
	₹	₹
Advertisement	27,242,572	18,424,037
Collection Agency Expenses	3,509,873	34,731,168
Consultancy Charges	12,652,138	19,559,680
Consumer Service Centre Charges	5,525,583	8,015,728
Contract Labour Charges	219,207,283	182,131,743
Electricity Charges	70,029,647	61,113,810
Insurance	504,146	864,531
Inventories Handling Charges	22,461,922	36,390,056
Legal Charges	15,888,200	5,904,418
Licence fees - APERC	27,358,701	25,633,690
Office Maintenance	5,420,519	7,633,945
Other Expenses	54,137,390	40,617,125
Postage & Telegrams	1,844,363	1,917,662
Printing & Stationery	43,335,748	39,751,842
Professional Charges	180,723,438	168,710,738
R&M - Others	14,683,025	50,693,384
Rates & taxes	37,972,191	48,781,562
Rent	5,299,483	8,477,394
Repairs to Buildings & Civil works	12,247,950	9,803,253
Repairs to Plant and Machinery	2,136,784,141	1,524,669,640
Repairs to Vehicles	40,730,305	35,579,915
Telephone & Communication	45,884,887	61,176,322
Training Exp	2,745,436	8,445,781
Travelling Expense	261,445,824	232,610,834
Vehicle Hire charges	257,226,204	209,691,169
Less: Administration & General Exp Capitalised	(103,540,311)	(88,061,014)
Total	3,401,320,655	2,753,268,411
b. Other Expenses includes prior period expenses to the extent of ₹ 2.47 Crores (Previous year ₹ 1.16 Crores)		
c. Payment to Auditors		
Audit Fess	2012-13	2011-12
	₹	₹
Payments to the auditor as auditor *	1,122,480	1,011,240
for taxation matters,		
for company law matters,		
for management services,		
for other services,		
for reimbursement of expenses;	150,000	150,000
Total	1,272,480	1,161,240
* Includes service tax		
Grand Total (a+c)	3,402,593,135	2,754,429,651

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

29 - FINANCE COSTS

Finance costs	2012-13	2011-12
	₹	₹
Interest expense		
Interest on Long Term Loans	2,647,197,808	2,520,291,728
Interest on Short Term Loans	7,921,293,173	6,271,001,089
Consumption Deposits	1,613,718,465	834,803,161
Others	85,006,398	75,535,116
Bank Charges	26,640,483	22,716,602
Less: Interest Capitalised	(477,433,430)	(369,327,804)
Total	11,816,422,896	9,355,019,892

30 - EXCEPTIONAL ITEMS

Exceptional Items	2012-13	2011-12
	₹	₹
Assets Scrapped	1,773,988	955,867
Bad Debts Written Off	9,481,700,000	57,807,112
Provision for Govt. Rcbls & Others	9,011,617,584	-
Provision for Govt. Rcbls - Addl Power	38,778,739,156	-
Loss on Obsolescence of Fixed Assets	171,745,456	-
Compensation	17,462,665	20,134,590
Others	(926,266)	69,859,237
Price Variation	(13,088,201)	18,976,044
Total	57,449,024,382	167,732,850

a. During the year an amount of ₹ 17.17 Crores has been written off as loss on Obsolescence of Fixed Assets - RESCOs.

31 - CONTINGENT LIABILITIES

Contingent liabilities and commitments (to the extent not provided for)	31-Mar-13	31-Mar-12
	₹ in Crores	₹ in Crores
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	11.97	11.02
(b) Disputed Income Tax (TDS - Transmission Charges)	93.26	93.26
(c) Disputed Entry tax	33.25	33.25
(d) Sales tax Penalty against G Form (Cement purchases)	1.34	1.34
(e) Liability under AP VAT Act 2005 (April 2005 to 2009-10)	63.10	22.32
(f) Other money for which the company is contingently liable	4.26	4.26
	207.18	165.45
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	274.62	156.73
	274.62	156.73
Grand Total (i+ii)	481.80	322.18

CENTRAL POWER DISTRIBUTION COMPANY OF A. P. LTD.

32. 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.

33. A fire occurred at 2 SPM sheds of the company during May & June 2013 resulting in loss of equipments/inventory to tune of ₹.0.39 Crores and these materials were not covered under insurance. Considering the materiality of the amounts involved, no effect has been given to the financial statements as at 31st March,2013 for this event occurring after balance sheet date.

34. 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 ₹ 0.13 Crores (Previous Year ₹ 0.12 Crores) has been paid and is shown under the Head 'Interest and Finance Charges'.

35. Income-tax assessments for the Assessment Years 2011-12 & 2012-13 are pending. For the Assessment Years 2005-06, 2006-07, 2008-09 & 2009-10, the Assessing Officer has added ₹ 16.90 Crores, ₹ 0.70 Crores, ₹ 108.28 Crores & ₹ 60.77 Crores respectively to the income returned by the Company. The Company has filed an appeal against the 'additions' in Assessment Years 2005-06, 2006-07, 2008-09 & 2009-10 with C.I.T. (Appeals)-II. The Company is of the opinion that no provision is necessary in respect of disputed additions. Any further provision required in respect of disputed addition will be considered on completion of Appellate Proceedings.

36. Sales-Tax assessments for the years 2010-11 & 2011-12 are pending.

37. Cost Audit has become mandatory for the company from Financial year 2011-12 onwards. The company has appointed Cost auditor and cost audit is in progress for the financial year 2012-13

38. Quantitative Information

MU's

Particulars	2012-13	2011-12
Energy Input (Discom)	35327.78	37160.62
Sale of Energy (KVAH Mus)	30634.60	31597.20

39. APERC issued orders on 08.08.2013, where in it was stated that the waiver of 50% of penal charges recovered from all consumers for whom R&C measures was made applicable. The Company filed a petition in October 2013 with Hon'ble APERC in this regard.

40. Company has incurred an amount of ₹.242.80 Crores towards creation of Fixed Assets under RGGVY Scheme.

41. 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
- 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 24 Discontinuing Operations
- AS 25 Interim Financial Reporting
- AS 27 Financial Reporting of Interest in Joint Ventures

42. Previous year figures have been regrouped wherever necessary.

43. Amounts represented in the financial statements have been rounded off to the nearest rupee

44. In the light of Provisional Comments of C & AG under the section 619(4) of the Companies Act, 1956, the Annual Accounts for the Financial Year 2012-13 have been revised and approved by the Board. As a result of the revision, Power Purchase Cost and Trade Payables has been increased by ₹.880.91 Crores, Stock has been reduced by a Provision of ₹.8.79 Crores, Government Receivables have been reduced by ₹.3877.87 Crores towards Provision for Additional Power Subsidy and ₹.174.02 Crores towards reversal of Additional Power Subsidy for the year 2012-13 and increased by ₹.10.65 Crores towards reversal of provision made for Indiramma Scheme. The net impact on Net Loss was increased by ₹.4930.95 Crores.

As per our report of even date

For SHARAD & ASSOCIATES

For and on Behalf of Board of Directors

Chartered Accountants

Firm Reg No. 063775

Sd/-

S A M RIZVI

Chairman & managing director

Sd/-

G RAGHUMA REDDY

Director (Commercial)

Sd/-

SHARAD SINHA

Partner

M. No 202692

Date:19.12.2013

Place:Hyderabad

Sd/-

R NARAYANA REDDY

Chief General Manager(Finance)

Sd/-

K. SUJATHA

Company Secretary