

**SOUTHERN POWER DISTRIBUTION  
COMPANY OF AP LIMITED  
TIRUPATI**



*Southern Power AP*

**23<sup>RD</sup> ANNUAL ACCOUNTS FOR  
THE FY 2022-23**

**SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED****BALANCE SHEET AS AT 31st MARCH 2023**

Particulars	Note No	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
		₹ in Crores	₹ in Crores
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	358.72	358.72
(b) Reserves and Surplus	2	(7,125.66)	(8,454.10)
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	21,947.04	15,904.12
(b) Other Long-term liabilities	4	2,209.72	1,905.75
(c) Long-term provisions	5	3,398.74	2,741.43
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	6	6,436.43	3,595.53
(b) Trade payables	7	5,563.23	14,653.13
(c) Other current liabilities	8	1,388.20	2,645.71
(d) Short-term provisions	9	76.61	73.15
<b>TOTAL</b>		<b>34,253.03</b>	<b>33,423.44</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant and Equipment and Intangible assets			
(i) Property, Plant and Equipment	10	7,292.57	6,693.70
(ii) Intangible assets	10	18.06	12.09
(iii) Capital work-in-progress	10	3,067.26	2,327.48
(b) Non-current Investments	11	184.55	184.55
(c) Long term loans and advances	12	428.02	281.76
(d) Other Non-Current Assets	12A	32.99	28.97
<b>(2) Current assets</b>			
(a) Inventories	13	506.89	192.57
(b) Trade receivables	14	14,164.88	9,258.33
(c) Cash and Bank balances	15	167.29	438.02
(d) Short-term loans and advances	16	900.95	4,934.66
(e) Other current assets	17	7,489.57	9,071.31
<b>TOTAL</b>		<b>34,253.03</b>	<b>33,423.44</b>
Other Notes	26		
Statement of Accounting Policies	27		

As per our report of even date

For Raju &amp; Prasad

Chartered Accountants

Firm's Registration No.: 0034755

CA Dileep Kumar

Partner

Membership No. 223943

Place : Tirupati

Date : 30-06-2023



For and on behalf of the Board

K. SANTHOSHA RAO

Chairman &amp; Managing Director

DIN : 08879899

Y. LAKSHMI NARASAI AH

Chief General Manager (Finance)

V.N. BABU

Director (Finance)

DIN : 08772842

B.V.S. PRAKASH

Company Secretary

Date : 30-06-2023





**SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED**  
**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH 2023**

Particulars	Note No	Figures for the current reporting period from 01-04-2022 to 31-03-2023	Figures for the previous reporting period from 01-04-2021 to 31-03-2022
		₹ in Crores	₹ in Crores
I. Revenue from operations	18	19,048.15	14,778.88
II. Other Income	19	1,507.36	1,308.29
III. Revenue from Subsidies and Grants	20	4,816.12	3,649.00
<b>Total Income (I + II + III) - (A)</b>		<b>25,371.63</b>	<b>19,736.17</b>
<u>Expenses:</u>			
IV. Cost of Power Purchase	21	19,643.54	17,147.75
V. Employee benefits expense	22	2,649.73	2,592.03
VI. Finance costs	23	1,527.34	919.75
VII. Depreciation and amortisation expense	24	814.84	748.28
VIII. Other expenses	25	734.92	382.60
<b>Total Expenses (IV+V+VI+VII+VIII) - (B)</b>		<b>25,370.37</b>	<b>21,790.41</b>
IX. Profit before exceptional and extraordinary items and tax (A - B)		1.26	(2,054.24)
X. Exceptional Items - Income/(Expenses)	25A	1,232.54	-
XI. Profit before extraordinary items and tax (IX + X)		1,233.80	(2,054.24)
XII. Extraordinary Items		-	-
XIII. Profit before tax (XI - XII)		1,233.80	(2,054.24)
XIV. Tax expense			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
XV. Profit/(Loss) for the period from continuing operations (XIII-XIV)		1,233.80	(2,054.24)
XVI. Transfer to Contingency Reserve		-	-
<b>XVII. Profit/(Loss) for the year (XV-XVI)</b>		<b>1,233.80</b>	<b>(2,054.24)</b>
XVIII. Earnings per equity share in ₹ :			
(1) Basic		34.40	(57.27)
(2) Diluted		34.40	(57.27)
Other Notes	26		
Statement of Accounting Policies	27		


As per our report of even date  
For Raju & Prasad  
Chartered Accountants  
Firm's Registration No.: 003475S

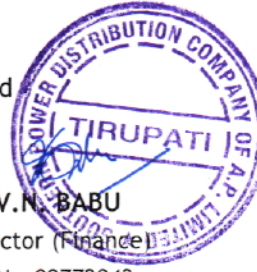
  
**CA I Dileep Kumar**  
Partner  
Membership No. 223943  
Place : Tirupati  
Date : 30-06-2023

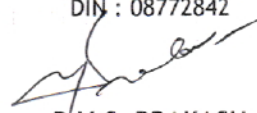


For and on behalf of the Board

  
**K. SANTHOSHA RAO**  
Chairman & Managing Director  
DIN : 08879899

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

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

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

Date : 30-06-2023



**SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2023**

	Particulars	Year Ended 31-03-2023		Year Ended 31-03-2022	
		₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
<b>A</b>	<b>Cash flow from operating activities</b>				
	Net Profit / (Loss) before taxation and exceptional items		1.26		(2,054.24)
	<b>Adjustments for items in Profit &amp; Loss Account</b>				
	Amortization of Capital Contributions	(290.18)		(255.40)	
	Depreciation and Amortization	814.84		748.28	
	Income from Investments	(8.17)		(3.48)	
	Interest Subsidy	(380.99)		(548.96)	
	Interest on Borrowings	1,909.27	2,044.76	1,470.98	1,411.41
	<b>Operating Profit / (Loss) before working capital changes</b>		<b>2,046.03</b>		<b>(642.83)</b>
	<b>Adjustments for changes in Current Assets other than Cash and Cash Equivalents</b>				
	(Increase)/Decrease in Inventories	(314.32)		18.32	
	(Increase)/Decrease in Trade receivables	(4,906.55)		(1,551.07)	
	(Increase)/Decrease in Loans and Advances	3,882.74		583.15	
	(Increase)/Decrease in Other Current Assets	1,581.93		105.23	
	(Increase)/Decrease in Other Non-Current Assets	(4.02)		(8.04)	
	<b>Adjustments for changes in Current Liabilities and Provisions</b>				
	Increase/(Decrease) in Trade Payables	(9,848.47)		658.15	
	Increase/(Decrease) in Other Current Liabilities	(471.65)		(501.33)	
	Increase/(Decrease) in Other Long Term Liabilities	303.97		814.75	
	Increase/(Decrease) in Provisions	660.77	(9,115.61)	774.35	893.51
	<b>Cash generated from Operations before exceptional items</b>		<b>(7,069.59)</b>		<b>250.68</b>
	Received from GoAP towards Losses taken over		1,232.54		-
	<b>Net cash flow from operating activities (Total of A)</b>		<b>(5,837.05)</b>		<b>250.68</b>
<b>B</b>	<b>Cash flows from investing activities</b>				
	(Increase)/Decrease in Property, Plant and Equipment	(2,159.48)		(1,680.69)	
	(Increase)/Decrease in Investments	(3.00)		6.02	
	(Increase)/Decrease in Loans & Advances	4.73		(6.89)	
	Income from Investments	7.98		4.52	
	<b>Net cash flow from investing activities (Total of B)</b>		<b>(2,149.77)</b>		<b>(1,677.04)</b>
<b>C</b>	<b>Cash Flows from Financing Activities</b>				
	Increase/(Decrease) in Borrowings	8,883.81		2,000.63	
	Increase/(Decrease) in Deferred Capital Contributions	384.82		624.46	
	Interest Subsidy	380.99		508.91	
	Interest on Borrowings	(1,936.55)		(1,665.98)	
	<b>Net Cash flow from Financing Activities (Total of C)</b>		<b>7,713.08</b>		<b>1,468.02</b>
<b>D</b>	<b>Net Increase/(Decrease) in cash and cash equivalents (D=A+B+C)</b>		<b>(273.74)</b>		<b>41.66</b>
<b>E</b>	<b>Cash and Cash Equivalents</b>				
	At the beginning of the year		413.32		371.66
	At the end of the year		139.59		413.32
<b>F</b>	<b>Net Increase / (Decrease) in cash and cash equivalents</b>		<b>(273.74)</b>		<b>41.66</b>

As per our report of even date

For Raju & Prasad

Chartered Accountants

Firm's Registration No.: 0034755

CA I Dileep Kumar

Partner

Membership No: 223943

Place : Tirupati

Date : 30-06-2023



For and on behalf of the Board

K. SANTHOSHA RAO

Chairman & Managing Director

DIN : 08879899

Y. LAKSHMI NARASAIH

Chief General Manager (Finance)

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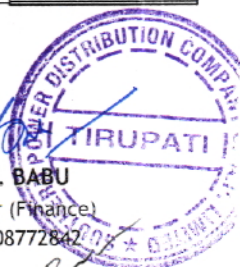
Director (Finance)

DIN : 08772842

B.V.S. PRAKASH

Company Secretary

Date : 30-06-2023







# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

## Note No.1 - Share Capital

Share Capital	Figures as at the end of 31-03-2023		Figures as at the end of 31-03-2022	
	Number	₹ in Crores	Number	₹ in Crores
<b>Authorised Share Capital</b>				
Equity Shares of ₹10 each (Rupees Ten Only)	36,00,00,000	360.00	36,00,00,000	360.00
<b>Issued Subscribed &amp; fully Paid up Share Capital</b>				
Equity Shares of ₹10 each (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 to 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 31-03-2023		Figures as at the end of 31-03-2022	
	Number	₹ in Crores	Number	₹ in Crores
Equity Shares of ₹10 each				
Opening Balance	35,87,15,309	358.72	35,87,15,309	358.72
Additions	--	--	--	--
Bought Back	--	--	--	--
Closing Balance	35,87,15,309	358.72	35,87,15,309	358.72

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

Name of the Share holder	Figures as at the end of 31-03-2023		Figures as at the end of 31-03-2022	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Equity Shares				
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

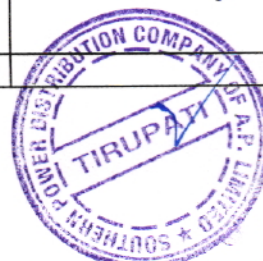
The Company has only one class of equity shares having par value of ₹10 per share.

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 of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
<b>2.1 Contingency Reserve Fund</b>		
Opening Balance	25.05	25.05
(+) Current Period Transfer	-	-
Closing Balance - <b>A</b>	25.05	25.05
<b>2.2 Deferred Capital Contributions (including Govt. Grants)</b>		
Opening Balance	2,278.09	1,909.04
(+) Current Period Receipts	384.82	624.46
(-) Written Back in Current Period	(290.18)	(255.40)
Closing Balance - <b>B</b>	2,372.74	2,278.09
<b>2.3 Surplus</b>		
Opening balance	(13,814.82)	(11,760.58)
(+) Net Profit/(Net Loss) for the period	1,233.80	(2,054.24)
Closing Balance - <b>C</b>	(12,581.01)	(13,814.82)
<b>2.4 Merger Reserve - D</b>	275.88	275.88
<b>2.5 Capital Reserve - E</b>	16.19	16.19
<b>2.6 Grant - UDAY - F</b>	2,765.50	2,765.50
<b>Total (A+B+C+D+E+F)</b>	<b>(7,125.66)</b>	<b>(8,454.10)</b>

1.1 Deferred capital contributions (Note No. 2.2) represent unamortised balance of Consumer contributions, Grants/Subsidies received from NREDCAP, Indiramma subsidies, IPDS, RGGVY, DDUGJY and RDSS received on capital account.

1.2 Contributed Assets:- During the FY 2022-23, the company received Consumer Contributions and Grants/Subsidies amounting to ₹ 384.82 Crore (Previous year ₹ 624.46 Crore).

1.3 As against the above, an amount of ₹ 290.18 Crore (Previous year ₹ 255.40 Crore) has been charged as withdrawal/amortisation of Deferred Capital contributions and credited to Profit and Loss Account in proportion to the depreciation on the respective assets charged during the year.

2) Merger Reserve represents an amount of ₹275.88 Crore 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 & 7.4

3) Capital Reserve represents an amount of ₹16.19 Crore 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.

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 Crore during the FY 2016-17 as Capital grant. Out of this, an amount of ₹2,491.52 Crore was transferred to APCPDCL consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL and balance ₹2,765.50 Crore remained with APSPDCL.

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 ₹ 3.14 Crore (including interest accrued) were made against contingency reserve which are shown in Note No.15 Cash and Cash equivalents under Other Bank Balances.



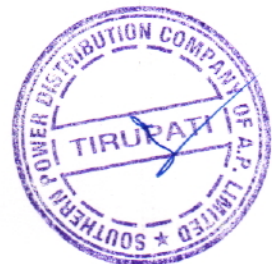
# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

## Note No.3 - Long-Term Borrowings

Long-Term Borrowings	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
<b>3.1 Secured</b>		
(a) Term loans from Banks	869.07	1,024.99
(b) Term loans from other parties	20,608.68	13,244.83
<b>Sub-Total A</b>	<b>21,477.76</b>	<b>14,269.82</b>
<b>3.2 Unsecured</b>		
(a) FRP Bonds :		
APGENCO & APGENCO PF Trust	211.15	211.15
(b) Term loans from other parties :		
Loans from Govt of Andhra Pradesh	9.48	9.48
Loans from Other Agencies	893.15	1,106.63
<b>Sub-Total B</b>	<b>1,113.77</b>	<b>1,327.25</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>0.43</b>
<b>Total Long Term Borrowings (A+B+C+D) E</b>	<b>24,235.29</b>	<b>17,240.83</b>
Current maturities of Long term Borrowings F	(2,288.25)	(1,336.71)
<b>Total (E+F)</b>	<b>21,947.04</b>	<b>15,904.12</b>

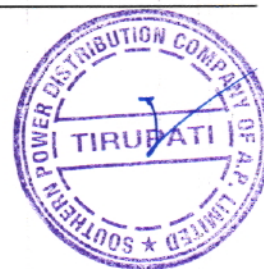
## LOANS POSITION

Name of the Loan	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
<b>Secured :</b>		
Rural Electrification Corporation (REC)	10,053.80	5,416.57
Power Finance Corporation (PFC)	7,234.12	2,712.28
Power Trading Corporation (PTC)	10.26	22.86
Andhra Pradesh Power Finance Corporation Ltd (APPFCL)	3,310.51	5,093.12
State Bank of India (SBI)	869.07	1,024.99
<b>Unsecured:</b>		
FRP Bonds to APGENCO & APGENCO PF Trust	211.15	211.15
State Govt of Andhra Pradesh	9.48	9.48
Indian Renewable Energy Development Agency (IREDA)	88.23	301.71
World bank	671.69	671.69
Japan International Cooperation Agency (JICA)	133.22	133.22
Long Term Borrowings (TSSPDCL on merger)	1,643.33	1,643.33
Clearing Account	0.43	0.43
<b>Total</b>	<b>24,235.29</b>	<b>17,240.83</b>





- 1) The Loans from Power Finance Corporation (PFC) / Rural Electrification Corporation (REC) and Banks taken for the purpose of Capital expenditure projects 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 9.00% p.a. to 12.50% p.a. except JICA at 0.65% p.a. and World Bank at 2.24%.
- 2) The interest rates for the term loans availed from APPFCL is @ 9% p.a. and are secured by Movable Assets of the company. The interest rates for the term loans availed from IREDA is 11.50% p.a. and are unsecured in nature.
- 3) 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%.
- 4) 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 ₹1,643.33 Crore 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.
- 5) The company has entered into loan agreements with REC Ltd and PFC Ltd as per the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 (LPS Rules) notified by the Ministry of Power, GoI on 03-06-2022. The LPS Rules provide for liquidation of outstanding power purchase dues (including late payment surcharge) up to the date of notification in 12 equated monthly instalments (drawl period). There will be a moratorium for principal repayment and the principal is repayable in 108 equal monthly instalments after the drawl period.
- 6) CAPEX Loans borrowed till 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.
- 7) 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. FRP bonds liability is being shown as Debt of DISCOMs consistently. Further, the GoAP issued Administrative Sanction for ₹ 211.15 Crore vide G.O.Rt.No.11 Energy (Power-III) Department Dt 19.01.2023 for taking over of FRP Bonds liability under UDAY Scheme. However, the amount is yet to be released by the State Govt.
- 8) 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.
- 9) 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 ₹ 360.61 Crore (Previous Year ₹ 451.65 Crore) 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 and netted off against Interest and finance charges shown under Note No.23 - Finance Costs.







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

**Details of Guarantees provided by the State Government of Andhra Pradesh on Borrowings availed by APSPDCL as at 31-03-2023**

Sl.No.	Project/ Borrowing Name	GO. No./ Reference & Date	Nature of Loan	Amount Guaranteed (₹ in Crores) *	Amount Availed (₹ in Crores) *	APSPDCL Loan outstanding as at 01-04-22 (₹ in Crores)	Receipts during FY 2022-23 (₹ in Crores)	Repayments during FY 2022-23 (₹ in Crores)	APSPDCL Loan outstanding as at 31-03-23 (₹ in Crores)	Guarantee Start Date/ Deed Executed Date	Guarantee end date
1	State Bank of India	G.O.Ms.No.36, Dt. 09-11-2018	CAPEX	2,000.00	2,000.00	761.40	-	103.28	658.12	09-11-2018	31-03-2029
2	State Bank of India		OPEX (CC facility)	250.00	250.00	157.19	-	3.53	153.66	09-11-2018	Till closure of the facility
3	State Bank of India	G.O Rt No.36, Dt. 26-11-2019	OPEX	500.00	500.00	263.59	-	52.64	210.95	16-12-2019	30-10-2025
4	REC Ltd	G.O.Ms.No.17, Dt 14-06-2020	OPEX-LIS	2,250.00	2,250.00	1417.95	-	118.16	1,299.79	30-06-2020	05-10-2032
5	PFC Ltd		OPEX-LIS	2,250.00	2,250.00	1417.95	-	92.14	1,325.81	03-07-2020	06-10-2032
6	REC Ltd	G.O.Ms.No.2, Dt 06-03-2021	OPEX-LIS	650.00	650.00	409.63	-	-	409.63	19-05-2021	02-10-2033
7	PFC Ltd		OPEX-LIS	650.00	650.00	409.63	-	-	409.63	19-05-2021	02-10-2033
8	REC Ltd	Letter No.ENE01- COOROGOIM/27/ 2022, dated: 17-10-2022	OPEX-LPS	5,817.28	3,631.25		3630.26	-	3,630.26	30-08-2022	01-08-2032
9	PFC Ltd		OPEX-LPS	6,517.28	4,351.31		4350.24	-	4,350.24	30-08-2022	10-08-2032
10	REC Ltd		OPEX-RBPF	1,500.00	1,500.00		1500.00	-	1,500.00	28-12-2022	29-08-2027
11	PFC Ltd		OPEX-RBPF	1,500.00	1,500.00		1500.00	-	1,500.00	25-01-2023	28-09-2027
12	REC Ltd	G.O.Ms.No.19, Dt 16-02-2023	OPEX-LPS-2	249.65	166.43		166.43	-	166.43	28-03-2023	01-08-2032
13	PFC Ltd		OPEX-LPS-2	249.65	166.43		166.43	-	166.43	28-03-2023	10-08-2032
			<b>Total</b>	<b>24,383.86</b>	<b>19,865.42</b>	<b>4,837.34</b>	<b>11,313.36</b>	<b>369.75</b>	<b>15,780.95</b>		

\* includes amount transferred to APCPDCL on bifurcation of APSPDCL into APSPDCL and APCPDCL.



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

Other Long Term Liabilities	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
4.1) Trade Payables	-	-
4.2) Others		
a. Security Deposits from Consumers	2,200.90	1,897.66
b. GIS - Insurance & Savings Fund	8.82	8.09
<b>Total</b>	<b>2,209.72</b>	<b>1,905.75</b>

1) The Security Deposits from Consumers shows a balance of ₹ 2,200.90 Crore as per the financial ledger and ₹ 2,130.57 Crore as per the Consumer ledger since there are opening balance mismatches and differences in LT and HT Customer balances which are under reconciliation.

2) Group Insurance & savings fund 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

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

Long-Term Provisions	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
<b>Provisions for Employee Benefits</b>		
5.1 SPDCL Pension & Gratuity Trust (Funded)	2,133.46	2,067.21
5.2 Gratuity for Employees joined on or after 01-02-99 (Unfunded)	349.06	323.67
5.3 Leave Encashment (Unfunded)	916.22	350.55
<b>Total</b>	<b>3,398.74</b>	<b>2,741.43</b>

Employee Related benefits:

1) Terminal Benefits: Pension & Gratuity :

During the FY 2022-23, the Company has cleared a liability of ₹ 100.00 Crore (Previous year ₹ 318.50 Crore) to the APSPDCL Pension and Gratuity Trust.

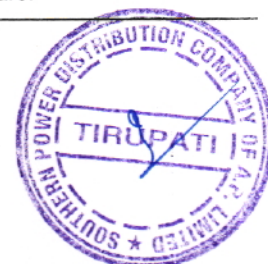
2) The APSPDCL Pension & Gratuity Trust fund position and creation of liability through provision as per the Actuarial Valuation report as on 31.03.2023 are furnished here under.

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 31-03-2023 as per Actuarial valuation report .	6,292.07	363.84	977.18	7,633.09
Fund available as at 31-03-2023	(2,638.36)	-	-	(2,638.36)
Liability already provided	(1,846.45)	(325.89)	(356.22)	(2,528.55)
Provision to be made towards future commitment	1,807.26	37.96	620.96	2,466.17
Provision made during FY 2022-23	(287.01)	(37.96)	(620.96)	(945.92)
Short fall /(Excess)	1,520.25	-	-	1,520.25

Out of the above, an amount of ₹ 945.92 Crore (Previous year ₹ 990 Crore) has been created as provision during the FY 2022-23.

# Current Liability of Gratuity and Leave encashment provision is shown under Note No.9 - Short Term Provisions.

\* The above shortfall of provision amounting to ₹ 1,520.25 Crore has to be provided in the future years.





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 crore 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.

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

Short-term Borrowings	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
<b>6.1 Loans repayable on demand</b>		
<u>Secured</u>		
a. From Banks (CCs and ODs limits)	340.53	345.81
b. From Financial Institutions ( REC Ltd & PFC Ltd)	3,000.00	-
<u>Unsecured</u>		
c. From Others	568.29	369.78
d. Short term loan (Bill discounting)	58.44	1,362.31
<b>6.2 Short term loans: Merger</b>	180.92	180.92
<b>6.3 Current Maturities of Long Term Borrowings</b>		
a. Rural Electrification Corporation (REC)	1,103.62	632.56
b. Power Finance Corporation (PFC)	551.38	222.17
c. State Bank of India (SBI)	170.95	155.98
d. Others	462.30	326.00
<b>Total</b>	<b>6,436.43</b>	<b>3,595.53</b>

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 Crore is transferred by M/s TSSPDCL (erstwhile APCPDCL) as Short term borrowings by way of Energy basis 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.

