

SOUTHERN POWER  
DISTRIBUTION COMPANY  
OF ANDHRA PRADESH  
LIMITED, TIRUPATI

22<sup>ND</sup> ANNUAL ACCOUNTS  
FOR THE FINANCIAL YEAR  
*FY 2021-22*





# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

BALANCE SHEET AS AT 31st MARCH 2022

| Particulars   | Note No | Figures as at the end of 31-03-2022 | Figures as at the end of 31-03-2021 |
|---|---------|-------------------------------------|-------------------------------------|
|   |         | ₹ in Crores                         | ₹ in Crores                         |
| <b>I. EQUITY AND LIABILITIES</b>                        |         |                                     |                                     |
| (1) Shareholders' Funds                                 |         |                                     |                                     |
| (a) Share Capital                                       | 1       | 358.72                              | 358.72                              |
| (b) Reserves and Surplus                                | 2       | (8,454.11)                          | (6,768.93)                          |
| (2) Non-Current Liabilities                             |         |                                     |                                     |
| (a) Long-term borrowings                                | 3       | 15,640.53                           | 11,501.31                           |
| (b) Other Long-term liabilities                         | 4       | 1,896.95                            | 1,082.44                            |
| (c) Long-term provisions                                | 5       | 2,761.40                            | 2,023.43                            |
| (3) Current Liabilities                                 |         |                                     |                                     |
| (a) Short-term borrowings                               | 6       | 4,208.85                            | 6,544.77                            |
| (b) Trade payables                                      | 7       | 15,480.07                           | 14,814.44                           |
| (c) Other current liabilities                           | 8       | 1,150.49                            | 1,703.52                            |
| (d) Short-term provisions                               | 9       | 144.59                              | 104.02                              |
| <b>TOTAL</b>  |         | <b>33,187.49</b>                    | <b>31,363.71</b>                    |
| <b>II. ASSETS</b>                                       |         |                                     |                                     |
| (1) Non-Current Assets                                  |         |                                     |                                     |
| (a) Property, Plant and Equipment and Intangible assets |         |                                     |                                     |
| (i) Property, Plant and Equipment                       | 10      | 6,693.83                            | 6,232.82                            |
| (ii) Intangible assets                                  | 10      | 12.09                               | 16.35                               |
| (iii) Capital work-in-progress                          | 10      | 2,327.34                            | 1,851.68                            |
| (b) Non-current Investments                             | 11      | 184.55                              | 184.55                              |
| (c) Long term loans and advances                        | 12      | 245.30                              | 240.29                              |
| (2) Current assets                                      |         |                                     |                                     |
| (a) Inventories   | 13      | 192.57                              | 210.89                              |
| (b) Trade receivables                                   | 14      | 8,277.49                            | 6,768.05                            |
| (c) Cash and cash equivalents                           | 15      | 450.14                              | 360.42                              |
| (d) Short-term loans and advances                       | 16      | 4,962.54                            | 5,499.68                            |
| (e) Other current assets                                | 17      | 9,841.64                            | 9,998.98                            |
| <b>TOTAL</b>  |         | <b>33,187.49</b>                    | <b>31,363.71</b>                    |
| Other Notes   | 26      |                                     |                                     |
| Statement of Accounting Policies                        | 27      |                                     |                                     |

As per our report of even date  
For Basha & Narasimhan  
Chartered Accountants

Firm's Regn. No: 006031S

  
CA K. NARASIMHA SAH

Partner

Membership No: 201777

Place : Tirupati

Date : 28-06-2022



For and on behalf of the Board

  
H. HARANATHA RAO  
Chairman & Managing Director  
DIN : 08530030

  
Y. LAKSHMI NARASIAH  
Chief General Manager (Finance)

  
V.N. BABU  
Director (Finance)  
DIN : 08772842

  
B.V.S. PRAKASH  
Company Secretary





# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH 2022

| Particulars  | Note No | Figures for the current reporting period from 01-04-2021 to 31-03-2022 | Figures for the previous reporting period from 01-04-2020 to 31-03-2021 |
|--|---------|--|---|
|  |         | ₹ in Crores  | ₹ in Crores   |
| I. Revenue from operations   | 18      | 14,741.18  | 13,193.21   |
| II. Other Income   | 19      | 1,343.84   | 1,073.59  |
| III. Revenue from Subsidies and Grants (i.e., Govt reimbursement for agricultural sales/consumption) | 20      | 3,649.00   | 5,615.29  |
| <b>Total Income (I + II + III) - (A)</b>   |         | <b>19,734.02</b>   | <b>19,882.08</b>  |
| <u>Expenses:</u>   |         |  |   |
| IV. Cost of Power Purchase   | 21      | 17,147.75  | 15,309.89   |
| V. Employee benefits expense   | 22      | 2,592.03   | 2,548.16  |
| VI. Finance costs  | 23      | 919.86   | 961.56  |
| VII. Depreciation and amortization expense   | 24      | 748.28   | 708.64  |
| VIII. Other expenses   | 25      | 380.34   | 352.24  |
| <b>Total Expenses (IV+V+VI+VII+VIII) - (B)</b>   |         | <b>21,788.26</b>   | <b>19,880.49</b>  |
| IX. Profit before exceptional and extraordinary items and tax (A - B)                                |         | (2,054.24)   | 1.59  |
| X. Exceptional Items   |         | -  | -   |
| XI. Profit before extraordinary items and tax (IX - X)   |         | (2,054.24)   | 1.59  |
| XII. Extraordinary Items   |         | -  | -   |
| XIII. Profit before tax (XI - XII)   |         | (2,054.24)   | 1.59  |
| XIV. Tax expense   |         |  |   |
| (1) Current Tax  |         | -  | -   |
| (2) Deferred Tax   |         | -  | -   |
| XV. Profit/(Loss) for the year from continuing operations (XIII-XIV)                                 |         | (2,054.24)   | 1.59  |
| XVI. Transfer to Contingency Reserve   |         | -  | -   |
| <b>XVII. Profit/(Loss) for the year (XV-XVI)</b>   |         | <b>(2,054.24)</b>  | <b>1.59</b>   |
| XVIII. Earnings per equity share in ₹ :  |         |  |   |
| (1) Basic  |         | (57.27)  | 0.04  |
| (2) Diluted  |         | (57.27)  | 0.04  |
| Other Notes  | 26      |  |   |
| Statement of Accounting Policies   | 27      |  |   |

As per our report of even date

**For Basha & Narasimhan**

**Chartered Accountants**

Firm's Regn. No: 0060315

*CA K. NARASIMHA SAH*

**CA K. NARASIMHA SAH**

Partner

Membership No: 201777

Place : Tirupati

Date : 28-06-2022



For and on behalf of the Board

*H. Haranatha Rao*  
**H. HARANATHA RAO**

Chairman & Managing Director

DIN : 08530030

*V.N. Babu*  
**V.N. BABU**

Director (Finance)

DIN : 08772842

*Y. Lakshmi Narasiah*  
**Y. LAKSHMI NARASIAH**

Chief General Manager (Finance)

*B.V.S. Prakash*  
**B.V.S. PRAKASH**

Company Secretary





# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2022

| Particulars  | Year Ended<br>31-03-2022 |             | Year Ended<br>31-03-2021 |             |
|--|--------------------------|-------------|--------------------------|-------------|
|  | ₹ in Crores              | ₹ in Crores | ₹ in Crores              | ₹ in Crores |
| <b>A Cash flow from operating activities</b>                                   |                          |             |                          |             |
| Net Profit / (Loss) before taxation  |                          | (2,054.24)  |                          | 1.59        |
| Adjustments for items in Profit & Loss Account                                 |                          |             |                          |             |
| Amortization of Capital Contributions  | (255.40)                 |             | (187.14)                 |             |
| Depreciation and Amortization  | 748.28                   |             | 708.64                   |             |
| Income from Investments  | (3.48)                   |             | -                        |             |
| Interest on Borrowings   | 1,373.67                 | 1,863.07    | 961.56                   | 1,483.06    |
| Operating Profit / (Loss) before working capital changes                       |                          | (191.17)    |                          | 1,484.66    |
| Adjustments for changes in Current Assets other than Cash and Cash Equivalents |                          |             |                          |             |
| (Increase)/Decrease in Inventories   | 18.32                    |             | 44.64                    |             |
| (Increase)/Decrease in Trade receivables                                       | (1,509.43)               |             | (1,537.67)               |             |
| (Increase)/Decrease in Loans and Advances                                      | 538.93                   |             | (624.01)                 |             |
| (Increase)/Decrease in Other Current Assets                                    | 149.81                   |             | (3,851.86)               |             |
| Adjustments for changes in Current Liabilities and Provisions                  |                          |             |                          |             |
| Increase/(Decrease) in Trade Payables  | 887.64                   |             | 2,445.22                 |             |
| Increase/(Decrease) in Other Current Liabilities                               | (199.96)                 |             | 1,276.09                 |             |
| Increase/(Decrease) in Provisions  | 774.33                   | 659.64      | 132.63                   | (2,114.96)  |
| Cash generated from Operations   |                          | 468.47      |                          | (630.31)    |
| Net cash flow from operating activities (Total of A)                           |                          | 468.47      |                          | (630.31)    |
| <b>B Cash flows from investing activities</b>                                  |                          |             |                          |             |
| (Increase)/Decrease in Property, Plant and Equipment                           | (1,680.69)               |             | (1,443.41)               |             |
| (Increase)/Decrease in Investments   | 6.48                     |             | -                        |             |
| (Increase)/Decrease in Loans & Advances  | (6.81)                   |             | 11.95                    |             |
| Income from Investments  | 4.52                     |             | -                        |             |
| Net cash flow from investing activities (Total of B)                           |                          | (1,676.50)  |                          | (1,431.46)  |
| <b>C Cash Flows from Financing Activities</b>                                  |                          |             |                          |             |
| Increase/(Decrease) in borrowings  | 1,188.54                 |             | 2,921.75                 |             |
| Increase/(Decrease) in security and other deposits                             | 814.51                   |             | (560.98)                 |             |
| Increase/(Decrease) in Deferred Capital Contributions                          | 624.47                   |             | 277.09                   |             |
| Increase/(Decrease) in Provisions  | -                        |             | 300.50                   |             |
| Interest on Borrowings   | (1,329.77)               |             | (961.56)                 |             |
| Net Cash flow from Financing Activities (Total of C)                           |                          | 1,297.75    |                          | 1,976.80    |
| <b>D Net Increase/(Decrease) in cash and cash equivalents (D=A+B+C)</b>        |                          | 89.72       |                          | (84.97)     |
| <b>E Cash and Cash Equivalents</b>   |                          |             |                          |             |
| At the beginning of the year   |                          | 360.42      |                          | 515.81      |
| Transfer to APCDCL (bifurcation)   |                          | -           |                          | (70.42)     |
|  |                          | 360.42      |                          | 445.39      |
| At the end of the year   |                          | 450.14      |                          | 360.42      |
| <b>F Net Increase / (Decrease) in cash and cash equivalents</b>                |                          | 89.72       |                          | (84.97)     |

As per our report of even date

For Basha & Narasimhan

Chartered Accountants

Firm's Regn. No: 006031S

CA K. NARASIMHA SAH

Partner

Membership No: 201777

Place: Tirupati

Date : 28-06-2022



For and on behalf of the Board

H. HARANATHA RAO

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DIN : 08530030

Y. LAKSHMI NARASIAH

Chief General Manager (Finance)

V.N. BABU

Director (Finance)  
DIN : 08772842

B.V.S. PRAKASH

Company Secretary





# **SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED**

## **Note No.1 - Share Capital**

| <u>Share Capital</u>  | Figures as at the end of 31-03-2022 |               | Figures as at the end of 31-03-2021 |               |
|---|-------------------------------------|---------------|-------------------------------------|---------------|
|   | Number                              | ₹ in Crores   | Number                              | ₹ in Crores   |
| <b><u>Authorised Share Capital</u></b>                            |                                     |               |                                     |               |
| Equity Shares of ₹10 each<br>(Rupees Ten Only)                    | 36,00,00,000                        | 360.00        | 36,00,00,000                        | 360.00        |
| <b><u>Issued Subscribed &amp; fully Paid up Share Capital</u></b> |                                     |               |                                     |               |
| Equity Shares of ₹10 each<br>(Rupees Ten Only)                    | 35,87,15,309                        | 358.72        | 35,87,15,309                        | 358.72        |
| <b>Total</b>  | <b>35,87,15,309</b>                 | <b>358.72</b> | <b>35,87,15,309</b>                 | <b>358.72</b> |

Disclosure pursuant to Note No. 6 A of Part I of Schedule III to the Companies Act, 2013

### **Note No.1A. Reconciliation of Shares Outstanding at the beginning and at the end of the reporting period**

| Particulars                      | Figures as at the end of 31-03-2022 |               | Figures as at the end of 31-03-2021 |               |
|----------------------------------|-------------------------------------|---------------|-------------------------------------|---------------|
|                                  | Number                              | ₹ in Crores   | Number                              | ₹ in Crores   |
| <u>Equity Shares of ₹10 each</u> |                                     |               |                                     |               |
| Opening Balance                  | 35,87,15,309                        | 358.72        | 35,87,15,309                        | 358.72        |
| Additions                        | --                                  | --            | --                                  | --            |
| Bought Back                      | --                                  | --            | --                                  | --            |
| <b>Closing Balance</b>           | <b>35,87,15,309</b>                 | <b>358.72</b> | <b>35,87,15,309</b>                 | <b>358.72</b> |

### **Note No. 1B. Details of Shareholders holding more than 5% shares**

| Name of the Share holder                                       | Figures as at the end of 31-03-2022 |              | Figures as at the end of 31-03-2021 |              |
|--|-------------------------------------|--------------|-------------------------------------|--------------|
|  | No. of shares held                  | % of Holding | No. of shares held                  | % of Holding |
| <b>Equity Shares</b>   |                                     |              |                                     |              |
| Governor of Andhra Pradesh (vide GO. Ms. No.58 Dt.:09.05.2005) | 35,87,15,309                        | 100%         | 35,87,15,309                        | 100%         |
| <b>Total</b>   | <b>35,87,15,309</b>                 | <b>100%</b>  | <b>35,87,15,309</b>                 | <b>100%</b>  |

### **Note No. 1C. Terms/rights attached to Equity Shares**

The Company has only one class of equity shares having 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 shareholders.

### **Note No. 1D. Details of Shares held by Promoters at the end of the year**

| Shares held by promoters at the end of the year |  |                     |                   | % Change during the period |
|---|--|---------------------|-------------------|----------------------------|
| S.No.   | Promoter Name                          | No. of Shares       | % of total shares |                            |
| 1   | Government of Andhra Pradesh           | 35,87,15,300        | 100.00            | 0                          |
| 2   | Nominees of Governor of Andhra Pradesh | 9                   | 0.00              | 0                          |
| <b>Total</b>                                    |  | <b>35,87,15,309</b> | <b>100.00</b>     |                            |





**Note No.2 - Reserves and Surplus**

| Reserves and Surplus  | Figures as at the end<br>of 31-03-2022 | Figures as at the end<br>of 31-03-2021 |
|---|--|--|
|   | ₹ in Crores                            | ₹ in Crores                            |
| <b>2.1 Contingency Reserve</b>  |  |  |
| Opening Balance   | 25.05                                  | 43.42                                  |
| (+) Current Period Transfer   | -                                      | -                                      |
| (-) Transfer to APCPDCL   | -                                      | (18.38)                                |
| Closing Balance - <b>A</b>  | <b>25.05</b>                           | <b>25.05</b>                           |
| <b>2.2 Deferred Capital Contributions<br/>(including Govt. Grants)</b>  |  |  |
| Opening Balance   | 1,909.04                               | 3,083.63                               |
| (+) Current Period Receipts   | 624.46                                 | 277.09                                 |
| (-) Written Back in Current Period  | (255.40)                               | (187.14)                               |
| (-) Transfer to APCPDCL   | -                                      | (1,264.55)                             |
| Closing Balance - <b>B</b>  | <b>2,278.09</b>                        | <b>1,909.04</b>                        |
| <b>2.3 Surplus</b>  |  |  |
| Opening balance   | (11,760.58)                            | (21,171.91)                            |
| (+) Net Profit/(Net Loss) for the period  | (2,054.24)                             | 1.59                                   |
| (+) Transfer to APCPDCL   | -                                      | 9,409.74                               |
| Closing Balance - <b>C</b>  | <b>(13,814.82)</b>                     | <b>(11,760.58)</b>                     |
| 2.4 Merger Reserve - <b>D</b>   | <b>275.88</b>                          | <b>275.88</b>                          |
| 2.5 Capital Reserve - <b>E</b>  | <b>16.19</b>                           | <b>16.19</b>                           |
| 2.6 Grant - UDAY  | 2,765.50                               | 5,257.02                               |
| (-) Transfer to APCPDCL   | -                                      | (2,491.52)                             |
| Closing Balance - <b>F</b>  | <b>2,765.50</b>                        | <b>2,765.50</b>                        |
| <b>Total (A+B+C+D+E+F)</b>  | <b>(8,454.11)</b>                      | <b>(6,768.93)</b>                      |
| <p>1.1 Deferred capital contributions (Note No. 2.2) represent unamortised balance of Consumer contributions, Subsidies received from NREDCAP, Indiramma subsidies, IPDS, RGGVY, DDUGJY and RDSS received on capital account.</p> <p>1.2 Contributed Assets:- During the year 2021-22, the company received Consumer Contributions and Grants/subsidies amounting to ₹ 624.46 Crores (Previous year ₹ 277.09 Crores) which are not refundable in nature.</p> <p>1.3 As against the above, an amount of ₹ 255.40 Crores (Previous year ₹ 187.14 Crores) has been charged as withdrawal/amortisation of consumer contributions and credited to Profit and Loss Account in proportion to the depreciation on the respective assets charged during the year F.Y. 2021-22.</p> <p>2) Merger Reserve represents an amount of ₹275.88 Crores being net deficit of assets and liabilities and deferred tax asset transferred to the company pursuant to demerger of TSSPDCL (erstwhile APCPDCL) Also refer to Note No. 26 Para Nos. 7.2, 7.3 &amp; 7.4</p> <p>3) Capital Reserve represents an amount of ₹16.19 Crores being excess of assets over liabilities allocated to APSPDCL consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements.</p> |  |  |



**Note No.2 - Reserves and Surplus**

- 4) GOI Ministry of Power has notified UDAY (Ujwal DISCOM Assurance Yojana) Scheme for the financial turn around of Power Distribution Companies (DISCOMs). Tripartite MOU was entered with GOI, GOAP and APDISCOMS on 24.06.2016 and Govt. of AP has issued G.O.Ms.No.27 dated.26.07.2016 for implementation of UDAY Scheme. The UDAY Scheme was implemented during the FY 2016-17. Under this scheme, the Government of AP has cleared APSPDCL FRP loans, FRP Bonds and short term loans of ₹5,257.02 Crores during the FY 2016-17 as Capital grant.
- 5) Investments earmarked for Contingency reserve was utilised during the FY 2018-19 to meet cyclone rehabilitation works and will be replenished in future. Bank Deposits amounting to ₹ 3.00 Crores were made against contingency reserve which are shown in Note No.15 Cash and Cash equivalents under Balance with Scheduled Banks - Deposit Accounts.
- 6) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Reserves and Surplus to the tune of ₹ -5,635.29 Crores as at 31-03-2020 was allocated to APCPDCL.



| Note No.3 - Long-Term Borrowings                   |                                     |                                     |
|--|-------------------------------------|-------------------------------------|
| Long-Term Borrowings                               | Figures as at the end of 31-03-2022 | Figures as at the end of 31-03-2021 |
|  | ₹ in Crores                         | ₹ in Crores                         |
| <b>3.1 Secured</b>                                 |                                     |                                     |
| (a) Term loans from Banks                          | 761.40                              | 865.10                              |
| (b) Term loans from other parties                  | 13,244.83                           | 10,441.89                           |
| <b>Sub-Total A</b>                                 | <b>14,006.22</b>                    | <b>11,307.00</b>                    |
| <b>3.2 Unsecured</b>                               |                                     |                                     |
| (a) Bonds :  |                                     |                                     |
| Bonds issued to APGENCO                            | 211.15                              | 211.15                              |
| (b) Term loans from other parties :                |                                     |                                     |
| Loans from Govt of Andhra Pradesh                  | 9.48                                | 9.48                                |
| Loans from Other Agencies                          | 1,106.63                            | 984.91                              |
| <b>Sub-Total B</b>                                 | <b>1,327.25</b>                     | <b>1,205.54</b>                     |
| <b>3.3 Long Term Borrowings (on Merger) C</b>      | <b>1,643.33</b>                     | <b>1,643.33</b>                     |
| <b>3.4 Others D</b>                                | <b>0.43</b>                         | <b>0.24</b>                         |
| <b>Total Long Term Borrowings (A+B+C+D) E</b>      | <b>16,977.24</b>                    | <b>14,156.11</b>                    |
| Less: Current maturities of Long term Borrowings F | 1,336.71                            | 2,654.80                            |
| <b>Total (E-F)</b>                                 | <b>15,640.53</b>                    | <b>11,501.31</b>                    |

**LOANS POSITION**

| Name of the Loan                                      | Figures as at the end of 31-03-2022 | Figures as at the end of 31-03-2021 |
|---|-------------------------------------|-------------------------------------|
|   | ₹ in Crores                         | ₹ in Crores                         |
| <b><u>Secured :</u></b>                               |                                     |                                     |
| Rural Electrification Corporation (REC)               | 5,416.57                            | 4,410.46                            |
| Power Finance Corporation (PFC)                       | 2,712.28                            | 2,091.84                            |
| Power Trading Corporation (PTC)                       | 22.86                               | 35.47                               |
| Andhra Pradesh Power Finance Corporation Ltd (APPFCL) | 5,093.12                            | 3,904.12                            |
| State Bank of India (SBI)                             | 761.40                              | 865.10                              |
| <b><u>Unsecured:</u></b>                              |                                     |                                     |
| Bonds issued to AP GENCO (FRP)                        | 211.15                              | 211.15                              |
| Govt of Andhra Pradesh                                | 9.48                                | 9.48                                |
| Indian Renewable Energy Development Agency (IREDA)    | 301.71                              | 533.70                              |
| World bank  | 671.69                              | 317.99                              |
| Japan International Cooperation Agency (JICA)         | 133.22                              | 133.22                              |
| Long Term Borrowings (on merger)                      | 1,643.33                            | 1,643.33                            |
| Clearing Account                                      | 0.43                                | 0.24                                |
| <b>Total</b>  | <b>16,977.24</b>                    | <b>14,156.11</b>                    |





- 1) All the Loans from Power Finance Corporation (PFC) / Rural Electrification Corporation (REC) and Banks are secured by charge on company's Property, Plant and Equipment commissioned out of the loan funds of above funding agencies. The rate of interest on these loans ranges from 8.75% p.a. to 12.50% p.a. except JICA at 0.65% p.a and World Bank at 2.24%.
- 2) Interest expense on government loans for various schemes is not recognised during the year. Rate of interest on such loans varies from 1% to 7.85%.
- 3) Ananthapur and Kurnool Circles were merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O. Ms. No. 24 dated 29-05-2014. In the merger/demerger process, an amount of ₹1643.33 Crores was transferred by M/s. TSSPDCL (formerly APCPDCL) as Long Term Borrowings on the basis of Energy and Scheme wise allocation. Hence, the same is adopted into Books of Account. Refer to Note No 26 para Nos.7.2,7.3 & 7.4. However, repayment schedule and other loan covenants are not given to the company at the time of merger. Hence, in the absence of above details, company is unable to pay principal or recognise/pay the interest liability.
- 4)Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Long-Term Borrowings to the tune of ₹5,774.41 Crores as at 31-03-2020 was allocated to APCPDCL.
- 5)CAPEX Loans borrowed during the FY 2020-21 were agreed by APSPDCL and APCPDCL to be shared on loan utilisation basis. Hence, that portion of loan amount identified as belonging to APCPDCL were excluded from the books of accounts of APSPDCL. However, since actual loan covenants/agreements are not transferred in the name of APCPDCL, debt obligation is being met by APSPDCL and is recovered/recoverable from APCPDCL.
- 6) OPEX Loans borrowed during the FY 2020-21 & FY 2021-22 were agreed by APSPDCL and APCPDCL to be shared in 63.02 : 36.98 ratio respectively. Hence, that portion of loan amount identified as belonging to APCPDCL was accounted separately. Since actual loan covenants/agreements were not transferred in the name of APCPDCL, debt obligation of APCPDCL is being met by APSPDCL and is recovered/recoverable from APCPDCL.
- 7) Claim has been made towards the interest reimbursement/adjustment of eligible GOAP loans against the projects completed in time. However, company has not received any acceptance of claim. Hence, no adjustments have been made to the Property, Plant and Equipment against such loans received.
- 8) The State Govt of Andhra Pradesh vide LETTER.No.367/POWER-III/2017-2 Dt.16.11.2017 agreed to take over the balance of 25% of FRP Bonds of the DISCOMS and to issue Non-SLR Bonds under UDAY Scheme for discharging the debt of State Power APDISCOMs. However, Govt. of Andhra Pradesh has not taken over the FRP bonds till date. Consistently, FRP bonds outstanding are being shown as Debt of DISCOMs.
- 9) Loan from APPFCL are being serviced by the Government of Andhra Pradesh (both Principal and Interest) through APPFCL as per the provisions of G.O.Ms.No.17 dated 14.06.2020 issued by Energy Department.
- 10) Government of AP has provided funds for payment of Principal and Interest on APPFCL loans and some part of PFC/IREDA loans. During the year, Interest amounting to ₹451.65 Crores (Previous Year ₹ 292.64 Crores) was reimbursed by the Government of Andhra Pradesh. The Interest amount paid by the Govt. of AP is treated as Revenue Grant in the Books of account.
- 11) The interest rates for the term loans availed from APPFCL is @ 9% p.a and are secured by Movable Assets of the company.
- 12) The interest rates for the term loans availed from IREDA ranges from 10.50% p.a. to 10.84% p.a and are unsecured in nature.







## SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

### Details of Guarantees provided by Government of Andhra Pradesh on the Loans availed by the Company as at 31-03-22

| Sl.No. | Guarantee given to (Bank/Lender) | GO. No. & Date                | Type of Loan     | Amount Guaranteed and availed (₹ in Crores) * | Loan outstanding as at 31-03-22 (₹ in Crores) * |
|--------|----------------------------------|-------------------------------|------------------|---|---|
| 1      | SBI, Vijayawada                  | G.O.Ms.No.36 dated 09.11.2018 | CAPEX            | 2,000.00                                      | 1,514.69  |
| 2      | SBI, Vijayawada                  |                               | OPEX (CC Limits) | 250.00  | 250.00  |
| 3      | SBI, Vijayawada                  | G.O Rt No.36 dated 26.11.2019 | OPEX             | 500.00  | 418.71  |
| 4      | REC                              | G.O.Ms.No.17 dated 14.06.2020 | OPEX             | 2,250.00                                      | 2,250.00  |
| 5      | PFC                              |                               | OPEX             | 2,250.00                                      | 2,250.00  |
| 6      | REC                              | G.O.Ms.No.2 dated 06.03.2021  | OPEX             | 650.00  | 650.00  |
| 7      | PFC                              |                               | OPEX             | 650.00  | 650.00  |
|        |                                  |                               |                  | <b>8,550.00</b>                               | <b>7,983.40</b>                                 |

\* includes Loan amount transferred to APCPDCL on Bifurcation.





**Note No.4 - Other Long-Term Liabilities**

| Other Long Term Liabilities  | Figures as at the<br>end of 31-03-2022 | Figures as at the<br>end of 31-03-2021 |
|--|--|--|
|  | ₹ in Crores                            | ₹ in Crores                            |
| 4.1 Trade Payables (Security Deposits from Consumers)  | 1,896.95                               | 1,082.44                               |
| <b>Total</b>   | <b>1,896.95</b>                        | <b>1,082.44</b>                        |
| <p>1) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Other Long-Term Liabilities to the tune of ₹ 1,208.49 Crores as at 31-03-2020 was allocated to APCPDCL.</p> <p>2) The Security Deposits account shows a balance of ₹ 1,896.96 Crores as per the financial ledger and ₹ 1,839.22 Crores as per the Consumer ledger since there are opening balance mismatches and differences in LT and HT Customer balances which are under reconciliation.</p> |  |  |

**Note No.5 - Long-term Provisions**

| Long-Term Provisions  | Figures as at the<br>end of 31-03-2022   | Figures as at the<br>end of 31-03-2021                     |                              |  |
|---|--|--|------------------------------|--|
|   | ₹ in Crores  | ₹ in Crores  |                              |  |
| <b>Provisions for employee benefits</b>   |  |  |                              |  |
| 5.1 Pension and Gratuity Trust  | 2,067.21   | 1,620.22   |                              |  |
| 5.2 General Provident Fund  | 19.97  | 19.98  |                              |  |
| 5.3 Gratuity for Employees joined on or after 01-02-99  | 323.67   | 268.05   |                              |  |
| 5.4 Leave Encashment  | 350.55   | 115.18   |                              |  |
| <b>Total</b>  | <b>2,761.40</b>  | <b>2,023.43</b>  |                              |  |
| Employee Related benefits:  |  |  |                              |  |
| 1)Terminal Benefits: Pension & Gratuity :   |  |  |                              |  |
| During the FY 2021-22, the Company has cleared a liability of ₹ 318.50 Crores (Previous year ₹ 833.57 Crores) to the Pension and Gratuity Trust.                    |  |  |                              |  |
| 2) The APSPDCL P&G Trust fund position and creating of liability through provision as per the Actuarial Valuation report as on 31.03.2022 are furnished here under. |  |  |                              |  |
| Particulars   | Pension & Gratuity Liability @ 26% share up to Mar 2029/2033 and 100% w.e.f. Mar 2029/2033 onwards | Gratuity for Employees who joined on or after 01.02.1999 # | Leave Encashment liability # | Total Employees future terminal benefits * |
|   | ₹ in Crores  | ₹ in Crores  | ₹ in Crores                  | ₹ in Crores                                |
| Fund to be maintained as on 31-03-2022 as per Actuarial valuation report .  | 5,440.87   | 337.14   | 970.60                       | 6,748.60                                   |
| Less : Fund as on 31.03.2022  | 2,408.24   | -  | -                            | 2,408.24                                   |
| Less : Liability already provided   | 1,467.21   | 262.47   | 94.03                        | 1,823.71                                   |
| Provision to be made towards future commitment  | 1,565.41   | 74.67  | 876.57                       | 2,516.65                                   |
| Provision created during FY 2021-22   | 600.00   | 74.67  | 315.33                       | 990.00                                     |
| Short fall /(Excess)  | 965.41   | -  | 561.24                       | 1,526.65                                   |
| Out of the above, an amount of ₹ 990 Crores (Previous year ₹ 989.06 Crores) has been created as provision during the FY 2021-22.                                    |  |  |                              |  |
| # Current Liability of Gratuity and Leave encashment provision is shown under Note No.9 - Short Term Provisions.  |  |  |                              |  |
| * The above shortfall provision of ₹ 1,526.65 Crores has to be made in the next 3 financial years @ ₹ 508.88 Crores per year.                                       |  |  |                              |  |



3) Ananthapur and Kurnool Circles are merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms. No. 24 dated 29-05-2014. In the merger/demerger process, an amount of ₹167.30 cores is transferred by M/s TSSPDCL (erstwhile APCPDCL) as Long Term provisions for employees by way of Employee basis allocation is adopted. These amounts are transferred to respective accounts during the FY 2015-16. Also, refer to Note No.26 para No. 7.2,7.3 & 7.4. However, corresponding share in the P & G Trust of M/s TSSPDCL (erstwhile APCPDCL) is not transferred to Pension and Gratuity Trust of APSPDCL.

4) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Long Term Provisions to the tune of ₹1,075.38 Crores as at 31-03-2020 was allocated to APCPDCL. Out of total Pension and Gratuity provision amounting to ₹2,657.63 Crores as at 31-03-2020 in respect of employees joined on or before 31-01-1999 and Gratuity in respect of employees joined on or after 01-02-1999, ₹ 1,063.66 Crores was identified as belonging to APCPDCL. However, corresponding share in the P & G Trust of APSPDCL is yet to be transferred to APCPDCL.

### Note No. 6 - Short-term Borrowings

| Short-term Borrowings                                 | Figures as at the<br>end of 31-03-2022 | Figures as at the<br>end of 31-03-2021 |
|---|--|--|
|   | ₹ in Crores                            | ₹ in Crores                            |
| <b>6.1 Loans repayable on demand</b>                  |  |  |
| <u>Secured</u>  |  |  |
| a. From Banks (CCs and ODs limits)                    | 609.40                                 | 645.33                                 |
| <u>Unsecured</u>                                      |  |  |
| b. From Others  | 369.78                                 | 181.75                                 |
| c. Short term loan (Bill discounting)                 | 1,362.31                               | 2,347.76                               |
| <b>6.2 Security and other Deposits</b>                |  |  |
| a) Bid & Security Deposits                            | 15.51                                  | 19.74                                  |
| b) Retention Money                                    | 27.05                                  | 31.37                                  |
| c) Earnest Money Deposits                             | 15.96                                  | 17.29                                  |
| d) Contributory Work Deposits                         | 52.90                                  | 46.60                                  |
| e) Temporary Supply Deposits                          | 8.71                                   | 3.07                                   |
| f) Other Deposits                                     | 229.59                                 | 416.12                                 |
| <b>6.3 Short term loans: Merger</b>                   | 180.92                                 | 180.92                                 |
| <b>6.4 Current Maturities of Long Term Borrowings</b> |  |  |
| a) Rural Electrification Corporation (REC)            | 632.56                                 | 1,019.57                               |
| b) Power Finance Corporation (PFC)                    | 222.17                                 | 1,293.33                               |
| c) State Bank of India (SBI)                          | 155.98                                 | 260.20                                 |
| d) Others   | 326.00                                 | 81.70                                  |
| <b>Total</b>  | <b>4,208.85</b>                        | <b>6,544.77</b>                        |

Note:

1) Ananthapur and Kurnool Circles were merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms. No. 24 dated : 29-05-2014. In the merger/demerger process, an amount of ₹180.92 Crores is transferred by M/s TSSPDCL (erstwhile APCPDCL) as Short term borrowings by way of Energy basis allocation. Also, refer Note No.26 para No. 7.2,7.3 & 7.4.

2) No interest has been considered/ paid in the accounts against the above loans transferred under Merger Scheme due to non availability of details.

3) OPEX Loans borrowed during the FY 2020-21 and FY 2021-22 were agreed by APSPDCL and APCPDCL to be shared in 63.02 : 36.98 ratio respectively. Hence, that portion of loan amount identified as belonging to APCPDCL was accounted separately. Since actual loan agreements/covenants were not transferred in the name of APCPDCL, debt obligation of APCPDCL is being met by APSPDCL and is recovered/recoverable from APCPDCL.

4) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Short-Term Borrowings to the tune of ₹1,504.15 Crores as at 31-03-2020 was allocated to APCPDCL.





**Note No.7 - Trade payables**

| Trade Payables                       | Figures as at the end<br>of 31-03-2022 | Figures as at the end<br>of 31-03-2021 |
|--------------------------------------|--|--|
|                                      | ₹ in Crores                            | ₹ in Crores                            |
| 7.1 Trade payables - Power Purchase  | 12,300.45                              | 12,043.83                              |
| 7.2 Payables - Others                | 2,306.39                               | 1,897.38                               |
| a) Material & Service works creditor | 393.22                                 | 343.80                                 |
| b) Pension                           | 21.49                                  | 17.86                                  |
| c) Salary Liabilities                | 38.60                                  | 36.07                                  |
| d) Recovery & Remittances            | 28.26                                  | 22.52                                  |
| e) Year end provisions               | 1,055.55                               | 583.90                                 |
| f) Electricity Duty Payable          | 480.63                                 | 387.75                                 |
| g) Debt Service Clearing A/c         | 111.38                                 | 373.08                                 |
| h) Advance for Sale of Scrap         | 128.96                                 | 108.18                                 |
| i) Others                            | 48.30                                  | 24.23                                  |
| 7.3 Trade Payables - Merger          | 873.23                                 | 873.23                                 |
| <b>Total ( 1+2+3)</b>                | <b>15,480.07</b>                       | <b>14,814.44</b>                       |

1) The Power purchase bills, debit/credit notes raised by the Generators are provisional and are subject to revision at a later date, which are accounted between the Distribution companies (APSPDCL and APEPDCL) in the ratio specified in the G.O.Ms.No.20, Energy (Power-III), dated: 08.05.2014, amended the share of four DISCOMs in the Generating Stations as per which the revised share of APSPDCL is 30.31% (including Ananthapur and Kurnool circles Share 8.04%) out of Four Discoms of Andhra Pradesh and Telangana (i.e., APSPDCL, APEPDCL, TSSPDCL (erstwhile APCPDCL) and TSNPDCL, till 01.06.2014.

2) Consequent to Ananthapur and Kurnool Circles transfer into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms No. 24 dated : 29-05-2014, APSPDCL share is increased in the re-organised state of Andhra Pradesh and allocated between two Discoms (i.e., APSPDCL and APEPDCL) as to 65.73% and 34.27 % duly adjusted through IBSS done on monthly basis.

3) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL as per G.O.MS.No. 41 Dated : 05-12-2019, APSPDCL share is revised and the new ratio between three Discoms (i.e., APSPDCL, APEPDCL and APCPDCL) is 40.44%, 36.22% and 23.34% respectively issued vide G.O.Ms.No.13 Dated 6th April, 2020 duly adjusted through IBSS.

4) Confirmations of balance as on 31.03.2022 from the Generating Companies/Suppliers of power, Material and service creditors, Other payables are yet to be obtained and these balances are subject to reconciliation and adjustments.





## SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

|   |
|---|
| 5) Trade payables - Merger represents balances transferred to company in pursuant to demerger of TSSPDCL (erstwhile APCPDCL). Please refer Note No. 26 para No. 7.2, 7.3 & 7.4  |
| 6) Following the dispute between APSPDCL and NCE Power Generators (Solar and Wind), as per the interim order of the Hon'ble High court of A.P. in WP.No.9844 of 2019 dated: 24.09.2019, until FY 2020-21, provision used to be created for purchase of power to an extent of difference between "contracted rate" as per PPA and "interim rate" as mentioned in the above Hon'ble High Court order i.e., ₹ 2.44 per unit for solar generators and ₹2.43 per unit for wind generators. However, the Hon'ble High Court of AP in its final order dated 15.03.2022, directed APSPDCL to pay solar and wind generators as per the "contracted rate" entered into in PPA. Hence, the entire amount has been booked to Trade Payables (including the current year power purchase cost and prior period's provision amount). |
| 7) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Trade Payables to the tune of ₹6615.05 Crores as at 31-03-2020 was allocated to APCPDCL.  |

### Note No.8 - Other Current Liabilities

| Other Current Liabilities  | Figures as at the end<br>of 31-03-2022 | Figures as at the end<br>of 31-03-2021 |
|--|--|--|
|  | ₹ in Crores                            | ₹ in Crores                            |
| 8.1 Payable to Other DISCOMS   | 919.33                                 | 1,064.19                               |
| 8.2 Inter unit Balances  | 25.92                                  | 429.31                                 |
| 8.3 Group Insurance Savings Fund (GIS)   | 8.09                                   | 7.61                                   |
| 8.4 Self Fund Medical Scheme (SFMS)  | 17.48                                  | 22.81                                  |
| 8.5 Other Liabilities  | 179.68                                 | 179.61                                 |
| <b>Total</b>   | <b>1,150.49</b>                        | <b>1,703.52</b>                        |
| 1) Group Insurance savings fund, Other liabilities and Self Fund Medical scheme includes balances (identified and Unidentified) transferred to company in pursuant to demerger of TSSPDCL (erstwhile APCPDCL). Please refer Note No.26 para No. 7.2, 7.3 & 7.4                     |  |  |
| 2) Inter unit balances shows a net difference (credit) of ₹ 25.92 Crores (Previous year (credit) of ₹ 429.31 Crores) which is subject to reconciliation.   |  |  |
| 3) Other Liabilities include ₹ 76.78 Crores represents difference arising out of non allocation of Current Bank Balances between APSPDCL and APCPDCL as per geographical basis of allocation in the bifurcation scheme of APSPDCL into APSPDCL and APCPDCL.                        |  |  |
| 4) The excess/shortfall in the pool account between the Distribution Companies on account of power purchase and sale of power is accounted as Payable to Other DISCOMS.  |  |  |
| 5) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Other Current Liabilities to the tune of ₹1,063.92 Crores as at 31-03-2020 was allocated to APCPDCL. |  |  |







### Note No.9 - Short-term Provisions

| Short Term Provisions  | Figures as at the end<br>of 31-03-2022 | Figures as at the end<br>of 31-03-2021 |
|--|--|--|
|  | ₹ in Crores                            | ₹ in Crores                            |
| 9.1 Income Tax   | 0.88                                   | 0.88                                   |
| 9.2 Interest on Security Deposits  | 71.44                                  | 67.22                                  |
| 9.3 Provision for Gratuity   | 13.46                                  | 4.97                                   |
| 9.4 Provision for Leave Encashment   | 58.81                                  | 30.94                                  |
| <b>Total</b>   | <b>144.59</b>                          | <b>104.02</b>                          |
| 1) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Short-Term Provisions to the tune of ₹ 62.71 Crores as at 31-03-2020 was allocated to APCPDCL. |  |  |





# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

## Note No.10 - PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

₹ in Crores

| S.No | Particulars                                 | GROSS BLOCK                               |  |                                |   | DEPRECIATION AND AMORTISATION             |                             |                                |   | NET BLOCK                           |                                     |
|------|---|---|--|--------------------------------|---|---|-----------------------------|--------------------------------|---|-------------------------------------|-------------------------------------|
|      |   | As at the end of the year 31st March 2021 | Additions/ Adjustments during the period | Retirement during the period * | As at the end of the year 31st March 2022 | As at the end of the year 31st March 2021 | Depreciation for the period | Retirement during the period * | As at the end of the year 31st March 2022 | Figures as at the end of 31-03-2021 | Figures as at the end of 31-03-2022 |
|      | <b>10.1 Property, Plant and Equipment</b>   |   |  |                                |   |   |                             |                                |   |                                     |                                     |
| a    | Land and Land Rights                        | 4.88                                      | -  | -                              | 4.88                                      | -   | -                           | -                              | -   | 4.88                                | 4.88                                |
| b    | Buildings                                   | 167.76                                    | 11.03                                    | -                              | 178.78                                    | 55.29                                     | 5.19                        | -                              | 60.48                                     | 112.47                              | 118.30                              |
| c    | Other Civil Works                           | 56.62                                     | 2.41                                     | -                              | 59.03                                     | 12.13                                     | 1.75                        | -                              | 13.88                                     | 44.49                               | 45.16                               |
| d    | Plant and Machinery                         | 7,499.08                                  | 977.75                                   | 9.74                           | 8,467.09                                  | 3,310.13                                  | 495.18                      | 8.77                           | 3,796.54                                  | 4,188.95                            | 4,670.54                            |
| e    | Lines and Cable Net work                    | 4,116.60                                  | 153.30                                   | -                              | 4,269.91                                  | 2,643.39                                  | 166.41                      | -                              | 2,809.80                                  | 1,473.22                            | 1,460.10                            |
| f    | Metering Equipment                          | 886.02                                    | 59.34                                    | -                              | 945.36                                    | 542.47                                    | 69.78                       | -                              | 612.24                                    | 343.56                              | 333.12                              |
| g    | Vehicles                                    | 4.60                                      | -  | -                              | 4.60                                      | 3.33                                      | 0.37                        | -                              | 3.70                                      | 1.27                                | 0.90                                |
| h    | Furniture and Fixtures                      | 7.99                                      | 0.26                                     | -                              | 8.25                                      | 6.74                                      | 0.13                        | -                              | 6.87                                      | 1.25                                | 1.38                                |
| i    | Office equipment                            | 45.48                                     | 0.80                                     | -                              | 46.28                                     | 28.80                                     | 2.31                        | -                              | 31.10                                     | 16.68                               | 15.17                               |
| j    | Computers & IT Equipment                    | 45.28                                     | 0.88                                     | -                              | 46.16                                     | 28.45                                     | 2.67                        | -                              | 31.12                                     | 16.83                               | 15.04                               |
| k    | Low Value Assets                            | 0.37                                      | 0.14                                     | -                              | 0.51                                      | 0.37                                      | 0.14                        | -                              | 0.51                                      | (0.00)                              | (0.00)                              |
| l    | Merger Assets -Balance                      | 39.20                                     | -  | -                              | 39.20                                     | 9.98                                      | -                           | -                              | 9.98                                      | 29.22                               | 29.22                               |
|      | <b>Total</b>                                | <b>12,873.88</b>                          | <b>1,205.91</b>                          | <b>9.74</b>                    | <b>14,070.05</b>                          | <b>6,641.06</b>                           | <b>743.93</b>               | <b>8.77</b>                    | <b>7,376.22</b>                           | <b>6,232.82</b>                     | <b>6,693.83</b>                     |
|      | <b>10.2 Intangible Assets</b>               |   |  |                                |   |   |                             |                                |   |                                     |                                     |
| a    | Software                                    | 26.59                                     | 0.09                                     | -                              | 26.68                                     | 10.24                                     | 4.35                        | -                              | 14.59                                     | 16.35                               | 12.09                               |
| b    | Goodwill                                    | 1.14                                      | -  | -                              | 1.14                                      | 1.14                                      | -                           | -                              | 1.14                                      | -                                   | -                                   |
|      | <b>Total</b>                                | <b>27.73</b>                              | <b>0.09</b>                              | <b>-</b>                       | <b>27.82</b>                              | <b>11.38</b>                              | <b>4.35</b>                 | <b>-</b>                       | <b>15.73</b>                              | <b>16.35</b>                        | <b>12.09</b>                        |
|      | <b>10.3 Capital Work-in-Progress (CWIP)</b> |   |  |                                |   |   |                             |                                |   |                                     |                                     |
|      | <b>Total</b>                                |   |  |                                |   |   |                             |                                |   | <b>1,851.68</b>                     | <b>2,327.34</b>                     |
|      | <b>Grand Total</b>                          | <b>12,901.61</b>                          | <b>1,206.00</b>                          | <b>9.74</b>                    | <b>14,097.87</b>                          | <b>6,652.44</b>                           | <b>748.28</b>               | <b>8.77</b>                    | <b>7,391.95</b>                           | <b>8,100.85</b>                     | <b>9,033.26</b>                     |
|      | <b>Previous Year 2020-21</b>                | <b>18,520.76</b>                          | <b>1,029.07</b>                          | <b>6,648.22</b>                | <b>12,901.61</b>                          | <b>8,933.19</b>                           | <b>708.64</b>               | <b>2,989.39</b>                | <b>6,652.44</b>                           | <b>12,178.34</b>                    | <b>8,100.85</b>                     |

\* Retirement during the year 2020-21 includes Cost of ₹ 6646.96 Crores and Accumulated Depreciation of ₹ 2986.46 Crores transferred to APCPDCL as a part of Bifurcation Scheme as per G.O.MS.No. 41 Dated : 05-12-2019.

### 1)Work Orders(AUC):

- a) The total Work orders yet to be closed as on 31.03.2022 is 65,543 Nos amounting to ₹ 2,320.41 Crores out of which 15 Nos amounting to ₹ 0.61 Crores for FY 2014-15, 506 Nos amounting to ₹ 31.85 Crores for FY 2015-16, 1,488 Nos amounting to ₹ 55.70 Crores for FY 2016-17, 2,451 Nos amounting to ₹ 67.49 Crores for FY 2017-18, 5,395 Nos amounting to ₹ 169.57 Crores for FY 2018-19 and 10,176 Nos amounting to ₹ 448.68 Crores for the FY 2019-20 and 18,920 Nos amounting to ₹ 664.99 Crores for FY 2020-21, 26,592 Nos amounting to ₹ 881.52 Crores for FY 2021-22 and also an amount of ₹ -0.13 Crores in assets clearing account.
- b). Work order provision to the extent of ₹ 7.06 Crores created during the FY 2021-22.







## SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

### 2) Impairment of Assets:

Company has not carried out techno economic evaluation during the year. Hence, provision for impairment of assets is not made during the year as stipulated in Accounting Standard 28.

### 3) Depreciation and Amortisation :

3.1 In accordance with the Part B of Schedule II of the Companies Act 2013, the Company is charging Depreciation at the rates notified under G.O.No.265(SE) dated 27.03.1994 issued under Electricity Supply Act, 1948. The Intangible Assets are amortised over a period of 5 years.

3.2 In the absence of individual break-up details of assets transferred under second transfer scheme, depreciation has been charged on fixed assets under Straight Line Method on the Opening Gross Block of assets as on 1.4.2000.

3.3 In the case of Assets pertaining to Ananthapur and Kurnool circles transferred from TSSPDCL (erstwhile APCPDCL) on account of AP Reorganisation Act 2014, Depreciation is charged on straight line method on the opening balance of Gross Block of assets as on 01.06.2014, only to the extent of Assets identified out of total transferred assets.

4) As per the Andhra Pradesh Gazette Notification No. 396 dated 09.06.2005, for Assets and Liabilities pertaining to the Bulk Supply Undertaking of APTRANSCO have to be transferred to Discoms on the Effective Date being 09.06.2005 with due accounting adjustments. However only the Power Purchase and Loan Liabilities and the corresponding Receivables from Govt. of A.P. in the books of APTRANSCO pertaining to Southern Power Distribution Company of A.P Limited have been identified for transfer and the same has been adopted in the books of the Company, which is subject to revision based on the valuation to be carried out by an independent Chartered Accountant appointed by APTRANSCO and also subject to approval and amendment to the Gazette Notification, by the Government of Andhra Pradesh.

4.1 The Opening balances of Assets and Liabilities as on 1-04-2000 has been adopted in the books as per the Second Transfer scheme notified by the Government Order Notification dated 29th Sept.2001 amounting to ₹799.58 Crores at Gross value for which break up details are not available.

4.2 Land: The particulars of land transferred during the second transfer, land acquired by the company after incorporation and land allotted by the different sources are yet to be identified.

5) IT Initiations: Implementation of "SAP" ECC 6.0 in 2010-11: During the financial year 2010-11, the company implemented SAP ECC 6.0 version with effect from 1st May 2010 for better internal control system and effective maintenance of Books of accounts. Unit Wise Opening balances to the extent available i.e. net balances for each account are now reflected in the Trial Balance of the respective Business Area/unit in the financial year 2011-12. Reconciliation of Line items and Business Area/unit opening balances is in progress. GL Balances which are not directly identifiable against any Business Area are kept in the Business Area 9999 - GM/Costing unit including unidentifiable balances taken over in 2nd Transfer Scheme.

6) Ananthapur and Kurnool Circles are merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms No.24 dated : 29-05-2014. In the merger/demerger process, an amount of ₹1,150.07 Crores is transferred by M/s TSSPDCL (erstwhile APCPDCL) as Net assets book values only ( i.e., after deducting depreciation ) by way of Geographical allocation basis is adopted. Also refer to Note No.26 para No. 7.2, 7.3 & 7.4.

7) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Gross Block of Property, Plant and Equipment including CWIP amounting to ₹7,798.72 Crores and Accumulated Depreciation amounting to ₹2,986.46 Crores as at 31-03-2020 was allocated to APCPDCL.





# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

## Annexure to Note No.10 - Ageing Schedule for Capital Work-in-progress as at 31st March 2022

| Sl.No. | Particulars                    | Nos. and Amount of CWIP for a period of |               |               |               |               |               |                   |               |                        |                 |
|--------|--------------------------------|---|---------------|---------------|---------------|---------------|---------------|-------------------|---------------|------------------------|-----------------|
|        |                                | Less than 1 year                        |               | 1 to 2 years  |               | 2 to 3 years  |               | More than 3 years |               | Total as at 31-03-2022 |                 |
|        |                                | Nos.                                    | ₹ in Crores   | Nos.          | ₹ in Crores   | Nos.          | ₹ in Crores   | Nos.              | ₹ in Crores   | Nos.                   | ₹ in Crores     |
| (i)    | Projects in progress           | 26,592                                  | 888.45        | 18,920        | 664.99        | 10,176        | 448.68        | 9,855             | 325.22        | 65,543                 | 2,327.34        |
| (ii)   | Projects temporarily suspended | -                                       | -             | -             | -             | -             | -             | -                 | -             | -                      | -               |
|        | <b>Total</b>                   | <b>26,592</b>                           | <b>888.45</b> | <b>18,920</b> | <b>664.99</b> | <b>10,176</b> | <b>448.68</b> | <b>9,855</b>      | <b>325.22</b> | <b>65,543</b>          | <b>2,327.34</b> |

## Annexure to Note No.10 - Ageing Schedule for Capital Work-in-progress as at 31st March 2021

| Sl.No. | Particulars                    | Nos. and Amount of CWIP for a period of |               |               |               |              |               |                   |               |                        |                 |
|--------|--------------------------------|---|---------------|---------------|---------------|--------------|---------------|-------------------|---------------|------------------------|-----------------|
|        |                                | Less than 1 year                        |               | 1 to 2 years  |               | 2 to 3 years |               | More than 3 years |               | Total as at 31-03-2022 |                 |
|        |                                | Nos.                                    | ₹ in Crores   | Nos.          | ₹ in Crores   | Nos.         | ₹ in Crores   | Nos.              | ₹ in Crores   | Nos.                   | ₹ in Crores     |
| (i)    | Projects in progress           | 27,745                                  | 862.90        | 16,589        | 535.60        | 8,443        | 240.95        | 5,511             | 212.23        | 58,288                 | 1,851.68        |
| (ii)   | Projects temporarily suspended | -                                       | -             | -             | -             | -            | -             | -                 | -             | -                      | -               |
|        | <b>Total</b>                   | <b>27,745</b>                           | <b>862.90</b> | <b>16,589</b> | <b>535.60</b> | <b>8,443</b> | <b>240.95</b> | <b>5,511</b>      | <b>212.23</b> | <b>58,288</b>          | <b>1,851.68</b> |







# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

## Note No.11 - Non-Current Investments

| Non-Current Investments                        | Figures as at the<br>end of 31-03-2022 | Figures as at the<br>end of 31-03-2021 |
|--|--|--|
|  | ₹ in Crores                            | ₹ in Crores                            |
| 11.1 Share Capital in RESCO - Kuppam, Chittoor | 0.29                                   | 0.29                                   |
| 11.2 Investment in Shares                      | 103.62                                 | 103.62                                 |
| 11.3 Others - Merger                           | 80.64                                  | 80.64                                  |
| <b>Total</b>                                   | <b>184.55</b>                          | <b>184.55</b>                          |
| Aggregate Book Value of Unquoted Investments   | 184.55                                 | 184.55                                 |
| <b>Total</b>                                   | <b>184.55</b>                          | <b>184.55</b>                          |

1) APSPDCL had made an investment of ₹205.80 Crores (9.95%) towards its share capital in Andhra Pradesh Power Development Company Limited (APPDCL). Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, ₹103.52 Crores (5.00%) were allotted to APSPDCL and ₹102.28 Crores (4.95%) were allotted to APCPDCL. However, transfer of shares in the name of APCPDCL is pending.

2) APSPDCL had made an investment of ₹ 0.20 Crores in AP State Energy Efficiency Development Corporation (APSEEDCO) on 20th March 2018. The Share certificates are in the name of erstwhile directors Sri H.Y. Dora and Sri P. Pulla Reddy (Holding shares as representative of APSPDCL). Subsequent to bifurcation of APSPDCL into APSPDCL and APCPDCL, shares worth ₹ 0.0994 Crores were transferred to APCPDCL in the books of accounts. However, the Share Certificates are yet to be transferred in APCPDCL's name. During this transfer, fresh Share Certificates will be obtained with APSPDCL's name for ₹ 0.1006 Crores (50.30%) and APCPDCL's name for ₹ 0.0994 Crores (49.70%).

3) Ananthapur and Kurnool Circles are merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms No.24 dated : 29-05-2014. Accordingly, certain investments are transferred to company pursuant to above merger. However, the ownership instruments are not transferred to the company. Hence, the Company is unable to recognise the income accrued on such investments.

4) Ananthapur and Kurnool Circles (Formerly APCPDCL) share of investment in APPDCL, Coastal Tamil Nadu Power, M/s. Ghogarpalli Integrated Power Co. Ltd., and certain other investments of body corporates and Mutual funds have been allocated on the basis of Energy Ratio, to the extent of ₹80.64 Crores, for which details of number of shares and value of each company is yet to be identified and transferred in the name of APSPDCL. Also, refer to Note No. 26 para No.7.2, 7.3 & 7.4.

5) The Hon'ble Andhra Pradesh Electricity Regulatory Commission (APERC) vide its Retail Supply Tariff Order for FY 2021-22 dated 25-03-2021, directed DISCOMs to take action and report compliance on takeover of RESCO - Kuppam, Chittoor since they failed to secure recommendations from the State Government for granting license exemption by APERC. Later, exemption was granted by the Hon'ble APERC up to 31-12-2021 vide Proceedings No.APERC/Secy/ 12 /2021 Dt.26.11.2021. RESCO-Kuppam had filed a Writ petition (WP No. 31087 of 2021 dt 30-12-2021) with the Hon'ble High Court of AP against APERC's proceedings No. APERC/Secy/12/2021 dated 26.11.2021. The Hon'ble High Court of AP in its order dated 19.04.2022 allowed for setting aside APERC's order citing Govt. of AP's proceedings dated 18.10.2021, wherein the Govt had recommended for ratification of grant of exemption to RESCO-Kuppam from obtaining license to supply power for the FY's 2020-21 and 2021-22. Meanwhile, takeover of RESCO - Kuppam did not took place and RESCO - Kuppam was billed at 33KV Level Cost of Service (CoS) from Jan-2022 to Mar-2022. (Also Refer Note No.20 Para No.2). Later, the Govt. of AP vide its Letter No. ENE01/491/2020-Power-III dated 01.06.2022 recommended to APERC, for granting exemption to RESCO Kuppam from obtaining Licence for the FY's 2022-23 and 2023-24 for supply of Power under Section 13 of Electricity Act, 2003.





| Note No.12 - Long Term Loans and Advances  |                                     |                                     |
|--|-------------------------------------|-------------------------------------|
| Long Term Loans and Advances   | Figures as at the end of 31-03-2022 | Figures as at the end of 31-03-2021 |
|  | ₹ in Crores                         | ₹ in Crores                         |
| 12.1 Capital advances to suppliers/ contractors  | 27.48                               | 29.52                               |
| 12.2 Capital Advance - GVK Buy out   | 133.64                              | 133.64                              |
| 12.3 Loans and advances to employees and others  | 24.92                               | 18.13                               |
| 12.4 Deposits with Courts and others   | 72.46                               | 72.21                               |
| 12.5 Loans to employees - Merger   | 4.46                                | 4.46                                |
| <b>Sub total</b>   | <b>262.97</b>                       | <b>257.96</b>                       |
| 12.6 Less: Provision of Doubtful Advances  | 17.67                               | 17.67                               |
| <b>Total</b>   | <b>245.30</b>                       | <b>240.29</b>                       |
| 1) Loans and Advances to Directors - NIL.  |                                     |                                     |
| 2) Loans Guaranteed by Directors During the FY 2021-22 - NIL.  |                                     |                                     |
| 3) Loans to employees - Merger represents unidentified balances of employees transferred to company in pursuant to demerger of TSSPDCL (erstwhile APCPDCL). Please refer Note No.26 para No. 7.2,7.3 & 7.4.  |                                     |                                     |
| 4) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Long Term Loans and Advances to the tune of ₹87.21 Crores as at 31-03-2020 was allocated to APCPDCL. |                                     |                                     |

#### **5.GVK INDUSTRIES LIMITED - STAGE I - ASSETS BUYOUT:**

- As per decision of APPCC meeting dated: 06.04.2015 and Govt of AP (GOAP) permission to buy out vide its approval ref: 2374/Power I/2014 dated 28th October 2015, agreement for buyout of the project dated: 08 Feb 2016 and continuation agreement dated: 22nd April 2016, advance of ₹289.55 Crores paid by APDISCOMs to GVK Industries Ltd. As per handing over minutes dated: 22nd April 2016, control over plant and its assets were taken over by APDISCOMs with effect from 22nd April 2016 and energy generated was shared between DISCOMs as per Power allocation Ratio decided by Govt vide GO Ms No. 20 dated 08th May 2014 & later revised vide as per G.O.MS.No.13 Dated : 06-04-2020.
- Operating expenses incurred to operate the plant also shared between two APDISCOMs in the ratio of APEPDCL-34.27% and APSPDCL - 65.73% up to 31-03-2020 and later revised ratio between APEPDCL - 36.22%, APSPDCL - 40.44% and APCPDCL - 23.34% as per G.O.No.13 Dated : 06-04-2020.
- As per agreement, GVK buy out price is given below:

| Particulars                     | ₹ in Crores   |               |               |
|---------------------------------|---------------|---------------|---------------|
|                                 | Total         | APSPDCL       | APEPDCL       |
| <b>Share</b>                    | <b>100%</b>   | <b>65.73%</b> | <b>34.27%</b> |
| Land                            | 27.81         | 18.28         | 9.53          |
| Building, Structures and Roads. | 47.15         | 30.99         | 16.16         |
| Plant and Machinery             | 185.15        | 121.70        | 63.45         |
| Stores & Spares                 | 67.34         | 44.26         | 23.08         |
| Naphtha/Inventory               | 4.70          | 3.09          | 1.61          |
| <b>Total</b>                    | <b>332.15</b> | <b>218.32</b> | <b>113.83</b> |

- Further, recoverable amount of ₹32.33 Crores, relates to GVK expansion project which was adjusted against purchase consideration/buyout price of GVK Industries Ltd as per agreement dated:22 April 2016. An amount of ₹0.75 Crores was remitted on 12th May 2016 towards TDS U/s.194IA of IT Act 1961.





v. Consideration of ₹322.63 Crores was paid as against total consideration payable of ₹332.15 Crores and the details of payment are given below:

| ₹ in Crores                              |        |         |         |
|--|--------|---------|---------|
| Particulars                              | Amount | APSPDCL | APEPDCL |
|  | 100%   | 65.73%  | 34.27%  |
| LOA 3244 advance paid                    | 1.00   | 0.66    | 0.34    |
| LOA 230 & 231                            | 288.55 | 189.66  | 98.89   |
| GVK expansion project adjustment.        | 32.33  | 21.25   | 11.08   |
| TDS paid to the credit of GVK u/s 194 IA | 0.75   | 0.49    | 0.26    |
| Total                                    | 322.63 | 212.07  | 110.57  |

vi. APPCC in its meeting held on 19<sup>th</sup> June 2017, it was decided to handover the GVK assets/plant to APGENCO from APDISCOMs as the APGENCO is in the core business of Generation. The legal formalities are in process, to transfer the assets in favour of APGENCO. In view of the above, amounts paid to GVK towards purchase consideration shown as advance in the books of APDISCOMs. Consequent to the bifurcation of APSPDCL into APSPDCL and APCPDCL, ₹78.42 Crores was allotted to APCPDCL and balance ₹133.65 Crores to APSPDCL.

vii. As GVK is not coming forward to execute sale deed and transfer of the project assets in the name of APDISCOMs/APGENCO, APEPDCL has filed a complaint vide C.C.S.R.No. 3011 before VII Addl. Judicial First Class Magistrate Court, Rajamahendravaram and the FIR was filed vide Crime No. 166 of 2021 in S.H.O. Kadiam Police station. In this regard, as per the approval of competent authority APDISCOMs have filed petition before Hon'ble APERC as O.P.No. 59 of 2021.