2) OPEX Loans (CC Limits & LC Limits) borrowed during the FY 2020-21, FY 2021-22 & FY 2022-23 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.

3) The company has entered into loan agreements with REC Ltd and PFC Ltd for payment of current power purchase dues and transmission charges under Revolving Bill Payment Facility (RBPF). The sanctioned limit is valid for 5 years but shall be reviewed on yearly basis. During the period, disbursement can be availed on revolving basis such that the outstanding principal amount shall not exceed the sanctioned limit. The loan has a tenure of 12 months from the date of disbursement. The loan is repayable in 6 Equated monthly Installments (EMIs) after a 6- month moratorium on principal repayment.

4) Bill Discounting represents 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.





**Note No.7 - Trade payables**

Trade Payables	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
7.1 Creditors for Purchase of Power	3,529.81	12,300.45
7.2 Payables to Other DISCOMs (ICD)	478.21	880.14
7.3 Creditors for Materials & Services	560.44	408.74
7.4 Liabilities for Employees Cost	42.34	116.08
7.5 Liabilities for Administration Expenses	79.20	74.49
7.6 Trade Payables - Merger	873.23	873.23
<b>Total</b>	<b>5,563.23</b>	<b>14,653.13</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 amending 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.

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 31.03.2023 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.

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) As per the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 (LPS Rules) notified by the Ministry of Power, Gol on 03-06-2022, the company is liquidating outstanding power purchase dues (including late payment surcharge) as on 03-06-2022. REC Ltd and PFC Ltd are directly disbursing the dues to suppliers as per re-determined payment schedule in 12 monthly instalments. The 1st monthly instalment was disbursed on 05.08.2022 and subsequent monthly instalments are being paid on the 5th of subsequent months in line with communications and consents for liquidation of dues. For more details, please refer to Note No.3 - Long Term Borrowings.

7) 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 (ICD).



## Note No.8 - Other Current Liabilities

Other Current Liabilities	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
8.1 Vendor related Liabilities	332.23	261.56
8.2 Customer related Liabilities	417.64	382.25
8.3 Employee related Liabilities	25.23	34.76
8.4 Additional Interest on Pension Bonds	-	758.57
8.5 Inter unit Balances	(128.79)	25.68
8.6 Interest accrued and due on Borrowings	12.93	111.38
8.7 Interest accrued but not due on Borrowings	218.66	147.49
8.8 Interest on Consumer Security Deposits	111.60	71.44
8.9 Self Funding Medical Scheme (SFMS)	19.54	17.48
8.10 Electricity Duty Payable to GoAP	(14.27)	480.63
8.11 Other Statutory Liabilities	69.30	42.14
8.12 Other Liabilities - ATP & KNL Merger	204.42	204.02
8.13 Other Liabilities	119.73	108.31
<b>Total</b>	<b>1,388.20</b>	<b>2,645.71</b>

1) 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 (Debit) of ₹ 128.79 Crore (Previous year (credit) of ₹ 25.68 Crore) which is subject to reconciliation.

3) Other Liabilities include ₹ 76.30 Crore 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.

## Note No.9 - Short-term Provisions

Short Term Provisions	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
9.1 Income Tax	0.88	0.88
9.2 Gratuity for Employees joined on or after 01-02-99	14.78	13.46
9.3 Leave Encashment	60.95	58.81
<b>Total</b>	<b>76.61</b>	<b>73.15</b>







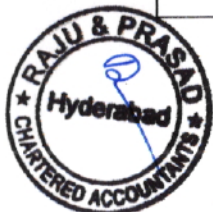
# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

## 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 31st March 2022	Additions/ Adjustments during the period	Retirement during the period	As at the end of 31st March 2023	As at the end of 31st March 2022	Depreciation for the period	Retirement during the period	As at the end of 31st March 2023	As at the end of 31st March 2022	As at the end of 31st March 2023
	<b>10.1 Property, Plant and Equipment</b>										
a	Land and Land Rights	4.88	0.03		4.91	-	-	-	-	4.88	4.91
b	Buildings	178.78	28.09	-	206.87	60.48	5.37	-	65.85	118.30	141.03
c	Other Civil Works	59.03	6.52	-	65.55	13.88	1.91	-	15.79	45.16	49.76
d	Plant and Machinery	8,466.95	953.54	(8.26)	9,412.24	3,796.54	553.99	(7.47)	4,343.05	4,670.41	5,069.19
e	Lines and Cable Net work	4,269.91	266.77	0.57	4,537.25	2,809.80	170.02	0.24	2,980.07	1,460.10	1,557.18
f	Metering Equipment	945.36	117.49	0.89	1,063.74	612.24	72.73	0.42	685.39	333.12	378.35
g	Vehicles	4.60	0.25	-	4.85	3.70	0.33	-	4.03	0.90	0.82
h	Furniture and Fixtures	8.25	1.10	-	9.35	6.87	0.21	-	7.08	1.38	2.27
i	Office equipment	46.28	5.80	0.03	52.10	31.10	2.61	0.02	33.74	15.17	18.36
j	Computers & IT Equipment	46.16	28.88	0.00	75.04	31.12	2.45	0.00	33.57	15.04	41.47
k	Low Value Assets	0.51	0.78	-	1.29	0.51	0.78	-	1.29	(0.00)	(0.00)
l	Merger Assets -Balance	39.20	-	-	39.20	9.98	-	-	9.98	29.22	29.22
	<b>Total</b>	<b>14,069.92</b>	<b>1,409.27</b>	<b>(6.77)</b>	<b>15,472.41</b>	<b>7,376.22</b>	<b>810.41</b>	<b>(6.79)</b>	<b>8,179.84</b>	<b>6,693.70</b>	<b>7,292.57</b>
	<b>10.2 Intangible Assets</b>										
a	Software	26.68	10.40	-	37.08	14.59	4.42	-	19.02	12.09	18.06
b	Goodwill	1.14	-	(1.14)	-	1.14	-	(1.14)	-	-	-
	<b>Total</b>	<b>27.82</b>	<b>10.40</b>	<b>(1.14)</b>	<b>37.08</b>	<b>15.73</b>	<b>4.42</b>	<b>(1.14)</b>	<b>19.02</b>	<b>12.09</b>	<b>18.06</b>
	<b>10.3 Capital Work-in-Progress (CWIP)</b>									2,327.48	3,067.26
	<b>Total</b>									<b>2,327.48</b>	<b>3,067.26</b>
	<b>Grand Total</b>	<b>14,097.73</b>	<b>1,419.67</b>	<b>(7.91)</b>	<b>15,509.49</b>	<b>7,391.95</b>	<b>814.84</b>	<b>(7.93)</b>	<b>8,198.86</b>	<b>9,033.26</b>	<b>10,377.90</b>
	<b>Previous Year</b>	<b>12,901.47</b>	<b>1,206.01</b>	<b>9.74</b>	<b>14,097.73</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>

1) Work Orders(AUC): The total Work orders yet to be closed as on 31.03.2023 is 70,806 Nos amounting to ₹ 3,067.26 Crore out of which 282 Nos amounting to ₹ 12.27 Crore for FY 2015-16, 865 Nos amounting to ₹ 33.64 Crore for FY 2016-17, 1,256 Nos amounting to ₹ 35.51 Crore for FY 2017-18, 2,974 Nos amounting to ₹ 92.90 Crore for FY 2018-19 and 4,740 Nos amounting to ₹ 373.20 Crore for the FY 2019-20 and 9,648 Nos amounting to ₹ 532.09 Crore for FY 2020-21, 14,173 Nos amounting to ₹ 558.94 Crore for FY 2021-22 and 36,868 Nos amounting to ₹ 1,428.71 Crore for FY 2022-23.







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

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

#### 2) Impairment of Assets:

Company has not carried out any 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 S.O.265(E) 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 Gross Block of assets as on 1.4.2000.

3.3. In 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 Gross Block of assets as on 01.06.2014, only to the extent of Assets identified out of the total assets transferred.

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 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 Crore at Gross value for which break up details are not available.

4.2 Land: The particulars of land transferred during the second transfer scheme, 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 : 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 Areas/units 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 Crore 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.





# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

## Annexure to Note No.10 - Ageing Schedule for Capital Work-in-progress as at 31st March 2023

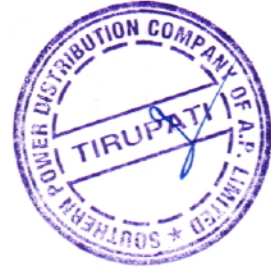
₹ in Crores

Sl.No.	Capital Work-in-Progress	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 31-03-2023
(i)	Projects in progress	1,776.60	566.32	407.15	317.19	3,067.26
(ii)	Projects temporarily suspended	-	-	-	-	-
	<b>Total</b>	<b>1,776.60</b>	<b>566.32</b>	<b>407.15</b>	<b>317.19</b>	<b>3,067.26</b>

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

₹ in Crores

Sl.No.	Capital Work-in-Progress	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
(i)	Projects in progress	1,169.92	617.68	250.72	289.02	2,327.34
(ii)	Projects temporarily suspended	-	-	-	-	-
	<b>Total</b>	<b>1,169.92</b>	<b>617.68</b>	<b>250.72</b>	<b>289.02</b>	<b>2,327.34</b>







# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

## Note No.11 - Non-Current Investments

Non-Current Investments	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ 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>

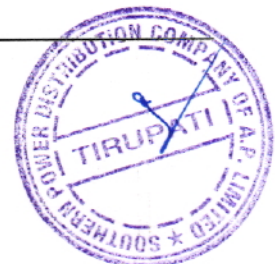
1) APSPDCL had made an investment of ₹205.80 Crore (9.95%) towards its share capital in Andhra Pradesh Power Development Company Limited (APPDCL). Consequent to bifurcation of APSPDCL into APSPDCL and APCPDCL more specifically disclosed in Note No.26 Para No.8 forming part of financial statements, ₹103.52 Crore (5.00%) were allotted to APSPDCL and ₹102.28 Crore (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 Crore in AP State Energy Efficiency Development Corporation (APSEEDCO) on 20th March 2018. Subsequent to bifurcation of APSPDCL into APSPDCL and APCPDCL, shares worth ₹ 0.0994 Crore 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 Crore (50.30%) and APCPDCL's name for ₹ 0.0994 Crore (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 yet transferred to the company. Hence, the Company is unable to recognise the income, if any, 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 Crore, 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-2023. (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. The exemption application is pending for adjudication before the Hon'ble APERC.



### Note No.12 - Long Term Loans and Advances

Long Term Loans and Advances	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
12.1 Capital advances to suppliers/ contractors	217.75	66.97
12.2 Capital Advance - GVK Buy out	133.64	133.64
12.3 Loans and advances to employees	17.18	21.90
12.4 Deposits with Courts and others	72.66	72.46
12.5 Loans to employees - Merger	4.46	4.46
Sub total	445.69	299.44
12.6 Provision of Doubtful Capital Advances	(17.67)	-17.67
<b>Total</b>	<b>428.02</b>	<b>281.76</b>

1) Loans and Advances to Directors - NIL.

2) Loans Guaranteed by Directors During the FY 2022-23 - 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. GVK INDUSTRIES LIMITED - STAGE I -

i. 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 Crore 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.

ii. Operating expenses incurred to operate the plant are 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.

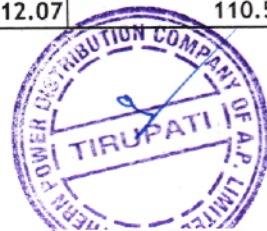
iii. As per agreement, GVK buy out price is given below:

Particulars	₹ in Crores		
	Total	APSPDCL	APEPDCL
Share	100%	65.73%	34.27%
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>

iv. Further, recoverable amount of ₹32.33 Crore, 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 Crore was remitted on 12th May 2016 towards TDS U/s.194IA of IT Act 1961.

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

Particulars	₹ in Crores		
	Amount	APSPDCL	APEPDCL
Share	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
<b>Total</b>	<b>322.63</b>	<b>212.07</b>	<b>110.57</b>





vi. In the APPCC meeting held on 19th 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 Crore was allotted to APCPDCL and balance ₹133.65 Crore remained with 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. Later, liquidation process was initiated against GVK Industries Ltd. under CIRP on 15 Dec 2022. APPCC is in the process of claiming the amounts under the Insolvency and Bankruptcy Code, 2016.

### Note No.12A - Other Non-Current Assets

Other Non-Current Assets	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
12A.1 Long Term Receivables from Employees	15.67	11.65
12A.2 Bank Deposits (DSRA Deposits)	17.32	17.32
<b>Total</b>	<b>32.99</b>	<b>28.97</b>

### Note No.13 - Inventories

Inventories	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
13.1 Stores and spares	73.20	40.29
13.2 Stores and spares - Consumables	437.93	146.18
13.3 Scrap Materials	11.47	13.76
<b>Sub-Total</b>	<b>522.60</b>	<b>200.23</b>
13.4 Provision for Non-moving and Obsolete stock	(15.71)	(7.66)
<b>Total</b>	<b>506.89</b>	<b>192.57</b>

1) Inventory includes unidentified balances of ₹0.17 Crore 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 ₹ 10.40 Crore (Previous year ₹ 4.61 Crore) 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 ₹ 15.71 Crore (Previous year ₹ 7.66 Crore).

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.



**Note No.14 - Trade Receivables**

Trade Receivables	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
14.1 Unsecured - Considered Good	9,741.93	8,318.77
14.2 Unsecured - Considered Doubtful	251.76	110.76
<b>Sub-Total</b>	<b>9,993.69</b>	<b>8,429.53</b>
14.3 Provision for doubtful debts	(251.76)	(152.04)
<b>Total</b>	<b>9,741.93</b>	<b>8,277.49</b>
14.4 Provision for Unbilled dues	4,422.95	980.84
<b>Grand Total</b>	<b>14,164.88</b>	<b>9,258.33</b>

1.1 The Trade Receivables show a balance of ₹ 9,993.69 Crore as per the Financial ledger and ₹ 10,022.47 Crore as per the Consumer ledger since there are opening balance mismatches and differences in LT and HT Customer balances which are under reconciliation.

1.2 The credit balances in consumers accounts amounting to ₹160.71 Crore (Previous year ₹ 170.25 Crore) are netted off against debit balances.

1.3 Additional of provision of ₹ 99.72 Crore (Previous year Nil) has been made towards Bad and Doubtful Debts during the FY 2022-23.

2) M/s APGPCL is captive generating plant. An MOU was entered into between M/s APGPCL and APTRANSCO for wheeling of energy to their participating industries. As per the MOU clause no. 17(a), it was 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 APTRANSCO/AP Discoms shall have the first claim to utilise such power. However, 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 APSPDCL is having the first right to claim surplus energy. Against this, M/s APGPCL has approached the Hon'ble High court vide WA No.2469/05 and got stay orders and the case is now pending before the Hon'ble High court. The consumers are not paying such disputed amounts as per the above stay order and arrears accumulated to ₹1,099.47 Crore as at 31 March 2023 (As at 31 March 2022 ₹ 708.50 Crore).

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 Crore 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 & 7.4.

4) The billing for all categories of consumers except Unmetered LT Category V - Agriculture - Non Corporate Farmers (Agl free category consumers) is carried out every month. In respect of Agriculture free category consumers, customer charges are billed half-yearly in May and November.





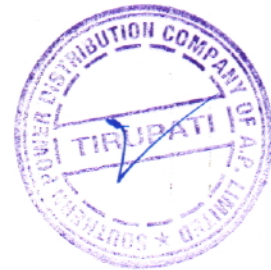
### Note No.15 - Cash and Bank Balances

Cash and Bank Balances	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
<b>Cash and Cash Equivalents</b>		
15.1 Balances with Banks		
a) Current and Savings Accounts	90.57	50.03
b) Deposits with original maturities of 3 months or less	45.17	360.00
15.2 Cheques, drafts on hand	-	-
15.3 Cash on hand	3.70	3.28
15.4 Remittances-in-Transit	0.15	0.01
<b>Sub-Total</b>	<b>139.59</b>	<b>413.32</b>
<b>Other Bank Balances</b>		
15.5 Bank deposits with original maturities of more than 3 months		
a) Contingency Reserve Fund Investments	3.14	3.00
b) SFMS Investments	24.57	21.70
<b>Sub-Total</b>	<b>27.70</b>	<b>24.70</b>
<b>Grand Total</b>	<b>167.29</b>	<b>438.02</b>

1) A Bank account in the name of A.P.POWER DISTRIBUTION COMPANIES POOL ACCOUNT was opened by all the Distribution companies jointly and is being operated by the nominees of the Andhra Pradesh Power Co-ordination Committee. This is a single account; hence Distribution company wise confirmation of balance is not certified by the banker. However, the balance at the end of each month is being reconciled with the Trial Balance of the individual distribution companies, based on information provided by APPCC.

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.

3) The Current and Savings Accounts balances include an earmarked balance of Rs.0.22 Cr ( Previous year Rs. 0.47 Cr) for compensation payable towards Electrical Accidents. Contingency Reserve Fund investments are earmarked to meet emergent expenditures to restore the distribution system after damage caused by natural calamities, fire accidents, etc. Self Funding Medical Scheme Investments (SFMS) are earmarked for meeting the medical expenses of employees, pensioners, and family pensioners.



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

Short Term Loans and Advances	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
Secured - Considered Good	-	-
Unsecured - Considered Good		
16.1 Trade advances- Power Purchase	819.15	4,835.52
16.2 TDS & Advance Tax	11.00	19.83
16.3 Fringe Benefit Tax	0.20	0.20
16.4 Advance to Cheyyuru Power Project	0.45	0.45
16.5 Loans and Advances to Employees	0.92	0.91
16.6 Prepaid Expenses	2.17	10.17
16.7 GST Recoverable	0.00	0.52
16.8 Short term loans and advances (on merger)	67.07	67.07
Doubtful	-	-
<b>Total</b>	<b>900.95</b>	<b>4,934.66</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 ₹67.07 Crore 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.

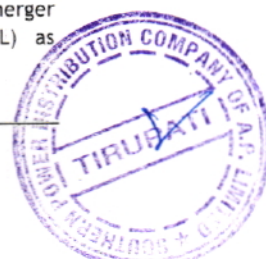
### Note No.17 - Other Current Assets

Other Current Assets	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
	₹ in Crores	₹ in Crores
17.1 Receivables from State Govt. of AP	6,786.09	8,803.13
17.2 Unbilled Receivables from State Govt. of AP	339.65	-
17.3 Receivables from TRANSCO, GENCO & Others DISCOMs	41.76	(12.41)
17.4 Receivables from others	185.65	144.37
17.5 Interest accrued on Fixed Deposits	1.10	0.91
17.6 Other current assets (ATP & KNL Merger)	133.19	133.19
17.7 Other current assets	2.12	2.12
<b>Total</b>	<b>7,489.57</b>	<b>9,071.31</b>

1) Receivables from State Govt. of AP include receivables on account of Tariff Subsidies, Tariff Concessions, UDAY Losses and Other Receivables. During the year, the entire dues outstanding under "UDAY losses taken over by GoAP" as at 01-04-2022 amounting to ₹1,224.59 Crore were cleared by the State Govt. of Andhra Pradesh vide G.O.Rt.No.6 Energy (Power-III) Dept Dt.19.01.2023.

2) Unbilled Receivables from State Govt of AP represents FPPCA receivable ₹ 345.10 Crore and Subsidy returnable ₹ 579.86 Crore in respect of Agriculture Consumption for FY 2021-22 adjusted in Retail Supply Tariff Order FY 2023-24. It also includes FPPCA estimated at ₹ 574.41 Crore in respect of Agriculture Consumption under free category for FY 2022-23.

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 ₹ 133.19 Crore was transferred by M/s TSSPDCL (formerly APCPDCL) as Other current assets - (ATP & KNL Merger). Also refer to Note no 26 para 7.3 & 7.4.







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

### Annexure-A to Note No.14 - Ageing Schedule of Trade Receivables as at 31st March 2023

(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 31-03-2023
		Less than 3 months	3 months to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	More than 4 years	
		₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	
(i)	Undisputed Trade Receivables - Considered good (Govt & Private)	728.41	1,034.22	1,209.05	96.30	2,001.37	976.26	2,283.71	8,329.32
(ii)	Undisputed Trade Receivables - Considered Doubtful (Private)							251.76	251.76
(iii)	Disputed Trade Receivables - Considered good (Govt & Private)	18.70	75.59	150.53	339.99	89.51	148.97	589.33	1,412.62
(iv)	Disputed Trade Receivables - Considered Doubtful (Private)								-
	<b>Total</b>	<b>747.11</b>	<b>1,109.81</b>	<b>1,359.58</b>	<b>436.29</b>	<b>2,090.88</b>	<b>1,125.22</b>	<b>3,124.80</b>	<b>9,993.69</b>

### Annexure-B 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 31-03-2022
		Less than 3 months	3 months to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	More than 4 years	
		₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores	
(i)	Undisputed Trade Receivables - Considered good (Govt & Private)	811.10	749.55	1,228.65	1,237.31	1,194.53	1,157.74	1,075.16	7,454.06
(ii)	Undisputed Trade Receivables - Considered Doubtful (Private)	-	-	-	-	-	-	110.76	110.76
(iii)	Disputed Trade Receivables - Considered good (Govt & Private)	96.97	93.69	61.49	103.38	111.76	109.90	287.52	864.71
(iv)	Disputed Trade Receivables - Considered Doubtful (Private)	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>908.07</b>	<b>843.24</b>	<b>1,290.14</b>	<b>1,340.69</b>	<b>1,306.29</b>	<b>1,267.64</b>	<b>1,473.44</b>	<b>8,429.53</b>





## SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

Statement showing Payments of Electricity Bills by State Government Departments/Offices/Local Bodies during FY 2022-23

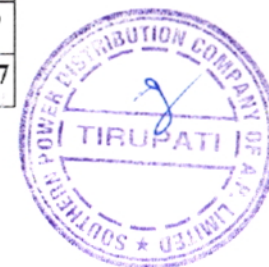
₹ in Crores

Sl.No.	State Govt Departments	Balance as at 01-04-2022	Demand during FY 2022-23	Collection against FY 2022-23 Demand	Collection against FY 2021-22 Demand	Collection against Legacy Arrears as at 31-03-2021	Total Collection during FY 2022-23	Balance as at 31-03-2023
A	B	C	D	E	F	G	H = E + F + G	I = C + D - H
1	Panchayat Raj	2,479.82	949.52	22.73	111.99	-	134.72	3,294.62
2	Urban Local Bodies	138.85	302.15	78.25	162.91	-	241.16	199.84
3	Irrigation	3,938.76	1,219.17	6.95	826.58	-	833.53	4,324.40
4	Health & Medical	38.52	51.43	25.60	28.73	-	54.33	35.62
5	Other Govt Departments	72.72	182.43	105.64	54.42	-	160.06	95.09
	<b>Total</b>	<b>6,668.67</b>	<b>2,704.70</b>	<b>239.17</b>	<b>1,184.63</b>	<b>-</b>	<b>1,423.80</b>	<b>7,949.57</b>

Statement showing age wise Arrears of State Government Departments/Offices/Local Bodies as at 31-03-2023

₹ in Crores

Sl.No.	State Govt Departments	Up to 90 days	91-180 days	181 days-1year	>1 year to 2 years	> 2 years	Total
1	Panchayat Raj	237.40	238.78	546.97	-	2,271.47	3,294.62
2	Urban Local Bodies	75.54	73.62	50.68	-	-	199.84
3	Irrigation	304.84	605.40	572.89	-	2,841.27	4,324.40
4	Health & Medical	12.30	12.55	10.77	-	-	35.62
5	Other Govt Departments	46.86	44.25	3.98	-	-	95.09
	<b>Total</b>	<b>676.94</b>	<b>974.60</b>	<b>1,185.29</b>	<b>-</b>	<b>5,112.74</b>	<b>7,949.57</b>







## SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

Statement showing details of Subsidy dues receivable from State Government during FY 2022-23

₹ in Crores

Sl.No.	Particulars	Balance as at 01-04-2022	Demand during FY 2022-23	Total amount received during FY 2022-23	Internal allocation of amount received	Received against FY 2022-23 Demand	Received against arrears as at 01-04-2022	Net Subsidy returnable as per Tariff Order	Balance as at 31-03-2023
A	B	C	D	E	F	G	H = E + F - G	I	J = C+D-G-H-I
1	Tariff Subsidy	6,702.89	4,641.25	5,517.10	-339.61	4,641.25	536.25	164.78	6,001.86
2	Tariff Concessions	589.89	360.57	209.32	339.61	360.57	188.36	-	401.53
	<b>Total</b>	<b>7,292.78</b>	<b>5,001.82</b>	<b>5,726.43</b>	<b>-</b>	<b>5,001.82</b>	<b>724.60</b>	<b>164.78</b>	<b>6,403.40</b>

Age wise break-up of Subsidy dues receivable from State Government as at 31-03-2023

₹ in Crores

Sl.No.	Particulars	Balance as at 31-03-2023	Up to 90 days	91 to 180 days	181 days to 1 year	>1 year to 2 years	> 2 years	Total as at 31-03-2023
1	Tariff Subsidy	6,001.86	-	-	-	-	6,001.86	6,001.86
2	Tariff Concessions	401.53	-	-	-	-	401.53	401.53
	<b>Total</b>	<b>6,403.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,403.40</b>	<b>6,403.40</b>

Detailed Statement of Tariff Subsidy & Concessions dues from State Government for the years ending 31-03-2022 & 31-03-2023

₹ in Crores

Financial Year	Particulars	Balance as at 31-03-2021	During FY 2021-22		Balance as at 31-03-2022	During FY 2022-23			Balance as at 31-03-2023
			Demand	Received		Demand	Received	Returnable adjustment	
A	B	C	D	E	F = C + D - E	G	H	I	J = F + G - H - I
Prior to 2021-22	Legacy Tariff Subsidy dues	7,089.93		387.04	6,702.89		536.25	164.78	6,001.86
2021-22	Tariff Subsidies	-	3,680.20	3,680.20	-				-
2022-23	Tariff Subsidies	-	-	-	-	4,641.25	4,641.25		-
	<b>Sub Total</b>	<b>7,089.93</b>	<b>3,680.20</b>	<b>4,067.24</b>	<b>6,702.89</b>	<b>4,641.25</b>	<b>5,177.50</b>	<b>164.78</b>	<b>6,001.86</b>
Prior to 2021-22	Legacy Tariff Concession dues	401.53			401.53		-		401.53
2021-22	Tariff Concessions	-	363.34	174.98	188.36	-	188.36		-
2022-23	Tariff Concessions	-	-	-	-	360.57	360.57		-
	<b>Sub Total</b>	<b>401.53</b>	<b>363.34</b>	<b>174.98</b>	<b>589.89</b>	<b>360.57</b>	<b>548.93</b>	<b>-</b>	<b>401.53</b>
	<b>Grand Total</b>	<b>7,491.47</b>	<b>4,043.54</b>	<b>4,242.23</b>	<b>7,292.78</b>	<b>5,001.82</b>	<b>5,726.43</b>	<b>164.78</b>	<b>6,403.40</b>





# SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED

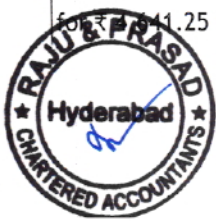
## Note No.18 - Revenue from Operations

REVENUE FROM OPERATIONS	Figures for the current reporting period from 01-04-2022 to 31-03-2023	Figures for the previous reporting period from 01-04-2021 to 31-03-2022
	₹ in Crores	₹ in Crores
<b>18.1 Revenue from Sale of Power</b>		
a) Other DISCOMs	3,039.93	4,223.39
b) Energy Traded/Inter-State Sales	343.76	18.94
c) L.T.Supply	4,854.41	4,309.14
d) H.T.Supply	6,899.67	5,977.61
e) Distribution True-Up	298.42	-
f) Unbilled Revenue - Year end	217.27	88.82
g) Unbilled Revenue - Distribution True-up	989.29	-
h) Unbilled Revenue - FPPCA	2,235.55	-
<b>18.2 Other Operating Revenue</b>		
a) UI (Unscheduled Inter Change) Income	6.18	6.61
b) Cross Subsidy Surcharge	80.32	106.18
c) Wheeling Charges	13.73	8.92
d) Grid Support Charges	22.60	-
e) Other Operating Receipts	47.01	39.27
<b>18.3 Electricity Duty Billed</b>	<b>897.48</b>	<b>92.88</b>
<b>Gross Revenue from Sale of Power</b>	<b>19,945.63</b>	<b>14,871.76</b>
<b>18.4 Electricity Duty Payable</b>	<b>(897.48)</b>	<b>(92.88)</b>
<b>Net Revenue from Sale of power</b>	<b>19,048.15</b>	<b>14,778.88</b>

Consumption figures given below are based on actual consumption recorded except in case of Unmetered LT Category V - Agriculture - Non Corporate Farmers which are based on the readings of meters provided on the LV side of the distribution transformers feeding agricultural loads.

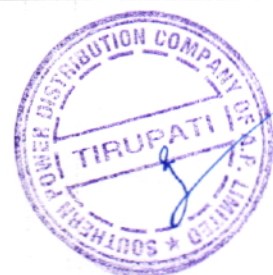
Consumer Category	Units in MUs	% of total units sold	Revenue in ₹ Crores *	Avg.Rate per unit ₹
<b>Low Tension (LT)</b>				
Domestic - Category -I	5,228.36	35.60	2,040.39	3.90
Commercial & Others - Category -II	1,101.89	7.50	1,119.69	10.16
Industry- Category -III	592.45	4.03	460.70	7.78
Institutional - Category - IV	820.76	5.59	646.55	7.88
Agriculture & Related - Category - V	6,944.42	47.28	4,895.81	7.05
<b>Low Tension (LT) Total</b>	<b>14,687.88</b>	<b>100.00</b>	<b>9,163.15</b>	<b>6.24</b>
<b>High Tension (HT)</b>				
Townships, Colonies, Gated communities & Villas - Category - I	15.38	0.15	11.54	7.50
Commercial & Others - Category -II	461.20	4.65	472.67	10.25
Industry- Category -III	7,028.66	70.81	4,911.06	6.99
Institutional - Category - IV	1,090.58	10.99	844.56	7.74
Agriculture & Related - Category - V	894.60	9.01	595.43	6.66
Electricity Co-Operative Societies	435.93	4.39	35.54	0.82
<b>High Tension (HT) Total</b>	<b>9,926.35</b>	<b>100.00</b>	<b>6,870.81</b>	<b>6.92</b>
<b>LT + HT Total</b>	<b>24,614.23</b>	<b>100.00</b>	<b>16,033.96</b>	<b>6.51</b>
<b>LT + HT Total (FY 2021-22)</b>	<b>23,173.12</b>	<b>100.00</b>	<b>13,603.30</b>	<b>5.87</b>

\* Revenue consists of Energy Charges, Fixed Charges and Demand Charges only and includes Tariff Subsidy booked for ₹ 641.25 Crore ( See Note No.20) in case of LT Agriculture & Related - Category - V.





- 1) The Hon'ble APERC issued True-up order for Retail Supply of Electricity for FY 2019-20, FY 2020-21 and True-up for Distribution Business for 3rd Control period (2014-15 to 2018-19) as Volume- II of the Retail Supply Tariff Order (RSTO) 2022-23 dt 30-03-2022 . The details of Volume - II of the order are as follows.
- a) True-up for Power Purchase Cost variations for FY 2019-20 : As per Page No. 394 of the order, the commission approved true-up amount of ₹ 815.81 Crore along with ₹ 71.38 Crore towards interest. The true-up amount of ₹ 887.19 Crore (including interest) is added while arriving at Gross Aggregate Revenue Requirement (ARR) determined for RSTO FY 2022-23 (Page No.102 of the order).
- b) True-up for Power Purchase Cost variations for FY 2020-21 : As per Page No.s 407 & 408 of the order, there is a PP cost true-down amounting to ₹ 2,239.45 Crore besides adjustment of provisional amount already trued down in FY 2021-22 RST Order amounting to ₹ 1,370 Crore, net true down being ₹ 869.45 Crore (₹ 2,239.45 Crore - ₹ 1,370 Crore). These items were adjusted while arriving at Gross Aggregate Revenue Requirement (ARR) determined for RSTO FY 2022-23 (Page No.102 of the order).
- c) True-up order for Distribution Business for 3rd Control Period (FY 2014-15 to FY 2018-19) : As per Page No.s 473 & 474 of the order, there is a true-up amount of ₹ 2,135.60 Crore to be recovered from the consumers of 3rd control period. Out of ₹ 2,135.60 Crore, subsidy payable by the GoAP. towards free power supply extended to the agricultural farmers amounted to ₹ 768.22 Crore. The Hon'ble Commission ordered the balance amount of ₹ 1,368.38 Crore ( ₹ 2,135.60 Crore - ₹ 768.22 Crore) 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). The revenue expected from April-2023 till July-2025 (28 Months) amounting to ₹ 989.29 Crore is included as Unbilled revenue during FY 2022-23.
- 2) Fuel & Power Purchase Cost Adjustment (FPPCA) for FY 2021-22 : The Hon'ble APERC issued order on 01-03-2023 for pass-through of Fuel & Power Purchase Cost Adjustment (FPPCA) for all Four Quarters of FY 2021-22. As per the order, the expected recovery of FPPCA charges by APSPDCL based on the actual sales during FY 2021-22 was ₹ 1,199.97 Crore. Out of this, the FPPCA charges to be raised on GoAP. in respect of agriculture consumption under free category consumers was expected at ₹ 345.10 Crore. The balance amount of ₹ 854.87 Crore ( ₹ 1,199.97 Crore - ₹ 345.10 Crore) is expected to be recovered from the consumers (other than agriculture consumption under free category) in 12 installments commencing from May-2023 billing. The same is included as Unbilled revenue during FY 2022-23.
- 3) Fuel & Power Purchase Cost Adjustment (FPPCA) for FY 2022-23 : The company filed claims with the Hon'ble APERC to allow Fuel & Power Purchase Cost Adjustment (FPPCA) in respect of 1st, 2nd, 3rd and 4th Quarters of FY 2022-23 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). Orders are yet to be passed by the Hon'ble APERC in respect of the claims made. An amount of ₹ 1380.68 Crore is estimated as recoverable from consumers and the same is included in "Unbilled Revenue - FPPCA".
- 4) RESCO Kuppam : The Hon'ble APERC, in the Tariff Order for Retail Sale of Electricity during FY 2022-23, merged the sales and Revenue of RESCO Kuppam in the respective LT sales of APSPDCL. However, due to circumstances arisen in the 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 voltage level Cost of Service (CoS) at ₹ 6.87 per unit. Further, since the subsidy relating to agricultural sales of RESCO Kuppam is accruing to APSPDCL, an amount of ₹ 269.85 Crore is credited to RESCO Kuppam Consumer Account by reducing "Revenue from Sale of Power" towards subsidy . (Also refer Note No.11 Para No.5 and Note No.20 Para No.2)
- 5) Change in Revenue Recognition Accounting Policy : The company has made certain changes to its Revenue Recognition Accounting Policy. For details, please refer to Note No. 26 - Para No.19 - Changes in Accounting Policies.



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

**Calculation of AT&C Losses for FY 2022-23 as per CEA Methodology**

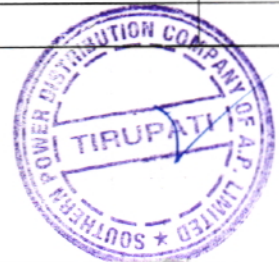
Sl.No.	Parameter	Unit	Description	FY 2022-23
A1	Energy Generated	MU		-
A2	Auxiliary Consumption	MU		-
A3	Energy Purchased (Gross)	MU	Gross energy purchased including Transmission Losses	34,249.26
A4	Energy Traded/Inter-state sales	MU		6,693.66
A	Gross Input Energy	MU	<b>A1 - A2 + A3 - A4</b>	<b>27,555.60</b>
B	Transmission Losses	MU		777.18
C	Net Input Energy	MU	<b>A - B</b>	<b>26,778.42</b>
D	Energy Sold	MU	Energy Sold to all categories of consumers excluding units of Energy Traded/Inter-state sales	24,614.23
<b>Revenue from Operations</b>				
E1	Revenue from sale of energy	₹ Cr	Revenue from sale of energy to all categories of consumers (excluding subsidy booked and excluding Energy traded and Inter state sales)	12,061.94
E2	Other Revenue from Operations	₹ Cr	Other revenue from operations excluding Income Recoverable from future tariff/ FSA/ Regulatory Income	160.41
E3	Revenue from Energy Traded/Inter-state sales	₹ Cr		3,383.69
E4	Subsidy Booked during the year	₹ Cr		4,641.25
E	Revenue from sale of energy on Subsidy Booked basis	₹ Cr	<b>E1 + E2 + E4</b>	<b>16,863.60</b>
F1	Subsidy received during the year	₹ Cr		5,177.50
F2	Subsidy received against subsidy booked for current year	₹ Cr		4,641.25
F3	Subsidy received against subsidy booked for previous years	₹ Cr		536.25
F	Adjusted revenue from sale of energy, on subsidy received basis	₹ Cr	Revenue from sale of energy (same as E above) minus Subsidy Booked plus Subsidy received (E - E4 + F1)	<b>17,399.85</b>
<b>Debtors for Sale of Energy/Trade receivables</b>				
G	Opening Debtors for Sale of Energy	₹ Cr	Opening Debtors for Sale of Energy as shown in Trade Receivables Schedule (Without deducting provisions for doubtful debtors). Unbilled Revenue shall not be considered as Debtors	8,429.53
H	Closing Debtors for Sale of Energy	₹ Cr	i) Closing Debtors for Sale of Energy as shown in Trade Receivables Schedule (without deducting provisions for doubtful debts). Unbilled Revenue shall not be considered as Debtors	9,993.69
		₹ Cr	ii) Any amount written off during the year directly from (i)	1.52
I	Adjusted Closing Debtors for Sale of Energy	₹ Cr	<b>H (i + ii)</b>	<b>9,995.21</b>
J	Collection Efficiency	%	$(F+G-I)/E \times 100$ Collection Efficiency is capped at 100%	<b>93.90</b>
K	Units Realised = [Energy Sold * Collection Efficiency]	MU	<b>D * J / 100</b>	<b>23,111.67</b>
L	Units Unrealized = [Net Input Energy - Units Realised]	MU	<b>C - K</b>	<b>3,666.75</b>
M	AT&C Losses = [(Units Unrealized/Net Input Energy) * 100]	%	<b>L/C * 100</b>	<b>13.69</b>

Target for AT&C Loss as per Revamped Distribution Sector Scheme (RDSS)

20.01

**Statement showing Metered Consumption for FY 2022-23**

Sl.No.	Particulars	Unit	Formula	FY 2022-23
1	Total Energy Sales	MU	A	24,614.23
2	Metered Sales	MU	B	19,608.60
3	Unmetered Sales	MU	C = A - B	5,005.63
4	% of Metered Sales to Total Energy Sales	%	<b>D = B/A * 100</b>	<b>79.66</b>





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

**Calculation of ACS-ARR GAP ( on Accrual basis & Cash basis)**

Sl.No.	Particulars	UoM	Formulae	FY 2022-23
1	Total Input Energy (Gross Energy Purchased)	MU	A	34,249.26
2	Total Expenditure	₹ Cr	B	25,370.37
3	Revenue from Sale of Power/Operations (excluding Subsidy booked)	₹ Cr	C	19,048.15
4	Other Income	₹ Cr	D	1,507.36
5	Tariff Subsidy Booked ( excluding Revenue Grant under UDAY for loan taken over and etc)	₹ Cr	E	4,641.25
	<b>Total Revenue ( on Subsidy Booked basis)</b>	<b>₹ Cr</b>	<b>F= C+D+E</b>	<b>25,196.76</b>
6	FY 2021-22 Loss taken over by GoAP booked	₹ Cr	G	1,232.54
7	FY 2021-22 Loss taken over by GoAP received	₹ Cr	H	1,232.54
8	Tariff Subsidy Received (including Arrears received during the year but excluding Revenue Grant under UDAY for loss taken over and etc.)	₹ Cr	I	5,177.50
9	<b>Total Revenue (on Subsidy Received basis)</b>	<b>₹ Cr</b>	<b>J = F - E + I</b>	<b>25,733.01</b>
10	ACS (Average Cost of Supply)	₹/kWH	K = B/A x 10	7.41
11	ARR (Average Realisable Revenue)	₹/kWH	L = J/A x 10	7.51
12	<b>ACS - ARR Gap (on Accrual Basis)</b>	<b>₹/kWH</b>	<b>M = K - L</b>	<b>-0.11</b>
13	Opening Trade Receivables	₹ Cr	N	8,429.53
14	Closing Trade Receivables	₹ Cr	O	9,993.69
15	Total Revenue (Revenue on Cash Basis and Subsidy on Received Basis excluding Regulatory Income & UDAY Grants)	₹ Cr	P = N + J - O	24,168.84
16	ARR (Average Realisable Revenue) (on Cash Basis)	₹/kWH	Q = P/A x 10	7.06
17	<b>ACS - ARR Gap (on Cash Basis)</b>	<b>₹/kWH</b>	<b>R = K - Q</b>	<b>0.35</b>

Sl.No.	Particulars	UoM	Target	Actual
1	ACS - ARR (on Accrual Basis) - As per RDSS	₹/kWH	0.84	-0.11
2	ACS - ARR (on Cash Basis) - As per RDSS	₹/kWH	0.69	0.35



# SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

## Details of Cross-Subsidy for Industrial Category Consumers

For FY 2022-23

Consumer Category	Total Revenue (₹ Cr)	Total Energy Sold (MU)	Average Billing Rate (ABR) (₹/kWh)	Total Expenditure (₹ Cr)	Total Energy Sold (MU)	Average Cost of Supply (ACoS) (₹/kWh)	Cross Subsidy (ABR/ACoS) (%)
	(A)	(B)	(C) = (A)*10/(B)	(D)	(E)	(F) = (D)*10/(E)	(G) = (C)/(F)
LT- Industrial	460.70	592.45	7.78				
HT- Industrial	4,911.06	7,028.66	6.99				
<b>Total</b>	<b>5,371.77</b>	<b>7,621.11</b>	<b>7.05</b>	<b>22,330.44</b>	<b>24,614.23</b>	<b>9.07</b>	<b>77.73%</b>

- Notes : 1. Total Revenue shown in Column (A) above includes Energy Charges, Demand Charges and Fixed Charges only.  
2. The Total Expenditure shown in Column (D) above is arrived as follows

	(₹ Cr)
Total Expenditure as per Profit & Loss Account	25,370.37
Revenue from Sale of Power to Other DISCOMs	-3,039.93
<b>Total Expenditure for the purpose of calculation of Cross Subsidy</b>	<b>22,330.44</b>





**Note No.19 - Other Income**

OTHER INCOME	Figures for the current reporting period from 01-04-2022 to 31-03-2023	Figures for the previous reporting period from 01-04-2021 to 31-03-2022
	₹ in Crores	₹ in Crores
19.1 Interest on Staff Loans & Advances	0.60	0.42
19.2 Other Interest Income	9.27	4.79
19.3 Interest on Electricity Duty	9.12	8.20
19.4 Delayed Payment Charges from Consumers	1,185.96	1,046.62
19.5 Amortization of Capital Contributions	290.18	255.40
19.6 Miscellaneous Income	49.91	13.17
<b>Sub-Total (19.1 to 19.6) - A</b>	<b>1,545.04</b>	<b>1,328.60</b>
19.7 Income relating to Prior Years		
a. Prior Period Receipts/Withdrawals	(49.41)	(44.57)
b. Prior Period Other Incomes	(0.03)	26.08
<b>Sub-Total</b>	<b>(49.44)</b>	<b>(18.49)</b>
19.8 Prior Period Expenses / Losses		
a. Employee Costs	-	1.81
b. Interest & Other Finance charges	-	0.00
c. Operating Expenses	11.76	(3.63)
<b>Sub-Total</b>	<b>11.76</b>	<b>(1.82)</b>
<b>Net prior period credits/(charges) (19.7+19.8) - B</b>	<b>(37.68)</b>	<b>(20.31)</b>
<b>Other Income - Total (A+B)</b>	<b>1,507.36</b>	<b>1,308.29</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 01-04-2022 to 31-03-2023	Figures for the previous reporting period from 01-04-2021 to 31-03-2022
	₹ in Crores	₹ in Crores
20.1 Revenue Subsidies & Grants		
a. Tariff Subsidy from GoAP	4,641.25	3,648.75
b. Subsidy returnable to GoAP	(1,512.86)	-
c. Distribution True-up & FPPCA	1,687.73	-
d. Other Revenue grant	-	0.25
<b>Total</b>	<b>4,816.12</b>	<b>3,649.00</b>

1) Tariff subsidy from GoAP: The Retail Supply Tariff Order for FY 2022-23 issued by the Hon'ble APERC specified a Tariff subsidy of ₹ 5,336.69 Crore towards the Revenue Gap for FY 2022-23. However, due to a change in Revenue Recognition Accounting policy, the company accounted for ₹ 4,641.25 Crore as Tariff Subsidy for FY 2022-23. For details, please refer to Note No.26 Para No.19 - Changes in Accounting Policies.