### Note No.13 - Inventories

| Inventories  | Figures as at the end of 31-03-2022 | Figures as at the end of 31-03-2021 |
|--|-------------------------------------|-------------------------------------|
|  | ₹ in Crores                         | ₹ in Crores                         |
| 13.1 Stores and spares                                 | 40.29                               | 31.79                               |
| 13.2 Stores and spares - Consumables                   | 146.18                              | 169.37                              |
| 13.3 Scrap Materials                                   | 13.76                               | 17.74                               |
| 13.4 Less: Provision for non-moving and obsolete stock | (7.66)                              | (8.01)                              |
| <b>Total</b>   | <b>192.57</b>                       | <b>210.89</b>                       |

1) Inventory includes unidentified balances of ₹0.16 Crores transferred to company in pursuant to demerger of TSSPDCL (erstwhile APCPDCL). Please refer Note No.26 para No. 7.2, 7.3 & 7.4.

2) Inventory does not include ₹ 4.61 Crores (Previous year ₹ 0.39 Crores) materials received but pending inspection and acceptance.

3) There are no imported raw materials, spare parts and components consumed during the financial year. During the year provision has been made towards for non-moving and obsolete stock of ₹ 7.66 Crores (Previous year ₹ 8.01 Crores).

4) Inventory is mainly used in connection with Repairs and Maintenance works though some part may be used for Capital Works as well. Since classification of inventory based on usage is not feasible, entire inventory is grouped under current assets.

5) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Inventories to the tune of ₹154.04 Crores as at 31-03-2020 was allocated to APCPDCL.





**Note No.14 - Trade Receivables**

| Trade Receivables   | Figures as at the<br>end of 31-03-2022 | Figures as at the<br>end of 31-03-2021 |
|---|--|--|
|   | ₹ in Crores                            | ₹ in Crores                            |
| <b>14.1 SUNDRY DEBTORS</b>  |  |  |
| a) Unsecured - Considered Good  | 8,318.77                               | 6,817.49                               |
| b) Unsecured - Considered Doubtful  | 110.76                                 | 102.60                                 |
| <b>Total Debtors Outstanding</b>  | <b>8,429.53</b>                        | <b>6,920.09</b>                        |
| 14.2 Less: Provision for doubtful debts   | 152.04                                 | 152.04                                 |
| <b>Net Debtors</b>  | <b>8,277.49</b>                        | <b>6,768.05</b>                        |
| <p>1) Sundry Debtors:</p> <p>1.1 The Sundry debtors account shows a balance of ₹ 8,429.53 Crores as per the Financial ledger and ₹ 8,455.84 Crores as per the Consumer ledger since there are opening balance mismatches and differences in LT and HT Customer balances which are under reconciliation.</p> <p>1.2 The credit balance in the Sundry debtors amounting to ₹170.25 Crores (Previous year ₹ 125.70 Crores) is netted off against debit balance in Sundry debtors.</p> <p>1.3 No further provision has been made towards Bad and Doubtful Debts during the year (Previous year Nil) since the company is already having adequate provision amounting to ₹ 152.04 Crores against the provision required amounting to ₹ 110.76 Crores as per the Accounting Policy.</p> <p>2) M/s APGPCL is captive generating plant, MOU entered into AP TRANSCO for wheeling of energy to their participating industries. As per the MOU clause no. 17(a) of M/s APGPCL, it is agreed that if the power generation by the M/s APGPCL could not be utilised by the participating industries (Consumers) either in full or in part, then AP TRANSCO/AP Discoms shall have the first claim to utilise such power. But M/s APGPCL has allocated Un-utilised/surplus energy to other participating industries over and above their share, APSPDCL is not allowed such surplus energy and limited their fixed share since the APSPDCL is having the first right to claim surplus energy. Against these M/s APGPCL has approached to Hon'ble High court vide WA No.2469/05 and got stay orders and the case is now pending at Hon'ble High court. The consumers are not paying such disputed amounts as per the above stay order and arrears accumulated to ₹ 708.50 Crores ( Previous year ₹ 518.99 Crores ) to the end of March 2022.</p> <p>3) Ananthapur and Kurnool Circles were merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms No. 24 dated : 29-05-2014. In the merger/demerger process, an amount of ₹ 546.59 Crores is transferred by M/s TSSPDCL (formerly APCPDCL) as sundry debtors by way of geographical allocation basis is adopted. Also refer to Note no 26 para 7.3 &amp; 7.4.</p> <p>4) The billing for all categories of consumers except agriculture free category consumers is carried out on monthly basis. In respect of agricultural free category consumers, customer charges are billed on half-yearly basis.</p> <p>5) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Trade Receivables to the tune of ₹1,543.17 Crores as at 31-03-2020 was allocated to APCPDCL.</p> |  |  |





**SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED**

*Southern Power AP*

**Annexure-A to Note No.14 - Ageing Schedule of Trade Receivables as at 31st March 2022**

(Refer Note No. 27 Statement of Accounting Policies Para No.2 (ii))

| Sl.No. | Particulars  | Outstanding for following periods from due date of payment |                       |              |              |              |                      |          | Total as at<br>31-03-2022 |
|--------|--|--|-----------------------|--------------|--------------|--------------|----------------------|----------|---------------------------|
|        |  | Less than 6<br>months                                      | 6 months to<br>1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | More than 4<br>years |          |                           |
|        |  | ₹ in Crores  | ₹ in Crores           | ₹ in Crores  | ₹ in Crores  | ₹ in Crores  | ₹ in Crores          |          |                           |
| (i)    | Undisputed Trade Receivables -<br>Considered good (Govt & Private) | 1,560.66   | 1,228.65              | 1,237.31     | 1,194.53     | 1,157.74     | 1,075.16             | 7,454.06 |                           |
| (ii)   | Undisputed Trade Receivables -<br>Considered Doubtful (Private)    | -  | -                     | -            | -            | -            | 110.76               | 110.76   |                           |
| (iii)  | Disputed Trade Receivables -<br>Considered good (Govt & Private)   | 190.66   | 61.49                 | 103.38       | 111.76       | 109.90       | 287.52               | 864.71   |                           |
| (iv)   | Disputed Trade Receivables -<br>Considered Doubtful (Private)      | -  | -                     | -            | -            | -            | -                    | -        |                           |
|        | Total  | 1,751.32   | 1,290.14              | 1,340.69     | 1,306.29     | 1,267.64     | 1,473.44             | 8,429.53 |                           |

**Annexure-B to Note No.14 - Ageing Schedule of Trade Receivables as at 31st March 2021**

(Refer Note No. 27 Statement of Accounting Policies Para No.2 (ii))

| Sl.No. | Particulars  | Outstanding for following periods from due date of payment |                       |              |              |              |                      |          | Total as at<br>31-03-2021 |
|--------|--|--|-----------------------|--------------|--------------|--------------|----------------------|----------|---------------------------|
|        |  | Less than 6<br>months                                      | 6 months to<br>1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | More than 4<br>years |          |                           |
|        |  | ₹ in Crores  | ₹ in Crores           | ₹ in Crores  | ₹ in Crores  | ₹ in Crores  | ₹ in Crores          |          |                           |
| (i)    | Undisputed Trade Receivables -<br>Considered good (Govt & Private) | 953.96   | 783.93                | 1,028.44     | 930.91       | 1,137.90     | 1,102.74             | 5,937.87 |                           |
| (ii)   | Undisputed Trade Receivables -<br>Considered Doubtful (Private)    | -  | -                     | -            | -            | -            | 102.60               | 102.60   |                           |
| (iii)  | Disputed Trade Receivables -<br>Considered good (Govt & Private)   | 70.01  | 53.80                 | 116.31       | 120.82       | 138.34       | 380.32               | 879.61   |                           |
| (iv)   | Disputed Trade Receivables -<br>Considered Doubtful (Private)      | -  | -                     | -            | -            | -            | -                    | -        |                           |
|        | Total  | 1,023.97   | 837.73                | 1,144.75     | 1,051.73     | 1,276.24     | 1,585.67             | 6,920.09 |                           |





# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

## Annexure-C to Note No.14

Statement showing age wise Trade Receivables from Government Departments as at 31-03-2022

₹ in Crores

| Sl.No. | Name of the Department                       | Less than 6 months | 6 months to 1 year | 1 to 2 years    | 2 to 3 Years    | 3 to 4 years    | More than 4 years | Total as at 31-03-2022 |
|--------|--|--------------------|--------------------|-----------------|-----------------|-----------------|-------------------|------------------------|
| 1      | Irrigation & C A D                           | 663.82             | 586.99             | 598.39          | 587.72          | 590.01          | 646.89            | 3,673.82               |
| 2      | Local Bodies                                 | 404.29             | 412.87             | 319.31          | 320.17          | 350.17          | 366.56            | 2,173.37               |
| 3      | Rural Water Supply Department                | 68.77              | 61.78              | 110.88          | 81.73           | 42.47           | -                 | 365.62                 |
| 4      | Satya Sai Water Works                        | 25.76              | 25.94              | 46.03           | 43.06           | 41.50           | 59.51             | 241.81                 |
| 5      | Health, Medical & Family welfare             | 20.35              | 3.23               | -               | -               | -               | -                 | 23.59                  |
| 6      | Panchayathi Raj & Rural Development          | 17.45              | 17.33              | 34.66           | 3.92            | -               | -                 | 73.36                  |
| 7      | Revenue Departments                          | 7.61               | 7.16               | 7.80            | -               | -               | -                 | 22.57                  |
| 8      | Srisailem Project                            | 2.36               | 2.35               | 4.71            | 4.72            | 4.56            | 3.70              | 22.40                  |
| 9      | Super Speciality Hospital                    | 2.27               | 2.41               | 4.81            | 5.04            | 0.40            | -                 | 14.93                  |
| 10     | School Education                             | 8.03               | -                  | -               | -               | -               | -                 | 8.03                   |
| 11     | Municipal Administration & Urban Development | 6.32               | -                  | -               | -               | -               | -                 | 6.32                   |
| 12     | Other State Government Departments           | 39.95              | 1.83               | 0.98            | 0.10            | -               | -                 | 42.85                  |
|        | <b>State Government of AP (Sub-Total)</b>    | <b>1,267.00</b>    | <b>1,121.90</b>    | <b>1,127.57</b> | <b>1,046.44</b> | <b>1,029.10</b> | <b>1,076.65</b>   | <b>6,668.67</b>        |
| 13     | Central Government Departments               | 5.44               | -                  | -               | -               | -               | -                 | 5.44                   |
|        | <b>Grand Total</b>                           | <b>1,272.44</b>    | <b>1,121.90</b>    | <b>1,127.57</b> | <b>1,046.44</b> | <b>1,029.10</b> | <b>1,076.65</b>   | <b>6,674.11</b>        |
|        | <b>Previous Year 2020-21</b>                 | <b>941.72</b>      | <b>764.77</b>      | <b>919.34</b>   | <b>872.96</b>   | <b>1,083.12</b> | <b>1,030.82</b>   | <b>5,612.72</b>        |





**Note No.15 - Cash and Cash Equivalents**

| Cash and Cash Equivalents  | Figures as at the<br>end of 31-03-2022 | Figures as at the<br>end of 31-03-2021 |
|--|--|--|
|  | ₹ in Crores                            | ₹ in Crores                            |
| 15.1 Balances with Banks   |  |  |
| a) Current A/c   | 52.16                                  | 322.75                                 |
| b) Deposit Accounts  | 380.32                                 | 19.86                                  |
| 15.2 Cheques, drafts on hand   | -                                      | -                                      |
| 15.3 Cash on hand  | 3.29                                   | 3.44                                   |
| 15.4 Remittances in Transit  | 0.00                                   | 0.00                                   |
| 15.5 Other Balance - Merger  | 14.37                                  | 14.37                                  |
| <b>Total</b>   | <b>450.14</b>                          | <b>360.42</b>                          |
| <p>1) A Bank account in the name of A.P.POWER DISTRIBUTION COMPANIES POOL ACCOUNT has been opened by all the Distribution companies jointly which is being operated by the nominees of Andhra Pradesh Power Co-ordination Committee. This is a single account, hence Distribution company wise confirmation of balance are not certified by the banker. However the balance at the end of each month is being reconciled with Trial Balance of the individual Distribution Companies, based on information provided by APPCC.</p> <p>2) The payments towards power purchases and receipts of inter-state sale of power are effected through the above said Bank account by the Andhra Pradesh Power Co-ordination Committee.</p> <p>3) Ananthapur and Kurnool Circles were merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act, 2014 and G.O.Ms No. 24 dated : 29-05-2014. In the merger/demerger process, an amount of ₹ 14.37 Crores is transferred by M/s TSSPDCL (formerly APCPDCL) as Other Balance - Merger. Also refer to Note no 26 para 7.3 &amp; 7.4.</p> <p>4) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Cash and Cash Equivalents to the tune of ₹70.42 Crores as at 31-03-2020 was allocated to APCPDCL.</p> |  |  |



**Note No.16 - Short Term Loans and Advances**

| Short Term Loans and Advances                  | Figures as at the<br>end of 31-03-2022 | Figures as at the<br>end of 31-03-2021 |
|--|--|--|
|  | ₹ in Crores                            | ₹ in Crores                            |
| <b>Secured - Considered Good</b>               | -                                      | -                                      |
| <b>Unsecured - Considered Good</b>             |  |  |
| 16.1 Trade advances- Power Purchase            | 4,875.01                               | 4,873.26                               |
| 16.2 Other Advances                            |  |  |
| a) TDS and Prepaid tax                         | 19.83                                  | 5.59                                   |
| b) Fringe Benefit Tax                          | 0.20                                   | 0.20                                   |
| c) Advance to Cheyyuru power project           | 0.45                                   | 0.45                                   |
| 16.3 Deposits with Govt Dept and others        | -                                      | 553.11                                 |
| 16.4 Short term loans and advances (on merger) | 67.07                                  | 67.07                                  |
| <b>Doubtful</b>                                | -                                      | -                                      |
| <b>Total</b>                                   | <b>4,962.55</b>                        | <b>5,499.68</b>                        |

1) Anantapur & Kurnool Circles are merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act.2014 and G.O. Ms.No.24 dated 29-05-2014. In the merger/demerger process, an amount of ₹67.23 Crores is transferred by M/s TSSPDCL (formerly APCPDCL) as short term loans and advances by way of energy, geographical and corporate ratio allocation basis is adopted. Also, refer to Note No 26 para No.7.2,7.3 & 7.4.

2) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Short term loans and Advances to the tune of ₹2817.29 Crores as at 31-03-2020 was allocated to APCPDCL.

3) "Deposits with Govt Dept and others" include Personal Deposit (PD) Account opened in the name of APSPDCL in respect of funds receivable for specific purposes from State Government/State Government Departments. There are three level bill approval process for withdrawing funds from PD Account through CFMS. The Maker prepares the bill, the Checker will verify the bill, the approver approves the bill and CFMS Token is generated. The funds will be credited to bank account of APSPDCL after clearance of CFMS Token by the Finance Department of Government of Andhra Pradesh. However, these tokens lapse by the end of the Financial Year. In case the tokens lapse, fresh GO /tokens must be issued for release of funds. Even though funds are shown as available in the PD Account, the same can be withdrawn by APSPDCL only after clearance and release of funds by the Finance Department.





**Note No.17 - Other Current Assets**

| Other Current Assets  | Figures as at the<br>end of 31-03-2022 | Figures as at the<br>end of 31-03-2021 |
|---|--|--|
|   | ₹ in Crores                            | ₹ in Crores                            |
| 17.1 Receivables from GoAP  | 8,788.55                               | 9,015.88                               |
| 17.2 Receivables from others  | 162.16                                 | 174.95                                 |
| 17.3 Other current assets incl. Unbilled revenue  | 877.57                                 | 788.30                                 |
| 17.4 Self Fund medical scheme - Investments   | 13.37                                  | 19.84                                  |
| <b>Total</b>  | <b>9,841.64</b>                        | <b>9,998.98</b>                        |
| <p>1) Receivables from GoAP include ₹ 6,702.89 Crores towards tariff subsidy and ₹ 1,224.60 Crores towards book losses taken over by the Government of Andhra Pradesh as per UDAY Agreement (FY 2019-20) . Out of ₹ 6,702.89 Crores tariff subsidy, ₹ 396.16 Crores pertains to FY 2017-18, ₹ 3,083.53 Crores pertains to FY 2018-19 and ₹3223.20 Crores pertains to FY 2020-21 respectively.</p> |  |  |
| <p>2) Other Current Assets include Unbilled Revenue ₹980.84 Crores (Previous Year ₹939.21 Crores), Unbilled Revenue - Merger ₹-76.25 Crores (Previous Year ₹ -123.89 Crores) and unidentified balances of Other Current Assets - Merger ₹-27.02 Crores (Previous Year ₹ -27.02 Crores). Please refer Note No.26 para No.7.2, 7.3 and 7.4.</p>   |  |  |
| <p>3) Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, the balance of the Other Current Assets to the tune of ₹2065.87 Crores as at 31-03-2020 was allocated to APCPDCL.</p>   |  |  |



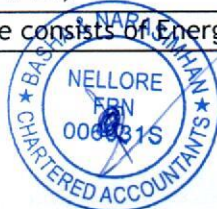
**Note No.18 - Revenue from operations**

| REVENUE FROM OPERATIONS                    | Figures for the current reporting period from 01-04-2021 to 31-03-2022 | Figures for the previous reporting period from 01-04-2020 to 31-03-2021 |
|--|--|---|
|  | ₹ in Crores  | ₹ in Crores   |
| 18.1 Revenue from Sale of Power            |  |   |
| a) Between DISCOMS                         | 4,223.39   | 3,876.82  |
| b) L.T.Supply                              | 4,308.24   | 3,871.96  |
| c) H.T.Supply                              | 5,977.61   | 4,957.51  |
| d) Unbilled Revenue                        | 88.82  | 383.36  |
| 18.2 Income from Inter State Sale of Power | 18.94  | 0.23  |
| 18.3 Other Receipts                        | 124.18   | 103.34  |
| 18.4 Electricity Duty                      | 92.88  | 81.46   |
| <b>Gross Revenue from Sale of Power</b>    | <b>14,834.06</b>   | <b>13,274.67</b>  |
| 18.5 Less: Electricity Duty                | 92.88  | 81.46   |
| <b>Net Revenue from sale of power</b>      | <b>14,741.18</b>   | <b>13,193.21</b>  |

Consumption figures for the year ended 31-03-2022 given below are based on the actual consumption in respect of categories I to V except in case of Category V - Agriculture which is based on the readings of meters provided on the LV side of the distribution transformers feeding agricultural loads.

| Low Tension (LT)   | Units in MUs     | % of total units sold | Revenue in ₹ Crores * | Avg.Rate per unit ₹ |
|--|------------------|-----------------------|-----------------------|---------------------|
| Domestic - Category -I   | 5,300.16         | 36.09                 | 1,748.92              | 3.30                |
| Commercial & Others - Category -II                             | 964.39           | 6.57                  | 965.73                | 10.01               |
| Industry- Category -III  | 569.86           | 3.88                  | 440.15                | 7.72                |
| Institutional - Category - IV                                  | 709.15           | 4.83                  | 554.23                | 7.82                |
| Agriculture & Related - Category - V                           | 7,140.45         | 48.63                 | 281.50                | 0.39                |
| <b>Low Tension (LT) Total</b>                                  | <b>14,684.02</b> | <b>100.00</b>         | <b>3,990.53</b>       | <b>2.72</b>         |
| <b>High Tension (HT)</b>                                       |                  |                       |                       |                     |
| Townships, Colonies, Gated communities & Villas - Category - I | 17.75            | 0.21                  | 12.77                 | 7.19                |
| Commercial & Others - Category -II                             | 385.75           | 4.54                  | 390.22                | 10.12               |
| Industry- Category -III  | 5,805.83         | 68.39                 | 4,043.75              | 6.96                |
| Institutional - Category - IV                                  | 808.62           | 9.53                  | 638.25                | 7.89                |
| Agriculture & Related - Category - V                           | 1,003.12         | 11.82                 | 807.44                | 8.05                |
| Electricity Co-Operative Societies                             | 468.04           | 5.51                  | 71.59                 | 1.53                |
| <b>High Tension (HT) Total</b>                                 | <b>8,489.10</b>  | <b>100.00</b>         | <b>5,964.02</b>       | <b>7.03</b>         |
| <b>LT + HT Total (FY 2021-22)</b>                              | <b>23,173.12</b> | <b>100.00</b>         | <b>9,954.55</b>       | <b>4.30</b>         |
| <b>LT + HT Total (Previous Year 2020-21)</b>                   | <b>21,460.20</b> | <b>100.00</b>         | <b>8,493.71</b>       | <b>3.96</b>         |

\* Category Wise Revenue consists of Energy Charges, Fixed Charges and Demand Charges only.







**Note No.18 - Revenue from operations**

1) The Hon'ble APERC issued True-up order for Retail Supply of Electricity for FY 2019-20 on 30-03-2022 (Vol-II Page 394 of Tariff Order 2022-23). As per the order, there is a true-up amount of ₹ 887.19 Crores including ₹ 71.38 Crores towards interest approved by the Hon'ble APERC. The true-up amount of ₹ 887.19 crores is added in the ARR determined for FY 2022-23. Further, the Hon'ble Commission ordered for returning subsidies to GoAP amounting to ₹ 216.878 Crores corresponding to the reduction in the actual over approved agricultural sales. The subsidy amount returnable ₹ 216.878 Crores was adjusted while arriving at the total revenue gap for FY 2022-23.

2) The Hon'ble APERC issued True-up order for Retail Supply of Electricity for FY 2020-21 on 30-03-2022 (Vol-II Page 407 & 408 of Tariff Order 2022-23). As per the order, there is a PP cost true-down amount of ₹ 2,239.45 Crores besides adjustment of provisional amount already trued down in FY 2021-22 RST Order amounting to ₹ 1,370 Crores, net true down being ₹ 869.45 Crores (₹ 2,239.45 Crores - ₹ 1,370 Crores). The net true-down amount of ₹ 869.45 crores was adjusted in the ARR determined for FY 2022-23. Further, the Hon'ble Commission ordered for returning subsidies to GoAP amounting to ₹ 716.13 Crores corresponding to the reduction in the actual over approved agricultural sales. The subsidy returnable amount of ₹ 716.13 Crores was adjusted while arriving at the final revenue gap for FY 2022-23.

3) The Hon'ble APERC issued True-up order for Distribution Business for 3rd Control Period (FY 2014-15 to FY 2018-19) on 30-03-2022 (Vol-II Page 473 & 474 of Tariff Order 2022-23). As per the order, there is a true-up amount of ₹ 2,135.60 Crores to be recovered from the consumers of 3rd control period. Out of ₹ 2,135.60 Crores, subsidy payable by the GoAP towards free power supply extended to the agricultural farmers amounting to ₹ 768.22 Crore was accounted in the Revenue Gap for FY 2022-23. In respect of the balance amount of ₹ 1,368.38 Crores recoverable from the consumers, the Hon'ble Commission ordered the same to be recovered in 36 equal monthly instalments commencing from 01-08-2022 @ ₹ 0.23 per unit in respect of units consumed during 3rd Control Period (FY 2014-15 to FY 2018-19)

4) The company has filed revised claims with the Hon'ble APERC to allow Fuel & Power Purchase Cost Adjustment (FPPCA) in respect of 1st Quarter, 2nd Quarter and 3rd Quarter of FY 2021-22 as per Second Amendment to APERC Regulation No.4 of 2005 (Terms and conditions for determination of Tariff on Wheeling and Retail Sale of Electricity) Regulation No.4 of 2021 on 09-06-2022. Orders are yet to passed by the Hon'ble APERC on the claims made.



**Note No.19 - Other Income**

| OTHER INCOME  | Figures for the current reporting period from 01-04-2021 to 31-03-2022 | Figures for the previous reporting period from 01-04-2020 to 31-03-2021 |
|---|--|---|
|   | ₹ in Crores  | ₹ in Crores   |
| 19.1 Interest on Staff Loans & Advances   | 0.42   | 0.29  |
| 19.2 Other Interest Income  | 2.64   | 1.31  |
| 19.3 Delayed Payment Charges from Consumers   | 1,046.62   | 830.30  |
| 19.4 Other Receipts from Consumers  | 42.54  | 34.90   |
| 19.5 UI (Unscheduled Inter Change) Income   | 6.61   | 7.07  |
| 19.6 Amortization of Capital Contributions  | 255.40   | 187.14  |
| 19.7 Miscellaneous Income   | 9.93   | 56.47   |
| <b>Sub-Total</b>  | <b>1,364.15</b>  | <b>1,117.47</b>   |
| <b>19.8 Income relating to Prior Years</b>  |  |   |
| a) Prior Period Receipts/Withdrawals  | (44.57)  | (45.72)   |
| b) Prior Period Other Incomes   | 26.08  | -   |
| <b>Sub-Total</b>  | <b>(18.49)</b>   | <b>(45.72)</b>  |
| <b>19.9 Prior Period Expenses / Losses</b>  |  |   |
| a) Employee Costs   | 1.81   | 0.56  |
| b) Interest & Other Finance charges   | 0.00   | 0.00  |
| c) Operating Expenses   | (3.63)   | 1.28  |
| <b>Sub-Total</b>  | <b>(1.82)</b>  | <b>1.83</b>   |
| Net prior period credits/(charges) ( 8+9 )  | <b>(20.31)</b>   | <b>(43.88)</b>  |
| <b>Other Income - Total</b>   | <b>1,343.84</b>  | <b>1,073.59</b>   |
| 1) Amortization of capital contributions: This amount relates to the relatable portion of depreciation charged on assets created out of Government Grants and contributions from consumers. |  |   |

**Note No.20 - Revenue from Subsidies and Grants**

| REVENUE FROM SUBSIDIES AND GRANTS  | Figures for the current reporting period from 01-04-2021 to 31-03-2022 | Figures for the previous reporting period from 01-04-2020 to 31-03-2021 |
|--|--|---|
|  | ₹ in Crores  | ₹ in Crores   |
| 20.1 Revenue Subsidies & Grants  |  |   |
| a) Tariff Subsidy  | 3,648.75   | 5,615.29  |
| b) Additional subsidy  | -  | -   |
| c) Revenue grant   | 0.25   | -   |
| <b>Total</b>   | <b>3,649.00</b>  | <b>5,615.29</b>   |
| 1) Tariff subsidy : The Tariff order for FY 2021-22 issued by the Hon'ble Andhra Pradesh Electricity Regulatory Commission (APERC) specified a Tariff subsidy of ₹ 3,680.20 Crores. During FY 2021-22, an amount of ₹ 4,067.24 Crores is received against Tariff Subsidy due. The excess amount ₹ 387.04 Crores is adjusted against Tariff Subsidy arrears receivable from GoAP. |  |   |





2) The Hon'ble APERC, in the Tariff Order for Retail Sale of Electricity for FY 2021-22, included the proposed sales as approved for RESCO Kuppam in the respective LT sales of APSPDCL. However, due to circumstances arisen aftermath, sales and revenue of RESCO Kuppam are not accruing to APSPDCL. Hence, orders were issued by APSPDCL for billing RESCO Kuppam (HT Sc.No.TPT086) at 33kV Level Cost of Service (CoS) from Jan-2022 till Mar-22 taking into consideration of delivery point and Tariff Order for FY 2021-22. Further, since the subsidy of agricultural sales of RESCO Kuppam is accruing to APSPDCL, the subsidy for 3 months of Jan-22 to Mar-22 amounting to ₹ 31.45 Crs was reduced from Tariff Subsidy approved by the Hon'ble APERC for transferring the same to RESCO Kuppam. (Also refer Note No.11 Para No.5)

3) Revenue Grant ₹ 0.25 Crores represents the amount received from the Collector & District Magistrate, Anantapuramu to meet the expenditure towards replacement of Poles, Conductor, Distribution Transformers etc. for restoration of power supply due to heavy rains/Floods affected villages in Bathalapalli and Tadimarri Mandals during Nov-21.