2) Agriculture Subsidy of RESCO Kuppam : The Tariff Subsidy from GoAP above includes an amount of ₹ 269.85 Crore towards subsidy relating to agricultural sales of RESCO Kuppam since the Hon'ble APERC, in the Tariff Order for Retail Sale of Electricity for FY 2022-23, merged the sales and Revenue of RESCO Kuppam in the respective LT sales of APSDCL. (Also refer to Para No.4 to Note No.18 - Revenue from Operations)



3) The Hon'ble APERC issued True-up orders for Retail Supply of Electricity for FY 2019-20, FY 2020-21 and True-up for Distribution Business for 3rd Control period (2014-15 to 2018-19) as Volume- II of the Retail Supply Tariff Order (RSTO) 2022-23 dt 30-03-2022 . The details of Volume - II of the order are as follows:

a) Subsidy returnable to GoAP for FY 2019-20 and FY 2020-21 : As per Page Nos. 394, 407 & 408 of the order, the Hon'ble Commission ordered for the return of subsidies to GoAP amounting to ₹ 216.87 Crore for FY 2019-20 and ₹ 716.13 Crore for FY 2020-21 corresponding to the reduction in the actual over approved agricultural sales for those years. The subsidy returnable amounts totalling ₹ 933 Crore (₹ 216.87 Crore + ₹ 716.13 Crore) were adjusted by the Commission against the Subsidy payable by the GoAP towards the total revenue gap for FY 2022-23 (Page No.114 of the order). Hence, the same is accounted for during FY 2022-23 and included in the "Subsidy returnable to GoAP" as shown above.

b) True-up order for Distribution Business for the 3rd Control Period (FY 2014-15 to FY 2018-19) : As per Page Nos. 473 & 474 of the order, there is a true-up amount of ₹ 2,135.60 Crore to be recovered from the consumers of the 3rd control period. Out of ₹ 2,135.60 Crore, the subsidy payable by the GoAP towards free power supply extended to the agricultural farmers amounted to ₹ 768.22 Crore. The Subsidy payable by GoAP was accounted for in the Revenue gap determined for RSTO FY 2022-23 (Page No.114 of the order). Hence, the same is accounted for during FY 2022-23 and included in "Dist True-up and FPPCA Receivable from GoAP" as shown above.

4) Fuel & Power Purchase Cost Adjustment (FPPCA) order for FY 2021-22 : The Hon'ble APERC issued an order on 01-03-2023 for the pass-through of Fuel & Power Purchase Cost Adjustment (FPPCA) for all Four Quarters of FY 2021-22 . The details of the order are as follows

a) Subsidy returnable to GoAP for FY 2021-22 : As per Page No. 97 of the order, the Hon'ble Commission ordered for return of subsidies to GoAP amounting to ₹ 579.86 Crore corresponding to the reduction in the actual over approved agricultural sales for FY 2021-22. Hence, the same is accounted for during FY 2022-23 and included in the "Subsidy returnable to GoAP" as shown above.

b) FPPCA Receivable in respect of the Agricultural Consumption FY 2021-22 : As per Page No.96 of the order, the FPPCA charges to be raised on GoAP in respect of agriculture consumption under free category consumers was expected at ₹ 345.10 Crore. Hence, the same is accounted for during FY 2022-23 and included in "Dist True-up and FPPCA Receivable from GoAP" as shown above.

Note : The Hon'ble Commission netted the FPPCA receivable against the subsidy returnable to GoAP and the net subsidy amount to be returned to GoAP ₹ 234.76 Crore ( ₹ 579.86 Crore - ₹ 345.10 Crore) was adjusted while arriving at the net revenue gap of FY 2023-24 (Page Nos. 137 and 138 of RSTO FY 2023-24).

5) Fuel & Power Purchase Cost Adjustment (FPPCA) for FY 2022-23 : The company filed claims with the Hon'ble APERC to allow Fuel & Power Purchase Cost Adjustment (FPPCA) in respect of 1st, 2nd, 3rd and 4th Quarters of FY 2022-23 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). Orders are yet to passed by the Hon'ble APERC in respect of the claims made. An amount of ₹ 574.41 Crore is estimated as recoverable from GoAP in respect of Agricultural Consumption under free category and the same is included in "Distribution True-up & FPPCA" above.

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

COST OF POWER PURCHASE	Figures for the current reporting period from 01-04-2022 to 31-03-2023	Figures for the previous reporting period from 01-04-2021 to 31-03-2022
	₹ in Crores	₹ in Crores
21.1 Transmission, SLDC and ULDC Charges	1,786.28	1,474.56
21.2 Power Purchase Cost	17,859.77	15,677.60
Sub-Total	19,646.05	17,152.17
21.3 Rebate on Power Purchase	(2.52)	(4.42)
Total	19,643.54	17,147.75

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 G.O.Ms.No.59, Dated 07-06-2005.

2) The cost of power purchase is finalised at the APPCC level. The power purchases and their accounting are being carried out by the Andhra Pradesh Power Coordination Committee (APPCC) and 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 toto in the books of accounts of the Company.

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 the Four Discoms of Andhra Pradesh and Telangana ( i.e., APSPDCL, APEPDCL, TSSPDCL (erstwhile APCPDCL) and TSNPDCL, till 01.06.2014. Consequent to the transfer of Ananthapur and Kurnool Circles into APSPDCL w.e.f 02.06.2014 as per Schedule XII of the 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 purchases 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 the 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 purchases 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 costs between APSPDCL and APEPDCL were allocated based on the 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, the Government has cancelled the above allocation with retrospective effect and advised to allocate NCEs power based on geographical location. To implement the above decision, the 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 a predetermined methodology and basis. A committee was formed to finalise monthly IBSS settlement adjustment entries between APSPDCL and APEPDCL. As per the decisions of the APPCC meeting (8/2020) dated 04.09.2020, the management has approved considering the date of cancellation of ratios with effect from 01.04.2019 instead of retrospective effect, as mentioned in GO MS no.116 dated 01.10.2019.

3.5. The GoAP issued an order vide G.O.RT No: 146 (Energy Power-III) Dept dated : 02-12-2022 cancelling the orders issued in G.O.Rt.No.116, (Energy Power-III) Dept, dt.01.10.2019 and restoring the orders issued vide G.O.Rt.No.118, Energy, I&I (Power-III) Dept., dt.27.07.2017. Hence, the power sharing ratio in respect of conventional energy projects among the three DISCOMs will be in the power sharing ratio ordered vide G.O.Ms.No.13, Energy Dept., dt 06-04-2020 i.e. APSPDCL (40.44%), APEPDCL (36.22%) and APCPDCL (23.34%). The order was implemented w.e.f 01-10-2022.

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

Energy Purchased	Purchases in MUs	Amount ₹ In Crores
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
FY : 2022-23	34,249.26	19,646.05

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

EMPLOYEE BENEFITS EXPENSE	Figures for the current reporting period from 01-04-2022 to 31-03-2023	Figures for the previous reporting period from 01-04-2021 to 31-03-2022
	₹ in Crores	₹ in Crores
22.1 Salaries and Wages	1,276.76	1,257.35
22.2 Contribution to Provident & Other Funds		
a. Employees Provident Fund Scheme	79.33	66.60
b. SPDCL Pension & Gratuity Trust	287.01	600.00
22.3 Provisions		
a. Gratuity	37.96	74.67
b. Leave Encashment	620.96	315.33
22.4 Additional Interest on Pension Bonds	492.94	385.92
22.5 Staff Welfare expenses	3.51	4.87
Sub-Total	2,798.47	2,704.73
22.6 Employees Cost Capitalised	(148.74)	(112.70)
Total	2,649.73	2,592.03

1) Employees Provident Fund Scheme: The company has implemented the Employees Provident Fund Scheme, 1952 since the financial year 2002-03 for employees who joined on or after after 1.2.99 or from the date of employment, whichever is later. An amount of ₹ 79.33 Crore (Previous Year ₹ 66.60 Crore) has been contributed during the year.



2) Additional interest on pension bonds to APGENCO amounting to ₹ 399.43 Crore (Previous year ₹ 385.92 Crore) is made as per Page No.102 of the Retail Supply Tariff Order FY 2022-23. The amount booked includes ₹ 93.51 Crore pertaining to additional claims relating to previous years.

3) The company has provided an amount of ₹ 945.92 Crore (Previous year ₹ 990 Crore) towards employees long term benefits during the FY 2022-23 (Refer Note No.5).

4) The Revision of Pay Scales for regular employees is due on 01-04-2022. However, in the absence of a revision of pay scales, regular employees are being paid at pay revision scales determined on or before 01-04-2018.

#### Note No.23 - Finance Costs

FINANCE COSTS	Figures for the current reporting period from 01-04-2022 to 31-03-2023	Figures for the previous reporting period from 01-04-2021 to 31-03-2022
	₹ in Crores	₹ in Crores
23.1 Interest on Project Borrowings (CAPEX)	468.85	375.26
23.2 Interest on Working Capital Loans (OPEX)	1,086.86	585.39
23.3 Interest on Consumer Security Deposits	111.59	71.44
23.4 Interest on others	1.10	17.58
Sub-Total	1,668.41	1,049.67
23.5 Interest and Finance Charges Capitalised	(141.07)	(129.91)
Total	1,527.34	919.75

1) Interest Capitalization: Interest capitalized during the year is ₹ 141.07 Crore (Previous Year ₹ 129.91 Crore) 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 upto 31-03-2020 were shared between APSPDCL and APCPDCL on Loan utilisation basis as agreed between the companies.

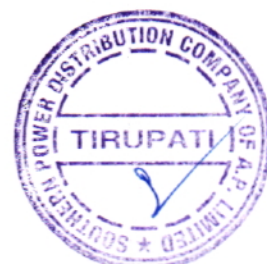
5) Interest on Opex Loans (CC & LC Limits) availed by APSPDCL during the year were shared in ratio of 63.02 : 36.98 between APSPDCL and APCPDCL respectively as agreed between the companies.

6) During FY 2022-23, an amount of ₹ 20.38 Crore is received as Interest Subsidy from the National Electricity Fund (NEF), which is netted off against Interest on Project Borrowings (Capex).

7) The interest expense reimbursed by the Government of AP (Revenue Grant) in respect of Loans taken from APPFCL, PFC, and IREDA amounting to ₹ 360.61 Crore (Previous Year ₹ 451.65 Crore) is netted off against interest on Working Capital Loans. The interest reimbursement is accounted for on receipt basis.

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

DEPRECIATION AND AMORTISATION EXPENSE	Figures for the current reporting period from 01-04-2022 to 31-03-2023	Figures for the previous reporting period from 01-04-2021 to 31-03-2022
	₹ in Crores	₹ in Crores
24.1 Depreciation	810.41	743.93
24.2 Amortisation	4.42	4.35
Total	814.84	748.28





Note No.25 - Other Expenses

	Other Expenses	Figures for the current reporting period from 01-04-2022 to 31-03-2023	Figures for the previous reporting period from 01-04-2021 to 31-03-2022
		₹ in Crores	₹ in Crores
25.1	<b>Repairs &amp; Maintenance Expenses :</b>		
	a) Plant and Machinery	295.76	257.11
	b) Buildings and Civil Works	2.28	1.81
	c) Others	33.82	11.25
	<b>Total</b>	<b>331.85</b>	<b>270.17</b>
25.2	<b>Administration &amp; General Expenses :</b>		
	a) License Fee to APERC	3.12	2.81
	b) Rent (including Lease Rentals)	0.34	0.36
	c) Rates & Taxes	1.59	0.44
	d) Insurance	0.46	0.45
	e) Communication and related expenses	6.39	1.24
	f) Postage & Courier	0.13	0.11
	g) Legal Charges	3.62	3.21
	h) Statutory Audit Fees (inc GST)	0.17	0.17
	i) Tax Audit Fees (inc GST)	0.02	0.01
	j) Cost Audit Fees (inc GST)	0.02	0.02
	k) Secretarial Audit Fees	0.01	0.01
	l) Statutory Audit Expenses	0.05	0.05
	m) Other Audit Expenses	0.01	0.01
	n) Consultancy/Professional Charges	2.60	5.45
	o) Out Sourcing Expenses	44.67	47.18
	p) Printing & Stationery	3.24	2.48
	q) Advertisement	0.15	1.49
	r) Electricity Charges	10.71	10.26
	s) Vehicle Running Expenses	1.35	1.36
	t) Vehicle Hire Charges	17.28	15.99
	u) Travelling & Conveyance Expenses	14.00	12.28
	v) Office Maintenance	0.71	0.50
	w) Training & Participation	0.85	0.08
	x) Stores related Expenses	12.66	2.10
	y) Other Administration Expenses	9.78	6.74
	<b>Sub-Total</b>	<b>133.93</b>	<b>114.79</b>
	z) Adm & General Expenses Capitalised	(26.25)	(19.89)
	<b>Total</b>	<b>107.68</b>	<b>94.90</b>
25.3	<b>Other Expenses :</b>		
	a) Compensations to Staff & Public	9.44	5.62
	b) Penalty on Non-Compliance with Statutes	0.06	0.00
	c) Provision for Doubtful Debts	99.72	0.00
	d) Bad Debts Written Off	1.52	1.29
	e) Waival of Surcharge	145.50	0.00
	f) Energy Efficiency Grants/Activities	1.50	0.50
	g) Energy Efficient Pumpsets	49.46	18.11
	h) Other Expenses	(11.81)	(7.99)
	<b>Total</b>	<b>295.39</b>	<b>17.53</b>
	<b>Grand Total (25.1 + 25.2 + 25.3)</b>	<b>734.92</b>	<b>382.60</b>

**Note No.25A - Exceptional Items**

Exceptional Items	Figures for the current reporting period from 01-04-2022 to 31-03-2023	Figures for the previous reporting period from 01-04-2021 to 31-03-2022
	₹ in Crores	₹ in Crores
25A.1 Exceptional Items		
a. Loss taken over by GoAP	1,232.54	-
<b>Total</b>	<b>1,232.54</b>	<b>-</b>
<p><b>Loss taken over by GoAP:</b> The Ministry of Finance, Government of India, laid down certain conditions linked to the performance in the Power Sector for availing additional borrowing space of 0.50 percent of GSDP by the State Government. As per one of the conditions, the State Government gave an undertaking to take over the future losses of the State public sector electricity distribution companies in the following manner:</p> <p>60% of the loss for the year 2021-22 in the year 2022-23  75% of the loss for the year 2022-23 in the year 2023-24  90% of the loss for the year 2023-24 in the year 2024-25  100% of the loss for the year 2024-25 and onwards in the years 2025-26 and onwards</p> <p>The company incurred a loss of ₹ 2,054.24 Crore during FY 2021-22. An amount of ₹ 1,232.54 Crore (being 60% of ₹ 2,054.24 Crore loss) was received from the State Government of Andhra Pradesh on 20-01-2023 as a Revenue Compensation Grant as per G.O.Rt.No.8 Energy (Power-III) Dept. Dt 19.01.2023.</p>		





**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 31.03.2023 are subject to reconciliation and confirmation and adjustments.		
2)	<b>Going Concern:</b> 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 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 uninterrupted as the business activity of the company i.e. distribution of electricity, is very essential and crucial to the economy and is a rate Hence, in the opinion of the management, the company has the ability to continue as a going concern and carry on its operations uninterrupted 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 Crore except as otherwise stated and have been rounded off to nearest two decimals.		
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 31-03-2022'	For the year ended 31-03-2021'
		₹ in Crores	₹ in Crores
	The Principal amount due and remaining unpaid.	50.39	28.51
	The Interest due on above Principal remaining unpaid.		
	The amount of interest paid by APSPDCL in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (7 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during the year;		
	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.		
	The amount of interest accrued and remaining unpaid at the end of the		
	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise.		



7)	<b>Merger of Ananthapur and Kurnool Circles :</b>				
	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 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 for the 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 FY 2014-15 subject to certain unidentified items some of which were identified up to 31-03-2023 and balance items that are yet to be identified as shown below.				
	Sl.No	Note No	Details	Un-identified items up to 31-03-2023	Un-identified items up to 31-03-2022
				₹ in Crores	₹ in Crores
	1	2	Reserves and 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 borrowings	180.92	180.92
	6	7	Trade payables	875.39	875.39
	7	8	Other current liabilities	206.29	205.89
	8	9	Short-term provisions	-	-
			<b>Total Liabilities</b>	<b>3,181.77</b>	<b>3,181.37</b>
	9	10	Property, Plant and Equipment	29.22	29.22
	10	11	Non-current Investments	80.64	80.64
	11	12	Long term loans and advances	4.46	4.46
	12	13	Inventories	0.17	0.17
	13	14	Trade receivables	-	-
	14	15	Cash and Bank balances	0.01	0.01
	15	16	Short-term loans and advances	67.07	67.07
	16	17	Other current assets	133.19	133.19
			<b>Total Assets</b>	<b>314.75</b>	<b>314.75</b>
	7.4 The above Assets and Liabilities are adopted in APSPDCL accounts, subject to modifications after verification and reconciliation by both entities and approval by the Expert Committee, Govt. of A.P., APSPDCL, TSSPDCL, and Govt. of Telangana.				
	7.5. The above bifurcated balance sheet was 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 the 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 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 got license from APERC w.e.f. 01.04.2020 for the distribution of power supply to the consumers located in 3 districts .i.e., Krishna , Guntur, and Prakasam.

8.3 The company has applied for approval for the Bifurcation/Scheme of Arrangement between APSPDCL and APCPDCL to the 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.

8.4 As per GO Ms. No.41. Energy (Power.I) dated: 05-12-2019 issued by the 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 the 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 to the Bifurcation of Accounts of two companies, M/s APSPDCL and M/s APCPDCL.

8.5 The Assets and Liabilities as at 31-03-2020 bifurcated between APSPDCL and APCPDCL as per the bifurcation report. The excess of Assets over Equity and Liabilities allocated to APSPDCL, amounting to ₹ 16.19 Crore, was transferred to Capital Reserve.

8.6 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 FY 2020-21. Where Assets and liabilities were not allocated between APSPDCL and APCPDCL on a geographical basis, the difference arising out of such an allocation was kept separately in Business Area 9101 of APSPDCL.

8.7 Bifurcation was done w.e.f. 01.04.2020, the accounting transactions of both APSPDCL and APCPDCL were carried out on the SAP common server till 31.12.2020. Further, APSPDCL is carrying certain obligations of APCPDCL, like meeting Debt repayment obligations, claiming grants, etc. These items are subject to reconciliation and confirmation by APCPDCL.

9) Related party disclosures.

Key Management Personnel:		
Name of the Key personnel	Salary / Remuneration	
	F.Y. 2022-23	F.Y. 2021-22
	₹ in Crores	₹ in Crores
I) Chairman and Managing Director		
1. H.Haranatha Rao (up to 21.07.2022)	0.13	0.53
2. K. Santhosha Rao (w.e.f 22.07.2022)	0.01	0.00
II) Other Directors & Company Secretary		
1. V.N.Babu, Director/Finance ( w.e.f 11.05.2020)	0.57	0.50
2. P.Kaladhara Rao, Director/Projects (up to 28.01.2022)	0.00	0.41
3. K. Siva Prasada Reddy, Director/Projects (w.e.f 16.10.2022)	0.00	0.00
4. N.V.S. Subba Raju, Director/Technical (w.e.f 25.05.2022)	0.32	0.00
5. B.V.S. Prakash, Company Secretary	0.26	0.22







# SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

## 10) Ratios for the year ended 31st March 2023

All Figures in ₹ Crores except Ratios

	PARTICULARS	FY 2022-23	FY 2021-22	% Change
<b>a</b>	<b>Current Ratio Calculation</b>			
	Inventories	506.89	192.57	
	Trade Receivables	14,164.88	9,258.33	
	Cash and Cash equivalents	167.29	438.02	
	Short Term Loans and Advances	900.95	4,934.66	
	Other Current Assets	7,489.57	9,071.31	
	<b>Total Current Assets (A)</b>	<b>23,229.57</b>	<b>23,894.90</b>	
	Short Term Borrowings	6,436.43	3,595.53	
	Trade Payables	5,563.23	14,653.13	
	Other Current Liabilities	1,388.20	2,645.71	
	Short Term Provisions	76.61	73.15	
	<b>Total Current Liabilities (B)</b>	<b>13,464.47</b>	<b>20,967.52</b>	
	<b>Current Ratio (A/B)</b>	<b>1.73</b>	<b>1.14</b>	<b>51.39%</b>
	Current Ratio has increased mainly due to reduction in Trade Payables and Other Current Liabilities.			
<b>b</b>	<b>Debt Equity Ratio Calculation</b>			
	Non-Current Liabilities	27,555.50	20,551.31	
	Current Liabilities	13,464.47	20,967.52	
	<b>Total Liabilities (A)</b>	<b>41,019.97</b>	<b>41,518.83</b>	
	Share Capital	358.72	358.72	
	Reserves and Surplus	(7,125.66)	(8,454.10)	
	<b>Total Shareholders' Funds (B)</b>	<b>(6,766.95)</b>	<b>(8,095.39)</b>	
	<b>Debt Equity Ratio (A/B)</b>	<b>(6.06)</b>	<b>(5.13)</b>	<b>18.19%</b>
<b>c</b>	<b>Debt Service Coverage Ratio Calculation</b>			
	Net Profit after tax	1,233.80	(2,054.24)	
	Finance Costs	1,527.34	919.75	
	Depreciation and Amortization Expense	814.84	748.28	
	Other Non-Cash transactions	-	-	
	<b>Total Net Operating Income (A)</b>	<b>3,575.98</b>	<b>(386.21)</b>	
	Finance Costs	1,527.34	919.75	
	Current maturities of Long Term Loans	2,288.25	1,336.71	
	<b>Total Debt Service (B)</b>	<b>3,815.59</b>	<b>2,256.46</b>	
	<b>Debt Service Coverage Ratio (A/B)</b>	<b>0.94</b>	<b>(0.17)</b>	<b>-647.58%</b>
	Debt Service Coverage Ratio has improved due to increase in Total Net Operating Income.			
<b>d</b>	<b>Return on Equity Ratio Calculation</b>			
	<b>Net Profit after taxes (A)</b>	<b>1,233.80</b>	<b>(2,054.24)</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>3.44</b>	<b>(5.73)</b>	<b>-160.06%</b>
	Return on Equity Ratio has improved due to increase in Net profit after taxes			
<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>19,048.15</b>	<b>14,778.88</b>	
	Opening Gross Trade Receivables	8,429.53	6,920.09	
	Closing Gross Trade Receivables	9,993.69	8,429.53	
	<b>Average Gross Trade Receivables (B)</b>	<b>9,211.61</b>	<b>7,674.81</b>	
	<b>Trade Receivables Turnover Ratio (A/B)</b>	<b>2.07</b>	<b>1.93</b>	<b>7.38%</b>