### Note No.21 - Cost of Power Purchase

| COST OF POWER PURCHASE                  | Figures for the current reporting period from 01-04-2021 to 31-03-2022 | Figures for the previous reporting period from 01-04-2020 to 31-03-2021 |
|---|--|---|
|   | ₹ in Crores  | ₹ in Crores   |
| 21.1 Transmission and SLDC Charges      | 1,374.99   | 1,120.10  |
| 21.2 Power Purchase & Others            | 15,777.18  | 14,226.98   |
| <b>Total power purchase cost booked</b> | <b>17,152.17</b>   | <b>15,347.09</b>  |
| 21.3 Less: Rebate on Power Purchase     | 4.42   | 37.20   |
| <b>Total power purchase cost</b>        | <b>17,147.75</b>   | <b>15,309.89</b>  |

1) The APPCC was established as an institutional arrangement for smooth transition of power purchase functions and to have co-ordination among the DISCOMs as per the G.O.Ms.No.59, Dated 07-06-2005.

2) The cost of power purchase is finalized at APPCC level. The power purchases and its accounting are being carried out by the Andhra Pradesh Power Coordination Committee (APPCC), and are sent to the Distribution Companies. The amount as certified by M/s. Sagar & Associates, Chartered Accountants, Hyderabad the Internal Auditors of APPCC has been adopted in the books of accounts of the Company in toto.

3.1. 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 GoAP 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 above the revised share of APSPDCL is 22.27%. 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 so 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.

3.2. The GoAP vide G.O.Ms.No.20, Energy (Power-III), dated 08.05.2014, amended the share of four DISCOMs in the Generating Stations and the revised share of APSPDCL is 30.31% (including Ananthapur and Kurnool circles Share of 8.04%) out of Four Discoms of Andhra Pradesh and Telangana (i.e., APSPDCL, APEPDCL, TSSPDCL (erstwhile APCPDCL) and TSNPDCL, till 01.06.2014. Consequent to the transfer to Ananthapur and Kurnool Circles into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganisation Act. 2014 and G.O. Ms. No.24 dated 29-05-2014, APSPDCL share is increased in the re-organised state of Andhra Pradesh and allocated between two Discoms (i.e., APSPDCL and APEPDCL) at 65.73% and 34.27%. The cost of power purchase is allocated accordingly.

3.3. The GoAP vide G.O.Ms.No.13, Energy (Power-III), dated 06.04.2020, amended the share of three DISCOMs in the Generating Stations and revised the allocation of Power Purchase Ratio consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL w.e.f 01.04.2020 in respect of all the existing Power Purchase Agreements (PPAs) of combined purchases except for the projects exclusively allocated on the basis of geographical location and other PPAs entered into by individual DISCOMs. The revised sharing ratio between APDISCOMs in respect of combined purchases is APSPDCL (40.44%), APEPDCL (36.22%) and APCPDCL (23.34%). The cost of power purchase is allocated accordingly.





3.4. As per GoAP orders vide G.O.RT No: 118 dated : 27 July 2017, Non-Conventional Energy (NCE) Power purchase cost between APSPDCL and APEPDCL allocated based on power sharing Ratio i.e., 65.73% and 34.27% respectively. Further as per Govt Orders vide G.O Rt No. 116 dated 01.10.2019, Government has cancelled the above allocation with retrospective effect and advised to allocate NCEs power based on Geographical location. To implement above decision, monthly Interim Balancing and Settlement System (IBSS) needs to be modified with retrospective effect to give effect to DISCOM wise actual energy draws which are adjusted against the allocated energy draws, converted into Rupee terms and allocated to the Discoms using predetermined methodology and basis. A committee was formed to finalise monthly IBSS settlement adjustment entries between APSPDCL and APEPDCL. As per decisions of APPCC meeting (8/2020) dated 04.09.2020, the management has approved for considering the date of cancellation of ratios with effect from 01.04.2019 instead of retrospective effect, as mentioned in the GO MS no.116 dated 01.10.2019.

**Quantitative Details of Purchase of energy and cost of power purchase:**

| Energy Purchased | Purchases In MUs | Amount ₹ In Crores |
|------------------|------------------|--------------------|
| FY: 2001-02      | 8,838.00         | 1,729.15           |
| FY: 2002-03      | 9,561.00         | 1,965.19           |
| FY: 2003-04      | 10,026.00        | 1,987.96           |
| FY: 2004-05      | 11,060.00        | 2,050.99           |
| FY: 2005-06      | 10,983.85        | 2,238.98           |
| FY: 2006-07      | 12,329.55        | 2,564.00           |
| FY: 2007-08      | 12,663.01        | 3,012.16           |
| FY: 2008-09      | 13,805.48        | 4,228.55           |
| FY: 2009-10      | 15,741.05        | 4,592.51           |
| FY: 2010-11      | 16,449.08        | 5,061.12           |
| FY: 2011-12      | 18,474.87        | 6,339.00           |
| FY: 2012-13      | 18,417.74        | 7,902.72           |
| FY: 2013-14      | 20,179.12        | 8,083.16           |
| FY : 2014-15     | 29,398.24        | 13,016.49          |
| FY : 2015-16     | 33,268.56        | 14,976.07          |
| FY : 2016-17     | 34,826.98        | 15,137.22          |
| FY : 2017-18     | 38,639.17        | 16,711.31          |
| FY : 2018-19     | 41,594.61        | 21,777.65          |
| FY : 2019-20     | 45,217.52        | 21,041.65          |
| FY : 2020-21     | 31,670.58        | 15,347.09          |
| FY : 2021-22     | 35,188.91        | 17,152.17          |

**Note No.22 - Employee Benefits Expense**

| EMPLOYEE BENEFITS EXPENSE                            | Figures for the current reporting period from 01-04-2021 to 31-03-2022 | Figures for the previous reporting period from 01-04-2020 to 31-03-2021 |
|--|--|---|
|  | ₹ in Crores  | ₹ in Crores   |
| 22.1 Salaries, Wages and Bonus                       | 1,257.27   | 1,214.17  |
| 22.2 Pension Contribution & Terminal Benefits        | 1,056.68   | 1,055.00  |
| 22.3 Additional Interest on Pension Bonds to APGENCO | 385.92   | 372.65  |
| 22.4 Employees Welfare expenses                      | 4.87   | 4.77  |
|  | <b>2,704.73</b>  | <b>2,646.59</b>   |
| 22.5 Less: Employees Cost Capitalised                | 112.70   | 98.43   |
| <b>Total</b>   | <b>2,592.03</b>  | <b>2,548.16</b>   |

1) Provident Fund :The company has implemented Employees Provident Fund Scheme, 1952 from the financial year 2002-03 for employees who have joined after 1.2.99 or from the date of employment, which ever is later. During the FY 2021-22, an amount of ₹66.68 Crores (Previous Year ₹ 63.16 Crores) has been contributed.





|  |
|--|
| 2) Additional interest on pension bonds to APGENCO amounting to ₹ 385.92 Crores (Previous year ₹ 372.65 Crores) is booked on the request made by DISCOMS and allowed by the Hon'ble Andhra Pradesh Electricity Regulatory Commission vide Page No. 103 of the Retail Supply Tariff Order FY 2021-22. |
| 3) The company has provided an amount of ₹ 990.00 Crores (Previous year ₹ 989.06 Crores) towards employees long term benefits as per the actuarial valuation report during the FY 2021-22 (Refer Note No.5)  |

### Note No.23 - Finance Costs

| Finance Costs   | Figures for the current reporting period from 01-04-2021 to 31-03-2022 | Figures for the previous reporting period from 01-04-2020 to 31-03-2021 |
|---|--|---|
|   | ₹ in Crores  | ₹ in Crores   |
| 23.1 Interest on Loans from REC/PFC and Other financial institutions (CAPEX)  | 375.26   | 383.27  |
| 23.2 Interest on Working Capital Loans  | 585.39   | 597.35  |
| 23.3 Interest on Consumer Security Deposits   | 71.44  | 67.22   |
| 23.4 Interest on others   | 19.84  | 3.47  |
|   | <b>1,051.93</b>  | <b>1,051.31</b>   |
| 23.5 Less: Interest and Finance Charges Capitalised   | 129.91   | 87.52   |
| 23.6 Less: Interest on Fixed Deposits/Short term funds  | 2.15   | 2.24  |
| <b>Total</b>  | <b>919.86</b>  | <b>961.56</b>   |
| 1) Interest Capitalization: Interest capitalized during the year is ₹ 129.91 Crores (Previous Year ₹ 87.52 Crores) as per Accounting Standard -16.  |  |   |
| 2) The interest on short term loans charged to P&L Account is the allocated share from the pool account.  |  |   |
| 3) No interest has been considered/ paid in the accounts against the Govt loans and loans transferred under Merger Scheme (due to non availability of details for merger loans).  |  |   |
| 4) Interest on Capex Loans availed by APSPDCL during the year were shared between APSPDCL and APCPDCL on Loan utilisation basis as agreed between the companies.  |  |   |
| 5) Interest on Opex Loans availed by APSPDCL during the year were shared in ratio of 63.02 : 36.98 between APSPDCL and APCPDCL respectively as agreed between the companies.  |  |   |
| 6) The interest expense reimbursed by the Government of AP (Revenue Grant) in respect of Loans taken from APPFCL, PFC and IREDA amounting to ₹ 451.65 Crores (Previous Year ₹ 292.64 Crores) is netted off against interest on Working Capital Loans. |  |   |

### Note No.24 - Depreciation and Amortization Expense

| Depreciation and Amortization expense | Figures for the current reporting period from 01-04-2021 to 31-03-2022 | Figures for the previous reporting period from 01-04-2020 to 31-03-2021 |
|---------------------------------------|--|---|
|                                       | ₹ in Crores  | ₹ in Crores   |
| 24.1 Depreciation                     | 743.93   | 702.89  |
| 24.2 Amortisation                     | 4.35   | 5.75  |
| <b>Total</b>                          | <b>748.28</b>  | <b>708.64</b>   |



**Note No.25 - Other Expenses**

|       | Other Expenses                                      | Figures for the current reporting period from<br>01-04-2021 to 31-03-2022 |               | Figures for the previous reporting period from<br>01-04-2020 to 31-03-2021 |               |
|-------|---|---|---------------|--|---------------|
|       |   | ₹ in Crores   | ₹ in Crores   | ₹ in Crores  | ₹ in Crores   |
| 25.1  | License fees  |   | 2.81          |  | 2.74          |
| 25.2  | Repairs and Maintenance:                            |   |               |  |               |
|       | a) Plant and Machinery                              | 275.22  |               | 241.74   |               |
|       | b) Buildings  | 0.61  |               | 0.39   |               |
|       | c) Others   | 12.45   | 288.28        | 10.15  | 252.28        |
| 25.3  | Rent (including Lease Rentals)                      |   | 0.36          |  | 0.43          |
| 25.4  | Rates & Taxes                                       |   | 0.44          |  | 1.34          |
| 25.5  | Insurance   |   | 0.45          |  | 0.62          |
| 25.6  | Telephone Charges                                   |   | 1.24          |  | 8.69          |
| 25.7  | Postage & Telegrams                                 |   | 0.11          |  | 0.11          |
| 25.8  | Legal Charges                                       |   | 3.21          |  | 3.62          |
| 25.9  | Audit Expenses and Fees:                            |   |               |  |               |
|       | a) Statutory Audit Fees (inc GST)                   | 0.17  |               | 0.17   |               |
|       | b) Tax Audit Fees (inc GST)                         | 0.01  |               | 0.02   |               |
|       | c) Cost Audit Fees (inc GST)                        | 0.02  |               | 0.02   |               |
|       | d) Secretarial Audit Fees                           | 0.01  |               | 0.01   |               |
|       | e) Statutory Audit Expenses                         | 0.05  |               | 0.04   |               |
|       | f) Other Audit Expenses                             | 0.01  | 0.26          | 0.01   | 0.25          |
| 25.10 | Other Professional Charges                          |   | 5.45          |  | 2.58          |
| 25.11 | Out Sourcing Expenses                               |   | 46.36         |  | 42.09         |
| 25.12 | Printing & Stationery                               |   | 2.48          |  | 4.07          |
| 25.13 | Advertisement                                       |   | 1.49          |  | 0.71          |
| 25.14 | Electricity Charges                                 |   | 10.26         |  | 10.26         |
| 25.15 | Conveyance and Travelling Expenses                  |   | 13.63         |  | 15.16         |
| 25.16 | Other Expenses                                      |   | 17.10         |  | 22.45         |
| 25.17 | Miscellaneous provisions/losses/write-offs          |   | 5.02          |  | 2.21          |
| 25.18 | Bad & Doubtful Debts                                |   | 1.29          |  | 0.00          |
|       | <b>Total</b>  |   | <b>400.23</b> |  | <b>369.61</b> |
| 25.19 | Less: Administration & General Expenses Capitalised |   | 19.89         |  | 17.37         |
|       | <b>Total</b>  |   | <b>380.34</b> |  | <b>352.24</b> |





## SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

### Note No.26 - Other Notes

1) Balances in sundry debtors, sundry creditors, other claims and receivables, Deposits & retention money of suppliers and contractors, ICD, Deposits for electrification service connections, liability for capital supplies, O&M supplies and loans and advances as at 31.03.2022 are subject to reconciliation and confirmation and adjustments.

#### 2.1 COVID-19 Pandemic :

The impact of Covid-19 Pandemic was largely disruptive in terms of economic activities as well as loss of human lives. Almost all the sectors have been adversely affected by the impact of the pandemic. Being a Government Company and supplying essential services (Electricity Supply), our company's ability to continue as a Going Concern is not affected due to Covid-19 Pandemic.

#### 2.2 Going Concern:

Though the net worth of the company is negative, the same does not affect the Company's ability to continue as a going concern since:

i. The Company has been honouring all its long term and short term financial commitments in spite of the losses in the last few years.

ii. The Company's entitlement of about ₹ 2,135.60 Crores towards true up claim approved by APERC as per its true-up for Distribution Business for 3rd Control Period (FY 2014-15 to FY 2018-19) in O.P.Nos. 34 & 41 of 2020 dated 30-03-2022 (to be recovered from the consumers in 36 equal monthly instalments from Aug-2022 onwards) and other pending true up claims and

iii. The Central and State Governments will render the required assistance to enable the company which is wholly owned by the Government of Andhra Pradesh, to continue its operations uninterruptedly as the business activity of the company i.e. distribution of electricity, is very essential and crucial to the economy and is a rate regulated activity.

Hence, in the opinion of the management, the company has the ability to continue as a going concern and carry on its operations uninterruptedly in the foreseeable future and the financial statements are prepared on going concern assumption.

3) Segment Reporting as per AS-17 is not applicable since distribution and retail supply of power is the primary and only reportable segment of the company.

4) Previous year figures have been regrouped/re-classified wherever necessary.

5) Amounts presented are in Rupees Crores except as otherwise stated and have been rounded off to nearest two decimal Crores.

6) Information relating to suppliers/ contractors/ service providers who are registered as required under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 is furnished under. Disclosure is based on the information available with the company regarding status of the suppliers as defined under "Micro, Small and Medium Enterprises Development Act, 2006"

| Particulars                                    | For the year ended<br>31-03-2022' | For the year ended<br>31-03-2021' |
|--|-----------------------------------|-----------------------------------|
|  | ₹ in Crores                       | ₹ in Crores                       |
| The Principal amount due and remaining unpaid. | 28.51                             | 25.99                             |

#### 7) Merger of Ananthapur and Kurnool Circles :

7.1 Consequent to the promulgation of AP Reorganization Bill 2014 (The Act), the Assets and Liabilities of operation circles of Ananthapur and Kurnool of TSSPDCL (formerly APCPDCL) were required to be merged with APSPDCL.

7.2 M/s TSSPDCL have furnished financial statements as at 01.06.2014 duly audited by M/s Sharad & Associates, Chartered Accountants, Hyderabad vide Lr No. Dir(fin)/CGM(fin)/GM(accts)/AO(A&B)/ D.No.50/15 Dt:30.04.2015. The audit certificate has stated that the allocation of assets and liabilities as at 01.06.2014 and income and expenditure from 01.04.2014 to 01.06.2014 has been carried out as per the Act except apportionment of employee related liabilities / receivables such as Liability on account of GIS Insurance, Savings fund and Self-funding Medical Scheme, Employee Liabilities towards Gratuity and Leave encashment, Liabilities towards APCPDCL Pension & Gratuity Trust and APCPDCL GPF Trust, Long Term / Short Term Loans & Advances of employees and Receivable towards APSEE Master P & G Trust which are not in conformity with Annexure 2 referred to in Clause XVIII of the G.O.Ms No 24.





7.3 The company reviewed the said financial statements with the books of accounts and adopted the same during the FY 2014-15 subject to certain unidentified items out of which some of the items were identified up to FY 2021-22 and balance items are yet to be identified.

| SL No                    | Note No | Details  | Un-identified items up to FY 2021-22 | Un-identified items up to FY 2020-21 |
|--------------------------|---------|--|--------------------------------------|--------------------------------------|
|                          |         |  | ₹ in Crores                          | ₹ in Crores                          |
| 1                        | 2       | RESERVE & SURPLUS                                  | 275.88                               | 275.88                               |
| 2                        | 3       | LONG TERM BORROWINGS                               | 1,643.33                             | 1,643.33                             |
| 3                        | 4       | OTHER LONG TERM LIABILITIES                        | 0.05                                 | 0.05                                 |
| 4                        | 5       | LONG TERM PROVISIONS                               | -                                    | -                                    |
| 5                        | 6       | SHORT TERM LOANS                                   | 180.92                               | 180.92                               |
| 6                        | 7       | TRADE PAYABLES                                     | 873.23                               | 873.23                               |
| 7                        | 8       | OTHER CURRENT LIABILITIES                          | 100.74                               | 100.74                               |
| 8                        | 9       | SHORT TERM PROVISIONS                              | -                                    | -                                    |
| <b>Total Liabilities</b> |         |  | <b>3,074.15</b>                      | <b>3,074.15</b>                      |
| 9                        | 10      | FIXED ASSETS ( Including accumulated depreciation) | 29.22                                | 29.22                                |
| 10                       | 11      | NON CURRENT INVESTMENTS                            | 80.64                                | 80.64                                |
| 11                       | 12      | LONG TERM LOANS & ADVANCES                         | 4.46                                 | 4.46                                 |
| 12                       | 13      | INVENTORIES  | 0.16                                 | 0.16                                 |
| 13                       | 14      | TRADE RECEIVABLES                                  | -                                    | -                                    |
| 14                       | 15      | CASH & CASH EQUIVALENTS                            | 14.37                                | 14.37                                |
| 15                       | 16      | SHORT TERM LOANS & ADVANCES                        | 67.07                                | 67.07                                |
| 16                       | 17      | OTHER CURRENT ASSETS                               | (150.90)                             | (150.90)                             |
| <b>Total Assets</b>      |         |  | <b>45.01</b>                         | <b>45.01</b>                         |

7.4 The above Assets and Liabilities are adopted in APSPDCL accounts, subject to modifications after verification and reconciliation by both the entities and approval by the Expert Committee, Govt. of A.P., APSPDCL, TSSPDCL and Govt. of Telangana.

7.5. The above bifurcated balance sheet approved by the Expert committee and the same was addressed to the Principal Secretary/ Energy Department , Govt of Andhra Pradesh vide Lr No CMD/APSPDCL/DIR/Fin/CGM(R&C)/GM(C)/D.NO. 215/19 Date:24-8-2019 for approval from the Govt of AP.

#### 8) Bifurcation of APSPDCL in to APSPDCL and APCPDCL

- 8.1 The Govt of AP has issued G.O.MS.No. 41 Dated: 05-12-2019 for division of Southern Power Distribution Company of Andhra Pradesh Limited into two Distribution Companies viz., Andhra Pradesh Central Power Distribution Corporation Limited (APCPDCL) and Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) with the following composition of the Districts:-

| APSPDCL                   | APCPDCL        |
|---------------------------|----------------|
| HQ: Tirupati              | HQ: Vijayawada |
| SPS Nellore               | Krishna        |
| Chittoor, YSR Kadapa      | Guntur and     |
| Ananthapuramu and Kurnool | Prakasam       |

- 8.2 The Discom - APCPDCL was registered under the Companies Act, 2013 on 24.12.2019, however no business transaction has been recorded in the books of APCPDCL up to 31.03.2020. APCPDCL has got license from APERC w.e.f. 01.04.2020 for distribution of power supply to the consumers located in 3 districts i.e., Krishna , Guntur and Prakasam .

- 8.3 APSPDCL has obtained NOC from REC Limited (REC), Power Finance Corporation Limited (PFC), State Bank of India (SBI) and Andhra Pradesh Power Finance Corporation Limited (APPFCL). However, in their NOC, PFC has given six months' time (which has lapsed) for execution of loan transfer documents and security documents for the bifurcated loan portions of various loans sanctioned by PFC in line with the demerger scheme until which APSPDCL shall continue to honour the debt servicing obligations to PFC. Further, in the NOC issued by SBI, they have requested compliance to additional prudential norms issued by Ministry of Power, Government of India. Also, as per the terms in SBI NOC, till new agreements are concluded, the existing CC/TL repayment is the responsibility of APSPDCL and after obtaining MCA approval, the revised working capital limits will be sanctioned by SBI to APSPDCL/APCPDCL on submission of Audited Financials as on 31.03.2021 along with CMA data for the next two years.





| 8.4  | The company has applied for getting approval for the Bifurcation/Scheme of Arrangement between APSPDCL and APCPDCL to Ministry of Corporate Affairs (MCA) / Registrar of Companies (ROC) as per the provisions of the Companies Act, 2013, and is awaiting approval from MCA/ROC.  |                                    |                  |                  |
|------|--|------------------------------------|------------------|------------------|
| 8.5  | As per GO Ms No.41. Energy (Power.I) dated: 05-12-2019 issued by Government of Andhra Pradesh, immovable assets will be divided based on the location and movable assets and liabilities will be divided based on 35% CPDCL : 65% SPDCL with the exclusion of amounts pertaining to Ananthapur and Kurnool Circles. M/s Ramraj & Co Chartered Accountants was appointed for bifurcation of Assets and Liabilities between APSPDCL and APCPDCL as at 31-03-2020. In certain items, the bifurcation method adopted by the company deviated from the method prescribed in G.O.Ms No.41 Energy (Power.I) dated 05.12.2019, as the actual bifurcation of assets and liabilities as on 31.03.2020 was done keeping in view of the nature and character of each asset/liability. A letter was addressed to the Government of Andhra Pradesh requesting to ratify the method actually adopted for bifurcation of assets and liabilities. The Govt of Andhra Pradesh vide G.O.Ms.No.12, Energy (OP.A3) Department dated 18.09.2021 issued orders giving acceptance/consent/of the Bifurcation of Accounts of two companies M/s APSPDCL and M/s APCPDCL. |                                    |                  |                  |
| 8.6  | The Assets and Liabilities as at 31-03-2020 bifurcated between APSPDCL and APCPDCL as per bifurcation report were as follows:  |                                    |                  |                  |
| Note | Particulars  | Audit Report figures<br>31-03-2020 | APCPDCL          | APSPDCL          |
|      |  | ₹ in Crores                        | ₹ in Crores      | ₹ in Crores      |
|      | <b>Equity &amp; Liabilities</b>  |                                    |                  |                  |
|      | <b>(1) Shareholder's funds</b>   |                                    |                  |                  |
| 1    | (a) Share Capital  | 358.72                             | -                | 358.72           |
| 2    | (b) Reserves and Surplus   | (12,511.96)                        | (5,635.29)       | (6,876.66)       |
|      | <b>(2) Non-Current liabilities</b>   |                                    |                  |                  |
| 3    | (a) Long-term borrowings<br>(Includes current maturities)  | 16,587.03                          | 5,774.41         | 10,812.62        |
| 4    | (b) Other long term liabilities  | 2,851.92                           | 1,208.49         | 1,643.43         |
| 5    | (c) Long term provisions   | 2,688.10                           | 1,075.38         | 1,612.72         |
|      | <b>(3) Current Liabilities</b>   |                                    |                  |                  |
| 6    | (a) Short-term borrowings  | 4,353.56                           | 1,504.15         | 2,849.41         |
| 7    | (b) Trade Payables   | 18,984.27                          | 6,615.05         | 12,369.22        |
| 8    | (c) Other current liabilities  | 2,953.64                           | 1,063.92         | 1,889.73         |
| 9    | (d) Short term provisions  | 144.30                             | 62.71            | 81.58            |
|      | <b>TOTAL (I)</b>   | <b>36,409.59</b>                   | <b>11,668.82</b> | <b>24,740.76</b> |
|      | <b>Assets</b>  |                                    |                  |                  |
|      | <b>(1) Non-Current Assets</b>  |                                    |                  |                  |
|      | (a) Fixed Assets   |                                    |                  |                  |
| 10   | (i) Tangible Assets  | 9,575.85                           | 3,658.28         | 5,917.57         |
| 10   | (ii) Intangible Assets   | 11.72                              | 0.22             | 11.50            |
| 10   | (iii) Capital work-in-progress   | 2,590.77                           | 1,153.75         | 1,437.01         |
| 11   | (b) Non-Current Investments  | 286.93                             | 102.38           | 184.55           |
| 12   | (c) Long term loans and advances   | 339.44                             | 87.21            | 252.24           |
|      | <b>(2) Current Assets</b>  |                                    |                  |                  |
| 13   | (a) Inventories  | 409.57                             | 154.04           | 255.53           |
| 14   | (b) Trade Receivables  | 6,773.55                           | 1,543.17         | 5,230.38         |
| 15   | (c) Cash and cash equivalents  | 515.81                             | 70.42            | 445.39           |
| 16   | (d) Short-term loans and advances  | 7,692.96                           | 2,817.29         | 4,875.67         |
| 17   | (e) Other Current Assets   | 8,213.00                           | 2,065.87         | 6,147.13         |
|      | <b>TOTAL (II)</b>  | <b>36,409.59</b>                   | <b>11,652.63</b> | <b>24,756.96</b> |
|      | <b>Excess of Assets over Liabilities (Rounded)</b>   |                                    |                  | <b>16.19</b>     |
| 8.7  | The excess of Assets over Equity & Liabilities allocated to APSPDCL amounting to ₹ 16.19 Crores is transferred to Capital Reserve.   |                                    |                  |                  |
| 8.8  | The Account balances of Assets, Liabilities and Accumulated loss as at 31.03.2020 pertaining to Krishna, Guntur and Prakasam Districts (APCPDCL) were made Nil in the books of accounts of APSPDCL during the FY 2020-21. Where Assets and liabilities were not allocated between APSPDCL and APCPDCL on Geographical basis, the difference arising out of such allocation was kept separately in Business Area 9101 of APSPDCL.   |                                    |                  |                  |



|                               |  |                       |              |
|-------------------------------|--|-----------------------|--------------|
| 8.9                           | Bifurcation was done w.e.f. 01.04.2020, the accounting transactions of both APSPDCL and APCPDCL were carried out in SAP common server till 31.12.2020. Further, during 01.01.2021 to 31.03.2021, APSPDCL made some transactions on behalf of APCPDCL. To identify the transactions relating to APCPDCL (excluding Power Purchase transactions) during the F.Y. 2020-21 the company appointed M/s. Komandoor & Co. LLP, Chartered Accountants.. |                       |              |
| 9) Related party disclosures. |  |                       |              |
|                               | Key Management Personnel:  |                       |              |
|                               | Name of the Key personnel  | Salary / Remuneration |              |
|                               |  | F.Y. 2021-22          | F.Y. 2020-21 |
|                               |  | ₹ in Crores           | ₹ in Crores  |
| I                             | Chairman and Managing Director   |                       |              |
|                               | 1.H.Haranatha Rao (w.e.f 22.07.2019)   | 0.53                  | 0.52         |
| II                            | Other Directors & Company Secretary  |                       |              |
|                               | 1.V.N.Babu,Director/Finance ( w.e.f 11.05.2020)  | 0.50                  | 0.43         |
|                               | 2.P.Kaladhara Rao, Director/Projects (up to 28.01.2022)  | 0.41                  | 0.49         |
|                               | 3.BVS Prakash, Company Secretary   | 0.22                  | 0.20         |







# SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

## 9A) Ratios for the year ended 31st March 2022

All Figures in ₹ Crores except Ratios

|          | PARTICULARS   | FY 2021-22        | FY 2020-21        |
|----------|---|-------------------|-------------------|
| <b>a</b> | <b>Current Ratio Calculation</b>                    |                   |                   |
|          | Inventories   | 192.57            | 210.89            |
|          | Trade Receivables                                   | 8,277.49          | 6,768.05          |
|          | Cash and Cash equivalents                           | 450.14            | 360.42            |
|          | Short Term Loans and Advances                       | 4,962.54          | 5,499.68          |
|          | Other Current Assets                                | 9,841.64          | 9,998.98          |
|          | <b>Total Current Assets (A)</b>                     | <b>23,724.38</b>  | <b>22,838.03</b>  |
|          | Short Term Borrowings                               | 4,208.85          | 6,544.77          |
|          | Trade Payables                                      | 15,480.07         | 14,814.44         |
|          | Other Current Liabilities                           | 1,150.49          | 1,703.52          |
|          | Short Term Provisions                               | 144.59            | 104.02            |
|          | <b>Total Current Liabilities (B)</b>                | <b>20,984.00</b>  | <b>23,166.74</b>  |
|          | <b>Current Ratio (A/B)</b>                          | <b>1.13</b>       | <b>0.99</b>       |
| <b>b</b> | <b>Debt Equity Ratio Calculation</b>                |                   |                   |
|          | Non-Current Liabilities                             | 20,298.88         | 14,607.18         |
|          | Current Liabilities                                 | 20,984.00         | 23,166.74         |
|          | <b>Total Liabilities (A)</b>                        | <b>41,282.88</b>  | <b>37,773.92</b>  |
|          | Share Capital                                       | 358.72            | 358.72            |
|          | Reserves and Surplus                                | (8,454.11)        | (6,768.93)        |
|          | <b>Total Shareholders' Funds (B)</b>                | <b>(8,095.39)</b> | <b>(6,410.21)</b> |
|          | <b>Debt Equity Ratio (A/B)</b>                      | <b>(5.10)</b>     | <b>(5.89)</b>     |
| <b>c</b> | <b>Debt Service Coverage Ratio Calculation</b>      |                   |                   |
|          | Net Profit after tax                                | (2,054.24)        | 1.59              |
|          | Finance Costs                                       | 919.86            | 961.56            |
|          | Depreciation and Amortization Expense               | 748.28            | 708.64            |
|          | Other Non-Cash transactions                         | -                 | -                 |
|          | <b>Total Net Operating Income (A)</b>               | <b>(386.10)</b>   | <b>1,671.79</b>   |
|          | Finance Costs                                       | 919.86            | 961.56            |
|          | Current maturities of Long Term Loans               | 1,336.71          | 2,654.80          |
|          | <b>Total Debt Service (B)</b>                       | <b>2,256.57</b>   | <b>3,616.36</b>   |
|          | <b>Debt Service Coverage Ratio (A/B)</b>            | <b>(0.17)</b>     | <b>0.46</b>       |
| <b>d</b> | <b>Return on Equity Ratio Calculation</b>           |                   |                   |
|          | <b>Net Profit after taxes (A)</b>                   | <b>(2,054.24)</b> | <b>1.59</b>       |
|          | Beginning Shareholders' equity                      | 358.72            | 358.72            |
|          | Ending Shareholders' equity                         | 358.72            | 358.72            |
|          | <b>Avg. Shareholders Equity (B)</b>                 | <b>358.72</b>     | <b>358.72</b>     |
|          | <b>Return on Equity Ratio (A/B)</b>                 | <b>(5.73)</b>     | <b>0.00</b>       |
| <b>e</b> | <b>Inventory Turnover Ratio</b>                     | <b>NA</b>         | <b>NA</b>         |
| <b>f</b> | <b>Trade Receivables Turnover Ratio Calculation</b> |                   |                   |
|          | <b>Revenue from Operations (A)</b>                  | <b>14,741.18</b>  | <b>13,193.21</b>  |
|          | Beginning Gross Trade Receivables                   | 6,920.09          | 6,970.45          |
|          | Ending Gross Trade Receivables                      | 8,429.53          | 6,920.09          |
|          | <b>Average Gross Trade Receivables (B)</b>          | <b>7,674.81</b>   | <b>6,945.27</b>   |
|          | <b>Trade Receivables Turnover Ratio (A/B)</b>       | <b>1.92</b>       | <b>1.90</b>       |







# SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

## 9A) Ratios for the year ended 31st March 2022

All Figures in ₹ Crores except Ratios

|          | PARTICULARS                                      | FY 2021-22        | FY 2020-21        |
|----------|--|-------------------|-------------------|
| <b>g</b> | <b>Trade Payables Turnover Ratio Calculation</b> |                   |                   |
|          | <b>Cost of Power Purchase (A)</b>                | <b>17,147.75</b>  | <b>15,309.89</b>  |
|          | Beginning Trade Payables - Power Purchase        | 12,043.83         | 16,528.27         |
|          | Beginning Trade Advances - Power Purchase        | (4,873.26)        | (7,617.22)        |
|          | <b>Beginning Trade Payables (Net)</b>            | <b>7,170.57</b>   | <b>8,911.05</b>   |
|          | Ending Trade Payables - Power Purchase           | 12,300.45         | 12,043.83         |
|          | Ending Trade Advances - Power Purchase           | (4,875.01)        | (4,873.26)        |
|          | <b>Ending Trade Payables (Net)</b>               | <b>7,425.44</b>   | <b>7,170.57</b>   |
|          | <b>Average Trade Payables (B)</b>                | <b>7,298.01</b>   | <b>8,040.81</b>   |
|          | <b>Trade Payables Turnover Ratio (A/B)</b>       | <b>2.35</b>       | <b>1.90</b>       |
| <b>h</b> | <b>Net Capital Turnover Ratio Calculation</b>    |                   |                   |
|          | <b>Revenue from Operations (A)</b>               | <b>14,741.18</b>  | <b>13,193.21</b>  |
|          | Beginning Current Assets                         | 22,838.03         | 23,604.89         |
|          | Beginning Current Liabilities                    | (6,544.77)        | (28,668.83)       |
|          | <b>Beginning Working Capital</b>                 | <b>16,293.26</b>  | <b>(5,063.94)</b> |
|          | Ending Current Assets                            | 23,724.38         | 22,838.03         |
|          | Ending Current Liabilities                       | (20,984.00)       | (6,544.77)        |
|          | <b>Ending Working Capital</b>                    | <b>2,740.38</b>   | <b>16,293.26</b>  |
|          | <b>Average Working Capital (B)</b>               | <b>9,516.82</b>   | <b>5,614.66</b>   |
|          | <b>Net Capital Turnover Ratio (A/B)</b>          | <b>1.55</b>       | <b>2.35</b>       |
| <b>i</b> | <b>Net Profit Ratio Calculation</b>              |                   |                   |
|          | Net Profit After Tax (A)                         | (2,054.24)        | 1.59              |
|          | Total Income (B)                                 | 19,734.02         | 19,882.08         |
|          | <b>Net Profit Ratio (A/B)</b>                    | <b>(0.10)</b>     | <b>0.00</b>       |
| <b>j</b> | <b>Return on Capital employed Calculation</b>    |                   |                   |
|          | Net Profit after Tax                             | (2,054.24)        | 1.59              |
|          | Finance Costs                                    | 919.86            | 961.56            |
|          | Taxes  | -                 | -                 |
|          | <b>Profit before Interest and Taxes (A)</b>      | <b>(1,134.38)</b> | <b>963.15</b>     |
|          | Shareholders' Funds                              | (8,095.39)        | (6,410.21)        |
|          | Non-Current Liabilities                          | 20,298.88         | 14,607.18         |
|          | <b>Capital Employed (B)</b>                      | <b>12,203.49</b>  | <b>8,196.97</b>   |
|          | <b>Return on Capital employed (A/B)</b>          | <b>(0.09)</b>     | <b>0.12</b>       |
| <b>k</b> | <b>Return on Investment Calculation</b>          |                   |                   |
|          | <b>Net Profit after Tax (A)</b>                  | <b>(2,054.24)</b> | <b>1.59</b>       |
|          | Beginning Total Assets                           | 31,363.71         | 36,409.59         |
|          | Ending Total Assets                              | 33,187.49         | 31,363.71         |
|          | <b>Average Total Assets (B)</b>                  | <b>32,275.60</b>  | <b>33,886.65</b>  |
|          | <b>Return on Investment (A/B)</b>                | <b>(0.06)</b>     | <b>0.00</b>       |





# 10) Court Cases/ Legal Disputes/ Contingent Liabilities

| Particulars   | 31-03-2022  | 31-03-2021  |
|---|-------------|-------------|
|   | ₹ in Crores | ₹ in Crores |
| i) Claims against the company not acknowledged as debts   | 11.63       | 11.22       |
| ii) Estimated amount of contracts remaining to be executed on capital account and not provided for                                      | 9,980.87    | 3,418.14    |
| iii) NCE Wind & Solar generators (CUF & GBI limitation for FY2016-17 to FY2021-22) surcharge and other cases dealt at APPCC, Vijayawada | 5,069.59    | 682.16      |
| iv) Letter of credit (LC) outstanding   | 227.72      | 244.39      |
| v) Tax Matters  | 1,973.20    | 1,973.20    |

## 1 ENTRY TAX:

**GIST:** G.O. Ms. No. 367, Dt. 22.06.2002 was issued by Government of A.P. to levy Entry Tax on the Goods purchased from other States wherein Transformers, Conductors, Electrical Goods, Switches etc., were specified for the purpose of Entry Tax.

- Later, G.O. Ms. No. 552, Dt. 12.09.2002 was issued in partial modification of the above G.O. in which the conductors were retained but transformers, electrical goods etc., were deleted. Hence APSPDCL took the stand that only conductors are subject to entry tax and not transformers/electrical goods with effect from 12.09.2002 (i.e., date of second notification) and hence entry tax has been paid to Commercial tax Department on Conductors only. However, the Commercial Tax Officer issued notices from time to time from 2002 to 2006 for balance tax levied on Transformers and other materials though the same were not taxable as per law. Further, APSPDCL also objected that the Entry Tax is payable by the Seller and not by the Company because the property in the goods, while entering into the State, do not belong to the Company but to the Seller until the check measurement is done by the Company. These contentions have not found favour with Sales Tax Authorities. APSPDCL has contested in various Appellate authorities, Appellate Tribunals and finally in High Court of Andhra Pradesh in various Writ Petitions on the Entry Tax demand raised by the Commercial Tax Department.

- Hon'ble AP High Court by its common order dt. 31.12.2007 quashed the levy of Entry Tax duly ordering that the levy of entry tax under the A.P. Tax on Entry of Goods into Local Areas Act, 2001 is Unconstitutional.

- Aggrieved by the Orders of Hon'ble High Court, the Commercial Tax Department approached Hon'ble Supreme Court of India .

- Hon'ble Supreme Court Delivered Judgement on the above case during May'2017 holding that " THE LEVY OF ENTRY TAX BY STATE GOVERNMENT IS CONSTITUTIONAL " and further directed the respondents to file Writ Petitions before local High Courts for settlement of Other issues.

- Accordingly on approval, Writ Petitions were filed before the Hon'ble High Court of Andhra Pradesh in respect of Entry Tax Demand. The Commercial Tax Officer/TPT-II Circle/ Tirupati issued Demand Notices for the further period up to 2017. APSPDCL filed Writ Petitions on all the demand notices by depositing the required amounts as per court orders. All the cases are pending before Hon'ble High Court of AP. The details of the cases are as under.

| Asst.Period | WP NO      | Disputed Demand<br>₹ in Crores | Demand Paid<br>₹ in Crores | Remarks/<br>Present Status                              |
|-------------|------------|--------------------------------|----------------------------|---|
| 2002-03     | 31785/2017 | 2.00                           | 1.20                       | Pending before the Hon'ble High Court of Andhra Pradesh |
| 2003-04     | 46221/2018 | 2.69                           | 2.69                       |   |
|             | 31079/2017 | 0.00                           | 0.00                       |   |
|             | 31096/2017 | 0.00                           | 0.00                       |   |
|             | 31788/2017 | 0.00                           | 0.00                       |   |
|             | 46846/2018 | 0.00                           | 0.00                       |   |
| 2004-05     | 39176/2017 | 4.86                           | 2.91                       |   |
|             | 46217/2018 | 0.00                           | 0.00                       |   |
|             | 45412/2017 | 0.00                           | 0.00                       |   |
|             | 31802/2017 | 0.00                           | 0.00                       |   |
|             | 1274/2018  | 0.00                           | 0.00                       |   |
| 2005-06     | 39115/2017 | 3.01                           | 1.82                       |   |
| 2006-07     | --         | 1.18                           | 1.18                       |   |
| 2007-08     | --         | 0.09                           | 0.04                       |   |
| 2008-09     | --         | --                             | --                         |   |



|          |   |                        |  |                                    |   |
|----------|---|------------------------|--|------------------------------------|---|
|          | 2009-10   | --                     | --                                     | --                                 |   |
|          | 2010-11   | 1895/2019              | 0.72                                   | 0.18                               |   |
|          | 2011-12   | 1893 / 2019            | 0.56                                   | 0.14                               |   |
|          | 2012-13   | 1935 / 2019            | 0.85                                   | 0.21                               |   |
|          | 2013-14   | 1899 / 2019            | 1.25                                   | 0.31                               |   |
|          | 2014-15   | 1984 / 2019            | 18.64                                  | 4.66                               |   |
|          | 2015-16   | 1948 / 2019            | 26.85                                  | 6.71                               |   |
|          | 2016-17   | 1966 / 2019            | 22.47                                  | 5.62                               |   |
|          | 2017-18   | 1969 / 2019            | 3.15                                   | 0.79                               |   |
|          | <b>Total</b>  |                        | <b>88.31</b>                           | <b>28.47</b>                       |   |
| <b>2</b> | <b>VALUE ADDED TAX (VAT):</b>   |                        |  |                                    |   |
|          | <p>GIST: The Commercial Tax Department, Tirupati issued demand Notice for payment of VAT on Presumptive sale of Meters to Consumers by taking Application fee, Development Charges &amp; Security deposit paid by consumers for obtaining New Service Connection. The contention of Commercial Tax Department is not correct since Meters are not being sold/leased to consumers and they are the property of APSPDCL. Hence, APSPDCL filed Writ Petitions before the Hon'ble High Court of Andhra Pradesh. The details are as under.</p> |                        |  |                                    |   |
|          | <b>Assessment Year &amp; Subject</b>  | <b>WP NO</b>           | <b>Disputed Demand<br/>₹ in Crores</b> | <b>Demand Paid<br/>₹ in Crores</b> | <b>Remarks/<br/>Present Status</b>  |
| 2.1      | 2007-08 to 2011-12 VAT ON PRESUMPTIVE SALE OF METERS  | 3697/2014 & 14870/2018 | 32.11                                  | -Nil-                              | 2 Nos Cases on the same subject matter & period (1) As Meter Sold and (2) As meters leased out to consumers. Hon'ble High Court of Andhra Pradesh issued Stay Orders and the cases are pending. |
| 2.2      | 2012-13 to 2013-14- VAT ON PRESUMPTIVE SALE OF METERS   | 41927/2017 & 1900/2019 | 16.11                                  | -Nil-                              | 2 Nos Cases on the same subject matter & period (1) As Meter Sold and (2) As meters leased out to consumers. Hon'ble High Court of Andhra Pradesh issued Stay Orders and the cases are pending. |
| 2.3      | 2014-15 to 2016-17- VAT ON PRESUMPTIVE LEASEING OF METERS   | 19680/2019             | 45.10                                  | -Nil-                              | WP filed by APSPDCL before the Hon'ble High Court of Andhra Pradesh. Stay Orders were issued. The case is pending .   |
|          | <b>Total</b>  |                        | <b>93.32</b>                           | <b>-Nil-</b>                       |   |





|            |  |  |  |                                    |   |
|------------|--|--|--|------------------------------------|---|
| <b>3</b>   | <b>INCOME TAX-TDS:</b>   |  |  |                                    |   |
| <b>3.1</b> | <b>Non-Remittance of TDS on Lease Rentals</b>  |  |  |                                    |   |
|            | <p>GIST: M/s APTRANSCO entered an agreement with M/s.Klenn &amp; Marshall for supply of Capacitor Banks on Lease Rental Basis. Due to unbundling of Distribution companies, APSPDCL had to pay lease rents to M/s.Klenn &amp; Marshall. M/s Klenn &amp; Marshall approached Debt Recovery Tribunal (DRT) for their reasons. As per the Orders of DRT, APSPDCL paid lease rental amounts directly to DRT with out making TDS under the view that the sums are being paid to Judiciary.</p> <p>The ITO/Tirupati issued Demand Notice for non-payment of TDS on the amounts paid to DRT. APSPDCL filed an appeal before the Commissioner of Appeals. As there are no favourable orders from Commissioner of Appeals, M/s. APSPDCL filed an appeal before ITAT / Hyd. Later, the Case was transferred to ITAT /Vizag. APSPDCL appointed Sri C.P.Ramaswamy, Retired Commissioner of Income tax and practicing tax consultant, Hyderabad to represent the case before ITAT/Vishakhapatnam.</p> |  |  |                                    |   |
|            | <b>Assessment Year &amp; Subject</b>   | <b>Appeal No.</b>                                      | <b>Disputed Demand<br/>₹ in Crores</b> | <b>Demand Paid<br/>₹ in Crores</b> | <b>Remarks/<br/>Present Status</b>  |
|            | 2007-08 to 2009-10<br>- Non Recovery of TDS on Lease Payments paid to DRT on behalf of M/s.Klenn & Marshall  | (1) 1217/H/2010,<br>(2) 517/V/2019 &<br>(3) 518/V/2019 | 0.38                                   | -Nil-                              | Hon'ble Tribunal considered the case for Statistical Purpose only and remit the matter back to the file of AO for denovo consideration and decide the case as afresh. |
| <b>3.2</b> | <b>Levy of Interest on unrecovered and remitted TDS</b>  |  |  |                                    |   |
|            | <p>GIST: The ITO/TPT issued demand Notice for payment of interest for delay on the Non-Remitted TDS of ₹8.19 Crores. APSPDCL filed appeals before various adjudicating authorities and got favourable orders. Aggrieved by these orders, IT Department filed Miscellaneous petitions in High Court.</p>  |  |  |                                    |   |
|            | <b>Assessment Year &amp; Subject</b>   | <b>Appeal No.</b>                                      | <b>Disputed Demand<br/>₹ in Crores</b> | <b>Demand Paid<br/>₹ in Crores</b> | <b>Remarks/<br/>Present Status</b>  |
|            | 2007-08 to 2009-10   | M.A No. 333 &382 of 2017                               | 4.67                                   | -Nil-                              | Case is Pending.  |



|     |   |            |                                |                            |   |
|-----|---|------------|--------------------------------|----------------------------|---|
| 4   | <b>Service Tax -</b>  |            |                                |                            |   |
| 4.1 | Non remittance of Service Tax in Estimates  |            |                                |                            |   |
|     | <p>GIST: The Service Tax Department issued Notices to certain Divisional Engineers of Operation under the territorial jurisdiction of Operation Circles Vijayawada, Guntur, Ongole and Nellore to remit the Service Tax included in Consumer Estimates. Aggrieved by the Notices, APSPDCL, through its consultants, preferred an appeal to the Service Tax Department contending that APSPDCL is not providing service to the consumer directly and the Service Tax mentioned in the estimates is to reimburse the contractor who executes the work and will be paid to the contractor along with work bills submitted by him and hence the Demand notices issued by the Service Tax Department for payment of Service Tax mentioned in the estimates are void. The dispute is pending since long time. The appeals preferred by APSPDCL were rejected by the Commissioner of Appeals and hence APSPDCL filed an appeal to the Central Excise Customs and Service Tax Appellate Tribunal ( CESTAT), Hyderabad. The details are as under</p> |            |                                |                            |   |
|     | Assessment Year & Subject   | Appeal No. | Disputed Demand<br>₹ in Crores | Demand Paid<br>₹ in Crores | Remarks/<br>Present Status  |
|     | Non Remittance of Service Tax in estimates  | CESTAT/HYD | 4.62                           | 1.72                       | Hon'ble CESTAT/Hyderabad considered our appeals remanded back the cases for consideration. The adjudication is under process. |
| 4.2 | Levy of Service Tax on Wheeling charges etc.  |            |                                |                            |   |
|     | <p>GIST: The GST Intelligence wing of Visakhapatnam conducted an enquiry on the accounts of APSPDCL for the Period from 01.07.2012 to 30.06.2017 and proposed levy of Service Tax on certain incomes such as Wheeling Charges, Cross subsidy charges, Penalties from contractors etc. . Based on this, the Commissioner of Central Tax /Tirupati issued an Order -OIO No TTD-EXCUS-000-COM-01-19-20 dt.16.04.19 for payment Service Tax on Wheeling Charges, Cross subsidy charges etc.,. The objections filed by APSPDCL were not considered and hence filed an appeal before CESTAT/Hyd and the appeal is pending. The details are as under</p>   |            |                                |                            |   |
|     | Assessment Year & Subject   | Appeal No. | Disputed Demand<br>₹ in Crores | Demand Paid<br>₹ in Crores | Remarks/Present Status  |
|     | Levy of Service Tax on Wheeling Charges, Cross Subsidy Charges etc.   | CESTAT/HYD | 10.72                          | -Nil-                      | Appeal is pending before CESTAT/Hyd   |





5 INCOME TAX- Consumer Contributions & Grants treating as Revenue Receipts instead of Capital Receipts

| Sl No | Assessment Year & Subject   | Authority before which the appeal is pending | Amount in Dispute (₹ in Crores) | Remarks/Present Status  |
|-------|---|--|---------------------------------|---|
| 5.1   | AYs 2009-10 to 2014-15 Grants & Consumer contributions  | Hon'ble High Court of A.P.                   | 958.90                          | Appeals filed by APSPDCL were decided in favour of APSPDCL by CIT(Appeals), Tirupati and ITAT/Hyderabad. Against the orders passed by the ITAT/Hyderabad, Income tax department approached the Hon'ble high court of Andhra Pradesh. The case is pending at the Hon'ble high court of Andhra Pradesh. |
| 5.2   | AY 2017-18 Grants & Consumer contributions  | CIT(A), Tirupati                             | 406.37                          | APSPDCL filed an appeal at CIT (Appeals), Tirupati against the Assessment order passed by the ACIT Circle 1 (1), Tirupati . The case is pending at CIT(Appeals), Tirupati   |
| 5.3   | AY 2018-19 Grants & Consumer contributions and Excess Contribution to Provident Fund or Superannuation Fund | CIT(A), Tirupati                             | 405.91                          | APSPDCL filed an appeal at CIT (Appeals), Tirupati against the Assessment order passed by the ACIT Circle 1 (1), Tirupati . The case is pending at CIT(Appeals), Tirupati   |

6. Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 forming part of financial statements, the tax matters pending before various tax authorities relate to both the companies.

As per our report of even date

For and on behalf of the Board

For Basha & Narasimhan

Chartered Accountants

Firm's Regn. No: 006031S



CA K. NARASIMHA SAH

Partner

Membership No: 201777

Place: Tirupati

Date : 28-06-2022



  
H. HARANATHA RAO

Chairman & Managing Director

DIN : 08530030

  
Y. LAKSHMI NARASIAH

Chief General Manager(Finance)

  
V.N. BABU

Director (Finance)

DIN : 08772842

  
B.V.S. PRAKASH

Company Secretary



## **SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED: TIRUPATI**

### **Note No.27 - Statement of Accounting Policies**

#### **1. Basis of Preparation of Accounts:**

The accounts have been prepared under historical cost convention and are in conformity with applicable statutory provisions, Generally Accepted Accounting Principles (GAAP) and Accounting Standards issued by ICAI.

#### **2. Income & Expenditure:**

- i) The company adopts accrual system of accounting to recognize Income and Expenditure.
- ii) Provision for Bad & Doubtful debts is made on Debtors for sale of power outstanding for a period of more than 4 years, except for receivables from Government Departments/Government Companies and amount involved in Court Cases.

#### **3. Revenue Recognition:**

- i) Revenue from sale of power is recognized
  - a) in respect of completed billing cycle, on the basis of demand raised
  - b) in respect of uncompleted billing cycle, on the basis of estimation and
  - c) in respect of billing towards theft of power, upon certification of assessment by the competent authority of the company.
- ii) Other Income is recognized on accrual basis except interest on employee loans which is recognized on cash basis.

#### **4. Power Purchase:**

The aggregate power purchases are being carried out by the Andhra Pradesh Power Co-ordination Committee, and the same is adopted in the company's books, in the percentage notified in G.O.MS.No. 101, ENERGY (POWER-III), 31st, OCTOBER, 2005 and as amended from time to time. The Discom to Discom and Interstate purchase/sale of power arising on account of under/over drawal of power is also accounted as decided by APPCC.





**5. Property, Plant and Equipment:**

- i) Property, Plant and Equipment are shown at historical cost except for the assets transferred under Second Transfer Scheme the values of which have been adopted as per G.O.Ms.109 dt.29.9.2001.

**6. Depreciation:**

- i) The Company is charging Depreciation at the rates notified under G.O No.265 (SE) dated 27.03.1994 issued under Electricity Supply Act, 1948.
- ii) Depreciation has been provided on Straight Line Method over the 'estimated useful life of the asset' on the Gross Block of Assets.
- iii) Depreciation on deletion to Assets during the year is charged on prorata basis
- iv) Depreciation on the asset is not charged from the year in which:
  - a) Current year depreciation along with the depreciation charged in the previous year(s) becomes equal to more than 90 percent of the cost of the asset or
  - b) The asset permanently ceases to be used by the Company whichever is earlier.

**7. Capital work in progress:**

- i) The Company absorbs the following expenditure to capital work-in-progress:
  - a) 8.5% of the capital work-in-progress towards employees cost.
  - b) 1.5% of the capital work-in-progress towards administration and general expenses.
- ii) The expenditure incurred on Capital works is capitalised as and when the works are completed.

**8. Investments:**

- i) Non-Current investments are valued at cost.
- ii) Current investments are valued at cost or market value whichever is lower.

**9. Inventories:**

Inventories representing Stores and Spares are valued at weighted average cost basis. The cost includes insurance, freight, taxes and all other connected expenses.



**10. Borrowing Cost:**

Interest during construction is calculated and capitalised at the rate specified for each scheme from the date of expenditure incurred till the date of capitalization.

**11. Liabilities:**

All known liabilities are recorded and provided in the accounts.

**12. Employees' Retirement Benefits:**

The Company follows defined benefit plan with regard to Pension & Gratuity through APSPDCL Pension & Gratuity Trust. The actuarial valuation for Employee Retirement Benefits in respect of Pension and Gratuity is being done at the intervals not exceeding three years. Accordingly, provisions are made at the rates prescribed in the actuarial valuation.

**13. Government Grants and Consumer Contribution:**

Grants, subsidies and Consumer contributions received on capital account are amortized and recognized in the Profit & loss Account as per weighted average rate of depreciation on the Gross Block of Assets to which they pertain to.

**14. Intangible Assets:**

Intangible Assets are amortized over the useful life of the assets.

**15. Taxes on Income:**


Current Tax is determined as the amount of tax payable in respect of taxable income for the period.

As per our report of even date

For and on behalf of the Board

**For Basha & Narasimhan  
Chartered Accountants**

Firm's Regn. No: 006031S

  
**CA K. NARASIMHA SAH**  
Partner

Membership No: 201777


Place: Tirupati

Date: 28-06-2022



  
**H. HARANATHA RAO**  
Chairman & Managing Director  
DIN: 08530030

  
**Y. LAKSHMI NARASIAH**  
Chief General Manager (Finance)

  
**V.N. BABU**  
Director (Finance)  
DIN: 08772842

  
**B.V.S. PRAKASH**  
Company Secretary



## REVISED INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
M/s. Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the financial statements of Southern Power Distribution Company of Andhra Pradesh Limited ("the Company"), which comprise the Balance sheet as at 31<sup>st</sup> March, 2022, and the statement of Profit and Loss and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We have issued an Audit Report dated 28.06.2022 ("the original report") on the Financial Statements as adopted by Board of Directors on even date. Pursuant to Provisional Comments of Comptroller and Auditor General of India under section 143(6)(b) of Companies Act, 2013, the original report has been amended in certain items of Qualifications Nos. V, VI, X and XIV and Emphasis Matter Point No. (f) of this Report, to comply with their observations.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2022 and loss, and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

##### I. Purchase of Power:

- a. With attention to the Note No. 7.1 & 7.4 of financial statements, relating to accounting of power purchase bills, debit / credit notes which are provisional and are subject to revision at a later date. The consequential impact on creditor's balances, loss for the year, if any, is presently not ascertainable.
- b. Non-confirmation / reconciliation of balances of the power suppliers for an amount of ₹ 12,300.45 Crores (Previous Year ₹ 12,043.83 Crores). The consequential impact on creditor's balances, result for the year, if any, is presently not ascertainable.



- c. Note No. 21 Para 1, constitution of Andhra Pradesh Power Coordination Committee (APPCC) to facilitate purchase and trading of power on behalf of distribution companies in the State of Andhra Pradesh and legal status of the same could not be ascertained.
- d. On test check basis we have verified and identified Provision of ₹ 0.61 Crore made towards Power purchase cost of the earlier years (prior period cost) that has been booked during the current year, which is not in accordance with AS - 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies". As a result, current year cost is overstated to that extent.
- e. Refer Note No.21, Power Purchase cost of ₹ 17,147.75 Crores includes Delayed Payment Surcharge (DPS) of ₹ 16.97 Crores. However, Delayed Payment Surcharge is in the nature of Interest payment/ Finance Cost. As a result, Power Purchase cost is overstated, and Finance Cost is understated by ₹ 16.97 Crores.

## **II. Merger of Two Circles with the company (2014):**

Consequent to the promulgation of AP Reorganization Act 2014, the Assets and Liabilities of operation circles of Ananthapuramu and Kurnool of M/s. Southern Power Distribution Company of Telangana Limited (TSSPDCL), formerly M/s. Central Power Distribution Company of AP Limited (APCPDCL), are merged with M/s. Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL).

TSSPDCL (erstwhile APCPDCL) have furnished financial statements as at 01.06.2014 duly audited by independent Chartered Accountant on the allocation of Assets and Liabilities as at 01.06.2014 and income and expenditure from 01.04.2014 to 01.06.2014.

Allocation has been carried out as per AP Reorganization Act, 2014 except apportionment of employee related liabilities / receivables such as Liability on account of GIS Insurance, Savings fund and Self-funding Medical Scheme, Employee Liabilities towards Gratuity and Leave encashment, Liabilities of Pension & Gratuity Trust, GPF Trust, Loans & Advances of employees and Receivable towards APSEE Master P & G Trust which are not in conformity with Annexure 2 referred to in Clause XVIII of the G.O.Ms No. 24 dated 29.05.2014. However, Company incorporated the Assets and Liabilities balances on account of merger into certain suspense GL accounts, pending reconciliation.

Further, company has not recognized depreciation loss on Property, Plant and Equipment which are lying in the suspense GL account, interest expense on loans, dividend income or interest income accrued on loans and investments transferred in pursuant to merger. Further, ownership instruments/title deeds of immovable properties, loans and investments are not transferred in the name of the company.

The consequential impact of above said transactions on Assets, Liabilities, loss for the year, if any, is presently not ascertainable.