All Figures in ₹ Crores except Ratios

	PARTICULARS	FY 2022-23	FY 2021-22	% Change
<b>g</b>	<b>Trade Payables Turnover Ratio Calculation</b>			
	<b>Cost of Power Purchase (A)</b>	<b>19,643.54</b>	<b>17,147.75</b>	
	Opening Trade Payables - Power Purchase	12,300.45	12,043.83	
	Opening Trade Advances - Power Purchase	(4,835.52)	(4,873.26)	
	<b>Opening Trade Payables (Net)</b>	<b>7,464.93</b>	<b>7,170.57</b>	
	Closing Trade Payables - Power Purchase	3,529.81	12,300.45	
	Closing Trade Advances - Power Purchase	(819.15)	(4,835.52)	
	<b>Closing Trade Payables (Net)</b>	<b>2,710.66</b>	<b>7,464.93</b>	
	<b>Average Trade Payables (B)</b>	<b>5,087.79</b>	<b>7,317.75</b>	
	<b>Trade Payables Turnover Ratio (A/B)</b>	<b>3.86</b>	<b>2.34</b>	<b>64.76%</b>
	<b>Trade Payables Turnover Ratio has improved mainly due to decrease in Trade Payables inspite of increase in Power Purchase Cost.</b>			
<b>h</b>	<b>Net Capital Turnover Ratio Calculation</b>			
	<b>Revenue from Operations (A)</b>	<b>19,048.15</b>	<b>14,778.88</b>	
	Opening Current Assets	23,894.90	23,053.90	
	Opening Current Liabilities	(3,595.53)	(5,703.37)	
	<b>Opening Working Capital</b>	<b>20,299.37</b>	<b>17,350.53</b>	
	Closing Current Assets	23,229.57	23,894.90	
	Closing Current Liabilities	(13,464.47)	(20,967.52)	
	<b>Closing Working Capital</b>	<b>9,765.10</b>	<b>2,927.37</b>	
	<b>Average Working Capital (B)</b>	<b>15,032.23</b>	<b>10,138.95</b>	
	<b>Net Capital Turnover Ratio (A/B)</b>	<b>1.27</b>	<b>1.46</b>	<b>-13.07%</b>
<b>i</b>	<b>Net Profit Ratio Calculation</b>			
	Net Profit After Tax (A)	1,233.80	(2,054.24)	
	Total Income (B)	25,371.63	19,736.17	
	<b>Net Profit Ratio (A/B)</b>	<b>0.05</b>	<b>(0.10)</b>	<b>-146.72%</b>
	<b>Net Profit Ratio has improved due to decrease in Net losses/increase in Net Profit.</b>			
<b>j</b>	<b>Return on Capital employed Calculation</b>			
	Net Profit after Tax	1,233.80	(2,054.24)	
	Finance Costs	1,527.34	919.75	
	Taxes	-	-	
	<b>Earnings before Interest and Taxes (A)</b>	<b>2,761.14</b>	<b>(1,134.48)</b>	
	Shareholders' Funds	(6,766.95)	(8,095.39)	
	Non-Current Liabilities	27,555.50	20,551.31	
	<b>Capital Employed (B)</b>	<b>20,788.56</b>	<b>12,455.92</b>	
	<b>Return on Capital employed (A/B)</b>	<b>0.13</b>	<b>(0.09)</b>	<b>-245.83%</b>
	<b>Return on Capital Employed ratio has improved due to increase in Earnings before Interest and Taxes (EBIT) as well as increase in Non-Current Liabilities.</b>			
<b>k</b>	<b>Return on Investment Calculation</b>			
	<b>Net Profit after Tax (A)</b>	<b>1,233.80</b>	<b>(2,054.24)</b>	
	Opening Total Assets	33,423.44	31,596.94	
	Closing Total Assets	34,253.03	33,423.44	
	<b>Average Total Assets (B)</b>	<b>33,838.23</b>	<b>32,510.19</b>	
	<b>Return on Investment (A/B)</b>	<b>0.04</b>	<b>(0.06)</b>	<b>-157.70%</b>
	<b>Return on Investment ratio has improved mainly due to decrease in losses /increase in Net Profit during the year.</b>			







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

## Note No.26 - Other Notes

## 11) Court Cases/ Legal Disputes/ Contingent Liabilities

Sl.No.	Particulars	31-03-2023	31-03-2022
		₹ in Crores	₹ in Crores
i)	Claims against the company not acknowledged as debts	13.66	11.63
ii)	Estimated amount of contracts remaining to be executed on capital account and not	103.59	89.29
iii)	NCE Wind & Solar Differential Energy Charges (CUF Limitation for FY2016-17 to FY2022-23), NCE Wind generators (GBI Charges for FY 2016-17 to FY 2018-19), Excess Panels issue and other issues dealt at APPCC, Vijayawada	5,124.42	5,069.59
iv)	Letter of credit (LC) outstanding	249.77	227.72
v)	Tax Matters	2,128.19	1,973.20
	<b>Total</b>	<b>7,619.63</b>	<b>7,371.43</b>

S.No	Tax Matters	Demand ₹ Cr	Deposit ₹ Cr
1	Entry Tax	88.53	28.46
2	VAT	94.10	-
3	Income Tax (AY 2007-08 to AY 2009-10)	5.05	-
4	Service Tax	15.34	2.54
5	Income Tax (AY 2009-10 to AY 2018-19)	1,771.18	-
6	Goods and Services Tax (GST) (FY 2017-18)	153.99	9.92
	<b>Total</b>	<b>2,128.19</b>	<b>40.92</b>

## 12 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 APSDCL 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, APSDCL 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. APSDCL 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.

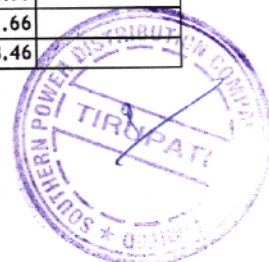
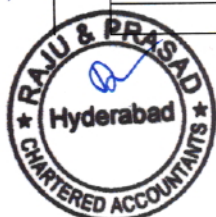
• Hon'ble AP High Court by its common order dt. 31.12.2007 quashed the levy of Entry Tax duly ordering that the levy of entry tax under the A.P. Tax on Entry of Goods into Local Areas Act, 2001 is Unconstitutional.

• 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. APSDCL 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 ₹ in Crores	Demand Paid ₹ in Crores	Asst.Period	WP No.	Disputed Demand ₹ in Crores	Demand Paid ₹ in Crores	Remarks/ Present Status
2002-03	31785/2017	2.00	1.20	2005-06	39115/2017	3.01	1.82	Pending before the Hon'ble High Court of Andhra Pradesh
	46221/2018	2.69	2.69	2006-07	--	1.39	1.18	
	31079/2017	0.00	0.00	2007-08	--	0.09	0.04	
2003-04	31096/2017	0.00	0.00	2010-11	1895/2019	0.72	0.18	
	31788/2017	0.00	0.00	2011-12	1893 / 2019	0.56	0.14	
	46846/2018	0.00	0.00	2012-13	1935 / 2019	0.85	0.21	
	39176/2017	4.86	2.91	2013-14	1899 / 2019	1.25	0.31	
	46217/2018	0.00	0.00	2014-15	1984 / 2019	18.64	4.66	
2004-05	45412/2017	0.00	0.00	2015-16	1948 / 2019	26.85	6.71	
	31802/2017	0.00	0.00	2016-17	1966 / 2019	22.47	5.62	
	1274/2018	0.00	0.00	2017-18	1969 / 2019	3.15	0.79	
	<b>Sub-Total</b>	<b>9.55</b>	<b>6.80</b>		<b>Sub-Total</b>	<b>78.98</b>	<b>21.66</b>	
					<b>Grand Total</b>	<b>88.53</b>	<b>28.46</b>	





13	<b>VALUE ADDED TAX (VAT):</b>				
	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 & 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.				
	<b>Assessment Year &amp; Subject</b>	<b>WP No.</b>	<b>Disputed Demand ₹ in Crores</b>	<b>Demand Paid ₹ in Crores</b>	<b>Remarks/ Present Status</b>
A	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.
B	2012-13 to 2013-14- VAT ON PRESUMPTIVE SALE OF METERS	41927/2017 & 1900/2019	16.88	-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.
C	2014-15 to 2016-17- VAT ON PRESUMPTIVE LEASEING OF METERS	19680/2019	45.11	-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>94.10</b>	<b>-Nil-</b>	
14	<b>INCOME TAX - TDS:</b>				
A	<b>Non-Remittance of TDS on Lease Rentals</b>				
	GIST: M/s APTRANSCO entered an agreement with M/s.Klenn & 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 & Marshall. M/s Klenn & 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.  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.				
	<b>Assessment Year &amp; Subject</b>	<b>Appeal No.</b>	<b>Disputed Demand ₹ in Crores</b>	<b>Demand Paid ₹ in Crores</b>	<b>Remarks/ Present Status</b>
	2007-08 to 2009-10 - Non Recovery of TDS on Lease Payments paid to DRT on behalf of M/s.Klenn & Marshall	(1) 1217/H/2010, (2) 517/V/2019 & (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	<b>Levy of interest on unrecovered and remitted TDS</b>				
	GIST: The ITO/TPT issued demand Notice for payment of interest for delay on the Non-Remitted TDS of ₹8.19 Crore. APSPDCL filed appeals before various adjudicating authorities and got favourable orders. Aggrieved by these orders, IT Department filed Miscellaneous petitions in High Court.				
	<b>Assessment Year &amp; Subject</b>	<b>Appeal No.</b>	<b>Disputed Demand ₹ in Crores</b>	<b>Demand Paid ₹ in Crores</b>	<b>Remarks/ Present Status</b>
	2007-08 to 2009-10	M.A No. 333 & 382 of 2017	4.67	-Nil-	Case is Pending.



15	Service Tax -				
A	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 ₹ in Crores	Demand Paid ₹ in Crores	Remarks/ 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. Submitted certification as required by department. Final Order is pending from Commissioner of Appeals, Income Tax.
B	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 finalised. The final order by CESTAT /HYD dt 14.09.2022 has received in favour of APSPDCL. The details are as under</p>				
	Assessment Year & Subject	Appeal No.	Disputed Demand ₹ in Crores	Demand Paid ₹ in Crores	Remarks/Present Status
	Levy of Service Tax on Wheeling Charges, Cross Subsidy Charges etc.	CESTAT/HYD	10.72	0.82	A final Order No. A/30087/2022 dt.14.09.2022 issued by the Hon'ble Tribunal, Hyderabad dropping demand of service tax of Rs.10,72,23,880/- except to the extent of service tax payable on Rental amount Collected from the Contractors for the normal period from 01.06.2014 to 30.06.2017.APSPDCL has filed the refund application dt 27.03.2023 against the CESTAT Final Order No. A/30087/2022 dt. 14.09.2022 duly requesting for refund of Pre-deposit after deducting of recovery of service tax on rents for the normal period as per Tribunal order and calculated the amount to be refunded as Rs. 82,27,193/- along with interest as shown below.

Details	Amount of Service Tax Deposit ₹	Interest ₹	Total ₹	Remarks
Pre-deposit Amount paid	80,49,291	15,26,939	95,76,230	Interest is calculated @ 6% p.a. from the date of payment 18-07-2019 to the date of order 14-09-2022 i.e. for a period of 1154 days.
Service Tax amount on Rental from Contractors from 01.06.2014 to 30.06.2017	-5,11,804	-8,37,233	-13,49,037	
Net Amount Refundable	75,37,487	6,89,706	82,27,193	





## 16 Income Tax

Sl No	Assessment Year & Subject	Authority before which the appeal is pending	Amount in Dispute (₹ in Crores)	Remarks/Present Status
A	AYs 2009-10 to 2014-15 Grants & Consumer contributions	Hon'ble High Court of A.P. (ITTA No.s 528,530&531 of 2018 AND 24,25&27/2019)	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.
B	AY 2017-18 Grants & Consumer contributions	CIT(Appeals ), 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.
C	AY 2018-19 Grants & Consumer contributions and Excess Contribution to Provident Fund or Superannuation Fund	CIT(Appeals ), Tirupati	405.91	An order was passed by the Income Tax Department on 12-05-2021 for the AY 2018-19 under section 144 of the Income- tax Act, 1961 vide DIN No. ITBA/AST/S/143(3)/2021-22/1032899571(1). APSPDCL filed an appeal before CIT (Appeals), Tirupati against the Assessment order. Further, information as required by the Income Tax Department was submitted on 17.04.2023.
<b>17 Goods and Services Tax (GST) -</b>				
	Financial Year, Subject & Appeal No.	Disputed Demand ₹ in Crores	Demand Paid ₹ in Crores	Remarks/ Present Status
	FY 2017-18 (July to March) GST -Levy of GST On all receipts/incomes of APSPDCL except Sale of Energy for the period from 01.07.2017 to 31.03.2018  WP No.15534/2020 against advance ruling & WP No. 4211 of 2023	153.99	9.91	The SGST Wing has conducted audit on the accounts of APSPDCL for the period 01.07.2017 to 31.03.2018 and issued Show Cause Notice Proposing GST On all receipts/incomes of APSPDCL except Sale of Energy. The Proposed Demand as per Show Cause Notice is Rs.85,58,20,224. on 21.10.2019 Writ Petition filed in High Court of AP vide WP No.15534/2020. A final order passed by the Asst. Commissioner/ State Tax (ST), Tirupati-II circle, Tirupati (State GST Wing) demanding to pay CGST & SGST along with interest & penalty amounting to Rs.153.99 Crs for the period from 01-07-2017 to 31-03-2018. In connection with Writ Petition No 15534/2020 which was already filed against the Advance Ruling authority and request the Honourable High Court of AP to tag both the writ petitions. The latest WP NO 4211 of 2023 has been filed in the Honourable High Court of AP against the order and an interim stay order has been given.
<b>18</b>	Consequent to bifurcation of APSPDCL into APSPDCL and APCDCL 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.			



**19 Changes in Accounting Policies :**

During the year, the company has adopted and modified certain accounting policies as detailed below :

A. The tariffs are determined based on the costs (Aggregate Revenue requirement) estimated and approved by the Hon'ble APERC. The actual costs incurred will vary from the approved costs, and such variations are commonly known as true-up/true-down/Fuel and Power Purchase Cost Adjustment(FPPCA). As per APERC Regulations, the company has a right to recover/refund such variations from Consumers and the Government (in respect of agricultural consumption under the free category). In respect of true-up/true-down/FPPCA or any other recovery/rebate, the company was recognising such revenue after approval of the same by the Judicial/Regulatory Authorities and only when such amount is billed/passed on to the consumers in the manner allowed by Judicial/Regulatory Authorities. During FY 2022-23, the company changed its unwritten accounting policy to recognise such revenue as and when petitions are filed with the Judicial/Regulatory Authorities. The same is disclosed in Note No.27 Statement of Accounting Policies under Revenue Recognition vide Para No.3 i) d).

Due to a change in the Accounting Policy, the company recognised the following revenue in FY 2022-23 itself.

- i) True-up for Distribution Business for the 3rd control period (2014-15 to 2018-19) for an amount of ₹ 989.29 Crore expected to be recovered from consumers after 01-04-2023 in 28 installments till July-2025 as per Volume- II of the Retail Supply Tariff Order (RSTO) 2022-23 dt 30-03-2022 (Refer to Note No.18 - Revenue from Operations).
- ii) Fuel and Power Purchase Cost Adjustment for Q1,Q2,Q3 and Q4 of FY 2021-22 for an amount of ₹ 854.87 Crore expected to be recovered from consumers from May-2023 till Apr-2024 as per FPPCA order dt 01-03-2023 (Refer to Note No.18 - Revenue from Operations).
- iii) Fuel and Power Purchase Cost Adjustment for Q1, Q2,Q3 and Q4 of FY 2021-22 for an amount of ₹ 345.10 Crore expected to be receivable from GoAP in respect of Agriculture consumption under free category consumers as per FPPCA order dt 01-03-2023. (Refer to Note No.20 - Revenue from Subsidies and Grants)
- iv) Subsidy returnable to GoAP for FY 2021-22 amounting to ₹ 579.86 Crore corresponding to the reduction in the actual over approved agricultural sales as per FPPCA order dt 01-03-2023 (Refer to Note No.20 - Revenue from Subsidies and Grants).
- v) Fuel and Power Purchase Cost Adjustment for Q1,Q2,Q3 and Q4 of FY 2022-23 expected to be recovered from consumers for an estimated amount of ₹ 1,380.68 Crore based on the petitions filed with the Hon'ble APERC (Refer to Note No.18 - Revenue from Operations).
- vi) Fuel and Power Purchase Cost Adjustment for Q1, Q2,Q3 and Q4 of FY 2022-23 expected to be receivable from GoAP in respect of Agriculture consumption under free category consumers for an estimated amount of ₹ 574.41 Crore based on the petitions filed with the Hon'ble APERC (Refer to Note No.20 - Revenue from Subsidies and Grants).

In view of the change in the accounting policy, the total income and the profit for the FY 2022-23 have been increased by ₹ 3,564.49 Crore.( ₹ 989.29 Crore + ₹ 854.87 Crore + ₹ 345.10 Crore - ₹ 579.86 Crore + ₹ 1,380.68 Crore + ₹ 574.41 Crore)

B. The company has an unwritten accounting policy of recognising revenue from Tariff Subsidy from GoAP at an amount approved by the Hon'ble APERC. However, the company changed the unwritten accounting policy in order to comply with the amendment made to the Electricity Rules, 2005 dt 29-12-2022 wherein Subsidy Accounting was made mandatory in accordance with the Standard Operating Procedure issued by the Central Government. The Standard Operating Procedure prescribes to account subsidy based on the energy supplied to separately for each subsidised category of consumers. The same is disclosed in Note No.27 Statement of Accounting Policies under Revenue Recognition vide Para No.3 iii)

Due to a change in the Accounting Policy, the company accounted ₹ 4,641.25 Crore as Tariff Subsidy for FY 2022-23 as against ₹ 5,336.69 Crore approved by the Hon'ble APERC. Hence, there is a reduction in revenue and profit amounting to ₹ 695.44 Crore ( ₹ 5,336.69 Crore - ₹ 4,641.25 Crore) during FY 2022-23 on account of the change in accounting policy.

C. The company made certain changes to the following accounting policies to give them more coherence. These changes are indicated in Bold and italics in Note No.27 Statement of Accounting Policies. There is no impact on the financial statements for FY 2022-23 in respect of such changes since the company had these accounting policies (written or unwritten) earlier also.

- a. Impairment Policy in respect of Property, Plant and Equipment (Para No. 5 ii).
- b. Classification of Investments (Para No.8 i).
- c. Inventories classification and valuation (Para No.9 i).
- d. Provision in respect of obsolete, slow and non-moving inventory (Para No.9 ii).

D. Due to a change in the accounting policies as mentioned in Para A and B above, the profit for FY 2022-23 has been increased by ₹ 2,869.05 Crore.

As per our report of even date  
For Raju & Prasad  
Chartered Accountants  
Firm's Registration No.: 0034755

CA Dileep Kumar  
Partner  
Membership No: 223943  
Place : Tirupati  
Date : 30-06-2023

For and on behalf of the Board

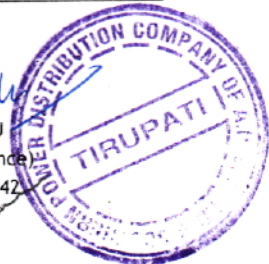
K. SANTHOSHA RAO  
Chairman & Managing Director  
DIN : 08879899

Y. LAKSHMI NARASAIH  
Chief General Manager (Finance)

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

B.V.S. PRAKASH  
Company Secretary

Date : 30-06-2023







**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:**

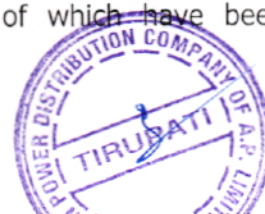
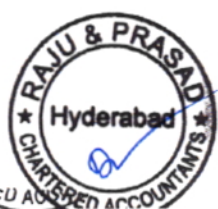
- i) Revenue from sale of power is recognized
  - a) in respect of completed billing cycle, on the basis of demand raised
  - b) in respect of in completed billing cycle, on the basis of estimation
  - c) in respect of billing towards theft of power, upon certification of assessment by the competent authority of the company and
  - d) ***in respect of True-up/True-down/Fuel & Power Purchase Cost Adjustment (FPPCA) or any other recovery/rebate, as and when petitions are filed or Orders/Regulations are issued by the Judicial/Regulatory Authorities.***
- ii) Other Income is recognized on accrual basis except interest on employee loans which is recognized on cash basis.
- iii) ***Revenue from Tariff Subsidy is recognized based on the energy supplied to separately for each subsidized category of consumers.***

**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.



- ii) ***Property Plant and Equipment is reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Profit and Loss if the carrying amount of an asset exceeds its "recoverable amount". "Recoverable amount" is the higher of an assets net selling price or value in use. An impairment loss recognised on asset is reversed when the conditions warranting impairment provision no longer exists.***

6. **Depreciation:**

- i) The Company is charging Depreciation at the rates notified under S.O. 265 (E) 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) ***Investments are classified as long term based on intent of the management at the time of acquisition. Long term investments are stated at cost and provision is made to recognize any decline, other than temporary, in the value of the investments.***
- ii) Current investments are valued at cost or market value whichever is lower.

9. **Inventories:**

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





**ii. Provision is made in respect of obsolete, slow and non-moving inventory.**

**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 Raju & Prasad  
Chartered Accountants**

Firm's Registration No.: 003475S

**CA I Dileep Kumar**

Partner

Membership No: 223949

Place: Tirupati

Date: 30-06-2023

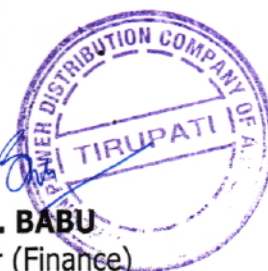


**K. SANTHOSHA RAO**  
Chairman & Managing Director  
DIN: 08879899

**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**

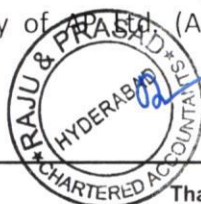
We have audited the accompanying financial statements of Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati ("APSPDCL" or "Company"), which comprise the Balance Sheet as at March 31, 2023 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

We have issued an Audit Report dated 30.06.2023 ("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 numbers 12 and 15 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 possible effect of the matters described in the Basis for Qualified Opinion paragraphs, the aforesaid financial statements given the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounts) Rules, 2014, of the state of affairs of the Company as at 31st March, 2023, its profit and its cash flows for the year ended on that date.

**Basis for Qualified Opinion****I. Purchase of Power (including Transmission and SLDC Charges):**

1. The Andhra Pradesh Power Co-ordination Committee ("the APPCC") serves as a facilitator and coordinator for the procurement and exchange of electricity on behalf of the three Distribution Companies (DISCOMs) operating within the State of Andhra Pradesh. These DISCOMs include the Eastern Power Distribution Company of Andhra Pradesh (APEPDCL), the Southern Power Distribution

**Mumbai Branch:**

511, The Corporate Centre,  
Nirmal Lifestyle Mall, L.B.S. Road,  
Mulund West, Mumbai - 400 080  
Ph: 022-25671155 / 1199

**Bangalore Branch:**

# 202, Akash Avenue, # 34, 1st Main,  
SBM Colony, Anand Nagar,  
Bangalore - 560 024  
Ph : +91-9241570047

**Thane Branch :**

Flat No. 704, Yash Ashoka CHSL,  
Near Mangla High School,  
Thane - 400 060.  
Cell : +91-9967738900

**Tirupati Branch:**

Door No. 19-9-1G,  
Kakathiya Nagar,  
Old Thiruchanur Road, Tirupati.  
Cell : +91-9704899666



Company of AP Ltd. (APSPDCL), and the Andhra Pradesh Central Power Distribution Corporation Ltd. (APCPDCL). The primary role of the APPCC entails the acquisition of power from various generators, which is subsequently allocated to the three DISCOMs based on the power purchase ratio.

- The APPCC is responsible for managing the Pool Account, which serves as the shared bank account for the three DISCOMs. This account is utilized for making payments related to power procurement. The entire process of power acquisition, payment settlement, and accounting is exclusively handled by the APPCC. The DISCOMs merely accounts these transactions in their respective books of accounts as periodically instructed by the APPCC.
- The financial transactions associated with power purchases are recorded in the books without explicit reference to the units of power acquired. However, it is important to note that the actual cost of power consumption, which may vary from the power purchase cost sharing ratio, is adjusted through the Interim Balancing and Settlement System (IBSS). These adjustments are then recorded as inter-discom sales in the accounting records.
- In addition to overseeing the Pool Account, the APPCC is entrusted with the operation and management of working capital loans obtained from banks and financial institutions. These loans are secured in the name of the three DISCOMs, primarily for the purpose of financing power purchases. The APPCC utilizes these funds to make payments to the vendors involved in the power procurement process. Payments are made from any of the bank accounts associated with these loans, depending on the availability of funds at the given time. This enables efficient and timely payment disbursement, ensuring smooth operations within the power purchase framework.
- It is also pertinent to mention that that the legal status of APPCC could not be ascertained.

## **2. Disputed cases dealt at APPCC:**

We refer to Note No 26 Para 11 (iii), company has disclosed contingent liabilities of ₹ 5,124.42 crores based on the information and certificate given by APPCC through its internal auditor. We have relied on the certificate given to us and we could not do a detailed study of each case except as mentioned hereunder. Contingent liabilities include the following

- i) ₹ 398.93 crores towards supply of power in excess of Capacity Utilization Factor (CUF) by NCEs
- ii) ₹ 171.95 crores towards deduction of Generation Based Incentive (GBI) on payment of bills to generators from Feb 2017 to Aug 2018.
- iii) ₹ 139.15 crores towards excess panels issues.



iv) ₹ 4,414.39 crores towards various court cases pertaining to power purchase.

w.r.t i), during the year the company has received unfavorable judgments in 2 cases (3 generators) out of many. In one case, company paid to the generator in line with the judgement. In the other case, company has filed appeal with APTEL. As there are unfavorable judgements to the company and also company has paid to 2 generators, company shall recognize provision for the same in accordance with AS 29. This has resulted in understatement of power purchase cost and overstatement of profit to the extent of ₹398.93 crores.

w.r.t ii), the company has deducted ₹171.95 crores towards Generation Based Incentive (GBI) received by generators and paid the balance amount based on APERC order. The Hon'ble High Court of AP issued interim orders to stop deduction of GBI and to remit full amounts to vendors. Accordingly, company has accounted full liability from September 2018, but paid after deducting GBI incentive. For the period Feb 2017 to Aug 2018, Company has not accounted the deduction amount as liability. But disclosed as contingent liability. This has resulted in understatement of power purchase cost and overstatement of profit to the extent of ₹171.95 crores.

3. With attention to the Note No. 7.1 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 (Fuel Cost Adjustment, Supplementary claims such as Minimum Alternative Tax, Income tax, Changes in law etc.). The consequential impact on creditor's balances, profit for the year, if any, is presently not ascertainable.
4. Non-confirmation and reconciliation of balances of the power suppliers for an amount of ₹3,529.81 Crores (Previous Year ₹12,300.45 Crores) have been noted. At present, the consequential impact on creditor's balances and the result for the year, if any, cannot be ascertained.
5. **Delayed Payment Surcharge paid to vendors:** Refer Note No.21.2, the Power Purchase cost of ₹17,859.77 Crores includes a Delayed Payments Surcharge (DPS) amounting to ₹108.94 Crores. However, it is important to note that Delayed Payment Surcharge is a form of compensation paid to vendors for delayed payment of dues. Therefore, it should have been appropriately accounted for under "Finance Costs". As a result, the Power Purchase cost is overstated, while the "Finance Costs" is understated by ₹108.94 Crores.

Further, it is observed that a portion of this amount, specifically ₹102.22 crores, relates to previous financial years. Company has not made provisions in the previous financial years. In accordance with Accounting Standard (AS) - 5 on "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies," this amount should have been disclosed as Prior period items. As a result, prior period expenses are understated.





As at 31.03.2023, company has not made provision towards delayed payment surcharge by ascertaining the cases of delayed payments made or due but not paid. In the absence of adequate information, we are unable to quantify the impact on the financial statements.

- 6. Power Purchase Cost Sharing Ratio:** GoAP, vide G.O.Ms.No.24 dated 29-05-2014, directed the DISCOMs in Andhra Pradesh to share the power purchase cost in a ratio of 65.73:34.27 among APSPDCL, APEDPCL, and NCEs based on geographical location. However, GoAP issued G.O.RT.No. 118 on 27th July 2017, specifying sharing of NCEs capacities and power purchase cost in power sharing ratio i.e, 65.73% (APSPDCL) & 34.27% (APEPDCL).

Subsequently, GoAP issued G.O.RT.No. 116 on 1st October 2019, with retrospective effect, to cancel G.O.RT.No. 118. As a result, the power purchase cost sharing ratio reverted to the original 65.73:34.27 among APSPDCL, APEDPCL, and NCEs based on geographical location. However, the APPCC implemented G.O.RT.No. 116 from 1st April 2019 onwards instead of implementing it retrospectively. Later, GoAP issued G.O.RT.No. 146 on 2nd December 2022 to cancel the orders issued in G.O.RT.No. 116 and restore the orders issued in G.O.RT.No. 118.

Financial implication if any of the above deviation could not be ascertained and commented.

- 7. Allocation of Short-Term Power Purchases:** As per G.O.Ms. No. 13 dated: 06.04.2020, the Power Purchase cost to be shared among DISCOMs in Power Purchase sharing ratio (APSPDCL - 40.44%, APEPDCL - 36.22% and APCPDCL – 23.34%) except for non-conventional energy projects (NCEs) which are allocated on the basis of geographical location. However, as per G.O.Rt.No.146 dated: 02.12.2022, the Power Purchase cost is to be shared among three discoms in power purchase sharing ratio including for non-conventional projects, where APPCC followed the same w.e.f 01.10.2022.

As per Retail Tariff Order (RST) for FY 2022-23, as non-conventional energy was fully allocated to APSPDCL (on geographical basis) there was surplus power over demand. There is no deficiency of power to APSPDCL. Accordingly, short term power purchase from exchanges was not allocated to APSPDCL.

However, for the period 01.04.2022 to 30.09.2022, APPCC has allocated short term power purchases which carry higher rate of tariffs to APSPDCL. Though DISCOM to DISCOM sales under Interim Balancing and Settlement System (IBSS) is in place, such allocation of short-term power purchase to APSPDCL has resulted in excess power purchase cost to APSPDCL.

- 8. Refer Note 16.1, Trade advances - Power Purchase** includes ₹828.71 crores paid to certain vendors. Such vendors have credit balances which are shown under trade payable. Payments made are not



adjusted against the liabilities. This has resulted in overstatement of advances and overstatement of trade payables of ₹ 828.71 crores.

Further, Trade advances - Power Purchase of ₹ 819.15 crores is after netting off credit balances of ₹9.57 crores pertaining to power purchase vendors. As the reasons for such credit balances are unknown, we are unable to comment on the impact of financial statements of the company.

- 9. Deposit with Courts** – Refer Note 12.4, Deposits with court include an amount of ₹30.31 crores. As per the directives of the Hon'ble Supreme Court, the petitioner was instructed to adjust the deposit made with the court towards the liquidated damages recovered by APSPDCL. In such case, company shall expense the deposit to profit and loss account as Liquidated damages under Power Purchase Cost. However, company has not done the same, resulting in understatement of Power purchase cost and overstatement of the deposit by an amount of ₹30.31 crores.

- 10. Excess allocation of power purchase cost on account of auxiliary consumption by Generators:** As per the Retail Supply Tariff (RST) Order for FY2022-23, the import of energy by Wind & Solar Developers (NCs) is billed on the Generators. This amount is then deducted from the power purchase cost payable to the Generators. Net power purchase cost (Power purchase cost net of import billing) was shared among the respective DISCOMs.

From 01.10.2022 onwards power purchases including NCEs are allocated to DISCOMs. By virtue of allocation of only net power purchase cost, full cost is not shared amongst the DISCOMs Or Revenue billed towards import of energy is not recovered from other DISCOMs separately.

Company is incurring loss of income equivalent to the units imported by these generators located within its jurisdiction. Majority of NCE projects are situated in its jurisdiction. Based on our test check we have arrived at an amount of ₹4.16 crores for the period 01.10.2022 to 31.03.2023 which can be said as excess power purchase cost allocation or short recovery from other DISCOMs.

Further, it has been found that electricity duty (ED) is collected from the developer for the import of energy. However, the ED liability is not accounted for and remitted to the government. Instead, the total HT bill is netted off from the cost, and the net amount is accounted for as the power purchase cost. This leads to an understatement of the power purchase cost and ED liability, amounting to ₹0.63 crores (approximately) based on the test check conducted.

- 11. CUF Compensation Cases:** The Hon'ble APERC vide OP No. 65 & 85 of 2021 dated: 26.09.2022, has mandated the payment of compensation to petitioners (involving 2 parties) with respect to units injected over and above the CUF (Capacity Utilization Factor).



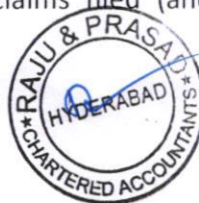


With regard to one party, company has made the payment of ₹2.04 crores. In accordance with the prevailing power purchase ratio, company shall recover from other Discoms. But the company has not recovered and not accounted the same. Amount involved is ₹0.91 crores.

With regard to the second party, APPCC has determined that an amount of ₹15.20 crores (32.34 MUs) is the compensation payable to the petitioner. However, the company has not recognized the liability to the extent of company's share of ₹6.30 crores ( $₹15.20 \times 65.73\% \times 63.02\%$ ).

## **II. Recognition of True-up Revenue:**

12. We draw attention to Para 3 (d) under the Note 27 (Significant Accounting Policies) and Para 19 A under Note 26 regarding recognition of revenue arising in respect of true-up/true-down & Power Purchase Cost Adjustment (FPPCA) or any other recovery/rebate. Company was recognizing revenue upon receipt of approval from Honorable APERC and in the manner specified by them. During FY 2022-23, the company had changed the accounting policy to recognize such revenue as and when petitions are filed (or) order/regulations are issued by the Judicial/Regulatory Authorities without any justification and reason for such change. Accordingly, the Company has recognized additional revenue of ₹ 4144.35 crores. Our comments are as below:
- During the FY 2022-23, Company has received approval from APERC to recover true up revenue w.r.t Fuel and Power purchase cost adjustments (FPPCA) of FY 2021-22 of ₹ 1199.97 crores (including ₹ 345.10 crores to be raised on GoAP in respect of agriculture consumption under free category consumers). The same is to be recovered from consumption month of April 2023 onwards in 12 installments. However, company has recognized the same as revenue as on 31.03.2023 though such recognition is not in accordance with the recovery manner and period prescribed by APERC.
  - During FY 2022-23, Company has received approval from APERC to recover true up revenue w.r.t Distribution True up for 3rd control period (FY 2014-19). The same is expected to be recovered over a period of 36 monthly instalments i.e., from August 2022 to July 2025. As on 31 March 2023, the Company has recognized revenue of ₹989.29 crores towards the balance instalments of 28 months due for recovery from April 2023 to July 2025, though such recognition is not in accordance with the recovery manner and period prescribed by APERC.
  - During FY 2022-23, company has recognized revenue of ₹ 1,955.09 crores (including receivable from GoAP of ₹ 574.41 crores) pertaining to the Fuel and Power Purchase Cost Adjustment (FPPCA) for the FY 2022-23 based on the petitions/claims filed (and pending for approval by regulatory



authority). We are of the opinion that the accounting policy of the Company to recognize revenue as and when petitions/claims are filed with Judicial/Regulatory Authorities is not in accordance with the Regulations/orders issued by Judicial/Regulatory Authority. The same needs rectification. Adoption of such accounting policy resulted in overstatement of revenue and profit to the extent of ₹1,955.09 crores.

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

13. 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).

We have been informed that assets and liabilities have been apportioned as per AP Reorganization Act, 2014, except for certain deviations. However, company has incorporated the assets and liabilities based on the audited financial statements along with allocation of assets provided by TSSPDCL (erstwhile APCPDCL) as at 01.06.2014. Such, incorporated assets, and liabilities include following unidentified balances as on 31.03.2023. (Refer Note No. 26 Para 7.3)

Liabilities	Amount in crores	Assets	Amount in crores
Reserves and Surplus	275.88	Property, Plant & Equipment	29.22
Long Term Borrowings	1,643.33	Non-Current Investments	80.64
Other Long-Term Liabilities	-0.05	Long Term Loans and Advances	4.46
Short Term Borrowings	180.92	Inventories	0.17
Trade Payables	875.39	Cash and Cash Equivalents	0.01
Other Current Liabilities	206.29	Short Term Loans and Advances	67.07
		Other Current Assets	133.19
<b>Total</b>	<b>3,181.77</b>	<b>Total</b>	<b>314.75</b>

Company has not given subsequent accounting effect such as depreciation on Property, Plant and Equipment, interest expense on loans, dividend income or interest income accrued on loans and investments etc. on the above assets and liabilities.

Further, ownership instruments/title deeds of immovable properties, loans and investments are not transferred in the name of the company. Company has not repaid the loans.





Apart from the above unidentified balances, an amount of ₹51.85 crores (credit balance) in respect of funds received from TSSPDCL (erstwhile APCPDCL) was netted off against the advances mentioned in Note 12.1. However, company does not have the details for the same.

Further, Note No. 7.2 Payables to Other DICSOMs (ICD) include long outstanding Inter Corporate Deposits (ICD) related to TSCPDCL (Debit balance of ₹215.93 crores) & TSNPDCL (Credit balance of ₹124.75 crores) for which no details are available with the company.

The consequential impact of the above said transactions on assets, liabilities, profit for the year, if any, is presently not ascertainable and not given in the financial statements.

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

14. 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 w.e.f 01.04.2020 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, Anathapuramu and Kurnool.
- APCPDCL: Vijayawada (HQ), Krishna, Guntur and Prakasam.

The method of bifurcation adopted was accepted and approved by managements of both APSPDCL and APCPDCL. 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.

Accounting effect of bifurcation has been done w.e.f. 01.04.2020. However, the accounting transactions of both APSPDCL and APCPDCL were carried out in SAP common server till 31.12.2020. Transactions carried out during the F.Y.2020-21 was bifurcated. However, the same is subject to confirmation and reconciliation by both the companies.

Refer Note No. 8.13, Other Liabilities include ₹ 76.30 Crores representing difference arising out of non-allocation of Current Bank Balances between APSPDCL and APCPDCL as per geographical basis.

Further, the division of manpower between APSPDCL and APCPDCL is not covered in this report.



With respect to all the above and in the absence of adequate information we are unable to comment upon the consequential impact on the financial statements.

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.

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

**15. Japan International Cooperation Agencies**

Refer Note No.3.2(b), Long Term borrowings include a sum of ₹133.22 Crores from Japan International Cooperation Agency (JICA).

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. We have been informed that there is ambiguity regarding Government's share and APSPDCL's share in the payment of Principal/Interest.

As per the schedule in notice of completion of disbursement received by APSPDCL, repayment of principal starts from 20<sup>th</sup> June, 2021 and interest payments start from the date of disbursement. However, company is not making the payments towards principal and interest.

Further, on prudent basis company should have created provision towards interest from the date of disbursement to 31.03.2023 and overdue charges for delay in repayment of principal and interest. However, company has not made provision. Interest provision (without overdue charges) till 31.03.2023 is ₹6.02 crores (approx.). There by there is an understatement of finance cost and interest liability to that extent.

Further,

- As per Accounting Standard - 11, The Effects of Changes in Foreign Exchange Rates shall be given. However, company has not done the same.
- The company is unable to identify the expenditure incurred till date in the books of accounts and project status for which the loan is sanctioned.
- The company has not classified the loan into current liability and non-current liability.
- The company has not received balance confirmation from JICA. Hence the loan is subject to the confirmation.

**16. World Bank (WB)**





Refer Note No.3.2(b), company has undertaken the "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 Gol/WB to Govt. of AP and subsequently released by Govt. of AP to APSPDCL.

Towards the amount spent by APSPDCL for a project, Gol released an amount of ₹1,013.06 crores (out of amounts received from World Bank) to GoAP till 31.03.2023. However, GoAP has released only ₹690.82 (₹758.60 crores less amount transferred to APTRANSCO and APEPDCL of ₹67.78 crores) crores to the company and remaining receivable of ₹322.24 crores from GoAP is long outstanding.

As per sanction letter, principal repayment should start from 15.08.2022. However, company has not paid interest and principal till 31.03.2023.

APSPDCL should create an interest provision for the period up to 31.03.2023 along with overdue charges for delay in repayment of principal and interest. However, company has not made provision. In the absence of adequate information, we are unable to quantify the provision and consequential impact on the financial statements.

Further,

- The company has not classified the current maturities under short term borrowings.
- The company has not received balance confirmation from IBRD and AIIB. Hence the loan is subject to confirmation and reconciliation.

#### **17. PFC - RAPDRP**

Refer Note No.3.1(b), Term Loans from other parties, includes an amount of ₹19.75 crores which is not repaid by the company expecting that this will be converted as Grant. There is no confirmation from PFC. Also on prudent basis, company should have made provision towards interest, however the same was not done resulting in understatement of interest expense.

#### **18. LPS Loan of ₹12,833.93 Crores**

Refer Note No.3.1(b), the Andhra Pradesh Energy Department has decided to join the late payment surcharge (LPS) scheme initiated by the Central Government. This scheme allows for the settlement of power generator dues until 2022 through 12 monthly installments.



Company has been sanctioned loan under scheme of ₹12,833.93 Crores {₹6,766.93 crores from Power Finance Corporation (PFC) + ₹6,066.93 crores from Rural Electrification Corporation (REC)}, to clear power purchase dues as at 31<sup>st</sup> May 2022.

However, as per the books of the company, power purchase dues as at 31.05.2022 are ₹8,043.43 crores (net off advances paid) only. Thus, resulted in an excess sanction of loan of ₹4,790.43 crores.

Loan sanctioned Under LPS	₹ in crores
Power Finance Corporation	6766.93
Rural Electrification Corporation	6066.93
<b>Total loan – A</b>	<b>12,833.86</b>
<b>Vendor balances as on 31-03-2022</b>	
Trade payables – B	12300.45
Advances given to vendors - C	4875.01
<b>Net Trade payables (D=B-C)</b>	<b>7425.44</b>
Increase in Trade payable in April 2022 (FRBM) – E	399.15
Increase in Trade payable in May 2022 (FRBM) – F	218.84
<b>Total Power purchase dues as on 31-05-2022 (G=D+E+F)</b>	<b>8043.43</b>
<b>Excess sanction to APSPDCL (H=A-G)</b>	<b>4,790.43</b>

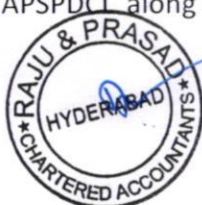
#### 19. Loans received due to merger of Anantapur and Kurnool Circles

Refer Note No.3.3 and 6.2, Anantapur and Kurnool Circles were merged into APSPDCL w.e.f 02.06.2014 as per Schedule XII of AP Reorganization Act, 2014 and G.O. Ms. No. 24 dated 29-05-2014. In the merger process, an amount of ₹1643.33 Crores and ₹180.92 Crores aggregating to ₹1824.25 Crores was transferred by M/s. TSSPDCL (formerly APCPDCL) as Long-Term Borrowings and Short-Term Borrowings on the basis of Energy and Scheme wise allocation.

Hence, the same is adopted into Books of Account. However, repayment schedule and other loan covenants are not given to the company at the time of merger. On a prudent basis, APSPDCL should have created interest provision from the date of merger till 31.03.2023 resulting in understatement of interest expense and understatement of liability.

#### 20. Loan covenants not bifurcated among APSPDCL and APCPDCL - 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. 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.

#### **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".

- 21. Title Deeds** – Refer Note No.10.1 (a), in regards to the Land and Land Rights carrying a value of ₹4.91 crores (Previous year ₹4.88 crores), data pertaining to lands acquired through purchase, gift, or alignment by the government, including information on the lease period are not available with the company. Additionally, the ownership documents including sale deed, lease deed, and gift deed, for such lands are not completely available with the company. Due to the unavailability of the aforementioned information and documents, we are unable to ascertain the current state of ownership or make any necessary adjustments to the carrying amounts. Further, the company has not provided adequate disclosures as mandated by Schedule III.
- 22. Cost allocation** - Total cost incurred towards a particular project/capital works are accounted in a work order (WBS). Cost loaded under the WBS (to extent not attributable to the identified asset categories) is allocated to identified asset categories based on a discretionary percentage. Percentage varies from case to case. There is no basis for such percentage. In the absence of adequate information, we are unable to ascertain the consequential impact on Asset balances, Accumulated depreciation and depreciation in the financial statements of the Company.
- 23. Overhead allocation** – Refer Note No. 27 Para 7, Statement on Accounting policies, Company is capitalizing Overheads and Employees cost @ 1.5% and 8.5% respectively of the capital work in progress. During the year company has capitalized ₹174.99 crores (Previous Year ₹132.59 crores) of such expenditure. However, AS-10 prescribes to capitalize only such expenses directly attributable to the specific assets. The said policy is not in compliance with AS-10.
- 24. Low value assets** - Refer No.10.1 (k), during the FY 2022-23, company is capitalizing and charging 100% depreciation on assets accounted under class Low Value Assets (GL 1000951) amounting to ₹0.70 crores. However, there is no accounting policy with company regarding the same.
- 25. Long pending Capital work-in-progress** - Capital work-in-progress (including Intangible Assets under development), includes balances pending capitalization for a long time owing to pending analysis of status, value and obtaining of commissioning/completion certificates.



Refer Note No. 10 Para 1, of financial statements: As on 31.03.2023, there are 70,806 open work orders amounting to ₹3067.26 crores (Previous Year ₹2,320.41 crores), out of which 10,117 work orders pending closure (capitalization) for more than 3 years is ₹547.52 crores (Previous Year ₹325.22 crores) which account for 17.85% percent of total value of work orders.

However, these work orders could be pending closure due to various reasons, such as

- a. The actual work has been completed, but the work orders have not been capitalized yet due to pending documentation and the furnishing of commissioning/completion certificates., resulting in understatement of Property, Plant & Equipment and Intangible Assets and the depreciation/amortization thereon.
- b. Delays in the completion of work, including stalled projects/works, due to various factors. However, the company has not conducted the Impairment study to identify potential impairment losses related to these work orders.

As the company did not provide us with the case-by-case status of the pending work orders along with supporting documents, we are unable to determine the number and value of work orders falling under case (a) or case (b) scenarios. Also, we are unable to ascertain the consequential impact on the balances of CWIP, Property, Plant, and Equipment, Intangible Assets, and the related depreciation, amortization, or impairment in the company's financial statements.