### **III. Bifurcation of Company (2020):**

- a. The Government of Andhra Pradesh issued G.O.Ms. No. 41 dated 05.12.2019 for division of Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) into two Distribution Companies viz., Andhra Pradesh Central Power Distribution Corporation Limited (APCPDCL) and Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) with the following composition of the Districts -

- APSPDCL: Tirupati (HQ), SPS Nellore, Chittoor, YSR Kadapa, Ananthapuramu and Kurnool.
- APCPDCL: Vijayawada (HQ), Krishna, Guntur and Prakasam.

The new Discom APCPDCL was registered under the Companies Act, 2013 ("the Act") on 24.12.2019, and received license for distribution of power supply from Hon'ble Andhra Pradesh Electricity Regulatory Commission (APERC) w.e.f. 01.04.2020.

As per G.O.Ms No.41 Energy (Power.I) dated: 05.12.2019 issued by Government of Andhra Pradesh, immovable assets had to be divided based on the location and movable assets and liabilities had to be divided based on 35% APCPDCL and 65% APSPDCL with the exclusion of amounts pertaining to Ananthapuramu and Kurnool Circles. M/s. Ramraj & Co Chartered Accountants were appointed for bifurcation of Assets and Liabilities between APSPDCL and APCPDCL as at 31.03.2020. In certain items, the bifurcation method adopted by the company deviated from the method prescribed in G.O.Ms No.41 Energy (Power.I) dated 05.12.2019, as the actual bifurcation of assets and liabilities as on 31.03.2020 was done keeping in view of the nature and character of each asset/liability. The division of manpower between both the companies was not covered in this report. Further, book values of assets and liabilities were bifurcated instead of their fair market values. In the absence of required information, we are unable to comment upon the impact thereof on financial statements.

- b. The method of bifurcation adopted was accepted and approved by managements of both APSPDCL and APCPDCL. A letter was addressed to the Government of Andhra Pradesh requesting them to ratify the method actually adopted for bifurcation of assets and liabilities. The Government of Andhra Pradesh vide G.O.Ms.No.12, Energy (OP.A3) Department dated 18.09.2021 issued orders giving acceptance/consent for the Bifurcation of Accounts of two companies. The company has applied for getting approval for the Bifurcation/Scheme of Arrangement between APSPDCL and APCPDCL to Ministry of Corporate Affairs (MCA) / Registrar of Companies (ROC) as per the provisions of the Act and is awaiting approval from MCA/ROC.



- c. Though bifurcation was done w.e.f. 01.04.2020, the accounting transactions of both APSPDCL and APCPDCL were carried out in SAP common server till 31.12.2020. Also, the pre-incorporation expenditure for incorporation of APCPDCL and Equity Share Capital of APCPDCL (₹ 0.10 Crores) was paid by APSPDCL. Further, during 01.01.2021 to 31.03.2021, APSPDCL made some transactions on behalf of APCPDCL. To identify and process the transactions relating to APCPDCL during the F.Y. 2020-21 the company appointed M/s. Komandoor & Co. LLP, Chartered Accountants. As mentioned in the report the bifurcation was done for effecting the funds between APSPDCL & APCPDCL. However, instead of fund flow basis, to ensure that all transactions are covered including transactions where fund flow has not yet happened, the bifurcation should have been done on transaction level. Further, the bifurcation of transactions carried out during the F.Y. 2020-21 is subject to confirmation and reconciliation by both the companies. Also, the division of manpower between APSPDCL and APCPDCL is not covered in this report. In the absence of required information, we are unable to comment upon the impact thereof on financial statements.
- d. The TDS and TCS entries pertaining to F.Y. 2020-21 and F.Y. 2021-22 appearing in Form No. 26AS has not been bifurcated between APSPDCL and APCPDCL. In the absence of required information, we are unable to comment upon the impact thereof on financial statements.
- e. Loans and borrowings from Lenders and Financial Institutions were bifurcated in the books of APSPDCL and APCPDCL. However, the loan agreement/ covenants (both for fund and non-fund based credit facilities) are not yet transferred in the name of APCPDCL. Further, modification of charges is yet to be done for loans transferred to APCPDCL. Letters were addressed to Lenders/Financial Institutions/Creditors for receipt of No Objection Certificate (NOC) relating to bifurcation of APSPDCL into APSPDCL and APCPDCL. APSPDCL has obtained NOC from REC Limited (REC), Power Finance Corporation Limited (PFC), State Bank of India (SBI) and Andhra Pradesh Power Finance Corporation Limited (APPFCL). However, in their NOC, PFC has given six months' time (which has lapsed) for execution of loan transfer documents and security documents for the bifurcated loan portions of various loans sanctioned by PFC in line with the demerger scheme until which APSPDCL shall continue to honor the debt servicing obligations to PFC. Further, in the NOC issued by SBI, they have requested compliance to additional prudential norms issued by Ministry of Power, Government of India. Also, as per the terms in SBI NOC, till new agreements are concluded, the existing CC/TL repayment is the responsibility of APSPDCL and after obtaining MCA approval, the revised working capital limits will be sanctioned by SBI to APSPDCL/APCPDCL on submission of Audited Financials as on 31.03.2021 along with CMA data for the next two years.





- f. Investments and Property, Plant & Equipment's were bifurcated in the books of APSPDCL and APCPDCL. However, the share certificates / property documents are not yet transferred in the name of APCPDCL.

#### **IV. Merger of RESCO-Kuppam, Chittoor with APSPDCL:**

- a. Kuppam Rural Electric Co-Operative Society Limited (The KRECS Ltd., Kuppam), also known as RESCO, Kuppam, was established in the year 1982, with the aim of 100 % rural electrification of backward Kuppam Constituency. It is registered under the A.P. Co-operative Societies Act, 1964 vide C.R. No: 505. The Government of AP had issued license vide G.O. Rt.No:51 dated 10.05.1982.
- b. Refer Note No. 11 Para 5, Investment of APSPDCL in RESCO-Kuppam is ₹ 0.29 Crores.
- c. In proceedings No. APERC/E-221/19/2021 dated 25.03.2021 the Hon'ble APERC has informed that inspite of giving ample opportunities to the RESCO's, they failed to obtain recommendation from Govt. of AP for exemption from obtaining licenses for Distribution and Retail Sale of electricity in their respective areas for the FY 2021-22 which is mandatory as per the provisions of Electricity Act, 2003. The RESCO's in the absence of licenses or exemptions are not entitled to function as per law. In this connection, the Hon'ble APERC had directed APSPDCL to takeover the activities of Distribution and Retail Sale of Electricity in the area of RESCO-Kuppam with immediate effect, pending settlement of issues relating to Assets and Liabilities by the Competent Authority.
- d. As per the Minutes of Meeting held on 28.07.2021, the Secretary to the Govt. of AP had communicated that it was decided to implement the directions of Hon'ble APERC to takeover business of RESCO-Kuppam, and that APSPDCL will take care of Distribution Network O&M, Supply/Distribution of Electricity, Metering, Billing, Collection and Salaries of Staff etc.
- e. Later, to facilitate smooth transition and transfer of management, exemption from obtaining license was granted to RESCO-Kuppam by Hon'ble APERC upto 31.12.2021 vide Proceedings No. APERC/Secy/12/2021 dated 26.11.2021. In this order, APERC has clearly indicated that no further application for exemption under any circumstances shall be entertained.
- f. RESCO-Kuppam had filed a Writ petition (WP No. 31087 of 2021 dated 30.12.2021) with the Hon'ble High Court of AP against APERC's proceedings No. APERC/Secy/12/2021 dated 26.11.2021. The Hon'ble High Court of AP in its order dated 19.04.2022 allowed for setting aside APERC's order dated 26.11.2021, as RESCO-Kuppam was not given an opportunity of being heard. Further, in its judgement, the Hon'ble High Court of AP cited Govt. of AP's proceedings dated 18.10.2021, wherein the Govt had recommended for ratification of grant of exemption



to RESCO-Kuppam from obtaining license to supply power for the FY's 2020-21 and 2021-22. The Govt. of AP vide its Letter No. ENE01/491/2020-Power-III dated 01.06.2022 has recommended to APERC, for granting exemption to RESCO Kuppam from obtaining Licence for the FY's 2022-23 and 2023-24 for supply of Power under Section 13 of Electricity Act, 2003.

- g. In the absence of information regarding grant of exemption by APERC and uncertainty regarding takeover, and terms and conditions of takeover of RESCO-Kuppam by APSPDCL and pending settlement of issues relating to Assets and Liabilities of RESCO-Kuppam, we are unable to comment upon the impact thereof on financial statements.

#### **V. Loans availed by the Company:**

- a. As stated in Note No. 3.1, 3.2, 3.3, 3.8, 6.2 and 26.1 to the Financial Statements, Loans availed from certain banks, public financial institutions and other agencies including Bonds for an amount of ₹ 3,180.76 Crores are subject to external confirmations and further adjustments upon reconciliation -
- i. Japan International Cooperation Agency (JICA)
  - ii. World Bank (Asian Infrastructure Investment Bank (AIIB) and International Bank for Reconstruction and Development (IBRD))
  - iii. Power Finance Corporation Ltd. - Restructured Accelerated Power Development and Reforms Programme (PFC R-APDRP)
  - iv. Power Finance Corporation Ltd. - Regular (PFC Regular)
  - v. REC Limited - Rajiv Gandhi Grameen Vidyutikaran Yojana (REC RGGVY)
  - vi. Loans availed from AP Government (which is still in the name of M/s. Transmission Corporation of Andhra Pradesh (AP TRANSCO))
  - vii. Loans availed from AP TRANSCO
  - viii. Financial Restructuring Plan (FRP) Bonds issued to Andhra Pradesh Power Generation Corporation (AP GENCO)
  - ix. Loans and Borrowings transferred from TSSPDCL (formerly APCPDCL)

The consequential impact on the Loan balances, interest payable, interest expense, loss for the year, if any, is presently not ascertainable.





- b. Principal repayments on Loans availed from the below mentioned Institutions (Refer Note No. 3, 6, 23) were not done during the year. Further, interest expense and penal interest (if any), and Interest Provision on these Loans has not been recognized and the amount has not been quantified due to non-availability of details for verification. Non-accounting of interest expense/interest provision is not in accordance with AS-29 "Provisions, Contingent Liabilities and Contingent Assets". Hence the consequential impact on loan balances, interest payable and loss for the year, is not ascertainable.
- i. World Bank (Asian Infrastructure Investment Bank (AIIB) and International Bank for Reconstruction and Development (IBRD))
  - ii. Power Finance Corporation Ltd. - Restructured Accelerated Power Development and Reforms Programme (PFC R-APDRP)
  - iii. Loans availed from AP Government (which is still in the name of M/s. Transmission Corporation of Andhra Pradesh (AP TRANSCO))
  - iv. Loans and Borrowings transferred from TSSPDCL (formerly APCPDCL)
- c. In Note No. 6, the Company has disclosed ₹1362.31 Crores (Previous year: ₹2,347.76 Crores) as Short Term Loan. However, this pertains to Sale Bill Discounting facility availed by NTPC Limited (NTPC)/ NLC India Limited (NLC)/ Power Grid Corporation of India Limited (PGCIL) with their bankers for energy supplied to APSPDCL. As per the arrangement, in case of default in payment of energy dues on due date by APSPDCL, NTPC/NLC/PGCIL would indemnify the Bank. As such risk and reward is lying with NTPC/NLC/PGCIL. In this arrangement APSPDCL does not have any credit facilities with their banks. Hence, it is appropriate to classify this amount under Note No. 7, Trade Payables instead of Note No. 6 Short Term Borrowings. Hence, the Short Term Borrowings is overstated and Trade Payables is understated to this extent.
- d. Loans and borrowings from Lenders and Financial Institutions were bifurcated in the books of APSPDCL and APCPDCL. However, the loan agreements/ covenants are not yet transferred in the name of APCPDCL (both for fund and non-fund based credit facilities). Further, modification of charges is yet to be done for loans transferred to APCPDCL. Hence, principal and interest payments for APCPDCL's share is collected from them and paid to the Lenders and Financial Institutions by APSPDCL along with APSPDCL's share. The bifurcation of transactions between APSPDCL and APCPDCL is subject to confirmation and reconciliation by both the companies.



- e. Refer Note No 3, APSPDCL had undertaken World Bank 24x7 Power for All Scheme with Approved Project Cost of ₹ 2,000 Crores, wherein World Bank's share is 70% (IBRD: 42% and AIIB: 28%) and Implementation Agency's share is 30% (REC Loan: 27% and APSPDCL Own Funds: 3%). Under this Scheme, APSPDCL utilizes its own funds for this Scheme, which is later reimbursed by World Bank (WB) after submission of claims by APSPDCL. These funds are released from GOI/WB to Govt. of AP and subsequently released by Govt of AP to APSPDCL.

Though GOI/WB has already released ₹ 264.91 Crores to Govt of AP; Govt of AP is yet to be issue GO/release funds to APSPDCL since long time. The details are furnished below:

- i. ₹ 203.45 Crores: G.O.'s issued in FY 2020-21 and Token issued for release of funds. However, the token got cancelled/lapsed due to Financial Year closure.
- ii. ₹ 61.46 Crores: Claim submitted in FY 2020-21, but G.O. is yet to be issued.

Due to delay in release of funds by Govt of AP, the Company lost considerable amount of money as opportunity cost.

- f. Refer Note No. 3, Long Term Borrowings of ₹ 15,640.53 Crores includes Borrowing from Japan International Cooperation Agency (JICA) of ₹ 133.22 Crores. As per the Schedule in Notice of Completion of Disbursement, repayment of Principal starts from 20<sup>th</sup> June, 2021 and Interest payments start from 20<sup>th</sup> Dec, 2019. However, the Loan Agreement is entered between JICA and "The President of India" and as per the agreement, "The President of India" is the "Borrower". As per Section 2 to Article II of the above Agreement, the Borrower (The President of India) shall pay interest to JICA and as per Section 4 to Article III of the Agreement, APSPDCL is only an executing agency. As there is ambiguity regarding Government's share and APSPDCL's share in the payment of Principal/Interest and as APSPDCL has not received any Demand Notice/request for repayment from JICA, they have neither started repayment of Principal/Interest, nor created any provision for the Interest liability. On a prudent basis, APSPDCL should have created interest provision of at least ₹ 5.16 Crores. However, as per the Loan agreement, interest at 0.65 % p.a. on Principal (I) and Interest at 0.01% p.a. on Principal (II), Commitment charges of (0.01%) p.a. and overdue charges at 2% needs to be quantified. Due to non-availability of details for verification and in the absence of adequate information we are unable to quantify the impact on the financial statements.





- g. Refer Note No. 3, Long Term Borrowings of ₹ 15,640.53 Crores includes Financial Restructuring Plan (FRP) Bonds of ₹ 211.15 Crores issued to Andhra Pradesh Power Generation Corporation (AP GENCO). Refer Note No. 3, Para 8, "The State Govt of Andhra Pradesh vide LETTER.No.367/POWER-III/2017-2 dt.16.11.2017 agreed to take over the balance of 25% of FRP Bonds of the DISCOMS and to issue Non-SLR Bonds under UDAY Scheme for discharging the debt of State Power APDISCOMs. However, Govt. of Andhra Pradesh has not taken over the FRP Bonds till date. Consistently, FRP bonds outstanding are being shown as Debt of DISCOMs." As the same was not done, it has resulted in understatement of Reserves and surplus and overstatement of FRP Bonds under Non-current Liabilities (Note-3) by ₹211.15 crore. Further, there is no clarity regarding the company's payment of Principal / Interest on the above bonds. On a prudent basis, the Company has been booking interest expense on these bonds as well as corresponding receivable from the GoAP in the books of accounts. However, the company had not routed the interest expense of ₹ 21.01 Crores through Statement of Profit and Loss but had only passed an entry for Interest Liability and Interest Receivables in the Balance Sheet.
- h. Refer Note No. 6, Short Term Borrowings of ₹ 4,208.85 Crores includes an amount of ₹ 349.72 Crores held as Bid & Security Deposits, Retention Money, EMDs, Contributory work Deposits, Temporary Supply Deposits and Other Deposits. As the nature of the amounts held are in the form of Deposits taken against works, deductions from bills, electricity supply connections, these amounts should be classified under Other Current Liabilities and not under Short Term Borrowings. Hence, Short Term Borrowings is overstated and Other Current Liabilities is understated by ₹ 349.72 Crores.
- i. The Company has not made adequate disclosures in respect of Loans as required by Schedule III of the Act.

## **VI. Property, Plant & Equipment and Intangible Assets:**

The company has not complied completely with the provisions of Revised Accounting Standard (AS)-10 "Property, Plant & Equipment".

- a. In respect of Freehold lands of carrying value ₹ 4.88 Crores (Previous year ₹ 4.88 crores), data on lands acquired by purchase, gift or alignment by government are not available with the company. Further, the ownership documents viz. sale deed, gift deed on such lands are not fully available with the company. In the absence of the above said information/documents we are unable to determine the state of ownership, any adjustments to the carrying amounts.



- b. In case of certain assets of Buildings, Civil Works, Lines & Cable Network, Metering Equipment, Plant & Machinery, the Company has not capitalized the Assets at actual cost incurred instead capitalized on allocating the total cost incurred for all the above mentioned assets on the basis of certain percentages on a case to case basis. In the absence of information, we are unable to ascertain the consequential impact on Asset balances, Accumulated depreciation and depreciation in the financial statements of the Company.
- c. Capital work-in-progress (including Intangible Assets under development), inter alia, includes balances pending capitalization for a long time owing to pending analysis of status, value and obtaining of commissioning/completion certificates.

Further, the Company has not carried out any Techno-economic assessment during the year ended 31st March 2022 and hence identification of impairment loss and provision thereof, if any, has not been made. The same is not in accordance with AS-28 "Impairment of Assets".

Refer Note No. 10 Para 1, of financial statements: As on 31.03.2022, there are 65,543 open work orders amounting to ₹ 2,320.41 Crores, out of which work orders pending closure (capitalization) for more than 3 years is ₹ 325.22 Crores.

However, these work orders could be pending closure due to various reasons, like:

- i. Actual work is completed but due to pending documentation and obtaining of commissioning/completion certificates, the work orders have not been capitalized.
- ii. Delay in completion of work, including stalled projects/works, due to various reasons. The Techno-economic assessment has not been carried out to identify the impairment loss on such work orders. Further, the company does not have any Accounting Policy for Physical Verification, Impairment Testing and Techno-economic assessment of Property, Plant and Equipment (including CWIP).

With regard to case (i) above: it will lead to understatement of Property, Plant & Equipment and Intangible Assets and the depreciation/amortization charged. Whereas case (ii) above will lead to understatement of Impairment loss and overstatement of CWIP.

The case-to-case status of pending work orders was not furnished to us and hence bifurcation of work orders into case (i) and (ii) could not be arrived. Therefore, we cannot quantify how many work orders are pending due to non-completion of work and how many are pending due to documentation/commissioning certificates. Hence, due to non-availability of information, we are unable to ascertain the consequential impact on Property, Plant and Equipment and Intangible Asset balances and depreciation/amortization/ impairment in the financial statements of the Company.





- d. Note No. 27 Para 7, Statement on Accounting policies, Company is capitalizing Overheads and Employees cost @ 8.5% and 1.5% respectively of the capital work in progress. During the year company has capitalized ₹ 132.59 Crores (Previous Year ₹ 115.80 Crores) of such expenditure. However, AS-10 prescribes to capitalize only such expenses attributable to the specific assets. The said policy is not in compliance with AS-10.
- e. Accumulated depreciation on assets sold/discarded during the year is not written back in accordance with AS-10. In the event of replacement of an old asset with a new asset (Except Distribution Transformers and Burnt Meters), the new asset is capitalized at acquisition cost less the weighted average cost of replaced asset. However, such old assets are not retired from the books. The consequential impact on Asset balances, depreciation loss on financial statements is not ascertainable.
- f. In the event of retirement of distribution transformers (theft cases and survey report cases), instead of retiring the actual asset, company is retiring the assets on First-in-First-out (FIFO) basis. The consequential impact on Asset balances, depreciation loss on financial statements is not ascertainable.
- g. In respect of "burnt meters" which are replaced with "new meters", the Company continues to carry the written down value of the "burnt meters" in the company's books of account, which is not in accordance with the AS-10, as the same are no longer in existence. The consequential impact on Asset balances, depreciation loss on financial statements is not ascertainable.
- h. Note No. 10 Para 3.3, depreciation is not provided on certain unidentified assets transferred from TSSPDCL (formerly APCPDCL) pertaining to the operation circles merged with the company.
- i. Note No. 10 Para 4 is invited wherein, consequent upon amendment to second transfer scheme vide G.O.Ms No. 142 dated 29.09.2001 and the third transfer scheme vide G.O.Ms. No. 396 dated 09.06.2005, the Company adopted the assets & liabilities and the balances against Power Purchase, loan liabilities, and receivables from Govt. of A.P at values stipulated in the respective government notifications, which are provisional and subject to further adjustment as may be determined by the State Government and audit. In the absence of relevant information, we are unable to express our opinion on the closing balances of such assets / liabilities transferred to the company under the afore-mentioned transfer schemes.



- j. Capital Advances (Note No. 12) includes ₹ 133.64 Crores towards cost of fixed assets and inventory (stores & spares/naptha) in respect of 216 MW gas based power plant in Jegurupadu acquired in April 2016 from M/s. GVK Industries Limited (GVK) in association with M/s. Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL) (company share 65.73% and APEPDCL share 34.27%) and renamed the same as Godavari Gas Power Plant (GGPP). On the ground that Distribution Companies (DISCOMs) have no expertise in running the power plants, AP DISCOMs proposed to handover GGPP to M/s. Andhra Pradesh Power Generation Corporation (APGENCO) and booked the buyout price under Capital Advances. Pending transfer of GGPP to APGENCO, the plant was operated during 2016-2022 and the energy generated was utilized by the AP DISCOMs. Though the asset acquired was put to use, amount paid to GVK for acquiring GGPP is still continued under Capital Advances. This has resulted in overstatement of Capital Advances and understatement of Property, Plant and Equipment and Inventory by ₹ 133.64 Crores. In the absence of details of remaining useful life of the asset, impact on depreciation and impairment loss are not ascertainable.
- k. Refer Note No.10, the Gross Block of Property, Plant and Equipment Schedule (Asset Class :10400- Plant and Machinery) is higher than the Gross Block as per Books of Accounts (GL:1000401- Plant and Machinery) by ₹ 0.15 Crores. In the absence of details, the consequential impact on Asset balances, depreciation, loss on financial statements is not ascertainable.
- l. The Company has not made adequate disclosures in respect of Property, Plant and Equipment and Intangible Assets as required by Schedule III of the Act.

The consequential impact on the capital work-in progress, Property, Plant and Equipment, depreciation and amortization, impairment, loss for the year owing to above stated qualifications, if any, is presently not ascertainable.

## **VII. Inventories:**

The company is valuing the stores & spares, consumables, obsolete stock and scrap materials on weighted average cost. However, it should be valued at cost or Net Realizable Value (NRV), whichever is lower, leading to non-compliance with AS-2 "Valuation of Inventories". In case of devolution of materials to stores, the rate adopted by SAP is at weighted average price and not the price at which it was issued. In the absence of relevant information and audit trail, we are not in a position to quantify the impact thereof.





### **VIII. Employee Benefits:**

Note No. 5 & 9 - Provision for Pension, Gratuity, Leave encashment and other retirement benefits made does not comply with requirements of AS-15 "Employee benefits". Further, the disclosure requirements as per Schedule III of the Act are not complied in total.

As per the Actuarial Report issued by Universal Actuaries and Benefit Consultants signed on 27.06.2022, the Pension and Gratuity liability and Leave encashment liability, and shortfalls in provision are provided below:

| Sl. No. | Particulars      | Required Provision as on 31.03.2022 | Actual Provision as on 31.03.2022 | Shortfall |
|---------|------------------|-------------------------------------|-----------------------------------|-----------|
|         |                  | ₹ in Crores                         |                                   |           |
| 1       | Leave Encashment | 970.60                              | 409.36                            | 561.24    |
| 2       | Unit Trust       | 3032.62                             | 2067.21                           | 965.41    |
| 3       | Master Trust*    | 3660.05                             | 0                                 | 3660.05   |
|         | Total            | 7663.27                             | 2476.57                           | 5186.70   |

\* The Master Trust liability (74% till 2029/2033) is to be borne by APGENCO. However, in the absence of information regarding the liability towards APSEE Master Pension and Gratuity Trust in the books of APGENCO for APSPDCL's share as on 31.03.2022, we are unable to ascertain the net liability of APSPDCL in case of any shortfall in creation of liability by AP GENCO. In the absence of such information, on prudence basis, in our opinion, employee benefit expenses of APSPDCL are understated by ₹ 5186.70 Crores.

The company has not conducted Actuarial Valuation to determine its liability for the General/Major ailments Medical Policy Scheme. In the absence of Actuarial Valuation, we are unable to quantify the obligation and the provision is understated to this extent.

### **IX. Government Grants:**

Assets purchased under Government Grant Schemes are not shown separately as required under AS-12 "Accounting for Government Grants".

The contributions received from consumers and specific grants from the State/Central Governments or their agencies for creation of tangible assets are recognized as "Reserves" on receipt basis, even before the creation of the said assets. As stated in Note No. 27 Para 13 in Statement of Accounting Policies, these are amortized as per weighted average rate of depreciation on the Gross Block of assets built out of the said contributions and grants, instead of the specific assets created with the said contributions/ grants, which is contrary to AS-12. The consequential impact on the carrying value of Government Grants and Consumer Contribution, loss for the year, if any, is presently not ascertainable.



## **X. Cash and Cash Equivalents**

- a. The Bank Reconciliation Statements prepared by the company for the year ended 31<sup>st</sup> March, 2022 contains many outstanding unidentified entries amounting to ₹ 1.47 Crores (Board Excess) and ₹ 24.83 Crores (Bank Excess). Out of these, unidentified entries more than one year old entries are ₹ 1.22 Crores (Board Excess) and ₹ 5.70 Crores (Bank Excess) respectively. In the absence of required information, we are unable to comment upon the impact thereof on financial statements.
- b. For certain units, there are differences in SAP Cash Balance, FBCJ (Financial Book Cash Journal) Balance and Chitta Balance as on 31.03.2022. In the absence of required information regarding the reason for the differences, we are unable to comment upon the impact thereof on financial statements.

| Cash Balance as on 31.03.2022 (In ₹) |                         |            |                 |              |                             |                         |
|--------------------------------------|-------------------------|------------|-----------------|--------------|-----------------------------|-------------------------|
| Sl. No.                              | Unit Name               | As per SAP | FBCJ Balance    |              | Chitta Balance              |                         |
|                                      |                         |            | Closing Balance | Cash Thereof | As per Unit Annual Accounts | As per Internal Auditor |
| 1                                    | 1023-ERO Tadipatry      | 3,89,156   | 3,15,482        | 3,89,156     | 3,89,156                    | 3,89,156                |
| 2                                    | 1029-ERO R ATP          | 4,38,808   | 4,38,808        | 4,05,092     | 4,05,092                    | 4,38,808                |
| 3                                    | 1037-SUB ERO Uravakonda | 3,03,730   | 3,32,732        | 3,03,730     | 3,03,730                    | 3,03,730                |
| 4                                    | 828-Sub-ERO/Kota        | 10,32,808  | 5,42,912        | 5,42,912     | 5,42,912                    | 5,42,912                |
| 5                                    | 829 Sub-ERO/Udayagiri   | 4,35,131   | 4,35,131        | 3,56,504     | 3,56,504                    | 3,56,504                |
| 6                                    | 1226-SERO/Yeraguntla    | 4,71,450   | 4,71,450        | 3,82,118     | 3,81,792                    | 3,81,792                |
| 7                                    | 1300-SE/O/Tirupati      | 1,180      | 8,430           | 7,250        | NIL                         | *                       |
| 8                                    | 1322-ERO/Chittoor       | 8,96,280   | 8,96,673        | 8,96,380     | 8,93,050                    | 8,93,050                |
| 9                                    | 1302-DE/O/T/Tirupati    | NIL        | -24,000         | NIL          | NIL                         | *                       |

\*The Internal Audit Report did not cover Chitta Balance Confirmation

- c. Refer Note No. 15, Cash & Cash Equivalents of ₹ 450.14 Crores, includes an amount of ₹14.37 Crores representing the amount transferred by TSSPDCL to APSPDCL as part of the overall transfer of balances in Assets and Liabilities pertaining to the above Circles, consequent on transfer of Kurnool and Ananthapur Circles from TSSPDCL to APSPDCL. Since the amount is actually not received, depicting the share of APSPDCL in Cash & Cash Equivalents is not correct. This has resulted in overstatement of Cash & Cash Equivalents and understatement of Other Current Assets by ₹14.37 crore.





## **XI. Borrowing Costs:**

Note No. 27 Para 10, Statement of Accounting policies states that interest during construction is calculated and capitalized at the rate specified for each scheme from the date of expenditure incurred till the date of Capitalization. During the year, company has capitalized ₹ 129.91 Crores (Previous Year ₹ 87.52 Crores) of such interest. However, company is unable to identify the borrowing cost incurred specifically for a particular asset and hence, capitalizing the interest cost at the average rate of borrowing cost incurred during the previous year. However, AS-16 "Borrowing Costs" prescribes a different method for capitalization of borrowing costs for general borrowings. The capitalization rate should be the weighted average of borrowings costs applicable to the borrowings that are outstanding during the year. Accordingly, capitalization should be determined by applying the rate arrived as per standard.

The consequential impact on the capital work-in progress, Property, Plant and Equipment, depreciation and amortization and loss for the year owing to above deviation from accounting standard, if any, is presently not ascertainable.

## **XII. Taxes on Income:**

Deferred Tax asset / liability has not been recognized by the Company towards the tax effect of timing difference between taxable income and Accounting Income including accumulated losses in the accounts as required under AS-22 "Accounting for Taxes on Income". The impact of above deviation is presently not quantifiable.

## **XIII. Earnings per Share:**

The cumulative effect of the non-compliance of the above and other qualifications in the para below, on the Earnings per share vide AS-20 "Earnings per Share" is not quantifiable since adequate information is not presently available with the Company to quantify the financial impact on non-compliance of these Accounting Standards.