26. Refer Note No. 10.3, CWIP includes ₹9.78 crores, which represents the payments made under an agreement entered with vendor. This agreement pertains to the dry lease of E-Cars, involving the provision and maintenance of cars without driver and fuel for a duration of 6 years, at a monthly rate of ₹20,000. As per agreement, at the end of 6<sup>th</sup> year, the cars are to be returned to vendor and company has no right, title or interest therein otherwise than as a lessee. Despite the agreement being of the nature of an operating lease, the company has recorded the cost under CWIP without recognizing it as an expense. Resulting in understatement of expense and overstatement of CWIP.

27. **Short recovery and no depreciation on certain assets which are put to use:** Refer Note No. 12.1, amount of ₹32.57 crores paid to APTSL in 2018 towards purchase of desktops, laptops, tabs, vehicles. The company has admitted bills valuing ₹32.45 crores, balance amount of ₹0.12 crores shall be recovered from vendor but not recovered.

Also, the assets purchased were already put to use by the company and it includes items received by APCPDCL, these weren't capitalized resulting in understatement of PPE and overstatement of Long-Term Loans and Advances.

28. **Retirement of Transformers -**





Refer Note No. 10.1(d), company is identifying the transformers which are irreparable as scrap materials and recognizing as inventory. Such scrap materials are recognized at moving average sale price by crediting other expenses. As the actual WDV of such transformers are unascertainable, the company is retiring transformers on a First-in-First-out (FIFO) basis instead of retiring the actual transformers from PPE. The consequential impact on Asset balances and depreciation on financial statements is not ascertainable.

However, AS per AS-10 property, plant and equipment retired from active use and held for disposal should be stated at the lower of their carrying amount and net realizable value. Company by recognizing at moving average sale price is contradicting to AS -10, there by profit and Inventories are overstated.

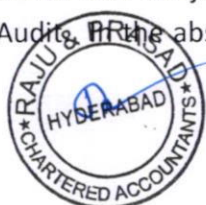
**29. Transformers (Theft)** – Refer Note No. 10.1(d), In theft cases, As the actual WDV of such transformers are unascertainable, the company is derecognizing transformers on a First-in-First-out (FIFO) basis instead of derecognizing the actual transformers from PPE. The consequential impact on Asset balances and depreciation on financial statements is not ascertainable.

**30. Derecognition of Burnt Meters** - Refer Note No. 10.1(f), It has come to our attention that the company is continuing to carry the written down value of "burnt meters" in its books of account, even though these meters are no longer in existence since they are replaced with new meters. This practice is not in accordance with AS 10

Company is collected deposits from consumers to replace the burnt meters. Cost of new meters is adjusted against the deposits from consumers instead of capitalizing the same.

**31. Derecognition of Assets (other than Transformers and Burnt meters)** - In cases where an old asset is replaced with a new asset (excluding Distribution Transformers and Burnt Meters), the new asset is capitalized at its weighted average cost less scrap value of the replaced asset. However, the old assets are not derecognized from the books of accounts. As a result of these practices, the consequential impact on the asset balances and the depreciation on the financial statements cannot be ascertained.

**32. Note No. 10 Para 4** is invited wherein, following the amendments made to the 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 the values stipulated in the respective government notifications, which are provisional and subject to further adjustment as may be determined by the State Government and Auditors. 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.

**33. Capital Advance paid to GVK Industries Ltd.:** Refer Note No. 12.2, Capital Advances includes ₹133.64 crores towards cost of fixed assets and inventory (stores & spares/naptha) in respect of 216 MW gas-based power plant acquired in April 2016 from M/s. GVK Industries Limited (GVK) in association with APEPDCL (company share 65.73% and APEPDCL share 34.27%) and renamed the same as Godavari Gas Power Plant (GGPP). GGPP was handed over to M/s. Andhra Pradesh Power Generation Corporation (APGENCO) to run the plant. The plant is under operation and the energy generated was utilized by the AP DISCOMs. Though the asset acquired was put to use, amount paid is still continued under Capital Advances since 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. Later, liquidation process was initiated against GVK Industries Ltd. under CIRP on 15 Dec 2022. APPCC is in the process of claiming the amounts under the Insolvency and Bankruptcy Code, 2016."

Further to above, company has incurred capital cost towards GGPP of ₹39.48 crores which is shown under Note 12.1.

Considering the above facts, it is evident that there no certainty that the company will yield economic benefit to the extent of ₹ 173.12 crores (₹133.64 crores + ₹39.48 crores) to the company. This warrants accounting of provision/impairment but the company has not done. This has resulted in overstatement of assets by ₹ 173.12 crores and profits by ₹173.12 crores.

**34. Impairment of Assets:** Company has not carried out any Techno-economic assessment/Impairment study. 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".

**35. 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:**

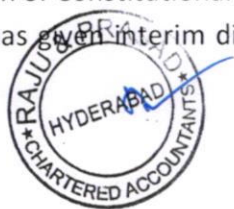




- 36. Valuation of Inventory:** The company is valuing the inventory on weighted average cost. However, it should be valued at cost or Net Realizable Value (NRV), whichever is lower, leading to non-compliance with AS-2 "Valuation of Inventories".
- 37. Advances unadjusted towards sale of scrap:** Refer Note 8.2, customer related liabilities include ₹165.03 crores received as advance towards sale of scrap. Refer Note No. 17.4, receivables from others, include receivables of ₹156.10 crores towards sale of scrap. Due to non-adjustment of advance against the receivables resulting in overstatement of other current assets and other current liabilities to the extent of ₹156.10 crores.
- 38. Provision for obsolete, slow-moving, and non-moving stocks:** Refer Note No.13.4, there is no comprehensive mechanism of identifying the obsolete, slow-moving, and non-moving stocks. As a result, we are unable to comment on the adequacy of provision made towards such stocks. Provision as at 31.03.2023 is ₹15.71 crores (including provision made during the year of ₹8.04 crores).

#### **VIII. Revenue:**

- 39.** Refer Note 20.1 (a), Tariff Subsidy from GoAP of ₹4,641.25 crores has been recognized in respect of agriculture consumption under free category consumers (un metered). Tariff subsidy is determined based on consumption of units by above referred category of consumers. As there are no meters, units consumed is estimated by a department within the company. There is no sufficient and appropriate audit evidence confirming the actual units consumed under such category. Hence the same is relied upon by us.
- 40. Open Access:** Refer Note 18, in case of Open Access consumers, only 70% of open access units recorded are provisionally adjusted in the bill. This means for the balance units bill is raised and revenue is recognized though it doesn't pertain to the company. As and when actual units are confirmed, revenue to the extent of actual units less units already adjusted on provisional basis is reversed in the year in which such actual units are confirmed. Company does not have any practice of estimating revenue to be reversed at the year end.
- 41. Pole rental charges:** Refer Note No.19.6 includes pole rental charges of ₹5.05 crores, with regards to same, the Fiber Net Operators Federation have filed Writ Petition No: 8417 of 2020 in the Hon'ble High Court of Andhra Pradesh at Amaravati regarding directions given by Superintending Engineers for collection of monthly rental charges for laying cable wires on DISCOM supports/Electrical Poles as illegal, unjust, ultra vires in gross violation of Sec 4(B) of the Cable Television Net Work (Regulation) Act, 1995 besides violation of Constitutional Guarantees and to consequently set aside the said Memos. Accordingly, court has given interim direction to the respondents not to collect



from the members of the petitioner federation any kind of charges demanded in the impugned order other than monthly electricity consumption charges under the monthly electricity bills. However, it is made clear that this Order would not preclude the individual cable operators/members of petitioner federation to make payments of charges as fixed by the concerned authorities, if they are agreeable for the charges so fixed/levied. Therefore, company on a prudence basis should not recognize income on accrual basis since there is no certainty in collection Pole rental charges.

42. Refer Note 19.4, the company has recognized "Other Income - Delayed Payment Surcharge" from consumers of ₹1,185.96 crores. An amount of ₹0.05 paise per 100 per day is levied, accordingly DPS is calculated on the outstanding receivables as on 31.03.2023 and revenue is recognized. As mentioned in Annexure-A to Note No.14, there are long outstanding receivables. In such cases, recovery of DPS is uncertain. Hence company shall have a mechanism to ascertain DPS on long outstanding receivables and to recognize the provision in the financial statements. As there is no adequate information, we are unable to quantify and provide the impact on the financial statements.

**IX. Trade Receivables:**

43. Refer Note No. 14 Para 2, As on 31.03.2023, company has recognized an amount of ₹1099.47 crores (Previous year ₹708.50 crores) as revenue stating that the company has right on surplus energy generated by APGPCL. APGPCL approached Honorable High court of Andhra Pradesh and obtained stay order in their favor. In such case, on prudence basis, company shall not recognize revenue or shall recognize provision for the same.
44. As per Note No. 27 Para 2 in Statement of Accounting Policies, the company's accounting policy for the provision of bad and doubtful debts states that provisions are made for debtors outstanding for a period of more than 4 years, excluding receivables from Government Departments/Companies and amounts involved in Court Cases. However, according to AS - 9 "Revenue Recognition", if uncertainty arises regarding the ultimate collection of revenue after recognition, a provision for doubtful debt should be made to the extent of the uncertain revenue. Therefore, it is evident that the company's accounting policy is not in accordance with AS - 9 "Revenue Recognition". As a result, the provision for bad and doubtful debts is understated to the extent of disputed receivables of ₹313.15 crores (Other than receivable pertaining to APGPCL commented in point 43 of ₹1,099.47 crores and Government receivables)

**X. Employee Benefits:**





45. The erstwhile APSEB has unbundled into APTRANSCO, APGENCO, APSPDCL AND APEPDCL. While unbundling, a trust was formed by name Andhra Pradesh State Electricity Employee Master Pension and Gratuity Trust (Master Trust) under the control of APGENCO. The main function of the Master Trust is to pay the pension (100% Pension) including retirement benefits to the pensioners who were retired before 01-02-1999 and to the Employees who were appointed in the erstwhile APSEB (Before 01-02-1999) and are going to be retired/ expired after 01-02-1999 @74%, remaining 26% will be paid by the APTRANSCO, APGENCO, APSPDCL AND APEPDCL which were emanated from the erstwhile APSEB. Pension and Gratuity Liability of the company w.r.t employees joined before 31<sup>st</sup> January 1999 is allocated as below:

Particulars	Unit Trust (P&GS Trust of the company)	Master Trust (Operated by APGENCO)
Gratuity for employees who continued on rolls beyond 31st January 1999	26% till 31 Mar 2029 100% after Mar 2029	74% till 31 Mar 2029
Pension to the Pensioners (including family pensioners) who retired from employment on or before 31st January 1999	0% till 31 Mar 2033 100% after Mar 2033	100% till 31 Mar 2033
Pensioners (Including family pensioners) who retired from employment after 1st February 1999 till date of valuation	26% till 31 Mar 2029 100% after Mar 2029	74% till 31 Mar 2029

Liability allocated to the P&GS - Provision to be made as per the actuarial valuation report is ₹1,807.26 crores. Whereas, the company has made provision only to the extent of ₹287.01 crores. Thereby resulting in shortfall of provision by ₹1,520.25 crores. Also, company has not classified the provisions into short term and long term.

Liability allocated to Master trust – Master trust shall discharge the liability as enumerated in column 2. In case of any deficit to Master trust (i.e., its own funds are not sufficient to meet the obligations), company has an obligation to contribute towards such deficit and the same was charged to profit and loss account of ₹492.94 crores during FY 2022-23. Company does not have a system of estimating deficit and making a provision at the year end. In the absence of adequate information, we are unable to comment on the consequential impact on the financial statements.

46. Further, the disclosure requirements w.r.t Employee benefits are not fully complied in accordance with Schedule III of the companies Act.



47. Company withheld the employees' salaries due to irregular drawl of material from the stores, non-closure of long pending work orders, suspended employees etc. However, adequate provision towards salaries of such employees to extent of withheld amount was not made.
48. Refer Note No. 12.3 & 16.5, Long Term and Short-Term Loans & advances to staff has an outstanding balance of ₹ 17.18 crores (31.03.2022: ₹ 21.90 crores) and ₹ 0.92 crores (31.03.2022: ₹ 0.91 crores) as at 31.03.2023. These advances are given for various purposes such as Housing, Education, Computer, Marriage, Tour advance, Festival advance, Education advance, Conveyance, Pay Advance etc., to employees. There are certain advances which are long outstanding and are subject to reconciliation and adjustments, if any. As a result, the classification of loans into short-term and long-term cannot be definitively determined.
49. As per Tariff order for FY 2022-23 given by Hon'ble APERC, Distribution True up amount collected by the company shall be deposited with the employee trust towards pension and leave encashment liabilities of the company. As at 31.03.2023, an amount has been collected as Distribution true up, but there is no remittance to the P&GS trust. In view of the specific direction from APERC, the management may take adequate measures to contribute to Trust an amount equal to the collections out of Distribution True-up so that there will not be unnecessary burden in future.

**XI. Government Grants:**

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

Company has received specific grants for various projects such as IPDS, RGGVY, DDUGJY, Smart City, RDSS, DDG, etc. Company has recorded all grants received in a single ledger account. Projects department is maintaining the grants received and amount spent against each grant. However, on test check information given by project department is not matching with books of accounts. Hence such amounts are subject to reconciliation.

On our test check, we have noted grants pertaining APCPDCL portion were accounted as grants of the company. In the absence of relevant information, we are unable to ascertain overstatement of grants and understatement of liability.

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. In the absence of adequate information, we are unable to comment on the consequential impact on the financial statements.

## **XII. Cash and Cash Equivalents**

51. The Bank Reconciliation Statements prepared by the company for the year ended 31<sup>st</sup> March, 2023 contains many outstanding unidentified entries amounting to ₹ 13.44 Crores (Company Excess of ₹ 1.28 crores and Bank Excess of ₹ 14.72 crores). Out of these, unidentified entries more than one year old entries are of ₹1.08 Crores (Company Excess) and ₹3.34 Crores (Bank Excess) respectively. In the absence of required information, we are unable to comment upon the impact thereof on financial statements.

## **XIII. Borrowing Costs:**

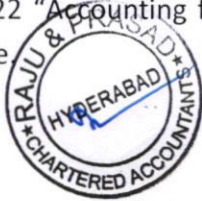
52. Note No. 27 Para 10, Statement of Accounting policies states that interest during construction is calculated and capitalized at the rate specified for each scheme from the date of expenditure incurred till the date of Capitalization. During the year, company has capitalized ₹141.07 Crores (Previous Year ₹129.91 Crores) of such interest. Company is unable to identify the borrowing cost incurred specifically for a particular asset. Hence capitalized the interest cost at the average rate of borrowing cost incurred during the previous year. This is in contradicting to the accounting policy of the company.

Further, as per AS-16 capitalization rate should be the weighted average of borrowings costs applicable to the borrowings that are outstanding during the year. But company is computing the rate based on the borrowings of the **previous** financial year (FY 2021-22).

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

## **XIV. Taxes on Income:**

53. 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



**XV. Non-Current Investments:**

54. Refer note no. 11, Long Term Investments in the Balance Sheet are carried at cost at Rs.184.55 Crores. The company has not carried out any exercise to identify permanent diminution in the value of investments as per the requirement of Accounting Standard - 13 "Accounting for Investments". Due to non-availability of adequate information, we are unable to ascertain its impact on the Financial Statements.

Above long-term investments include ₹80.64 crores received on account of Merger of Anantapur and Kurnool Circles. Ownership of such investments are not transferred in the name of the company. Also, company has not recognized any income on such investments.

**XVI. Earnings per Share:**

55. 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.

**XVII. Receivables from GoAP:**

56. Note No. 17.1, Other current assets include receivables from State Government of Andhra Pradesh of ₹6786.09 crores.

- a. Out of which a sum of ₹244.63 crores is towards reimbursement of salaries paid to Energy Assistants (G.O.Ms.No.110 dt. 19.07.2019 read with Lr.No. ENE01/490/2019). APSPDCL is availing the services of Energy Assistants (JLM G-II) and there is no reimbursement of amount from GoAP since FY2019-20. On prudent basis, provision towards the above shall be made. As provision has not been made, it has resulted in overstatement of profit and overstatement of advances.
- b. It includes a sum of ₹11.16 crores receivable from GoAP, towards reimbursement of principal and interest of Indiramma Loans which is long outstanding.
- c. It includes a sum of ₹ 126.89 crores receivable from GoAP for which no underlying information is available. In view of the same, there is uncertainty over recovery of such amounts. However, there is no provision made towards the same. This has resulted in overstatement of profit and overstatement of advances.

**XVIII. Others:**





57. Refer Note 17.3, Other currents assets include ₹27.02 crores receivable from TSSPDCL (erstwhile APCPDCL) on account of salaries paid to employees during their tenure in TSSPDCL, which is long outstanding. There is no acceptance of the same by TSSPDCL (erstwhile APCPDCL).
58. Refer Note 15.5 (a), The fixed deposits with a value of ₹3.00 crores (3 deposits of ₹1.00 crore each) earmarked against the Contingency reserve are registered under the name of APCPDCL instead of APSPDCL.
59. A Fixed Deposit of ₹2.91 crores was made with SBI in compliance with a court order related to the Satya Maharshi Power Corporation Limited case. However, upon review of the books of accounts, we were unable to locate any record of this Fixed Deposit. Also, the details of case are unknown. As a result, we are unable to comment on the consequential impact on the financial statements.
60. We report that the following accounts have not been reconciled as at 31<sup>st</sup> March 2023 and accordingly we are unable to express an opinion on the effect of said un-reconciled amounts on profit of the company for the year:
- Note No.8.5 Para 2 non-reconciliation of Inter Unit accounts to the extent of ₹128.79 Crores debit balance (previous year ₹25.68 Crores credit balance).
  - Note No.8.6, amount appearing under “Debt Service Clearing A/c” with a credit balance of ₹12.93 Crores (previous year ₹111.38 Crores credit balance).
61. 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.
62. 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 1, 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.
63. 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.

64. Since the implementation of SAP in APPCC, it has been identified that the opening balances related to power purchase vendors were only posted in the APPCC 555 server. As a result, the closing balances in APPCC as of 31st March 2023 are still subject to posting (excluding power purchase vendor balances) and require reconciliation with the opening balances. Additionally, the vendor closing balances in SAP as of 31st March 2023 have not been reconciled with the vendor files maintained in APPCC. In the absence of required information, we are unable to comment upon the impact thereof on financial statements.

65. Refer Note No. 26 Para 11, regarding contingent liabilities and commitments. Bifurcation of certain contingent liabilities into various AP Discoms has not been carried out.

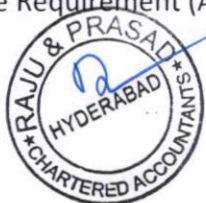
Further, there is no reconciliation of deposits with the court between the ledger balance and contingent liabilities schedule. In the absence of the same, we are unable to comment on the consequential impact on the financial statements.

66. Refer Note No. 26 Para 1, Balance of Trade receivables, Trade payables, Suppliers, Contractors, ICD (DISCOMs), Deposits for electrification service connections, 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 2022-23. Hence balances w.r.t such trusts are subject to reconciliation and adjustments (if any).

67. Refer Note No. 26 Para 6, the company has not adequately identified the Enterprises qualifying under the definition of Medium and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED).

68. The Hon'ble APERC vide its Tariff Order for Retail Sale of Electricity for the period FY2017-18 to FY 2022-23, allowed cost towards compensation to victims of electrical accidents and directing the company to maintain a fund for the same. Till FY2022-23, the APERC allowed cost of ₹64 crores towards the fund in Aggregate Revenue Requirement (ARR).





During the period from FY2017-18 to FY2022-23, the APSPDCL disbursed a sum of ₹33.91 crores as compensation for electrical accidents. Refer Note No.15.1 (a), as at 31.03.2023, the company has available amount of ₹0.22 crores in its Bank Account earmarked towards fund for Electrical Accidents Compensation. Consequently, there exists a deficit of ₹29.87 crores (₹64.00 crores - ₹33.91 crores - ₹0.22 crores) in the aforementioned account.

69. During FY2018-19, funds earmarked for the contingency reserve were utilized to support cyclone rehabilitation efforts and have not been fully replenished since then. Refer Note No.15.5 (a), as on 31.03.2023, the contingency reserve stands at ₹25.05 Crores, while the available bank deposits amount to ₹3.14 Crores. Therefore, there is a deficit of ₹21.91 Crores in the fund amount.

**70. 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.

Special Chief Secretary to Government/Energy Department via Letter No. ENE01-15022/5/20189, dated 21.02.2023 informed the company to release all terminal benefits to the retired persons and not to stall any benefits to any employee involved in the instant case, treating that there is no case pending against any officer. Based on the letter, further action dropped orders were issued to the 6 retired/service employees on 29.04.2023.

- 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. We have been informed that, the records were submitted to the Hon'ble High Court and the case is still pending.



- As the case is still pending, we are unable to comment on the fraud reporting on the above allegations.

**71.** Refer Note No.23 Para 6, The NEF (National Electricity Fund) Steering Committee had considered and based on evaluation carried out by the Independent Evaluator, approved interest subsidy of 3% for FY 2016-17, FY 2017-18 and 5% for FY 2019-20. This Interest subsidy is reimbursed against the interest paid during FY 2016-17, FY 2017-18 and FY 2019-20 on loans availed for the projects approved under NEF. This Subsidy amount of ₹97.31 and ₹20.38 crores was accounted in the books of accounts of APSPDCL in FY 2021-22 and FY 2022-23 by crediting interest expense resulting in understatement of finance cost and under statement of income/over statement of interest capitalized. Also, as this subsidy pertains to FY 2016-17, FY 2017-18 and FY 2019-20 i.e., for the period before bifurcation of APSPDCL and APCPDCL, it needs to be adjusted made based on the projects/schemes to which the interest subsidy pertains to.

In the absence of required information, we are unable to ascertain APCPDCL's share of NEF Interest subsidy amount and comment on the consequential impact on the financial statements.

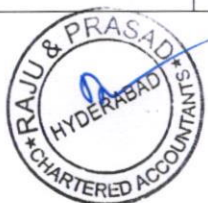
**72.** The Company has not made adequate disclosures as required by Schedule III of the Act.

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 or 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 impact of the matters that can be reasonably ascertained or quantified on the various elements are presented in the following table.

(₹ in crores)

S.No.	Description	Report Reference	Effect on Profit	
			Overstated	Understated
1	Disputed cases dealt at APPCC	I (2)	570.88	
2	Deposit with Courts	I (9)	30.31	
3	Import of Energy - Electricity Duty	I (10)	0.63	
4	CUF Compensation	I (11)	6.30	0.91





S.No.	Description	Report Reference	Effect on Profit	
			Overstated	Understated
5	Recognition of True-up Revenue	II (12)	1955.09	
6	Short Provision of Interest Cost - JICA	V (15)	6.02	
7	Short Provision of EESL Lease Expense	VI (26)	9.78	
8	Provision towards - GGPP Capital Advances	VI (33)	173.12	
9	Provision for APGPCL Arrears	IX (43)	1099.47	
10	Provision for Bad Debts	IX (44)	313.15	
11	Provision towards Terminal Benefits	X (45)	1,520.25	
12	Provision towards Energy Assistant salaries – Receivable from GoAP	XVII (56)	244.63	
13	Provision towards receivable from GoAP	XVII (56)	126.89	
	<b>Total</b>		<b>6,056.52</b>	<b>0.91</b>

Accordingly, the ascertainable total profit for the year is overstated by ₹ 6,055.61 crores. The effects /Possible effects of the other qualifications are not ascertainable.