## **XIV. Others:**

- a. Refer Note No. 14 Para 2, company has recognized disputed amount of ₹ 708.50 Crores (Previous year ₹ 518.99 Crores) as revenue up to 31<sup>st</sup> March 2022 and these amounts are considered as Good by the Company. Moreover, company has not created any provision for the said amount.
- b. Refer Note No. 27 Para 2 and Note No. 14 Para 1.3, Statement of Accounting Policies, Provision for Bad and Doubtful Debts has been modified during F.Y. 2020-21. The accounting policy states that "Provision for Bad & Doubtful debts is made on Debtors for sale of power outstanding for a period of more than 4 years, except for receivables from Government Departments/ Government Companies and amount involved in Court Cases." As per the revised Accounting Policy, no Provision is



required to be created for all court cases. However, as per AS - 9 "Revenue Recognition", when uncertainty in ultimate collection arises subsequent to revenue recognition, a provision for doubtful debts should be made to the extent of uncertain revenue. Hence, the revised accounting policy is not in accordance with AS - 9 "Revenue Recognition". The provision for bad and doubtful debts is understated by ₹ 823.43 Crores.

- c. AP Discoms had filed an appeal CA No. 4463/2015 against M/s. Lanco Kondapalli Power Ltd. with the Hon'ble Supreme Court against the order dated 12.01.2015 of Hon'ble APTEL vide appeal No. 154/14 to repay recovered amount towards liquidated damages for delay in commencement of Generation. The Hon'ble Supreme Court had dismissed the appeal and subsequently payment was made by APEPDCL and APSPDCL. However, for payments made in F.Y. 2021-22, the share of APCPDCL (of ₹ 6.59 Crores) was not bifurcated. Hence, Other Current Liabilities (Payable to APCPDCL), prior period expenditure and loss is overstated to this extent.
- d. We report that the following accounts have not been reconciled as at 31<sup>st</sup> March 2022 and accordingly we are unable to express an opinion on the effect of said un-reconciled amounts on Loss of the company for the year:
- Note No.8 Para 2 non-reconciliation of Inter Unit accounts to the extent of ₹ 25.92 Crores credit balance (previous year ₹ 429.31 Crores credit balance).
  - Amount appearing under "Debt Service Clearing A/c" (Refer Note 7) with a credit balance of ₹ 111.38 Crores (previous year ₹ 373.08 Crores credit balance).
- e. Note No.10 Para 5, the input controls in the SAP in respect of capturing data and recording of transactions, access control system, disaster data recovery plans and backups needs to be reviewed and duly certified by independent agency as regards to its adequacy. However, independent System Audit on SAP implementation is not carried out since Go-live of the project.
- f. The Company is using separate software to measure and record individual transactions of billing to Customers. These transactions are posted/uploaded into SAP on a monthly frequency by executing Transaction Codes for Demand and Collection in the case of LT customers. For HT customers, the data from Billing Software is uploaded by HT Wing of each circle office on a monthly basis. As referred in Note No. 14 Para 1.1 and Note No. 4 Para 2, there is a difference in Debtor Balances and Security Deposit Balances as per Financial Ledger and Consumer Ledger which is under reconciliation. In the absence of details and pending reconciliation we are unable to quantify the impact of misstatements on financial statements in respect of Revenue and Trade Receivables.





- g. At present, company is Accounting Power Purchase related transactions in 555 Server of SAP and on a later date manually uploaded to main server (999). Moreover, there are no checks and controls established to check the validity of the data entered in the main server (999). In the absence of Controls, we are unable to quantify the impact of misstatements on financial statements, if any, in respect of Power Purchase related transactions.
- h. Refer Note No. 26 Para 10, regarding contingent liability amounts as disclosed in respect of claims/ pending court (including contempt of court cases)/ arbitration/ legal/ tax cases and Capital Commitments in respect of estimated amounts of Contract remaining to be executed on Capital Account have not been properly compiled and ascertained as per AS - 29 "Provisions, Contingent Liabilities and Contingent Assets". In absence of the above details and due to uncertainty related to outcome of law suits, we are unable to ascertain the amount of provision, contingent liability and quantify /comment upon the impact thereof on financial statements.

Further, the bifurcation of certain contingent liabilities (Refer Note No. 26 Para 10) into various AP Discoms has not been carried out.

- i. Refer Note No. 26 Para 1, Balance of Trade receivables, Trade payables, Suppliers, Contractors, ICD (DISCOMs), Loans and Advances, receivables from Government and other balances are subject to confirmations and further adjustments upon reconciliation.

Further, we have not received the confirmation of balances, financial statements and Audit Report of APSPDCL Provident Fund Trust, APSPDCL Pension and Gratuity Trust, APSEE Master Pension and Gratuity Trust and APSPDCL Employee Welfare Society for the FY 2021-22.

In the absence of required information, we are unable to comment upon the impact thereof on financial statements.

- j. Since implementation of SAP in APPCC, opening balances were not posted in APPCC 555 client. Hence, closing balances at APPCC as on 31st March 2022 are subject to posting and reconciliation of opening balances. Further, vendor closing balances in SAP as on 31st Mar 2022 have not been reconciled with vendor files maintained in APPCC. In the absence of required information, we are unable to comment upon the impact thereof on financial statements.
- k. Refer Note No. 26 Para 6, the company has not properly identified the Enterprises qualifying under the definition of Medium and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Further, the company has not made adequate disclosures as required under Section 22 of MSMED Act, 2006 and Schedule III of the Act. In absence of details, we are unable to quantify the same.



- l. Refer Note No. 26 Para 9A, the company has not disclosed the explanations for change in analytical ratios by more than 25% as compared to the ratio of preceding year, as required by Schedule III of the Act.
- m. As per Andhra Pradesh Electricity Regulatory Commission (APERC) Order on Tariff for Retail Sale of Electricity during FY 2021-22, APSPDCL was directed to maintain a Provision of ₹ 9.50 Crores towards Reserve Fund for payment of compensation to victims of electrical accidents. However, as on 31.03.2022, investments/bank balance of ₹ 0.47 Crores is only maintained for this purpose. Hence, the fund amount is short by ₹ 9.03 Crores.
- n. Refer Note No 2 Para 5, Funds earmarked for Contingency reserve was utilised during the FY 2018-19 to meet cyclone rehabilitation works and is yet to be replenished fully. As on 31.03.2022, against Contingency Reserve of ₹ 25.05 Crores, there are Bank Deposits amounting to ₹ 3.00 Crores. Hence, the fund amount is short by ₹ 22.05 Crores.
- o. Reporting on Allegations:
  - Certain allegations were levelled, while execution and procurement of Cover Conductor from M/s. Raychem-RPG Pvt. Ltd. In this regard, a writ petition (WP (PIL) No. 349/2018) had been filed before the Hon'ble High Court of A.P. to enquire into the matter. Accordingly, Commissioner of Inquiries was appointed vide G.O. Rt. No. 46 dated 15.04.2019 to enquire into the allegations. We were informed that the Commissioner of Enquiry Report is yet to be received. Hence, Company expressed their inability to furnish the detail on the above subject citing pending enquiry.
  - Certain allegations were levelled, while execution and procurement of Electrostatic Energy meters from M/s. Avenir Technologies Pvt. Ltd. In this regard, a writ petition (WP (PIL) No. 65/2019) had been filed before the Hon'ble High Court of A.P. to enquire into the matter. We were informed that, based on the report received from the Secretary to Government, Energy Department, Govt. of A.P. explanation of the officials / retired officers was called for and a report was submitted to the Secretary to Government, Energy Department, Govt. of A.P. We were informed that based on the recommendations of the DISCOM Board on the explanations submitted by employees, a letter was addressed to the Govt. of AP, and the Govt. of AP has decided to withdraw Letter dated 11.09.2020. However, the Hon'ble High Court of A.P. in WP (PIL) No. 65/2019 has directed to place the record before the Hon'ble High Court of A.P. Accordingly, the records were submitted to the Hon'ble High Court and the case is still pending.





In the absence of adequate information and non-confirmation from the management we are not in a position to comment on the fraud reporting on the above transactions.

However apart from the above transactions, our audit procedures have not indicated any material fraudulent transactions during the course of our Audit.

- p. Refer Note No.23, The NEF (National Electricity Fund) Steering Committee had considered and approved interest subsidy of 3% under NEF for FY 2016-17 and FY 2017-18 based on evaluation carried out by the Independent Evaluator, in accordance with NEF Guidelines. This Interest subsidy is reimbursed against the interest paid during FY 2016-17 and FY 2017-18 on loans availed for the projects approved under NEF. This Subsidy amount of ₹ 97.31 Crores was sanctioned during the FY 2021-22 and was accounted in the books of accounts of APSPDCL. However, as this subsidy pertains to FY 2016-17 and FY 2017-18, the bifurcation of this amount to APSPDCL and APCPDCL needs to be made based on the projects/schemes to which the interest subsidy pertains to. In the absence of required information, we are unable to ascertain the APCPDCL's share of NEF Interest Subsidy amount. The Interest Expense and loss is understated to this extent.
- q. Note No. 17, Other current assets include an amount of ₹ 11.65 Crores (Previous year ₹ 3.61 Crores) which is debited to employee account which represents cost of materials drawn for projects but not adjusted due to non-submission of details. The impact on the accounts is not ascertained.
- r. Note No. 17, Other current assets is overstated by ₹ 115.99 Crores (Previous year ₹89.24 Crores) due to non-adjustment of amount received from sale of scrap against receivables. This has also resulted in overstatement of Trade Payables (Note No. 7) by ₹ 115.99 Crores.
- s. Andhra Pradesh Electricity Regulatory Commission (APERC) had issued True-up Orders for the 2nd control Period 2009-10 to 2013-14 on 05.12.2015 and True-up orders for the 3rd Control Period 2014-15 to 2018-19, 2019-20 and 2020-21 on 30.03.2022. Refer Note No. 27, Para 2(i), APSPDCL in its Accounting Policies has disclosed that it adopts accrual system of accounting to recognize Income and Expenditure. However, considering the quantum and materiality of True-up/True-down amounts, it is advisable to have specific accounting policy for accounting of such transactions.
- t. Refer Note.27, there is no Accounting Policy pertaining to the provision towards obsolete, slow and non-moving stocks / inventories. In the absence of the same, the adequacy of the provision of ₹7.66 crore could not be verified by us.
- u. The Company has not made adequate disclosures as required by Schedule III of the Act.



We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Institute of Chartered Accountants of India's (ICAI) Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

The effects/possible effects of which and matters where we are unable to obtain appropriate audit evidence, individually or in aggregate, are material to the financial statements. The effects of the matters which could be reasonably determined/quantified, on the elements is tabulated as under:

| Sl. No. | Description   | ₹ in crores |             | Report Ref. |
|---------|---|-------------|-------------|-------------|
|         |   | Overstated  | Understated |             |
| 1       | Current year cost – Cost of Power Purchase                      | 0.61        |             | I (d)       |
| 2       | Current year cost – Cost of Power Purchase                      | 16.97       |             | I (e)       |
| 3       | Prior period cost – Cost of Power Purchase                      |             | 0.61        | I (d)       |
| 4       | Finance Cost  |             | 16.97       | I (e)       |
| 5       | Short Term Borrowings (Sale Bill Discounting)                   | 1,362.31    |             | V (c)       |
| 6       | Trade Payables (Sale Bill Discounting)                          |             | 1,362.31    | V (c)       |
| 7       | Short Term Borrowings   | 349.72      |             | V (h)       |
| 8       | Other Current Liabilities                                       |             | 349.72      | V (h)       |
| 9       | Provision for Leave Encashment                                  |             | 561.24      | VIII        |
| 10      | Provision for Pension & Gratuity (including APSEE Master Trust) |             | 4,625.46    | VIII        |
| 11      | Employee Benefit Expenses (9+10)                                |             | 5,186.70    | VIII        |
| 12      | Cash & Cash Equivalents   | 14.37       |             | X (c)       |
| 13      | Other Current Assets  |             | 14.37       | X (c)       |
| 14      | Disputed Amount recognized as Revenue Income                    | 708.50      |             | XIV (a)     |
| 15      | Disputed Amount recognized as Revenue Trade Receivables         | 708.50      |             | XIV (a)     |
| 16      | Provision for Bad and Doubtful Debts                            |             | 823.43      | XIV (b)     |
| 17      | Trade Receivables   | 823.43      |             | XIV (b)     |
| 18      | Prior period cost – Cost of Power Purchase                      | 6.59        |             | XIV (c)     |
| 19      | Other Current Liabilities                                       | 6.59        |             | XIV (c)     |
| 20      | Advance for Sale of Scrap                                       | 115.99      |             | XIV(r)      |
| 21      | Receivables against Scrap Sale                                  | 115.99      |             | XIV(r)      |

Accordingly, the ascertainable Total Loss for the year is understated by ₹ 6,712.04 Crores. The effects / possible effects of the other qualifications are not ascertainable.





## Emphasis of Matter

- a. We draw attention to Note 12 Para 5, as per decision of APPCC and Govt. of AP (GOAP) permission to buy out, agreement for buyout of the project dated 08.02.2016 and continuation agreement dated 22.04.2016, advance of ₹ 289.55 Crores paid by APDISCOMs to GVK Industries Ltd. As per handing over minutes dated 22.04.2016, control over plant and its assets were taken over by APDISCOMs with effect from 22.04.2016 and energy generated was shared between DISCOMs as per Power allocation Ratio decided by Govt. vide G.O.Ms.No.20 dated 08.05.2014.

APPCC in its meeting held on 19.06.2017, it was decided to handover the GVK assets/plant to APGENCO from APDISCOMs as APGENCO is in the core business of Power Generation. The legal formalities are in process, to transfer the assets in favor of APGENCO. In view of above, amounts paid to GVK towards purchase consideration shown as advance in the books of APDISCOMs.

As GVK is not coming forward to execute sale deed and transfer of the project assets in the name of APDISCOMs/APGENCO, APEPDCL has filed a complaint vide C.C.S.R.No. 3011 before VII Addl. Judicial First Class Magistrate Court, Rajamahendravaram and the FIR was filed vide Crime No. 166 of 2021 in S.H.O. Kadium Police station. In this regard, as per the approval of competent authority APDISCOMs have filed petition before Hon'ble APERC as O.P.No. 59 of 2021. The case is still pending before Hon'ble APERC.

- b. We draw attention to Note No. 21 Paras 1 & 2: APPCC was established as an institutional arrangement for smooth transition of power purchase functions and to have co-ordination among the DISCOMs as per the G.O.Ms.No.59 dated 07.06.2005. The cost of power purchase is finalized at APPCC. The power purchases and its accounting are being carried out by APPCC and are sent to the Distribution Companies.
- c. We draw attention to Note No. 15 Para No. 1.1 of the financial statements, wherein a Bank account in the name of A.P. Power Distribution Companies Pool Account had been opened by all the Distribution companies jointly which is being operated by the nominees of APPCC. As this is a single account, Distribution company wise confirmation of balances are not provided by the Banker.
- d. We draw attention to Note No. 26 Para No. 2.1 of the financial statement in which the Company describes the impact arising from the COVID-19 Pandemic.
- e. We draw attention to Note No. 26 Para No.2.2 in the Financial Statements, regarding Going concern assumption.



- f. We draw attention to Note No. 19 of the financial statements, wherein Other Income of ₹ 1343.84 Crores includes an amount of ₹ 6.61 Crores pertaining to Unscheduled Interchange (UI) income.

As per Schedule III to the Companies Act, 2013, revenue arising from a company's operating activities i.e. either its principal or ancillary revenue-generating activities should be sub-grouped as "Other operating revenues" and to be shown under "Revenue from operations". Unscheduled Interchange (UI) income is incidental and ancillary to the main activity i.e. purchase and sale of electricity. Hence, Unscheduled Interchange (UI) income should be shown under Sub-group "Other operating revenues" and grouped under "Revenue from operations". Hence, Other Income is overstated and Revenue from Operations is understated by ₹ 6.61 Crores.

Our Opinion is not modified in respect of these matters.

#### **Other Matter**

During the year, certain Government Schemes were carried out by the company, which include World Bank 24x7 Power for All Scheme, which has been audited by internal auditor M/s. Rajagoopal Naidu & Co. whose report has been furnished to us by the management.

Our Opinion is not modified in respect of this matter.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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





In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by section 143(5) of the Act, on the basis of verification of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B, to this report a statement on the directions and sub-directions issued by Comptroller & Auditor General of India, to the extent applicable.
- 3) As required by section 143(3)(i) of the Act, we give in the Annexure C, to this report, with respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls.
- 4) As required by Section 143(3) of the Act, we report that:
  - a) Except for the matters described in the Basis for Qualified Opinion Paragraph above, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.





- b) Except for the matters described in the Basis for Qualified Opinion Paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- d) Except for the matters described in the Basis for Qualified Opinion Paragraph above, in our opinion, the Balance Sheet, the statement of Profit and Loss and Cash flow statement dealt with by this Report comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 more particularly non-compliance of Accounting Standards AS-2, AS-5, AS-9, AS-10, AS-12, AS-15, AS-16, AS-20, AS-22, AS-28 and AS-29.
- e) The matter described in the Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) Being a Government Company, the Company is exempt from the provisions of section 164(2) of the Act regarding disqualification of Directors, in terms of circular NO. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India.
- g) Being a Government Company, the Company is exempt from the provisions of section 197 of the Act, in terms of circular NO. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India. Hence, reporting on managerial remuneration is not applicable.
- h) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
  - i. The Company has disclosed pending litigations which would impact its Financial Statements as referred in Note No 26 Para 10 of the Financial Statements, except for the matters described in the Basis for Qualified Opinion.
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;


(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. With respect to compliance of Sec 123 of the Act, the Company has not paid any dividend during the year.



Place: Tirupati  
Date: 27/08/2022

For Basha & Narasimhan  
Chartered Accountants  
Firm's Registration No.: 006031S

  
K. Narasimha Sah  
Membership No. 201777  
ICAI UDIN: 22201777AQDCLG1564



**Annexure A to the Auditors' Report****Annexure to the Auditor's Report for the year ended 31<sup>st</sup> March, 2022**

**(As referred to in Paragraph 1 in Report on other Legal and Regulatory Requirements of our report of even date to the Members of The Southern Power Distribution Company of Andhra Pradesh Limited on the financial statements for the year ended 31<sup>st</sup> March, 2022)**

In terms of Companies (Auditor's Report) Order 2020, issued by the Central Government of India, in terms of section 143(11) of The Companies Act, 2013 ("the Act"), we further report, on the matters specified in Paragraph 3 and 4 of the said Order, that:-

i. (a)(1) Refer Note No. 10 Para 4, the Company has to maintain proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and updation of data in SAP. However, the said details are not available for certain unidentified Property, Plant and Equipment transferred from:

- APSEB occasioned as per Second Transfer Scheme notified by Government Order Notification dated 29.09.2001.
- TSSPDCL (formerly APCPDCL) occasioned by AP State bifurcation (pertaining to Kurnool and Ananthapuramu circles).

(2) Refer Note No. 10 Para 5, the company has to maintain proper records showing full particulars of intangible assets.

(b) We were informed that the Property, Plant & Equipment have not been physically verified by the management during the year; hence we are unable to comment on the discrepancy, if any between the physical balance and book records.

(c) Refer Note No. 10, Para 4, in respect of Freehold lands of carrying value ₹ 4.88 Crores (Previous year ₹ 4.88 crores), data on lands acquired by purchase, gift or assignment by government are not available with the company. Further, the ownership documents viz. sale deed, gift deed on such lands are not fully available with the company. Also, the immovable properties transferred in pursuant to Second Transfer Scheme from APSEB (Andhra Pradesh State Electricity Board) and due to demerger of TSSPDCL (formerly APCPDCL) are not registered in the name of the company. In the absence of the above said information/documents we are unable to determine the state of ownership and titles against such properties.

(d) The company has not revalued its Property, Plant & Equipment and Intangible assets during the year.



- (e) As informed to us by the company, no proceedings have been initiated during the year or are pending against the company as at 31<sup>st</sup> March, 2022 for holding benami property under The Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- ii. (a) Physical verification of inventory has been conducted during the year by the management through Internal Auditors once in a year. No discrepancies beyond 10% were noticed on such verification between the physical stocks and the stock records. The coverage and procedure for physical verification of inventory done by the management during the financial year is inadequate, as 45.93% of the Inventory as on 31.03.2022 has not been physically verified by the Internal Auditors.
- (b) The Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, during the year, from banks or financial institutions on the basis of security of current assets. The quarterly returns/statements filed by the company with banks/financial institutions are in agreement with the books of the company. Post bifurcation of APSPDCL into APCPDCL and APSPDCL, as the loan agreements/covenants are yet to be executed in the name of APCPDCL, the working capital limits though bifurcated in the books of accounts, continues to be held in the name of APSPDCL by State Bank of India and Union Bank of India. Hence, APSPDCL consolidates the data of securities of both the companies and submits it to respective banks/financial institutions at regular intervals. However, the working capital limits with State Bank of India is due for renewal.
- iii. According to the information and explanations given to us and based on the audit procedures conducted by us, the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, LLPs, or any other parties. Hence, Clauses (iii)(a) to (f) of the Order are not applicable.
- iv. According to the information and explanations given to us and based on the audit procedures conducted by us,
- The company has not given any loans and advances to the parties covered under Section 185 of the Act. Thus, there is no non-compliance of provisions of Section 185.
  - The company has not given any loans and guarantees or providing any security in connection with a loan, to any person or other body corporate and acquiring securities of any other body corporate against the provisions of Section 186 of the Act.
- v. According to the information & explanation given to us, the Company has not accepted any deposits from the public or amounts which are deemed to be deposits covered under Section 73 to 76 of the Act. Hence, the provisions of Clause (v) of the order are not applicable to the Company.





- vi. The Central Government of India has prescribed the maintenance of Cost records under Section 148(1) of the Act. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- vii. (a) Based on our examination of books of accounts and according to the information and explanations given to us in our opinion the company is regular in depositing the undisputed statutory dues, including Goods and Service Tax (GST), Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax (VAT), Cess and any other statutory dues, as applicable, with the appropriate authorities and there were no arrears of such dues at the year-end which have remained outstanding for a period of more than six months from the date they become payable. However, Electricity Duty is not being paid by the Company and outstanding Electricity Duty payable as on 31.03.2022 is ₹ 480.63 Crores.

Due to Mismatch of data in Quarterly TDS returns, demand has been received from the concerned ITO (TDS) for which necessary corrective action has to be taken. The aggregate amount of such TDS defaults is ₹ 0.53 Crores.

**(b) Tax disputes with various authorities:**

According to the records of the company, dues on account of any dispute with respect to Goods and Service Tax (GST), Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax (VAT), Cess and any other Statutory dues, as applicable, the particulars are furnished below:

| Name of the Statute    | Nature of Dues | Amount in Dispute*<br>(₹ In crores) | Period to which the amount relates / Subject   | Forum where dispute is pending | Amount Paid under protest<br>(₹ In crores) |
|------------------------|----------------|-------------------------------------|--|--------------------------------|--|
| AP Entry Tax Act, 2001 | Entry Tax      | 2.00                                | 2002-03 /<br>Entry Tax on<br>Purchase of Goods | 'Honourable High Court of A.P. | 1.20                                       |
| AP Entry Tax Act, 2001 | Entry Tax      | 2.69                                | 2003-04 /<br>Entry Tax on<br>Purchase of Goods | Honourable High Court of A.P.  | 2.69                                       |
| AP Entry Tax Act, 2001 | Entry Tax      | 4.86                                | 2004-05 /<br>Entry Tax on<br>Purchase of Goods | Honourable High Court of A.P.  | 2.91                                       |
| AP Entry Tax Act, 2001 | Entry Tax      | 3.01                                | 2005-06 /<br>Entry Tax on<br>Purchase of Goods | Honourable High Court of A.P.  | 1.82                                       |
| AP Entry Tax Act, 2001 | Entry Tax      | 1.18                                | 2006-07 /<br>Entry Tax on<br>Purchase of Goods | Honourable High Court of A.P.  | 1.18                                       |



| Name of the Statute    | Nature of Dues        | Amount in Dispute*<br>(₹ In crores) | Period to which the amount relates / Subject           | Forum where dispute is pending | Amount Paid under protest<br>(₹ In crores) |
|------------------------|-----------------------|-------------------------------------|--|--------------------------------|--|
| AP Entry Tax Act, 2001 | Entry Tax             | 0.09                                | 2007-08 / Entry Tax on Purchase of Goods               | Honourable High Court of A.P.  | 0.04                                       |
| AP Entry Tax Act, 2001 | Entry Tax             | 0.72                                | 2010-11 / Entry Tax on Purchase of Goods               | Honourable High Court of A.P.  | 0.18                                       |
| AP Entry Tax Act, 2001 | Entry Tax             | 0.56                                | 2011-12 / Entry Tax on Purchase of Goods               | Honourable High Court of A.P.  | 0.14                                       |
| AP Entry Tax Act, 2001 | Entry Tax             | 0.85                                | 2012-13 / Entry Tax on Purchase of Goods               | Honourable High Court of A.P.  | 0.21                                       |
| AP Entry Tax Act, 2001 | Entry Tax             | 1.25                                | 2013-14 / Entry Tax on Purchase of Goods               | Honourable High Court of A.P.  | 0.31                                       |
| AP Entry Tax Act, 2001 | Entry Tax             | 18.64                               | 2014-15 / Entry Tax on Purchase of Goods               | Honourable High Court of A.P.  | 4.66                                       |
| AP Entry Tax Act, 2001 | Entry Tax             | 26.85                               | 2015-16 / Entry Tax on Purchase of Goods               | Honourable High Court of A.P.  | 6.71                                       |
| AP Entry Tax Act, 2001 | Entry Tax             | 22.47                               | 2016-17 / Entry Tax on Purchase of Goods               | Honourable High Court of A.P.  | 5.62                                       |
| AP Entry Tax Act, 2001 | Entry Tax             | 3.15                                | 2017-18 / Entry Tax on Purchase of Goods               | Honourable High Court of A.P.  | 0.79                                       |
| VAT Act, 2005          | Value Added Tax (VAT) | 32.11                               | 2007-08 to 2011-12 / VAT on Presumptive Sale of Meters | Honourable High Court of A.P.  | Nil  |
| VAT Act, 2005          | Value Added Tax (VAT) | 16.11                               | 2012-13 to 2013-14 / VAT on Presumptive Sale of Meters | Honourable High Court of A.P.  | Nil  |
| VAT Act, 2005          | Value Added Tax (VAT) | 45.10                               | 2014-15 to 2016-17 / VAT on Presumptive Sale of Meters | Honourable High Court of A.P.  | Nil  |





| Name of the Statute  | Nature of Dues               | Amount in Dispute* (₹ In crores) | Period to which the amount relates / Subject                | Forum where dispute is pending | Amount Paid under protest (₹ In crores) |
|----------------------|------------------------------|----------------------------------|---|--------------------------------|---|
| Income Tax Act, 1961 | Tax Deducted at Source (TDS) | 0.38                             | 2007-08 to 2009-10 TDS on Lease Payments                    | Assessing Officer (AO)         | Nil                                     |
| Income Tax Act, 1961 | Tax Deducted at Source (TDS) | 4.67                             | 2007-08 to 2009-10 Interest on Delayed TDS                  | Honourable High Court of A.P.  | Nil                                     |
| Finance Act, 1994    | Service Tax                  | 4.62                             | Non-Remittance of Service Tax in Estimates                  | Honourable CESTAT, Hyderabad   | 1.72                                    |
| Finance Act, 1994    | Service Tax                  | 10.72                            | Service Tax on Wheeling Charges, Cross Subsidy Charges etc. | Honourable CESTAT, Hyderabad   | Nil                                     |
| <b>Total</b>         |                              | <b>202.03</b>                    |   |                                |   |

\* Certain disputed amounts include share of APCPDCL prior to bifurcation on 01.04.2020.

| Nature of Statute    | Nature of Dues | Amount in Dispute* (₹ In crores) | Period to which the amount relates / Subject  | Forum where dispute is pending | Amount Paid under protest (₹ In crores) |
|----------------------|----------------|----------------------------------|---|--------------------------------|---|
| Income Tax Act, 1961 | Income Tax     | 958.90                           | 2009-10 to 2014-15 Grants & Consumer contributions  | Honourable High Court of A.P.  | Nil                                     |
| Income Tax Act, 1961 | Income Tax     | 406.37                           | AY 2017-18 Grants & Consumer contributions  | CIT (Appeals), Tirupati        | Nil                                     |
| Income Tax Act, 1961 | Income Tax     | 405.91                           | AY 2018-19 Grants & Consumer contributions and Excess Contribution to Provident Fund or Superannuation Fund | CIT (Appeals), Tirupati        | Nil                                     |
| <b>Total</b>         |                | <b>1771.18</b>                   |   |                                |   |

\* Certain disputed amounts include share of APCPDCL prior to bifurcation on 01.04.2020.



- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) According to the records of the company examined by us and the information and explanations given to us, subject to our Qualifications in our Revised Independent Audit Report, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender (Banks, Financial Institutions, Government), except the following:

The period and the amount of default has been reported in the format below:

| Nature of Borrowing including debt securities | Name of Lender                                     | Amount not paid on due date*<br>(₹ in Crores) | Whether principal or interest | No. of days delay or unpaid# |
|---|--|---|-------------------------------|------------------------------|
| Capex Loan                                    | Power Finance Corporation Ltd (PFC)                | 1.61  | Interest                      | 37@                          |
| Working Capital Requirement                   | Rural Electrification Corporation Ltd              | 17.59   | Principal                     | 88                           |
| Working Capital Requirement                   | Rural Electrification Corporation Ltd              | 6.21  | Interest                      | 88                           |
| Working Capital Requirement                   | Rural Electrification Corporation Ltd              | 14.75   | Interest                      | 87                           |
| Working Capital Requirement                   | Rural Electrification Corporation Ltd              | 17.59   | Principal                     | 88                           |
| Working Capital Requirement                   | Rural Electrification Corporation Ltd              | 5.61  | Interest                      | 88                           |
| Working Capital Requirement                   | Rural Electrification Corporation Ltd              | 13.32   | Interest                      | 87                           |
| Working Capital Requirement                   | Rural Electrification Corporation Ltd              | 17.59   | Principal                     | 88                           |
| Working Capital Requirement                   | Rural Electrification Corporation Ltd              | 6.21  | Interest                      | 88                           |
| Working Capital Requirement                   | Indian Renewable Energy Development Agency Limited | 6.30  | Principal                     | 88                           |
| Working Capital Requirement                   | Indian Renewable Energy Development Agency Limited | 3.76  | Interest                      | 88                           |
| Working Capital Requirement                   | Indian Renewable Energy Development Agency Limited | 6.30  | Principal                     | 88                           |





| <b>Nature of Borrowing including debt securities</b> | <b>Name of Lender</b>                              | <b>Amount not paid on due date*<br/>(₹ in Crores)</b> | <b>Whether principal or interest</b> | <b>No. of days delay or unpaid*</b> |
|--|--|---|--------------------------------------|-------------------------------------|
| Working Capital Requirement                          | Indian Renewable Energy Development Agency Limited | 3.45  | Interest                             | 88                                  |
| Working Capital Requirement                          | Indian Renewable Energy Development Agency Limited | 75.23   | Principal                            | 89                                  |
| Working Capital Requirement                          | Indian Renewable Energy Development Agency Limited | 3.86  | Interest                             | 89                                  |
| Working Capital Requirement                          | APTRANSCO  | 1.58  | Interest                             | 56                                  |
| Working Capital Requirement                          | APTRANSCO  | 1.43  | Interest                             | 28                                  |
| Working Capital Requirement                          | APTRANSCO  | 2.63  | Principal                            | 19                                  |
| Working Capital Requirement                          | APTRANSCO  | 0.24  | Interest                             | 19                                  |
| Working Capital Requirement                          | Power Finance Corporation Ltd                      | 0.23  | Interest                             | 19                                  |
| Working Capital Requirement                          | Power Finance Corporation Ltd                      | 0.20  | Interest                             | 20                                  |
| Working Capital Requirement                          | Power Finance Corporation Ltd                      | 0.28  | Interest                             | 21                                  |
| Working Capital Requirement                          | Power Finance Corporation Ltd                      | 0.67  | Interest                             | 25                                  |
| Working Capital Requirement                          | Power Finance Corporation Ltd                      | 0.43  | Interest                             | 26                                  |
| Working Capital Requirement                          | Power Finance Corporation Ltd                      | 2.72  | Interest                             | 28                                  |
| Working Capital Requirement                          | Power Finance Corporation Ltd                      | 0.35  | Interest                             | 29                                  |
| Working Capital Requirement                          | Power Finance Corporation Ltd                      | 1.30  | Interest                             | 32                                  |
| Working Capital Requirement                          | Power Finance Corporation Ltd                      | 0.42  | Interest                             | 34                                  |
| Working Capital Requirement                          | Power Finance Corporation Ltd                      | 6.84  | Interest                             | 37                                  |



| Nature of Borrowing including debt securities | Name of Lender                | Amount not paid on due date*<br>(₹ in Crores) | Whether principal or interest | No. of days delay or unpaid# |
|---|-------------------------------|---|-------------------------------|------------------------------|
| Working Capital Requirement                   | Power Finance Corporation Ltd | 2.11  | Principal                     | 39                           |
| Working Capital Requirement                   | Power Finance Corporation Ltd | 2.00  | Principal                     | 40                           |
| Working Capital Requirement                   | Power Finance Corporation Ltd | 3.86  | Principal                     | 41                           |
| Working Capital Requirement                   | Power Finance Corporation Ltd | 3.75  | Principal                     | 42                           |
| Working Capital Requirement                   | Power Finance Corporation Ltd | 0.10  | Interest                      | 37                           |
| Working Capital Requirement                   | Power Finance Corporation Ltd | 5.27  | Interest                      | 39                           |
| Working Capital Requirement                   | Power Finance Corporation Ltd | 0.47  | Interest                      | 37                           |

\*Amounts due as on 31<sup>st</sup> March 2022

#Number of days of delay (i.e., from due date to date of payment)

@Interest on this Capex Loan to PFC was paid on due date. However, PFC appropriated the same towards another Opex Loan which was overdue.

The above-mentioned default position is as on 31.03.2022. However, we were not provided with details of defaults committed during the year.

(b) According to the information & explanation given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) In respect of term loans, the company has not maintained proper records to verify the end use of term loans and therefore we are not able to report whether the same have been applied for the purpose for which they are raised.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.

(e) According to the information and explanations given to us, and on an overall examination of the financial statements of the company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.





- (f) According to the information and explanations given to us and the procedures performed by us, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. (a) The company has not raised any money through initial public offer/further public offer (including debt instruments).
- (b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- xi. (a) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the company or on the company has been noticed or reported during the course of our audit nor have we been informed of any such instance by the Management except those mentioned in Para XIV (o) of our Revised Independent Auditor's Report. In the absence of adequate information and non-confirmation from the management we are not in a position to comment on the fraud reporting on the above transactions.
- (b) No report under sub-section (12) of section 143 of the Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As represented to us by the management, there are no whistle-blower complaints received by the company during the year.
- xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of Clauses 3(xii)(a) to (c) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on the audit procedures conducted by us, all the transactions with related parties are in compliance with Section 177 and 188 of the Act, wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business. However, the scope and coverage need to be reviewed and strengthened. Further, the follow-up system to ensure that the deficiencies pointed out by the Internal Auditors are corrected and remedial action is taken in a timely manner.
- (b) We were unable to obtain some of the Internal Audit reports of the company on a timely basis. Hence, the above Internal Audit Reports have not been considered by us.
- xv. According to the information and explanation given to us, in our opinion during the year the company has not entered into any non-cash transactions with directors or persons connected with them which will come under the purview of section 192 of the Act.



- xvi. (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause (xvi)(a) of the Order is not applicable.
- (b) As the company has not conducted any Non-Banking Financial or Housing Finance activities during the year, provisions of clause (xvi)(b) are not applicable.
- (c) As The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, provisions of clause (xvi)(c) are not applicable.
- (d) As the Company is not a member of any "Companies in the Group" as defined in the Core Investment Companies (Reserve Bank) Directions, 2016 the provisions of the clause (xvi) (d) of the order are not applicable.
- xvii. The company has incurred cash losses of ₹ 1,561.36 Crores during the current financial year but has not incurred any cash losses during the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year and hence Clause (xviii) of the order is not applicable to the Company.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, in our opinion, uncertainty exists regarding the Company's ability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date and as referred in Note No. 26 Para 2.2 the uncertainty is mitigated by the Management's expected support of Central and State Governments to continue its operations uninterruptedly and the Company's entitlement of about ₹ 2,135.60 Crores towards true-up claim approved by APERC as per its true-up for Distribution Business for 3rd Control Period (FY 2014-15 to FY 2018-19) in O.P.Nos. 34 & 41 of 2020 dated 30.03.2022 (to be recovered from the consumers in 36 equal monthly installments from Aug'22 onwards) and other pending true-up claims. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.
- xx. As the average of Net Profit of the company during the three immediately preceding financial years is negative, as per Section 135 of the Act, the liability of payment of CSR does not arise. Hence, Clauses (xx)(a) and (b) of the Order are not applicable to the Company.





xxi. The Company is not having any subsidiary and joint venture companies. Hence, reporting under Clause (xxi) is not applicable to the Company.

Place: Tirupati  
Date: 27/08/2022



For Basha & Narasimhan  
Chartered Accountants  
Firm's Registration No.: 006031S

A handwritten signature in blue ink, consisting of a stylized 'K' followed by a horizontal line and a small upward curve.

K. Narasimha Sah  
Membership No. 201777  
ICAI UDIN: 22201777AQDCLG1564



## **Annexure B to the Auditors' Report**

**(As referred to in Paragraph 2 in Report on other Legal and Regulatory Requirements of our report of even date to the members of The Southern Power Distribution Company of Andhra Pradesh Limited on the financial statements for the year ended 31st March, 2022)**

As required by section 143(5) of the Act, we give in the Annexure B, to this report a statement on the directions and sub-directions issued by Comptroller & Auditor General of India, to the extent applicable and according to the information and explanations given to us during the course of our audit and the audit procedures conducted by us, we report that:

### **Report on Directions u/s 143(5) of the Act:**

| <b>Sl. No.</b> | <b>Directions under section 143(5) of the Companies Act, 2013</b>  | <b>Auditor's Reply</b>   |
|----------------|--|--|
| 1              | Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | <p>Company has an ERP system (SAP) to process all the accounting transactions through IT system. However, Company is using separate software to measure and record individual transactions of billing to Customers. These transactions are posted/uploaded into SAP on a monthly frequency by executing Transaction Codes for Demand and Collection in the case of LT customers. For HT customers, the data from Billing Software is uploaded by HT Wing of each circle office on a monthly basis. The differences between Financial ledger (SAP) and Consumer ledger (Billing Software) is yet to be reconciled.</p> <p>Further, at present, company is Accounting Power Purchase related transactions in 555 Server of SAP and on a later date manually uploading the data to main server (999). Moreover, there are no checks and controls established to check the validity of the data.</p> <p>Hence, we are unable to comment upon the impact thereof on financial statements.</p> |





| Sl. No. | Directions under section 143(5) of the Companies Act, 2013   | Auditor's Reply   |
|---------|--|---|
| 2       | <p>Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of lending company).</p> | <p>As per the information and records produced before us and on the basis of our verification of the records, there are no cases of restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender due to the company's inability to repay the loan during the year under review.</p> <p>As there is no restructuring / waiver / write off of debts / loans / interest etc., there is no financial impact on the financial statements of the company.</p> |
| 3       | <p>Whether funds (grants/subsidy etc.) received / receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation.</p>   | <p>According to the information and explanation given to us, we have observed that the grants/subsidies etc. received / receivable during the year, for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its terms and conditions.</p> <p>However, assets created out of the grants/subsidies etc. were not identifiable on one-to-one basis with the Scheme in the books of account.</p>   |



**Report on Sub-Directions u/s 143(5) of the Act:**

| Sl. No.         | Sub-Directions under section 143(5) of the Companies Act, 2013   | Auditor's Reply  |
|-----------------|--|--|
| <b>General:</b> |  |  |
| 1               | In case of works executed with the funds of Central or State government(s)/ other user department(s) or their agencies, whether there is conclusive evidence that the assets created will be the assets of the PSU? If not, the accounting treatment of the funds received, utilised, returned, assets created upto and during the year (work-in-progress or completed), assets handed over to the fund-giving agency upto and during the year, assets impaired, if any, and the revenue/ commission/ centage realised on these works, with full quantitative details may be detailed. | <p>As per the information and explanations provided by the management, as on 31.03.2022 and during FY 2021-22, in case of works executed with the funds of Central or State government(s) / other user department(s) or their agencies, all the assets created are assets of APSPDCL only and have been accounted in books of account of the company.</p> <p>However, assets created out of such funds were not identifiable on one-to-one basis with the Scheme in the books of account.</p>  |
| 2               | <p>Where Grants are received from Central or State government(s)/ other user department(s) or their agencies,</p> <p>a) Where grants are taken as revenue for the year, whether the concerned orders are clear that the funds can be utilised for revenue expenditure;</p>   | <p>As per the information and explanations provided by the management and on the basis of our verification of the records,</p> <p>a) The revenue grants for the year are utilized for revenue expenditure based on the concerned orders:</p> <ul style="list-style-type: none"> <li>• ₹ 0.25 Crores was received from Collector &amp; District Magistrate, Anantapuramu to meet the expenditure towards replacement of Poles, Conductor, Distribution Transformers etc. for restoration of power supply due to heavy rains/floods affected villages in Bathalapalli and Tadimarri Mandals during Nov-2021.</li> <li>• ₹ 451.65 Crores was received from Government towards repayment of Interest for Loans taken from APPFCL, IREDA and PFC.</li> </ul> <p>(Energy (Power-III) Department:</p> |





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|   | <p>b) Where guarantee commission is to be paid, the quantitative details viz., amount guaranteed, rate of guarantee commission, whether the commission was paid or payable along with the details of the purpose of raising the funds with guarantee and whether the funds were utilised for the stated purpose;</p> | <p>G.O.Ms.No.17 dated 14.06.2020, G.O.Rt. No. 136 dated 11.10.2021 and G.O.Rt. No. 175 dated 07.12.2021)</p> <p>b) During the year, there was no Guarantee commission on Grants that are received from Central or State government(s)/ other user department(s) or their agencies. However, during the year, vide G.O.Ms. No. 2 dated 06.03.2021, ₹ 16.39 Crores (2%) was paid towards Guarantee commission to the Government of AP on Special Long-Term Transition Loan (STTL) sanctioned by REC and PFC on the Loan amount of ₹ 819.26 Crores (APSPDCL's share).</p> |
| 3 | Where any long term liability is undertaken against an asset of finite lifetime, whether there is a clear accounting policy thereon (for instance, land obtained on lease for a specific period (whether renewable or non-renewable) but shares issued in lieu of the land lease                                     | As per the information and explanations provided by the management, no long term liability is undertaken against an asset of finite lifetime.  |
| 4 | Whether the corresponding expenditure on which the taxes paid/ payable are accounted in the financial statements is also included appropriately  | As no long term liability is undertaken against an asset of finite lifetime, there is no corresponding expenditure on which the taxes are paid/payable.  |
| 5 | Whether there is a Public Deposit account in the name of the PSU? If yes,  | <p>As per the information and explanations provided by the management,</p> <p>APSPDCL is having a Public Deposit (PD) Account in its name. The details are furnished below:</p> <p>DDO: 90000038413<br/>(Drawing and Disbursing Officer)</p> <p>HOA (Head of Account):<br/>8443001060120162001VN and<br/>8443001060120162003VN.</p>  |



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|   | <p>a) Funds debited from the PD account erroneously/ lapsed by the treasury, but claimed by the Company as receivable/ its own funds;</p> <p>b) If any funds given by any Government or agencies other than the State Government were lapsed, the details of the same may be detailed;</p> <p>c) Details of the funds raised through loans (with or without government guarantee) and deposited in PD Account; Purpose of the loans and whether the purpose is initiated/completed;</p> <p>d) Whether suitable disclosure on the restrictions or additional permissions required on withdrawing the funds in PD Accounts is included or not;</p> <p>e) The quantitative details of the bills sent for clearing against the PD account balances but not cleared/ returned unpaid as on the reporting date along with age-wise analysis;</p> | <p>a) During the FY 2021-22, there are no such instances of funds debited from the PD account erroneously / lapsed by the treasury but claimed by the company as receivable/ its own funds.</p> <p>b) During the FY 2021-22, there are no such instances of lapse of any funds given by any Government or agencies other than the State Government.</p> <p>c) During the FY 2021-22, there are no funds raised through loans (with or without Government Guarantee) and deposited in PD Account.</p> <p>d) The company has made suitable disclosure on the restrictions or additional permissions required on withdrawing the funds in PD Accounts.</p> <p>e) There are no uncleared / returned and unpaid bills sent for clearing against PD account balances as on 31<sup>st</sup> March 2022</p> |
| 6 | <p>Where funds are raised by the Company and the payment of Principal or Interest or both are met by the State Government or its agencies, directly or indirectly, the details and the purpose of these loans may be stated along with the fact whether the funds were utilised for the stated purpose</p>   | <p>As per the information and explanations given by the Management,</p> <p>During the FY 2021-22, Government of AP has provided funds for payment of Principal and Interest on APPFCL loans and some part of PFC/IREDA loans.<br/>(Energy (Power-III) Department:<br/>G.O.Ms.No.17 dated 14.06.2020,<br/>G.O.Rt. No. 136 dated 11.10.2021 and<br/>G.O.Rt. No. 175 dated 07.12.2021)</p>   |







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| 9  | Whether the cost incurred on abandoned projects has been written off?  | As informed to us by the Management, there are no abandoned projects in the company.  |
| 10 | Cases of wrong accounting of interest earned on account of non-utilization of amounts received for certain projects/schemes may be reported.   | As per the information and explanation provided to us by the company, during FY 2021-22, there is no wrong accounting of interest earned on account of non-utilization of amounts received for certain projects/schemes.  |
| 11 | Whether the bifurcation plan (between Andhra Pradesh & Telangana States), if any, for the Company is finalised and approved; Whether the accounting treatment as per the plan and the suitable detailed disclosures are given. Deviations may be stated. | <p>The company's jurisdiction at the time of bifurcation of erstwhile Andhra Pradesh (Unbundled) as at 02.06.2014 is wholly within the newly formed AP State.</p> <p>Refer Note No. 26, Para 7, consequent to the promulgation of AP Reorganization Bill 2014, the Assets and Liabilities of operation circles of Ananthapur and Kurnool of TSSPDCL (formerly APCPDCL) were merged with APSPDCL. The company reviewed the financial statements with the books of accounts and adopted the same during the FY 2014-15 subject to certain unidentified items out of which some of the items were identified up to FY 2021-22 and balance items are yet to be identified (Assets: ₹ 45.01 Crores and Liabilities: ₹ 3,074.15 Crores).</p> <p>As per the information and explanations furnished by the Company, there are no finalized and approved bifurcation plans (between Andhra Pradesh &amp; Telangana) for the Company.</p> |





| Sl. No. | Sub-Directions under section 143(5) of the Companies Act, 2013  | Auditor's Reply  |
|---------|---|--|
|         | <b>Power Sector:</b>  |  |
| 1       | Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the Company is encroached, under litigation, not put to use or declared surplus, details may be provided.      | <p>As per the information and explanations provided by the management,</p> <ul style="list-style-type: none"> <li>• They have taken adequate steps viz., Peripheral fencing/compound wall, to prevent encroachment of idle land owned by the Company.</li> <li>• No land owned by the Company is encroached, under litigation, not put to use or declared surplus.</li> </ul>  |
| 2       | Where land acquisition is involved in setting up new projects, report whether settlement of dues done expeditiously and in a transparent manner in all cases. The cases of deviation may please be detailed.            | As per the information and explanations provided by the management, no land is acquired during the FY 2021-22 for setting up new projects.   |
| 3       | Whether the Company has an effective system for recovery of revenue as per contractual terms and the revenue is properly accounted for in the books of accounts in compliance with the applicable Accounting Standards? | <p>As per the information and explanations provided by the management,</p> <p>The company has an effective system for recovery of revenue as per its contractual agreements, except for Government departments.</p> <p>The Consumers can be broadly categorized into Government and Private parties. APSPDCL is able to collect approx. 96% of amount billed on private consumers in FY 2021-22, since some of the amounts are involved in court cases. However, in case of Government services, the company is able to collect only 65% of the demand amount billed in FY 2021-22.</p> <p>The revenue is being properly accounted for in the books of accounts as per applicable Accounting Standards. However, there is a difference in Debtor Balances and Security</p> |



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|   |   | Deposit Balances as per Financial Ledger and Consumer Ledger which is under reconciliation. In the absence of details and pending reconciliation we are unable to quantify the impact of misstatements on financial statements. |
| 4 | How much cost has been incurred on abandoned projects and out of this how much cost has been written off? | As informed to us by the Management, there are no abandoned projects in the company.  |

| Sl. No. | Sub-Directions under section 143(5) of the Companies Act, 2013  | Auditor's Reply   |
|---------|---|---|
|         | <b>Distribution:</b>  |   |
| 1       | Has the company entered into agreements with franchise for distribution of electricity in selected areas and revenue sharing agreements adequately protect the financial interest of the company? | As per the explanation provided to us from the management, the company does not have any franchise agreements for distribution of electricity.  |
| 2       | Report on the efficacy of the system of billing and collection of revenue in the company.   | As per the information and explanations given by the Management,<br><br>The billing for LT consumers is done through IRDA Meters without any manual intervention. However, in the case of HT consumers, some of the meters are being billed through AMR (Automatic Meter Reading) and for some of the meters readings are manually taken by the EE/DEE level officers. Approximately 80% of the collection is being received through digital mode and remaining 20% collections are being done at EROs and field by using SCM (Spot Collection Machines). |





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|   |  | <p>LT consumers crossing LT threshold limit will be billed in the billing software for temporary period. However, if the services continuously exceed LT limit, manual billing will be done under HT category.</p> <p>As per the Internal Audit Report of Energy Audit Department, for the FY 2021-22 the Billing Efficiency is 91.90% and Collection Efficiency is 92.02%.</p> <p>The Consumers can be broadly categorized into Government and Private parties. APSPDCL is able to collect approx. 96% of amount billed on private consumers in FY 2021-22, since some of the amounts are involved in court cases. However, in case of Government services, the company is able to collect only 65% of the demand amount billed in FY 2021-22.</p> |
| 3 | Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing is ensured.  | As informed to us by the Management, tamper proof meters have been installed for all consumers.   |
| 4 | Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?                                | <p>During the FY 2021-22, APERC has not issued any orders for recovery of any Fuel and Power Purchase Adjustment Cost (FPPCA).</p> <p>As informed to us by the Management, FPPCA petitions for the first three quarters of FY 2021-22 were filed before APERC and the same were revised consequent to Judgement by Hon'ble High Court of AP in the matter of review of Power Purchase Agreements of NCEs. The same are under the hearing process before APERC.</p>  |
| 5 | Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined. | As informed to us by the Management, reconciliation of receivables and payables between the generation, distribution and transmission companies is not yet completed.   |



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| 6 | Whether the Company is supplying power to franchisees, if so, whether the Company is not supplying power to franchisees at below its average cost of purchase.   | As per the explanation provided to us from the management, the company does not have any franchise agreements for distribution/supply of power. |
| 7 | How much tariff roll back subsidies have been allowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Government shortfall if any, may be commented? | As informed to us by the Management, there were no tariff roll back subsidies being allowed and booked in the accounts during FY 2021-22.       |

Place: Tirupati  
Date: 27/08/2022



For Basha & Narasimhan  
Chartered Accountants  
Firm's Registration No.: 006031S

*[Signature]*

K. Narasimha Sah  
Membership No. 201777  
ICAI UDIN: 22201777AQDCLG1564



## **Annexure C to the Auditors' Report**

**Annexure to the Revised Independent Auditor's Report of even date on the financial statements of Southern Power Distribution Company of Andhra Pradesh Limited.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.**

We have audited the internal financial controls over financial reporting of Southern Power Distribution Company of Andhra Pradesh Limited. ("the Company") as of March 31<sup>st</sup>, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") and the Standards on Auditing issued by ICAI, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an



understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

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

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

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

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





## Basis of Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31<sup>st</sup> March, 2022:

- The Company's internal financial controls over existence, completeness, valuation and allocation of Property, Plant & Equipment, Capital work-in progress (including material lying at site) and Intangible Assets (including Intangible Assets under development) are not operating effectively.
- The Company did not have an appropriate internal control system over maintenance of records and impairment testing of Property, Plant & Equipment, Capital work-in progress and Intangible Assets (including Intangible Assets under development).
- The Company did not have an appropriate internal financial control system for physical verification of items of Property, Plant & Equipment and Capital work-in progress (CWIP) of the company at various Divisions, Circles and Corporate Office at reasonable intervals and adjustment of material discrepancies noticed during such verification.
- Further, internal control system over capitalization of value, manner of capitalization and allocation of employee cost, finance cost, administrative cost and general expenses is not adequate and has been done on ad-hoc basis without identifying the expenses directly attributable to the Capital Asset / Project / CWIP. Also, such rate is applied irrespective of the interruptions, if any. These material weaknesses could potentially result in material misstatement in the value of Company's Property, Plant & Equipment, CWIP, depreciation and expenses.
- The Company did not have an appropriate internal financial control system to correlate capital expenditure incurred with the grants/subsidy received, which could potentially result in incorrect recognition of deferred revenue income.
- The Company did not have an appropriate internal financial control system for ensuring timely capitalization of Intangible Assets, Property, Plant & Equipment as and when the same is ready for use, due to delayed issuance of work completion certificate by the respective department. This could potentially result in under-capitalization of Intangible Assets, Property, Plant & Equipment and lower charge of depreciation/amortization.
- The Company did not have an appropriate internal financial control system on Accounting of assets which are replaced/discarded/dismantled/devoluted.
- The Company's internal financial control over reconciliation of differences between Trade Receivables/Security Deposit as per books of accounts and Consumer Ledger, identification of old outstanding trade receivables, assumption for provision for bad and doubtful debts, matching of Sundry Debtors Collection accounts and maintenance of details/adjustment of advance consumption charges against temporary connections could



be strengthened further. These material weaknesses could potentially result in material misstatement of trade receivables, liability and income of the Company.

- The Company's internal financial control over seeking balance confirmations and periodic review of balances from various suppliers, service providers, consumers etc. are not operating effectively. These material weaknesses could potentially result in material misstatement in trade payables, trade receivables, liability and income of the Company.
- The Company's internal controls over reduction in distribution losses could be further strengthened. These material weaknesses have impacted the revenue and overall financial position of the Company.
- The Company's design and implementation of Controls and procedures to ensure adherence to mandatory accounting standards and generally accepted Accounting Principles are not adequate and have material impact on the financial statements.
- The Company's internal financial control over accounting of power procured is not operating effectively as Company is maintaining transactions pertaining to Power Purchases in 555 server of SAP which are manually uploaded to main server (999) at month end. There are no sufficient checks and balances on these uploaded data. This results in lack of Audit trail and redundancy of work. This could potentially result in misstatement in Company's Trade payables and Power Purchase cost.
- The Company's internal financial control over posting/upload of data from Billing Software to SAP can be further strengthened. There are no sufficient checks and balances on these uploaded data. This could potentially result in misstatement in Company's Trade receivables and revenue from sale of power.
- Documentation and risk control matrix (RCM) for the internal financial controls followed by the entity is not maintained.
- The evidence showing Information Technology General Controls (ITGCs), viz. Change Management controls, Access controls and SOD control validations and review documentation were not available. Further, there is no documentation available for the input controls in SAP in respect of capturing data and recording of transaction, access control system, disaster data recovery review validation. In absence of the above said evidence we are unable to conclude whether ITGCs are operating effectively throughout the year. Information System audit on SAP implementation is not carried out since Go-Live of the Project.
- The system of follow up for the long pending unattended audit paras and compliances for the audit observations has to be improved.





- The Company's internal financial control over maintenance of subsidiary records, timely adjustments of advances to suppliers and provision for liabilities are not operating effectively. Certain subsidiary records are either not properly maintained or are updated at year-end and advances are adjusted and liabilities are accounted on the basis of date of receipt of bill/cut-off date and not at the time when actual services and/or goods are received. These material weaknesses could potentially result in misstatement of expenses, assets and liabilities.

As informed to us, the Company has formed Internal Financials Control Committee to strengthen the deficiencies in the effectiveness and adequacy of internal controls. The Committee should address the above mentioned points on priority basis.

### Qualified Opinion

Being a State Government undertaking, the Company's internal control process over financial reporting is designed by way of various Manuals, Rules, Circulars and instructions issued from time to time and our opinion is based on the internal control process over financial reporting as defined therein. During the course of our audit of financial statements, we have on test-check basis and on review of adequacy of internal control process over financial reporting, have identified some gaps both in adequacy of design of control process and its effectiveness which have been reported in "Basis of Qualified Opinion" above. However, the Company has no comprehensive model for internal control over financial reporting incorporating risk assessment, control process and tracking of gaps along with the description of objective, process and risk associated thereof, as per the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI. The system of internal financial controls over financial reporting with regard to the Company were not made available to us to enable us to determine if the Company has established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at 31<sup>st</sup> March, 2022.

In our opinion, with the exception of the matters described in Para above and except for the effects/possible effects of the material weaknesses described in "Basis of Qualified Opinion" above, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31<sup>st</sup>, 2022. The Company is yet to establish its internal financial control over financial reporting considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI.




We have also audited, in accordance with the Standards on Auditing issued by ICAI, as specified under Section 143(10) of the Act, the financial statements of the Company, which comprise the Balance Sheet as at March 31<sup>st</sup>, 2022, and the related 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. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 31<sup>st</sup> March, 2022 financial statements of the Company and this report affect our report on financial statements, which expressed a qualified opinion on those financial statements.

Place: Tirupati  
Date: 27/08/2022



For Basha & Narasimhan  
Chartered Accountants  
Firm's Registration No.: 006031S

  
K. Narasimha Sah  
Membership No. 201777  
ICAI UDIN: 22201777AQDCLG1564





प्रधान महालेखाकार (लेखापरीक्षा) का कार्यालय,  
आन्ध्र प्रदेश, विजयवाडा - 520 002.

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT)  
ANDHRA PRADESH, VIJAYAWADA - 520 002.



Lr. No.PAG(Audit)/AP/TSC(PSUs)/AMG-II/AA/APSPDCL/2022-23/113 Dt:01/09/2022

To

Chairman & Managing Director  
Southern Power Distribution Company of Andhra Pradesh Limited,  
H.No.19-13-65/A, Vidyutnilayam, Keshavayanagunta,  
Tirupati-517503, Andhra Pradesh.

Sir,

**Sub: Comments on the Annual Accounts of Southern Power Distribution Company of Andhra Pradesh Limited for the year 2021-22.**

1. I am to forward herewith 'NIL' comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the financial statements of your Company for the year ended 31 March 2022 for necessary action.
2. The date of placing of 'NIL' comments along with financial statements and Auditors' Report before the shareholders of the Company may please be intimated and a copy of the proceedings of the meeting furnished.
3. The date of forwarding the annual report for year ended 31 March 2022 and financial statements of the Company together with the Auditors Report and 'NIL' comments of the Comptroller and Auditor General of India to the State Government for being placed before the Legislature may also be intimated.
4. Five copies of the annual report for the year ended 31 March 2022 may be furnished in due course.
5. The receipt of this letter along with enclosures may please be acknowledged.

Encl: As Above

Yours faithfully,

Bhaskar Kalluru  
Sr. Deputy Accountant General

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Address : 8th Floor, Stalin Central Mall, M.G.Road, Governorpet, Vijayawada - 520 002.  
Website : [www.cag.gov.in/ag/andhra-pradesh/en](http://www.cag.gov.in/ag/andhra-pradesh/en) e-mail : [agauandhrapradesh@cag.gov.in](mailto:agauandhrapradesh@cag.gov.in)

Digitally Signed by Bhaskar  
Kalluru  
Date: 01-09-2022 11:24:39  
Reason: Approved

**ANNEXURE –I**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED FOR THE YEAR ENDED 31 MARCH 2022.**

The preparation of financial statements of Southern Power Distribution Company of Andhra Pradesh Limited for the year ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 27.08.2022 which supersedes their earlier Audit Report dated 28.06.2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Southern Power Distribution Company of Andhra Pradesh Limited for the year ended 31 March 2022 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the statutory auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

  
Principal Accountant General (Audit)

Place: Vijayawada  
Date: 01-09.2022