### Emphasis of Matter

**Going concern** - Company's net worth is negative, has incurred losses (considering the matters specified in basis for qualification paragraph) and there is an increase in financial debts of the company. Hence it appears that there is an adverse impact on the going concern of the company. However, the company is of the view that it has the ability to continue as a going concern as the company is into essential line of activity and hence the Government will extend its support. Refer Note No. 26. 2 of the financial statements.

Our Opinion is not modified in respect of this matter.

### Key audit matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

### Revenue Recognition:

- We have obtained an understanding on components of revenues, tariff regulations, accounting policies of the company and procedures in respect of recognition and measurement of revenue.



- b. We have verified the revenue recognized w.r.t true up costs incurred is based on tariff regulations and prevailing accounting standards.
- c. We have verified whether the measurement of revenue is computed in accordance with prevailing accounting standards.
- d. Based on the above procedure performed, the recognition and measurement of revenue from sale of energy are considered to be adequate and reasonable.

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

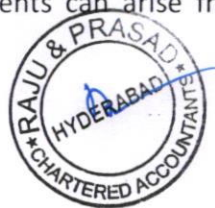
The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting 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 sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 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 11 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; and

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.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For Raju & Prasad

Chartered Accountants

Firm's Registration No.: 0034755

  
CA Dileep Kumar

Partner

Membership No. 223943

Date: 04.09.2023

UDIN:23223943BGWIDN9048





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

### **Annexure to the Auditor's Report for the year ended 31<sup>st</sup> March, 2023**

**(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, 2023)**

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 ₹4.91 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, 2023 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 adequate.

(b) The Company has been sanctioned working capital limits in excess of ₹5 crores, in aggregate, during the year, from banks or financial institutions on the basis of security of current assets. We have noted instances/cases where the certain figures furnished in returns/statements filed with banks/ financial institutions are not in agreement with the books of accounts.

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.





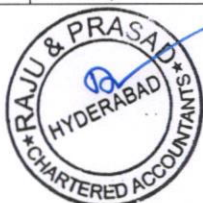
- vii. (a) Based on our examination of books of accounts and according to the information and explanations given to us in our opinion the company is regular in depositing the undisputed statutory dues, including Goods and Service Tax (GST), Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, 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.

The company has an outstanding demand of ₹4.38 crores relating to TDS short deduction, TDS short payment, interest and late filing fee pertaining to various years.

(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* (₹ in crores)	Period to which the amount relates / Subject	Forum where dispute is pending	Amount paid under protest (₹ in crores)
AP Entry Tax Act, 2001	Entry Tax	2.00	2002-03 / Entry Tax on Purchase of Goods	Honorable High Court of A.P.	1.20
AP Entry Tax Act, 2001	Entry Tax	2.69	2003-04 / Entry Tax on Purchase of Goods	Honorable High Court of A.P.	2.69
AP Entry Tax Act, 2001	Entry Tax	4.86	2004-05 / Entry Tax on Purchase of Goods	Honorable High Court of A.P.	2.91
AP Entry Tax Act, 2001	Entry Tax	3.01	2005-06 / Entry Tax on Purchase of Goods	Honorable High Court of A.P.	1.82
AP Entry Tax Act, 2001	Entry Tax	1.39	2006-07 / Entry Tax on Purchase of Goods	Honorable High Court of A.P.	1.18
AP Entry Tax Act, 2001	Entry Tax	0.09	2007-08 / Entry Tax on Purchase of Goods	Honorable High Court of A.P.	0.04
AP Entry Tax Act, 2001	Entry Tax	0.72	2010-11 / Entry Tax on Purchase of Goods	Honorable High Court of A.P.	0.18
AP Entry Tax Act, 2001	Entry Tax	0.56	2011-12 / Entry Tax on Purchase of Goods	Honorable High Court of A.P.	0.14
AP Entry Tax Act, 2001	Entry Tax	0.85	2012-13 / Entry Tax on Purchase of Goods	Honorable High Court of A.P.	0.21
AP Entry Tax Act, 2001	Entry Tax	1.25	2013-14 / Entry Tax on Purchase of Goods	Honorable High Court of A.P.	0.31
AP Entry Tax Act, 2001	Entry Tax	18.64	2014-15 / Entry Tax on Purchase of Goods	Honorable High Court of A.P.	4.66
AP Entry Tax Act, 2001	Entry Tax	26.85	2015-16 / Entry Tax on Purchase of Goods	Honorable High Court of A.P.	6.71
AP Entry Tax Act, 2001	Entry Tax	22.47	2016-17 / Entry Tax on Purchase of Goods	Honorable High Court of A.P.	5.62

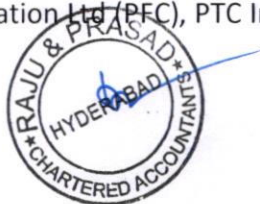


Name of the Statute	Nature of dues	Amount in Dispute* (₹ in crores)	Period to which the amount relates / Subject	Forum where dispute is pending	Amount paid under protest (₹ in crores)
AP Entry Tax Act, 2001	Entry Tax	3.15	2017-18 / Entry Tax on Purchase of Goods	Honorable High Court of A.P.	0.79
VAT Act, 2005	Value Added Tax (VAT)	32.11	2007-08 to 2011-12 / VAT on Presumptive Sale of Meters	Honorable High Court of A.P.	Nil
VAT Act, 2005	Value Added Tax (VAT)	16.88	2012-13 to 2013-14 / VAT on Presumptive Sale of Meters	Honorable High Court of A.P.	Nil
VAT Act, 2005	Value Added Tax (VAT)	45.11	2014-15 to 2016-17 / VAT on Presumptive Sale of Meters	Honorable High Court of A.P.	Nil
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	Honorable High Court of A.P.	Nil
Finance Act, 1994	Service Tax	4.62	Non-Remittance of Service Tax in Estimates	Honorable CESTAT, Hyderabad	1.72
Finance Act, 1994	Service Tax	10.72	Service Tax on Wheeling Charges, Cross Subsidy Charges etc.	-	0.82
CGST Act, 2017	Goods and Services Tax	153.99	GST on all receipts or income of APSDCL except sale of energy	Hon'ble High Court of A.P.	Nil
Income Tax Act, 1961	Income Tax	958.90	2009-10 to 2014-15 Grants & Consumer contributions	Honorable 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	9.92
<b>Total</b>		<b>2128.19</b>			<b>40.92</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 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

In respect of working capital loans availed from Indian Renewable Energy Development Agency Ltd. (IREDA), Power Finance Corporation Ltd (PFC), PTC India Ltd., Rural Electrification Corporation Ltd





(REC), there are cases where company has defaulted in repayment of loans on due date and remitted them with delay ranging from 1 - 181 days.

The default position as on 31.03.2023 is reported as below:

Nature of Loan	Name of Lender	Amount not paid on due date* (₹ in crores)	Whether principal or interest	No. of days delay or unpaid#
Working Capital	Indian Renewable Energy Development Agency Ltd. (IREDA)	6.30	Principal	78
Working Capital	Indian Renewable Energy Development Agency Ltd. (IREDA)	1.12	Interest	78
Working Capital	Indian Renewable Energy Development Agency Ltd. (IREDA)	6.30	Principal	63
Working Capital	Indian Renewable Energy Development Agency Ltd. (IREDA)	0.43	Interest	63
Working Capital	Indian Renewable Energy Development Agency Ltd. (IREDA)	6.30	Principal	80
Working Capital	Indian Renewable Energy Development Agency Ltd. (IREDA)	0.90	Interest	80
Working Capital	APPFCL	39.51	Principal	10
Working Capital	APPFCL	40.21	Interest	11

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

\* Amount due as on 31<sup>st</sup> March 2023.

(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 willful 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.

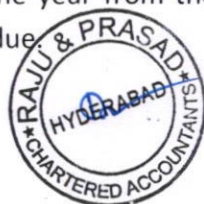


- x. (a) The company has not raised any money through initial public offer/further public offer (including debt instruments).
- (b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- xi. (a) In view of various internal control weaknesses noted in the system, we are unable to comment on frauds. However, 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 XVIII – Point 75 of our Independent Auditor's Report.
- (b) To the best of our knowledge, no report under subsection (12) of section 143 of the Companies 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 up to 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 no 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 not incurred cash losses during the current financial year (Cash losses of ₹ 1,561.36 crores 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 realization 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. 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.

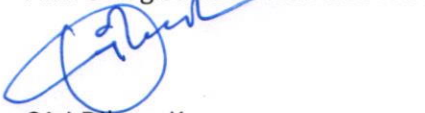


- xx. As the average of Net Profit of the company during the three immediately preceding financial years is negative, as per Section 135 of the Act, the liability of payment of CSR does not arise. Hence, Clauses (xx)(a) and (b) of the Order are not applicable to the Company.
- xxi. The company does not have any subsidiaries, joint ventures or associates and hence reporting under clause (xxi) of the order is not applicable.

For Raju & Prasad

Chartered Accountants

Firm's Registration No.: 003475S



CA I Dileep Kumar

Partner

Membership No. 223943

Date: 04.09.2023

UDIN:23223943BGWIDN9048





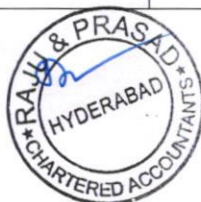
### Annexure B to the Auditors' Report

(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, 2023)

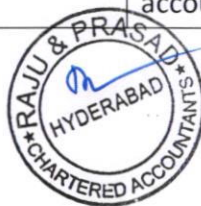
As required by section 143(5) of the Act, we give in the Annexure B, to this report a statement on the directions and sub-directions issued by Comptroller & Auditor General of India, to the extent applicable and according to the information and explanations given to us during the course of our audit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

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

Sl. No.	Directions under section 143(5) of the Companies Act, 2013	Auditor's Reply
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) are 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>



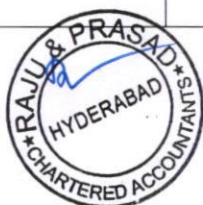
		Hence, we are unable to comment upon the impact thereof on financial statements.
<b>Sl. No.</b>	<b>Directions under section 143(5) of the Companies Act, 2013</b>	<b>Auditor's Reply</b>
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made 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>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	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>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. we're not identifiable on one-to-one basis with the Scheme in the books of account.</p>



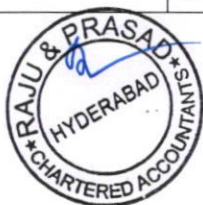


**Report on Sub-Directions u/s 143(5) of the Act:**

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, utilized, 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 realized on these works, with full quantitative details may be detailed.	<p>As per the information and explanations provided by the management, as on 31.03.2023 and during FY 2022-23, 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 utilized 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>During the year company has received</p> <ul style="list-style-type: none"> <li>• ₹360.61 Crores from Government towards repayment of Interest for Loans taken from APPFCL, IREDA and PFC.</li> <li>• ₹1232.54 crores (₹2054.24*60%) was received from GoAP towards 60% of loss takeover for the FY 2021-22 as per FRBM guidelines.</li> </ul>

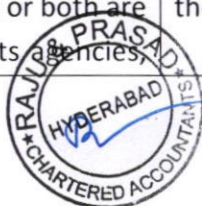


	<p>b) Where guarantee commission is to be paid, the quantitative details viz., amount guaranteed, rate of guarantee commission, whether the commission was paid or payable along with the details of the purpose of raising the funds with guarantee and whether the funds were utilized for the stated purpose;</p>	<ul style="list-style-type: none"> <li>• ₹20.38 crores was received as grant from National Electricity fund (NEF) towards reimbursement of Interest paid on Loan availed for the projects approved under NEF.</li> </ul> <p>As per the information and explanations given to us concerned orders are clear that the grants can be utilized for revenue expenditure. In case of loss taken over by Go AP there is no specific order given.</p> <p>b) As per the information and explanations given to us, During FY 2022-23 there is no Guarantee Commission payable to the State Government.</p> <p>As per financial statements an amount of ₹45.00 (₹2250 crores*2%) Crores was outstanding from FY 2018-19 towards loan taken from State Bank of India of ₹2250 crores.</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 during FY 2022-23.
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 during FY 2022-23.
5	Whether there is a Public Deposit account in the name of the PSU? If yes,	<p>a) 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</p>

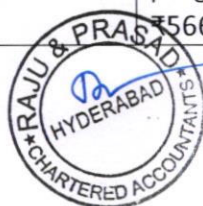




	<p>a) Funds debited from the PD account erroneously/ lapsed by the treasury, but claimed by the Company as receivable/ its own funds;</p> <p>b) If any funds given by any Government or agencies other than the State Government were lapsed, the details of the same may be detailed;</p> <p>c) Details of the 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>(Drawing and Disbursing Officer)</p> <p>HOA (Head of Account): 8443001060120162001VN and 8443001060120162003VN.</p> <p>b) During the FY 2022-23, 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>c) According to the provided information, on 17th November 2022, the company deposited an amount of ₹300.00 crores into the PD Account vide Lr.No.MC/APPCC/CGM-F/GM-C/DGM-C/AO/JAO/D.No.2178/22,dt:21-11-2022 through a loan received from APPFCL. The transaction reference number for this deposit is CFMS Transaction No: 60134688962022. However, as of 31st March 2023, the balance in the PD Account shows as Nil.</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 2023</p>
6	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;	As per the information and explanations given by the Management,



	directly or indirectly, the details and the purpose of these loans may be stated along with the fact whether the funds were utilized for the stated purpose	<p>During the FY 2022-23, GoAP has provided funds for payment of Principal and Interest on APPFCL loans and some part of PFC/IREDA loans.</p> <p>APPFCL Loan was raised against subsidy/ claims receivable from Government of AP. PFC/IREDA loans were availed for Working Capital purposes.</p> <p>₹360.61 Crores was received from Government towards repayment of Interest for Loans taken from APPFCL, IREDA and PFC.</p> <p>These funds have been utilized for the stated purpose.</p>
7	Whether the land owned by the Company is encroached, under litigation, not put to use or declared surplus. Details may be provided.	As per the information and explanations given by the Management, no land owned by the Company is encroached, under litigation, not put to use or declared surplus.
8	Whether the inventory has been taken on the basis of physical verification after adjustment of shortage/ excess found and whether due consideration has been given for deterioration/ obsolescence in the quality which may result into overvaluation of stock?	<p>Physical verification of inventory has been conducted during the year by the management through Internal Auditors once in a year. The coverage and procedure for physical verification of inventory done by the management during the financial year is 87.36% of the Inventory as on 31.03.2023 has been physically verified by the Internal Auditors.</p> <p>The adjustments for shortage/excess inventory identified by the Internal Auditors during the Physical verification are done in the books of account. Further, due consideration has been given for deterioration/obsolescence in the quality of inventory, and necessary adjustments were made to provide for obsolete/non-moving stock.</p>
9	Whether the cost incurred on abandoned projects has been written off?	As on 31.03.2023 company has projects in progress which are outstanding for 1-2 years is ₹566.32 crores, 2-3 years is ₹407.15 crores, more





		than 3 years is ₹317.19 crores. However, 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 2022-23, 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 finalized and approved; Whether the accounting treatment as per the plan and the suitable detailed disclosures are given. Deviations may be stated.	As per the information and explanations furnished by the Company, there are no finalized and approved bifurcation plans (between Andhra Pradesh & Telangana) for the Company.
Sl. No.	Sub-Directions under section 143(5) of the Companies Act, 2013	Auditor's Reply
	Power Sector:	
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> <p>We were informed that the Property, Plant &amp; 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.</p>



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 2022-23 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. As per General terms and conditions of supply of distribution and retail supply, where any consumer, whose supply is disconnected for nonpayment of any amount due to the Company on any account, fails to pay such dues and regularize his account within three Months from the date of disconnection, the Company shall after completion of three months period, issue one month notice for termination of the LT or HT Agreement, as the case may be. If the consumer still fails to regularize the account, the Company shall terminate the Agreement with effect from the date of expiry of the said one month notice. Such termination shall be without prejudice to the rights and obligations incurred or accrued prior to such termination. However, we have noted company is not disconnecting though there are no collections from various Government departments during FY 2022-23.</p> <p>The Consumers can be broadly categorized into Government and Private parties. APSPDCL is able to collect approx. 97.42% of amount billed on private consumers in FY 2022-23, since some of the amounts are involved in court cases. However, in case of</p>





		<p>Government services, the company is able to collect only 63.28% of the demand amount billed in FY 2022-23.</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 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.</p>
4	How much cost has been incurred on abandoned projects and out of this how much cost has been written off?	As on 31.03.2023 company has projects in progress which are outstanding for 1-2 years is ₹566.32 crores, 2-3 years is ₹407.15 crores, more than 3 years is ₹317.19 crores. However, 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.	<p>As per the information and explanations given by the Management,</p> <p>The billing for LT consumers is done through IRDA Meters without any manual intervention other than Bill stop, Meter burnt, Meter stuck up and Door lock cases. Further, we have noted certain</p>

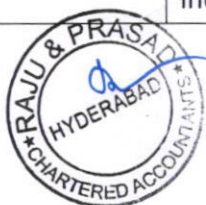


		<p>cases where KVAH reading is not capturing in the bill to whom KVAH billing is applicable. In the absence of KVAH unit's consumer is billed in KWH units which may result in loss to company where Power Factor is less than 1.</p> <p>In the case of HT consumers, some of the meter readings are being captured through AMR (Automatic Meter Reading) and for some of the meter 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).</p> <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>The Consumers can be broadly categorized into Government and Private parties. APSPDCL is able to collect approx. 95% of amount billed on private consumers in FY 2022-23, since some of the amounts are involved in court cases. However, in case of Government services, the company is able to collect only 72% of the demand amount billed in FY 2022-23.</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><b>a) Fuel &amp; Power Purchase Cost Adjustment (FPPCA) for FY 2021-22:</b> The Hon'ble APERC issued order on 01-03-2023 for pass-through of Fuel &amp; Power Purchase Cost Adjustment (FPPCA) for all Four Quarters of FY 2021-22. As per the order, the expected recovery of FPPCA charges by APSPDCL based on the actual sales during FY 2021-22 was ₹1,199.97 crores. Out of this, the FPPCA charges to be raised on GoAP in respect of agriculture consumption under free category consumers was expected at ₹345.10 Crore. The balance amount of ₹854.87 crores (₹1,199.97 crores - ₹345.10 crores) is expected to be recovered from the consumers (other than agriculture consumption under free category) in 12 instalments commencing from May-2023 billing. The same is included as Unbilled revenue during FY 2022-23.</p> <p><b>b) Fuel &amp; Power Purchase Cost Adjustment (FPPCA) for FY 2022-23:</b> The company filed claims with the Hon'ble APERC to allow Fuel &amp; Power Purchase Cost Adjustment (FPPCA) in respect of 1st, 2nd, 3rd and 4th Quarters of FY 2022-23 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). Orders are yet to passed by the Hon'ble APERC in respect of the claims made. An amount of ₹1380.68 crores estimated as recoverable from consumers and ₹574.41 is estimated as recoverable in respect of Agricultural Consumption under free category totaling to ₹1955.09 crores and the same is included in "Unbilled Revenue - FPPCA".</p>
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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.	The reconciliation of receivables and payables between the Company and generation & transmission companies are not carried on due to non-receipt of balance confirmations and account copies from the generators and transmission companies. In the absence of reconciliation statements, the differences, if any, are not quantified.
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 2022-23.

For Raju & Prasad  
Chartered Accountants  
Firm's Registration No.: 003475S

  
CA I Dileep Kumar  
Partner

Membership No. 223943

Date: 04.09.2023

UDIN:23223943BGWIDN9048





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

### **Annexure to the Independent Auditor's Report 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 31<sup>st</sup> March 2023, 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 Institute of Chartered Accountants of India ('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 includes 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.





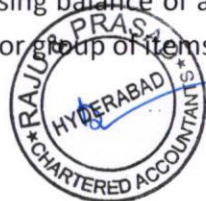
### Basis of Qualified Opinion

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, 2023:

- 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) on quarterly basis. 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.
- In the context of Financial Accounting in SAP, the term "clearing" refers to the process of reconciling open debit entries with open credit entries. This functionality is available for customer/vendor accounts as well as general ledgers within the SAP system. Open items in SAP represent transactions balances contributing to the closing balance of a GL. A transaction is considered cleared when an offset value is posted to an item or group of items, so that the resulting balance of the items is zero.





Clearing transactions in SAP always generate corresponding SAP clearing documents. Company has no practice of clearing items or group of items contributing Zero. As a result, transactions which are not contributing to closing balance are also forming part of the open items.

- 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 Segregation of Duties (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 in control process and tracking of gaps along with the description

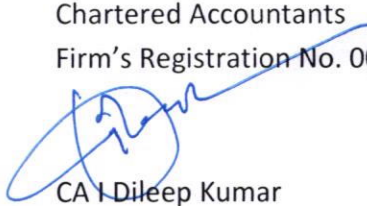


of objective, process and risk associated thereof, as per the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI. The system of internal financial controls over financial reporting with regard to the Company were not made available to us to enable us to determine 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, 2023.

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>, 2023. 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>, 2023, 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, 2023 financial statements of the Company and this report affect our report on financial statements, which expressed a qualified opinion on those financial statements.

For Raju & Prasad  
Chartered Accountants  
Firm's Registration No. 003475S

  
CA Dileep Kumar  
Partner

Membership No. 223943

Date: 04.09.2023

UDIN:23223943BGWIDN9048







सत्यमेव जयते

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(AU)/AP/TSC-I /APSPDCL-FY23/2023-24/175 Date: 05 September 2023

To

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

**Sub:** Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of the Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) for the year ended 31 March 2023.

Sir,

I am to forward herewith Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the financial statements of APSPDCL for the year ended 31 March 2023 for necessary action.

2. The date of placing the 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 meetings be furnished.

3. The date of forwarding the Annual Report and Financial Statements of the Company together with the Auditors' Report and Comments of the Comptroller and Auditor General of India to the State Government of Andhra Pradesh for the year ended 31 March 2023 for being laid before the State Legislature may also be intimated. Copy of the letter from the Legislature Secretariat indicating date on which Annual report laid before State Legislature may also be intimated.

4. Five copies of the Annual Report for the year 2022-23 may be furnished to this Office.

**Encl: As above.**

Yours faithfully,

(Bhaskar Kalluru)  
Senior Deputy Accountant General

**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 2023.**

The preparation of financial statements of Southern Power Distribution Company of Andhra Pradesh Limited for the year ended 31 March 2023 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 **04.09.2023** which supersedes their earlier Audit Report dated 30.06.2023.

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 2023 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 the Company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the Statutory Auditors 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 the Statutory Auditors Report under Section 143(6)(b) of the Act.

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

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(INDU AGRAWAL)

Place: Vijayawada

Principal Accountant General (Audit)

Date: 05.09.2023

प्रधान महालेखाकार (ले.प.)